Annexure I

Bibliography
&
Annexure II

Questionnaire on
Human Resource Accounting System
ANNEXURE I

BIBLIOGRAPHY


Annexure I: Bibliography


Annexure I: Bibliography


Annexure 1: Bibliography


Annexure I: Bibliography


129. www.infosys.com/aboutus

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Questionnaire on Human Resource Accounting System

Name of the organization: 

Designation of the executive responding to the questionnaire: 

This questionnaire is related to a research study sponsored by the University Grants Commission. The main purpose of this questionnaire is to find out whether the executives of various organisations perceive the HRA information to be useful for managerial decision-making. This questionnaire contains questions to be answered by specifying either YES or NO, and a number of statements where you are required to indicate your preferences on the basis of your opinion on a five-point scale.

The working definition designed for this study is as follows: Human Resource Accounting is the process of measuring the cost and value of human resources to an organisation and presenting the information in a significant manner in the financial statements to communicate their value with changes over the period and results obtained from their utilization to the different stakeholders. It mainly caters to the information need of the HR professionals, senior managers and investors for making effective decisions.

Your cooperation is earnestly solicited for carrying out an effective research.

PART A

1. Does your organisation have a Human Resource Accounting (HRA) System in operation?  
   Yes ☐  No ☐

2. If your answer to the above question is YES, please specify the HRA model you are following.

3. Please indicate the possible reasons for introducing HRA system in an organisation on a scale of 1(not at all relevant) to 5(fully relevant):

   To provide necessary information to various stakeholders for effective decision making

   To help management plan and control the use of human resources effectively and efficiently

   To motivate management to adopt a human resource perspective in their decisions

   To provide the organisation with a more accurate accounting of its return on total resources employed, rather than just the physical resources
To improve the management of human resources from an organisational perspective by increasing the transparency of human resource costs, investments and outcomes in the management accounting rituals, such as profit and loss accounts, balance sheets and investment calculations

To improve the bases for investors company-valuation

To provide monetary arguments for human resource specialists, company doctors or unions when suggesting investments in human resources

Any other (please specify along with importance on a scale of 1-5)

4. If your answer to the Question 1 is NO, please mention the reasons for not introducing HRA on a five point scale of 1( not at all relevant) to 5(fully relevant):

The challenge of designing HRA systems which are capable of providing accurate and reliable information about human resources

Disclosure of HR information is not mandatory.

Lack of standards

The notion that putting a price on people may make human beings substitutable to other forms of capital. [Ethical Issue]

HRA suffers from not being grounded in business strategy.

Lack of awareness about HRA.

Absence of income tax provisions regarding HRA

Any other (please specify along with importance on a scale of 1-5)

5. Please express your opinion on the following statements on a five-point scale (1 = 'strongly disagree' to 5 = 'strongly agree').

The HRA system enables the users of financial statements to make more informed decision.

Proper disclosure of the HR information will help in attracting investors.

HR valuation made by a company would enhance its overall efficiency.

HR valuation might cause positive behavioural reactions from the employees.

The investors consider the HR information published in the annual reports before taking their final decision.

The investors will invest more funds in a firm whose financial statements show an increasing investment in human assets.
6. Disclosure of HRA information is important to the following group of users (Please indicate the degree of importance on a five-point scale, 1 = 'not at all important' to 5 = 'very important')

<table>
<thead>
<tr>
<th>Group</th>
<th>Importance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
</tr>
<tr>
<td>Employees/Unions</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td>Financial Analyst</td>
<td></td>
</tr>
</tbody>
</table>

7. Please indicate your choice of HR valuation basis on a five-point scale. (1 = 'of no priority' to 5 = 'a top priority')

<table>
<thead>
<tr>
<th>Basis</th>
<th>Priority Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company's net earnings</td>
<td></td>
</tr>
<tr>
<td>Remuneration payable to the employees</td>
<td></td>
</tr>
<tr>
<td>The company's value added income</td>
<td></td>
</tr>
<tr>
<td>The company's economic value added</td>
<td></td>
</tr>
</tbody>
</table>

8. In what form would you prefer to disclose the information about HR in the published annual report of the company? (Please rank them)

<table>
<thead>
<tr>
<th>Form</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the Report of the Directors</td>
<td></td>
</tr>
<tr>
<td>In the Chairman's Statement</td>
<td></td>
</tr>
<tr>
<td>In the Balance Sheet</td>
<td></td>
</tr>
<tr>
<td>In the supplementary statements added to</td>
<td></td>
</tr>
<tr>
<td>the annual report</td>
<td></td>
</tr>
</tbody>
</table>
9. Important reasons for measuring human resources *(Please indicate your opinion on a five-point scale, *(1 = 'not at all important' to 5 = 'extremely important')*(Toulson and Dewe, 2004)*

| Understanding the value of our people focuses us on our future HR needs, which is crucial for both setting long-term strategies and for helping us achieve them. |  |
| Measures allow people to be seen as an investment to be developed, rather than an expense to be trimmed. |  |
| Through measuring the effectiveness of a particular programme and the impact it will have on the level of knowledge within the organisation, management can make better-informed decisions. |  |
| Measurement of the knowledge and skills of employees is an important indicator of future profitability. |  |
| Through being able to demonstrate the value and importance of the organisation's human resources, human resources become a strategic business partner. |  |
| Measuring helps with strategic planning. |  |
| To be able to manage knowledge, we need to be able to measure it. |  |
| The knowledge and skills of our people is our most important source of sustained competitive advantage. |  |
| Human resources should be accountable just like every other function. |  |
| To earn credibility and receive needed resources, human resources must speak in financial terms. |  |
| Measurement of human resources gives investors needed information about the value of the business and its potential for future profitability. |  |
| Human resources should be mandated and have as one of its priorities the development of HR accounting practices and procedures. |  |

10. The items relating to HR which should be disclosed by a company in its annual reports are: *(Please express your opinion on a five-point scale, *(1 = 'strongly disagree' to 5 = 'strongly agree')*)

| Disclosure of HR valuation |  |
| Disclosure of employee costs |  |
| Disclosure of performance indicators (like Value added per employee, Turnover per employee) |  |
| Disclosure of employee statistics |  |
| Other disclosures (like Social overheads, Information regarding employees' participation in management, Highlights on various awards to employees for their performance) |  |
PART B

Please express your opinion on a five-point scale on the following statements on the
"Influence of HRA Information on Managerial Decision-making".
(I = 'strongly disagree' to 5 = 'strongly agree')

1. HRA serves as a framework to facilitate human resource decision making.

2. HRA provides numerical information about the cost and value of people as
organisational resources.

3. HRA motivates line management to adopt human resource perspective in their
decisions involving people.

4. HRA provides a perspective for analyzing the effects of decisions on the human
organisation and for explaining the consequences to management.

5. HRA system helps to attract investors through proper disclosure of information
about the human resources of an organisation in the annual reports.

6. HRA facilitates the various aspects of human resource planning by providing
information to management on historical costs of recruiting, hiring, and training and so
on.

7. HRA is useful in preparing human resource acquisition budgets as it can provide
measurements of the standard costs of recruiting, selecting and hiring people.

8. HRA plays a vital role in personnel selection as it can provide information about the
future value to the organisation of the different job candidates.

9. HRA facilitates decisions involving the allocation of resources to human resource
development by measuring the expected rate of return on proposed investments.

10. HRA is useful to management in formulating policy for human resource acquisition
and development.

11. HRA is useful to management in making decisions regarding the
allocation/placement of human resources to various jobs.

12. HRA assists management in conserving (retaining) its human organisation by
providing an early warning system. It can measure and report certain (social-
psychological) indicators of the condition of the human organisation, and management
can assess trends in these variables prior to the actual occurrence of turnover.

13. HRA provides a framework to help managers utilize human resources effectively and
efficiently.
14. HRA provides vital information to know whether the human resources have been properly utilized.

15. HRA is useful in the evaluation (i.e., performance & promotability of people) process by developing reliable methods of measuring the value of people to the firm.

16. HRA has an impact on the administration of reward systems. It enables management to base compensation decisions on the value of people to the firm.

17. HRA is used to evaluate the efficiency of HR departments. It provides certain standards costs with respect to acquisition, development, etc. of people, and these standards can be compared with the actual costs incurred by the department.

18. HRA provides vital information for career planning and development of the employees.

19. HRA measurements is used to assess the quality of working life of employees.

20. HRA provides feedback to the managers on their performance in managing human resources.

21. The information provided by the HRA system is used to evaluate alternative investment opportunities (expansion of production capacity, modernization, R & D facilities etc) by considering both the physical and human resources.

22. HRA provides information that is necessary for decision making in the areas of employee turnover and optimal staff mix.

23. HRA helps in estimating the standard positional replacement cost.

24. HRA techniques are used in analysis and selection of new business opportunities.

25. HRA provides the organisation with a more accurate accounting of its return on total resources employed, rather than just the physical resources.

26. In case of corporate mergers & acquisitions the valuation of human assets is very essential and this can be effectively done by HRA.

27. HRA helps to take decisions with respect to allocation of funds for employee welfare amenities.

28. HRA information can be used to conduct the cost-benefit analysis of any proposal.

29. HRA information has utility in making personnel layoff decisions.

30. HRA information is used to evaluate the return on investment on management development programmes.
31. HRA information is used to value the human assets and isolate that value from goodwill.

32. HRA is useful in making personnel development analysis.

33. It is possible to use HRA in budgeting and development costs.

34. HRA offers vital monetary arguments for solving employer-employee disputes.

35. HRA offers an objective basis for removing employees’ grievances.

36. HRA system makes the employees feel valued and thus improve the motivation, morale, commitment and loyalty of the employees.

37. Decisions regarding delegation and decentralization is influenced by the knowledge of the value of managerial personnel.

38. HRA information helps to settle labour-management disputes.

39. HRA helps to take decisions with respect to investments to be made in research & development.

40. The decision of investing, or providing financial assistance/credit facilities is more meaningful if the value of human resources and benefits thereof are taken into account.

**PART C: RIS vs. HRA**

1. Does your organization have a Human Resource Information System? □ Yes □ No

2. If your answer to the above question is YES please specify the software you are using:

   □ SAP  □ Oracle  □ PeopSoft  □ Adrenalin

   Any other (please specify)

3. Please specify whether the following information are available from your HRIS:

   - Original cost of HR □ Yes □ No
   - Replacement cost of HR □ Yes □ No
   - Opportunity cost of HR □ Yes □ No
   - HR value per employee □ Yes □ No
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Turnover</td>
<td></td>
<td></td>
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<tr>
<td>Return on investment made on employee's training and development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR value of the organisation</td>
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<td></td>
</tr>
<tr>
<td>Contribution made by HR</td>
<td></td>
<td></td>
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<tr>
<td>Information for appraisal of HR development programmes</td>
<td></td>
<td></td>
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<tr>
<td>Service state of each employee</td>
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<td></td>
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<tr>
<td>Probability of an employee’s leaving the organisation before retirement</td>
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<td></td>
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<tr>
<td>Skill, experience etc of the employee</td>
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<td></td>
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<tr>
<td>Probability of occupying each possible mutually exclusive service state at specified future times</td>
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<td></td>
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<tr>
<td>Estimated rate of return on HR</td>
<td></td>
<td></td>
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<tr>
<td>Cost per employee</td>
<td></td>
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<tr>
<td>Human capital investment ratio</td>
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<tr>
<td>The amount of wealth created by each employee</td>
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<td></td>
</tr>
<tr>
<td>The profit created by each employee</td>
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<tr>
<td>The ratio of salary paid to the total revenue generated</td>
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<td></td>
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<tr>
<td>Employee absenteeism rate</td>
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<td></td>
</tr>
<tr>
<td>Employee retention rate</td>
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</table>

4. If your organisation is having both the HRA and HRIS, please mention the main reasons for it.