

Assessing the Quality of Human Resource Accounting Information

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تقييم جودة المعلومات المحاسبية للموارد البشرية

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Abstract:-

Human resource accounting refers to the process of quantifying and evaluating the value of an organization's human capital, which includes the skills, knowledge, abilities, and experience of its employees. The information generated through HRA is crucial for decision-making processes related to workforce planning, performance evaluation, training and development initiatives, and overall organizational effectiveness. The quality of human resource accounting information plays a vital role in ensuring its usefulness and reliability.

In this study, we intend to assess the quality of HRA information in Indian companies listed in BSE. The sample contained (156) respondent which includes managers, accountants and staff of the companies. Various statistical tests in SPSS were employed for analyzing data, testing hypotheses, and finding a statistically significant difference concerning study sample.

Key words: Human Resources Accounting, Bombay Stock Exchange.

المخلص:-

تشير محاسبة الموارد البشرية إلى عملية تحديد وتقييم قيمة رأس المال البشري للمؤسسة، والتي تشمل مهارات موظفيها ومعارفهم وقدراتهم وخبراتهم. المعلومات التي يتم إنشاؤها من خلال HRA أمر بالغ الأهمية لعمليات صنع القرار المتعلقة بتخطيط القوى العاملة، وتقييم الأداء، ومبادرات التدريب والتطوير، والفعالية التنظيمية الشاملة. تلعب جودة المعلومات المحاسبية للموارد البشرية دوراً حيوياً في ضمان فائدتها وموثوقيتها.

في هذه الدراسة، نعتزم تقييم جودة معلومات HRA في الشركات الهندية المدرجة في BSE. وقد ضمت العينة (١٥٦) مبحوثاً من مدراء ومحاسبين وموظفي الشركة. تم استخدام اختبارات إحصائية مختلفة في SPSS لتحليل البيانات واختبار الفرضيات وإيجاد فروق ذات دلالة إحصائية في العينة المدروسة.

الموارد البشرية هي العمود الفقري لأي منظمة وتلعب إدارتها الفعالة دوراً مهماً في تحديد النجاح العام. بينما توفر المحاسبة المالية صورة واضحة للأصول الملموسة للمؤسسة، فإن تقييم الموارد البشرية، المعروف أيضاً باسم محاسبة الموارد البشرية (HRA)، له نفس الأهمية. يقيس HRA قيمة القوى العاملة في المنظمة ويساعد صانعي القرار على فهم الإمكانيات الحقيقية ومساهمة رأس المال البشري.

الكلمات المفتاحية: محاسبة الموارد البشرية، بورصة بومباي.

INTRODUCTION

Human resources are the backbone of any organization, and their effective management plays a crucial role in determining overall success. While financial accounting provides a clear picture of an organization's tangible assets, the assessment of human resources, also known as Human Resource Accounting (HRA), is equally important. HRA measures the value of an organization's workforce, helping decision-makers understand the true potential and contributions of human capital. This article explores the significance of quality in Human Resource Accounting and its impact on organizational performance.

R. K. Mlik (2000)⁽¹⁾, in his article concludes that, human resource measurement and its useful information have become a new and interesting topic in the area of accounting. Today the demand of investors and management to have more reliable information about human resources for getting better decisions to improve the activities and performance of a firm is increasing.

Abdul Reza. Talaneh & Porya Nasab Amir (2000)⁽²⁾, noted, there is no doubt that an organization needs information regarding human resources for effective decision making. The topic of human resource accounting has become more under consideration as the success of most companies based on their manpower and human resources. They stated that the effects of these improvements in the level and type of employment have been considerable.

Quality of HRA information in the financial reports of corporates has been an area of debate by both accounting theoreticians and those in practice and despite the fact that knowledge-based companies are fast growing in the 21st century universally where intellectual capital is the most important asset; the system of human resource accounting has few pieces of evidence of its application.

SIGNIFICANCE OF THE STUDY

Much of the information relates to operations, managerial persons, employees, financial results concerning profit and loss and movement in share prices. But such information conceals the most important and critical information with regard to the quality and

quantity of human resources at the command of the organizations, either at the point of time or its potential to gain command over such resources, which will not ignite the physical resources but also make them more valuable by enhancing the value of enterprise, the most critical in any restructuring, merger, takeover, acquisition, disinvestment, decisions of the top management.

STATEMENT OF THE PROBLEM

The purpose of financial statements is to provide useful information to investors and creditors, to evaluate companies' future cash flows, and information of companies' resources. It is, therefore, necessary to discuss the quality of HRA information.

At this juncture, a question regarding HRA practices in India arise. Is the quality of HRA information adequate?

OBJECTIVES OF THE STUDY

The study is undertaken with the following specific objective:

To evaluate the quality of information published by the selected Indian companies under the head human resource accounting.

HYPOTHESES

The following hypothesis is formulated based on the objective set for the study.

H01: Quality of information published by the selected Indian companies under the head human resource accounting is not adequate.

SCOPE OF THE STUDY

The research concentrated on the quality of HRA information. The study comprises of those listed companies which trading on the Bombay Stock Exchange (BSE) as at the end of December 2016.

Research Design

The study employed a synthesis of descriptive and analytical research methods. The study examined the quality of human resource information in financial reporting of selected Indian companies. Data were collected from the administration of the

questionnaire to obtain evidence of patterns amongst the population of the study.

POPULATION OF THE STUDY

To collect the information about the corporate practicing HRA in India, a survey of top hundred listed companies of Bombay Stock Exchange (BSE) was undertaken.

SAMPLING

The multistage sampling method was employed for choosing the sample size of the study based on top hundred companies published by the Bombay Stock Exchange (BSE).

SOURCES AND METHODS OF DATA COLLECTION

Well-structured questionnaires were used for collecting the primary data.

The questionnaire respondents consisted of the following:

- Different level of managers, Accountants and staff (supervisor level)

ANALYSIS OF DATA

Along with the usual statistical tools such as tables, percentages, mean, standard deviation, parametric tests such as t-test, F test (ANOVA), multiple classification analysis, etc. was used for analyzing the data which helps in arriving at sound conclusions.

Evaluating the Quality of Human Resources Accounting Information

The twelve factors (items) which have been identified under the information quality are as follows:

1. Relevance * Timely * Impressive	5. Completeness
	6. Understandability
	7. Effectiveness.
2. Reliability * Free from any material error * Free from any bias	8. Efficiency
	9. Availability
	10. Conformity
3. Comparability	11. Accessibility
4. Consistency	12. Accuracy

INFORMATION QUALITY IN HRA

One of the main criteria for evaluating the quality of information generated by Human Resource Accounting Systems is to assessing the information provided by the system. In this study, the factors which mostly focused by researchers are the most important component which has been used to assess the quality of HRA information. These factors were employed in the questions with five point Likert scale. The factors ask opinion of managers and accountants regarding the information quality within a Human Resource Accounting System in selected Indian companies.

Relevance

The statement provided for getting the opinion regarding level of quality is 'the information are timely and Impressive on the decision making process by processing feedback and or predictive value'.

Table 1: Distribution of sample by their opinion regarding timely availability of HRA information for decision making process

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	18	4.68	3.84	0.97	17.049	0.000
Disagree	22	5.71				
Neutral	41	10.65				
Agree	227	58.96				
Strongly Agree	77	20.00				

Source: primary data

From the above table it can be seen that 58.96 per cent of respondents agree that the HRA information are timely available for the decision making process. Among the respondents 20 per cent strongly agree with this fact. A very less percent strongly disagree or disagree about this, however 10.65 per cent remain neutral. The mean opinion score is computed to be 3.84 with standard deviation of 0.97. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information are timely available for decision making process.

Reliability

Reliability of information, the statement provided is 'Information given by Human Resource accounting is free from any material error or bias.

Table 2: Distribution of sample by their opinion regarding reliability (free from error) of HRA information

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	19	4.94	3.50	0.88	11.120	0.000
Disagree	21	5.45				
Neutral	116	30.13				
Agree	208	54.03				
Strongly Agree	21	5.45				

Source: primary data

From Table 2, it is evident that 54.03 per cent of the sample agrees with the subject that the HRA information is free from any material error. A very less per cent of respondents strongly disagree, disagree and strongly agree about this, however, 30.13 per cent of the respondents remain neutral. The mean opinion score is 3.50 with standard deviation of 0.88. The one sample t test with test value 3.00 indicates that the mean score is significantly higher than 3.00. The results indicate that, according to the opinion of the respondent the HRA information are free from material error.

Comparability

The statement provided for the Comparability is that ‘even though different companies may use different accounting methods, there is still sufficient basis for valid comparisons’.

Table 3: Distribution of sample by their opinion regarding comparability of HRA information

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	14	3.64	3.64	0.81	15.451	0.000
Disagree	22	5.71				
Neutral	71	18.44				
Agree	260	67.53				
Strongly Agree	18	4.68				

Source: primary data

The outcome of the above table makes it clear that 67.53 per cent of the respondents agree that even though different companies may use different accounting methods, there is still sufficient basis for valid comparisons’. Very less per cent of the respondents disagree, strongly disagree and strongly agree about this; however 18.44 per cent remain neutral. The mean score is computed to be 3.64 with standard deviation of 0.81. The one

sample t test with the test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, there is still sufficient basis for valid comparisons’.

Consistency

The statement used for the Consistency of information is ‘this is Conformity from time to time with the unchanging policies and procedure’.

Table 4: Distribution of sample by their opinion regarding consistency of HRA information

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	16	4.16	3.78	1.04	14.803	0.000
Disagree	27	7.01				
Neutral	81	21.04				
Agree	161	41.82				
Strongly Agree	100	25.97				

Source: primary data

From the above table it can be seen that 41.82 per cent of respondents agree that the HRA information are consistent from time to time with the unchanging policies and procedure’. More than 25 per cent strongly agree with this fact. The percentage of respondent which remain neutral is 21.04. The number of respondents which are disagreeing or strongly disagree about this is very less. The mean opinion score is computed to be 3.78 with standard deviation of 1.04. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information is with the conformity from time to time with the unchanging policies and procedure’.

Completeness

Completeness of human resource accounting information measured by the opinion of the samples for this statement: “complete financial information provided according to the need of users”.

Table 5: Distribution of sample by their opinion regarding completeness of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	11	2.86	3.97	0.90	21.014	0.000
Disagree	21	5.45				
Neutral	34	8.83				
Agree	223	57.92				
Strongly Agree	96	24.94				

Source: primary data

The table 5 makes it clear that 57.92 per cent of respondents agree that complete HRA information provided according to the need of users'. More than 24 per cent strongly agree with this. The percentage of the respondents which are disagree, strongly disagree and neutral about this is below 10 per cent. The mean opinion score is computed to be 3.97 with standard deviation of 0.90. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information provided according to the need of users.

Understandability

The statement which has been provided for understand ability is: "it imperative that financial information serves the needs of individuals who may not be fully versed in the detail of accountancy".

Table 6 : Distribution of sample by their opinion regarding understandability of HRA information

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	13	3.38	3.58	0.82	13.870	0.000
Disagree	27	7.01				
Neutral	85	22.08				
Agree	244	63.38				
Strongly Agree	16	4.16				

Source: primary data

Table 6 shows that 63.38 per cent of respondents agree that the HRA information serves the needs of individuals who may not be fully versed in the detail of accountancy'. The number of the respondents which are disagree, strongly disagree and strongly agree is less than 10 per cent; however 22.08 per cent remain neutral. The mean

opinion score is computed to be 3.58 with standard deviation of 0.82. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information serves the needs of individuals who may not be fully versed in the detail of accountancy’.

Effectiveness

The statement provided to assess the effectiveness of information within the human resource accounting system is that “Information appropriate and significant to the business processes”.

Table 7: Distribution of sample by their opinion regarding Effectiveness of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	16	4.16	3.79	0.98	15.892	0.000
Disagree	30	7.79				
Neutral	46	11.95				
Agree	219	56.88				
Strongly Agree	74	19.22				

Source: primary data

From the table 7 it can be seen that 56.88 per cent of respondents agree that the HRA Information are appropriate and significant to the business processes’. More than 19 per cent strongly agree with this fact. The percentage of respondents which are neutral, disagree or strongly disagree respectively is 11.95, 7.79 and 4.16. The mean opinion score is computed to be 3.79 with standard deviation of 0.98. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information is appropriate and significant to the business processes.

Efficiency

The statement which has been used for Efficiency is “The Human resource Accounting system utilizes the provision of information through the best possible use of resources”.

Table 8: Distribution of sample by their opinion regarding Efficiency of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	14	3.64	3.86	0.93	18.205	0.000
Disagree	26	6.75				
Neutral	34	8.83				
Agree	236	61.30				
Strongly Agree	75	19.48				

Source: primary data

From the above table it can be seen that 61.30 per cent of respondents agree that the HRA information is efficient which is concerned with the best possible use of resources. More than 19 per cent strongly agree with this fact. The mean opinion score is computed to be 3.86 with standard deviation of 0.93. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information is efficient which is concerned with the best possible use of resources.

Availability

Availability was measured by the statement that “There is a provision to provide Information when required by the business”.

Table 9: Distribution of sample by their opinion regarding Availability of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	21	5.45	3.55	1.08	9.937	0.000
Disagree	42	10.91				
Neutral	98	25.45				
Agree	154	40.00				
Strongly Agree	70	18.18				

Source: primary data

Table 9 makes it clear that 40.00 per cent of the respondents agree that the HRA information is available when required by the business. More than 18 per cent strongly agree with this fact; however 25.45 per cent remain neutral. The mean opinion score is computed to be 3.55 with standard deviation of 1.08. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information is available when required by the business.

Conformity

For Conformity, the statement is “Information complies with the laws, rules and contractual agreements to which the business process is exposed”.

Table 10: Distribution of sample by their opinion regarding conformity of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	23	5.97	3.44	1.03	8.444	0.000
Disagree	43	11.17				
Neutral	104	27.01				
Agree	170	44.16				
Strongly Agree	45	11.69				

Source: primary data

Table 10 shows that 44.16 per cent of respondents agree that the HRA information complies with the laws, rules and contractual agreements to which the business process is exposed'.the number of the respondents which are disagree or strongly disagree is very less about this; however 27.01 per cent remain neutral. The mean opinion score is computed to be 3.44 with standard deviation of 1.03. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information complies with the laws, rules and contractual agreements to which the business process is exposed'.

Accessibility

The statement for Accessibility is “Information is quickly retrievable without any serious problem”.

Table 11: Distribution of sample by their opinion regarding Accessibility of HRA information

Response	n	%	Mean	SD	t	Sig.
Strongly Disagree	22	5.71	3.74	1.09	13.280	0.000
Disagree	35	9.09				
Neutral	54	14.03				
Agree	186	48.31				
Strongly Agree	88	22.86				

Source: primary data

From the above table it can be seen that 48.31 per cent of respondents agree that the HRA information is quickly retrievable without any serious problem'. More than 22 per cent strongly agree with this fact; however 14.03 per cent remain neutral regarding this. The mean opinion score is computed to be 3.74 with standard deviation of 1.09. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the HRA information is quickly retrievable without any serious problem'.

Accuracy

The Accuracy of information within the human resource accounting is measured by "the recorded value is in surety with the real value of the transaction".

Table 12: Distribution of sample by their opinion regarding Accuracy of HRA information

Response	N	%	Mean	SD	t	Sig.
Strongly Disagree	25	6.49	3.74	1.11	12.996	0.000
Disagree	33	8.57				
Neutral	52	13.51				
Agree	184	47.79				
Strongly Agree	91	23.64				

Source: primary data

From the table 12 it can be seen that 47.79 per cent of respondents agree that the recorded value of HRA information is in conformity with the actual value of transaction. More than 23 per cent strongly agree with this fact. The percentage of the respondents which are disagreeing or strongly disagree is less than 10; however 13.51 per cent remain neutral. The mean opinion score is computed to be 3.74 with standard deviation of 1.11. The one sample t test with test value 3.00 indicates that the mean opinion score is significantly higher than 3.00. The result indicates that, according to the opinion of respondents, the recorded value of HRA information is in conformity with the actual value of transaction.

Table 13: Descriptive statistics of opinion score of Quality of Information published by the selected Indian companies

Statistics	Value	One-sample t-test with test value 3.00	
		t-value	Sig.
Mean	3.71	46.230	0.000
Median	3.71		
Mode	4.00		
Std. Deviation	0.30		
Skewness	-0.22		
Kurtosis	-0.06		
Minimum	2.74		
Maximum	4.42		

Source: primary data

As per one sample t- test given in table 13, it was seen that the average opinion regarding all the twelve components of the quality of information provided by human resource accounting system are significantly above average of response scale. Results of ANOVA and MANOVA show that there exists significant difference in the opinion of respondents about the quality of information provided by the human resource accounting system with respect to their characteristics.

The MCA also shows that the opinion scores of the respondents of each characteristic after controlling the effects of other characteristics are still above the theoretical average of 3.00. It means that the opinion of the respondents about the quality of information provided by the human resource accounting system is significantly above average. Hence the result reject null hypothesis that the quality of Information published by the selected Indian companies under the head Human Resource Accounting is not adequate and accept the alternative hypothesis that quality of Information published by the selected Indian companies under the head Human Resource Accounting is adequate.

The study examines the adequacy of information quality in the HRA system maintained by the different companies in India, and also ascertains the usefulness of HRA system in the decision-making process. The study also conducted to obtain the views and ideas of managers and accountants about the disclosure practices of human resources accounting of selected companies in India. It also tries to find out the challenges in human resource accounting practices of

selected Indian companies. At the end of the analysis, recommendations have been put forward for the improvement of tools and methods based on the findings.

The null hypothesis of the study is as follows:

- 1- Quality of Information published by the selected Indian companies under the head human resource accounting is not adequate.
- 2- There is no significant variation in the utility of HRA information in the decision-making process of the managers.
- 3- There is no significant difference in the views and ideas of managers and accountants about the disclosure practices of human resources accounting.
- 4- There is no significant difference in the opinion of managers and accountant about challenges in human resource accounting practices.

FINDINGS

The objective of the study is to evaluate the Quality of Information published by the selected Indian companies under the head human resource accounting. For this purpose, the opinions of managers, accountants and staff of the selected companies about fourteen aspects of information quality within an human resource accounting system namely ; relevance, reliability , comparability , consistency , completeness , understandability , effectiveness , efficiency , availability , conformity , accessibility , timeliness , impressive and accuracy , were collected on a five-point scale .

According to respondents' opinions, relevancy (timely), understandability, efficiency, and completeness should be the most important aspects of human resource accounting information. The t-test result for the sample indicates that the views of managers and accountants have a significant difference in the quality of human resource accounting information. The analysis further shows that:

The HRA information is timely available for the decision-making process.

- The HRA information is timely impressive for the decision-making process.

- The HRA information provided according to the needs of users.
- The HRA information serves the needs of individuals who may not be fully versed in the detail of accountancy.
- The HRA information is appropriate and significant to the business processes.
- The HRA information is efficient which is concerned with the best possible use of resources.
- The HRA information is quickly retrievable without any serious problem'.

To examine the adequacy of information quality (IQ) which is maintained in the HRA system, the opinions of managers and accountants regarding elements of information quality were combined by taking a weighted average to represent a composite variable for information quality using principal component analysis. The obtained composite variable was analyzed with respect to its characteristics. The analysis indicated that the mean opinion score of the composite variable representing the information quality in HRA system varies significantly with respect to all characteristics namely: gender, job responsibility, age, knowledge about the human resource accounting, qualification, and type of company ownership and years of experience. Therefore, multiple classification analysis was used to compute the adjusted mean perception score of the managers, accountants, and staff about information quality in the HRA system.

As per one sample t-test gave in the table it can be seen that the average opinion regarding all the fourteen components of the quality of information provided by HRA system is significantly above the average of response scale. Results of ANOVA and MANOVA show that there exists a significant difference in the opinion of respondents about the quality of information provided by the HRA system with respect to their characteristics. The MCA table shows that the opinion scores of the respondents for each characteristic are still above the theoretical average of 3.00. It means that the opinion of the respondents about the quality of information provided

by the human resource accounting system is significant. Hence the results reject the null hypothesis that “the quality of information published by the selected Indian companies under the head human resource accounting is not adequate” and accept the alternative hypothesis that “The quality of information published by the selected Indian companies under the head human resource accounting is adequate.”

CONCLUSION

Human resource accounting aims at providing the management timely with the information about human resources which are appropriate, significant, efficient and quickly retrievable to the business process. The managers of companies are of the opinion that HRA is useful to all the stockholders of the organization-investors, internal as well as external management decision makers.

HRA information is helpful in addressing the needs of the users of the information in the organization.

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