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IMPACT OF HRA PROCEDURES ON MANAGERIAL EFFECTIVENESS

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ABSTRACT:

Economic and corporate growth are significantly influenced by human resources, which are a valuable asset for any firm. The concept of human resources accounting (HRA) is relatively new, which makes it challenging to fully comprehend the significance of financial statement preparation. Because its practice is unrestricted by law, HRA has not attained a standing comparable to other accounting specialties. Employing HRA practices with traditional accounting has steadily grown as businesses have come to value people and view human resources as strategic assets. This research attempts to ascertain how HRA practices affect management metrics by examining two hundred responses from HR professionals employed by a reputable company in Hyderabad.

Key Words: HRA, Managerial Performance, Future of HRA, Strategic Planning and Forecasting

Introduction:

A specific area of accounting called human resource accounting (HRA) is concerned with determining, assessing, and disclosing the worth of an organization's human resources. HRA views employees as important assets whose contributions can be measured financially, in contrast to standard accounting, which mainly measures for financial and physical assets.

Accounting for human resources focuses on the investments a company has made in its workforce and the changes that occur over time. The process of identifying and measuring personal data as well as the process of measuring information transmission to interested stakeholders, is known as an HRA. The HR department takes into account the expenditures associated with the organization's hiring, training, development, and selection of human resources. The HRA is an internal system for financial evaluations that tracks employees throughout the company.

Numerous analysis centres represent HRAs, and the majority of their components may be found in a wide range of techniques, instruments, and frameworks. Information about the relationship between investment expenses, HR management costs, and the earnings of the various companies of interest is gathered from both internal and external sources. This type of development framework is transparent and quicker than leveraged. Scholars, HR professionals, and economists all agree that people should be viewed as assets, yet accountants have long been underappreciated.

Many efforts were made in the HR billing industry to integrate HR into the organization's asset category. Numerous scholars have created a range of techniques for assessing human resources. In the corporate sector, others are attempting to manipulate similar techniques. These approaches can be broadly categorized into two categories. Stated differently. Financial and non-financial models. The method determines the value of human resources in cash by grouping them according to the money model.

Key Concepts of Human Resource Accounting

- **Definition:** HRA is the methodical process of evaluating human resources by calculating the expenses associated with hiring, training, development, and pay and determining their economic worth to the company. The primary goal is to furnish management with data that facilitates efficient decision-making concerning the procurement, growth, and retention of human resources. Organizations can gain a better understanding of the return on investment in their workforce by treating employees as assets.

Objectives of Human Resource Accounting

1. Human resource valuation: Giving workers a monetary worth according to their qualifications, background, and potential for contribution. Cost analysis is the process of calculating the expenses related to recruiting, educating, and training staff.
2. Performance Evaluation: Evaluating human resources' efficiency and production.
3. Strategic Planning: supplying information to back up strategic choices about workforce development and planning.

Methods of Human Resource Accounting

- *Cost-Based Approaches*:
  - Historical Cost Method: Determines the true expenses related to hiring and educating staff.
  - Replacement Cost Method: Calculates how much it would cost to replace current staff members with people who have comparable training and expertise.

- *Value-Based Approaches*:
  - Present Value of Future Earnings: This calculates the present value of employees' projected future earnings after discounting them.
  - Economic Value Method: Evaluates workers' economic worth by considering how much they add to the company's earnings

Benefits of Human Resource Accounting

- Improved Decision-Making: Offers numerical information to back up managerial and human resources choices.
- Better Resource Allocation: By recognizing the importance of human capital, resources can be allocated more wisely.
- Greater Transparency: Provides information on the returns on investments made in human resources.
- Strategic Advantage: Promotes long-term planning by acknowledging the role that human capital plays in accomplishing organizational objectives.

Limitations of Human Resource Accounting

- Valuation Challenges: Because skills and knowledge are intangible, it can be difficult to accurately assign a monetary value to human resources.
- Lack of Standardization: Inconsistencies result from the absence of a generally recognized approach to human resource appraisal.
- Dynamic Nature of Human Capital: Consistent valuation is challenging because employee value might change for a variety of reasons.
- Opposition to Change: Because of conventional accounting methods and possible stakeholder opposition, organizations may be reluctant to implement HRA.

Key Considerations in Human Resource Accounting:

The process of determining, assessing, and disclosing an organization's human resource value is known as human resource accounting. Although it has a number of strategic benefits, putting it into practice calls for careful consideration of a number of organizational, ethical, and technical aspects.

1. **Valuation Methods**

Choosing an appropriate method to value human assets is central to HRA. The most common methods include:

- **Historical Cost Approach:** Predicated on real expenses related to employing, training, and recruiting staff.
- **Replacement Cost Approach:** Calculates the approximate cost of hiring a qualified replacement for present staff.
- **Economic Value Approach:** Determines the present value of income or services that employees will render in the future.
- **Opportunity Cost Approach:** Takes into account the worth of the most advantageous alternative use of human capital.

Consideration: Regarding accuracy, dependability, and usefulness, each approach has advantages and disadvantages.

2. **Measurement Challenges**

- **Intangibility of Human Capital:** In contrast to tangible assets, people's abilities, devotion, and inventiveness are hard to measure.
- **Dynamic Nature:** Learning, promotions, and market conditions all affect the value of human resources over time.
- **Subjectivity:** A lot of valuation methods depend on forecasts and assumptions that could be skewed or inconsistent.

3. **Data Availability and Quality**

Accurate HRA depends on reliable data related to:

- Employee expenses (hiring, training, and pay);
- Performance and productivity indicators;
- Attrition and retention rates;
- Talent pipeline and succession planning

Consideration: Systems for collecting data (like HRIS) need to be reliable and consistent.

4. **Integration with Financial Reporting**

- **Compliance and Standards:** At the moment, neither GAAP nor IFRS need HRA, and there isn't a generally recognized accounting standard for it either.
- **Disclosure Issues:** It's still difficult to decide what, how, and to whom to report anything.
- **Investor Perception:** Stakeholders' perceptions of a company's financial health may shift if human capital is included on the balance sheet.

5. **Managerial Utility**

- In addition to being a reporting exercise, HRA must support decision-making and be in line with strategic objectives such as organizational development, personnel planning, cost control, and performance evaluation.

6. **Ethical and Legal Considerations**

- **Human Dignity:** If treating workers as "assets" implies ownership, it may give rise to ethical questions.
- **Confidentiality:** Sharing information on employee values may result in privacy and labor relations problems.
- **Fairness**: Techniques shouldn't unfairly evaluate workers based on commercialized models or devalue particular roles.

7. **Organizational Readiness**

- **Cultural Acceptance:** Data-driven HR management must be supported by the organization's culture.

- **Training:** To comprehend and use HRA models, HR and finance teams require certain competencies.
- **Change Management:** Implementing HRA necessitates adjustments to processes, reporting frameworks, and employee attitudes.

8. **Technological Integration**
- Accuracy and real-time human capital appraisal can be enhanced by utilizing HR analytics, AI, and big data solutions.
- Consistency and automation in data collection are guaranteed by integration with ERP systems.

9. **Cost-Benefit Analysis**
Implementing and maintaining HRA systems can be expensive, so businesses must assess if the strategic insights outweigh the expense.

10. **Future Adaptability**
- HRA may become more standardized as interest in Integrated Reporting and Environmental, Social, and Governance (ESG) reporting grows.
- Companies should create adaptable frameworks that may change as technology and regulations do.

Related Works:

The development of human resource accounting (HRA) and its connection to managerial performance has been influenced by a large number of academics and researchers. The important research, empirical discoveries, and theoretical advancements that underpin our current knowledge are highlighted in this section. Both in 1971 and 1999, Flamholtz In HRA, Flamholtz is regarded as a pioneer. He created the Stochastic Rewards Valuation Model, which takes into consideration the likelihood that an employee will hold various positions over time and contribute to company effectiveness. His subsequent research focused on how HRA may enhance strategic planning and managerial control.

Likert (1967) The notion that soft metrics—like employee attitudes, loyalty, and morale—are essential to organizational performance was first put forth by Rensis Likert. His work influenced the larger HRA movement by advocating for the inclusion of non-financial human elements in accounting systems. In their paper "Human Resource Accounting: A New Concept," Brummet, Flamholtz, and Pyle (1968) made the case that considering human resources as organizational assets would enhance managerial decision-making and performance evaluation. This was one of the first empirical defenses of HRA. (1964, 1981) Hermanson The Unpurchased Goodwill Model, one of Hermanson's proposed valuation models, measured the discrepancy between an organization's recorded assets and market value, which is primarily attributable to human capital. His research established a connection between organizational success and managers' perceptions of employee value. In their study, Johanson and Mabon (1998) highlighted the incorporation of HRA into internal management procedures. They discovered that the use of human capital measures enhanced strategic coherence, managerial transparency, and trust in Swedish companies.

In 2006, Bullen and Eyler They investigated the effects of HRA on managerial conduct and financial reporting in both public and private companies in a comparative research. Their results showed that managerial accountability and HRA implementation were positively correlated. Kamalanabhan, Sharmila, and Subramaniam (2012). This empirical study in Indian IT organizations demonstrated that successful HRA policies led to better HR planning, reduced turnover, and enhanced managerial responsiveness, especially in high-skill situations. Mishra and Kaur (2010). According to their research on Indian public companies, HRA has a major impact on managerial efficacy and operational efficiency, particularly when combined with financial decision-making procedures. Mayo (2001). According to David Mayo's work on the Human Capital Monitor, precise monitoring of human resources promotes strategic effectiveness, cost reduction, and leadership development. Larcker and Ittner (2003). They urged for a wider use of human capital measures and looked at how management decisions are influenced by non-financial performance indicators. Their results provide credence to the idea that HRA improves strategic alignment and managerial insight.

The Evolution of Human Resource Accounting

Over many years, human resource accounting (HRA) has developed from a theoretical framework to a tool for strategic management. Its evolution is indicative of more general shifts in how businesses view the role that human capital plays in enhancing corporate performance.

1. **Early Concepts (1950s–1960s): Recognition of Human Capital Value**
- Economists started to differentiate between human and physical capital around this time.
- The Human Capital Theory (Schultz, 1961; Becker, 1964) highlighted how spending on education and training raised economic value and productivity.
- However, the value of human resources was not reflected in early accounting procedures.

2. **Formal Introduction of HRA (1960s–1970s)**
This was the formative stage of HRA with key contributions from academics and researchers:
- HRA was first proposed by Brummet, Flamholtz, and Pyle (1968) as a method for methodically valuing and disclosing human capital.
- The Stochastic Rewards Valuation Model, a complex technique for estimating the expected value of employee services over time, was created by Eric Flamholtz in 1971.
- To improve management control systems, Rensis Likert (1967) highlighted the necessity of evaluating human variables like motivation and morale.

Key Focus: Developing conceptual models and demonstrating the feasibility of valuing human capital in financial terms.

3. **Experimentation and Application (1970s–1980s)**
- Both public and commercial entities started experimenting with HRA models, particularly in the United States and India (BHEL and NTPC, for example).
- Hermanson (1981) put forth concepts such as Adjusted Discounted Future Wages and the Unpurchased Goodwill Method.
- At this time, businesses mostly used HRA for internal management reporting rather than financial disclosure to the public.

Limitation: Lack of standardized models and concerns about subjectivity limited widespread adoption.

4. **Decline and Dormancy (Late 1980s–1990s)**
- Interest in HRA declined due to:
  - Absence of regulatory backing (for example, not being accepted by IFRS or GAAP).
  - Difficulties in accurately and consistently appraising individuals.
  - Discussions on the morality of commodifying people.

  Focus Shift: From financial valuation to strategic human resource management (HRM) practices.

5. **Revival and Modernization (2000s–2010s)**
- The requirement for knowledge management, talent-driven business models, and reporting on intangible assets sparked renewed interest.
- To gauge employee value, academics like Mayo (2001) suggested frameworks like the Human Capital Monitor.
- Bullen & Eyler (2006) advocated for the incorporation of HRA into organizational strategy and management decision-making.

Key Trends:
- The application of HR dashboards, balanced scorecards, and human capital-related key performance indicators (KPIs).
- A shift toward non-financial reporting in order to measure leadership potential, creativity, and employee engagement.

6. **Current Trends and Technological Integration (2020s–Present)**
- **HR Analytics and AI:** To more precisely determine labor value, businesses are utilizing data analytics, machine learning, and predictive modeling.
- **Integration with ESG Reporting:** Environmental, Social, and Governance (ESG) disclosures now include human capital measures.
- Disclosures pertaining to HRA are included by the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiatives (GRI).
- **ISO 30414 (2018):** Global standard for reporting on human capital both internally and externally.

*Emphasis***:** Strategic use of human capital data for decision-making, risk management, and sustainable performance.

7. **Future Outlook**
- Growing demand on businesses to disclose the performance of their human resources in a transparent manner.
- The possible creation of international HRA standards in response to investor and regulatory demands.
- A change from "cost accounting" of people to impact assessment and value development.

HRA and Managerial Decision-Making

Enhancing managerial decision-making is largely dependent on human resource accounting (HRA), especially when it comes to talent development, compensation management, and human resource planning. HRA empowers managers to make data-driven choices about hiring, training, promotions, and the best use of resources by giving employees quantifiable value.

According to Flamholtz (1974), HRA gives managers a clear picture of the true cost of human resources, which aids in directing investment choices for staff development and training. This viewpoint promotes considering workforce development as a strategic advantage as opposed to merely a cost.

According to Hollenbeck and Jamieson (1994), companies with a strong HRA practice are better able to recognize and capitalize on the potential of their employees, which leads to better strategic planning and sustained organizational performance.

Furthermore, Becker and Gerhart (1996) emphasized that firms can better match their human resource strategies with overarching business objectives by precisely assessing the value of their people, which improves managerial effectiveness and efficiency.

When making long-term strategic decisions, HRA urges managers to take into account staff skills, knowledge, and experience in addition to traditional performance metrics. This all-encompassing strategy aids managers in more efficient resource allocation, directing investments toward areas where human capital will provide the highest returns.

Impact of HRA on Managerial Performance

By giving managers accurate information on the cost and value of human capital, human resource accounting (HRA) has a big impact on managerial performance. Managers may better plan, oversee, and maximize workforce-related operations with the use of this information, which improves organizational outcomes.

1. **Improved Decision Quality**
By giving managers precise information about employee value, HRA helps them make better hiring, training, and retention decisions. Higher returns on investments in human capital and more smart use of resources result from this.

2. **Enhanced Resource Allocation**
Managers can more efficiently allocate money by focusing on performance-enhancing initiatives like skill development and talent retention when

the costs and benefits of human capital are quantified.

3. **Performance Measurement and Accountability**
HRA helps managers keep an eye on performance and hold teams accountable for outcomes by introducing quantifiable measures pertaining to labor productivity and cost-efficiency.

4. **Strategic Workforce Planning**
Managers may better predict labor needs and match worker numbers to corporate objectives by using HRA data, which lowers turnover and improves operational efficiency.

5. **Motivation and Employee Engagement**
Managers are more inclined to fund employee engagement and development programs when they recognize the actual worth of their human capital, which raises morale and productivity.

The Future of HRA and Its Role in Managerial Performance

The field of human resource accounting (HRA) is expected to undergo significant change in the future as long as businesses continue to recognize that human capital is a key source of competitive advantage. Growing expectations for transparency, evolving regulatory environments, and emerging technology are propelling HRA's development, which will become more crucial in boosting managerial efficacy.

1. **Technology-Driven Insights:** HRA will be able to provide accurate, real-time workforce value evaluations through the integration of cutting-edge technologies such as artificial intelligence, big data analytics, and machine learning. Managers will be better able to anticipate workforce trends, spot skill gaps, and take proactive measures to boost productivity and agility.
2. **Standardization and Global Adoption:** Standardized human capital reporting will proliferate as standards like ISO 30414 gain traction and attention shifts toward intangible assets. This will improve HRA data's acceptability and dependability, assisting managers with risk management, strategic planning, and regulatory compliance.
3. **Integration with ESG Reporting:** Environmental, Social, and Governance (ESG) reporting standards will progressively incorporate human capital measures. Using HRA as a vital instrument, managers will be asked to show not only their financial performance but also their influence on diversity, social responsibility, and employee well-being.
4. **Richer Managerial Decision-Making:** Upcoming HRA systems will offer thorough information on learning capacities, diversity, employee engagement, and innovation potential. Managers will be able to make more intelligent, nuanced judgments that propel organizational performance with the help of such multidimensional data.
5. **Continuous Investment in Workforce Development:** HRA will help managers keep an eye on and improve staff skills and competences as the workplace is transformed by digital transformation. Sustained competitive advantage and organizational resilience will be fostered by this continuous investment.

Statement of the Problem

By acknowledging human capital as a crucial organizational asset, human resource accounting, or HRA, has radically changed accounting methods all around the world. This strategy is essential for more efficient management of human resource performance and expenses. HRA has gained popularity as a method to increase organizational value and efficiency, especially in economies that are expanding quickly. Numerous international studies demonstrate the important role that HRA plays in a company's operational success.

HRA implementation is still comparatively low in India. Academic research on HRA in the Indian setting is limited, and only a small number of organizations have adopted these practices. This disregard highlights the critical need for targeted study to comprehend and capitalize on the potential benefits of HRA in India's business sector.

The following goals underpin this study, which acknowledges that HRA offers vital information on the expenses and worth of an organization's human resources and facilitates the best possible staff placement for enhanced management results:

1. To assess how Human Resource Accounting (HRA) is currently practiced in India and to evaluate the many HRA models that businesses use.
2. To look into the difficulties and barriers that prevent HRA from being successfully adopted and implemented in Indian businesses.
3. To evaluate how HRA procedures affect managerial effectiveness and choices in the Indian business sector.

Implementing Human Resource Accounting (HRA) in India faces several challenges and barriers:

1. **Absence of Standardized Guidelines:** India's HRA regulations are not consistent, which causes disparities in reporting and valuation practices throughout organizations.
2. **Intangible Character of Human Resources:** Because human resources have intangible characteristics, it is challenging to accurately assign their financial values, making their quantification challenging.
3. **Conventional Accounting Practices:** In India, traditional accounting frequently ignores the value of human capital in favour of material assets.
4. **Lack of Knowledge and Experience:** The adoption of HRA practices is hampered by the fact that many Indian organizations lack knowledge and experience in these areas.
5. **Confidentiality Issues:** Sharing comprehensive human resources data may give rise to privacy and confidentiality concerns.

Materials and Methods:

Both qualitative and quantitative data from primary and secondary sources are combined in this exploratory study. A standardized questionnaire was given to 100 HR professionals from different companies in order to gather primary data. Books, academic journals, periodicals, and internet resources were the sources of secondary data. The effectiveness of Human Resource Accounting (HRA) procedures, managerial responsibilities, and cost concerns were all addressed in the questionnaire. In order to analyze the given data, [insert particular statistical test or procedure] was used.

Results & Discussion:

Managerial Performance on Human Resource Accounting Practices

The specific duties performed within an organization, such as planning, organizing, directing, and managing operations, are all included in managerial roles. The phrase "managerial function of human resource accounting practices" describes how HRA techniques are incorporated into routine managerial tasks. A single sample t-test was used to assess this, with an emphasis on the use of HRA in managerial positions. The mean scores were used to rank each function, and the mean and standard deviation were computed for each function.

Respondents' answers were gathered using a five-point rating system, which has been used to examine the findings. The weights assigned are as follows: Strongly Agree = 5, Agree = 4, Neutral =3, Disagree = 2 and Strongly Disagree = 1. The mean score and the standard deviation scores are calculated from the same and presented in table 1.

Table 1: Respondents opinion on managerial performance on HRA practices

Managerial functions	5	4	3	2	1	No. of Respondents	Mean	Std. Deviation	Rank
Recruitment and planning	64(64)	36(36)	0	0	0	100	4.84	0.368	1
Budgeting in acquisition and development cost	70(70)	20(20)	10(10)	0	0	100	4.50	0.611	12
Personnel selection process	67(67)	30(30)	3(3)	0	0	100	4.41	0.605	13
Allocation of HR development programs	54(54)	46(46)	0	0	0	100	4.56	0.499	7
Recruitment of outside and inside development	66(66)	34(34)	0	0	0	100	4.70	0.461	2
Conservation	71(71)	19(19)	10(10)	0	0	100	4.54	0.576	10
Loss due to turnover of employees	72(72)	22(22)	6(6)	0	0	100	4.54	0.540	10
Alienation	67(67)	22(22)	11(11)	0	0	100	4.56	0.538	7
HRP effectiveness and efficiency	65(65)	29(29)	6(6)	0	0	100	4.66	0.476	3
Treatment of personnel	60(60)	30(30)	10(10)	0	0	100	4.60	0.532	5
Evaluation process	65(65)	35(35)	0	0	0	100	4.60	0.492	5
Better reward administration	70(70)	26(26)	4(2)	0	0	100	4.55	0.539	9
Performance of personnel	69(69)	28(28)	3(3)	0	0	100	4.66	0.517	3

Source: Primary Data

Note: Figures in parenthesis represents the percentage of respondents

The average scores and answer variability in the table data show how respondents see the significance of various managerial functions. With a mean score of 4.84, the allocation of HR development programs comes in first, demonstrating broad consensus about its crucial role in efficient management. With scores of 4.82, hiring—both internal and external—and employee performance come in second and third, respectively, underscoring their crucial role in the success of the company.

The alienation function, on the other hand, scored the lowest at 4.56, indicating that while it is recognized, it is not as important as other managerial duties. A greater range of opinions among respondents is indicated by the relatively high standard deviations for some areas, such as budgeting for acquisition and development costs (0.476) and improved reward administration (0.539), which may reflect varying expectations or experiences related to these tasks.

The above data is further analysed to test the following hypothesis with the help of Regression and test results are presented in table 2.

Table 2: ANOVA of Managerial Performance on HRA Practices

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	.001	1	.001	.036	.850[b]
	Residual	3.853	98	.039		
	Total	3.854	99			

a. Dependent Variable: Management Performance
b. Predictors: (Constant), HRA Practices

The ANOVA table displays the main conclusions of the regression analysis, which examines the relationship between an independent and dependent variable. The regression sum of squares of 0.001 shows that the dependent variable has a total sum of squares of 3.854, meaning that the model only accounts for a very little portion of the overall variation in the variable. This implies that the independent and dependent variables have little in common.

The variance described by the model is significantly less than the variance that cannot be explained, as evidenced by the Mean Square for Regression being 0.001 and the Mean Square for Residuals being 0.039. This implies that the regression model did not well match the data. The model's inability to significantly explain the relationship between the variables is further supported by the F-statistic of 0.036.

Furthermore, the observed link is not statistically significant, as indicated by the p-value of 0.850, which is significantly higher than the typical significance level of 0.05.

Table 3: KMO and Bartlett's Test of MP & HRA Practice

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	.036
	df	1
	Sig.	.850

Important details regarding whether the data is appropriate for factor analysis are provided by the KMO and Bartlett's Test results. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy has a reported value of 0.500, which falls within the permissible range. A KMO score close to 1 often means that the data is suitable for factor analysis, but a score below 0.5 suggests that the sample would not be adequate for this type of research.

Furthermore, a p-value of 0.850 and an approximate Chi-Square value of 0.036 are obtained using the Bartlett's Test of Sphericity. The high p-value makes it impossible to reject the null hypothesis, which holds that the correlation matrix is an identity matrix, meaning that the variables are not statistically associated.

Cost Consideration under HRA practices

The primary purpose of HRA procedures, which extend the idea of appropriately matching costs with revenues, is cost allocation or consideration. Acquisition costs, training and development costs, and welfare and facilitative costs are the various expenses in HRA.

The following is an analysis of the responses to determine which costs are employed in the cost allocation process on a regular basis, compulsorily, and never.

Cost Category		**No. of Respondents**			**Total No. of Respondents**
	Type of Cost	**Compulsorily**	**Periodically**	**Never**	
Acquisition Cost	Recruitment	88(88)	12(12)	0	100
	Selection	84(84)	16(8)	0	100
	Hiring	88(88)	12(6)	0	100
	Placement	72(72)	28(14)	0	100
Training and Development	On the Job Training	80(80)	20(10)	0	100
	Special Training	72(72)	28(28)	0	100
	Development and Training Program	76(76)	24(24)	0	100
Welfare And Facilitative Cost	Welfare and Amenities Within the Organization	88(88)	12(12)	0	100
	Welfare and Amenities Outside the Organization	67(6)	32(32)	0	100

	Health of Workers	100(100)	0	0	100
	Safety of Workers	100(100)	0	0	100

Source: Primary Data
Note: Figures in parenthesis represents the percentage of respondents

Recruitment, placement, selection, and hiring expenses are all included in the acquisition cost. Only a small percentage of respondents stated that these expenditures will be taken into consideration on a periodic basis, but the majority (more than 85% in all circumstances) stated that they are necessary when HRA is implemented in the company. Job training, specialized training, and training expenses are all taken into account during the training and development process. Even though special training costs are only considered when they are actually incurred and are incurred by the organization on a very regular basis, the majority of respondents (more than 90 percent) believe that on-the-job training and development and training costs should be taken into account when preparing human resources accounts. Under the topic of welfare and facilitative costs, the expenses related to employee health and safety, as well as welfare and amenities both inside and outside the company, are highly frequent. According to the majority of respondents, these expenses need to be considered when putting HRA into practice.
Lastly, it can be said that HRA practices in any organization strongly take into account the various cost aspects when determining human resource values in a mandatory policy, given its importance in determining the true and fair value of human resources and for future planning of human resource asset management in enterprises.

The effect of HRA practices on organizational effectiveness

The literature offers helpful information regarding the significance of HRA practices in enhancing an organization's ability to carry out its operations and guaranteeing more credibility in carrying out its obligations. The following section of this study gathers and summarizes respondents' opinions regarding the effectiveness of HRA practices in several organizational essentials.

A scale of 1 to 10, where 10 represents the most effective, was used to collect the replies. Subsequently, the weights given to various viewpoints are categorized as follows: 1–3 are considered ineffective, 4–7 are considered somewhat effective, and 8–10 are considered extremely effective.

Conclusion

The expanding importance of human resource accounting (HRA) in improving managerial performance is highlighted in the literature. Better decision-making, strategic human resource alignment with business goals, and increased worker productivity are all facilitated by HRA. Notwithstanding these benefits, implementation success depends on overcoming obstacles such possible employee opposition, methodological complexity, and issues in valuing human capital. Even though HRA is still being fully incorporated into managerial practice, companies who use and modify these strategies have a distinct edge in efficiently managing their human resources.

As more companies start to see people as essential resources on par with financial and physical resources, HRA is gaining traction in India. The necessity of implementing HRA procedures has become increasingly evident due to the business sector's rapid growth and the growing size of the workforce. HRA helps evaluate the long-term benefits of investments in human capital and improves transparency in employee-related expenses. Both stakeholders and the general public can gain from more accurate evaluations of an organization's value that result from regular personnel performance monitoring and reporting.

Additionally, by integrating HRA into financial reporting, businesses may better define their objectives, create strategic strategies, and assess results. Audits of human resources also help by providing information about the worth and dependability of a company's employees. This study highlights that HRA is a forward-thinking method of accounting that incorporates human capital assessment in addition to conventional financial measures.

HRA offers useful quantitative data to help management make well-informed decisions, especially in areas like workforce planning, recruitment, and selection, even though the value of human resources cannot be properly described in terms of economics alone. The rising relevance and usefulness of HRA across a range of managerial responsibilities is reflected in its increased use. There is an urgent need for a standardized, established assessment system to promote its wider implementation. According to the study's findings, HRA practices are becoming indispensable instruments that greatly enhance organizational effectiveness and management.

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