

HUMAN RESOURCE ACCOUNTING

- Branch of managerial accounting
- Application of economic and accounting concepts to the area of personnel management
- The process of recognizing, measuring and communicating useful information relating to human resources.
- Systematic recording of the transactions relating to the value of human resources.

“ The assessment of the condition of human resources within an organization and the measurement of the change in the condition through time”

-Davidson and Weil

“ To quantify the cost and value of employees to their employing organization”

Three aspects:

1. Evaluation of human resources
2. Recording the valuation in the books of accounts
3. Presenting the information in the financial statements for communication to the interested parties.

Basic premises:

- People are valuable resources of an organization
- The usefulness of manpower as an organizational resource is determined by the way in which it is managed.
- Information on investment and value of human resource is useful for decision making in the enterprise.

Objectives

- ✓ Helps in determining the ROI on HR
- ✓ It helps in knowing whether the HR have been properly utilized or not
- ✓ It provides quantitative information on HR which will help the managers as well as investors in making decisions
- ✓ To communicate the worth of HR to the organization and the society at large

Need/Significance

- Formulating policies and programmes for the development of HR
- Decisions regarding cost reduction programmes
- T&D
- Recruitment and Selection
- Manpower planning and control
- Reward of human resources
- Making a choice between various types of human investment and investments in other assets