

# Comparative Analysis of motivational factors towards implementation of Human Resource Accounting practices – A comparative study between two organizations under process industries from India and Kurdistan

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## Abstract:

The current research focusses on analyzing motivational factors of employees in implementing human resource accounting practices under process industries in India and Kurdistan Iraq. The current research focused on collecting primary data by constructing the questionnaire based on existing literature. The researcher used quantitative method for this study. The sample size for the current study was (386 from Cement Corporation Limited and 186 from Al Mansoori Petroleum Services Limited) have been considered for general evaluation. Employee's motivational factors has significant relationship towards Implementation of HRA system where null hypothesis got rejected and alternative hypothesis got accepted. The comparative analysis from one company from India and another from Kurdistan under process industry reveals that there is lot of scope to implement human resource accounting practices by providing proper motivation to employees. The treatment of employees in any organization is key to achieve their desired goals and objectives.

## Article History

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Further research may be extended in other industries and other countries to observe more outcomes about testing the significance between employee's motivational factors in implementing human resource accounting systems.

**Keywords:** Digitalisation, Information & Communication Technologies, mobile applications, Agriculture and Sustainable Development.

## INTRODUCTION

Many studies on Human Resource Accounting (HRA) stated their opinion in extending support management in decision making process and aspired to go further above rather preparing balance sheet of Human Resources. Organizations may disincline on layoff of their employees and perceive the employees' value when they treat them as assets instead of expenses. The date related to human resources assists the managers to make decisions regarding training needs and furnish plans according to HRA. (Brummet, Flamholtz & Pyle, 1968; Giles & Robinson, 1972; Anon, 1974; McRae, 1974; Puett & Roman, 1976).

The chronological history of HRA and 5 different stages were developed by Flamholtz Pylet and other members of the team from Michigan University. HRA concept was developed after passing 5 different stages where the first stage was from 1960 to 1966 where fundamental HRA concepts were derived from concerned bodies of theories. The second stage started from 1967 to 1970 where research was made on measurement models academically. The third stage started from 1971 to 1977 where the interest towards HRA was rapidly grown. The fourth stage started from 1978 to 1980 where the interest towards HRA was declined in industry as well as academia. The fifth stage started

from 1980 to the current date where interest on HRA was rejuvenated internationally towards practice and theory.

Negative perception on Human Resource Accounting was discussed by Mary (Mary M.K. Fleming, 1977) where human beings are not owned or purchased by the organization except employment contract exists between the employee and the organization where the future costs and benefits do not constitute commitments from the both which implies there is no existence of asset or liability. HRA is obnoxious based on ethical grounds as it contravenes the human being's privacy and organization. It is insult to the human beings and their dignity to provide a number on the name of value where the number is arbitrary in nature. Human Resource Accounting face challenge related to proving threat to employees and managers in an organization. HRA also faces another threat related to competitors where they may seize prospective employees. The current study focusses on employee's motivational factors towards Human Resource Accounting systems of organizations from process industries from two different countries.

#### **LITERATURE REVIEW:**

**Elias (1976)** made an attempt to furnish framework to analyze behavioral aspects with regards to accounting methods. Researcher found out that HRA has clear effect on decision making due to behavioral impact of it. HRA had prospective impact on consequences regarding dysfunctional and functional in nature that were unique based on the environment and philosophy of management. Whole expenditure of HR was treated for human assets' acquisition and maintenance of human assets which will be capitalized. Researcher suggested preferring sunk cost to analyze the company.

**Stephenson and Franklin (1982)** proposed overall perspective to HRA by observing various models which strengthen implication of HRA in a practical way with regards to human value in dollars and basic understanding for management. Many organizations

identified the necessity of assessing the human element in a methodical way of to manage an organization internally by quantitative terms. Researcher found out that many organizations might record in the balance sheet about human capital.

**Seth (2009)** made research on the HRA and its models which were adopted by many organizations in India by providing the information related HR in the balance sheet by adopting Lev and Schwartz model to compute value of humans and its disparaging issues. Researcher concluded that reporting and measurement of HRA is passing through improving trend among Indian Industries and adopted Lev and Schwartz Model to identify the value of human resources.

**Avazzadehfath (2011)** checked the impact of human resource accounting information on the investment decisions and explored the factors that could interfere in the effect. Further, it was examined that which evaluation method of human resource was the most appropriate method consistent with Iranian companies in terms of qualitative characteristics of accounting information. It was revealed that human resource accounting (HRA) information disclosures in financial statements were relevant and effect on the optimal investment decisions. Original cost method was found to be the most effective and appropriate evaluating method of human resource consistent with current status of Iranian companies and institutions.

#### **HYPOTHESIS:**

***H<sub>0</sub>: Employee motivational factor has no significant influence on HRA implementation***

***H<sub>1</sub>: Employee motivational factor has a significant influence on HRA implementation***

#### **RESEARCH OBJECTIVE:**

To analyze the opinions of accountants, HR professionals, auditors and financial managers regarding motivational factors towards Human Resource Accounting Systems in Cement

Corporation of India and Almansouri Petroleum Services

**RESEARCH GAP:**

There was no research conducted in process industries as comparative study in India and Kurdistan- Iraq under motivational factors towards Human Resource Accounting systems.

**METHODOLOGY:**

The current research focused on collecting primary data by constructing the questionnaire based on existing literature. The questionnaire consists of demographics part and questions to respondents. The content validity was done by Dr. BR Ambdekar University lecturers and few members from the industry as pilot study for 35 respondents. The final version of questionnaire was distributed to respondents after receiving feedback from the respondents of pilot study. The researcher used quantitative method for this study. The sample size for the current study was (386 from Cement Corporation Limited and 186 from Al Mansoori Petroleum Services Limited) have been considered for general evaluation. Researcher used SPSS (Statistical Package for Social Sciences) V.23 to analyze the collected data.

**RESULTS AND DISCUSSION:**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.876	9

The Cronbach's Alpha for 9 items was .876 which is above the standard and acceptable.

**Demographics**

Gender	CCI	(%)	AM PS	(%)	Total	(%)
Male	313	81.09	149	80.98	462	81.05
Female	73	18.91	35	19.02	108	18.95
Total	386	100.00	184	100.00	570	100.00
<b>Age</b>						
20-30	66	17.10	42	22.83	108	18.95
31-40	164	42.49	84	45.65	248	43.51
41-50	144	37.31	36	19.57	180	31.58
51-60	12	3.11	22	11.96	34	5.96
Total	386	100.00	184	100.00	570	100.00
<b>Education</b>						
Diploma	90	23.32	46	25.00	136	23.86
Graduation	187	48.45	90	48.91	277	48.60
Post-Graduation	91	23.58	48	26.09	139	24.39
Others	18	4.66	0	0.00	18	3.16
Total	386	100.00	184	100.00	570	100.00
<b>Experience</b>						
0-5 Years	60	15.54	42	22.83	102	17.89
6-10 Years	188	48.70	95	51.63	283	49.65
11-15 Years	72	18.65	35	19.02	107	18.77
16-20 Years	36	9.33	6	3.26	42	7.37
Above 20 Years	30	7.77	6	3.26	36	6.32
Total	386	100.00	184	100.00	570	100.00
<b>Experience in Current Company</b>						
0-5 Years	96	24.87	48	26.09	144	25.26
6-10 Years	48	12.44	12	6.52	60	10.53
NA	242	62.69	124	67.39	366	64.21
Total	386	100.00	184	100.00	570	100.00

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Our management values and	Between Groups	117.238	1	117.238	151.831	.000

recognizes our services in right perspective.	Within Groups	438.588	568	.772		
	Total	555.826	569			
My interest towards work will increase when my services are valued rationally.	Between Groups	132.339	1	132.339	370.361	.001
	Within Groups	202.960	568	.357		
	Total	335.298	569			
I feel more responsible and provide more services when my organization recognizes my work.	Between Groups	91.118	1	91.118	253.137	.000
	Within Groups	204.454	568	.360		
	Total	295.572	569			
My monetary benefits in the organization enhance my performance levels and enable my personal career advancement.	Between Groups	145.162	1	145.162	472.746	.002
	Within Groups	174.410	568	.307		
	Total	319.572	569			
	Within Groups	262.564	568	.462		
Total	335.572	569				
I am happy with the salary and emoluments' offered by my HRA system.	Between Groups	103.946	1	103.946	220.074	.000
	Within Groups	268.280	568	.472		
	Total	372.226	569			
I feel there is no ambiguity nor any anomaly in my compensation package.	Between Groups	65.982	1	65.982	121.123	.000
	Within Groups	309.421	568	.545		
	Total	375.404	569			
I am convinced that our company follows a fair and transparent system in evaluating the employees.	Between Groups	119.532	1	119.532	346.174	.001
	Within Groups	196.126	568	.345		
	Total	315.658	569			
Our company policy in treating all the employees without any prejudices and bias that building-up excellent interpersonal relationship and team work among employees.	Between Groups	108.288	1	108.288	351.152	.001
	Within Groups	175.159	568	.308		
	Total	283.447	569			
My company treats me with dignity which encourages me to render quality added services towards company's development.	Between Groups	98.644	1	98.644	307.493	.001
	Within Groups	182.214	568	.321		
	Total	280.858	569			

\*Significance at 0.05 level

As per the values arrived at i.e.  $p < 0.05$  (0.000) and  $F = 151.831$ , it is clear from the results that the management values and recognizes the services of their employees is one of the motivational factors towards implementation of HRA system. Hence, the formulated hypothesis "*Employee motivational factors has a significant influence on HRA implementation*" is accepted.

Above table shows the statistical values of  $p < 0.05$  (0.001) where  $F = 370.361$ , it can be conclude from the result that the employees' interest towards work will increase when their services are valued rationally is one of the motivational factors has a significance influence on implementation of HRA system, Thus, the formulated hypothesis "*Employee*"

motivational factors has a significant influence on HRA implementation” is accepted.

The values derived from above table depict that  $p < 0.05$  ( $p = 0.000$ ) and  $F = 253.137$ , which reveals that employees feel more responsible and provide more services when their organization recognizes their work has a motivation factor towards the implementation of HRA system. Hence, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

As per the data presented in the above table that the  $p < 0.05$  ( $p = 0.000$ ) where  $F = 472.746$ , it is clear that the monetary benefits in the organization enhance the performance levels of employees which enable their personal career advancement as one of the motivational factors which has a significant influence on implementation HRA system. Hence, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

It is observed from the above table that the  $p < 0.05$  ( $p = 0.000$ ) where  $F = 220.074$ , it is evident that employees are satisfied with their salary emoluments is a motivational factors which influence on HRA system implementation. Thus, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

As the values in the above table shows  $p < 0.05$  ( $p = 0.000$ ),  $F = 121.123$ , indicates that the no ambiguity nor any anomaly in employees compensation package is a motivation factors which influence to implement HRA system. So, the formulated hypothesis “Employee motivational

factors has a significant influence on HRA implementation” is accepted.

The values from the above table reveals that the  $p < 0.05$  ( $p = 0.001$ ),  $F = 346.174$  reveals that employees are convinced with their company’s fair and transparent system in evaluating the employees has influence on HRA system implementation. Hence, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

Company policy in treating all the employees without any prejudices and bias which helps in building-up excellent interpersonal relationship and team work among employees has a significant influence on HRA system implementation can be justified from the values in the Above table, where  $p < 0.05$  ( $p = 0.001$ ),  $F = 351.152$ . Therefore, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

The results from the above table reveals that  $p < 0.05$  ( $p = 0.001$ ),  $F = 307.493$ , it is conspicuous that The company treats employees with dignity which encourages them to render quality added services towards company’s development is one of the motivational factors in effective implementation of HRA system. Hence, the formulated hypothesis “Employee motivational factors has a significant influence on HRA implementation” is accepted.

**Summary of testing hypothesis on employee motivational factors towards Implementation of HRA system.**

***H<sub>1</sub>: Employee motivational factor has a significant influence on HRA implementation***

Motivational Factor	F & P values	Result
Management Values and recognize the services of employees	F = 472.746 P = 0.000	Accepted
Employees’ interest towards work will increase when their services are valued rationally	F = 370.361 P = 0.001	Accepted

Employees feel more responsible and provide more services when their organization recognizes their work	F = 253.137 P = 0.000	Accepted
The monetary benefits of the organization	F = 472.746 P = 0.002	Accepted
Salary emoluments	F = 220.074 P = 0.000	Accepted
No ambiguity nor any anomaly in compensation package	F = 121.123 P = 0.000	Accepted
company's fair and transparent system in evaluating the employees	F = 346.174 P = 0.001	Accepted
Without any prejudices and bias which helps in building-up excellent interpersonal relationship and team work	F = 351.152 P = 0.001	Accepted
Company treats employees with dignity	F = 307.493 P = 0.001	Accepted

Based on the above table, all the items in the questionnaire are significant and alternative hypothesis got accepted.

#### CONCLUSION:

The researcher would like to conclude that employee's motivational factors has significant relationship towards Implementation of HRA system where null hypothesis got rejected and alternative hypothesis got accepted. Organizations like Cement Corporation of India Limited and Almansouri Petroleum services limited may concentrate on factors related to motivation of their employees in implementing human resource accounting practices as both organizations are being observed from the perceptions of accountants, finance managers, HR managers and normal employees. The comparative analysis from one company from India and another from Kurdistan under process industry reveals that there is lot of scope to implement human resource accounting practices by providing proper motivation to employees. The treatment of employees in any organization is key to achieve their desired goals and objectives.

#### Limitations of the research:

Researcher selected only two companies under process industry from India and Kurdistan due to the acceptance received from the companies by the

researcher was limited. The results may change with the change of sample size and demographics.

#### Scope for further research:

Further research may be extended in other industries and other countries to observe more outcomes about testing the significance between employee's motivational factors in implementing human resource accounting systems.

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