



A Study on the Perception of Bankers Towards Human Resource Accounting and Its Strategic Role in Organisational Performance

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1.1 ABSTRACT

Background: Human Resource Accounting (HRA) focuses on valuing and disclosing the financial worth of an organization's human capital, while financial disclosure is the process of presenting financial information to stakeholders. While HRA itself is not a mandatory element of standard financial reporting, the inclusion of HRA data in financial statements could potentially influence investors' perceptions of a company's value and future prospects.

Key objective: The core objective of the study was to identify the perception of bankers on various aspects of HRA and its Strategic Role in organizational performance.

Idea behind the study: The main idea behind the present study is to identify and compare the opinion of Bankers from Private and public sector banks on various issues pertaining to HRA from Southern Rajasthan.

Research Methodology: The study was conducted utilizing a sample of 235 Bankers from Southern Rajasthan, bifurcated into public and Private banks. The research is based on primary data and uses a method called Purposeful sampling for data collection. Ten Likert statements were framed to find the respondents' opinions on HRA and its Strategic Role in Organizational Performance.

Findings: The results showed that the respondents shared common perceptions on the issues raised through Likert statements, but when the results were matched, the response status of both kinds of banks was found to be different.

Keywords: *Bankers, Human Resource Accounting, Organizational performance.*

1.2 INTRODUCTION:

Organisations' ability to successfully manage and develop their human capital is crucial in today's knowledge-based economy. The goal of human resource accounting (HRA) is to give employees' contributions a monetary value by acknowledging them as valued assets rather than merely expenses. Despite the fact that employee performance, motivation, and talents have a big impact on a company's future, traditional accounting frequently ignores this value. The significance of HRA is growing as more knowledge and skills are needed by businesses, particularly service-driven ones like banking.

Human capital is one of the most important resources in banking since personnel are vital to service delivery, innovation, and strategic decision-making. However, human capital cannot be owned or readily quantified, in contrast to financial or mechanical assets. By providing a framework for evaluating, documenting, and analysing the value that workers contribute to the company, HRA fills this vacuum and facilitates better informed management choices and open reporting.

Fundamentally, HRA sees human resources as valuable assets that increase in value based on management. Training, development, and hiring are viewed as investments rather than costs. HRA offers insights that may direct resource allocation and strategic decisions for banks, where trust and experience are crucial. It improves performance management systems and helps match long-term objectives with employee growth.

Since their approval greatly influences how successfully HRA can be implemented, it is crucial to comprehend how banking professionals perceive it. Their perception is shaped by their knowledge, training, organisational culture, and conviction that employee data and performance are related. Employee engagement, retention, and organisational outcomes all improve when managers and decision-makers understand the strategic importance of human resources.

Additionally, HRA improves financial reporting transparency and provides stakeholders, regulators, and investors with a more accurate understanding of a company's actual value. It draws emphasis to non-monetary metrics that show potential for long-term growth. The absence of consistent standards, the challenge of quantifying intangible qualities like leadership, and opposition from traditional accounting systems are some of the obstacles that HRA still faces. These difficulties are particularly apparent in the banking industry, where human considerations are sometimes overshadowed by financial figures.

All things considered, HRA represents a change in how businesses perceive their employees. Adopting HRA can enhance decision-making, boost competitiveness, and more effectively match human investments with organisational objectives in a people-driven sector like banking, where human capital drives performance. The degree to which this method is successfully embraced throughout the banking industry will depend on how banking professionals feel about its applicability as it acquires traction.

1.3 REVIEW OF LITERATURE:

(Mohammed *et al.*, 2024) The study concludes that Accounting Information Systems (AIS) significantly transform Human Resources Management (HRM) practices by enhancing efficiency, accuracy, and strategic decision-making within organisations. It emphasises that the integration of AIS improves transparency and accountability in HRM processes, thereby promoting more informed and strategic decision-making.

(Parul *et al.*, 2024) The study highlights the importance of Human Resource Accounting (HRA) practices in enhancing the strategic management of human resources within the National Thermal Power Corporation Limited (NTPC), emphasising the need for effective decision-making, monitoring, and evaluation of human assets to align with organisational objectives. The findings of the research contribute to the development of management principles and future-oriented decision-making by elucidating the financial implications of various HR practices, ultimately aiming to improve HR management strategies and bolster organisational performance for sustainable industrial development.

(Achmad Chaedar Yasin *et al.*, 2023) The study emphasizes the importance of Human Resource Accounting (HRA) in identifying and measuring the value of human resources within a company, which is crucial for enhancing profitability and making informed decisions in financial reporting. It highlights the need for companies, such as PT. Khatulistiwa Mulia Indonesia, to establish effective systems for recording and organising human resource data to ensure accurate bookkeeping and clear presentation of information, ultimately impacting financial profitability.

(Amries Rusli *et al.*, 2023) The research concludes that Human Resources Accounting (HRA) plays a significant role in enhancing organisational dynamics by bridging qualitative human aspects with quantitative financial demands, thereby emphasising the importance of human capital for sustained success. The study highlights the necessity for ethical practices in HRA implementation and suggests that understanding the organisational context is crucial for achieving positive HRA outcomes, paving the way for future research on longitudinal impacts and the integration of emerging technologies.

(Jimoh Adams *et al.*, 2023) The study concludes that incorporating human resources as an asset in financial reports enhances the relevance and usefulness of these reports for decision-making, as opposed to the traditional method of reporting human resource costs as expenses. This shift in reporting would allow organisations to better reflect the value of investments in education, training, and development of

their workforce. It is recommended that listed companies in Nigeria adopt a culture of capitalising their investments in human resources, including costs related to training and ongoing development, to improve their financial reporting. Additionally, the establishment of accounting standards for the assessment and reporting of human resources is suggested to guide firms in accurately reflecting the value of their human capital in financial statements.

1.4 RESEARCH METHODOLOGY

1.4.1 RESEARCH OBJECTIVE

The primary objective of the survey was to identify the perception of bankers on various aspects of HRA and its Strategic Role in organizational performance.

1.4.2 RESEARCH DESIGN

The study is exploratory in nature due to the absence of any pre-existing data, or earlier studies utilized for statistical analysis by the researcher.

1.4.3 SAMPLING TECHNIQUE

The sampling method employed in the thesis was Judgmental Non-Probability Sampling.

1.4.4 DATA

The study was conducted utilizing a sample of **235 Bankers** from Southern Rajasthan. The study is Primary data-based and involves purposive sampling as the methodology utilized for data sampling. A set of ten Likert statements was drafted to determine the respondents' views on various aspects of HRA and its Strategic Role in organizational performance raised through Likert statements.

1.4.5 SAMPLE AREA

The sample area for research was **taken as Southern Rajasthan**. An attempt was made to rationally collect the data from the Bankers all over.

1.5 LIKERT STATEMENTS

The variables under study were presented to the respondents through a set of 10 Likert statements, which have been mentioned below:

1. I am aware of the concept of Human Resource Accounting (HRA) and its purpose.
2. Human Resource Accounting is essential for recognizing employees as valuable organizational assets.
3. The implementation of HRA is particularly relevant in the banking sector due to its service-oriented nature.

4. Human Resource Accounting contributes positively to strategic decision-making in banks.
5. Including human resource data in financial reports can enhance organizational transparency and performance evaluation.
6. HRA helps in aligning human capital management with the long-term goals of the organization.
7. It is challenging to measure human resources accurately due to the intangible nature of employee attributes.
8. Lack of standardized methods makes it difficult to implement HRA effectively in banking institutions.
9. I believe that adopting HRA can provide banks with a competitive advantage in the market.
10. I would support the integration of Human Resource Accounting into our bank's performance management systems.

1.6 HYPOTHESIS

H₀₁: There is no significant difference in the perception of respondents (Private and Public Banks) on the various aspects of HRA and Strategic Role in organizational performance.

To test the hypothesis mentioned above, the mean score was calculated from the primary data collected, and a further independent sample t-test was applied, and the results so derived have been published below

1.6.1 Descriptive Statistics

Table 1.1: Descriptive Statistics

		n	Mean	Std. Deviation	Std. Error Mean
Score	Private Bank	136	3.89	0.91	0.08
	Public Bank	99	3.35	1.22	0.12

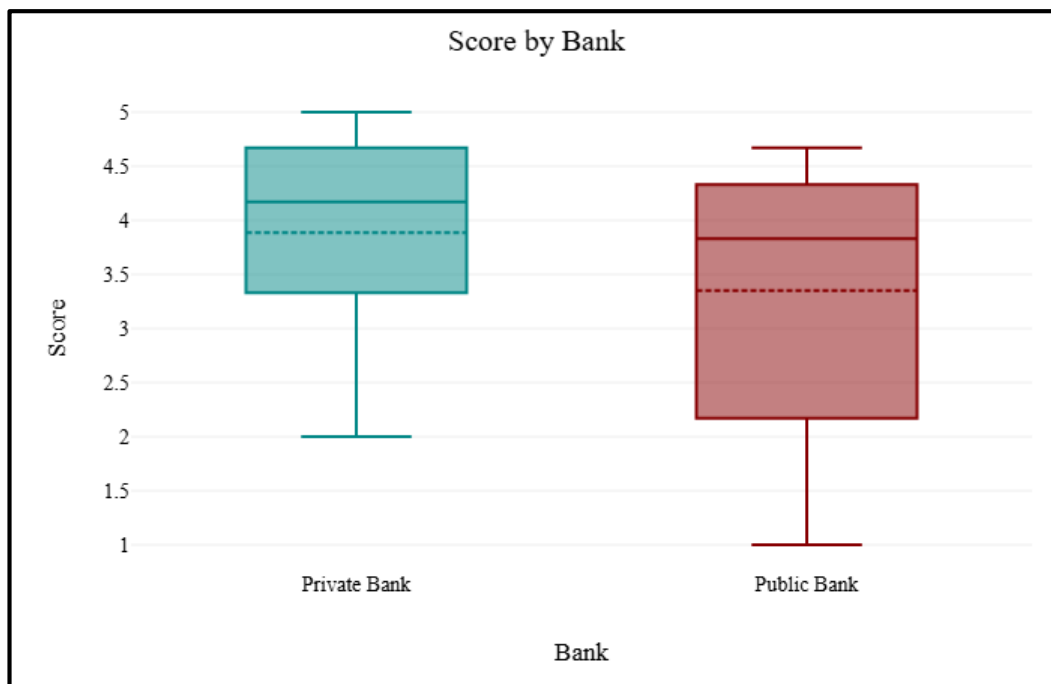


Figure 1.1: Descriptive Statistics

As depicted in the above table and figure, the mean score of private bankers (3.89 ± 0.91) was more than that of Public Bankers (3.35 ± 1.22).

1.6.2 Levene test of Variance

Table 1.2: Levene's Test (Mean)

Test	F	df1	df2	p
Levene's Test (Mean)	18.37	1	233	0.001

Levene's Test (Mean) revealed no equality of variance between the two groups.

1.6.3 Independent Sample t-test

Table 1.3: Independent Sample t-test

		t	df	p
Score	Equal variances	3.84	233	0.001
	Unequal variances	3.67	173.06	0.001

A two-tailed t-test for independent samples (equal variances not assumed) showed that the difference between *Private Bank* and *Public Bank* with respect to the dependent variable Score was statistically significant, $t(173.06) = 3.67$, $p = 0.001$. Thus, the null hypothesis was rejected and concluded that there is a significant difference in the perception of respondents (Private and Public Banks) on the various aspects of HRA and Strategic Role in organizational performance.

1.7 FINDINGS FROM LIKERT STATEMENTS:

The perception of bankers toward Human Resource Accounting reflects a growing awareness of the strategic importance of valuing human capital within the banking sector. The majority of statements highlight a positive inclination toward recognizing employees as key organizational assets. Bankers appear to acknowledge the role of HRA in enhancing decision-making, aligning workforce planning with strategic goals, and improving transparency in financial reporting. However, concerns remain about the practical implementation of HRA, particularly due to the lack of standard measurement tools and the difficulty in quantifying intangible employee attributes. Despite these challenges, there is evident support for the integration of HRA into performance management systems. This suggests a readiness within the banking industry to adopt more progressive human capital practices. Overall, the findings indicate a favorable perception of HRA's potential to contribute meaningfully to organizational performance and competitive advantage.

1.8 SUGGESTIONS

On the basis of work done in the above paper, following suggestion have been crafted:

1. Enhance Awareness and Training: Workshops and training sessions should be held by banks to educate management and employees on the principles and benefits of human resource accounting. Raising awareness will lead to greater acceptability and more effective use of HRA processes.
2. Develop Standardized HRA Frameworks: Overcoming implementation issues can be achieved by establishing consistent and transparent ways for evaluating human resources. Additionally, standardised frameworks will guarantee the comparability, consistency, and dependability of HRA data throughout the banking industry.
3. Integrate HRA into Strategic Planning: Strategic decision-making procedures should incorporate human resource accounting to match long-term organisational objectives with investments in human capital. Allocating resources and planning the workforce can be improved by this combination.
4. Leverage HRA for Talent Management: HRA data can help improve talent selection, development, and retention efforts by offering insights into employee performance and value. This aids banks in developing a more robust and effective workforce.
5. Evaluate and Refine HRA Practices: Organisations can evaluate the efficacy of HRA implementation and make the required adjustments by conducting ongoing monitoring. Feedback-driven improvements guarantee the system's continued relevance and influence.

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