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Micro and Macro Aspects of HRA and Social Responsibility

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Abstract: This paper defines human resource and their importance both from micro and macro point of views. Micro view emphasizes and promotes analysis in the organizational context and micro view leads to an analysis of human resource. As a part of overall manpower planning and budgeting in the national context. At present, it is a national exigency which urgently calls for the effective utilization of Human resource through manpower planning & human budgeting. Human resource planning & social responsibility. Accounting can be very well integrated to give a position result in this regard.

Index Terms - Manpower budgeting, Manpower planning, HRA, Micro & Macro Aspect

I. INTRODUCTION

Human resource is preferred and treated as assets of great value. But in real practice normal tendency is to treat them as costs, problems and procedures. In this, we would like to define human resources and their importance both from micro and macro point of views, Micro view focuses and promotes analysis in the organizational context and macro view leads to an analysis of human resources as a part of overall manpower planning and budgeting in the national context.

Economists while recognizing the importance of human resources have treated it as one the important factors of production with land and capital, but at the sometime have regarded it as costs in the form of wages, salaries etc. together with interest and rent. In the field of management "Taylorism" had its way and the founder father of this movement himself, being an engineer by training and profession treated labour as yet another tool of production. Therefore, the proclamation regarding human resources as an asset has not been given anything beyond paying a lip sympathy.

The economists have dealt with the subject at macro-economic level though they have emphasized the usefulness micro economic problems such as of the concept for solving many wage determinations, capital budgeting decisions etc. At macro level, William Petty applied this new concept for the purposes of determination of the wealth of a nation as a measure of its potential power; Money other eminent economists have made use of human capital concept for solving various problems pertaining to macro economy over a substantially long period of time. The economists have been mainly concerned with the economic value rather than costs of human resources and that too also in terms of present value as they consider economic present value concept as a better measure of value. It is also a fact that many pioneers in the new field of human resource accounting have presented their valuation models for estimating the human resource value taking into consideration the economic present value concept.

On the review of the literature on the subject it appears that William Petty was perhaps the first to attempt quantification of human resource' value at macro level and the concept so developed by him was used subsequently by many others in the field including those by 'accounting professionals' for future development.

The history of human civilization and economic development shows that human resource in the most valuable capital resource of any organization. In the absence of any effective management of the human assets, the other resources cannot be exploited properly.

One important point to be noted here is that the study of human resource accounting is closely connected with manpower planning and development of human resources for socio-economic lift of a country; human resource development has been defined as increasing knowledge skill and capacity accumulation of human capital and effective investment for development of manpower is a function of national income.

Manpower planning need not confine itself to only skill development, it must refer to the development of human resource.

The term Human Resources Budgeting means the preparation of an estimate of all the available manpower and its distribution, present and potential, into various economic activities. It is a statistical analysis of manpower position of a country giving an overall view of the size and distribution of labour force for the ensuring year. It is generally prepared for one year.

The idea of Human Resource Budgeting developed in those countries where calamities like war necessitated the harnessing of services of all the employable labour force or a social philosophy under autocratic rule required its preparation in order to raise economic standards of the people accentuating the total production of the country. It was only after the second world war that systematic a few countries.

II. MANPOWER PLANNING AND HUMAN RESOURCES BUDGETING IN INDIA

Manpower Planning has drawn the attention of the Government of India since 1974. Setting up of the Scientific Manpower Committee in 1974 is considered to be a landmark in this regard.

In India, the human resources are unevenly distributed. The Government of India has classified manpower in eight categories such as:

- (1) Professional, Technical (2) Administrative, Executive (3) Farmers, Fishermen, Hunters etc. (4) Clerical, (5) Salesmen (6) Service Workers, (7) Production and Transport workers (8) workers not classified under any occupation.

In a democratic industrial order, the employee has a right to know how his work and his prospects are evaluated. Most of the employees have not faith in the decision of the management relating to recruitment, promotion and appraisal of merits. Decisions are not always impartial. Hence, clear objective conditions must be laid down. Nepotism, favoritism and corruption must be eliminated.

A detailed manpower planning right from the construction stage up to operation stage is, therefore necessary to avoid surpluses, to recruit the right type of people at the right time and to train them properly for efficient discharge of their duties. Human resource management in India has not been paid the due attention.

At present, it is a national exigency which urgently calls for the effective utilisation of human resources through manpower planning and human budgeting. There has to be a periodic review of the changing demands of manpower. There is also the need for studies to be undertaken both region wise and industry wise. For efficient management of human resource, a detailed analysis of labour market is essential. A study of work attitudes, job needs and labour mobility will go a long way in this direction.

III. HUMAN RESOURCE AND ACCOUNTING

In the modern age of professionalization, the business houses encourage expenses on the recruitment, selection, training and development or their manpower force. These costs can be of great use in the performance evaluation of the employees i.e. when an organization wants to know the extent to which training and development expenditure incurred on the employees, has benefited to This can be done by comparing the costs incurred with the benefits received. Such information can be known only when we expected or have proper accounting system for human resources.

IV. ORGANIZATIONAL HRA IN INDIA

In India, HRA has not been introduced so far as a system. The companies Act, 1956 does not require furnishing of any significant information about human resources in financial statement of companies. The Institute of chartered accountants of India has issued accounting standards on different technical subjects of accounting but it has not been able to bring any definite accounting standard for measurement and reporting of cost and value of human resources of organization. The existing accounting standards however, fully support the adoption of HRA for the purpose of meeting their own requirements in free sense.

V. SOCIAL RESPONSIBILITY

Everyone agrees that the only real long-lasting asset which an organization, say, any society or nation, possesses is the quality and calibre of the people working in it. A firm having incompetent management will soon, run through the physical resources available to it. There have been generals who have got defeated on the verge of victory just as there have been others who turned almost certain defeat into victory. Fayol, the noted French Management writer, was given charge of an almost bankrupt company but he made it into a very successful concern. It is, however, unfortunate that so far there is no agreed and generally accepted method of putting a value on this vital asset and showing it as part of or along with financial statements. However, work has been done in the western countries to evolve a suitable method. Various methods and approaches have been put forward by various Authors which need careful analysis and examination. One thing must be remembered that ultimate aim of this study is to enhance better lives for people and their better security, not only for today but also for tomorrow.

Some of the authors believe that until quantification and measurement become possible, an account of the social responsibility of the firm and its attempt at the discharge of this responsibility may be given in the form of narrative statements. For example, the Directors may, in their annual report, touch upon the company's attends and efforts towards, say, (i) increasing employment opportunities, especially among backward classes and backward areas, (ii) developing new products them thoroughly, (iii) controlling and the measures for testing pollution (iv) measures for increasing job satisfaction among workers and giving greater satisfaction to the customers, etc.

Also, as regards staff most of the items are such against which the firm derives or should derive good benefit in the form of regular attendance, better attitude towards work, etc. However, the amount stated as career advancement represents a real benefit to the staff and therefore, to the society. The exercise as a whole point the way to measuring the discharge of or accounting for the firm's social responsibility.

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