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Human Resource Accounting: Putting a Price on People

Michael P. Maclver

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HUMAN RESOURCE ACCOUNTING:
PUTTING A PRICE ON PEOPLE

by

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Bachelor of Business Administration
University of Texas at Austin, 1981

An Independent Study

Submitted to the Graduate Faculty of
The University of North Dakota
in partial fulfillment of the requirements
for the degree of
Master of Business Administration

The University of North Dakota Graduate Center

June
1986

APPROVAL

This independent study submitted by Michael P. MacIver in partial fulfillment of the requirements for the Degree of Master of Business Administration from the University of North Dakota is hereby approved by the Faculty Advisor under whom the work has been done. This independent study meets the standards for appearance and conforms to the style and format requirements of the Graduate School of the University of North Dakota.


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PERMISSION

Title: HUMAN RESOURCE ACCOUNTING: PUTTING A PRICE ON PEOPLE

Department: School of Business and Public Administration

Degree: Master of Business Administration

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Michael P. MacIver
June 15, 1986

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To the AFIT Staff, my friends, my cats, and my wife. You've all helped immeasurably in your own special ways. I couldn't have done it without you. Thanks.

ABSTRACT

HUMAN RESOURCE ACCOUNTING: PUTTING A PRICE ON PEOPLE

Michael P. MacIver

The University of North Dakota Graduate Center, 1986

Faculty Advisor: Dr. Orville Goulet

Since its' introduction in the early 1960s, the idea of Human Resource Accounting has, for the most part, been resisted, rejected, and left to perish in the pages of business periodicals. Exactly why such a well-intentioned program has been met with such disdain is uncertain.

This study proceeds with a discussion of the topic of Human Resource Accounting, outlining two main tasks which proponents of the idea have had to accomplish thus far: winning acceptance of the idea of the human resource as a capitalizable asset and deciding upon what basis the value of the human asset will be quantified.

The conclusion then raises the notion that employee acceptance may be the key to overcoming the current lack of interest and measure of resistance. Finally, a suggested sample design and employee survey are offered in order to determine the level of acceptance.

CHAPTER I

INTRODUCTION

Objective

Similar to the scene of brand new parents proudly boasting to their relatives of their baby's beauty and their love for him while he cries unnoticed in the background is the current state of an only recently reborn theory of accounting for the human resources of firms. "Reborn" in the sense that Human Resource Accounting (HRA), commonly thought to have originated from Rensis Likert's work of the early 1960s, was in fact in widespread use as early as 1860, only to die away with the close of the Civil War and the termination of slavery.

Human Resource Accounting is an area that has received a great deal of attention in recent years. However, little thought has been given to the fact that Human Resource Accounting is not really new. Actually, Human Resource Accounting was a common practice among firms in the American Deep South prior to the Civil War. Although the Antebellum objectives of Human Resource Accounting were not the same as today's objectives of facilitating the effective and efficient management of human resources, human assets did appear in the accounting records.¹

¹ Dale L. Flesher and Tonya K. Flesher, "Human Resource Accounting in Mississippi Before 1865," Accounting And Business Research, Special Accounting History Issue 1980,

"Unnoticed" in the sense that of all the literature concerning HRA, consideration of how the central figure of the debate, the employee, will react to and feel about having a price applied to his existence is nonexistent. This is like the price applied to a wood lathe in a carpenter's shop. While one source does allow that the "feasibility and benefits of human asset accounting from the employee's point of view are certainly questionable,"² it goes on to admit that the "effect on an employee's attitudes, motivations, and other feelings from having a specific value established are not known"³ and leaves it at that. No where are analogies to the days of slavery or Orwell's 1984 mentioned. Unheard are the calls for surveys of employees if for nothing else than to just get a gut reaction to the idea of being assigned a dollar value and placed on the company's books. When the professors and accountants converse concerning HRA they speak only of the good that will come of it for the employees without ever having asked them if it's what they want - somewhat like a car salesman telling a customer about the car he needs without questioning him about the car he wants. In an attempt to correct the oversight this study was conducted.

p. 124.

² L. S. Rosen, ed., Topics in Managerial Accounting 2d ed., (Canada: McGraw-Hill Ryerson Limited, 1970), p. 301.

³ Rosen, p. 301.

This study consists of four chapters. Chapter I provides an overview of the entire paper and includes a statement of the problem to be discussed, a justification of the problem, an outline of the scope and limitations of the study, a description of the methodology utilized in conducting the study, and finally, a summary.

Chapter II contains the literature survey. A background on the concept of Human Resource Accounting is provided, first, followed by a discussion of the two primary methods of quantifying the human asset. Chapter II concludes by delineating the pros and cons of HRA and raising the idea of the need for employee surveys.

The topic of employee surveys is expanded upon in Chapter III. Included in the chapter are reasons for conducting such surveys, a suggestion concerning sample design, and procedures for executing the survey.

Chapter IV then concludes the study by providing a summarization of the paper and implications for further study. This study is conducted with the hope that the opinions of the employees will be taken into consideration before implementing HRA.

Statement of the Problem

Just as it is with parents as they witness their talented child waste away in front of the television set, so it is with Human Resource Accounting. HRA is

well-intentioned and has its merits. Not only does HRA propose to emphasize to management the value of and need for efficient utilization of the human asset, but it also intends to provide "more effective planning for employee retention and control over employee turnover. Coincidental with those advantages of planning and control can be management's added awareness of other problem areas which relate either directly or indirectly to the central concern about employee turnover [(i.e., employee morale)]."⁴ For some reason, however, the concepts proposed by HRA have gone unaccepted. Managers continue to resist implementation of such an accounting system.

Perhaps a new method of trying to win acceptance should be utilized rallying the unnoticed employees to bring attention to a program that will theoretically benefit them all in the long-run. Before any such ploy is tried many questions still need to be asked and answered - especially of and from the employee's point of view before implementation should be attempted.

Justification of the Problem

Should the questions asked of the employees generate sufficient levels of approval and interest for the idea of

⁴ Sherman R. Roser, "A Practical Approach to the Use of Human Resource Accounting," Managerial Planning, September/October 1983, p. 36.

HRA, then methods could be devised and implemented to create a pull effect. Rather than try and push the idea on the managers, create attitudes in the employees that serve to pull the idea out of the business periodicals and dissertations and into the laps of uninterested management.

On the other hand, should the employees also display resistance to the idea of HRA, then perhaps it is just as well that the proposed practices be let to fall into the category of "it was a good idea but . . ."

Scope of the Study

This study is not intended as a nuts and bolts investigation of the means and methods of Human Resource Accounting. Although a broad discussion of the subject is included, the primary purpose of this study is to call attention to the "unnoticed" aspect of HRA - the employee.

The assumption that employees should even be given a say in management's accounting decisions is both offered as a new idea and accepted as a basis for this study. Granted, the thought of employees meddling in management's affairs does seem a bit unorthodox, to say the least. But, it is this author's opinion that such a revolutionary idea as HRA allows for unorthodoxy. As alluded to earlier the idea of putting a price on people does bring to one's mind images of Antebellum. For such practices to be utilized again, different ways of doing it should be implemented.

This study proposes a different way of gaining acceptance of HRA.

Limitations of the Study

Although a suggested sample design and procedures for implementation of the survey are included it is realized that the management for whom the survey is intended will have a better idea of whom and how to ask the questions. Additionally, no attempt is made in this study to second guess the results of such a survey. The idea that perhaps the employees can help gain acceptance is raised and one way of finding out (i.e., by means of an employee survey) is presented. The study stops short of implementing the survey and determining the results.

Methodology

This study initially began as a literature survey into the ways and means of HRA. However, it was as a result of that review that this author noticed a lack of writing from the employees' point of view. At that time the literature survey was continued and concluded with this paper's present purpose in mind.

The resultant employee survey is an original composition which grew from the ideas generated during the literature survey.

Summary

Chapter I has presented an overall outline of the entire study. The idea that Human Resource Accounting is well-intentioned and has its merits, but that the employees' point of view is lacking and should be obtained, was offered as the problem this paper attempts to solve. Chapter I concluded by briefly discussing the study's scope, limitations, and methodology.

Chapter II follows and will proceed with a review of the literature concerning HRA.

CHAPTER II

LITERATURE SURVEY

Introduction

Chapter II begins by providing a short history of the idea of HRA. The discussion then turns to the topics of the employee as an asset and the methods used to quantify that asset. The chapter concludes with a look at the pros and cons of HRA.

Background

As mentioned above, Rensis Likert, Director of the Institute for Social Research of the University of Michigan, is credited with the modern rebirth of the HRA movement and defines it as "activity devoted to attaching dollar estimates to the value of a firm's human organization and its customer goodwill."⁵ Current accounting practices do not provide for even a mention of the people associated with an organization. Yet, company presidents and factory supervisors will proclaim up and down the halls of headquarters that the people are the company's most valuable

⁵ Rensis Likert, The Human Organization: Its Management And Value (New York: McGraw-Hill Book Company, 1967), p. 148.

asset. Therein lies the platform of the soapbox from which the proponents of HRA contend that if, in fact, people are so valuable they ought to be capitalized just like other assets and placed on the balance sheet.

To be considered as assets, though, humans have been made to fit the definition of an asset, that being "economic resources devoted to business purposes within a specific accounting entity; they are aggregates of service-potentials available for or beneficial to expected operations."⁶

Costs are incurred by a firm as employees are hired and trained. Training follows - at a cost. Periodically, throughout the course of employment, additional developmental training takes place in an effort to increase the employee's potential - again, at a cost. Finally, when employees leave the firm they receive separation pay and until a replacement is found for each vacated position efficiency is lost - at a cost. For a clear picture of the different costs see Fig. 1. All these costs associated with the human resources of the firm are expensed as they occur.

To qualify as an expense the benefits of such costs should be derived in the same period. The Committee on HRA emphatically states that "The accepted practice of regarding

⁶ AAA Committee on Accounting Concepts and Standards, Accounting And Reporting Standards for Corporate Financial Statements And Preceding Statments And Supplements (Ohio, 1957) p. 13, cited by Glenn A. Welsch, Charles T. Zlatkovitch, and Walter T. Harrison, Intermediate Accounting 5th ed., (Illinois: Richard D. Irwin, Inc., 1979), p. 135.

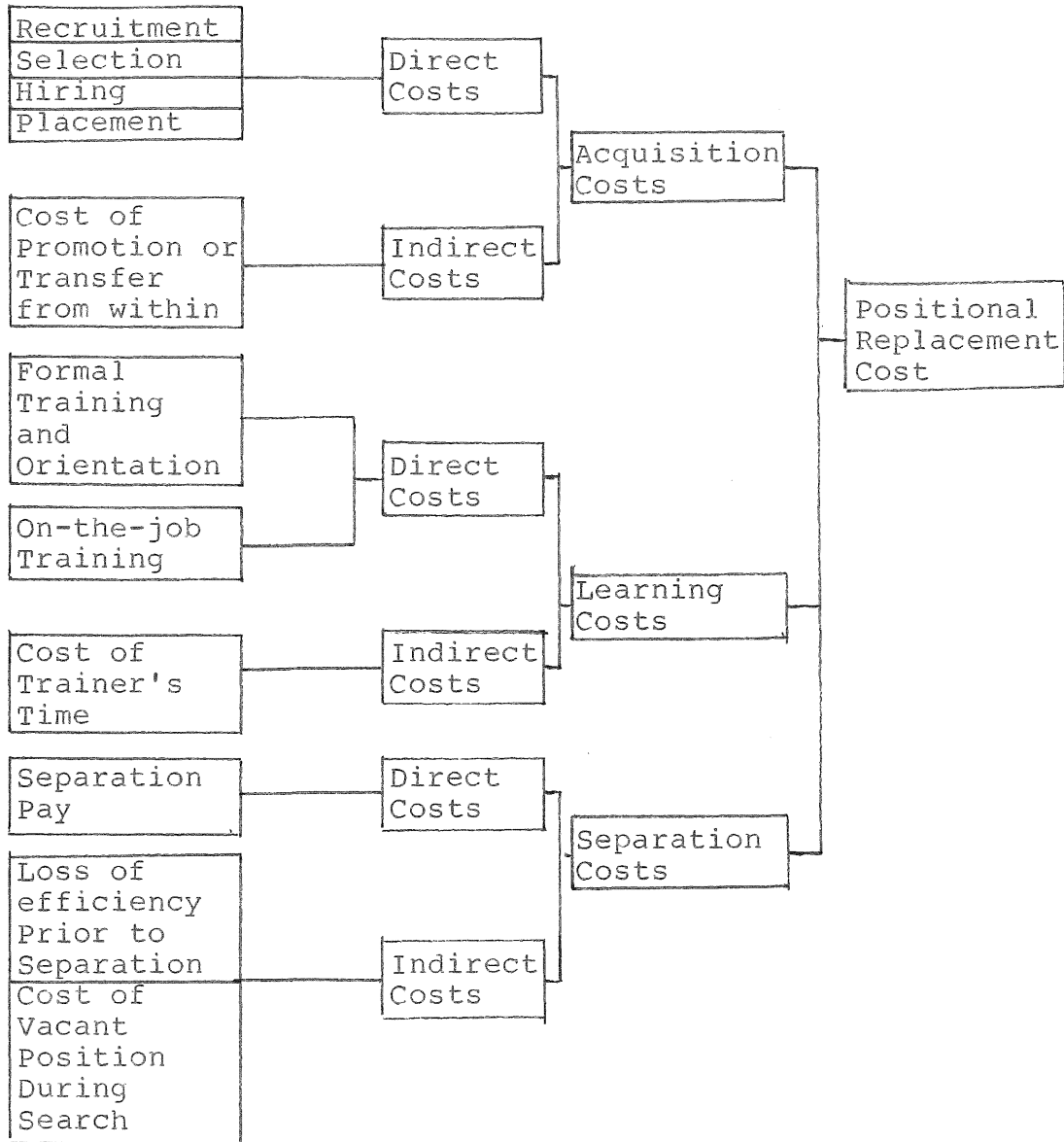


Fig 1 - Model for Measurement of Human Resource Replacement Costs

Source: E. G. Flamholtz, "Human Resource Accounting: Measuring Positional Replacement Costs," Human Resource Measurement, Volume 12 (Spring 1973), p. 11.

all expenditures on human capital formation as an immediate charge against income is inconsistent with the on physical capital."⁷ Professor Tsaklanganos supports this by offering the idea that "A basic tenet of HRA is that, since income generated by human investment will be largely realized in future periods, human resources should be treated as assets."⁸ After all, the value of training comes not while the employee is sitting in the classroom, but rather after he leaves and puts what he has learned to productive use in the periods that follow. Hence, the desired status of employee as asset is justified.

Quantification

Once it has been decided that humans are indeed assets to be capitalized, the next task of HRA becomes how to quantify such assets. Basically there are two philosophies available: "the cost approach, which concentrates on the actual cash outlays for the human resources and the value approach which focuses on the economic worth of the human resources to the organization."⁹

The cost approach allows for four different methods of valuation. The first, and perhaps most obvious, method is

⁷ Committee on Human Resource Accounting, "Report of the Committee on Human Resource Accounting," The Accounting Review, Supplement to Volume XLVIII (1973), p. 170.

⁸ Angelos A. Tsaklanganos, "Human Resource Accounting: The Measure of a Person," CA Magazine, May 1980, p.45.

⁹ Tsaklanganos, p. 45.

based on the acquisition cost of the employee to the firm. This would consist of a total of the recruiting, hiring, and training costs and would be amortized over the period it is expected the employee would be with the firm. Where acquisition cost does not allow for the asset value to change with the passing of time (i.e., as the employee becomes more proficient at his job, he would presumably be worth more) replacement cost does by considering what outlays would be required to not only replace the employee, but also bring his replacement up to the "same level of proficiency and familiarity."¹⁰ Opportunity cost would require an auction-type proceeding with the scarce resource being valued at the winning bid price. (Shades of slavery in the Antebellum South?!) The last cost method consists of capitalizing the salary of the employee, but it contains several drawbacks. First of all, it has been observed that there is often a "lack of a direct relationship between salary and employee's value to the firm. Personnel receiving the same salary rarely contribute the same value to the firm."¹¹ Additionally, there are the problems of which discount rate to use, over what time period should the salary be amortized, and taking into account the possibility of raises occurring, what salary should be used. In sum, these

¹⁰ Tsaklanganos, p. 46.

¹¹ Rosen, p. 297.

approaches attempt to match the outlays required to obtain the human asset against the periods he will be "beneficial to expected operations."

The flip side of the coin contains the value approach which prices an employee according to the value of the expected future services. One model proposed requires the discounting of wages and multiplying that present value by an efficiency ratio - "a measure of the firm's rate of return in relation to the average rate of return for the industry"¹² to arrive at a value for the expected future services. Another method involves proportioning goodwill to human assets based on their ratio to total assets. Lastly, the behavior variables method proposed by Likert entails statistically analyzing casual variables (i.e., organizational structure) and intervening variables (i.e., morale) and relating the results to productivity in order to predict an earnings trend. This then is discounted and becomes the asset value. Fig. 2 provides a model of the relationship between such variables. All of the pricing proposals are attempts at "measuring a firm's investment in its human organization, the rate at which those investments are being consumed, and which investments are more productive than others."¹³

¹² Rosen, p. 299.

¹³ Baruch Lev and Aba Schwartz, "On the Use of the Economic Concept of Human Capital in Financial Statements," The Accounting Review, Volume XLVI, No. 1 (January, 1971), p. 109.

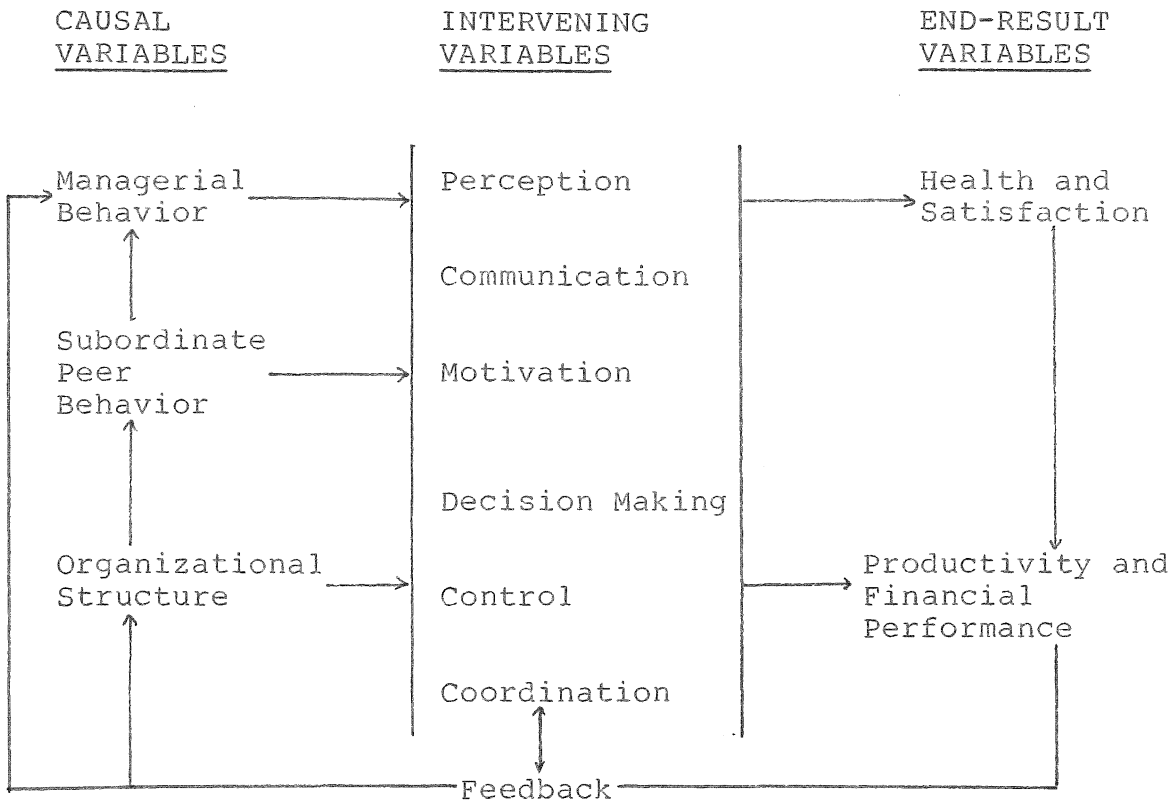


Fig 2 - Likert's Model of Group Value Determinants

Source: Rensis Likert and David G. Bowers, "Organizational Theory and Human Resource Accounting," American Psychologist, Vol. 23, No. 9 (September, 1968), p. 587.

For as Likert reasons,

"If able, well-trained personnel leave the firm, the human organization is worth less; if they join it, the firm's human assets are increased. If bickering, distrust, and irreconcilable conflict become greater, the human enterprise is worth less; if the capacity to use differences constructively and engage in cooperative teamwork improves, the human organization is a more valuable asset."¹⁴

Pros & Cons

Granted, the whole idea of HRA has both its positive and negative aspects. What has perhaps held the theory back from being widely accepted and implemented is that it has yet to be decided whether the pluses outweigh the minuses - whether the benefits are worth the effort. "HRA is not more widely accepted and applied because the early developers and proponents promised too much - going beyond their own disclaimers - and created an image of HRA that has caused it to be resisted and rejected by accountants."¹⁵

At first glance it appears as though, if implemented, HRA would find its greatest reward in the region of internal reporting to management (vs. external reporting to shareholders). As it is now, managers make decisions concerning the short-term funds usage based only on the traditional fixed assets of the firm (i.e.,

¹⁴ Likert, pp. 148-9.

¹⁵ Bruce G. Myers and Hugh M. Shane, "Human Resource Accounting for Managerial Decisions: A Capital Budgeting Approach," Personnel Administrator, Volume 29, No. 1 (January, 1984), p. 29.

etc.,). Return on investment calculations are made without including the human assets as part of that investment base. With HRA, managers would be forced to take into account the effect operating policies are having on employee morale. Shortterm profits made at the expense of salary hikes would show itself in the form of a high turnover rate in human assets. On the flip side, figures detailing the effectiveness of training programs and feasibility of salary increases (in relation to the productivity of the human assets) could be calculated. At a more technical level, it is noted that HRA would make for a better matching of revenues and expenses (i.e., the costs of employee salaries would be expensed in the periods the benefits were derived). In short, HRA would improve the managerial decision-making process by providing for consideration of the total asset base, rather than just a portion of it.

However, it should also be mentioned that concern has arisen about the idea of HRA values being restricted to internal reports. Some felt such a practice would lead to misuse and abuse of the human resource. "Likert's concern was that accounting records of a firm did not reflect the values of the employees, so that it was possible to produce apparently good short-term results through poor management of the human resources."¹⁶ Without getting the arrived-at values of the human assets out where everyone could see them

¹⁶ Roser, p. 30.

and verify their integrity, the HRA system would be defeating its intended purpose. Rather than promote better treatment of the employees, HRA could possibly serve to bring mistreatment upon them.

The solution appears to be a procedure whereby HRA values would be included on both internal and external reports.

On the down side there is the possibility that "statistical overkill could bog down the practicability of any HRA system."¹⁷ The additional accounting requirements that would come with HRA are nearly prohibitive in terms of current practices and capabilities. The various contingencies that could arise, owing to the fact that human assets are quite a different type of asset than are non-human assets, are mind boggling. For instance, what would be done in the case of month-long, paid vacations, suspensions or deaths?

Summary

Chapter II contained a review of the literature concerning HRA. The first part of the chapter discussed the primary task proponents of HRA have had to accomplish - winning acceptance of the idea of the human resource as a capitalizable asset. In the past such costs as training costs had been expensed immediately. HRA suggests that costs

¹⁷ Tsaklanganos, p. 48.

attributable to the human resource be "expensed" in the period in which the associated revenue is realized.

With that established, the next section of the chapter dealt with the secondary task of HRA proponents - deciding upon what basis the human asset will be quantified. Two main types of quantification were outlined - the cost approach and the value approach.

The last part of the chapter raised the various pros and cons which have been voiced about the HRA concept. Chapter III will continue along in the same vein discussing what this author believes could be the biggest hurdle for HRA - employee acceptance.

CHAPTER III

METHODOLOGY AND ANALYSIS

Introduction

Chapter III will now advance the premise that before any further steps are taken in the area of Human Resource Accounting employee surveys should be conducted to determine the level of acceptance. A brief discussion is followed by a suggested sample design and procedures for implementation. Additionally, a sample survey is offered, referred to, and contained in the appendix.

The Employee

Even more important to the con side of the HRA argument (or at least, most likely to the con side as this author believes it will be) is the idea of how all this will be accepted by the employee. "The feasibility and benefits of human asset accounting from the employee's point of view are certainly questionable. The effect on an employee's attitudes, motivations, and other feelings from having a specific value established for him are not known. It is easy to imagine employees repulsed by such a concept, for it has been traditionally unacceptable to society. Organized labor is probably powerful enough to stop such a movement if it

wished. On the other hand, one could argue that by having his value recognized, a person would be motivated to better himself and increase his worth."¹⁸

Although recent ruminations concerning the merits of HRA are well-intentioned they are only being conducted by professors and accountants, from their point of view, neglecting altogether the opinion of the to-be-priced employee/asset of the firm. Among the questions that need to be asked of and answered by the employees are:

*How will it feel to have a price placed on your existence and see that amount on the company books?

*If your value is to be capitalized does the fact that the amount will decrease over the years (by means of amortization) mean you are worth less and less as time passes?

*What will it do to your self-esteem to realize that management looks at you no differently than it does the diesel generator in the boiler room or as the slaveowners viewed their "property" in the 1860s with accounts labeled "Negroes, Carts, Mules?"¹⁹

*Do you really feel it is necessary that the qualities making you a valuable asset to your employer be quantified in order for you to receive the treatment you deserve as a human being?

Perhaps it will be said that these questions are a bit too emotional to be asked in the world of business, but this author feels that in order for HRA to be accepted (if in fact it is to be) these questions and many others need to be

¹⁸ Rosen, p. 301.

¹⁹ Flesher, p. 127.

this author feels that in order for HRA to be accepted (if in fact it is to be) these questions and many others need to be asked of and answered from the employee's point of view.

In all fairness, it should be mentioned that at least one source feels "The notion that employees would resent treatment as 'assets' is probably the weakest argument against HRA, since the implementation of such a system would be accompanied by a general upgrading of management practices and employee morale."²⁰

That may very well be true, but this discussion is not meant to be an argument against HRA. Rather, the focus on the employee's point of view is intended to call attention to the one group that may be able to jumpstart a stalled idea. The managers and accountants can't seem to come to any substantive agreement on the methods by which HRA should be implemented. Why not let the employees have a whack at it? They are just as likely to rally around the idea as they are to oppose it.

Conducting a survey of the employees may gain not only a favorable response, but also a slew of new and unique ideas about how to help HRA. On the other hand, results of the survey could show a similiar lack of interest on the part of the employees or, in the worst case, outright hostile resistance to the idea.

But, this discussion is not an argument against HRA.

²⁰ Rosen, p. 311.

The intention is simply to offer the idea that the employees should be asked how they feel about HRA.

The Survey

The first concern in creating such a survey relates to the idea of adequacy - how informed are employees about the objectives of Human Resource Accounting? Have they ever even heard of the term? The assumption that probably should be made is that the employees have little to no knowledge about the intentions of HRA. With that in mind, an unbiased, educational seminar might be well-advised. During such a seminar a definition of HRA along with an outline of its objectives, and maybe even an example of the quantification process, could be provided. If such a seminar would be impractical due to either time or location restraints then a short description of the HRA concept, such as the one included at the beginning of the suggested survey in the Appendix, could be provided as part of the survey. Once a minimal level of knowledge is achieved among all employees the survey process could proceed to obtain an indication of the degree of acceptance.

The survey should be designed so as to provide answers to the following four major question levels:

Management Question

Looking at the concept of Human Resource Accounting from the employee's point of view, would

implementation of the accompanying procedures be a positive/beneficial undertaking?

Research Question

If Human Resource Accounting procedures were implemented for this company would an employee be more inclined to accept or reject the practice of having a specific value established for him?

Investigative Questions

Do employees feel they should have a say in the accounting practices of their firm?

Does the employee feel that having a specific value calculated for him and having that value reported internally and/or externally would improve or worsen the quality of his treatment?

Would the employee feel he had been relegated to the same status as a widget machine if he were capitalized?

What aspects of HRA do the employees like and/or dislike?

By what method would they prefer to be capitalized?

Measurement Questions

See survey.

Such surveys could be conducted by passing them out at shift meetings or by leaving copies in the break room or, should an educational seminar be conducted, immediately following the discussion.

A representative sampling would have to include some of all types of public organizations. White collar, blue collar, and the professions should be polled on the topic.

By all means, questions could be added to and deleted from the sample survey. The survey included in the appendix is only a suggestion.

Summary

Chapter III has contained the discussion calling for a canvassing of a representative group of employees concerning their opinions on HRA.

A four-level set of questions were also offered. Should management keep such questions in mind as they conduct the survey or while creating their own, a useful result would very likely be obtained.

The chapter finally referenced a suggested sample which is contained in the Appendix.

CHAPTER IV

SUMMARY, CONCLUSIONS, AND IMPLICATIONS FOR FURTHER STUDY

Introduction

Chapter IV will provide a summary of the study so far, a discussion of the conclusions to be drawn from this study, and a brief outline of some areas that need further study.

Summary

Chapter I began by providing an overview of the entire paper. The issue which the paper sought to expose and why such an issue needed to be brought to light were discussed. Additionally, the organization of the paper was previewed.

Chapter II contained the literature survey of the topic of Human Resource Accounting. A history of HRA thus far was provided along with a discussion of the idea of the employee as an asset and the methods by which that asset could be quantified.

Chapter III strove to convince the reader of the need for employee surveys to determine the level of acceptance for the idea of HRA. In order to determine that level a

suggested sample design and procedures for implementing a survey were provided.

Conclusion

As mentioned above, Human Resource Accounting is undoubtedly well-intentioned. If agreement could be reached on the most representative method of capitalization HRA "could grow into a productive and useful management tool for monitoring employee effectiveness and maturation"²¹ as the professors and accountants intend for it to be. However, good intentions are not always enough. Before any further steps are taken employee surveys are recommended to determine if the idea will be accepted at the level where it matters the most and will have the greatest effect. If upon such investigation, it is determined that it will, in fact, be agreeable to the employees then by all means Human Resource Accounting should be seriously considered in order to achieve "a better estimate of the value of the firm and its return on investment, which will lead to a more efficient allocation of resources within the economy."²²

Implications for Further Study

This study's sole purpose was to draw attention to

²¹ Tsaklanganos, p.148.

²² Rosen, p. 302.

the need for employee surveys to determine the degree of acceptance of the idea of HRA. Even though a suggested sample was included it is realized that the management for whom the results are intended would have the best idea of whom and how to ask what questions.

The conducting of the survey itself provides another avenue for further study. This paper touched only lightly on those areas which need to be considered and stopped short of discussing how to conduct the survey.

Once such a survey is conducted the results would no doubt offer an interesting study. Such results could very well provide the final judgement about whether to cultivate the concept of HRA or forget it altogether. After all, the managers and accountants have not been able to come to any sort of decision on the subject. Perhaps it is the "unnoticed" employees who will provide the answer.

APPENDIX

THE SURVEY

Human Resource Accounting is a concept defined by the American Accounting Association as "The process of identifying and measuring data on human resources and communicating this information to interested parties." The value of the human resource (i.e., you, the employee) would be calculated by one of a number of recommended models and capitalized as an asset on the balance sheet. The intent of such a system would be twofold: internally, it would highlight the significance of the human resource by drawing attention to the inefficient use of such an asset and externally, it would give stockholders/investors a better idea of the true value of the organization as a whole. The following survey asks a set of questions intended to aid management in gauging the level of employee acceptance for such an idea.

1. Please indicate whether you are: male female
2. Please indicate whether you are: married single
 widowed divorced/separated
3. What is your approximate age:
 under 20 20-24 25-29 30-34 35-39 40-44
 45-49 50-54 54-59 60 or over
4. Please indicate your level of education:

Trade, technical, or high school graduate

College work, no degree

College degree

Post graduate work, no degree

Post graduate degree

5. How many years have you worked for your present employer?

6. What position do you now hold:

Company officer

General manager

Department head

Supervisor

Technician

Line

Clerical

Other

7. Do you belong to a labor union?

8. Have you ever taken any courses in accounting?

9. Had you ever heard of Human Resource Accounting before reading the introduction to this survey?

10. For each of the statements below, please indicate your degree of agreement or disagreement: (SA=Strongly Agree, MA=Mildly Agree, NO=No Opinion, MD=Mildly Disagree, SD=Strongly Disagree)

I am satisfied with the way this company treats its employees.

SA MA NO MD SD

It would help management to plan if all costs involved in recruiting, training, and replacing employees were calculated, combined, and reported under the asset side of the balance sheet.

SA MA NO MD SD

In order to receive the treatment I deserve as a human being and employee, the qualities that make me a valuable asset to my employer should be quantified.

SA MA NO MD SD

Were my value to be placed on the balance sheet management would treat me with the same amount of care and attention as it does any of the other assets.

SA MA NO MD SD

I would work harder and obtain additional education in an effort to increase my stated value.

SA MA NO MD SD

Capitalizing my value and decreasing it as the years passed (i.e., amortization) would be demoralizing.

SA MA NO MD SD

I have no interest in what the management/accountants side of the house does with its financial books.

SA MA NO MD SD

Management is well aware of whether employee morale is up or down.

SA MA NO MD SD

11. Do you feel a system such as Human Resource Accounting should be implemented? Why or why not? _____

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