

Chapter 15: Human Resources Records, Accounting, Audit and Research

1. Human Resource Information System (HRIS):

HRIS is used to collect, record, store, analyse and retrieve data concerning human resources in an organization.

Objectives of HRIS

- HRIS is a method by which an organization collects, analyses and reports information about employees and jobs.
- HRIS is a database system and offers adequate, comprehensive and ongoing information system about people and jobs.
- It provides accurate and updated information.

Need for HRIS

- Manual records do not offer up-to-date information at short notice.
- Information is not available at a central and easily accessible place
- Analysis of data is time-consuming and may not be available at short notice.

2. Computerized HR System:

Advantages:

- Reduction in clerical expenses
- Training and development
- Financial planning
- Flexible benefits
- Attendance reporting and analysis
- Statutory reports

3. Human Resource Accounting:

Human Resource Accounting as “the process of identifying and measuring data about human resources and communicating this information to interested parties.” HRA, thus not only involves measurement of all the costs/investments associated with the recruitment, placement, training and development of employees, but also the qualification of the economic value of the people in an organization.

Objectives:

- To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.
- To aid the development of management principles and proper decision making for the future by classifying financial consequences of various practices.
- To have an analysis of the human assets i.e. whether such assets are conserved, depleted or appreciated.

Summary

- To monitor effectively the use of human resources by the management.
- In all, it facilitates valuation of human resources recording the valuation in the books of account and disclosure of the information in the financial statement.

Advantages:

- It checks the corporate plan of the organization. The corporate plan aiming for expansion, diversification, changes in technological growth etc. has to be worked out with the availability of human resources for such placements or key positions. If such manpower is not likely to be available, HR accounting suggests modification of the entire corporate plan.
- It offsets uncertainty and change, as it enables the organization to have the right person for the right job at the right time and place.
- It helps individual employee to aspire for promotion and better benefits.
- It aims to see that the human involvement in the organization is not wasted and brings high returns to the organization.
- It helps to take steps to improve employee contribution in the form of increased productivity.
- It provides different methods of testing to be used, interview techniques to be adopted in the selection process based on the level of skill, qualification and experience of future human resources.
- It can foresee the change in value, aptitude and attitude of human resources and accordingly change the techniques of interpersonal management.
- It provides scope for advancement and development of employees by effective training and development.

4. Human Resource Audit:

Human Resource Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism and disputes and their resolution.

5. Approaches to Human Resource Audit:

- Comparative approach
- Outside authority approach
- Statistical approach
- Compliance approach
- Management by objectives (MBO) approach

Summary

6. Audit of Corporate Strategy:

- Resource Audit
- Value chain analysis
- Core competence analysis
- Performance analysis
- Portfolio analysis
- SWOT analysis

7. Need and Benefits of HR Audit:

Need:

- Increasing size of the organization and personnel in several organizations
- Changing philosophy of management towards human resources
- Increasing strength and influence of trade unions
- Changing human resources management philosophy and thereby personnel policies and practices throughout the world.
- Increasing dependence of the organization on the human resources system and its effective functioning.

Benefits:

- Identifies the contribution of the HR department
- Improves the professional image of HR department
- Encourages greater responsibility and professionalization among members of HR Department
- Classifies the HR departments' duties and responsibilities
- Finds critical personnel problems
- Ensures timely compliance with legal requirements
- Reduces human resource costs