

THE PROSPECT OF IMPLEMENTING HUMAN RESOURCE ACCOUNTING IN MANUFACTURING AND SERVICING INDUSTRIES

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ABSTRACT

Even though human resources are the most important element of the business process, but their value is not shown among the assets in a traditional statement of financial position. This means that Human Resources Accounting (HRA) has not achieved widespread acceptance, but due to current business emphasis and environment, this discipline should be revisited. The research concerns the potential of implementing HRA. Therefore the objective of this dissertation is to find out the opinion of Malaysian firms regarding HRA. Questionnaires were sent to 100 companies specifically in the capital-intensive and servicing industries. It is found that:

- a. People are regarded as valuable assets
- b. HRA is not totally rejected by the Malaysian firm
- c. HRA is more recognized as a management tool
- d. Disclosure by way of notes is preferred as compared to representing people as assets in the balance sheet.
- e. Historical cost method could be used for a start in developing HRA.

The study of HRA helps the management in planning and decision-making. Analyst is also benefited where HRA gives information regarding inner strength of organization and helps in making decision regarding long-term investment in that organization. With HRA, it is well inform the employee about the investment made by the employer on him and his true 'value' to the organization, so that the adopts an enlightened attitude when faced with certain important decisions regarding himself and reacts properly. As conclusion, firms should begin to apply HRA techniques to their own human resources. Report on its effectiveness or ineffectiveness, or perhaps uselessness, should be disclosed.