ABSTRACT

Human resource accounting provides measurable information about the value of human assets, which helps the top management to take decisions regarding the adequacy of human resources. Present study mainly aims at exploring the role of business ethics in accounting failures and establishing the linkage between business ethics and Human Resource accounting with each other. Human resource accounting provides quantitative information about the value of human asset, which helps the management to take decisions regarding the adequacy of human resources. Hence, it is Concluded that, the Human Resources are an indispensable but often neglected. Being the study descriptive as well as exploratory in nature, findings have been made through theoretical analysis as well as snap survey analysis which consisted of 100 respondents and their preferences towards ethical issues in Human Resource accounting. It has been found that reduced business ethics leads to corporate frauds and to curb such frauds there is a great need of Human Resource accounting. On the other hand, effective execution of Human Resource accounting also involves the need of ethical values.

Key Words: Human resource, Accounting, Academics

INTRODUCTION

The Companies Act, 1956 does not explicitly provide for disclosure on human assets in the financial statements of the companies hence the issue is to be addressed is how to measure the economic value of the people to the organization and various cost based measures to be taken for human resources. The two main components of Human Resources Accounting were investment related to employees and the value generated by them. Ethical values provide the foundation on which a civilized society exists. Without the foundation, civilization collapses. On a personal level, everyone must answer the following question: What is my highest aspiration? The answer might be wealth, fame, knowledge, popularity, or integrity. But if integrity is secondary to any of the alternatives, it will be sacrificed in situations in which a choice must be made. Such situations will inevitably occur in every person’s life. When ethical values are falling, people often turn to government for help. However, there is little government, especially in a free society, can do when its citizens are unethical. The scandals of the last few years came as a shock not just because of the enormity of failures like Enron and WorldCom and recently Satyam case in India, but because of the discovery that questionable accounting practice was far more insidious and widespread than previously envisioned. A definite link between these accounting failures and reduced business ethics is beginning to emerge which initiates the researcher to make the study on this topic.

OBJECTIVES OF THE STUDY

- To explain the conceptual framework of ethical issues in accounting.
- To link the business ethics and human resource accounting with each other.
- To know whether Human Resource accounting meets the need of corporate world where reduced business ethics are leading.

RESEARCH METHODOLOGY

Present study is exploratory and describes in nature. This study is mainly based on secondary data gathered from various newspapers, magazines, journals, and websites. In addition to this primary data has also been collected through a snap survey using the questionnaire designed for this purpose to know the preferences of market participants about ethical values in Human Resource accounting. Sample size is 100 with Deliberate/purposive sampling has been taken. Study is based on sampling not the census method which limits its universality.

HUMAN RESOURCE ASPECTS AND ETHICAL STANDARDS

Human resources accounting system consists of two aspects namely:

a) The investment made in human resources
b) The value of human resource

When applying these fundamental principles, members must be aware that in order to retain public confidence
they should conduct their activities in such a way that they can demonstrate that these principles are being applied.

1. **Integrity**: It means being moral and honest in one’s principles and also state of being as part of a whole.
2. **Objectivity**: Members should try to view situations with more objectivity. They must learn to maintain an unusual degree of objectivity.
3. **Competence and Due Care**: It is the ability to do something well or effectively with proper concern about something.
4. **Confidentiality**: Members have an obligation to respect the confidentiality of information about an employer’s or client’s affairs in the course of professional services. The duty of confidentiality continues even after the end of the relationship with the employer or client. Confidentiality is not only a matter of disclosure of information. It also requires that a member acquiring information in the course of performing professional services shall neither use nor appear to use that information for personal advantage or for the advantage of a third party.
5. **Proper Conduct**: Members must not engage in conduct, whether in pursuit of their profession or otherwise, which would discredit, be prejudicial to or likely to diminish public confidence in them in their professional capacity, or the accountancy profession or the Institute. They should also promote the fundamental ethical principles through leadership and example.

A member shall carry out professional work in accordance with the technical and professional standards relevant to the work.

**NEED OF HUMAN RESOURCE ACCOUNTANTS**

In today’s rapidly changing business landscape, it is now necessary for accountants and companies to step away from the traditional approach that emphasized compliance with GAAP, and to focus on the study and investigation of the traits underlying corporate behavior and management. This could be the key to preventing future meltdowns, and to guaranteeing the two important qualities of corporate reporting: transparency and honesty.

Initially, Human Resource accountants were used by government agencies, such as the CIA, the FBI, and the IRS, to uncover and investigate fraud. They became financial detectives, independent experts employed by management to uncover fraudulent financial reporting and misappropriated assets. In the current reporting environment, Human Resource accountants are in great demand for their accounting, auditing, legal, and investigative skills. They can play a greater role in coordinating company efforts to achieve a cohesive policy of ethical behavior within an organization.

Human Resource accounting can be defined as an application of financial skills, and an investigative mentality to unresolved issues, conducted within the context of rules of evidence. As a discipline, it encompasses financial expertise, fraud knowledge and a sound knowledge and understanding of business reality and the working of the legal system. This implies that the Human Resource accountant should be skilled not only in financial accounting, but also in internal control systems, the law, other institutional requirements, investigative proficiency, and interpersonal skills. Corporations can rely on these skills for developing a consistent system of corporate governance, disseminating such information within and outside the company, ensuring that governance policies and objectives are interwoven into the internal control system, setting up fraud prevention systems, and investigating any existing fraud.

**RESULTS AND DISCUSSION**

A questionnaire was designed and circulated to market participants to establish the relationship between ethical standards and role of Human Resource accountants. Each ethical standard was given to five options of role of Human Resource accountant as stated in table 1, of which they had to choose their preferences. Results have been shown in table 1.

<table>
<thead>
<tr>
<th>S. N.</th>
<th>Ethical Skills</th>
<th>Aspects of Human Resource Accounting</th>
<th>Respondents Preferences (%)</th>
<th>Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Integrity</td>
<td>Investment and Value in HR</td>
<td>74</td>
<td>E</td>
</tr>
<tr>
<td>2.</td>
<td>Objectivity</td>
<td>Investment and Value in HR</td>
<td>75</td>
<td>D</td>
</tr>
<tr>
<td>3.</td>
<td>Confidentiality</td>
<td>Investment and Value in HR</td>
<td>77</td>
<td>C</td>
</tr>
<tr>
<td>4.</td>
<td>Competence &amp; Due Care</td>
<td>Investment and Value in HR</td>
<td>91</td>
<td>A</td>
</tr>
<tr>
<td>5.</td>
<td>Proper Conduct</td>
<td>Investment and Value in HR</td>
<td>89</td>
<td>B</td>
</tr>
</tbody>
</table>
As table 1 & Figure 1 shows that there is a strong relationship between various ethical standards and Investment and Value in Human Resource accounting. High level of integrity is required to prevent the occurrence of frauds in corporates whereas objectivity confirms the occurrence of events with the evidences so that relationship can be established between commitment and its consequences. Members have an obligation to respect the confidentiality of information about an employer’s or client’s affairs in the course of professional services but Human Resource accountants are required to disseminate required information about governance and ethics policies to interested parties within and outside the organization. Adequate reporting is also necessary to meet the compliance requirements of the stock markets. Today the word “confidentiality” is being misinterpreted; it does not mean to restrict the corporates to disclose the required information to different stakeholders. For the proper exploration of competence and due care of Human Resource is required at first place. The last but not least is proper conduct which leads to sound corporate governance system; it has been ranked first by respondents.

CONCLUSION

The main objective of this research was to gain a clearer understanding of the essential ethical skills that Human Resource accountants are expected to possess for the varied investigative matters for which they are retained. This research study and the results revealed that proper care and competence remains the foremost ethical skill that Human Resource accountants are expected to possess. The results also showed that integrity, objectivity, confidentiality and core competence & due diligence are critical to the effectiveness of the Human Resource accountant. There is also a need for the Human Resource accounting to be able to look beyond the analytical details and see the big picture -- to start with the goal in mind. Along with the increased demand for Human Resource accounting services, the study demonstrated that the marketplace expects the Human Resource accountant to possess certain characteristics and core skills as well as ethical skills. Study concludes that there is a strong linkage between business ethics and effectiveness of Human Resource accounting, both of them appendage each other.

REFERENCES