

Relationship between Human Resource Accounting in Management Decision and Behavior of Employees in Company Stock Based on Structural Equation Modeling

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Abstract

Nowadays, in many countries, human resources is being used as a source of property by many social and economical organizations in order to enhance the level of their operation. Investors and other related groups in order to make better decisions need to use some expressions related to the value of human resources. Using human resource accounting organizations seeking to improve the efficiency and effectiveness of human resource management and human resources. The main objective of this paper is to evaluate the effect of accounting, human resources managers in decision-making and behavior of employees in the company's stock. This cross-sectional study with a survey approach and applied research are considered. The population of the study in 1394 are some of the companies stock. The results showed accounting, human resources component of research and finally decided Miran is also significant effect.

Keywords: Human resource accounting, Human resource Management, Decision making

1. Introduction

Professional human resources is counted as one of the properties of an organization and it is also considered as a competitive factor and a rare source in today's economy and what that distinguishes organizations from each other except from their machinery and materials, is efficient human resources which is considered as a strategic we open for them.

Presenting goods and different services with high quality, decreasing the expenses, creativity and innovation and increasing the level of competence, are one of the advantages of human resources, so organizations have focused on (HR) to develop their business so people play an important role in development of organizations [1].

So the importance of HRA is because that every year a big amount of expenses in every organization is formed due to operating expenses which an incredible amount if it is related to human resources [2].

Due to need of management to information for decision making, human resource accounting (HRA) provides information that managers work better and more efficiently use their human resources under provided as much as possible could make use of their holding human resources better and usefully. Since up till now many definitions of human resource accounting has been presented that some of them are given below [3].

Flamholtz (1971) who defined HRA as "the measurement and reporting of the economic value of

People in organizational resource . "Overall, the HRA can be defined as the process of identifying and measuring data related to human resource for the development and enhancement of economic value of interested parties associated with corresponding organization [4].

American Accounting Association defined "human resources accounting" as: "the process of recognition and measurement of information on human resources and reporting this information to interested individuals and beneficiaries." [5] .

1-Human resource accounting is" the process of diagnosis and provide information about human resources to facilitate the in an organization' management.

2-Human Resources accounting with information providing needed by managers can help them to make use of their human resources more effectively.

3-Human Resources, Accounting are a theoretical perception of the nature and value of individuals in organizations and economic units that , with the development of valid and reliable methods for measuring the cost and the value of individuals in organizations trying to design and develop operational systems to implement these methods and obtained information report to the users.

As it can be considered various definitions of experts in this field is present, but they all are common in three basic principles.

The Individuals a valuable resource of every organization Usefulness of manpower as a source of organization can be determined through management practices For decision making in organizations, information on investment and value of human resources, is useful [3].

2.1 Human resource accounting goals include:

1) Registration of economic value of human in financial reports

- 2) Consideration of an organization's investment in its human resources
- 3) Increasing human resources management efficiency and facilitation of personnel policy evaluation like education and training plans.
- 4) Evaluation of human resources in terms of maintenance, weakening and development.
- 5) Identification of nonoperational profit and productivity resulted from investment in human resources [6].
- 6) Calculation of value which is created by human resources in other financial and physical

Human resource accounting has two functions:

- 1) It is a method for judging about human resources issues.
- 2) It is a collection of measurement criteria for quantification of costs and benefits resulted from human resource decision-making. Human resource accounting helps quantify and clarify the costs and benefits concerning such decision – makings [5, 7-8].

The aim of this study is to investigate the effect of human resources in the process of management decision making using accounting information users of financial statements evaluate correctly.

2. Problem statement

In the process of evaluation of human resources, financial information users often face the problem of not being understood properly human resource assessment methods. Previous research has shown that the researchers were able to model free of inherent limitations as a means to identify labor organizations are not. The main limitation offered more models for the evaluation of human resources as assets, was that the researchers were able to identify the impact of environment on growth and genius are not employees. In today's world the development of human resources in the huge contribution to development organizations and the community's darned rash human resources as one of the main assets of the organization is seen today. Since unlike the past, the dominant role of knowledge in the production of wealth to the development of knowledge and human resources capabilities is formed. Accounting, human resources, promote resource efficiency with a bit of the value of human resource management and create opportunities for staff evaluation policy provides, However, for reasons such as lack of common criteria for measuring the value of human resources and lack of reporting practices of using this system is not acceptable But according Breathy Some organizations use them is necessary and required more knowledge-based organization should be applied.

3. History of literature:

3.1. Concept of Human Resources Accounting

Woodruff (1973) defined Human Resources Accounting as the identification, accumulation and dissemination of information about Human Resources in dollar or Naira term. He further explained that Human Resources Accounting is the systematic accumulation of information about changes in investments made in human resources and reporting back that information to operating managers in order to assist them to make better decisions than they would have been able to make without such additional information.

Raghu (2011), states that Human Resources Accounting is a method of measuring the effectiveness of personnel management activities and the use of people in an organization. Parameswaran and Jodi (2011) referred to the American Accounting Association's definition of human resources accounting as the measuring of data of human resources and communicating the information to the, interested parties. Going by the various definitions above human resource accounting in simple term is accounting for the value of people in organization to enhance information for decision making by the users of financial information. Parameswaran and Jodi (2005), identified and categorized the objectives of human resources accounting into three considering the needs of the various users of financial information as Internal, Internal and External and External. The internal objectives relate to the improvement of the internal management of human resources in an organization, while the Internal and External objectives of human resources accounting are designed to meet specific information requirements of both the internal and external users of financial statements. The external objectives on the other hand are specific objectives that are designed to meet financial information requirements that are peculiar to the external users of financial statements[9].

3.2. Definitions of HRM

In 1937 Ronald Coase, a Noble Prize winning economist, explained how some economic activities are most efficiently coordinated within firms, while others are most efficiently coordinated by markets.

'Management can therefore be defined as the art and science of coordinating activities within a firm, via a process of managerial decision-making, including areas such as finance, operations, sales and marketing, and human resources.

HR management can in turn be defined as:

The process of analysing and managing an organisation's human resource needs to ensure satisfaction of its strategic objectives.

And

Or the policies and practices involved in carrying out the “people” or human resources aspects of a management position, including recruitment, screening, training and appraising.[10]

3.3. Concept of Decision Making

Koontz and Wehrich (2010) defined decision making as the selection of a course of action from among alternatives. They further stated that, decision making is at the core of planning. This means a plan cannot be said to exist unless a decision – a commitment of resources, direction, or reputation has been made. Most of the times managers see decision – making as their central job because they must constantly choose what is to be done, who is to do it, when, where, and occasionally how to do it. Thus decision making is a step in planning, even when such decisions are taken so quickly with little thought or when it influences actions only a few minutes, it is still part of planning. Decision making is a daily phenomenon in the life of either the individual or corporate organization, a course of action can seldom be judged alone because virtually every decision must be geared to other plans. According to Simon, Danzig, Hogarth, Plot, Howard, Schelling, Shipley, Thales, Tversky, and Winter (1987) the work of managers, scientists, engineers, lawyers and the work that steers the course of society, and its governmental organization is largely work of making decisions and solving problems. Mosley, Pietri & Megginson (1996) explained that decision making is an exercise that individual and managers undertake in their daily activities to take advantage of opportunities and solve problems as they arise. However they broadly classified decision making into programmed and non-programmed decisions.

According to Koontz and Wehrich (2010) decision making is a process involving the following the steps of premising, identifying alternatives, evaluating alternatives in terms of the goal sought and choosing an alternative that will best achieve the goal [9].

During the two last decades, several advocates of HRA, including Herman & Mitchell (2008), Flamholtz et al. (2003), Pekin Ogan (1988), Flamholtz(2004), Hendricks (1976) and others have suggested that HRA could benefit external users of financial statements. External decision makers must know the changes in human assets in order to evaluate properly assets and income. The conventional accounting profit may be misstated and the asset base distorted, if the condition of human assets changes during the period Herman The eke, John B. Mitchell (2008) discussed how reporting under a human resource liability paradigm fits into the traditional accounting framework of contingent liabilities; examine the financial effects of such reporting on market valuation and internal planning; and explore measurement of human resource liabilities. From reviews of financial effects of human resource liability reporting the research logically extends those results to support the proposed paradigm. The paper provides support for the feasibility and need to adopt a human resource liability paradigm for valuing, reporting and managing human resources [11].

Table 1: Summary of past research

Author	result
Flamholtz et al. (2003)	Utilized the HRA measure of expect realizable value, and found that employees' participation in a management development program increased the value of the individuals to the firm. In addition the authors noted that the HRA measures provided upper level management with an alternate accounting system to measure the cost and value of people to an organization. Thus HRA represented both a paradigm and way of viewing human resource decisions, and the set of measures for quantifying the effects of human resource management strategies upon the cost and value of people as organizational resources.
Pekin Ogan (1988)	Reported the results of a field experiment designed to assess the impact of HRA information on layoff decisions made by managers. The findings of this study indicates that HRA information does make a difference in personnel layoff decisions and enables managers to increase their level of confidence regarding decisions of this sort.
Tomassini (1977)	Provided to a sample comprising of accounting students, traditional Financial information and information containing human resources accounting. HRA information led to remarkable differences in decision-making.
Hendricks (1976)	Performed a study using accounting and finance students as subjects. His Simulated investors made two stock investment/capital allocation decisions, one with and one without human resource cost data. In this research, HRA had a meaningful impact on adopted decisions statistically.
Nabil Elias (1972)	provided 2 groups of financial reports (one, traditional report and another Reports containing HRA information) in his research to the sample including accounting students, financial analysts and accountants. Research results showed that Information had meaningful impact on decisions statistically, although the relationship between HRA information and the Adopted decisions were not strong [11].
Mohammad Abbasi Foroud and Arjan karimi (2010)	Conducted a research titled "investigation of implementation of human resources accounting system in managers' decision-making and employees' behavior case study: Iranian Petroleum Industry)" in 2010. He showed that human resources accounting has significant influence on advancement of organizational strategic goals and there is relationship between human resources accounting and organizational managers' decisions. Results of statistical tests showed that human resources accounting has significant influence on managers' decisions in 95% certainty level [5].

The Relationship between human resource accounting in management decision making and behavior of employees in company stock based on structural equation modeling.

According to literature and theory in this study, five hypotheses we have discussed. According to the conceptual model of background research and experts in the field, is presented in Figure 1. The software provided with yard Graph Editor drawn.

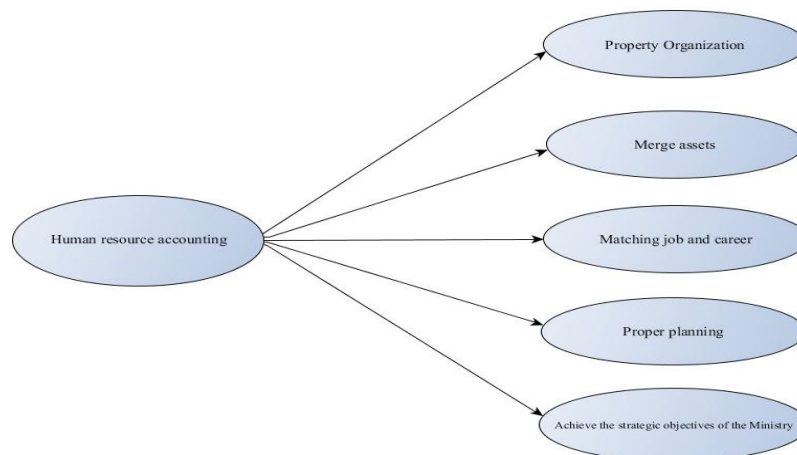


Figure 1: Conceptual Model Research

4. Research Objectives:

One of the primary purposes of accounting systems help manages human resources for effective planning and efficient management of human resources. Accounting and human resources as a tool for human resource professionals and senior executives of the company. The purpose of this study was to evaluate the effects of human resource accounting to improve the decisions made by the managers of the stock of capital and human resources, as well as the identification of participation in the performance of the company are. While it is expected that the implementation of the system in these companies increased staff job satisfaction, improve efficiency and effectiveness of the organization.

Ultimately, reducing costs is leading personnel.

Thus can be explained the objectives of this study are as follows:

- create a framework to facilitate decision making about human resource managers of Iran's stock.
- The relationship between accounting, human resources and research components.
- spur line to adopt the perspective of human resource managers in the decision-making of employees in these companies.
- improve the decisions made by the managers of different levels.
- increased participation of employees and their understanding of the organization that it had been more.
- The effect of demographic variables on the results.

5. Research Methodology

This cross-sectional study with a survey approach and applied research are considered. Overall Structural equation modeling methodology in determining the sample size can be found between 5 and 15 per measured variable to be determined The population of the study in 1394 are some of the company's stock. Therefore, in this study, according to 20 Gvyh used in the questionnaire, the survey sample size should be equal to $(100 = 5 \times 20)$ is. Content validity was confirmed by professors and experts, as well as confirmatory factor analysis was used to assess validity. In this study, Cornbrash's alpha coefficient of reliability using spss software was used, the amount of which is derived from 830/0. Amos structural equation modeling software was used to analyze the data.

In this study, the following assumptions will be explored.

The main hypothesis

Accounting, human resource management decisions have a significant impact

Sub hypothesis

1-Human Resource Accounting significant impact on the organization's assets

2-Human resource accounting to merge long-term investment carried out in different stages of the supply and maintenance of human resources (invitation, selection, recruitment, appointment, training, evaluation, promotion or transfer, etc.), the impact is significant.

3-Human resources in the implementation of the accounting profession who have significant influence.

4-human resource accounting, human resources to provide correct and proper maintenance of planning of human resources required significant impact.

5-Accounting and human resources to achieve the strategic goals of the organization are significant

6. Data analysis and depletion

The results of the descriptive statistics, demographics, and the highest percentage lot of gender, work experience, education and age were determined in accordance with Table 1.

Table 1: The most frequency in demographics

Gender	Service	Education Level	Age
73/5%	30%	56/9%	48/5%
Man	5 years or less	License	35 years

In order to assess the suitability of exploratory data analysis, sampling and test the adequacy of TIt time calculated to ensure the ability to perform exploratory analysis, done. In Table 2, the KMO for the study 0/775 (greater than 0/6), the test is also a significant amount of time Tilt 0.000 (less than 0/05), respectively[12]. The factor analysis to identify the structure (operating model) is appropriate, because the assumption of unit correlation matrix is rejected.

Table 2: index of KMO and Bartlett test

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.(kMO)	0/775
Bartlett's Test of Sphericity	Approx. Chi-Square
	5669/604
	Df
	1128
	Sig.
	0/000

The purpose of factor analysis to summarize a number of variables, so for extraction factor and factor analysis to determine the criteria specified. Questions about the extractive share of less than 0/5 can be removed. The subscription amount is greater extractive mining operating variables better show. The value extraction (Extraction) represents some of the variance of each variable is a set of factors that could explain it. The value of this variable varies from 0 to 1 or whatever the number is closer to a (higher than 0/5) is more suitable for factor analysis[13]. In this study, construct validity, CFA general model using AMOS software was designed to determine to what extent the proposed model fit the data of the present study. Shared values and the values in Table 3 Exploration Barely provided. Values greater than 5.0 are load factor for all questions. But to question a value of 5.0 is lower, so the question should be removed from the measurement model research.

Table 3: shared values extracted and again questions

Load factor	Subscribe quantities of extractive	Notation software	Number Question	Variables
0/485	0/671	HR11	1	HRA
0/760	0/715	HR12	2	
0/678	0/663	HR13	3	
0/676	0/688	HR14	4	
0/694	0/674	HR15	5	
0/644	0/686	HR21	6	Assets Organization
0/608	0/667	HR22	7	
0/680	0/651	HR23	8	depreciate assets
0/590	0/733	HR31	9	
0/640	0/772	HR32	10	
0/691	0/671	HR33	11	Matching job and Practitioner
0/725	0/683	HR41	12	
0/621	0/657	HR42	13	
0/673	0/674	HR43	14	Planning correct
0/553	0/618	HR51	15	
0/683	0/684	HR52	16	
0/752	0/687	HR53	17	Advance strategic objectives organization
0/910	0/756	HR61	18	
0/654	0/683	HR62	19	
0/496	0/684	HR633	20	

After ensuring acceptable measurement model in this study to estimate the parameters and test our wholesale and retail model. Hidden variables in the model, the independent variable accounting, human resources and other components that make up the dependent variable models. Table 4 model parameters are

presented. The Model can be considered when appropriate, of each of the indicators (absolute, comparative and frugal) at least one of the acceptable range[14]. The logical data model is proven.

Table 4: Overall index model

Indicators Fitness Thrifty			Indicators Fitness Comparative			Indicators Fitness Absolute			Index
PCFI	RMSEA	CMIN/DF	CFI	NFI	IFI	AGFI	RMR	GFI	
%675	%070	2/285	%747	%630	%752	%711	%071	%750	Template values
<0/5	0/08<	5< <1	<0/9	<0/9	<0/9	<0/8	0/08<	<0/9	Acceptable range

Figure 2 shows the structural equation model is fitted and the (standardized regression coefficient) between variables makes clear.

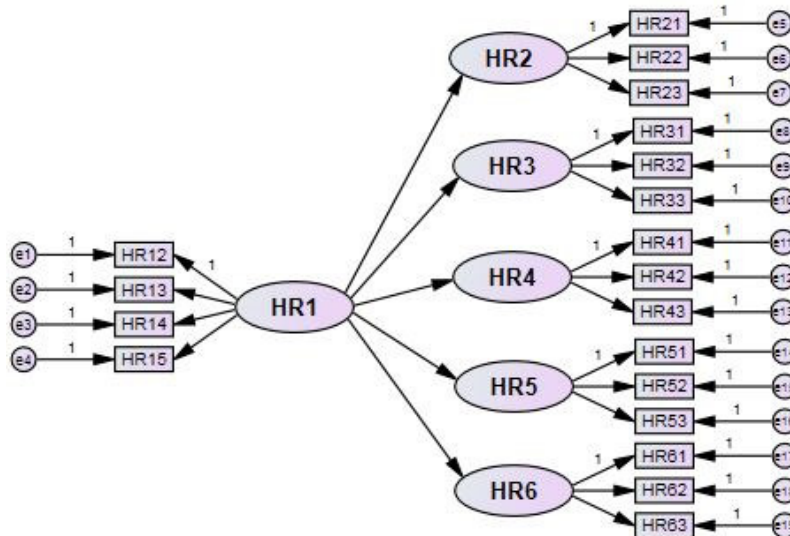


Figure 2: Structural Equation Modeling

After review and approval patterns, to test the hypothesis of a significant part of the critical values and P is used. Some critical value, which is a breakdown product of "regression to estimate "the" standard error, is obtained. The relationships that much more critical of 96/1 to 05/0 have significantly lower levels of approval. O Applications Amos stated in Table 5. *** Note that the symbol values are $P < 0.001$.

Table 5: results of hypothesis tests

Result	P	Critical value	The total impact	Hypothesis	
				The dependent variable	Independent variable
Confirmation	%006	2/751	%672	Assets Organization	<-- HRA
Confirmation	%003	3/023	%542	Perception And recognition	<-- HRA
Confirmation	***	4/884	%857	Organizational support	<-- HRA
Confirmation	***	4/147	%656	Matching job and Practitioner	<-- HRA
Confirmation	%002	3/023	%538	depreciate assets	<-- HRA

For comparison of two or more of (the impact of the independent variables grouped a bit dependent variable) comparison of the test (ANOVA) was used. Table 6 Comparison of test results according to age, education and work experience to show.

Table 6: Comparison of test results

Sig.	F	Total square	Factor	Changing demographics
%118	1/977	33/763	HRA	Age
%116	1/988	33/763	HRA	Education Level
%230	1/447	33/763	HRA	Work experience

The results in Table 6 according to a significance level demographic information, all over 0/05 are indicating that demographic information such as age, education level and work experience staff in results unaffected.

7. Conclusion

Research findings show that in the corporate accounting, human resource management decisions have a significant impact, As well as the review and hypothesis testing results showed that the "finance and accounting organization of human resources" significant relationship exists. In other words, accounting, human resources, has a significant impact on the organization's assets. Also, "the merge long-term investment carried out in different stages of the supply and maintenance of human resources (invitation, selection, recruitment, appointment, training, evaluation, promotion or transfer, etc.) and human resource accounting" significant relationship. The "matching jobs and employment, accounting and human resources" There is a significant relationship. Between "right and proper maintenance of planning, human resources in providing human resources and human resource accounting" There is a significant relationship. The "meet and advance the strategic objectives of the organization and human resource accounting" There is a significant relationship.

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