

Analysing the Information Disclosed About Human Capital in Micro Finance Organizations



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Abstract

In today's knowledge based global economy, the contribution of employees for an organization's performance is very important. If an organization has all resource except human resource than all other resource are useless (Likert and Flamholtz, 1973). So without employee's contribution an organization cannot survive in today's competitive environment.

The objective of this study is to know, how Micro Finance organization treats their employees for financial reporting propose. We have collected data for 2,11,831 number of Micro Finance companies for the period of 25 years (From 1994 To 2018). We have used textual analysis concept for analyzing the financial filings reports and from this study we came to know that, Micro Finance organization still treat their employees as expenditure for the propose of financial reporting's.

So the Micro Finance organization does not consider their employees as a human capital, which gives the return back to Micro Finance organizations in medium to long term. Micro Finance Organizations should treat their employees as a human capital investment, it will also boost the motivation of employees and that will lead to better performance of the organization (Bartol and Martin, 1998). With the help of this study corporate sector can get input about employee's valuation and importance.

Keywords: Micro Finance, Finance, Employees, Organizations, Human Capital, Business.

Introduction

In Micro Finance organizations, business and the board dissecting monetary reports with the assistance of printed investigation is a creating territory. Sometimes specialists do the abstract investigation of budgetary reports of an association. On that premise we can say that the literary investigation is the subset of the emotional examination.

Moreover, sometimes specialists likewise call printed examination as point demonstrating, notion investigation, estimating the comparability of records and so on in literary examination a few writers utilize the expression "Clarity", which implies how easily we can comprehend the data which is given in the Micro Finance monetary reports. Diverse cases of the more expansive purpose of emotional examination would join Coval and Shumway (2001) in this investigation they dissected the data accommodated Treasury Bond Futures trading pit at the Chicago Board of Trade. Similarly, Mayew and Venkatachalam (2012), who break down the sound from income phone calls to choose authoritative, loaded with wistful states.

Book keeping practice in Micro Finance is a general vernacular despite the fact that not without assortments beginning with one society then onto the following. This instructs the conviction of get together and harmonization of book keeping takes a shot at offering respect for the activity of relationship in the season of globalization.

The American Accounting Association (1973) Society Committee on Human Resource book keeping characterizes human asset book keeping as, "HR book keeping is the way toward distinguishing and estimating information about HR and imparting this data to invested individuals". The estimation and measurement of human hierarchical sources of information, for example enlisting, preparing, background and duty.

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As demonstrated by Schultz (1961), Human Resource contains the limit and the skill of a particular get-together of people or an unmistakable person that has money related regard. So to ensure the advancement and enhancement of any affiliation, the efficiency of people must be extended from the right perspective. Without HR, different resources can't be operationally practical. An affiliation had with plentiful physical resources may at times pitifully miss the mark aside from on the off chance that it has the right people (HR) to manage its endeavors. Along these lines, the essentialness of HR can't be slighted.

Hurling more load behind the significance of human resource in an affiliation, Akintoye (2005) expressed that principal social occasion of philanthropy in firms could be a part of an inside and out regulated business condition by particularly old boss who have contributed enough vitality to grasp definitive methodologies, authoritative issues and good characteristics. Against these settings, the centrality of speaking to a human resource in any affiliation or business component can't be over-pushed.

In the midst of the 1990s, the articulation "scholarly capital" transformed into a noticeable pattern among learning based associations and furthermore book keeping authorities (Guthrie, Schafer, and Huang, 2001). The progenitors of scholarly capital were passing by Leif Edvinsson, from the Swedish back up plan Skandia propelling scholarly capital as the new technique for filling the gap between the market regard and the book keeping estimation of an association (Klein, 1997).

Apparently, various analysts, (for instance, Grojer and Johanson, 1996; Mouritsen, 1998; Flamholtz, 1999; Guthrie, et al, 2001) express that anyway a couple of associations communicate their agents simply like the company's most huge resource, only two or three associations have utilized models and thoughts of evaluating human resource in their yearly corporate reports.

Astoundingly, despite the remarkable duty of human advantage for the achievement of various leveled objectives, little thought is given to it as evident without detectable and general managerial framework in covering human resource in budgetary synopsis or other media through which obligation is rendered.

Despite the fact that the sources and early progression of Human Resource Accounting (HRA) occurred generally in the United States, interest and responsibilities to advancement in the field have been evident in different countries.

In addition, there has been extended eagerness for speaking to indistinct assets in cash related uncovering by International Accounting Standards Boards (IASB) as clear in the International Accounting Standards (IAS) 38-Intangible resources on IFRS on business blends which thinks about the affirmation of Intangible Assets. This is a sign towards ease back enthusiasm to think about the valuation of points of interest that are not standard assets, for instance, HR.

As noted in Flamholtz, Bullen and Hoa (2002), since HR is basic parts of unimportant Assets,

the stage is being set for a revived excitement for HRA from a cash related book keeping perspective.

Regardless of responses, different authorities, (for instance, Mouritsen, Larsen and Bukh, 2001; Lev, 2001) have battled that enthusiasm for additional introduction on a human resource is growing. Despite the fact that disclosure about intangibles may end up being continuously organized, this does not subsequently recommend that the enthusiasm of the information customer has been totally met.

Bearing at the highest point of the need list past trade, research on human asset book keeping disclosure is as often as possible depicted and thought of as precarious in view of confined open data and information that can be amassed by investigators on this field. Distinctive columnists and analysts have coordinated request about on how individuals inside an affiliation can be regarded and uncovered in the spending reports of affiliations (Likert 1967; Bowers, 1973; Flamholz, Bullen and Hua, 2002; Akintoye 2012). Despite the fact that speaking to HR started various years back, this thought still needs expansive amplexity (Bowers, 1973).

Review of Literature

According to Khandelker et al.2010, the concept of sustainability of Micro Finance can be divided into four interrelated ideas; namely, Financial viability, Economic viability, Institutional viability and Borrower's viability. Financial viability relates to the fact that a lending institution should at least equate the cost per unit of currency lent to the price it charges from its borrowers (i.e. the interest rate).

Economic viability relates to meeting the economic cost of funds (opportunity cost) used for credit and other operations with the income it generates from its lending activities. Institutional viability is related more to the efficient management and decision-making process. Borrower's viability however, refers to whether the borrowers of the institution have achieved higher flows of income over time and to able to repay back their loans.

Feldman, R., S. Govindraj, J. Livant, and B. Segal. 2010, this research paper examines the information substance of the official's trade in corporate archiving. The makers orchestrate words into positive and negative classes to check the tone of the official's discussions.

They find that tone change is on a very basic level associated with both short-window returns around the archiving date and the buoy returns in the post-recording period and this connection is enduring to that in view of accumulations and benefit stuns. The affirmations in this paper suggest that organization trades are edifying and the market under-reacts to this information.

Kothari, S.P., X. Li, and J.E. Short, 2009, this research paper looks at the consequences of disclosure by chiefs, budgetary agents, and the media for firm's information condition. They find that when there are perfect revelations, the affiliation's risk (as assessed by the cost of capital, stock return insecurity, and master guess dispersing) rots. This confirmation prescribes that scholarly disclosures

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impact the organization's danger and information condition.

Li, F. 2008, this research paper guesses that yearly report clearness finds the administrators obfuscating. So, when an organization's yearly report is continuously awesome, its executives may scramble information.

The essayist relies upon the Fog list and the length of 10-K filings to get the understandability of 10-Ks. The paper finds that (1) When a firm has poor execution, its 10-K will, as a rule, be more earnestly to scrutinize; (2) When an organization's 10-K is progressively unusual, its advantage is less industrious. These results reinforce the lack of clarity theory.

(Li, F. 2010) The examination breaks down the anticipating the future execution of the association with the assistance of data accessible in budgetary reports about administration dialog and Analysis zone of the 10-Ks and 10-Qs. It relies upon a Bayesian machine adapting approach to manage the lead content examination.

The results demonstrate that when administrators are continuously hopeful in these forward looking declaration, planned execution is better, recommending that the organization trade have information content. Besides, when the implications of the board discusses future usage are unsurprising with those of accumulations, the social affairs are progressively hesitant to be mispriced.

Lehavy, R., F. Li, and K. Merkley., 2011 this research paper contemplates how 10-K meaningfulness is identified with move side money related market forecaster pursue with the assistance of their income slant. Using the extent of comprehensibility from Li (2008), the author's file that specialist following; the proportion of effort achieved to make their reports, and the usefulness of their report is progressively noticeable for firms with less intelligible 10-Ks.

Besides, less coherent 10-Ks are connected with increasingly conspicuous dissipating, cut down precision, and progressively discernible all things considered vulnerability in master benefit checks. The results in the paper suggest that less lucid the official's correspondence prompts an extending enthusiasm for specialist organizations and an increasingly noticeable total effort by inspectors.

Hendricks 1976, suggest this investigation creator establishes that when we add the data identified with human asset book keeping in customary fund reports. This data makes the distinction on basic leadership by the administration. As we probably aware in the conventional book keeping framework the data identified with human asset book keeping had never been revealed. Here creators establishes that the venture choice are influenced when associations unveil the identified with human asset book keeping in their budgetary reports.

Flamholtz 1976, In his research he planned research facility try different things with thirty five working CPA's as subjects to think about the effect of exposure of human asset valuation data in money related reports on basic leadership by the executives. What's more, the valuation of human assets has been

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finished with the assistance of human rescore book keeping model created by Flamholtz.

He found huge contrasts in choices by the individuals who utilized customary attribute assessment moderately to the individuals who utilized both the financial and non-money related, human asset esteem information. The results furthermore demonstrated that non-fiscal related human resource regard numbers may affect choices. In any case, it couldn't be developed that fiscal, human resource regard numbers had any sort of impact in decisions.

(Singh and Gupta 2010) In their examination set up that the importance of valuation of a human resource by showing that the expense acquired on experts can't be utilized as a surrogate degree of their regard. Besides, the other various leveled and normal components of human resource moreover influence the estimation of agents.

Information gathered with the help of human resource valuation appear (Singh, 2002) offers assistance in fundamental administration related to human resource issues. Starting now and into the foreseeable future, HCIS (Human Capital Information System) can be utilized by the pioneers as a Decision Support System (Singh, 1999).

Affiliations should have a methodical, composed technique for evaluating people with an extent of the regard they can contribute (Singh, 2000). In like manner, "the decisions as for Human Capital (HC) can't be taken fittingly with the exception of if the appropriate, advantageous, and exact information concerning Human Capital is settled on access to the boss". (Singh, 2000) introduced a valuation show for specialists, which relies upon the Human Asset Accounting Information System (HAAS) which may be used for essential administration about a human favorable position for an arrangement with their responses

Human Asset Measurement has a couple of employments; it outfits relationship with information about the cost of laborers and moreover information about the contributed estimation of delegates. Thus, it gives another perspective for a few, when settling on decisions about HR. The information related to both cost and estimation of delegates gives an engaged edge to the relationship for appraisal of their laborers.

Human resource accounting fuses all ways which figure information about the estimation of the affiliation and furthermore delegates and pass on that information with the goal that adds to the conventional headway of the association (Singh and Rastogi, 2001). The human resource accounting information ask for is going to increment in not all that far off future for business assignments.

(Singh and Gupta 2016), they have reasoned in this examination that unimportant assets like a human resource, will accept an inexorably fundamental activity in associations for regard making process. So it is basic to share information about these insignificant advantages for the external accomplices. Singh and Gupta (2016) found an enormous impact of the human asset valuation information on examiners' decision with respect to their assurance of the association.

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(Sunil and Priyanka 2018), this examination figuring the estimation of delegates is an astounding practice. It can't be studied as various assets regard decided in the affiliation. It is essential to have cash sparing points of interest examination to rank wellsprings of information precisely.

In an affiliation, delegates play a most fundamental character to achieve the definitive goals. This examination relies upon discretionary data and completed emotionally. As per the examination, maker surmises that human resource accounting gives impact on corporate execution which can be either positive or negative.

Objective of the Study

The objective of this study is to know about the intention of Micro Finance organizations towards their human capital for the reporting purpose. We should know that, how Micro Finance organization treat their employees weather as liability or as human capital.

Research Methodology

This study is explorative in nature. In the above study we have analyzed the financial report of Micro Finance organizations for the period of 25 years (from 1994 to 2018). We have used secondary data for this study.

We have used forty words related to human resource accounting. Which are as follows "human resource management, human resource accounting, human resource value, human resource cost, employee value, employee cost, human value added,

human capital, human resource accounting model, employee stock option plan, employees salary, pension, medical, total headcounts/total number of employees, employee cost/total revenue, employee value/total revenue, employees qualifications, employee experience, employee efficiency, revenue per employee, cost per employee, staff morale, absenteeism rate, employee turnover, employee retention rate, employee referral rate, customer engagement, training, safety, promotion, performance evaluation, work overtime, motivation, financial performance, pride, advocacy, labor cost, average age, employee".

We have used total 2,11,831 number of Micro Finance companies financial reports and the yearly distribution of the number of companies is as follows:-

For analyzing the data, we have used SPSS and MS EXCEL software. With the help of these software, we calculates frequency, mean and also plotted the trend graphs for human resource accounting related words.

Findings and Discussion

As we know in this today's competitive world, employees play a critical role for Micro Finance organization's performance. On that basis in this study we have explored that how much the organizations are considering about their employees. And if they are concerned, it should be reflected in their Micro Finance financial reports.

Table 1: Most Frequent Words among Forty Hra Words

Words	Frequency	Mean	Frequency Per Year Per Company
EMPLOYEE	7992191	319687.60	1.509163
PENSION	2497460	99898.40	0.471595
MEDICAL	2006415	80256.60	0.378871
SAFETY	1196776	47871.04	0.225987
TRAINING	628459	25138.36	0.118672
FINANCIAL PERFORMANCE	338204	13528.16	0.063863
PROMOTION	262907	10516.28	0.049645
EMPLOYEE STOCK OPTION PLAN	48538	1941.52	0.009165
PRIDE	30477	1219.08	0.005755
EMPLOYEE TURNOVER	11086	443.44	0.002093
AVERAGE AGE	10996	439.84	0.002076
ADVOCACY	10922	436.88	0.002062
HUMAN CAPITAL	10327	413.08	0.00195
MOTIVATION	10252	410.08	0.001936
LABOR COST	8015	320.60	0.001513
PERFORMANCE EVALUATION	7038	281.52	0.001329
HUMAN RESOURCE MANAGEMENT	4003	160.12	0.000756
CUSTOMER ENGAGEMENT	3770	150.80	0.000712
TOTAL NUMBER OF EMPLOYEES	3162	126.48	0.000597
EMPLOYEES SALARY	1692	67.68	0.000319
EMPLOYEE COST	1247	49.88	0.000235

Source: Secondary Data

Above Table 1 includes the most frequents words amongst forty words of our study in Micro Finance organizations related to human resource accounting. Here if we see amongst the most frequent

words in this list, we find that following words are occurring most, which are "Employee, pension, medical, safety, training" in the Micro Finance organizations.

Table 2: Least Frequent Among Forty Hra Related Words

Words	Frequency	Mean	Frequency Per Year Per Company
WORK OVERTIME	692	27.68	0.000131
REVENUE PER EMPLOYEE	648	25.92	0.000122
COST PER EMPLOYEE	326	13.04	0.00006166
EMPLOYEE EFFICIENCY	273	10.92	0.0000516
EMPLOYEE EXPERIENCE	165	6.60	0.0000312
EMPLOYEE VALUE	101	4.04	0.0000191
HUMAN RESOURCE ACCOUNTING	47	1.88	0.00000887
EMPLOYEE RETENTION RATE	41	1.64	0.00000774
HUMAN RESOURCE COST	31	1.24	0.00000585
STAFF MORALE	14	0.52	0.00000245
EMPLOYEES QUALIFICATIONS	9	0.36	0.0000017
ABSENTEEISM RATE	3	0.12	0.000000566
TOTAL HEADCOUNTS	1	0.00	0
HUMAN RESOURCE VALUE	0	0.00	0
HUMAN VALUE ADDED	0	0.00	0
HUMAN RESOURCE ACCOUNTING MODEL	0	0.00	0
EMPLOYEE REFERRAL RATE	0	0.00	0

Source: Secondary Data

The Table 2 indicates the least frequently occurring words among the forty words related to human resource accounting. So here we find that following word are among the least frequent words in the Micro Finance organizations, which are as follows "human resource accounting model, human resource accounting, human resource value, human value added, employee value, human resource cost, revenue per employee and cost per employee".

Conclusion

The objective of this study was to identify the importance of employees in the Micro Finance organizations. For that we have analyzed 2,11,831 number of Micro Finance companies financial reports. We have analyzed the Micro Finance filing reports from 1994 to 2018. On the basis of this study we find that, the companies are putting more words in Micro Finance financial reporting related to expenditure incurred employees and putting less words in financial reports for the overall contribution made by the employees towards the leapfrogging growth of Micro Finance organizations.

The present study shows that still in 21st century Micro Finance organization are more concerned about the expenditure incurred on employees and they are less drawing attention about the contribution made by employees towards the Micro Finance organization. So in this today's competitive global business world Micro Finance organizations should try to give more importance and value to their employees as human capital. Thus Micro Finance organizations should try to rise above the normal nomenclature of Profits and Wealth and should focus on overall well being of the employees. Thus the true fruits of success and harmony between Micro Finance organizations and employees cordial relationship will be shared by all the stakeholders of the society on a bigger canvas.

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