

Elective Course: HR Audit & Human Capital Accounting

Credits	2
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Program	MBA (HRM) II
Academic Year and Term	2018-20, Term-VI

1. Overview

In today's business parlance human capital is considered as an important determinant of economic success at both the macroeconomic and microeconomic levels. This broad paradigm shift emphasizes on the need for measuring and analyzing human capital & this can be addressed through important HR Tools like HR Audit & HR Accounting.

HR Audit is considered as a comprehensive approach towards evaluating and redesigning human resource functions and interventions thereby maximizing the contribution to business goals and organizational effectiveness.

Human resource accounting is a managerial tool that can be used to gain valuable information by measuring the costs of recruiting, hiring, compensating and training employees. It can be used to evaluate employee training programs, increase productivity, and improve managerial decision-making regarding promotions, transfers, layoffs, replacement and turnover.

2. Objective

The specific objectives of the course are:

- To learn about HR Audit approaches, frameworks and methods to carry out HR audit scientifically in the context of business in various sectors.
- To familiarize with the HR Audit tools and techniques and learn to develop and use the same for HR audit in various organizations.
- To learn to use and develop HR Audit Scorecard and benchmarking data for effective implementation of the HR audit recommendation for business excellence & for improving HR function.
- To examine the concepts and methods of HR Accounting for people as human resources.
- To learn the present and potential uses of human resource accounting for human resource managers, line managers and investors.
- To familiarize with the research, experiments and applications of human resource accounting in organizations.
- To understand the steps involved in developing a human resource accounting system.

3. Course Modules & Contents

Session #	Topic
	<u>HR Audit</u>
1	Conceptual framework What is HR Audit? Various approaches to HR Audit. Why should organizations opt for HR audit? HR Evaluation Vs. HR Audit.
2	HRM framework for HR Audit Historical understanding of HR and HR evaluation milestones. How to select an HRM framework for HR Audit? Comprehending the HR practices and systems and aligning with the framework to audit HR function in organizations.
3, 4	HR Audit Methods How to select Audit methods aligning with the HRM framework? Auditing Strategy, Structure, Management Systems, Styles, HR Competencies, HR Systems, Tools & Practices and Business linkages.
5, 6	HR Audit tools Developing and using HR Audit tools and methods
7	HR Auditor and the Auditing team Generation of HR Audit report
8	HR Audit Scorecard Benchmarking; Effectiveness of HR Audit in Organizations
	<u>HR Accounting</u>
9	Conceptual framework What is HR Accounting? Objective of HR Accounting. Why should organizations opt for HR Accounting?
10, 11, 12, 13, 14	Various approaches to HR Accounting <u>Cost Based Approach</u> Historical Cost Approach; Replacement Cost Approach; Opportunity Cost Approach <u>Economic Value Approach</u> Lev and Schwartz Model; Eric Flamholtz Model <u>Non Monetary Value based approaches</u> Likert Model, Ogan Model
15	HR Accounting and Benchmarking Effectiveness of HR Accounting in Organizations

4. Pedagogy

- Theoretical Inputs
- Case Methodology
- On hand experience of doing Live HR Audit, HR Accounting in a selected organization

5. Take Away for Students

- Thorough understanding of HR Audit & HR Accounting approaches, frameworks and methods to carry out HR Audit & HR Accounting in a scientific manner.
- Be able to carry out HR Audit & HR Accounting scientifically in their respective organizations.
- Be able to use and develop HR Audit Scorecard and benchmarking data for effective implementation of the HR Audit recommendation.

6. Evaluation

Component	Weightage
Quiz (Best of 2)	25%
End Term	40%
Live Project (Group)	20%
Design Exercise (HR Audit, HC Accounting) (Individual)	15%

7. Suggested Readings

- HRD Audit - Evaluating the Human Resource Function for Business Improvement, T V Rao, 2nd edition, Sage Publication
 - Auditing Your Human Resources Department: A Step-by-Step Guide to Assessing the Key Areas of Your Program, John McConnell, 2nd edition, AMACOM
 - Human Resource Accounting: Advances in Concepts, Methods and Applications, Eric G. Flamholtz
 - Case Study (will be shared in the class)
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