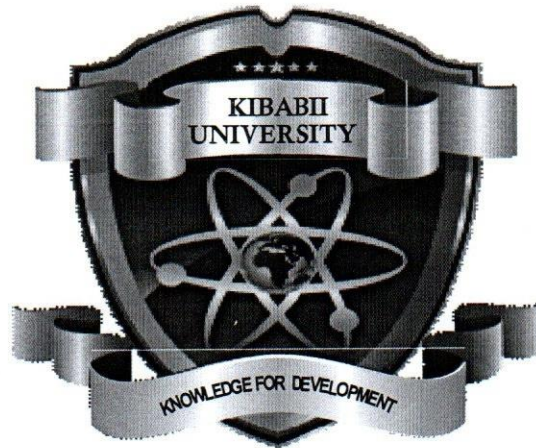


KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS 2015/2016 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER FOR THE MASTER OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

COURSE CODE: HRM 808

COURSE TITLE: HUMAN RESOURCE ACCOUNTING

DATE: 12th MAY 2016 TIME: 2.00PM



INSTRUCTIONS TO CANDIDATES

Answer question **ONE** (compulsory) and any other **THREE** questions

QUESTION ONE

Read the case study below and answer questions that follow.

Human beings are the dynamic elements of every organization. The success of any organization, to a great extent, depends upon the quality and calibre of the people working in it. In other words, human resources are the most important asset of an organization. Thus, in spite of all technological developments, the importance of human resources has in no way diminished. With the advent of scientific management, emphasis on quantitative methodology to make most efficient use of all resources also includes the computation of the human resource capital.

Human Resource Accounting gives information regarding inner strength of organization and helps in making decisions regarding long-term investment in that organization. The employee's bargaining power and performance are also affected by this. But, in spite of having such importance, study of human resource of an organization had not been given required attention by management thinkers for years. Under these constraints the financial statements are prepared pursuant to the Company Law in Kenya. There is no scope for showing any significant information about human resources in financial statements except the remuneration paid to them and the number of employees getting compensation beyond certain amount per annum. But there is nothing to prohibit the companies to attach information about the worth of human resources and the results of their performance during the accounting period in notes or schedules. It is imperative that actual value of employees' capabilities, knowledge and experiences be ascertained in the organisations.

- (a) Explain the concept of Human Resource Accounting **(5 marks)**
- (b) According to the case study, explain the statement "Human beings are the dynamic elements of every organization." **(5 marks)**
- (c) From the case study, why do you think study of human resource of an organization had not been given required attention by management thinkers for years? **(5 marks)**
- (d) In relation to the case study, explain the rationale of the statement, "The success of any organization, to a great extent, depends upon the quality and calibre of the people working in it" **(10 marks)**
- (e) Why should the actual value of employees' capabilities, knowledge and experiences be ascertained in an organisation? **(5 marks)**
- (f) Which methods are used to measure the value of Human Resource in an organisation? **(5 marks)**
- (g) What do you think is the significance of Human Resource Accounting in an organisation like Kibabii University? **(5 marks)**

QUESTION TWO

(a) You have been invited by the Managing Director of Mumias Sugar Company Limited to shed more light to the management in justifying the investments made in their employees. How will you explain to the management in understanding the rationale of investing in their employees? **(12 marks)**

b) Itemize and briefly describe Four (4) types of Human Assets **(8 marks)**

QUESTION THREE

(a) Critically analyse emerging trends in Human Resource Accounting **(10 marks)**

(b) As a Human Resource Management Consultant you have been invited by the Manager of Mumias Sugar Company (MSC) Ltd to give a speech on the kind of problems you encounter in determining the value of human resource. Outline the key points contained in your speech and explain how you will overcome these problems to the management of MSC Ltd **(10 marks)**

QUESTION FOUR

(a) You are appointed as a Human Resource Manager to an organization that is conducting Human Resource Audit. You have been given the task of explaining to the Board of Directors various phases in HR auditing process **(10 marks)**.

(b) I. Reward Valuation Model **(5 marks)**.

II. HR Audit **(5 marks)**

QUESTION FIVE

a) Enumerate and explain any **Five (5)** limitations Human Resource Accounting can face in an organization **(5 marks)**

b) Explain the phrase, "human resource is an asset." **(5 marks)**

c) What are the reasons why Human Resources Accounting has been receiving so much attention in the recent years? Explain **(10 marks)**

QUESTION SIX

Write brief notes on any **four** of the following key concepts in HR Accounting:

- b) Non-monetary measures
- c) Opportunity cost
- d) Monetary measures
- e) Cost of Human Resources
- f) Rate of Return on Human Resources
- g) Objections against Human Resource Accounting