

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

MAIN EXAMS

2020/2021 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER

**FOR THE DEGREE OF MASTER OF SCIENCE IN HUMAN
RESOURCE MANAGEMENT**

COURSE CODE: HRM 808

COURSE TITLE: HUMAN RESOURCES ACCOUNTING

DATE: 06/08/2021

TIME: 9.00AM-12.00PM

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER THREE** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **40 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 3 Hours

KIBU observes **ZERO** tolerance to examination cheating

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 caliber of the people working in it. In other words, human resource is the most important asset of an organization. Thus, in spite of all technological developments, the importance of human resource has in no way diminished. With the advent of scientific management, emphasis on quantitative methodology to make most efficient use of all resources also include the computation of human resource capital.

Human 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 the 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 resource in financial statements except the remuneration paid to them and the number of employees getting compensation beyond certain amount per annum. However, there is nothing to prohibit the companies to attach information about the worth of human resource and the results of their performance during the accounting period in notes or schedules. It is therefore imperative that actual value of employees' capabilities, knowledge and experiences be in the organizations.

- a) Explain the concept of Human Resource Accounting **(10 marks)**
- b) What is the importance of ascertaining the actual value of employees' capabilities, knowledge and experiences in an organization? **(5 marks)**
- c) According to the case study, explain the statement "Human beings are the dynamic elements of every organization"? **(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 caliber of the people working in it" **(5 marks)**
- e) What is the significance of Human Resource Accounting in an organization like the Kenya Police Service? **(5 marks)**

QUESTION TWO

- a) You have been invited by Human Resource Department of Nzoia Sugar Company Limited to help 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? **(5 marks)**
- b) Define Human Resource planning and critically explain its importance in an organization. **(5 marks)**

QUESTION THREE

- a) Critically analyze emerging trends in Human Resource Accounting **(5 marks)**
- b) As a Human Resource Management Consultant, you have been invited by the Manager of Mumias Sugar Company (MSC0 Ltd to give a speech on the kind of problems you encounter in determining the value of Human Resource. Enumerate the key points in

your speech and explain how you will overcome these problems to the management of Mumias Sugar Company **(5 marks)**

QUESTION FOUR

Write brief notes on four of the following:

- a. Non-monetary measures **(2.5 Marks)**
- b. Opportunity cost **(2.5 marks)**
- c. Monetary measures **(2.5 marks)**
- d. Replacement cost **(2.5 marks)**
- e. Economic value approach **(2.5 marks)**

QUESTION FIVE

- a) Enumerate and explain any **FIVE** limitations that Human Resource Accounting can face in an organization **(5 marks)**
- b) How is the value of Human Resource measured in an organization **(5 marks)**