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SUMMARY OF PHD THESIS

THE COST OF FORMATION AND MAINTENANCE HUMAN CAPITAL

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If it had to rank society in its evolution, taking account of the predominant production factors that have been used as basis for the creation of the wealth, we can affirm without any risk, that history in its evolution has three ages: the agricultural era when land was the main source of fortune; the industrial era where the primary sources of fortune when machines and only in a small measure were the natural resources, and the knowledge era where the human capital was the main source of wealth.

The human capital is the embodiment of the production capacity made up of people, the sum of abilities, knowledge and attributes and motivations that they have. The human capital can be administrated or rent, but only with a temporary title; the property can not be portable.

Accounting and report systems which have been developed along the decades, reflect this evolution, though with a postponement. In most of the countries, in which have been accepted accounting principles and connections to report requests, we notice that these are based on the main hypothesis that physical assets (land, installations, buildings, natural resources) generate wealth, and therefore the human capital doesn't show up in the account.

Of course, there is a reason for which this concept follows history. Unlike the other production factors, the human capital is the only factor which can not be

detained. Even though the process is right, the omission of the human capital from the account, can trick the wise allocation and resources efficient management.

The expenses associated to the initial shape and maintenance of the human capital care considered to be costs even if, in reality, they own the investment attribution. Many times, based on costs, the firm's management, groundless, proceeds to costs reduction by maintaining the human capital. More than that, due to the fact that human resources performances are unknown and uncertain, a managerial conservatory attitude is justified, but this is a reminiscence of the industrial era, because the costs with the maintenance of human capital are only a part of the total cost.

On the other side, forasmuch the human capital can not be detained, the expenses regarding the human resources development don't fulfill the traditional concept of investment accounting because the employers can not control such kind of assets, meaning the investments made by people.

Shortly, there are rightful arguments the human capital status-quo regarding its admission in financial report situations. But, in the same time, there are strong arguments for a change. Unfortunately there is no magic formula to solve this issue; there are only opinions which deserve to be developed.

Any discussion regarding the human capital involves the fact that the human resource means more than the costs from the profit and loss account; they must be seen as assets. From here raises the issues of measuring and evaluating the human capital, an aspect which can not be fulfilled outside the quantification guides.

The deepen economic crisis that we pass through, has highlighted the necessity that one of Romanian research fields to be connected to the training and maintenance of the human capital, of its costs, as a forwarder of the technoeconomic and social changes.

Starting from the fact that a PhD paper represents a scientific study which is pointed through the manner of approach, the ideas handling ways and originality, it was brought into our attention a paper to be in the know of a high rate modernity and a special meaning to the Romanian economy. The paper approaches, in chapters and special paragraphs, the interest to the professional

track, since pre-school time to the finalization of the studies in the mandatory system, as well as the continuing improvement of the individuals, known in present as long life learning. Also there are highlighted the schools costs and the analysis of the information given by these situations. All these end through the involvement in an account of the human capital.

In the specialty literature, it has been emphasized the cost of training of the human capital. We observe that the basic issue of accounting, theoretically founded, disposed on an open wide intellectual field, doesn't contain the necessary accounting theory.

The circumstances exposed above confirm the modernity of the investigated topic and postulates the necessity of profound examination of the problems regarding the human capital accounting and its improvement according to the international requests and actual level of economic development, of three categories of beneficiaries: individuals, societies and public institutions.

In **Introduction** is contended the modernity of the research topic, the objectives and goal of the research are defined, the scientific novelty and the theoretical meaning of the topic.

In the first chapter named "**Theoretical and methodological approaches**" regarding the human capital, general issues about human capital breaks away from the economic theory about definition, delimitation and the evolution of the concept, its integration in sustainable development, the indicators of the human capital. Starting from the socio-economic theory of the human capital, we underline the idea of the competence current stock and the cognition of an individual is a sum, not necessarily arithmetical of the past events patterns that the individual has passed through. In the attempt of estimating the investment weight of the human capital, we submit the connection of "*reverse connection costs*", based on a mathematical guide. Carrying on with this idea, it is hard to make an inventory of everybody's contribution, then to estimate the weight or the importance of the investments, once again, the investments not being simply summed up.

In this changing world, characterized of the lack resources, it has been imposed the necessity of the human capital issue rethinking, the only one which is, practically, unlimited and time renewable. The present paper, shows in **Chapter I**, the link between the human capital and the production factors from

the economy, with the computerized society, the IT last generation in which the quality and the efficiency possession and services production has become primary.

In this equation, the development growth and sustainable economic development can not be fulfilled without highlighting the human capital value. It is an undeniable fact that along the human kind's evolution, the human capital which is permanent has been differentiated as volume, structure and importance. It is different from country to country according to population scale, training level, work organizational and technical resources.

It has been demonstrated that education and professional training are and will be the most important human capital investments. Studying the domestic and foreign specialty literature one thing has been pointed out- the developing industries dispose of employers with an education and training at the same level with the technological changes, with the advanced productivity. That is why the complexity of the "human development" concept entails the design and use necessity of a complex system of indicators which must underline the variety of debating issues. Therefore, the quantification/ the measure of the individual human capital enrolls in a life cycle. A wining function containing the initial training and professional experience denotes a clear differentiation of the life cycle. And, even more, as long as there is a possible direction connection between life continuance, education level and the working time deduction.

In the second chapter named "**reflected present accounting practices of the human capital initial cost**", it is elaborated the content of general costs for every single element cost of the education. Taking account of the complexity of the education general system, the large number of participating institutional actors and the requests diversity, for a good functioning of the education units, it is contoured, nowadays, and functions a needful substantiation system of monetary background designed for education which involves basic and complementary financing, nature and its quantum, their destinations, etc. In a distinct paragraph, it has been pointed out the standard cost- the main instrument of funds necessity for basic financing, a cost which is experienced from 2008/2009 in certain pilot counties, the limits of this system estimation, the improving possibilities, etc.

The conclusion is the fact that a usual diploma cost (of course at a certain point of training that the individual stops at), the initial training cost finding it again as the earnings paid by employees. So, the initial training can be considered an investment, net or gross, inasmuch the annual age groups graduated find work in the labor market.

“Actual account practicing regarding the human capital maintenance costs” can be found in chapter 3, which consists in the financing approach, related to the next resources: financing costs from public funds through county agents for labor force occupancy, employees financing costs, individuals and given European support, especially through the European Social Fund. No matter the financing source, *the conclusion that comes out from the comparative analysis of these sources determines us to appreciate the fact that professional training, still, is glanced as a cost that should be as small as possible and not an investment, and their level is much lower than of the EU member states.*

With its innovating character, the human resources accounting is limited to identifying the costs with an investment disposition, to point out and follow, through the budgets, the costs of the staff recruitment, training and development. In the chapter there have been underlined relative decisions regarding the human resources potential management. Although we report to the human resources accounting, actually we make a reference to the acquisition, training and maintenance costs of a particular resource, in this case the human capital. These difficulties have an effect on the financial situations by “inactivation”, regarding the jobs, of these tangible assets, the costs consideration in the profit and loss account, and not in the balance, the display limits of the accounting balance in report with the users necessity of financial-accounting information.

Regarding the constant training in order to maintain the human capital, its cost is considered a sum of engaged costs for future benefits achievement. Taking account of the fact that the possibility of professional training identification as an intangible asset, that can, in our opinion, be controlled by the company and which produces an entry of future economical benefits, we consider desirable the reflected possibility in the professional training costs accounting in the shape of “know-how”.

The accounting reflected issue is legitimated under the costs aspect because we can talk about recruitment, training, learning and work organization costs. These costs have productive effects on more time periods, and these effects can generate future economic advantages, reason for to measure in a plausible manner the costs of different performed actions.

In the fourth chapter, “**Obstacles and premises of evaluation, measurement, accounting and cognition of the human capital**”, we have debated the evaluation, measurement, accounting and cognition of the human capital. We have persisted on the fact that not the intangible inherent character of the human capital but on the evaluation, which is difficult be achievement. And this because the economic agents and public institutions don't dispose of assets created by an investment of the human capital. But they can control, often, the benefits of this kind of investment by signing contracts with individuals who have financed the knowledge acquisitions with the support of public authorities or societies. But, in terms of accounting or financial analysis and according to the accounting guidelines, private and social contracts signed by public authorities for financing individual investment in human capital(training subventions, labor market active policies, training loan, etc) are not registered or accepted as proofs of assets ownership being considered costs of present period of time.

In the fifth chapter, five “**actual accounting guidelines and human capital balance**”, is presented the fact that some countries, from all the continents, have found and applied their own ways of human capital cognition as an asset, as well as the stocks accounting and flows of acquired human competences. It has been demonstrated that the value-added of sold products and services is depending more and more on “immaterial” causes having in its focus, the individual who puts forward the creative force, imagination, gumption, intelligence, analysis and synthesis power, discernment, all found in the profit and loss account of the companies.

In the last chapter we have achieved a comparative analysis, in time and space, of some balance types of human resources in some important countries of European Union. It is demonstrated the fact that within the savings in which it is highlighted the quality of the human factor, naturally, it has become useful and noticeable the interest for its quantification, of the main indicators of none/

performance financial. The research results we have applied through the conception of an Explanatory Note regarding the human capital in financial situations for a representative company in Mehedinti County.

Without having the claim of an exhaustive handling of the given topic, in our intercession we have tried to delineate the idea that the human resource doesn't not represent a simple factor which consumes in the production process; in our opinion the human resource generates costs and in the same time it sustains them, reason for which the human capital should be treated in terms of costs.