

Human capital management in the modern workplace: Challenges and strategies for management accountants

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ISSN: 2243-7770
Online ISSN: 2243-7789

OPEN ACCESS

Received: 30 November 2023

Revised: 20 December 2023

Accepted: 31 December 2023

Available Online: 31 December 2023

DOI: 10.5861/ijrsm.2023.1149

Abstract

The management of human capital has become more and more important for organizations to achieve sustainable success as the modern workplace changes. This descriptive research aimed to determine the challenges faced by management accountants regarding human capital management in the accounting and/or finance department of the National Food Authority, San Jose, Occidental Mindoro. Data were collected from 30 non-randomly chosen management accountants/ accounting staff using a self-constructed survey questionnaire. The findings showed that among the five main challenges encountered in human capital management, developing and implementing effective performance management systems has a high weighted mean of 3.47 with the interpretation of strongly agree while the least is aligning employee goals with organizational goals with a weighted mean of 3.23 interpreted as agree. Other findings of this study showed the importance of technology and data analytics in human capital management for identifying high-potential individuals, assessing their preparation for leadership positions, and building development programs to prepare them for future jobs. And for the performance of management accountants' findings, showed that they are equipped to face the challenges of human capital management in the modern workplace. Therefore, it is recommended that an organization invest in technology and data analytics to improve talent acquisition, simplify the recruiting process, increase staff retention rates, track employee performance, identify high-potential individuals, and maintain proper record-keeping lastly, they may continue to attend training and seminars to stay current with evolving technologies and to have a wide understanding of the business to which they belong.

Keywords: human capital management, challenges faced, management accountants, effective performance, National Food Authority

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1. Introduction

Human capital management is a set of actions that turn standard HR duties into opportunities that boost the organization's efficiency, interest, and income. HCM is devoted to maximizing the value of human capital via appropriate management and adequate investments, rather than estimating the cost of sustaining human resources (Danao et al., 2022). Human capital, unlike tangible assets such as buildings and equipment, is an intangible asset. Both tangible and intangible goods, however, have economic worth. Human capital, like other types of capital, may be assessed and developed, and it can provide a return on investment (ROI) (Gibbons, 2023).

The new economic order, or informational era, will do for human capital what the Industrial Revolution did for physical capital. Human capital and knowledge-based firms are becoming important economic development drivers. With a fast-changing environment, forecasting has grown more difficult and ambiguous in identifying the key building blocks of an organization's competitive advantage. As the world transitions from an agricultural to an industrial and knowledge economy, the vectors of economic growth shift from land to steam engines and human capital. Human talent is required for technology, strategy, global alliances, and inventions, which are recognized as sources of competitive advantage in the knowledge era (Jamal & Saif, 2011). Human capital, however, is not taken into account on the balance sheet of a corporation in current accounting practice. Disputes over the recognition and measurement of human capital as an asset are based on a subjective interpretation of the traditional foundations of accounting theory, which ignores the most important factor—business needs, which have historically predetermined the development of accounting practices. In light of this, there is an underestimation of the human aspect of modern corporate operations, including an underestimation of the need for transparent accounting and analytical support in connection to human potential. This explains the interest in the human element and the consequences of its intellectual effort from the standpoint of creating the theoretical underpinnings of accounting and human capital analysis (Kogut, 2019).

An HCM system enables firms to streamline and automate activities such as recruiting, onboarding, training, employee record management, and personnel administration, among others. A complete HCM system may assist firms in being more effective and productive, allowing them to better manage their personnel. An HCM system may also provide managers with information about employee performance, allowing them to identify areas for improvement and build plans to address them. This allows educational institutions to remain competitive while also enabling businesses to guarantee that their staff is informed and motivated throughout their job lifetime. It provides resources such as training programs, performance reviews, and career development planning to assist organizations in creating top people. This assists organizations in developing a productive and successful team while decreasing employee turnover rates. Employers may also use HCM systems to recognize and reward high-performing employees. Performance monitoring, bonus schemes, and other incentives can help with this. Employers may foster a motivational atmosphere that aids in staff optimization and productivity by providing prizes and recognition (Bonifacio, 2023).

Human capital usage and engagement have also been shown to have a direct impact on a variety of organizational KPIs (Key Performance Indicators), including productivity, employee turnover, product quality, work safety, and customer satisfaction. Talent management, workforce management, adequate benefits administration, succession planning, and other human resource management strategies are frequently required for effective human capital management. As a result, human capital management systems and activities are frequently controlled by the organization's Human Resources (HR) department. Human capital management is frequently delegated to a senior leader who is responsible for HR tasks in firms that lack a competent, dedicated

HR team or individual (Gibbons, 2023).

The purpose of HCM is to optimize and maximize an organization's human capital's economic, or business, worth to obtain a competitive edge. Effective human capital management enables the organization to pursue human capital objectives with success (Gibbons, 2023). As a result, human capital management is a critical system in any business. HCM not only helps businesses satisfy labor demands, but it also ensures that employees may reach their full potential through recruiting, onboarding, development, and retention activities. When sufficient processes are in place, it is possible to establish an environment in which people are productive and stay with the company in the long run (Danao et al., 2022).

1.1 Research Objectives

The purpose of this paper on human capital management in the modern workplace is to investigate the issues and techniques that management accountants confront in efficiently managing human capital in today's dynamic and competitive company environment. The purpose of this paper is to highlight major difficulties and trends in human capital management and to give management accountants insights and advice on how to effectively recruit, develop, and retain top talent in the modern workplace. Furthermore, the study intends to investigate the importance of technology and data analytics in human capital management, as well as how management accountants might use these tools to improve human resource decision-making. Finally, this study aimed to contribute to the current literature on human capital management by providing management accountants with practical guidance and best practices for navigating the complexity of managing human capital in the modern workplace.

1.2 Significance of the Study

The researcher anticipates that the findings of this study will have a significant impact on the following: First, management accountants reflect the increasing tendency to integrate financial and non-financial criteria into decision-making, as well as the requirement for management accountants to understand and contribute to human capital management. It enables users to recognize the issues in human capital management that may help them anticipate and successfully solve these challenges, as well as to understand the practical solutions that can be used to maximize the value of their organization's human capital. Second, business establishment, in a way that human capital management is critical to gaining a competitive advantage and driving organizational success. The study's strategies can serve as realistic instructions for the administration of business establishments, contributing to their success. Lastly, for future researchers, this study might be utilized as a starting point or resource for future researchers interested in human capital management and its application to management accounting and other comparable initiatives.

1.3 Scope and Delimitation of the Study

This study aimed to know the challenges faced by management accountants in managing human capital in the modern workplace and what strategies need to be practiced to enhance their role. The scope of this study was delimited to management accountants and other finance staff of some organizations in San Jose, Occidental Mindoro. The researcher tried her best to collect the essential data for the first semester of the academic year 2023-2024; however, one constraint of this study is that some of the respondents were hesitant to put in an enormous amount of time to provide information or reply to the survey questionnaire.

2. Methodology

Research Design - This study used a descriptive research design. To gather the needed data, including inputs, the researcher spends time investigating issues and techniques utilized by management accountants in managing human capital management in modern workplace-related literature. In San Jose, Occidental Mindoro, the researcher distributed the survey questionnaire to accountants and finance/accounting personnel.

Respondents of the Study - In this study, the researcher employed a non-random sample (convenience sampling) in selecting the respondents. A total of 30 accountants and finance/accounting workers consented to complete survey questionnaires, all of whom work in the accounting and/or finance department of the National Food Authority personnel, as well as other organization accounting workers in San Jose, Occidental Mindoro, who have easy access to the researcher's location and are willing to engage in the study.

Research Instrument - The major research instrument in this study was a self-constructed survey questionnaire. The first part of the instrument assessed the respondents' knowledge of human capital management, its relevance in the modern workplace, the issues that management accountants and accounting staff confront, and solutions for enhancing human capital management. In the second part, respondents were asked to rate the abilities required for management accountants to effectively manage human capital. The self-constructed questionnaire was validated using the help of an expert in the field of research.

Data Gathering Procedure - The researcher collects primary data by distributing survey questionnaires and visiting management accountants and accounting staff workplaces. When the researcher was allowed to visit the premises, she took advantage of the opportunity to talk with the management accountants and accounting staff. The researcher described the goal of the survey before the distribution of questionnaires.

2.1 Statistical Treatment of the Data

To describe the problems and methods of management accountants in managing human capital in modern workplaces in San Jose, Occidental Mindoro, the weighted mean and percentage were used. SPSS version 23 statistical software was used to create the results of the computations for the descriptive issues.

3. Results and discussions

Table 1

Mean level of the challenges faced by management accountants in human capital management

Indicators	Mean	Interpretation
As a Management Accountant/ Accounting Staff, the main challenges that I encountered in human capital management are:		
1. Recruiting and retaining top talent	3.30	Agree
2. Developing and implementing effective performance management systems	3.47	Strongly Agree
3. Aligning employee goals with organizational goals	3.23	Agree
4. Managing and motivating a diverse workforce	3.30	Strongly Agree
5. Ensuring compliance with employment laws and regulation	3.33	Strongly Agree
Composite Mean	3.33	Strongly Agree

Scale: 1.00-1.75 Strongly Disagree; 1.76-2.50 Disagree; 2.51-3.25 Agree; 3.26-4.00 Strongly Agree

Table 1 shows that among the five main challenges encountered in human capital management, developing and implementing effective performance management systems has a high weighted mean of 3.47 with the interpretation of strongly agree and the least is Aligning employee goals with organizational goals. According to the findings of Otley (2021) in most management accounting research, the first center is on budgetary control, which grew preoccupied with the function of management accounting information in performance evaluation. Thus, according to him, much accounting practice may be considered as a technique of reporting on an enterprise's financial performance; yet, the shift from 'measurement' to 'management' is a minor but significant one. The statement "Aligning employee goals with organizational goals" has the lowest mean of 3.23 with the interpretation of agree. Aligning workers with the firm's bigger strategic aims is crucial if firms wish to effectively manage their human resources and achieve strategic success. Employees must have a "line of sight" (LOS) with their organization's strategic objectives to achieve and maintain this alignment as stated by Boswell, et al., (2006). The average means that the main challenges that Accountant/ Finance staff encounter in human capital management are Ensuring compliance with employment laws and regulations especially now in the modern workplace.

Table 2 shows the level of importance of technology and data analytics in human capital management as

Management Accountant / Accounting Staff in different finance/ accounting departments in San Jose. Occidental Mindoro. The average weighted means is 3.43 with the interpretation of strongly agree, which are the following: improvement of the talent acquisition and recruiting to simplify the recruitment process, tracking and assessing employee performance, identifying skill gaps, and creating customized learning and development strategies, and maintaining proper record-keeping, monitor compliance, and detect potential risks. The findings supported by Bayraktar & Ataç (2018) stated that in the long term, both the quantity and quality of labor will grow, thus the business divisions must be strategic partners for human resources to contribute to business success. Highly qualified workers will be hired in the long term and new generation performance measuring tools will develop in the coming years, depending on changing company structures. The notion of performance consulting will find a business home.

Table 2

Mean level of the importance of technology and data analytics in human capital management

Indicators As a Management Accountant/ Accounting Staff, the importance of technology and data analytics in human capital management is for the:	Mean	Interpretation
Improvement of talent acquisition and recruiting to simplify the recruitment process.	3.43	Strongly Agree
Monitoring and increasing staff engagement and retention rates.	3.40	Strongly Agree
Tracking and assessing employee performance, identifying skill gaps, and creating customized learning and development strategies.	3.43	Strongly Agree
Identifying high-potential individuals, assessing their preparation for leadership positions, and building development programs to prepare them for future jobs.	3.47	Strongly Agree
Maintaining proper record-keeping, monitor compliance, and detect potential risks.	3.43	Strongly Agree
Composite Mean	3.43	Strongly Agree

Scale: 1.00-1.75 Strongly Disagree; 1.76-2.50 Disagree; 2.51-3.25 Agree; 3.26-4.00 Strongly Agree

Therefore, a complicated structure with components such as continuous monitoring, regular checks, performance coaching, staff development, performance evaluations, and return ability infrastructure for leaders is required to establish an effective system. In addition, these data must be seen on a digital system as well. Companies that supply human resources software services will need to react quickly to stay up with change. Human resources will wish to reach out to competent professionals from all over the world to discover and deploy the essential capabilities for the organization, and new tactics will be created in this area. These individuals will be given flexible employment alternatives in the nations where they live. One of the most crucial aspects of Industry 4.0 is training. Employment of smart machines and competent employees capable of using these devices, training of skilled staff, building a structure capable of perceiving cyber-physical systems, and updating of the education system from primary school to university in tandem with these developments all gain importance over time (Zervoudi, 2019). Therefore, human resources maintain a comprehensive database of employee personal information. The security of sensitive data is critical for both employees and the firm. The safeguarding of secret information has become a vital activity in the commercial sector.

Table 4

Mean Level of the Performance of the Management Accountant/Accounting Staff in Human Capital Management

Indicators As a Management Accountant/ Accounting Staff.....	Mean	Interpretation
I am equipped to face the challenges of Human Capital Management in the modern workplace	3.27	Strongly Agree
I analyze the costs associated with different areas of human capital (for example, recruiting, training, salary, and benefits).	3.20	Agree
I provide human capital financial information and analysis	3.00	Agree
I develop and implement performance assessment tools and key performance indicators to evaluate HCM's efficacy.	2.93	Agree
I contribute to human capital management strategic planning and decision-making.	3.03	Agree
Composite Mean	3.01	Agree

Scale: 1.00-1.75 Strongly Disagree; 1.76-2.50 Disagree; 2.51-3.25 Agree; 3.26-4.00 Strongly Agree

Table 4 reveals that among the five statements that Management Accountants/ Accounting Staff Performance in human capital management “I am equipped to face the challenges of Human Capital Management in the modern workplace” has a high weighted mean of 3.27 with the interpretation of strongly agree. Human capital management is a contemporary idea of people management in businesses.

It is a technique that identifies the essential processes in a business and determines the important components of human capital for these operations. Following that, the worth and effectiveness of utilizing these human capital components, as well as the efficiency of human capital investment, are estimated and appraised. The obtained results are compared to those of competitors, flaws are detected, and remedial steps are implemented. This entire procedure adheres to the enterprise's strategy and leads to increased performance and competitiveness by sustainability as stated by Kucharčíková et al. (2018). The statement “I develop and implement performance assessment tools and key performance indicators to evaluate HCM's efficacy” has the lowest means of 2.93 with the interpretation of agree. The findings supported by Sundström (2019) stated that the sustainable workplace model depicts visually the process of implementing and achieving human sustainability in modern businesses. Employee engagement in this paradigm is an instrumental technique for increasing employee human sustainability, or how to sustain workers' resources and capital over time. Working to increase organizational sustainability has the potential to not only improve organizational performance but also to improve employees' ability to sustain their human capital and resources, thus improving the larger field of sustainability. The average weighted mean is 3.03 which is the statement “I contribute to human capital management strategic planning and decision-making” with interpretation of agree. The management accounting role exists to give information to decision-makers as well as suggestions based on that information. Management accounting information encompasses all elements of strategy and operations and contains information to aid management with planning, control, and other decision-making as agreed by Ojra et al. (2021).

4. Conclusions

According to the study's findings, human capital management in the modern workplace brings both obstacles and opportunities for management accountants. The main challenges encountered by management accountants/accounting staff are developing and implementing effective performance management systems. The importance of technology and data analytics in human capital management is for identifying high-potential individuals, assessing their preparation for leadership positions, and building development programs to prepare them for future jobs. And for the performance of management accountants, are equipped to face the challenges of Human Capital Management in the modern workplace.

4.1 Recommendations

Based on the study's conclusions, management accountants/ accounting staff must keep current on emerging best practices in human capital management and match their tactics with the organization's long-term goals. An organization must invest in technology and data analytics in human capital management to improve talent acquisition, simplify the recruiting process, monitor staff engagement, increase staff retention rates, track employee performance, identify high-potential individuals, and maintain proper record-keeping. The management accountants and accounting staff may continue to attend training and seminars to stay current with evolving technologies and to have a wide understanding of the business to which they belong. Everything has changed and developed, which is why the company's ideas, machinery, equipment, and personnel must all improve to be ready for the trends in the business world and for the future researchers, they may use other variables to determine the challenges faced by other accountants.

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