Question No.1 (Part c & d)

i) Historical Cost of Acquisition

In this approach actual costs incurred on recruiting, selecting, hiring, training and developing the human resources of an organisation are capitalised and amortized over the expected useful life of the human resources. A proper record of expenditure made on hiring, selecting, training and developing the employees is kept and a part of it is written off to the income of the next few years during which human resources will provide services.

ii) Replacement Cost Approach

Replacement cost is a measure of the cost to replace a firm's existing human resources. In this approach all cost would be included which are involved in recruiting, hiring, training and developing the replacement to present level of proficiency and familiarity with the organisation.

iii) Opportunity Cost Approach

According to this approach the value of an asset is calculated when there is an alternative use of it. Hekimian and Jones suggested a competitive bidding process for the scarce employee in an organisation. They have specifically excluded those types of employees that can be hired readily from outside.

iv) Stochastic Rewards Value Model

This model is based on the notion that a person's
value to an organisation depends upon the positions to be occupied by him in the organisation. An individual generates values for an organisation as he occupies and moves to different roles and renders services to the organisation. The movement of people from one organisational role to another is a stochastic process. As people move and occupy different organisational roles (i.e. service states), they render services (i.e. reward) to the organisation.

v) Discounted Present Value of Future Earning

The model identifies an individual's expected economic value to the organisation to his future earnings for his remaining active service life. His future expected income stream is discounted by an appropriate rate to arrive at the present value of his services.

Lev and Schwartz has given a specified formula for calculating the value of human resources which is as follows:

$$ V_r = \frac{I(t)}{(I + R)^{t-r}} $$

Where $V_r$ = the value of an individual $r$ years old.

$I(t)$ = the individual's annual earnings up to the retirement.

$t$ = retirement age.

$R$ = a discount rate.

Likert's Socio-psychological Model

The model developed by Likert attempts to provide
useful information, though non-monetary about the present and expected future attitudes, behaviour and satisfactions of a firm's human resources. He incorporates a number of variables to be measured to arrive at productive capability of an organisation.

**Question No.4 (Part a & b)**

**Part a**

Explanation of abbreviations used:

- **SA** Strongly Agreed
- **A** Agreed
- **I** Indifferent
- **D** Disagreed
- **SD** Strongly Disagreed

**Part b**

- **HU** Highly Useful
- **MU** Moderately Useful
- **NU** Not Useful
- **NMU** Not Much Useful
- **NAAU** Not At All Useful