CHAPTER -7- CONCLUSION AND SUGGESTIONS

Summary

The thesis comes to an end with this chapter. The entire chapter has been divided into three parts i.e. Conclusions of the study, suggestion based on the study and suggestions for the further research. The first part is again subdivided into two sections i.e., Conclusion based on secondary analysis and Conclusion based on primary analysis. And again Suggestion has been divided into three parts, the first part is suggestion for government and standard bodies, the second is suggestion for selected companies and the third part relates with model base suggestions.
7.1. CONCLUSION

Human resource accounting is not a new concept in the corporate world. This concept is about the evaluation of the human resources as assets into the companies. However, in India so far HRA has not been introduced as a system so to be applied among the companies with proper mechanism. The Indian Companies Act, 1956 does not provide any scope for furnishing significant information about human resource in financial statement even in new amendment of Indian Companies Act, 2013 there is no clause has been available regarding HRA.

In Indian companies, expenditures of the human resources are treated as current expenditure but some expenditure is deals as capital nature. There is no significant justification for treating the expenditure on human resource as cost is exists because human resource are the primary generator of income of an enterprise, and human resource have service potential for more than an accounting period which is an important feature of an asset. Some type of human resource expenditure is fixed nature rather than the variable.

The aim of the research is to study the present status of human resource accounting and disclosure practice in Indian companies along with this researcher tries to know the perception of shareholder, investors and employees regarding HRA and their disclosures practices. Also with this researcher measure the performance of public and private sector as to know which sector is performing batter. Thus, the chapter begins with conclusion about disclosure of human resource accounting which is entirely based on secondary data and perception of stakeholder which is based on primary data.

7.1. A. Conclusion based on secondary analysis

The literature survey concludes that there are so many research have been done on human resource accounting and most of the previous studies are based on only human resource accounting model while some study on perception of manager but this research on Indian companies includes only those companies that are already adopting HRA method also with this it involves the comparison between public and private companies HRA disclosure practises. However, along with this study
comprises the survey conducted to know the on perception of stakeholder like employee, investor and shareholder.

The objectives based on secondary analysis concludes that the present value models, the Lev and Schwartz Model and the Hermanson’s Model do not make any serious attempt to identify factors determining the value of human resources. At the same time these models also fail to explain the factors which can improve the value of human resources. Thus, both these models suggested using the future wages and salaries of employees of an organisation as a surrogate of the value of its human resources and these models assume that wages and salaries paid to the employees fairly represent the contribution made by them to their organisation. However in actual practice the things might be quiet different; as there are evidences that employees sometimes are not fairly compensated. Therefore the information generated by the above two models cannot help the management in making HRD related decision to a significant extent. In India Lev and Schwartz model is most popular and adopting by some companies. Like NIIT has adopted economic value added for human resource.

The analysis of disclosure of human resource accounting in India reveals that ONGC is having a better performance while HPCL have second rank concerning disclosure practise of HRA. NTPC and Infosys have 3rd and 4th rank respectively. Moreover Infosys, NTPC, BHEL, are also adopting human resource accounting but these companies have disclosing the human resource accounting in different way like Infosys disclose human resource accounting in balance sheet by the heading intangible assets. While ONGC disclose in Note and separate statement of human resource accounting and also HPCL disclosed in separate statement that is human resource accounting. With the help of t-test the results show that the performances of public sector companies are better than private sector companies regarding HRA disclosure practise. And With the help of Pearson correlation, it is determine that highly positive correlation between human resource value and total assets is present.

7.1. B. Conclusion based on primary analysis

In this study, the fourth objective related with the perception of stakeholder towards disclosure practices of HRA. The result of this objective conclude that both employees and investors {banks} are aware regarding the benefits of Human
resource accounting while shareholder are not prefers for HRA in investment decision and they are not aware about it.

On the basis of study, the employee perception calculated for the various aspects of managerial benefits of human resource accounting and it conclude that the calculation of human resource value helps in performance evaluation of employees.

If the researcher talk about adopting human resource accounting models, then it can be concluded that most of the public companies follow HR model for HR investment decision, but it is not disclosing as HRA thus only they were use them for their purpose and few companies are disclosing HRA model like HPCL, Infosys, BHEL.

### 7.2. SUGGESTIONS OF THE STUDY

Suggestions of the study are based on the analysis of primary as well as secondary data. Suggestions given in the form are an action plan to be applied by every company. This section divided in to three parts the first part includes the suggestion for government, second includes the suggestion for company and third part is related with suggestions based on models.

#### 7.2.1. Suggestion for government

- The proper rules and regulation should setup for the measurement of human capital under accounting standard of India.

- The standards those are created for human resource valuation and measurement helps increase in productivity of human capital. Along with this it ensures high degree utility to stakeholders make the uniformity in comparison of human capital value and disclosures.

- Government should make compulsory initiatives for the disclosures value of HR in annual reports as well as the website of the companies.

- The ASB of the ICAI should devise and the standards for the valuation, accounting and disclosure of human resources. Besides, the disclosure of HRA practices should be made mandatory by the Indian companies Act 1956.
• Initiatives should be taken by the government, professional bodies and scholars to develop an objective model for the valuation of human resources.

7.2.2 Suggestion for companies

• Companies has not disclosed the elements of employees cost such as training and development cost, induction cost etc. The elements of employee cost should be disclosed separately in various tables.

• Companies should disclose the information regarding the inclusion of variables like amortisation of human resources, idle time, lock outs, loyalty of employees etc.

• As far as possible the rate of discounting future earnings of employees is concerned, it should be kept constant. Besides, if the change in discount rate is necessary, the valuation of HR should be shown at the new rate for the last five year so as to make the HR data compatible, correct and more useful for HR decision.

• Companies should get HRA information audited so that the trustworthiness of HR data can be ensured.

• The number and valuation of human resources in various age-groups should also be disclosed by companies.

• Some more HR ratios in relation to total resources, sales, PBT, PAT, gross profit, operating profit should also be disclosed to improve HR decision in companies.

• Companies should be calculate turnover per employee every year if turnover per is high than find out reason and trying to minimum value of turnover employee because if turnover is low than calculation of HRV is more easy and more.

• Companies should be disclosed employees’ classification – based on nature of work, based on qualifications, and based on grade.
Some important ratio, companies should disclose such as Utilization ratio of manpower, Production per employee, Investment per employee, Average sales/ employee and Average net profit/ employee. So that the proper value and use of HR is calculated.

7.2.3. Suggestions from models

From the study of various HRA models it has been examined that no single model which fulfil all the requirements of a model which help in human resource development process. Certain models fail to identify the elements that determining the value of human resources while others have calculations problems. Thus, there is a need for countless deal of investigation which could be of significant help in the development of human resource process. The human resource accounting model should fulfil certain basis condition. These conditions are:

- The model should define the reasons or factors which determine the value of human resource.
- To improve the value of human resource there is a need to identify the various factors and reason.
- Models should help to generate information which could help the management to make important decisions regarding human resource development.
- The model should be skilled of computing the worth of human resource operationally. A model can be made operative only if the information is available when required. Very often, a model can be hypothetically comprehensive but, if the necessary information is not accessible its practicality shall be reduced.

7.3. SUGGESTIONS FOR FURTHER RESEARCH

The researcher while summing up his work would like to state that though the study was carried out with utmost sincerity, scientific approach and painstaking efforts, yet it has a few limitations. The researcher therefore apologizes from the core of him heart if this study could not meet one’s expectations. The researcher also firmly believes that “No work is complete till you stop trying.” There is always a room for further improvement with contemporary changes.
In the light of this statement, the researcher would suggest for further research activities to be carried out related to this area, there some suggestion for further research are:

- To improving and develop some HRA model which is easily adoptable in India corporate scenario.

- In future research sample unit having more in order to that sample size reflect over all Indian corporate sector.

- To involve some more upcoming new parameters of disclosure of human resource accounting for present scenario and,

- The study at different sector level can be conducted in detail manner for the meaningful conclusion. Along with this the different companies’ wise comparative study can also be done.

Since research work is an on-going process, the study instead of blocking, opens the new avenues for further enriched, varied and improved versions of the present study in future.