Chapter - 5

FINDINGS, CONCLUSION & SUGGESTIONS
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5.1 Findings

The main findings of the present research work are as follows –

To study the disclosure practices of Human Resource Variable in Indian companies overall 10 companies were selected randomly five-five each from public sector and private sector.

The companies which were selected from private sector were – ACC Ltd., Bajaj Auto, HCL Technologies, Hindalco Industries, and Infosys.

The companies which were selected from public sector were – GAIL India, Steel Authority of India Ltd. (SAIL), Bharat Heavy Electricals Ltd. (BHEL), Oil and natural Gas Commission (ONGC), and National Thermal Power Corporation Ltd. (NTPC)

In all twenty four human resource variables were selected to study the discloser practices of selected companies. These twenty four variables were observed for five years from year 2009 to 2013.
5.1.1. Findings - Disclosure of Human Resource Variables in Private Sector Companies

Findings from analysis of ACC Limited

- ACC Limited formerly known as Associated Cement Company Limited is the first company which was studied under private sector. ACC Limited is India’s foremost manufacturer of cement and ready mixed concrete with a countrywide network of factories and sales offices. ACC Limited is part of the worldwide Holcim Group.

- Discloser of Human resource variables in ACC ltd. was consistent. This company either disclose variable consistently or it never disclose human resource consistently except one or two variables in the list.

- At an overall level in year 2009, 33.33% human resource variables form list of 24 variables was disclosed. In year 2010 to 2013 consecutively 37.50% variables in each year were disclosed and finally in year 2013 41.67% human resource variables were disclosed. The five year average of human resource variable discloser rate was 37.50%. Hence from this analysis it is also revealed that rate of discloser of HR variables is increasing year by year and in future we can see more number of variables disclosed by the ACC Ltd.

- The variables which were never disclosed in five year form 2009 to 2013 of study period, in other words variables whose rate of disclosure was 0% were - Age wise distribution, Employee Cost, Employee Remuneration benefit, Gender wise distribution, Group wise distribution, Human capital in balance sheet, Human Resources Development Fund, Recruitment cost, Separate HRA statement,
Turnover per employee, Valuation Model used, Value Added, Value Added per employee, Value of Human Resources.

- The variable which was disclosed only once in five year was discount rate used and variable which was disclosed four times in five year was economic value added (EVA).

- The variable which was disclosed every year with 100% rate of disclosure were – Awards and Rewards given for good performance, Brand Valuation, Capital Employed, Man power in numbers, Qualification of the employees, Retirement Benefits, Ten years at a glance, Training and development expense. Hence, total 45 variables only out of 120 variables were disclosed in five year with 37.50% rate of disclosure.

**Findings from Analysis of Bajaj Auto Ltd**

- Bajaj Auto Ltd. consistently disclosed, Awards and Rewards given for good performance, Capital employed, Employee remuneration benefit, man power in number, qualification of the employee, retirement benefits and turnover per employee these seven variable in every five years from 2009 to 2013.

- In all out of 24 variables only 7 variables were consistently disclosed and 17 HR variables were never disclosed thus overall rate of disclosure for Bajaj Auto Ltd. was 29.17%.

- The variables which were never disclosed with 0% rate of disclosure were – Age wise distribution, Brand Valuation, Discount rate used, Economic value Added (EVA), Employee Cost, Gender wise
distribution, Group wise distribution, Human capital in balance sheet, Human Resources Development Fund, Recruitment cost, Separate HRA statement, Ten years at a glance, Training and development expense, Valuation Model used, Value Added, Value Added per employee and Value of Human Resources

- The variables which were disclosed every year with 100% rate of disclosure were – Awards and Rewards given for good performance, Capital Employed, Employee Remuneration benefit, Man power in numbers, Qualification of the employees, Retirement Benefits, Turnover per employee. Thus, overall total 35 variables were disclosed in five years with 29.17% rate of disclosure.

**Findings from Analysis of HCL Technologies**

- At the dawn of the new millennium, a unique company was born - HCL Technologies. Demonstrating remarkable growth through the recent economic downturn, HCL Technologies emerged as one of the only eight 21st century listed technology companies in the world to cross $1bn in Net Profit, $5bn in Revenue and $15bn in Market Capitalization.

- Overall eight HR variables were disclosed in every year from 2009 to 2013 out of 24 HR variables. In five years total 40 HR variables were disclosed with 33.33% rate of discloser. Also, it was observed that the variables that were disclosed were in five year were consistent in their discloser and they were disclosed in all the five years from 2009 to 2013.
• Total 16 HR variables were never disclosed in any of the five years form 2009 to 2013 and these variables were –

• Age wise distribution, Brand Valuation, Capital Employed, Economic value Added (EVA), Gender wise distribution, Group wise distribution, Human capital in balance sheet, Human Resources Development Fund, Retirement Benefits, Separate HRA statement, Ten years at a glance, Turnover per employee, Valuation Model used, Value Added Value Added per employee and Value of Human Resources. Thus the rate of disclosure of these variables was 0%.

• Total eight variables were disclosed every year from 2009 to 2013 with 100% rate of disclosure, and these variables were – Awards and Rewards given for good performance, Discount rate used, Employee Cost, Employee Remuneration benefit, Man power in numbers, Qualification of the employees, Recruitment cost and Training & development expenses. The overall rate of disclosure for HCL Technologies was 33.33%. Total 40 HR variables were disclosed in five year period from 2009 to 2013.

Findings from Analysis of Hindalco Industries

• Hindalco Industries Ltd. is an aluminium manufacturing company and is a subsidiary of the Aditya Birla Group. Its headquarters are at Mumbai, Maharashtra, India. It is the Flagship Company of the companies in the metals business. The company has annual sales of US$ 15 billion and employs around 20,000 people. It is listed in the Forbes Global 2000 at 895th rank. Its market capitalisation by the end of May 2013 was US$ 3.4 billion. Hindalco is one of the world's
largest aluminium rolling companies and one of the biggest producers of primary aluminium in Asia.

- At an overall level eight variables were disclosed consistently in every five year from 2009 to 2013. In five year period total 40 variables were disclosed with 33.33% rate of disclosure.

- HR variables which were never disclosed in five years from 2009 to 2013 were – Age wise distribution, Brand Valuation, Economic value Added (EVA), Employee Cost, Gender wise distribution, Group wise distribution, Human capital in balance sheet, Human Resources Development Fund, Qualification of the employees, Recruitment cost, Separate HRA statement, Training and development expense, Turnover per employee, Valuation Model used, Value Added per employee and Value of Human Resources. The rate of disclosure of these variables was 0%.

- The variables which were disclosed in every year from 2009 to 2013 were – Awards and Rewards given for good performance, Capital Employed, Discount rate used, Employee Remuneration benefit, Man power in numbers, Retirement Benefits, Ten years at a glance, Value Added. Thus Hindalco Industries also disclosed only 40 HR variables in five year period with 33.33% rate of disclosure.

**Findings from Analysis of Infosys**

- Infosys is a global leader in consulting, technology, and outsourcing solutions. It has clients in more than 50 countries with US$8.25bn in FY14 revenues and 165,000+ employees. The company recognizes the importance of nurturing relationships that reflect its culture of
unwavering ethics and mutual respect. 97.4 percent (as of December 31, 2014) of company’s revenues come from existing clients.

• Among the private companies studied, Infosys is found with highest rate of disclosure of HR variables. Only few HR variables as compared to other companies taken under study were not disclosed. The variables which were never disclosed with 0% rate of disclosure, by Infosys were – Human Resources Development Fund, Ten years at a glance, Turnover per employee and Value Added per employee.

• Variables which were disclosed two times in our period of study with 40% rate of disclosure were – Age wise distribution, Brand Valuation, Discount rate used, Economic value Added (EVA), Gender wise distribution, Group wise distribution, Human capital in balance sheet, Qualification of the employees, Separate HRA statement, Valuation Model used, Value Added and Value of Human Resources.

• HR variables which were disclosed every year with 100% rate of disclosure were – Awards and Rewards given for good performance, Capital Employed, Employee Cost, Employee Remuneration benefit, Man power in numbers, Recruitment cost, Retirement Benefits, Training and development expense. Thus overall Infosys disclosed 64 HR variables in five year period of our study with highest rate of disclosure of 53.33% among five private companies selected for the study.

**Overall of Disclosure of Private Sector Companies**

• In year 2009 and 2010 the rate of disclosure was highest (83.33%) forInfosys and minimum for Bajaj Auto Limited (33.33%). Whereas for
the year 2011 and 2012 it was highest for ACC Limited (37.50%) and again it was minimum for Bajaj Auto Ltd. (29.17%). For the year 2013 the rate of disclosure was highest (41.67%) for ACC Ltd. and minimum for Bajaj Auto Ltd. (29.17%).

- In year 2009 the rate of disclosure was maximum (42.50%) among five years. In year 2010 it was decreased slightly to 43.33%. For next two consecutive years it was 33.33% and in year 2013 the rate of disclosure was increased slightly and it becomes 34.17%. Hence it can be said that since year 2009 the rate of disclosure was decreased.

- The average rate of disclosure was highest for Infosys among five companies and it was 53.33% in five years. On the second position was ACC Ltd. with 37.5%. On the third position there were two companies with 33.33% rate of disclosure and these companies were HCL Technologies and Hindalco Industries. On the last position it was Bajaj Auto Ltd. with minimum (29.17%) rate of disclosure among five companies.
5.1.2. Findings - Disclosure of Human Resource Variables in Public Sector Companies

Findings from Analysis of GAIL India Limited

- GAIL (India) Ltd was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum & Natural Gas (MoP&NG). The company was initially given the responsibility of construction, operation & maintenance of the Hazira – Vijaypur – Jagdishpur (HVJ) pipeline project. It was one of the largest cross-country natural gas pipeline projects in the world. Originally this 1800 Km long pipeline was built at a cost of Rs 1700 Crores and it laid the foundation for development of market for natural Gas in India.

- In all 13 human resource variables were disclosed in year 2009, 12 HR variables in each year from 2010 to 2012 and 11 HR variables in year 2013. Over all 60 variables were disclosed in 5 years of study period with 50% average rate of disclosure.

- The variables which were disclosed with 100% rate of disclosure were - Awards and Rewards given for good performance, Capital Employed, Discount rate used, Employee Remuneration benefit, Group wise distribution, Man power in numbers, Qualification of the employees, Recruitment cost, Retirement Benefits, Training and development expense and Value Added per employee. Gender wise distribution was also near to maximum rate of discloser with 80% rate of disclosure.
The variables which were never disclosed were - Age wise distribution, Brand Valuation, Economic value Added (EVA), Human capital in balance sheet, Human Resources Development Fund, Separate HRA statement, Ten years at a glance, Turnover per employee, Valuation Model used, Value Added and Value of Human Resources. Variable Employee Cost was also disclosed with very low rate of disclosure i.e. 20%.

**Findings from Analysis of Steel Authority of India Limited (SAIL)**

- Steel Authority of India Limited (SAIL) is the leading steel-making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defense industries and for sale in export markets. SAIL is also among the seven Maharatnas of the country's Central Public Sector Enterprises. SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanised sheets, electrical sheets, structurals, railway products, plates, bars and rods, stainless steel and other alloy steels.

- In case of Steel Authority of India Limited in all 9 human resource variables were disclosed in year 2009, likewise in year 2010 also in all 9 HR variables were disclosed. In year 2011, 2012 and 2013 also there were 9 human resource variables were disclosed. In all in the five year of study period total 45 HR variables were disclosed with 37.50% average rate of disclosure.
• The human resource variables which were disclosed with maximum rate of disclosure were - Group wise distribution, Awards and Rewards given for good performance, Capital Employed, Employee Remuneration benefit, Man power in numbers, Retirement Benefits, Ten years at a glance, Training and development expense and Value Added.

• And the variable which were never disclosed i.e. whose rate of disclosure was 0% were – Age wise distribution, Brand Valuation, Discount rate used, Economic value Added (EVA), Employee Cost, Gender wise distribution, Human capital in balance sheet, Human Resources Development Fund, Qualification of the employees, Recruitment cost, Separate HRA statement, Turnover per employee, Valuation Model used, Value Added per employee and Value of Human Resources.

Findings from Analysis of Steel Authority of Bharat Heavy Electricals Limited (BHEL)

• Embarking upon the 50th Golden Year of its journey of engineering excellence, BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing company of its kind in India engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation (Railway), Renewable Energy, Oil & Gas and Defence with over 180 products offerings to meet the needs of these sectors. Establishment of BHEL in 1964 was a breakthrough for upsurge in India's Heavy
Electrical Equipment industry. Consistent performance in a highly competitive environment enabled BHEL attain the coveted

- Thus in all 60 variables in five years were disclosed with average 50% rate of disclosure. Twelve variable variables disclosed in every year from 2009 to 2013.

- Total twelve HR variables were not disclosed in any of the five year of study period, thus their rate of disclosure was 0%. These variables were – Age wise distribution, Brand Valuation, Employee Cost, Gender wise distribution, Human capital in balance sheet, Qualification of the employees, Recruitment cost, Separate HRA statement, Training and development expense, Valuation Model used, Value Added per employee and Value of Human Resources.

- Variables which were disclosed every year with 100% rate of disclosure were – Awards and Rewards given for good performance, Capital Employed, Discount rate used, Economic value Added (EVA), Employee Remuneration benefit, Group wise distribution, Human Resources Development Fund, Man power in numbers, Retirement Benefits, Ten years at a glance, Turnover per employee and Value Added.

Findings from Analysis of National Thermal Power Corporation (NTPC)

- NTPC is India’s largest power utility with an installed capacity of 43803 MW, plans to become a 128,000 MW company by 2032. Established in 1975, NTPC aims to be the world’s largest and best power major. NTPC has comprehensive Rehabilitation &
Resettlement and CSR policies well integrated with its core business of setting up power projects and generating electricity. The company is committed to generating reliable power at competitive prices in a sustainable manner by optimising the use of multiple energy sources with innovative eco-friendly technologies thereby NTPC is contributing to the economic development of the nation and upliftment of the society.

- Out of 24 HR variables taken for study, 13 variables were disclosed in every year from 2009 to 2013. Total 65 variables were disclosed in five year of study period and the average rate of disclosure of NTPC with respect of disclosure of Human resource variables was 54.17%.

- The HR variables which were disclosed for every five year were - Awards and Rewards given for good performance, Capital Employed, Discount rate used, Employee Cost, Employee Remuneration benefit, Group wise distribution, Man power in numbers, Qualification of the employees, Recruitment cost, Retirement Benefits, Training and development expense, Value Added and Value Added per employee. Hence the rate of disclosure for these variables is 100%.

- HR variable which were never disclose and the rate of disclosure for which was 0% were - Age wise distribution, Brand Valuation, Economic value Added (EVA), Gender wise distribution, Human capital in balance sheet, Human Resources Development Fund, Separate HRA statement, Ten years at a glance, Turnover per employee, Valuation Model used and Value of Human Resources.
Findings from Analysis of Oil and Natural Gas Commission (ONGC)

- ONGC was set up under the visionary leadership of Pandit Jawahar Lal Nehru. Pandit Nehru reposed faith in Shri Keshav Dev Malviya who laid the foundation of ONGC in the form of Oil and Gas division, under Geological Survey of India, in 1955. A few months later, it was converted into an Oil and Natural Gas Directorate. The Directorate was converted into Commission and christened Oil & Natural Gas Commission on 14th August 1956. In 1994, Oil and Natural Gas Commission was converted into a Corporation, and in 1997 it was recognized as one of the Navratnas by the Government of India. Subsequently, it has been conferred with Maharatna status in the year 2010.

- On an overall level 15 HR variables were disclose in every year from 24 HR variable list. Overall 75 HR variables were disclosed in five years from 2009 to 2013 with 62.50% average rate of disclosure.

- The HR variables which were disclosed for every five year were - Awards and Rewards given for good performance, Capital Employed, Discount rate used, Employee Cost, Employee Remuneration benefit, Group wise distribution, Man power in numbers, Qualification of the employees, Recruitment cost, Retirement Benefits, Training and development expense, Value Added and Value Added per employee.

- Age wise distribution, Awards and Rewards given for good performance, Capital Employed, Discount rate used, Employee
Remuneration benefit, Gender wise distribution, Group wise distribution, Human Resources Development Fund, Man power in numbers, Qualification of the employees, Retirement Benefits, Separate HRA statement, Training and development expense, Valuation Model used and Value of Human Resources. Hence the rate of disclosure for these variables is 100%.

• The HR variable which were never disclose were – Brand Valuation, Economic value Added (EVA), Employee Cost, Human capital in balance sheet, Recruitment cost, Ten years at a glance, Turnover per employee, Value Added and Value Added per employee. Thus the rate of disclosure for these variables was 0%.

Overall of Disclosure of Public Sector Companies

• A Comparative analysis of five public sector companies taken of disclosure studies shows that from year 2009 to 2013 the rate of disclosure was highest (62.50%) for ONGC and it was minimum for Steel Authority of India limited (37.50%).

• In year 2009 the rate of disclosure was maximum (51.67%) among five years. In year 2010 it was decreased slightly to 43.33%. For next three consecutive years it was 50.83% and in year 2013 the rate of disclosure was decreased slightly and it becomes 50.00%. Hence it can be said that since year 2009 the rate of disclosure was decreased.

• If data is analyzed company wise the average rate of disclosure was highest for ONGC among five companies and it was 62.70% in five years. On the second position was NTPC with 54.17%. On the third
position there were two companies with 50.00% rate of disclosure and these companies were BHEL and GAIL. On the last position it was SAIL with minimum (37.50%) rate of disclosure among five companies.

- The variables which were disclosed with highest rate of disclosure were - Discount rate used, Training and development expense, Awards and Rewards given for good performance, Capital Employed, Employee Remuneration benefit, Group wise distribution, Manpower in numbers, Retirement Benefits, with 80-100% rate of disclosure. Variables which were disclosed with 60-80% rate of disclosure were Training and development expense, Qualification of the employees and Value Added.

### 5.1.3. Findings from Hypothesis Testing

- The rate of disclosure of HR variable is non-significantly different among Private sector companies. The rate of disclosure ranges between 29 to 54, it was highest for Infosys (53.33) and lowest for Bajaj Auto (29.17), but difference was non-statistically significantly different (F = 1.019, p>0.05) among selected five private sector companies. Hence null hypothesis that “The rate of disclosure of human resource variables is non-significantly different among private sector companies” is accepted.

- The rate of disclosure of HR variable is non-significantly different among public sector companies. The rate of disclosure ranges from 37.50 to 62.50, it was highest for ONGC (62.50) and lowest for SAIL (37.50), but difference was statistically non-significantly different
(F = 0.780, p>0.05) among selected five private sector companies. Hence null hypothesis that “The rate of disclosure of human resource variables is non-significantly different among public sector companies” is accepted.

- Significant difference exists in the rate of disclosure of human resource variables among public sector and private sector companies (Z = 2.18, p <0.05). The data reveals that the average rate of disclosure of human resource variables was 50.83 for public sector companies, which was significantly higher than the rate of disclosure for private sector companies. The average rate of disclosure for private sector companies was 37.33. Hence, null hypothesis of no difference in the rate of disclosure of human resource variables among public sector and private sector companies is rejected and it is concluded that the significant exists in the rate of disclosure of human resource variables between public sector and private sector companies.
5.2 Conclusions

Human resources are the energies, skills and knowledge of people which are applied to the production of goods or rendering useful services. Identify, quantify and report investment made in Human resources of an organization that are not presently accounted for under conventional accounting practice. HRA is the process of identifying, measuring data about human resources and communicating this information to interested parties. The major objective was to study disclosure practices of human resource variables by the Indian companies through HRA and to study the practical benefits. The major benefits of such accounting are that it develops effective managerial decision making, quality of management, prevents misuse of human resources, increases human asset productivity, improves morale, job satisfaction and creativity, etc. The constraints involved are that uncertainty of human resources creates uncertainty in valuation of human resources. Nature of amortization is another difficulty; valuation of human resources, their accounting treatments is also difficult.

In our study it was found that the rate of disclosure of Human Resource variables by Indian companies is not very encouraging. On an average less than 50% variables disclosed by Indian companies in their annual reports. The average rate of disclosure of human resource variables by private sector companies is 37.33% whereas it was 50.83% for public sector companies. The rate of disclosure of human resource variables was high for public sector companies and low for private sector companies. Hence it can be said that desired emphasize is not given by the Indian companies to human resource accounting which in turn results in low
disclosure of human resource variables. Most of the companies follow Lev-Swartz Model of Human Resource Accounting.

5.3 Suggestions

Our Companies Act does not provide for valuation of human resources as a result disclosure of such information has become voluntary. There is need to prescribe the specific provisions for valuing human resources and disclosing the details of investment in human assets in the form of training and development expenses, salaries and other allowances etc through annual reports.

While valuing human resources, emphasis can be given on acquisition costs, substitution costs, opportunity costs, replacement costs, economic value models standard cost method, non monetary measures etc.