CHAPTER-IV

Human Resource Accounting Practices in the
Select Private Sector Undertakings
1. Associated Cement Company Limited

Associated Cement Company Limited introduced Human Resource Accounting from 1983-84. The Lev and Schwartz Human Capital Model is consulted for evaluating the Human Assets. The employees future earnings are considered as a reasonable measure of the Human Asset Value. The employees of the company are divided into different categories. The company does not display age-wise and category-wise number of employees.

The company total Manpower strength as on 31st March 2010 was 8916. Table 4.1 shows the manpower for the last five years in ACC.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Manpower (in Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2005-2006</td>
<td>9,170</td>
</tr>
<tr>
<td>2</td>
<td>2006-2007</td>
<td>9,231</td>
</tr>
<tr>
<td>3</td>
<td>2007-2008</td>
<td>10,032</td>
</tr>
<tr>
<td>4</td>
<td>2008-2009</td>
<td>9,557</td>
</tr>
<tr>
<td>5</td>
<td>2009-2010</td>
<td>8,916</td>
</tr>
</tbody>
</table>

Associated Cement Company Limited’s Manpower (in percentage) During 2005-2006 to 2009-2010

Associated Cement Company launched several new programmes and strengthened existing Human Resource Processes that favourably impacted its employees, judging by the results of an annual survey of employees.
The accelerate portal for employees which was introduced in 2008 to a small group of employees was well received and found to facilitate employee communication across all levels and locations on a wide variety of issues.

The company continues to place great emphasis on enhancement of skills and capabilities of its employees and on imparting required training for meeting customers requirements. This includes internal and external training workshop courses and seminars.

Employee Relations were cordial across all plants and offices of Associated Cement Company during the year.

2. Chennai Petroleum Corporation Limited

Chennai Petroleum Corporation Limited introduced Human Resource Accounting from 1995-96. The Lev and Schwartz Human Capital Model is consulted for evaluating the Human Assets. The employees future earnings are considered as a reasonable measure of the Human Asset Value. The employees of the company are not divided into different categories. The company does not display age-wise and category-wise number of employees. The annual earnings are adjusted at variable rates ranging from 15 per cent discount factor to determine the Human Capital Value.

The Human Resources of Chennai Petroleum Corporation Limited bestows upon the company the required competitive advantage. With a view to sustain this position, the company consistently gravitates, retains and motivates the best talent and also enables the employees at all levels to deliver excellent performance.

With a view to give impetus to talent development, competency mapping development centers were carried out for managers with the assistance of M/s. Ernst and young, one of the renowned experts in the field.
The company’s total manpower as on 31st March 2010 was 1735 comprising of 810 supervisors and 925 non-supervisors.

The company has taken up a new Human resource initiative viz, “employees learning forum” to build a more dynamic employee learning environment and to bring out the best talent in them. The objectives of the forum are to provide a platform to all employees to develop ideas, to share their knowledge with others, acquire knowledge from others and, in the process, to multiply their knowledge levels in a plethora of areas, which will ultimately enhance the knowledge level in the company and help employees develop new ideas in their work front.

During the year apprenticeship training recruitment, 59 diploma holders and 36 ITI trade apprentices underwent one-year apprenticeship programme in the company.

Human Resource initiatives of previous year like department-wise open house meets and field visits by Human Resource officials to ascertain day to day working environment issues were continued during the year and issues were addressed.

The company has been adhering to the presidential directives and various instructions of the government relating to the welfare of the SC, ST, OBC and differently-abled persons.

3. Infosys Technologies Limited

Infosys Technologies Limited introduced Human Resource Accounting from 1995-96. The Lev and Schwartz Human Capital Model is consulted for evaluating the Human Assets. The employees future earnings are considered as a reasonable measure of the Human Asset Value. The employees of the company are not divided into different categories. The company does not display age-wise and category-wise number of employees. The annual earnings are adjusted at variable rates ranging from 17.17 to 27.97 per cent discount factor to determine the Human Capital Value.
Infosys Technologies Limited has approximately 1,13,800 employees as on March 31\textsuperscript{st} 2010.\textsuperscript{6} Including 1,06,900 IT professionals. The Company seeks to attract and motivate IT professionals by offering

1. An entrepreneurial environment that empowers IT-professionals;
2. Programme that recognize and reward performance;
3. Challenging assignments;
4. Constant exposure to new skills and technologies; and
5. A culture that emphasizes openness, integrity and respect for the employee.

The Company does not have a collective bargaining agreement with any of the employees.

The company’s professionals are the most important assets.\textsuperscript{7} The company believes that the quality and level of service that professionals deliver are among the highest in the global technology services industry. The company is committed to remain among the industry’s leading employers. In 2004 the company was ranked second in Dataquest India’s list of the best employers for the IT industry in India. In 2004, ‘Computer World’ ranked Infosys Technologies Limited as one of the 100 best places to work for IT professionals. During 2010 company recorded approximately 11,100 new hires, net of attrition. Culture and reputation as a leader in the technology services industry enables it to recruit and retain the best available talent in India.

The company provides various loans to employees in India who are not executive officers or directors. The loans include car loans, home loans, personal computer loans, telephone loans, medical loans, marriage loans, personal loans, salary advances, education loans and loans for rental deposits. All of the loans, except for the housing and car loans, are available to all of company employees, who are not executive officers or directors, in India. Housing and car loans are available only to middle level managers, senior managers and non-executive officers. The loan programme is designed to assist employees and increase employee satisfaction. These loans
are generally collateralized against the assets of the loan and the terms of the loans range from 1 to 100 months. The annual rates of interest for these loans vary between 0% and 4%. Loans aggregating $ 25 million and $ 27 million were outstanding as on March 31, 2010 and 2009. During 2009, discontinued fresh disbursements under several of these loan schemes including housing and car loans.

'Revenues $ 4,804 million for the year ended March 31st, 2010. Revenues grew from $ 4,663 million in fiscal year 2009 to $ 4,804 million in fiscal year 2010, Representing a compound annual growth rate of 3 per cent  Net income grew from $ 1281 million to $ 1,313 million during the same period, representing a compound annual growth rate of 2.5%. The company developed a sophisticated project management methodology to ensure timely, consistent and accurate delivery of superior quality solutions to maintain a high level of client satisfaction

The company’s gross profit was $ 2,055 million for fiscal year 2010. Representing an increase of 462 crore gross profit of $ 1964 million for fiscal year 2009.

The company’s net income was $ 1313 million for fiscal year 2010 representing an decrease of $ 32 million net income of $1281 million 2009.

In fiscal year 2010 and fiscal year 2009 the company paid cash dividends of approximately $ 2.2 and $ 2.2 per equity share, respectively. Although company has no current intention to discontinue dividend payments, future dividends may not be declared or paid and the amount, if any, thereof may be decreased.
4. Infotech

Chairman and Managing Director B.V.R. Mohan Reddy in his chairman speech states people have been the single most important asset of this Company has and we continue to place high importance on aligning our Human Resources with the evolving profile of the business. The focus was on improving associate contribution in line with higher value addition offered to customers. We have recruited over 400 engineers, apart from 600 people who have joined Infotech family through Tele Atlas India Acquisition. This year, we further strengthened our High Performers Club Initiatives to recognize, reward and develop high performers, initiated higher education schemes and entered into Memorandum of Understanding with highly reputed academic institutions like IIT Chennai and Jawaharlal Nehru Technological University, and improved the overall Human Resource centricity.

The Company presents some of the key indicators of performance from the Human Resources perspective. Human Resources at Infotech play a strategic role and supports the organisation and its various components in achieving various goals and targets set by deploying best practices and measures.

During the year 2010 under review the company has taken several Human Resources initiatives to retain, train and develop the talent pool company have. The company has also taken up a root cause analysis on bringing down the attrition rates.

In endeavor to retain the best talent against fierce competition, the following initiatives were taken:

a. Recognizing the aspiration of associate to enhance their academic credentials an Memorandum of Understanding was entered with Jawaharlal Nehru Technological University for three Master’s programs in three batches and also got an accreditation from
IIT Madras for external MS and PhD courses. A policy was introduced on Higher Education to encourage and reward the associates who are pursuing higher education in their domain.

b. Realizing the fact that reaching and serving the associates is possible only through a virtual delivery system a separate portal has been launched titled “Human Resource Online” and virtualized processes like recruitment process, leave management system, attendance regularization, medical reimbursement, resource management system and also hosted number of interactive pages with Human Resources policies and procedures in static form.

c. Identified critical associates and implemented compensation rationalizations based on the market trends in those critical areas.

d. Enhanced focus on training the associates covering technical, communication and behavioral aspects.

Infotech currently employs over 6681 professionals across an expounding global footprint of 17 locations including 5 development facilities in Hyderabad, Bangalore, Noida in India, Fort Burg in Maryland, USA and Manager in Puerto Pico. The company customers include some of the most recognized names in commercial products, Engineering design embedded software, and IT solutions. Infotech’s offices in the USA, UK, Germany, Australia, Singapore and the Netherlands provide local customer interface, project management and delivery support.

People are considered to be the key resource for growth of a company. Infotech has always believed in providing a favorable work environment to its associates (employee’s are designated as associates) along with balanced compensation package. This ensures innovation and creativity towards the work and helps the company retain the talent over the years.
During the year 2010, the attrition rate of the company stood at 7.90% as compared to previous year 2009, 10.42%. The grew in attrition represents the interest of the associates towards their work and focus of the Human Resources department to provide maximum satisfaction.

During the year 2010, apart from continuation of the High Performers Club (HPC) were in associates are identified and groomed to take up leadership and general management positions, the company also entered into a Memorandum of Understanding with Jawaharlal Nehru Technological University (JNTU) to offer masters programmes in various disciplines to its associates.

5. Reliance Industries Limited

Reliance stress on quality of life. The company is building with care, a workplace that proactively fosters professional as well as personal growth. There is freedom to explore and learn; and there are opportunities that inspire initiative and intrinsic motivation. The company believe that people must dream to achieve, that these dreams will drive the company’s excellence in all its businesses.

Reliance thinks, behaves, lives and thrives with a global mindset, encouraging every employee to reach his / her full potential by availing opportunities that arise across the group.

a. With presence in 36 countries, Reliance offers global opportunities.

b. With steady organic growth and consolidation of businesses, Reliance offers possibilities for cross-organisation, cross-discipline and cross-country career opportunities.

The company total manpower strength as on 31st March 2010 was 23,365. The Table shows number of employees for the last 10 years in reliance industries limited.
Table 4.2

No. of Employees for the last 10 years in RIL

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2000-2001</td>
<td>15,083</td>
</tr>
<tr>
<td>2</td>
<td>2001-2002</td>
<td>12,864</td>
</tr>
<tr>
<td>3</td>
<td>2002-2003</td>
<td>12,915</td>
</tr>
<tr>
<td>4</td>
<td>2003-2004</td>
<td>11,358</td>
</tr>
<tr>
<td>5</td>
<td>2004-2005</td>
<td>12,113</td>
</tr>
<tr>
<td>6</td>
<td>2005-2006</td>
<td>12,540</td>
</tr>
<tr>
<td>7</td>
<td>2006-2007</td>
<td>24,696</td>
</tr>
<tr>
<td>8</td>
<td>2007-2008</td>
<td>25,487</td>
</tr>
<tr>
<td>9</td>
<td>2008-2009</td>
<td>24,679</td>
</tr>
<tr>
<td>10</td>
<td>2009-2010</td>
<td>23,365</td>
</tr>
</tbody>
</table>

Source: Annual Report 2009-10  Page No. 9

Reliance now (2009-10) have 23,365 employees with an average age of 41 years.\textsuperscript{11} Programmes for training and capacity building are given prime importance. This endeavour targets the technical and professional growth of employees.
a. Reliance is associated with the Indian Institute of Management (IIM), Bangalore and the Indian Institute of Technology (IIT), Bombay. The company sponsored the participation of over 250 engineers in a Customised

b. Management Course – MPRE (Management Program for Reliance Engineers) at IIM-Bangalore.
c. Company sponsored 91 science graduates and diploma holders to complete a Reliance Certified Engineering course with IIT-Bombay.
d. Reliance conducted over 1,60,000 man-hours of training and 1,448 training programmes, covering 7,919 employees.\textsuperscript{12} The Company also supported development of all other employees with a highly scientific Key Result Area (KRA) based performance management system and career mapping exercises.

e. Reliance has embarked on developing a performance linked incentive scheme for all its employees with the assistance of reputed international consultants.

f. The Company also started a ‘Manufacturing Leadership Programme’ for its senior executives from manufacturing, in association with Hewitt Associates.

6. Tata Motors Limited

The Monetary Value of Human Resources has been reported by M/s. Tata Engineering and Locomotive Company Limited (TELCO). The Company now renamed Tata Motors Limited. Tata Motors Limited entered into a landmark year wage settlement with its union at Pune. A cordial industrial relations environment prevailed in all the manufacturing units of the company. The permanent employee strength of the company as on March 31, 2010 was 24,310.\textsuperscript{13} The Company received commendation as one of the top 10 “Best Employers” ranking 6\textsuperscript{th} in the country in a survey carried out by Hewitt Associates.

The permanent employee strength of the company as on March 31, 2010 was 24,310. Employees for the last 5 years in Tata Motors Limited can be explained with the help of Table and bar diagram.

The company’s staff details for the last five years are shown in the Table given below.

\textbf{Table 4.3}

\textbf{Employees for the last five years in Tata Motors}
<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Employees in Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2006</td>
<td>22,000</td>
</tr>
<tr>
<td>2</td>
<td>2007</td>
<td>22,000</td>
</tr>
<tr>
<td>3</td>
<td>2008</td>
<td>23,000</td>
</tr>
<tr>
<td>4</td>
<td>2009</td>
<td>24,000</td>
</tr>
<tr>
<td>5</td>
<td>2010</td>
<td>24,000</td>
</tr>
</tbody>
</table>

Source: Annual Report 2009-10, Page No. 2.

Being a signatory to the United Nations’ Global Compact, the company has taken various community and social initiatives on human rights, labour and environment standards to ensure compliance with the principles of the Global Compact in letter and spirit. Through its own various community centers, as also those jointly undertaken with the Tata Council for Community Initiatives, the company continues its active role in community development, serving rural communities surrounding the company’s Jamshedpur, Pune and Lucknow Works.
Besides the continuing community initiatives undertaken at the plants, some of the significant new initiatives taken up by the company during the year 2009 include:

![Bar chart showing employees for the last five years in TATA Motors](chart.png)

- **2005-2006**: 21,500 employees
- **2006-2007**: 22,500 employees
- **2007-2008**: 23,500 employees
- **2008-2009**: 24,500 employees
- **2009-2010**: 25,500 employees

Employee figures are an indicator of the company's growth and success over the years.
a. Awarding 122 children ‘Golden Jubilee Scholarships’ and selection of 16 children for the ‘Hitachi Award’ at Jamshedpur. At Pune, 13 aptitude tests and more than 15 vocational guidance programmes were organized in co-ordination with regional vocational guidance centers and community development centers. A Teachers’ Development Programme was launched for high school teachers in Pune.

b. Bio-Diesel Program the company introduced a fleet of 43 buses plying in and around Pune on bio-diesel fuel and in conjunction with Indian Oil Corporation is working on a similar programme for the Indica.

c. Donation for the relief activities in the disaster-struck areas of India during the Tsunami that ravaged life and livelihood in Southern India. The company and its employees as well as the company’s subsidiaries and their respective employees have donated in cash and kind for rehabilitation in the affected areas, besides employee participation in the affected areas. The company’s / employees contribution aggregated Rs.3 Crores as also donated 3 Tata 207 DI pick-ups. Their contribution and participation in the relief activities have been channeled through the Tata Relief Committee.

d. Eco-friendly solid waste management Bio-degradable solid wastes such as kitchen waste are disposed by ‘aerobic vermicomposting’ process within the Pune premises. It is capable of handling upto 4.5 MT of waste per day, which is converted into rich organic manure.

e. Programmes are being conducted at Pune, Jamshedpur and Lucknow for Women’s empowerment where women are trained in the basics of skills development and home maintenance and income generation, to enable them to be self-reliant.
f. Tree Plantation on community and individual waste land more than 45,000 saplings were planted in different areas of Uttar Pradesh, Jharkhand and Maharashtra.

In recognition of the above initiatives, the company was best owed with the ‘Golden Peacock Award’ for Corporate Social Responsibility (Private Sector) for the year 2009.

Industrial Relations at all the works of the company remained cordial throughout the year. The company entered into a landmark year wage settlement with its union at Pune.

Overall Sales Volume at 6,33,862 vehicles and turnover at Rs.40,21,755 lakhs were around 34% and 29% higher than in 2008-09 and the company continued to be the largest Indian automotive company in terms of revenue. It continued to be the largest commercial vehicle manufacturer and the second largest passenger vehicle manufacturer in India with enhanced market shares of 59.7% and 16.9%, respectively. Export Volumes at 34,000 vehicles are same in the previous year 2008-09. The Profit Before Tax was Rs.1,651.90 Crores, higher by 27.8% as against Rs.1,292.34 Crores in Financial Year 2003-04.

Considering the company’s financial performance, the Directors propose payment of a dividend of Rs.15/- per share for the year 2009-10 on 50,63,81,356 ordinary shares and 15.50 per share for the year 2009-10 on 6,41,76,560 ‘A’ ordinary shares any further ordinary shares ‘A’ ordinary shares that may be allotted by the company prior to August 12, 2010 (being the book closure date for the purpose of dividend entitlement) for the year 2009-10 (Previous year–Rs. 6/- per share and 6.50 per share).

The board of directors comprised of twelve directors, out of which, nine are Non-Executive directors. The company has a Non-Executive chairman and more than one third of the total strength of the board comprises independent directors. The day–to–day operations of the company are being overseen by Ratan N Tata as a member of the committee of directors,
comprising himself and Gopalakrishnan. None of the directors on the company’s board is a member on more than ten committees and chairman of more than five committees across all the companies in which he is a director.

REFERENCES

10. Annual Report of Infotech, 2009-10, p.52