2.1 INTRODUCTION

Review of Literature refers to the various research studies carried out in the various parts of our country.

There is a great need to review the past studies so that we can avoid duplication of doing unwanted research and at the same time the findings of such studies provide guide line for future study. In this chapter an attempt is made to focus on available literature which is useful in the research work.

The selection of the topic for the study has been undertaken after a brief review of literature and research available on the subject. The purpose of referring to the research papers, project reports, case studies and dissertation is to derive supporting evidence for some of the findings of the study. An attempt has been made to refer to some of the national as well as international journals.

2.2 REVIEW OF THE STUDIES

Researcher had reviewed the past few years published literature data available from various publications; some researcher work is certainly available which is described as follows.

Study No. 1

1. Name of the Author
   R. K. Patra

2. Title of the Book
   Human Resource Accounting in Public Enterprises – A Case Study

3. Publisher
   Himalaya Publishing House, Mumbai

4. Publication Year
   2005
5. **Summary**

This book reflects different Human Resource Accounting models already in action in different organizations with a special reference to public sector in India. The study is by and large, an empirical investigation of a micro nature and is not a sample study. The case study is basically to reveal the HRA system in Bharat Heavy Electricals Limited (BHEL), Bhopal.

In the present study, the author has tried to examine the impact of traditional accounting criteria for human resource valuation for different models developed so far.

The present study has tried to evaluate the importance of measuring values of human resources in organizational environment and revealed that it has a high impact in achieving organizational objectives.

The author has tried to emphasize on the objectives and verifiable valuation of human resources including knowledge/intellectual capital by considering the Lev & Schwartz Model, giving a discount rate, which could be amortized throughout the period of stay of the employee in the organization. The t-test and correlation also have been studied and compared in this regard.
Study No. 2

1. Name of the Author
   Dr. M. K. Kolay

2. Title of the Book
   Human Resource Accounting

3. Publisher
   The Institute of Cost and Works Accountants of India, Calcutta

4. Publication Year
   1996

5. Summary
   The book or the research monograph deals with the different approaches/models that have been advocated by the different proponents in the field of HRA. An attempt has been made by the author to delineate the different approaches advocated by different proponents from time to time and practices adopted by some of our Indian corporate houses and analyze their pros and cons with a hope that a consensus approach to account for organizational human resource would soon emerge to serve as a powerful tool in the area of human resource management.
   All the possible models and approaches for valuation of human resources are discussed and explained nicely.
Study No. 3

1. Name of the Author
   Dr. Prabhakara Rao

2. Title of the Book
   Human Resource Accounting

3. Publisher
   Inter – India Publication, New Delhi

4. Publication Year
   1986

5. Summary
   The book is a pioneering effort to design and implement HRA in the Indian context. Author had discussed the overall working of HRA system which clearly emphasis efficient and effective human resource development and utilization. The theoretical design of HRA system is applied in Hindustan Shipyard to illustrate the aspects of implementation. The books describe and illustrate the application and usefulness of the human resource accounting in Hindustan Shipyard Limited, Visakhapatnam.
Study No. 4

1. **Name of the Author**
   Prof. M.C. Khandelwal & Dr. Sugan C. Jain

2. **Title of the Book**
   Contemporary Issues in Accounting

3. **Publisher**
   Pointer Publisher, Jaipur

4. **Publication Year**
   1993

5. **Summary**
   This book contains a set of edited articles covering different facets of human resource accounting. While the conceptual aspect has found a vital place in the book, empirical studies also adorn its utility.
   The collection makes a complete reading for the management to decide whether HRA is useful for a particular entity or not.
   The book is of great value to the scholars and researchers in the field of accounting. The contributors command high reputation as thinkers and researchers in the field.
Study No. 5

1. **Name of the Author**
   Santanu Ray

2. **Title of the Book**
   Human Capital – Accounting & Valuation

3. **Publisher**
   The ICFAI University Press, Hyderabad

4. **Publication Year**
   2005

5. **Summary**
   This book is divided into three sections.
   Section -1 deals with the essence of the human capital.
   Section -2 deals with the valuation and accounting aspects.
   Section - 3 refer to a few case studies.
   Following Two case studies were referred in the book:
   1. INFOSYS - HRA in India
   2. Effective Human Capital Measurement at RBS (Royal Bank of Scotland)
   The author had edited the literature in a systematic manner, as information regarding human resource disclosure, valuation of human capital and two case studies are presented in the book to give overall idea of human resource accounting.
Study No. 6

1. Topic
Human Resource Accounting: An Empirical Study of Selected Public and Private Sector Organizations of India (A Thesis submitted for the Degree of Ph. D (Commerce))

2. Researcher
Pragnesh Shah

3. Year
May 2004

4. Objectives of the study
   - Expound the theoretical understanding of different approaches to the measurement of human resources.
   - Document the corporate reporting practices of select Indian corporate.
   - Ensure the objectives of human resource valuation practices followed by Indian organizations.
   - Gauge the relationship of human resource value with the financial performance of select companies both in public and private sector.
   - Ascertain the views of practicing accountants, company directors, auditors, members of the professional bodies and managers with regard to the utility of information generated by human resource accounting system.
   - To identify the areas wherein future development on the subject has taken place.
5. **Period of the Study**

The period of the study for Infosys Technologies Limited was seven years from 1996-97 to 2002-03, while for Kochi Refineries Limited it was ten years from 1993-94 to 2002-03.

6. **Sample Design**

Infosys Technologies from private organization and Kochi Refineries from public organization were selected.

7. **Chapterisation**

1. Introduction
2. HRA: Theoretical Underpinnings
3. Human Resource Accounting Practices in India
4. HRA Practice in India: Case Study Analysis Infosys Technologies Limited, Kochi Refineries Limited
5. HRA Practices: Survey Based Empirical Analysis
6. Conclusion & Recommendations

8. **Findings**

The major findings of this study are as under:

1. The study points out that almost all the corporate have accepted economic value based model of human resource valuation suggested by Lev & Schwartz. Some companies have accepted same model with refinements suggested by the Jaggi, Flamholtz and Lau.

2. In India serious efforts have not been made in the area of HRA, which is proved from the following observations:
   - There is no systematic record available of the companies practicing HRA.
   - There is no compulsion on the part of companies to record and communicate HRA data and therefore it is purely on the discretion of a company to maintain and communicate the information related to HRA.
• None of the stock exchange has this disclosure requirement under the listing agreement.
• There is no well-defined recognition system for the companies, which are following the HRA system meticulously.
• A number of companies, which had accepted HRA valuation and disclosure practices earlier, have now discontinued the same.
• H R Value and efficiency and productivity disclosures are hardly comparable amongst companies due to the lack of standardized reporting practices.
3. In the case of Infosys, HRV was found to be positively related with value added per employee, turnover per employee and cost per employee and negatively related with return on HRV. The results of correlation analysis suggest that HRV influences efficiency and profitability of Infosys positively. The valuation of human resources as per the model suggested by the Lev & Schwartz is defective and does not permit the undisputed valuation of HRV.
4. In the case of KRL, the growth of HRV has been much faster than the growth rates of per employee value added and turnover. HRV is significantly and positively related with turnover per employee, total number of employee, value added per employee and average age of employees. Surprisingly it is negatively related with return on HRV per employee. Lev & Schwartz model is not appropriate for HR valuation.
5. The major conclusions of survey –based study are:
• The majority of the respondents are aware of the term HRA, but surprisingly not many know as to how it is practiced.
• It has been realized that a meager number of respondents knows about the existence of various HR valuation models. Although, they agree to a great extent about the usefulness of valuation and reporting of human resource of an organization.

• This study has witnessed an interesting contradiction on the opinion of the respondents about the usefulness of HRA to external verses internal users and decision makers. A high majority of respondents agrees that HRA is always helpful to the internal management in the decision making, whereas quite a lesser number of respondents agree in its usefulness to the investors, shareholders and lenders. The importance of HRA is also reflected in the opinions of the respondents, as they suggested a separate HRA disclosure statement parallel to the annual report.

9. Review

This study has focused on case study of two companies, one from private Infosys Technologies Limited and other public Kochi Refineries Limited. This research study focuses on the human resource accounting practices and disclosures by these companies. It also evaluates models and approaches applied for valuation of human resources. It focuses on the real picture of human resource accounting in India. The study reveals the poor efforts made by companies for HRA implementation in India. The future direction of the study is that India is not shining, but this is keeping a pace with the International level on the development.
Study No. 7

1. Topic
   Human Resource Accounting Practices in Selected Companies in India (Dissertation submitted for the degree of M.Phil (Commerce)

2. Researcher
   Mital Chauhan

3. Year
   June 2009

4. Objectives of the study
   • To study theoretical aspects of human resource accounting.
   • To discuss various approaches for the measurement of human resource.
   • To examine the practices followed by selected companies in India.
   • To compare and contrast human resource valuation methods followed by selected public and private companies in India.
   • To give suggestions for improvement in HRA practices in selected companies in India.

5. Period of the Study
   The period of the study was five years from 2003-04 to 2007-08.

6. Sample Design
   This study includes two public companies and two private companies.
   1. Public Companies
      • Bharat Heavy Electricals Ltd. (BHEL)
      • Steel Authority of India Ltd. (SAIL)
2. Private Companies
   • Infosys Technologies Ltd.
   • Associated Cement Company (ACC)

7. **Chapterisation**
   1. Theoretical Aspect of HRA
   2. Review of Literature
   3. Research Methodology
   4. Various Method to Evaluate Human Resources
   5. Brief Profile of Selected Companies
   6. HRA Practice in Selected Companies
   7. Major Findings, Conclusion & Suggestions

8. **Findings**
   The major findings of this study are as under:
   • Turnover Indices of BHEL were in increasing trends. Turnover index was increase up to 247%.
   • Indices of PAT of BHEL also show upward trend. It was increased up to 435.15%.
   • Value added indices of BHEL were decreased by 98%.
   • Turnover indices of SAIL were in increasing trend. It was increased up to 188.41%.
   • Indices of PAT of SAIL were in mix trends. However, it increased up to 301.47%.
   • An index of value added of SAIL was in mix trend. It was increased by Rs. 20874 crore.
   • A turnover index of Infosys was in increasing trend. It was increased by 328.67%. Average turnover was 9889 crore.
   • A PAT index of Infosys also shows the upward trend. It was increased by 359.61%. Average PAT was 2574 crore.
• Value added indices show increasing trend. It was increased by 354.12%. Average value added was 8993 crore.
• Turnover indices of ACC show upward trend. It was increased up to 215.19%.
• Indices of PAT were in increasing trend. It was increased up to 720%. Average PAT was 795 crore.
• BHEL, SAIL & INFOSYS had adopted Lev & Schwartz model for valuing its human resource, While ACC adopted Lev & Schwartz model with adjustments suggested by Flamholtz.
• BHEL had used 12% discount rate, SAIL 15%, while Infosys has used different discount rates and ACC had not reported the discount rate.
• BHEL disclose eight kinds of HR related particular out of thirteen particulars, where as SAIL discloses only five kind of particular for the study period.
• Infosys discloses maximum information regarding HR valuation i.e. eleven particulars where as ACC disclose only two kinds of information.

9. Suggestions

• ACC should provide more information regarding its HR and company should disclose HR valuation model used and discount rate applied.
• The governments should made mandatory to value and disclose HR related information in its annual report.
• To motivate companies for HRA, government should provide incentives like subsidy, tax exemption.
10. Review

This study is an attempt to evaluate HRA practices in selected public and private companies in India. The analysis highlights on performance, valuation model, discount rate and different disclosures in BHEL, SAIL, INFOSYS and ACC companies.

The researcher has suggested to disclose more information regarding its human resources and also to disclose valuation model and discount rate applied.

Study No. 8

1. Topic
Human Resource Accounting – A Historical Perspective and Future Implications (A Research Paper)

2. Researcher
Eric G. Flamholtz, Maria L. Bullen, Wei Hua

3. Publisher
Management Decision

4. Publication Year
October 2002

5. Objectives of the study
To provide an overview and history of human resource accounting (HRA) with the objective of promoting both continued academic research and organizational applications.
6. **Findings**

The development of HRA has passed through five stages.

- **1960-1966:** Derivation of basis HRA concepts from related bodies of theory.
- **1967-1970:** Basis academic research developing measurement models
- **1971-1977:** Rapid growth of interest in HRA.
- **1978-1980:** Period of declining interest in academia and corporations.
- **1981- present:** Renewed international interest in HRA theory and practice.

7. **Review**

The research paper highlights on the historical perspective and future implications of human resource accounting. This paper mainly focuses on five stages of development of HRA. The paper also informs about the fifth phase of the development of HRA that too many firms have begun to adopt HRA techniques. The last part of the research paper is concluding remark and future implications.

The paper also suggested to make a study on how HRA technology can be adopted and extended to the measure of various types of intellectual property.
Study No. 9

1. **Topic**
   Disclosure Pattern of Human Resource Accounting Information by Public Enterprises in India (A Research Paper)

2. **Researcher**
   Dr. Om Prakash

3. **Publisher**
   The Management Accountant

4. **Publication Year**
   September 2000

5. **Objectives of the study**
   - To assess various ways of presenting HRA information in the financial statement by the public enterprises.
   - To compare HRA methods and models which are used to arrive human resource value.
   - To analyze various measures of productivity and performance relating to human resource exercised by the public enterprises.

6. **Sample Design**
   The study is confined to the few selected public sector undertaking viz; BHEL, SAIL, CCI, MMTC, NTPC, OIL, EIL, ONGC & PEC to make meaningful analysis of HRA information

7. **Findings**
   1. Development of HRA in India: The first time, BHEL has introduced HRA practice in 1974-75. It is followed by CCI in 1979-80, PEC in 1980-81, ONGC in 1981-82, MMTC and

2. Methods and Models of HRA: Economic value model of Lev & Schwartz is most popular to calculate the value of human resource among the Indian corporate world. This model is used by BHEL, MMTC, EIL, OIL, ONGC, NTPC and PEC. While SAIL and CCI have been using this model with certain refinements as suggested by Eric G. Flamholtz and Jaggi and Lau.

3. Discount Rates: It is a discount rate on which the present value of future earnings of human resource is arrived. A risk free rate of return 12% is used by BHEL to arrive present value of future earnings of its employees. ONGC has been using 12.25 per cent as discount rate on which government of India advancing Loans to him. The rate of discount is used 10.25 per cent by Oil, 12 per cent by MMTC, EIL and NTPC. While, it is 14 per cent in SAIL and 15 per cent in CCI.

4. Category Wise Distribution of Human Resource and their Value: The classification of human resource and their value are reported by all the selected companies. BHEL, SAIL, CCI, MMTC, NTPC, OIL and ONGC have been reporting human resource and their value according to grade or trade. Only SAIL has been reporting its human resources on the basis of type and nature of jobs.

All the selected companies have been reporting the value of human resources according to category wise distribution of human resources.

5. Age wise Distribution of Human Resource and their Value: Out of selected companies BHEL, SAIL, CCI and OIL are
reporting human resources age wise. However, MMTC, NTPC, EIL, ONGC and PEC have not been reporting their human resources as per age group of employees.

6. Productivity and Performance Indicators of Human Resources: The productivity of an investment is measured in terms of rate of return of such investment. The rate of return is considered in respect of investments in physical assets only. HRA will be helpful to find the productivity of investment in human resources in any organization. The various ratios/indicators relating to productivity and performance of human resources are computed and reported by BHEL, MMTC, NTPC and OIL in their annual statements.

8. Review

The research paper focuses on the disclosure practices of human resource accounting of public enterprises in India. The study is confined to few selected public sector enterprises viz; BHEL, SAIL, CCI, MMTC, NTPC, OIL, EIL, ONGC & PEC.

The research paper evaluates methods and model of HRA, discount rates applied category wise distribution of human resources and their values by the public enterprises under the study.

On the basis of the study, researcher concludes that the ways of disclosure practice of HRA information is varied from company to company. None of the companies under the study is concerned to use HRA information in managerial decisions relating to human resources.
Study No. 10

1. **Topic**
   Human Resource Reporting – Practice and Problems in India
   (A Research Paper)

2. **Researcher**
   Dr. C. K. Sonara

3. **Publisher**
   The Management Accountant

4. **Publication Year**
   August 1999

5. **Objectives of the study**
   To deal with the mode of recording and reporting of accounting information relating to human resource in the books of accounts of financial statements of a firm.

6. **Period of the Study**
   Time period taken for the research study is six years initiating from 1990-91 to 1995-96.

7. **Findings**
   The author has focused on human resource reporting practices and problems in India. He found that very few companies in India particularly in the public sector are at present reporting human asset valuation. He has analyzed reporting in BHEL.
   1. BHEL has been valuing and reporting human resources for the past 20 years.
   2. The company adopts the Lev & Schwartz Model for the valuation of human resources taking into account the following assumptions of the model:
- Used pattern of employee's compensations which includes direct and indirect benefits and wage revision.
- Normal career growth as per the existing policies of employment.
- Weight age for change in efficiency due to age, experience and skills.
- Discount applicable at 12% p.a. on the future earnings.

8. **Review**

The research paper highlights in the human resource reporting practice and problems in India. The researcher found that very few public sectors had reported human asset valuation at present in India.

The researcher had also analyzed reporting in public sector giant BHEL.

At last researcher concludes that proper reporting of human resource in the financial statements of a company will give a fair and complete view of the accounting information, infuse confidence in the people working in the organization, boost their moral and help the management in fulfilling their social responsibility.

**Study No. 11**

1. **Topic**

2. **Researcher**
   Dr. R. S. Agrawal

3. **Publisher**
   The Management Accountant
4. **Publication Year**  
   October 1996

5. **Objectives of the study**  
   - To focus the need of disclosure of human resource information.
   - To enlist the items of human resource information this can be disclosed in the Annual Report.
   - To examine the reporting practice of HMT Ltd.

6. **Period of the Study**  
   Time period taken for the research study is four years initiating from 1986-87 to 1989-90.

7. **Findings**  
   HMT is disclosing the human resource information as supplementary information in their annual report. HMT is not valuing human resources by any method of valuation which exists in literature.
   
   The list of items, which are disclosed by the company as follows:
   
   - Disclosure of employee cost
   - Disclosure of productivity/ performance ratios
   - Disclosure of employee statistics
   - Other disclosures
8. **Review**

This case study focuses on disclosure of human resource information in HMT. The case study informs regarding the items disclosed in HMT. HMT is one of the best companies which are disclosing such type of unique presentation. However researcher concludes that, the application and usefulness of human resource information depends on the further efforts and experiments to be made by all concerns.

---

### Study No. 12

1. **Topic**

2. **Researcher**
   Debasish Sur

3. **Publisher**
   The Management Accountant

4. **Publication Year**
   October 1995

5. **Objectives of the study**
   - To furnish cost value information for making management decision and maintaining human resources in order to attain cost effective organizational objectives.
   - To allow management personnel to monitor effectively the use of human resources.
   - To provide a sound and effective basis for asset control
   - To aid in the development of management principles by classifying the financial consequences of various practices.
6. Period of the Study
Time period taken for the research study is six years initiating from 1987-88 to 1992-93.

7. Findings
NTPC Ltd. decided on measuring and communicating the value of human resources on an annual basis in the financial year 1986-87. In order to work out the value of human resources, Lev & Schwartz economic model has been employed.

- In the year 1987-88 the total numbers of executives were 5290 which ultimately increased to 6499 in the year 1992-93, although many executives have resigned under the voluntary retirement scheme. The total number of employees increased by 3835 in the year 1992-93 (the ultimate year of the period of study) over the figure of the year 1987-88 (the starting year of the study period). This is due to increase in the size of business/scale of operation of the company during the period of study.

- There was an upward trend in the value of human resources per employee over the period of study. The value of human resources increased by 2.33 times during the study period.

- The value added per employee stepped up from Rs. 2.98 lakhs in 1987-88 to Rs. 10.54 lakhs in 1992-93. The value added per employee increased by 254%. Due to frequent pay revisions, the value added per employee has an erratic trend.
The net worth per employee has shown a continuous upward trend during the period of study. It increased from Rs. 27.25 lakhs in 1987-88 to Rs. 58.55 lakhs in 1992-93. This rising trend speaks of the increasing dominance of reserve in the net worth.

The profit before tax per employee is also an indicator of the productivity of human resources. It shows that there was a significant improvement in the profit before tax per employee from Rs. 1.68 lakhs in 1987-88 to Rs. 4.07 lakhs in 1992-93. It indicates the increased productivity of human resources at NTPC Ltd.

The ratio of value added to human resources increased from 0.54 in 1987-88 to 0.83 in 1992-93. This shows the increase in the productivity of human resources of NTPC Ltd.

The ratio of human resources to total resources shows the level of investment in human resources vis-à-vis total resources. The ratio of NTPC shows that the value of human resources forms an average of 11.67% of the total resources. It reveals the importance of human resources in a capital intensive enterprise like NTPC.

Information relating to human resource has been reported by NTPC as supplementary information in its annual reports. The human resource information is not included in the financial statements of the company. This information is unaudited and has no significant value at all.
8. **Suggestions**

- The productivity linked incentive scheme should be introduced by NTPC for providing greater stimulus to employees of all categories.
- The human resources of the company should be treated like physical and financial assets and shown in the balance sheet of the enterprise.
- Initiation should be taken by professional bodies in respect of formulation of specific accounting standards and suitable valuation models on the measurement and reporting of value of human resources.

9. **Review**

This case study focuses on HRA in NTPC. This study is an attempt to evaluate the human resource value, value added per employee, profit after tax, ratios disclosed and model used for valuation of human resource at NTPC.

The researcher had strongly suggested taking initiative by the professional bodies in respect of formulation of specific accounting standards and suitable valuation model on the measurement and reporting of value of human resources.
Study No. 13

1. **Topic**
   Disclosure Practices of Public enterprises in India (A Research Paper)

2. **Researcher**
   N.M. Khandelwal & R.S. Agarwal

3. **Publisher**
   Indian Journal of Accounting

4. **Publication Year**
   December 1991

5. **Objective of the Study**
   - To evaluate the disclosure practices of the award winning public sector companies.
   - To evaluate the suitability of the criteria for determining the best presented annual accounts adopted by The Institute of Chartered Accountants of India ICAI Award Committee.
   - To develop methodology of evaluation of disclosure practices of public sector companies as against private sector companies.
   - To evaluate the impact of ICAI award on future disclosure practices of the awardees’ companies in the public sector.

6. **Period of the Study**
   The disclosure practices of 17 award-winning public sector companies have been evaluated for the year 1981-82 to 1988-89.

7. **Sample Design**
   A total of 20 public companies, representing about 10% of the total 231 such companies, which have won awards for the best presentation of annual accounts from ICAI during the
period of this study, form the sample. Of these, annual reports of only 17 companies could be obtained.

8. Findings
The major findings of this empirical study are as under:

- There is no significant difference in disclosure practices between the years. This indicates that the winning of an award could not motivate the awardee companies to further improve their disclosure practices.
- The disclosure practices of the awardee companies differ significantly.
- The repeatedly best disclosure companies as per this study could not win ICAI award repeatedly. This further confirms that the criteria for evaluating the disclosure practices of public sector companies adopted by the ICAI Award Committee calls for an urgent review.

9. Review
The research paper highlights on the disclosure practices of public enterprises in India. Among the public enterprises researcher had selected 17 award winning companies for the study.

The researcher had found significant difference between the qualities of disclosure practices of award winning companies. Highest disclosure index has been found in the case of CCI and lowest in the case of PEC.

The researcher had called for an urgent review for the criteria for evaluating the disclosure practices of public sector companies adopted by the ICAI Award Committee.
2.3 RESEARCH FINDINGS OF AUTHORS (INDIVIDUAL)

The study conducted so far, reveal the desirability of human resource accounting information for effective and efficient management of human resources.

1. Flamholtz & Pyle (1966) – Accumulation of historical cost relevant from accounting point of view. Amortization of cost not appropriate due to performance rating of individual subjective.

2. Paton, 1922; Scott, (1925) who recognized human resource as an asset and commented that “in a business well organized and loyal personnel may be a more important ‘asset’ than stock of merchandise”.

3. Jurkus (1979) felt that neither accounting nor behavioural science has progressed. So far that either researcher or manager may be able to obtain precise HRA data with which it is difficult to accurately describe, predict or control organizational effectiveness.

4. Rhode et. Al. (1976) are of the opinion that publicizing of human resource data could have disastrous effect on the attitudes of employees themselves based on how they perform in comparison to others. It is possible that a low rating in value front could be seen by someone as negative feedback and have an unfavourable impact on their self-esteem and desire to remain in the organization.
5. **Tomassini** made a study to assess the impact of human resource accounting on managerial decision preferences and established a relationship between HR accounting cost estimated and the related managerial preferences in a personnel lay-off decision.

6. **Schwann** studied the effects of human resource cost measures on the decisions of banker and found that the inclusion of HRA data resulted in improved managerial preparedness to meet future challenges and opportunities.

7. **Likert Bowers (1973)** He imagines an extreme situation for the firms management: “Suppose that tomorrow all the jobs are empty, but you still have available all the rest of the resources, buildings, factories, industrial plants, patents, stocks, money and so on; except, of course, for the personnel. How much time would it take you to recruit the necessary personnel, train it until they are able to assume all the existing functions at the present competitive level and integrate it in the organization in the same way they now are?

8. **Conner (1991)** Looking at different proposals the resource theory considers human resources in a more explicit way. This theory considers that the competitive position of a firm depends on its specific and not duplicated assets. The most specific (and not duplicated) asset that an enterprise has its personnel. It takes advantage of their interdependent knowledge. That would explain why some firms are more productive than others. With the same technology, a solid human resource team makes all the difference.
9. **Rao Prabhakar (1993)** Many non-accounting readers ask why the balance-sheet of a business does not show the value of its human assets (what the HR literature refers to as human resource accounting). The knowledge, skills and abilities of people are a key resource in satisfying markets through the provision of goods and services. But people are not owned by a business. They are recruited, trained and developed, then motivated to accomplish tasks for which they are appraised and rewarded. People may leave the organization for personal reasons or be made redundant when there is a business downturn. The value of people to the business is in the application of their knowledge, skills and abilities towards the provision of goods and services.

10. **M. K. Kulshreshtra & Sandeep Mittal (2006)** HRA is basically an information system that tells management what changes are occurring over time to the human resources of the business. HRA helps in examining expenditures on personnel. Companies can derive many benefits by going in for HRA. Not only can they measure the return on capital employed on total organizational assets but the resources can also be planned accordingly.
2.4 CONCLUSION

The researcher has taken four (4) research papers, two (2) case studies, five (5) books, one (1) thesis and one (1) dissertation for review of literature in support for the title of this thesis.

These studies are more useful as a support study because these studies have focused on human resource accounting practices by enterprises in India.

These studies also highlight basic problems of enterprises in India as, valuation models, discount rates applied, uniformity in disclosure practice, place of human resource value in balance sheet, statutory disclosure and items to be disclosed.

The range of objectives reported by the case study organizations in relation to human resource reporting indicate that an impact on decision-making within and outside the organizations is both sought and expected as improved information about human capital becomes available. Within the organization, the areas of human resource management and development are both expected to benefit substantially as the link between financial results and human resources become clearer. Outside the organization there is expected to be an impact on the decisions of investors, clients/customers and potential staff as a new image of the organization is projected. Even though reporting is currently at a very preliminary stage, some impacts are already reported. These impacts are identified as having produced positive outcomes.

These studies are useful to the management, shareholders, investors and even employees for decision making and policy making.
REFERENCES


