3.1 INTRODUCTION

In fact, research is an art of scientific investigation. For the scientific and systematic study of any research work, the methodology is very important.

In common parlance, research refers to a search of knowledge. It is original contribution to the existing stock of knowledge making for its advancement. It refers to the systematic method consisting of enunciating the problem, formulating a hypothesis, collecting the facts or data, analyzing the facts and reaching certain conclusions either in the form of solutions towards the concerned problem or in certain generalization for some theoretical formulation.

The study is mainly based on the secondary data’s and primary data also. The secondary data are extracted from the sources like annual reports, different books of management accounting, journals, previous research findings (thesis & dissertations), research papers, financial appraisal year books, finance software like capita line plus software and websites of selected public enterprises.

The study first of all identifies the public enterprises which practice the HRA in India in past and at present. It also examines the various aspects of HRA practices such as the models used and the variables reported by Indian public enterprises.

Therefore to collect the information about the public enterprises practicing HRA in India, a literature survey of almost 200 public enterprises was undertaken to identify the public enterprises practicing human resource accounting in India.
These exercise helped us to finally identify 23 public enterprises in India practicing and reporting HRA at present or before.

After identifying five public enterprises (ONGC, HPCL, CCI, and KRL & OIL) following the HRA at present, the study evaluated the quality of information published by these public enterprises under the head HRA.

For this purpose, certain common and more effective variables were identified after scanning published information. This set of information was collected from the published annual reports of the public enterprises, besides the extensive literature survey.

After identification of public enterprises practicing HRA in India, we have done in depth data analysis to understand the cause and relationship of variables used in HRA model adopted for valuation with the financial performance of the public enterprises in India.

For the data analysis five public enterprises ONGC, HPCL, CCI, KRL and OIL were selected. The data analysis covers a time period of eight years from 2001-02 to 2008-09.

To investigate the validity, objectivity and efficiency of the HRA models and approaches adopted by Indian public enterprises, the study is carried out by analyzing the behaviour of all the important variables indicating efficiency and profitability and also the components used for the valuation of human resources.
These variables are:

1. Total Number of Employees
2. Average Age of Employees
3. Education Index
4. Manpower Cost per Employee
5. Discount Rate
6. Human Resource Value per Employee
7. Turnover per Employee
8. Value Added per Employee
9. Return on HRV
10. Profit After Tax

The collected data/information is further scientifically classified, analyzed, interpreted and presented as per the requirements of the research work.

After data analysis, the qualitative analysis was done. The necessary suggestions have been made on the basis of the analysis.
3.2 NEED & PURPOSE OF SELECTION OF THE TOPIC

No research studies have been undertaken on human resource accounting practices in public enterprises in India.

The present research work is an attempt to highlight the new dimensions in the reporting of HRA information in public enterprises in India. The purpose of the study is to conclude and suggest measures for effective disclosure and inclusion of HRA information in financial statements of public enterprises in India.

My research study on ‘An Analytical Study of Human Resource Accounting Practices in Selected Public Enterprises in India’ will be useful to the following parties.

1. Management : For long term and short term decision making and evaluation of human resource value.

2. Government : For decision making and policy matters.


4. Investor : For making investment in company.

5. Customer : To know general business viability.

6. Creditors : To determine the credit worthiness of the company.


8. Labour Union : For claiming bonus and increment of wages.

9. Employee : Self evaluation and to know their value to the company.
3.3 OBJECTIVES OF THE STUDY

The basic objective of the present study is to analyze the past and present human resource accounting practices in selected public enterprises in India and discuss problems related to the disclosure and implementation of HRA practice in public enterprises in India.

However, the major objectives of this study are outlined as follows:

1. To study the theoretical aspects and development of human resource accounting.
2. To examine the prevailing HRA practices in selected public enterprises in India.
3. To discuss various models and approaches for the valuation of human resource.
4. To examine the main elements for proper valuation of human resources.
5. To compare human resource valuation methods followed by selected public enterprises in India.
6. To derive conclusions and suggest measures for improvement of HRA practices in selected public enterprises in India.

3.4 SCOPE OF THE STUDY

The present study is undertaken to study on ‘An Analytical Study of Human Resource Accounting Practices in Selected Public Enterprises in India’. For this purpose, HRA practices followed by selected public enterprises have been examined for the period from the financial year 2001-02 to 2008-09.
The researcher has identified various reporting practices of human resource accounting in its annual report. Reporting practices of selected public enterprises is explored. Five public enterprises following HRA practices at present were taken as sample and an attempt has been made to know recent trends in HRA disclosure practices in selected public enterprises in India. Comparative analysis has also been done.

Research work is quite useful for the government, investors, shareholders, employees, research student and to the public enterprises following HRA at present as well as to the enterprises willing to follow HRA practices in future

3.5 HYPOTHESES OF THE STUDY

The hypotheses of the study are as under.

1. There is no significant difference in mean value of different variables of HPCL & ONGC.
2. There is no significant difference in mean value of different variables of OIL & ONGC.
3. There is no significant difference in mean value of different variables of CCI & KRL.
4. There is no significant difference in mean value of different variables of HPCL & OIL.
5. There is no significant difference in human resource accounting reporting practices in public enterprises.
8. HRA may help in formulation of personnel policy.
9. In public enterprises HRA system is implemented in its true sense and spirit.

3.6 PERIOD OF THE STUDY

The period of the study is selected eight consecutive years which are from the financial year from 2001-02 to 2008-09. The study is mainly based on published annual reports of selected public enterprises in India.

3.7 SAMPLE DESIGN

To undertake the study of ‘An Analytical Study of Human Resource Accounting Practices in Selected Public Enterprises in India’, and to identify the public enterprises practising HRA valuation and reporting in India, two methods were followed.

Initially, in the first phase, a random survey of the annual reports of over 200 public enterprises was carried out. Out of these, the public enterprises which were following the HRA were short-listed for a further analysis. There was a possibility of some public enterprises practicing HRA not included in the random survey.

In the second phase, an extensive literature survey on Indian HRA practice was carried out. This exercise led to the identification of more public enterprises which were following the HRA valuation.
Finally, the researcher has selected five public enterprises following HRA practices at present.

The selected public enterprises are given below.

1. Oil & Natural Gas Corporation Ltd. (ONGC)
2. Hindustan Petroleum Corporation Ltd. (HPCL)
3. Cement Corporation of India Ltd. (CCI)
4. Kochi Refineries Ltd. (KRL)
5. Oil India Ltd. (OIL)

3.8 CHAPTERISATION SCHEME

This thesis has been divided into seven chapters which are given below.

1. Introduction
2. Review of Literature
3. Research Methodology
4. Profile of Selected Public Enterprises in India
5. An Analysis of HRA Practices in Selected Public Enterprises in India
6. Problems & Perspectives of HRA Practices in India
7. Findings & Suggestions

The first chapter deals with ‘Introduction’ which throws light on historical background of accounting, introduction of HRA, concept, definition, evolution, need, importance and development of HRA.

It also narrates the different models and approaches for the measurement of human resource valuation in detail.

The second chapter named ‘Review of Literature’ which discusses the available literature which is useful in this research
work. The selection of the topic for this study has been undertaken after brief review of literature.

The purpose of review dissertation and thesis is to derive supporting evidence for new findings of the study.

**The third chapter** entitled ‘Research Methodology’ focuses on the need and purpose of selection of the topic, objective of the study, scope of the study, hypothesis of the study, period of the study, sample design, chapterisation scheme, limitations of the study and further scope of the study.

**The fourth chapter** deals with the ‘Profile of Selected Public Enterprises in India’. This chapter provides broad understanding of the history, growth and development, vision and mission, glance and products of selected public enterprises.

Glance of the public enterprise highlights on important details of the public enterprise like year of incorporation, nature of industry, type of organization, size of organization, e-mail address, name of website, nature of activity, bankers, turnover, total expenses, PAT, PBT and EPS in the year 2008-09.

The chapter further discloses information regarding category wise distribution of selected public enterprises, HRA valuation and disclosure practices in India, H R valuation models used, discount rate, cataloguing of employees, ratios and variables reported by public enterprises under the study in India.

**The fifth chapter** ‘An Analysis of HRA Practices in Selected Public Enterprises in India’ presents the data analysis with a view to understand the process and issues underlying the disclosure practices followed by public enterprises in India. In
order to understand the different variables and their frequency of use, data analysis of five public enterprises – ONGC, HPCL, CCI, KRL and OIL have been presented.

It also deals with hypothesis testing, analysis and comparative study of selected public enterprises in India.

The sixth chapter named ‘Problems & Perspectives of HRA Practices in India’ discuss areas of the problems in valuing human resources, implementation of system and also suggests future perspectives of the study.

The seventh chapter is on ‘Findings & Suggestions’. This chapter is a concluding chapter, after analyzing data with appropriate tools and inferences, findings were incorporated in the above mentioned chapter. It also relates to major findings and few suggestions to improve HRA practices in public enterprises in India.

The above said chapters generally discuss about HRA practices in selected public enterprises in India during the period from 2001-02 to 2008-09.

3.9 LIMITATIONS OF THE STUDY

The present study is limited for a specified period of eight years from 2001-02 to 2008-09. The study is restricted to only five public enterprises and not all the public enterprises in India.

However, the findings of the study are applicable to the public enterprises in general in India.
The researcher is aware of following limitations.

1. This study is mainly based on secondary data from published annual reports, websites and literature. The limitations of secondary data influence the study.

2. This study is limited to central public enterprises only. We have not taken state public enterprises and private enterprises.

3. The study is also limited to five selected public enterprises in India.

4. Large number of human resource valuation models being practiced the world over. However, in India all public enterprises have accepted the Lev & Schwartz model for the valuation of human resources. Hence, all the analysis and findings in the present study refer to the Lev & Schwartz model only. The conclusion might be more fruitful, if inter model comparison was performed or conducted.

5. In the absence of systematic records of the HRA disclosure practices, it might be possible that some public sector enterprises may be left.

6. Due to wide gap in the reporting practices of public enterprises in India, limited comparative analysis is possible.

7. The research study is based on a fixed time span and does not cover a long time period.
3.10 FURTHER SCOPE OF THE STUDY

1. The study is based on five sample enterprises only. More samples could be taken for further study.
2. Other geographical area could be covered for the study for better research work.
3. Industry wise analysis could produce better results.
4. Long time period could be covered for the research study for better result.

3.11 CONCLUSION

The present study is based on limited field of research. This study covers overall aspect of human resource accounting practices in selected public enterprises in India.

The researcher has used various techniques for analysis. As financial statements show the financial performance and financial position of the company. The human resource value is not shown in balance-sheet of the public enterprises as it is not mandatory.

So, an attempt is made to study HRA, their valuation methods and disclosure practices of selected public enterprises in India.

The researcher has evaluated HRA practices and disclosure from the annual reports of selected public enterprises for the study period of eight years.
REFERENCES


