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The human resource is one of the most neglected aspects of accounting disclosures in India. The managements avoid to disclose the facts about human resources, whether they are pleasant or unpleasant facts. However, it is worthwhile to mention here that success of every organisation largely depends upon the effective and significant utilisation of men, machinery, materials and money. Buildings, plants, computers and other physical and financial resources are unproductive without human efforts and decisions. The results of application of physical and financial resources are reported in financial statements under conventional accounting practices.

Nevertheless, it is widely accepted that HR are the most important assets of the company. The chairmen of all the companies make their remarks at the Annual General Meetings such as “the HR are our most valuable assets and without their significant contribution, the present growth in production, turnover and operations would not have been attained,” “I wish to place on record my sincere gratitude for the hard work done by the employees of our company.” “I thankfully acknowledge the contribution of our employees etc”. Although these qualitative pronouncements reflect the significance of HR in an organisation,
yet they are neither valued annually nor incorporated in the financial statements of the companies.

It is against this background that the present study was undertaken to make an assessment of HRA practices in Indian companies. The entire work has been divided into six broad chapters so as to study almost all aspects of HRA in general and its applicability in Indian companies in particular.

Chapter I is an introduction of the whole research project. It reviews the various studies conducted in the field of human resource accounting. It has been brought out that no doubt research have been conducted on different aspects of HRA. A number of doctoral theses and research papers published by the scholars have also been surveyed.

The second chapter is a conceptual framework of human resource accounting. It deals with definitions, scope, problems and importance of HRA. It has been observed that HRA is the process of identifying and interpreting data about human resources and communicating this information to interested parties.

HRA is specially very significant in India because on the one hand human resources are in abundance while on the other hand there is a shortage of skilled and technically qualified people. In a technologically oriented society, human resources can not be ignored. HR is more important asset than any other tangible asset.
because without it other factors of production can not be utilised. Thus, this feature of the human asset places the human resource at a higher level than the non-human assets. Therefore, the investments on human resource has become an important factor in accounting systems. In fact, in the present accounting system, the investment on HR is considered as only revenue expenditure and not as capital expenditure. Hence, the amount invested on HR is not shown on the balance sheet along with other assets. This deficiency can be very well rectified through the concept of human resources accounting. By measuring the value of HR at different points of time, it can be revealed whether the management is building up HRs or depleting them. The importance generated through HRA can help the management in formulating policies and programmes for development of human resources. Such information can be used for making decisions in the areas such as manpower planning, appraisal of HRD programmes, identification of training needs, usefulness of cost reduction programme in view of their possible impact on human relations, studying the impact of budgetary control on motivation and morale of employees and facilitating allocation, conservation and reward of human resources.

Thus with the ever expanding dimensions and growing complexities of business activities, increasing governmental
monitoring in business affairs, pressing trade unions' demand for greater disclosure on human performance in business and emanation of scientific management with in the organisation necessitate the development of a system of accounting for the associated men who are indispensable resources to an organisation. For the last few decades, the accounting scenario across the world has been much concerned with the valuation of human resources and reporting the same in the Annual Accounting Statements. The academicians and practitioners in the accounting world are deeply engrossed in the HRA issues and have shown an increasing interest in the application of the models, developed so far. Although the techniques of measuring HR and developments on these issues are still in their initial stage, they have created a widespread appeal.

Therefore, the third chapter of this study highlights the various approaches to the HR valuation. A number of valuation models developed over the last three decades and more have been discussed at length. These Models may be broadly divided into two categories: (i) monetary and (ii) non-monetary. Concepts and techniques have been developed to measure the value in non-monetary terms and such measures are recognised to have significant uses in decision-making which do not require monetary measures like, lay-off decisions. Non-monetary measures may also
be used as surrogates for monetary measures. Flamhotz has suggested how non-monetary measures can be arrived at on the basis of the measure of variables that determine an individual's value. According to him, the expected realisable value of an individual can be measured by applying personnel evaluation methods like ranking. When people are ranked by their superiors, peers, subordinates, or an independent expert, it would provide an ordinal measure of people according to the evaluators' subjective assessment of the expected realizable utility. A measure of their economic value should then be possible in terms of their net contribution to the organisation, i.e. their gross value less the compensation and other costs associated with their utilisation. For this purpose, it is also necessary to take into account the probability of the individual maintaining his membership of the organisation for a specified period of time. It is suggested that acturial probabilities can be derived from the firm's past history, and subjective probabilities can be derived from managerial judgment.

A measurement model suggested by Taylor and Bowers, based on an earlier model of Likert and Bowers, provides an approach to the determination of group value in non-monetary terms. It is designed to measure the 'organisational climate' or the state of 'human organisation', which refers to the perception of
the members of an organisation about the social and psychological reality in the organisation. For the determination of group value, a set of variables are selected for measurement including leadership processes, the character of motivational forces, communication processes, decision making processes and control processes. Taylor and Bowers constructed composite indices for various dimensions of organisational climate which might be taken to reflect a measure of the value of human organisation. Flamholtz as well as Taylor and Bower tested the validity of their respective models but conceded that the tests of validity should not be taken as conclusive.

Akin to the Taylor and Bowers models is another valuation model suggested by Scott Myers and Vincent Flowers. The model is based on the premise that the value of an employee to his firm rests on his attitude towards the job assigned, his superior, peers, working conditions, and the organisation as a whole. The performance of an employee that represents his value are contended to be a function of five variables; his knowledge, skill, health, availability and attitude, with the attitude variable having the greatest impact on the end-result of other for variables, i.e. performance. Thus, measurement of an individual's value is taken to be based on his attitude score. The model attempts to derive a monetary measure of the value by multiplying the attitude score by
the annual salary of the individual concerned. The difference between this value and the employee’s annual earnings is taken to be the gain or loss of the firm by retaining the employee. The subjectivity involved in this model with regard to the measurement of attitude score is obvious. Any miscalculation in the attitude score could significantly affect the outcome and a wide dispersion in the value of an individual employee.

Approaches to monetary measures of human resource value have so far centered round two basic perspectives, viz., cost and economic value. However, the measurement models based on cost and economic value are not mutually exclusive, though the differentiation is convenient for analytical purposes.

The earliest model based on historical costs of acquisition was developed for R.G. Barry Company by Brummet, Pyle, Flamholtz and Likert at the Institute of Social Research, Michigan University. The essential feature of the Acquisition Cost Model lies in accumulating the amount invested in human resources and amortizing the amount over the expected useful life of the human asset involved. This model is considered to be useful for both internal and external users of accounting data. It is contended that the model is based on objective information, that it facilitates comparison of levels of human resource investment on a basis consistent with accounting treatment of other assets. And that
there is a fair matching of benefit exhaustion with expense in particular time period. However, this model ignores the aggregate costs of the employees' potential services. It does not also recognize changes in the human asset value.

As an alternative to, and sometimes in addition to, the historical cost basis of valuation, the use of replacement cost as basis of valuation has been suggested by some researchers. Flamholtz, for instance, has suggested a measurement model which involves valuation based on the cost to replace a firm's existing human resources. He has referred to two different concepts of replacement cost; 'individual replacement cost' and 'positional replacement cost'. This model is considered to be useful in different phases of the manpower planning and control processes. But the applicability of the replacement cost concept may be doubtful, as individuals, especially higher level managers in an organisation, are unique in their talents and capabilities, and the replacement cost of such individuals may be difficult to measure. Analogous to the problem of replacement cost estimation of physical assets, there are a number of problems, more serious in nature, in undertaking the valuation of human assets on the basis of replacement cost.

The limitations of the replacement cost model are sought to be overcome by adopting the opportunity cost as a basis of
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valuation. This approach, suggested by Hekimain and Jones, involves a competitive bidding process whereby the managers of investment centres may be expected to indicate the value of scarce employees. The bidding system, is advocated on the ground that it allows for optimal allocation of personnel and a quantitative basis for planning, evaluating, and developing human assets. Obviously, this model takes care of the valuation of only one category of employees. Those hired from outside are not included for valuation purposes.

A more widely used measurement model is that developed by Lev and Schwartz. This model is based on the hypothesis that, under the normal circumstances, future salaries may be used as a surrogate for the value of HR in view of the close correlation between an employee’s compensation and his value to the firm. The value of human capital embodied in a person of a particular age is taken in the model to be the present value of his future earnings in employment. It involves:

a) Classification of employees into homogeneous groups according to age, level of skill, type of service and assignment;

b) Estimation of annual earnings for each group of employees; and
c) Calculation of the present value of the earnings of each group using an appropriate discount rate.

It is claimed that the measurement of human capital, thus made, would be more objective if estimates of an employee's service life are made on the basis of mortality table and census data. The model should also be useful in determining the ratio of human to non-human capital in the firm, and provide information about changes in the structure and age of the labour force. But it is implicitly assumed that employees will continue in employment until they retire, an assumption that is not generally valid. It may, thus, be argued that the value determined represents merely the value of employees to themselves and to the economy as a whole, rather than to the firm employing them. From the firm's viewpoint, the value is indicative of the present value of the future costs of employing people rather than the present value of future contributions of employees to the firm. Besides, the outcome of the valuation may be significantly affected if the discount rate selected is not appropriate.

Two other valuation models, which take into account the mobility of employees, are those developed by Flamholtz and by Jaggi and Lau. The former is referred to as the “Stochastic Process with Service Rewards” model. It is based on the assumption that employees are subject to a process to movement through time
among different service stages in the organisation. The value of employees, it is suggested, can be determined on the basis of expected services in each service stage that they may occupy during their stay with the firm. It is possible to introduce the theory of probability to determine the expected stay of employees.

However, the valuation is proposed on an individual basis and the process of determining probabilities is likely to be time-consuming as well as expensive. The model developed by Jaggi and Lau may be regarded as an improvement over that of Flamholtz. It involves the use of group concept and Markov Chain Technique. The model takes into account the duration of employment as well as promotion path of employee for homogeneous groups of employees. Although researchers have applied this model in some cases and found it practicable, its application may be difficult by users in view of the complexity of the technique of stochastic simulation. Morse has suggested an alternative approach highlighting a possible difference in assumptions about the point in time at which the economic value of the employees may be determined. This approach requires less of computations, but with computerized procedures, that should not be regarded as a constraint.

Besides, foreign authors some Indian eminent scholars like S.K. Chakrobarty, Das Gupta, S.M. Shukla and Sunil Maheshwari,
Kolay have also given their models of valuation of HR. But it has been observed that there is not even a single model which fulfils all the requirements of a model which could help in the process of HRD. Certain models fail to recognise the factors determining the value of HR whereas others have computational complexities.

With respect to the HRA practices in PSEs in India the Government of India took the initiative way back in 1968 by issuing the guidelines for incorporating the required information in the Annual Reports of the Public Sector Enterprises. The relevant guidelines relating to human resources are reproduced below:

- Employee – employer relations, strikes, lockouts, incentive schemes, training, etc.
- Staff welfare activities township, education, health facilities.

The above information can be called as part of HR information. Many public sector enterprises are disclosing this information as part of the Annual Report. Some of the companies have also ventured to value the human resources which they disclose in their Annual Reports. Such organisations were identified after scanning their Annual Reports from the year 1985-86 onwards. The computation of values of human resources in these companies is based on (a) Lev and Schwartz Model and Eric G. Flamholtz, Jaggi and Lau with suitable modifications required
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to suit the specific conditions of each organisation. It may be specifically mentioned here that all public sector organisations which evaluate HR do so on the basis of discounted future earnings of present employees and none has used the cost approaches.

It is important to note here, on the basis of survey of public sector enterprises, that several enterprises felt the importance of valuing human resources but many of the PSEs discontinued the practice after adopting it for a year or so. Hence it would not be proper to assume that all the public sector enterprises which started HR valuation are continuously valuing their human resources. It will also be relevant here to mention that valuation of HR in public sector in India is limited to a few selected enterprises only. Many of them discontinued the practice which does not really present encouraging scenario for HRA practices in India.

Even out of five top ranking public sector enterprises namely, BHEL, MMTC, SAIL, ONGC, and NTPC chosen as sample companies for assessment of HRA practices in India, all are not continuing the practices of HR valuation. It is surprising to note that the first three companies have discontinued the practice of HR valuation. Now only ONGC and NTPC evaluate their
employees using Lev and Schwartz model of HR valuation and also report the same in their financial statements.

For making a comparative analysis, two companies from Indian corporate sector were selected for studying the application of HRA practices. It has been observed from the survey and study of financial statements of these companies that both the companies, namely, Infosys Technologies Ltd. and Satyam Computers Services Ltd. have not only been regularly evaluating their human assets but also reporting their values in financial statements. There has been significant increase in the number of employees and in their values as well.

In order to get rid of overstaffing, the government has offered Voluntary Retirement Scheme for public sector employees. Consequently, the number of employees has decreased in almost all public sectors companies. The sample units are not an exception. This is undoubtedly in the interest of public sector enterprises as one of the reasons for poor performance of public sector companies has been over staffing due to political reasons. The rationalisation, thus, will help to present a better picture and image of public sector companies in India.

The main findings of the study, emerging from the foregoing analysis of HRA practices in Indian companies, clearly indicate that human resource accounting has not been introduced
so far as a system in India. The Indian Companies Act, 1956 does not require furnishing of any significant information about human resource in financial statements of companies except disclosure of statistical information regarding employees of the companies in their Annual Reports, under section 217 (2A) of the Indian Companies Act 1956 regarding the particulars of those employees drawing Rs. 12,00,000 per annum or above. These particulars include names of the employees, designation and nature of duties, gross and net remuneration received, qualifications, age of the employee, experience, date of commencement of employment and particulars of last employment held by the employee. As far as HRA is concerned the disclosure of particulars of employees by companies in fulfilment of statutory requirement of section 217 (2A) is not sufficient to draw any conclusion. Moreover, the Institute of Chartered Accountants of India (ICAI) has issued so far 29 accounting standards on different technical aspects of accounting but it has not been able to bring any definitive accounting standard for measurement and reporting of cost and value of HR of an organisation. The existing accounting standards, however, fully support the adoption of HRA for the purpose of meeting their own requirements in true sense. The result of non-disclosure of human resources cost and value information in financial statements of business enterprises, has been that
financial statements do not reveal any quantitative information on human resources side and the statement of affairs is improperly reported to different authorities.

The dichotomy in accounting between human and non-human capital is rather fundamental in that while latter is recognised as an asset and recorded as such in the financial statements, the former is totally ignored. With the accelerated growth in science and technology the value of human capital is gradually increasing and hence it is essential for a company to reflect the investment in human resources.

Recently, the idea of HRA attracted the minds of many scholars viz., Hermanson, Hekiman Jones, Likert, Flamholtz, Brument & others. These scholars are of the view that all the assets of the company including the human asset must be properly treated, analysed and reported by an accounting system in view of the long-term interest of the organisation. Hence the need for Human Resource Accounting.

HRA is necessary to disclose what is happening to the energy of human beings and what is their value for management, and to find out the productivity of investment on human beings in organisation. It is the scaling tool that generates and reports quantitative control information about the contribution of HR for promoting industrial productivity.
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The application and usefulness of HR measurement depends on the future efforts and experiments to be made by practicing managers, accountants and academicians. The application of HRA also needs support from the professional bodies and Government.

In the absence of HRA the management may not realise the negative effects of certain programmes aimed at improving profits in the short-run. Such programmes may result in decreased value of human assets due to fall in the productivity levels, high labour turnover, low morale, etc.

The success of an organisation largely depends on the quality of workforce at all levels. The success stories of BHEL, ITC, Hindustan Lever, Larsen & Turbo, Infosys Technologies Ltd., Satyam Computer Services Ltd. and several other enterprises are mainly due to the emphasis on human resource development.

It is noted, after going through present literature and practices of human resources information, that there is no uniformity in professional areas as to which information must be provided in financial statements. There is also a wide gap in the disclosure of human resource information in the financial statements of different companies.

In addition to the aforementioned general findings there are some specific findings of this study with regard to HRA practices of all sample companies. These particular findings are as follows:
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Of the five public sector enterprises surveyed, BHEL and SAIL disclosed maximum information regarding human resource when compared to ONGC, NTPC and MMTC. The pattern followed by NTPC, ONGC and MMTC in disclosing their HR information is, however, different from BHEL and SAIL. Information in respect of the following was disclosed by all the five sample companies:

1. Personnel payments which include wages and salaries, fringe benefits, incentives, retirement benefits workmen compensation, employer contribution towards Provident Fund;

2. Medical expenditure, which includes the amounts spent on maintenance of the health centres, panel doctors, medical allowances, maternity benefits and family planning benefits to employees;

3. Welfare expenditure which includes the maintenance of toilets, washing and bathing facilities, crèches and child welfare, rest rooms, canteens, recreational, transport, housing and educational facilities; and

4. a passing reference to the state of industrial relations.

The Information in respect of the following items was not disclosed by all the five sample companies:
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1. Profile of employee which includes categorisation of employees on the basis of status, age, sex, income experience and SC/ST;

2. Human resource acquisition costs which include identification of vacancy position, advertisement, inviting applications, selection, recruitment, placement and familiarization costs;

3. Levels and extent of participation of employees in the planning and control process;

4. Attitude of employees towards management and regulatory measures; and

5. Management audit and analysis of impact of human resource accounting disclosure on profit.

Further analysis of the items of human resource disclosure by the enterprises is given below:

The BHEL, SAIL and MMTC evaluated their human resources on the basis of the Lev and Schwartz model. BHEL provided detailed HR information in its Annual Reports till the year 1992-93 only and from 1993-94 onwards the valuation of HR has been discontinued. Now, only brief HR information and human cost summary is published in annual reports of BHEL. SAIL also sailed in the same boat after 1993-94, and like BHEL, it is also reporting limited information of HR and has stopped
valuation of HR in financial statements. The MMTC has also joined the race with effect from 1998-99. Even the categorisation of employees has been condensed ever since these companies discontinued the HR valuation. Presently, only two sample public sector companies out of a total of 5 surveyed for the study, are not only evaluating their HR but also furnishing this information in financial statements. On personal query, it was the plea of the enterprises which have discontinued the HRA practice that now only relevant disclosure is made in financial statement. Excessive human disclosure is not binding on us under any accounting standard. Apart from this publication of detailed HR information makes our Annual Reports bulky was the instant answer of respondents. It will also not be wrong to say that now the wave of liberalisation, privatisation and globalisation is going to bury Indian Public Enterprises. When these enterprises are gradually losing their own existence, what to talk of their human resources. It is evident from the fact that not only number of the employees in all public sector companies has declined but also there is regular take over of one or the other public sector company by the private sector enterprises.

On the contrary, private sector in India has become an emerging sector in regards to disclosure of adequate information regarding human resources. Due to ever expanding development of
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private sector in India, the number of employees is increasing in it. It is evident from the survey of two private companies namely ITL and Satyam that not only the number of employees has been increasing continuously in these two companies but also their value is also multiplying each year. Moreover, both the sample companies have been disclosing maximum information when compared to public sector companies. In general, traditional accountants have paid greater attention to money, material and other physical resources in enterprise accounting as compared to human resources. Whatever is spent on acquisition, training and development, maintaining, placement, transfer, replacement etc. of human resources by a firm has been generally treated as revenue expense by the accountants. No part of the cost of human resource is generally capitalized and shown on a Balance Sheet as an Asset.

The accountants have always been very conservative in their approach towards treatment of human resources. However, it is not wholly true to say that they have completely failed to recognise the value of human resource. The study reveals the need for modifications and improvements in the present system of HRA. Some of the useful suggestions are listed below:

Firstly, greater awareness should be developed in reporting of human resource information. Appropriate methods must be
evolved for reporting human resource information to make organisation socially responsible and accountable.

It is difficult task to enlist exhaustively the suitable items of human resource through available literature, annual reports, journals etc. However, there is need for a suitable list of items which can cater to the need of most of the users. Whatever has transferred from the present study is that the following information regarding HR should be reported by an organisation in its annual reports:

(i) Disclosure of valuation of human resources.

(ii) Disclosure of employees cost such as information of salary with break-ups; employees cost for different segment; manpower development cost and production hours lost.

(iii) Disclosure of Productivity/Performance Ratio's such as, production per employee (in terms of Quantity); value-added per employee; employee costs to output value; value-added to Human Resources; profit-before tax to Human Resources; turnover to Human Resources; value of human assets to fixed assets (at current cost); human resources to total resources; Value of Human Resources per Employee; capital investment per employee; average age per employee; turnover per employee; profit before tax per employee; output value per employee and utilization ratio.
(iv) Disclosure of Employees Statistics: Employees’ Classifications: Based on Type of work; Qualifications and Grade Trade. Apart from this age-wise distribution; Geographical Distribution; segment-wise Distribution; and information of employees of weaker section, SC/ST and others.

Other disclosures may include average monthly earning per employee, average cost of fringe benefits per employee; capital investment on social benefits per employee; social overhead per employee; contribution to exchequer per employee; awards to employees; ratio of minimum to maximum earning; regular communication with employees; industrial relations and highlight on labour welfare programmes.

Though, the aforementioned information regarding HRs must be published in annual financial statements but even the companies evaluating HR do not report HR information on the above pattern. There is no doubt that HR information has vast potential in the modern era. It is useful in manufacturing concerns, where human resources play a major role. HR information may be useful for the management in particular and for the investors in general. It should be the duty of an organisation to disclose human resource information in proper perspective.
Secondly, the accountants should assetise the following historical costs and amortise these on the basis of expected service period based on ‘group’ probabilities of staying with the firm:

Cost of recruitment, advertisement, consultancy, interview cost, etc.; cost of familiarization, employee’s salary and benefits during acquaintance period, relocation expenses, staff over-time for getting ready for the new incumbent, nursing costs, etc.; setting in period cost ‘new ideas’ trial and experimentation costs, on the job learning costs. Development costs, internal as well as external training and/or refresher course costs. The information should be utilised whenever a placement, transfer, promotion, demotion, retrenchment or acceptance of resignation decision is to be taken. Similar costs of the replacement should also be computed for the purpose of the last two decisions. Such information related to individual employees may be maintained on service record cards. This will obviate the need for opening ledger account for every individual employee.

The unamortised balance of HR costs will appear on the balance sheet just like Deferred Revenue Expenses or alternatively as Prepaid Expenses. The amount written off annually should be included under the heading ‘Wages and Salaries’ or ‘Establishment Expenses’, and should be disclosed separately.
Thirdly, the accountants should seriously reconsider the existing treatment of goodwill. Valuation of goodwill should not be based on net profit only. The factors affecting goodwill should be separately identified, suitably grouped and valuation of each factor group should be separately made. The grouping may be as Internal Human Resources; External Human Resources; Customers and others, factors like special license, trade mark, strategic locational advantage, etc. Valuation of internal human resources should be based on periodical morale surveys, exit interviews and other similar techniques. The employee turnover, friction, awards and punishments should be properly recorded and analysed. Rates computed for such data should also be utilised while evaluating internal human resources. External human resources should also be evaluated on the basis of periodical opinion surveys. The data regarding customer and shareholder grievances should be maintained. The rates of shareholder and customer turnover should also be computed, wherever feasible. The public image of the enterprise should be evaluated through sample surveys.

The indicators of the trends in external and internal human resource value should be carefully analysed. The traditional valuation of goodwill based on average profits or super profits should be carefully adjusted in the light of the facts, revealed by the evaluation of internal and external human resources. The occasion for valuation of goodwill should not arise only when ownership is to be changed or re-organisation is to take place. In
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fact, it should be a regular exercise. The internal as well as external accounting reports should contain separate information regarding changes in that part of goodwill which represents internal human resources and that part which represents external human resources. In order to complete the dual aspects of a transaction, the changes in the value of goodwill should be debited or credited to a separate capital account appearing on the liabilities side of the balance sheet. This account may be entitled as 'Human Capital Account'. The existing capital account may be renamed as 'Money or Financial Capital Account'.

Fourthly, as there is not even a single model which fulfils all the requirements of a model which could help in the process of HRD. There is an urgent need for great deal of research with regard to evolving a system of accounting for human resource which could be of considerable help in the process of human resource development. Whatever, researches in the field of HRA have been done throughout the world are still in their initial stages. Further researches in the field of macro perspective of human resource accounting, formulation of human resource performance standards in the light of corporate goals: the development of usable systems and procedures of human resource accounting; the adaptation of human asset accounting to the administration of productivity programmes and incentive systems are needed.
Fifthly, as the HRA helps in making goal oriented managerial and investment decisions, the Institute of Chartered Accountants of India should make human resource valuation in the annual reports mandatory by issuing an Accounting Standard or alternatively Section 217(2A) of Indian Companies Act, 1956 should be amended to make it compulsory on the part of all companies having a particular amount of share capital to evaluate their human assets and report the same in their Annual Reports.

Sixthly, human resource should be regarded as an inseparable part of the accounting system. They should be treated as assets like other financial and physical assets. It will be possible only when companies not only value them but also incorporate that in the financial statement at least in the form of supplementary statement.

Seventhly, efforts should be made to evaluate the human resources on the basis of their ‘net contribution’ to the profit and loss account of the company. This can be done by way of estimation of net contribution from one year to other after making adjustment for all such types of factors like price fluctuations during evaluation period and policies of the government etc.

Finally, it is suggested that mansagements in general and accountants in particular should pay adequate attention towards the strengthening of the human resource reporting system with a view to catering to the information requirement of a cross-section
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of the society in the light of the fast changing socio-economic and legal environments.

In fine, HRA is emerging as a new concept being developed to assess the value of HR involved in production and service of an organisation. The non-disclosure of HR information will have a negative impact on the decisions of several parties to the enterprise including the investors. Undoubtedly, in the absence of any legal enforcement there is no compulsion or motivating force behind the adoption of HRA practices in Indian companies except image building and fascination towards the latest accounting system. It is sincerely hoped that in the years to come this aspect would be reflected in the financial statements of all the organisations and its relevance and scope would be recognised by all concerned.