CHAPTER VIII

FINDINGS, SUGGESTIONS
AND CONCLUSION
From the inferences of the statistical results, many findings have been emerged out. This chapter summarizes the findings and further, suggestions and conclusions are given in this chapter, based on the empirical findings, it is hoped undoubtedly the present research would offer a scope for future researches and inculcate interest among research scholars.

8.1 FINDINGS

8.1.1 DESCRIPTIVE STATISTICS

8.1.1.1 Nature and Characteristics of Human Resource Accounting

1. It is observed from the analysis that “HR as major assets” ranks first, since all the sample respondents have the opinion that human resources are the major assets of Indian companies and is considered as the most valuable and trust worthy resource with the higher mean value of 4.49 and standard deviation of 0.73.

2. “HRA is needed” ranks second with mean value of 4.43 and standard deviation of 0.92, it implies that Indian companies treat human resources as essential requirements and hence their values should be accounted in the Annual reports of a company.

3. From the findings related to nature and characteristics of HRA, “HRA is tedious and time consuming” ranks thirty with mean value of 3.30 and standard deviation of 1.14, as all the respondents think that HRA is very much needed for the company to merit Human resources.

4. As far as the factor “HRA method is costly” ranks twenty nine with mean value of 3.46 and standard deviation of 1.07, which indicates that respondents have
the opinion that comparing to the benefits of HRA the costly factor is neglected or it is not considered.

8.1.1.2 Human Resource Accounting- The ability of users to make wise decisions

1. It is observed from the analysis that “Performance of personnel” holds the first rank with the higher mean value of 4.133 and standard deviation of 3.411, based on the performance of the employees only the real value of the human asset will be calculated and hence the decisions related to “Performance of personnel” is indispensable for the Indian companies.

2. “Budgeting, allocating and maintenance” of human resources ranks second with mean value of 4.010 and standard deviation of 0.890. “Budgeting, allocating and maintenance” are few of the biggest expenses of the firm. It can be easily sorted out using human resource accounting. So the decision regarding these three factors can be easily taken with HRA.

3. From the opinion of the sample respondent related to users of human resource accounting to make wise decisions, “HRA information higher, shareholders higher” ranks sixteen with mean value of 3.520 and standard deviation of 1.033, since HRA is in the infant stage, the respondents may not clearly give their idea about shareholders and hence it holds the last rank.

4. The factor “Internal decisions only” is considered, it ranks fifteenth with mean value of 3.530 and standard deviation of 1.023, which indicate that respondents opine that HRA is useful for both internal and external decisions, they do not give support only to the factor “Internal decisions only”.
8.1.1.3 Perception of Management and Employees

1. On analyzing the perception of Management and Employees it is revealed that “Employees are the real assets” ranks first with the higher mean value of 4.300 and standard deviation of 0.820, both the management and the employees have the opinion that they are the real assets of the company and the value of these assets should be appreciated and recognized in the balance sheet.

2. The management and the employees have the perception that the “Training and development need is highlighted through HRA” which is implied in the ranking i.e. this factor ranks second with mean value of 4.027 and standard deviation of 0.865. The training and development of human resources acts as an important human asset input to the company in the long run also.

3. From the opinion of the sample respondent “HRA acts contrary to GAAP” ranks twenty fourth with mean value of 2.807 and standard deviation of 0.879, since no statutory body has not given any clear rules about HRA, the respondents think that HRA is needed for the company and they possess opinion that “HRA acts contrary to GAAP” and it ranks last.

4. As far as the factor “HRA helps to top level management only” is considered, it ranks twenty third with mean value of 3.437 and standard deviation of 1.182, which implies that respondents have opinion that HRA is useful for all the level of employees not only to the top level management.
8.1.2 INDEPENDENT ‘t’ TEST, CORRELATION, ANOVA, REGRESSION ANALYSIS

8.1.2.1 Nature and characteristics of Human Resource Accounting

Finally, the following factors are highly significant, related to nature and characteristics of Human Resource Accounting with socio economic variables in Indian Companies:

- Voluntary Human Resource Accounting
- Human Resource as major assets
- Profitability increases

8.1.2.2 Users of human resource accounting to make wise decisions

The study finds that the following three factors are highly significant in relation with HRA- Ability of users to make wise decisions with socio economic factors:

- Adequacy of employees
- Recruitment, Planning and control
- Managerial decisions

8.1.2.3 Perception of Management and Employees

From the analysis it is observed that the following factors have high significant value related to the perception of management and employees on HRA with socio economic factors:

- Accounting standard should be set
- HRA acts contrary to GAAP
- Employees are real assets
- Active participation of employees
8.1.2.4 Contribution of Human Resource Accounting on Financial statements of Indian Companies

From the result it is perceived that there exists a strong positive relationship between HRA and financial statement of Indian Companies from both Public and Private Companies with 74% of association. It implies that accounting for human resources can improve the financial position of both Public and Private companies in India.

8.1.2.5 Profitability of the company with Human Resource accounting disclosures

The study finds that there is a highly strong and positive relationship between the profitability of the company and HRAD. It indicates that the company will get high return on investment if the company discloses more HRA information. The result shows the strong relationship between ROI and ROA with HRAD when compared with ROE. It implies the profitability of the company increases due to HRAD.

8.2 SUGGESTIONS

✓ The study proposed that, there should be regulation in accounting standards related to human resource accounting in India; this will make every company to follow the same method for evaluating the value of human resource.

✓ From the present study it is evident that the profitability of the company increases due to HRA and thus it is recommended that accounting authorities to formulate policies related to HRA and it should regulate that, HRA is mandatory for all the Indian companies.
To improve the contribution of financial statement of Indian companies, the cost of human resource should be reported as income rather than expenses.

Through the suggested model, the study recommends that, for the calculation of human resource value the performance index should be calculated for an individual employee so as to reflect the true value of human resource in the Indian Companies.

The study suggests to conduct Awareness programs, Training, Seminar, Workshops and Conference for all level of employees on HRA, will make them to understand about their own worth and merit.

Tax exemption should be given by the government to the companies which follow human resource accounting. It will improve the usage and also create interest for the voluntary attachment of human resource accounting.

8.3 CONCLUSION

The researcher has analysed and examined the nature and characteristics of human resource accounting, the users of human resource accounting to make wise decisions, perception of management and employees, contribution of Human Resource Accounting on the financial statement of Indian companies and finally the profitability of the company with human resource accounting disclosures in India. The primary data have been collected with help of a questionnaire and the secondary data comprises of ten years data from 2004 to 2014.

The study unravels that human resource accounting is very much useful for the Indian companies and all the respondents’ have shown keen interest in voluntary attachment of human resource accounting in their Annual report; it is found from the
following analysis such as descriptive statistics, independent ‘t’ test, correlation, ANOVA.

On determining the contribution of human resource accounting on financial statements of Indian companies using Mantel test it is found that accounting for human resources can improve the financial position of both Public and Private companies in India. On further analyzing the Profitability with HRA by following regression analysis it is vivid that there is strong and positive relationship exists between Profitability of the company and HRAD.

Finally, with the results it is important to highlight that there is a need to implement HRA in each and every company in India. In order to enable the profitability of the concern, “Accounting standard should be set” and “HRA should become mandatory” for all Indian companies. Thus the present study empirically proves that the Human Resource Accounting plays a significant role in Indian companies.

### 8.4 SCOPE FOR FURTHER RESEARCH

- The present study has examined the opinion, impact of human resource accounting in the selected 30 companies from BSE; the extension of this research work can be made to analyse with more number of companies which follows human resource accounting selected from other exchanges.

- Similarly 20 human resource disclosure variables have been taken for the study; it could have been increased to more number of variables.
- The study has taken only the companies which follow Human Resource Accounting, it could be extended as a comparative study between the companies which follow HRA and do not follow HRA.
- Besides the above, an extensive research with greater number of respondents through questionnaire survey will help to know more facts related to HRA.