

Human Resources Accounting and Public Sector Scenario

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Abstract—Human resource accounting methods in India's public sector organizations are the focus of this research. Data collection, compilation, presentation, analysis, and interpretation concerns for the Value of human asset, financial performance, management decision making, and business performance are all addressed in this study. Within the context of profitability, investment, costs, benefits, and management decision making, this research analyzes the current state of human resource accounting procedures with regards to employee cost, human resource value, and the performance of human resources. Human resources are any combination of human efforts, abilities, talents, and knowledge that may be channeled into the creation of products or the provision of services; without human resources, no other resource can function to its full potential. People are a company's most valuable resource, yet their worth is not reflected in the books. Internal accounting and reporting for management purposes has not even considered this data. Human Resource Accounting (HRA) is the practice of include data on employees in the company's financial reports. Human Resource Accounting (HRA) refers to the process of quantifying and measuring human resources like knowledge, skills, competence, motivation, and appreciation of the organizational culture, all of which are essential to the success of the organization.

Human resource accounting techniques in Indian public sector organizations is the focus of the current research project. To that end, we have analyzed the HRA procedures of a few publicly-traded companies from 2006-07 through 2015-16. The study's findings point to a wide range of human resources reporting strategies in annual reports. The methods used by various government agencies in their reporting are examined. This study looks at the trends in HRA disclosure procedures at nine publicly traded companies in India. These companies all use HRA methods. The public sector, investors, shareholders, workers, research students, and businesses already or potentially interested in adopting HRA practices would all benefit greatly from the findings of this study.

Keywords: Accounting, Human Resource, Business, International Trade

I. INTRODUCTION

In the preceding chapter, we discussed the several methods for evaluating HR that have been established. Researcher-created models are compared and contrasted for their strengths and weaknesses. This chapter analyzes the human resource value as reported in the financial accounts of public sector organizations. The services that Human Resource contributes to an organization's expansion make it a valued and essential resource. Accounting for HR is the conventional method for calculating the worth of human resources, although it has not yet been adopted by the Indian private sector.

There are several factors that contribute to the absence of this practice. The lack of need to provide material information regarding human resources in financial statements may be traced directly back to the Indian Companies Act of 1956. Companies are not required by the Indian Companies Act, 1956 to provide information about how they value their employees or how they evaluate their performance throughout the accounting year in the form of a note or schedule. If we look at the annual reports of Indian public firms, we see that the chairmen's report always include words on how valuable the company's employees are. For example, the chairman may say something like, "Our employees are our most significant assets, and without their contribution, the present progress in the operations would not have been achieved," during the annual general meeting of shareholders. I'd want to publicly acknowledge how appreciative I am of everyone that works for our organization. "I want to thank everyone who has worked here for their efforts," etc. The financial accounts don't represent the quantitative information of HR's contribution or worth, but these qualitative proclamations highlight the vital function of HR in a business. However, there are a select few businesses whose annual reports highlight their dedication to HR. Guidelines for include the necessary information in the annual reports of public sector businesses were first issued by the Government of India in 1968 (No.BPE/10(1) Adv(1)/1968 dated 1st September, 1968). Employee-employer interactions and strikes are essential

human resources standards. Lockouts, incentive programs, training, employee welfare initiatives like townships, schools, hospitals, etc. All of the data mentioned above are examples of human resources data. As part of their Annual Report, several

government agencies are now providing such details. The following organizations fall within the purview of the public sector and have not only attempted but have been sharing HR evaluation results:

1. Bharat Heavy Electricals Limited (BHEL)
2. Cochin Refineries Limited (CRL)
3. Cement Corporation of India Limited (CCI)
4. Electrical India Limited (EIL)
5. Engineers India Limited (EIL)
6. Hindustan Petroleum Corporation Limited (HPCL)
7. Hindustan Shipyard Limited (HSL)
8. Hindustan Machines Tool Limited (HMT)
9. Hindustan Zinc Limited (HZL)
10. Madras Refineries Limited (MRL)
11. Maruti Udyog Limited (MUL)
12. Minerals and Metals Trading Corporation of India Limited (MMTC)
13. Metallurgical and Engineering Consultants (India) Limited (MECON)
14. National Thermal Power Corporation Limited (NTPC)
15. Oil and Natural Gas corporation limited (ONGC)
16. Oil India Limited (OIL)
17. Project and Equipment Corporation of India (PEC)
18. Steel Authority of India Limited (SAIL)
19. Steel Authority of India Limited (SAIL)

Nine public sector organizations were chosen to employ the case method's focus on HRA practices to examine HRA developments in the public sector. These businesses include

1. Oil and Natural Gas Corporation of India. (ONGC)
2. Bharat Heavy Electricals Limited. (BHEL)
3. Indian Oil Corporation Limited. (IOC)
4. Hindustan Petroleum Corporation Limited. (HPCL)
5. National Thermal Power Corporation Ltd. (NTPC)
6. Bharat Petroleum Corporation Ltd. (BPCL)
7. Hindustan Copper Limited.(HCL)
8. Minerals and Metals Trading Corporation of India Ltd. (MMTC)
9. Steel Authority of India Ltd. (SAIL)

Table 4. 1 Human Resource Accounting Models used by selected companies

S. No.	Company Name	Date of Issue	Model used
1	Oil and Natural Gas Corporation of India. (ONGC)	1981-82	Jaggi & Lev & Schwartz model. The present value by discounting the estimated earnings
2	Bharat Heavy Electricals Limited. (BHEL)	1974-75	Lev & Schwartz
3	Indian Oil Corporation Limited. (IOC)	1982-83	Lev & Schwartz model
4	Hindustan Petroleum Corporation Limited. (HPCL)	1981-82	Lev & Schwartz model
5	National Thermal Power Corporation Ltd. (NTPC)	1986-87	Lev & Schwartz model
6	Bharat Petroleum Corporation Ltd. (BPCL)	1986-87	Lev & Schwartz model
7	Hindustan Copper Limited. (HCL)	1986-87	Lev & Schwartz model
8	Minerals and Metals Trading Corporation of India Ltd. (MMTC)	1982-83	Lev & Schwartz model

9	Steel Authority of India Ltd. (SAIL)	1983-84	Lev & Schwartz with refinements as suggested by Flamholtz and Jaggi & Lau
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The HRA procedures used by a few Indian government agencies during fiscal years 2006-07 and 2015-16 are detailed in Table 4.1. From 2006-07 to 2015-2016, only nine public companies (ONGC, BHEL, IOC, HPCL & NTPC, BPCL, HCL, MMTC, and SAIL) maintained the practice of valuing and reporting HRA data. Public sector organizations like as ONGC, BHEL, IOC, HPCL, NTPC, BPCL, HCL, and MMTC, as well as private sector organizations like SAIL, have all used the salary-based economic value model created by Lev and Schwartz, with some modifications suggested by Flamholtz, Jaggi, and Lau. Please see Table 4.1.

II. OIL AND NATURAL GAS CORPORATION OF INDIA. (ONGC)

After the Oil and Natural Gas Directorate was established by the Government of India in 1956, ONGC was established by an Act of Parliament (the Oil and Natural Gas Commission Act No. 43 of 1959) to take over its operations. Established on June 23, 1993, in New Delhi as a statutory company, ONGC has its corporate headquarters in Dehradun and its project Centre offices spread around the nation. The government's primary vehicle for investigating the nation's oil and gas reserves is the Oil and Natural Gas Corporation (ONGC).

ONGC is unique in that it is one of the few oil firms in the world involved in all stages of the oil industry, from exploration to production to research to surveys to development to training. One of the major oil and gas producers in Asia is Oil and Natural Gas Corporation Limited (ONGC).

According to platts top 250 global energy rankings, 2016, ONGC is the best energy company in India, the third best E&P company in the world, and it ranks fifth in Asia. In Forbes's ranking of the world's largest corporations, the Oil and Gas Operations sector places at number 14. Sales of \$26.1 billion, profits of \$3.1 billion, assets of \$57.3 billion, and market value of \$27.8 billion placed it at #220 on the 2016 list.

The people that make up this company are one of its greatest strengths. It's vital to the organization's survival and growth. Accepting the adjustments made by Flamholtz, Jaggi, and Lau, ONGC adopts the Lev and Schwartz model. ONGC classifies its staff into the following four groups:

- 1) Managerial and supervisory;
- 2) Clerical;
- 3) Skilled workers; and
- 4) Unskilled workers.

ONGC calculates the discount rate at which the Indian government lends money. ONGC consistently discounts future estimated returns of employees at 10.00 percent before reporting their current worth.

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