

Nature and Characteristics of Human Resource Accounting in Indian Companies- An Analytical Study

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Abstract

Accounting is an information system that is used for communication purposes and for the purpose of aiding decision making. The process through which companies communicate to the public about their operations is called financial reporting. Financial reporting of a corporate entity constitutes a combination of qualitative and quantitative financial reports. Various stakeholders take their decisions relative to a company's performance and position based on the information supplied by it in its annual financial reports and accounts. The Financial Accounting Standard Board (FASB) states that "disclosure refers to the process of providing information about items in the financial statements, via footnotes, supplementary schedules, or other means". Many of the Indian companies have started to disclose the Human Resource accounting in their annual reports. It is a good progress of Financial Reports of Indian Companies. This study aims to identify the nature and characteristics of Human Resource Accounting in Indian Companies by using Factor analysis, Independent't' test and ANOVA.

Keyword: HRA, Nature and Characteristics, Factor Analysis, ANOVA.

JEL Classification: M 40, O 15

Introduction

Accounting is concerned with collecting, analyzing and communicating economic information. Accounting is a discipline used to keep record and measure the value of assets over its liabilities in financial terms. The principles of accountancy are applied to accounting, bookkeeping, and auditing. Human Resource accounting (HRA) is similar principle to the financial accounting. That is , just as financial accounting reflects the costs of assets such as building and machinery, human resource accounting shows human resources as capital not as expenses. The American Accounting Association's Committee on Human Resource Accounting (1973) has defined Human Resource Accounting as "the process of identifying and measuring data about human resources and communicating this information to interested parties". Human resource accounting is basically an information system that tells management what changes are occurring over time to the human resources of the business. Before moving on to the decision part we should know about the nature and characteristics of Human Resource Accounting in Indian Companies. This study gives a clear picture about the nature and characteristics of HRA in Indian Companies.

Statement of the Problem

A very few studies have been made in relation to nature and characteristics of Human Resource Accounting in Indian Companies. Therefore the present study is made to attempt and analyze the nature and characteristics of Human Resource Accounting in selected Indian companies.

Literature Review

Dinesh K Gupta(1992) carried out a work on “Human Resource Accounting Disclosure Practices of the Companies in India” has scrutinized the annual reports of top public and private sector undertakings (100 each as per the Economic Times rating on the basis of capital employed) for the period 1980-81 to 1986-87 were scanned. Twelve organizations, ten in the public sector, and two in the private sector, were found to be publishing such information in their respective annual reports. In order to evaluate the quality of disclosure made by each company regarding human resource accounting, certain variables were identified after scanning their annual reports during the period under review. In all, 23 variables, generally concerned with the system of human resource accounting, were identified. He made a comparative analysis regarding the quality of disclosure made by various organizations. The analysis shows that BHEL gave the maximum information, followed by MRL. The least information was disclosed by EIL, followed by ONGC. BHEL scored 1.000 point against sixteen variables, which indicates that it has made consistent disclosure of these variables and concluded that the disclosure practices of various companies which publish HRA information show that most of the companies have focused on the disclosure of the variables used in the process of valuation. The variables which can help the users derive logical conclusions regarding the quality and the use of human resources has attracted meager attention. Thus, the Indian corporate sector has still a long way to go in this field.

Dewan Mahboob Hossain et al (2004) investigated “The nature of voluntary disclosures of Human Resource in the annual reports of Bangladeshi companies” ,they selected a sample of 17 companies which were selected from the Dhaka Stock Exchange, the data were collected with a help of questionnaire and they used descriptive statistics of words and sentences used in Human resource disclosure and concluded that there is no mandatory requirement from any kind of authority to disclose on this kind of issue, the companies of Bangladesh are disclosing these matters voluntarily and some of the companies in Bangladesh have started to feel the importance of disclosing this issue. The effort of these organizations can be considered praiseworthy because they are doing it out of their own consciousness as there is no mandatory rule of this kind of disclosures from the regulatory bodies. Adequate disclosures to the stakeholders in this regard can be the most effective mechanism to strengthen the decision-making capabilities of the shareholders. This sort of reporting by some of the organizations might encourage other business organizations to do the same thing and such voluntary disclosure would ameliorate their reporting standards.

Dr.Nidhi Sharma and Hitendra Shukla (2012) attempted “An evaluation of Human Resource accounting disclosure practices in Indian Companies”, Purposive sampling technique is used for the selection of sample units. Sample is taken from both public and private sector companies. The study was based on secondary data. Data were collected from annual reports of the selected companies, they has applied one sample test and concluded that the level of disclosure of HRA is not high but this is appreciable that selected companies are adopting more or less the Human Resource Accounting practices.

Upasna Joshi and Reeta Mahei(2012) in their work entitled “Human Resource Accounting System in Selected Indian Companies” has used the the purposive sampling technique has been used for the selection of the companies. Two companies from public sector and two from private sector are selected for the purpose of study. They collected the secondary data from the published annual

reports of the selected companies. The annual reports of the selected companies were scanned for the period ranging from 2006-07 to 2010-11 to find out the HRA system of those organizations. They made a Comparative Study of HRA System of Selected Companies showing various aspects considered for valuation by those companies and Scores of the selected companies based on information disclosed and concluded that Human Resource Accounting has a great potential in the modern age of professionalization particularly in the case of labor-intensive service industry where human resource constitutes prime resource. HRA information thus would be of immense help in decision making both for internal and external users. Therefore, organizations should adopt HRA system. Considering the significance of human resources in knowledge based sectors initiatives should be taken by the government along with other professionals, researchers and accounting bodies both at the national and international levels for the measurement and reporting of such valuable assets.

Objectives of the Study

- ✓ To identify the nature and characteristics of human resource accounting disclosures voluntarily in the annual reports of Indian Companies
- ✓ To offer suggestions

Hypotheses of the study

H₀₁: There is no significant difference between Gender with reference to nature and characteristics of Human Resource Accounting

H₀₂: There is no difference between Categories of employees with nature and characteristics of Human Resource Accounting

H₀₃: There is no difference between Designation of employees with nature and characteristics of Human Resource Accounting

H₀₄: There is no difference between Qualification of employees with nature and characteristics of Human Resource Accounting

H₀₅: There is no significant difference between Years of Experience of employees with nature and characteristics of Human Resource Accounting

H₀₆: There is no significant difference between Years of Service in this organization of employees with nature and characteristics of Human Resource Accounting

Data and Methodology

Type of Data

For the purpose of this study both primary and secondary data were collected. Primary data was collected with the help of a questionnaire and totally 300 respondents returned the filled up questionnaire. The secondary data for the relevant literatures were collected from books, journals and magazines.

Sample Design

The Convenient sampling method was followed and opinions were collected from higher officials, accountant and some of the employees in the respective companies. The samples were selected from BSE 200 March 2013 and some of the listed companies. The companies which follow Human Resource Accounting were selected as a sample for the study. . These companies were selected on the basis of previous articles and on reviewing the annual reports of those companies. Totally 30 companies were selected for the study. The sample companies are given in appendix.

Methodology

The various statistical tools like Descriptive statistics, Factor analysis, Independent‘t’ test, ANOVA were employed in the study that facilitates to identify the nature and characteristics of Human Resource Accounting in Indian companies.

Limitations of the Study

- Random sampling was not possible in this study because information regarding exact number of employees in executive and non executive cadre in organized sector in India, exact number of persons who knows about HRA were not available. Therefore the convenient sampling method was chosen. Hence, generalization of the findings to the total population of India may not be fully possible.
- The initial distribution of the 400 questionnaire forms was randomly done at the working stations of the respondents as depicted in the sample structure. Thus the respondents were only from certain selected category. Further, even these respondents were chosen on the basis of approachability. Therefore, the sample cannot adequately represent the Universe.
- Though the response rate was as high as 75% (300/400), the non response rate from 25% might have had its own influence on the results.

Empirical Findings**DESCRIPTIVE STATISTICS- Table 1**

DESCRIPTIVE STATISTICS OF NATURE AND CHARACTERISTICS OF HUMAN RESOURCE ACCOUNTING						
S.No	Variables	Mean	Std. Deviation	Skewness	Kurtosis	Rank
1	HR as Major assets	4.49	0.73	-2.14	6.95	1
2	HR expenditure be capitalized	4.19	1.11	-1.17	-0.11	5
3	HRA should be voluntary	4.04	1.20	-0.89	-0.83	8
4	HR value be presented in Balance sheet	4.21	0.78	-0.38	-1.24	4
5	HR Value should be in Annual Report	4.28	0.99	-1.37	0.77	3
6	FS quality increases due to HR Value	3.96	1.24	-0.78	-1.05	16
7	Profitable company include more HRA	3.95	1.30	-0.81	-0.98	17
8	HRA should be mandatory in future	4.08	1.09	-1.08	-0.06	7
9	HRA information increases profitability	4.00	1.22	-0.87	-0.78	11
10	HRA is the best method	4.03	1.26	-0.98	-0.59	10
11	HRA is needed	4.43	0.92	-2.48	7.37	2
12	HRA should be in annual report	4.04	0.86	-1.20	1.69	9
13	HRA is useful	4.12	0.97	-1.40	1.90	6
14	HRA is tedious and time consuming	3.39	1.14	-0.12	-0.99	30
15	HRA method is costly	3.46	1.07	-0.13	-1.09	29
16	HRA calculation needs accounting expertise	3.67	1.04	-0.65	-0.37	26
17	HRA increases productivity	3.80	1.10	-0.81	-0.25	23
18	HRA adds Economic Value	3.91	0.99	-0.96	0.66	21
19	Separate HRA statement should be attached	3.75	0.98	-0.62	-0.14	24
20	HRA increases financial performance	3.61	1.04	-0.50	-0.42	27
21	HRA presents clear picture to public	3.71	1.05	-0.68	-0.41	25
22	HRA leads to drastic change in Accounting	3.58	1.12	-0.57	-0.48	28
23	Company is transparent through HRA	3.83	1.01	-0.89	0.30	22
24	HRA improves image or goodwill	3.97	0.95	-0.96	0.46	15
25	HRA is a good reporting system	3.93	0.91	-0.80	0.39	18
26	HRA reflects HR in monetary terms	3.93	0.91	-0.77	0.08	19
27	HRA highlights the value of HR	4.00	0.83	-1.01	1.40	12
28	HRA helps in development of enterprise	3.92	1.01	-0.94	0.53	20
29	HRA reflects wealth and profit	3.99	0.97	-0.74	-0.28	14
30	HRA gives fair value of financial assets	3.69	0.95	-0.64	0.04	13

From the above table 1 the mean score of HR as major assets ranks first with 4.49 with the standard deviation of 0.73. ,HRA is needed ranks second with 4.43 with the standard deviation of 0.92, the mean score of HR value should be in annual report is 4.28 with the standard deviation of 0.99 which ranks third position among the Nature and characteristics of Human Resource Accounting , HR value be presented in Balance sheet ranks fourth with mean of 4.21 and standard deviation of 0.78 and the ranking continues till twenty five according to the table and HRA calculation needs accounting expertise ranks twenty six with mean 3.67 and standard deviation of 1.04, twenty seventh rank is given to HRA increases financial performance with mean value of 3.61 and standard deviation of 1.04, HRA leads to drastic change in Accounting ranks twenty eighth with mean and standard deviation of 3.58 and 1.12 which is followed by HRA method is costly which ranks twenty nine with mean value of 3.46 and standard deviation of 1.07 and the last rank ie thirty rank was given to HRA is tedious and time consuming with mean 3.39 and standard deviation of 1.14. The first three ranks implies that many of the Indian Companies treat Human Resources as Major assets of their company and they need HRA in their annual report with the inclusion of HR value in their financial reports.

Factor Analysis

The principal component method of factor analysis, also called ‘Component Factor Analysis’, is used to identify the underlying the nature and characteristics of Human Resource Accounting measurement scale items and to find out the latent variables that are having essence of all those items. The items that have high loadings on any one particular factor are considered as one core group of items representing the one of the underlying (dimensions) nature and characteristics of HRA. The observed scores of such related terms are averaged and score thus averaged is used as dependent variable in one-way Analysis of Variance (ANOVA) test to ascertain whether there is any significant difference in the nature and characteristics of HRA in Indian companies. Kaiser-Meyar-olkin measure of sampling adequacy test of sphericity was also used and it was found significant.

Table 2-Result of Factor Analysis Showing the Underlying characteristics (Factors) of Nature of Human Resource Accounting of Indian Companies

Rotated Component Matrixa											
S. No	Items related to nature of Human Resource Accounting	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8	Factor 9	Factor 10
1	HR as Major assets										0.844
2	HR expenditure be capitalized			0.723							
3	HRA should be voluntary									0.681	
4	HR value be presented in Balance sheet								0.757		
5	HR Value			0.629							

	should be in Annual Report										
6	FS quality increases due to HR Value					0.731					
7	Profitable company include more HRA								0.594		
8	HRA should be mandatory in future					0.658					
9	HRA information increases profitability				0.780						
10	HRA is the best method										
11	HRA is needed	0.528									
12	HRA should be in annual report	0.514									
13	HRA is useful										
14	HRA is tedious and time consuming					0.690					
15	HRA method is costly					0.723					
16	HRA calculation needs accounting expertise										
17	HRA increases productivity		0.676								
18	HRA adds Economic Value	0.741									
19	Separate HRA statement should be attached						0.642				
20	HRA increases financial		0.735								

	performance										
21	HRA presents clear picture to public	0.729									
22	HRA leads to drastic change in Accounting					0.527					
23	Company is transparent through HRA										
24	HRA improves image or goodwill										
25	HRA is a good reporting system	0.748									
26	HRA reflects HR in monetary terms		0.567								
27	HRA highlights the value of HR	0.568									
28	HRA helps in development of enterprise										
29	HRA reflects wealth and profit	0.553									
30	HRA gives fair value of financial assets		0.522								
Explained Variance		6.635	1.883	1.646	1.547	1.376	1.314	1.212	1.154	1.099	1.018
Proportional of Total Variance (in %)		22.117	6.276	5.488	5.155	4.586	4.379	4.041	3.847	3.663	3.392

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 15 iterations. Source: Primary Data

Table 2 shows the result of Factor analysis of the nature and characteristics of Human Resource Accounting of Indian companies. It is found from the table that there are ten underlying factors (underlying dimensions) for the nature and characteristics of HRA in Indian companies.

Among the 10, the first factor is highly loaded with Item 25 (0.748), Item 18 (0.741), Item 21 (0.729), Item 27 (0.568), Item 29 (0.553), Item11 (0.528), Item 12 (0.514) indicating that this factor have almost all the characteristics of above 7 items in it. Similarly, Factor 2 have all the essence of Items 20,17,26,30, Factor 3 of Items 2, 5, Factor 4 of Item 9, Factor 5 of Items 15 and 14, Factor 6 of Item 6,8, 22, Factor 7 of Item 19, Factor 8 of Item 4, Factor 9 of Items 3 and 7 and Factor 10 of Item 1.

Also, all ten factors together accounts for 62.944 (proportional of total variance is 22.117, 6.276, 5.488, 5.155, 4,586, 4.379, 4.941, 3.847, 3.663, 3.392 percent for Factors 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 respectively) of total variance (characteristics) in the original data set (30 statements). Based on the statement having loadings with factors, Factor 1 is named as “Good Report”, Factor 2 as “Financial Performance hikes”, Factor 3 as “Capitalized”, Factor 4 as “Profitability increases”, Factor 5 as “Costly”, Factor 6 as “Quality hikes”, Factor 7 as “Separate Statement” Factor 8 as “HR in Balance sheet”, Factor 9 as “Voluntary HRA” and Factor 10 as “HR as major assets”.

Therefore, it is decided to use the dimensionality of the nature and characteristics of HRA for further analysis. For the above purpose, the perception scores of the statements under each factor are averaged and average score has been used for finding the significant difference among the respondents with various demographic characteristics.

Independent Samples Test

Table 3- Test for significant difference between Male and Female with reference to Nature and Characteristics of Human Resource Accounting

Factors on Nature of Human Resource Accounting	Gender				t-value	P- value
	Male		Female			
	Mean	S.D	Mean	S.D		
Good Report	3.972	0.674	4.065	0.578	-1.09	0.276
Financial performance hikes	3.85	0.652	3.896	0.529	-0.564	0.573
Capitalized	3.923	0.582	3.895	0.53	0.375	0.708
Profitability increase	4.083	1.157	3.744	1.35	2.137	0.033*
Costly	3.875	0.486	3.875	0.474	0.004	0.997
Quality hikes	3.817	0.515	3.85	0.498	-0.498	0.619
Separate Statement	3.73	1.013	3.793	0.965	-0.477	0.634
HR in Balance sheet	4.25	0.757	4.11	0.786	1.402	1.162
Voluntary HRA	4.026	0.501	3.89	0.472	2.119	0.035*
HR as major assets	4.495	0.726	4.463	0.789	0.325	0.745

Note: **denotes significant at 1% level, *Denotes significant at 5% level.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance with regard to Profitability of the concern increases due to inclusion of Human Resource Accounting and Human resource accounting should be voluntarily attached to the annual reports of Indian Companies. Hence it can be

concluded that there is significant difference between Male and Female with reference to Nature and characteristics of Human Resource Accounting and the null hypothesis is rejected. Many of the Indian Companies now shows a keen interest in the voluntary attachment of Human Resource Accounting in their annual reports even it is not mandatory because they think that due to HRA the profitability of the concern increases to the larger extent.

There is no significant difference between the Gender with respect to Good report, Financial performance hikes, Capitalized, Costly, Quality hikes, Separate Statement, HR in Balance Sheet, HR as Major Assets, since P value is greater than 0.05

.Mean level of Good Report, Financial performance hikes, Quality hikes and Separate statement for Female is better than Male group of members. Mean level of Capitalized, HR in Balance sheet and HR as major assets for Male is better than Female group of members. The mean value of Costly is equal to both male and female group of respondents.

Anova

The significant difference in the Socio economic factors with Nature and characteristics of Human Resource Accounting have been analyzed using one way Analysis of Variance(ANOVA) to find out whether the Socio economic factors like category of respondents, designation, age, qualification, years of service and years of service in this organization have any remarkable influence on the nature and characteristics of human resource accounting in Indian companies .The results and discussion of the analysis follows under

Table 4- ANOVA for significant difference between Categories of employees with nature and characteristics of Human Resource accounting factors

Nature and characteristics of Human Resource Accounting Factors	Categories of Employees			F value	P value
	Staff	Accountant	Management category		
Good Report	3.99 (-0.04)	3.9 (-0.12)	4.04 (-0.07)	0.779	0.46
Financial performance hikes	3.92 (0.45)	3.54 (0.69)	3.91 (0.71)	7.245	0.001**
Capitalized	3.95 (0.48)	3.64 (0.61)	3.95 (0.62)	5.794	0.003**
Profitability increase	4.04 (1.22)	3.77 (1.26)	4.05 (1.2)	0.927	0.397
Costly	3.89 (0.41)	3.74 (0.49)	3.89 (0.54)	1.995	0.138
Quality hikes	3.82 (0.43)	3.68 (0.53)	3.85 (0.57)	1.756	0.175
Separate Statement	3.76 (1.04)	3.59 (0.9)	3.8 (0.94)	0.75	0.473
HR in Balance sheet	4.2 (0.83)	4.14 (0.77)	4.25 (0.73)	0.361	0.697
Voluntary HRA	3.93 (0.49)	4.05 (0.51)	3.97 (0.49)	2.712	0.068** *
HR as major assets	4.47 (0.76)	4.48 (0.93)	4.51 (0.63)	0.096	0.908

Note:

The value with in bracket denotes standard deviation,**Denotes significant at 1% level.,*Denotes significant at 5% level,***Denotes significant at 10% level.

Perusal of the Table 4 shows that the respondents from all three categories have agreed that human resource accounting is a good report. However, the degree of acceptance is found more among the category of respondents from the Management category (Mean= 4.04). But the insignificant F value of 0.779 has revealed that the degree of acceptance does not vary across the category of respondents. Similar opinion is visible in respect of other dimensions that due to HRA the profitability of the concern increases was strongly accepted by Management category, HRA is costly was strongly supported by the respondents in Management and Staff category. All other dimensions was strongly accepted by Management category, the dimensions are Through HRA quality of the annual

reports hikes, Separate HRA statement is needed for the company, HR value should be included in Balance sheet and HR as major assets. Even though the above factors are strongly accepted by Management Category the F value and P value is not significant. However, there is significant difference in the factors “Financial performance hikes”, “Human Resource Value should be capitalized” at 1% significant level with F value of 7.245,5.794 and “Indian companies should be voluntarily attach HRA in its annual report” at 10% significant level with F value of 2.712.

To sum up the above, it shows that there is significant difference between the Nature and Characteristics of HRA and the category of respondent in respect of 3 factors ie financial performance hikes, Capitalized and Voluntary HRA is needed for Indian Companies. Hence null hypothesis is rejected.

Table – 5 ANOVA for significant difference between Designation of employees with nature and characteristics of Human Resource accounting factors

Nature and characteristics of Human Resource Accounting Factors	Designation		F value	P value
	Non Executive	Executive		
Good Report	3.968 (0.572)	4.046 (0.741)	1.083	0.299
Financial performance hikes	3.821 (0.546)	3.911 (0.703)	1.556	0.213
Capitalized	3.87 (0.531)	3.951 (0.618)	1.343	0.247
Profitability increase	3.966 (1.23)	4.056 (1.202)	0.399	0.528
Costly	3.848 (0.435)	3.899 (0.54)	0.81	0.369
Quality hikes	3.782 (0.461)	3.85 (0.572)	1.297	0.256
Separate Statement	3.724 (1.012)	3.794 (0.941)	0.366	0.546
HR in Balance sheet	4.184 (0.812)	4.246 (0.723)	0.468	0.494
Voluntary HRA	3.921 (0.495)	4.045 (0.489)	4.629	0.032*
HR as major assets	4.477 (0.893)	4.5079 (0.629)	0.129	0.719

Note: The value with in bracket denotes standard deviation, **Denotes significant at 1% level, *Denotes significant at 5% level.

With regard to the Designation of the respondents with the nature and characteristics of HRA table shows that the respondents from executives have strongly agreed to all the 10 factors related to Nature and characteristics of human resource accounting when compared to Non executives based on higher mean value (4.046, 3.911, 3.951, 4.056, 3.899, 3.85, 3.794, 4.246, and 4.5079). But the insignificant F value (1.083, 1.556, 1.343, 0.399, 0.81, 1.297, 0.366, 0.468, 0.129) has revealed that the degree of acceptance does not vary across the Designation of respondents except the factor “Voluntary HRA”. Since the factor that Voluntary HRA statement is needed for Indian companies is significant at 5% level with F value of 4.629, the null hypothesis is accepted that is there is no significant difference between the Nature and Characteristics of HRA and the category of respondent except 1 factor ie Voluntary HRA is needed for Indian Companies.

Table 6 - ANOVA for significant difference between Qualifications of employees with nature of Human Resource accounting factors

Nature of Human Resource Accounting Factors	Qualification						F value	P value
	Diploma	Technical qualification	Degree	Post Graduate	Professional Degree	Others		
Good Report	4.152 (0.705)	4.323 (0.108)	3.988 (0.054)	3.850 (0.161)	3.999 (0.073)	3.710 (0.000)	0.907	0.477
Financial performance hikes	3.973 (0.427)	4.118 (0.158)	3.844 (0.620)	3.835 (0.808)	3.842 (0.639)	3.670 (0.000)	0.437	0.822
Capitalized	3.970 (0.512)	4.055 (0.217)	3.900 (0.582)	3.912 (0.747)	3.882 (0.535)	4.025 (0.106)	0.187	0.968
Profitability increase	3.970 (0.512)	4.055 (0.217)	3.900 (0.582)	3.912 (0.747)	3.882 (0.535)	4.025 (0.058)	3.177	0.008*
Costly	3.937 (0.442)	4.133 (0.229)	3.874 (0.486)	3.863 (0.601)	3.828 (0.466)	3.740 (0.113)	0.521	0.760
Quality hikes	3.896 (0.386)	4.170 (0.073)	3.792 (0.545)	3.735 (0.611)	3.818 (0.472)	3.750 (0.707)	0.728	0.603
Separate Statement	3.727 (1.306)	4.500 (0.577)	3.686 (0.983)	3.750 (0.989)	3.845 (0.843)	4.000 (0.000)	0.781	0.564
HR in Balance sheet	4.182 (0.808)	3.750 (0.957)	4.190 (0.809)	4.250 (0.737)	4.262 (0.713)	4.500 (0.707)	0.451	0.812
Voluntary HRA	3.773 (0.493)	4.308 (0.119)	3.986 (0.502)	3.796 (0.460)	4.050 (0.478)	4.465 (0.106)	2.923	0.014* *
HR as major assets	4.000 (1.146)	4.500 (0.577)	4.569 (0.647)	4.542 (0.721)	4.512 (0.630)	5.000 (0.000)	3.685	0.003*

Note: The value with in bracket denotes standard deviation, **Denotes significant at 1% level, *Denotes significant at 5% level.

From the table 6 it was found that the P value is less than 0.01, the null hypothesis is rejected at 1% level of significance with regard to Profitability of the

company increases due to HRA and Human Resource is considered as major assets of Indian companies. Hence it can be concluded that there is a significant difference between the qualification and Nature and characteristics of Human Resource Accounting.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance with regard to Voluntary HRA in Indian companies. Hence we conclude that there is significant difference between qualification with respect to Nature and characteristics of HRA.

There is no significant difference between the qualification and nature and characteristics of human resource accounting with regard to Good report, Financial performance hikes, Capitalized, Costly, Quality hikes Separate Statement and, HR in Balance Sheet, since P value is greater than 0.05. Hence the null hypothesis is rejected.

Table 7 - ANOVA for significant difference between Years of Experience of employees with nature of Human Resource accounting factors

Nature of Human Resource Accounting Factors	Years of Service					F value	P value
	Less than 5 yrs	05 to 07	07 to 10	10 to 15	Above 15 yrs		
Good Report	3.924 (0.818)	3.908 (0.531)	4.082 (0.597)	3.981 (0.529)	4.005 (0.787)	0.538	0.708
Financial performance hikes	3.791 (0.852)	3.748 (0.472)	3.952 (0.458)	3.863 (0.539)	3.833 (0.775)	0.768	0.547
Capitalized	3.874 (0.776)	3.738 (0.567)	3.977 (0.492)	3.884 (0.501)	3.940 (0.635)	1.082	0.366
Profitability increase	4.238 (1.091)	3.936 (1.237)	3.918 (1.288)	4.045 (1.186)	4.000 (1.227)	0.333	0.856
Costly	3.900 (0.604)	3.835 (0.458)	3.969 (0.420)	3.762 (0.423)	3.795 (0.546)	2.085	0.830
Quality hikes	3.722 (0.626)	3.893 (0.374)	3.910 (0.460)	3.738 (0.458)	3.795 (0.601)	1.533	0.193
Separate Statement	3.857 (1.424)	3.871 (0.806)	3.616 (0.876)	3.820 (0.960)	3.733 (1.022)	0.636	0.637
HR in Balance sheet	4.381 (0.805)	4.161 (0.860)	4.178 (0.839)	4.225 (0.750)	4.198 (0.717)	0.327	0.860
Voluntary HRA	3.817 (0.709)	3.952 (0.375)	3.990 (0.451)	3.986 (0.452)	3.992 (0.551)	0.598	0.665
HR as major assets	3.905 (1.179)	4.807 (0.402)	4.548 (0.708)	4.517 (0.624)	4.442 (0.745)	5.307	0.000* *

Note: The value with in bracket denotes standard deviation,**Denotes significant at 1% level, *Denotes significant at 5% level.

Perusal of the Table 7 shows that the respondents from all the years of experience has the same opinion that Human Resource (HR) as major assets of Indian companies and the P value also highly significant at 1% level with F value of 5.307. Hence it can be concluded that null hypothesis ie there is no significant difference between Years of experience of employees with nature and characteristics of HRA is rejected at 1%.

Since P value is greater than 0.05 in all other dimensions that is Good report, Financial Performance hikes, Capitalized, due to HRA the profitability of the concern increases, Costly, Through HRA quality of the annual reports hikes, Separate HRA statement is needed for the company, HR value should be included in Balance sheet and Voluntary HRA. The null hypothesis is accepted and it is concluded that there is no significant difference between Years of experience and all other factors related to nature and characteristics of Human resource accounting except HR as major assets.

Table 8- ANOVA for significant difference between Years of Service in this organization of employees with nature and characteristics of Human Resource accounting factors

Nature and characteristics of Human Resource Accounting Factors	Years of Service in this organization					F value	P value
	Below 2 yrs	02 to 04	04 to 06	06 to 08	Above 08 yrs		
Good Report	3.922 (0.542)	3.988 (0.768)	4.073 (0.559)	3.971 (0.505)	4.006 (0.757)	0.315	0.868
Financial performance hikes	3.840 (0.523)	3.809 (0.675)	3.934 (0.481)	3.824 (0.553)	3.865 (0.721)	0.326	0.861
Capitalized	3.916 (0.471)	3.809 (0.663)	3.933 (0.574)	3.813 (0.466)	3.984 (0.615)	1.295	0.272
Profitability increase	4.039 (1.183)	3.912 (1.240)	3.857 (1.299)	4.135 (1.174)	4.009 (1.215)	0.470	0.758
Costly	3.889 (0.489)	3.841 (0.508)	3.905 (0.459)	3.769 (0.427)	3.924 (0.513)	1.288	0.275
Quality hikes	3.812 (0.498)	3.803 (0.465)	3.883 (0.484)	3.734 (0.459)	3.829 (0.572)	0.734	0.569
Separate Statement	4.039 (1.038)	3.706 (1.001)	3.839 (0.930)	3.730 (1.011)	3.673 (0.968)	0.871	0.481
HR in Balance sheet	4.577 (0.643)	4.118 (0.946)	4.125 (0.854)	4.216 (0.763)	4.191 (0.697)	1.781	0.133
Voluntary HRA	4.115 (0.478)	3.7868 (0.514)	4.043 (0.441)	3.899 (0.478)	4.013 (0.516)	2.666	0.033*
HR as major assets	4.500 (0.707)	4.294 (1.142)	4.607 (0.593)	4.514 (0.646)	4.473 (0.700)	0.998	0.409

Note: The value with in bracket denotes standard deviation, **Denotes significant at 1% level, *Denotes significant at 5% level.

From the table 8 it was found that the respondents from all the years of service in this organization have accepted that Voluntary Human Resource Accounting statement should be attached in the annual reports of Indian companies and the P value also highly significant at 1% level with F value of 2.666. Hence it can be concluded that null hypothesis ie there is no significant difference between Years of service in this organization of employees with nature and characteristics of HRA is rejected at 1%.

Since P value is greater than 0.05 in all other dimensions that is Good report, Financial Performance hikes, Capitalized, due to HRA the profitability of the concern increases, Costly, Through HRA quality of the annual reports hikes, Separate HRA statement is needed for the company, HR value should be included in Balance sheet and HR as major assets. The null hypothesis is accepted and it is concluded that there is no significant difference between Years of service in this organization and all other factors related to nature and characteristics of Human resource accounting except Voluntary HRA.

Conclusion

On scrutinizing the analysis it is found that Indian company's shows keen interest on three factors since these 3 factors shows greater F value. The three factors are voluntary attachment of Human Resource Accounting, Human Resource as major assets of Indian companies and Profitability of the company increases through HRA. The sample companies found that HRA gives more benefits for their company if it is voluntary also; they are in the strong opinion that without human resources any other physical assets are not operationally effective, since human resources are the major assets of all companies and it should be valued and recognized in the Balance sheet of Indian companies. It should be valued quantitatively and added in the asset side of the Balance sheet and not as expenditure. Finally, more HRA information is added in the Balance sheet then the beneficiaries out of annual reports make more use of HRA and thereby Profitability increases in Indian companies. Even in the descriptive statistics first and second rank was given to HR as major assets and HRA is needed and twenty nine and thirty rank was given to HRA is costly and HRA is tedious and time consuming. It implies that HRA is more useful. Thus, the present study empirically proves that the Human Resource Accounting play a significant role on the Indian companies.

Suggestions

- ❖ Voluntary HRA system should be followed by all the Indian Companies.
- ❖ Few companies are making use of Human Resource Accounting. If it is made mandatory by the Accounting Standards, it will be fruitful to all Indian companies.

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Appendix

Sample Companies			
1	BHEL	16	HCL Technologies
2	SAIL	17	TCS
3	NTPC	18	WIPRO
4	HUL	19	Reliance Industries
5	OIL	20	Cadence
6	HCL	21	CCI
7	HPCL	22	ROLTA
8	IOC	23	Satyam
9	ONGC	24	NIIT
10	EIL	25	NLC
11	HZL	26	SPIC
12	MMTC	27	KPIT
13	SBI	28	HMTL
14	INFOSYS	29	L&T
15	ACC	30	TATA Motors