



## ANALYSIS OF SELECTED HUMAN RESOURCE ACCOUNTING DISCLOSURES IN TECH MAHINDRA LTD.

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### ABSTRACT

It is true that success of an organization depends on how best the physical resources are utilised by the Human Resource. It is important how physical resource are being activated by the Human Resources. Therefore, the efficient and effective utilisation of resources depends largely on the Human Resource working in it. An organization possessed with abundant physical resources may sometimes miserably fail unless it has efficient Human Resources. Thus, the importance of Human Resources cannot be ignored. Unfortunately, till new generally accepted system of accounting this important asset, viz., the Human Resource has not been evolved. This research paper attempts to highlight the value of human resource and their relationship with the total compensation paid to human resource and company's Profit after Tax. For analysis purpose selected financial data from Tech Mahindra Ltd. during the period of 26 years, i.e. from March 1999 to March 2024 have been considered. It is concluded that total compensation paid to employee and company's PAT has much interdependence with number of employees.

**KEYWORDS :** Human Resource, Compensation, PAT, Value, Employee Benefit Expenses

### INTRODUCTION:

The success or otherwise of an organization depends on how best the scarce physical resources are utilised by the Human Resource. What is important here is that the physical resource are being activated by the Human Resources as the physical resources cannot act on their own. Therefore, the efficient and effective utilisation of inanimate resources depends largely on the quality, calibre, skills, perception and character of the people that is the Human Resource working in it. The term Human Resource at macro level indicates the sum of all the components such as skills, creative abilities, innovative thinking, intuition, imagination, knowledge and experience possessed by all the people. An organization possessed with abundant physical resources may sometimes miserably fail unless it has right people, Human Resources, to manage its affairs. Thus, the importance of Human Resources cannot be ignored. Unfortunately, till new generally accepted system of accounting this important asset, viz., the Human Resource has not been evolved.

### LITERATURE REVIEW:

For this research work several books, journals and articles were reviewed to undertake theoretical study of Human Resource Accounting and its concerned disclosures. Further research works done in the area of practical application by Tech Mahindra Ltd. following are some reviews of some selected literature.

**Caplan and Landekick (1974)**, stated that adequate financial and material resource are necessary but no longer sufficient determinants of success in order to survive and prosper under conditions of high complexity and uncertainty. Organizations will find it increasingly necessary to place a greater emphasis on Human Resource Recognition of the growing importance of Human Resource has created a need for formal measurement system that can aid in the process of building, maintaining and evaluating such resources within an organization.

According to **Kolay (1996)**, the current demand for the material resources and their spiralling cost increases has been building continuous pressure to increase the productivity of Human Resource. The effective and efficient utilisation of Human Resource has assumed a great significance for growth and development in an era of over-population coupled with skill shortage.

As per **William R. Trancy (2008)**, Human Resource is defined as "The people that staff and operate an organisation as contrasted with the financial and material resources of an

organisation."

**Dr. Sharma Asha (2012)** in her study adopted Convenience Random Sampling Method for selected the sample size of **400 employees**. She includes executives, managers, investors and shareholders for analysis. In this way she collects both primary and secondary data. The primary data was collected directly from the targeted respondents. She fills up questionnaire in well-structured manner and collects the information. While the secondary data obtained from the Annual report of different selected **Indian** companies belongs to various industries. For the study she consider Human Resource Valuation as dependent variable and acquisition, recruitment, efficiency, evaluating performance of employees and profit, growth, turnover and development of the organisation is taken as the independent variables.

**As Ojha Sandeep (2013)** has study, from respondents of **Indian IT** sector company **Infosys Technologies Ltd.**, has also observed some primary data from different levels of employees i.e. managers, executives, technical supervisors, technical staff, office and administrative staff members etc. he concluded that for valuation and accounting of Human Resource of the organisation, expenses incurred like, wages, salary, any other benefits provided by the company as well as the time duration of the employee and the estimated time to reap the benefits of employee expenditures.

### ANALYSIS OF INFOSYS TECHNOLOGIES LTD.:

Tech Mahindra Ltd. has used Lev and Schwartz model to incorporate the information of Human Resource. This evaluation is based on the present value of the future earnings of the employees and on the assumptions:

In this context the analysis of disclosures of Human Resource Accounting reported by Tech Mahindra Ltd. has been evaluated. The evaluation was considering following two basic information has been selected as:

- (1) Compensation per employee
- (2) PAT per employee

Following **Table** provides details of No. of Employees, Total Compensation to Employees, PAT, compensation per employee and PAT per employee of Tech Mahindra Ltd. for the period of 26 years from March 1999 to March 2024. On that basis correlation co-efficient has been work out.

**Table 1: No. Of Employees, Total Employee Benefit Expenses And Total Revenue Of Infosys Technologies Ltd.**

From March 1999 To March 2024

Year (March)	No. of Employees ('000)	Total Compensation to Employees (Rs. in million)	PAT (Rs. in million)	Total Compensation per Employee (Rs. in million)	PAT Per Employee (Rs. in million)
1999	1.40	347.50	451.50	245.90	322.50
2000	1.90	590.20	630.30	307.70	331.74
2001	2.90	965.20	966.60	329.50	333.31
2002	2.40	1225.00	1249.20	500.20	520.50
2003	2.50	1298.60	1715.40	519.44	686.16
2004	3.50	2264.20	979.40	646.91	279.83
2005	5.00	3640.70	710.90	728.10	142.18
2006	10.50	4835.70	2201.20	460.90	209.64
2007	19.70	8677.00	991.00	439.40	50.30
2008	22.90	12463.00	3422.00	544.60	149.43
2009	25.00	14432.00	9866.00	577.90	394.64
2010	33.50	16237.00	7428.00	484.30	221.73
2011	38.30	19546.00	6967.00	509.90	181.91
2012	40.80	22809.00	4606.00	559.60	112.89
2013	47.50	25303.00	6525.00	532.70	137.37
2014	89.40	70221.00	26950.00	785.50	301.45
2015	78.90	72683.00	22562.00	920.90	285.96
2016	89.10	74722.00	31728.00	838.20	356.09
2017	90.60	78027.00	30473.00	861.20	336.35
2018	88.10	81536.00	39993.00	925.80	453.95
2019	87.08	175079.00	42888.00	2010.55	492.51
2020	88.80	188100.00	38974.00	2118.20	438.89
2021	80.64	192973.00	43530.00	2392.99	539.80
2022	104.58	222859.00	56301.00	2130.93	538.34
2023	106.22	276918.00	48570.00	2606.97	457.25
2024	110.12	291283.00	23968.00	2645.07	217.65

Correlation co-efficient among (1) Number of Employees, (2) Compensation per employee, and (3) PAT per employee has been calculated with the help of computer and directly quoted in the following TABLE 2. Then after, final correlation co-efficient has been found out.

Table2: Correlation Co-efficient Among Selected Variables

Base of Correlation Co-efficient	Correlation Co-efficient
Number of Employees and Total Compensation to Employee	0.848146
Number of Employees and Total PAT	0.910616
Total Compensation and PAT	0.84885

Correlation co-efficient between 0.0 to +1.0 shows positive correlation. Here, under all above these three ways of correlation co-efficient are 0.8481, 0.9106 and 0.8489, which shows 84.81%, 91.06%, and 84.89% positive relationship among them. Even though, the simple average of correlation co-efficient is 0.869204 (0.848146 + 0.910606 + 0.84885 = 2.6076 / 3). It means there is 86.92% positive relationship among three selected aspects such as (1) Number of Employees, (2) Total Compensation to Employee and (3) Total PAT of the company.

ANALYSIS OF VARIANCE (ANNOVA)

In this segment, one-way classification analysis of variance (ANNOVA) of has been used by considering following two aspects:

- (1) Total Compensation per Employee, and
- (2) Total PAT per Employee.

Following TABLE 3 provides basis for calculation of analysis of variance. On that basis analysis of variance (ANNOVA) has been work out. The steps for calculation of analysis of variance have been presented in Annexure 1.

Table 3: Calculation Of Analysis Of Variance (ANNOVA)

Year (March)	Total Compensation per Employee	Total PAT per Employee	Total of Compensation per Employee and PAT per Employee	Square of Total Compensation per Employee	Square of PAT per Employee	Square of Total of Compensation per Employee and PAT per Employee
			(2 + 3)	(2) <sup>2</sup>	(3) <sup>2</sup>	(4) <sup>2</sup>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	245.9	322.5	568.40	60466.81	104006.25	323078.56
2000	307.7	331.74	639.44	94679.29	110051.4276	408883.5136
2001	329.5	333.31	662.81	108570.25	111095.5561	439317.0961
2002	500.2	520.5	1020.70	250200.04	270920.25	1041828.49
2003	519.44	686.16	1205.60	269817.9136	470815.5456	1453471.36
2004	646.91	279.83	926.74	418492.5481	78304.8289	858847.0276
2005	728.1	142.18	870.28	530129.61	20215.1524	757387.2784
2006	460.9	209.64	670.54	212428.81	43948.9296	449623.8916
2007	439.4	50.3	489.70	193072.36	2530.09	239806.09
2008	544.6	149.43	694.03	296589.16	22329.3249	481677.6409
2009	577.9	394.64	972.54	333968.41	155740.7296	945834.0516
2010	484.3	221.73	706.03	234546.49	49164.1929	498478.3609
2011	509.9	181.91	691.81	259998.01	33091.2481	478601.0761
2012	559.6	112.89	672.49	313152.16	12744.1521	452242.8001
2013	532.7	137.37	670.07	283769.29	18870.5169	448993.8049
2014	785.5	301.45	1086.95	617010.25	90872.1025	1181460.303
2015	920.9	285.96	1206.86	848056.81	81773.1216	1456511.06
2016	838.2	356.09	1194.29	702579.24	126800.0881	1426328.604
2017	861.2	336.35	1197.55	741665.44	113131.3225	1434126.003
2018	925.8	453.95	1379.75	857105.64	206070.6025	1903710.063
2019	2010.55	492.51	2503.06	4042311.303	242566.1001	6265309.364
2020	2118.2	438.89	2557.09	4486771.24	192624.4321	6538709.268
2021	2392.99	539.8	2932.79	5726401.14	291384.04	8601257.184
2022	2130.93	538.34	2669.27	4540862.665	289809.9556	7125002.333
2023	2606.97	457.25	3064.22	6796292.581	209077.5625	9389444.208
2024	2645.07	217.65	2862.72	6996395.305	47371.5225	8195165.798
Total	25623.36	8492.37	34115.73	40215332.77	3395309.04	62795095.23

**Analysis Of Variance (ANNOVA)**

The computation steps of analysis of variance work out is made as under:

**Step 1 : Null Hypothesis**

There is no significant difference in the "Total Compensation per Employee" and "Total PAT per Employees".

**Step 2 : Sum Of Values**

$$T = x_1 + x_2 \dots + x_{15}$$

$$T = 34115.73$$

**Step 3 : Correction Factor / Co-efficient Of Factor**

Correction Factor / Co-efficient of Factor

$$= (T)^2/n$$

$$= (34115.73)^2 / 52$$

$$= 22382366.03$$

(Here, n = total no. of variable in raw and column)

**Step 4 : Total Sum Of Squares**

S. S. T. =	Total of Square of Total Employee Benefit Expenses over No. of Employee	+	Total of Square of Total Revenue over No. of Employee	-	Correction Factor
S. S. T. =	40215332.77	+	3395309.04	-	22382366.03
S. S. T. =	21228275.78				

**Step 5 : Sum Of Squares Between Samples**

S. S. C. =	Square of Total Employee Benefit Expenses over No. of Employees	+	Square of Total of Total Revenue over No. of Employees	/	26 (years)	-	Correction factor
S. S. C. =	(25623.36) <sup>2</sup>	+	(8492.37) <sup>2</sup>	/	26	-	22382366.03
S. S. C. =	656556577.69	+	72120348.2	/	26	-	22382366.03
S. S. C. =	5643669.58						

**Step 6 : Sum Of Squares Within Samples**

S. S. E. =	S. S. T.	-	S. S. C
S. S. E. =	5643669.58	-	21228275.78
S. S. E. =	15584606.20		

**Step 7 : Analysis Of Variance**

**Table A-1: Analysis Of Variance (ANNOVA) (ONE-WAY) Of Tech Mahindra Ltd.**

Source	Sum of Squares	Degree of Freedom	Mean of Squares (2 / 3)	Variance Ratio (F) Calculated Value	Variance Ratio (F) Table Value (5% Level of Significance)
(1)	(2)	(3)	(4)	(5)	(6)
S. S. C.	5643669.58	(2 - 1) = 1	5643669.58	18.11	F(1,50) 4.00
S. S. E.	15584606.2	(25 * 2) = 50	311692.12		
S. S. T.	21228275.78	1 + 50 = 51	-----		

**STEP 8 : VARIANCE RATIO (F)**

Variance Ratio (F) (Calculated Value) = M. S. C. / M. S. E.

$$5643669.58 / 311692.12 = 18.11$$

**INTERPRETATION**

From the above Analysis of Variance, it can be observed that the Critical Value (Tabulated Value) of F for  $v_1 = 1$  and  $v_2 = 50$  at 5% level of significance is 4.00 and the Calculated Value of F is 18.11. The calculation steps have been presented in Annexure. The Calculated Value of F (18.11) is much high than the Critical (Tabulated) Value (4.00) at 5% level with degree of freedom. This analysis do not supports the null hypothesis of no significant difference in sample means. Therefore the difference in the "Total Compensation over No. of Employee" and "Total PAT over No. of Employee" is significant. Furthermore, "Total Compensation over No. of Employee" is higher [almost 4.5. times (18.11 / 4.00)] as compared to "Total PAT over No. of Employee". Hence, Null Hypothesis will not be accepted and it can be concluded that there is no significant difference between "Total Compensation over No. of Employee" and "Total PAT over No. of Employee". That means, total compensation of the company has much closure relationship with the PAT per employee.

**CONCLUSION**

After considering the correlation co-efficient among No. of Employees, Total compensation to employees and Total PAT of the company it can be said that there is strong correlation among them. That is company's revenue and has much interdependence with number of employee as well as with the total remuneration paid to employees. Moreover, analysis of variance (ANNOVA) of information regarding Human Resource Accounting reported by Tech Mahindra Ltd. during the period of 26 years from March 1999 to March 2024 for "Total Compensation to Employees over No. of Employees" and "Total PAT over No. of Employees", it can be concluded that there is no significant difference between "Total Compensation for Human Resource over No. of Employee" and "Total PAT over No. of Employee". It means there is significant relationship between Total Compensation per employee and Total PAT per employee.

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