
A vista on Human Force valuation of Cement Corporation India Ltd.

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Indian company's act 1956 does not provide any scope for showing any information about human resources in financial statement. Due to the more development of business, some of the Indian companies, both public and private, to value their human forces and report this information in their annual report for publication. Human can work without machine but machine be operated with man. Hence, industry like Cement and Infrastructure for instance human talent is more valuable among other else. No machine can ever come up with without the human input. Human resource is one of the most important in business world to face the acute competition in the market. Their skills, creativity, ability human cannot be replaced by machines. We can lose efficiency in work if no talented work forces in the organization. At all levels and areas of the business or firm human efficiency is required with machine efficiency. Thus companies must learn to recognize and appreciate the value of their employees. That is why firms also need to search people those are on capital investment along with capital (money) while many entrepreneurs are concentrated on securing capital they have to make sure they have the right management team and employer in place if they want to attract investor create value and maximum wealth. All the processes of the organization are operated by human resource, hence valuation of this resource is very necessary and information about the valuation should be given to the investors, the management and others through financial statements. Human resource valuation (accounting) is an information system that tells management what changes are occurring over time to the value of human resources of the unit.

Practice on Human Resource Valuation in India

The following are the companies that are currently reporting their human assets valuation in India :

- i. Oil India Ltd
- ii. Project and Equipment corporation of India.(PEC).
- iii. Engineers India limited
- iv. Bharat heavy Electrical Ltd (BHEL).
- v. Steel Authority of India Ltd (SAIL).
- vi. Electrical India Ltd.
- vii. Hindustan Shipyard Ltd.
- viii. Southern Petrochemicals Industries Corporation Ltd SPIC).
- ix. Associated Cement Company Ltd ACC).
- x. National Thermal Power Corporation Ltd (NTPC).
- xi. Cement corporation of India. (CCI).
- xii. Infosys Technologies Ltd.
- xiii. Tata Engineering and Locomotive Works
- xiv. Oil and Natural Gas Commissioning (ONGC).
- xv. Mineral and Metal trading Corporation of India.(MMTC).

Objective of the study

The study under consideration puts the efforts to show the valuation of human forces from 2008-09 to 2012-13 in Cement Corporation of Indian Ltd. (CCI).

Cement Corporation of India Limited (CCI)

Cement Corporation of India Limited (CCI) was incorporated as a Company wholly owned by Government of India on 18th January 1965 with the principal objective of achieving self sufficiency in cement production. The authorized and paid-up capital of the company as on 31.3.2012 was Rs. 900 crore and Rs. 811.41 crore (including Rs.41.75 crore for share application money pending allotment) respectively. **CCI** is a multi unit organization at present having ten units spread over eight states with a total annual installed capacity of 38.48 lakh MT. All Factories, Zonal Offices and Corporate Office at Delhi are interconnected through Internet. In

line with the advancement in cement technology CCI had been adopting the latest one with one million tonne plants at Tandur and Nayagaon. CCI manufactures various types of cements like Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) & Ordinary Portland Cement (OPC) of varying grades viz 33, 43,53 and 53S(special grade cement for manufacture of sleepers for Indian Railways) grades. CCI with a strong work-force of 907 employees (as on 31.03.2012) has always encouraged balanced regional growth with most of its factories located in underdeveloped/backward areas. CCI has also been contributing to the development of areas around factories by adopting nearby villages and providing the basic facilities like school, health center, drinking water etc. For maintaining the ecological balance CCI is launching massive tree plantation drives from time to time at all units and in surrounding areas.

The Company attaches the highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skill level of its employees are the key to achievements of its corporate mission. During the past one year, your Company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that has an innate capability to counter threats posed by ever changing business environment and to take advantages of opportunities presented to serve ever increasing customer base.

Company is conscious about the need of Human Resource Development and has made efforts and given thrust towards development and optimum utilization of human resources to put up a healthy work culture and to achieve higher goal and productivity as well as to meet the challenges of the future. The employees at all level are given opportunities to develop their skill and knowledge for their performance enhancement in the competitive business scenario. Training and development of employees is given priority in the Company for improving effectiveness of the organization as well as of the individuals.

“Human Resources” are of vital importance and significance to an enterprise and constitute a primary segment of the total resources held. A peculiar aspect of “Human Resources” is that while these have infinite potential yet whatever is realized out of this resource is generally akin to the tip of the iceberg the remaining whole lot lying submerged untapped. Deliberate efforts have therefore, to be made to augment the gap between ‘Actual’ and ‘potential’ “Human

resources” may also be branded as “Mother Resources” through the medium of which other scarce resources viz. Machines, material, money are organized, coordinated, directed and controlled. Maximum realization of the Potentialities of this “Mother Resources” is of crucial importance for the success of an enterprise. The in-house management and leadership styles the participative, collaborative and supportive climate, the motivational environment, care concern and fellow feelings for each other, the freedom and flexibility to operate within given framework of organisational goals and objectives productivity oriented performance yard sticks and continued management’s positive awareness for training & development effort to keep the threat of human obsolescence at bay are some of the essential inputs for tapping this resource of human assets. CCI is fully conscious of these phenomena and gives utmost attention and priority to maintain the human assets in fine fettle. The procurement, development, compensation, integration and maintenance of human resources are thoughtfully planned, skill fully organized, carefully controlled and deftly directed so as to secure the meaningful and the individual’s needs, organisational goals and social objective are successfully accomplished. The broad distribution of CCI’s human force is as under:

Table - 1**Educational Qualification of human force in Cement Corporation of India Ltd.****(As on 31st March)**

Educational Qualification	HUMAN FORCE IN CCI			
	2010	2011	2012	2013
Post Graduate Engineers	03	02	02	02
Engineers with MBA	01	01	02	02
Graduate Engineers	27	25	35	35
CA/ICWA/SAS/ACS	09	09	07	07
MBBS	01	01	00	00
MBA's	22	21	30	30
Engineer Diploma Holders	48	46	69	69
Professional Diploma holders	53	49	24	24
Post Graduate	58	55	46	46
Graduates	197	189	138	138

ITI Certificate Holders	225	202	165	165
Others	434	288	389	388
Total	1078	988	907	906

The profile of the human power distributed profession-wise 36.03% of the total employees strength of CCI represent technically and professional qualified, degree/diploma holders in 2011 whereas 36.82% of the total employees strength of CCI observed as technically and qualified with degree and diploma holders in 2012. In 2013, this percentage is reduced to 18.65% of the total employee's strength of CCI. The total numbers of human force of CCI, found decreased trend from 2010 to 2013. In 2010, the total numbers of employees was 1078 whereas 906 were the total numbers of employees as observed in 2013.

The computation has been based on the guidelines and principles enunciated in the economic models developed by Lev and Schwartz. ,Eric Flamholtz and Taggi and Lau.

Table - 2

Category-wise value of human assets in Cement Corporation of India Ltd.

(Rs. in Lakh)

Designation in CCI	2009	2010	2011	2012	2013
Executives	4469.90	6136.80	5810.88	6503.49	8665.39
Supervisors	4453.23	5662.62	6130.41	6373.55	6322.61
Skilled Workers	5177.07	5827.97	7681.53	7091.33	8421.47
Semi-Skilled	2557.44	2734.33	3391.77	3526.87	4133.75
Clerical & Other	2168.25	1952.62	1485.62	1976.06	2491.26
Unskilled workers	1459.39	1438.56	1140.39	1458.61	1708.67
Total	20285.28	23752.90	25640.60	26929.91	31743.15

The values of human assets in CCI have been increased during 2009 to 2013. The value of human assets in 2009 was Rs. 20285.28 lakh whereas Rs. 23752.90 lakh in 2010. The highest value of human assets Rs. 31743.15 lakh in 2013 whereas in 2012, the value of human assets was Rs. 26929.91 lakh. The increasing trend is observed in value of human assets in Cement Corporation of India Ltd.

Table - 3**Activities & Performance per employee in Cement Corporation of India Ltd.**

Particulars	Unit	2008-09	2009-10	2010-11	2011-12	2012-13
Production	MT	825	898	911	942	781
Sales turn over	Rs.	3139649	3355572	3369233	4,089636	3494039
Profit/(Loss)	Rs.	453371	489323	274575	214222	89514
Payments of Employees	Rs.	531591	465953	548801	725248	623620
Interest on sums borrowed	Rs.	322475	348071	372815	100441	49227
Pro. or replacement of assets	Rs.	95522	83436	78372	82028	89514
Social over heads	Rs.	9595	12595	21023	15987	25275
Value added	Rs.	1896974	2111117	1907909	2325799	1912251
Contribution to exchequer	Rs.	709727	204648	666492	942472	764128

Social benefits	Rs.	189141	6175798	223290	233455	243487
Total Capital investment	Rs.	5730557	2554058	1011447	1101764	1945364
Capital employed	Rs.	1682408	2753275	165546	(213451)	1830905

The highest production per employee of CCI was Rs. 942 in 2011-12. The fluctuating trend is observed in sale turnover per employee of the institution under consideration. The highest payment to per employee is found in 2011-12 i.e Rs. 725248. The company has spent Rs. 25275 per employee social overheads in 2012-13 which is highest in the period under consideration. The social benefits per employee of the company is found Rs. 6175798 for 2009-10 which is highest. The capital employed for the session 2009-10 was Rs. 2753275 per employee which is highest.

Conclusion

The dichotomy in accounting between human and non-human capital is rather fundamental in that while latter is recognized 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. In the absence of clear cut, well defined and universally accepted model for evaluation of the economic worth of human assets of a company an attempt has been made to assess the same, by working out the present value of the anticipated future earnings of the employees taking into account the present pay scales and the promotional policies being followed.

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