

A STUDY ON VALUATION OF HUMAN CAPITAL IN INFOSYS TECHNOLOGIES LTD

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

R. SRIDHANUSH PRAVEEN

Register No.40410172



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

APRIL 2022



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **SRIDHANUSH PRAVEEN. R 40410172** who carried out the project entitled “**A STUDY ON VALUATION OF HUMAN CAPITAL IN INFOSYS TECHNOLOGIES LTD**” under my supervision from January 2022 to March 2022.

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Submitted for Viva voce Examination held on_____

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DECLARATION

I **SRIDHANUSH PRAVEEN.R (40410172)** hereby declare that the Project Report entitled “**A STUDY ON VALUATION OF HUMAN CAPITAL IN INFOSYS TECHNOLOGIES LTD**” done by me under the guidance of **Dr.M. THINESH KUMAR M.Com., MBA., M.Phil., Ph.D.** submitted in partial fulfillment of the requirements for the award of a Master of Business Administration degree.

DATE:

PLACE:

SRIDHANUSH PRAVEEN.R

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ABSTRACT

In the organization employee is one of the most important assets for achieving organizational objectives there is arise need for proper information about the cost, value, and human resources. This information is the basis of effective management of human elements in any organization. The main objective of this study is to evaluate the value of human capital in Infosys Technologies Limited (ITL). Human capital is considered an important determinant of productivity in the knowledge economy. Human capital refers to an individual's knowledge, skills, and abilities that add economic value to an organization. Further, human capital is considered to be the crucial input for the development of new technology which is a prerequisite for knowledge-based companies. Hence the present study aims to evaluate the value of human capital and compute the return on human capital in Infosys Technologies Limited. The Lev & Schwartz model was used to value human capital. Secondary data was used for the accounting period from 2003 to 2021.

CHAPTER-1

INTRODUCTION

INTRODUCTION:

Human resources' main role is **to improve employee performance**, which makes the overall company function better and achieve more. HR services include anything related to managing and developing employees within the organization. HR plays a key role in **developing, reinforcing, and changing the culture of an organization**. Pay, performance management, training and development, recruitment and onboarding, and reinforcing the values of the business are all essential elements of business culture covered by HR.

The term human capital refers to the economic value of a worker's experience and skills. Human capital includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality. Human capital is an asset consisting of the knowledge and skills held by a person that can be used by an organization to advance its goals. Human capital is important because some level of human knowledge and skills is necessary in order for an organization to accomplish anything. A means of production, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land and labor. Human capital is perceived to have a relationship with economic growth, productivity, and profitability. Human capital is an intangible asset not listed on a company's balance sheet.

Since all labor is not considered equal, employers can improve human capital by investing in the training, education, and benefits of their employees. Like any other asset, human capital has the ability to depreciate through long periods of unemployment, and the inability to keep up with technology and innovation. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization.

The concept of human capital recognizes that not all labor is equal. But employers can improve the quality of that capital by investing in employees. This can be done through the education, experience, and abilities of employees. All of this has great economic value for employers and for the economy as a whole.

Definition of Human Capital

The human capital approach is a method to estimate the indirect cost due to productivity loss. The value of the human capital is approximated by the value of an average individual's future earnings. The entire period of absence from work due to illness is considered and valued by the achievable gross income. From a long-time perspective, the human capital approach estimates higher indirect costs compared with the friction cost method.

Human capital recognizes the intangible assets and qualities that improve worker performance and benefit the economy. These qualities cannot be separated from the people who receive or possess them.

In the 1950s and early 1960s, Nobel Prize winners and University of Chicago economists Gary Becker and Theodore Schultz were among those primarily responsible for the development of the theory of human capital. Becker realized the investment in workers was no different than investing in capital equipment, which is another factor of production. Both are assets that yield income and other outputs.

Becker differentiated between general and specific human capital.

- **Specific human capital:** Training or education that benefits only one company
- **General human capital:** Training or qualities that benefit the individual at any company

Becker found that companies were more likely to pay for specific human capital while individuals paid for general human capital investments. Firms were less interested in investing in workers who might then be poached by competitors

Different valuation methods available for the Valuation of Human Capital

Human capital is an important determinant of productivity and its role is crucial in a knowledge economy. Worker with communication abilities aims to learn new things and produce new knowledge contributing to the productivity of the economy at a faster rate than their unskilled

counterparts. Gradual improvements in the existing production process take place through the adoption and development of new technologies. Thus human capital is considered to be a crucial input for the development of new technology and prerequisite for employability and an instrument for fighting social exclusion and gender discrimination.

It is very difficult to value human capital. Even though various measurement models are measured to value humans International Journal of Commerce and Management Research 56 capital all those models are attempts only approximate values. Three models for measurement of the human capital (Sackman et al, 1989; Bontis et al., 1999)

- Cost models: reflect the historical cost of acquisition, replacement, and opportunity;
- Value models: combine human capital behavior with non-monetary economic models of monetary value;
- Emphasis on monetary models: calculate discounted estimates of future income or wages.

Critical appraisal of the Lev & Schwartz model

- This Lev & Schwartz model is essentially an input measure. It ignores excludes the output that is the productivity of employees.’
- Service of each individual employee is not considered.’
- The training expenses include by the company on its employees are not taken.’
- The attrition rate in the organization is also ignored.’
- Factors responsible for the higher-earning potentiality of each individual employee like skill, capacity, experience, seniority, bargaining, etc. which may cause differential salary structure are also ignored.’

There are so many models for “measuring the value of human capital”. Some of the models are based on future earning historic costs while some of the models are based on historic costs. But each model has its own drawback and one model has showed to be more valid than other. The Lev and Schwartz model has been the most broadly used model for its ease of use and convenience.

Objectives of the Study;

- To study the human capital practice adopted by Infosys.
- To evaluate human capital practice in Infosys using Lev & Schwartz model methods
- To find out the moving average Employee cost / human resources value

Human Resource Accounting in India

There are certainly major issues relating to the implementation of human resources accounting arise because it tries to attempt to measure and evaluate intangible. Which are as follows?

- Charging the expenditure incurred on recruitment, training, and development of human resources to current periods profit and loss account, profit during that period understated or losses overstated.

By not capitalizing on expenses relating to human resources, even when they are substantial the assets are concealed and net worth is understated to that extent.

- Writing of goodwill when profits are rising, accountants create secret reserves.
- The historical cost approach to develop measures of human resource accounting uses an amortization rate, which provides the figure of amortization to be charged to the profit and loss account every year. But it is very difficult to develop norms in this regard. Physically and mentally, individuals grow and deteriorate at a different rates. Some grow more capable as a result of their work experience, others do not. Given the difficulty of predicting such changes, it is even more difficult to develop a means of writing off individuals' values. So far, precise measures for the amortization of human assets have not been developed.
- Though physical assets are fully recorded under the existing system, human assets are ignored in the internal as well as external reports. This leads to faulty evaluation and decisions.
- By not valuing human resources, the principles of accounting depreciation or appreciation of human assets are ignored. If there had been any attempt to systematically measure and report the depreciation or appreciation of human resources, the quality of management would certainly improve.

Human Resource Value Concept:

Human resource is the knowledge and skills that individuals create, maintain, and use (Armstrong, 2006). The concept of human resource value can be extended to individuals, groups, and the total human organization. Thus, an individual's value to an organization can be defined as the present worth of the set of future services the person is expected to provide during the period he or she is anticipated to remain in the organization. Similarly, a group's value to an organization may be defined as the present value of its expected future services. Ripoll and Labatut (1994) state two reasons for including human resources in accounting. Firstly, people are a valuable resource to a firm as long as they perform services that can be quantified. Secondly, the value of a person as a resource depends on how he is employed so management style will also influence the human resource value. Edward Lawler (1992) described human resources from an investment perspective as —to be competitive, organizations in many industries must have highly skilled, knowledgeable workers. They must also have a relatively stable labor force since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high-quality products and services.

Models of Human Resource Valuation:

It was Rensis Likert (1960) who originated research into human resource accounting and in organizations starting with the Milwaukee Braves USA (1963), which was the first organization to experiment with the concept of HRA, by treating its investments in future team development as an asset to be capitalized and repaid over its expected useful life.

Eric G Flamholtz states “Human resource accounting encompasses measuring the cost incurred by businesses and other organizations to select, recruit, hire, train and develop human assets. In brief, it involves accounting for people as organizational resources for managerial as well as financial accounting purposes.” Many models have been created to value human capital.

Some are based on historic costs, replacement costs, and opportunity costs while some are based on future earnings but each has its own limitations and one model has proved to be more valid than the other. The distinguished experts were Shultz (1960), William Pyle (1967), Flamholtz, Lev and Schwartz (1971), Jaggi and Lau (1974), N. Dasgupta (1978) and Dr. Rao (1983), etc. developed methodology and procedures for finding out the cost and value of the employees to the organization.

Ravindra Tiwari elucidated Human resource accounting (HRA) as an attempt to identify, quantify and report investments made in Human resources of an organization that are not currently accounted for under conventional accounting practice. Businesses that require considerable creativity or are science-based show a significant difference between market value and net book value. This difference is for intangible assets (including human skills). HRA enabled the Company to understand whether the skill sets of its human

capital were appreciated or not. R. Krishnaswamy, an actuarial accountant, said, "The value can be used internally by an organization to make comparisons from unit to unit, from year to year, as well as within its industry."

In India, the financial statements are prepared as per the Indian Companies Act 2013. There are no rules and regulations regarding the inclusion of human resource accounting in annual reports. As per the Indian Companies Act, 1956 human resource value is treated as expenses and not assets of the business organization. Indian companies act, 1956 does not offer any scope for providing any significant information about human resources in the financial statement. Under section 217 of company law, only remuneration paid to employees is shown in financial statements. Due to the growing trend towards the measurement and reporting of human assets some Indian companies in India voluntarily began to introduce human resource information in their financial statement. The following companies do give information about their human assets by following a particular model of valuation of human resources like BHEL, ONGC, SAIL, NTPC, INFOSYS, etc.

CHAPTER-2

COMPANY PROFILE

The Infosys logo is displayed in a large, blue, serif font. The word "Infosys" is written in a single line, with the "i" and "s" having a slight slant. The logo is centered on the page.

Introduction:

Infosys provides software development, maintenance, and independent validation services to companies in finance, insurance, manufacturing, and other domains. One of its known products is Finacle which is a universal banking solution with various modules for retail and corporate banking.

The Founder and Chief Mentor of Infosys Technologies Ltd Mr. Narayanamurthy have observed that “human capital is the greatest asset of any company, you can raise tariffs or prevent MNCs from entering, but one can't stop the employees from leaving if they are dissatisfied.” Thus it is a crucial asset of a company. Human capital is an intangible asset and is valuable as a tangible asset of the company. All the processes of the organization are activated by the human capital and the success of an organization depends on how best the scarce physical resources are utilized by the human assets. The physical resources cannot be activated on their own so firms require human capital to activate these physical resources. Lucas (1988) investigates the relationship between economic growth and human capital. He has observed that a combination of human capital and physical capital is important for economic development. Therefore, the human capital is also becoming valuable assets generating future growth and success for the organization.

Headquartered in Bangalore and Karnataka in India, the business model of Infosys revolves around Information Technology, Consulting, Outsourcing, and Managed Services. Being India's second-largest IT Company as per 2017 revenue figures, Infosys is also rated as the 596th largest public company.

Infosys provides software development, maintenance, and independent validation services to companies in finance, insurance, manufacturing, and other domains. One of its known products is Finacle which is a universal banking solution with various modules for retail and corporate banking. Infosys Limited is an Indian multinational information technology company that provides business consulting, information technology, and outsourcing services.

Services:

- Experience. Digital Marketing.
- Insight. Applied AI.
- Innovate. Blockchain.
- Accelerate. Enterprise Agile DevOps.
- Assure. Cyber Security.

FINANCIAL

Year	Revenue (In crores)	Profits/Loss (In crores)	Total Assets (In crores)	Employees
FY 2010	▲22,742	▲6,266	▲27,504	▲113,800
FY 2011	▲27,501	▲6,835	▲31,293	▲130,800
FY 2012	▲33,734	▲8,332	▲38,357	▲150,000
FY 2013	▲40,352	▲9,429	▲46,275	▲156,000
FY 2014	▲50,133	▲10,656	▲56,966	▲160,405
FY 2015	▲53,319	▲12,372	▲66,289	▲176,187

FY 2016	▲62,441	▲13,489	▲75,098	▲194,004
FY 2017	▲68,484	▲14,353	▲83,148	▲200,364
FY 2018	▲70,522	▲16,029	▼79,349	▲204,107
FY 2019	▲82,675	▼15,404	▲84,066	▲228,123
FY 2020	▲90,791	▲16,594	▲91,800	▲242,371
FY 2021	▲100,472	▲19,351	▲107,511	▲259,619

Employees

Infosys had a **total of 259,619 employees** (generally known as "Infoscions") as of 2021, out of **which 38.6%** were women. Out of its total workforce, **229,658** are software professionals, and the remaining 13,796 work for support and sales. In 2016, 89% of its employees were based in India.

During the financial year **2019**, **Infosys received 2,333,420** applications from prospective employees, **interviewed 180,225 candidates**, and had a gross addition of **94,324** employees, a 4% hiring rate. These numbers do not include its subsidiaries.

In its Q3FY22 results in January, Infosys has reported that attrition has risen to 25.5%, from 20.1% in the September quarter. It has announced a profit of Rs 5,809 crore for the third quarter and **said it is planning to hire 55,000 freshers for FY22** as part of its global graduate hiring program.

Health & Insurance Benefits

- Health Insurance
- Life Insurance
- Dental Insurance
- Vision Insurance
- Long-term Disability Insurance
- Accidental Death & Dismemberment Insurance
- Temporary Disability Insurance

Retirement & Financial Benefits

- 401(k) Plan
- Defined Contribution Pension Plan

Infosys Limited offers a few pension plans and amenities to promote employee well-being. Countless American employees, like Infosys Limited employees, take advantage of employer-provided health coverage, through which a large percentage of each employee's health insurance premium is covered by their employer. In this setup, employers receive tax deductions for their contributions, and workers are given the insurance tax-free. Infosys Limited provides health, dental, and vision plans. Infosys Limited also provides group life insurance, long-term disability insurance, death benefits, which cover certain causes of death, and short-term disability insurance for accidents or illness. To help guarantee a stable cash source later in life, numerous workers participate in employer-funded retirement plans. Infosys Limited provides defined contribution pension plans. With a defined contribution retirement plan, employers help workers save and invest for retirement.

Infosys policies

- 1) If a candidate has attended an interview within the past 9 months from the date of a new application, then he/ she is ineligible to apply.
- 2) If a candidate has been rejected by Infosys in an interview, then the candidate is ineligible to apply again for a period of 9 months after the interview.
- 3) If for some reason Infosys has terminated the candidate's application, then the candidate is ineligible to apply.

4) If for any reason a candidate after applying to Infosys, misses the opportunity to give the interview then the candidate holds the right to apply again and can attend the selection process.

Which programming language is used in Infosys?

Java is a programming language that beats most of its competitors in ratings all over the world. This is a fast-performing, object-oriented programming language that is used by many famous companies. Infosys and Wipro are currently hiring Java developers for multiple job positions.

Overview

Global enterprises need to capitalize on their intellectual capital to differentiate themselves and sustain their competitiveness. Consequently, human capital management (HCM) has become more responsive, better aligned with the business vision, and more focused on outcomes for organizational growth.

Infosys HR Pulse, our human capital management scorecard solution, defines metrics and key performance indicators (KPIs) to help the HR organization monitor performance against internal targets and industry benchmarks. Our solution measures performance tracks progress and highlights trends for enhanced visibility into workforce productivity.

Our platform-independent cloud-based solution is available in a SaaS model. It allows the HR leadership to focus on and measure specific KPIs within the HR domain. It offers a quantitative as well as a graphical representation of KPI-based performance data. Our solution has a mobile user interface and is compatible with industry-leading HCM applications. It embeds chatbots to provide HR professionals with insights and the root causes of performance gaps.

Strengths in the SWOT Analysis of Infosys – Infosys SWOT Analysis

- **Low Salary:** India has given the company an advantage over rivals in terms of lower cost. The majority of Infosys 119 development centers are located in India, which provides it with high-quality technical talent at a significant cost advantage, given that salaries in India are significantly lower than in developed countries.

- **Large Array of IT Services:** The company offers a large array of IT services and software-based solutions, in addition to consultancy and management services. For this reason, Infosys attracts different types of businesses.
- **Strategic Alliances:** Infosys has formed strategic alliances with leading technology and business players in order to bolster its services and business solutions. Earlier it's worked with Hewlett-Packard, Microsoft, IBM, and Amazon on similar projects. We are confident in our ability to form a strong partnership to provide innovative and collaborative solutions.
- **Good ROI:** Infosys is relatively successful at the execution of new projects and it generates good profits through its existing business. The company is generating a good return on its investments.
- **Good Training and Development Programmes for its Employees:** High-level personal skills can be acquired through training and development programs. Infosys Inc is providing continuous training and development to its employees resulting in an enthusiastic and motivated team.

Weaknesses in the SWOT Analysis of Infosys – Infosys SWOT Analysis

- **Depending on Foreign Markets:** American and European operations have been the majority of the company's bases of operations. Nearly 80% of the Infosys revenue comes from North America and Europe. Under such conditions, the company is vulnerable to instability and uncertainty.
- **Emerging markets:** the recent growth in emerging markets has outpaced funding. Infosys lacks the critical development information for most of the developing nations, leaving them with only one way to grow.
- **High Attrition Rate:** Many employees leave Infosys for better-paying jobs, better career options, and higher education opportunities for higher education. When staff turnover is high, a company has a bad image.

Opportunities in the SWOT Analysis of Infosys – Infosys SWOT Analysis

- **Acquisition of New Startups:** One way to expand technology would be to start to invest in technology start-up companies. Infosys has identified potential and invested heavily in technology companies at the early stage. For instance, in 2016, investments were made in Trifacta, a data wrangling software company, and Waterline Data Science. Infosys should continue to invest in companies that provide Infosys with the competitive advantage of technology.
- **Digital Transformation:** Spending on Digital Transformation Technologies is growing. And the company has begun to focus on providing digital transformation services, which can benefit in terms of increasing global investment.
- **Cloud-Based Computing:** Demand for cloud-based solutions is increasing, as cloud computing has altered the fundamental nature of computing. The worldwide expenditure on cloud services is estimated to grow at a rapid pace by 2025, according to industry estimates. Infosys, which has a sizable presence in the cloud computing market, stands to benefit from the growing demand.
- **Concentrate on emerging markets:** Infosys should concentrate its efforts on emerging markets, which are expected to generate significant revenue for IT services and consulting firms in the future. Infosys should not fall behind.

Threats in the SWOT Analysis of Infosys – Infosys SWOT Analysis

- **Intense Competition:** The information technology services industry is a highly competitive sector. IT/business consulting services like Cap Gemini, Accenture, Cap Gemini, and TCS go head-to-to-head with high-tech and consultancies like Infy In addition to competing with software giants like Oracle and SAP, the company also competes with software consultancy competitors. Intense competition results in price pressures and increased investment in innovative technology to maintain a competitive edge.
- **Changes in US immigration laws:** Because immigration laws are subject to political pressure, they are susceptible to change in the event of a change in political power in the United States. Infyis and other countries could be adversely affected by the tightening of immigration rules.

- Increasing salary inflation in India: Lower wage cost is a major competitive advantage for companies such as Infosys, but wage increases are also pressurized in India. Infosys has had to keep the quality of its employees because of wage inflation. It has an adverse effect on the company's operating margins.
- **Liability Laws:** The liability laws in different countries are different, and Infosys may be exposed to various liability claims.
- **Volatile World Markets:** Because of the volatile world financial markets, Infosys is exposed to volatile international macro-economic indicators.

Recruitment Process for Infosys for Freshers 2022

Here on this point, you will get detailed information about updated Infosys recruitment process 2022. This year Infosys has introduced new sections in the Infosys online test. This year Infosys will follow adaptive test pattern.

Recruitment Pattern of Infosys 2022

- Online Test
- Technical Interview
- HR Interview

Selection Procedure of Infosys

The Selection Procedure involves the following two stages.

- Aptitude Test
- Interviews

STAGE I: APTITUDE TEST

The Aptitude Test is an integral component in the entire scheme of the selection process. This stage is very important and if one does not clear this stage, then one cannot move to the next stage in the selection process, which is usually the Interviews. There are three sections for the Aptitude Test as outlined below.

Section 1: Mathematical Critical thinking (10 questions – 35 minutes)

This section consists of questions from different topics like Permutation & Combination,

Probability, Time & Work, Time & Distance, Equations, Ratio, Proportion, Variation, Percentages, Profit and Loss, Partnership, etc.

Section 2: Analytical thinking (15 questions – 25 minutes)

This section consists of questions on topics like Syllogisms, Puzzles (Seating Arrangement, Distribution, etc), Non-Verbal Reasoning, Blood Relationship, Data Interpretation, Data Sufficiency, etc.

Section 3: Test of English Communication (40 qs – 35 minutes)

This section consists of questions from topics like Reading Comprehension, Synonyms, Antonyms, Idioms & Phrases, Fill in the blanks, Para jumbles, Grammar (Sentence Correction, Sentence Improvement, Spotting the error, etc)

STAGE II: INTERVIEW

The interviews are conducted to test a candidate's knowledge of self, his career plans, hobbies, interests, achievements, knowledge about his specialization, etc. Questions can be drawn from any area. It is expected that a candidate has a clear career goal or objective when he/she faces an interview panel. If one is from the Department of Mechanical Engineering, then it is expected that one has a good command of the subjects one has learned in one's engineering. At the same time, candidates need to show interest in the field of IT and come up with a convincing answer as to why they are shifting their field from "Mechanical Engineering" to "IT". Overall, one's confidence and one's knowledge are the key attributes that would be checked here

INFOSYS BRANCHES IN INDIA

- Bangalore Branch
- Bhuvaneshwar Branch
- Chandigarh Branch
- Chennai Branch
- Gurgaon Branch
- Hyderabad Branch
- Jaipur Branch

- Mangalore Branch
- Mysore Branch
- Pune Branch
- Trivandrum Branch
- Mohali Branch
- Nagpur Branch
- Warangal Branch

Awards

Awards are but tiny recognitions of our efforts as we strive for excellence. Infosys is a consistent early adopter of a host of industry best practices, sustainability measures, and pro-people initiatives. These have attracted industry recognition from time to time, and here is a brief highlight of some of the major awards we won over the last three years.

2022

- Infosys Recognized as one of the **2022 World's Most Ethical Companies** for the Second Consecutive Year by Ethisphere.
- Infosys receives **Brandon Hall Group's Organizational Excellence Certification** for demonstrating best-in-class talent acquisition strategy and human capital management practices.
- Infosys Certified as a **Great Place to Work®** for excellence in its employment practices in **Canada** for 2022.
- Infosys is rated in the '**LEADERSHIP**' category in an assessment undertaken by IiAS on the Indian Corporate Governance Scorecard.

- Infosys is recognized as the **fastest-growing IT services brand in the world by Brand Finance**, the world's leading brand valuation firm, in its Global 500 2022 report.
- Infosys was honored with the **Bronze Class at the 2022 S&P Global Sustainability Awards** for achievements in following sustainable business practices.
- Infosys awarded **Global Top Employer 2022 certification in 22 countries** across Asia Pacific, Europe, the Middle East, and North America in recognition of its outstanding strategies and people practices.
- The Company's global internship program, **InStep ranked Number One** in the Best Overall Internship category by vault.com fourth year in a row.

2021

- Infosys awarded **Global and Asia Pacific Systems Integrator** of the year at **HPE Partner Awards 2021**.
- Infosys won **Regional client business impact - telecommunications APAC** award at **Blueprism Partner Excellence Awards 2021**.
- Infosys won **Australia Digital Experience of the Year - IT Services** award for Australian Open 2021 digital innovation partnership at **Asian Experience Awards**
- Infosys was honored with a commendation for 'Significant Achievement in Corporate Excellence' at the 16th CII-ITC Sustainability Awards 2021.
- The Asset, Asia's leading financial publication for issuers and investors awarded Infosys the **Benchmark-Platinum Award, Best Initiative in Diversity and Inclusion**, and the **Best Investor Relations Team** at The Asset ESG Corporate Awards 2021.
- The Confederation of Indian Industry (CII) adjudged Mr. Nilanjan Roy as the "**CFO of the Year – Technology, Media & Communications**" in the first edition of the CII CFO Excellence Awards 2021.

- Infosys topped CRISIL's Environmental, Social, and Governance (ESG) performance assessment of the top 225 companies across 18 sectors in India with a score of 79 on 100.
- Infosys won the 'Most Outstanding Company in India – IT Services Sector' in Asia's Outstanding Companies Poll 2021. Asiamoney has designed this poll to acknowledge the listed companies that have excelled in areas such as financial performance, management team excellence, investor relations, and CSR initiatives.
- Infosys awarded Asia's best 'In-house Compliance and Reporting Team Of The Year', 'In-house Tax Team Of The Year', and 'In-house Tax Director Of The Year' by Euromoney, International Tax Review (ITR). This is the fifth time in a row that Infosys has won the ITR awards.
- Dalal Street Investment Journal, India's no 1 investment magazine, selected Mr. Nilanjan Roy as the Best CFO of India – IT (Large Cap Category) for the year 2021.
- Infosys was recognized as one of the "Most Honored" companies, receiving multiple awards at the [2021 All-Asia Executive Team Rankings from Institutional Investor](#), a leading provider of independent, qualitative feedback, for the investment community. The rankings are based on the opinions of 4,084 investment professionals.
- Infosys was rated in the 'Leadership' category on the Indian Corporate Governance Scorecard in a study conducted jointly by the Institutional Investor Advisory Services, the International Finance Corporation, and the Bombay Stock Exchange.
- Infosys is recognized by Great Place to Work® and Fortune as one of the Best Big Companies to Work For™ in the US.
- Infosys recognized as one of the 2021 World's Most Ethical Companies by Ethisphere. Ethisphere's Ethics Quotient® is a proprietary rating system that collects and objectively scores self-reported data in five weighted categories: governance, leadership and reputation, ethics and compliance program, the culture of ethics, and environmental and societal impact.

- Infosys is recognized as the fastest growing and ranked 4th among the top 10 IT services brands by Brand Finance, one of the world's leading brand valuation firms, in its 2021 Global 500 report.
- Infosys won awards for the 'Best Finance Team' and 'the Best Finance Transformation' at the 19th Business Leader of the Year awards presented by ET Now.
- Infosys is recognized by the Top Employers Institute as a Top Employer 2021, across Asia Pacific, Europe, Middle East, and North America, for its excellence in employment practices.
- Infosys won the 'Standout IR' Award by the Investor Relations Society in collaboration with BSE and KPMG India. The IR Awards screening committee judged BSE 500 companies on parameters such as market cap, institutional holdings, and feedback from the buy-side and sell-side.
- Infosys was honored with a Glassdoor Employees' Choice Award as one of the Best Places to Work in 2021 in Canada. The Employees' Choice Award is based solely on the employees' anonymous feedback on Glassdoor about their job, work environment, and employer.

2020

- Infosys won the 2020 Golden Peacock Global Award for Excellence in Corporate Governance under the IT category. The award validates the collaborative and inclusive style of ethical management adopted by Infosys.
- Infosys won the Brandon Hall Group Excellence in Technology Awards 2020 in the 'Best Advance in Employee Referral Technology' category for Reppify and in the 'Best Advance in Unique Talent Acquisition Technology' category for InfyTQ and Rebadge bot.
- Infosys won the Platinum Award and the Best Investor Relations Team Award at the Asset ESG Corporate Awards 2020. Infosys also won the Environmental Responsibility

Award for its carbon neutral programme and the Social Responsibility Award for its rural household biogas units and competence building initiative.

- [InStep](#), the global internship program at Infosys, has been ranked as the number one internship in the world by [Vault.com](#). InStep was also ranked first in best internships for computer science, compensation and benefits, technology and engineering, overall diversity, and quality of assignments.
- Infosys won the 2020 Top 10 Working Mother and AVTAR Best Company for Women in India Award.
- Infosys won the Champion of Inclusion Award of Working Mother and AVTAR Most Inclusive Companies Index (MICI) 2020.
- Infosys Düsseldorf innovation hub has been awarded the NRW.INVEST Award 2020.
- Infosys won the German Brand Award 2020 for Excellence in Brand Strategy and Creation.
- Infosys recognized by the Top Employers Institute, a global certification company, for exceptional standards in employee conditions across Europe for three years in a row. Infosys is also the certified Top Employer in France, Germany, Switzerland, The Netherlands and the United Kingdom.
- Infosys was awarded as one of the “Most Honored” companies for receiving multiple awards at the [2020 All-Asia Executive Team Rankings from Institutional Investor](#), a leading provider of independent, qualitative feedback, for all three sides of the investment community. The rankings are based on opinions of 1,921 portfolio managers and buy-side analysts and 611 sell-side analysts.
- Infosys USA has been certified as Great Place to Work for excellence in its employment practices. Great Place to Work® is the global authority on workplace culture.
- Infosys recognized as a 2020 ‘[Top Employer](#)’ in Australia and Singapore, and among the top three employers in Japan, by the Top Employer Institutes.

- Infosys' Investor Relations (IR) function has been recognized as the Top IR Functions amongst Indian companies in an annual survey conducted by *FinanceAsia*. In addition, Infosys was also adjudged the top company, who is most committed to social causes and among top three in Best Environmental Stewardship in India.
- Infosys won the 2020 BEST Awards by the Association for Talent Development (ATD), USA, in recognition of its enterprise-wide success as a result of employee talent development.
- Infosys won Finance Transformation and Best Financial Reporting awards at ET NOW Business Leader of the Year Awards.

CHAPTER-3

REVIEW OF LITERATURE AND RESEARCH DESIGN

REVIEW OF LITERATURE:

Human Resource Accounting is the process of identifying and reporting the Investments made in the Human Resources of an Organization that are presently not accounted for in the conventional accounting practices. This is an addition of Accounting Principles. Through Human Resource Accounting, the employment can be managed and Human Resources can be utilized and helps in deciding promotion, training, retrenchment and transfers, of human resources. Understanding and valuing the inner strength of an organization and helps the management to guide the organization, human resource accounting helps a lot. Hence, it can be said that, it is the process of developing financial assessment for people within organization & society & monitoring of these assessment through time, it deals with. Although HR valuation has important implication for external financial reporting, in the contemporary economic scenario valuing HR has been greater significance for internal HRM decision.

Michael Mankins, Karen Harris et al (2017) The author in this article explains how the Human Capital has taken more importance than financial resources. Presently global financial capital is 10 times of global GDP. In many large companies the after cost of borrowing is close to the rate of inflation which means borrowing cost is near zero. Skilful location of financial capital is no longer a source of sustained competitive advantage. Weighted average cost of capital was 10% in 1980s and 1990s and at present it ranges from 5- 6%. It is expected that global financial asset will increase by 40% from 2010 to 2020. It has also been researched that population of the age of 45-59 years are critical in determining the level of savings. These peak savers will represent a large and growing percentage of global population until 2040.

Yuriy V Kozyr (NOV28, 2016) According to the mounted valuation exercise, when valuing groups (organizations, commercial enterprise and retail asset) pay & commercial center strategies are commonly completed. Cost approach is restrained and its typically employ whilst value small organization (people have better historic records) protecting group. Author shows value method, expand outlook of earnings technique factors. Author gives depiction of the valuation system, essayist call Resources Substitution Cost Strategy (ARCM). According to

replacement concept, as per which the financial specialist will now not pay more for a benefit than the maximum important to make an advantage of same application, be it with the guide of obtaining or creation. This approach is based at the price technique and carries a few factors of the earnings technique, which permits that strength and weakness of each method. Writer's view, this may be categorized as hybrid, much like the EVA and EBO valuation processes.

NelaSteliac (july2,2015) the study attempted to make a quick historic presentation, of the advent, evolution and the applicability of the opportunity value idea inside the low-cost questioning sample in popular and specially for the accounting. The complexity of this idea permits to be seemed from the accounting angle, truth that results in the concept of the accounting size of the possibility cost. The examples presented in the content of the study pursuits to point out the need and the significance of the possibility fees with the intention to set up the accounting profit for the destiny durations of time starting from the accounting statistics. It is confirmed that the dimensions of the accounting earnings, the rent ability of the work production can be and is stimulated by using the opportunity charges for some reasons the cost is ignored by the accountants.

Salaga Jakub (2015) the study affirm that fee-primarily based idea of measuring business overall performance has its theoretical basis in financial profit. The concept of financial profit is based totally at the life of possibility prices which can be very widely recognized in the financial theory. The creator manages the size of the money-related profit by the Monetary Esteem Included pointer (EVA indicator). It points out, that after thinking about the monetary income and its dimension one should first distinguish the theoretical foundation of the idea, types of application, and opportunities of software in practice. The accumulated records and the transformation of the records got through from the accounting into the preferred styles, individually to the Economic Value Added method. Primary statistics, as well as secondary information, had been used for the motive, along with numerous

Bullen and Eyler(2014) examined the international contributions made to the field of HRA considering the human capital, human resource metrics, intellectual capital, and organizational management. As result, a situation of growth was recorded in the field of HRA Along with advances in HRA theory. It was concluded that HRA gained a positive

effect on overseas assignments on personal development. It was suggested to follow the international trends emerging in intangible reporting, and capitalized human resource information so that HRA can become more prevalent.

Dinesh B. Raghuwanshi (2014) This study was undertaken in an educational institution to know how HR accounting can be applied there. The author finds few challenges in the application of HR accounting. Unlike business organizations, most educational institutions are run as charitable institutions. The absence of a profit motive does not encourage management to manage its Human Resource efficiently. Salaries of employees and fee structure is determined by the government. The writer gives his views at the end that when the corporate will participate in education industry then there will be more logical valuation of Human Resources. The same concept of Human Resource Accounting is not seen applicable for companies and educational institutions so far the element of profit is missing in educational institutions.

Stanko et. al. (2014) examined the history of human asset accounting and its feasibility in current financial reporting environments. Additionally, the importance of human asset accounting, different approaches toward human asset accounting, and how beneficial an accurate method could prove to be in financial reporting was demonstrated. It was revealed that as a foregoer to measurement the development of general quantitative & qualitative human capital disclosures, with real company examples, be included in a company's sustainability reporting.

Sharma and Lama (2014) highlighted the growth and development made in the field of human resource accounting taking the examples of some Indian companies that made effort to value and account human resource in the financial statements. Further, the validity of the misleading financial statements was examined. The Indian companies were found conscious about various advantages of the HRA and for encouraging the development and application of HRA the Regulatory Bodies for Accounting Standards in

both the National and International level have to focus on the measurement and reporting aspect of HRA and enforce sound standards for it.

Sharma and Kumar (2014) compared the disclosures and practices adopted by selected public and private sector banks and revealed that public sector banks were disclosed more information related to the human resource practices than the private sector banks. Public sector banks were found to disclose some quality information of human capital-related information.

P. Usha (June 2013) According to this paper traditional accounting is going to be replaced gradually by modern accounting where International Financial Reporting Standard proposes and encourages alternative measurement and reporting standards which also includes Human Resource Accounting. Certainly, the recognition of Human resources as an asset and other developments in the field of modern accounting is going to present true and fair information in the financial statements.

Ratti (2012) calculated the value of human resources at different levels of the organization and determined the human resource efficiency quotient taking a sample of fifteen Companies for the measurement of human resources. Primary data were used in the study. It was revealed that the value of human resources did not depend upon the number of persons employed.

Tracy (2008) directed at analyzing the types and adoption of HR policies, practices, and programs in the hospitality industry of Kenya that may be linked to a firm's overall business strategy & helps to drive performance in the hospitality industry of Kenya. It was proclaimed that there is a need to develop a clear and strong alignment between the overall business plan and the HC function.

(Kodwani & Tiwari, 2007) Dr. Amitabh Deo Kodwani and Ravindra Tiwari have proposed a model for the valuation and accounting of human resources. The model that they proposed is an extension of Lev and Schwartz(L&S). It removes major weaknesses of the L&S

model such as it is the ability to account for human resources in the balance sheet. This model encourages employees to achieve a high level of performance

RESEARCH METHODOLOGY

This study is explorative in nature. To analyze our objectives we have used secondary data. We have used annual reports of the **Infosys technologies ltd from the period of 2002-2003 to 2020-21**. So we have used a total of **18 YEAR** annual financial reports of the Infosys technologies ltd. We have analyzed financial statements like Profit loss accounts and Balance Sheets. With the help of Microsoft Excel and Microsoft word, we have drawn trend graphs that show the trend in revenue and the trend in expenditure incurred on employees from the year **2003 to 2021**.

TOOLS

- The Lev & Schwartz model methods
- Charts and ratio

The Lev & Schwartz model methods formula

- **Employees (no.) = SOFTWARE PROFESSIONALS+SUPPORT**
- **TOTAL Value of human resources = SOFTWARE PROFESSIONALS+SUPPORT**
- **Total Cost per employee = total value of human resources/total employee cost**

Ratios

- ✓ **Total income / human resources value (ratio) = Total value of human resources/ total income**
- ✓ **Employee cost / human resources value (%) = Total value of human resources / employee cost**

- ✓ **Value-added / human resources value (ratio)** = Value-added /human resources value (ratio)
- ✓ **Value of human resources per employee** = Total value of human resources/ employees cost
- ✓ **Percentage of Return on Human ResourcesValue (%)** = Total value of human resources / net profit

CHAPTER-4

DATA ANALYSIS

DATA ANALYSIS

To check the relationship between an organization's revenue per employee and its expenditure per employee, we have collected data from the year 2003-to 2020 from the annual report of Infosys limited. We have collected data on the income from the profit and loss account statement, the expenditure of the company on its employee, and no. of employees in the organization. Which is shown in the table below.

Table4.1: Analysis of human resource accounting practices of Infosys technologies limited (In RS. Lakh unless stated other)

S.NO	PARTICULAR	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
1	COST OF CAPITAL	16.99	14.09	13.63	12.96	14.97	13.32	12.18	10.6	11.21
2	Employees (no.)									
	Software professionals	14001	23,855	34,747	49495	68156	85013	97349	106864	123811
	Support (all)	1355	1779	2003	3220	4085	6174	7501	6932	7009
	TOTAL	15356	25634	36750	52715	72241	91187	104850	113796	130820
3	Value of human resources									
	Software professionals	9717.98	19607.78	26550.12	43336	53592	92331	95660	106173	122539
	Support (all)	699.05	1532.18	1784.13	3301	3860	6490	6533	7114	12566
	Total value of human resources	10417.03	21139.96	28334.25	46637	57452	98821	102133	113287	135105
4	Total income(1)	3722.3	4976.33	7253.55	9521	13893	16692	21693	22,742	27501
5	Total employee cost(1)	1677.12	2450.96	3539.11	4801	7112	8787	11405	12093	14856
6	Total Cost per employee	10.99	9.56	9.63	9.1	9.84	9.63	10.87	10.62	11.35
7	Value-added	3043.25	4184.96	6052.85	8030	11,879	14820	19073	20935	25031
8	Net profit(1)	957.93	1243.63	1846.48	2479	3861	4639	5988	6219	6823
9	Ratios									
10	Total income / human resources value (ratio)	0.357331	0.235399	0.255999	0.204151	0.241819	0.168911	0.212399	0.200746	0.203552
11	Employee cost / human resources value (%)	16.0993268	11.593967	124.9031	10.2944014	12.3790295	15.2945067	11.1668119	10.6746582	10.9958921
12	Value-added / human resources value (ratio)	0.292141	0.1976644	0.213623	0.17218	0.206763	0.1499681	0.186746	0.184796	0.18527
13	Value of human resources per employee	67.83687	82.46	77.1	88.47	79.52	108.372	91.8	99.55	103.27
14	Percentage of Return on Human ResourcesValue (%)	9.19580725	5.882839	6.515083	5.31552201	6.732039268	4.71458496	5.86294342	5.48959722	5.05014618

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

Table4.1: Analysis of human resource accounting practices of Infosys technologies limited**(In RS. Lakh unless stated other)**

S.NO	PARTICULAR	2011-1012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1	COST OF CAPITAL	11.34	12.18	13.51	11.02	11.66	11.15	11.63	10.12	9.07	9.79
2	Employees (no.)										
	Software professionals	141788	147008	151059	166046	182329	188665	192179	214727	228449	245037
	Support (all)	8206	9680	9346	10141	11715	11699	11928	13396	13922	14582
	TOTAL	149994	156688	160405	176187	194044	200364	204107	228123	242371	259619
3	Value of human resources										
	Software professionals	115900	124867	151059	166046	182329	188665	192179	214727	228449	245037
	Support (all)	9817	12978	9346	10141	11715	11699	11928	13396	13922	14582
	Total value of human resources	125717	137845	160405	176187	194044	200364	204107	228123	242371	259619
4	Total income(1)	33734	40352	50133	53319	62441	68484	70522	82675	90791	100472
5	Total employee cost(1)	18340	22566	28834	29742	34406	37659	38883	45315	50887	55541
6	Total Cost per employee	12.22	14.401	17.97	16.88	17.73	18.79	19.05	19.86	20.99	21.39
7	Value-added	30960	36483	44,918	48070	51628	59586	62036	73506	80113	89063
8	Net profit(1)	8316	9421	10648	12329	13491	14353	16029	15410	16639	19639
9	Ratios										
10	Total income / human resources value (ratio)	0.26833	0.292734	0.31254	0.302627	0.321779	0.341799	0.345514	0.362414	0.74595	0.386997
11	Employee cost / human resources value (%)	14.5883214	16.370561	17.975749	16.8809277	17.7310301	18.7952926	19.050302	19.8642837	20.9954986	17.975789
12	Value-added / human resources value (ratio)	0.246267	0.264674	0.280028	0.272835	0.266056	0.297388	0.303938	0.32222	0.3306219	0.3430527
13	Value of human resources per employee	83.814	87.97	1	1	1	1	1	1	1	1
14	Percentage of Return on Human ResourcesValue (%)	6.61485718	6.834488	6.6381971	6.9976786	6.95254685	7.1634625	7.8532334	6.75512772	6.86509525	7.56339097

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

Table 4.2: Trend Ratio

Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total no. of employees	100	166.931493	239.32	343.286	470.442	593.82	682.795	741.052	851.91456	976.777807
Total value of human resources	100	202.936538	271.999	447.7	551.52	948.6485	980.4426	1087.52	1296.9628	1206.84111
Total income / human resources value (ratio)	100	65.877016	71.642	57.1322	67.6737	47.27018	59.440407	56.1793	56.964551	75.0928411
Employee cost / human resources value (%)	100	72.0152292	775.828	63.9431	76.8916	95.00091	69.36198	66.305	68.300322	90.6144808
Value-added / human resources value (ratio)	100	67.6606159	73.1233	58.9373	70.7751	51.33415	63.923243	63.2558	63.418007	84.2973085
Value of human resources per employee	100	121.556316	113.655	130.416	117.222	159.7538	135.32464	146.749	152.23285	123.552281
Percentage of Return on Human ResourcesValue (%)	100	63.9730569	70.8484	57.8038	73.2077	51.26885	63.756702	59.6967	54.917921	71.9333404

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

Table 4.2: Trend Ratio

Year	2002-2003	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total no. of employees	100	1020.369888	1044.57541	1147.34957	1263.6364	1304.792915	1329.1678	1485.56265	1578.347226	1690.6681
Total value of human resources	100	1323.265844	1539.834291	1691.336206	1862.7574	1923.427311	1959.3589	2189.90442	2326.680445	2492.2555
Total income / human resources value (ratio)	100	81.9223633	87.46512337	84.69094481	90.050681	95.65332983	96.692982	101.422491	208.7560273	108.30211
Employee cost / human resources value (%)	100	101.6847555	111.655283	104.854867	110.13523	116.7458294	118.3298	123.385803	130.4122766	111.65553
Value-added / human resources value (ratio)	100	90.59803314	95.85371447	93.39154723	91.071092	101.7960505	104.03812	110.296056	113.1720299	117.4271
Value of human resources per employee	100	129.6787425	1.474124617	1.474124617	1.47412	1.47412	1.47412	1.47412	1.47412	1.47412
Percentage of Return on Human Resources Value (%)	100	74.32178409	72.18721402	76.09640361	75.605617	77.89922413	85.400152	73.4587789	74.65462317	82.248255

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

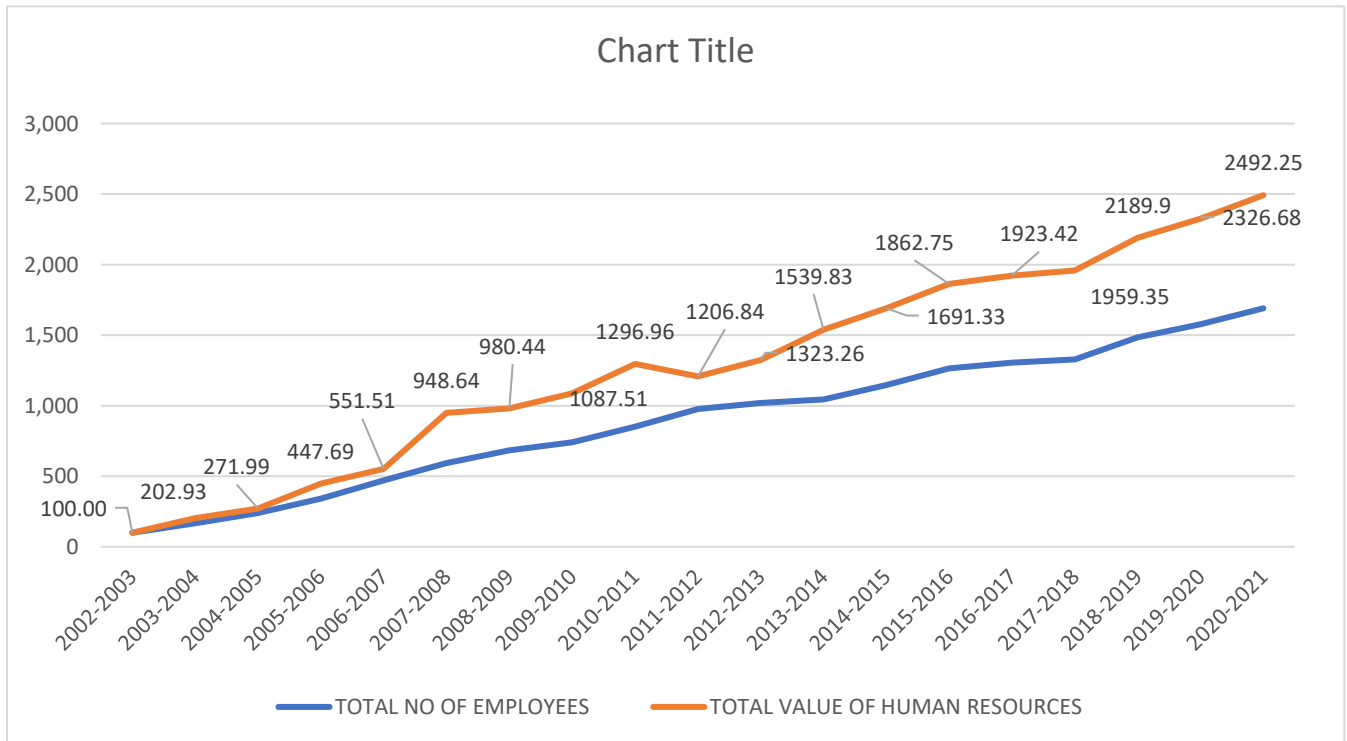
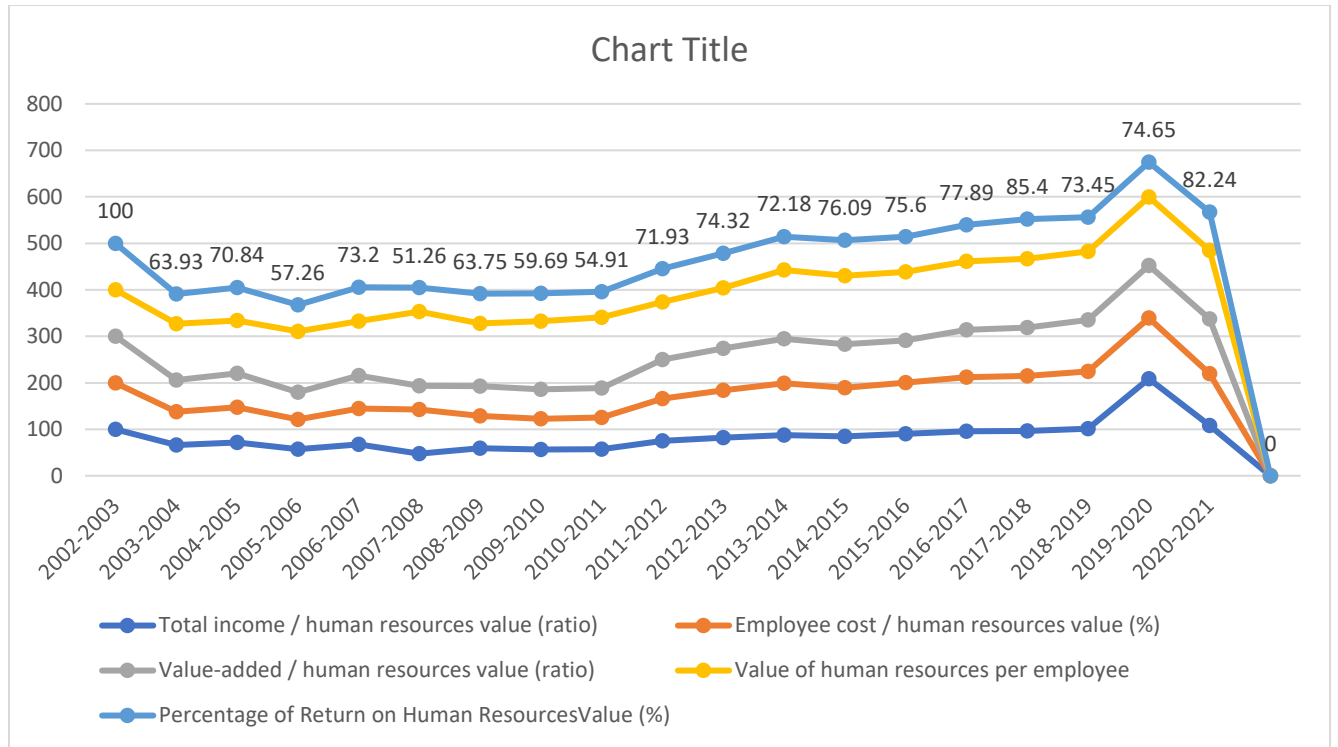
FIG.4.3 Trend charts of Human capital valuation

FIG 4.3 Trend charts of Human capital valuation



CHAPTER-5
FINDINGS, SUGGESTIONS
AND CONCLUSION

FINDINGS:

- Table 4.1, shows the result of valuation of human capital of Infosys Technologies Limited. It is observed that the year of 2002-03 the total number of employees was 25,634 which are increased to 2,59,621 in 2020-21 i.e., an increase of 2492% during the last 18 years. Software professionals 9,717 value at 2002-2003 which are increased to 2,45,037 2020-21.
- Total employee cost has increased form Rs. 1677.12 lakhs in 2002-2003 to Rs. 55541 lakhs 2020-2021 while the cost per employee was found Rs10.99 lakhs, Rs 9.56 lakhs, Rs9.63 lakhs, Rs9.1 lakhs, Rs9.84 lakhs, Rs 9.63 lakhs, Rs 10.87 lakhs, Rs 10.62 lakhs, Rs 11.35 lakhs, Rs12.22 lakhs, Rs14.401 lakhs, Rs17.97 lakhs, Rs 16.88 lakhs, Rs 17.73 lakhs, Rs18.79 lakhs,19.05 lakhs,19.86 lakhs,20.99 lakhs, Rs21.39 lakhs in the accounting years 2002-03 to 2020 -21respectively.
- Total Value of Human Resources has increased the last 18 years form Rs202.98 lakhs in 2002-2003 to Rs 2492.25 lakhs. 2020-2021.
- Total income / Human resources (ratio) have increased the last 17 years from Rs 65.87 lakhs in 2002-2003 to Rs 208.75 lakhs 2019-202 but decreased in 2020-2021 Rs.108.30 lakhs.
- Total employees' cost / Human Resources value has increased over the last 17 years from Rs72.15 lakhs in 2002-2003 to Rs 130.41 lakhs 2019-2020 but decreased in 2020-2021 Rs.111.65
- Total Percentage of Return on Human Resources Value (%) increased the last 18 years from Rs 63.97 lakhs 2002-2003 to Rs 82.24 lakhs 2020-2021.

SUGGESTIONS:

The analysis finds that ITL disclosure can be used to improve human capital practices and their effectiveness in human resource management decision. ITL should make public information on the inclusion of variables such as human resource amortization, employee loyalty, idle time, lock outs, and so on in the value of human capital. Employees' future earnings are discounted at a steady rate as much as practicable. Also, if the discount rate changes, the valuation of Human Resources should be provided at the current rate for the present 18 years in order to make the human capital data useful, correct, and more relevant for human resource management decision.

If the auditor audits the human capital information of ITL, the trustworthiness of human capital data can be ensured. The value of human resource in different age-group also is disclosed by ITL. As a result, given the importance of human capital, governments, professional organization's accounting agencies, and academia have collaborated to build an objective methodology for human capital valuation.

Conclusion:

Finally, it can be stated that ITL's human capital procedures are excellent. In this regard, Infosys Technologies Limited has freely implemented human capital policies and disclosed human capital information in its annual reports on a regular basis. However, ITL must expend more effort in reporting comparable data on human capital value and human capital ratios in order to make more effective human resource management decisions. But annual report changes new rule from 2014 automatic count the value of human resource per employees and also software professional and support count single entry in annual report 2014-2021. This new rule it is easy way to calculator the **Lev & Schwartz model methods and human capital**. These methods useful and benefit employees form 2014-2021 company given an equal cost of upper position and lower position employees increased a got to salary and equal benefit decisions to government also calculator annual report incurred on employees from the year **2003 to 2021**.

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A STUDY ON VALUATION OF HUMAN CAPITAL IN INFOSYS TECHNOLOGIES LTD

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ABSTRACT:

In the organization employee is one of the most important assets for achieving organizational objectives there is arise need for proper information about the cost, value, and human resources. This information is the basis of effective management of human elements in any organization. The main objective of this study is to evaluate the value of human capital in Infosys Technologies Limited (ITL). Human capital is considered an important determinant of productivity in the knowledge economy. Human capital refers to an individual's knowledge, skills, and abilities that add economic value to an organization. Further, human capital is considered to be the crucial input for the development of new technology which is a prerequisite for knowledge-based companies. Hence the present study aims to evaluate the value of human capital and compute the return on human capital in Infosys Technologies Limited. The Lev & Schwartz model was used to value human capital. Secondary data was used for the accounting period from 2003 to 2021.

INTRODUCTION:

Human resources' main role is **to improve employee performance**, which makes the overall company function better and achieve more. HR services include anything related to managing and developing employees within the organization. HR plays a key role in **developing, reinforcing, and changing the culture of an organization**. Pay, performance management, training and development, recruitment and onboarding, and reinforcing the values of the business are all essential elements of business culture covered by HR.

The term human capital refers to the economic value of a worker's experience and skills. Human capital includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality. Human capital is an asset consisting of the knowledge and skills held by a person that can be used by an organization to advance its goals. Human capital is important because some level of human knowledge and skills is necessary in order for an organization to accomplish anything. A means of production, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land and labor. Human capital is perceived to have a relationship with economic growth, productivity, and profitability. Human capital is an intangible asset not listed on a company's balance sheet.

Definition of Human Capital

The human capital approach is a method to estimate the indirect cost due to productivity loss. The value of the human capital is approximated by the value of an average individual's future earnings. The entire period of absence from work due to illness is considered and valued by the achievable gross income. From a long-time perspective, the human capital approach estimates higher indirect costs compared with the friction cost method.

Critical appraisal of the Lev & Schwartz model

- This Lev & Schwartz model is essentially an input measure. It ignores excludes the output that is the productivity of employees.’
- Service of each individual employee is not considered.’
- The training expenses include by the company on its employees are not taken.’
- The attrition rate in the organization is also ignored.’
- Factors responsible for the higher-earning potentiality of each individual employee like skill, capacity, experience, seniority, bargaining, etc. which may cause differential salary structure are also ignored.’

There are so many models for “measuring the value of human capital”. Some of the models are based on future earning historic costs while some of the models are based on historic costs. But each model has its own drawback and one model has shown to be more valid than the other. The Lev and Schwartz model has been the most broadly used model for its ease of use and convenience.

Human Resource Value Concept:

Human resource is the knowledge and skills that individuals create, maintain, and use (Armstrong, 2006). The concept of human resource value can be extended to individuals, groups, and the total human organization. Thus, an individual's value to an organization can be defined as the present worth of the set of future services the person is expected to provide during the period he or she is anticipated to remain in the organization. Similarly, a group's value to an organization may be defined as the present value of its expected future services. Ripoll and Labatut (1994) state two reasons for including human resources in accounting. Firstly, people are a valuable resource to a firm as long as they perform services that can be quantified. Secondly, the value of a person as a resource depends on how he is employed so management style will also influence the human resource value. Edward Lawler (1992) described human resources from an investment perspective as —to be competitive, organizations in many industries must have highly skilled, knowledgeable workers. They must also have a relatively stable labor force since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high-quality products and services

Objectives of the Study;

- To study the human capital practice adopted by Infosys.
- To evaluate human capital practice in Infosys using Lev & Schwartz model methods
- To find out the moving average Employee cost / human resources value

Company Introduction:

Infosys provides software development, maintenance, and independent validation services to companies in finance, insurance, manufacturing, and other domains. One of its known products is Finacle which is a universal banking solution with various modules for retail and corporate banking.

The Founder and Chief Mentor of Infosys Technologies Ltd Mr. Narayanamurthy have observed that “human capital is the greatest asset of any company, you can raise tariffs or prevent MNCs from entering, but one can't stop the employees from leaving if they are dissatisfied.” Thus it is a crucial asset of a company. Human capital is an intangible asset and is valuable as a tangible asset of the company. All the processes of the organization are activated by the human capital and the success of an organization depends on how best the scarce physical resources are utilized by the human assets. The physical resources cannot be activated on their own so firms require human capital to activate these physical resources. Lucas (1988) investigates the relationship between economic growth and human capital. He has observed that a combination of human capital and physical capital is important for economic development. Therefore, the

human capital is also becoming valuable assets generating future growth and success for the organization.

Employees

Infosys had a **total of 259,619 employees** (generally known as "Infoscions") as of 2021, out of **which 38.6%** were women. Out of its total workforce, **229,658** are software professionals, and the remaining 13,796 work for support and sales. In 2016, 89% of its employees were based in India.

During the financial year **2019, Infosys received 2,333,420** applications from prospective employees, **interviewed 180,225 candidates**, and had a gross addition of **94,324** employees, a 4% hiring rate. These numbers do not include its subsidiaries.

REVIEW OF LITERATURE:

Human Resource Accounting is the process of identifying and reporting the Investments made in the Human Resources of an organization that is presently not accounted for in conventional accounting practices. This is an addition to Accounting Principles. Through Human Resource Accounting, the employment can be managed and Human Resources can be utilized and helps in deciding promotion, training, retrenchment, and transfers, of human resources. Understanding and valuing the inner strength of an organization helps the management to guide the organization, human resource accounting helps a lot. Hence, it can be said that it is the process of developing financial assessment for people within an organization & society & monitoring this assessment through time, it deals with. Although HR valuation has important implications for external financial reporting, in the contemporary economic scenario valuing HR has been of greater significance for internal HRM decisions.

Michael Mankins, Karen Harris, et al (2017) The author of this article explains how Human Capital has taken more importance than financial resources. Presently global financial capital is 10 times global GDP. In many large companies, the after the cost of borrowing is close to the rate of inflation which means borrowing cost is near zero. Skilfully location of financial capital is no longer a source of sustained competitive advantage. The weighted average cost of capital was 10% in 1980s and 1990s and at present it ranges from 5- 6%. It is expected that global financial assets will increase by 40% from 2010 to 2020. It has also been researched that populations between the age of 45-59 years are critical in determining the level of savings. These peak savers will represent a large and growing percentage of the global population until 2040.

Yuriy V Kozyr (NOV28, 2016) According to the mounted valuation exercise, when valuing groups (organizations, commercial enterprises, and retail assets) pay & commercial center strategies are commonly completed. The cost approach is restrained and it's typically employed whilst valuing small organizations (people have better historic records) protecting groups. The author shows the value method and expands the outlook of earnings technique factors. The author gives a depiction of the valuation system, which essayists call Resources Substitution Cost Strategy (ARCM). According to the replacement concept, as per which the financial specialist will now not pay more for a benefit than the maximum importance to take advantage of the same application, be it with the guide of obtaining or creation. This approach is based on the price technique and carries a few factors of the earnings technique, which permits the strength and weakness of each method. Writer's view, this may be categorized as a hybrid, much like the EVA and EBO valuation processes.

RESEARCH METHODOLOGY

This study is explorative in nature. To analyze our objectives we have used secondary data. We

have used annual reports of the **Infosys technologies ltd from the period of 2002-2003 to 2020-21**. So we have used a total of **18 YEAR** annual financial reports of the Infosys technologies ltd. We have analyzed financial statements like Profit loss accounts and Balance Sheets. With the help of Microsoft Excel and Microsoft word, we have drawn trend graphs that show the trend in revenue and the trend in expenditure incurred on employees from the year **2003 to 2021**.

TOOLS

- The Lev & Schwartz model methods
- Charts and ratio

The Lev & Schwartz model methods formula

- **Employees (no.)** = SOFTWARE PROFESSIONALS+SUPPORT
- **TOTAL Value of human resources** = SOFTWARE PROFESSIONALS+SUPPORT
- **Total Cost per employee** = total value of human resources/total employee cost

Ratios

- ✓ **Total income / human resources value (ratio)** = Total value of human resources/ total income
- ✓ **Employee cost / human resources value (%)** = Total value of human resources / employee cost
- ✓ **Value-added / human resources value (ratio)** = Value-added /human resources value (ratio)
- ✓ **Value of human resources per employee** = Total value of human resources/ employees cost
- ✓ **Percentage of Return on Human ResourcesValue (%)** = Total value of human resources / net profit

DATA ANALYSIS

To check the relationship between an organization's revenue per employee and its expenditure per employee, we have collected data from the year 2003-to 2020 from the annual report of Infosys limited. We have collected data on the income from the profit and loss account statement, the expenditure of the company on its employee, and no. of employees in the organization. Which is shown in the table below.

Table4.1: Analysis of human resource accounting practices of Infosys technologies limited (In RS. Lakh unless stated other)

S.NO	PARTICULAR	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
1	COST OF CAPITAL	16.99	14.09	13.63	12.96	14.97	13.32	12.18	10.6	11.21
2	Employees (no.)									
	Software professionals	14001	23,855	34,747	49495	68156	85013	97349	106864	123811
	Support (all)	1355	1779	2003	3220	4085	6174	7501	6932	7009
	TOTAL	15356	25634	36750	52715	72241	91187	104850	113796	130820
3	Value of human resources									
	Software professionals	9717.98	19607.78	26550.12	43336	53592	92331	95660	106173	122539
	Support (all)	699.05	1532.18	1784.13	3301	3860	6490	6533	7114	12566
	Total value of human resources	10417.03	21139.96	28334.25	46637	57452	98821	102133	113287	135105
4	Total income(1)	3722.3	4976.33	7253.55	9521	13893	16692	21693	22,742	27501
5	Total employee cost(1)	1677.12	2450.96	3539.11	4801	7112	8787	11405	12093	14856
6	Total Cost per employee	10.99	9.56	9.63	9.1	9.84	9.63	10.87	10.62	11.35
7	Value-added	3043.25	4184.96	6052.85	8030	11,879	14820	19073	20935	25031
8	Net profit(1)	957.93	1243.63	1846.48	2479	3861	4659	5988	6219	6823
9	Ratios									
10	Total income / human resources value (ratio)	0.357331	0.235399	0.255999	0.204151	0.241819	0.168911	0.212399	0.200746	0.203552
11	Employee cost / human resources value (%)	16.0993268	11.593967	124.9031	10.2944014	12.3790295	15.2945067	11.1668119	10.6746582	10.9958921
12	Value-added / human resources value (ratio)	0.292141	0.1976644	0.213623	0.17218	0.206763	0.1499681	0.186746	0.184796	0.18527
13	Value of human resources per employee	67.83687	82.46	77.1	88.47	79.52	108.372	91.8	99.55	103.27
14	Percentage of Return on Human ResourcesValue (%)	9.19580725	5.882839	6.515083	5.31552201	6.732039268	4.71458496	5.86294342	5.48959722	5.05014618

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

**Table4.1: Analysis of human resource accounting practices of Infosys technologies limited
(In RS. Lakh unless stated other)**

S.NO	PARTICULAR	2011-1012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1	COST OF CAPITAL	11.54	12.18	13.51	11.02	11.66	11.15	11.63	10.12	9.07	9.79
2	Employees (no.)										
	Software professionals	141788	147008	151059	166046	182329	188665	192179	214727	228449	245037
	Support (all)	8206	9680	9346	10141	11715	11699	11928	13396	13922	14582
	TOTAL	149994	156688	160405	176187	194044	200364	204107	228123	242371	259619
3	Value of human resources										
	Software professionals	115900	124867	151059	166046	182329	188665	192179	214727	228449	245037
	Support (all)	9817	12978	9346	10141	11715	11699	11928	13396	13922	14582
	Total value of human resources	125717	137845	160405	176187	194044	200364	204107	228123	242371	259619
4	Total income(1)	33734	40352	50133	53319	62441	68484	70522	82675	90791	100472
5	Total employee cost(1)	18340	22566	28834	29742	34406	37659	38883	45315	50887	55541
6	Total Cost per employee	12.22	14.401	17.97	16.88	17.73	18.79	19.05	19.86	20.99	21.39
7	Value-added	30960	36483	44,918	48070	51628	59586	62036	73506	80113	89063
8	Net profit(1)	8316	9421	10648	12329	13491	14353	16029	15410	16639	19639
9	Ratios										
10	Total income / human resources value (ratio)	0.26833	0.292734	0.31254	0.302627	0.321779	0.341799	0.345514	0.362414	0.74595	0.386997
11	Employee cost / human resources value (%)	14.5883214	16.370561	17.975749	16.8809277	17.7310301	18.7952926	19.050302	19.8642837	20.9954986	17.975789
12	Value-added / human resources value (ratio)	0.246267	0.264674	0.280028	0.272835	0.266056	0.297388	0.303938	0.32222	0.3306219	0.3430527
13	Value of human resources per employee	83.814	87.97	1	1	1	1	1	1	1	1
14	Percentage of Return on Human ResourcesValue (%)	6.61485718	6.834488	6.6381971	6.9976786	6.95254685	7.1634625	7.8532334	6.75512772	6.86509525	7.56339097

Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

Table 4.2: Trend Ratio

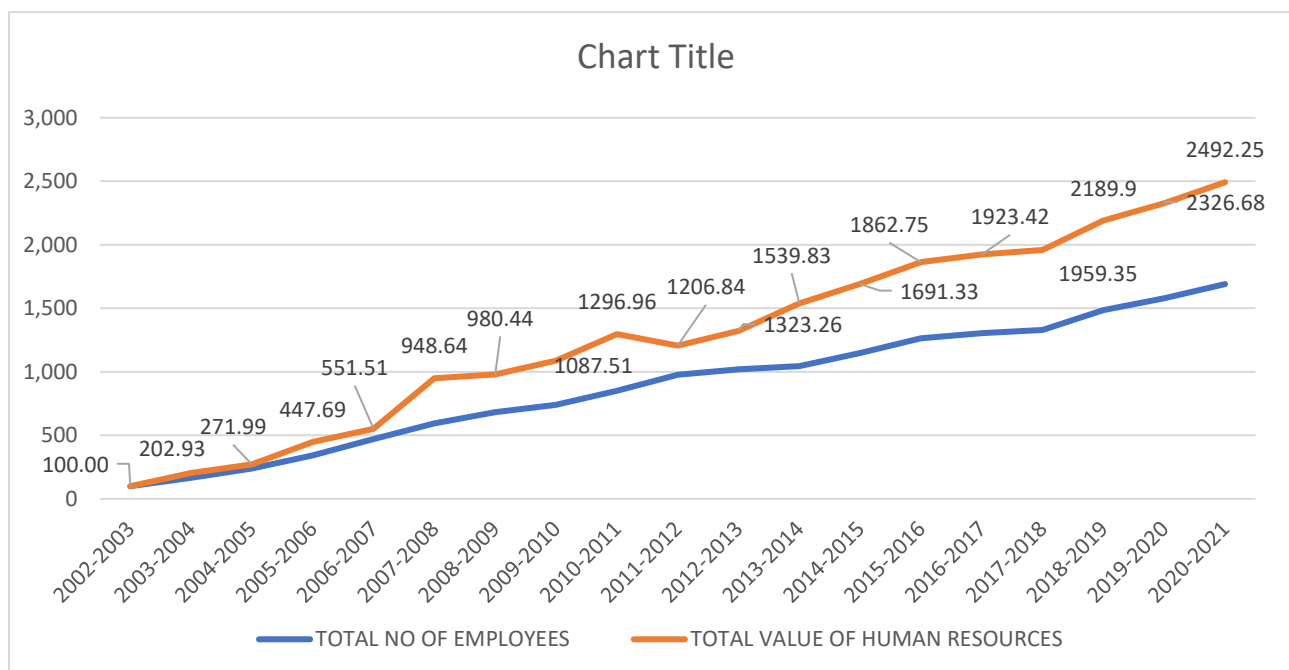
Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total no. of employees	100	166.931493	239.32	343.286	470.442	593.82	682.795	741.052	851.91456	976.777807
Total value of human resources	100	202.936538	271.999	447.7	551.52	948.6485	980.4426	1087.52	1296.9628	1206.84111
Total income / human resources value (ratio)	100	65.877016	71.642	57.1322	67.6737	47.27018	59.440407	56.1793	56.964551	75.0928411
Employee cost / human resources value (%)	100	72.0152292	775.828	63.9431	76.8916	95.00091	69.36198	66.305	68.300322	90.6144808
Value-added / human resources value (ratio)	100	67.6606159	73.1233	58.9373	70.7751	51.33415	63.923243	63.2558	63.418007	84.2973085
Value of human resources per employee	100	121.556316	113.655	130.416	117.222	159.7538	135.32464	146.749	152.23285	123.552281
Percentage of Return on Human Resources Value (%)	100	63.9730569	70.8484	57.8038	73.2077	51.26885	63.756702	59.6967	54.917921	71.933404

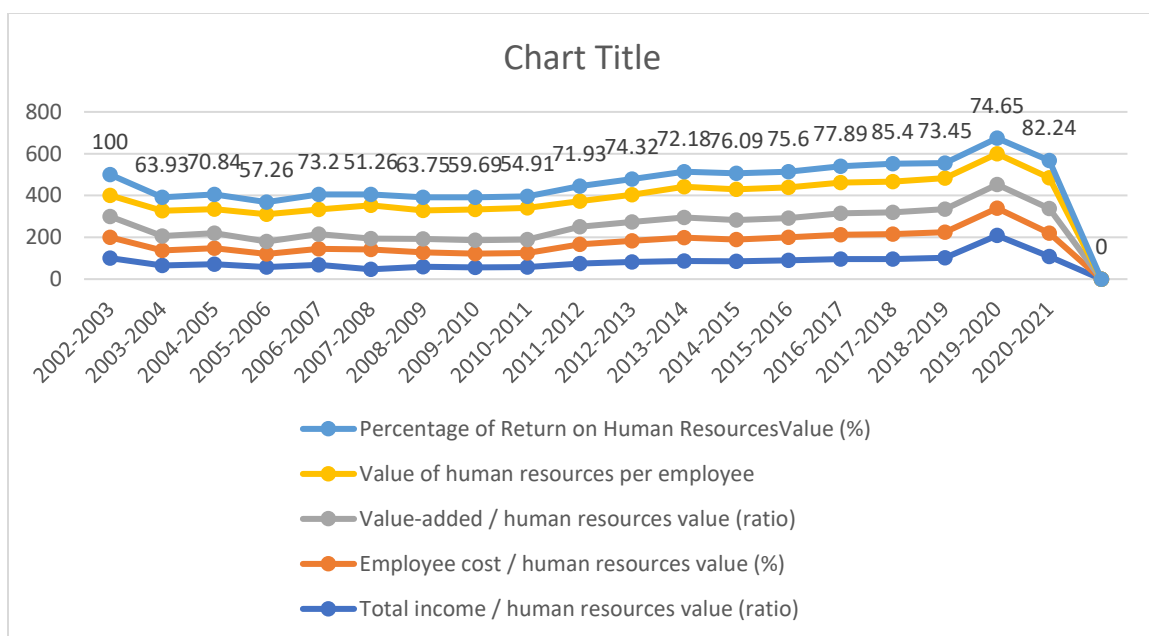
Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

Table 4.2: Trend Ratio

Year	2002-2003	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total no. of employees	100	1020.369888	1044.57541	1147.34957	1263.6364	1304.792915	1329.1678	1485.56265	1578.347226	1690.6681
Total value of human resources	100	1323.265844	1539.834291	1691.336206	1862.7574	1923.427311	1959.3589	2189.90442	2326.680445	2492.2555
Total income / human resources value (ratio)	100	81.9223633	87.46512337	84.69094481	90.050681	95.63332983	96.692982	101.422491	208.7560273	108.30211
Employee cost / human resources value (%)	100	101.6847555	111.655283	104.854867	110.13523	116.7458294	118.3298	123.385803	130.4122766	111.65553
Value-added / human resources value (ratio)	100	90.59803314	95.85371447	93.39154723	91.071092	101.7960505	104.03812	110.296056	113.1720299	117.4271
Value of human resources per employee	100	129.6787425	1.474124617	1.474124617	1.47412	1.47412	1.47412	1.47412	1.47412	1.47412
Percentage of Return on Human Resources Value (%)	100	74.32178409	72.18721402	76.09640361	75.605617	77.89922413	85.400152	73.4587789	74.65462317	82.248255

FIG.4.3 Trend charts of Human capital valuation





Source: Compiled from the Annual Report of Infosys Technologies Limited for the accounting year of 2002-03 to 2020-21

FINDINGS:

- Table 4.1, shows the result of the valuation of the human capital of Infosys Technologies Limited. It is observed that in the year 2002-03 the total number of employees was 25,634 which increased to 2,59,621 in 2020-21 i.e., an increase of 2492% during the last 18 years. Software professionals 9,717 value at 2002-2003 which are increased to 2,45,037 2020-21.
- Total employee cost has increased form Rs. 1677.12 lakhs in 2002-2003 to Rs. 55541 lakhs 2020-2021 while the cost per employee was found Rs10.99 lakhs, Rs 9.56 lakhs, Rs9.63 lakhs, Rs9.1 lakhs, Rs9.84 lakhs, Rs 9.63 lakhs, Rs 10.87 lakhs, Rs 10.62 lakhs, Rs 11.35 lakhs, Rs12.22 lakhs, Rs14.401 lakhs, Rs17.97 lakhs, Rs 16.88 lakhs, Rs 17.73 lakhs, Rs18.79 lakhs,19.05 lakhs,19.86 lakhs,20.99 lakhs, Rs21.39 lakhs in the accounting years 2002-03 to 2020 -21respectively.
- Total Value of Human Resources has increased over the last 18 years from Rs202.98 lakhs in 2002-2003 to Rs 2492.25 lakhs. 2020-2021.
- Total income / Human resources (ratio) has increased in the last 17 years from Rs 65.87 lakhs in 2002-2003 to Rs 208.75 lakhs in 2019-202 but decreased in 2020-2021 to Rs.108.30 lakhs.
- Total employees' cost / Human Resources value has increased over the last 17 years from Rs72.15 lakhs in 2002-2003 to Rs 130.41 lakhs 2019-2020 but decreased in 2020-2021 to Rs.111.65
- Total Percentage of Return on Human Resources Value (%) increased the last 18 years from Rs 63.97 lakhs 2002-2003 to Rs 82.24 lakhs 2020-2021.

SUGGESTIONS:

The analysis finds that ITL disclosure can be used to improve human capital practices and their effectiveness in human resource management decisions. I should make public information on the inclusion of variables such as human resource amortization, employee loyalty, idle time, lockouts, and so on in the value of human capital. Employees' future earnings are discounted at a steady rate as much as practicable. Also, if the discount rate changes, the valuation of Human Resources should be provided at the current rate for the present 18 years in order to make the human capital data useful, correct, and more relevant for human resource management decisions. If the auditor audits the human capital information of ITL, the trustworthiness of human capital data can be ensured. The value of human resources in different age-group also is disclosed by ITL. As a result, given the importance of human capital, governments, professional organizations' accounting agencies, and academia have collaborated to build an objective methodology for

human capital valuation.

Conclusion:

Finally, it can be stated that ITL's human capital procedures are excellent. In this regard, Infosys Technologies Limited has freely implemented human capital policies and disclosed human capital information in its annual reports on a regular basis. However, I must expend more effort in reporting comparable data on human capital value and human capital ratios in order to make more effective human resource management decisions. But annual report changes the new rule from 2014 automatically counting the value of human resources per employee and also software professionals and support count single entry in the annual report 2014-2021. This new rule is an easy way to calculator the **Lev & Schwartz model methods and human capital**. These methods are useful and benefits employees from 2014-2021 company given an equal cost of upper position and lower position employees increased a got salary and equal benefit decisions to government also calculator annual report incurred on employees from the year **2003 to 2021**.

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