

HUMAN RESOURCE ACCOUNTING PRACTICES IN NEPALESE COMMERCIAL BANKS

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ABSTRACT

This research aims to examine Human Resource Accounting Practices in Nepalese Commercial Banks. A descriptive design is utilized for this study. Human Resource Accounting Disclosure Index (HRADI) is applied, focusing on five main indicators: the nature of Human Resource Accounting (HRA), valuation of HRA, financial statements regarding HRA, auditing practices for HRA, and enhancement programs for HRA practices, as well as using the Lev and Schwartz Model to draw conclusions. The analysis considered all 20 commercial banks operating in Nepal as the population sample. To achieve the objectives of this research, both primary and secondary data are gathered. Primary data was collected through judgmental sampling, where selected respondents completed questionnaires, while secondary data was sourced from the annual reports of the banks. Among the 20 banks, only Standard Chartered Bank Nepal Limited (SCBNL) and Nabil Bank Limited (NBL) were included in the sample. Authorized human resource officers from these banks participated in the study. The analysis of the data utilized HRADI and the Lev and Schwartz model. Results indicated that HRADI for SCBNL and NBL were 69.23% and 76.92%, respectively, suggesting that human resource accounting practices at both banks have not reached satisfactory standards. Both institutions follow the Nepal Financial Reporting Standard, classifying human resource expenses under Personnel Expenses and Deferred Employee Expenditure, yet neither has established a true valuation for their human resources.

Keywords : Commercial Banks, Human Resource Accounting, Human Resource Accounting Disclosure Index (HRADI)

INTRODUCTION

Human resources form the foundation of organizations, encompassing their knowledge, skills, and attitudes. They are vital for growth and sustainability, as their efficiency directly impacts operational success. An organization's health is influenced by variables related to human behavior, such as group loyalty, skill levels, motivation, and the ability to interact and communicate effectively. Alternative terms for human resources include labor, staff, workforce, and personnel. Human Resource Accounting (HRA) is a relatively new field that focuses on capitalizing the costs associated with human resources, as these resources generate quantifiable

benefits in monetary terms. HRA aids management in recognizing the future economic value of their human resources, which supports strategic decision-making while providing insights to stakeholders. Human Resource Accounting integrates aspects of both human resources and accounting. It includes all individuals living in a country, encompassing various genders, age groups, and ethnicities. From a broader perspective, it considers everyone involved in direct or indirect interactions with an organization. Key groups of human resources involve shareholders, debenture-holders, depositors, suppliers, customers, and employees. However, from an HRA

standpoint, the term 'human resource' is more specifically defined to include all employees within an enterprise (Ravishankar & Mishra, 1985). Without adequate accounting practices, management may prioritize short-term profits at the expense of long-term productivity, inadvertently leading to increased costs. Therefore, systematic recording, summarizing, and analyzing of human resource costs is crucial for informed management decisions (Gupta, 2021).

Effective HRA practices can promote cost efficiency, ensure optimal human resource utilization, lead to better controls, inform stakeholders of the added value to the nation's workforce, and elevate internal assets by recognizing HR as a vital asset to productivity (Huq & Prince, 2012). Despite the significance of human resources as assets, current legal regulations do not require their mention in annual reports. The value of HR can surpass that of tangible assets; however, traditional accounting methods often overlook this value (Cherian & Farouq, 2013). In the 21st century, emphasizing human capital has become paramount, with countries like China and Japan excelled due to enhanced workforce performance. The global perspective acknowledges HR as a genuine investment in business practices, emphasizing the need to capture and sustain developmental momentum (Pandurangarao et al., 2013). HRA is a framework that views investments in human resources as assets, akin to those in financial accounting. It accounts for costs associated with HR, such as recruitment, training, welfare, and benefits, as assets rather than mere expenses. This viewpoint aids organizations in appreciating the long-term value of their workforce and the

reflection of HR investment in total assets, ultimately improving management of human resources (Agrawal, 2004). Companies with larger market capitalizations tend to provide more extensive Human Resource Accounting (HRA) disclosures, likely because their market values are at risk. Additionally, financial institutions tend to disclose more HRA information, demonstrating a positive relationship between profitability and the depth of their disclosures. This research examines the relationship between corporate characteristics and the disclosure of Human Resource Accounting Data (HRAD) among publicly listed companies in Bangladesh. The findings suggest an improving regulatory landscape for HRA disclosures, although no significant link was identified between a company's age and HRAD. However, only about 25% of pertinent HRA disclosure items were reported (Mamun, 2009).

The failure to acknowledge human resources as assets has impeded the application of measurement techniques necessary for their proper quantification and reporting. Nonetheless, the internationalization of business practices and adoption of global standards has made HRA feasible in Nigeria. The flexible guidelines and standards governing the accounting field there can support the implementation of HRA practices, especially as the service sector grows and accounting practices converge (Kirfi & Abdullahi, 2012). Human capital accounting measures the recognition and valuation of human contributions to organizational productivity. This multi-faceted topic witnesses ongoing debates within the empirical realm. A thorough literature review should pinpoint significant

advancements, address previous shortcomings, and highlight notable strengths. An effective literature review can guide future studies and expose deficiencies in existing research. This study aims to satisfy these requirements and concludes that establishing a universally recognized empirical significance for human capital (human resource accounting) will be challenging. It advocates for further exploration to ascertain the true importance of human capital accounting beyond mere theoretical discussion (Okeke, 2015).

Objectives of Human Resource Accounting

Human resource accounting aims to quantify an organization's potential in financial terms, emphasizing the in human capital and the significance of HR. The costs associated with recruiting, selecting, hiring, training, and enhancing the quality of human resources are seen as investments that contribute to productivity and profitability. The generated returns serve as the foundation for assessing value of HR (Koirala et al., 2016). Key objectives of human resource accounting involve offering quantitative data, assessing return on investment, and conveying the value of human resources both within the organization and to society. It aids in making decisions regarding direct recruitment versus promotion, transfer versus retention, retrenchment versus retention, and their effects on budgetary control, human relations, and organizational behavior. Moreover, it helps in managing assets by determining whether they are preserved, depleted, or appreciated (Gupta & Radhaswamy, 2002).

Human Resource Valuation Models

Agarwal (2004) emphasizes the need for an accounting system that acknowledges critical human resources due to the

increasing complexities in business operations, government oversight, trade union demands for transparency, and principles of scientific management. Globally, the accounting field has directed its attention towards valuing and reporting these resources in annual reports, with growing interest from scholars, professionals, and organizations. Primarily, human resource valuation models fall into two categories: monetary models and non-monetary models.

A. Monetary Models

Models that include a financial component are referred to as monetary models, which can be divided into two key groups:

1. Cost-Based Models

Cost-based models encompass historical cost models, replacement cost models, opportunity cost models, and standard cost models. Each of these is briefly discussed below:

a. Historical Cost Model

Brumnet, Flamholtz, & Pyle (1968) emphasize actual costs incurred in acquiring and training human resources. This method capitalizes and amortizes these expenses over the expected useful life of the human resources, with some amounts written off in proportion to future income. Should human resources be prematurely liquidated, the unwritten amount is charged to the income for that year. The historical cost aligns with the book value of other physical assets, while extra costs for training and development are also capitalized and amortized throughout the employee's remaining working life.

b. Replacement Cost Model

Proposed by Rensis Likert & Eric G. Flamholtz in 1973, this model estimates the cost of replacing a company's current human resources. It accounts for the

notional expenses related to recruiting, hiring, training, and developing replacements. This approach is more realistic as it reflects the current value of an organization's human assets in its financial statements at year-end. Costs for replacing a terminated employee comprise expenses for job skill communication, pre-employment administration, interviews, testing, staff meetings, travel, and medical examinations.

c. Opportunity Cost Model

The "Market Value Method," introduced by Heckiman & Jones, gauges the value of human resources based on the economic concept of 'opportunity cost'. This model takes into account valuable employees only when their role in one division prevents them from contributing to another. The opportunity cost for an employee is computed based on offers from other departments.

d. Standard Cost Model

David Watson suggests a model where the standard costs associated with recruiting, hiring, training, and developing employees by grade are

$$V_r = \sum_{t=r}^T \left\{ \frac{I(t)}{(1+r)^{t-r}} \right\}$$

established annually for accounting purposes. This method is straightforward and beneficial for control analysis, but calculating standard costs for each employee category can be complex.

2. Value-Based Models

The value-based approach to human resource accounting emphasizes the income-generating capacity of human resources, generally linked to future revenues of the organization. This perspective includes various models such as those proposed by Hermanson, Lev and Schwartz, Flamholtz, Jaggi and Lau, Gills and Robinson, Morse, Ogan,

Chakrobarty, Dasgupta, Watson, Dave, and Maheshwari.

a. Hermanson Model (1964)

Adjusted Discounted Future Wages Model of Hermanson proposes that variations in profitability arise from employee efficiency. It connects the valuation of human resources to the additional profits a company earns beyond normal industry expectations. The discounted future wages constitute the current value of wage payments made to human resources over five years, adjusted for the efficiency ratio, which reflects the weighted average of actual earnings to expected normal earnings over the last five years.

b. Lev and Schwartz Model (1971)

The Present Value of Future Earnings Model, designed by Baruch Lev and Aba Schwartz, determines the value of human resources based on the present value of their earnings during the remainder of their employment. This model, known as the Capitalization of Salary Method, posits a strong correlation between an employee's salary and their worth to the organization. The model calculates the capitalized future earnings across all employee groups.

They have given the following formula for calculating the value of an individual. Where,

V_r = the value of an individual r years old
 $I(t)$ = the individual annual earnings up to retirement
 r = a discount rate specific to a person

t = retirement age

c. Flamholtz model (1971)

In 1971, Flamholtz presented the present value of future earnings model, 'evaluates an employee's anticipated realizable value. This value represents the current worth of the future services expected from an employee throughout their time with the organization. The model

maintains that there is no direct link between the costs incurred and an individual's worth to the company. Factors influencing an individual's expected value include their conditional worth and the probability of their continued employment, which are shaped by aspects like skills, engagement level, job satisfaction, dedication, motivation, and other elements.

d. Jaggi and Lau model In 1974

Jaggi and Lau advocated for a group-based approach to valuing human resources, treating similar employees across various departments as a collective. They adapted Flamholtz's model to forecast the likelihood of group members either departing or receiving promotions, assuming a stable career trajectory. This approach extends probabilities into future timeframes, streamlining the prediction of group dynamics.

e. Morse model

Morse introduced the Net Benefit Model in 1973, defining human resource value as the present value of net benefits generated by employees. This calculation entails discounting the total value of services and anticipated future expenses, thereby expressing the HR value applicable to all employees.

f. Ogan model

In 1976 Ogan asserted that the valuation of human resources hinges on the present value of certainty equivalent net benefits contributed by all employees, essentially reflecting the surplus of expected benefits over total expenditures.

g. Chakraborty model

Chakraborty presented the Aggregate payment method for valuing human resources in 1976, focusing on a collective valuation rather than individual assessments. He proposed distinct evaluations for managerial and

non-managerial roles. The HR value is computed by multiplying the average salary by the duration of employment, with the present value determined using a discount rate. Additionally, HR costs should be clearly itemized and with the corresponding deferred revenue reflected in the firm's balance sheet.

B. Non-monetary model

Non-monetary models, primarily guided by behavioral factors, assess the value of human resources within an organization. The HR valuation model crafted by Likert and Bowers in 1968 categorizes human variables into causal, intervening, and outcome variables. Causal variables, such as organization structure and leadership styles, can be modified by management. Intervening variables, including motivation and commitment, indicate internal performance capabilities. Outcome variables, like productivity and market share, are contingent upon the organization's results. Gaining insights into these relationships can help forecast earnings trends and calculate the present value of a company and its human resources.

RESEARCH METHODOLOGY

The research employs a descriptive research design to explore Human Resource Accounting Practices in Nepalese Commercial Banks. From a pool of twenty commercial banks, two have been selected for this study: Standard Chartered Bank Nepal Limited and Nabil Bank Limited. This investigation into Human Resource Accounting Practices in Nepalese Commercial Banks utilizes both primary and secondary data sources. Primary data was gathered through structured questionnaires distributed to the head offices of both Standard Chartered and Nabil Banks, while secondary data was

sourced from the annual reports of the banks. Additional necessary information was obtained from library resources. To evaluate the status of human resource accounting practices, thirteen indicators were utilized, each with three associated sub-indicators. A Human Resource Accounting Disclosure Index (HRADI) was developed, which includes thirteen reporting variables. Each bank was assessed on its disclosure practices for these variables, with the overall score computed using the formula:

$$HRADI = (\text{Total Score of Individual Bank} / \text{Maximum Possible Score}) \times 100\%$$

The investigation analyzes HRADI practices in Nepalese commercial banks, concentrating on trends observed at

$$V_r = \sum_{t=r}^T \left\{ \frac{I(t)}{(1+r)^{t-r}} \right\}$$

Standard Chartered Bank and Nabil Bank, employing percentage measurements and bar diagrams as analytical tools. The valuation of Human Resource Accounting is conducted using the formula established by Lev and Schwartz.

Where,

V_r = the value of an individual r years old
 $I(t)$ = the individual annual earnings up to retirement
 r = a discount rate specific to a person

t = retirement age

Research Framework and Variables

The evaluation of human resource accounting (HRA) practices in the banking sector is conducted through five indicators:

Nature of HRA - This indicator helps to understand how much importance banks give to implementing HRA.

Valuation of HR - This indicator examines the assessment of human resources through various methods like

the cost approach, economic value addition approach, or alternative methods such as the net present value approach or standard cost approach

Financial Statement and HRA - This indicator reflects how the costs associated with human resources (such as recruitment, selection, hiring, training, and development) are treated in financial statements. It also shows whether the bank maintains transparency and proper financial disclosure regarding HRA.

Auditing Practice - This indicator assesses the auditing processes related to human resources.

Enhancement Program for HRA Practice - This signifies training initiatives aimed at educating individuals about HRA and making them aware of its advantages within organizations.

The objective of this study is to evaluate the extent of HRA practices in a Nepalese commercial bank, utilizing indicators that are both relevant and reliable. These indicators focus on pertinent HRA issues and seek to identify any advancements made in HRA implementation within the bank.

Data Analysis

Practices of Human Resource Accounting

The study examines the level of Human Resource Accounting (HRA) practice in SCBNL and NBL using five indicators, and result is presented in the given table.

Table 1. Human Resource Accounting Disclosure Index (HRADI)

S.N.	Indicators	SCBNL	NBL
1.	Nature of HRA	3	3
2.	Valuation of HRA	1	2
3.	Financial Statement and HRA	3	2
4.	Auditing Practices	2	2
5.	Enhancement Program for Practicing of HRA	0	1
	Total Score of Individual	9	10

Source: Research data, 2021

HRADI = (Total Score of Individual Bank / Maximum Possible Score) x 100%

HRADI of SCBNL = $9/13 \times 100\% = 69.24\%$

HRADI of NBL = $10/13 \times 100\% = 76.92\%$

Calculation from the table 1 indicates that the human resource accounting disclosure index (HRADI) shows that SCBNL discloses 69.23% of HRA information, while Nabil Bank Ltd (NBL) discloses 76.92%, with NBL disclosing HRA 7.69% more. However, HRA practices in both banks are not satisfactory.

Table 2. Human Resource Profile

Year	SCBNL (No. of Employees)	% Change	NBL (No. of Employees)	% Change
2015/16	435	-	791	-
2016/17	495	12.12	848	7.21
2017/18	485	-2.02	1005	18.51
2018/19	531	9.48	1080	7.46
2019/20	535	0.75	1128	4.44

Source: Annual Report 2015/16-2019/2020.

The data in Table 2 indicates that SCBNL saw a growth of 12.12% in its workforce from 2015/16 to 2016/17, followed by a decline of 2.02% in 2017/18. The decline may stem from several factors that were not detailed in the annual report. By 2018, SCBNL's employee count rose by 9.48%, yet in 2019/20, the rise was minimal at just 0.75%. In comparison, NBL's workforce expanded by 7.21%, 18.51%, 7.46%, and 4.44% over the same period, from 2015/16 to 2019/20. SCBNL conducts its recruitment and selection process annually, except for the year 2017/18, while NBL maintains an annual process.

This study examines the financial statements produced by SCBNL and NBL, which comply with Unified Directive 4 from Nepal Rastra Bank and

the Nepal Financial Reporting Standard (NFRS) set forth by the Nepal Accounting Standard Board (NASB). The Board of Directors approves the financial statements in alignment with NFRS, implementing permitted carve outs. HR expenses are categorized into short-term and long-term employee benefits, with short-term benefits reflected in the income statement and long-term benefits in the balance sheet. The income statement also includes personnel costs such as salaries, allowances, gratuity, provident fund contributions, uniforms, training and development, leave encashment, medical expenses, insurance, employee incentives, financial costs under NFRS, and other staff-related bonuses.

Table 3. Personnel Expenses

Year	SCBNL (Rs)	% Change	NBL (Rs)	% Change
2015/16	488,289,822	-	932,355,986	-
2016/17	771,619,156	58.02	1,423,143,966	52.64
2017/18	997,877,304	29.32	1,727,709,299	21.40
2018/19	1,084,358,999	8.67	1,949,609,706	12.84
2019/20	1,104,235,572	1.83	2,009,677,804	3.08

Source: Annual Report 2015/16-2019/2020.

Table 3 details the staff expenditures of SCBNL and NBL for the 2015/16 period. In 2016/17, SCBNL's costs surged dramatically to Rs 771,619,156, reflecting a 58.02% increase. This rise was attributed to the hiring 60 new employees as well as investments in training and. Additionally, SCBNL allocated 27% of its total personnel costs to employee bonuses. In 2017/18, personnel expenses climbed by 29.32%, despite 10 employees departing the organization. The following year, 2018/19, saw a smaller increase of 8.67%, coinciding with the hiring of 46 new staff members. By 2019/20, the growth in personnel expenses slowed considerably to just 1.83%, as SCBNL

added only four more employees. On the other hand, NBL experienced a substantial rise in expenses, reaching Rs. 932,355,986 in the 2015/16 period, marking a 52.64% increase. This uptick resulted from the recruitment of 56 additional employees and related training expenses for the newcomers. NBL also distributed bonuses among its workforce. In 2017/18, personnel expenditures rose by 21.40%, driven by the addition of 157 new hires and their corresponding training costs. In 2018/19, expenses grew by 12.84%, following the recruitment of 75 employees and continued investments in their development. In summary, SCBNL's personnel expenditures increased by 58.02%, 29.32%, 8.67%, and 1.83% during the years 2015/16, 2016/17, 2017/18, and 2018/19, respectively. Meanwhile, NBL's personnel expenses reflected a declining growth rate from 2015/16 through 2019/20.

not yet done a real human resource accounting. In countries like India, Bangladesh, and Nigeria, organizations use the present value approach to value their human resources, allowing them to perform their activities efficiently and gain a competitive advantage. The Lev and Schwartz model, proposed by Baruch Lev and Aba Schwartz, is relevant for the banking sector as it categorizes employees into homogeneous groups and recommends using the cost of capital to discount future earnings. Despite investing billions in human resources, SCBNL and NBL cannot value their human resources in monetary terms. The study aims to value the human resources retained in SCBNL and NBL using the Lev and Schwartz model.

Table 4. Profit Per Employee

Year	SCBNL (Rs.)	% changes	NBL (Rs.)
2015/16	2,971,000	-	37,937,091
2016/17	3,131,000	5.39	91,691,209
2017/18	4,515,000	44.20	42,891,211
2018/19	4,585,000	1.55	31,473,129
2019/20	3,715,000	-18.97	44,667,091

Source: Annual Report 2015/16-2019/2020

The profit of SCBNL per employee has shown a significant increase from Rs. 2,971,000 in 2015/16 to Rs. 3,131,000 in 2016/17, a 5.39% increase. In 2017/18, the profit per employee rose by 44.20%, while in 2018/19, it only rose by 1.55%. However, in 2019/20, the profit per employee decreased by 18.97%. The overall trend shows a positive trend for employee profitability.

The annual reports of SCBNL and NBL reveal that both banks follow the Nepal Financial Reporting Standard, but have

Table 5. Value of human resource of SCBNL 41-50, and 51-60, accumulating total value of Rs. 1,411,754,608, which

Chief Executive Officer (CEO)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of CEO (Rs.)
51- 60	31,859,049.6	1	31,859,049.6
Total Value of CEO (1)			31,859,049.6
Senior Management Level (SML)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of SML
31- 40	37,450,362	7	262,152,534
41- 50	31,972,692	28	895,235,376
51- 60	21,197,224.8	12	254,366,697.6
Total Value of SML (2)			1,411,754,608
Management Level (ML)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of ML (Rs.)
20- 30	19,689,327	1	19,689,327
31- 40	18,241,230	72	1,313,368,560
41- 50	15,573,180	34	529,488,120
51- 60	10,324,692	11	113,571,612
Total Value of ML (3)			1,976,117,619
Officer Level (OL)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of OL (Rs.)
20- 30	9,402,658.2	51	479,535,568.2
31- 40	8,711,118	110	958,222,980
41- 50	7,436,988	16	118,991,808
51- 60	4,930,567.2	7	34,513,970.4
Total Value of OL (4)			1,591,264,327.6
Assistant Level (AL)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of A.L (Rs.)
20- 30	5,223,699	133	694,751,967
31- 40	4,839,510	28	135,506,280
41- 50	4,131,660	1	4,131,660
51- 60	2,739,204	1	2,739,204
Total Value of AL (5)			837,129,111
Support Level (SL)			
Age Interval	Present Value of Future Earnings	No. of Employee	Value of S.L (Rs.)
41- 50	3,178,200	4	12,712,800
51- 60	2,107,080	5	10,535,400
Total Value of S.L (6)			23,248,200
Total Value of Human Resource (1+2+3+4+5+6)			5,871,372,915

Source: Research data, 2021

The Lev and Schwartz model for SCBNL displayed in table 4 indicates that the total value of human resources for the 2019/20 was Rs. 5,871,372,915. The Executive Officer belongs to the 51-60 age range accumulating total value Rs. 31859049.60. At the senior management level, employees were aged from 31-40,

constitutes 24.04% of the overall HR value. For management level employees, ages ranged from 20-30, 31-40, 41-50, and 51-60, with a combined value of Rs. 1,976,117,619, accounting for 33.66% of the total HR value. Officer-level employees, spanning ages 20-30, 31-40, 41-50, and 51-60, totaled Rs. 1,591,264,327.6, making up 27.10% of

the entire HR value. The assistant level employees, aged between 20 and 60, contributed a total value of Rs. 837,129,111, which is 14.25% of the total HR value. The support level employees, aged between 41-50 and 51-60, contributed a total value of Rs. 23,248,200, which is 0.40% of the total HR value. A significant proportion of employees belong to the older age groups, which enhances SCBNL's competitive edge in the market.

Table 6. Value of human resource of NBL

Chief Executive Officer (CEO)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of C.E.O (Rs.)
51-60	115,518,600	1	115,518,600
Total Value of CEO (1)			115,518,600
Senior Management Level (SML)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of S.M.L (Rs.)
41- 50	27,385,500	13	356,011,500
Total Value of SML (2)			356,011,500
Management Level (ML)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of M.L (Rs.)
31-40	21,574,770	65	1,402,360,050
Total Value of ML (3)			1,402,360,050
Officer Level (OL)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of O.L
20- 30	9,707,940	50	485,397,000
31- 40	9,246,330	100	924,633,000
Total Value of OL (4)			1,410,030,000
Assistant Level (AL)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of A.L
20- 30	5,177,568	800	4,142,054,400
Total Value of AL (5)			4,142,054,400
Support Level (SL)			
Age interval	Present Value of Future Earnings	No. of Employee	Value of S.L
41- 50	3,286,260	105	345,057,300
Total Value of SL (6)			345,057,300
Total Value of Human Resource (1+2+3+4+5+6)			7,771,031,850

Source: Research data, 2021

The Lev and Schwartz model of NBL presented in table 5 indicates that the total value of HR in 2019/20 was Rs. 7,771,031,850. The CEO, aged 51 and 60, represented 1.49% of this total HR

value. The senior management tier included 13 employees aged 41-50, contributing a value of Rs. 27,385,500. At the management level, there were 65 employees aged 31-40, amounting to Rs. 1,402,360,050. The officer level included 50 employees in the 20-30 age range and 100 employees aged 31-40, both making up 18.14% of the entire HR value. The assistant level employed 800 individuals aged 20-30, valued at Rs. 4,142,054,400. Meanwhile, the support level included 105 employees aged 41-50, with a total value of Rs. 345,057,300. The workforce

mainly consisted of youthful, seasoned, and dynamic individuals, which contributes to NBL's competitive edge in the marketplace.

CONCLUSION

The research examined human resource accounting practices within Nepalese commercial banks, focusing specifically on Standard Chartered Bank Nepal Limited (SCBNL) and Nabil Bank Limited (NBL). It concluded that neither institution has achieved satisfactory HRA practices. Both banks adhere to Unified Directive 4 from Nepal Rastra Bank and prepared their financial records in accordance with the Nepal Financial Reporting Standard (NFRS) set by the Nepal Accounting Standard Board (NASB). HR costs are categorized into short-term and long-term employee benefits. Short-term benefits are reflected in the income statements as staff expenses, whereas long-term benefits are listed on the balance sheets as other assets under deferred employee expenditure. SCBNL highlights profit per employee as a crucial measure in its annual report, a practice not followed by NBL. The research indicated that while both banks record their human resources, true human resource accounting—the valuation of these resources—has not been implemented by either institution. Although SCBNL and NBL allocate billions of rupees towards their workforce, they have yet to assign a monetary value to these resources. To tackle this gap, the study attempted to assess human resources utilizing the Lev and Schwartz model, a method already employed in countries such as India, Bangladesh, and Nigeria. This approach aids organizations in grasping the actual worth of their human resources, allowing them to function more efficiently and effectively, leading to a stronger competitive position in the economy.

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