

FROM THE EDITOR'S DESK

Greetings!

A strong nation cannot be built without the development of human resource as it plays a significant and remedial role in balancing the socio-economic fabric of the country. Economists and development experts have always mentioned that human resources is a significant factor for achieving high economic growth and improving the standard of living in any country. They assert the undisputed fact “the real treasure of any country is its human resources”.

Human resources development has been defined as empowering people by fostering the contributory capacities that they can bring to the improvement of their own quality of life and that of their families, communities, enterprises and societies.

Human resources development lies at the heart of economic, social and environmental development. It is also a vital component for achieving internationally agreed sustainable development goals, including the Millennium Development Goals, and for expanding opportunities to all people, particularly the most vulnerable groups and individuals in society.

Human Resource Accounting (HRA) is an approach to evaluate human resources. It is a management tool which is designed to assist senior management in understanding the long term cost and benefit implications of their HR decisions so that better business decisions can be taken.

HRA Measurement Approaches

There is a difficulty of measuring Human Resources. The biggest challenge in HRA is that of assigning monetary values to different dimensions of HR costs, investments and the worth of employees. The two main approaches usually employed for this are:

- **Cost Approach:** It involves methods based on the costs incurred by the company, with regard to an em-



ployee. The various methods of measurements of costs and valuation of human resources are Historical cost method, Replacement cost method, Opportunity cost method, Standard cost method, Current Purchase Power method, and Economic value method.

- **Economic Value Approach:** In this approach human resource value is measured by calculating the present value of a person's future earnings. The methods for calculating the economic value of individuals are Lev and Schwartz model, Eric Flamholtz model, Jaggi - Lau's model. Of these

Lev and Schwartz model become popular. According to this model, the value of human capital represented by a person of age is the present value of his remaining future earnings from his employment.

Human Resource Information Systems (HRIS) helps the HR function to become more efficient and to take effective decision by providing better information. HRIS is an excellent example of an area where businesses can capitalize it not only on administrative cost savings, but also on leveraging a strategic advantage through information gathering, processing, and sharing.

Performance management is the systematic process by which an organization involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of its mission and goals.

This issue presents a good number of articles on the cover story theme 'Strengthening Human Resource - Building the Nation' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.