



## TO STUDY EXPENDITURE ON HUMAN RESOURCES OF TATA MOTORS FROM 2010 TO 2019

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### **Abstract:**

In the rapid growth of the industries, indisputably human force is the most valuable asset of every organization. Selection of right person for right work is must. Human resources are knowledge, skills, creative abilities, attitudes and other attributes obtained in the population. Becker has defined human capital as stock of skills and knowledge gained by a worker through education and training.

In this competitive business world only those business organizations can prosper which have adequate information about value and efficiency of their human resources. Tata Motors today is India's leading automotive vehicle manufacturing company. Tata Motors is listed in BSE, NSE and New York Stock Exchange. The company's automobile products include all types of commercial and passenger vehicles. The company also provides finance for its customers and distributors. The purpose of this paper is to know human resource practices at Tata Motors and to study expenditure on human resources at Tata Motors. The secondary data is collected from annual reports, website and additional information reports provided by Tata Motors from 2010 to 2019.

The analysis found that Tata Motors adopted various human resource development practices and provides details of the same to all its stakeholder in annual reports.

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Tata Motors is increasing knowledge, skills and overall development of its employees through various human resource practices and development programs. Tata Motors is not providing any information related to valuation of human resources and value-added services in annual reports. It is suggested that the company should provide valuation of human resources and value-added details to its shareholders and investors along with other data like idle time, loyalty of employees, lock out, etc. The measures should be taken by government and regulatory bodies for inclusion human resource practices in accounting of business for growth and development of country.

**Keywords:** Human resource, human resource practices, expenditure on human resources, training, Ratios,

### **Introduction:**

Human resource accounting includes a profile of human assets value, human resource cost, compensation, training & development, human resource productivity and the total wealth of the concern. It is an accounting technique concerned with the measurement of the cost and economic value of human resources to take decision regarding human resources and measure the financial efficiency of an organization in totality.

Human resources are key element in the production or services in an organization. Efficiency and profitability of a firm is determined to a large extent by the character and efficiency of its human elements. Human resource accounting is the process of identifying and reporting investments made in the human resources of an organization that are presently unaccounted for in the conventional accounting practices.

It is the practice of every business organization to record human resource cost in accounting by traditional way by treating it as expenses. The human resource cost was completely ignored while taking business decisions. During the period of 1960 Renis Likert started a new accounting method, called human resource accounting to consider value of human resources for growth and success of business organization.

### **Objectives of the study:**

1. To explore human resource practices at Tata Motors.
2. To study expenditure on human resource cost at Tata Motors.

### **Scope and limitations:**

The study covered human resource practices at Tata Motors and analysis of recent ten years of human resource expenditure only of Tata Motors.

**Research Methodology:**

This study is based on secondary data collected from annual reports, additional reports, website of Tata Motors for accounting year 2010 to 2019. The data will be analyzed by considering various variables like number of employees, total revenue, total employee cost, net profit excluding extraordinary income, total assets etc.

**Data Collection and Analysis:**

The data is collected from annual reports, additional reports, website of Tata Motors Ltd. for the year 2010 to 2019. In the first part this study describes the Human Resource Practices at Tata Motors and second part Human Resource Valuation of Tata Motors Ltd. from 2010 to 2019 (Rs. In Crores)

**Overview of Tata Motors:**

Tata Motors is an automotive manufacturing company based in India; it was formerly known as TELCO. The parent company of Tata Motors is Tata Group. The headquarter is in Mumbai. In 1945 Ratan Tata founded it as a branch of Tata Group to manufacture locomotives. To construct its first commercialized vehicle in 1954, it collaborated with Daimler Benz AG, the joint forces ended in the year 1969. The company entered the market of passenger vehicles in 1991 with the launch of Tata Sierra, it became the 1<sup>st</sup> Indian company to manufacture a competitive automobile on its own. Indica in 1998 and Tata Nano in 2008 was launched. The Daewoo Commercial Vehicles Company acquired in 2004 and in 2008 purchased from Ford the Jaguar Land Rover. To endorse and promote Tata Motors passenger vehicles on a global level, Lionel Messi became the company's brand ambassador in November 2015. The major products that Tata Motors deals in include trucks, passenger cars, vans, buses, coaches, military vehicles and construction equipment. Tata Motors is the 17th biggest motor vehicle production company in the world, 4th biggest truck producer, and 2nd biggest bus manufacturer. Tata Motors today is India's leading automotive vehicle manufacturing company. Tata Motors is listed in BSE, NSE and New York Stock Exchange. The company's automobile products include all types of commercial and passenger vehicles. The company also provides finance for its customers and distributors.

**I. Human Resource Practice at Tata Motors:**

Tata Motors truly have confidence in a broadminded human value. The company safeguard that mix labour force is preserved in their workforce. The multi-skilled employees are hired from automobile industry and other sectors. Tata Motors is having coordination with various

industrial training institutes, professional training centers to recruit shop floor employees. The training programs at engineering and management institutes provides a highly qualified employees of growth plan of company.

Following are the Human Resource Practices at Tata Motors:

1. Recruitment: Tata Motors is following both internal and external source of recruitment. The process of recruitment is related to employment law. For the process of recruitment, the company is using methods like advertising in newspaper, magazines, careers portal and internal vacancy list. For new candidates, every quarter the company floats the recruitment process on their web portal to fill the vacancy.

2. Selection: Tata Motors follows sequence of stages for selection of employee. The process of selection for campus recruitment starts from written test and drives till the final selection, placement and Training. The company screen the applications and called the candidates for written test. The passed candidates are called for interview, then after verification of documents of selected candidates human resource department of Tata Motors issues offer letter.

3. Training: Tata Motors is providing training to new and existing employees. Training is given to every new employee to aware them with company's mission, vision, rules, regulation and working conditions of company. To energize and enhance knowledge and skill the training is given to the existing employees of Tata motors. For updating of technological changes, promotion and career growth, mentoring of managers the training is given. Tata Motors established various training and development programs like TAS and TMTC for creative leadership within the company, improvement of organizational performance through dissemination of the latest knowledge and skills among practicing managers, development of learning organizations and attitudinal changes in employees.

4. Learning Programmes: The programmes like Tata Group Strategic Leadership seminar, Tata Group Executive Leadership seminar, Tata Group emerging Leaders seminar are conducted by Tata Motors for its employees, executives and managers for their career development. The Live e-classroom, Live video broadcast and TATA - Harvard Manage Mentor self-paced programme and other 44 various programmes are conducted in association with Harvard Business School for Tata Employees.

5. Benefits: Tata gives benefit to the workers who are working there in terms of exposure within the field of labor and provides lot of liberty to figure. The best thing is that it stays constant. Tata Motors really takes care of employees and their family in the

least costs borne by the corporate. Employees get almost anything they could need for a family stay. They get the advantages like travelling allowance, medical allowance, life assurance, wage benefits and others mentioned within the offer letter by the corporate.

6. Compensation: As per as payscale.com the typical salary for the worker differs from one another supported the work profile of a candidate. For an example a case of project manager (Engineering) his average salary ranges between 500000-1800000 p.a and for design engineer its 6 lakh to 10 lakh and for engineer its 8312000-2012200. Basically, the thing is according the rank of a private and knowledge within the particular field they're giving the compensation.

7. Performance Appraisal System in Tata Motors: Tata motors follows appraisal system of annual basis and appraisal model which is followed on annual basis ranging from the month of April till March has been extremely effective for the workers who are working in Tata Motors. The half yearly appraisal system was started within the corporate and therefore the activity was started keeping in mind the dynamic behavior of the industry. With a half yearly appraisal system, the worker gets feedback twice a year, which provides him/her an opportunity to re-look at his/her approach of working. Important steps also are undertaken for workers of the corporate who deviate from their goals. Company i.e. A comprehensive quarterly appraisal system was introduced by Tata motors, where an employee selects his/her own goals quarterly and self-assesses own performance against the parameters. The corporate has also a midterm review for all those that are performers, thereby creating an expectation amongst the workers of a rise in salary twice a year if they perform well. They want to have annual appraisals earlier, on the other hand they felt that the incentives aren't enough to motivation the sales division, which generates major revenues for Tata motors.

8. TATA SCIP: is a platform initiated by tata motors for women to restart career on their terms. Women who earlier have taken a break of 6 months or year or more for any reason and now wish to enter the profession field again. The programme provides a chance for such quite women to require on flexi-hour assignments. Tata SCIP doesn't provide full time job opportunities. SCIP assignments are short-term and aimed toward developing alternative talent pools in traditional/non-traditional formats. there's no placement guarantee at the top of the project. However, SCIP consultants have the choice of exploring full-time employment on mutually acceptable term.

9. Fast Track Selection Scheme (FTSS) is Tata Motors' flagship talent management process to enhance and develop young managers. It is a growth platform for new entry level manager

to qualify for upward and promotional position after successful completion of multitask functions and test by management. Employees selected gain an enormous lead in terms of promotion also as learning. they're promoted to Manager's level there by saving almost 10 to 13 years of labor time within Tata motors. The successful Employees are relieved from their current jobs and placed on various project-based training programmes under the guidance of senior managers who are working within the company If the worker or a candidate don't possess management education, they undergo a 4 months MEP at IIM, Ahmedabad.

10. Volunteering Policy: Tata motors with the concentration is usually committed to make a culture of volunteering within the corporate by engaging , encouraging , and recognizing employees contribution in terms of employees talent towards the standard of lifetime of the people in and around its areas of operation so this is often one among the simplest action or an step which Tata motors have taken.

## II. Expenditure on Human Resource of Tata Motors from 2010 to 2019 (Rs. In Crores)

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Employees	24310	26214	29217	30334	29566	27997	26569	26035	24989	27572
Total Revenue excluding other income	15758.18	19397.93	23579.03	23768.11	25275.47	27585.3	28442.7	28500.46	32230.49	33650.54
Net Profit	2240.08	1811.82	1242.23	301.81	334.52	4738.95	-62.3	2429.6	1034.85	2020.6
Total Assets	31560.01	39478.33	37893.42	37863.42	36200.13	38387.99	43776.25	42863.24	40146.67	42482.78
Total Employee Cost	437.83	618.95	735.52	820.92	930.04	1172.87	1315.93	1396.01	1540.13	1730.24
Salaries	391.41	561.27	650.08	723.45	818.55	1024.92	1164.94	1207.55	1334.38	1491.81
Contribution to funds	22.53	25.75	51.62	56.24	51.65	80.91	78.13	105.53	102.29	129.34
Staff Welfare Expenses	23.89	31.93	33.82	41.23	59.84	66.37	71.93	79.51	98.11	102.54
				<b>RATIOS</b>						
Total	0.65	0.74	0.81	0.78	0.85	0.99	1.07	1.09	1.29	1.22

Revenue per employee										
Net Profit per employee	0.09	0.07	0.04	0.01	0.01	0.00	0.00	-0.09	-0.04	0.07
Total Assets per employee	1.30	1.51	1.30	1.25	1.22	1.37	1.65	1.65	1.61	1.54
Total Employee cost per employee	0.02	0.02	0.03	0.03	0.03	0.04	0.05	0.05	0.06	0.06
Total Employee cost/Total Revenue (ratio)	0.03	0.03	0.03	0.03	0.04	0.04	0.05	0.05	0.05	0.05

(Source: Tata Motors Ltd. Annual Reports from year 2010 to 2019)

**Findings:** From the analysis of table it is found that:

1. The data is analyzed and found that Tata Motors had disclosed in annual reports the Variables like number of employees, total revenue, total employee cost (salaries, contribution to funds, staff welfare etc.), net profit excluding extraordinary income, total assets.
2. The total number of employees were increased to 27572 in 2019 from 24310 in the year 2010. There is increase of 13.41% employee numbers during last 10 years. The number of employees and human resource values have been recorded as per category and not as per age-wise in Tata Motors.
3. There is also increase in Total revenue from 15758.18 in 2010 to 33650.49 in 2019. i.e. an increase by 113.54% during last 10 years.
4. The net profit of company was from year 2010 to 2014 showing decreasing trend. There was a loss from 2015 to 2018 but again the Tata Motors earned a Net profit of 2020.6 in 2019.
5. The Employee cost has showing increase trend. In the year 2010 it was 437.83 and it is

increased to 1730.24. This reflect an impartial payment policy of Tata Motors. The Cost per employee showing decrease trend.

6. Net profit per employee is decrease from 0.09 to 0.07 during the year 2010 to 2019. There is 22% decrease in Net profit per employee last 10 years.
7. Total assets to total employees are also showing increasing trend from 1.30 to 1.54 during the year 2010 to 2019.
8. It is observed from the study that the overall performance and efficiency of Tata Motors has enhanced through human resource practices.
9. The effective recruitment, training and learning programmes helped Tata Motors in identifying and retaining valuable employees.
10. Tata Motors is not providing any information related to valuation of human resources and value added services in annual reports. Company should provide data related to idle time, loyalty of employees, lock out, etc.

**Conclusion:**

Tata Motors is a global Fortune 500 company, the leader in commercial vehicles in each segment. It has retained its market leadership position in the domestic market for more than 6 decades and also gained a respectable global standing. Tata Motors truly have confidence in a permissive human value. The company has mix labor force, multi-skilled employees. Tata Motors is increasing knowledge, skills and overall development of its employees through various human resource practices and development programs. Tata Motors is not providing any information related to valuation of human resources and value-added services in annual reports. It is suggested that the company should provide valuation of human resources and value-added details to its shareholders and investors along with other data like idle time, loyalty of employees, lock out, etc. There is no legal framework and standard rules and regulations regarding human resource practices as per Indian Companies Act 1956, Indian Companies act 2013 and ASB of ICAI. For the development of profit, performance and growth of any company human resource valuation method is important. The government and accounting bodies should take remedial measures for bright future of companies in India by taking necessary steps for development of human resources practices policies and regulations.



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