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Human Asset Accounting and Its Impact on the Performance and Financial Position of Firms: A Study of Selected Companies

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Abstract: Human beings are the most critical assets in organizations as established in the available literatures. They drive other resources in the organization to achieve organizational goals. Currently, this most important asset is not being accounted for or disclosed in organizations' statement of financial position like other physical assets and intangible assets. Hence, this study investigated the likely effect of human asset inclusion in the financial reports of firms in Nigeria. The specific objectives of the study were to study the nature and characteristics of human resource investment/expenditure in quoted Nigerian companies, to determine the relevance of human asset accounting model in relation to the quality of financial reporting of quoted companies in Nigeria, to investigate the relationship between Human Asset Accounting and Corporate performance (Profitability), and to investigate the relationship between Human Asset Accounting measurement and corporate financial position. The study adopted the survey research design. The instrument of data collection was questionnaire designed on a four step Likert Scale. The hypotheses were tested using simple regression model. The result of the analyses confirmed that there is a significant relationship between Human Asset Accounting and Corporate Profitability and there is positive significant relationship between Human Asset Accounting measurement and corporate financial position. It concluded that capitalizing human assets would positively impact on performance and financial position of organizations and recommended its disclosure as intangible asset in the balance sheet.

Key words: Human Resource or Asset or Capital; Human Asset Accounting; Financial Reporting; performance; financial position.

1.1 INTRODUCTION

Human resource constitutes a valuable resource to every organization whether manufacturing–oriented or service-oriented. It is as important as the machines, materials and money without whom other resources cannot be blended and coordinated for the purpose of achieving profitability. Characteristics such as experience, skill, knowledge, and age affect the productivity of human resource. Reporting information on the value of a company's human resource via the use of a standard and realistic model could add value to the information content of financial reports of organizations and hence assist users in making informed decisions. In addition information generated by HRA systems can be put to use for taking a variety of managerial decisions. She added that decisions on recruitment planning, turnover analysis, personnel advancement analysis and capital budgeting could be aided by the HRA system; and help organizations in taking informed decisions thereon. (Charturvedi, 2013).

The advancement of societies from manufacturing-based to information-based; and the gradual transformation to knowledge-based societies requires the unfreezing of certain processes and procedures including such relating to management, accounting and finance. In knowledge society, human resource constitutes the focal point on which all economic activities revolve. A knowledge economy is one in which the generation and exploitation of knowledge play the predominant part in the creation of wealth. In knowledge-based economies, the major asset is thus the knowledge workers who manipulate symbols rather than machines. In this vein, reporting the financial performance and position of knowledge-based companies (service companies) will invariably be incomplete without reporting the value of human resource. (Sharma, 2012).

Where a quoted company reports its financial performance and position for a particular period, it is expected that all the important and material facts be incorporated and adequately disclosed. If these companies failed to report on their major asset (human resource), the adequacy and materiality of their financial information disclosure is questionable. That is why the difference between the market value and book value of their shares is usually significant and attributed to those intangible assets (mostly human resource) not reported by the companies.

Accounting continues to evolve in response to human knowledge and civilization. As human being achieves advancement in concepts and applications, so does accounting. According to Bullen (2007), accounting is believed to be an information infrastructure used by economic units to achieve various economic decisions.

Corporate organizations use accounting to communicate to all stakeholders about their operating performance and position for and or at a particular time through a process called financial reporting. Corporate financial reporting is the medium through which companies communicate their operational performance in terms of profitability, efficiency, and responsibility as well as financial position to the various interest groups or users. (Kajola, & Adedeji, 2011). Financial reporting of a corporate entity constitutes a combination of qualitative and quantitative financial reports, which are referred to as a company's bill of health. These financial statements are required to exhibit certain degree of quality in terms of their information contents. Kajola, & Adedeji, (2011) opined that information contained in the financial reports should possess certain qualities as relevance, verifiability, understandability, neutrality, timeliness, comparability, and completeness. When the financial reports disclose quality information, the decision of the users (investors, management, government, employees, creditors, analysts) of the reports could as well be qualitative and informed. The users of the financial reports use the reports frequently in passing judgments on the viability of a company. According to John, Edward & Gary, (2001), investors in many cases are too dependent on the quality of financial statements disclosure.

For the service companies, their major asset is the human capital and the intellectual ability of their work force. The success of service companies largely depends on the quality of their human resource. According to John, & Gary, (2001), the characteristic that differentiate successful organizations from their less successful counterparts in almost every industry is the quality of the people they are able to get and keep. Service companies do invest heavily in employees training to make sure that their employees' skill levels are kept current (Schwartz, & Murphy, 2008).

The traditional accounting practice does not place value on such intangible assets as employee capabilities and knowledge. Traditional accounting views virtually all expenditure related to the improvement and intellectual development of an organization's human resource as expenses. The implication of this system of recognition is that such expenses are unimportant beyond the current period. This may not be true because employee's knowledge and skills development are important to the future of the organization. For this reason, the recognition of human resource as an asset becomes necessary if the true state of the organization must be revealed. (Enyi, & Adebawojo, 2014).

Human resource expenses or investment refers to all financial commitments to the human resources of an organization from recruitment to training and development. Service organizations of all types recognize the critical impact of human resources on their strategic and operational success. Service companies spend, on average, over 50% of their revenues on human resource-related expenses. The financial expenses committed to the human resources are expected to enhance the competitive advantage of the companies. Thus, Adelma (2012) confirmed that a company's market value equals its stock of human capital.

This study, therefore, developed a more realistic and reliable human resource valuation model to determine the effect of human resource valuation and reporting on the quality of the financial reports of quoted service companies in Nigeria.

Statement of the Problem

1. Human resource is adjudged as the catalyst for the transformations of the global economies from information-based to knowledge-based (Flamholtz, Bullen & Hua, 2002). In the information and knowledge based economies, human brain and intellectual abilities and capabilities are the key ingredients. However, the accounting aspect of the human capital is yet to be fully accepted and applied in the corporate financial reports of corporate entities. This raised many questions relative to the quality and relevance of the reports prepared and published by corporate entities especially the service-oriented companies. Among these questions are: Do the financial statements of quoted service companies in Nigeria reveal the true and fair view of their financial performance and position? How can the quality of financial reporting of quoted service companies in Nigeria be improved? How can the human resource of service companies be valued and reported? What is the possible impact of reporting the value of human resource on the quality and relevance of the financial reports? Is there a relationship between Human Asset Accounting and Corporate performance (profitability)? Is there a significant relationship between Human Asset Accounting and Corporate financial position?

Objective of the Study

The objective of this study includes:

1. To determine the relevance of human asset accounting model in relation to the quality of financial reporting of quoted companies in Nigeria.
2. To study the nature and characteristics of human resource investment or expenditure in quoted Nigerian companies.
3. To investigate the relationship between Human Asset Accounting measurement and corporate performance and financial position.

Research Hypotheses

1. H0: There is no relationship between Human Asset Accounting and corporate performance (Profitability).
2. H0: There is no significant relationship between Human Asset Accounting and corporate financial position.

Significance of the Study

By and large, the study is expected to assist the Financial Reporting Council in Nigeria to adopt a standard measure for valuing human resource for inclusion in the financial statements of organizations. Adoption of a standard way of accounting human resource will increase the acceptance and application of the system by reporting organizations.

Secondly, it is expected that the study will assist the various users of financial statements in their analysis and interpretation of companies' financial statements for informed decision making since they would have access to more useful information than before.

Lastly, the study will assist the management of the reporting organization to put more effort toward the development of their human resources and will serve as a reference material to researchers.

2.1 Theoretical framework and Literature Review

This section provides the theoretical underpinnings upon which the model and empirical testing of the model of this study are based. Related literatures are equally reviewed.

Cost Theory:

This theory opined that 'organizations' investment on employees are measured using the costs incurred on recruitment, acquisition; formal training and familiarization; informal training and familiarization; experience; and development. The costs are amortized over the expected working lives of employees and unamortized costs (for example, when an employee left the firm) are to be written off. Models developed under this theory are historical cost method and replacement cost method. The advocates of this theory are: Hekian, & Jones, (1967); and Ogan (1988). Cost-based human resource models are easier to apply and less technical. The major weakness associated with models developed under this theory is that they measure only the costs to the organization but ignores completely any measure of the value of the employee to the organization.

Value Theory: The proponents of this theory are of the view that the measurement of the value of employees should focus on the value they can add or create for their organizations while rendering their services. The soundness of the human resource valuation under this theory depends wholly on information, judgment, and impartiality of the estimate. Notable contributors under this approach are: American Accounting Association's Committee on Accounting for Human Resources Accounting (1973) and Ogan (1988),

Present Value of Future Earnings/Benefits: Lev, & Schwartz, (1971) proposed an economic valuation of employees based on the present value of future earnings, adjusted for the probability of employees' death/separation/retirement. This method helps in determining what an employee's future contribution is worth today. According to this theory, the value of human capital embodied in a person who is 'y' years old, is the present value of his/her future earnings from employment. Other proponents of this theory are Hermanson (1964) and Flamholtz, (1985). The models developed under this theory tend to be more objective because they use widely based statistics such as census income return and mortality tables. However, the human resource models under this theory assign more weight to averages than to the value of any specific group or individual.

Expense Theory: This theory focuses on attaching money estimates to the behavioural outcomes produced by working in an organization. Criteria such as absenteeism, turnover, and job performance are measured using traditional organizational tools, and then costs are estimated for each criterion. For example, in costing labour turnover, Naira figures are attached to separation costs, replacement costs, and training costs. This method is philosophical in its development but uses too many variables that are too qualitative to be estimated in figures. (Hekian, & Jones, 1967; Flamholtz, 1985).

2.2 Accounting for Human Resources

According to the American Accounting Association's Committee on Human Resource Accounting (1973), Human Resource Accounting is nothing but "the process of identifying and measuring data related to human resource and communicating this information to interested parties". From this definition, we could recognize that HRA is not only involved in the measurement of data related to placement, training and development of employees but also involved in the evaluation of financial condition of people in an organization.

Seth, (2009) defined Human Resource Accounting as "accounting for people" while Oko et al, (2015) defined it as human competency accounting which intimates the complexity in determining the competency of employees.

HRA can be defined as the process of identifying and measuring data related to human resource for the development and enhancement of economic value of interested parties associated with corresponding organization.

In general, accounting and finance managers do not agree with the HR evaluation proposals. This is because; they consider that treating people as assets is incorrect. The main reason for their objection is that the proposed HR accounting practice is extremely varied from the known HR evaluation techniques and thus it is difficult to show that employees meet two tests of an asset. Assets should produce a future income for accountants and can be controlled by organization. But, in the case of human resources, the actual or marginal flow of income has attributed to an inaccurately measured HR values which could not be accepted by accountants and other finance managers. Moreover, the HR assets could not be owned or sold by organization and thus it would differ from other class of assets. Similarly, the widespread perception on knowledge economy has developed the intellectual property concept to include intellectual capital as one of the important assets for the reporting purpose of firms (Seth, 2009 & Oko et al, (2015)). Flamholtz et al. (2002) noted that intellectual capital in the enrolment of investment capital statement is highly emphasized. To incorporate managerial decision making, accounting users should have more accurate information with respect to financial and managerial accounting. Such information can offer additional value to both financial and managerial accounting.

A survey conducted with business professionals, Khan, (2013) revealed that most Human Resource directors consider healthy workforce as an important asset. But the accounting and financial experts who worked in private sectors were found to have least concern about the well-being of the employees. Considering all such concerns, Schwartz, & Murphy, (2008) said "no theory gave greater impetus to the need for accounting in organizations than Taylor's scientific management". Due to influence of economics, there is much emphasis on monetary measurement since it is believed to lead to a dominant financial reporting regarding the perspectives of company's performance measurement, managerial control and efficacy.

In HRM literature, various studies are available on the contribution of HR for improving productivity and performance of the firm ((Schwartz, & Murphy, 2008). Thus HR and accounting could share a common theoretical base but there is a lot of confusion and assumption in terms of people. For example, in accounting literature, the term "human resource" has traditionally denoted as "human assets". But the term "human resource" was chosen to replace "personnel" to indicate employees within the firms. At last, these issues have come to an end in 1980 and both HR and accounting are being mentioned in the name of "human capital".

2.3 Importance, Objectives and Benefits of Human Resource Accounting

Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below:

1. Human Resource Accounting helps the management in the Employment, locating and utilization of human resources.
2. It helps in deciding the transfers, promotion, training and retrenchment of human resources.
3. It provides a basis for planning of physical assets vis-à-vis human resources.
4. It assists in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits derived by the firm.
5. It helps to identify the causes of high labor turnover at various levels and taking preventive measures to contain it.
6. It helps in locating the real cause for low return on investment, like improper or under-utilization of physical assets or human resource or both.
7. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavorable circumstances.
8. It provides valuable information for persons interested in making long term investment in the firm.
9. It helps employees in improving their performance and bargaining power. It makes each of them to understand his contribution towards the betterment of the firm vis-à-vis the expenditure incurred by the firm on him. (Adelma, 2012 & Charturvedi, 2013).

2.4. Measurement and Valuation of Human Assets

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:

1. The cost approach which involves methods based on the costs incurred by the company, with regard to an employee.
2. The economic value approach which includes methods based on the economic value of the human resources and their contribution to the company's gains. This approach looks at human resources as assets and tries to identify the stream of benefits flowing from the asset. (Bullen, 2007).

There are a number of methods suggested for the valuation of human assets. Many of these methods are based on the valuation of physical and financial assets while others take into account human consideration. Major methods of valuation of human asserts are historical cost, replacement cost, standard cost present value of future earnings and expected realizable value. (Amitabh, & Ravindra, 2007)

3.1 Research Design and methodology

In this study, a survey design was used because the research problem could best be studied through the use of descriptive research. Since Surveys allow the collection of large amount of data from a sizable population in a highly economical way, the survey design was deemed the best strategy to fulfill the objectives of this study.

3.2 Sources of Data Collection

This study collected primary data and therefore utilized self-reporting Questionnaire. The questionnaire was considered most appropriate because it allows for collection of data from many respondents within a short time and provides a high degree of data standardization and adoption of generalized information amongst any population. The secondary sources include data obtained from text books, journals, seminar papers, the internet and other research works.

3.3 Sample Size

The difficulty of conducting a census makes it imperative to choose from the accessible population certain subjects for inclusion in this research. A sample is a part systematically selected from the population for examination or study. The sample size for this work is 60 respondents drawn from Cross River University of Technology, MTN Nig Ltd & Zenith Bank PLC.

3.4 Instrumentation

The research instrument used in this study is the questionnaire design. The questionnaire was carefully planned and executed with the objectives of the study fully borne in mind while formulating the questionnaire.

A quintuple measurement was used to show the opinions of the study sample members on the questionnaire items. The quintuple measurement include: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D) and Strongly Disagree (SD). A total of 80 questionnaires were administered to the sampled respondents and 60 were completed and returned to the researcher. Thus the analysis was carried out using the questionnaires collected from respondents.

The study used quantitative techniques for the analysis of data. SPSS 20 was employed for data analysis. Descriptive statistics and Regression were used in the analysis of collected data and the test of hypotheses respectively.

4.1 Data Presentation

Table 4.1: Human asset accounting significantly affects organizations’ performance**.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	13	21.7	21.7	21.7
	Agree	40	66.7	66.7	88.3
	Disagree	4	6.7	6.7	95.0
	Strongly Disagree	3	5.0	5.0	100.0
	Total	60	100.0	100.0	

Source: SPSS 20

Table 4.2: Human asset accounting has significant effect on corporate financial position.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	20.0	20.0	20.0
	Agree	27	45.0	45.0	65.0
	Disagree	19	31.7	31.7	96.7
	Strongly Disagree	2	3.3	3.3	100.0
	Total	60	100.0	100.0	

Source: SPSS 20

Table 4.3: Human Resource accounting system identifies the costs occurrence associated with manpower and separates such human cost from other costs of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	26	43.3	43.3	43.3
	Agree	25	41.7	41.7	85.0
	Disagree	6	10.0	10.0	95.0
	Strongly Disagree	3	5.0	5.0	100.0
	Total	60	100.0	100.0	

Source: SPSS 20

Table 4.4: HRA provides a comprehensive look at one method of using human resource cost and value information in the decision-making process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	13	21.7	21.7	21.7
	Agree	21	35.0	35.0	56.7
	Disagree	14	23.3	23.3	80.0
	Strongly Disagree	9	15.0	15.0	95.0
	Total	60	100.0	100.0	

Source: SPSS 20

Table 4.5: HRA is a measurement of the cost and value of people as organizational resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	25	41.7	41.7	41.7
	Agree	23	38.3	38.3	80.0
	Disagree	6	10.0	10.0	90.0
	Strongly Disagree	6	10.0	10.0	100.0
	Total	60	100.0	100.0	

Source: SPSS 20

4.2 Data Analysis and Test of Hypotheses

Hypothesis One

Ho: There is no significant relationship between Human Asset Accounting and Corporate performance (Profitability).

Hi: There is a significant relationship between Human Asset Accounting and Corporate performance (Profitability).

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935[a]	.874	.872	.337

a. Predictors: (Constant), Human Asset Accounting/Reporting

Source: SPSS 20

The model summary shows an adjusted R square value of 0.874. This reveals that about 87.4% of total variability in corporate profitability is explained by human asset accounting/reporting. Only about 22.6% is explained by other variables. With an Adjusted R square value of 0.874> 0.600, the model is said to be statistically significant.

Table 4.7: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.978	1	45.978	403.735	.000[b]
	Residual	6.605	58	.114		
	Total	52.583	59			

a. Dependent Variable: Corporate Profitability

b. Predictors: (Constant), Human Asset Accounting/Reporting

Source: SPSS 20

The ANOVA model shows an F-ratio of 403.978 with a significant p-value of 0.000 < 0.05 alpha level. This result provides enough evidence to reject the null hypothesis and assert that human asset accounting significantly affects corporate profitability.

Table 4.8: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.177	.097		1.826	.073
	Human Asset Accounting	.932	.046	.935	20.093	.000

a. Dependent Variable: Corporate Profitability

Source: SPSS 20

The coefficient model result shows that there is a positive significant relationship between human asset accounting and corporate profitability meaning that an increase in the accounting and reporting of human assets/resource will lead to an increase in corporate profitability. In other words, a unit increase in the accounting and reporting of human assets /resource leads to a 93.2% increase in corporate profitability.

Decision: From the t-statistics result, the t-calculated value of 20.093 greater than the t-critical value of 2.353, the null hypothesis is rejected. It is thus upheld that there is a significant relationship between Human Asset Accounting and Reporting and Corporate Profitability.

Hypothesis Two

Ho: There is no positive significant relationship between Human Asset Accounting and corporate financial position.

Hi: There is positive significant relationship between Human Asset Accounting and corporate financial position.

Table 4.2.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.922[a]	.849	.847	.359

a. Predictors: (Constant), Human Asset Accounting measurement

Source: SPSS 20

The model summary shows an adjusted R square value of 0.874. This reveals that about 84.9% of total variability in corporate decision making is explained by human asset accounting measurement, only about 25.1% is explained by other variables. With an Adjusted R square value of 0.849> 0.600, the model is said to be statistically significant.

Table 4.2.5: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42.248	1	42.248	327.371	.000[b]
	Residual	7.485	58	.129		
	Total	49.733	59			

a. Dependent Variable: Corporate Decision Making

b. Predictors: (Constant), Human Asset Accounting measurement

Source: SPSS 20

The ANOVA model shows an F-ratio of 327.371with a significant p-value of 0.000 < 0.05 alpha level. This result provides enough evidence to reject the null hypothesis and assert that human asset accounting measurement reporting significantly impacts corporate financial position..

Table 4.2.6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.211	.106		1.990	.051
	Human Asset Accounting measurement	.907	.050	.922	18.093	.000

a. Dependent Variable: Corporate Decision making

Source: SPSS 20

The coefficient model result shows that there is a positive significant relationship between human asset accounting measurement and corporate financial position, meaning that an increase in the accounting measurement of human assets/resources will lead to an increase in enhanced corporate financial position. In other words, a unit increase in the accounting measurement of human assets leads to a 90.7% increase in corporate financial position.

Decision:

From the t-statistics result, the t-calculated value of 18.093 greater than the t-critical value of 2.353, the null hypothesis is rejected. It is thus upheld that there is positive significant relationship between Human Asset Accounting measurement and corporate financial position.

4.3 Discussion of Findings

The following findings are made from the study:

There is a positive significant relationship between Human asset accounting/reporting and corporate profitability. The more the inclusion of human assets in the financial statement and reports of companies, the more attractive the financial position will be to investors, thereby improving the ROA, EPS, ROE, Etc.

It was also found that the accounting measurement of human assets significantly relates with the corporate financial position.

The above results was supported by the findings of Syad, A.A. (2009) disclosure of Bangladeshi companies and its association with corporate characteristics, where they confirmed that human capital efficiency has significant relationship with financial performance, return on capital employed (ROCE) and earnings per share (EPS). Their study specifically revealed that one of the important components to strengthen the intellectual capital performance is the human capital efficiency (HCE).

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

Human resources are the energies, skills and knowledge of people which are applied to the production of goods or rendering useful services. It is the method of identifying and measuring data about human resources and communicating the information to interested persons (Enyi, & Adebawojo, 2014). In consonant with the above assertion; the following recommendations are made: Company and Allied Matters Act, 1990, presently does not provide for valuation of human resources. Subsequently, disclosure of such information has become voluntary to business organizations. There is need to prescribe the specific provisions for valuing human resources and disclosing the details of investment in human assets in the form of training and development expenses, salaries and other allowances through annual reports.

The ideas and ideologies behind the conceptualization of HRA are no more hypothetical. The volume of investments on human resources usually made by corporate entities and the impact of such investments on the productivity level of the humans justify their treatment and recognition as assets rather than expenses. Additionally, the arguments against the concept of HRA and its application are issues that can be solved significantly. When human resources are quantified and reported as assets in the balance sheet of corporate entities, the multiple users of the reports will be awarded with more qualitative and quantitative information, which will boost their decision making abilities. Reporting HRA will also bring out the truest and fair value of the organizations.

The results of our study indicate that the majority opinion among scholars in the field of accounting in the papers reviewed is that human capital should be included in the statement of financial report and position. These opinions are based on the belief that it will enable investors to make timely and efficient economic decisions.

Financial statements are the main source of information about the performance and position of the resources held by an organization. Traditional accounting system provides this information about the physical and financial resources only and not about the human elements of an organization, which resulted into the false and unfair presentation of financial statements. Various research carried out substantiated the importance of human resource disclosure. Human Resource Accounting provides quantitative information about the value of human assets and other non-financial human resource information have been proved to be useful in making decisions internally and externally (Lee and Saddiq, 2012).

5.2 Conclusion

Measuring human resource is perceived as important firstly because the measurement reflects the strategic and competitive importance of human resources, and secondly, because in order to earn credibility of a company, human resource must be expressed in financial terms.

The following conclusions are made:

1. The concept of human resource accounting is yet to gain momentum in Nigeria. For the betterment of the organizations, it is necessary to evaluate the worth of Human Resources in a systematic manner and record the information related to them in the financial statement of the organization to communicate their worth from time to time to the users of the financial statement.
2. Human Resources accounting can be useful in the evaluation process in an organization because it makes it possible to manage the monetary and nonmonetary assets and assists the management in appropriate and timely decisions making process. A Human Resource

accounting system identifies the costs occurrence associated with manpower and separates such human cost from other costs of business. It is therefore significant in deciding and affecting corporate investment and employment decisions of management.

3. The two most prominent classes of decision makers who are most likely to use the accounting information are the investors in securities and managers making resource allocation decision within the firm. The investors can benefit from human resource data as they reflect the current state of business organization and their growth possibilities. On the other hand, this can inform managers on the cost of specific personnel behaviors, such as training and turnover, thus encouraging better assessment and development of people which in turn affects organizational performance.

5.3 Recommendations

The following recommendations are made in the study:

a. Human resource value concepts should be based on practical management accounting.
b. Steps should be taken to determine what HR costs are to be capitalized. This is essentially a matter of classification of HR costs into asset and expense components.
c. Other steps should be taken to amortize the cost incurred by an organization on its employees for recruiting, hiring, orientating, familiarizing, training and developing them
d. Since the concept of human resource accounting is yet to gain momentum in Nigeria, organizations should evaluate the worth of Human Resources in a systematic manner and record the information related to them in the financial statement of the organization to communicate their worth from time to time to the users of the financial statement.

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