

Effect of Human Resources Accounting on Financial Performance of Banks in Nigeria

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Abstract : Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties in order to meaningful investment decisions. In recent time, firms focus has shifted to human resource accounting so as to ensure efficiency and effectiveness in their operations. This study focused on the effect of human resource accounting on the financial performance of Banks in Nigerian. The problem that led to the study revolves around the current trend whereby Nigeria banks do not efficiently account for the input of human resource in their annual statement, thereby instead of capitalizing human resources in their statement of financial position; they expend it in their income statement thereby reducing their profit after tax. The broad objective of this study is to determine the extent to which human resource accounting affects the financial performance and value of Nigerian Banks. This study is therefore considered significant because, there are still universally, grey areas to be sorted out on the subject matter of human resources accounting. In the bid to achieve the study objectives, the researcher gathered data from sixteen commercial banks. Data were collected from both primary and secondary sources using an ex-post facto research design. The data collected were then tabulated and analyzed using the multiple regression analysis. The result of hypothesis one revealed that there is a significant relationship between Capitalized Human Resource Cost and post capitalization Profit before tax of banks in Nigeria. The finding of hypothesis two revealed that the association between Capitalized Human Resource Cost and post capitalization Net worth of banks in Nigeria is significant. The finding in Hypothesis three reveals that there is a significant difference between pre and post capitalization profit before tax of banks in Nigeria. The study concludes that human resources accounting positively influenced financial performance of banks in Nigeria within the period under study. It is recommended that standards should be set for human resources identification and measurement in the banking sector and also the management of commercial banks in Nigeria should have a proper appreciation of human resource accounting. This will enable managers to take right decision regarding investment in human resource. Also, the study recommends that policies on enhancing the post capitalization profit before tax of banks in Nigeria should pay great attention to capitalized human resources cost, net worth and total asset as the variables significantly influenced post capitalization profit before tax of the studied banks in Nigeria. The limitation of the study centers on the limited number of years and companies that was adopted for the study.

Keywords : capitalization, human resources cost, profit before tax, net worth

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