EFFECT OF HUMAN RESOURCE ACCOUNTING ON CORPORATE FINANCIAL PERFORMANCE OF QUOTED BANKS IN NIGERIA

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ABSTRACT

The paper highlight the effect of human resource accounting on corporate financial performance of Nigerian Banks using quoted banks**.** For the sake of this study, quantitative survey designs or otherwise called (internal/ratio) which measures highest level of two main variables were considered. The measures for independent include HUCAP = Human capital proxy by the total number of employees, STACOST = Staff cost proxy by the amount of capital investment stated in the statement of financial position as intangible asset. While return on asset (ROA) and return on equity (ROE) is a proxy for organizational performance. A sample of three (3) banks were selected from banks quoted under the Nigeria Stock Exchange (NSE). Analysis was based on data extracted from annual reports and accounts of the sampled Banks from 2012 to 2018 financial year. Multiple Linear Regression and Pearson – Product Moment Correlation Coefficient statistical analytical methods were used for all the study hypotheses. The analysis was computed using Statistical Package for Social Science (SPSS). The findings reveals that human resource accounting has a significant relationship with organizational performance, staff cost has a positive effect with Return on Asset and Return on Equity. The study therefore recommends that human asset records should be kept by all firms whether product or service rendering companies due to the fact that adequate recording will show the true and fair view of the company's operations and also to serve as comparison between competitors. Training and development of employees should be encouraged by companies for long run benefits to be achieved turning blind eye to the immediate extra cost syndrome.

Key Words: Human Capital, Staff Cost, Return on Asset, Return on Equity, Organizational Performance, Human Resource Accounting

INTRODUCTION

Human beings considered as an asset is an old concept which is of growing importance and also a determinant to economic success of both companies in the private and public sector of a country. The strong evidence which Emperor Akbar gave to the nine jewels (courtiers) spells out the importance of valuing humans (Ifurueze 2014). Also some distinguished human assets

known as freedom fighters as history recorded who fought bravely for freedom movement but to no avail as no effort was made to assign monetary value to these individuals in the statement of financial position of their nations. Furthermore, if human resource plays key roles in the success of organizations, there is need to involve in its practices like hiring, training, motivating or even dismissing as the case may be to meet up with the major goals of the organization. Globally, there has been a transition of production to services based economies. The disparity between both is the nature of their assets, where one is based on physical assets the latter is based on human intellect and knowledge. A typical example can be seen at the hospital, consultancy firms, auditing firms and academic institutions where their worth is based mainly on skill and knowledge of its human asset.

However, Seth (2019), stated that Human Resource Accounting (HRA) means accounting for employees as main resource an organization tend to have. According to him, it is the valuation and cost measurement of persons in an organization. He is of the opinion that intellect of workers is essential for any typical business in this current stage of globalization and the complexities in the business environment; there is a need for competent people to ensure its perpetual existence and to have an edge over competitors.Woodruff (1973) defined human resource accounting as a process of identifying, accumulating and disseminating information about Human asset in monetary terms. He further explained that human resource accounting is the accumulation of information systematically about investments made in the employees in the organization and reporting back to the operating managers in guide them in better decision making than they would not be able to make. Woodruff's definition is accurate as it keeps account on the human assets and reports back to the management but its limited to the internal environment as it only reports to the management who also part of human assets. Parameswaran and Jothi (2015) identified and categorized the objectives of human resource accounting into three; Internal, Internal & External, and External based on the various need of users of such financial information. The American Accounting Association's Committee on Human Resource Accounting (1973) has defined Human Resource Accounting (HRA) as "the process of identifying and measuring data about human resources and communicating this information to interested parties". It also can be viewed as the measurement and quantification of human organizational inputs such as recruiting, training, commitment and experience. According to Charturvedi (2013), the development of human resource accounting originated from the growing needs of the importance of human assets in the management of organization. It functions as a department that monitors the people that are involved in the organizational resources, as well as monitoring the development progress in assets and revenues of the company. Hence, assessing corporate performance may not be decisive without the consideration of the value of human asset. Human resource as assets opposed to the traditional accounting which treats these costs as disbursals that will cut down the net profit of the organization. Over the year, there has been a benchmark on the link between human resource practices and policies on performance of organization. Jasrotia (2014), in her definition, also views HRA as a measurement and reporting of the cost and value of people as organizational resources. This definition is unique on the reporting aspect of the HRA. This definition rests on the premise that knowledge and intellectual capabilities of employees are becoming more and more important in corporate investment decision-making. This is because of the fact that service industries are now overtaking the manufacturing industries and in service providing business, the knowledge and intellectual competence of employees matter more than any other tangible asset. Parameswaran and Jothi (2015) identified and categorized the objectives of human resource accounting into three; Internal, Internal & External, and External based on the various need of users of such financial information. In addition to the above Parameswaran and Jothi (2021) referred to American Accounting Association's definition of human resource accounting as the process of measuring data of human resource and communicating the

information to the interested parties. Going by the definition above, human resource accounting in simply refers to accounting for human value of an organization to provide enhanced decision making for users of financial information. Also, bearing in mind that there are various users of accounting information like the investors who will want to know if their risk is worth what they are about to undertake. Going by this definition, the interested parties involve both internal and external environment.

Oke (2020) highlighted the importance of human asset, stated that successful and effective organizations understood that their success is directly related to the quality of their human capital. However, the quality of human asset that referred to depends on the intellect capability or the knowledge that the employees or managers of firms or organizations possessed. Thus, there is an indication that the importance of human intellectual capability is indispensible in the assessment of corporate performance.

There are three basic premises to human resource accounting, namely; value, usefulness and information. Humans are the most valuable resources of any organization as without them other resources remain idle. Secondly, usefulness of manpower is measured by the way it is being managed. Lastly, information on investment and value of human resource is useful in decision making.

Human resource accounting is important in the direction of the employees therefore, there are some factors that make the study an issue to be researched on. They include;

i.) No record of human assets.
ii.) Omission of human resource in the statement of financial position.
iii.) Treatment of expenses incurred on training and development.

Firstly, tangible and intangible assets have their values recorded but there have been no corresponding value to the human asset whose contribution is most important as to productivity and profitability or rather an organization objective. The need for human asset accounting is essential because the true value of a firm is not assessed for there is no treatment of humans in their books of accounts.

Secondly, the statement of financial position of a firm show the real worth of assets an organization has and their performance to show their strength or weakness but human assets has no value computed in the statements and not only showing the true performance of the firm but also creating comparison between two or more organizations.

Lastly, investment decision is one of the key functions of a financial manager which he looks at the best capital asset he ought to invest on. Traditional and present accounting system treats expenditures incurred on the employees in form of training and development as extra cost which is written against revenue turning a blind eye to the fact that expenses incurred on the development and training of staff should be recorded as an investment which could be of benefit to the organization. Expenditures incurred on the employees and the fringe benefits offered can be of benefits to the organization immensely in the long run in terms of increased quality, profitability, performance and productivity which are the reward for investing in them. The study seeks to point out the impact of the investment on the human factor of production ranging from acquiring, allocating, developing, maintaining human resource in organizational performance. The study seeks to cover the financial and non-financial performance of banks in arrears. It covers the period of seven (7) years from 2012 to 2018.

Concept of Organizational Performance

Specifically, performance is regarded as the yardstick in checking the failure and success of an organization. According to Roger and Wright (1998), performance is probably the most widely used dependent variable in organizational research today, yet it remains one of the most vague

and loosely defined constructs. They further confirmed that the struggle to establish a meaning for performance has been ongoing for many years and it is not limited to the field of Strategic Human Resource Management (SHRM).
Intellectual capital resources (including human capital) are increasingly important factors on the successful achievement of organizational objectives (Guthrie & Petty, 2020). For stakeholders to fully understand an organization and the effectiveness of its managers, it is therefore important that corporate reports adequately reflect all resources used and developed to further the organization's achievement. According to Divenney, Richard, Yip and Johnson (2018) firm performance encompasses these specific areas of firm's outcomes:

- Financial (profits, return on assets, return on investments);
- Market performance (sales, market share)
- Shareholder return (total shareholder return, economic value added)

Academically, firm performance is the ultimate dependent variable of interest for those concerned with just about any area of management: accounting is concerned with measuring performance; marketing with customer satisfaction and market share; operations management with productivity and cost of operations, organizational behaviour with employee satisfaction and structural efficiency; and finance with capital market response to all the above, management journal, the academy of management journal and administrative science quarterly included some measures of firm performance. Performance is so common in organizational research that it is rarely explicitly considered or justified; instead it is treated as a seemingly unquestionable assumption (Devinney et al., 2008).The multidimensionality of performance covers the many ways in which organizations can be successful; domain of which is arguably as large as the many ways in which organizations operate and interact with their environment. The performance of an organization could be categorized into human resource which could be measured in terms of turnover; organizational category which could be measured in terms of productivity, quality, customer satisfaction and manufacturing flexibility; financial accounting category which could be measured in terms of return on assets (ROA), return on equity (ROE), profits, sales, and employee value; while the financial market category could be measured in terms of stock prices or the measure of the ratio of the market value of the firm's assets to their replacement cost in line with the Tobin's Q (Rogers and Wright 1998).

Human Capital and Corporate Performance

According to Chillemi and Gui (2021), human capital is not only individualistic but that some skills and knowledge are formed in an organizational context and embodied only in a team of employees. An organization is made up of various persons in pursuit for a certain goal. Therefore, team-work plays a vital in it as some persons may be specialized in some field of which they would have to education others.
Moreover, the economist point of view capital is defined as all man's input (physical and mental) put in into production of goods and services. Nowadays, the Production system is driven highly by technology, knowledge (technical know-how), expertise (specialization through master and apprenticeship) and relation with various stake holders. The combination of these items is referred to as intellectual capital or asset. To ensure that an organization remains in competition to ensure its' going concern and relevant in the economy, there must be good combination of Intellectual capital components.
Thus according to Ahanga (2021), in the new economic system which is popularly known as the knowledge economy, intangible or intellectual assets have eventually been recognized as the prominent resources. He opined that intellectual capital to include new ideas, inventions, general knowledge, designed approaches, computer software programs and publications.

Stewart (1999), as cited by Rehman (2021), defined intellectual capital as knowledge and information which creates the value added efficiency to create wealth of corporations.
Scholars identified the three basic components of intellectual capital as human capital, structural capital and relational capital (customers and suppliers relations), saying these elements jointly or separately influence corporate performance.

Concept of Staff Cost

Staff cost is more meaningful and justifiable to be included in the statement of financial position as asset for accounting purposes. Their costs incurred can be categorized according to nature. They include capital expenditure and revenue expenditure.
Capital expenditure are cost elements incurred on employees that are expected to generate future benefit that will exceed past and current accounting periods with the option to even be above the standard being set by the management. It includes cost of acquisition, recruitment, retention, training, development and retraining.
Revenue expenditure is aspect of expenditure that the company uses up within the accounting year. They include salaries, wages, bonus, allowances etc.
The capital expenditure should be capitalized and recorded in the statement of financial position and amortized over the useful life of the human asset. The value of the amortized should be recorded as expenses in the company's financial position while the revenue expenditure is to be charged to the statement of comprehensive income as an expense.
Also, the capital expenditure can be treated as an investment in human resource accounting under intangible assets. Woodruff Jr. (1970), Mirvis and Macy (1976) opined that the logic behind this treatment is that the development costs provide benefits beyond the current accounting period.

Concept of Return on Asset

According Prastowo (2022:86), Return on Assets (ROA) is used to measure the effectiveness of the company in generating profits by exploiting its assets. This ratio may give an indication of good or bad internal management in implementing cost control or management of his property. Return on Assets (ROA) is often used as a tool to measure the rate of return on total assets after interest expense and taxes, (Brigham, 2001:109). The high Return on Assets (ROA) will be good for the company.
Value Return on Assets (ROA) high would indicate that the company is able to generate profits relatively high value assets. Investors would like the company to the value of Return on Assets (ROA) is high, as companies with Return on Assets (ROA) which is capable of producing high levels of corporate profits is greater than the Return on Assets (ROA) is low (Ang, 2021:231).
Return on Assets (ROA) is a financial ratio used to measure the degree to which the assets have been used to generate profits. The greater Return on Assets (ROA) shows that the better the company's performance, because of the greater rate of return on investment. (Riyanto, 2021:267).
The formula for ROA:

$$\textbf{ROA} = \frac{\textbf{Net income}}{\textbf{Total Assets}}$$

Concept of Return on Equity

The Return on Equity (ROE) measures company's net income in contrast to each unit shareholder equity (net worth) by comparing the company's net income to its overall wealth, your ROE indicates whether or not your net income is appropriate for your company's size.

Regardless of how much the company is currently worth (its net worth), the current net income will determine its probable worth in the future. Therefore, the business's Return on Equity ratio both informs you of the amount of your organization's profitability and quantities its general operational and financial management efficiency. An improving or high ROE clearly indicates to the shareholders that their investments are being optimized to grow the business.

The formula for ROE:

$$\textbf{ROE} = \frac{\textbf{Net income}}{\textbf{Shareholder Equity}}$$

Staff Cost and Return on Asset (ROA)

Return on Assets (ROA) is one of profitability ratios. In the analysis of financial statements, this ratio is most often highlighted, because it is able to indicate company success to create profits. ROA is able to measure the company ability to generate profits in the past to then be projected in the future. Assets in question are overall company properties, obtained from the capital itself or from foreign capital that has been converted into company assets used for corporate sustainability.

Higher ROA value indicates better company performance, because of higher return on investment rate. "This value reflects the company's return on all assets (or funding) provided to the company" (Wild et al, 2015). Any factors affecting on Return on Assets are liquidity ratio, asset management ratio and debt management ratio. Liquidity Ratio is a ratio to measure a company's ability to meet its short-term liabilities, calculated by comparing its current assets with current liabilities. Asset Management Ratio is "The asset management ratio; measures how effectively the company manages its assets" (Brigham and Houston, 2021: 81). Debt Management Ratio is asset management ratio to know the extent of company's ability to meet its long-term obligations (debt) used to finance all company activities.

Staff Cost and Return on Equity (ROE)

Investors take risk of pooling their monies together in order to receive their returns in the future. Part of the money is being invested by the management on the employees who ensure the going concern of the business and meeting the main goal of every organization in order to meet both the board of directors and board of shareholders interest.

Profit maximization is the ultimate goal of every organization in order to create wealth for its owners. It is applicable in both small scale and large scale enterprises alike. On like the small scale enterprise which creates wealth for the benefit of the sole owner, the large enterprises tend to create wealth for a large number of shareholders and stakeholders as the case may be.

According to Black, Wright and Davies (2021:9) shareholder value is created when the equity returns of a company exceed the cost of that equity. This means that the interest received on investment plus the cost of equity should be higher than the cost of equity in order to create value for the shareholders. In order words, the business or the project must make profit which is the return on equity for large scale enterprise as interest is the return on capital for small scale businesses. It can also be described as the present value of all future cash flows, less the cost of debt.ROE is calculated by taking the profit after tax and preference dividends of a given year and dividing it by the book value of equity (ordinary shares) at the beginning of the year. Average equity can also be used. Equity would consist of issued ordinary share capital, plus the share premium and reserves.

The three components, or ratios, can be described (in sequence) as profitability, asset turnover and financial average. The ROE can therefore be improved by improving profitability, by using

assets more efficiently and by increasing financial leverage. Over time it has become clear that improving the ROE may not necessarily improve shareholder value.

Theoretical Framework

The study is anchored on Human Capital theory and the Resource-based theory.

Human Capital Theory

The human capital theory was propounded by Schultz (1961) and was later developed widely by Becker (1964). According to the theory, it postulates that finances spent on the training and development of workers uplifts their productivity by imparting useful skills and knowledge thus leads to increment in their personal incomes. The theory is of the opinion that expenses incurred on the training and development of personnel is costly and should be recorded as investment for the fact it is used to increase earnings.

However, in respect to this study human capital approach is being looked from the organizational performance which is reflected in their earnings giving them leverage over their competitors.

Also in Becker's view, human capital is like other means of production through which additional investment leads to additional output in terms of finances which is obviously seen in the rate of return. He opined that companies can invest in through education, training, development and other welfare expenses like medical care services to meet achieve its objectives.

According to Flamholtz and Lacey (1981), as noted by Baney and Wright (1997), human capital theory spelled out the difference between general skills and firms' specific skills of human resources. General skills in the sense that most competitors have the potential to acquire employees who have knowledge of the application of financial ratios, to make good decisions using internal rate of return, but a particular firm may be outstanding by having an employee who knows how to handle a particular machine or have knowledge of the firm's policies and procedures provided by itself, but not valuable to other firms.

Resource Based Theory

It is general believed amongst academics and management practitioners that individual performances affect firm's outcome. This means that contributions at different levels of management lead to effective and efficiency in productivity. For this reason, employees' skill, intellectual intelligence and corporate human asset functions must be developed properly to achieve corporate goals. Thus this disposition is rooted in Baney (1991), resource based theory of the firm as cited by Bassey and Tapang (2012). The resource based theory indicated that human resource provides a source of sustained competitive advantage which consists of four basic requirements of value, rare, imitable and organization (VRIO) that must be present within the organization's. Resource-based theory opined that resources that are valuable, rare, difficult to imitate and non-substitutable best position a firm for long run success. These strategic resources can provide the stepping stone to develop and enhance firm capabilities that can lead to superior performance in the long run.

Empirical Framework

Seleim, Ashour, and Bontis (2017), analysed on the relationship between human capital and organizational performance of 38 software companies in Egypt. They found that the human

capital indicators had a positive association on organizational performances. This was also supported by Dooley (2020), also in Egypt found a significant positive correlation between the quality of developers and volume of market shares. Based on the above arguments we can conclude that human capital indicators enhanced the firm performance directly or indirectly.

Al Mamun (2019), further confirmed in his study conducted on quoted companies in Bangladeshi that there is a relationship between Human Resource Accounting Information (HRAI) and company size. According to him, the result of the study shows that company size significantly associated with Human Resource Accounting information (HRAI), which led to the conclusion that larger companies with higher market value disclose more HRA information than the smaller companies. The possible reason for this result could be that large companies are motivated to disclose more human resources accounting information in their annual report to uphold their market value. The study further reveals that the financial companies are disclosing more human resource information than nonfinancial companies and that company's profitability positively influences companies to report the information in their annual report.
In a research carried out in India on human asset, Sharma (2012) confirmed that organization's performance depends on the quality of human resources by stating that, the success of any organization depends on the quality of its human resources whether it belongs to manufacturing, service or a retail outlet. She further supported this fact by stating that organizations' human resources are important assets that are used to increase productivity, earning capacity, increasing wealth and profit, market value and economic valued addition.
Micah et al (2012) did a study on firms' financial performance and human resource accounting disclosure in Nigeria. Descriptive, correlation and regression statistical techniques were used in analyzing the data. The result revealed that the combined effect of Firm Financial Performance accounted for 75.9% of the variation in Human Resource Accounting Disclosure (HRAD) with an F– ratio 3.581 being significant at 5% confidence level. The positive correlation between Return on Equity (ROE) and Human Resource Accounting Disclosure (HRAD) supposes that an increase in return on equity encourage firm in reporting human capital information so as to establish trust worthiness with stakeholders; enhance external reputation, appear legitimate in the public eye and avoid cost for non-legitimacy.
Ekwe (2012) carried out a research on the relationship between intellectual capital and financial performance in the Nigeria banking sector. The research adopted multiple regression analysis method for the test of all the hypotheses. The SPSS statistical software (version 17.0) was used for the data analysis. There was a positive significant relationship between components of Value Added Intellectual Coefficient (VAIC) and the Return on Assets of the banks in Nigeria. He also found a positive significant relationship between components of Value Added Intellectual Component (VAIC) and the Return on Equity of the banks in Nigeria. The study further revealed that there was a positive significant relationship between components of VAIC and employee productivity of the banks in Nigeria. The results also showed that there was no positive significant relationship between components of VAIC and the growth in revenue of the banks in Nigeria. There was a positive relationship between the components of VAIC and market to book value ratio of the banks in Nigeria.

STATEMENT OF THE PROBLEM

Many organizations in Nigeria, profit and non-profit making needs human resource known as human assets that will help them withstand the economic situation like recession in the country and to give an edge over competitors in order to be sustainable in its environment. In response to this changes proactive managers of most firm embraced the notion of human asset as an edge over competitors that will improve performance. Hence, companies need to understand

accounting for human resource that would be cost effective and will enhance employee satisfaction in conjunction with performance.
Accounting for human resource in company's account has be a trending issue around the globe. The issue being that: should human resource be calculated as an investment being made by the company or just an additional expenditure to be incurred by the firm? This ranged from inability to provide a universally accepted method of human resource valuation. Human resource accounting is still at the infant development as far as Nigeria is concerned because companies still see and treat human asset as extra expenses incurred in the business and therefore no valuation.

Some assumptions have been made as regards to the positive impact human resource has on performance of organization. However, since the banking industry is essential to all other industries within an economy with its main resource as human asset, there is a need to provide literatures which are scarce at this period to spell out the importance and relationship of human resource accounting on the performance of organization within the industry.

PURPOSE OF THE STUDY

The Purpose of the study is to evaluate the effect of human resource accounting on banks performance in Nigeria going by the current economic situations. This study specifically sought:

- To determine the relationship between human resource accounting and organizational performance.
- To know the extent to which staff costs affect the Return on Asset.
- To know the extent to which staff costs affect the Return on Equity.

HYPOTHESIS

From the research objective, the following hypothesis was drawn:

- **$H0_1$:** There is no significant relationship between human resource accounting and company's performance.
- **$H0_2$:** Staff cost has no effect on the Return on Asset.
- **$H0_3$**: Staff cost has no effect on the Return on Equity.

METHODOLOGY

The study makes use of mixed data (primary & secondary) in the collection of data to find the effect of accounting on human resource on corporate performance. The population of this study is on 21 current commercial banks in Nigeria registered under the central bank of Nigeria (CBN), but on quoted banks are the focuses of this study. This study made use of stratified sampling technique under the probability sampling techniques to avoid bias selection from different group of banks. The sample size of this research is on three (3) banks quoted under the Nigeria Stock Exchange (NSE).

The study used structured questionnaire of which 50copies were distributed but 47 copies were retrieved and oral interview for the collection of qualitative data. The data collection was based on five point likert scale of strongly agree (SA), agree (A), undecided (U), disagree (D) and strongly disagree (SD). The study tends to examine the performance of selected banks going by their non-financial performance such as market share, customer's service etc. It was obtained from the banks through their consolidated financial statement listed under the Nigeria

Stock Exchange (NSE) website for the periods under review to check the financial performance metrics such as return on asset and equity. For the sake of this study, quantitative survey designs or otherwise called (internal/ratio) which measures highest level of two main variables were considered. They include an independent and dependent variables.

Independent Variable

HUCAP = Human capital proxy by the total number of employees

STACOST = Staff cost proxy by the amount of capital investment (investment) stated in the statement of financial position as intangible asset.

Dependent Variables

ROA = Organisational performance.

ROE= Organisational performance.

In this study, return on asset (ROA) and return on equity (ROE) pertain to organizational performance.

In order to analyze the data collected effectively and efficiently for easy management and accuracy, data were presented in their statement of financial statement at the end of the years. For the testing of the hypotheses, Multiple Linear Regression and Pearson – Product Moment Correlation Coefficient statistical analytical methods were used for all the study hypotheses. The analysis was computed using Statistical Package for Social Science (SPSS). Statistically, the formulas for these methods are presented below:

Regression:

$$\text{Regression model:} Y = \alpha + \beta x1 + \beta x2 + \beta x3$$

Where: Y = number of employees
x = performance
α = Constant

β = is the coefficient of the regression equation

Pearson – Product Moment Correlation Coefficient:

$$r = \frac{n\sum xy - \sum xy}{\sqrt{[n\sum x^2 - (\sum x)^2]\,[n\sum y^2 - (\sum y)^2]}}$$ Type equation here.

Where x = independent variable

y = dependent variable

Model Specification

The variables for this study were analysed using following models to check the relationship that exists between the stipulated variables. The multiple linear regression analytical model was used to test the first hypothesis to check if any relationship between the variables.

The general multiple regression equation is in the form:

$Y = f(X_1, X_2, X_3)$

Where Y= dependent variable

$X_1 – X_3$ are independent variables

Where X1 = quality service

X2 = market share

X3 = company's image

RESULT

Test of Hypothesis

Hypothesis 1
H0: Human Asset does not have any Relationship on Corporate Performance (internally)
H1: Human Asset has a Relationship on Corporate Performance (Internally)

Decision Rule: We reject the null hypothesis (H0) if the value of Chi2 T statistics for supported is greater than 1.96 and the Assymp. Significance is lower than 0.05. If otherwise, we do not reject the null hypothesis (H0).

Human asset have any relationship on corporate performance (internally)

	Observed N	Expected N	Residual
Strongly agree	112	111.5	.5
Agree	111	111.5	-.5
Total	223		

Source: *Fieldwork 2024*

Human asset does not have any relationship with corporate performance(internally)

	Observed N	Expected N	Residual
Undecided	11	6.0	5.0
Disagree	1	6.0	-5.0
Total	12		

Source: *Fieldwork 2024*

Test Statistics

	Human asset have any relationship on corporate performance(internally)	Human asset does not have any relationship with corporate performance(internally)
Chi-Square	.004[a]	8.333[b]
Df	1	1
Asymp. Sig.	.947	.004

Source: *Fieldwork 2024*

Decision: From the result above, the t stat for Chi^2 of 0.004 is less than 1.96 and the Assypm. Significance is of 0.947 is greater than 0.05. This means that Chi^2 is not statistically significant at 5% level of significance. Therefore, we accept the null hypothesis and conclude that, Human Asset do not have a statistically significant relationship with Corporate Performance in Nigeria.
H0: Human Asset does not have any Relationship on Corporate Performance (internally & externally)
H1: Human Asset has a Relationship on Corporate Performance (internally & externally)
Decision Rule: We reject the null hypothesis (H0) if the value of Chi2 T statistics for supported is greater than 1.96 and the Assymp. Significance is lower than 0.05. If otherwise, we do not reject the null hypothesis (H0).

Human asset has any relationship with corporate performance (internally & externally)

	Observed N	Expected N	Residual
Strongly agree	58	77.5	-19.5
Agree	97	77.5	19.5
Total	155		

Source: *Fieldwork 2024*

Human asset does not have any relationship with corporate performance (internally &externally)

	Observed N	Expected N	Residual
Undecided	19	11.0	8.0
Disagree	13	11.0	2.0
Strongly disagree	1	11.0	-10.0
Total	33		

Test Statistics

	Human asset has any relationship with corporate performance(externally)	Human asset does not have any relationship with corporate performance (externally)
Chi-Square	9.813[a]	15.273[b]
Df	1	2
Asymp. Sig.	.002	.000

Source: *Fieldwork 2024*

Decision: The result in the table above shows that Human Asset has a statistically significant relationship with corporate performance. This is so because the t stat of 9.813 is greater than 1.96 and the Assmp. Sig. of 0.002 is less than 0.05 at 5% level of significance. Therefore, we will reject H0 and conclude that Human Asset has a significant relationship with corporate performance externally.
H0: Human Asset does not have any Relationship on External Corporate Performance.
H1: Human Asset has a Relationship on External Corporate Performance.

Decision Rule: We reject the null hypothesis (H0) if the value of Chi2 T statistics for supported is greater than 1.96 and the Assymp. Significance is lower than 0.05. If otherwise, we do not reject the null hypothesis (H0).

Human asset has affected corporate external performance

	Observed N	Expected N	Residual
Strongly agree	71	69.0	2.0
Agree	67	69.0	-2.0
Total	138		

Source: *Fieldwork 2024*

Human asset have not affected corporate external performance

	Observed N	Expected N	Residual
Undecided	32	16.7	15.3
Disagree	12	16.7	-4.7
Strongly disagree	6	16.7	-10.7
Total	50		

Source: *Fieldwork 2024*

Test Statistics

	Human asset has affected corporate internal &external performance	Human asset have not affected corporate internal &external performance
Chi-Square	.116[a]	22.240[b]
Df	1	2
Asymp. Sig.	.733	.000

Source: *Fieldwork 2024*

Decision: The result in the table above shows that Human Asset do not have a statistically significant relationship with corporate internal and external performance. This is so because the statistic of 0.116 is less than 1.96 and the Assmp. Sig. of 0.733 is greater than 0.05 at 5% level of significance. Therefore, we will accept H0 and conclude that Human Asset do not have a significant relationship with Corporate internal and external performance externally.

Hypothesis 2

H0: Staff cost has no effect on the ROA
H1: Staff cost has an effect on the ROA

Correlations

		INTASST	ROA
INTASST	Pearson Correlation	1	.023
	Sig. (2-tailed)		.962
	Sum of Squares and Cross-products	8.635E8	61.629
	Covariance	1.439E8	10.271
	N	7	7
ROA	Pearson Correlation	.023	1
	Sig. (2-tailed)	.962	
	Sum of Squares and Cross-products	61.629	.009
	Covariance	10.271	.001
	N	7	7

Source: *Fieldwork 2024*

Decision: The result presented on the table above shows that there exists a 2.3% correlation between Intangible Asset and Return on Asset. Since the level of correlation is low, it implies that the extent to which Intangible Asset affect Return on Asset is minimal.

The study used Pearson product moment correlation to test the hypothesis. From the above table, the analysis showed that there is a significant positive relationship between Staff cost and return on Asset (ROA) in the quoted banks ($r = 0.023$, $p<0.05$). Therefore, the null hypothesis (H0) which states that Staff cost does not have any effect on the Return on Asset is rejected for an increase in Intangible Asset on quoted banks leads to positive increase in Return on asset.

Hypothesis 3:
H0: Staff cost has no effect on the ROE
H1: Staff cost has an effect on the ROE

Correlations

		INTASST	ROE
INTASST	Pearson Correlation	1	.040
	Sig. (2-tailed)		.932
	Sum of Squares and Cross-products	8.635E8	225.414
	Covariance	1.439E8	37.569
	N	7	7
ROE	Pearson Correlation	.040	1
	Sig. (2-tailed)	.932	
	Sum of Squares and Cross-products	225.414	.037
	Covariance	37.569	.006
	N	7	7

Source: *Fieldwork 2024*

Decision: From the result above, using the Pearson-Product moment correlation technique, the value of 0.04 between Intangible Asset and Return on Asset shows that, there exists a 4% correlation between the two variables. The extent to which Human Asset affects Return on Equities is quite minimal.

The study used Pearson Product Moment Correlation to test this hypothesis. From the above table, the analysis showed that there is a positive relationship between Staff cost and return on Equity (ROE) in the quoted banks ($r = 0.040$, $p<0.05$) but the null hypothesis (H0) which states that Staff cost does not have any effect on the Return on Equity is accepted for an increase in Intangible Asset on quoted banks does not lead to significant increase in Return on Equity.

DISCUSSIONS

From the hypothesis (1) tested, the study showed that human resource accounting has no relationship to non-financial performance based on internal variables and those internal & external variables but has a significant relationship with the volume of market share. From the analysis of the first question from the questionnaire the Chi^2 value of0.004 is less than 1.96. Also from the second question asked, the Chi^2 showed a value of 9.813 which is greater than 1.96 which states that human resource accounting shows a significant relationship with corporate performance and the last question from the questionnaire shows that Chi^2 value of 0.116 which is less than 1.96. So based on the above, human resource accounting has a significant relationship with the external variables of quoted banks like increased volume in market share.

The hypothesis (2) tested using correlation found a positive effect between intangible asset and Return on Asset to 2.3% meaning that an increase in intangible asset representing staff cost will lead to an increase in the Return on Asset and therefore, staff cost has a positive effect with Return on Asset.

Also the hypothesis (3) tested using correlation found a positive effect between intangible asset and Return on Equity to 4%, meaning that an increase in intangible asset representing staff cost will lead to an increase in the Return on Equity and therefore, staff cost has a positive effect with Return on Equity.

CONCLUSION

In conclusion, the study sought to identify the effect between human resource accounting and corporate performance of banks in Nigeria. The study assessed the relationship of human resource accounting based on the non-financial performance contributions to the bank looking at the service quality, market share and company's image. Also it looked at the financial performance perspective assessing the level at which monies invested on the employees of the banks have effect on the financial performance of the company going by some financial performance metrics such as return on asset and return on equity ranging from the year of adoption of International Financial Reporting Standards (IFRS) by Nigeria banks 2012 till date. Based on the result of the study, it can be deduced that human resource accounting has a positive effect on the performance of corporate entities.

RECOMMENDATIONS

Sequel to the above findings, the following recommendations were made:

1.) Human asset records should be kept by all firms whether product or service rendering companies due to the fact that adequate recording will show the true and fair view of the company's operations.
2.) Company's value for human asset should be computed in the financial position of corporate entities as a basis for showing its true performance and also to serve as comparison between competitors. (Anuonye, 2014) opined that capital expenditure should be included in the Statement of Financial Position and deducted through the periodic amortization in the Income Statement.
3.) Training and development of employees should be encouraged by companies for long run benefits to be achieved turning blind eye to the immediate extra cost syndrome.

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