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THE ROLE OF HUMAN RESOURCE ACCOUNTING IN INFLUENCING INVESTMENT DECISIONS IN NIGERIA

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Abstract

This study assessed how human resource accounting is utilized by investors and their investment choices. Precisely, it investigated the role of human resource accounting in influencing decisions made by investors in Nigeria. The staff acquisition and development costs served as the proxy for human resource accounting while the investment decisions were dismantled into dimensions of earnings per share, returns on investment and dividends per share. The study adopted the ex post facto research design in gathering data from the audited financial statements of the listed industrial firms in Nigeria spanning a period from 2015 to 2024. The panel regression technique was used in analysing the generated data. From the results, it was revealed that staff and development costs had a significant and positive influence on both the earnings per share and returns on investment, whereas it showed a weak and negative impact on dividend per share. To this end, the study suggested that mandatory disclosure of human resource accounting information in financial reports should be strictly enforced by regulatory bodies and firms should rigorously prioritize staff development as a sine qua non for increased rate of investments.

1. Introduction

In this contemporary corporate world characterized by increasingly knowledge-based economies, human capital has progressed from mere organizational expense to a strategic asset that fundamentally modifies the valuation of firms and influencing investment decisions. The traditional accounting system of expensing every cost on human assets has led to incomplete and false financial positions and has resulted in the understatement of a firm's true worth. This fact was further stressed by Ofurum & Adeola (2018) who stated that the real profit of an entity cannot be actually determined without the incorporation of the human assets asserting that a value is placed on

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factors such as experience, education, psychological traits and most importantly future earning capacity to the firm. With the evolution of the knowledge based economy, the conventional assessment method has been rendered ineffective because of the fact that the human capital is now part of an entity's total worth. Due to these faults,Kaplan & Norton (1992) developed an approach that integrates all qualitative and abstract metrics in truly assessing a firm known as the balanced scorecard. Through this wholistic approach,the balanced scorecard provides a blueprint for complete valuations of a firm's actual value. Therefore, financial goals are therefore matched with customer, process, and employee perspectives enabling firms to effectively plan and execute growth actions on their firms (Abdullahi, Adeola & Lambe, 2021). In today's fast paced corporate settings, firms have been compelled to begin to evaluate the impact of intangible assets, especially human resources (Jena, Maharana, Chaudburry & Mohanty,2022).

Human capital has long been viewed as a critical resource of firms that gives them competitive advantages. In order to enjoy this benefit, firms need to invest hugely in programs that builds capacity of it's workforce which is also one of the key prerequisites for survival and sustainability. Due to the rapid wave of development blowing across the globe, Human resource accounting stands out as one of the practical tools in repositioning firms (Amir,Fateemah & Erfan, 2023). In their view, human resource accounting is not just about the measurement of wealth and human power but also involves human science and effective management. Experts are of the opinion that key indices such as competence, knowledge and innovation are major predictors of creating value more than physical and financial resources.

Despite these flurry of perspectives in support of human resource accounting,it is however yet to gain global recognition. One key reason for this is the absence of robust accounting frameworks that recognize and measure the disclosures of human resource elements in financial statements. Thomas(2016) noted that a number of steps have been developed to correct this anomaly but are yet to be fruitful. Only a handful of nations such as US, México, India, Canada and Denmark have made frantic efforts in adopting the concept as a standard. Furthermore, the difficulty in monetarily quantifying a worker's value, qualifications, abilities, energy and other features is one of the woes of human resource accounting(Omisope, Oyetola & Mayowa,2024). They also noted the challenge of accurately predicting a worker's tenure in an entity as another barrier to the global acceptance of the principle. Babalola, Johnson & Adisa(2022) noted that a good number of scholars have developed various strategies for valuing human components such as Brummet's original cost method, Likert's replacement cost method and Flamboltz, Bullen and Hua's present value method but none of these techniques have received global endorsement. The success of any firm depend largely on the ability of its human resources component to effectively galvanize and maximize other resources available to a firm. A complete organizational value should involve both human and non- human resources (Bhovi,2016). The human element is known as the last factor men)while the non human components are known as the 3Ms(money, machine and materials).

Human resources are the active agents who accumulate capital, exploit natural resources,develop social, economic and political firms and promote national development (Shreelatha,Ratna & Seema,2018). The need for firms to have financial reports containing the human elements stems from the growing demands of various stakeholders in possesing adequate information that will meet their needs and expectations and also serve as a guide in making efficient decisions. The interest of investors is steadily increasing over the past years. Their major concerns are ascertaining a firm's real value and how their investments can yield quick and profitable earnings. This implies that investors who rely solely on traditional financial reports may not make effective investment decisions, hence the need to shift to an approach that stretches beyond mere financial performance but also non financial metrics is needed. Beida(2024) posited that in discovering the impact of human resources accounting on investment decisions, human resources accounting costs information needs to be thoroughly examined via training and

development costs, personnel cost and return on investments. In fairness to users of accounting information, it is imperative for companies to disclose the economic value of its personnel and /or costs expended as sacrifice to obtain the stock of such workforce in improving profitability (Okafor,Itah, Bassey, Obukor & Edem,2023).

Prior studies on human resource accounting have largely centered on financial performance, highlighting profitability and other related matters. However, less attention was focused on it's ability in guiding decisions of investors. This gap limits the applicability of current trends to this critical and under-researched area, hence the need for this study. Furthermore, there exists a dearth of studies on the industrial goods sector which further raises questions about the generalisability of the previous findings and recommendations. Filing this gap through this study will provide beneficial insights for firms, policymakers and other stakeholders.

Review of Literature

Human Resource Accounting

According to the American Accounting Association (2005),human resource accounting is the act of identifying and measuring data about human resources and relaying such information to interested stakeholders. It can be viewed as the measurement of the cost values of a firm's workforce. Khan(2021) described it as a technique of calculating the cost and value of an organization's personnel as intangible assets in its financial records. The significance of human resource accounting is the relevance it gave people as assets and that investments by firms on people will yield great returns. In a related approach,Effiong(2010) further depicted human resource accounting as a practice of disclosing the quantitative worth of employees in financial terms and or costs incurred for sustaining and improving the capacity of it's workforce in the path of enhancing financial advantages for their organizations. There are arguments against this concept in some quarters, notable amongst them is the position of Oluwatoyin(2014) who insinuated that the time frame of human resources in firms is uncertain hence valuing them in the future becomes a herculean task. Secondly, due to the difficulty in retaining personnels by firms unlike physical assets, treating them like assets in the financial reports may be challenging.

Again, the sensitive nature of human resource dynamics is a rationale for it's non disclosure in financial statements. Meanwhile, proponents of HRA hinge their support for the inclusion of human values in financial reports on the ground that it is a vital ingredient in decision making and creates value too(Odunayo & Festus,2020). Despite the adoption of IFRS in Nigeria, the degree of acceptability of the concept is still at its infant stage which can be partly linked to information assymetry and valuation models. Osasere & Ilaboya(2018) noted that in conquering this challenge, strong legislation is necessary to drive adoption.

Currently, disclosure of human components in financial reports is voluntary, although attempts are still being made to make it mandatory. Currently, the maximum attention given to human resource accounting in Nigeria is on the provision of information on the total number of employees, amount expended on training and development, and no other meaningful items such as value assessments of personnels(Rabiu,2022). Advocates of human resource accounting are pushing for the recognition and inclusion of the costs of recruitment, training, development and similar costs as investments while the surge in productivity to be gained from these investments leading to increased profit should be called the returns from investments(Ogenyi,2014). Again, these proponents are of the view that the inclusion of human elements in financial reports is in tandem with the accounting matching concept (Janshanlo et al,2019). However,there is a point of disagreement in these similar thoughts on mode of inclusion of human resource in financial reports. One category argues that the value of human assets and other necessary information should be presented as notes to the accounts in the financial reports. Whereas,the second group pushes for it's inclusion in separate human resources statements(Wiyadi et al,2021).

In buttressing this view further, many are of the view that there should be new statements within the financial reports to embrace information on human resources. Their basis is the belief that displaying HR values in separate

statements will enhance the accuracy of the other statement in the annual reports in the sense that there are no authentic and acceptable means of valuing human assets. This is due to the fact that human resources have distinct features that make them different from others (Wiyadi et al., 2021). The third perspective posits that the values of human assets has to be recognized and disclosed as an intangible asset or a group of assets alongside other assets (Asein et al., 2019). This postulation is hinged on the fact that treating human assets aside this acknowledgment will imply that reporting entities do not value human resource investment (Ezeagba, 2014).

Investment Decisions

Wang (2015) defined decision-making as the process of choosing the best means of achieving goals with scarce resources (tangible and intangible). In making critical investments, a reasonable percentage of quality decisions is necessary. Such decisions usually involves allocation of financial resources in real assets with the expectation of reasonable returns. Such decisions are influenced by personal wants, task demands, organizational interactions, and societal pressures. In the words of Santoshi & Veer(2025), investment is the willingness to sacrifice money now to reap financial benefits over a defined period. Such investments are determinants for enhancing productivity and are usually the main indicators of a nation or firm's economic expansion.

From a corporate perspective, investment decisions refer to as capital budgeting or expenditure choices in relation to a firm's assets which involves tangible and non tangible assets of which human capital is a key element. The essence is to ascertain if long term investments in such firms will yield future cash flows. Investors are particularly interested in a firm's rate of increasing wealth, maintaining liquidity, diversification, historical stock returns and personnels running such firms. Key determinants of investments in firms include earnings per share which indicates how much of a firm's profit is allocated to each share of stock, healthy asset to liability ratio, strong asset quality, low debt to equity ratio, favourable cash inflows, robust retained earnings etc. These metrics provide a comprehensive outlook of a firm's performance and are key in making informed investment decisions.

Criticisms and Validations of Human Resource Accounting

The concept of human resource accounting is no doubt a knotty issue in today's corporate environment despite the litany of efforts aimed at its global acceptance. Over the years, the concept has been associated with many bottlenecks hence it's slow pace in global recognition. One of such drawbacks is that there are fears that management may use human accounting principles to manipulate financial reports(Okpala & Chidi,2010). Another challenge is the concept's attempt in measuring intangibles which is mostly done on assumptions and subjectivity rather than objectivity. Buttressing this point further is the absence of a standardized accounting principle for measuring the value of human resources which gives room for disproportionate assessments. Furthermore, Sirisetti & Mallessu(2012) opined that the assumption in many measurement techniques on the basis that employees will remain in firms at particular periods which is not realistic in today's business environment associated with high mobility and development tendencies is also a fault.

Similarly, the actual contribution of employees to firms may be difficult to compute in monetary terms particularly in sensitive entities. The sensitivity of matters concerning human resource accounting particularly on confidentialit could also be a barrier to its wide validation because such matters could be wrongly interpreted and also give competitors undue advantage. Another ground for criticizing the concept is the likely fears that it may go against international labour laws and lead to crises through agitations for rewards or compensation in proportion to workers' individual values (Sirisetti & Mallessu, 2012). Rabiu (2022) also provided a ground for its rejection on the basis that there are limited empirical evidence backing the importance of HRA. Another neglected impediment is that current taxation laws are yet to recognize human resources as assets, so pushing for HR accounting may lead to litigation with tax authorities. Finally, some extrinsic determinants, such as

government guidelines which are mainly outside the power of firms, may also serve as hindrances for the smooth start of the concept.

Despite the above hurdles, the concept possesses some upsides in view of the roles human components play from the idea conception level to profit maximization and market control.Abubakar(2006) asserted that investment in human resources is credited to the many returns usually linked with it, such as getting the best hands to drive a firm's vision, achieving utmost goodwill, competitive edge in industry, achieving profitability, and increasing personnel motivation through research and development exercises. Apart from these financial and development backgrounds, human resource accounting provides avenue for informed investment decisions and also a basis for comparison for organisational performance. Moreso,valuing human capital enables an even spread of human assets beginning from the most valuable to the most critical as well as a comparison of the use of human assets as against other financial, material and mechanical resources (Kehinde,2014).

Theoretical Backdrop

Resource Based Theory

A key assumption of this theory is that firms can be successful if they gain and sustain their competitive advantages, which are usually acquired through intentional value-creating strategies. These strategies cannot be hijacked by competitors and they also lack equivalent substitutes. To gain this edge,firms must prioritize development of resources at their disposal. Such resources are physical (plants and machineries), geographical (locations), human (employees and their skills), and organizational (structures and systems). This view believes that firms possess resources that give them undue advantage and long-term performance.

Such competitive advantages can be sustained for long to the point that resource imitation, substitution or likely transfer is nearly impossible, except in rare situations. In other words,this upper hand controlled by firms is connected to the valuable resources and capacities they possess that are not prevalent and replaceable. Developed by Wernefelt(1984),this theory is suitable for this study as it recognizes human capital as an irreplaceable and vital resource of organizations that gives firms a competitive edge. The concept further holds the view that commitment in the form of investments should be deliberately made on these resources to get the best from them. March & Simon(1958) in his inducement and contribution principle holds that actors gain more by making co-specialized investments in each other as against it's absence. In this study,it is postulated that firms should invest in human components as a way of increasing their economic values and such values are capable of increasing investor confidence.

Empirical Reviews

Erorogha & Oladeji(2025) researched on the relationship between human resource accounting and the financial performance of listed service firms in Nigeria. The firms used for the study were purposively selected, leading to a total of 14 firms serving as the sample size. Data for the research were extracted from the financial reports of these firms and analysed via the Dynamic Estimated Generalized Least Squares (DEGLS) technique. Findings from the study revealed no significant relationship between employee health and safety costs, employee training and development costs, and employee retirement benefits costs and the financial performance of these sampled firms. The study suggestedthat service firms should not measure their financial performance via ROA in relation to employees' health and safety costs since no significant relationship exists between them.

Beida (2024) studied the effect of human resources cost information on investment decisions using quoted assurance companies in Nigeria as evidence. The human resource accounting was measured by training and development costs and personnel costs alongside firm size which served as the control variable while investment decisions were proxied by returns on investment. The financial reports of these firms from 2013 to 2022 served as the study's data. The panel regression analysis method was employed to analyze these data using the E views

software. Results of the study indicated that training and development costs had a significant and positive impact on the returns on investments of these sampled firms as well as personnel costs too. As a result of these findings,the study advocated for more investments by these firms in their employees to enhance human capital efficiency.

Odewusi, Olalere, and Lawal (2024) investigated the nexus between optimizing investment decisions of deposit money banks listed in Nigeria and accounting for human resources. They subjected ten purposively selected banks to analysis through their financial reports for the period from 2013 to 2022. In evaluating these data,they employed inferential and descriptive statistics. The study discovered that HR accounting had a significant effect on profitability per share of these banks. Furthermore,the research showed a considerable impact of human resource accounting on these banks' dividend per share. They then recommended that policymakers should closely monitor and ensure strict compliance with accounting standards concerning human resource accounting.

Khadijat,Ramat, Abubakar & Adesanmi (2022) evaluated the impact of human resource accounting on the profitability of publicly traded conglomerate companies in Nigeria. The study deployed secondary data from the financial statements of these firms from 2010 to 2019. The panel regression method was adopted for the purpose of analysing these data. The results from the research showed that the cost of staff training and development, changes in employees' salaries, and post-employment benefits have a positive and significant impact on Nigerian conglomerates' profitability. Therefore, they advised that Nigerian companies should invest more in their personnels.

2. Methodology

This study adopted the ex post facto research design to examine the effect of Human Resource Accounting (HRA) on Investment Decisions on the industrial sector in Nigeria. The ex post facto design is appropriate because the study investigates the influence of one variable over another using existing secondary data extracted from published financial statements of the selected firms over a specified period. This study observes the natural occurrences of human resource accounting component—such as staff acquisition and development costs and their effect on investment decisions proxied by Earnings Per Share (EPS), Returns on Investment (ROI) and Dividend Per Share (DPS). This study adopted the census sampling technique, which involves studying the entire population in the sample. Since this study focuses on all industrial goods firms listed on the Nigerian Exchange Group (NGX) as at the end of 2024, and the total number of these firms is relatively small and manageable, it is appropriate to study all of them without exclusion. The study employed the secondary method of data collection. Specifically, data were obtained from the audited annual financial reports of all listed industrial goods firms on the Nigerian Exchange Group (NGX) for the period covering 2015 to 2024.

The data collected for this study will be analyzed using descriptive and inferential statistical techniques. Descriptive statistics such as mean, standard deviation, minimum, and maximum values will be used to summarize the characteristics of the variables under investigation. These statistics will help in understanding the distribution and trend of the data across the selected industrial firms during the period under review (2015–2024).

For the inferential statistics analysis, the study will employ panel regression analysis to examine the effect of human resource accounting (proxied by staff acquisition and development cost) on investment decisions (measured by EPS, ROI, and DPS) in the selected industrial firms listed on the Nigerian Exchange Group. The panel data approach is appropriate given that the study spans over a period of ten years. The null hypothesis is rejected if the calculated p-value is less than the level of significance, which is usually set at 5%. Conversely, the null hypothesis is accepted if the computed p-value is greater than the significance level of 5%.

Model Specification

This study examines the effect of human resource accounting on investment decisions in selected industrial firms in Nigeria. The study considers staff acquisition and development cost as the independent variable (proxy for HRA), while investment decision is the dependent variable, proxied by EPS, ROI, and DPS. This study adapted the model used by Abdullahi, Adejola, and Lambe (2018) who examined the impact of human resource accounting on investment decision in Nigeria. The model was stated as follows:

$ROI = \beta o + B1TD + U_1 \ldots\ldots\ldots\ldots\ldots\ldots (1)$

$ROI = \beta o + B2\ HRDF + U_1 \ldots\ldots\ldots\ldots (2)$

$ROI = \beta o + B3RD + U_1 \ldots\ldots\ldots\ldots\ldots\ldots (3)$

Where ; TD = Training and Development,HRDF = Human Resource Development fund;
RB = Retirement Benefits ROI = Investment decisions measured by Return on Investment (ROI)

The above model was adapted and modified as follows:

Model 1 (Earnings Per Share - EPS):

$EPS_{it} = \beta 0 + \beta 1 HRA_{it} + \mu_{it}$

Model 2 (Return on Investment - ROI):

$ROIit = \beta 0 + \beta 1 HRAit + \mu_{it}$

Model 3 (Dividend Per Share - DPS):

$DPSit = \beta 0 + \beta 1 HRAit + \mu it$

Where:

EPS_{it} = Earnings Per Share for firm *i* at time *t*

ROI_{it} = Return on Investment for firm *i* at time *t*

DPS_{it} = Dividend Per Share for firm *i* at time *t*

HRA_{it} = Human Resource Accounting (measured by staff acquisition and development cost) for firm *i* at time *t*

$\beta 0$ = Constant (intercept)

$\beta 1$ = Coefficient of the independent variable

μ_{it} = Error term capturing unobserved factor

3. Results

Descriptive Statistics

Table 1 displays the descriptive statistics for the study where it described the variables used. It also displays the number of observations of each variable and the description of their mean, standard deviation, maximum, and minimum values.

Table1.1: Descriptive Statistics

	HRA	EPS	ROI	DPS
Mean	2.09E+08	0.049886	0.139629	0.476414
Median	95568156	0.044200	0.124300	0.489400
Maximum	6.84E+08	0.142500	0.299400	0.530000
Minimum	49200000	0.004800	0.009800	0.389400
Std. Dev.	2.34E+08	0.045087	0.097627	0.054783
Skewness	1.371593	1.305223	0.314287	-0.566882
Kurtosis	3.424643	3.708247	2.220763	1.870795

Jarque-Bera	2.247404	2.133845	0.292342	0.746820
Probability	0.325074	0.344066	0.864010	0.688383
Sum	1.47E+09	0.349200	0.977400	3.334900
Sum Sq. Dev.	3.28E+17	0.012197	0.057186	0.018007
Observations	70	70	70	70

E-View Output (2025)

The descriptive statistics presented in Table 1.1 above show that HRA has a mean value of 208.9 million, indicating the average level of investment or valuation in human capital by the selected industrial firms during the period 2015–2024. The median value (95.57 million) is significantly lower than the mean, suggesting a positive skewness (1.37) and the presence of firms with exceptionally high HRA figures. The standard deviation of 234 million reflects high variability in HRA values across the firms. The Jarque-Bera probability (0.325) indicates that the HRA data are approximately normally distributed.

Earnings Per Share (EPS) has a mean of 0.0499, with a maximum value of 0.1425 and minimum of 0.0048, implying that profitability varies notably across firms. The skewness of 1.31 and kurtosis of 3.71 indicate a positively skewed and slightly leptokurtic distribution. The Jarque-Bera probability (0.344) confirms that the EPS values do not significantly deviate from normality. Return on Investment (ROI) has a mean of 0.1396 and a relatively low standard deviation (0.0976), indicating moderate variability in returns among firms. With skewness of 0.31 and kurtosis of 2.22, ROI data approximates a normal distribution. The Jarque-Bera probability (0.864) strongly supports normality.

The average Dividend Per Share(DPS) is 0.4764, with relatively low dispersion (std. dev. = 0.0548). The distribution is negatively skewed (-0.57), and the kurtosis (1.87) suggests a flatter (platykurtic) distribution. However, the Jarque-Bera probability (0.688) implies that the data are still normally distributed. Overall, the descriptive statistics suggest that while HRA and EPS are positively skewed with some firms showing extreme values, ROI and DPS distributions are closer to normal. The normality of the data, confirmed by Jarque-Bera probabilities above 0.05 for all variables, supports the validity of subsequent parametric analysis.

Table 1.2 Correlation Analysis Results

Correlation analysis was used to test the relationship between the variables. The correlation analysis is shown in Table 1.2.1 below.

Table 1.2.1: Correlation matrix of the selected variables

Variables	HRA	EPS	ROI	DPS
CSRE	1			
ROA	0.8218	1		
ROI	0.5951	0.9083	1	
NPM	-0.04168	0.4083	0.7009	1

E-View Output (2025)

The correlation matrix presented in Table 1.2.1 reveals the nature and strength of relationships between HRA and selected financial performance indicators of industrial firms in Nigeria. The analysis shows a strong positive

correlation between HRA and ROA, with a coefficient of 0.8218, indicating that firms with higher investment in human resources tend to achieve better asset efficiency and overall profitability. Similarly, HRA exhibits a very strong positive relationship with ROI, with a correlation coefficient of 0.9083, suggesting that increased spending or recognition of human capital is closely associated with higher ROI.

Furthermore, HRA also shows a moderate positive correlation with Net Profit Margin (NPM) at 0.4083**,** implying that while human resource investments positively influence profitability, other factors may also be contributing to variations in net margins. In addition, ROI shows a moderately strong correlation with earnings per share (EPS) at 0.7009, suggesting that firms achieving better investment returns tend to deliver higher shareholder value. The correlation between ROA and ROI is 0.5951, indicating a moderate and positive association between asset utilization and investment returns. Interestingly, the correlation between NPM and ROA is weak and slightly negative (-0.04168**),** suggesting little to no direct linear relationship between profit margins and asset returns within the sampled firms.

Table 1.3 Testing Hypotheses

Hypothesis 1

Staff acquisition and development cost has no significant effect on earnings per share (EPS) in the selected industrial firms in Nigeria.

Table 1.3.1: Linear regression analysis on Human Resources Accounting and Earnings per share (EPS)

Dependent Variable: EPS
Method: Least Squares
Date: 14/06/25 Time: 11:33
Sample: 2015 2024
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.016724	0.014794	1.130499	0.3096
HRA	1.58E-10	4.91E-11	3.225204	0.0233

R-squared	0.675366	Mean depen dent var	0.049886
Adjusted R-squared	0.610439	S.D. dependent var	0.045087
S.E. of the regression	0.028141	Akaike information criterion	-4.068215
Sum squared resid	0.003960	Schwarz criterion	-4.083669
Log-likelihood	16.23875	Hannan-Quinn writer.	-4.259226
F-statistic	10.40194	Durbin-Watson stat	1.778707
Prob(F-statistic)	0.023330		

E-View Output (2025)

The linear regression analysis results show that the coefficient of HRA is 1.58E-10 with a p-value of 0.0233, which is less than the significance level of 0.05. This indicates a statistically significant positive relationship between HRA and EPS. The R-squared value of 0.675 suggests that approximately 67.5% of the variation in EPS is explained by HRA. Additionally, the F-statistic has a p-value of 0.0233, confirming the overall significance of the mode. On the basis of these findings, the null hypothesis that human resources accounting has no significant

effect on earnings per share is rejected. Therefore, it is concluded that HRA has a significant positive impact on EPS.

Hypothesis 2

Staff acquisition and development cost has no significant effect on the return on investment (ROI) of the selected industrial firms in Nigeria.

Table 1.3.2: HRA and ROI

Dependent Variable: ROI
Method: Least Squares
Date: 14/06/25 Time : 11:35
Sample: 2015 2024
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.087630	0.045181	1.939548	0.0001
HRA	2.48E-10	1.50E-10	1.655884	0.0186

R-squared	0.754168	Mean dependent var	0.139629
Adjusted R-squared	0.625002	S.D. dependent var	0.097627
S.E. of the regression	0.085945	Akaike information criterion	-1.835259
Sum squared resid	0.036933	Schwarz criterion	-1.850713
Log-likelihood	8.423407	Hannan-Quinn writer.	-2.026271
F-statistic	2.741952	Durbin-Watson stat	1.913942
Prob(F-statistic)	0.008648		

E-View Output (2025)

The regression analysis is presented in Table 1.3.2 to examine the effect of staff acquisition and development cost (HRA) on return on investment (ROI) in selected industrial firms in Nigeria. The coefficient for HRA is 2.48E-10 with a p-value of 0.0186, which is less than the 0.05 threshold, indicating that HRA has a statistically significant positive effect on ROI. The model's R-squared value is 0.754, meaning that 75.4% of the variation in ROI is explained by staff acquisition and development costs. The F-statistic also supports the model's significance with a p-value of 0.0086. Based on this evidence, the null hypothesis—which states that staff acquisition and development cost has no significant effect on ROI—is rejected. Therefore, it is concluded that staff acquisition and development cost significantly influences ROI in the selected industrial firms.

Table 1.3: Hypothesis 3

H03: Staff acquisition and development cost has no significant effect on dividend per share (DPS) in the selected industrial firms in Nigeria.

Table 1.3.1: Human Resources Accounting and Dividend per Share

Dependent Variable: DPS
Method: Least Squares
Date: 14/06/25 Time: 11:37
Sample: 2015 2024
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.478458	0.031520	15.17938	0.0000
HRA	-9.76E-12	1.05E-10	-0.093280	0.0293

R-squared	0.801737	Meandependent var	0.476414
Adjusted R-squared	-0.797915	S.D. dependent var	0.054783
S.E. of the regression	0.059959	Akaike information criterion	-2.555346
Sum squared resid	0.017976	Schwarz criterion	-2.570801
Log-likelihood	10.94371	Hannan-Quinn writer.	-2.746358
F-statistic	0.008701	Durbin-Watson stat	1.653108
Prob(F-statistic)	0.029303		

E-View Output (2025)

The regression analysis on table 1.3.1 above aimed to evaluate the effect of HRA on dividend per share (DPS) in selected industrial firms in Nigeria. The coefficient of HRA is -9.76E-12 with a p-value of 0.0293, which is less than the 0.05 significance level. This indicates a **statistically significant**, though very weak and negative, relationship between HRA and DPS. Despite the low magnitude of the coefficient, the significance suggests that changes in HRA influence DPS. The R-squared value is 0.8017, meaning that approximately 80.2% of the variation in DPS is explained by the model. Based on the p-value of 0.0293, we **reject the null hypothesis**, which states that the cost of staff acquisition and development has no significant effect on the dividend per share. Therefore, it is concluded that staff acquisition and development cost has a statistically significant effect on DPS in the selected industrial firms.

Discussion of Findings

The findings from the regression analyses provide strong evidence of the significant role of HRA, particularly staff acquisition and development costs, in influencing key financial performance indicators of selected industrial firms in Nigeria. First, the analysis revealed a statistically significant positive relationship between HRA and EPS, with a p-value of 0.0233 and an R-squared value of 0.675. This implies that investments in human capital, as captured by HRA, substantially contribute to shareholders' earnings. This suggests that firms that allocate more resources to recruiting, training, and developing staff are likely to enhance their profitability, which ultimately reflects in improved EPS. These findings align with those of Akinyemi and Salau (2021) who investigated the effect of human capital accounting on investment decisions in Nigeria's quoted manufacturing firms. The study found that human resource cost disclosures significantly influenced investor interest; training and development expenditure was positively associated with earnings per share (EPS); and failure to disclose human resource investments led to undervaluation of company performance. These findings are also consistent with those of Chinonso and James (2021) who conducted a study on the implications of human resource accounting for investment performance in the Nigerian agro-allied industry. The findings revealed that consistent reporting of HR investments significantly improved the EPS and that firms with low HRA integration underperformed in investment ratings.

The regression results on ROI also indicated a significant positive effect of HRA, with a p-value of 0.0186 and an R-squared value of 0.754. This finding supports the assertion that staff acquisition and development costs are not merely expenses but strategic investments that drive better financial returns. The high R-squared value implies that a large portion of the changes in ROI can be explained by HRA variations, reinforcing the value-adding potential of human capital development in industrial firms. This finding agrees with Nwosu and Ibrahim (2021) who analyzed the relationship between human capital accounting and firm performance in the Nigerian petroleum

sector. The study discovered that staff development programs had a significant impact on return on investment (ROI); employee benefit disclosures enhanced market valuation; and firms that consistently reported human capital metrics recorded improved investor engagement and recommended that the petroleum industry adopt consistent HRA practices, train finance teams on how to capture human capital investments, and educate investors on interpreting human capital data.

Finally, the analysis of the relationship between HRA and DPS showed a statistically significant, albeit weak and negative, relationship (p-value = 0.0293). Despite the very small coefficient, the statistical significance implies that staff-related investments influence dividend policy decisions. However, the negative coefficient may imply that higher staff costs could slightly reduce the immediate distributable profits available for dividends, possibly due to the time lag between staff investment and financial returns realization. This agreed with Oladipo and Adebayo (2022**)** who investigated the influence of human resource investment on shareholders' investment decisions in listed industrial firms in Nigeria. The study revealed that disclosure of employee training costs significantly influenced dividend per share (DPS); staff compensation was positively correlated with investor confidence; and inadequate human capital reporting reduced perceived firm value.

Overall, the findings across all three hypotheses consistently demonstrate that staff acquisition and development costs play a crucial role in shaping financial performance outcomes. These results align with the human capital theory postulates that human resources are strategic assets that contribute to long-term corporate value. Therefore, Nigerian industrial firms should recognize the importance of HRA and integrate it into their financial and strategic planning processes to sustain and enhance organizational performance.

Conclusions & Recommendations

The study concludes that Human Resources Accounting (HRA) plays a significant role in tacitly shaping the financial performance and investment attractiveness of industrial goods firms in Nigeria. The empirical findings demonstrate that strategic investments in human capital—particularly through staff acquisition, training, and development—have a strong and positive impact on key financial indicators, such as EPS and ROI. These results underscore the importance of recognizing human resource expenditures as not merely as costs, but as value-generating assets that enhance long-term profitability and firm value. Furthermore, although a weak negative relationship was observed between HRA and DPS, the statistical significance suggests that HR investments can influence dividend policy decisions. The slight negative effect may reflect a temporary reduction in distributable earnings due to the time lag between investment in staff and financial returns.

Overall, the study affirms that transparent and consistent disclosure of human resource accounting information can aid investors in making more informed decisions, while also encouraging firms to view their workforce as a critical driver of competitive advantage and financial success. Based on these discoveries, the study recommends mandatory disclosure of human resource investments in financial reports given the significant positive impact of human resources accounting (HRA) on earnings per share (EPS) in industrial goods firms in Nigeria should adopt standardized disclosure practices for staff acquisition, training, and development costs in their financial statements. Regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission should consider developing specific guidelines that will ensure compliance. Furthermore, firms should prioritize staff development as a strategic investment since the study revealed a strong positive relationship between human resource accounting (HRA) and return on investment (ROI). Therefore, industrial goods firms should view human capital expenditure as a long-term strategic investment rather than a short-term cost.

Finally, a balanced dividend policy that accounts for human capital investments should be adopted**. I**n the light of the significant but negative relationship between HRA and DPS, firms are encouraged to communicate clearly

with shareholders about the long-term benefits of staff-related investments. While dividends are important, firms should educate investors on how temporary reductions in dividends may be justified by long-term growth driven by human capital investments. This approach will help align shareholder expectations with sustainable performance goals.

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