



Effects of Human Resource Accounting on Organisational Productivity of Selected Tertiary Institutions in Oyo State

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ABSTRACT

This study examined the effects of human Resource Accounting on organisational productivity of selected tertiary institution in Oyo state. The study focused on staff training, remuneration and development. The population of the study comprised of 74 employees randomly selected from public and private institutions. A structured and validated questionnaire was used for data collection from the respondents. The response rate was 80% of the respondents. Descriptive statistics and correlation were adopted in the analysis of data. The results of regression analysis revealed significant correlation of staff training and development with organisational productivity with p value $.000 < 0.05$ level of significant. Similarly, employee remuneration exert a positive significant effect with Organisational productivity with p value $.000 < .05$ level of significant. The findings recommended that management can increase their organisational productivity by investing much in staff training and development and employee remuneration in return will bring a great improvement in organisational productivity of the institutions

INTRODUCTION

Human resources are seen as the bedrock of an organization, as the organization is overwhelmingly dependent on human capacity for the supply of physical labour, technical and professional skills, which are germane for effective and efficient planning and implementation of development policies, programs, projects, and daily activities. According to (Van De Klundert, Gile, and Buljac-Samardzic, 2018) human resource accounting affects various categories of organisation performance, employee performance, team performance, institution performance and the expectations of stakeholders. Arash, Hamidreza, Ghodratollah and Mahboobeh (2013) stated that the focus of any organisation is survival and profitability which based on the knowledge and information provided by human resource personnel. Potential success of organizations depends mainly on some mental capabilities that are beyond the realm of physical asset. Human resources Accounting are essential in any organisation, regardless of its size or primary aims, profitability and objectives of the firm (Damilola, 2017). Micah, Ofurum and Ihendinihu (2012) opined that human resource accounting comprised of measuring and recognizing the cost and value of the work force in an organization. It involves measuring costs incurred by the organizations to recruit, select, hire, train and develop employees as well as of appraising their economic value to the organization. Human Resources Accounting is the process of identifying, measuring and recognizing the cost invested in training and hiring human resources and communicating this information to interested. Abraham, Odobi and Enwuchola (2020) asserted that aim of human resource accounting is to assist and facilitate management to get information on the cost and value of human resources.

Effective management of Human resources is increasingly recognized as critical factors influencing the productivity and competitiveness of organisations in the modern business scenery. However, despite the significant importance of human resources accounting on financial performance of companies like studies of (Omodero and Ihendinihu, 2022; Abraham, Odobi and Enwuchola (2021); Akintoye, 2012; Haddad, 2015) who found positive effects of Human Resource Accounting in connection with financial performance, but little evidence is available on HRA and organizational performance from developing countries like Nigeria. There is no harmony on how and what to measure and recognize as the effect of Human Resource Accounting on the productivity of the organisation. Hence, there is need to examine the effects of Human Resource Accounting on organizational productivity of selected tertiary institutions in Oyo State.

The general objective of this study is to investigate the effect of Human Resources Accounting on organizational productivity of selected tertiary institutions in Oyo State. Other specific objectives of the study are to:

1. Evaluate the effect of staff training and development on organisational productivity of the selected tertiary institutions in Oyo State.
2. Determine the effect of staff remuneration on organisational productivity of the selected tertiary institutions in Oyo State.

Furthermore, the following were developed and tested for the study:

Ho1: There is no significant relationship between staff training and development on organisational productivity of the selected tertiary institutions in Oyo State.

Ho2: There is no significant relationship between staff remuneration on organisational productivity of the selected tertiary institutions in Oyo State.

LITERATURE REVIEW

Organisational productivity refers to the ability of an organisation to efficiently utilize its resources to produce outcome or achieve its organisation goals and objectives (Eleonora ,2020).

The performance of an organization can be separated into three categories: human resources, which can be measured in terms of turnover; organizational categories, which can be measured in terms of productivity, quality, customer satisfaction, and manufacturing flexibility; and financial accounting. Richter, Schmidt, Ladwig and Wulhorst, (2017) asserted that effectiveness of organizational performance supposed to reflect in financial performance in the medium and long run because performance improvement is the heart strategic management and organizational performance. Arbad and Mahdi (2018) Organizational objective of any business organization is to achieve success and maintain it, in addition to stimulating organizations to develop an approaches that lead to production increase. Training and development of staff have great influence on the organisation productivity. According to (Ali and Nada, 2018) found that educational training and development of staff has significant effect on the performance of the organisation. Similarly, the study conducted by Gbadago and Honyenuga, (2016) established that employee training and development, health and safety have significant impact on firm performance.

Training was designed to provide employees with the specialized professional knowledge they require to conduct their professions more effectively, as well as the best performance tactics for honing their skills and abilities. It also tries to modify behavior and establish performance plans determined by individuals in order to provide people with opportunities for future growth and development in order to reach rising productivity targets (Dessler, 2015). Training is one of the most important components of HRM policies that are directly tied to HRM and both effect and are affected by it.

Human Capital Theory

Human Capital theory was propounded by Schultz (1961) and further developed by Becker (1964) . The concept is based on labour economics, a branch of economics. Human capital theorists believe that education is an investment since it enhances productivity. The theory holds that the competence, knowledge, abilities and skills of an organization's workforce contribute to its competitive advantage. According to the argument, spending money on education, training, or development is expensive and should be viewed as an investment because it is done with the intention of raising individual incomes. The study of McCracken, Mclvor, Treacy, and Wall, (2017) asserted that employees who do not advance their knowledge and skills via education, training, and development will have fewer skills and knowledge than educated workers, making them less effective and productive. Education or training boosts worker productivity by

transmitting practical knowledge and talents, hence improving workers' future income through a rise in lifetime wages.

Murthy and Abeysekera (2014) believed that education, training, and development will not only increase workers' take-home pay but also help businesses establish a competitive edge, which will eventually translate into improved organizational performance. Investments in human capital cover all expenses related to motivating, supervising, and retraining staff members to do productive activities. Organizations invest resources in developing the specialized skills of their workforce while also considering the benefits and prospective returns from such investments in the firm's human capital. Any training-related skills should be kept within the investment firm rather than being transferred to other businesses (Alao, Oyegoke, Olalare & Ogundajo, 2021). This study is anchor on human capital theory due to the relevant of the theory to the research work.

Empirical Review

Alao, et al (2020) investigated Human Resource Accounting and Organizational Performance of Deposit Money Banks Listed in Nigeria. Data for the study comprised of 10 Deposit money banks listed on Nigeria stock exchange for the period of 2012 to 2021. The study found a strong correlation between human resource accounting and organizational performance. The study recommended that bank management should make use of various human resource techniques, which will benefit them regardless of whether the ongoing business is in danger or is distressed, and which will ultimately have an impact on the profits per share, return on equity, and return on capital employed, which are of the maximum importance for the deposit banks.

Okon, Otuza and Dada (2021) examined the effect of human resource in accounting information system on management decision making in Seventh-day Adventist institutions in Eastern Nigeria. Cross-sectional survey research design was used. The study comprised of 250 employees of the institutions. A structured and validated questionnaire was used for data collection from the respondents. The response rate was 84.4% of the respondents. Data was analyzed using inferential statistics. The results of the regression revealed that human resources in Adventist institutions has a positive and significant effect on management decision-making. Similarly, the study conducted by Abiola and Adisa, (2020) on the influence of Human Resource Accounting (HRA) practices on managerial decision-making of 16 quoted companies in Nigerian services sector. A structured questionnaire was used to collect data from the respondents on a 5-Points Likert Scale administered to Accounting staff and Audit departments staff which were considered to be the relevant departments for the study. The result of the regression analysis showed that Human Resource Accounting has a significant influence on managerial decision-making of organizations.

Surarchith and Krishna (2018) conducted a study on the association that exist between human resource accounting and performance of firm in ten branches of Indian Nationalized bank located in Andhra Pradesh, India. The study recognized three factors under Human Resource Accounting (HRA) as shelter cost, health and safety cost, training and development cost and firm's performance. Ordinary least square was used for the analysis of data. They found

that shelter cost and training and development cost were strongly correlated with firm's performance while health and safety cost was abstemiously correlated with firm's performance.

Abraham, Odoobi and Enwuchola (2021) investigated the influence of human resource accounting on the performance of Deposit Money Banks listed on the Nigerian Stock Exchange for the period 2015-2019. Ex-post facto research design was adopted. Relevant data for the study was obtained from annual published accounts of Deposit Money Banks listed on the Nigerian Stock Exchange for the period 2015-2019. Descriptive statistics and correlation were used in the analysis of data. The results of the regression analysis discovered that staff remuneration with cost of health care and safety have no significant effects on market value using Tobin Q (TQ) while cost of staff training has a significant effect on market value of a listed deposit money bank.

Omodero and Ihendinibu (2020) determined the extent to which human resource accounting impact financial performance of firms in Nigerian using profit after tax, total revenue and net asset as proxies for HRA. Data collected was analysed using regression analysis. The result of multiple regression showed that HRA has significant effect on total revenue and positive influence on the profit after tax (PAT) while there is a negative significant on the Net Asset. The study concluded that human resources contribution to the financial growth of firms cannot be overstated.

Enyi and Akindehinde (2014) carried out a study on the potential impact of human resources accounting on decision making on sixteen (16) Nigerian banks. Structured questionnaire was used to collect data from the employees of human resources, accounting, and managements in the major center of banks. Hypotheses formulated were analysed with the help of regression. The results of analysis indicated the presence of statistically significant association between human resources accounting and decision-making process. The study found the need to evaluate human assets and integrate its value in financial statements such as other intangible assets.

Alrazem (2016) identified degree of specific characteristics of disclosure on Human Resources in the Financial Statement of Jordanian Public Industrial Companies on the whole sectors of the (65) companies for the period between 2011 and 2014. Descriptive research design was adopted. least square regression model was used for hypotheses testing. The findings of the study revealed the degree of disclosure of human resources in annual financial reports of Jordanian. Also, the study revealed the extent of positive significant disclosure of human resources in annual financial report characterized with firm size, liquidity and profitability. The result of the findings further indicated negatively effect of financial leverage and company's age of human resources in financial reports.

Monday (2017) concentrated on the issues, interests, and challenges which hinder the implementation about the disclosure of human resources accounting in demonstrating company's financial position. The study showed the models of human resources evaluation in most companies did not take into account any method for registering accounting information related with the books of account or disclosing them in company's financial statement. This is a concern for many practitioners of accounting profession. The study assumed the absent of a

universally accepted foundation for evaluation, registration, and report the information of human resources accounting in company's financial statement.

METHODOLOGY

To investigate the relationships that exist between human Accounting and organisational productivity of the selected tertiary institutions in Oyo State. A cross-sectional survey design was employed by collecting data from a defined population. The population comprised of all eleven (11) Universities. Simple randomly sampling technique was used to select nine (9) Universities using ownership status, that is federal, state and privately owned universities with a sample size of seventy-four (74) from various department of the selected institutions. The choice of this was to capture the heterogeneous characteristics of the Universities. A well-structured research questionnaire was used to collect data from the respondents. Data obtained were subjected to regression analysis.

Model Specification

This study is built on a multiple regression model and made use of econometrics procedure in estimating the relationship between the variables under study. The fundamental relationships between the dependent variable and independent variables are specified as follows and the functional form of the model is specified as:

Regression Model

$$OP = \beta_0 + \beta_1tSEF2t + \beta_2tCOMMit + \beta_3tTRANSit + \epsilon t (1)$$

Where: HRA = Independent Variable. = dependent variable (Organisational Productivity); β_0 = Recruitment; β_1t = Remuneration; β_2t = Selection; β_3t =Development; ϵt = error term.

Data Analysis and Discussion of Findings

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
WORKQUALITY	74	4.00	5.00	4.8919	.31264
EMPLOYEE RETENTION	74	4.00	5.00	4.6351	.48468
JOB DONE	74	1.00	5.00	3.9865	1.23303
PRODUCTIVITY	74	1.00	5.00	3.2027	1.67969
Valid N (listwise)	74				

Source: Researcher's Computation, 2023

Test of Variables:

Table 2 establishes the effect of statistical significance of staff training and development on organisational Productivity. From the regression analysis, it was revealed that coefficient significance value of 0.000 critical value is lower than p-value of 5% level of significant (0.03 < 0.05). The null hypothesis was rejected. This implies that staff training and development on organisational Productivity is relatively positive significant in the selected tertiary institutions in Oyo state. The

R -squared of 74.9% expressed a strong influence of the dependent variable of the organizational productivity. The remaining 25.1% unexplained

variable can be explained outside the independent by other factors. The coefficient table revealed that organizational productivity varied directly with employee retention, employee engagement, best hands motivated, diversity and inclusivity (0.183,0.219, 0.344,0.918 and 4.717) respectively. This showed that a change in organizational productivity of the tertiary institutions are accounted for by direct change of 0.183,0.219, 0.344,0.918 and 4.717 respectively in Human Resource Accounting.

Table 2. Staff Training and Development on Organisational Productivity Model
Summary of Staff Training and Development on Organisational Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	.749 ^a	.561	.535	.99491	2.344

Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	115.505	4	28.876	22.027	.000 ^b
Residual	90.455	69	1.311		
Total	205.959	73			

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.258	1.587		-2.053	.044
	Employee Retention	.183	.320	.630	6.830	.000
	Employee Engagement	.219	.021	1.994	10.452	.000
	Best Hands Motivated	.344	.389	.159	.886	.379
	Diversity & Inclusivity	.914	.519	-.778	-3.686	.000
		4.717	.497	1.921	9.494	.000

a. Dependent Variable: Organizational PRODUCTIVITY

b. Predictors: (Constant), :employee retention and engagement, best hands , motivated , diversity and inclusivity

Source: Field Survey, 2023

Table 3 established the effect of statistical significance of staff remuneration and organisational productivity. From the regression analysis, it was revealed that coefficient significance value of 0.000 critical value is lower than p- value of 5% level of significant (0.000< 0.05). The null hypothesis was rejected. This implies that staff remuneration has positive significant relationship organisational productivity on the selected tertiary institutions in Oyo state. The

R-squared of 68.7% expressed a strong influence of the dependent variable of the organizational productivity. The remaining 31.3% unexplained variable can be explained outside the independent by other factors. The coefficient table revealed that organizational productivity varied directly with job done, qualification, salary paid and staff innovation (0.149, 0.685, 0.023 and 0.915) respectively. This showed that a change in organizational productivity of the tertiary institutions are accounted for by direct change of 0.0.149, 0.685, 0.023 and 0.915 respectively in Human Resource Accounting. Organizational Productivity varies negatively with staff remuneration and organisational productivity with employee engagement of -0.614 respectively. This means an inverse change of -0.614.

Table 3. Staff Remuneration and Orgnisational Productivity
Model Summary of Staff Remuneration and Orgnisational Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.687 ^a	.472	.433	1.28651	2.462

Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	97.125	5	19.425	12.137	.000 ^b
	Residual	108.834	68	1.601		
	Total	205.959	73			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.354	2.014		2.161	.034
	Job Done	.149	.161	.109	.928	.357
	Qualification & Salary Paid	.685	.165	-.526	4.144	.000
	Salary Paid2	.023	.013	.222	1.811	.075
	Innovation	.915	.137	.792	6.662	.000
	Employee Engagement2	-.614	.550	-.158	-1.117	.268

a. Dependent Variable: PRODUCTIVITY

Source: Field Survey, 2023

RESULT AND DISCUSSION

In hypothesis one, it was observed that staff training and development have positive significant relationship with on orgnisational productivity of the selected tertiary institutions in Oyo State with regression result of 0.000 level of significance which is less than 0.05 significance level in Universities in Oyo State. The null hypothesis was rejected. The study revealed a positive significant relationship between staff training and development and organizational productivity. This is in agreement with the studies of (Adisa, 2021; Omodero and Ihendinibu, 2020; Jacob and Farouq, 2021; Gbadago and Honyenuga,2016) who found that there exists a positive correlation between staff training and development and productivity of organisations.

In hypothesis two, it was observed that Staff remuneration has positive significant relationship with on organisational productivity of the selected tertiary institutions in Oyo State with regression result of 0.000 level of significance which is less than 0.05 significance level in Universities in Oyo State. The null hypothesis was rejected. The study revealed a positive significant relationship between staff remuneration and organizational productivity. This is in consonance with the studies of (Abraham et al. 2021; Alao et al. 2021; Okon et al. 2021; Arbad & Mahdi, 2018) who found that there exists a positive correlation between staff training and development and productivity of organisations conversely with the study of (Alrazem, 2016) who found negative significant between financial leverage of human resource on financial performance of companies.

CONCLUSION AND RECOMMENDATION

The results obtained revealed that staff training and development impact positively on organisational productivity and the impact is significant. By implication, the ability of training and development to drive organisational productivity is not negligible. Also, the results in respect of staff remuneration indicates significant positive influence on the organisational productivity of the selected tertiary institutions in Oyo State, Nigeria. Based on the conclusion above, human capital development, particularly in the area of training and a good conducive working conditions should be made available so that organisational productivity will improve. Also, the management of the selected tertiary institutions should put in place a well fantastic salary package that will ensure employee efficiency, innovation and effectiveness.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic Effects of Human Resource Accounting on Organizational Productivity of Tertitay in order to perfect this research and increase the reader's insight.

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