

Impact of Human Resource Accounting on Bursary Staff Effectiveness: Implication for Measurement and Evaluation of Human Capital in Federal Universities, Nigeria

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Abstract

This study investigated human resource accounting and bursary staff effectiveness and its implication for measurement and evaluation of human capital in Federal Universities. The study area was South-East, Nigeria, and the research design utilized was a field survey method that involved the use of questionnaire and interview for data collection. The questionnaire which had a split-half reliability index of 0.75 was titled: Questionnaire for Evaluating Human Resource accounting in Offices (QEHRAO). From the results of data analysis at 95% confidence interval, it was revealed that there exist a strong positive correlation between the five areas of human resource accounting investigated and bursary staff effectiveness. 98.43% of the respondents opined that with an effective application of human resource accounting measures; management of public institutions will see its human resource as assets being maximized for greater productivity and excellence in service delivery.

Keywords: human resource accounting, bursary staff effectiveness, measurement of human capital

1. Introduction

In the last half of the twentieth century, and more even so at the beginning of the new millennium, businesses and organizations have been under pressure to respond to the demands from their workforce and to the increasing dynamics in the work environments. The response to these demands has taken the form of managerial and administrative reforms. Movements towards reform in the area of public institutions' administration have emerged in all corners of the globe.

The changing role of public officers and the quest to meet international standards have resulted in the need for new skills, attitudes and behaviors among public officials at all levels. Thus, the core competencies for the public sector of the 21st century differ in many ways from the past, especially as the demands placed on public servants in terms of skills, knowledge, and capacities are rapidly increasing and becoming more dynamic (United Nations, 2005).

An efficient and productive government requires an efficient and productive workforce. This has always been true, and its importance has become more critical in today's global economy because of the daunting set of challenges that affect every nation regardless of geographic location, political system, social structure or level of development. Powerful forces such as globalization, economic competition that cuts across national borders, social and political upheavals, technological change, threats of terrorism, and rapidly changing labor market place enormous burdens on governments. But, the ability of any government to respond effectively to these challenges is dictated largely by its ability to recruit and retain a talented workforce as these challenges are coupled with the need for new skills, attitudes and behaviors among public officials at all levels (United Nations, 2005).

Human resource accounting an area of great emphasizes in this 21st century according Alberti and Bertucci, (2005) is the process of identifying, measuring, and communicating information about human resources so as to facilitate effective management within an organization where the various decisions relating to hiring, training, developing, conservation, recruiting, allocation, and selection of employees have to be made by the top management of the organization. In order words, Human Resource Accounting (HRA) involves accounting for expenditures related to human resources as assets as opposed to traditional accounting which treats these costs as expenses that reduce profit. As such, it is an extension of the accounting principles of matching the costs and revenues, and of organizing data to communicate relevant information that tells the management what changes over time are occurring to the human resources of the business or organization (Woodruff, 1970).

Interest and contributions to growth in HRA have been evident in a number of countries. The strong growth of international financial reporting standards (IFRS) is an indication that the environment for international financial accounting is one that potentially encourages the consideration of alternative measurement and reporting

standards that lends support to the possibility that future financial reports may include nontraditional measurements such as the value of human resources using HRA methods which involves the valuation of human asset in monetary terms including the process of their recording and disclosure (Flamholtz, 1999).

According to Mgijima (2010), the quality of the human resources in any organization is a critical factor in her capacity to deliver on its mandate as such, improving administrative capacity; especially those aspects dealing with human capital offer the most promise for improving organizational effectiveness. Human resources accounting practices enhance employee productivity and the ability of agencies to achieve their mission. Thus, integrating the use of personnel practices into the strategic planning process enables an organization to better achieve its goals and objectives, as well as the development of both individuals and the organization in which they operate (Bullen, 2007).

The performance of different organizations has being the focus of intensive research efforts in recent times, and productivity gains from the diffusion of technological innovations are now incorporated into both public and private sector organizations but future productivity gains must focus on how people use these technologies because how well an organization performs its mission and accomplishes its goals of program service delivery should be of paramount concern. Thus, regular and effective human resource accounting would have a significant positive effect on organizational or institutional growth (American Accounting Association, 1974).

The concept of human resource accounting according to Effiok, Tapang, Eton, (2012) is in the early stage of development in developing countries like Nigeria, Ghana, Cameroon, and Congo DR even though its origins and early development occurred mostly in the United States. Interest and contributions to growth in the field have been evident in a number of other countries because the total worth of any organization or institution like the Federal Universities depends mainly on the skills of its employees and the services they render.

In a huge knowledge driven sectors like the universities and other tertiary institutions; it is important that the human elements be recognized as an integral part of the total worth of the institutions. However, in order to estimate and project the worth of the human capital, it is necessary that some method of quantifying the worth of

the knowledge, motivation, skills and contribution of the human elements be ascertained. The above mentioned process of quantification and measurement in the views of Prasad and Kumar, (2006) is the main thrust of human resource accounting (HRA) in the 21st century. Thus, the focus of this investigation is to examine the impact of human resource accounting procedures on bursary staff effectiveness in South- Eastern Universities.

2. Literature Review

Human resource accounting according to American Accounting Association (1974) is the process of identifying and measuring data about human resources and communicating this information to interested parties. It is a process that measures all the data relating to people in an organization which will be helpful in making relevant decisions regarding internal and external matters because like other physical assets, human assets also have ability to create income.

In the research work by Enyi and Adebawojo (2014), on the probable effect of human resource accounting on the decision making process and business valuation method on the premise that firms in post industrial economy operated within a competitive economic environment which require timely, effective, and efficient decisions to ensure success and survival; found a significant effect of human asset accounting on management decisions. The study which was empirical; used Ex-post facto research design, a questionnaire developed on a six point Likert Scale, and sampled 16 publicly quoted Nigerian Banks.

In another study by Ukpata and Nancy (2012) on whether the study of mathematics as a subject or course has any significant relationship with Nigerian National Development using 100 respondents from Kogi State University including staff in the bursary department, found that mathematics as a field of study is the only key to technological breakthrough in any given society, and no society can make meaningful progress in science and technology without embracing the concept, logic, and philosophy of mathematics; the tap root to all scientific thinking minds.

The study by Bakri, (2010) on the efficiency of payment process and its association with human resources management by UiTM's Bursary Office, using 25 finance units revealed that the Bursary Office achieved the target set in the payment process but there were indications that it was not all the human resource personnel that influence the performance of the payment process.

Furthermore, Al-adwani, (2014) study on the effects of implementing strategic human resource management on organizational success; a case study of Kuwait Finance House employees in order to measure how implementing HRM strategies impact the employees' intention to deliver their organization to the shore of success; found that the management of KFH implements HRM strategies in a way that encourages the

employees to present the best of their performance in order to accomplish the organization's goals and objectives.

In a related study on the impact of strategic human resource management on organizational success in the public sector using multiple goals strategic human resource management (SHRM) to enhances productivity; the research outcome revealed that when organizations employ such personnel practices as internal career ladders, formal training systems, results-oriented performance appraisal, employment security, employee voice/participation, broadly defined jobs, and performance-based compensation, they are more able to achieve their goals and objectives.

According to Cascio (1998), a number of models have been developed to value human assets, and these concerns incurs two types of expenditure on human assets: (i) Capital expenditure: which embodies acquisition, development, retention, updates or up gradation costs, and(ii) Revenue expenditure that includes wages, salaries, bonus, commission, perquisites, allowances and short term motivation & efficiency maintenance cost. Although the value of human resource can be calculated either on the basis of cost of production approach or the

capitalized earning approach, capital expenditure are written off over the expected life of employees while revenue expenditure are written off or charged in company's profit & loss account of current year.

Combining human resource practices with a focus on the achievement of organizational goals and objectives can have a substantial effect on the ultimate success of the organization. Resource-based theory posits that competitive advantage and the implementation of plans is highly dependent upon an organization's basic inputs, including its human capital (Wernerfelt, 1984; Barney, 1986, 1991, 2001; Peteraf, 1993; Boxall, 1996; Hitt, Bierman, Shimizu, & Kochhar, 2001; Fitz-Enz, 1994; Delery and Doty, 1996; Ulrich, 1997).

In the light of the above, this study examined the perception of human resource accounting and bursary staff effectiveness in Federal Universities in South-East Nigeria with emphasis on job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of the general work force.

3. Purpose of the study

The main purpose of this study was to examine the impact of human resource accounting on job effectiveness of bursary staff in federal universities. In specific terms, this study focused on:

- Using the developed instrument as an indicator to conduct an assessment of the state of human resource accounting in the bursary unit of the sampled institutions
- Identifying and highlighting the challenges in human resource practices in the bursary units of the sampled institutions
- Recommending actions to be taken so as to improve the state of HRA in the bursary units of federal universities.

Ho₁: There is no significant composite relationship between male and female respondents on the six identified human resource accounting variables and bursary staff effectiveness

4. Method

This study used field survey research design method, and the area of study was the South-Eastern part of Nigeria. South- Eastern Nigeria is the region that borders Cameroon to the east and the Atlantic Ocean to the south. It is the homeland of Kwa speaking people and the dominant language of this region is Igbo. It is primarily situated in the Niger Delta region of West Africa, where it meets the Atlantic Ocean to its South. It has lands on both sides of the lower Niger River although the larger chunk of the region is situated on the East of the river. The region is surrounded by a host of large rivers and plays host to five states namely Abia, Anambra, Ebonyi, Enugu, Imo state, and this region serviced by five federal and five state owned universities.

The population for this study consisted of all bursary staff (male or female) of the five federal universities in the region numbering about 628 from which a sample size of 125 was drawn and used for the study. The instrument for data collection was a 24- items four- point Likert scale questionnaire tagged "Questionnaire for Evaluating Human Resource accounting in Offices (QEHAO) constructed by the researchers and validated by experts in instrument construction. The instrument had a Cronbach's Alpha reliability coefficient of 0.82 indicating a high internal consistency of the test items.

The questionnaire had two sections. Section A sought the demographic variables of respondents while section B sought information on job analysis and staffing, organization and utilization of work force, measurement and

appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of the general work force. Respondents were asked to indicate the

level of effective or non-effectiveness, and the result of data analysis using mean and Pearson Product Moment Correlation statistical analysis techniques is as presented below.

5. Results

Table 1: Mean and standard deviation of response on the six sub-scale of HRA

S/N	Variable	Sum of observed responses N =125 (Expected sum of responses = 12000)	Mean of sum of observed responses	Standard deviation of observed responses
1	job analysis and staffing	8460	67.68	2.75
2	organization and utilization of work force	10112	80.90	2.89
3	measurement and appraisal of work force performance	9820	78.56	3.94
4	implementation of reward systems for employees	5420	43.36	2.78
5	professional development of workers	4220	33.76	1.71
6	maintenance of the general work force	6840	54.72	2.42

Table 2: Correlation between male and female bursary staff on the six identified human resource accounting variables and bursary staff effectiveness

	N	df	r-cal.	r-tab.
Male				
	125	123	.853	.196
Female				

P < 0.05 (Significant Results)

6. Discussion

The results obtained from this study indicate that HRA is effective in areas of job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance; moderately effective on maintenance of the general work force and implementation of reward systems for employees but ineffective on professional development of workers. The study, to this extent, has provided evidence for the value-added by HRA through the integration of HR function within the organization's key strategies and operations, and thus agreed with the findings of Enyi and Adebawojo (2014), Al-adwani, (2014), and Bakri, (2010)

7. Conclusion

Based on the above findings the study concluded that it is important to value the human force of any establishment or organization and such value should reflect in the financial statement like other intangible assets for regularity and effective implementations. Such value system will involve regular measuring of the costs incurred by business firms and other organizations to recruit, select, hire, train and develop human assets. It also involves identifying, collecting, and measuring data about human resources and communicating this information to interested parties in order to determine the economic value of people to the organization. This process will not

only help in securing and developing the talents of individual workers, but also in implementing programs that enhance communication and cooperation between those individual workers in order to nurture organizational development.

8. Recommendations

In line with the conclusion above, it is recommended that:-

- Human resources accounting should play an important role in administrative reforms in organizations as personnel practices in public sector matters
- Effective implementation of professional development practices for workers to enhances work productivity
- Supportive working environment to sustain staff motivation and high performance
- Implementation of reward systems for employees is catalyst to an organizations growth and productivity, as such should be effectively integrated into the HRA function with its overall strategies and operations.

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