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Exclusion of Human Resource Accounting in Statement of Financial Position and its Effects on Performance: Empirical Evidence of Ghana

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Abstract

Human Resource is the most critical, very significant assets in any business organizations but it is not incorporated in the statement of financial position. The study examined the factors that have accounted for the exclusion of Human Resources Accounting in the statement of financial position of companies listed on the Ghana Stock Exchange. The paper also ascertained the relationship between human resource Accounting and firms performance. The study used both primary and secondary data. A regression model was used to ascertain the effects of Human Resource Accounting on a firm's performance. The study used secondary data from a published annual financial statement of all the listed companies on the Ghana Stock Exchange on the period of 2015-2018. The findings revealed that, the exclusion of human resources in the statement of financial position is due to these key obstacles such as: there is no proper clear-cut and specific guidelines for measuring costs and value of human resources; the period of existence of Human Resource is uncertain; there is no universally accepted method of valuation of human resources; no active market for human resource and the financial position of the business may be misleading. Despite the difficulties for the inclusion of HR into financial statement, it is worthy to note from the findings that, human resources contributes positively to a firm’s financial growth as evidenced by the positive effect on Return on Equity (ROE). Therefore, the paper recommends that the International Accounting Standard Board (IASB) should consult prime actors and professionals in the accounting field to debate on the arguments against and considerations for human resource inclusion in the Statement of Financial Position

Keywords: Human resource accounting, Models, Training and development, Financial statement, Assets, Ghana.

1. Introduction

Human resource is the most beneficial asset in any business setting. It uses other resources to establish a benefit for the organization but yet it is excluded from the statement of the financial position of business organization. Financial accounting is a specialized bough of accounting that keeps track of organizations financial transactions. The transactions are recorded, summarized and presented in a financial statement such as income statement, statement of financial positions, statement of Comprehensive income, statement of changes in equity, statement of retained earnings, statement of cash flows, notes to the accounts and comparatives.

In fact, the constituent of these financial statements encompasses Revenue, Expenses, liability and Equity and Assets. Revenue is defined as the amount of money that an organization receive during a specific period, including discounts and returned merchandise. Expenses on the other hand, in accounting, is the amount of money expended in any entities efforts to precipitate revenue. According to the International Financial Reporting Standard (2017), chronicled assets as resources ruled by a firm as a result of past events and from which envisages economic benefits are anticipated to flow to the entity. With this, human resources are shielded enough but it is the component that is excluded in the Statement of Financial Position.

Human resources accounting is accounting for organizations management and employees as human capital that gives future earnings. According to America Accounting Association (1973) defined Human Resource Accounting as the process of recognizing and measuring data with respect to human resource and disseminating this information to users of accounting information. Micah et al. (2012), defined human resources as individuals who assemble as the workforce of an organization that energies, skills, talents, and knowledge of individuals are involved to the production of goods and useful services. Human resources accounting was first coined and inducted in the 1960s in a strive to indulge subordinates on the statement of financial position and become a hot cake in researching. It deals with the recognition and valuation of the soliciting of human resources to institutions performance and disclosing it in the financial statement for the aid of decision making and strategies by the shareholders. In view of this, human resources are the most valuable assets among all the organizations' assets. ((Yang, Liu et al., 2018), Oseni & Igbinosa, 2015; Roseline & Kayode, 2015).

This is because HR uses other assets to establish a value for the organizations and makes useful decisions and yet is not included in the statement of financial position of the company's annual reporting. The incorporating of human resources in the statement of financial position is when Hossain, Khan, and Yasmin (2004) as cited by (Dainienė and Dagilienė 2014) attributed to the tedious in measuring experience, knowledge, skills with respect to accounting terminologies**.**

The sole accounting treatment for human resources is to acknowledge all corresponding cost as period cost and thus, excluded in the statement of financial position. According to scholars, the services human resources gives is consumed within one financial year and does not have any future effect on organizations performance**.** However, this is not the case that, human resources is seen as a product of a long-term strategic plan and due to every organization too.

Obara (2013) as cited by (Davies 2018) proposed that business organizations should preclude human resource value from a statement of comprehensive income, and then incorporate it in the statement of financial position. The expansion and longevity of business organization whether large, small and medium rest heavily on the quality of human resources (Raunak, 2010; Brian, Thomas & Matthew, 2014; Kalpana, 2016; Onyinyechi1 & Ihendinihu, 2017 and Vitalii, Nataliia, & Mariya, 2017). The qualities that distinguish successful organizations from their competitors in all aspect is the quality of the people they are able to get and maintained. Therefore, the study examines the factors for the exclusion of human resources accounting in the statement of financial position beyond valuations. It further seeks to ascertain the effects of human resources accounting on organizations financial performance.

The rest of the paper is as follows. The next paper reviews past research on Humans Resources accounting and hypothesis development. The third section presents the methodology of the study. The fourth section analyzes the results and the last section concludes the study.

2. Literature Review

Human resources accounting identifiers measures data about human resources and disseminating this information to interested individuals. Chouhan, 2008; Chandra et.al, 2012). The significance of such accounting is that, it expands productive managerial decision making, increases human capital productivity, job satisfaction, better morale, and combating of misuse of human resources. Islam et al., 2013; Oren's et al., 2009**)**. The human resources constraints emerged uncertainty in the valuation of human resource. Human learning and their effort lead the organization towards success. (Bullen, 2012). There are just a couple of individuals who might deny the way that people are fundamental for the powerful activity of an organization (Weihrich and Koontz, 1994) as cited in **(**Todericiu, Lucia et al., 2014**)** Human resources Accounting was coined by Renis Likert (1967) and a couple of scholars. The fundamental idea of human resources accounting is to facilitate the efficient and effective management of human resources**.** Even though human resources accounting approach has its own challenges, it is not yet recognized and accepted around the globe. Thus, it is tedious to measure professionals, learning acquired and capability of human resources as opposed not to be physical assets of an organization.

The monetary unit theory of financial accounting indicates that transactions can only be incorporated in financial statements when it can be expressed as in monetary. In this way, the estimation of an organizations employees is not accounted for in organizations monetary records, as it cannot be communicated effortlessly regarding money. For this reason, shareholders and all stakeholders are being disadvantaged of getting significant information about the human resources of their organization. In the present society, the words like 'data economy', 'information-based economy' and so forth has turned out to be exceptionally normal. Despite the fact that the matter of human knowledge is given so much significance nowadays, it is seen that the capital market still depends on budgetary data (Johanson, Martensson and Skoog, 2001, (Dillard and Vinnari 2018)). The purpose for this can be said that as a profitable asset, the human resources does not demonstrate that much physical proof. Yet, there is presumably that through the progression of time, the requirement for this sort of data is getting much significance. A few investigations have recommended that the aid of financial statements reports of freely recorded organizations had declined and this is creating a data hole between the client and the data supplier**. (**Lev, 2001; Ponwell and Schipper, 1999; Episten and Pava, 1993) as cited by Li et al (2006). Many efforts have been made to bring this gap by developing appropriate models that will ensure true and fair presentation of human resources in the financial statement.

Empirically, several researchers have developed enormous models for human resources accounting so to ensure true and fair presentation when included in the statement of position. The Lev and Schwartz Model (1971), Stochastic Model of Eric Flamholtz (1972), Morse Model (1973), Lev and Friedman Model (1974), Hermanson Model (1964), Ogan Model (1976), Present Value model, Hekimian, Jones Model, Likert Model (1967), Boudreau Model (1998) and Dobija Model, (1998), Bidding Model (1998) as cited in Andrade and Sotomayor (2011). Afolabi (2014). The proposed models are however grouped into Historical Cost Model and Value Approach Model. However, none of these models are generally accepted. Therefore, if the appropriate models are not developed, any effort to incorporate human resource into the financial statement especially statement of financial positions will deceive users. (Yang, Liu et al., 2018)

2.1 Valuation Models

2.1.1 Historical Cost Model

The historical cost Model was developed by William C. Pyle and assisted Brummet (1968) and Eric. G Flamholtz and R.G Barry Corporation. In this approach, the component for human resources valuation is recruiting, hiring training, acquisition, both formal training and informal training, informal familiarization; experience, and development. The emphasis on historical cost model is that the cost linked with the human resource should be capitalized and disclosed in the financial statements and amortized over the expected useful life of the human resources. The usage of amortization systems should make it possible to determined and reported portion of human resources consumed within the financial year. However, accountants perceived amortization of human resource as a problem due to uncertainties. (Arkan, 2016).

2.1.2 Value Approach Model

The value Approach model was championed by Lav and Schwartz in 1971 as cited in (Aviso, Mayol et al., 2018). They argued that the future value of human resources can be reported in the financial statement when it is discounted in present terms. The human resources is valued utilizing the following formulae below: $\sum$ (Vy) = $\sum$Py (t + 1) $\sum$ I (T) (1 + R) t-y.

Where: $\sum$ (Vy) = expected value of a 'y' year old person's human capital T represent the person's retirement age Py (t) is the probability of the person leaving the organization I (t) = expected earnings of the person in a period Ir = discount rate.

In fact, most of the variables used emphasized on budgetary and once labour environment cannot be predicted with certainty, the budgeted variables may not depict the true and fair situation and this a crucial challenge and weakness associated with value Approach Model. The estimation not reflecting true situation can lead to understating human resource value in the financial statement. In human resource, the key important valuations are knowledge, experience, skills, and contributions of the workforce (Hossain, Khan &Yasmim (2004**).** The valuation model approach failed to include these key variables. With this, Kenneth and Srinivas (2004**)** as cited in (Dainienė and Dagilienė 2014), proposed that higher capital value is linked with individuals with high skills than those with low skills. (Dillard and Vinnari 2018) also opined that young employees possess greater value that older people in respect to that fact that, other factors are held continual with the younger person having a longevity expected working life. Therefore, human resources create output rather than input intention **(**Tollington and ElTawy - (2010). The value approach model, however, would not fairly provide the value of human resources since it failed to consider human resource output.

2.2 Challenges Associated with Human Resource Accounting

Although Human resources accounting materializes to be significant and useful, there is still lack of enough standard for the valuation of Human Resources. The mere process of placing number to things can simply be taken outside the surroundings of their accepted use. It is probably that managers will treat human quantitative data not distinct from quantitative data with respect to the physical plant and machinery. Many scholars are in support of excluding human resources Accounting (HRA) in the financial statement especially in the statement of financial position. Oluwatoyin, (2014) attributed the following as obstacles associated with Human Resources Accounting (HRA). He advanced the attributes to include the following;

(a). There is no formalized obvious cut and specific guidelines for ascertaining cost and value of human resource of an institution. He further stated that the already established systems have challenges.

(b). the uncertainty of the existence of human resources makes valuing them seems to be unrealistic in the future.

(c) There is no globally accepted method of the valuation of human resources.

(d) In spite of all its usefulness and necessity, the tax laws do not regard human beings as assets.

As cited in Arkan (2016), Dawuda, Kwabena and Osman (2018**)** also advanced reasons for not supporting the inclusion of human resources accounting in the financial statement. Firstly, he attributed human resources as sensitive data and cannot apportion externally. He further stated that measurement is not a topmost priority for organizations. Human resources are used to improve the organizational financial performance, not measurement. Secondly, the standard setters and other authorized bodies did cover it to make it essential for the aim of international financial reporting.

Finally, different jurisdictions have distinct labor laws meaning that human resources are treated differently in terms of job valuation, job placement, remuneration, and retirement plans and this is universal and global issues. This concludes that there is no regulation in the accounting standard-setting process for human capital reporting, valuation of human resources and generally accepted formats evolved by accountants in reporting this important data in the financial statement of organizations.

3. Theoretical Review

Resources Based Value

The Resources-Based theory contends that the possession of strategic resources gives an organization with a golden opportunity to develop a competitive advantage over its rivals. In contrast, can be seen us "inside-out" process of strategy formulation. Amber (2016) argues on Resources Based Value that a firm has resources which enable them to attain competitive advantage and a subset that lead to superior long-term performance. The RBV theory confirms that for an organization to attained the competitive advantages over its rivals is scoured by the valuable resources, capabilities which are not common, thus cannot be easily replaced or imitated. A resource is valuable to the extent that it assists an organization to mount strategies that capitalize on opportunities and ward off threats. As cited by Odhong et al (2014) and Onyinyechi, Ihendinihu (2017) of which Wernerfelt (1984) built Resources Based Value (RBV) into a coherent theory.

Odhong et al (2013) also believe that organizations long-term competitive advantages can be secured via the development of knowledge and skills of employees and the firm's reputation. The theory sees human capital as a resource that cannot be substituted or imitated which gives a firm a long-term competitive advantage over others.

Human Capital Theory

The human capital theory is assessing the empirical evidence of the value and importance of individuals to an institutions success. According to the Sociology Dictionary, human Capital is the expansion of wage distinctions by the net disadvantage and advantage between different employments. Schultz (1981, pg21) defined Human Capital as all human abilities to be either inbred or acquired. However, Bontis et al (1999, p391) define Human Capital as 'the human factor in the organization; the combined intelligence, skills, and expertise that gives the organization its distinctive character.

The costs associated with job studying are a very significant element of the net advantage. Most scholars claimed that individual gains vary according to the amount of investment in human capital; that is education and training acquired by employees or groups of subordinates.

According to the theory, a workforce that is more educated and having the relevant skills makes it easier for a firm to adopt and mount new technologies which in other words means return on investment in employees education and training, (Izushi and Haggins, 2004). Human capital theorists believe that education is an investment since it enhances performances. The theory holds that the competence, knowledge, abilities, and skills of an organization's workforce contribute to its competitive advantage.

3.1 Empirical Review

The quality of human resources plays a vital success in every organization.(Yang, Liu et al., 2018) Prior studies done out have demonstrated Human Resource Accounting and organizational financial performance is increasing. Vipin, (2015) carried a research on the HRA and firms financial performance. It was revealed that human resource has positive and quality effects on organizations performance. Akintoye (2012) as cited in Dawuda e al (2018) did a research using the Lev and Schwartz (1971) model on Ocean Bank Plc and the findings shown that, a positive relationship exists between human resources and profitability of the business organization.

Using descriptive, correlation and regression statistical models in data analyses, Micah et al (2002) carried a research on organizations financial performance and human resources accounting reporting in Nigeria. The findings revealed that 75.9 percent was the combined effect of an organization's financial performance of the valuation of Human Resources Accounting Reporting (HRAR) with 3.58 as F-ratio being significant at 5 percent level. Prince et al (2013) examined the human resources accounting and its effect on performance from the Nigeria Stock Exchange fact book in the period of 2009. It was revealed that human capital and intangible asset had a positive and insignificant effect on organization performance with the used of the cross-sectional regression model.

Gustavo, Luiz, Umbelina, and Joao carried a study on human resources disclosures and organizational performance among listed companies in Nigeria. The study revealed that a positive relationship exists between human resources disclosure and firms performance. It can be drawn from the findings that human resources accounting has grown to be an interesting area of researching. However, human resources are the most significant and valuable assets of every organization and thus, special emphasis should be placed on recruiting the right calibre of employees, providing the serene working place, training, and development of people and good conditions of work.

4. Research Methodology

Data and Sample Selection

The study used a correlational descriptive survey design, and both secondary and primary data. The sample of the study was chosen from selected organizations registered on the Ghana Stock Exchange. The research also employed a quantitative research approach to give a description of HRA and its effects on performance in Ghana. It also adopted firm performance indicator (ROE) over the period of 2015-2018.

The population of the Study

The population consists of selected organizations listed and registered on the Ghana Stock Exchange from the period of 2015-2018. The study employed a purposive sampling with a sample size 120 comprises of accountants, Finance Officers, and Auditors of 40 selected organizations listed on the Ghana Stock Exchange as 2015-2018. The list of the organizations is displayed in the appendix.

Data collection procedures

Questionnaires were used to gather primary data from Accountants, Finance officers and Auditors, Human Resources Managers on their perception for the exclusion of human resources accounting in the statement of financial, its incorporation into the financial statement and the problems associated with implementing Human Resources Accounting. However, secondary data were also used in the study. The secondary data were had from the organization's annual financial statement from the Ghana Stock Exchange and the company's website as at 2015- 2108.

For readability and validity, the questionnaires were tested before it was distributed to respondents. Thus, accountants of the Institute of Chartered Accountants Ghana (ICAG) evaluated them to enhance the degree of content validity and for the measurement of the study objectives. The questionnaires were made up of four sections. The first section consists of the profile of the respondent. The second section addresses the reasons for exclusion of Human Resources Accounting in the statement of financial positions. The third section deals with the incorporation of Human Resources Accounting in the financial statement and the last section deals with the problems associated with Human Resources Accounting implementation. It is worth noting that some of the statements in the last section were used from the past studies. The sections of the questionnaires were anchored using the Likert type of scale from five (5) Strongly Agree to one (1) strongly disagree. This helped to prevent biased responses.

4.1 Model Specification

In order to empirically ascertain the effects of Human Resources Accounting on organizational performances. The models below were utilized;

$$ROE = \beta_0 + TRNDV_1 + WEFSFTY_2 + \varepsilon_\pi$$

Where ROE is the Return on Equity as at 2015-2018, TRNDV is the training and development of the employees and WEFSFTY is the welfare and Safety of the employees and ε_π is the error term. The study used the econometric technique of Ordinary Least Square (OLS) in the form of multiple regression model to the regression coefficient and the regression model was estimated through the use of Statistical Package for Social Sciences (SPSS).

4.2 Data Presentation, Analysis, and Discussions

The descriptive analysis gives and discusses the data from the structured questionnaires. (Primary data). Two hundred and fifteen respondents were contacted on the listed companies on the Ghana Stock Exchange. Two hundred (200) respondents out of the targeted number from each company filled the questionnaires of which the targeted respondents are Accountant, Finance Managers, Auditors, and Human Resources Managers. Summary of the findings are shown below:

Table 1. Respondent Demographic Profile

Description		**Percentages**	**Frequency**
Gender	Male	60	120
	Female	40	80
Age Group	< 30 years	23	47
	31-40years	40	80
	41 and above years	37	73
Edu. Qualification	Bachelor	44	89
	Masters	55	110
Professional Certification	ACCA	15	29
	CIMA	8	15
	ICAG	72	136
	CPA	5	10
Year of Employment	< 5 years	20	40
	6-10 years	18	36
	11-15 years	35	70
	> 16years	27	54

Sixty (60) percent of the respondents are males, and forty (40) percent of them are females. Forty (40) percent of the respondents are between the ages of thirty (30) and forty (40) years, thirty-seven (37) of the respondents were above forty- one (41) years and twenty- three percent of them were below thirty years.

Seventy-two (72) percent of the respondents were chartered Accountant holding ICAG, fifteen percent were holding ACCA, Eight (8) percent with CIMA and five (5) percent holding CPA. However, Thirty (35) percent of the respondents had at least fifteen years' working experience.

The Exclusion of Human Resources Accounting in the Statement of Financial Position

Table 2. Shows the factors for the Exclusion of HRA in Financial Statement

Exclusions Reasons	**Sa**	**Ag**	**Ud**	**Dg**	**Sdg**	**mean**	**Std.Dvn.**
No appropriate model for measurement of human	75	60	6	3	-	4.91(1)	0.846
resources							
Wages and salaries are treated in the Income statement and are a reward for Labour	45	41	7	6	5	4.32(2)	0.108
It is a sensitive data of the Organizations	35	34	10	7	-	3.91(3)	0.006
Human Resource is a key aspect of the firm's	15	35	13	9	8	3.12(5)	0.756
Competitive intelligence and the inclusion of it would expose the firm to its competitors							
Less interest of Shareholders when additional cost	30	30	5	13	10	3.71(4)	0.078
incurred							

As depicted from the table above, Respondents were asked to rate the factors that have accounted for the exclusion of Human Resources Accounting in the statement of Financial Statement. According to the respondent, no appropriate model for the measurement of Human Resources has accounted for the high exclusion of HRA in the financial statement. It has a mean rating of (4.91). It is followed by the fact that, wages and salaries are treated in Income Statement and that is the reward for labor which has a mean rating of (mean 4.32). The least of the factor according to respondents that have accounted for the exclusion of Human Resources in the statement of Financial Position is that Human Resource is a key aspect of the firm's competitive intelligence and the inclusion of it would expose the organizations to its competitors. (Mean X= 3.12).

However, respondents were also asked about their perception of why Human Resources Accounting should be reported in the Statement of Financial Position despite the challenges associated with its inclusion. The summary of the findings are shown below

Table 3. Reporting Human Resources in Statement of Financial Position

Response	Number of Frequency	Percentage
Yes	165	83
No	25	12
Undecided	10	5

Empirical evidence from the table above shows that, majority of the respondents (165) representing eighty (83) percent were with the perception that, Human Resources should not be disclosed in the statement of financial position and their argument was based on the factors discussed in the table 2. Meanwhile, twenty-five (25) of the respondent representing twelve (12) percent were of the view that, HRA should be recorded in the statement of Financial Position. The respondent supported their perceptions with that fact that, Human Resources is a key and valuable Assets in every organization. This confirms with the RBV theory indicating that, for an organization to attain the competitive advantages over its rivals, is scoured by the valuable assets, capabilities which are not common and easily be imitated. Furthermore, ten (10) percent of the respondent were not sure of incorporating Human Resources into the Statement of the Financial Position.

Table 4. Challenges of Human Resources Accounting

Challenges of HRA	Frequency	Percentage	Mean	Stand. Devn.
There is no proper clear-cut and specific guidelines for measuring costs and value of human resources of an Organisation	200	100%	5.56(1)	.980
The period of existence of Human Resource is uncertain.	195	97.5%	4.93(2)	.129
The Tax Laws don't recognize human beings as assets.	154	77%	4.52(3)	.100
There is no universally accepted method of the valuation of Human Resources.	200	100%	5.56(1)	.980
There is a constant fear of opposition from the trade unions as placing a value on employees would make them claim rewards and compensations based on such valuations	123	61.5%	4.01(5)	.313
HRA is required to be backed by Human Resource Auditing	112	56%	3.67(7)	.656
No active market for Human Resource	141	70.5%	4.42(4)	.022
The financial position of the business may be misleading when incorporated	119	59.5%	3.91(6)	.435

Respondents were asked on the perceptions on the challenges associated with Human Resources Accounting in form of Likert scale type: (1) Strongly Agree, (2) Agree, (3) Undecided, (4) Disagree and (5) Strongly Disagree. Statistically from the above table, respondents agreed that, no proper clear-cut and specific guidelines for measuring costs and value of human resources of an organizations, and no universally accepted method of valuation of Human Resources were the strong challenges associated with Human Resources Accounting. They had the highest mean rating (mean 5.56) representing 100% percent of the respondents. Another strong problem according to the participant was that, the period of existence of human Resources is uncertain which accounted for mean rating of (Mean 4.93) representing 97.5 percent. When the period of existence of Human Resources is uncertain, hence valuing them under uncertainty in future seems to be unrealistic.

They further agreed that there is no active market for Human Resources and this is a major challenge associated in dealing with Human Resources Accounting having a mean rating of (4.42) representing 70.5 percent of the respondents. Transactions relating to Human Resource do not engage in a safe distance exchange. This means that the fair value of human resource would be difficult to determine. It was also observed that there is a constant fear of opposition from the trade unions as placing a value on employees would make them claim rewards and compensations based on such valuations as 61.5 percent of the respondent with a mean rating of (4.01) agreed. However, on the issue of the Financial position of the business may be misleading when incorporated, 59.5 percent of the respondent with a mean rate of (mean 3.91) supported to that. The lowest challenge regarding Human Resources Accounting according to the respondent is the issue of HRA is required to be backed by Human Resources Auditing which had a mean rating of (3.67) representing 56 percent. To apply Human Resources Accounting, it is required to be backed by Human Resources Auditing.

Effects of Human Resources Accounting on Organization Performance

Table 5.

Multiple R	R Square	Adj R-squared	Std. Error of Estimate
0.575	0.351	0.331	1.008

Table 6. ANOVA testing

	df	*SS*	*MS*	*F*	*Prob>F*
Model	40	76.112	19.812	99.582	.000b
Residuals	3	57.198	1.018		
Total	43	123.31			

Table 7. Regression of the Model

Variable	Coefficient	Standard Error	t-Statistics	Prob.
Constant	0.3083	0.3177	0.956	0.345
TRDV	19.087	5.478	4.214	0.002
WEFSAFTY	13.785	4.253	3.132	0.003

As shown, from Table 6, Human Resources Accounting represented by Training and Development and Welfare and Safety significantly affects organizational financial performance (ROE) as shown by the F- ratio Value of 99.582. The results further revealed that, the F- Ratio is with an R-squared value of 0.351 and Adjusted R-squared Value of 0.331 respectively.

With this, we accept the Alternatives hypothesis and reject the null hypothesis since the Significant P-Value is < 0.05. From the findings in table 5, overall, the independent variables explain about 35% of the variation in Return on Equity (ROE). This clearly shows that Human Resources Accounting contributes at least 35% to performances of organizations in Ghana. Thus, is satisfactory because a huge array of variables account for the level of an organizations performance.

From table 7, human resources accounting embodied by training and Development and Welfare and Safety been the independent variables in the regression model has a significant impact positively to the level of firms performance. (HRA=32.872). Based on the results, it implies that, there is a positive relationship between an organization's human resources accounting and firm financial growth achievement. The findings validate preceding empirical studies done on the relationship between human resources and organizational performance: (Fariborz and Raiasheka, 2011; Okpala and Chidi, 2010; Cardon and Stevens, 2004; Givord and Maurin, 2004; Zhu, 2004; Okpako Atube & Olufawoye, 2014. The findings extend valid support of Resources Based Value Theory with the argument that Human Resources Accounting (HRA) can create a competitive advantage for organizations.

4. Conclusions and Recommendation

The study investigated the factors that have accounted for the exclusion of Human Resource Accounting in the statement of financial position and its effect on performance. The results revealed that enormous challenges are associated in integrating HR into the financial statement. Majority of the respondents agreed that there is no appropriate model for the measurement of Human Resources. This has been a major problem that have accounted for the high exclusion of HR in the statement of the financial statement. However, majority of the respondents (165) representing eighty (83) percent were with the perception that, Human Resources should not be disclosed in the statement of financial position since there is no globally accepted method of valuation of Human Resources.

On the basis of the findings, the study would conclude that developing an appropriate and universally accepted model for HR valuation is tedious based on the inclusion of variables in the model. The addition of Human Resources Accounting into the statement of financial position can be realized now until extensive discourse and engagement of prime actors in the field of Accounting. Human Resources accounting can be implemented by organizations if regulatory institutions such as Tax Authorities, Stock Exchanges, Registrar of Companies and all standard setters brace its incorporation. The Paper recommends that the International Accounting Standard Board (IASB) should consult prime actors and professionals in the accounting field to debate on the arguments against and considerations for the incorporating of Human Resources in the Statement of Financial Position.

Despite the difficulties in including HRA in the statement of a financial position, it has been established that human resources expand the assets of an institutions. The study however also investigated human resources accounting impacts on organizational performances. It is worthy to note from the findings that, human resources contributes positively to a firm's financial growth as evidenced by the positive effect on Return on Equity (ROE) and various studies have given substantial data on the positive relationship between organizational performance and Human Resources Accounting (HRA). Therefore, for an organization performance to be augmented, it is all important for organizations to embraced realistic human resources accounting variables in their works.

Moreover, relevant training and development packages should be mounted and adopted by all subordinates for better performances on the job, thus providing good working conditions and the serene environment by protecting the welfare and ensuring the safety of employees, avoiding undervaluation of subordinates which has a negative impact on their, confidence, performance and productivity. With this, human resource value should be discovered and inducted to the statement of financial position as intermediate assets as it enlarges the assets of organizations by International Accounting Standard Board (IASB) revising, issuing and reconciling accounting standards to cover human resource.

Future Research

Future studies could examine the extent to which implementing progressive human resources accounting variables will result in improved operating and financial performance.

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Appendix

Appendix 1 Companies of Ghana Stock Exchange used for the analysis.

Symbol	Name of Company	Symbol	Name of Company	Symbol	Name of Company
ACESS	Access Bank Limited	ETI	Eco bank Trans nation Corporation	PBC	Produce Buying Company
ACI	Africa Champions Industries	EGL	Enterprise Group Ltd.	PZC	PZ Cussons Ghana Ltd.
ADB	Africa Development Bank	FML	Fan Milk Ghana	RBGH	Republic Bank Ghana Ltd.
AWL	Aluworks Limited	GCB	Ghana Commercial Bank	SWL	Sam wood Ltd.
ADDs	AngloGold Ashanti	GOIL	Ghana Oil Company Ltd.	SAMBA	Samba Food Ltd.
ARTYN	Ayton Drugs Manufacturing	GST	Golden star Resources	SIC	SIC companies Ltd.
BOPP	Benso Palm Plantation Ltd.	GGBL	Guinness Ghana Brewery Ltd.	SOGGH	Societe General Bank Ltd.
CAL	Cal Bank Limited	HORDS	Hords Limited	SCB	Standard Chartered Bank
CMLT	Camelot Ghana Limited.	MLC	Mechanical Lloyd Company Plc.	SCBPREF	Standard Chartered Bank
CLYD	Clydestone (Ghana) Ltd.	MAC	Mega Africa Capital Ltd.	SPL	Starwin Products Limited
CPC	Cocoa Processing Company	MMH	Meridian-Marshalls Holdings	TOTAL	Total Petroleum Ghana Ltd.
CPL	Comet Properties Limited	MTNGH	MTN Ghana	TBL	
DIGICUT	Digicut Advertising and processing	GLD	New Gold Issuer Ltd.	TLW	
EGH	Eco bank Ghana Ltd.	PKL	Pioneer Kitchenware Limited	UNIL	.