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Human Resources Accounting and Profitability: Evidence from Consumer Goods Companies in Nigeria

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Abstract:- The study examined the effect of human resources accounting on the profitability of consumer goods companies in Nigeria. Human resources accounting was measured using employee benefit while profitability was measured using return on equity and net profit margin while age of the company as used as a control variable. Secondary data was sourced from financial statements of ten (10) consumer goods in Nigeria listed on the Nigeria stock exchange. Unit root was conducted and the study observed that the variables have no unit root. Descriptive statistics and trend analysis were conducted respectively. Hausman test was conducted so as to ascertain the best estimation technique and the result led to the use of fixed effect estimation technique. From the analysis, it was observed that employee benefit has insignificant positive effect on return on equity and net profit margin. The study therefore recommended that there should be a well packaged employee benefits that would motivate employees to put in their best towards enhancing the profitability of their firms.

Keyword:- *Human Resource Accounting, profitability, employee benefit, Return on Equity, Net Profit Margin.*

I. INTRODUCTION

In today's highly competitive business environment, the success of commercial activities largely depends on the caliber of human resources; as a result, it is acknowledged as a crucial asset, value creator, and a critical source of competitive advantage. Human capital is receiving greater attention internationally as a result of the declining economic activity globally and the saturation of the job market. Despite this, the profitability of most organization seems to have been affected as a result of poor human resource accounting approach especially among food and beverage companies. According to Ezejiofor, John-Akamelu, Iyidiobi (2017), companies rely on competent and committed employees to achieve at their best, yet their contribution to performance is frequently minimized in a shaky one-sentence remark expressed in the board chairman's statement in the majority of annual reports. This is why most firms' annual reports mention that their biggest asset is their workforce (Enofe, Mgbame, Otuya & Ovie, 2013).

The yearly report of many establishments highlights that their paramount assets are the workers, but are not treated as such in the books of account; rather all money spent on human resources in the organization is expensed (Bassey, & Tapang, 2012; Edom, 2019). According to Akinjare, Idowu, and Sule (2019), this was noted to give rise to poor productivity, as employees are not able to put in maximum effort in their work. The costs incurred, such as those for recruitment, placement, selection, training, hiring, acquisition, promotion, salaries, wages, bonuses, allowances, health care, and so on, generate benefits that extend far beyond the current accounting period, resulting in employees who add tangible and long-term value to the organization (Iraj, 2014). Studies of Akinjare, Idowu, & Sule (2019); Omodero and Ihendinihu (2017) reveals that some food and beverage companies do not make the development of their human element a priority to maximize profitability, skills and ability which will automatically reflects on the company’s performance. It presupposes that organizations do need persons in order to form an enterprise in which no business can exist entirely without a workforce. Ezejiofor, John-Akamelu, Iyidiobi (2017) asserted that even a computer auto-mated machine workshop has to engage the services of some employees, despite the fact that a traditional facility with a similar capacity could need more workers. The necessity for effective planning of these employees, sometimes known as manpower planning, arises (Amahalu, Okika, & Mary, 2016). The majority of businesses don't have strategies for their employees' growth. Once those workers are hired, the company does not orient them or give them training to learn modern skills or advance on their abilities and scholastic credentials with which they came in (Ezejiofor, John-Akamelu, Iyidiobi, 2017). Recently, it has been noted that a good number of organizations in the food and beverage companies seem to be having dwindling profitability as a result of inadequate and inefficient human resources accounting policies. According to Agbiogwu, Ihendinihu, & Azubike (2016) business is full of uncertainties and understanding of the contribution labor force or human resources development is vital for managing particularly in the areas of increasing organizational productivity and as well its profitability.

Some administrators spend a lot of money training and educating their staff members to increase the effectiveness of the establishments they are in charge of, but most beverage firms have not adopted the Human Resources Accounting (HRA) approach of capitalizing Human Resources (HR) expenses and processing human capital information (Akinjare, Idowu, & Sule, 2019). To provide management with an accurate assessment of the worth of people to the business, the idea of human resource accounting was created. To create a system that will describe current human resource value and forecast future human resource value to the company, human resources accounting is being developed (Iraj, 2014). Existing works like the study of Omodero and Ihendinihu (2017) assert that when an employee is properly and satisfactorily remunerated, they are driven to work more for the achievement of the organizational objective. In addition, Edom (2019) revealed that employee training and the development of staff have a significant effect on the productivity of the institution. This means that well-trained employees have the capability to handle technical jobs that would help attain the objectives of the organization (Ali & Nada, 2018). Additionally, it is only someone who is healthy that can work effectively hence, the performance of an individual is a function of his health status therefore; health and safety could be a factor that affects the performance of beverage companies in Nigeria.

The main aim of every business organization is to make profit and if there is no profit, there is no reason staying in business. It presupposes that organizations do need persons in order to form an enterprise in which no business can exist entirely without a workforce (Ezejiofor, John-Akamelu, Iyidiobi, 2017). Ali & Nada (2018) explained that the human resources of organizations are the engine that propels other organizational resources towards profit making. Therefore just like in the assertions of Ogwuche (2022), profitability of every firm is dependent on adequate adoption and incorporation of HR accounting tools which is geared towards accounting for the expenses on recruitment, salary, bonus etc.

Nonetheless, the notion of accounting for human resources began many years back, the thought still lacks general satisfactoriness. Different authors and scholars have conducted researches on how humans within different institutions and can be valued and stated in the financial reports of such companies (Adebawojo, Enyi, & Adebawo, 2015; Omodero & Ihendinihu, 2017). Human resource accounting and writing by corporate organizations is still at the infancy stage in Nigeria. Hence, the need for more literatures in this area of study, it is on this basis, that this study seeks to examine the effect of human resource accounting on the profitability of consumer goods companies in Nigeria.

II. REVIEW OF LITERATURE

A. Human Resources Accounting

Every human resource-related expense is viewed as a cost that decreases profit in standard accounting ideas. According to Agbiogwu, Ihendinihu, and Azubike (2016), accounting for human resource expenses must be done on an asset-by-asset basis. Akinjare, Idowu, and Sule (2019) defined human resource accounting as the identification, aggregation, and conveyance of information about human resources in monetary terms. According to Ahmed, Abiahu, Obi, & Okika, (2016), human resource accounting (HRA) entails accounting for people as original resources. It is the cost and worth of people for a company, according to him. It is also a way of thinking about human resource management in formal organizations. Ali & Nada (2018) further affirmed that worker knowledge is an important resource for a typical modern business firm and that, as business organizations become more complex, the need for competent employees grows, while financial reporting ignores such resources (Adebawojo, Enyi & Adebawo (2015).

According to Ogwuche (2022), human resource accounting is defined by the American Accounting Association as the process of measuring human resource data and distributing the information to relevant parties. According to the numerous definitions provided above, human resource accounting is simply accounting for the worth of people in a company in order to improve information for decision making by consumers of financial information.

- *Profitability*

The capacity of a company to create more revenue relative to costs utilizing the given resources is referred to as firm profitability. Most organizations want to maximize their earnings (Amahalu, Okika, & Mary, 2016). Businesses exist to bring in money and make a profit, thus it is crucial to recognize that profit cannot be wished away because it is what motivates business owners to invest. Thus, not just the investors but all parties participating in a business activity are motivated by profits. Earnings are employed as a measure of a company's performance since failing to make a profit is seen as less desirable and, eventually, are likely to result in its complete abandonment (Surarchith & Kirisha, 2018). When costs exceed revenues, a business is less desirable than when revenues exceed costs, it is clear that profit is the positive difference between overall firm revenues and expenses (Surbhi, 2015). Every corporate organization depends on both accounting profits and economic profits, which are often used to indicate firm profitability. Since management is often concerned with converting the firm's resources into profits, corporate profitability has been used as a gauge of management performance over time. As a result, businesses stand to benefit greatly from higher profitability (Yinka, 2017). Profitability is a crucial need for every company's long-term existence and development. Investors are drawn to profitable businesses because they are more likely to last a long time (Farah & Nina, 2016). Gure and Karugu (2018) pointed out that an enterprise seeks profits in an industrialized business context. When a business is properly maintained, the owners get good profits and this makes them happy. Profitability as a concept is founded on objective comparison of the cash outflows and cash inflows of any firm as far as implementation of strategic objectives is concerned (Fara & Nina, 2016).

Since profitability provides a clear indicator of company success, profitability is one of the key components of financial reporting for many organizations and is crucial to the firm's management, owners, and other stakeholders who are connected or linked with the firm (Farah & Nina, 2016). Many scales are utilized as indicators, ranging from sales level, employed capital, and profits per share (EPS), among others, in order to quantify revenues over a certain period of time, often a financial year. There are various profitability ratios that assess the company's earning potential and, when favorable and positive, are typically regarded as success indicators. Depending on what is being considered, different accounting ratios have also been used to measure the firm's profits. For instance, when returns on assets (ROA) or return on investment (ROI) are being considered, both have been used to indicate the level of management efficiency with regard to the generation of income (Sehrish, Irshad & Khalid, 2010). An increasing ROA ratio indicates that the firm is more profitable than in the past because return on assets measures the level of efficiency of the firm management in addition to demonstrating how effective and practical the firm management is under the current circumstances.

B. Theoretical Review

The theory related to this study was reviewed and the Human capital theory was adopted for this study

- *Human Capital Theory*

Adam Smith laid the groundwork for the study of human capital in his book The Wealth of Nations. He introduced the concept of human capital in 1776. Theodore Schultz, Jacob Mincer, and University of Chicago economist and Nobel Laureate Gary Becker are credited with popularizing the current theory. There will be two distinct schools of thought throughout the following two centuries. The first school of thought made a distinction between the human beings themselves and the acquired capacities, which were both categorized as capital. According to a different school of thought, people themselves are capital. According to the current Human Capital Theory, all human behavior is driven by people's economic self-interests as they participate in markets that are free from restrictions on trade. Other behaviors are either disregarded or considered as model distortions. Human capital theory, as put out by Adam Smith (1723-1790) is the core premise that humans are fixed capitals just like machines since they have talents and usable abilities that have a real cost and return profits. Human capital theory is predicated on the idea that it is immeasurable in all of its manifestations. Human capital has an intrinsic worth even if it is not necessarily quantifiable, whereas economic capital can be assessed by its capacity to provide income. Second, it may be possible for human capital to be stored but not always completely utilized, making it challenging to continually watch and learn.

Human capital theory detractors have come under fire for a variety of reasons. The best argument against the Human Capital Theory challenges the fundamental presumptions that drive the approach and strikes at the heart of neoclassical economics. The rebirth of economic sociology, in especially under Fred Block's (1990) leadership of neoclassical economics, his believes, rests on two fundamental pillars. The first is the notion that the economy is a social sphere that can be studied analytically separately and in terms of its own internal dynamics. Politics and culture have an impact on the economy, which economists are well aware of, but they view as exogenous aspects that can be securely bracketed when one builds a framework that emphasizes only economic concerns. The idea that people act rationally to maximize utility is the second important tenet. According to Thomas and Diez (2013), economists are fully aware that people might behave irrationally or in pursuit of objectives other than the maximization of utility, but the approach of omitting these departures from the rationality principle is justified by the quest to discover the fundamental dynamics of an economy.

The ability of the Human Capital theory to assist academics and policymakers in assessing the connections between education and training as inputs and economic and social gains as outputs is one of its key strengths (Phillips, 2005). One of the benefits of the human capital theory is that it gives policymakers a valuable lens through which to see how to create incentives for people to engage in their own education. The human capital theory may be applied to determine the ideal times and amounts to invest in education on an individual and societal level, as well as the best types (quality) of investments to make (Ployhart & Nyberg, 2014). Human capital theory has the drawback of supposing that education boosts workplace productivity, leading to greater individual earnings, but offering no insight into the mechanisms by which education and training convert into higher pay.

According to Stiles and Kulvisaechana (2003), another drawback of the human capital theory is that it treats education as a relatively uniform input in higher-level applications at the national or state levels. These applications make the assumption that increased productivity and salaries will result from better levels of educational attainment and quality. A difficulty with this approach to education is that different people and groups go through different stages of developing their human capital (Stiles & Kulvisaechana, 2003).

- *Theoretical Framework*

This study is anchored on the human capital theory as it gives more benefits and advantages of human resource accounting and profitability than other theories mentioned in the study. The human capital theory is one of the theories which can improve a firm’s profitability as it explains the significance of labor maximization and how an organization can accumulate employees’ knowledge, skill, and ability that improve employee capacity towards profit maximization for the employers.

C. Empirical Review

Ofurum and Adeola (2018) examined the effect of human resources accounting on the profitability of quoted firms in Nigeria. Secondary data was generated from financial statements of nine (9) firms quoted on the Nigeria stock exchange from 2011-2015. Human resources accounting was measured using staff remuneration (SR) while profitability was measured using return on capital employed (ROCE), and net operating profit (NOP) and. The data collected were analyzed and regressed using Ordinary Least Suare (OLS) and Pearson Product moment correlation coefficient. The study found that there is no significant effect of human resources accounting on the profitability of quoted firms in Nigeria. Based on the findings from the

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study, it was recommended that employees should be well compensated in terms of remuneration and reward.

Abraham, Odobi and Enwuchola (2022) studied the effect of human resource accounting on the performance of Deposit Money Banks listed on the Nigerian Stock Exchange. The study measured human resources accounting using staff remuneration, cost of staff training, cost of health care and safety while Tobin's Q was used to measure performance. Sample was drawn from 14 deposit money banks in Nigeria and they are United Bank of Africa, First Bank Nigeria, Zenith Bank, Wema Bank, Fidelity Bank, Skye Bank, Access Bank, Guarantee Trust Bank, Eco Bank of Nigeria and Union Bank and the period covered was from 2016-2020. The study employed multiple regression analysis and the study found that cost of health care and staff remuneration have no significant effect on firms performance while cost of training has positive significant effect on the performance of deposit money banks in Nigeria

Okon, Otuza and Dada (2021) examined the effect of human resources in accounting information system on management decision making using Seventh-day Adventist institutions in Eastern Nigeria Union Conference as case study. They employed a cross-sectional survey research design using primary data as source of data collection. The population of this study was 250 accounting officers (Management, and General Administration) in the 24 entities. The study employed simple regression technique and inferential statistics. The findings revealed that human resources has a positive and significant effect on management decision-making in Seventh Day Adventist Institutions in the Eastern Nigeria. The study therefore recommended that more attention on staff remuneration as it was observed to be key factor to the performance of the institution. In a similar way, Kusumastuti, (2021) examined disclosures of human resource accounting and their effect on the performance of company. Secondary data was used and analyzed using multiple regression analysis. The study found that business size, leverage has positive significant effect on the disclosure of human resource accounting.

Ndum and Oranefo (2021) studied the impact of human resource cost on financial performance of quoted brewery firms in Nigeria. The population of the study comprises five breweries companies quoted on the Nigerian Stock Exchange as at 2019. Secondary data were sourced from annual financial statements of these companies. Staff cost was used to measure human resources accounting while return on assets and net profit margin were used to measure profitability. The study adopted ex-post facto research design and multiple regression technique. The study found that staff cost has positive significant effect on net profit margin and insignificant effect on return on assets

Furthermore, Olaoye and Afolalu (2020) investigated the effect of human capital accounting on Earning per Share (EPS) of deposit money banks in Nigeria. Population of the study comprises sixteen deposit money banks quoted on the Nigeria Stock Exchange from 2006-2017. The study conducted Hausman test and the result led to the use of random effect. The findings indicated that pension, training and development have significant effect on Earnings Per Share while salaries and wages have insignificant effect on Earnings Per Share. The findings of the study indicated that training, development and pension are significant factors to human resources accounting and thus deposit money banks should pay considerable attention in maintain the trio.

III. METHODOLOGY

This study adopted the ex-post facto research design to examine the effect of human resource accounting on the profitability of consumer goods in Nigeria. The population for the purpose of this study consists of allconsumer goods companies listed on the Nigerian Stock Exchange. The study is focused on consumer goods companies because the sector is profit oriented and thus makes high use of human resources. The consumer goods companies used for this study include Dangote Sugar, Nigeria Breweries, Nestle, Guinness, Cadbury, Unilever, Nascon, PZ Cursors, Floor Mill and Honeywell.

A. Model Specification

Human resources accounting is measured with employee benefit while profitability was measured using return on equity and net profit margin. Age of the companies was used as a control variable.

Functional form of the model

ROE = f(EMPB, AGE)……………………………………..1

NPM = f(EMPB, AGE)…………………………………….2

Stochastic form of the model

$ROE_{it} = \alpha_{it} + \beta_1 lnEMPB_{it} + \beta_2 AGE_{it} + \mu_{it}$ ……………………………………………………...3

$NPM_{it} = \alpha_{it} + \beta_1 lnEMPB_{it} + \beta_2 AGE_{it} + \mu_{it}$ ……………………………………………………...4

Where

ROE = Return on equity

NPM = Net profit margin

lnEMPB = log of employee benefit

α = intercept

$\beta_{1-}\beta_2$ = slope of the equation

μ = error term

$_{i=}$ company

$_{t=}$ time

IV. RESULT AND DISCUSSION

A. Trend Analysis

➢ *Employee Benefit*

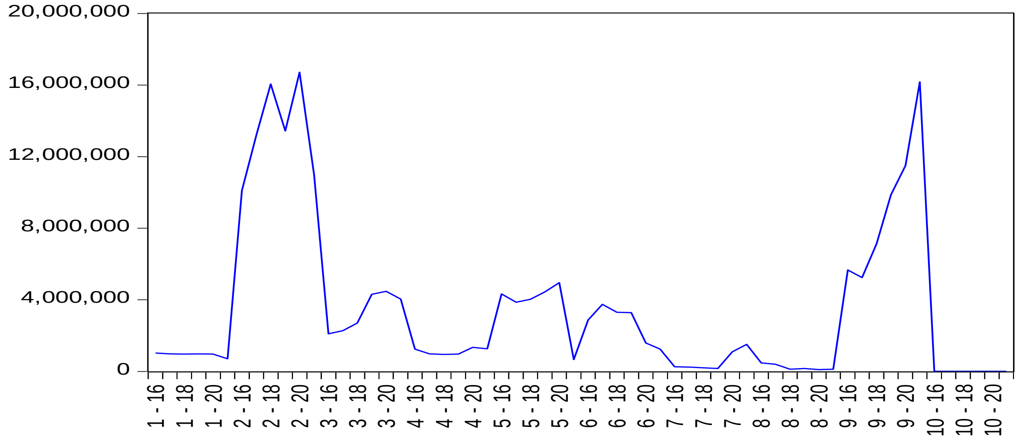

Fig. 1: Trend for employee benefit across consumer goods companies in Nigeria from 2016-2021

➢ *Net Profit Margin*

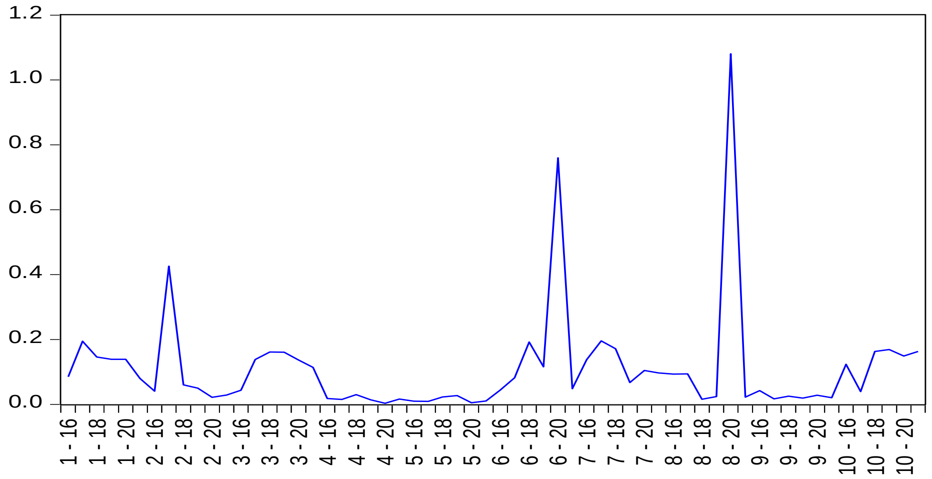

Fig. 2: Trend for net profit margin across consumer goods companies in Nigeria from 2016-2021

➢ *Return on Equity*

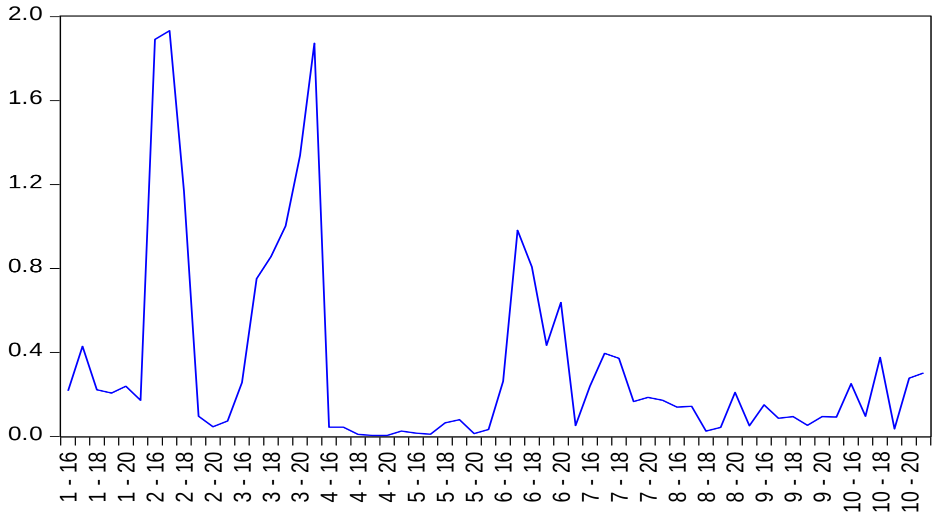

Fig. 3: Trend for return on equity across consumer goods companies in Nigeri from 2016-2021

ISSN No:-2456-2165

➢ *Age*

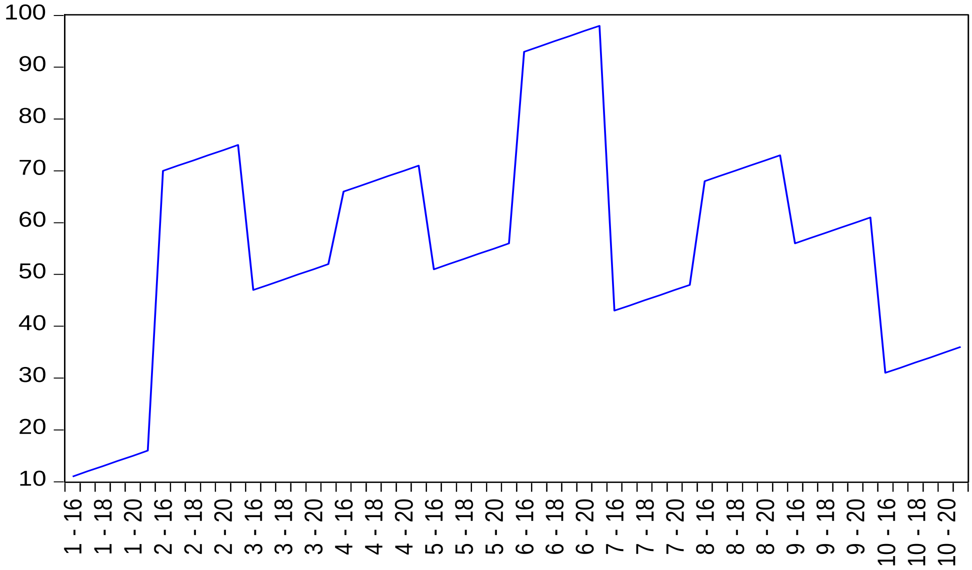

Fig. 4: Trend for the ages of consumer goods companies in Nigeria from 2016-2021

From the trends, 1-10 denoted on the graph represent the trend for Dangote Sugar, Nigeria Breweries, Nestle, Guinness, Cadbury, Unilever, Nascon, PZ Cursors, Floor Mill and Honeywell respectively. The trend depicts that Nigeria Breweries and Floor Mills had the highest employee benefits across consumer goods companies in Nigeria. In terms of net profit margin, PZ cusors and Unilever had the highest net profit margin. However, for returns on equity, Nigeria Breweries and Nestle were the leading companies within the period under study. The trend also depicted that Unilever is the oldest consumer goods companies listed on the Nigeria stock exchange

B. *Descriptive Statistics*

	ROE	NPM	LNEMPB	AGE
Mean	0.339020	0.110827	13.59077	56.10000
Median	0.168918	0.063526	14.08031	56.00000
Maximum	1.932526	1.080651	16.63210	98.00000
Minimum	0.004176	0.003363	5.337538	11.00000
Std. Dev.	0.472047	0.171460	2.829378	21.87538
Observations	60	60	60	60

Table 1: Tabular representation of descriptive statistics

Source: Author’s computation using Eviews 10 (2023)

From the results descriptive statistics at table 1, there is evidence of significant variation in the trends of the variables within the period of consideration. This is shown by the differences between the maximum and the minimum of all the variables. The result also shows a total of 60 observations because the panel data were derived from ten (10) consumer goods companies for a period of six (6) years each.

C. *Unit Root Test*

➢ *Hypotheses*

- Levin Lin and Chu (2002)
  H_0: Panel data has unit root (assume common unit root process)

- Lm Pesaran and Shin W-stat (2003)
  H_0: Panel data has unit root (assume individual unit root process)

- ADF-Fisher Chi-Square: Maddala and Wu (1999)
  H_0: Panel data has unit root (assume individual unit root process)

- PP-Fisher Chi-Square: Choi (2001)
  H_0: Panel data has unit root (assume individual unit root process)

ISSN No:-2456-2165

Panel A: Unit Root Test at Levels								
Variables	Methods							
	Levin Lin and Chu		Lm Pesaran and Shin W-stat		ADF-Fisher Chi-Square		PP-Fisher Chi-Square	
	Statistics	Probability	Statistics	Probability	Statistics	Probability	Statistics	Probability
EMPB	-0.41117	0.3405	-146.037	0.0000	22.9192	0.2928	23.4066	0.2693
NPM	-4.46826	0.0000	-0.32206	0.3737	43.1343	0.0020	27.6816	0.1172
ROE	-2.07732	0.0189	-0.98784	0.1616	34.4990	0.0229	29.6975	0.0749
Panel B: Unit Root Test at First Difference								
Variables	Methods							
	Levin Lin and Chu		Lm Pesaran and Shin W-stat		ADF-Fisher Chi-Square		PP-Fisher Chi-Square	
	Statistics	Probability	Statistics	Probability	Statistics	Probability	Statistics	Probability
EMPB	-351.220	0.0000	-66.8355	0.0000	45.1913	0.0004	48.8474	0.0001
NPM	-1.56690	0.0586	-1.58995	0.0559	35.2379	0.0189	81.6657	0.0000
ROE	-4.37926	0.0000	-2.39326	0.0083	41.7252	0.0030	66.1231	0.0000

Table 2: Unit Root Test Table

Source: Authors computation using E-views 10 (2023)

From the result above, all the series have their probability values as 0.0000 at first difference and these values are less than 0.05. Thus the all the null hypotheses for different methods stated above are all rejected. This by implication means that all the series are stationary (there is no unit root among the variables).

D. Correlation Result

Correlation was conducted so as to know the strength of the relationship among the variables

	ROE	NPM	lnEMPB	AGE
ROE	1.0000			
NPM	0.2556	1.0000		
LnEMPB	0.2136	-0.1541	1.0000	
AGE	0.1094	0.0747	0.3855	1.0000

Table 3: Correlation test

Source: Authors computation using E-views 10 (2023)

Result from table 3 shows that there is no high correlation among the variables. This was observed as the correlation of all the variables is less than 0.8 threshold.

E. Test of Hypotheses

- **Objective One:** To examine the effect of human resources accounting on return on equity of consumer goods companies in Ogun State, Nigeria
- **Hypothesis One:** human resources accounting has no significant effect on return on equity of consumer goods companies in Ogun State, Nigeria
- **Objective Two:** To examine the effect of human resources accounting on net profit margin of consumer goods companies in Ogun State, Nigeria
- **Hypothesis Two:** human resources accounting has no significant effect on net profit margin of consumer goods companies in Ogun State, Nigeria

Panel A: Employee Benefit and Return on Equity			
Test Summary	Chi-Square	Chi- Sqaure D.F	Probability
Cross Sectional Random	1.261816	2	0.5321
Panel B: Employee Benefit and Net Profit Margin			
Test Summary	Chi-Square	Chi- Sqaure D.F	Probability
Cross Sectional Random	1.022236	2	0.5998

Table 4: Hausman test

Source: Authors computation using E-views 10 (2023)

The table shows that the result of the Hausman test at panel A and B show that the probability of Chi-sq statistics is statistically insignificant at 5% significant level, hence we reject the null hypothesis which says that random effect is the appropriate estimation technique for the model and thus the analysis for the both models were done using fixed effect.

Panel A: Employee Benefit and Return on Equity				
Variables	Coefficient	Standard Error	T-statistics	Probability
LNEM PB	0.009517	0.085238	0.111648	0.9116
AGE	-0.029812	0.027491	-1.084429	0.2836
C	1.882127	1.952160	0.964125	0.3398
Dependent Variable: ROE R^2 = 0.517422, Adjusted R^2 = 0.406831 F = 4.678708, p = 0.000079 < 0.05				
Panel B: Employee Benefit and Net Profit Margin				
Variables	Coefficient	Standard Error	T-statistics	Probability
LNEM PB	0.044037	0.039922	1.103068	0.2755
AGE	0.008976	0.012876	0.697115	0.4891
C	0.205780	0.914325	0.225062	0.8229
Dependent Variable: NPM R^2 = 0.397612, Adjusted R^2 = 0.213731 F = 1.074676, p = 0.400789 > 0.05				

Table 5 Regression Result

Source: Author's computation using Eviews 10 (2023)

From Table 5 panel A and B, the results show that employee benefit has insignificant positive effect on return on equity and net profit margin of consumer goods companies in Nigeria. The value of adjusted R^2 at panel A denotes that employee benefit accounts for 40.6 variations on return on equity of consumer goods companies in Nigeria. From Panel B, the value of adjusted R^2 shows that employee benefit accounts for 21.3% variations on net profit margin.

V. DISCUSSION OF FINDINGS

The study observed that human resources accounting measured with employee benefit has insignificant effect on both return on equity and net profit margin. This implies that the profitability of consumer goods companies in Ogun State, Nigeria is not significantly influenced by human resources accounting. The finding of this study may not be far from reality because in Nigeria the level of unemployment makes employees to remain in the work irrespective of how they are been treated. Thus, employers do not really care much about the welfare of their employees as they are sure that their profitability will not be affected. From literature, the finding is in accordance with the finding of Ofurum and Adeola (2018) who examined the effect of human resources accounting on the profitability of quoted firms in Nigeria and observed that there is no significant effect of human resources accounting on the profitability of quoted firms in Nigeria. Also, the study of Abraham, Odobi and Enwuchola (2022); Ndum and Oranefo (2021) and Olaoye and Afolalu (2020) found that human resources accounting has no significant effect on profitability. However, the finding contradicts the finding of Okon, Otuza and Dada (2021) who examined the effect of human resources in accounting information system on management decision making using Seventh-day Adventist institutions in Eastern Nigeria Union Conference as case study.

VI. CONCLUSION AND RECOMMENDATION

The study has observed the effect of human resources accounting on profitability of consumer food companies in Nigeria and found that human resources accounting has no significant effect on the profitability of consumer goods in Nigeria. Based on the findings, the study recommended that employee benefits should be one of the employers' priorities. They should have a well packaged employee benefits that would motivate employees to put in their best towards enhancing the profitability of their firms. When this is done, human resources accounting would have a significant effect on their profitability.

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