HUMAN RESOURCES ACCOUNTING AND THE PROFITABILITY OF COMMERCIAL BANKS IN NIGERIA

BY

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ABSTRACT

The study examined the human resource accounting and the profitability of Commercial Banks in Nigeria. To achieve the objective of the study ex-post facto research design was adopted. The population of the study is made up of 15 commercial banks listed in Nigeria stock exchange as at December, 2018. While the sample size is 10 commercial banks listed in Nigeria stock exchange. Secondary data were used through the use of annual reports and accounts of the selected commercial banks. Data were analyzed using panel data based regression analysis. The findings revealed that staff cost (proxy for human resource accounting) has a positive and significant effect on profitability of commercial banks in Nigeria. The study concludes that human resources accounting affects the profitability of commercial banks in Nigeria. The study recommends that the commercial bank law should require companies to attach information about the value of human resource and the result of their performance during their accounting year in notes and schedule. The corporation should ensure that recruitment and selection practice is designed to obtain optimum match of persons and position as well as to communicate realistic expectations.
Keywords: *Commercial banks, Human Resource Accounting, Profitability, Profit after tax and staff cost.*

INTRODUCTION

Human resource refers to a set of individuals who make up the workforce of an organization or a business entity. Human resources accounting, also known as Human Asset Accounting, is an information system involved in identifying, measuring, capturing, tracking and analyzing the potential of the human mix of a company and communicating the resultant information to the stakeholders of the company. It is a method by which a cost is assigned to every employee when recruited, and the value that the employee would generate in the future. Human Resource Accounting (HRA) has been the focus of much academic research since the late 1960's which may be attributed to the apparent increasing recognition of the importance which major stakeholders attach to socially and environmentally responsible corporate behaviour within the business community (Enofe, Mgbame & Ovie, 2013).

There are special attributes of human resource accounting, which in turn make their valuation so peculiar: uncertainty of the service period because of the free mobility of employees whenever they so desire, uncertainty of the contribution level of recruits because an employee's contribution level is too difficult to be estimated and forecasted with much reliability since his/her productivity fluctuates and depends on many other factors, and finally, in valuing human resources, the payments in terms of salaries and/or wages count a lot. An employee that is valued in terms of the future salaries and wages determined today would have his value affected whenever the government changes policy affecting his reward system or whenever there is an action from the workers union regarding the reward system.

In the current business environment, human capital is regarded as a key source of competitive advantage. With the knowledge agenda, companies view their employees as an important resource and invest heavily in them. Nevertheless, information on human capital and its development is important to financial analysts and fund managers, who need to assess the future direction, potential and values of companies. Sharma (2012) suggest that it is the stock of human capital that predominantly determines the earnings of individuals. Hence, assessing corporate performance may not be conclusive without the consideration of the value of human asset.

However, (Okpala & Chidi, 2010) stated that the heavy amounts incurred on recruitment, selection, placement, training and development of personnel were generally treated as revenue expenditures and debited to income statement. In the light of the above, many are wondering whether capital markets obsession with profitability as almost the sole indicator of corporate performance provides corporate decision markers with an incomplete set of management tools. As observed by (Kirfi & Abdullahi, 2012) human resources accounting practice in Nigerian is more of a mirage than reality, since this issue is been skipped in financial statements.

STATEMENT OF THE PROBLEM

The problem of HRA is the lack of universal approach to its reporting thereby defining the standards that would allow for valuable and meaningful comparisons. Because there is a current absence of universal definition, firms that are proactive enough to measure, do it 'their way' (Gates, 2012). From a broader perspective, Jasrotia, (2004) looked at the trends in the field of HRA and came up with some factors that deter the progress in the area and the application of the concept. Common among them are low level of awareness and acceptance of HRA, absence of an industry standard, extensiveness of the research involved, dynamism of some industries like the information technology which are very dynamic due to frequent discoveries and technological advancement.

So far it is unclear whether human resource accounting affect corporate performance. The result of most researches conducted on human resource accounting and financial performance are either inconclusive or contradictory, reporting positive or sometimes negative results.

OBJECTIVE OF THE STUDY

The main objective of the study is to examine the effect of human resource accounting on the profitability of Commercial Banks in Nigeria. Specifically the study seeks to;

The specific objectives are as follows:

1) determine the effect of staff cost on profit after tax of Commercial Banks in Nigeria.

RESEARCH QUESTION

1) What is the effect of staff cost on profit after tax of Commercial Banks in Nigeria?

RESEARCH HYPOTHESIS

H_{01}: Staff cost has no significant effect on profit after tax of Commercial Banks in Nigeria.

REVIEW OF RELATED LITERATURE

Concept of Human Resource Accounting

According to the American Accounting Association's Committee on Human Resource Accounting (1973), Human Resource Accounting is nothing but "the process of identifying and measuring data related to human resource and communicating this information to interested parties". From this definition, we could recognize that HRA is not only involved in the measurement of data related to placement, training and development of employees but also involved in the evaluation of financial condition of people in an organization. This has been supported by Akintoye and Adidu (2016) who defined HRA as "the measurement and reporting of the economic value of people in organizational resource. "Overall, the HRA can be defined as the process of identifying and measuring data related to human resource for the development and enhancement of economic value of interested parties associated with corresponding organization.

Human Resource is one of the biggest assets of an organization. Unfortunately, there's no legal regulation in any of the organization annual report. Sometimes, the HR value might increase beyond the tangible assets value of organization but conventional accounting method does not facilitate recording and recognizing the HR values. The primary function of Human Resource Accounting (HRA) is to manage organizational expenditures which provide future benefits for the development of organization. Here the expenditure related to human resource are recorded as assets on the balance sheet contrary to the older system of accounting where these costs are considered expenses that reduce net profit of an organization. In addition, HRA process of measurement has a role to play in any decision making process related of the organization. Though the history of HRA can be traced back to USA, its contribution for the growth of HRA has come from various other countries Gates (2012).

According to scholars and HRA experts, the HR valuation is unsuccessful. This is because, they consider that treating people as assets is incorrect (Oke, 2015). To execute proper HRA practice, the proponents must be aware of two important aspects. First of all, they have to be clear about how their explanation works and also demonstrate how it fix's with other works and accepted theories. For example, their demonstration should answer this simple query "How would a human asset concept fit and work with the other current business concepts? "Subsequently, the proponents should explain how to measure the concept of their theory. These aspects are very basic and important scholarly requirement as for instance, if the asset value could not be measured properly then it is unfeasible to exhibit the value of assets.

In general, accounting and finance managers do not agree with the HR evaluation proposals. As a result, HRA asset supporters have failed in terms of implementing HR practices. The main reason for their objection is that the proposed HR accounting practice is extremely varied from the known HR evaluation techniques and thus it is difficult to show that employees meet two tests of an asset. Assets should produce a future income for accountants and can be controlled by organization. But, in the case of human resources, the actual or marginal flow of income has attributed to an inaccurately measured HR values which could not be accepted by accountants and other finance managers. Moreover, the HR assets could not be owned or sold by organization and thus it would differ from other class of assets. Similarly, the widespread perception on knowledge economy has developed the intellectual property concept to include intellectual capital as one of the important assets for the reporting purpose of firms (Olaniyan and Lucas, 2008). This has been supported by Seth (2009) noted that intellectual capital in the enrolment of investment capital statement is highly emphasized. To incorporate managerial decision making, accounting users should have more accurate information with respect to financial and managerial accounting. Such information can offer additional value to both financial and managerial accounting.

Despite of all such facts, still there is some area that remains elusive in HRA, which is defined by Seth (2009) as "accounting for people" (AFP) and by Al Mamum (2009) as human competency accounting (HCA) which intimates the complexity in determining the competency of employees. In spite of the mutual efforts, there has been a continuous aloof among the accounting and financial professionals on the subject of "human resources". A general argument among financial and accounting experts is that the human assets measurement often deals with more subjectivity than physical assets measurement and this issue makes them to be excluded from financial statement. As intellectual property capitals are considered as the major reporting elements, there may be chances for moving beyond such debates. For instance, the concept of intellectual capital is considered as crucial in reporting the value of company's intellectual assets. In spite of all these factors, this context is highly focused on the general evaluation issues like dilemma on capitalizing or expending investment in HR and whether human resources meet the criteria of assets with respect to accounting sense.

Based on a survey conducted with business professionals, Oke (2010) revealed that most Human Resource directors consider healthy workforce as an important asset. But the accounting and financial experts who worked in private sectors were found to have least concern about the well-being of the employees. Considering all such concerns, Sharma (2012) said "no theory gave greater impetus to the need for accounting in organizations than Taylor's scientific management". Due to influence of economics, there is much emphasis on monetary measurement since it is believed to lead to a dominant financial reporting regarding the perspectives of company's performance measurement, managerial control and efficacy (Seth, 2009). However, such emphasis on monetary measurement hasn't been applied to the context of human resources.

Considering human as assets has become morally repulsive following the abolition of slavery. As a result, it is expected that it would take more time to apply this concept in accounting agenda. With the liberation of the eighteenth century debates, humans have been excluded from financial statements. But since company's production lacks human contribution, as evidenced in the financial statements, has probably made the recognition and rewarding of employees' contributions more challenging. The present debate after the Second World War is focused on the question whether humans can be considered as assets; this contention is based on 18th and 19th century ideals. Since the labour cost is seen as an expense rather than acknowledged as an asset it could be considered to be in line with the consumer model followed by the modern capitalist economies.

Similar to the field of accounting, HRM is also found to be influenced by economics and scientific management thinking, as it is a scientific field of inquiry. As a result, the resource based review (RBV) of the firm has become popular in recent years. The main objective of the RBV is to provide accurate information on how certain rare, peerless and unique source could provide competitive advantage.

In HRM literature, various studies are available on the contribution of HR for improving productivity and performance of the firm (Micah, Ofurum & Ihendinihu, 2012). But, there is no adequate information on the role of HR measurement on firm's growth. Thus HR and accounting could share a common theoretical base but there is a lot of confusion and assumption in terms of people. For example, in accounting literature, the term "human resource" has traditionally denoted as "human assets". But the term "human resource" was chosen to replace "personnel" to indicate employees within the firms. At last, these issues have come to an end in 1980 and both HR and personnel are being mentioned in the name of "human capital".

In spite of all such different perspectives, HRA suggests how to combine the different professional concerns while looking for a solution. Basically, accounting has involved with reporting and managing non-human resources by means of developing accurate rules and regulations. Likewise, Human resource has involved with the development of financial benefits by means of improved training and other HR related system and practices. In fact, HRA has also involved in the progress of managerial decision making and at the same time, it provides supporting data to HR managers for the development of human resources. Though the adoption of HRA practices has been accepted only to a small extent, most of them are arguing that metrics such as return on investment may lead to the failure of the HR professions. As a result, the adoption of more economic and less welfare-oriented perspective has become questionable (Ahangar, 2011).

Accordingly, the emerging fields including HRA has demonstrated the migration of knowledge across the artificial edifices those have been erected by scientific disciplines (Bullen & Eyler, 2016). Moreover, HRA assists the proponents to seek an accurate way to determine the competency of employees as well. In order to implement effective HRA practices, it is essential to focus on three main settings: (1) profound knowledge on human resource cost, values, outcome and how to calculate these (2) high management demands (3) high target settings. Finally, it is essential to execute HRA from strategic-management perspective.

Human Resource Accounting and profitability of Firms

The objective of this section is to account for some notable researches in the area of Human Resource Accounting (HRA) so that the efforts of earlier and recent studies could be comprehended and appreciated. HRA conceptualisation took place from the later part of 1950s to the early 1960s. Likert (1967) was one of the early researchers in the field of HRA. He stressed that short-term company profits are too often obtained through automatic "system I" methods, which result in the wastage of human resource through neglect of training and development, turnover, reduced co-operation, amongst others. His argument was that conventional accounting procedures ignore human assets, even though their decline in value and productivity almost inevitably lead to reductions in profit. He challenged the accountants to develop measures for valuing the human resource so that changes could be recorded on the scorecard that counts, the profit and loss statement. The main problem confronting human asset treatment in organizations include the difficulty to measure or value human capital over the last two decades, which has ran into the difficult problem of pricing such assets. But the benefit associated with the exercise has forced many companies to embark on the exercise. Research carried out by Leadbeater and Demos (1999) in the UK revealed that methods used to measure human assets depend on which user group the report is for. They stressed that internal users such as managers prefer the treatments that allow for more information and which allow human asset to be managed more effectively. For such users, a new range of performance measurement and internal corporate reporting which attempts to link financial performance such as cash flow to intangible drivers are sufficient. Examples include: Economic Value Added (EVA) and European Foundation for Quality Model (EFQM). There is another approach as recommended and used by ten Danish and Swedish companies in their HAAT which is capable to show the underlying fundamental that determines a company's future growth and the link between human with the strategies of the companies. In Nigeria, the companies do not have any standard approach to measure or treat human assets in their organizations (Obara, 2013).

The traditional human asset accounting theories also identified three major areas of cost items of human asset investments (Flamholtz, 1974). It therefore means companies could identify those items and separate them from their profit and loss accounts; such treatments would definitely impact on the corporate portability of the firm. The extents to which an organization can practice human asset accounting treatments have strong relationship with its profitability.

THEORETICAL FRAMEWORK

The study anchored on human capital theory.

Human Capital Theory

This study based on the Human Capital theory proposed by Seth (2009) and extensively developed by Ratti (2012). The theory has its root from labour economics which is a branch of economics that focuses on general work force in quantitative term. According to the theory, Human capital theory contends that education or training raises the productivity of workers by imparting useful knowledge and skills, thus raising workers' future income through increase in their lifetime earnings.

The theory postulates that expenditure on education or training and development is costly, and should be considered as investment since it is undertaken with a view to increasing personal incomes. Human capital approach is used to explain or support occupational wage differential. However, the position of this study is that education or training and development will not only increase employee personal income, it will also serve as a means of achieving corporate competitive advantage which reflects ultimately in organisational performance.

According to Flamholtz (1974), as noted by Roger and Wright (2014), human capital theory distinguished between general skills and firms' specific skills of human resources. General skills are skills possessed by individuals which provide value to a firm and are transferable across a variety of firms. For instance, all competitor firms have the potential to accrue equal value by acquiring employees with knowledge of general management, the ability to apply financial ratios, or general cognitive ability.

On the other hand, specific skills provide value only to a particular firm, and such skills are of no value to competing firms. An instance of this is the knowledge of how to use a particular technology used only by one firm, or knowledge of a firm's policies and procedures provided to that firm, but usually would not be valuable to other firms.

In Becker's view, Human Capital is similar to "Physical means of production" like factories and machines. One can invest in human capital through education, training and even medical treatment while one's output depends partly on the rate of return on the human capital one owns. Thus, human capital is a means of production into which additional investment yields additional output. Human capital is substitutable, but not transferable like land, labour or fixed capital. The relevance of the theory to this study is that it considered the cost of education, training, development and even workers' medical treatment as investments towards improved productivity of individual workers and also creates a sort of competitive advantage which ultimately could result in improved organizations performance. Thus, if these are investments like other physical assets which are reflected on the balance sheet, considerable effort must be made to also reflect such value of Human Capital on the balance sheet.

Empirical Review

Bullen and Eyler (2016), conducted a study on the relationship between Human Resource Accounting Information (HRAI) and company performance. The study was conducted using secondary data and analyzed the data using ordinary least square regression techniques. The study covered the period of seven years ranging from 2010 to 2016. The population of the study was made up of 55 firms in Brazil while the sample size is made up 25 selected firms. The variables adopted includes staff cost, staff strength and return on asset. The result of the study shows that company size significantly associated with Human Resource Accounting information (HRAI), which led to the conclusion that larger companies with higher market value disclose more HRA information than the smaller companies. The possible reason for this result could be that large companies are motivated to disclose more human resources accounting information in their annual report to uphold their market value. The study further reveals that the financial companies are disclosing more human resource information than non-financial companies and that company's profitability positively influences companies to report the information in their annual report. The study recommends that companies should report all cost relating to their human capital in order to actually ascertain the level of impact human capital have on company's financial performance.

Ogan (2016), conducted a study on the relationship between human resource accounting and firm's performance in Nigeria. The population of the study was made up of 65 firms in Nigeria while the sample size is 10 firms. The study was conducted using secondary data and analyzed the data using ordinary least square regression techniques. The variables for the study are salaries and wages, training cost, number of employees and profit after tax. The result of the study shows that there is a relationship between human resource accounting and firm's performance. The study recommends that firms should train their employees in order to increase performance.

Turner (2016), investigated the effectiveness of human resource accounting on organizational growth in England. The study was conducted using primary data and was analyzed using t-test analyses. The population of the study was made up of 320 respondents while the sample size was 100 respondents. The study made use of structured questionnaire. The result shows that human resource accounting has a significant effect on organizational growth. The study recommends that firms should be effective in keeping proper record relating to human resource accounting for increase in performance.

Webourne (2016), examine the effect of human resource accounting on the performance of banks in Nigeria. The population of the study was made up of 20 banks with sample size of 10 banks. The study was carried out using secondary data and was analyzed using regression analysis. The variables used in the study are staff cost, ROA, ROE and NPM. The result revealed that human resource accounting significantly affect bank performance. The study recommends that banks should appraise the performance of their employee time to time for the purpose of enhancing the entire performance of the bank.

Boxall and Purce (2015), investigated the effect of human resource accounting on the return on asset of an organization in Portugal. The study was conducted using secondary data and was analyzed using simple regression analyses. The population of the study was made up of 45 firms in Portugal while the sample size is 15 firms. The variables adopted for the study includes; number of staff, staff salaries and return on asset. The result shows that human resource accounting has no significant effect on organizational return on asset. Thus, this findings further buttress the need to regard certain human resource's cost as investment to be capitalized and reported in the statement of financial position rather than expenditure to be reported as expense in statement of comprehensive income. The study recommends that firms should keep proper account of all cost and revenue attributed to human resource for effective determination of firm's performance.

Oke (2015), examine the effect of human resource accounting on the growth of business organization in Nigeria. The population of the study is made up of all the listed firms in Nigeria while the sample size is 25 listed firms. The data for the study includes; profit after tax, staff cost and staff straight. The study was carried out using secondary data and was analyzed using regression analysis. The result revealed that human resource accounting significantly affect organizational growth. Oke (2015) recommends that organizations should keep proper account of the human capital in order to increase their growth.

Elias (2015), conducted a study on the relationship between human resource accounting information and company performance. Elian conducted the study using secondary data and analyzed the data using ordinary least square regression techniques. According to the result of the study, information relating to human resource accounting helps in decision making which also helps in increasing the performance of an organization. The study recommends that companies should make available their human resource cost for effective determination of performance.

Woodruf (2015), also conducted a study on the effect of quality human resources on profitability of firms in Ghana. He conducted the study using primary data and analyzed the data using correlation coefficient. The population of the study is made up of 200 respondents while the sample size is 120 respondents. A structured questionnaire was used to generate data. The study reveals that organization's profitability depends on the quality of human resources by stating that, the success of any organization depends on the quality of its human resources whether it belongs to manufacturing, service or a retail outlet. She further buttressed this fact by stating that organizations' human resources are important assets that are used to increase productivity, earning capacity, increasing wealth and profit, market value and economic valued addition. Although, the physical assets could be important, they are to complement human assets when it comes to issues of profit because physical assets can neither think nor decide. It is the human asset that does the thinking and deciding, making use of the physical resources to channel the course of organizational profit. The study recommends that firms should have a proper account of their human capital for the purpose of increasing performance.

Lawler (2015), carried out a research on the relationship between human resource accounting on the performance of firms in Korea. The study was carried out using secondary data. The population of the study is made up of 53 firms in Korea. The variable for the study is staff cost and return on equity. The data collected from the firms were analyzed using multiple regression analyses. The findings reveled that human resource accounting has no significant relationship with organizational performance. The study recommends that firms should correlate human resource accounting and firm's performance to know if actually the both are correlated.

Mainoma (1995) conducted a research to find the extent to which reporting human resource by organisation can have a significant effect on the investors' decision. This research was conducted in Nigeria and tailored toward solving the second problem of HRA as pointed out by Strauss (1976). The researcher worked on the assumption that human resource is adequately measured. He, therefore, concentrated on finding out the effect of reporting the value of the human resource in the financial statements on investors' decision making. The conclusion of the research was that appropriate reporting of human resource by organisations could have a significant effect on the investors' decision-making. His findings and conclusion improves on the conclusion made by Craft and Birnberg (in Strauss, 1976) that human resource accounting may eventually prove to be useful internally, as a means of evaluating the effectiveness of personnel and managerial programs; and they are less optimistic as to its value for external reports for use by shareholders and the public.

Jasrotia (2004) stressed the need for human resource accounting with particular emphasis on India. The researcher concentrated on the dramatic shift from manufacturing to service rendering in the Indian economy and how the success of the service rendering organisations depends on the knowledge and intellectual capabilities of personnel. The recommendation from the research was that Indian government should make the accounting and reporting of human resource mandatory for every organisation, just as it is adopted in Denmark from the year 2005. In Nigeria, Abubakar (2007 & 2008) and Bagudo (2010) attempted to explain the necessity of HRA and propose an alternative procedure in arriving at the human resource value. Although the two researchers have not invented a model, the findings from their studies could be useful in arriving at a realistic human resource valuation model.

METHODOLOGY

RESEARCH DESIGN

The study adopted *ex-post facto* research design. The choice for the design is premised on the fact that the data used cannot be manipulated.

Method of data Collection

Secondary data were extracted from annual reports and accounts of selected commercial banks from 2014-2018. The cut-off period is centered on establishing how human resource accounting affect profitability a decade after consolidation policy of banking sector in Nigeria. The population of the study is made up of 15 listed commercial banks in Nigeria as at December, 2018.

This study adopted judgmental sampling technique in selecting 10 commercial banks amongst the listed banks. This is based on the availability and up-to-date annual financial statement as well as stability in stock exchange market.

Method of Data Estimation

The study employed balanced panel data based simple regression model in view of the longitudinal data structure. Fixed effect, random effect and diagnostic Hausman test was conducted. Hausman test helps in selection of the regression between fixed and random effect taking into consideration the chi-square probalility value. The fixed effect therefore is favoured if Hausman test result is significant at 5% otherwise the random effect is preferred. The OLS which is the best linear unbiased estimator was used to test the hypothesis.

Model Specification

The model specification is as follows:

$PAT = \int(SC)$ …………………………….(1)

Where;

PAT= Profit after tax

SC= Staff Cost

The above model is presented in econometric form

$PAT_{it} = \beta_o + \beta_1 SC_{it} + e_i$ .... model 1

Where;

β_o = constant intercept term

β_1 = slope coefficient

e = stochastic disturbance term

t = time period of data.

i = cross section of banks.

RESULTS AND DISCUSSION

EFFECT OF HUMAN RESOURCE ACCOUNTING (STAFF COST) ON PROFIT AFTER TAX OF COMMERCIAL BANKS IN NIGERIA

Table 1: Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section and period random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.014397	1	0.0142
Period random	0.000000	1	1.0000
Cross-section and period random	7.616545	1	0.0058

* Period test variance is invalid. Hausman statistic set to zero.
** WARNING: estimated period random effects variance is zero.

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
LOGSTAFFCOST	-0.114825	0.305001	0.029305	0.0142

In order to determine the preferred regression between fixed and random effect, the Hausman test was conducted. The result as shown on the 1 revealed that Chi-Square statistics of 7.616545 is significant at 0.0058 which is less than 5%. Based on this, the study concludes that the fixed effect regression is preferred.

Panel Data Test

Table 2: Fixed Effect Regression Result

Variable	Coefficient	Std. Error	t-statistics	Prob.
Constant	8.979268	1.801641	4.983938	0.00000
SC	-0.253955	0.257134	-0.987639	0.3301
R-square	0.883198			
Adjusted R-square	0.836477			
F-statistics	18.90377			
Prob(F-statistics)	0.000000			
Durbin-Watson	1.856359			

Source: Author's E-view extraction

The panel data results shows the effect of human resource accounting (staff cost) on the financial performance (PAT) of commercial banks in Nigeria. The coefficient of determination R-square of 0.883 implied that 88.3% of the sample variation in the dependent variable profit after tax (PAT) is explained or caused by the explanatory variable (staff cost) while 11.7% is unexplained. This remaining 11.7% could be caused by other factors or variables not built into the model. Consequently, the value of the adjusted R^2 is 0.836. This shows that the regression line which captures 83.6 per cent of the total variation in PAT is caused by variation in the explanatory variable specified in the model with 6.4 per cent accounted for the stochastic error term. The F-statistic was also used to test the overall significant of the model. The F-value of 18.90377 with p-value of 0.0000 is an indication that the model is statistically significant at 5 percent level of significant at degree of freedom df1= 1 and df2= 48.Finally, the test of autocorrelation using Durbin-watson shows that the Durbin-watson value of 1.8564 falls outside the conclusive region of Durbin-watson partition curve. Hence, we can clearly say that there is no sign of autocorrelation.

Hypothesis

H_{01}**:** Staff cost has no significant effect on profit after tax of Commercial Banks in Nigeria.

To test the hypothesis:

TheF statistic with 18.90377 has probability of 0.0000 level of significance. Since the probability of the F statistics is less than 5% level of significance, we would reject the null hypothesis, H_0 and therefore conclude that staff cost has a significant effect on profit after tax of Commercial Banks in Nigeria.

DISCUSSIONS ON FINDING

The findings in hypothesis one revealed that staff cost has a positive and significant effect on profit after tax of Commercial Banks in Nigeria. This findings is consistent to the findings of Abubukar (2006), which revealed that human resource accounting significantly affect corporate profitability. In contrary, the findings of Boxall and Purce (2015), revealed that human resource accounting has no significant effect on firms' profitability.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

SUMMARY OF FINDING

The findings of the study are summarized as follows:

1. Staff cost has a positive but insignificant effect on return on asset of Commercial Banks in Nigeria.

CONCLUSION

By investing in human asset, companies improve on production efficiency of product or service quality and product differentiation thereby obtaining strategic competitive advantages. The definition of uniqueness varies in accordance with different industrial sector. But the model provides a guide on how to differentiate between human asset investment and human asset expenses. Many chief executives have had to cut expenses associated with important human asset investment because of the wrong notion that they are expenses that should not be allowed to exceed the limit permitted by available funds for the particular financing year. A company can lose its competitiveness when making cost reduction decision by cutting down on human asset investment instead of human asset expenses, such action could lead to depletion in human asset of the company. The study however conclude that the organization effectiveness in performance can be better assessed when human asset investment can be correctly identified and measured.

RECOMMENDATIONS

Based on the summary of findings, the following are recommended;

1. The commercial bank law should require companies to attach information about the value of human resource and the result of their performance during their accounting year in notes and schedule.
2. The corporation should ensure that recruitment and selection practice is designed to obtain optimum match of persons and position as well as to communicate realistic expectations.

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APPENDIX

Fixed Effect

Dependent Variable: LOGPAT
Method: Panel Least Squares
Date: 02/18/20 Time: 19:27
Sample: 2014 2018
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.979268	1.801641	4.983938	0.0000
LOGSTAFFCOST	-0.253955	0.257134	-0.987639	0.3301

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

R-squared	0.883198	Mean dependent var	7.200531
Adjusted R-squared	0.836477	S.D. dependent var	0.841745
S.E. of regression	0.340384	Akaike info criterion	0.925841
Sum squared resid	4.055148	Schwarz criterion	1.499448
Log likelihood	-8.146031	Hannan-Quinn criter.	1.144274
F-statistic	18.90377	Durbin-Watson stat	1.856359
Prob(F-statistic)	0.000000		

Source: E-view Computation

Random effect

Dependent Variable: LOGPAT
Method: Panel EGLS (Two-way random effects)
Date: 02/18/20 Time: 19:29
Sample: 2014 2018
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.064266	1.126526	4.495472	0.0000
LOGSTAFFCOST	0.305001	0.158422	1.925241	0.0601

Effects Specification

		S.D.	Rho

Cross-section random		0.568931	0.7364
Period random		0.000000	0.0000
Idiosyncratic random		0.340384	0.2636

Weighted Statistics

R-squared	0.071684	Mean dependent var	1.861124
Adjusted R-squared	0.052345	S.D. dependent var	0.365158
S.E. of regression	0.355473	Sum squared resid	6.065326
F-statistic	3.706554	Durbin-Watson stat	1.413136
Prob(F-statistic)	0.060135		

Unweighted Statistics

R-squared	0.341659	Mean dependent var	7.200531
Sum squared resid	22.85640	Durbin-Watson stat	0.374999