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IMPROVEMENT OF HUMAN RESOURCE ACCOUNTING DISCLOSURE PRACTICE IN FINANCIAL STATEMENTS THROUGH IFRS: EVIDENCE FROM NIGERIAN BANKS

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ABSTRACT:

This paper examines the effect of adoption of IFRS on Human Resource Accounting Disclosure (HRAD)in the financial statements of banks in Nigeria. Data for HRAD for 11 Nigerian banks were obtained through content analysis of financial statements for 2009-2013. We modified 17 item index constructed by Syed (2009) to measure HRAD practices. On the data obtained, pre-estimation technique was employed through descriptive statistics, next the test of equality between two means was carried out through ANOVA, and finally before running the regression analysis to ascertain the effect of IFRS adoption on HRAD, the hausman test was done to determine whether random effect estimation will be good or not. The ANOVA test revealed that there is no difference in the means of HRAD of financial statements prepared under SAS compared with HRAD of financial statement prepared under IFRS for the period pre and post adoption of IFRS in Nigeria. Furthermore, the regression analysis indicated that adoption of IFRS has an insignificant effect on HRAD practices. We conclude that the general assumption of IFRS providing all inclusive disclosures in all aspect is a myth and in reality HRAD is a developing aspect of accounting; that even IFRS is yet to imbibe into its extensive disclosure requirement. Therefore, we recommend that separate standards should be established for HRAD practices since it is a vital aspect of financial reporting and its disclosure should not be overlooked.

1. INTRODUCTION

Accounting practice is a universal language although not without variations from one society to another. This informs the inevitability of convergence and harmonization of accounting practices giving attention to the role of interdependence in the era of globalization. There is hardly any available evidence in Nigeria that Human Resource Accounting (HRA)'s practice has become part of the operations in defining accounting practice in spite of the sensitivity attached to human capital in the process of production and management of organizations. According to Schultz (1961), human resource comprises the ability and the skill of a certain group of people or an individual person that have economic value. To ensure growth and development of any organization, the efficiency of people must be augmented in the right perspective. Without human resources, the other resources cannot be operationally effective. An organization possessed with abundant physical resources may sometimes miserably fail unless it has the right people (human resources) to manage its affairs. Thus the importance of human resources cannot be ignored.

Throwing more weight behind the importance of human resource in an organization, Akintoye (2005) asserted that essential accumulation of goodwill in firms can be a function of a well-managed business environment by well experienced managers who have spent enough time to understand organizational policies, politics and ethical values. Against these backdrops, the importance of accounting for human resource in any organization or business entity cannot be over-emphasized. During the 1990s the term "intellectual capital" became a popular fad among knowledge-based companies as well as accounting practitioners (Guthrie, Schafer, and Huang, 2001). The forefathers of intellectual capital were headed by Leif Edvinsson, from the Swedish insurer Skandia promoting intellectual capital as the new method of filling the gap between the market value and the book value of a company (Klein, 1997)

Apparently, many scholars (such as Grojer and Johanson, 1996; Mouritsen, 1998;Flamholtz, 1999; Guthrie, et al, 2001) articulate that though several companies proclaim their employees as being the company's most valuable resource, only few companies have utilized models and concepts of measuring human resource in their corporate annual reports. Remarkably, despite the significant contribution of human resource to the achievement of organizational objectives, little attention is given to it as evident in lack of visible and general regulatory framework in reporting on human resource in financial statement or other media through which accountability is rendered. Although the origins and early development of Human Resource Accounting (HRA) occurred mostly in the United States, interest and contributions to growth in the field have been evident in a number of other countries. In addition, there has been increased interest in accounting for intangible assets in financial reporting by International Accounting Standards Boards (IASB) as evident in the International Accounting Standards' (IAS) 38-Intangible assets on IFRS 3 on business combinations which allows for the recognition of intangible asset. This is an indication towards gradual willingness to allow for valuation of assets that are not traditional assets, such as human resources. As noted in Flamholtz, Bullen and Hoa (2002), since human resources are primary components of intangible Assets, the stage is being set for a renewed interest in HRA from a financial accounting perspective.

Despite criticisms, a number of researchers (such as: Mouritsen, Larsen and Bukh, 2001; Lev, 2001) have argued that demand for additional disclosure on human resource is increasing. Although disclosure about intangibles might become more standardized, this does not automatically imply that the demand of the information user has been fully met.Unlike the developed countries with several researches on human resource accounting and its implementation, there are few studies on human resource accounting in developing countries like Nigeria. One of the gaps in researches on human resource accounting disclosure in Nigeria is the need to investigate the contribution of newly adopted International Financial Reporting Standards (IFRS) to HRA disclosures and practices in the financial service industry. Since IFRS requires extensive disclosure, thus, this paper aims at advancing the frontiers of knowledge by investigating the probable effects of IFRS adoption on the human resource accounting disclosure practices of Nigerian banks.Bearing in mind previous discussion, research on human resource accounting disclosure is often described and thought of as problematic due to limited available data and information that can be gathered by researchers on this field. Various writers and scholars have conducted researches on how humans within an organization can be valued and reported in the financial statements of organizations (Likert 1967; Bowers, 1973; Flamholz, Bullen and Hua, 2002; Akintoye 2012). Though the concept of accounting for human resources started many years back, this concept still lacks general acceptability (Bowers, 1973).

However, there are issues responsible for the little recognition given to human resource as an asset in financial reports; basically there are difficulties in measuring human resource in monetary terms and also in analyzing these financial reports to determine whether the contents provide adequate Human Resource Accounting Disclosure (HRAD) which is the main cross of this paper.Some researchers such as:Bukh (2002); Syed (2009); Enofe, Mgbame, Otuya and Ovie (2013), measure HRAD practice by using a checklist that contains items that are extracted from annual reports of companies. These items are associated with human resources accounting valuation model. On this basis, this study operationalized the HRAD index by modifying the Syed (2009) checklist and categorizing these disclosure variables under four broad categories namely; fund, policy, statement and value. Therefore, this study carried out a content analysis of financial reports pre and post adoption of International Financial Reporting Standards (IFRS) among Deposit Money Banks in Nigeria. To achieve this objective, a review of extant literature was provided in the following section, followed by methodology, and the last section to conclude the paper.

2. REVIEW OF EXTANT LITERATURE

Controversy among the accountants continues as to whether the human resources of an organization can be considered as an asset and treated accordingly in the accounting system. To consider something as an asset, it should have legally enforceable claim and to be owned by the entity with an objective to derive service from it in future. There is a very strong case to include human resources in the balance sheet as an asset; the major-premise being that they are valuable resources to an organization. Investments in such asset will help corporate decision makers.“Human Resource Accounting” is the offshoot of various research studies conducted in the areas of accounting and finance. Approaches to Human Resource Accounting (HRA) were first developed in the United States of America in the year 1691 and according to Flamholz (1971) Human Resource Accounting (HRA) is the measurement and reporting of the cost and value of people in organizational resources.The American Accounting Association (1973) further explained it as the process of identifying and measuring data about human resources and communicating this information to interested parties. It is apparent that the success of any organization is majorly dependent on the ability of its human resource to effectively and efficiently utilize and manage other available resources to achieve the organization’s goals and objectives. It is the concept of human resource accounting using non-monetary information disclosure that was adopted for this study.

Bowers (1973) explained that research into true Human Resource Accounting (HRA) began in 1960s by Rensis Likert. In 1973, the American Accounting Association's Committee on Human Resource Accounting defined HRA as "the process of identifying and measuring data about human resources and communicating this information to interested parties. Flamholtz (1985) further explained that HRA was introduced in the accounting literature in 1960s in order to measure human value as a part of goodwill. The early work in HRA provided inspiration for the next phase of early HRA development. Interest in HRA was evident in the many studies conducted since its inception, as noted in Sackmann, Flamholtz and Bullen (1989), Flamholtz, Bullen and Hua (2002), and Flamholtz, Kannan-Narasimhan and Bullen (2004).International contributions made to the field of HRA have resulted in the growth of both the field of HRA and the wider study of human capital, human resource metrics, intellectual capital, and organizational management. A study by Subbarao and Zehgal (1997), gave a macro-level perspective to HRA disclosure in financial statements by analyzing the differences across countries in the disclosure of human resources information disclosure in annual reports across six countries. In the same vein, Akintoye (2012) expressed that Interest in HRA related reporting has grown in a number of countries across continents. In recent years United States GAAP has been moving towards the adoption of more complex measurement methods in financial reporting compared with the traditional historical cost approach to asset measurement, including a focus on the measurement of the time value of money and present value calculations.

Saremi and Naghshbama (2012) opined that HRA as an evolving concept that has had its inception in the 1960s. However, its relevance to organizations is immensely gaining ground. Since one of the benefits of adoption of IFRS is to attract more capital to the organization, Wagner (2007) observed that human capital is one of the intangible assets that investors look for in valuing a company, therefore, both IFRS and HRA can work together if properly harnessed. Hansen (2007) noted that two thirds of the 250 largest companies in the world now issues sustainability reports along with their financial reports in order to capture the full value of the organization. Global standards for sustainability reporting require the disclosure of workforce data that reflect the potential for future performance and profitability. Sustainability reporting has been formalized under guidelines by the Global Reporting Initiative, an international network of business, labor investors and accountants.

Most importantly some researchers have included aspects of HRA in studies examining and comparing reporting practices of a number of countries. In Asia, Fariborz and Raiasheka (2011) conducted a research on Iranian companies concluded that lack of HRA disclosures in financial statements will lead to obliquity of users. According to them, the study's results show that the use of HRA information in financial statement has incremental impact on individuals' decision-making process in order to stock investment statistically. A study by Subbarao and Zehgal (1997), gave a macro-level perspective to HRA disclosure in financial statements by analyzing the differences across countries in the disclosure of human resources information disclosure in annual reports across six countries. The authors found differences in disclosures of human resource information across countries and provided accounting and financial professional insights on the human resource information areas to be focused on in those countries.

In a similar study, Boedker, Mouritsen and Guthrie (2008) examined contemporary trends from Europe, Australia, and the United States, in 'enhanced business reporting' (EBR), which includes aspects of HRA. The authors found a huge diversity in international EBR practice, including measurement and reporting models, and suggested the need for further research about the barriers to and consequences of harmonization.Similarly studies by Trotman and Bradley (1981) have shown that 79% of the top 100 Australian companies voluntarily provide information about their social responsibility in the areas of community development, energy, environment, human resource development and product improvement.

Tang (2005), concentrated on human resource cost measurement in developing an empirical frame addressing the link between human resource replacement cost and decision-making, in a human resource replacement cost system. This system developed by Tang measures direct and indirect cost of human resources, which is then applied to a company within the metro industry in China. He concluded that human resource accounting information can aid in budgeting of human resource recruitment and development. There have been some empirical researches on the issues of HRA in Nigeria. Okpala and Chidi (2010) considered the importance of human resource accounting to stock investment decisions in Nigeria and concluded that corporate success is now dependent the knowledge and ability of employees who can quickly adapt to technological changes and drive organization to attain its goals and objectives.In similar vein, Enofe, Mgbame, Otuya and Ovie (2013) conducted a research on human resources accounting disclosures in Nigeria quoted firms focusing mainly on the relationship between firms financial performance and human resources accounting disclosures. It was discovered from their study that a positive relationship exists between the financial performance of a company and its level of Human Resource Accounting Disclosure (HRAD).

Basically, the importance of Human Resource Accounting Disclosure (HRAD) in the financial statements cannot be overlooked and as observed by Patra, Khatik and Kolhe (2003), who evaluated human resources measures by studying a profit making heavy engineering public sector company in India using the Lev and Schwartz's (1971) model and found that human resource accounting valuation was important for decision-making in order to achieve the organization's objectives and improve output.

2.1 Theory of accounting for human resource by Flamholtz (1976)

Flamholtz (1976) emphasized the usefulness of non-monetary measurement in the prediction of currency measurement at early times, therefore, from the current research work, it is particularly important to consider information on non-monetary measurements in addition to the monetary measurement as part of the human resource accounting disclosure items. The need to convert human resource management activities in economic terms has become vital in the competitive scenario. Human resource management has evolved wherein its functions of hiring, paying salaries, administration, benefits, developing and retaining employees have been translated into quantitative terms in order to monitor results and facilitate changes. The theory of accounting for human resource as propounded by Flamholtz (1976) underscored the importance of the availability of data relating to human resource and converting this data to monetary value.

Flamholtz (1976) examined the effect of monetary and non-monetary human resource accounting information on a resource management decision. He designed the experiment around a staffing task. Reported results indicated that human resource information affected participants' decisions. Human resource accounting information is precious not only for management but also for external stakeholders like shareholders, creditors and government agencies. Information on investment and value of human resources is useful for decision making in an enterprise hence its availability in the financial statements of companies cannot be over emphasized.

2.2 IFRS and HRAD

Human Resource Accounting Disclosure (HRAD) practice could be viewed as the practice of recording, measuring and presenting details of transactions connected to human beings working in an organization such as costs incurred in connection with recruitment, selection, placement, induction, training, development, welfare and remuneration of workers. Accounting and reporting on human capital also involve putting monetary value on the human beings working for an organization. Organizations invest in human resources, like they invest in other resources that are inanimate: it is only intuitively appealing to report investments in the workforce, which is the crux of human resource accounting. Morrow (1996 and 1997), investigated the concept of football players in the United Kingdom as human assets and the importance of measurement as the critical factor in asset recognition. The stock market analysts feel that human resource accounting is an investor friendly disclosure as well as assuring the various stakeholders that the business has the right human asset to meet future requirement. (Jaggi, Lau, 1974).

Since 2001, the International Accounting Standards Board (IASB) has been developing and promulgating the IFRS (International Accounting Standards Board, 2009). Before the year 2001, the International Accounting Standards Committee (IASC) issued International Accounting Standards (IAS), which were adopted initially by the IASB when it replaced the IASC. While the IFRSs do not currently have standards requiring HRA, it could be argued that they are moving closer to providing more flexible approaches to accounting measurements and reporting. For example, the IAS 38 Intangible Assets and IFRS 3 on Business Combinations allows for the recognition of assets that are not traditional tangible assets, such as human resources.

International accounting standards (IAS)/IFRS are issued by the International Accounting Standards Board (IASB). These standards and their interpretations (SIC/IFRIC) provide conceptual framework for preparation and disclosure of financial statements all over the world. While IFRS 3 is on business combinations, IAS 38 describes criteria for the recognition of intangible assets; IAS 38 stated that intangible assets should only be recognized as an asset if it is identifiable, controllable, and there is expected future economic benefit. In line with Jones (2000) that financial reporting system should account for people, Akintoye (2012) researched on the relevance of human resource accounting to effective financial reporting and Enyi and Adebawojo (2014), in their work on human resource accounting and decision making in post- industrial economy. Both studies suggested the need for Human resource value to be introduced as intangible asset in the statement of financial positions of organizations.

IFRSs are standards that require extensive disclosure as stipulated specifically in IAS-30; Disclosures in the Financial Statements of Banks which purports the adoption of Human Resource Accounting by business entities to provide a true and fair disclosure of financial position of the business and its profitability. The adoption of IFRS by over 120 countries (Nigeria inclusive) is an issue of global relevance among various countries of the world due to the quest for uniformity, reliability and comparability of financial statements of companies. However, the adoption of IFRS in Nigeria was received with mixed feelings from different scholars. While some posited that it will enhance the quality of the financial reporting with more disclosures, some believed it will not.

Akman (2011) examined the effect of IFRS adoption on financial disclosure and considered the relevance of culture to financial disclosure. The study discovered that the level of financial disclosure has increased subsequent to the adoption of IFRS, although he concluded that a single set of accounting standards does not completely eliminate the effect of culture on financial disclosure. Jarva and Lantto (2012) concluded in their research that according to their measures of information content, IFRS accounting amounts are not of higher quality than accounting amounts based on Finland Accounting Standards (FAS).

Kao and Wei (2014) compared the information quality variances under the China GAAP system and the IFRS system by examining the effects of information asymmetry, ownership structures and pledge on shares owned by directors and supervisors (as part of corporate governance) on accounting information quality under the IFRS system. They concluded that IFRS should not be seen as the only factor that affects quality although it can indeed enhance accounting information quality but it does not have significant effects on the improvement of information asymmetry and has negative influence on ownership structures by the Chinese government, senior managers, directors, supervisors and major shareholders, and the pledge of shares by major shareholders, directors and supervisors. They stated that accounting information quality can only be improved with mechanisms to reduce information asymmetry and enhance corporate governance, along with the IFRS adoption. In contrary to this, Leuz and Verrechia (2000) believe that IFRS results in better transparency of financial reporting and reduce information asymmetry, uncertainties and estimation risks.

While Umobong and Akani (2015) observed that there has been no increase in financial reporting quality in Nigeria over the first two years after the adoption. Assidi and Omri (2012) concluded that adoption of IFRS improves quality of countable information.

Paananen (2008), examined whether accounting quality increased after compulsory IFRS' adoption using publicly listed firms from 2003 to 2006. Interestingly, Paananen found that accounting quality decreased after IFRS' adoption in Sweden, especially in the committed adopters. Similarly, using German companies for the years 2000 to 2006, Paananen and Lin (2008) examined the development of accounting quality under IAS and IFRS over time and found that accounting quality decreased after IFRS adoption in Germany.

Subsequently, few scholars relate HRAD to IFRS,while Oyewo (2013) also studied the comparative analyses of human resource accounting disclosure practices in Nigerian financial service and manufacturing companies and found out that Banks generally disclosed more on human resources than manufacturing companies but the difference in disclosure was not statistically significant. However, Oyewo's work did not consider the entire financial service industry and his work was conducted based on financial reports published prior to full adoption and implementation of IFRS in Nigerian banks.

Therefore, this study sets to empirically investigate the effect of IFRS adoption on HRAD practices in financial reports of Nigeria Banks, the following hypothesis and model were developed:

$\mathbf{H_0}$: The adoption of IFRS has no significant effect on the overall human resource accounting disclosure practice in the financial reports of banks in Nigeria

The Model

$HRAD_{jt} = \alpha + \beta IFRS_{jt} + \mu$

Where:

- $HRAD_{jt}$ for bank 'j' in time 't' was assessed by modifying the 17 item index constructed by Syed (2009). These 17 index items (variables) were grouped into four (4) Human resource accounting disclosure; Fund, Policy, Statement and Value. Scores between 1 and 2 were given the 17 index items: 1 indicating non-availability of human resource disclosure index item in a financial report, while 2 implies availability human resource disclosure index item in a financial report. The overall HRAD is the average of all the scores for each financial statement sampled. This is shown in Appendix.

- $IFRS_{jt}$ for bank 'j' in time 't' was measured using the scores of 1 and 2; the score of 2 was given to financial reports prepared using IFRS, 1 was given to financial reports prepared under SAS.

3. METHODOLOGY

This is an empirical survey that investigates the effect of IFRS adoption on Human Resource Accounting Disclosure in the financial reports. Hence, the causal-comparative and historical (ex-post facto) research design was employed in the study. For effective evaluation, secondary data extracted from financial reports of sampled banks from 2009 to 2013 covering the pre and post periods of adoption of IFRS were used. The sample size is made up of eleven (11) publicly quoted deposit money banks in Nigeria randomly drawn from the three Tier classes of twenty one (21) deposit money banks based on the current Central Bank of Nigeria's (CBN) tier categorization of deposit money banks shown on appendix 1. The determination of the sample size in this study was based on the premise that while some banks between 2009 and 2013 have had their names changed owing to AMCON take over, other banks like Heritage bank became operational after the adoption of IFRS, hence, there was no available financial report prepared by the bank prior to the adoption of IFRS. The data extracted were analyzed in the following dimensions. Firstly, the pre-estimation technique was employed through descriptive statistics, next the test of equality between two means was carried out through ANOVA, and finally before running the regression analysis to ascertain the effect of IFRS adoption on HRAD, the hausman test was done to determine whether random effect estimation will be good or not.

3.1 Descriptive Statistics

The descriptive statistics provided on Table 1for HRAD of IFRS financial statements and SAS financial statements and subsequently the indicator variable of IFRS data. While IFRS is positively skewed indicating its left tail is extreme, HRAD under both IFRS and SAS are negatively skewed showing their right tails are extreme. Also, the kurtosis for IFRS shows it has thin tail that is platikurtic, while HRAD both under IFRS and SAS have fat tails; that is leptokurtic. Furthermore, to test the normality of the data, the probability of Jarque Bera (JB) statistic is considered; this indicates that HRAD under both IFRS and SAS is normally distributed while IFRS is not normally distributed.

From the maximum and minimum values of HRAD under IFRS compared with HRAD under SAS, we can deduce that there are no much variations therefore we conducted the ANOVA test to test the equality between their two means.

Table 1: Descriptive Statistics

	IFRS	HRAD IFRS	HRAD SAS
Mean	1.471698	1.563173	1.577724
Median	1.000000	1.583333	1.583333
Maximum	2.000000	1.708333	1.645833
Minimum	1.000000	1.312500	1.416667
Std. Dev.	0.503975	0.091352	0.062516
Skewness	0.113389	-0.832209	-0.740742
Kurtosis	1.012857	4.015004	3.027298
Jarque-Bera	8.833698	4.117230	2.378504
Probability	0.012072	0.127631	0.304449
Sum	78.00000	40.64250	41.02083
Sum Sq. Dev.	13.20755	0.208628	0.097706
Observations	53	26	26

Source: Authors' Compilation, 2015

3.2 ANOVA TEST

To further examine the variations in HRAD under SAS compared with HRAD under IFRS, the test for equality of means between these two series is carried out. From table 2, the probability of the ANOVAF-test is greater than the acceptable 5%. Therefore, we accept the null hypothesis of no difference in the means between the two series of HRAD under SAS and HRAD under IFRS. To further test if there is a relationship between them and the extent of this relationship, the regression analysis is carried out.

Table 2: Test for Equality of Means Between Series

Date: 10/03/15 Time: 07:51			
Sample: 1 28			
Included observations: 28			
Method	df	Value	Probability
Anova F-test	(1, 51)	0.480295	0.4914
*Test allows for unequal cell variances			
Analysis of Variance			
Source of Variation	df	Sum of Sq.	Mean Sq.
Between	1	0.002885	0.002885
Within	51	0.306364	0.006007
Total	52	0.309250	0.005947

Source: Authors' Compilation, 2015

3.3 Regression Analysis

Before carrying out the regression analysis, table 3 shows the result of the Hausman test, conducted to ascertain whether random effect estimation should be used or not. This test however shows that the probability of Chi-sq statistics is insignificant since it's higher than the 5% acceptable level, hence we accept the null hypothesis of random effect estimation is the appropriate technique for this model. Therefore, our panel data were ran using random effect estimation shown on table 4.

From table 4, the Co-efficient of determination (R-square) shows 1.2% (0.012) which depicts that 1.2% variation in the overall human resource accounting disclosure (HRAD) practices can be attributed to the adoption of IFRS, while the remaining 98.8% can be explained by other factors not considered in this study. As such there exists a very low explanatory power of the model.The regression model result shows that adoption of international financial reporting standards (IFRS) has a negative but insignificant effect on the overall Human Resource Accounting disclosure practices in the financial reports of sampled Nigerian banks for the period of study. This is shown by the level of significance at 0.4317 (43.17%) which is higher than the acceptable 5% level of significance.

Thus, from the result, the adoption of International Financial Reporting Standards (IFRS) has an insignificant effect on the overall Human Resource Accounting disclosure practices in the financial reports of Nigerian banks. Therefore, H_0that says adoption of IFRS has no significant effect on HRAD practices is accepted.

Table 3: Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.124361	1	0.7244

Source: Authors' Compilation, 2015

Table 4: Regression Analysis

Variable	MODEL 1			
	Coefficient	**Std Error**	**t-Stat.**	**Prob.**
C	1.595018	0.033750	47.25916	0.0000
IFRS	-0.016978	0.021614	-0.785469	0.4358
R^2	0.012167			
Adj. R^2	-0.007202			
S.E of Reg	0.076961			
F-Statistic	0.628182			
Prob.(F-Stat)	0.431695*			
Obs	**53**			
Cross-Sections	**11**			

Dependent Variable: ROA *significance at 5%

Source: Computed by the authors

4. DISCUSSION AND CONCLUSION

The ANOVA test revealed that there is no difference in the means of HRAD of financial statements prepared under SAS compared with HRAD of financial statement prepared under IFRS for the period pre and post adoption of IFRS in Nigeria. To further buttress on the effect of such adoption on HRAD practices in Nigerian banks using the model developed in this study, the regression analysis indicated that adoption of IFRS has an insignificant effect on HRAD practices. We deduce from the preliminary analysis of the financial statements of sampled banks for the time period under study that Human Resource Accounting Disclosure practice in the financial statements are not peculiar to a specific set of accounting standard, specifically some rules such as Employee Value added in value added statements that enhances the HRAD in financial statements are not required under IFRS, while SAS supports the preparation of value added on statements. This work is in line with the works of Jarva and

Lantto (2012); Kao and Wei (2014) who concluded that IFRS adoption alone does not affect quality of financial statements but these authors did not specifically research in the aspect of HRAD and IFRS.

Thus, we conclude that the general assumption of IFRS providing all inclusive disclosures in all aspect is a myth and in reality HRAD is a developing aspect of accounting; that even IFRS is yet to imbibe into its extensive disclosure requirement. Therefore, we recommend that separate standards should be established for HRAD practices since it is a vital aspect of financial reporting and its disclosure should not be overlooked.

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Appendix 1

List of Proxies for Human Resource Accounting Disclosure Variables

Name	**Human Resource Accounting Disclosure variables**
FD	**Fund**
FD_1	Employees/Workers fund
FD_2	Superannuation fund
FD_3	Human resource development fund
PY	**Policy**
PY_1	Human resource policy
PY_2	Retirement benefits policy
PY_3	Pension policy/payment
PY_4	Gratuity policy/payment
ST	**Statement**
ST_1	Statement on human resource
ST_2	Employee Value added in value added statements
ST_3	Management succession plan
ST_4	Employment report
VE	**Value**
VE_1	Staff cost
VE_2	Training and development
VE_3	Board composition
VE_4	Directors emolument
VE_5	Promotion exercise
VE_6	Number of employees

Appendix II

List of Sampled Banks and their Classes

CBN Classification	Sampled Banks
Tier 1	First Bank
	GT Bank
	Zenith Bank
	Access bank
Tier 2	Skye Bank
	Diamond Bank
	Stanbic IBTC
	Fidelity
Tier 3	Wema Bank
	Sterling Bank
	Unity Bank