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HUMAN RESOURCE ACCOUNTING AND DISCLOSURE: AN EVOLVING INDICATOR OF PERFORMANCE IN SELECTED NIGERIAN STOCK EXCHANGE LISTED MANUFACTURING COMPANIES

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ABSTRACT: *This paper aims to study the reporting and disclosure of the human resource asset of manufacturing companies enlisted on the Nigerian Stock Exchange (NSE) and the extent to which such reporting affects the financial and operational performances of the selected manufacturing companies. To achieve this, the discourse attempts to specifically study the application of human resource as a vital asset which requires adequate reporting by listed companies as well as evaluate the positive or negative implications such reporting has on the performances of the companies. The study adopted ex-post-facto research design. Secondary data were collected and analyzed using descriptive and inferential statistics. Data were collected from the financial statements of ten (10) manufacturing companies which participate in stock trading transactions of the NSE regularly. The financial statements data were analysed using profitability for operational performance and leverage for financial performance of the ten (10) listed firms. Findings of the study reveal that the profitability of manufacturing firms have significant influence on operational performance while financial leverage indicates that there was a positive relationship between the variables i.e. an increase or decrease in financial leverage will have great effects on financial performance. The study concludes from its findings that adequate remuneration and incentives have significant relationship with operational and financial performance. The study therefore recommends that manufacturing firms should report all expenditure or investments incurred on human resource ranging from recruitment processes, remuneration, cost of training and development to incentives packages in their annual report. This will increase the value and relevance of the information content of their financial statements and hence improve the firm productivity likewise impact positively on the share price of the firm. It was also recommended that there should be an effective system of communicating employee benefits to the organization staff.*

KEYWORDS: Human Resource, Human Resource Accounting, Performance, Stock Exchange, Nigeria

INTRODUCTION

Human resource in an organisation, listed or not, remains a very vital resource that determine to a very large extent, the going concern of such organisation. The physical, psychological, and strategic actions put into planning, coordination, organisation, communication, marketing, research and development etc. of listed manufacturing companies cannot be over stressed, and especially where serious competition is involved before performance could lead to survival. Investors in Nigeria rely so much on their investment that such investee companies need to continuously perform and survive in order to keep their hopes alive and sound. The investors rely on the managerial and professional abilities of the management teams and the directors as a major reason for their investment of hard-earned monies from retirement benefits, inheritance, savings, personal and cooperative societies' loans etc. in the existing or proposed businesses, managed on their behalf by a particular set of human resource. No man would think of investing in a company which management and director's managerial ability are in doubt.

Human resource, was first regarded as Human Asset by Rensis Likert in the late 1950s but scholars later replaced the "asset" with 'resource'. These writers are of the opinion that the word "asset" connotes more importance than 'resource'. This opinion is in view of the vital roles played by man in organisations in comparison to other assets or resources. Meanwhile, behaviourally, the term 'resource' is accepted and will be adopted in this study.

Thomas (2016) observed in his study on model and valuation of human resource accounting that HRA can provide solutions to several decision-making functions especially with respect to human resource adequacy within a financial health framework. He also observed that there was a need for the establishment of a credible platform for HRA by coming up with robust results from qualitative research efforts of accountants and other researchers. An earlier study undertaken by Ijeoma & Aronu (2013) on the Effect of Human Resource Accounting (HRA) on Financial Statement of Nigerian Banks applied Kruskal Wallis test statistic to analyse the data collected from the financial statements of Zenith Bank Plc. and concluded that non-application of human resource accounting measures had negative effects on the future investment of the Bank. According to Ijeoma & Aronu (2013), every naira spent by the bank on training and or development of employees were treated as expenses. This action invariably affected the profitability of the firm. Although the study was carried out on a leading bank in the Nigeria, the bank is one of the key participants in the Nigerian Stock Exchange.

Arguably, the human resource management and accounting remains an area of research that is very open to research efforts because human resource refers to the set of individuals who make up the workforce of an organization or a business entity (Edom, Inah & Adanma, 2015). Human beings are not same as productive machines with lifespans and predictive performance levels and targets. Human beings cannot be purchased in the market like typical machineries. In other words, it is difficult to manage and account for human being (workforce) as easily practicable for machines which were at one time or the other, produced by the human being themselves. In their joint effort, Ofurum & Adeola (2018), carried out a study on nine (9) quoted companies of the Nigerian Stock Exchange for 5 years, using Ordinary Least Square (OLS) and Pearson Product Moment Correlation Coefficient and found that there was no correlation between HRA and profitability of the listed companies. This conclusion shows that there is a wide gap between HRA and the financial performance of the companies as provided by their respective financial statements published for the interest of stakeholders.

To account for human resource, it is essential to place value upon human features such as qualification, psychology, experience, benefit derivable in terms of his future earnings capacity in particular and so on. In an organisation, human efficiency requires the right augmentation because, the human resource is saddled with the task of managing other resources: physical, financial, natural and environmental. Without his mental ability, effectiveness and efficiency, other resources remain unmanageable in reality.

Consequent upon the above, this writer decided to carry out a study on the topic again, but with special attention on ten (10) manufacturing companies which is considered representative of the total number of listed manufacturing companies in Nigerian Stock Exchange.

Problem Statement

Human resource, otherwise referred to as human capital can essentially be tactical and require mental ability to manage and account for in view of its peculiarities as a resource in quoted companies. According to Kehinde (2014), valuing human capital is very cardinal to managing human capital as most firms resist investment in human capital development and therefore do not need to account for such asset. He observed that there was no acceptable basis or method for accounting for human capital for presentation and inclusion in companies' financial statements. Unfortunately, human resource remains a long-term wasting asset which still remains unquantifiable on financial basis and yardstick. Listed companies continue to account for human capital as an expense rather than asset or resource of capital nature in their financial statements although the same companies would variously agree and regard human resource as an asset. It is a confusing and distorting. The major problem identified with HR Accounting is estimation of the value of human resources and ensuring effective utilization of the human resources and projecting a consolidated version of human resources in the annual returns. (Lakshmana, 2014).

Accounting for human capital by manufacturing companies is very necessary, since majority of their workers are directly involved in the production of the major and by-products of the companies. The efforts of the upper, operational and/or lower level human capital in the factory, research and development, distribution, marketing, accounting and finance, warehousing and planning need to be adequately valued and accounted for and be well presented in the financial statements as asset, for informed understanding, analysis, comparison and decision making by the stakeholders.

As mentioned above, the writers decided to carry out a study on the topical valuation and reporting issue to add to the literature, but with special attention on ten manufacturing companies which is considered representative of listed manufacturing companies in the Nigerian Stock Exchange.

Research Objectives

1. To determine the significant effect of human resource accounting (HRA) on the operational performance of Selected Nigerian Listed Manufacturing Companies.

2. To determine the significant effect of human resource accounting disclosure (HRAD) on the financial performance of Selected Nigerian Listed Manufacturing Companies.

Research Questions

1. Does human resource accounting (HRA) determine the operational performance of Selected Nigerian Listed Manufacturing Companies?
2. Does human resource accounting disclosure (HRAD) determine the financial performance of Selected Nigerian Listed Manufacturing Companies?

Research Hypothesis

H_1: Human resource accounting does not significantly determine the operational performance of Selected Nigerian Listed Manufacturing Companies.

H_2: Human resource accounting disclosure does not significantly determine the financial performance of Selected Nigerian Listed Manufacturing Companies.

LITERATURE REVIEW

Many authors and scholars have variously and justifiably carried out studies on topical issues concerning human resource accounting, albeit studies on quoted manufacturing companies have been very scanty. The writers attempt a brief look at earlier works on HRA and HRAD as well as relevant positions of the authors.

Concept of Human Resource Accounting

Adebawoji, Enyi & Adebawo (2015), in their joint study titled: Human Asset Accounting and Corporate Performance, reviewed the earlier studies of Bullen and Egler (2010), and affirmed that HRA involves accounting for expenditures which related to human resources as assets in a company. It was asserted by Adebawojo, Enyi & Adebawo (2015), that every human resource related expenditure should traditionally be treated as cost which consequently reduces profit reported in the financial statements. HRA involves accounting for people as original resource and it’s the measurement of cost and value for people of an organization, including the way of thinking about management of people in formal organization (Seth, 2009). It has continued to be an evolving concept which inception dates back to the 1960s and its importance as well as need for application in financial reporting is immensely gaining ground. (Saremi & Naghshbama, 2012). As a result of this, and since International Financial Reporting Standard (IFRS) aims that more capital is attracted to listed companies in particular, Wagner (2007) opined that human resource is one the intangible assets that can be applied by potential and existing investors to determine the value of companies. Therefore, HRA can effectively be incorporated into IFRS to ensure its universal application and acceptability.

Jasrotia (2004), observed that HRA involves measuring and reporting cost and value of humans in an organization as a resource, emphasizing the significance of reporting and resting on the premise that both human knowledge and intellect have become more significant in corporate investment decision making function of the managements. Jasrotia (2004) also observed that in service industries especially, the management should treat human capital more as asset that any other tangible asset in view of the fact that human knowledge and intellect remained the basis upon which the industries can strive in the midst of competitions, compared to manufacturing industries.

Researchers are of the opinion that human capital (resource) accounting is an aspect of accounting regarded as so abstract with many unresolved issues and unanswered questions. This factor contributes to non-availability of a universally adopted definition of human resource accounting. Considering the above positions of earlier authors, we define HRA *as the identification, recognition, valuation and presentation of human effort in a workplace as an intangible asset in the financial reports of enterprises to guide stakeholders in informed decision making.* This definition shows that human capital is a measure of performance in a profit making and especially manufacturing enterprises, particularly those operating under the regulation of a National Stock Exchange.

Importance of Human Resource Accounting and Disclosure

The significance of human resource accounting and disclosure in companies' financial reports cannot be over stressed in view of the roles played by human beings from idea conception stage to profit making and market dominance stages. Abubakar (2006) opined that investment in human resource stems from several objectives among which are: obtaining the best brain in the industry, achieving the set corporate goals of companies, achieving goodwill, competitive advantage and dominance, industry leadership, research and development goal, achieving profitability. To achieve the numerous objectives of an enterprise, the input of man from the lowest to the highest ranked is needed, evaluated, accounted for and reported to stakeholders. Aside of economic and profitability goals, HRA provides information for making informed investment decisions and the inclusion and disclosure of such information gives more qualitative meaning to prediction of future performance. The investors are better off in the process. (Jawahar Lal, 2009).

Both the internal and the external stakeholders are likely to apply human resources information within and outside the firm. When the human capital is recognized, appropriately valued and reported, it aids the measurement of business performance in respect of assets employed since wages and salaries of the entire employee well computed for appropriate human resource and accounting policies. Treating human effort as asset rather than expense affords the allocation of personnel in line from most valuable to the most tasking and critical, as well as comparison of use of labour as against other financial, material and mechanical resources (Kehinde, 2014). With appropriate human capital recognition, accounting and reporting, manufacturing entities staff training and development expenditure is presented to aid possible future takeover or merger exercise.

Theoretical Review

Several theories of human resource abound. Each of the theories emphasize a particular relevance or the other of human capital. This study attempts to briefly review some of the theories and align with one of them as touching the topic of study.

The *Stakeholder Theory*, according to Deegan (2000) advocates that enterprises stakeholders should be provided with adequate information in respect of organisational activities, irrespective of whether such information is used or disregarded by them. All listed companies, especially manufacturing, are expected to voluntarily disclose human resource information in their financial reports to suit the interest of various stakeholders. A two-way relationship is required as the stakeholders should also impact on the listed manufacturing companies using information voluntarily provided by them.

The *Resource Based Theory* assumes that the contributions of individual employee in an enterprise are contributory to the achievement of its corporate goal. As such, employee's competence, skill and experience should be adequately developed in achieving corporate goal. This theory shows that it is important for companies to sustain competitive advantage in their respective industries by appreciating the individual contributions of employees whose value is strong enough to determine the sustainability of the competitive advantage.

The *Human Capital Theory* assumes that enterprises consider the return on investment on human capital or its anticipated future benefit on human capital before deciding on the amount of investment to be made on it, which includes costs of training and development of human resource. In fact, investments in human capital includes all costs related to eliciting productive behaviours from employees, including those related to motivating, monitoring and retraining them. (Bassey and Tapang, 2012). As a management, it's necessary to ensure that shareholders interest is protected such that any investment without immediate or future benefit is avoided inorder to guide against mismanagement and loss. Commitment of resources on human capital recruitment, selection, motivation, promotion, welfare, training etc. must not be at a loss to the organization.

The Human Capital Theory is adopted in this study as a result of its emphasis on accounting for human resource and recognition of immediate and anticipated future benefits of accounting and disclosure.

Empirical Review

In a study carried by Mohiuddin, Najibullah, and Sahid (2006), to study human capital accounting disclosure in Bangladesh over a four-year period preceding the year of study. The study, which was carried out on a sample of key Bangladesh banks found that a strong relationship existed between the disclosure of human capital and the performance of banks in Bangladesh.

Also, three years later, a study by Syed (2009) to ascertain the determinants of human capital accounting and the characteristics of firms, using randomly selected 55 companies, found that companies disclose a quarter i.e. 25% of their human resource related information and that there was a significant positive correlation between a firm's size, profitability and the disclosure of human resource. Another study aimed at investigating the factors determining voluntary disclosure of human capital information by Fernando and Macagnan (2012) found that size and leverage of Stock Exchange registered companies determine the level of voluntary disclosure of human capital disclosure. The result of this study indicated that accounting for and voluntary disclosure of human resource accounting information in companies' financial reports is a function of the size of such companies and their leverage levels. This may not be true in all cases as other companies with good records of corporate governance may find it obligatory to their stakeholders to account for and adequately disclose human capital information aimed at achieving a non-distorting financial reporting.

From other lands, a study to determine the level of compliance with disclosure requirements of USA, Canada, Japan, Germany, United Kingdom and South Korea, Subbawo & Zeghal (2007) was carried out using annual reports sample of 20 each from the selected Countries found that the size of the company as well as its leverage significantly determine the level of human capital disclosure of the selected companies, which was believed to be representative of the existing companies. This result is consistent with that of Fernando and Macagnan (2012). Meanwhile both studies were carried out at different years and in different countries. The findings of both Subbawo and Zeghal (2007) and Fernando & Macagnan (2012) were also very similar to findings of Brennan (2001); Bontis (2002) & Enofe et al. (2013), which examined 50 Nigerian listed firms with respect to their level of human capital accounting and disclosure. The study found that there existed a positive significant correlation between the level of human resource accounting and the company's financial performance. The study further indicates that financial companies disclose more human resources accounting information more than non-financial companies in Nigeria.

A study in Australia on 125 listed companies by Bruggen, Vergauwen and Dao (2009) aimed at examining what determines the disclosure of human capital related information in the annual reports of Australian companies found that company size significantly determine the level of disclosure of human resource accounting information. In other words, the larger the size of a Stock Exchange listed company, the better its level of disclosure of human capital accounting information. From the foregoing, the studies of Subbawo and Zeghal (2007) and Fernando & Macagnan (2012) and Bruggen, Vergauwen and Dao (2009) were consistent with similar findings.

Most Nigerian companies disclose their human resource accounting information qualitatively (in narrations or words) rather that quantitatively (in figures) and in such manner suitable for their financial reporting publications. (Oladele, Aribaba, Ahmodu, & Omobola, 2018).

The above review shows that human resource accounting and disclosure by companies indicate the performance of such companies, although this is a function of the size and leverage level of the companies. This paper will be an addition to earlier studies as it focuses on listed manufacturing companies in the Nigerian Stock Exchange.

METHODOLOGY

The study adopted ex-post-facto research design. Secondary data were collected and analyzed using descriptive and inferential statistics. Data which were collected from the financial statements of ten (10) manufacturing companies which participate regularly in the stock trading transactions of the Nigerian Stock Exchange (NSE) which were regressed and analysed using SPSS 21.

Model Specification

In the light of the research design above, a multiple regression model is used for this study. A multiple regression model was adopted to explain variation in the value of dependent variable on the basis of changes in the independent variables. The assumption is that; the dependent variable is a linear function of the independent variable. The model for the study is an adaption and modification of the model of Fontana and Macgnan (2013). The model as applied by the authors is shown below in empirical form:

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DL = $\beta 0$ + $\beta 1$ (PROFITABILITY) + $\beta 2$ (LEVERAGE) + ∑

Consequently, the model for this study is thus:

P = β0 + β1 PROF + β2 FINLEV + β∑it

Where:

P = Performance Index (Operational and Financial)

PROF = Profitability (proxy by retain on assets)

FINLEV= Financial Leverage (proxy by debt-equity ratio)

$\beta 0 \beta 1 \beta 2$ = Coefficients

ϵit = error term.

DATA PRESENTATION AND ANALYSIS

The tables below provide analysis of human resources accounting and its disclosure which is attributed to the study (Prof and Finlev) of ten (10) selected manufacturing firms on the Nigerian Stock Exchange (NSE).

Descriptive Statistics

The descriptive statistics shows the nature of the data. The summary of descriptive statistics of the dependent and independent variables are presented in the table. The descriptive statistics include mean, standard deviation, minimum and maximum which were computed using SPSS version 21.

Table 4.1: Descriptive Statistics of the Variables

Variables	Means	Std. Deviation	Min.	Max.	N
P	0.890	0.345	0.000	1.000	10
PROF	0.089	0.074	-0.010	0.250	10
FINLEV	0.733	1.544	0.000	7.950	10

Source: Author's Computation, 2020

The above table reports the descriptive statistics for the dependent and independent variables. The mean of P for the listed firms during the study period is 0.890 with standard deviation of 0.345; this implies that there exists low significant variation among the P index used by most firms. Profitability which shows the mean value of 0.089, minimum value of -0.010 and maximum value of 0.250 has the lowest standard deviation of 0.074 which explains the level of variability in profit being generated by the listed companies, and the rate at which it influenced the P was high. Meanwhile, the financial leverage has the mean value of 0.733, standard deviation of 1.544, and minimum value of zero and maximum value of 7.950.

Correlation Matrix

Pearson correlation analysis was performed in order to obtain an understanding of the relationship among all the variables in the study. The table 4.2 below shows the correlation between the dependent variable which is Performance (P) and the independent variables which are profitability (PROF) and Financial Leverage (FINLEV).

Table 4.2: Results of Pearson Correlation Analysis

	P	PROF	FINLEV
P	1.000		
PROF	0.195	1.000	
FINLEV	0.650	0.418	1.000

Source: Author's Computation, 2020

The table above presents the correlation of the variables of the study which indicates that Profitability (PROF) and Financial Leverage (FINLEV) are positively related to Operational Performance vis-à-vis Financial Performance. The correlation between the independent variables is positively correlated. Profitability shows a positive relationship with both Operational and Financial Performance which indicates that the higher the profitability, the better the Operational and Financial Performance while the Financial leverage also shows a positive correlation with Operational and Financial Performance which indicates that the higher the debt of listed firms, the higher the Financial Performance.

Robustness Tests

Presented in this section is the result of robustness tests conducted to improve the validity of all our statistical inferences for the study. In this section, the problem of multi collinearity is discussed based on the result generated for the purpose of the study. Multi collinearity is investigated using tolerance and Variance Inflation Factor (VIF) value. An insignificant tolerance value indicates that variable under consideration is almost a perfect linear combination of the explanatory variable already in the equation and that it should not be included to the regression equation. The tolerance value and VIF are employed in this study to test for multi collinearity of the explanatory variable. The result of multi collinearity test is presented in table 4.3 below:

Table 4.3: Multi Collinearity Test

Variables	TV	VIF
Profitability	0.628	1.592
Financial leverage	0.903	1.107

Source: Author's Computation, 2020

The result above shows that the study is free from multi collinearity problem as the Tolerance

Value (TV) is less than 1 and Variable Inflation Factor (VIF) is less than 10 and is in agreement with assumption of classical regression model which states that there should not be multi collinearity among the explanatory variables included in the model. This therefore shows the appropriateness of fitting the model with four explanatory variables.

Test of Hypotheses – Hypothesis I

H_1: Human resource accounting does not significantly determine the operational performance of Selected Nigerian Listed Manufacturing Companies.

Regression Analysis

r^2	0.447	n	10
r	0.668	k	1
Std. Error	0.594	Dep. Var.	Operational Performance

ANOVA table

Source	*SS*	*df*	*MS*	*F*	*p-value*
Regression	5.7051	3	5.7051	16.14	.0005
Residual	7.0676	7	0.3534		
Total	12.7727	10			

Regression Output

variables	*coefficients*	*std. error*	*t (df=10)*	*p-value*	***Confidence Interval*** *95% lower*	*95% upper*
Intercept	0.6885	0.7892	0.872	.3933	-0.9576	2.3347
Human Resource Accounting	0.7172	0.1785	4.018	.0005	0.3449	1.0896

The model summary above shows the extent to which human resource accounting affects operational performance of the 10 selected manufacturing firms in Nigeria Stock Exchange (NSE). The correlation coefficient value shows that there is a significantly positive relationship between human resource accounting and operational performance ($r = 0.668$, $p = 0.0005$). The coefficient of determination ($R^2 = 0.447$) shows that 44.7% of the variance recorded in operational performance is accounted for by human resource accounting. The result is statically significant because the p-value of the result is less than the level of significance used for the study ($p < 0.05$).

The regression model for this hypothesis has a good fit because the calculated F ratio of 16.14 is greater than the tabulated F ratio value of 1.812 ($F_{3,7} = 1.812$).

Mathematical representation of the model:

$$Y_1 = \beta_0 + \beta_1 X_1$$

Operational Performance = 0.69 + 0.717 Human Resource Accounting

An evaluation of the unstandardized coefficient of human resource accounting in the coefficient table and its associated p-value shows that human resource accounting ($\beta_{HRA} = 0.717$, $p < 0.05$) is statistically significant and can be used in predicting operational performance. For every unit increase in human resource development, there is a 71.7 percent increase in operational performance.

Decision

Null hypothesis is rejected and alternative hypothesis accepted. This implies that human resource accounting significantly determines the operational performance of Selected Nigerian Listed Manufacturing Companies.

Hypothesis II

H_2: Human resource accounting disclosure does not significantly determine the financial performance of Selected Nigerian Listed Manufacturing Companies.

Regression Analysis

r^2	0.547	n	10
r	0.750	k	1
Std. Error	0.437	Dep. Var.	Financial Performance

ANOVA table

Source	*SS*	*df*	*MS*	*F*	*p-value*
Regression	15.6071	3	4.0565	24.75	.0007
Residual	10.0674	7	0.1547		
Total	25.6745	10			

Regression Output

variables	*coefficients*	*std. error*	*t (df=10)*	*p-value*	*confidence interval 95% lower*	*95% upper*
Intercept	0.7502	0.7892	1.888	.2995	-0.5796	7.3275
HRAD	0.5127	0.1679	3.078	.0007	0.4794	1.8504

The model summary above shows the extent to which human resource accounting disclosure affects financial performance of the 10 selected manufacturing firms of the Nigeria Stock Exchange (NSE). The correlation coefficient value shows that there is a significantly positive relationship between disclosure of human resource financial statement and financial performance ($r = 0.750$, $p = 0.0007$). The coefficient of determination ($R^2 = 0.547$) shows that 54.7% of the variance recorded in financial performance is accounted for by human resource accounting disclosure. The result is statically significant because the p-value of the result is less than the level of significance used for the study ($p < 0.05$).

The regression model for this hypothesis has a good fit because the calculated F ratio of 24.75 is greater than the tabulated F ratio value of 4.35 ($F_{3,7} = 4.35$).

Mathematical representation of the model:

$$Y_1 = \beta_0 + \beta_1 X_1$$

Financial Performance = 0.75 + 0.513 Human Resource Accounting Disclosure

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An evaluation of the unstandardized coefficient of human resource accounting disclosure in the coefficient table and its associated p-value shows that the disclosure of human resource accounting ($\beta_{HRAD} = 0.513$, $p < 0.05$) is statistically significant and *can* be used in predicting financial performance of the ten (10) selected manufacturing firms. For every human resource accounting disclosure, there is a 51.3 percent effect on financial performance of the selected manufacturing firms consider.

Decision

Null hypothesis is rejected and alternative hypothesis accepted. This implies that human resource accounting disclosure significantly determine the financial performance of the ten (10) Selected Nigerian Listed Manufacturing Companies.

DISCUSSION OF RESEARCH FINDINGS

The result in respect of profitability reveals a co-efficient value of 0.6885 and a t-value of 0.872 with a p-value of 0.3933. The positive co-efficient value implies that there is a positive relationship between firm's profitability and operational performance of selected manufacturing firms in Nigeria Stock Exchange. This signifies that profitability is significantly influencing operational performance of firms under considerations. The finding supports the argument that well profitable firms engage more human resource and is reflected in the firm's operation which also leads to high profitability and performance. As a result of this, the study accepts the alternate hypothesis one (1) of the study which states that human resource accounting determines and contributes significantly to the operational performance of manufacturing firms in Nigeria. This result was in line with that of Enofe *et al.* (2013). This result contradicts the results of Nurunabi and Hossain (2011).

The result for financial leverage shows a co-efficient value of 0.7502 and t-value of 1.888 with a significant value of 0.2995 which indicates that there is a positive relationship between human resource accounting disclosure and financial performance of ten (10) selected manufacturing firms in Nigeria Stock Exchange (NSE). This implies that the more firms disclose their human resource accounting in their financial statements, the higher the firm's financial performance. The p-value of 0.2995 implies that financial leverage which is measured by ratio of debt to equity has significant effects in determining and explaining financial performance of the selected manufacturing firms under considered. The finding is line with that Fiar and Stainbank (2013) and Monteiro and Aibar- Gusman (2009). It however, contradicts the findings of Li, *et al.* (2007).

CONCLUSIONS

From the stance of human resource accounting disclosure as it was measured by profitability and financial leverage to determine their effects on operation and financial performance of selected manufacturing firms in Nigeria. The study revealed that firm's profitability has significant influence on operational performance while financial leverage indicates that there was a positive relationship between the variables i.e. an increase or decrease in financial leverage will have great effects on financial performance as the result indicated that the variable is significant at 0.05% level of significance. This signifies that manufacturing firms tend to engage high in financial performance than service sectors. Also, the result reveals that, remuneration and incentives have significant relationship with profitability. This means that the selected manufacturing firms need to give more attention to how much is paid to their staff or better still revisit remuneration packages offered to the staff since the study suggests that the sampled manufacturing firms may be contending with some form of competitors within their own industries. In all, human resources accounting indicators considered in this research are important variables in explaining both the profitability and performance of the selected manufacturing firms.

RECOMMENDATIONS

The study therefore recommends that manufacturing firms should report all expenditure or investments incurred on human resource raging from recruitment processes, remuneration, cost of training and development, incentives packages and among others in their annual report. This will increase the value and relevance of the information content of their financial statements and hence improve the firms' productivity and impact positively on their share prices.

Also, when better benefits are effectively communicated, employees tend to appreciate their employers, commit and engage in productive activities and this in turn stimulates operation and financial performance of the firms. Hence, the study recommends better system of communicating employee benefits to the employees of organizations.

Furthermore, we recommend that unfair performance appraisal should be discouraged since it diminishes employees' motivation. Thus, the researchers suggest that further studies can be conducted on Human Resource Accounting and Disclosure: An Evolving Indicator of Performance in Selected Nigerian Stock Exchange Listed Manufacturing Companies, especially in post Covid-19 economy.

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