

The Need for Innovation Management in Human Resources Accounting: Concepts, Developments, Objectives, Significance, Objections, and Limitations

"A Study of Jordanian Finance Companies in Jarash City, Jordan"

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ABSTRACT

In the knowledge-based economy, human resources have become the most critical driver in increasing productivity and growth, improving organizational value. Most businesses are shifting into a knowledge-intensive-based economy where Intangible assets such as human capital and intellectual property are the core assets in this economy where knowledge is the basic unit. Human resources have become the most crucial factor in success and achieving many benefits, particularly with the availability of strategic human resources management, which can help leverage and take advantage of intangible assets to achieve their goals successfully. Therefore, the availability of strategic and qualified management in addition to human resources can be the main reason for maximizing the organization's market value in the global market. However, these core assets in the knowledge era must be measured in money to achieve their usefulness. This study highlights the aspects of human resources accounting development stages, their meaning and definitions, objectives, significance, and limitations.

Keywords: Innovation Management, Human Resources, Human Resources Accounting (HRA), Intangible and Tangible Assets, Intellectual Capital, Human Capital.

INTRODUCTION

Tangible assets were the most important in the past when the industrial era was dominant. Later on, when the post-industrial era or knowledge era became chief, tangible assets no longer became the essential factor for success in the world of business. Human Capital and intellectual property have become the significant determinants for stability, continuity, and success at both macroeconomics and organization levels. Human Capital is considered a source of intellectual property and a key determinant for enhancing the organization's competitive situation. Therefore, the organization must invest more in human capital, such as

training and development. If the organization makes the right decision, that will lead to achieving the organization's final goal, survival; mainly, the value of any organization nowadays depends on employees' skills, experience, and knowledge. Survival in this era depends on the quality of their human capital.

Development and investment in human capital is a critical issue and must be the top priority of the organization's top management; organizations realize this importance, and the role of human assets, the possession of those assets, and investment in them will lead to the increase of their market share and its impact on increasing income, maximizing profits and generating value. When the industrial era was dominant, accounting methods did not treat people and investment in them as assets; most organizations treated acquiring people or investing in people as expenses. However, when the post-industrial era or knowledge era became dominant, human capital gained importance and became a significant factor in the development of the economy. Human assets must be considered a crucial factor as the central part of the organization's total worth. Much research has been directed at developing new concepts and methods for accounting for people as assets. This field has become known as Human Resources Accounting.

REVIEW OF LITERATURE

Okpala and Chidi (2010), in their study, examined the relevance of human capital accounting to stock investment decisions in Nigeria and opine that corporate success now rests on the ability and knowledge of people who can quickly adapt to technological changes and drive the organization to attain its goals and objectives. They explain that the function of human capital accounting is to provide information that allows investors to evaluate and understand the complete picture of an organization. Abdullahi and Kirfi (2012) indicated that maintaining the quantification of the value of human resources helps management cope with the changes in its quantum and quality so that equilibrium can be achieved between the required resources and the provided human resources. As a result, it becomes imperative to put measures in place to effectively manage people with their needs and expectations to enhance productivity. Therefore, a proper appreciation of human resource accounting will enable managers to make appropriate decisions regarding investment in human resources. Al-Saqr (2013) indicated that Human Resource Accounting significantly affects employees and can help management and investors in decision-making. Mustafizur, Amzad & Tabassum (2013) indicated that 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 resources 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 the employee would generate in the future. Human Resource accounting reflects the potential of an organization's human resources in monetary terms in its financial statements. According to Akindehinde, Enyi, & Olutokunbo (2015), Human Resource Accounting has a significant effect on organizational performance; their research was justified by findings empirically and concluded that the present practices of accounting related to expensing all expenditures on human assets do not depict fair and accurate picture in Balance Sheet of an organization. It may lead to an understating of profit for the organization, which eventually hurts the "Earnings per Share" of shareholders, return of assets, and market value. (Akintoye, Siyanbola, Adekunle, & Benjamin, 2018), examined how

the inclusion of human assets in the statement of the financial position of companies could serve as a panacea for answering the reliability question in financial reporting.

THE PROBLEM OF THE STUDY

The problem of the study is the lack of knowledge and awareness of the concept of human resources accounting in Jordanian finance companies in Jarash City, Jordan. They do not realize the benefits that can be obtained from its application. All expenses related to obtaining and developing human resources are currently being addressed and maintained as expenses; human resources are considered one of the most important intangible assets and are very beneficial, and disclosure of the value of human resources in the financial statements may affect and show their worthiness to interested parties.

OBJECTIVES OF THE STUDY:

The study highlights the importance of applying human resources accounting in Jordanian finance companies in Jarash City. Furthermore, it analyzes the impact of the HRA application on interested parties internally and externally.

The Sub-Objectives Are as Follows:

- To elaborate on human resources accounting: concepts, developments, objectives, significance, objections, and limitations.
- To highlight the importance of disclosure in financial statements, human resources is one of the most important intangible assets.
- To know to what extent the level of awareness of the selected sample about the benefits and importance of applying human resources accounting.

HYPOTHESIS OF THE STUDY:

Based on the mentioned problem statement. The following four main hypotheses can be developed in the form of null hypothesis:

- **The First Hypothesis:** Jordanian finance companies in Jerash City do not know the concept of resource accounting and its importance, objectives, objections, and limitations.
- **The Second Hypothesis:** Jordanian finance companies in Jerash City do not realize the importance of disclosure of human resource accounting in the financial statements.
- **The Third Hypothesis:** The application of human resources accounting in Jordanian finance companies in Jerash City does not lead to providing information that benefits management and investors in the decision-making process.
- **The Fourth Hypothesis:** Human resources accounting does not positively affect employees in Jordanian finance companies in Jerash City.

METHODOLOGY OF THE STUDY:

Study Design

The population of this study consists of all finance companies in Jordan. However, the sample of this study is convenience sampling, a non-probability sampling method. Therefore, the employees working in private finance companies in Jarash City were chosen because the data applied to this study was available. Their number is nine (9) private finance companies. Furthermore, these companies are *Lendo*, *Finca Jordan*, *The UNRWA Department of Microfinance*, *Vitas Jordan*, *Microfund for Women (MFW)*, *Ahli*

Microfinance Company, Tamweelcom, National Microfinance Bank, and Money for Finance. The data is primary and secondary.

Method of Data Analysis

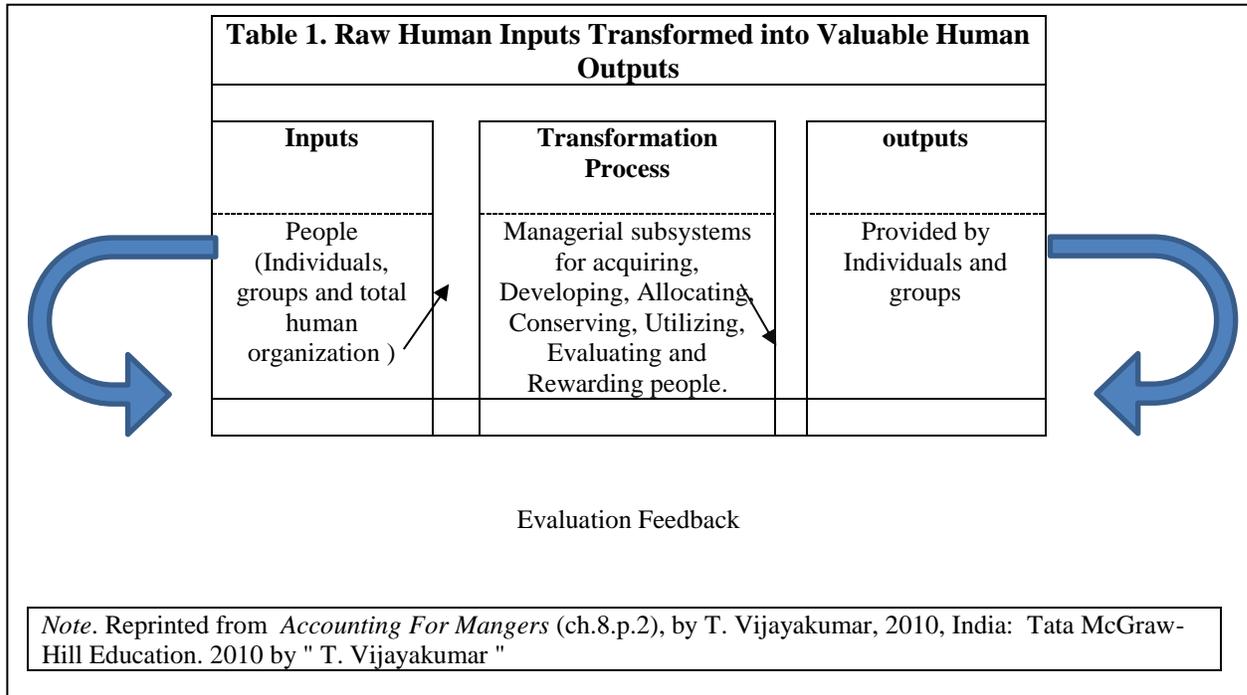
The primary data was collected through a questionnaire, which was valid and reliable to carry out the statistical analysis. For the first domain, the weight (yes/no) was used to answer the questionnaire paragraphs. For the second, third, and fourth domains, the study used a five-point Likert scale (ranging from (1) strongly agree to (5) strongly disagree). Sixty questionnaires were distributed to nine (9) finance companies and were collected. The accepted questionnaires for statistical analysis were 52; the response rate was almost 86%. They were used for analysis using Statistical Package for Social Sciences (SPSS) software.

Meaning and Definition of Human Resources Accounting (HRA)

To understand the concept and purpose of Human Resources Accounting (HRA), a closer look into some crucial definitions given by prominent authors in this field must be considered.

1. Flamholtz (2012) defines it as accounting for people as organizational resources for managerial and financial accounting purposes. It **involves** measuring the cost incurred by an organization to recruit, select, hire, train, and develop human assets. It also **consists in** measuring the economic value of people to the organization.
2. S. John Gabriel (2010) defines Human Resources Accounting as follows: HRA is a system of evaluating the human resources of an organization in terms of money to record them to present the information in the books of accounts to communicate the same, i.e., their worthiness to the interested parties (Gabriel, 2010, p. 875).
3. R.likert (1967) has observed that HRA recognizes, measures, and communicates useful information concerning human resources to policymakers and other interested parties (Likert, 1967, as cited in Singh, 2006, p.172).
4. Flamholtz (2012) has another definition of human resources accounting. HRA is an accounting tool that is relevant to the measurement and, in turn, the management of intellectual capital, specifically human capital, is Human Resources Accounting (Flamholtz, 2012, p. 4).
5. The American Accounting Society Committee on Human Resources Accounting defines it as follows: "Human Resources Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties." (MUFLIHA & NISAMUDHEEN, 2016, p. 81).
6. M.N. Baker defines it as "the term applied by the accountancy profession to quantify the cost and value of employees to their employing organization" (Gabriel, 2010).
7. R.L. Wood Ruff Jr. defines it as "Human Resources Accounting (HRA), which is an attempt to identify and report investment made in an organization's human resources that are presently not accounted for in conventional accounting practice. It is basically an information system that tells the management what changes are occurring over time to the business's human resources (MUFLIHA & NISAMUDHEEN, 2016; KUPPAPALLY, 2008; Vijayakumar, 2010).
8. Mr. T. Vijayakumar defines Human Resources Accounting as a tool designed to assist in the effective and efficient use of human resources management. Human resources

management is a system designed to convert human resources inputs into output in terms of human services (Vijayakumar, 2010). Table 1 shows the managerial role of HRA.



The previous model indicates that Human resources management is a system designed to convert human resources inputs into output in terms of human services.

It can be said that Human Resources Accounting is a branch of managerial accounting. It is nothing but applying accounting concepts and methods to human resources management, as it gives valuable information for managerial decision-making. So, Human Resources Accounting is very much recognized as a system of information rather than a system of accounting (Gabriel, 2010, p. 875). HR accounting is similar in principle to the preparation of an accounting statement. Just as financial accounting reflects the cost and value of assets (Land, buildings, machinery, etc.), HR accounting also tries to assess the cost and value of the people as organizational resources (Mahajan, 2015, p. 57).

The Development of Human Resources Accounting (HRA)

Human Resources Accounting is also called Human Capital Accounting (Mahajan, 2015, p. 57).it is also called Human Assets Accounting (KUPPAPALLY, 2008, p. 587). Human Resources Accounting (HRA) is regarded as a new field. The development of Human Resources Accounting (HRA) has passed through several stages (Flamholtz, 2012, pp. 1-5):

1. HRA's First Stage From 1960 to1966:

Interest in this field marked this stage. It can be said that the initial impetus came from a variety of sources, such as:

- The economic theory of Human Capital.

- Organizational psychologists' concern for Leadership effectiveness.
- The new Human Resources perspective.
- A Concern for Human assets as components of corporate goodwill.

2. HRA's Second Stage From 1966 to 1971:

- It was a period of basic academic research to develop and assess the validity of models for measuring Human Resources Cost (both historical cost and replacement cost) and value (both monetary and non-monetary).
- It was also a time of research designed to formulate the present and potential users of HRA as a tool for Human Resources professionals, line managers, and external users of corporate financial information.
- This stage also includes a few exploratory, experimental applications of HRA in actual organizations.
- Roger Hermanson conducted one of the earliest studies in HRA during this stage. His study measured the value of human assets as an element of goodwill when they have not been purchased.
- In 1967, a research team of many researchers carried out a series of projects designed to develop concepts and methods for accounting for Human resources.
- The research at R.G. Barry Corporation was one of the first attempts to develop an accounting system for the historical cost of human resources.

3. HRA's Third Stage From 1971 to 1976:

- It was a period of rapid growth of interest in HRA; it involved much academic research throughout the Western world, Australia, and Japan.
- It was a time of increasing attempts to apply HRA in business organizations. Most of these applications were conducted by relatively small entrepreneurial organizations such as R.G. Barry Corporation and Lester Witte.
- The R.G. Barry experiment received considerable recognition because the company published pro-forma financial statements that included human assets, which stimulated increasing interest in HRA.
- Unfortunately, the publication of those statements also had a negative side effect; they led to the widespread erroneous impression that HRA was concerned only with treating people as "financial objects." However, preparing financial statements, including human resources in the balance sheet, was undoubtedly part of HRA, which was innovative.
- The research conducted during this stage involved assessments of the potential impact of HRA information on decisions by human resources professionals, line managers, and investors. It also involved developing concepts and models for measuring and accounting for human resources cost and value.
- During this stage, The American Accounting Association established committees on Human Resources Accounting in 1971-1972 and 1972-1973. These committees published reports on the development of HRA.

4. HRA's Fourth Stage From 1976 to 1980:

- It was a period of declining interest in academia and the corporate world, but it never ultimately died. One of the reasons for reduced interest was that relatively easy preliminary research had been accomplished; the remaining research required to develop HRA was complex and required the cooperation of organizations willing to serve as research sites for applied research studies. In addition, there is a lack of skills and qualifications to accomplish these studies.
- Corporate interest was diverted to other, more pressing issues.
- Furthermore, the required research involves the application of HRA in organizations, and the cost of subsidizing such research was high while the benefits were uncertain.
- At this point, HRA seemed a promising idea that would not be developed much further.

5. HRA's Fifth Stage From 1980 to the Present:

- It involved the beginning of a resurgence of interest in the theory and practice of HRA. During this stage, there have been an increasing number of significant new research studies dealing with the development and application of HRA and a growing number of attempts by influential organizations to apply HRA.
- One of the most significant events that catalyzed the renewal of interest in HRA was a decision by the U.S. Office of Naval Research (ONR) to sponsor a research project dealing with the feasibility of the application of HRA to naval human resources management issues.
- There was also growing recognition that most of the world's economic advances have made a gradual yet fundamental transformation. They have shifted from industrial economics, in which plants and equipment are the core assets, to post-industrial economics (knowledge era), in which human capital and intellectual property are the core assets. This shifting of specific organizations is a concrete manifestation of a general and broad trend toward a human capital-intensive economy.
- While most firms in the industrial era relied on manufacturing capabilities, companies in the post-industrial era relied almost entirely on knowledge and information for survival and profit. At the same time, long-dominant companies such as U.S. Steel and General Motors have declined. New companies such as Microsoft, Intel Corporation, and Amgen have emerged as the hallmark of the new era. Thus, in the knowledge era, an organization's potential success lies in its intellectual capabilities rather than its physical assets. Accordingly, the organization must pay attention to developing and deploying intellectual capital, or the sum of human capital and intellectual property.

Unfortunately, accounting (both financial and managerial) has not responded to this change in circumstances. The accounting paradigm and related measurement technology have not been reconceptualized for this economic transformation. Accounting has lagged despite the widespread

recognition of the economic shift. Today's accounting is still based on the industrial paradigm in which tangible property is considered an asset (Flamholtz, 2012).

Despite the previous fact, Several organizational applications of HRA concepts and models and renewed academic research have arisen since the gradual shift in the economic climate. *Some examples of these applications and research include those* (Flamholtz, 2012):

1. A U.S. bank with over \$20 billion in assets applied HRA to measure the replacement cost of tellers and management trainees to resolve an internal debate over their actual cost.
2. The U.S. Office of Naval Research conducted two studies to investigate the application of HRA to Naval human resources.
3. A major U.S. financial institution sponsored a project to measure the value of human assets acquired in a corporate purchase to determine the amortization of human capital for corporate income tax purposes.
4. A major U.S. aerospace firm sponsored a study using HRA to measure the value of executive time saved when corporate aircraft was used instead of commercial aircraft.
5. A 450 million industrial components distributor was experiencing a high personnel turnover rate but could not get the CEO's attention until HRA methods were used to quantify the cost of turnover.
6. A major Europe-based business equipment manufacturer investigated the replacement cost of its personnel.
7. A major Canadian industrial company has established a project to account for human resources to assess the costs and benefits of layoff decisions in terms of their impact on human resources replacement cost and short-term payroll savings.

Management accounting has not yet developed sufficient tools to measure the value of human and Intellectual Capital assets. The organization needs a system that continually assesses and re-assesses the people who work there, including their skills, talent, and behavioral attributes, while paying attention to how human resources impact the bottom line. Thus, today's competitive organization needs an integrated program to measure, develop, and launch its intellectual capital.

Human Resources Accounting recognizes that people with skills, experience, and knowledge are assets that can be termed "Human capital." Human Resources Accounting is an accounting tool that is relevant to the measurement and, in turn, the management of intellectual capital, specifically human capital, is Human Resources Accounting (Flamholtz, 2012).

Significance of Human Resources Accounting

The main aim of accounting is to provide an effective measurement and reporting system for decision-making. Human resource accounting virtually deals with decision-making in the following areas of accounting (KUPPAPALLY, 2008, p. 589).

1. Programming policies and programs for the development of human resources.
2. Decisions regarding cost reduction programs
3. Training and development
4. Recruitment and selection
5. Human resources planning and control

6. Conservation and reward of human resources
7. Choosing between various types of human investment and investment in other assets.
8. It highlights the importance of human resources (Andriessen, 2004, p. 306).

Objectives of Human Resources Accounting

Human resources constitute an essential asset for organizational success. Without people, all money and material resources cannot be geared toward achieving an organization's goal. The variables in human behavior, like group loyalty, skills, motivations, and capacity for effective interaction, communication, and decision making are accurate indicators of organizational health (Bose & Chandra, 2010).

1. It helps in evaluating the return on investment in human capital.
2. It helps communicate the worth of human resources to the organization and the general public.
3. It helps to know whether the human resources have been appropriately utilized.
4. It provides quantitative information on human resources, which will help managers and investors in making decisions.

According to Gabriel (2010, P. 876), There Are Some Objectives of HRA:

1. To provide quantitative information to make proper and effective managerial decisions regarding recruitment, selection, training, development, and maintenance of human resources.
2. To monitor the utility of human resources effectively.
3. To analyze human assets, i.e., whether such assets are conserved, depleted, or amortized.
4. To assess the return on investment in human resources
5. To help the organization in making necessary changes in management principles
6. To communicate the value of human resources to the organization. Investors, lenders, employees, and other interested parties.

Objections against Human Resources Accounting

According to Gabriel (2010). Some objections must be taken into consideration; these objections are as follows:

1. The valuation of human assets in terms of money may be objected to based on ownership that an organization, like physical assets, does not own the employees.
2. Human beings are movable property; they are not enslaved. Therefore, they cannot be treated as physical assets.
3. The money measurement concept is critical in conventional accounting practices; it means that only money transactions can be recorded in the books of the accounts.
4. Converting human resources into monetary terms is a highly complicated affair.
5. There is no scientific formula or methodology to measure the value of human resources.

Limitations of Human Resources Accounting

According to Gabriel (2010), some limitations must be taken into consideration, and these limitations are as follows:

1. Human Resources Accounting is a developing concept. Therefore, more research is necessary to overcome the problem of valuation.
2. There are no universally accepted methods for human resources valuation or clear-cut procedures or guidelines for valuing human resources.
3. There is no clarity in determining the rate of amortization on human resources. According to Investopedia, amortization is an accounting technique used to periodically lower the book value of a loan or intangible asset over a set period. Amortization can also refer to the spreading out of capital expenses related to intangible assets over a specific duration – usually over the asset's useful life (TUOVILA, 2020).
4. Tax laws do not recognize human beings' assets.
5. Human life is uncertain, and hence, valuing them under uncertainty seems to be unrealistic.

DATA ANALYSIS & INTERPRETATIONS:

Statistical Methods Used:

The statistical package analysis software for the social sciences (SPSS v.26) was used to analyze the study data, answer its questions, and test its hypotheses.

Table 1. Distribution of the Study Sample

		Frequency	Percent
Gender	Female	20	40
	Male	30	60
Educational level	Diploma	5	10
	Bachelor	39	78
	Master's	6	12
Job title	employee	31	62
	Head of the Dept.	3	6
	Branch Manager	10	20
	Other	6	12
work	Administrative	20	40

	Finance	25	50
	Technical and Technological	2	4
	Consulting Services	1	2
	Human Resources	1	2
	Other	1	2
	<hr/>		
	Less than five years	19	38
Experience	More than five years	4	8
	From 10-15 years	27	54
	<hr/>		
	Total	50	100.0

The data in the previous Table shows that the percentage of the study sample (60%) is male and (40%) is female. Holders of a Diploma degree (10%), holders of a bachelor's degree (78%), and (12%) are holders of a master's degree. Its percentage is (62%) from the employees, (6%) from the heads of departments, (20%) from the branch manager, and (12%) from others. The percentage of (40%) are administrators, (50%) are financial, (4%) are Technical and Technological, (2%) are consulting services, (2%) are in the Human resources sector, and (2%) are in other. (38%) have experience less than five years, (8%) have experience more than five, and (54%) have experience between 10-15 years.

The questionnaire

The questionnaire mentioned in Al-Saqr's (2013) study was modified according to this study environment. So, the questionnaire in its final form consisted of (22) items, which are as follows:

1. For the first domain, the weight (yes/no) was used to answer the questionnaire items. Given the values that formed the weights to answer the items in this area, it was one of two answers (yes/no), and (yes) equals (1), While (no) is equal to (0). therefore, the value that supports the paragraph and responds positively to the hypothesis by accepting it must be less than (0.50), while the averages that reject the hypothesis and give a positive result contrary to the hypothesis must be equal to or more than (0.50). Each average ranging between (0.50-1.00) is positive and rejects the null hypothesis, and each average ranging between (0-0.49) supports the null hypothesis.
2. In the second, third, and fourth domains, the study used a five-point Likert scale to measure the opinions of the study sample, and (strongly agree (5)), (agree (4)), (neutral (3)), (disagree (2)) were given.), (strongly disagree (1)).
3. The following classification was also relied upon to judge the arithmetic averages, and the range was extracted in the following manner:

- The range represents the difference between the highest and lowest values on the scale (5-1=4).
- The length of the cell corresponds to each rating ($4/5 = 0.8$) and represents the length of each of the five categories of the scale.
- Therefore, the first category of arithmetic average values is from 1 to (1 + 0.80), and so on for the rest of the estimation categories for average values, and the following Table shows that:

Table 2. Interpreting the arithmetic averages of the study results

Response Levels	Averages	Degree of Importance
Strongly Disagree	1-less than 1.80	Very few
Disagree	1.80-less than 2.60	Few
Neutral	2.60- less than 3.40	Medium
Agree	3.4- less than 4.2	High
Strongly Agree	4.2-Less than 5.00	Very high

The results showed that the Cronbach coefficients for the four domains ranged between (81-92.4%), and for the questionnaire as a whole (90%), which are high-reliability coefficients and acceptable for the study, as the reliability coefficient (Cronbach alpha) is good if it exceeds (60%).

Table 3. Cronbach alpha coefficients for the domains and the tool of the study

No	Domain	The number of paragraphs	Cronbach alpha coefficients
1	First domain	7	%89.6
2	Second domain	6	%81
3	Third domain	5	%89.1
4	Forth domain	4	%92.4
5	Quesstionnaire	22	%90

Analyzing and Interpreting the Study Results:

First Domain: Results related to the first hypothesis, which states: "Jordanian finance companies in Jerash City do not know the concept of resource accounting and its importance, objectives, objections, and limitations."

Table 4. Arithmetic averages (Mean) and standard deviations for all paragraphs measure awareness and knowledge (Arranged in descending order according to their arithmetic means)

N O	RAN K	PARAGRAPHS	YES		NO		AVERAGE	DEGREE
			Freq	pct. %	Freq	pct. %		
1	1	Have you ever heard of the term and concept of human resources accounting?	38	76	12	24	0.76	Yes
5	2	Do you know the importance of applying human resources accounting?	33	66	17	34	0.66	Yes
4	3	Do you know the objectives of applying human resources accounting?	32	64	18	36	0.64	Yes
2	4	Have you read a book or article about human resources accounting?	29	58	21	42	0.58	Yes
7	5	Do you know the barriers and obstacles that hinder the application of human resources accounting?	28	56	22	44	0.56	Yes
3	6	Have you previously worked or seen an accounting system that handles human resources expenses?	27	54	23	46	0.54	Yes
6	7	Do you know the objections facing human resources accounting?	25	50	25	50	0.50	Yes
The Domain of Awareness and Knowledge (As a whole)			212	66.3	138	33.7	0.663	Yes
Overall Score			%66.3					Yes

It is clear from Table (4) that the degree of all paragraphs in the domain was positive, and the level of awareness and knowledge of the concept of human resources accounting among the sample study who answered the items in the domain (as a whole) was also positive. *The average of*

awareness and knowledge (as a whole reached (0.663), indicating that the null hypothesis is rejected. This means that Jordanian finance companies in Jerash know the concept of human resources accounting and its importance, objectives, objections, and limitations.

Second Domain: Results related to the second hypothesis, which states that Jordanian finance companies in Jerash do not realize the importance of disclosing human resources accounting in financial statements.

Table 5. Arithmetic averages (Mean) and standard deviations for all paragraphs measure the importance of disclosing human resources accounting in the financial statements (Arranged in descending order according to their arithmetic means)

It is clear from Table (5) that the level of all paragraphs of the domain was positive, and the level

NO	RANK	PARAGRAPHS	AVERAGE	STANDARD DEVIATION	DEGREE
1	1	There is a need to measure the value of the skills, experiences, and competencies of the organization's human resources in a financial form and disclose them in the financial statements.	4.32	0.59	Very high
2	2	It is beneficial to users of financial statements to treat and demonstrate the knowledge, experience, and competence possessed by human resources as intangible assets the organization possesses.	4.24	0.74	Very high
4	3	Disclosing the value of human resources experiences, skills, and competencies increases the organization's competitive ability.	4.22	0.65	Very high
3	4	Measuring the value of the human resources possessed by the organization, disclosing it, and adding it to the value of the assets expresses the actual value of the organization's assets.	4.20	0.70	Very high
6	5	Disclosing the value of human resources in the financial statements as one of the company's assets leads to employees feeling their importance to the company.	4.20	0.93	Very high
5	6	Disclosing the value of the skills, experiences, and loyalties of human resources can be considered one of the indicators of the company's success and profitability.	4.10	0.91	High
The Domain of Importance of Disclosing HRA (As a whole)			4.23	0.49	Very high

of importance of disclosing human resources accounting in the financial statements among the study sample who answered the paragraphs of the domain (as a whole) was also very high. Looking at the arithmetic mean for the field as a whole, which reached (4.23) with a very high degree of

importance, *it becomes clear that the null hypothesis is rejected*. This means that Jordanian finance companies in Jerash realize the importance of disclosing human resources accounting in the financial statements and statements.

Third domain: Results related to the third hypothesis, which states: The application of human resources accounting in Jordanian finance companies in Jerash City does not lead to providing information that benefits management and investors in the decision-making process.

Table 6. Arithmetic averages (Mean) and standard deviations for all paragraphs measure the application of human resources accounting and benefits for management and investors in decision-making (Arranged in descending order according to their arithmetic means).

NO	RANK	PARAGRAPHS	AVERAGE	STANDARD DEVIATION	DEGREE
4	1	Knowing the financial value of human resources benefits management in the employee evaluation process. It also helps investors in evaluating investment decisions.	4.32	0.62	Very high
1	2	Information about the value of human resources in financial statements will influence management and investor decisions positively.	4.24	0.74	Very high
3	3	Measuring the value of human resources in a financial form helps management determine the level of employee salaries and helps investors increase their investments.	4.24	0.80	Very high
5	4	Knowing the financial value of human resources helps management make decisions regarding training and development programs. It is helpful for investors in determining whether they should continue or stop investing.	4.20	0.67	Very high
2	5	Measuring the value of human resources in a financial form helps management and investors improve the quality of hiring and investment decisions.	4.16	0.68	High
The Domain of Application of HRA (As a Whole)			4.23	0.55	Very high

It is clear from Table (6) that the level of all paragraphs in the domain was positive, and the level of application of human resources accounting in Jordanian finance companies in the city of Jerash in providing valuable information to management and investors in the decision-making process among the study sample who responded to the domain (as a whole) was very high the average was (4.23) with a very high degree of importance. *It becomes clear that the null hypothesis is rejected.* This means that the Jordanian finance companies in Jerash believe that applying human resources accounting provides information that benefits management and investors in decision-making.

Third domain: Results related to the fourth hypothesis: Human resources accounting does not positively affect employees in Jordanian finance companies in Jerash City.

Table 7. Arithmetic means, and standard deviations for all paragraphs measure the positive impact of human resources accounting on employees (Arranged in descending order according to their arithmetic means).

N O	RAN K	PARAGRAPHS	AVERAG E	STANDAR D DEVIATIO N	DEGRE E
1	1	Disclosing the value of human resources in the financial statements as one of the company's assets leads to employees feeling their importance.	4.36	0.66	Very high
4	2	Measuring the value of human resources as one of the organization's investments prompts them to increase this value through increased productivity, creativity, and self-development.	4.28	0.76	Very high
3	3	Human resources feel that they represent one of the organization's investments, which raises their morale, initiative, development, and loyalty.	4.20	0.76	Very high
2	4	The company's measurement of the value of human resources in a financial form gives them additional motivation to increase their experience and efficiency.	4.08	0.88	Very high
The Domain of the Positive Impact of HRA on Employees (As a Whole)			4.23	0.65	Very high

It is clear from Table (7) that the level of all paragraphs in the domain was positive, and the sample's opinion was that human resources accounting had a positive impact on employees where the average for the domain as a whole reached (4.23), with a very high degree of importance.

Looking at the arithmetic mean for the domain as a whole, which reached (4.23) with a very high degree of importance, *it becomes clear that the null hypothesis is rejected*, which means that human resources accounting positively affects employees in Jordanian finance companies in the city of Jerash.

Therefore, it becomes clear that Jordanian finance companies operating in Jerash, Jordan, have complete knowledge and awareness of human resources accounting and are familiar with it.

SUMMARY

The present study analyzed the development of Human Resources. It has passed through five stages: 1) HRA's first stage was from 1960 to 1966. 2) HRA's second stage from 1966 to 1971. 3) HRA's third stage from 1971 to 1976. 4) HRA's fourth stage from 1976 to 1980. 5) HRA's fifth stage from 1980 to the present. It can be said that Human Resources Accounting (HRA) is a new field, and more attention has to be paid to this field to find acceptable and united methods to measure these vital assets. There is a high need for an effective and reliable system to assess human resources in light of the knowledge era. Organizations need to pay special attention to their Human resources. They are mainly responsible for identifying the value and success of the organization, considered core assets in the knowledge era, instead of treating them as expenses in the industrial age.

CONCLUSION

The usefulness of human resource accounting can be concluded by providing estimates and measuring the cost incurred on acquiring, promoting, training, and developing. HRA is equally beneficial for employees, management, and Investors, where managerial and investment decisions can be made based on the HRA statements. It is regarded as a management tool to attract investors. Finally, it can be said that the output of the HRA statements can be used to make a variety of decisions and enhance the performance of employees; it provides a positive impact for them, and it may improve employees' productivity and boost their morale in the organization.

SUGGESTIONS

It can be said that there is a positive impact of the inclusion of human assets in the financial statements of organizations, so the concerned organizations have to discuss all necessary details as well as necessary legislative procedures to bring the project into existence. More effort must be made to eradicate the limitations by doing more research to overcome the valuation problem.

DIRECTIONS FOR FUTURE RESEARCH

This study covers only the employees who work in Jordanian finance companies in Jarash City, Jordan. Research can be conducted on pharmaceutical companies, food industry companies, and the industrial sector. Further studies also can be performed on companies listed on the Amman Stock Exchange (ASE).

LIMITATIONS OF THE STUDY:

This study is limited to Jordanian finance companies in Jerash City, Jordan, where results may vary to other industries and locations. The sample of this study is convenience sampling, a non-probability sampling method. In addition, some employees' educational backgrounds are unrelated to financial and accounting knowledge.

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