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The impact of investment in human resources on the profitability of non-financial Palestinian public listed companies

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Thesis Approval

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Declaration

I certify that this thesis submitted for the Master's degree in Accounting and Auditing is the resultof my own research, except where otherwise acknowledged and that this thesis (or any part of thesame) has not been submitted for a higher degree to any other university or institution.

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Acknowledgment

In the name of Allah, the most merciful, the most compassionate.

First and foremost, I want to express my gratitude and praise to God for giving me the perseverance, strength, knowledge, and direction I needed to finish this study.

I dedicate this to the person who created the shadow that never left me, to my first ever supporter, to my pride's symbol, and to you, my beloved father—may God grant you mercy.

To the joy of my life whose invitations always surround me, to the one who has been a protective refuge from the pitfalls of life, to you, my dear mother.

To the peace of the heart and the blessings of life... To life's taste... To the delicate colors of happiness in my life... To you, my sisters, Heba &Doaa

To the supporters... who shared the burden of life with me... to those who, whenever the road in front of me became dark, I turned to them, they were the light that dispels the darkness... and they were the crutch of life that does not tilt. Here are my brothers Maen and Ahmed.

To the poem of daffodils, to the gift of life crowned with roses, to my friend Duha

I also extend my sincere thanks and appreciation to my supervisor, Dr. Naser AbdelKarim, for helping me at all stages of my studies and for supporting me. I would also like to thank all members of the discussion committee.

Abstract

The aim of this study is to examine the impact of investment in human resources on the profitability of non- financial Palestinian public listed companies. The study used cost (The amount of money spent and invested for human resources salaries, recruiting, selection, developing, and training, end of service expense, vacation expense), as proxy for investment in human resources; while return on Asset (ROA) was used as proxy for profitability. The study used quantitative approach, secondary data from audited financial statements available on the Palestine Exchange (PEX) website of industrial sector , services sector and investment sector from 2016 -2022. Data collected were analyzed and tested with t-test statistical tool with aid of SPSS version 20.0.

The findings revealed that there is a positive correlation between investments in human resources, and the profitability of economic enterprises, this relationship can be represented by the equation simple regression equation ROA_After=0.076+0.000000000786877×cost . Based on the findings it was recommended that the concept of human resources accounting should be applied to investments in human resources that meet assets' constituencies, and to give it more care, so that it can create and achieve more successes for the facility and develop human resources capacities and train them to qualify them, as this has positive consequences for the performance of employment and the profitability

Keywords: investment in human resources, profitability, Palestine Exchange (PEX)

Table of Contents

List of Tables

Chapter 1

Introduction

1.1 . Overview :

In this Introduction Chapter, we will look at the study's overall background, problem statement, Significance, research questions, objectives, development of hypotheses and variable definitions.

1.2 . General Background :

When administrative schools understood that human resources have become a fundamental part on which the firm is built to carry out its job, as well as an active element that drives it towards accomplishing its objectives, pleas began to surface to respect and promote these efforts. Many voices have been raised in favor of converting human labor into digital formats. In response to these demands, the concept of human resources accounting, which is based on measuring investments in these resources or evaluating future services and disclosing this information in financial statements in accordance with accounting standards, requires that financial statements be fairly reflective of the company's financial position and business results (Al-Hayali, 2004) .

When some economic establishments applied this concept, they produced a set of outputs emphasizing that the physical and mental capabilities of the human resource, its expertise and knowledge, and its ability to influence other elements of production all contribute to the enterprise having a competitive advantage over its peers. It leads to several accomplishments and successes in terms of economic development, greater productivity, and profitability (Sabah, 2008).

Profitability, on the other side, is very significant because it is a measure of a company's capacity to produce income to cover its costs (Aql, 1995). Also, given the company's human resource expenditures make for a major part of overall expenditures, this research will examine whether these expenditures meet their stated goals and have a positive impact on the company's profitability.

1.3. Problem statement:

The primary goal of economic institutions is to maximize the wealth of entrepreneurs (Al-Makhlafi, 2008), and to do all possible to invest in available resources, attract, and use them to serve the project and achieve its goals. As well as, because we advocate for the capitalization of human resource investment based on asset characteristics - in line with IFRS' efforts to evaluate human resources as an asset (Deloitte, 2009) - we will examine whether this investment benefits the enterprise and contributes to profits in the same way that other assets do. As a result, the study problem is:

Is there a relationship between investing in human resources and the profitability of the Palestinian public listed companies?

1.4. Research Significance and Justifications :

The significance of this research stems from the fact that it is one of the few that examines the link between two key factors that are of interest to many businesses. The variable that is independent: one of the primary inputs to the productive process is human resource investments, and the dependent variable: profitability is a crucial aim that most economic companies strive to.

This study also derives its importance from the valuable information it will provide, which will enable economic companies to better manage these resources, optimize them, make the best efforts to expand and improve their skills, and make the best judgments possible. It's worth noting that this study combines scientific and practical features, as it not only examines this relationship from a theoretical and philosophical standpoint, but also looks at practical issues in order to arrive at conclusive conclusions .

1.5. Research Question:

In light of this, the study's goal is to address the following question: Does investing in human resources play a role in the profitability of the public non-financial companies listed, and if so, what are the barriers to capitalizing these resources?

1.6. Research Objectives:

The objective of the study is the following:

to shed light on the importance of investing in the human resources to increase the return on investment for non-financial Palestinian public listed companies.

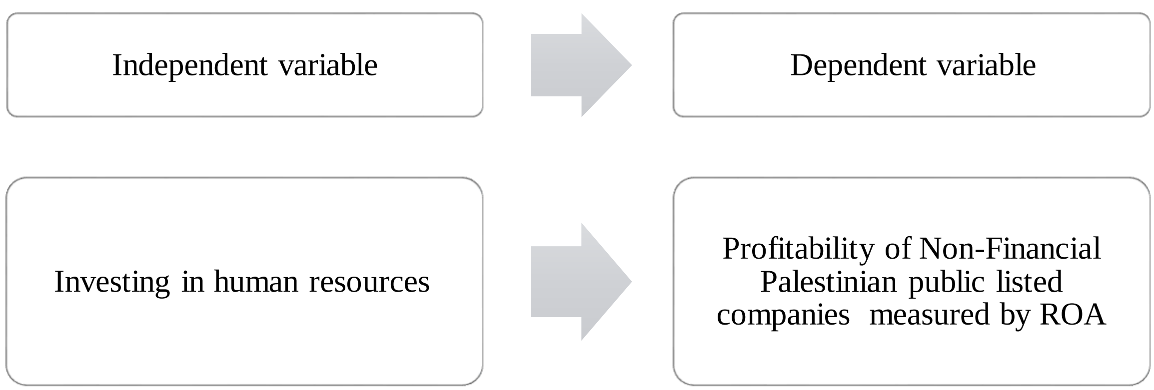
1.7. Hypotheses Development :

Human resources, according to conventional wisdom, are the productive element that provides the facility a competitive advantage over similar facilities, and plays a significant role in producing profit and economic growth, in addition to its potential to affect other aspects of production. This wisdom highlights the need of providing information and statistics that represent human capital activities and production.

It is obvious from the preceding that there are individuals who assert: that investment in human resources helps to the overall success of the organization, as measured by yearly total income (revenue). We did this investigation to explore the following hypothesis based on this claim:

H1 : Investing in human resources has positive impact on the profitability of non-financial Palestinian public listed companies.

1.8. Definitions of Variables :



1.8.1. Independent variable:

Investment in human resources: It means spending in human resources and training them in order to develop their capacities and refine their skills in order to increase their production (Al Kubaisi, 2005).

Investment in human resources is measured in several ways, some of them are based on value and others on cost. To meet the study's aims, the historical cost model was used as a measure of this investment - following the example of Fattouh's study applied to Tishreen University - due to the advantages it achieves: (Fattouh, 2000)

1. Consistent with most assets' accounting measurement
2. It is objective since it is based on the actual expenses paid by the facility - with the exception of assessing depletion rates, which are subject to personal estimations, while other models depend on estimates very heavily, such as estimating the value of services expected to be provided by human resources in the future and a discount rate these services.
3. Ease of application of this model - compared to other models, which need a large amount of information that is difficult to obtain, as will be evident in the theoretical framework.

COST: The amount of money spent and invested for human resources (salaries, recruiting, selection, developing, and training ,end of service expense, vacation expense).

1.8.2. Dependent variable:

Profitability: is the relationship between revenues and the costs spent in order to achieve these revenues, and it is the primary goal of business organizations.(Aql 1995)

Profitability may be measured using many indices, including gross profit margin, operating profit margin, net profit margin, return on equity, and return on assets (investment). The last indicator was used as a measure of profitability for the purposes of this study since it is the most relevant measure to assess the study's hypothesis. It evaluates the facility's efficiency and effectiveness in using and managing its assets to make profits. (Aql 1995)

- **Return on assets (ROA) =** net profit before interest and tax / average assets

Chapter Two

Theoretical Framework and Literature Review

2.1. Overview:

The theoretical framework of human resource accounting are covered in this chapter, along with some empirical research on the topic and the relationships between HRA and a number of different factors.

2.2. Theoretical Framework :

2.2.1 Schultz's theory of human capital (economic view of human resources) :

Many economic theories have addressed the issue of human resources and emphasized the need of appraising them as a project asset. Schultz's theory of human capital is the most important of these theories. Schultz attempted to identify the elements that contribute to a rise in income in his study, and his method centered on the least tangible components of capital, namely human capital. It concludes that people's talents and knowledge should be viewed as a type of investment. Due to this fact, the contribution of this investment to economic growth approximately equals the contribution of physical capital in this sector.

Schultz's research was based on the following hypotheses:

1. Economic growth that is not accompanied by a rise in physical capital is the result of an increase in the accumulated stock of human capital.
2. Variances in income generated by businesses with the same quantity of physical capital can be explained by differences in the amount of human capital invested.

And Schultz recognized that human resource education is a crucial investment in developing and enhancing these resources' skills. He further stated that this investment is called human capital since it becomes a part of its beneficiaries and adds to the provision of economic value services.

While economic theory recognized the necessity and efficacy of the human factor, accounting thought was oblivious of its significance and the idea of considering it an asset.

2.2.2. The accounting approach on human resources:

The accounting approach on human resources, Fattouh (2000) indicate that accounting in the traditional sense did not address the accounting treatment of human resources except for salaries and wages, which show as voluntary expenditures in the income list, and the introductions of dues, which appear in the financial center list. The reason for this is that accounting information is derived from financial events, and the financial process seen in the case of human resources is the duty to pay salaries and wages in exchange for the services performed by these resources. Salem (2008), Flamholtz (2005) ,Al-Ghazawi (2006), In order to indicate whether these services and investments meet the elements of assets, we will review the concept of assets, the elements on which this concept is based, and determine the extent to which they apply to human resources.

2.2.3 What are the Assets :

Depending on the viewpoint, assets can be conceptualized differently:

- The owners of the project's point of view

- The perspective of management
- The project's perspective as a whole

2.2.3.1 The project owners' perspective :

Value and ownership are the two fundamental axis that, in the opinion of the project's owners, must be present in the assets. (Hanan, 2003)

This idea defines assets as everything that constitutes a debit balance that is carried over to the subsequent financial period following the closing of temporary accounts and that expresses assets, postponed expenses, or a specified value. (Hanan, 2003)

2.2.3.2. The management perspective :

Administrators emphasize the requirement that an asset have a productive capacity. (Salem, 2008)

Additionally, assets are defined as: resources with the potential for production that are obtained by the project with the intention of using them in the production of goods or the provision of services in order to obtain periodic revenues - and not with the intention of reselling them to realize capital profits. Matar, (1982) bolsters this assertion.

2.2.3.3. The viewpoint of the project itself :

Assets are defined by the American Accounting Standards Board (FASB) as "economic benefits expected to be obtained in the future, and that the unit has acquired the right to obtain or control these benefits as a result of events or operations that took place in the past.(Jarbou,2001)

2.2.4. Assets component :

- **Ownership**

- **Repayment of debt**
- **Future services**
- **Production capacity**

1- **Ownership:** The goal is to have control over the economic advantages and services given by diverse resources. It also includes the enterprise's power to prohibit others from reaping these benefits. (massa,2015)

When it came to the application of this criteria to human resources, opinions ranged from support to opposition.

- **Supporters of considering human resources in order to meet the ownership criterion: (Ali, 1997)**

This category's status is strengthened by the existence of two forms of contracts between the firm and its employees:

Type 1: Employment contracts in which the employee is obligated to offer services to the establishment and the latter is obligated to pay salaries and wages for these services.

Type 2: The prohibitive contract imposes on its workers the skills and talents that they must use in the course of various activities. These contracts will allow the company authority over its employees, according to this category.

This group also believes that the workforce - i.e. the services given - is owned rather than hired, hence it doesn't matter if the workforce is made up of the same individuals or is constantly changing.

- **Opponents of using human resources to meet the ownership criteria include :**

Due to the lack of a designated market, this category focused on the inability to interchange human resources - selling and purchasing. In order to accomplish the absence of ownership over human resources, it has also resorted to beliefs and ideals that preclude the treatment of human resources like other material assets in the establishment.

** We shall choose the first approach in this study since what we are interested in is the labor force, not the employment itself. (Abdo,1982).

2- **Debt Repayment**: Economic companies are expected to be able to pay their debts and responsibilities in order to fulfill the objective of continuity and existence, and these debts are expected to be returned from the profits generated by the interaction of the components of production, including the element of labor. (Ali, 1997)

3- **Productivity estimates** :Because of the human resource's output capability and ability to affect other parts of production, the work component is one of the most essential inputs to the production process. The more efficient a human resource is, the less raw resources are utilized, the lower the percentage of damaged goods, and the shorter the time it takes to execute activities. (Al-Jaidi,2007)

4- **Future Services** :There are three items that must be accessible to satisfy future service requirements:

- Expectations of future services and advantages should be established: Because of their potential to produce, human resources contribute to future services.

- There should be a right to receive these benefits: under the contracts that regulate the company's relationship with its employees, the company has the right to own these benefits. Also, through its overall ownership of the labor.
- The capacity to quantify these advantages: There are a variety of methods for calculating the cost and value of human resource investments and services. We'll go through everything in more depth later.

Because all asset components have been realized in the characteristics of the human resource, the investments made in it may be classified as capital expenditure, included in the financial position list, and subject to depletion, as required by the human resources accounting concept. (Salem,2008)

2.2.5. HR Accounting Concept:

The concept of human resources accounting is no exception to the rule that it is very challenging for scholars to come to an agreement on a single definition due to the diverse cultures, beliefs, and viewpoints of scholars in general. Anyone who follows the development of theories and sciences in general will notice this.

It is described as "the process of finding and measuring data connected to human resources and presenting that data to the appropriate authorities" by the American Accounting Association (AAA).

Regarding Flammholtz, he overcame this deficiency by defining the assets as a means of quantifying the expenses incurred by organizations in the recruitment, development, and training of their human resources. He also suggested that one possible measurement mechanism might be the economic measurement of value. (Flamholtz,2003)

The two previous ideas make it abundantly evident that the accounting system for human resources is an addition to the current systems. It serves as a tool to offer management and stakeholders with reliable information about human resources for use in making administrative and financial choices. (Al-Jaidi,2007)

It should be noted that the idea of accounting for human resources emerged as a result of a number of developments and shifts in administrative thought about human resources, starting with the idea that it is a technical component like other production-related components and progressing to the idea that it is an active member of the organization. This topic is covered in more detail in the following section.

2.2.6. The emergence and advancement of accounting for human resources (Hayali, 2004)

Early in the 20th century, the resource was seen as a technical component that had to adhere strictly to rules and directives. However, as administrative thought developed and the method of participation emerged, the human element became more than just a technical component, and its needs and desires came to be considered. Finally, the school of social welfare emerged, which shed light on societal concerns and the pursuit of well-being.

The American corporation Barry, which capitalized human resource expenses and determined the amortization premium for them in accordance with the historical cost method—which we will explore in more detail later—is credited with making the first attempt to implement the accounting system for human resources.

2.2.7. The principles of the human resource accounting system (the Arab Society of Certified Accountants, 2001)

It is important to note that each of the following principles has been met because the use of the accounting system for human resources by this organization or that was not in conflict with the accounting standards but rather in accordance with them:

- **The continuity and periodicity principle:**

This principle assumes that establishments exist to continue regardless of the life of their owners, and that the life of the project is divided into equal financial periods, usually a year, so that the owners of the project can know the result of the business and the financial position before liquidation. The expenses of long-term assets are spread out across numerous financial periods, based on the depletion of these assets' services over each period. As a result, the expenses of acquiring, developing, and keeping human resources may be capitalized and spread across many financial periods based on the estimated useful life.

- **The principle of disclosure and publicity**:

This principle requires full disclosure of financial facts in financial statements in order to provide the reader with a clear picture of the organization's business development for the specified period, as well as its financial position at the end of the period. Accounting in its conventional sense did not give enough disclosure regarding human resources, instead limiting the reader to information about salaries, wages, advances, and entitlements, which is regarded a shortcoming in the disclosure principle.

- **The principle of objectivity:**

Accounting objectivity indicates that variables are measured without prejudice or susceptible to personal estimations.

Many researchers have developed methods for measuring the cost and value of human resources with a high degree of objectivity.

- **The materiality principle:**

This principle requires that attention be paid to items of relatively high value, and given that the costs of acquiring, developing, and replacing human resources are relatively high in advanced modern facilities, these costs must be capitalized; otherwise, this is considered a violation of the principle of relative importance.

2.2.8. Human Resource Accounting Assumptions: (Al-Hiti, 2003)

- The **first** : Human resources have an economic value for businesses, and this value can be classified as direct or indirect. Direct value is reflected in the effort and time spent performing required tasks, while indirect value is reflected in the efficient use of human resources for other production elements such as raw materials.
- The **second** premise is that human resources are an asset of the firm that can be financed and amortized over its estimated useful life.
- The **third** : is that the administration's leadership style influences the value of its personnel. These materials are most valuable to businesses that care about their people and work to grow their skills, talents, and knowledge. There is little question that these efforts will not go unnoticed, but their consequences will be reflected in the employees' performance and productivity.

- **Fourth** : The human resources accounting system offers management and other interested parties with human resource information that may be utilized for manpower planning and making choices about employment, training, and remuneration.

- The **Fifth** is that establishments incur a cost in order to employ human resources in order to acquire services and future benefits, and so these costs and services may be indicated in cash in the financial statements.

For the sake of testing this theory, the researchers developed a variety of models that may be used to calculate the cost and value of human resources:

2.2.9. Methods for calculating the cost of human resources:

2.2.9.1 Cost Model Using Historical Data: (Matar, 1982)

- It indicates the sacrifice that the organization makes in order to secure human resources, train and develop them, and elevate the level of the company's performance.
- This cost can be categorized as either revenue expenditures (such as maintenance and wages) or capital expenditures (such as original investment costs and training and development expenses).
- The historical cost may be separated into two parts: the cost of acquisition and the cost of learning. Flamholtz (2003)
- The advantage of this model is that it is consistent with the accounting measurement of most assets, and it is assumed that the amortization ratios for the costs of human resources sent are subjective, as they are not associated with the level of productivity and may

conflict with it, and it does not take into account the costs of the purchase price of services expected in the future.

- With regard to the depletion of this cost is as follows :

The value of the human asset is depleted during its expected useful life, taking into account that the experience of the human resource may grow with the passage of time, or it may remain constant.

- **And the human resource's useful life might be equal to:**

1. The duration of the supplier's service to the facility.
2. The length of time a human resource has worked at a facility in a certain role.
3. The time frame in which it can stay up with technological advancements; else, its worth would be entirely depleted.

2.2.9.2 Replacement Cost Model (Replacement) :

A - Model of Job Replacement Costs:

It implies "sacrificing the enterprise's economic resources in order to replace one person with another who has a specific position in the business and is capable of performing the same tasks and providing the same services required for this job" (Hanan, 2003).

The cost of acquiring, learning, and quitting a job are all included in the job replacement cost.

B - The price of replacing a person: (Salem, 2008)

It refers to the cost the organization will incur to hire a replacement who can perform the same range of services as the current employee.

The items that will be drawn in this model are similar to those in the previous model, but the method of measurement is different because it emphasizes the amount anticipated to be spent in the future rather than the actual cost because it accounts for the ongoing change in the value of the monetary unit.

The following are this model's shortcomings:

- Due to the dearth of comparable human resources for every human component, it is impossible to estimate the replacement cost for every employee at the facility.
- Due to the lack of a specific market for these commodities that sets their replacement costs, the replacement value might not be objective.

2.2.10. Methods of valuing human resources :

- **Evaluation based on future salary discounted at a discount (compensatory model) (Salem, 2008)**

This strategy is based on subtracting the individual's estimated salary and pay during his time with the business.

This approach necessitates a number of assumptions, including:

Estimate the individual's future salary and wages, as well as the rate at which these incomes will be deducted. In addition, despite the potential of quitting employment or death, it is assumed that the human resource will continue in the institution until retirement age.

And this objective measuring approach has been lost in all of these things.

- **Evaluation on the basis of the present value of the future revenues of human resources**

This technique uses the present value of expected services to assess the worth of a human resource investment, taking into consideration the following factors:

a. The individual's ability to move between various administrative responsibilities inside the firm and assess the value of the services he can deliver in each employment position.

b. The likelihood of the employee quitting the company before retirement.

c. It is assumed in this approach that assessing the added value arising from the work of human resources within a team is not the case.

- **The Unbought Goodwill Model of Hermannson (Hanan, 2003)**

  The amount of extraordinary profits achieved by the facility is assessed in comparison to similar facilities, and then this amount is capitalized as the value of human resources in the facility.

  On this model, the following is based:

a. Despite the presence of numerous elements that play a role in attaining extraordinary profits, such as customer loyalty and the credit position of the facility, it is considered that human resources are the only component that contributes to achieving extraordinary profits.

b. Because human resources have a value, this paradigm necessitates achieving remarkable profits.

c. This model implies that the value of human resources in similar establishments is zero, because the presence of a value for human resources necessitates extraordinary profits, i.e. revenues above the average.

2.2.11. Challenges that prevented human resources capitalization :

Most studies such as Flamholtz (2005) ,Al-Ghazawi (2006), Maarouf (1986) confronted the same challenges that prevented human resources capitalization from being used realistically in institutions and others till now:

a. The inability or unwillingness to accept the handling of human resources in the same way that other non-living resources are treated.
b. The difficulty in identifying the proper value for human resource depletion and usable life, as well as the potential of increasing the worth of these resources through time as a consequence of gaining additional experiences and abilities.
c. Because the notion of describing human resources with financial worth is rejected, ideals, values, and ethics become an impediment to the use of human resources accounting.
d. Manipulation of earnings: Human resource accounting may be used to manipulate and impact net accounting income

2.2.12. Accounting measurement:

Since accounting measurement expands the beneficiary categories with essential information, it is one of the most significant components of accounting. Accounting measurement is the process of quantifying operations like tabulation, expulsion, and registration and providing an overview of these processes in their completed forms. This suggests that measuring includes every step of the accounting process, from recording to final calculations (Ali, 1997).

Comparably, the process of assessing economic events that arise from a particular activity to which they are connected in the accounting unit and presenting the changes that result from those events as well as their influence on the income statements and the statement of financial position is known as accounting measurement.

The following are the steps involved in accounting measurement:

1. Compiling information on financial developments that affect business operations.

2. Keeping track of earlier procedures by double-counting.
3. Putting calculations and events into related categories to obtain insightful data.
4. Summaries of previous data in reports or declarations (Salem, 2008)

2.2.12.1 Accounting for Human Resources Is Needed :

The increased concern for human relations management in industry led to the demand for Human Resources Accounting (HRA). According to experts, the primary obstacle to good management is accountants' neglect to assess human resources. Thus, it is felt that HRA is necessary for the following reasons:

- Information in Conventional Accounting Is Not Available: The lack of information on human resources available to a business in traditional accounting is the driving force behind the demand for HRA. At the end of the day, this makes it challenging for managers to achieve the organization's goals. Humans are a company's most valuable asset since they enable the efficient use of financial and material resources.
- Lack of Records of Human Assets: While the worth of physical resources has been documented, there is no record of the organization's human capital, which is a crucial component of productivity and the profitability of businesses depends on it. Human capital is not treated in accounting the same way as non-human capital. The value of human capital is undervalued in accounting practices, making it impossible to determine the firm's total worth. For this reason, accounting for human resources is crucial.
- No Human Resources Balance Sheet: In order to create a statement of financial position that accurately reflects the value of the company's human capital and capital assets, a

Human Resources Accounting (HRA) report is required. This allows for a legitimate comparison of the two companies' financial statements. This will demonstrate the company's actual performance, piquing investors' interest in the business.

- Training and Development Costs: Under the current accounting system, costs for employee training and development as well as fringe benefits are recorded as current costs and deducted from current income.
- People tend to ignore the fact that these costs represent the company's investment in human capital, with benefits accruing over a longer time horizon than a year. Managers tend to feel that spending on human development should be reduced, but this ignores the fact that good morale and effective motivation that arise from such expenditures can later on greatly benefit the company in the form of high quality, high productivity, high profitability, and high performance. Accounting for human resources is necessary because of this.
- Reflection in Financial Statements: It is now necessary for the organization's profit and loss account and statement of financial position to include information on the worth of its human resources. It is vital to comprehend the management's decisions about human capital, since they might be reflected in the organization's financial accounts. The costs of human resources are deducted from revenue during the accounting period in which they are incurred, according to current accounting practices. However, the truth is that the advantages of human resources are not limited to a single accounting period, but rather span multiple periods. Because employee tenure is unknown, accounting cannot support this.(Alfred,2020)

2.2.12.2. Advantages of Human Resources Accounting (HRA) :

The following are some of the benefits that the organization will experience:

- Describes Return on Capital Employed: The organization's valuation of its human resources is disclosed through human resources accounting. This makes it possible for the company to analyze and explain the return on capital used. Moreover, it is feasible to ascertain the enduring aspects of corporate achievement.
- Better Decision Making: Accurate and thorough records pertaining to human resources must be kept in order to make HRA decisions. This supports managers in making the best choices for the organization about hiring, promoting, transferring, retaining, and laying off employees in light of financial constraints.
- Enhanced Productivity: HRA relies on ways to make human resources more productive. This is made possible by the fact that human assets are valued in monetary terms and that the organization's financial statements reflect this valuation. The workers are inspired to work harder by this. Additionally, employees grow to experience a sense of belonging to the organization. They are now recognized as important organizational resources. (**Cherian & Farouq , 2013)**

2.2.12.3. Accounting For Human Resources Is Useful :

a. Managers are now able to understand the importance of their most valuable asset in terms of money thanks to the addition of a value for human resources to the financial statements.

b. It helps the management implement a personnel policy that serves the organization's economic interests rather than a desired social objective.
c. It motivates management to utilize available human resources to the fullest extent possible.
d. It can serve as a foundation for assessing the productivity and efficacy of the workforce within the company. The organization's human resource depletion is a reliable indicator of its employees' work ethic.
e. It provides a more comprehensive view of the actual situation within the organization.
f. It acts as a database for individual policies that consider costs, value, and assets in an effort to recruit, retain, and manage a competent and happy staff.
g. It serves as a tool for teaching management the need of being aware of their human resources because employee behavior and attitude at work have a significant impact on their success.
h. Managerial leaders are trained to view human resources as assets that require the same level of protective care as other assets. They are anticipated to guarantee an increase in its worth. As a result, they ought to concentrate on lessening the risks to human resources that cause a high labor turnover rate . (Osama & Fatima, 2015)

2.2.13. Implementing HRA Presents Challenges:

• HRA cannot be implemented in a company if there are no defined processes or standards for figuring out how much human resources are worth.

• Current models that have been produced thus far have concluded that the regular salary amount paid to employees must be taken into consideration when developing a human capital model. This requirement eliminates the possibility of misreporting a worker with a moderate level of expertise as a highly skilled worker in order to give them a greater regular salary.

• It seems irrational to value human resources under uncertainty in the future because we don't know how long they will exist for. (Raymond Asika, 2017)

Why There is insufficient empirical data to support the claim that HRA is a useful tool for improving human resource management. Instead, only anecdotal evidence is available :

- Humans are not like other tangible assets in that they cannot be owned, used, and retained. As such, they have no market value.
- HRA may probably cause employees to be dehumanized and subjected to manipulation. For instance, someone with poor self-worth could experience discouragement, which could impair his ability to do his job well.
- A multitude of intangible elements that are difficult to quantify in monetary terms influence how much human resources are worth. As a result, the appraisal is not precise or objective.
- The main obstacle to reporting from outside of human capital is that the information disclosed may be sensitive, and the reporting organization may believe that it should not be disclosed because it could provide competitors with valuable information or be interpreted negatively by other stakeholders.

- Despite their importance and usefulness, human beings are not considered assets under tax law.
- Because trade unions must base their claims for incentives and remuneration on employee appraisals, they oppose the process out of fear.
- Goodwill from individual employees benefits the company as well, but it is not listed as an asset on the balance sheet.
- There are no guidelines provided by IAS, IFRS regarding the treatment of the HRA method.
- The type and structure of amortization that will be used have not yet been determined.
- There is proof that dishonest actions taken by employees caused an organization to fail How therefore can a human being be considered an asset for the financial sheet?
- In order to deploy HRA, proper human resource auditing is necessary. (Haris et al., 2019)

2.2.14. Potential Resolution:

It is against a fundamental accounting principle—the expense recognition principle—to charge the costs associated with hiring, onboarding, and employee development in the profit and loss account for a single period. Amortizing these expenses over the benefit-deriving period is largely acceptable, just like with other physical assets since the costs incurred yield benefits over multiple fiscal periods. There are situations where human asset accounts need to be adjusted**. The following are the steps involved in human resource accounting:**

1. Capitalizing the costs associated with hiring, screening, formal and informal familiarization, training, and familiarization is the first stage. If there is a chance that these HR costs will pay off in the future, then they should be considered assets.
2. The second phase involves spreading out the expenses a company spends on employing, acclimating, training, and developing new hires. It entails measuring the amount of the human resources service provider used up in a given accounting period.
3. Appreciating employees' worth annually at a set rate is the third stage. This is a result of the experience that makes human resources valuable over time.
4. The fourth stage involves making adjustments to human asset accounts due to various variables, such as poor health, early retirement plans, or outdated technology. These substantial organizational changes necessitate adjusting the human resources. The write-off of physical assets is comparable to this amortization of human assets. (Haris et al., 2019)

2.2.15. Previous Empirical Studies :

Due to the importance of the human resource in all aspects of life, previous researchers have been interested in it in several areas, including those looking in the financial sector (banks and insurance) ,in the Health and education services sector, commercial sector, the industrial sector, and from which it expanded to include the efficiency of individuals in the country in general and how to develop it, For the purpose of comprehensiveness in this research and to find the extent to which it is applicable and possible to generalize, consideration has been taken into account in reference to all these sectors.

It can be said that there is a common factor among all studies related to human resources accounting, as they all clarified the concepts related to this accounting, identified the foundations and hypotheses on which they are based, and showed the reasons and premises for the capitalization of these resources, as well as the models of measuring the cost and value of human resources, and addressed the obstacles and problems facing this accounting. Studies on human resources accounting can be divided into two parts**:**

Section 1: studies looking at the possibility of applying human resources accounting to different facilities .Most practical studies on human resources accounting (capitalization of it) are studies that look at the applicability of such accounting in different institutions. The reason for this is that the idea of accounting for human resources is a relatively recent one, and it is obvious that the first thing that researchers are interested in is to look at its practical applicability. A study entitled "Recognition and measurement problems in human resources accounting" Fattouh,(2000) found that this accounting could be applied to the expenses of expatriates at The University of Tishrin, by demonstrating the availability of asset components in these expenses based on the descriptive approach. This study is based on the neglect of many factors that may be an obstacle to the application of this accounting, such as the level of awareness of the importance of human resources and related accounting, and the appropriateness of accounting systems in use to apply this accounting, , And a lot of studies such as Flamholtz, (2005) study entitled "conceptualizing and measuring the economic value of human capital" , Theeke, (2005) "A human resource accounting transmission Shifting from failure to a future"

- And since the subject of our study shows the relationship, only the focus was on the second type of studies and took what is useful of this kind

Section 2: Studies looking at what the relationship between human resources accounting and profitability: This type of study examines the impact of human resources accounting on profitability.

There have been many ways to measure the investment used and profitable .Many researchers have conducted research on how to evaluate human resources and record them in the financial lists of organizations. Most studies have dealt with measuring the cost of the human resource, not its value: One way to measure the cost of human resources is historical cost to facilitate the method of calculating and displaying the cost, it was divided by Alfred Ilemona, (2020) (into acquisition, training and development, safety and health, welfare cost. But when this resource comes to educational matters, the focus is on education expenditures; health care; and research. (Vincent et al., 2013) .And we must not forget the concentration of banks and their care for this human resource, which is manifested in their expenses: recruiting& selecting, rewards and incentives that play the roll in motivating employees to increase productivity , training programs for employees to develop their knowledge and skills to do the right thing and efficiently , retention expense :banks want to earn employee loyalty and not lose them (Al-Ghazawi, 2006), While Haris et al., (2019) tried to evaluate the human resource according to its value added which consists of three component ratios : Human Capital Efficiency (HCE), Capital Employed Efficiency (CEE) and Structural Capital Efficiency (SCE). In other word, value added means the difference between inputs and outputs, outputs means total sales and inputs mean cost of brought-in materials, components and services .There is a different way that has been used in Islamic banks to express human capital and how to measure it which is to find the difference between the market value and the book value of the company to be the intellectual capital (Osama & Fatima, 2015).

In order to link the relationship with profitability, (Nguyen, 2020) (Asare et al., 2017), expressed it with the return on assets (ROA, ROI) = net profit before interest and tax/average assets, this is an indicator of how profitable a firm is relative to its total assets for a given period. ROA gives an idea of how efficient management is at using firm assets to generate incomes While Haris et al., (2019) In application on banks in Pakistan expanded by expressing profitability through return on assets (ROA), profit margin (PM) net interest margin (NIM) ,return on equity (ROE) , And when it comes to applying to governments, we find the impact through GDP(Vincent et al., 2013) Then the studies were diversified into profitability measurement methods (Al-Ghazawi, 2006)In line with the structure of banks and the importance of the human element in them ,Turnover ratio , revenue per employee , Value added per employee in relation with the assets of the Banks , Besides the return on investment .

Despite the diversity of sectors researched by researchers, the nature of the trend of the relationship between investment in these human resources and profitability are generally positive with different grades .(Vincent et al., 2013) indicates that treating human capital investments as assets increases enterprises' net worth significant and that the cost and number of employees have a favorable link with the organization's profit, (Raymond Asika, 2017) in another word ,Low morale, high employee turnover, and a decline in profitability are the multiplier effects of not providing information about employee value, maintenance, and retention(Alfred Ilemona, 2020)

However, it should be mentioned that when quantifying knowledge capital using a mix of individual and organizational capital in the top 500 largest firms in Finland, (Nguyen, 2020) discovered that while individual capital did not instantly increase firm performance in the short run it did so in the long run.

The scientific qualification, job status, and age of decision-makers, as well as the size and number of workers employed by the company Nguyen, (2020) have all been recognized as factors that may impact the direction of this connection

One thing to note is that when profitability is examined, it is not meant to be mixed with profit-making yet, a study Alfred Ilemona, (2020) questioned profit while the study was based on profitability.

However, the results of a research conducted in Pakistan are not likely to be positive. The study also finds that during periods of government change, banks in Pakistan generate lower profitability (Haris et al., 2019) However, the key problems Accounting Disclosure, most studies confronted the same challenges that prevented human resources capitalization from being used realistically in institutions and others till now. The biggest obstacles in recognizing human resources as an asset, however, are generally related to their qualities, measurement in monetary terms, and how they are managed. Flamholtz, (2005), Al-Ghazawi, (2006) include inability of management to ascertain the rate of depreciation and appreciation of skills of human resources, Before human resource accounting becomes generally recognized, according to Strauss (1976), various conceptual and practical issues must be resolved ,they can be summarized that Human assets are viewed as assets in the conventional system, which is difficult to accept also it's difficult to adequately deplete the worth of human resources because some of them gain value over time as a consequence of gaining more experiences and skills, while others lose value over time as a result of their failure to keep up with development, for example. It's also difficult to estimate the useful life

.As a result of rejecting the idea of assigning a monetary value to human resources, ideals, values, and ethics provide a barrier to the use of human resource accounting, finally, manipulation of earnings: HR accounting can be used to manipulate and influence net income.

These studies used a descriptive method to achieve information from their secondary sources, which included books, scientific references, and scientific periodicals, as well as an analytical approach to obtain information from their primary sources, as the questionnaires were designed to examine the following topics: the extent to which human resources are understood, the level of interest in accounting measurement of human resources, and the extent to which human resources are understood. Finally, how much does accounting for human resources have an impact on profitability?

As previously stated, the diversity of research has resulted in the diversity of methodological use for each study, and our study is consistent with Alfred Ilemona,(2020) in the way human resource investment is measured and with Nguyen, (2020) in the way rate of return on assets is measured.

This study also differentiates from past studies in terms of application setting, with the most of them being used in foreign countries, with the reference here to the fact that Algeria has prioritized human resource management due to the state's high population density. It was vital to do study on how to best utilize and maximize this resource, as well as the influence on the country.

It also differs from the time period used to measure the relationship, which will be five years, whereas Nguyen, (2020) study was only two years, which is a short time to test the effect of studying (Vincent et al., 2013) has been measured from 1980 to 2008, which is a long and exhausting period if the number of companies targeted is large.

- A thorough investigation of the connection between organizational performance and human resource accounting (HRA) is provided by the studied literature. The results of a number of research provide insightful information that emphasizes how important it is to view human resources as assets rather than just costs. The critical literature review combines these research to provide light on important topics, such as how HRA affects managerial decision-making, financial reporting, and an organization's overall success.

According to **Akindehinde, Enyi, and Olutokunbo (2015)**, a company's balance sheet will appear skewed if all expenses related to human resources are expensed. In addition to understating profits, this has a detrimental impact on market value, return on assets, shareholder funds, earnings per share, and earnings per share. In order to appropriately account for the value of human resources, the study recommends reevaluating accounting procedures.

It is further supported by **Enyi & Akindehinde (2014)** that human resources have a major role in managerial decisions. They support treating human resources like other intangible assets, such as goodwill, and capitalizing them. The literature emphasizes how crucial it is to view employees as vital resources in a market that is competitive and calls for accurate employee value.

Islam, Kamruzzaman, and Redwanuzzaman (2013) advance the economic value approach to human asset appraisal, adding to the conversation. They contend that the genuine current cost is not adequately represented by the historical cost approach. As substitutes for precisely valuing human resources, the non-monetary behavioral approach and the replacement cost valuation method are suggested.

Dhanabhakyam & Mufliha (2016) emphasize how HRA systems support managerial judgments on human resources. It has been demonstrated that HRA system installation helps with hiring, cost estimation, budgeting, and the efficient use of human resources. The study emphasizes how crucial it is to calculate employees' worth to the company accurately.

Individual productivity levels are increased when investments in human resources are viewed as assets rather than expenses, according to **Hossain, Akhter, and Sadia (2014).** They contend that providing qualitative and quantitative information, quantifying and reporting human resources as assets in the balance sheet benefits numerous users and improves decision-making abilities.

The relationship that **Surarchith, Vaddadi, and Cura (2017)** highlight exists between accounting for human resources and business success. Their findings highlight the significance of investing in human capital for increased productivity by indicating a substantial correlation between shelter cost and training and development costs and company performance.

According to Pandurangarao, Basha, and Rajasekhar (2013), although human resources are vital to Indian enterprises, their valuation is still in its infancy. More theoretical and practical developments are needed, according to the study, to achieve meaningful progress in this field.

Cherian & Farouq (2013) draw attention to the difficulties of creating HRA and putting it into practice. The paper admits the high cost of operation but emphasizes the potential benefits of improved managerial decisions and advice in transactions like purchasing, selling, and mergers.

According to **Micah, Ofurum, and Ihendinihu (2012)**, there is a negative correlation between the degree of human resource accounting disclosure and a company's success measures. The paper claims that expensing investments in human capital development leads to overstated assets and earnings, driving organizations with lower profitability to offer relevant information to stakeholders.

Ezeagba (2014) emphasizes the necessity of including human assets in the balance sheet by combining the opinions of other scholars on HRA. In order to facilitate the appropriate handling of human resources, the report urges the creation of accounting standards.

Tomassini (1977) draws attention to a weakness in the research concerning the influence of HRA data on managerial choices. The paper makes the case that more behavioral research is necessary to gather scholarly data on decision-making in real HRA systems.

Human capital conceptualization is linked to basic economics and worker performance by **Saremi & Naghshbandi (2012).** The literature study urges firms to emphasize human resources for increased productivity and efficiency since it validates the notion that investing in human capital fosters innovation and higher employee performance.

Kenneth & Sinclair (1991), Eze & Chiamaka (2016), Srivastava (2014), Ifurueze, Odesa, and Ifurueze (2014), Edom, Inah, and Adanma (2014) jointly assert a positive link between human resource accounting and organizational success. The amount of money spent on human resource development is always correlated with attaining organizational goals.

Ultimately, the critical literature evaluation provides a comprehensive knowledge of the relationship between HRA and organizational performance by synthesizing findings from a variety of studies. The data put forward emphasizes how critical it is to value and acknowledge human resources as assets and promotes modifications to accounting procedures so that organizational balance sheets accurately represent their true value. The literature also highlights how HRA systems may support managerial decision-making and enhance the effectiveness of organizations as a whole.

Saeed et al. (2013) looked at the relationship between return on equity (ROE), a measure of a company's performance, and human resource value added efficiency. The study's conclusion demonstrates a strong positive correlation between HR and the value-added efficiency of human capital with respect to return on equity**.**

Srikanth and Shenoy (2010) state that as human resources are viewed as assets, any costs associated with their acquisition and accumulation will be viewed as investments. The cost of human resources is an example of the sacrifices that must be made now in order to recruit and train people for the future. The investment in human resources that consists of both revenue (expense) and capital (asset) components is known as the cost of human resources, also known as the historical cost of human resources. Acquisition costs, welfare costs, training (development) costs, and health and safety costs can all be applied to this expense. Employees personify the organization by forming an exchange connection that fluctuates in strength and influence on behavioral and attitudinal reactions, according to organizational support theory (Eisenberger et al., 2001).

The non-linear link between organizational support and performance as it is influenced by employee cynicism is first examined by Byrne and Hochwarter (2008). As per the research, managers can mitigate negative reactions to support initiatives by making clear their aims and the organization's, as not all employees, particularly those who are cynical, will view them positively. Managers are better able to comprehend and respond to the acts of cynical employees when they are aware of the potential for negative reactions to what is meant to be supportive.

Martini et al. (2016) researched on relational capital disclosure, corporate reporting and firm performance and concluded that relational corporate disclosure supports statistically significant correlations with revenues, net operational cash flow and capital expenditures. Conversely, no statistically significant correlation has been seen with enterprise value. Muduli (2015) studied the relationship between organizational performance, the human resource disclosure climate, and high performance work systems. She came to the conclusion that there is a positive correlation between these three factors and organizational performance. The outcome is at odds with research on high performance work systems carried out in Asian nations.

The findings demonstrated how an HRD climate—a supportive work environment that values transparency, confrontation, trust, authenticity, pro-activity, autonomy, cooperation, and experimentation—influences organizational performance in high-performance work systems.

Herman and Mitchell (2008) provided examples of how to report using the concept of a human capital liability, which aligns with the traditional accounting structure of contingent liabilities. They also examined the financial effects of these reports on internal scheduling, market assessment, and the extent of human resource liabilities. Drawing from analyses of the financial implications of human resource liability reporting, the inquiry logically expands its conclusions to support the hypothesis. The analysis provides support for the viability and imperative of adopting the notion of human resource liability for the purposes of organizing, reporting, and valuing human capital.

Using the Human Resource Accounting approach of projected realizable value, **Flamholtz et al. (2003**) found that employees' participation in a management development program increased their value to the organization. The investigators also discovered that HRA techniques provided senior executives with an alternative accounting framework for determining the cost and value of employees to a company. Consequently, HRA stood for a theory or approach to analyzing decisions pertaining to human resources as well as a collection of techniques for listing the effects of HRM strategies on the cost and value of people as institutional assets.

According to Ogan (1976), the results of a case study designed to assess how HRA data affected executives' decisions to lay off employees.

The investigation's findings show that HRA data does, in fact, influence staff layoff decisions and gives managers more confidence when making these kinds of decisions. Tomassini (1977) provided conventional monetary data and data containing HRA to a sample group consisting of accounting students. Data from human resource accounting revealed striking differences in decision-making. Hendricks (1976) used students studying accounting and finance as subjects for his study. Two stock investment/capital allocation decisions were made by his simulated depositors, one with and one without human resource cost figures.

HRA had a numerically significant impact on chosen judgments in this inquiry. The impact of human resource cost techniques on bankers' decision-making was measured by Schwan (1976). He pointed out that the inclusion of HRA data in public financial statements results in statistically disparate predictions of a company's net income as well as significantly different assessments of management's readiness to address challenges and opportunities in the future.

Acland (1976) selected a sample of 500 financial experts, provided financial reports for some of them, and behavioral index data to some other analysts so they could choose between investing in one or two companies Behavioral data insured that some analysts would make different decisions than those who were provided with financial numbers alone. This difference was observed by the analysts who also received behavioral indexes in addition to HRA data. The relative impact of revealing HRA financial data versus non-financial data was examined. Professional accountants were asked by Flamholtz (1979) to select one of two candidates for a position. Three different forms of data were provided to the accountants by him: traditional performance data, non-monetary HRA data, and monetary HRA data. The accountants received this information similarly for cases A, B, and C. In contrast to Flamholtz's prediction, decisions were influenced by non-monetary variables. In his investigation, Elias (1970) provided two sets of financial reports: one contained conventional data, while the other contained HRA data. The example included accountants, financial analysts, and accounting students. The results of the investigation showed that, although there was not much of a link, HRA data had a positive numerical impact on judgments. Furthermore, the results showed that decision-making based on HRA data was unaffected by an individual's situation or experience.

The subject of accounting for human resources in corporate settings has been the subject of numerous empirical investigations. Several studies have emphasized the necessity of capitalizing human capital assets on a company's balance sheet rather than deducting them as expenses from earnings (Enofe, Sunday & Ovie, 2013). The key components of executing human resource development in the hospitals of the Iranian Social Security Organization are identified by Shaghayegh, Somayeh, Elham, and Beheshteh (2013). This research was both applicable and descriptive. Out of all Iranian healthcare facilities, 65 Iranian Social Security Organization Hospitals—the country's principal governmental medical facilities—were selected as a sample. The educational managers and educational specialists from these hospitals comprised the research community, numbering 130.

A questionnaire was created to examine the level of human resource development as of right now in order to accomplish this goal. Expert judgment was used to ensure the construct and content validity of the questionnaire, and Cronbach's alpha and Pearson correlation were used to assess the questionnaire's reliability on both the first and second occasions. Following the demonstration that the sample size was enough, the confirmatory and exploratory criteria were examined. The current study's conclusions demonstrated that one component containing seven variables was extracted, and the resulting fitness indices highlighted the appropriate level of fitness. The term "action of HRD" was then used to describe this element.

We can draw the conclusion that this component, together with its variables, are important in implementing human resource development and are thought to be the most important factor in these businesses.

According to Barney (1991), human resources accounting has been useful in resolving the majority of personnel-related issues in businesses. According to Barney (1991), a company can achieve a durable competitive advantage if its human resource pool is unreplaceable or replicable by its competitors.

Syed (2009) looked at the connection between corporate traits and the disclosure of human resource accounting and came to the conclusion that more profitable businesses planned to reveal more information about human resource accounting. A few empirical studies on the subject of human resource accounting in Nigeria have also been conducted.

The ability and knowledge of individuals who can quickly adapt to technological changes and motivate an organization to achieve its goals and objectives is now crucial for corporate success, according to Okpala and Chidi (2010), who investigated the applicability of human capital accounting to stock investment decisions in Nigeria. They go on to say that the purpose of human capital accounting is to supply data that gives investors the chance to properly assess and comprehend an organization's whole picture.

According to **Kirfi and Abdullahi (2012**), the accounting for human resources in Nigerian enterprises is not disclosed in financial statements, making the practice more of a fantasy than a reality. According to Kirfi and Abdullahi (2012), current accounting practices do not recognize human resources as assets and have severely discouraged the adoption of any one or more measuring techniques for reporting or quantifying human resources in Nigeria.

According **to Bassey and Tarpang's (2012**) analysis, expensed human resources costs (HRCs) have a significant impact on corporate productivity. Specifically, the costs associated with compensation, protection, and remuneration are important factors that determine HRCs.

According to **Likert (1967),** automatic "system I" approaches are far too frequently used to generate short-term corporate profits at the expense of human resources through reduced cooperation, turnover, and training and development neglect. He made the case that traditional accounting practices overlook human resources, despite the fact that their exhaustion eventually results in lower profits. In order to report improvements on the profit and loss statement—the scorecard that matters—he challenged the accountants to create metrics for valuing human resources.

A lot of accountants studied the best ways to quantify human resources financially in response to Likert's (1967) challenges. Among these, Flamholtz (1999) and Lev and Schwartz (1974) are notable. As a result of their contributions, several approaches to the valuation of human resources were proposed, including the capitalization of future benefit, replacement cost model, historical cost model, stochastic rewards valuation model, and competitive bidding method. Before human resource accounting is extensively used, a number of theoretical and practical issues need to be resolved, according to Strauss (1976). He claims that the method used to determine the worth of human resources and the intended application of the generated data, such as its influence on investor or managerial behavior, are the main causes of these issues.

According to **Onyekwelu, Osisioma, and Ugwuanyi (2015),** among other things, treating investments in human capital as assets results in a notable boost in a firm's net worth.

Ogenyi and Oladele (2015) demonstrated that the non-accounting for human resources in Nigeria, even on a voluntary basis, was mostly caused by asset recognition criteria and disclosure requirements.

According to **Enofe, Mgbame, Otuya, and Ovie (2013)**, a company's degree of Human Resource Accounting Disclosure and its financial success are positively correlated. However, the main obstacles to considering human resources as an asset mostly center on their qualities, how they are measured in monetary terms, and how. Human potential and productivity within a company may be impacted by this. Thus, the purpose of this study was to assess how human resource accounting affected the banking sector's performance in Nigeria.

One theory that is used to create strategic management practices is the resource-based theory. This notion contends that better resources are necessary for a company to succeed. Organizations own several assets, including material, monetary, intellectual, and human resources (HR) (Pivac, Barać, & Tadić, 2017). According to the resource-based approach, a business that owns, manages, and makes use of significant strategic assets—both tangible and intangible—will perform well financially.

Human capital is now the primary factor that explains why some organizations are better than others, according to the resource-based theory of corporate competitive advantage that scholars have established recently (Acedo, Barroso, & Galan, 2006). According to the resource-based approach, variations in corporate resources and the variety of how important resources, such human resources, are distributed within businesses account for performance discrepancies (Barney, 1991). Furthermore, this human capital will influence raising employee engagement and morale (Bayraktar & encan, 2017).

This notion implies that banks must make investments in education and training to enhance their human resources. Du, Yin, & Hou (2018) and (Lips, 2013) concur that employee education is a key attribute of human capital. Programs for education and training will improve employees' knowledge and aptitude for financial analysis, enabling firms and consumers to receive funding at the appropriate profit-sharing and margin levels. This will further boost profitability by reducing financing that is ineffective or unproductive. Furthermore, distributing suitable funding will lower the risk of NPF.

Chapter Three

Research Methodology

3.1. Overview :

The research approach is the main topic of this chapter. More precisely, the research methodology is chosen, the study's population and sample are determined, the data collection method is selected, the research instrument is created, the statistical data analysis methods are established, and some ethical issues are covered.

3.2. Research Approach :

As the study aims to identify and assess the relationship between those variables and measure them quantitatively, so a quantitative descriptive analytical approach will be used. More specifically, The secondary data about these companies will be used to conduct this research, and reaching these data will be through annual reports and audited financial statements of non-financial Palestinian public listed corporations .

The qualitative approach was used to investigate the theoretical aspects ,the material was gathered from secondary sources such as books, journals, and Arab and international court research.

3.3. Population and Sample :

Research Tools: Study area, sample size.

In accordance with the research conditions, the 32 non-financial Palestinian public listed companies are the population of the study., which are divided into three sectors: industrial

(11), services (10) and investment (12) ,Since the population size is small, the sample will be the entire population .

3.4. Data Collection Method :

These data will be through annual reports and audited financial statements of non-financial Palestinian public listed companies.

From 2016 to 2022, these lists will be referred to and the idea of human resources accounting will be applied to them. This is accomplished by capitalizing and depletion human resource expenses using the historical cost approach, which was used by researchers that looked into this issue.

The calculated rate of return on asset will be determined after dividing the research sample and comparing it to the calculated rate of return on investment before using the concept of human resources accounting.

3.5 Proxies used for variables :

For **investment in human re source (IV) : (COST)** The amount of money spent and invested for human resources (salaries, recruiting, selection, developing, and training, end of service expense, vacation expense).

For **profitability (DV) : Return on assets (ROA)** = net profit before interest and tax / average assets

3.6 Adjustment will be made as follows. :

- **Net profit before interest and tax** = operating profit before interest and tax, **returning to it** the investment costs Spent and related to human resources and incurred in the financial period under study, and **deducting** from it the amortize human resources expenses.

(NPBIT): =(Operating Profit Before Interest and Tax) + Investment Costs for Human Resources) − (Amortized Human Resources Expenses)

- **Total assets** = the facility's assets **plus the investment costs** for depreciable human resources, such as salaries, recruiting, selection, developing, and training ,end of service expense, vacation expense.

Total Assets =Facility′s Assets + Investment Costs for Depreciable Human Resources

This adjustment to net profit before interest and tax, and total assets is consistent with the historical cost model - which was used as a measure of human resource investment - because it requires treating the previously mentioned expenses as an asset of the facility, and discontinuing treating it as revenue expenditure is subtracted from revenues of the period in which it is spent, due to the realization of the characteristics of assets: such as property, debt repayment, productive capacity and future services .

3.7. Statistical Data Analysis Techniques :

Using SPSS program and specifically the paired t-test tool, which is used to determine the relationship between two dependent variables based on the following hypothesis:

There are no statistically significant differences ($\alpha = 0.05$) between the return on investment calculated after applying the concept of human resources accounting and the return on investment calculated before applying the concept of human resources accounting and the most significant statistical techniques that were applied when processing the study's data were as follows:

- .**Paired Samples T-Tests:** The significance of the differences between paired observations (e.g., before and after intervention) was evaluated using t-tests.

- The mean, standard deviation, standard error mean, and paired differences for each pair are among the parameters that are reported.
- Calculations were made for the two-tailed significance level (Sig.), degrees of freedom (df), and t-value.
- For every paired test, a 95% confidence interval around the difference was given.

- **Descriptive Statistics:**

Descriptive statistics were used to summarize the main features of the dataset, including mean, standard deviation, and standard error for each group (e.g., Inv_Bef, Inv_Aft).

The descriptive statistics provide a snapshot of the central tendency and variability within each group.

- **Analysis of Variance, or ANOVA:**

An analysis of variance (ANOVA) was performed to determine whether the means of three or more independent groups (investment, industry, and services) differed statistically significantly.

The following were provided: the mean square, degrees of freedom, F-value, sum of squares, and significance level (Sig.).

- **Several Comparisons (Least Significant Difference, or LSD):**

- In order to determine which particular groups differ considerably from one another, LSD was utilized for multiple comparisons.

- In conclusion, a thorough analysis of the data is provided by the use of multiple comparisons, descriptive statistics, ANOVA, and paired samples t-tests. The findings point to significant differences throughout the three groups (investment, industry, and services) as well as before and after the intervention changes in the variables. The utilization of statistical approaches enhances the comprehension of the intervention's impact on the parameters that are being measured. These results can be used by stakeholders and researchers to guide future research and decision-making.

Additionally, data from the (financial Statements in annual reports) that listed in Palestine exchange was processed and analyzed using Microsoft Excel 2016 in this study.

3.8. Ethical Considerations:

It is crucial to follow ethical guidelines when performing research using secondary data, such as financial statements and annual reports available on the Palestine Exchange (PEX) website. For study using publicly accessible financial accounts and annual reports, the following particular ethical considerations apply:

- Verify the correctness and integrity of the financial data that we downloaded from the Palestine Exchange website.
- Informed Consent: The idea of informed consent may not directly apply in this case because the data is publicly accessible and meant to be examined by the general audience. But exercise caution when handling any confidential or private data that the reports might include.

- Transparent Attribution: Clearly identify the Palestine Exchange and the relevant companies or entities as the owners of the financial data.
- Accurately and impartially present the facts without bias, pointing out any gaps in the data.
- Give enough details so that others can conduct a similar study and confirm our results.

Chapter Four

Data Analysis and Discussion

4.1 Overview

This chapter contains the findings from a quantitative analysis that was done to look at the cost and profitability of investing in human resources in non-financial Palestinian public listed companies. Profitability is the dependent variable, and the investment in human resources is the independent variable.

4.2 Analysis of Quantitative Descriptive Data

4.2.1 For each variable, we started the study by looking at the descriptive statistics of the **paired samples**. The following are the mean values before and after the

Investment :

- Investment (Inv): 0.0309 before and 0.0428 after
- Services (Ser): 0.0648 before and 0.0934 after
- Industry (Ind): 0.0745 before and 0.0962 after

4.2.1.1 Paired sample for investment sector :

Table 4.1 Paired sample for investment sector

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Inv_Bef	.0309	73	.05513	.00645
	Inv_Aft	.0428	73	.05908	.00692

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Inv_Bef - Inv_Aft	-.01189	.01203	.00141	-.01470	-.00909	-8.444	72	.000

- Investment Sector Before adjustment :
- Mean: 0.0309
- N: 73
- Std. Deviation: 0.05513
- Std. Error Mean: 0.00645

- Investment Sector After adjustment :
- Mean: 0.0428
- N: 73
- Std. Deviation: 0.05908
- Std. Error Mean: 0.00692

Interpretation: The mean investment before the intervention was 0.0309, which increased to 0.0428 after the intervention.

4.2.1.2 Paired sample for Services sector :

Table 4.2 Paired sample for Services sector

<table>
<tr><th colspan="6">Paired Samples Statistics</th></tr>
<tr><th colspan="2"></th><th>Mean</th><th>N</th><th>Std. Deviation</th><th>Std. Error Mean</th></tr>
<tr><td rowspan="2">Pair 1</td><td>Ser_Bef</td><td>.0648</td><td>64</td><td>.10494</td><td>.01312</td></tr>
<tr><td>Ser_Aft</td><td>.0934</td><td>64</td><td>.10947</td><td>.01368</td></tr>
</table>

<table>
<tr><th colspan="10">Paired Samples Test</th></tr>
<tr><th colspan="2" rowspan="3"></th><th colspan="5">Paired Differences</th><th rowspan="3">t</th><th rowspan="3">df</th><th rowspan="3">Sig. (2-tailed)</th></tr>
<tr><th rowspan="2">Mean</th><th rowspan="2">Std. Deviation</th><th rowspan="2">Std. Error Mean</th><th colspan="2">95% Confidence Interval of the Difference</th></tr>
<tr><th>Lower</th><th>Upper</th></tr>
<tr><td>Pair 1</td><td>Ser_Bef - Ser_Aft</td><td>-.02863</td><td>.02517</td><td>.00315</td><td>-.03491</td><td>-.02234</td><td>-9.097</td><td>63</td><td>.000</td></tr>
</table>

Service Sector Before adjustment
- Mean: 0.0648
- N: 64
- Std. Deviation: 0.10494
- Std. Error Mean: 0.01312

Service Sector After adjustment :
- Mean: 0.0934
- N: 64
- Std. Deviation: 0.10947
- Std. Error Mean: 0.01368

Interpretation: The mean investment before the intervention was 0.0648, which increased to 0.0934 after the intervention.

4.2.1.3 Paired sample for Industry Sector :

Table 4.3 Paired sample for Industry sector

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Ind_Bef	.0745	77	.06703	.00764
	Ind_Aft	.0962	77	.06997	.00797

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper			
Pair 1	Ind_Bef - Ind_Aft	-.02171	.01738	.00198	-.02566	-.01777	-10.962	76	.000

Industry Sector Before adjustment :
- Mean: 0.0745
- N: 77
- Std. Deviation: 0.06703
- Std. Error Mean: 0.00764

Industry Sector After adjustment :
- Mean: 0.0962
- N: 77
- Std. Deviation: 0.06997
- Std. Error Mean: 0.00797

Interpretation: The mean investment before the intervention was 0.0745, which increased to 0.0962 after the intervention.

Overall Interpretation: Following the intervention, there was a constant increase in the amount of money invested in human resources across all sectors (industry, services, and investment). This supports the hypothesis that investing in human resources has a positive impact on the profitability of non-financial Palestinian public listed companies and shows that businesses may be realizing the value of doing so to increase profitability.

4.2.2 **Descriptive statistics** for the total sample for dependent variable (ROA) are as follows:

Table 4.4 Descriptive statistics for the total sample for dependent variable (ROA)								
New								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Investment	84	.0372	.05691	.00621	.0248	.0495	-.12	.23
Industry	77	.0962	.06997	.00797	.0803	.1121	-.13	.30
Services	70	.0854	.10787	.01289	.0597	.1111	-.08	.58
Total	231	.0715	.08348	.00549	.0606	.0823	-.13	.58

- Investment: Mean = 0.0372, Std. Deviation = 0.05691
- Services: Mean = 0.0854, Std. Deviation = 0.10787
- Industry: Mean = 0.0962, Std. Deviation = 0.06997

4.2.3 **ANOVA** was performed to test the differences between groups, yielding a significant result ($F = 12.575$, $p < 0.001$).

Table 4.5 ANOVA Test					
New					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.159	2	.080	12.575	.000
Within Groups	1.444	228	.006		
Total	1.603	230			

- Between Groups Sum of Squares: 0.159
- Between Groups df: 2
- Between Groups Mean Square: 0.080
- F-value: 12.575
- p-value: 0.000 (Significant at the 0.05 level)

4.2.4 Multiple Comparisons (LSD):

Table 4.6 Multiple Comparisons

Dependent Variable:	New					
(I) type		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Investment	industry	-.05898*	.01255	.000	-.0837	-.0342
	services	-.04820*	.01288	.000	-.0736	-.0228
Industry	investment	.05898*	.01255	.000	.0342	.0837
	services	.01078	.01314	.413	-.0151	.0367
Services	investment	.04820*	.01288	.000	.0228	.0736
	industry	-.01078	.01314	.413	-.0367	.0151

*. The mean difference is significant at the 0.05 level.

- Significant mean differences between investment and industry (-0.05898) and between investment and services (-0.04820).
- No significant difference between industry and services.

4.2.5 Simple Linear Regression Analysis :

Table 4.7 Linear Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.171[a]	.029	.025	.08565

a. Predictors: (Constant), cost

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.047	1	.047	6.384	.012[b]
	Residual	1.555	212	.007		
	Total	1.602	213			

a. Dependent Variable: ROI_After

b. Predictors: (Constant), cost

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.076	.006		12.236	.000
	Cost	0.000000000786877	.000	.171	2.527	.012

a. Dependent Variable: ROI_After

Model Summary:

The linear regression model examines the relationship between the dependent variable, ROI After, and the independent variable, cost. The analysis indicates a weak positive correlation between the two variables, with an R value of 0.171. The coefficient of determination (R Square) suggests that only approximately 2.9% of the variability in ROI After can be explained by the cost. The adjusted R Square, considering the number of predictors in the model, remains low at 2.5%. The standard error of the estimate is 0.08565, reflecting the average distance that the observed values fall from the regression line.

ANOVA:

An analysis of variance (ANOVA) was conducted to assess the significance of the regression model. The results indicate that the regression model as a whole is significant ($F(1, 212) = 6.384$, $p = 0.012$), suggesting that the independent variable, cost, significantly contributes to predicting ROI After.

Coefficients:

The coefficients table provides insight into the relationship between the independent and dependent variables. The intercept (Constant) is 0.076 with a standard error of 0.006. The coefficient for the independent variable, cost, is 0.000000000786877 with a standard error of 0.000. This indicates that for every unit increase in cost, there is an expected increase of 0.000000000786877 units in ROI After. The t-value (2.527) for cost suggests that it is statistically significant ($p = 0.012$), indicating its role in predicting ROI After.

Equation:

Based on the information provided, we want to represent the relationship between capitalized investment in human resources and the rate of return on investment (ROA or profitability) using a simple regression equation.

The equation representing the linear regression model is as follows:

$ROI\_After=0.076+0.000000000786877\times cost$

ROA: Return on investment (dependent variable)

COST: Volume of investment in human resources (independent variable)

This equation suggests that for every unit increase in cost, the Return on Assets after (ROA) increases by 0.000000000786877units. The intercept of 0.076indicates the value of ROA when the cost is zero.

This equation can be used to predict the ROI After based on the cost. However, it's important to note that due to the low R Square value, the predictive power of this model may be limited, and additional factors may need to be considered for a more accurate prediction.

4.2.6 Conclusion :

The paired sample analyses reveal significant changes in the investment, services, and industry sectors. The ANOVA indicates that there are significant differences between the sectors. Multiple comparisons further specify the significant mean differences between investment and both industry and services. These findings suggest distinct changes in each sector, and further investigation is recommended to understand the underlying factors contributing to these changes.

4.3 Hypotheses Testing :

Hypothesis (H1):

Investing in human resources has a positive impact on the profitability of non-financial Palestinian public listed companies.

Paired samples t-tests were conducted for each pair (Investment, Services, Industry). All tests resulted in significant p-values ($p < 0.001$), indicating a significant difference in profitability before and after the investment.

4.4 Discussion

The analysis provides strong evidence to support H1, suggesting that an increase in investment in human resources is associated with a positive impact on the profitability of non-financial Palestinian public listed companies. The mean differences before and after investment in each sector (Investment, Services, and Industry) are statistically significant, indicating improvements in profitability.

The descriptive statistics reveal that the mean profitability increased for all sectors after the investment. The ANOVA results further strengthen the findings, indicating that there are significant differences in profitability among the three sectors.

The multiple comparisons test indicates that the mean differences in profitability between sectors are statistically significant. Specifically, the differences between investment and industry, as well as investment and services, are significant.

The results of the statistical analysis indicate that there are statistically significant differences between the return on investment calculated after the application of the HR accounting concept, and the return on investment calculated before the application of this concept, as evidenced by the fact that the statistical significance "Significance" is less than 5% for all previously mentioned sectors.

The results also indicate that the rate of return on Asset calculated after the application of the concept of human resources accounting exceeds the rate of return on Asset calculated prior to the application of this concept. That is, the capitalized investment in human resources has increased the profitability of economic enterprises, and this is consistent with the study's premise.

Comparing the change in the computational environment between the aforementioned sectors, we note that the industry sector is the most affected, followed by the services sector and then the investment sector. This arrangement is generally consistent with the volume of human resources investments made in each sector. In other words, the greater the interest in human resource, the greater the investment made, the more the investment will achieve the desired results

Chapter 5

Conclusions and Recommendations

5.1 Overview

In this chapter, we present the results from the analysis and provide recommendations for Palestinian public listed non-financial companies, highlights a few of the study's limitations before providing recommendations for upcoming research.

5.2 Conclusions

- The analysis supports H1, which says that profitability is positively impacted by investing in human resources.
- For every sector, the mean differences in profitability before and after investment are statistically significant.
- The human component is one of the inputs of the basic production process, and an important resource of the enterprise's economic resources.
- The human resource needs more attention, and awareness about its active role in accomplishing tasks and making profits.
- Investments in human resources must be capitalized, and shown in the financial statements as an asset subject to enforcement, because of the assets they enjoy.
- The non-capitalization of human resources investments in accordance with the HR accounting concept is a lack of accounting and administrative function, as well as a devaluation of the profitability index (ROA), which in turn reflects negatively on investors' decisions.

- The Human Resources Accounting System (HRAS), which provides quantitative and financial disadvantages, enables the management of economic enterprises to make good use of their available human resources, train them and develop their capabilities, refine their skills, and make the best decisions about them.
- The relationship between capitalized investment in human resources and the rate of return on investment (ROA or profitability) using a simple regression equation is as follows: $ROA\_After = 0.076 + 0.000000000786877 \times cost$

ROA: Return on Asset (investment) (dependent variable)

COST: Volume of investment in human resources (independent variable)

Researchers, professionals, and legislators interested in the relationship between human resource investments and business profitability in the Palestinian context will find great value in the study's conclusions.

5.3 The recommendations:

- In order to improve profitability, companies should think about investing more in human resources. Maintaining positive impacts on profitability requires ongoing monitoring and assessment of human resource investments.
- Spreading awareness about the importance of human resources and their role in efficient and effective business delivery.
- The need to develop human resources capacities and train them to qualify them, as this has positive consequences for the performance of employment and the profitability of economic enterprises.

- The need for the economic establishment to adhere to its distinctive human resources, and to give it more care, so that it can create and achieve more successes for the facility.
- The concept of human resources accounting should be applied to investments in human resources that meet assets' constituencies.
- The need to disclose human resources information adequately and correctly, so that users of financial statements can properly assess the establishment, and therefore make rational management and investment decisions.
- When workers feel appreciated, they will view themselves as assets and will be more dedicated to achieving the aims and objectives of the company. Organizations should, however, refrain from undervaluing their workforce because it reduces employee morale and can have a negative impact on output.

5.4 The Study's Limitations :

Although the current study offers significant insights into the relationship between human resource investment and profitability in non-financial Palestinian public listed companies, it is important to recognize several limitations.

- Time Frame: Over a predetermined period of time, the study looked at changes in profitability. Longer-term research could provide a more thorough understanding of the long-term effects of investments in human resources on profitability.
- External Factors: The analysis did not take into consideration outside variables that could affect a company's profitability, such as alterations in laws or regulations or worldwide

occurrences. Following research may examine the connection between these external factors and investments in human resources.

- Variable Measurement: Return on Assets (ROA) was used in the study as a proxy for profitability. To give a more complex picture of business performance, future studies might take into account more financial and non-financial metrics.

5.5. Recommendations for Future Research :

Based on the noted limitations, the following suggestions for more research are made:

- More research could look into specific techniques within human resource investment that have the greatest impact on profitability.
- Longitudinal Studies: To monitor the effects of investments in human resources on profitability over an extended period of time, conduct longitudinal studies. This method would provide a more thorough analysis by capturing trends and fluctuations.
- Cross-Industry Analysis: Examine whether different industries have different relationships between profitability and investments in human resources. Targeted recommendations that are specific to the industry can benefit from an understanding of sector-specific dynamics.
- Qualitative Investigation: In order to obtain a deeper comprehension of the mechanisms by which investments in human resources affect profitability, supplement quantitative findings with qualitative research techniques like case studies or interviews.

- External Factor Analysis: Examine how investments in human resources interact with external factors, such as changes in regulations and the condition of the economy, to affect profitability. This might offer a more comprehensive picture of the corporate landscape.
- Comparative Analysis: Examine the efficiency of various HRM strategies to determine which particular techniques have the biggest influence on profitability.

By taking these suggestions into consideration, the limitations of the current study may be decreased and a more thorough and sophisticated understanding of the connection between profitability and investments in human resources can result.

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Appendices

Data Presentation for Service Sector :

Paltel	2016	2017	2018	2019	2020	2021	2022
New ROA	17.305%	14.515%	12.953%	11.703%	9.806%	13.310%	12.180%
Old ROA	10.435%	8.156%	9.735%	9.964%	8.051%	12.241%	11.559%
RSR	2016	2017	2018	2019	2020	2021	2022
New ROA	3.942%	4.596%	3.587%	3.290%	2.892%	2.982%	3.974%
Old ROA	3.215%	3.936%	2.898%	2.632%	2.287%	1.571%	3.136%
ABRAJ	2016	2017	2018	2019	2020	2021	2022
New ROA	3.494%	8.802%	10.712%	7.326%	6.153%	5.413%	8.469%
Old ROA	2.519%	8.235%	10.419%	7.063%	5.911%	5.206%	8.333%
AHC	2016	2017	2018	2019	2020	2021	2022
New ROA	0.837%	-0.446%	-0.264%	-1.378%	-8.406%	-5.044%	-2.682%
Old ROA	-4.522%	-5.402%	-4.255%	-4.741%	-11.670%	-5.425%	-4.166%
PEC	2016	2017	2018	2019	2020	2021	2022
New ROA	4.564%	12.756%	11.963%	13.693%	11.814%	10.227%	11.285%
Old ROA	-0.628%	8.650%	8.689%	11.739%	10.191%	8.947%	11.619%
OOREDOO	2016	2017	2018	2019	2020	2021	2022
New ROA	6.195%	4.277%	6.575%	5.031%	6.171%	9.666%	9.817%
Old ROA	0.881%	-1.191%	1.831%	1.404%	3.695%	6.621%	7.538%
PALAQAR	2016	2017	2018	2019	2020	2021	2022
New ROA	14.138%	9.845%	9.569%	7.095%	4.816%	5.340%	0.000%
Old ROA	6.027%	3.119%	5.032%	1.572%	1.474%	2.086%	0.000%
NSC	2016	2017	2018	2019	2020	2021	2022
New ROA	57.974%	48.988%	48.965%	23.706%	13.824%	13.467%	8.286%
Old ROA	45.529%	41.520%	52.056%	21.621%	10.513%	10.706%	7.656%
WASSEL	2016	2017	2018	2019	2020	2021	2022
New ROA	4.414%	7.063%	5.694%	6.917%	5.188%	10.558%	9.140%
Old ROA	0.751%	1.090%	1.671%	2.936%	2.246%	6.815%	8.185%
Ibn Sina Specialized Hospital	2016	2017	2018	2019	2020	2021	2022
New ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4.619%	4.108%
Old ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2.066%	2.577%

Data Presentation for Industry Sector :

APC	2016	2017	2018	2019	2020	2021	2022
New ROA	30.323%	25.342%	13.079%	16.411%	14.295%	14.751%	10.098%
Old ROA	24.537%	21.380%	9.181%	14.371%	13.044%	14.201%	8.665%
LADAEN	2016	2017	2018	2019	2020	2021	2022
New ROA	-13.261%	-2.728%	-6.540%	-5.572%	-0.650%	4.397%	5.378%
Old ROA	-14.257%	-3.175%	-7.078%	-6.041%	-1.033%	4.154%	5.242%
NAPCO	2016	2017	2018	2019	2020	2021	2022
New ROA	10.853%	10.495%	10.057%	7.923%	5.531%	3.964%	4.344%
Old ROA	3.762%	3.923%	4.545%	4.268%	2.281%	-0.463%	0.046%
NCI	2016	2017	2018	2019	2020	2021	2022
New ROA	9.537%	6.869%	1.207%	6.977%	12.564%	14.476%	9.376%
Old ROA	5.948%	3.452%	-1.755%	5.098%	11.067%	13.135%	8.160%
BJP	2016	2017	2018	2019	2020	2021	2022
New ROA	20.214%	15.320%	8.718%	11.828%	8.152%	8.539%	13.014%
Old ROA	15.217%	11.206%	5.331%	9.480%	5.664%	6.253%	12.835%
BPC	2016	2017	2018	2019	2020	2021	2022
New ROA	15.298%	18.099%	12.617%	12.241%	9.181%	3.356%	12.109%
Old ROA	11.325%	15.123%	10.313%	10.933%	8.267%	0.813%	11.386%
VOIC	2016	2017	2018	2019	2020	2021	2022
New ROA	24.702%	19.018%	15.502%	13.336%	14.010%	14.308%	16.338%
Old ROA	23.068%	18.196%	14.919%	12.938%	13.749%	14.157%	16.394%
JCC	2016	2017	2018	2019	2020	2021	2022
New ROA	1.955%	4.433%	2.983%	2.973%	7.661%	11.380%	7.649%
Old ROA	0.070%	2.428%	1.203%	1.342%	6.495%	10.603%	6.634%
AZIZA	2016	2017	2018	2019	2020	2021	2022

New ROA	14.084%	12.124%	4.390%	12.231 %	13.028 %	9.196%	8.025%
Old ROA	11.409%	10.287%	3.026%	11.258 %	12.355 %	8.441%	7.311%
JPH	2016	2017	2018	2019	2020	2021	2022
New ROA	13.142%	17.195%	14.114 %	11.751 %	8.855%	12.076 %	12.348 %
Old ROA	6.532%	11.181%	9.944%	7.919%	5.374%	9.525%	10.816 %
GMC	2016	2017	2018	2019	2020	2021	2022
New ROA	3.248%	10.206%	2.891%	5.645%	1.411%	-0.380%	10.576 %
Old ROA	1.530%	8.592%	1.339%	4.787%	0.813%	-1.949%	9.928%

Data Presentation for Investment Sector :

APIC	2016	2017	2018	2019	2020	2021	2022
New ROA	14.094%	14.327%	13.368%	11.504%	11.490 %	14.046 %	11.669 %
Old ROA	7.294%	9.380%	9.581%	8.350%	8.639%	10.825 %	8.783%
JREI	2016	2017	2018	2019	2020	2021	2022
New ROA	-5.293%	-1.566%	1.968%	-1.158%	0.229%	1.177%	0.681%
Old ROA	-7.305%	-4.175%	-0.089%	-2.252%	-0.012%	1.015%	0.643%
Padico	2016	2017	2018	2019	2020	2021	2022
New ROA	4.885%	3.376%	4.151%	5.605%	2.776%	4.916%	5.261%
Old ROA	3.870%	2.374%	3.665%	5.177%	2.519%	4.793%	5.232%
PID	2016	2017	2018	2019	2020	2021	2022
New ROA	1.885%	0.712%	12.323%	-2.597%	- 12.429 %	22.950 %	0.038%
Old ROA	0.777%	-0.001%	11.824%	-2.970%	- 13.308 %	23.230 %	-0.401%
Sanad	2016	2017	2018	2019	2020	2021	2022
New ROA	3.654%	12.877%	4.499%	2.742%	-2.299%	2.555%	1.396%
Old ROA	3.045%	10.425%	2.720%	1.675%	-3.237%	2.068%	0.587%
UCI	2016	2017	2018	2019	2020	2021	2022
New ROA	4.288%	2.607%	5.374%	2.447%	2.792%	3.041%	5.156%
Old ROA	2.650%	1.716%	4.603%	1.865%	2.056%	2.229%	4.441%

Prico	2016	2017	2018	2019	2020	2021	2022
New ROA	0.658%	-8.534%	-1.973%	-5.302%	-4.184%	0.303%	2.438%
Old ROA	-0.957%	-10.662%	-2.825%	-6.291%	-4.803%	0.001%	2.440%
Aqaria	2016	2017	2018	2019	2020	2021	2022
New ROA	6.502%	10.098%	1.653%	7.863%	9.286%	7.943%	7.109%
Old ROA	4.787%	8.617%	0.222%	6.983%	8.401%	6.718%	6.243%
PIIC	2016	2017	2018	2019	2020	2021	2022
New ROA	13.557%	12.573%	7.854%	9.356%	9.127%	10.337%	7.919%
Old ROA	10.334%	9.965%	6.106%	8.246%	8.155%	9.681%	7.268%
ARAB	2016	2017	2018	2019	2020	2021	2022
New ROA	1.046%	1.118%	1.017%	0.983%	4.326%	0.604%	1.562%
Old ROA	0.560%	0.560%	0.579%	0.595%	4.000%	0.245%	1.304%
ARKAAN	2016	2017	2018	2019	2020	2021	2022
New ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2.473%
Old ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2.272%
AMLAK	2016	2017	2018	2019	2020	2021	2022
New ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.507%	2.728%
Old ROA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.219%	2.386%

ملخص الرسالة

الهدف من هذه الدراسة هو فحص تأثير الاستثمار في الموارد البشرية على ربحية الشركات الفلسطينية العامة المدرجة غير المالية. استخدمت الدراسة التكلفة (مقدار المال المنفق والمستثمر في رواتب الموارد البشرية، والتوظيف، والاختيار، والتطوير، والتدريب، ونفقات نهاية الخدمة، ونفقات الإجازات) كبديل للاستثمار في الموارد البشرية؛ بينما تم استخدام العائد على الأصول (ROA) كبديل للربحية. استخدمت الدراسة المنهج الكمي، والبيانات الثانوية من البيانات المالية المدققة المتاحة على موقع بورصة فلسطين (PEX) لقطاع الصناعة، وقطاع الخدمات، وقطاع الاستثمار من عام 2016 إلى 2022. تم تحليل البيانات التي تم جمعها واختبارها باستخدام أداة الاختبار t-test بمساعدة برنامج SPSS الإصدار 20.0 .

كشفت النتائج أن هناك علاقة إيجابية بين الاستثمارات في الموارد البشرية وربحية المؤسسات الاقتصادية، ويمكن تمثيل هذه العلاقة بمعادلة الانحدار البسيط:

(ROA_After=0.076+0.000000000786877×cost) بناءً على النتائج، أوصى بتطبيق مفهوم محاسبة الموارد البشرية على الاستثمارات في الموارد البشرية التي تلبي احتياجات الأصول، وإعطائها المزيد من العناية، حتى تتمكن من خلق وتحقيق المزيد من النجاحات للمنشأة وتطوير قدرات الموارد البشرية وتدريبها لتأهيلها، حيث أن لذلك عواقب إيجابية على أداء التوظيف والربحية .

الكلمات المفتاحية: الاستثمار في الموارد البشرية، الربحية، بورصة فلسطين(PEX)