

Title of Article: Human Capita Accounting and Performance of Microfinance Banks in Nigeria

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Abstract:

Users of accounting report require economic information on which to base decisions. In the past, financial accounting has been criticized for lacking rules based on a clear theoretical framework. In addition, the accounting rules developed have been criticized for being too loose, for lacking consistency and for failing to portray economic reality. For instance, failure of professional accountants and academics to recognize Human Resources Accounting (HRA) in the financial statement as an important factor in the determination of performances of banks is

one of the drawbacks mentioned in the literature. The study objective presents an appraisal of human capital accounting on performance of Micro Finance Banks (MFB) in Nigeria; specifically using content analysis of the annual reports and financial statements of the sampled Micro Finance Banks. A purposive sample of Sixteen (16) Micro finance banks out of the thirty four (34) existing in Ogun state was investigated. Random sampling technique is used to select respondents in each Micro Finance Banks cutting across directors, employees and shareholders of the Micro Finance Banks. A total of 320 collected questionnaires were used for data analysis. The data were analyzed using (parametric and non-parametric techniques) appropriate descriptive and inferential statistical techniques. A total of 314 of the sample (representing 98.4% of the sample) agreed that human resources expenditure should be capitalized and treated as assets rather than write off to profit and loss accounts. The study also shows that human resources accounting has a significant effect on MFBs performance. The Study recommends that the accounting profession the world over should create a frame work in the balance sheet to recognize treatment of human resources and appropriate value be attached on the inherent qualities of human capital.

JEL Classification Number: G34

Key words: Micro Finance Banks, Human Capital Accounting, Performance

