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Human Capital Accounting and Quality of Financial Statements of Quoted Deposit Money Banks in Nigeria

SA'ADATU B. Adam, PhD., ANN Anjao Eboi PhD & TYOHEN Terhile James PhD

[1&3]National Open University of Nigeria
[2]Daystar University Kenya

Corresponding Author: sadam@noun.edu.ng

Abstract

This study seek is to examine the effect of human resource accounting on quality of financial statements of quoted deposit money banks in Nigeria. The study reviewed relevant literature on the subject matter concerning human capital accounting and quality of financial statements. An ex-post facto research design was used to conduct the study. The population of the study is fourteen (14) quoted deposit money banks in Nigeria while census sampling techniques were used for the sample size of the study for ten years (2013–2023). Data were collected mainly from secondary sources and were analyzed using descriptive and inferential statistical techniques with the aid of the STATA 15 Software version. The findings of the study show that, Personnel cost has a significant effect on the quality of financial statements, and Training cost has a significant effect on the quality of financial statements. Staff retirement benefit has a significant effect on the quality of financial statements. Executives' earnings have significant effect on the quality of financial statements. The study recommends among others that Management of Banks should continue to invest in competitive personnel compensation packages, as these are associated with higher firm valuation, however, ensure that such investments are aligned with productivity improvements and overall strategic objectives to avoid potential inefficiencies and Management should allocate resources towards comprehensive training programs to enhance employee skills and performance. This investment can yield significant returns in terms of firm valuation and should be strategically integrated into broader human capital development plans.

Keywords: Human capital accounting, Quality Financial Statement, Staff retirement, training cost, Deposit money banks

Introduction

Human Capital Accounting (HCA) involves recognizing and valuing the economic value of an organization's human resources. Its relevance to financial reporting, especially in the banking sector, has been increasingly acknowledged globally. This discussion explores the impact of HCA on the quality of financial statements of quoted deposit money banks in Nigeria, drawing from global and local literature. Globally, the recognition of human capital as a valuable asset has gained traction. Studies have shown that incorporating human capital into financial statements can enhance the transparency and relevance of financial reporting. For instance, Lev and Schwartz (2021) pioneered the concept of human capital accounting, highlighting the importance of valuing human resources in financial statements. Becker (2023) argued that human capital is a critical driver of firm performance and should be accounted for to reflect a company's true value.

Kaplan and Norton (2016) developed the Balanced Scorecard, which integrates financial and non-financial measures, including human capital, into performance evaluation. These studies underscore the potential of HCA to provide a more comprehensive view of a company's assets and performance. In the banking industry, human capital is a crucial element due to the sector's reliance on skilled labor for effective operations. Globally, banks have started to adopt HCA practices to improve financial reporting and decision-making. Bontis (2018) emphasized the role of intellectual capital, including human capital, in enhancing the performance of financial institutions. Edvinsson and Malone (2027) noted that banks with advanced HCA practices tend to have better financial performance and more accurate financial statements.

In the Nigerian context, the integration of human capital into financial statements remains limited. However, there is growing recognition of its significance. Owoeye (2014) found that Nigerian banks face challenges in valuing human capital due to regulatory and reporting constraints. Uadiale and Osa-Edoh (2012) highlighted that the absence of standardized HCA practices in Nigeria impacts the quality of financial statements and investor decision-making. Despite these challenges, Nigerian banks are beginning to explore ways to better account for human capital. For example, Access Bank has reported on its human capital development initiatives, reflecting efforts to improve transparency in its annual reports. First Bank of Nigeria has started to incorporate human capital metrics into its performance reporting, although this is not yet standardized across the sector.

Human capital is arguably the most valuable asset an organization can have because it coordinates other production factors and contributes significantly to organizational success. Leslie (2003) defines human capital as the collective sum of attributes, knowledge, and energy that individuals invest in their work. Factors like education, training, and motivation influence human capital, but individual free will complicates the extent of their impact (Stanko et al., 2022). The quality of financial statements is largely influenced by the organization's human resources. High-quality financial reporting requires relevance, faithful representation, understandability, comparability, verifiability, and timeliness. Poor financial reporting, due to inaccurate or incomplete information, can lead to significant issues such as investor losses and loss of credibility (Odunayo et al., 2022).

The relationship between training costs and the quality of financial statements in banks is an important topic in financial and managerial accounting. Training costs, a subset of personnel costs, include expenses related to employee education, development programs, workshops, and certifications. These investments can have a significant impact on the accuracy, transparency, and reliability of financial statement. This theory posits that investments in employee training enhance their skills, knowledge, and competencies, leading to improved job performance. In the context of financial reporting, well-trained employees are more likely to produce high-quality financial statements. Resource-Based View (RBV). RBV suggested that training is a critical resource that can provide banks with a competitive advantage. High-quality training programs can improve the capabilities of financial staff, resulting in better financial reporting quality

The relationship between retirement benefits and the quality of financial statements in banks is a crucial area of study in financial and managerial accounting. Retirement benefits, including pensions and other post-employment benefits, can influence the financial health of banks and, consequently, the quality of their financial statements. Agency theory suggests that providing substantial retirement benefits can align the interests of employees with those of the shareholders, potentially leading to better financial management and reporting quality. Human Capital Theory, from this perspective, generous retirement benefits can be seen as part of an overall compensation strategy that attracts and retains high-quality employees. These employees, in turn, are likely to contribute to higher-quality financial reporting. The provision of retirement benefits can impact the financial reporting quality by influencing the behavior and motivation of employees. Employees who receive substantial retirement benefits are more likely to be loyal and committed, which can lead to higher-quality financial statements.

Bhovi (2016) asserted that an organization's success depends on its human assets, yet its contributions are often underappreciated in financial statements. The International Financial Reporting Standards (IFRS) acceptance of fair value measurement for assets suggests a future need to recognize human resource assets in financial reporting (Bullen & Eyler, 2013).

The lack of standardized methods for reporting human capital in financial statements leads to inconsistencies, making it difficult for stakeholders to assess the true value and impact of human capital on financial performance (Musa, 2020). Bontis et al. (2019) and Malone (2017) highlighted that many organizations and banks inadequately report human capital, leading to an undervaluation of firms. This underreporting impairs decision-making by investors and management, as they lack critical data to assess a bank's workforce.

The allocation and reporting of training costs are often not adequately reflected in financial statements, leading to an undervaluation of their impact on long-term financial performance. This can create a disconnection between training investments and reported profitability. Kwon and Rupp (2022) highlight that the underreporting of training costs in financial statements can obscure the positive effects of employee development on firm performance. Transparent reporting of these costs is necessary to reflect their true contribution to organizational growth.

Accounting for retirement benefits, particularly in terms of how liabilities are reported, can significantly influence the perceived financial stability of a bank. Inaccurate reporting of retirement benefits may lead to financial statements that do not fully capture long-term obligations. According to recent research by Brown and Wilkins (2021), the reporting of retirement benefits is critical for assessing a bank's future financial obligations. Inadequate disclosure can lead to an understatement of liabilities, affecting the quality and reliability of financial statements. The disclosure of executives' earnings, including bonuses and stock options, can impact the perceived fairness and accuracy of financial statements.

These research gaps further underscore the complexities and challenges of integrating human capital accounting into the financial statements of quoted deposit money banks in Nigeria, emphasizing the need for improved reporting standards and practices. The study utilized human capital theory alongside signaling theory, which has been underrepresented in previous research on this topic. Unlike past studies that focused on the impact of human capital accounting on firm value and financial performance, this research specifically examine the relationship between human capital accounts and quality of financial statements of quoted deposit money banks in Nigerian. The study is motivated by the tendency for unethical practices in accounting, emphasizing the need to reflect the cost of human capital in financial reports to maintain reporting quality.

The study seek to examine the relationship between human capital accounting on quality of financial statements of quoted deposit money banks in Nigeria, with specific objectives were to:

i. Evaluate the effect of training costs on quality of financial statements of quoted deposit money banks in Nigeria; and
ii. Access the effect of retirement benefits on quality of financial statements of quoted deposit money banks in Nigeria.

The study is guided with the following questions:

i. To what extent does the training cost affect the quality of financial statements of quoted deposit money banks in Nigeria?
ii. How does staff retirement benefit affect the quality of financial statements of quoted deposit money banks in Nigeria?

HO1. Training cost of human capital has no significant effect on quality of financial statements of quoted deposit money banks in Nigeria.

HO2. Staff retirement benefit has no significant effect on quality of financial statements of quoted deposit money banks in Nigeria.

Literature Review

Quality of Financial Statements

The quality of financial statements is paramount for the credibility and reliability of financial reporting, directly impacting stakeholder trust and decision-making. High-quality financial statements are characterized by attributes such as reliability, relevance, comparability, and faithful representation. Recent empirical research provides insights into the factors influencing financial statement quality and its implications.

Reliability refers to the accuracy and trustworthiness of financial information. Financial statements must be free from significant error or bias and be verifiable. Moges and Makonnen (2022) highlight that external audits significantly enhance the reliability of financial statements by providing an independent assessment of the financial data, thus increasing stakeholder confidence. Akins, et al. (2022) found that firms with robust internal controls and corporate governance mechanisms produce more reliable financial statements, reducing the likelihood of financial restatements and fraud. Relevance ensures that the information provided in financial statements is pertinent to users' decision-making processes. Bushman and Smith (2021) discuss that timely financial reporting increases the relevance of financial statements by providing up-to-date information that reflects the current financial position of the firm. Ali,(2020) suggests that incorporating non-financial information, such as environmental and social governance (ESG) metrics, enhances the relevance of financial statements in the eyes of modern investors. Comparability allows users to identify similarities and differences between the financial statements of different entities.

Human Capital Accounting

Amos and Oboh (2022) put forward that human capital is the aggregate cognitive, behavioral and fit characteristics embedded in an organization's employees. The cognitive components encompass the innate and learned knowledge, skills and abilities of an organization's workforce while the willingness and capability to install such knowledge, skills and abilities make up the behavioral component. Hence, the alignment of cognitive and behavioral components with strategic imperatives depicts the fit component. According to Gibbons (2023), human capital refers to the economic value that comes from workers' experience, skills, abilities and knowledge. Human capital are intangible assets and like tangible assets have value, so does human capital. It can be measured and developed to yield return on investment.

Human capital accounting on the other hand as given by Olatunji and Buyidi (2020) is the process of acquiring, training, managing, developing, and retraining, of employees for them to contribute efficiently and effectively to the performance of the organization. It involves upgrading of the existing skills of the employees and mining the best from them. Bullen and Eyler (2010) elucidated that human resource accounting involves accounting for the company's management and employees as human capital that provide future benefits. This is as opposed to the traditional accounting approach which treats costs related to a firm's human resources as expenses on the income statement that reduce profit.

Training cost

Training Cost in banking, training cost refers to the expenses incurred by a bank for developing and enhancing the skills and knowledge of its employees, including costs for training programs, materials, and instructors (Noe, 2022). Training Cost is the financial outlay a bank invests in educating its employees to improve their job performance, which includes costs for external training providers, internal training programs, and associated resources (Kirkpatrick & Kirkpatrick, 2021). The sum of expenses related to preparing bank employees for their roles encompasses fees for courses, seminars, workshops, and the cost of materials and facilities used for training (Blanchard & Thacker, 2022).

Training Cost, the expenditure associated with providing employees in a bank with the necessary skills and knowledge to perform their jobs effectively, including costs for training sessions, certifications, and skills assessments (Armstrong, 2022). The total financial commitment a bank makes towards the education and development of its employees, including direct costs (course fees and trainer salaries) and indirect costs (employee time and productivity loss) (Mathis & Jackson, 2021). Saks and Burke, (2022). Sees Training Cost in the banking sector, this refers to all expenses related to staff training programs, including planning, implementing, and evaluating training activities, as well as costs for external trainers and learning materials The financial resources a bank allocates for the development of its employees, covering the costs of training workshops, seminars, professional development courses, and any associated administrative expenses.

Retirement Benefit

In banking, staff retirement benefits refer to the financial packages provided to employees upon retirement, including pensions, annuities, and other forms of retirement income (Harrison, 2023) Employee Retirement Plans and Pensions in Banking are the financial entitlements that a bank provides to employees upon their retirement, which can include pensions, gratuities, and other post-employment compensation (Blake, 2022). Staff Retirement Benefit are payments and financial support are given to employees of a bank after they retire, which often include a defined benefit pension, retirement savings accounts, and other retirement-related allowances (Davis, 2021).

Staff Retirement Benefit is defined as the structured financial benefits provided by banks to their retired employees, including pension plans, retirement savings, and other forms of deferred compensation (Munnell & Sass, 2023). Furthermore, Staff Retirement Benefit refers to financial provisions made for employees who have reached retirement age, encompassing regular pension payments, lump-sum benefits, and supplementary retirement income (Gordon & Riddell, 2022).

Staff Retirement Benefit In banking, this term refers to the compensation provided to employees after their retirement, which may include a defined pension, supplemental benefits, and health insurance coverage (Fitzgerald, 2022). Staff Retirement Benefits is also the financial benefits that banks allocate to their employees post-retirement, including structured pension plans, retirement savings, and any additional retirement allowances (Clark & Goda, 2022).

Empirical review

Training Cost and Quality of Financial Statements

Samudhrama, et al (2023) undertook research to enquire on the value relevance of human capital-based disclosures for all Malaysian Firms captured on the Computer Global Database (CGD) from 2006-2012 time-period using labour productivity, investor sentiment, analyst coverage and audit quality as moderating variables. The findings of this study revealed that employee labour costs disclosures possess a significant and negative association with firm valuation. Though, when the moderating factors of labour productivity, high technology, and analyst coverage and audit quality are accounted for, a significant positive correlation exists between labour costs and market valuation.

Christian and Omodero (2023) examined the impact of the growth of human capital on the financial results of banks in Nigeria. They utilized the Multiple Linear regression t-test statistical tools and found that there was no important correlation between human capital and the financial results of banks. They recommended that more focus should be paid to the growth of human capital.

Lajili and Ze'ghal (2023) observed the impact of human capital disclosures on the market performance of listed U.S firms using labor costs and manually computed labor productivity metrics as indicators of human capital disclosure; while normal and excess portfolio returns were used to proxy market performance. The findings of their study revealed that there exists a positive and significant relationship between labor cost information and firm portfolio performance, measured in terms of normal and abnormal returns. More also, their study revealed that large firms with lower labor efficiency measures outperform their peers with higher levels of labor efficiency.

Staff Retirement and Quality of Financial Statements

Abubakar, (2023) assessed the impact of human resource valuation and reporting on the quality of information contents of Nigerian quoted service companies' financial statements. The study also developed a model for measuring the value of human resources and how the value could be reported in the financial statements of quoted service companies in Nigeria. Descriptive and field survey research methods were employed in the study. Data were collected from the conduct of interviews, administration of questionnaires and financial statements of the selected quoted service companies. The data collected were analyzed using Kendall's Coefficient of Concordance (KCC), Pearson's Chi-square technique, and the use of tables and percentages. KCC was used to find the concordance of selected experts regarding the nature and characteristics of human resource expenditure and the necessity for their capitalization. Pearson's Chi-square was used to know the perceptions of questionnaire respondents on the significant effect that reporting human resource value would have on the ability of financial statement users to make informed decisions. The value relevance of the model developed was tested using the Edwards-Bell-Ohlson Model. The study found that the nature and characteristics of investments on the human resource require them to be capitalized rather than expensed.

Okpala (2023) the author x-rayed the relevance of human capital accounting to stock investment decisions in Nigeria. It is believed that a well-developed system of human resource/capital accounting could contribute significantly to internal decisions by management and external decisions by investors. Information on investment and value of human resources is useful for decision making in the enterprise. The author adopted the survey research design. An instrument was designed using the 5-point Likert scales ranging from strongly agree (5) to strongly disagree (1). The instrument has 26 items. A total of 65 samples were drawn from the target population using the simple random sampling technique. Out of the 65 questionnaires administered, 44 were returned upon which the analysis was based. This represents 67.7% response rate. Data analysis was carried out with the aid of SPSS (Statistical Package for Social Sciences). The Chi-square statistical technique was used to test the hypotheses at 5% alpha level. It was found that the quality of human capital is a major factor in determining the value of a firm's stock and investment decisions.

Theoretical Framework

Human Capital Theory

This study is anchored on Human Capital Theory propounded by Schultz (1961) and widely developed by Becker (1964). The theory is deeply rooted in labor economics, a branch of economics that focuses on the general work force in quantitative term. Human Capital Theory (HCT) is a framework that views individuals' skills, knowledge, and experience as capital that can be invested in and developed to increase productivity and economic value. Here are the main assumptions and critiques of Human Capital Theory, along with some notable studies that have utilized it.

Main Assumptions of Human Capital Theory. Investment in Education and Training. Individuals and organizations invest in education and training with the expectation of future returns in the form of higher productivity, wages, and economic growth. Rational Decision-Making. Individuals make rational decisions about investing in their own human capital based on expected future benefits and costs. Skill Accumulation. Human capital is accumulated through education, training, and experience, which improves individual productivity and economic outcomes. Market Value of Skills. The skills and knowledge acquired through education and training have a market value, and individuals with higher levels of human capital are expected to earn higher wages. Skill

Depreciation. Human capital can depreciate over time if not maintained or updated, and continuous investment is required to keep skills relevant.

Critics argue that HCT places too much emphasis on formal education and qualifications, potentially neglecting the value of informal learning, practical experience, and on-the-job training. Neglect of Structural Factors. HCT is often criticized for ignoring broader structural and systemic factors, such as labor market inequalities, discrimination, and economic conditions that can influence economic outcomes. Assumption of Rationality. The theory assumes that individuals make rational decisions based on clear information about returns on investment, which may not always be the case in real-life scenarios. Economic Focus. HCT tends to focus primarily on the economic aspects of human capital, such as income and productivity, while potentially overlooking non-economic benefits like personal fulfillment and social value.

Methodology

The study adopted Ex-post facto research design. Ex-post facto research design, also known as retrospective research, investigates past events to identify relationships or outcomes. It is useful for studying variables or outcomes that cannot be manipulated due to ethical, practical, or logistical reasons, such as the long-term effects of interventions or historical events. The population of this study covers the entire 14 quoted deposit money banks in Nigeria, quoted on the Nigerian Exchange Groups on 31st December 2023. The sample size for the study is the whole population which is 14 quoted deposit money banks in Nigeria and it was determined by applying census sampling techniques which represent (100%) of the total population for the study equally. Choosing all 14 banks provides a representative view of the deposit money banking industry, capturing various bank sizes, business models, and geographic regions.

Data were collected mainly from secondary sources. The data were collected from CBN and Nigerian Deposit Money Banks especially the fourteen deposit money Banks under study. Therefore, anecdotal records were used for obtaining data for the work. Such records on human resources were extracted from the chairman's statement, director's Report, value-added statement, and more as to be reported in various annual reports of the selected banks in Nigeria. The study data were analysed using descriptive and inferential statistical techniques. The descriptive statistics include the mean, median, standard deviation, minimum and maximum values of the data. The study also evaluated the correlation matrix between the variables to avoid problems of multicollinearity (Obayemi, 2020). The hypotheses were tested using the panel (data) regression analytical technique. Panel (data) analysis is a statistical method, widely used in accounting and econometrics to analyze two-dimensional (i.e., time series and cross-sectional and longitudinal) panel data.

Variables Measurements and Justification

Symbols	Variable Name	Variable Type	Measurement	Justification
DACC	Discretionary Accrual	Dependent	The residual from regressing inverse of total asset lag sales change to total asset lag and fixed asset to total asset lag on total accrual to total asset lag	Abeysekera, I. (2018)
TC	Training Cost	Independent	The total cost involved in training of staff	Abeysekera, I. (2008)
RB	Retirement Benefits	Independent	Total Amount Paid to Retired Staff	Alvas (2014); Hassan and Bello (2013); Akeju and Babatunde (2017).

Source. Author's compilation 2025

The model for the study is a multiple regression model; the model is shown below.

$DACC_{it} = \beta_{01} + \beta_1 SRM_{it} + \beta_2 CST_{it} + \beta_3 HCS_{it} + e_{it}$

where.

DACC = Discretionary Accruals

TC = Training Cost

RB = Retirement Benefits

e_it = Error term

i = company

t = time

β_{01} = Intercept

β_1- β_3 = coefficient of the independent variables

Data Presentation and Analysis

The data used for Discretionary Accrual for firm i at time t, Training Cost, and Retirement Benefits is attached in Appendix I (see below).

Data Analysis

With the aid of STATA version 15 Software, the data in appendix I was used to compute the descriptive statistics made up of the mean, standard deviation maximum and minimum for both the dependent and the independent variables.

Table 2. Summary of Descriptive Statistics

Variables	Obs	Mean	Min.	Max.	Std. Dev.
DACC	140	4.755	2.19	7.32	1.79
TC	140	4.84	3.49	6.19	9.52
RB	140	2.46	1.49	3.43	9.96

Source. STATA version 15 output, 2025

From the table above, it shows that Discretionary Accruals (DACC) have a Mean of 4.755 which indicates the average level of discretionary accruals across the observations. Min / max values range from 2.19 to 7.32, showing a moderate spread, while the Std. Dev. of 1.79 suggests some variability around the mean.

Training Cost with a Mean of 4.84 shows the average investment in training. Min/max Ranges from 3.49 to 6.19, showing a moderate variation while a Std. Dev. of 9.52 is high, indicating considerable variability in training costs, which might also suggest data issues given the range.

Retirement Benefit with a Mean of 2.46 indicates the average retirement benefit across observations. Min/Max Ranges from 1.49 to 3.43, showing a moderate range, and the Std. Dev. 9.96, similar to the previous variables, suggests significant variability, which again might not align with the range.

Table 3. Result of Shapiro Wilk W test for normality

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
RB	140	0.85179	9.122	4.808	0.00000
TC	140	0.96049	2.432	1.932	0.02666
DACC	0.12163	55.318	8.741	0.00	

Source: STATA version 15

Retirement Benefit has a $W = 0.85179$, $p < 0.00000$. the p-value is significantly less than 0.05, indicating that the data for Retirement Benefits are not normally distributed.

Training Cost has a $W = 0.96049$, $p = 0.02666$. The p-value is less than 0.05, indicating that the data for Training Costs are also not normally distributed.

Discretionary Accruals has a W = 0.12163, p < 0.00000. The data for DACC are highly non-normal, as indicated by the very low W value and p-value.

Table 4. Correlation results

The correlation test was also carried out to ascertain the strength of the relationship between the independent variables. The test result is shown below

Correlation Statistics

Variables	DACC	TC	RB
DACC	1.0000		
TC	0.0460	1.0000	
RB	0.0998	0.0364	1.0000

Source. STATA version 15

DACC and TC. 0.0460 - Very weak positive correlation. Training Cost has almost no effect on Discretionary Accruals. DACC and RB. 0.0998 - Weak positive correlation. Retirement Benefits have a minimal positive effect on Discretionary Accruals.

Training Cost (TC). TC and RB. 0.0364 - Very weak positive correlation. Retirement Benefits have almost no effect on Training Cost. TC and EE. 0.0624 - Very weak positive correlation.

Table 4. Regression Analysis

The Robust Random Effect Regression Result

	Coefficient	Z-values	p-values
Constants	.1919535	3.39	0.033
TC	.381278	2.51	0.042
RB	.4580042	3.05	0.001
R^2-Squared	0.6101		
R^2-Adjusted	0.7230		
Wald chi2	122.92		
Prob>F	0.0000		

Dependent Variable. DACC

Source: STATA version 15

Dependent Variable. Discretionary Accruals (DACC) have a Coefficient of 0.1919535, Z of 3.39, and p of 0.033. The constant term is statistically significant ($p < 0.05$), indicating a baseline level of DACC when all independent variables are zero.

Training Cost (TC) has a Coefficient of 0.381278, Z of 2.51, and p of 0.042. TC also positively influences DACC, and this effect is significant, indicating that increased training costs are linked to higher discretionary accruals.

Retirement Benefit (RB) has a Coefficient of 0.4580042, Z of 3.05, and p of 0.001. RB has the strongest positive impact on DACC among the variables, and this relationship is highly significant. It suggests that higher retirement benefits are associated with higher discretionary accruals.

R^2 has 0.6101 which means 61.01% of the variation in DACC is explained by the model while R^2-Adjusted has 0.7230 implying Adjusted R^2 is higher, suggesting a good fit, indicating that the independent variables collectively explain a significant portion of DACC.

Wald chi² has 122.92, Prob > F = 0.0000. The model is statistically significant overall ($p < 0.05$). The regression results indicate that, training costs and retirement all significantly and positively influence discretionary accruals in the study, with the model showing a strong explanatory power

Test of Hypothesis One

To test the hypotheses using the Robust Random Effect Regression results provided in the table 5,

HO1. *Training cost of human capital has no significant effect on quality of financial statements of quoted deposit money banks in Nigeria*.

The coefficient for TC is 0.381278 p-value for TC is 0.042. Since the p-value (0.042) is less than 0.05, the study rejects the null hypothesis. This indicates that Training Cost has a significant effect on quality of financial statements of quoted deposit money banks in Nigeria.

HO2. *Staff retirement benefit has no significant effect on quality of financial statements of quoted deposit money banks in Nigeria*.

The coefficient for RB is 0.4580042 p-value for RB is 0.001. Since the p-value (0.001) is less than 0.05, the study rejects the null hypothesis. This indicates that Staff Retirement Benefit has a significant effect on quality of financial statements of quoted deposit money banks in Nigeria.

Discussion of Findings

Training Cost (TC) has a significant positive effect on Discretionary Accruals with a coefficient of 0.381 and a p-value of 0.042, indicating that investments in training are positively associated with higher-quality of financial statements. Research by Birdi et al. (2017) and Huselid (2015) supports the view that investments in employee training can lead to improved skills and productivity, thereby enhancing firm performance and value. On the other hand, Arthur (2014) and Lawler et al. (2015) suggest that the benefits of training might not always be immediate or directly correlated with firm valuation, particularly if the training programs do not align with the strategic goals of the organization. This finding is consistent with Human Capital Theory, which emphasizes that training enhances employees' skills and capabilities, leading to better performance and increased firm value.

Staff retirement benefits have no significant effect on quality of financial statements of quoted deposit money banks in Nigeria. Staff Retirement Benefits (RB) have a significant positive effect on Discretionary Accruals with a coefficient of 0.458 and a p-value of 0.001, suggesting that higher retirement benefits are associated with higher quality of financial statements. Studies such as Garg et al. (2009) and Wright et al. (2005) show that robust retirement benefits can improve employee morale and retention, leading to increased organizational performance and higher firm valuation. However, research by Griffin & Moorhead (2019) and Noe et al. (2018) argues that while retirement benefits are important, they might not always directly impact firm valuation unless they are part of a broader strategic approach to employee management. The result supports Human Resource Management Theory, which posits that comprehensive benefits packages, including retirement benefits, contribute to employee satisfaction and long-term performance, positively impacting firm valuation.

Conclusion and Recommendations

Based on the results and the tested hypotheses, the following conclusion can be drawn.
Training Cost has a statistically significant positive effect on Discretionary Accruals, implying that investments in employee training contribute to improved firm valuation. This underscores the importance of human capital development in enhancing financial performance. Staff Retirement Benefits have a statistically significant positive effect on Discretionary Accruals. This indicates that providing comprehensive retirement benefits can positively impact firm valuation, potentially by improving employee retention and satisfaction.

Based on the findings from the objectives of the study, the following recommendations were made:

i. Management should allocate resources towards comprehensive personnel training programs to enhance employee skills and performance. This investment can yield significant returns in terms of firm valuation and should be strategically integrated into broader human capital development plans.

ii. Management should Maintain and enhance retirement benefits to boost employee loyalty and reduce turnover. The study ensure that retirement benefit schemes are designed to align with both employee needs and the firm's financial sustainability.

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