

This research work is aimed at providing the missing link through human capital accounting as a means of enhancing disclosure in financial reporting with particular reference to Dangote group of company, while carrying out this research work these are the areas that this research work concentrated. The first chapter is the introductory part of the research work. This chapter also contains the background of the study, statement of problems, research Question etc. Data for the study was sourced from two main sources. Which includes: Primary data: Questionnaires and oral interviews was used to collect information from the respondents. Secondary data : Journals, magazine and other relevant materials relating to the area of my investigation will be review. Extensive literature review was carried out on direct literature and indirect literature on books, journals and past works.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The implementation of Human Capital Accounting (HCA) is an OECD-recommended means of improving the efficiency of human capital investment and utilization. The concept of HCA has been explored and developed by the OECD as a means to understand and implement the necessary adaptations individuals and nations must make to measure and utilize knowledge assets knowledge resident in human beings in relation to economic performance and prosperity. In 1996, the OECD concluded that public policy must focus on the development of better signals for competence validations, valuation, accounting and financial reporting. Firms had begun to think of employees as investments rather than costs, and as the cost-to-investment-based thinking evolved, the transition continued towards full accounting of human capital investments as assets that produce returns over an extended period of time. The OECD publications Measuring What People Know: Human Capital Accounting for the Knowledge Economy and Human Capital Investment: An International Comparison extend the treatment of physical capital to human capital in a discussion of knowledge production, diffusion and consumption in light of the disciplines of economics, accounting and education. Human capital is defined as the knowledge that individuals acquire during their life and use to produce goods and services or ideas in market or

non-market circumstances. According to the OECD, this definition of human capital is non-committal about the source, nature or validation of embodied competences; and helps to focus on two issues: (1) the productive capacity arising from knowledge; and (2) the utility of improving the methods for assessing the productive capacity of human capital. HCA is a method of systematically identifying, measuring and presenting information about the human resources of an organization. It is related to and sometimes confused with such other concepts as: intellectual capital, intellectual potential, knowledge management, Human Resources Accounting (HRA), Human Capital Management (HCM), intangible investments and/or intangible assets which range from the intellectual property rights of patents, trademarks, copyright and registered design through contracts; through trade secrets and public knowledge such as scientific works; to the people-dependent or subjective resources of know-how, networks, organizational culture, and the reputation of product and company. It has been concluded that the concept of HCA is also directly related to human resources management in the knowledge economy, lifelong learning, PLA/PLAR, electronic LMI management, and the electronic learning record. The basis for interest in the Portfolio, the assessment and recognition of non-formal and informal learning, and Knowledge Management is expediency. Expediency in the areas of human resources development and management, from the individual to the national level, is needed to address the challenges presented by the emerging Knowledge-based Economy, skills shortages, education/training reform, and structural unemployment. For example, in their analysis of the International Adult Literacy Survey (IALS) results, Human Resources Development Canada (HRDC) and Statistics Canada have concluded “that the ‘new’ economy requires workplace arrangements that empower employees to make workplace decisions and challenge them to use existing skills and develop new ones.” The Organization for Economic Co-operation and Development (OECD) has deemed it important that nations concern themselves with how and why they invest in and use human capital because a commitment to improving the skills of citizens is one

of the principal means for dealing with economic uncertainty. The OECD has concluded that improvements to the systems of human capital acquisition, measurement, accounting and valuation are key factors in helping a nation's firms to compete in the globalized economy. "Investment in education and training helps form the human capital the skills and abilities that is a vital element in assuring economic growth and individual advancement and reducing inequality. It is an important element in combating unemployment and social exclusion.

1.2 STATEMENT OF THE PROBLEM

HCA is a method of systematically identifying, measuring and presenting information about the human resources of an organization. It is related to and sometimes confused with such other concepts as: intellectual capital, intellectual potential, knowledge management, Human Resources Accounting (HRA), Human Capital Management (HCM), intangible investments and/or intangible assets which range from the intellectual property rights of patents, trademarks, copyright and registered design through contracts. On this background the researcher wants to investigate on the human capital accounting as a means of enhancing information disclosure in financial report

1.3 OBJECTIVE OF THE STUDY

The objectives of the study are;

1. To ascertain the relationship between human capital accounting and information disclosure in financial report
2. To ascertain the effect of human capital in an organization
3. To ascertain whether Human Resources Accounting (HRA), Human Capital Management (HCM) are intangible investments

1.4 RESEARCH HYPOTHESES

For the successful completion of the study, the following research hypotheses were formulated by the researcher;

H0 there is no human capital accounting and information disclosure in financial report

H1: there is human capital accounting and information disclosure in financial report

H02: there is no effect of human capital in an organization

H2: there is effect of human capital in an organization.

1.5 SIGNIFICANCE OF THE STUDY

This study will give a clear insight on human capital accounting as a means enhancing information disclosure in financial report. The study will be beneficial to students and organizations. The study will serve as a reference to other researchers that want to embark on this topic

1.6 SCOPE AND LIMITATION OF THE STUDY

The scope of the study covers human capital accounting as a means of enhancing information disclosure in financial report. The researcher encounters some constrain which limited the scope of the study;

a) **AVAILABILITY OF RESEARCH MATERIAL:** The research material available to the researcher is insufficient, thereby limiting the study

b) **TIME:** The time frame allocated to the study does not enhance wider coverage as the researcher has to combine other academic activities and examinations with the study.

c) **Organizational privacy:** Limited Access to the selected auditing firm makes it difficult to get all the necessary and required information concerning the activities.

1.7 DEFINITION OF TERMS

HUMAN CAPITAL: Human capital is the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

INFORMATION: Information is any entity or form that provides the answer to a question of some kind or resolves uncertainty. It is thus related to data and knowledge, as data represents values attributed to parameters, and knowledge signifies understanding of real things or abstract concepts.

FINANCIAL REPORT: Financial statements are a formal record of the financial

activities and position of a business, person, or other entity. Relevant financial information is presented in a structured manner and in a form easy to understand

HUMAN CAPITAL ACCOUNTING AS A MEANS OF ENHANCING INFORMATION DISCLOSURE IN FINANCIAL REPORT

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