

# Human Resources Accounting (HRA) and its Impact on Achieving Competitive Advantage for Iraqi Economic Units - An Applied Study at Al-Mansour Investment Bank

**\*Dr.Hussien Kareem Jassim, \*\*Dr. Salam Adil Abbas Nasrawi, #Dr. Ahmed Abd Zaid Abedi**

\*University of Kufa, Faculty of Administration and Economics, Department of Tourism, Najaf, Iraq

\*\*Diwan of Najaf Governorate

#University of Kufa, Faculty of Administration and Economics, Department of accounting , Najaf, Iraq

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## Abstract

The research focuses on demonstrating the impact of applying HRA in measuring the cost of this resource for economic units and identifying its ability to provide beneficiaries with the appropriate information to make informed decisions. The research examined the role and importance of human resources in achieving a competitive advantage, as one of the main assets often overlooked in Iraqi economic units. The research community was the private banking sector, specifically Al-Mansour Investment Bank. The research sample was the bank's activities for the years (2016-2017-2018). The researcher also utilised the bank's financial statements in the applied aspect, along with a set of indicators that clarify the performance of human resources and the economic unit, to achieve the research results.

**Keywords:** *Human Resources Accounting; Competitive Advantage; Human Resources Costs,*

## 1. Introduction

HRA plays a pivotal role in setting strategic objectives, analysing the external environment, monitoring and supervising the company's internal operations, and measuring efficiency. They are also responsible for helping increase productivity, particularly in accounting and other departments. This approach or direction within this framework serves as a strategic guide. Furthermore, the systematic use of human resources enables the organisation to gain a competitive advantage over its competitors in the market.

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## 2. Section One: Scientific Methodology

### First - The research problem

The business environment is based on multi-faceted competitive foundations, whether financial, marketing, human, or other, to achieve advanced growth and prosperity. Failure to pay attention and provide leadership in optimal investment may lead to negative results. In this context, human resources, as high-value assets, are considered one of the key foundations of competitive advantage. This resource usually entails enormous acquisition, preparation, training, and development costs. Therefore, human resources accounting in economic units works to determine or compare these costs incurred with the financial value they generate. Additionally, it creates a competitive advantage that can ultimately enhance the performance of the economic unit.

Based on the above, the following question can be raised: “To what extent does human resources accounting affect Iraqi economic units in general and Mansour Investment Bank in particular in determining the cost of human resources to enhance competitive value?”

### Second: The importance of this research

The business environment is based on multi-faceted competitive foundations, whether financial, marketing, human, or other, to achieve advanced growth and prosperity. Failure to pay attention and provide leadership in optimal investment may lead to negative results. In this context, human resources, as high-value assets, are considered one of the key foundations of competitive advantage. This resource usually entails enormous acquisition, preparation, training, and development costs. Therefore, human resources accounting in economic units works to determine or compare these costs incurred with the financial value they generate. Additionally, it creates a competitive advantage that can ultimately enhance the performance of the economic unit.

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Its importance has two parts: one related to theory and the other to practice.

#### A- Theoretical importance:

1- In one of the most essential hypothetical models, the limited or scarce studies that focused on the natural relationship between (HRA) and the cost of this human resource aimed at identifying the nature of the relationship to bridge and clarify the knowledge gap.

2- The limited or scarce studies that address the relationship between HRA and the cost of HRA, to enhance the competitive advantage of Iraqi economic units in general, and private banks (Al-Mansour Investment Bank) in particular.

#### B- Practical importance:

1- The ability of human resources accounting to provide the parties using the financial statements (management, investors, financial analysts, etc.) with appropriate information for decision-making purposes.

2- The research can be utilized by taking appropriate corrective measures, through which practical mechanisms and practices can be selected to assist banks in implementing measures that enhance human resource performance.

3- The research findings can also be applied to develop and change the reality of Iraqi private and public banks.

**Third: Research Objectives**

The following objectives emerge from the current research question: -

- A- Shed light on and discuss the origin, concept, importance, and benefits of human resources accounting.
- B- Contributing to developing the basic concepts of the theoretical framework encompassing the research variables by presenting the most important ideas and visions of thinkers in this scientific field.
- C- Understanding the importance of applying human resource accounting and its impact on measuring the cost of human resources for companies.
- D- Explaining the extent to which human resources accounting contributes to enhancing the competitive advantage of economic units.

**Fourth: Research hypotheses**

To find logical answers to the current research question and achieve its objectives, there is a central hypothesis that explains the nature of the relationship between the research variables, which we present as follows:

"The application of human resources accounting has a positive moral impact on determining the cost of human resources to enhance the competitive advantage."

**Fifth: The time and place limits of the research**

Al-Mansour Investment Bank was chosen to study and analyse its data as it is one of the most prominent banks in the Iraqi private sector. The time limits subject to analysis were from 2016 to 2018 AD. The reason for choosing this bank and the years is the availability of its data to the researcher and the difficulty of obtaining financial statements for economic units in other sectors that meet the research requirements.

**Sixth: Methods of collecting and analyzing data**

Sources from Arabic and relatively modern foreign languages were consulted to provide a detailed clarification of the theoretical framework. As for the practical aspect, we relied on basic statements, such as the financial position statement and the income statement of the bank, as well as several indicators that clarify the performance of human resources and the economic unit, to analyses them and present the most prominent results.

**3. Section Two: Theoretical Framework****First - Stages of Human Resources Accounting Development**

Every academic solution goes through several stages of development, and this is precisely what happened to human resources accounting, according to Flamholtz. It began as a systematic academic activity in the 1960s, and he divided the development process into five stages (Aggarwa, 2015: 42):

**The first stage: (1960-1966)**

During this period, the concepts of human resources accounting were primarily derived from other administrative studies, including the psychological theory of leadership, the economic theory of capital, and human resources concepts. This period is considered the beginning of scientific interest in human resources accounting.

**The next phase was from 1966 to 1971.**

During this period, attention was focused on developing various forms of human resource accounting, and there was a need for proven models that could benefit management bodies in assessing and managing their companies' human

resources. Several research ideas and projects were implemented to develop human resource management methods and models based on Roger Hermanson's ideas.

### **The third stage: (1971-1976)**

During this period, there was rapid growth in research and ideas in human resource accounting. Thus, during these years, the primary focus was on the problems facing the application of human resource accounting in all economic activities.

### **The fourth stage: (1976-1980)**

Issues related to the application of human resource accounting were becoming increasingly critical and required more comprehensive and in-depth research in this field. Although the economic units were impressed by human resource accounting, they did not find it necessary to work on large amounts of this study, so progress was slow in these years.

### **Stage Five: (1980 onwards)**

After 1980, economies moved increasingly from manufacturing to services, and they found it necessary to consider human assets. This change was apparent because the growth and profits of most economic units depended more on intellectual assets than physical assets, resulting in a sudden momentum in attention to human resources accounting after 1980.

During this period, human resource accounting was more widely applied at the administrative level than in the academic world. Given the importance of intellectual capital as a strategic resource, the evident appreciation and bias toward its value became crucial. Among the most critical factors contributing to this were the increasing pressures on ethical issues and compliance with codes of conduct, which require greater disclosure in accounting, as well as the need to develop methods for measuring the value of human assets.

Competition among economic units in the United States also drove more significant attention to human resource accounting. The differences in management ideas regarding human resources between Japanese companies and their American counterparts played a crucial role in innovating new methods and systems for human resource accounting, from small companies to large corporations. This contrasts with the first era, when accounting applications focused solely on small businesses.

### **Second: Basic Concepts of Human Resources Accounting**

Most companies focus on investment, particularly in their financial and in-kind assets. Compared to what is required regarding human resources, they are negligent in investing in only a tiny part of the details. This significant gap in knowledge and investment between the two types of human resources (material and human investments) has necessitated the development of an accounting system that facilitates the integration of the structure of financial accounts prepared for both internal and external reporting purposes. Perhaps one of the most essential reasons lies in the economic units themselves, which have not even made serious attempts to determine the amount of investment in their HRA, development, and training. In addition, accounting departments also bear this responsibility, as they actively contribute to the development of the accounting field, prepare training courses, and take the correct steps for them. Instead, their contribution has been limited to some theoretical research and practical experiments, which were quickly discontinued and have not been applied to actual accounting reality. Even if officials at the upper management levels of the economic unit reviewed the accounting reports, they could not obtain sufficient and comprehensive answers to some questions. Among the problems they face, for example, is the question related to the amount of money invested in acquiring human resources, developing them, and enhancing their capabilities, and what is associated with that investment in learning modern technology related to accounting, and where is the location of investment expenses for (human resources) in the financial statements, and what is their value, and is it increasing, decreasing, or remaining the same without change? In return, senior management officials can obtain detailed answers

from the same financial statements related to the economic unit's investments in its physical assets (Al-Bouali, 2011, p. 40).

**In light of the above, we provide below some definitions of human resources accounting, including:**

(AAA, 1973) defined it as measuring and identifying human resources data and communicating that information to the parties benefiting from it (Cherian & Farouq, 2013: 75).

Some of them say that it is a method of identifying, measuring, and communicating information related to HRA to the parties concerned inside and outside the project to raise the efficiency of workers and project management and improve the quality of decisions related to the project (Abdul Rasool, 1981, p. 13)

Ali (2003: 280) indicates that it is the process of measuring and reporting on human dynamics and changes within an economic unit. This refers to evaluating and assessing human resources within a monetary unit and measuring variables over time. It is also the process of providing information about individuals and groups within an economic unit to decision-makers within and outside the company.

Shalali (2009: 4) describes HRA as the process of measuring and monitoring the economic value of HRA within companies, considering any costs incurred by human resources as a type of long-term investment that requires capitalization and amortization according to the productive life of these human resources and the period. Qwaider (2014: 122) defines it as wage accounting, which involves calculating the various entitlements of employees during employment by determining their wages or salaries.

In light of the above, the roles assigned to human resources accounting can be concluded, which can be limited to the following (Maher, 41:1998):

1. Providing the foundations that assist management in making decisions related to human resources.
2. Providing quantitative and qualitative information on the cost and value of HRA through reports and statements.
3. Using measurement models specific to accounting costs in human resources.
4. Emphasizing human capital and informing senior management of its importance, especially when making decisions about human resources development and growth.
5. Clarifying the impact of HRA on the practices and behavior of individuals in companies.

HRA not only measures data related to determining the level of development of employees (workers) but also evaluates the financial status of workers in the economic unit (Cherian & Farouq, 2013: 75).

We can recognize that human resources are one of the most significant assets of companies and economic units. Unfortunately, no regulation or legislation clarifies their performance in the annual reports of companies and economic units. However, the value of human resources may sometimes exceed the value of tangible assets. However, the traditional accounting method does not record human resource values or even recognize them. When Bill Gates retired, Microsoft's share price fell significantly. This is a clear example of the impact of human resources as a company's asset. However, traditional corporate accounting practices do not accurately reflect the impact on the financial aspect and the company's assets. In reality, the effect is quite significant, and numerous examples exist. It is necessary to record human resource-related expenses as assets in the balance sheet, unlike the traditional accounting system, where these costs are considered expenses that reduce the net profits of the economic unit (Cherian & Farouq, 2013: 75).

**Third: Competitive advantage**

Competitive advantage is represented by the capabilities and characteristics that enable an economic unit to compete with its counterparts and leverage its strengths in managing its activities. The unit's management must identify

tangible and intangible capabilities and resources that constitute a competitive advantage. It is known that the economic unit that possesses efficient human resources and advanced experience is superior to its counterparts in this regard.

The literature mentions various definitions, some of which define competitive advantage as "the set of skills, technology, resources, and capabilities that management can coordinate and invest in" (Al-Salmi, 2001, p. 14). Flamholtz and Randle (2012: 77) identify and measure intellectual capital as necessary for contemporary economic units because intangible assets create value and genuine competitive advantage.

Researchers view the competitive advantage as the unique ability of an economic unit to leverage its various resources and manage its operations effectively, producing products/services that deliver value to the customer, become more attractive to them, and position itself at the forefront of the competition. In other words, the economic unit outperforms its competitors due to specific operations, activities, way of thinking, or registered trademarks.

#### **Fourth: Objectives of HRA**

As a management tool, one of the primary objectives of accounting is to provide reliable, timely, and accurate information that accurately represents a company's financial and competitive position, taking into account the technological and organizational environment in which the company operates. Human resources accounting (HRA) is no exception to this objective. HRA aims to provide all necessary information related to the human element of an economic unit. This facilitates management's process of making sound and accurate decisions regarding this element. It also draws management's attention to the importance of human resources and assists in measuring, evaluating, developing, and enhancing these resources (Abu Bakr, 2008, p. 7).

Al-Bu Ali (2011: 40) explained that HRA's primary objective is to consider human resource expenditures as investments. Human resources, with their skills, knowledge, and work capabilities, directly impact the success or failure of an economic unit, enhancing its ability to remain competitive in the market and sustain itself over the long term.

According to Akindehinde and others (2015: 48), accounting has both internal and external objectives in meeting the multiple needs of information users, both internal and external, for financial statements, particularly those related to human resources. Human resources, as assets, will attract and support internal and external investment in economic units, in addition to convincing investors and other employees of the value of this type of accounting. It will also provide information to users that indicates the close link between human resource activities and the financial results achieved by the economic unit, in addition to the returns on investments that come from training and development, and present the company's image in ways that can attract new employees and increase the retention of existing employees.

We conclude from the above that human resources represent the intellectual capital of an economic unit and play a vital role in assisting and contributing to the various administrative decision-making processes. For this reason, the human element is considered one of the most critical assets of an economic unit. This is what Olaniyan and Lukas confirmed when they believed that human resources are among the most valuable assets in any economic unit, alongside machines, materials, and even money, as nothing can be obtained without the workforce (Enyi & Akindehinde, 2014, p. 111).

The American Accounting Association (AAA) also identified three main and essential objectives for human resources accounting, which are as follows (Ben Amara and Siddiqui, 4:2004):

- 1- Measurement: i.e., estimating the cost and value of the human element using objective methods, models, and standards.
- 2- Application: It means designing the appropriate accounting system to benefit from the established standards.

3- Human results: These include analyzing the impact of HRA on the human organization of the economic unit in terms of the attitudes and behavior of workers.

In the literature, HRA measurement methods are classified into two groups. The first focuses on the cost approach, while the second focuses on what is known as the value approach, as follows (Matar, 2004, pp. 439-449)

#### **The first group: Cost approach methods**

**1—The first focuses on historical cost.** According to this method, human asset costs are measured using principles similar to those used to measure the cost of conventional assets. These costs are divided into revenue and capital costs. Researchers agree on capitalizing on HRA costs for recruitment, hiring, training, and employee development.

**2- The second focuses on replacement cost:** "What would have to be spent to obtain another employee with the same level of skill and competence if the economic unit were to dispense with this employee/worker."

**3-The third focuses on opportunity cost, which** is defined as "the value of this asset in an alternative use available to its current use."

#### **The second group: Value methods**

These methods are based on HRA's economic value, which is defined as "the present value of the expected future revenues from them."

#### **Fifth: importance of HRA**

The importance of HRA lies in measuring the value of the HRA that economic units invest in their operations, and through which they seek to achieve their goals. Accordingly, accountants have become increasingly interested in addressing human resources based on several factors, the most important of which are (Matar, 2004: 430):

1- The increasing importance of HRA and intangible resources in modern projects, in addition to the growth of service project activities such as external audit offices and consulting firms, as human resources are the main component in these projects.

2- Accounting information systems in modern projects are moving towards creating systems that provide stakeholders and information users with appropriate information about the project's workforce and disclose changes in its value.

3- Accounting's openness to behavioral sciences has provided it with many concepts that have contributed to improving and developing its methods and approaches to measurement in general and human resources.

Abu Bakr (2008: 7) explained that human resource accounting lies in the following:

1. The human element is the most important asset in any economic unit, especially in advanced societies, where the thinkers and implementers in any economic unit are the people who undertake management tasks.

2. The human element possesses significant importance and market value. This is confirmed by what happened in the United States in 1986, when eight senior employees and managers from Motorola resigned and began working for a competing company, Fairtsheller. Motorola's assets and market value fell by \$41 million at that time. At the same time, the assets and market value of Fairtsheller's shares rose by \$14 million within a very short period, 24 hours after the resignation was announced.

3. A study of 91 graduate students at an American university indicated that human resource investment decisions related to two companies favored the company that announced its importance and interest in the human element.

**The benefits of HRA** (Hossain & others, 2014:100-101) are as follows:

1. Effectiveness and efficiency in the administrative decision-making process.
2. Strengthening the role of accountants in quality administrative decisions.
3. Reducing the misuse of human resources.
4. Allocating resources efficiently, effectively, and professionally.
5. Increasing the productivity of human assets.
6. Improving management concepts such as raising morale, cooperation, job satisfaction, and creativity.
7. Developing and enhancing human competence.
8. Influencing individuals and motivating them to achieve their required tasks.
9. Sustaining investment decisions over the long term.
10. Contributing to measuring and improving performance and enhancing the strengths and shortcomings of the economic unit.
11. The success of any economic unit depends on a good workforce at all levels. Therefore, HRA contributes to the rapid development of business success.
- 12- Provides a reasonable basis for monitoring human assets.
- 13- Helps develop management principles.
- 14- Ensures proper monitoring of the effective use of human resources.

#### **4. Section Three: The Practical Side**

First: An introductory overview of Al-Mansour Investment Bank

Before entering into the practical side, we would like to give a simplified definition of Al-Mansour Investment Bank, which we provide as follows:

Code: BMNS

Address: Baghdad - Al-Wahda District - Block (904) Street (14) Building (51) P.O. Box 3162 Al-Alawiya Post Office

Date of establishment: 13-9-2005

Current capital: 250,000,000,000 Two hundred and fifty billion dinars

Date of listing in the stock market: 1/7/2018

Fax: +400106881964

Email: [info@mansourbank.com](mailto:info@mansourbank.com)

Website: [www.mansourbank.com](http://www.mansourbank.com)

#### **Second: Practical analysis**

This analysis aims to identify the costs associated with training, developing, and acquiring human resources at Mansour Bank, as well as the resulting value. Therefore, the cost of human resources in its traditional form represents

a sacrifice to obtain future benefits, whether tangible or intangible. Fattouh (2000: 31) states that since the term HRA cost is derived from the general concept of cost, it is a capital cost borne by the economic unit to obtain or replace human resources.

From the point of view of financial accounting, investment in human resources includes many historical costs incurred by the economic unit, and they can be classified as follows: (Al-Ghaban & Yassin, 2007, pp. 204-205)

### 1- Human resource acquisition costs

- \* Recruitment costs
- \* Selection costs
- \* Recruitment costs
- \* Adaptation costs to the work environment within the economic unit
- \* Qualification costs

### 2- Human resource development costs

- \* Training costs
- \* Costs of raising the scientific level

### 3- Costs of Dispensing with Human Resources

To complete the process of measuring the cost of investing in human resources at Mansour Bank, the historical cost model was used, in addition to classifying the expenses incurred in acquiring, developing, and enhancing human resources based on the financial statements [2016-2017-2018] as follows:

#### 1- Human Resources Costs

Human resources costs include several sub-processes: recruitment, testing, interviewing, selection, and hiring (appointment). It is worth noting that the bank engages in most of these activities. The bank also considers the costs of these activities to be an expense that must be closed at the end of each fiscal year. We calculated these costs based on the information available in the bank's financial statements. Table 1 shows the number of human resources and their acquisition costs for the years 2016-2017-2018.

**Table (1) Human Resources Acquisition Costs**

| Percentage | Costs in Dinars | Human Resources | Year      |
|------------|-----------------|-----------------|-----------|
| %20        | 376,165,526     | 65              | 2016      |
| %31        | 564,036,606     | 81              | 2017      |
| %49        | 913,238,014     | 101             | 2018      |
| %100       | 1,853,440,146   | 247             | the total |

Source: Bank data was relied upon.

Table 1 shows that the costs of developing and acquiring human resources were huge, as the staff was constantly increasing due to the expansion of the bank's activities and operations, in addition to the increase in the number of branches and other matters, which increased costs (2016-2017-2018).

## 2- Training and development costs

The most important training programs in which the bank involves its employees are training programs in accounting and banking basics, customer relations, Islamic credit, international accounting standards, and training programs in electronic computing (computer) and the English language. The bank is moving in two directions in its training activity:

First: Develop the current employees (old) at various job levels through multiple activities, such as retraining and rehabilitation.

Second: Providing newly appointed employees with the necessary skills and knowledge to contribute effectively to the bank's activity, each from their position.

Table 2 shows the trainees (inside and outside the bank) and their training costs for the same years of the research.

**Table (2) Human Resources Training Costs**

| Training costs/dinar | Years     |
|----------------------|-----------|
| 150,000              | 2016      |
| 270,000              | 2017      |
| 460,000              | 2018      |
| 880,000              | the total |

**Source: Bank data was relied upon.**

It is clear from Table (2) that the total training costs for the three years constituted a weak percentage compared to the total costs of investment in human resources for the bank, as it constitutes a percentage of approximately (0.047%) of the total costs of human resources for the years (2016-2017-2018), and this gives an indication that the bank is not keeping pace with the developments taking place in the work environment in general and the banking sector in particular in developing and advancing its employees.

## 3- Costs of research, consultations, and conferences

The bank participates annually at the administrative leadership level in conferences and seminars, in addition to conducting research, studies, consultations, and publishing related to and affecting banking work. This is to inform you of the latest developments in banking activity and to study various aspects of the competitive banking environment, in particular, and financial institutions in general. The table below (3) shows the costs of participating in such activities, which are represented during the same years as the research.

**Table (3) Costs of research, consultations and conferences for human resources**

| Conference and seminar costs/dinars | Years |
|-------------------------------------|-------|
| 1,156,510                           | 2016  |
| 13,908,000                          | 2017  |

|            |       |
|------------|-------|
| 48,854,499 | 2018  |
| 63,919,009 | Total |

Source: Bank data was relied upon.

In light of the table above, it is clear that interest in studies, consultations, and conferences is constantly increasing. This indicates that the bank pays special attention to this aspect due to its significant effects on developing the banking structure and keeping pace with the changes occurring in the competitive environment.

#### 4- Costs of commodity requirements:

Commodity requirements encompass all supplies, stationery, equipment, and fuel expenses for employees, among other items. Therefore, Table 4 below presents the costs of these requirements for the years 2016, 2017, and 2018.

Table (4) Costs of commodity requirements for human resources

| Commodity requirements/dinar | Years     |
|------------------------------|-----------|
| 54,722,290                   | 2016      |
| 67,371,525                   | 2017      |
| 73,040,586                   | 2018      |
| 195,134,401                  | The total |

Source: Bank data was relied upon.

The table shows that the costs of commodity supplies for 2016-2017-2018 increased consistently from one financial period to another, albeit in a limited and not extensive manner. Therefore, we note that the differences in the table above are close.

Table 5 below summarizes the costs of investing in human resources for Al-Mansour Bank from 2016 to 2017.

Table (5) Capital costs and numbers of human resources for Al-Mansour Investment Bank for the years 2016 - 2017 – 2018

| 2018        | 2017        | 2016        | Tables/Year                                       |
|-------------|-------------|-------------|---------------------------------------------------|
| 101         | 81          | 65          | Human Resources                                   |
| 913,238,014 | 564,036,606 | 376,165,526 | Table (1) Human Resources Acquisition Costs       |
| 460,000     | 270,000     | 150,000     | Table (2) Training Costs                          |
| 48,854,499  | 13,908,000  | 1,156,510   | Table (3) Consultations, Research and Conferences |

|               |             |             |                                  |
|---------------|-------------|-------------|----------------------------------|
| 73,040,586    | 67,371,525  | 54,722,290  | Table (4) Commodity Requirements |
| 1,035,593,099 | 645,586,131 | 432,194,326 | Total                            |

Table 5 above shows the number of human resources whose costs were calculated based on capital costs for each year of the research sample and were subjected to development, growth, and training. These costs constantly increase due to the increase in the bank's activities and operations in various fields during the 2016 2017 to 2018 research sample.

After knowing the costs of developing, advancing, and acquiring HRA, we try to subject some of them to further analysis using a group of indicators that clarify the effectiveness of the performance of human resources and the economic unit for one year or several years, or to compare the performance of multiple economic units as well as their individuals, which are as follows (Hassan, 1997):

### 1- Measuring the extent of the workforce's reward through wages and benefits to determine the extent of their care in various fields

**Workers' reward measurement factor = (average worker's wage \* number of workers) \ (paid wages + granted benefits)**

Workers' reward measurement factor (2016) =  $(1812361 * 65) \setminus (117803517 + 258362009) * 100\%$

Workers' reward measurement factor (2016) =  $117803465 \setminus 376165526 * 100\%$

**Workers' reward measurement factor (2016) = 31%**

Workers' reward measurement factor (2017) =  $(1568777 * 81) \setminus (127070982 + 436965624) * 100\%$

Workers' reward measurement factor (2017) =  $127070982 \setminus 564036606 * 100\%$

**Workers' Reward Measurement Factor (2017) = 22%**

Workers' Reward Measurement Factor (2018) =  $(1815777 * 101) \setminus (183393561 + 279844480) * 100\%$

Workers' Reward Measurement Factor (2018) =  $183393561 \setminus 913238041 * 100\%$

**Workers' Reward Measurement Factor (2018) = 20%**

From the above results, it is clear that the coefficient measuring the workers' rewards was in a state of continuous decline during the years 2016, 2017, and 2018. In 2016, it was around 0.31, which is a good percentage, but it quickly declined in 2017 to become 0.22, and then it reached 0.20 in 2018.

### 2- Measuring the company's contribution to technical aspects.

**Company's contribution to the technical development of employees = Cost of contribution to training and development / Wages paid**

Economic unit's contribution to technical development (2016) =  $150,000 \setminus 117,803,517 * 100\%$

**Economic unit's contribution to technical development (2016) = 0.127%**

Economic unit's contribution to technical development (2017) =  $270,000 \setminus 127,070,982 * 100\%$

**Economic unit's contribution to technical development (2017) = 0.212%**

Economic unit's contribution to technical development (2018) =  $460,000 \div 183,393,561 * 100\%$

**Economic unit's contribution to technical development (2018) = 0.25%**

The company's investment in developing its technical staff has been steadily increasing during the financial periods of 2016, 2017, and 2018. However, this increase is minimal, as it was approximately 0.0012 in 2016. However, it quickly doubled in 2017, reaching 0.0021 and 0.0025 in 2018. This indicates that the bank is paying relatively high attention to the training and development of its workforce.

**3- Measuring the company's contribution to job stability in its surrounding environment**

(Employee turnover rate = number of workers who left service / total number of workers)

Employee turnover rate (2016) =  $0 \div 65 = 0$

Employee turnover rate (2017) =  $0 \div 81 = 0$

Employee turnover rate (2018) =  $0 \div 101 = 0$

The above ratios clearly show that the bank did not experience employee turnover during the years of the research sample.

**4- Measuring the Company's Contribution to Research and Development**

**Company's Contribution to Research and Development = Research and Development Costs / Total Production Costs**

Company's Contribution to Research and Development (2016) =  $1,156,510/644,444,984 * 100\%$

**Company's Contribution to Research and Development (2016) = 0.179%**

Company's Contribution to Research and Development (2017) =  $13,908,000/969,096,128 * 100\%$

**Company's Contribution to Research and Development (2017) = 1.435%**

Company's Contribution to Research and Development (2018) =  $48,854,499/1,594,625,345 * 100\%$

**Company's Contribution to Research and Development (2018) = 3%**

It is clear here that the company's contribution to research and development studies has steadily increased during the years 2016, 2017, and 2018. In 2016, the value was approximately 0.0017, but it increased significantly in 2017, reaching 0.014 and then doubling to 0.030 in 2018. This indicates that the bank is paying a reasonable amount of attention to research and development studies.

**Based on the above, it becomes clear that HRA plays a fundamental and significant role in identifying and determining all costs resulting from human resource development, training, and development processes. It also clearly contributes to enhancing the competitive advantage of economic units by comparing their human assets, capabilities, and knowledge. This prompts us to accept the central research hypothesis.**

## 5. Section Four: Conclusions and Recommendations

### First: Conclusions

In light of the above presentation of the theoretical and practical aspects, the research reached a set of recommendations that we present as follows:

- 1- That the employees' rewards are in a state of continuous decline during the years 2016, 2017, 2018, as they ranged from 0.31 until they reached 0.20, which gives a negative indication of the level of care for them, and this may be a result of the decrease in wages paid to employees as well as their privileges, which may negatively affect performance.
- 2- That the bank's contribution to development and training is trending upward during the years 2016, 2017, 2018, but at minimal rates, which gives an indication that the bank does not pay very much attention to the training and development processes for its working cadres, and this supports what the previous paragraph went to.
- 3-The practical analysis results clearly show that the bank did not suffer from employee turnover during the research sample years, which is a good indicator.
- 4-The economic unit's contribution to development studies and research increased continuously during the years 2016 - 2017 - 2018, which indicates that the bank pays appropriate attention to these subjects to some extent.
- 5-Spending on training, developing, and granting privileges to human resources (employees) will increase their effectiveness in performance and add value to the economic unit.
- 6-Increasing attention to human resources, considering them an important asset of the economic unit, and reporting on them in the balance sheet contributes to strengthening the unit's market share and increasing the link between human resources activities and the financial results achieved, in addition to the quality of its various investment decisions.

### Second: Recommendations

In light of the previously mentioned conclusions, we have several recommendations that we present as follows:

- 1-Work hard to increase employees' efficiency by increasing training and development opportunities at various organizational levels and the privileges granted to them, creating a state of support and encouragement to exert the maximum possible effort.
- 2- Activate development and development courses for various working cadres at different organizational levels, by increasing financial allocations in the training and qualification aspect and informing them of the latest standards and applications in banking work, which is positively reflected in the level of individual and general performance.
- 3-Work hard and continuously to attract professional and scientific competencies, develop and grow general performance, and maintain current cadres.
- 4-Continue to support development studies and research as they contribute to keeping pace with the latest methods used in the international banking environment and surpassing various traditional methods in dealing with the labor market's needs, which makes the bank among the advanced banks internationally.
- 5-The supervisory authorities of the Iraqi Stock Exchange must confirm the application of human resources accounting in the economic units listed therein and consider human resources an asset of the unit.
- 6—The professional authorities represented by the Iraqi Accounting and Auditing Standards Board and the International Accounting Standards Board (IASB) must issue a standard concerning human resources accounting, including measurement, presentation, disclosure, etc.

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