

# Level of Disclosure of Human Resources Accounting in the Financial Statements an Exploratory Study of Several Companies Operating in the Iraqi Environment

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## Abstract

The disclosure of human resources accounting in Iraq gives a new field and stage of development and distinction in the accounting profession, as it enhances the level of disclosure of its financial statements by including its human resources, which are the main engine for the success and continuity of the economic unit, through the training and qualification of its employees. The research seeks to determine the extent of awareness and accreditation of Iraqi companies, the level of disclosure of human resources accounting and the degree of commitment in the financial statements, and the objectives of the research and test the hypothesis. Where (100) questionnaires were distributed to accountants working in Iraqi companies, and (89) questionnaires were approved for analysis. The study concluded that there is no reference to regulating human resources accounting work within Iraqi companies and weakness in assessing the importance of disclosure and accounting measurement of those human resources.

## Keywords

Human Resources Accounting (HRA), Accounting Disclosure, Disclosure Levels.

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## Introduction

Developing financial reports and lists is an essential, ongoing requirement since financial reports and lists represent a means of communicating information and reflecting the results of different events in the economic unit. So, whenever the disclosure of financial reports and lists is an easy, understandable and integrated manner to all aspects of the economic unit, the goal is to provide the appropriate information for its users in the decision-making process. Also, most economical units at present seek to disclose human resources accounting. They realize the importance of their success and continuity in the labour market because they indicate the extent of the economic unit's interest in its workers and customers, their needs, desires, and capabilities through education, training, qualification and development. After all, all of this will be reflected effectively towards the economic unit's progress and achieving its goals. Hence, the research shed light on the information adopted in disclosing human resources accounting in Iraq's financial statements. Accordingly, the research division has been divided into four main axes, the first axis came with the research methodology, and the second axis the theoretical aspect of human resources accounting and accounting disclosure, while the third axis concluded in reviewing the practical side and the results of the analysis of the questionnaire, and finally, the fourth Conclusion.

## Research Problem

The research problem is summarized to identify Iraqi companies' level of disclosure on human resources accounting. Despite companies' difference in their commitment to the principle of disclosure, what is determined by the legislation, laws in force and financial markets instructions? However, these companies ignore and do not realize the importance of fixing the values of individuals working in them and determining the costs incurred when setting educational programs and holding training courses to improve its employees' skill and expertise. It is considered an economic fact that should be proven and communicated to the users of the financial statements to help them in the decision-making process, this is reflected in its role in enhancing its competitive position in the market. From the above, the research problem can be expressed to be summed by the following questions:

1. What is the extent of awareness of the Iraqi companies operating in the Iraqi environment for the principle of disclosure of human resource accounting?
2. What is the level of disclosure that Iraqi companies have on human resources accounting?
3. How prepared are the companies operating in the Iraqi environment with commitment and application of the disclosure principle for human resources accounting?

## Research importance

The importance of the research comes from the importance of disclosing human resources accounting operating in Iraqi companies. It is enjoyed by those resources the skills and experiences they have in those resources that are reflected the performance and success of these companies, by providing a study at the applied and scientific level on the presence of accounting disclosure in the financial statements prepared in it (Here I mean the financial statements prepared in Iraqi companies). Financial Statements Is the indicator of the national economy's accuracy and safety in providing data and information on one hand and achieving an atmosphere of confidence for economic decision-makers in rationalizing their decisions.

## Research objective

The research seeks to achieve the following points:

1. Review the concept of human resource accounting, its distinctive features, characteristics, goals, benefits and limitations.
2. Determine the meaning of accounting disclosure, its levels, and types.
3. Determine the levels of disclosure for human resources accounting in the Iraqi environment and its current status.

## Study hypothesis

The study based on a fundamental assumption that:

"There are significant differences in the level of disclosure of human resources accounting in the financial statements between Iraqi companies."

## Literature Review

One of the studies that dealt with the variables of the research is the study of [Alotaibi \(2021\)](#), The study's importance lies in guiding the departments of economic establishments, especially those suffering from a lack of human resources to the importance of measurement and accounting disclosure of human resources in the financial statements. The study's hypothesis was that (the accounting measurement and disclosure of human resources significantly impact the financial statements). To achieve this, an applied study was conducted that includes a proposal to apply accounting for human resources at Damascus University, and members of the faculty at Damascus University were selected. The possibility of treating investments in them more than others as an asset and the applicability of the asset standards to them, in addition to the ease of obtaining data on the cost of human resources in service institutions because human services are the main product of the institution and these data are generally available as a result of the activity and the routine operations of the institution. The most prominent recommendations are that the financial statements include human resources as an asset, meaning that the asset's depreciation (depreciation) should be measured through the asset's value and useful life—the depletion premiums over the years' service.

[\(Gardi, 2021\)](#), the study aimed to shed light on the importance of the measurement process and the accounting disclosure of the cost of human resources by highlighting the concept and development of accounting for human resources and their benefits, measurement models and evaluation methods, and showing the extent of their influence on financial decision-making in the shareholding companies in the Gaza Strip. A descriptive and analytical approach was used to obtain data and information on the theoretical aspect to achieve the study's purpose. The applied field represented the distribution of questionnaires to study some of the research's vocabularies and the inventory and compilation of the necessary information on the study's subject. The most important recommendations that were reached were the need to distinguish between expenditures that are current expenditures incurred for the same period and those that should be capitalized and appear within the elements of established assets.

[\(Saleh, Jawabreh, & Abu-Eker, 2021\)](#), the study seeks to demonstrate the extent to which Jordanian commercial banks adhere to the principle of accounting disclosure by international accounting and financial reporting standards and to achieve the objectives of the study, a specialized questionnaire was designed and distributed to a sample and distributed to (150) employees from financial departments in the whisper of Jordanian banks. The descriptive analysis method was used for the sake of Analyzing data and testing hypotheses. The study reached several results, the most important of which are: Jordanian banks adhere to the principle of accounting disclosure by international accounting and financial reporting standards, and that this commitment contributes to achieving financial stability in the banking sector. The most important recommendations included the necessity of supporting the banking sector in Jordan, providing it with qualified cadres, urging the banking sector to study the financial crisis more profoundly, and developing long-term strategic plans by establishing specialized departments entrusted with the task of crisis management.

The study [Zain, Abdullah, and Percy \(2021\)](#), the problem of the study arises in the failure of companies to disclose the elements related to human resources at the same level that

companies practice in disclosing other tangible assets, encouraged in this by the absence of government legislation obliging them to do so despite the full knowledge of these companies in the importance of companies what disclosure means to users of financial statements. Identify the level of companies' disclosure of the human resources in the industrial, public joint-stock companies in Kuwait. The practical side of 28 companies is represented. The researcher selected 20 companies intentionally from among the companies whose shares are traded on the Kuwait Stock Exchange. The study results showed a difference between the industrial companies participating in the application of the elements of voluntary disclosure related to human resources due to the variable of profitability. The study recommended the necessity of paying attention to spreading the culture of voluntary disclosure among industrial, public shareholding companies and linking it to the economic benefits that companies can avoid in return for that.

abu Na'er and Hardan , this study aimed to explore factors related to some of the bank's characteristics, such as size, age, nature of the activity, profitability, and nationality, on the level of disclosure of human resources in the annual financial reports of banks in Jordan. as well as indicating the level of disclosure of these resources in the reports above. In order to achieve the objectives of the study, an indicator was developed to measure the level of disclosure of these resources in the annual financial reports of the banks above, in addition to using the method of content analysis to identify the paragraphs related to human resources that were actually disclosed in these reports. The multiple regression model was also applied to test the hypotheses of the study. The results showed that the level of public disclosure of human resources in the annual financial reports of banks operating in Jordan was average and that there was a significant impact on the bank's characteristics represented in size, age and profitability. Moreover, nationality at the level of this disclosure, while there was no statistically significant effect of the nature of the bank's activity on the level of disclosure of human resources in these reports.

## Human Resource Accounting

Most people believe that human resource accounting is considered one of the latest branches in accounting. In which it calculates both peoples cost and value to their organizations. Also measures the cost of private and public companies enabling them to develop, train, hire and recruit employees. (Ibarra & Cosico, 2016) In fact, in Human Resource Accounting, the data about human resource has been classified and calculated. The investment of an origination which is not considered as under conventional accounting practices was made. It is regarded as an endeavour to distinguish and report. Furthermore, measuring employees' value can be achieved by human resource accounting in which it is considered one of the curtail tools to support management in making decisions that have a great connection to maximize production. The measurement of an organization's performances and the ultimate usage are involved by human resource accounting beneath direct and indirect control. Thus, the essential part of making any decision is the total estimate is looking forward to achieving the organization's objectives and improving its products.

(Khan, 2021) Besides, the concept of human resource accounting is the art of valuing, recording and presenting the value of human resources in the books of account of an organization systematically. This definition outlines the following important characteristic features of human resource accounting (Arkan, 2016)

1. Valuation of human resources.
2. Recording the valuation in the books of account.
3. Disclosure of the information in the financial statement of the business.

Furthermore, Human Resources are considered a part of the intangible assets defined by assets or 'skills. Assets contain intellectual property rights of patents, trademarks, copyright and registered designs, contracts, trade secrets and databases. Intangible resources are skills or competencies, including employees, suppliers, distributors and the organization culture, equipping it with skills to cope with change, put the customer first, Etc. Adding to that being

categorized as 'assets' or 'skills', intangible resources could be categorized as being people dependent and people independent.

### **Characteristics of (HRA): (lonel, Alina, & Dumitru, 2010)**

- It is an accounting system that identifies human resources.
- It records the investment made in human resources.
- Measuring the costs and values that are made.
- Its records changes occurring in human resources through time.
- The communication of information over financial statements to interested parties.

### **Objectives of (HRA)**

- The adequate management of human resources.
- Improvement of human resources.
- Depicting the principal value of the organization.
- Providing quantitative information about human resources that enable managers and investors in decision making.
- Human Resources Accounting translates the worth of human resources to both organization and the public.

### **Benefits of (HRA)**

human resource accounting helps define whether the human asset is being used in the business or not. Therefore, the five benefits of human resources accounting are: (Pandurangarao, Basha, & Rajasekhar, 2013)

#### **The cost of developing (HRA):**

Human resources accounting will give the cost of developing human resources in the business. Also, this will enable the management to ascertain the cost of labour overall.

#### **The Proper investment:**

It is noticeable whether the business has made a sound investment in human resources in terms of money. If the investment reaches a surplus, efforts should be made to control it.

#### **Planning & executing personal policies:**

The management uses human resources accounting's help in decision making regarding transfers, promotions, training, retirement and retrenchment of human resources.

#### **The improvement of employee efficiency:**

The employees understand the cost that will incur on them, .and the return is being given as an output. Therefore, the motivation of the employees will increase their worth.

#### **The calculated return on Investment (ROI):**

The return on investment can be calculated only when human resources investment is taken into consideration. The ROI is beneficial because it is an investment in human beings.

### **Limitations of Human Resource Accounting**

Bhosale sheds light on the regulation of human resource accounting: (Bhosale, 2015)

1. If the valuation is not done correctly or the results are not used properly, human resource accounting may cause dehumanization in the organization,
2. No clear guidelines for 'cost' and 'value' of human resources can be seen in an organization.
3. Life of people and their value are not guaranteed.
4. Human assets valuation is based on the assumption that most employees will stay with the organization for a particular time, but this assumption is not accurate because employee mobility is very high.
5. Although not fixed existing rules for human resources accounting all organizations should follow the same steps in dealing with financial accounting due to its policy. So, trying to compare two organization is in vain.
6. The present valuation systems have many limitations.

## Accounting Disclosure

Accounting disclosure is the statement given by a company, business, or corporation that detects the financial strategies being used, and reveals the costs and profits for a certain period. This document aims to inform the current and potential investors of the accounting strategies and methods used in the organization. Financial statements include but are not limited to, the balance sheet, cash flows statement, income statement, and stockholders' equity statement. (Thabit & Jasim, 2016) Accounting media requires providing decision-makers with meaningful information that determines the company's profits and position financially. Those financial statements are the straight pillar for the disclosure, as noticed in the preparation of generally agreed upon accounting principles, classification, standardization, comparisons, and notes. That includes others' financial statements and the financial statements such as evaluating inventory, processing the maintenance expenses, repair, methods of depreciation, events occurring after the budget preparation, changing accounting policy, conversions of foreign currencies. Clarifications about information not contained in the notes, financial statements complement its assurances on the market price or one asset or the commodity stock's cost. Also, the above increases the beneficiary's confidence in the disclosure process. (Ahmed, 2021) That is why corporate disclosure is categorized as mandatory disclosure and voluntary disclosure. Mandatory disclosure is identified as the information received from the fulfillment of disclosure requirements as laws, professional regulations as standards, and the stock exchange listing rules. Voluntary disclosure means any excess information revealed out of mandatory disclosure. (Hassan & Marston, 2019)

## Disclosure Levels

The information level that is disclosed depends on users' skills (or needs) and the standards in this context. For example, on FASB, it is required that any information disclosed in reports have to be comprehensible for the people with a relatively good understanding of commercial and economic activities. In this research, three concepts of the Disclosure are found adequate Disclosure, Full Disclosure, and fair Disclosure, they are identified as follows: (Khoram Abadi & Hassan Janani, 2013)

- Adequate Disclosure: is the most used term. It means that the Disclosure must be low and non-misleading.

The adequate Disclosure provides the minimum required information so users cannot be misled. In other words, financial statements must not be misleading.

- All the above definitions emphasize not misleading users.
- Fair Disclosure: emphasize being identical. To achieve an ethical goal for all potential clients of financial statements, it considers all types of users equally.

## Human Resources Accounting Disclosure

The disclosure process means presenting the financial statements with administrators' necessary information in decision-making. Hendrickson defines disclosure as "providing investors, loaners and other benefits with the information that allows them to foresee to the extent of profit-making and securing obligations payment". Those methods are as follows: , (Salvi, Raimo, Petruzzella, & Vitolla, 2021)

1. Human resources disclosure provides reports to the directors' board in which the investment made by the facility in developing the qualifications of employees is presented. Allows the financial investors and analysts to know the extent to which the administrators are concerned with developing human resources, and it is considered one of the elements that affect the level of profits.
2. They are preparing the list of investments that are a disclosure list of human resources investment. This method matches the facilities business that spends significant amounts of money, such as patents, goodwill, and other human resources investments. This list includes a detailed chart of income statements. This method's advantages include helping avoid exhaustion of the investment if they were considered fixed assets. The disadvantages may include unrealistic financial statements, especially the one with the financial position that does not cover all the income and asset lists that reveal some assets as a current expenditure in that financial period.
3. The auditor's revision cannot define the disclosure of HR investment in different financial statements. However, it is included in the main audited financial statements.
4. Disclosure of human resource investment in the essential financial statements, laid upon the auditor's revision using this method, the human resources and assets' capitalisation takes place and immerses in the financial statement position for several years.

## Analysis of the results of the study

The practical aspect was to design a questionnaire to achieve the goal of the study. (100) questionnaires were distributed to practitioners of the accounting profession in the various sectors of Iraqi companies. The questionnaires were audited to verify them, so (11) questionnaires were excluded due to the inaccuracy of completing the answers, so the number of questionnaires subject to analysis reached (89) questionnaires, with a response rate of (89%). The descriptive statistical method was used to describe the characteristics of the study sample, the use of the Kernbach alpha value to test the reliability of the research data, and the use of averages and standard deviation, and the following is a detailed explanation as follows:

### First: Evaluating the quality and conformity of the research scale.

**Evaluate the quality and conformity of the variable paragraphs to the level of** disclosure of human resources accounting in the financial statements.

The Fakronbach coefficient has been adopted for the variable paragraphs of the level of disclosure of human resources accounting in the financial statements, which consists of four basic dimensions and consists of (45) paragraphs, as the model will be tested within the following indicators

#### A- Stability and internal consistency

- **Table (1)** shows the values of (CR) for the independent variable, the level of disclosure of human resources accounting in the financial statements, all of which are within acceptable limits, as they ranged between (0.941 - 0.990), which is a good indicator and indicates the stability of the paragraphs, as the results showed high stability The search scale paragraphs of the human resources accounting disclosure level variable in the financial statements.
- And through the value of the coefficient of Alfakronbach, as their results ranged between (0.923 - 0.989), it becomes clear that it is more significant than (0.70), and this

indicates that the validity and stability coefficient of the measuring tool for the two variables (the resolution) has a high degree of acceptance and stability, which enables the researcher to rely on it to conduct Distribution and application, and then applied analysis of the research.

### B- Asymptotic honesty

- It appears through the external saturation values of the scale paragraphs of the variable (the level of disclosure of human resources accounting in the financial statements) that are greater than the minimum acceptable limits that were set by Cavalli and Amoretti (2021), all of which exceeded the significant values of saturation as shown in Table (1). As the values of external saturation ranged between (0.674 –0.966), which indicates that the data on the human resources accounting disclosure level variable in the financial statements are suitable for conducting subsequent statistical analysis.
- Table (1) shows the average values of the extracted variance (AVE) for the independent variable, the level of disclosure of human resources accounting in the financial statements, as it is clear that all of them are acceptable, as they ranged between (0.729 - 0.882), which is greater than the value (0.50), as they all indicate the significance The dimensions are in total
- It is clear from Table (1) that all the estimates were significant for the items of the variable of the level of disclosure of human resources accounting in the financial statements, as the calculated (T-Value) value was more significant than the tabular value and whose value was (1.684), as well as the value of (P-Value) calculated was Less than (0.05), which has a value of (0.000). It indicates that all the paragraphs were significant.

**TABLE (1)**

The Results of The Test of Stability, Compound Rigidity, And Converging Validity of The Variable of The Level of Disclosure of Human Resources Accounting in The Financial Statements.

The paragraphs	Asymptotic Honesty		Internal consistency and consistency		Paragraphs moral test	
	Outer (OL)	Average Variance Extracted (AVE)	Compound Rigidity (CR)	Alpacronbach	T test	Significant P-Value less than (0.05)
Q1	0.937	0.882	0.990	0.989	111.768	0.000
Q2	0.957				147.794	0.000
Q3	0.966				172.234	0.000
Q4	0.925				54.979	0.000
Q5	0.960				132.204	0.000
Q6	0.958				126.552	0.000
Q7	0.965				174.201	0.000
Q8	0.910				56.014	0.000
Q9	0.925				74.888	0.000
Q10	0.908				65.495	0.000
Q11	0.948				107.778	0.000
Q12	0.911				74.235	0.000
Q13	0.939				81.830	0.000
W1	0.881	0.796	0.981	0.978	48.065	0.000
W2	0.925				65.588	0.000
W3	0.947				85.984	0.000
W4	0.794				16.989	0.000
W5	0.945				70.851	0.000
W6	0.868				39.370	0.000
W7	0.953				94.262	0.000
W8	0.886				29.729	0.000
W9	0.893				38.277	0.000
W10	0.898				34.422	0.000

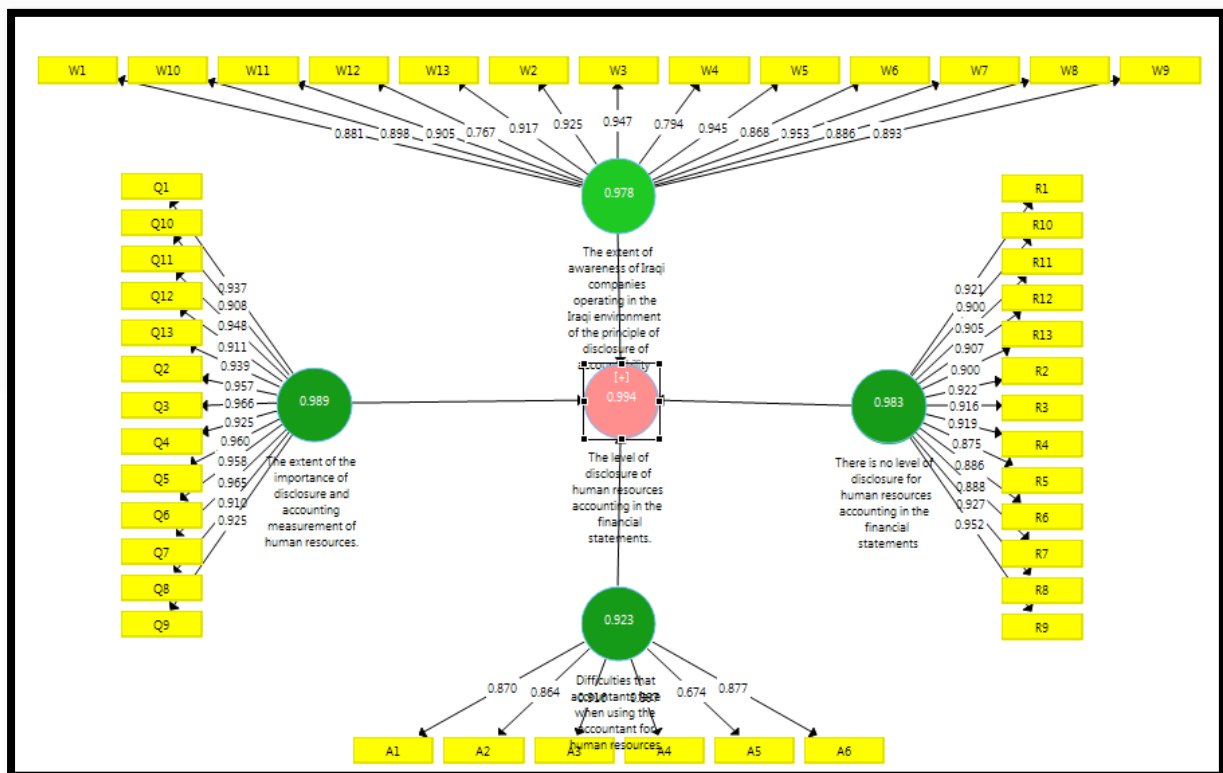


W11	0.905				47.785	0.000
W12	0.767				17.994	0.000
W13	0.917				47.108	0.000
R1	0.921	0.827	0.984	0.983	70.514	0.000
R2	0.922				73.036	0.000
R3	0.916				65.823	0.000
R4	0.919				67.196	0.000
R5	0.875				39.851	0.000
R6	0.886				43.128	0.000
R7	0.888				45.425	0.000
R8	0.927				54.650	0.000
R9	0.952				101.825	0.000
R10	0.900				57.025	0.000
R11	0.905				84.818	0.000
R12	0.907				67.112	0.000
R13	0.900				47.003	0.000
A1	0.870	0.729	0.941	0.923	36.375	0.000
A2	0.864				23.020	0.000
A3	0.916				40.696	0.000
A4	0.897				42.408	0.000
A5	0.674				12.834	0.000
A6	0.877				22.164	0.000

Source: Researcher preparation based on SmartPLS V.3.3.2 output

FIGURE (1)

The Complete Form Of The Level Variable Disclosure Of Human Resources Accounting In The Financial Statements



Source: Researcher preparation based on SmartPLS V.3.3.2 output

## Second: Descriptive analysis, presentation and analysis of results in light of the answers of the researched sample:

This part of the analysis seeks to identify the reality of a variable level of disclosure of human resources accounting in the financial statements in an exploratory study of several companies operating in the Iraqi environment, and the following statistical indicators will be relied upon when analysing (arithmetic mean, standard deviation, coefficient of variation, the order of importance), And [Table \(2\)](#) displays the results of measuring the arithmetic mean of the respondents' answers.

**TABLE (2)**  
**The Weighted Average and The Response Level**

Weighted Average	Answer Scale	The level of the Answer
From 1 to 1.80	I Totally Disagree	Very Weak
From 1.81 to 2.60	Not Agree	Weak
From 2.61 to 3.40	Neutral	Average
From 3.41 to 4.20	OK	Good
From 4.21 to 5	I Totally Agree	Very Good

**Source:** ([Vergura, Acciani, Amoruso, Patrono, & Vacca, 2008](#))

The level of each variable will be between (1-5) with four levels and [Table \(1\)](#) illustrates this, and it includes two levels in the case of an increase from the hypothetical mean of (2.61 to 3.40), so it will be good if it ranges between (3.41 to 4.20) and very good if it increases From (4.21 to 5), it also includes two levels if it falls below the hypothetical mean (2.61 to 3.40), then it will be weak if it ranges between (1.81 to 2.60) and very weak if it falls below (from 1 to 1.80).

## A variable of the level of disclosure of human resources accounting in the financial statements:

### 1- The importance of disclosure and accounting measurement of human resources:

[Table \(3\)](#) shows the results related to the fact that the highest value was at Paragraph (12) with an arithmetic mean (4.135), a reasonable level and a standard deviation (0.786), as its variation coefficient reached (19.012), as this Paragraph came at the first level in terms of relative importance. Indicates that most of the researched companies' employees have good knowledge that qualifies them to apply accounting disclosure principles about human resources. As for the lowest value, it came at Paragraph (1). The middle of my account (2.247) and at a weak level and with a standard deviation (1.048), as its variation coefficient reached (46.614), as this Paragraph came at the thirteenth level in terms of relative importance, and this indicates that companies see The reliance on the accounting disclosure of human resources costs in the financial statements did not add significant advantages and benefits, but rather these benefits were for other advantages. As for the total, this dimension achieved an arithmetic mean (2.991) with a mean level and a standard deviation (0.929). This indicates the agreement of most of the sample that there is a weakness or regression in assessing the importance of disclosure and accounting measurement about human resources in the researched companies. Although these companies possess useful human resources, which have information about this system, the company also collects data from time to time on Human resources, as well as measuring the impact of training operations on evaluating employees, but this did not prompt the company to pay attention to the extent of the importance of disclosure and accounting measurement of human resources.

**TABLE (3)**

The Arithmetic Mean and Standard Deviation of The Answers of The Researched Sample On The Dimension Of The Importance Of Disclosure And Accounting Measurement On Human Resources

The paragraphs	Totally Disagree	Not Agree	Neutral	OK	Totally agree	Arithmetic mean	Standard deviation	Coefficient of Variation	Relative Importanc	The Direction of the Answer
1 Companies realize benefits and benefits as a result of their adoption of the accounting disclosure of human resources costs in the financial statements.	20	31	29	7	2	2.247	1.048	46.614	13	Not Agree
2 Disclosure of the economic value of human resources in the financial statements provides rules and methods for companies	16	23	35	12	3	2.584	1.042	40.335	12	Not Agree
3 The accounting disclosure of human resources casts its delusion with more objectivity - credibility in its financial statements.	12	18	33	21	5	2.876	1.096	38.091	9	Neutral
4 The accounting disclosure on human resources reflects more confidence for users of the financial statements.	9	11	53	10	6	2.921	0.956	32.730	4	Neutral
5 By supporting the accounting disclosure on human resources, the company's competitive position in the labor market.	7	8	37	22	15	3.337	1.107	33.180	5	Neutral
6 The accounting disclosure of human resources helps in estimating and determining the total value of the company.	10	19	41	15	4	2.820	0.995	35.282	6	Neutral
7 The company supports the principle of accounting disclosure of human	13	16	35	20	5	2.865	1.099	38.374	10	Neutral

resources information in the financial statements.												
8	The company seeks to measure its human resources in order to determine the exact cost return resulting from its human resources	--	7	44	2	17	3.528	0.893	25.312	3	OK	
9	The company carries out accounting measurement for human resources with the aim of achieving effective use of its available human resources.	8	38	33	6	4	2.551	0.917	35.958	7		
10	The company is concerned with measuring and evaluating the impact of training on employee performance	3	4	26	4	9	3.640	0.856	23.516	2	Not Agree	
11	The company has an information system for accounting for human resources by keeping records for processing and providing appropriate data.	16	29	37	7	--	2.393	0.874	36.523	8		
12	Accountants working in companies possess qualifications that enable them to apply the principle of accounting disclosure of human resources in their work.	--	3	13	4	31	4.135	0.786	19.012	1	Not Agree	
13	The company is committed to measuring human materials data.	15	14	20	3	2	2.978	1.168	39.212	11		
14	The general mean	2.991	0.929									

The source is from the researcher's work.

**2- The extent of awareness of Iraqi companies operating in the Iraqi environment of the principle of disclosure of accountability HR:**

The results are shown in Table (4) showed that the highest value was at Paragraph (1) with an arithmetic mean (4.382) and at an excellent level and a standard deviation (0.554), as the coefficient of variation for it reached (12.643), as this Paragraph came at the third level in terms of relative importance. Indicates that most of the companies surveyed have confirmed no reference point in organising human resources accounting work within Iraqi companies. As for the lowest value, it came at Paragraph (6). Arithmetic means (2.584), at a weak level and with a standard deviation (0.850), as the coefficient of variation reached (32.901), as this Paragraph came at the thirteenth level in terms of relative importance. Indicates that most companies surveyed have little information about applying human resources accounting, which is a significant obstacle in applying human resources accounting. Overall, this dimension has achieved a dimension with an arithmetic mean (3.825) and a right level and a standard deviation (0.650). Indicates that most of the companies surveyed have a tremendous interest in human resources within the company in terms of raising employees' skills and creating loyalty to them and having an interest in data and information related to the values and costs of human resources. However, it is noticeable on the performance of companies that they lack a working mechanism in calculating the values and costs of accounting for human resources, in addition to the fact that companies are not obligated to disclose personal resources to their employees in their financial reports, which has led to a decline in the principle of disclosure of human resources accounting in the financial statements.

**TABLE (4)**

The Arithmetic Mean And Standard Deviation Of The Answers Of The Researched Sample About The Extent To Which Iraqi Companies Operating In The Iraqi Environment Are Aware Of The Principle Of Disclosure Of Human Resources Accounting

The paragraphs	Totally Disagree	Not Agree	Neutral	OK	Totally Agree	Arithmetic mean	Standard deviation	Coefficient of Variation	Relative Importance	The Direction of the Answer
1 Iraqi companies in the Iraqi environment pay attention to setting values and assigning their workers	--	13	63	8	5	3.056	0.680	22.257	9	Neutral
2 There is ambiguity around the concept of human resources accounting for Iraqi companies	--	--	17	57	15	3.978	0.603	15.150	4	OK
3 Corporate departments do not have an informational background on human resource accounting.	4	3	10	59	13	3.832	0.882	23.022	10	OK
4 Companies are not obligated to			2	69	18	4.180	0.441	10.554	1	OK

	disclose the resources of their employees in their financial reports.										
5	The Iraqi companies' administrations seek to pay attention to working individuals by raising the level of their performance as they are valuable human resources.	2	7	13	46	21	3.865	0.944	24.417	12	OK
6	Corporate departments have knowledge of the procedures for applying human resource accounting.	12	21	49	6	1	2.584	0.850	32.901	13	Not Agree
7	The administrations of the Iraqi companies listed in the Iraqi environment lack a mechanism for calculating the values and costs of accounting for human resources.	1	7	8	59	14	3.876	0.809	20.878	8	OK
8	Disclosure of the value of individuals employed in the financial statements improves recruitment decisions and efficiency.	--	--	6	65	18	4.135	0.504	12.197	2	OK
9	Corporate administrations contribute to raising the level of loyalty and loyalty to their employees as	2	1	5	68	13	3.966	0.745	18.794	6	OK

	they are of value to benefit from them to accomplish their work.										
10	The value of the skills and experience of working individuals is one of the indicators of the company's success and competitiveness.	3	3	4	67	12	3.921	0.787	20.060	7	OK
11	Corporate departments are interested in data and information related to the values and costs of human resources.	--	--	21	53	15	3.933	0.636	16.173	5	OK
12	The absence of a reference to regulate the work of human resources accounting within Iraqi companies.	--	--	3	49	37	4.382	0.554	12.643	3	I Totally Agree
13	Lack of awareness among accountants of the importance of applying human resource accounting.	2	5	12	40	30	4.023	0.953	23.696	11	OK
14	The general mean	3.825	0.650								OK

The source is from the researcher's work.

### 3 - There is no level of disclosure for human resources accounting in the financial statements:

The results are shown in [Table \(5\)](#) showed that the highest value was at Paragraph (10) with arithmetic mean (3.888) and at a reasonable level and with a standard deviation (0.910), as its variation coefficient reached (23.408) as this Paragraph came at the fourth level in terms of relative importance. It indicates that most companies find a great need for serious steps to increase interest in human resources accounting. As for the lowest value, it came in Paragraph (2). Arithmetic means (1.944) and at a weak level and with a standard deviation (0.628), as the coefficient of variation reached it (32.314) as this Paragraph came to the ninth level in terms of relative importance. Indicates that the Iraqi environment does not adopt or encourage the principle of disclosure of human resources accounting. The account is (2.765) with a medium level and a standard deviation (0.683). Indicates an apparent decline in the

disclosure of human resources accounting in the financial statements, as companies follow no exact mechanism in disclosing human resources accounting.

**TABLE (5)**

The Arithmetic Mean And Standard Deviation Of The Answers Of The Researched Sample About A Dimension. There Is No Level Of Disclosure Of Human Resources Accounting In The Financial Statements.

The paragraphs	Totally Disagree	Not Agree	Neutral	OK	Totally Agree	Arithmetic mean	Standard deviation	Coefficient of Variation	Relative Importance	The Direction of the Answer
1 Legislation and laws in force in Iraq are obligated to adopt the concept of human resources accountability.	18	52	19	--	--	2.011	0.648	32.236	10	Not Agree
2 The Iraqi environment adopts the principle of disclosure of human resources accountability.	20	54	15	--	--	1.944	0.628	32.314	9	Not Agree
3 The disclosure of human resources provides an honest view of the aspects of interest in those resources in the financial statements.	17	49	23	--	--	2.067	0.671	32.446	11	Not Agree
4 The disclosure of the financial statements requires highlighting the size and costs of their human resources.	2	18	25	41	3	3.281	0.904	27.565	7	Neutral
5 The financial statements published by the companies include data on human resource accounting.	4	25	60	--	--	2.629	0.572	21.745	2	Neutral
6 There is a clear	8	15	66	--	--	2.652	0.641	24.188	5	Neutral



	and specific mechanism for applying human resources accounting to Iraqi companies operating in the Iraqi environment.										
7	Companies are keen to disclose in their financial statements the values of their human resources and the costs of programs and training for their employees.	6	20	63	--	--	2.640	0.608	23.014	3	Neutral
8	Measuring the value of human resources and adding them with the value of assets expresses the real value of the assets of that company.	10	6	50	23	--	2.966	0.885	29.830	8	Neutral
9	Users of accounting data and parties operating in the market are interested in information relevant to human resource accounting.	15	9	54	11	--	2.685	0.899	33.494	12	Neutral
10	The need for serious steps by the administrations of Iraqi companies to increase interest in human resources accounting.	--	5	12	55	17	3.888	0.910	23.408	4	OK

11	The necessity to measure the value of the skills, experiences and loyalties of individuals working in companies in a financial form and disclose them in the financial statements.	--	22	45	18	4	3.045	0.796	26.157	6	Neutral
12	In preparing their financial statements, companies include the values and costs of their human resources.	21	14	53	1	--	2.382	0.860	36.084	13	Not Agree
13	Companies avoid disclosing information about individuals working for them that could benefit their competitors. The general mean	--	3	28	46	12	3.753	0.727	19.383	1	OK
		2.765	0.683								

The source is from the researcher's work.

#### 4- Difficulties that accountants face when using the accounting disclosure on human resources:

The results are shown in Table (6) indicated that the highest value was in Paragraph (1). With an arithmetic mean (4.618) and an excellent level and a standard deviation (0.666), as the coefficient of variation reached (14.418), this Paragraph came at the third level in terms of relative importance. Indicates that most companies believe that the application of disclosure of human resources accounting will cost the company a large amount. As for the lowest value, it came in Paragraph (2) with an arithmetic mean (3.775), an acceptable level, and a standard deviation (0.494), as its variation coefficient reached (13.094) as this Paragraph came at the second level in terms of relative importance, meaning that the time needed for the disclosure process for accounting Human resources a long time. The total has achieved some of the difficulties that accountants face when using the accounting disclosure of human resources in the account (4.180) at a reasonable level and with a standard deviation (0.530). Indicates that great difficulties are facing the researched companies, especially in terms of time and lack of experience and legislation and instructions related to the use of accounting disclosure about human resources.

**TABLE (6)**

The Arithmetic Mean And Standard Deviation Of The Answers Of The Researched Sample About The Dimension Of The Difficulties That Accountants Face When Using The Accounting Disclosure About Human Resources.

The paragraphs	Totally Disagree		Neutral		Totally agree		Arithmetic mean	Standard deviation	Coefficient of Variation	Relative Importance	The Direction of the Answer
	I	Not Agree	16	64	I	OK					
1 The high cost of implementing disclosure of human resources accounting the high cost of implementing disclosure of human resources accounting	--	9	16	64	--	--	4.618	0.666	14.418	3	I Totally Agree
2 The time taken to implement the disclosure procedures for human resources accounting	3	14	72	--	--	3.775	0.494	13.094	2	OK	
3 The effort required to use the accounting disclosure on human resources	2	8	64	15	--	4.034	0.593	14.690	4	OK	
4 Lack of experience in using human resources accounting disclosure	4	12	20	53	--	4.371	0.884	20.224	6	I Totally Agree	
5 Difficulties related to legislation and instructions related to the use of accounting disclosure on human resources	--	1	67	21	--	4.225	0.446	10.557	1	I Totally Agree	
6 Difficulty making some comparisons with other companies due to differences in the use of accounting disclosure about human resources	4	2	68	15	--	4.056	0.610	15.033	5	OK	
The general mean	4.180	0.530									

The source is from the researcher's work.

As a whole, the variable of the level of disclosure of human resources accounting in the financial statements achieved an arithmetic mean (3.440) with a right level and a standard deviation (0.685). That is, despite the presence of adequate human resources and the infrastructure that qualifies them in order to adopt human resources accounting in the financial statements, there is an apparent lack of seriousness on the part of the higher management in the companies researched in addition to the many difficulties facing its application, especially in terms of cost, legislation and instructions required Applied.

### Third: Test the significant differences between the sectors studied

Through this part of the analysis, the differences between the averages according to the sectors studied for the variable and the dimensions of the research will be tested by using the one-way analysis of variance (ANOVA) test, which studies one type of factors or treatments to see if these factors have significant effects that differ from each other. Herewith the factors (sectors under research, which amount to seven sectors) to test the following hypotheses: The first primary hypothesis, which stipulated that (there are significant differences in the level of disclosure of human resources accounting in the financial statements between sectors, the research sample) And as follows in [Figure \(7\)](#):

**TABLE (7)**

Statistical Indicators Of The Variable Of The Level Of Disclosure Of Human Resources Accounting In The Inter-Sectoral Financial Statements, The Research Sample

Sig F	Test F	Standard Deviation	Arithmetic mean	Repetition	Sectors Studied	The Field
211.469	0.000	0.141	4.410	14	Industrial	The level of Disclosure of Human Resources Accounting in the Financial Statements
		0.106	3.991	5	Agricultural	
		0.000	3.855	2	Insurance	
		0.087	3.633	28	Banks	
		0.051	3.436	11	Services	
		0.253	2.972	19	Hotels and Tourism	
		0.301	2.075	10	Telecommunications	
		.6850	3.440	89	Total	

The source is from the researcher's work.

The calculated F value was (211.469), which is greater than the tabular F value of (2.10) at the level of significance (0.000), and it is smaller than the level of significance (0.05), and accordingly we accept the hypothesis, at the level of significance (5%), that is, with a degree of confidence (95%) , As it is evident from the value of F that the test is significant and therefore there is a need to use post hoc comparisons, and post hoc comparisons are intended, i.e. a total comparison with the rest of the other sectors to find out the difference between sectors on the basis of averages and at a significance level of 0.05, and [Table \(8\)](#) shows the differences between the averages The sectors searched for the variable of the level of disclosure of human resources accounting in the financial statements, as it becomes clear that there are differences between the sectors studied, which are (agricultural, insurance, banks, services, hotels and tourism, communications), meaning that the view of the variable of disclosure of human resources accounting in the financial statements is not One, but each sector has a different viewpoint from the others.

**TABLE (8)**

The Differences Between the Averages of The Researched Faculties for The Variable of The Level of Disclosure Of Human Resources Accounting In The Financial Statements.

Sig.	Mean Difference (I-J)	The Sector (J)	The Sector (I)
.001	.41859*	Agricultural	
.000	.55449*	Insurance	Industrial
.000	.77679*	Banks	
.000	.97407*	Services	
.000	1.43809*	Hotels and Tourism	
.000	2.33494*	Telecommunications	
.001	-.41859-*	Industrial	
.335	.13590	Services	
.010	.35820*	Banks	Agricultural
.001	.55548*	Services	
.000	1.01950*	Hotels and Tourism	
.000	1.91635*	Telecommunications	
.000	-.55449-*	Industrial	
.335	-.13590-	Agricultural	
.000	.22230*	Banks	Insurance
.000	.41958*	Services	
.000	.88360*	Hotels and Tourism	
.000	1.78045*	Telecommunications	
.000	-.77679-*	Industrial	
.010	-.35820-*	Agricultural	Banks
.000	-.22230-*	Insurance	
.000	.19728*	Services	
.000	.66130*	Hotels and Tourism	
.000	1.55815*	Telecommunications	
.000	-.97407-*	Industrial	
.001	-.55548-*	Agricultural	
.000	-.41958-*	Insurance	
.000	-.19728-*	Services	Services
.000	.46402*	Hotels and Tourism	
.000	1.36087*	Telecommunications	
.000	-1.43809-*	Industrial	
.000	-1.01950-*	Agricultural	
.000	-.88360-*	Insurance	Hotels and tourism
.000	-.66130-*	Services	
.000	-.46402-*	Hotels and Tourism	
.000	.89685*	Telecommunications	
.000	-2.33494-*	Industrial	
.000	-1.91635-*	Agricultural	
.000	-1.78045-*	Insurance	Telecommunications
.000	-1.55815-*	Services	
.000	-1.36087-*	Hotels and Tourism	
.000	-.89685-*	Telecommunications	

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

The source is from the researcher's work.

## Conclusions

1. The lack of a reference trying to organize the work of accounting human resources in Iraqi companies.
2. The existence of weakness and regression in assessing the importance of disclosure and accounting measurement of Iraqi companies' human resources.
3. The practitioners of the accounting profession in the researched companies believe that relying on the accounting disclosure of the costs of human resources in the financial statements did not add the advantages and benefits desired for adoption.
4. Companies own useful human resources, and have sufficient information on accounting disclosure, in addition to their interest in collecting data on human resources, and measuring the impact of training operations they conduct from time to time on evaluating the performance of their employees. However, this did not lead the company to actual interest in the importance of disclosure and human resources accounting measurement.
5. The necessity of setting, activating rules and frameworks for disclosure of human resources accounting in Iraq, through the establishment and development of educational curriculum, seminars, cultural, and introductory courses on accounting disclosure levels in general and disclosure of human resources accounting in particular.
6. Periodic evaluation by the relevant professional bodies to disclose the reports and financial statements of companies operating in Iraq and how they meet the requirements, standards of presentation and disclosure rules at local and international levels.
7. Motivating companies operating in the Iraqi environment includes their accounting systems in disclosing human resource accounting rules and applications, as it represents an essential pillar of the knowledge economy.

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