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The Study on the Impact of Human Resource Accounting on Performance Evaluation

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Abstract

Human Resources accounting became one of the most important assets for both, the accountants and the specialists in Human Resources Accounting since human capital entered in the field of accounting. While many companies (whether it is small or big) realize and confess that the most important assets that they have are the employees, but at the same time these companies did not know-how making the accounting over their human resources in their financial statements. The acceptance of the term (Human Capital) what it means, lead to the participation of the human resources managers in the operation of making decisions, especially in the companies that go beyond the appointment of many suitable employees. In order to face the challenges which are imposed by the rapid changes in the business world, managers are realized the importance of the management Human Resources and in the same time the success of the companies is no more depending on the tangible capital, but upon the abilities and skillfulness of the employees in these companies, who can accommodate easily with the technique developments and leading the companies towards achieving their objectives. The position (job) of accounting over Human Resources is to provide information to enable the management department to make use of this information through the analysis of their decisions, especially regarding the employees. At the same time giving the investors the opportunities to understand and evaluate the complete perspective about the company or the organization accurately. Human Resources accounting concentrate basically on the accounting of the employee's attraction costs, besides the special programs cost in order to enhance and promote their efficiencies. Both of the external and internal employees in the financial statements using the financial rate or proportion as principal instrument to take most of their decisions, because most of the financial proportions depend upon the financial position bill and the income statement, this study reached some important conclusions are the human resources as evidence and their presentation in the financial statements have extensive implications and effects on the appearance of the company's business results with more credibility in a way that clarifies the real financial situation of financial institutions at the end of the year in a very accurate and objective manner. Taking into consideration that the costs of human resources are distributed over periods of the utilization of their services, noting the profits that will appear in the income items. Failure to measure investment costs in human resources and display them in the financial statements will lead to the injustice of most articles related to the financial position and the accounting of profits and losses. Ultimately, it reflects vague results in the company's performance appraisal process.

Keywords: *Human Resource; Accounting; Performance Evaluation*

Introduction

There is no doubt that the human resources trained and qualified for a scientific and practical qualification are considered a basic pillar of the level of performance in the company and a decisive factor in achieving its goals, due to the importance of the role that these resources can play in the productive and organizational fields, which led companies 'departments to allocate large budgets to develop these resources and spend huge sums on them.

Hence the topic of human resource accounting is gaining its importance in accounting literature, as signs of interest in it have emerged from accountants since the early sixties of the last century, and models and methods have been developed to measure the cost and value of human resources and show them as an asset in the financial position list and download the income statement, with a portion of this cost for the purpose of amortization Over a number of years from which companies are expected to obtain services.

In spite of the interest of the regulatory authorities in the accounting profession and thought leaders in measuring the cost of human resources, companies still consider the amounts spent on developing them as revenue expenses that come down from revenue in the year in which they were spent making the list of financial position does not reflect the reality of the company's assets and that the income statement does not The result of its activity is correctly expressed, and as a result, the information contained in these statements will be reflected negatively on measuring the efficiency of the company's performance, whether from management or from investors, because the criteria used to evaluate performance will be based on incorrect information.

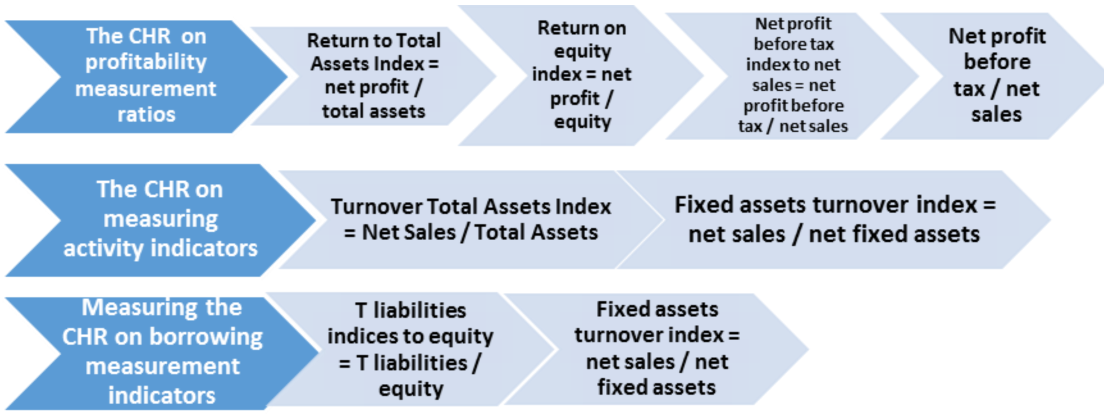
The research problem: is the omission of the impact of accounting information on human resources in the statement of the effectiveness and efficiency of the performance of the economic units, especially since these units are addressing everything that is spent on these resources as an expense that does not matter or resource reality shows and reality as a result of its activities and its financial position.

Objectives of the Study: Theoretical study aims to research the impact of the statement of accounting for human resources in evaluating the performance of economic units.

The study hypothesis: The research is based on the main hypothesis that accounting information about human resources helps in achieving the effectiveness and adequacy of economic units.

Research Methodology: The researcher adopted the descriptive approach and inductive, as long as the research consists of two main aspects, the first is theoretical and comes from the media researcher and scientific studies and letters that you wrote about the subject, and the second is my request and Inductive and about models descriptive and accidental theoretical in the impact of accounting information on human resources.

The researcher aims in this study to explain the implications of recognition of human resources as assets on the total assets in the company as well as on the total ownership rights therein, that excluding the expenses for developing human resources from the company's expenses leads to an increase in net profit and as a result of increasing retained earnings or (accumulated surplus) as one of the elements property rights, and the basis of the above will address this topic researcher in recognition of the implications of human resources as an asset to assess the company's performance through the following:



Literature Review

The findings of this research aim at a brief review of the most important studies that the researcher was able to see, which included some aspects of the current research topic, based on the fact that the research in any field of knowledge is often based on what other researchers and interested parties have reached from a knowledge and application accumulation.

The study Fredrikson's Education (1998)Human Resource Accounting: Interest and Conflicts The aim of this study was to give a general picture of (human resources in accounting thought), in addition to presenting the position of the various parties regarding human resources accounting, this study has indicated that the various major parties and beneficiaries of human resources accounting, such as departments, workers, investors, and analysts Finance, governments, rival companies, and creditors have started to formulate and define their own positions regarding human resource accounting in various aspects. This study came to present basic questions in the event of a shift to thinking about the application of human resource accounting. These questions are:

Is it mandatory to implement HR accounting? If it is compulsory, who is the party that decides to implement it compulsory?

Is the application of human resource accounting optional? If it is optional, what is the benefit of its application?

• In the event that the application of human resource accounting is mandatory or optional, what kind of information should you disclose?

This study was conducted at an Indian company specialized in electrical industries, and this study aimed to test the relationship between total human resources and expenses related to their preparation for work and the impact of this on production and the cost of work, Among the most prominent conclusions reached by the researchers at the end of the study is that human resource accounting is important for the decision-making process in order to achieve the company's goals and improve its production at the lowest possible cost (Patra and katik, 2003; Madan Mohan & Prabhu, 2013).

Another Study by Bassim and others (2004) "The impact of U.S. firms' investments in human capital on stock prices." This study was based on three hypotheses:

First / Companies that invest in their human resources achieve higher market value for their shares than their counterparts whose investments are lower in this field.

Second / accounting information on human resources affects the investment decisions in these companies ’shares positively.

This study included a variety of methods and variables, as well as using a special database of data to test hypotheses. The study was conducted on (388) American companies, all located in the United States of America. Data was used at the company level from 1996 to 1998, to analyze the impact of investment These companies are in their human capital (measured by the expenses spent on training employees) on their share prices for subsequent years and the extent of disclosure of these capital costs. During the study, the researchers pointed out that investors lack information about US companies ’investment in their human and international capital. that verify these investments and that lead to improving future performance, and the study concluded that the information on human capital investments represents a material part of the information that must be taken into consideration when evaluating the company's shares from current and prospective investors to invest or retain or dispense with shares, and on The investment community adopts effective steps to request information from companies about these investments and companies must revise the current accounting system and prepare reports in order to ensure that this material information is not buried as a hidden component within administrative expenses (SG & A).

As for the study (2004) Toulson and Dewe "Human Resource Accounting as a measurement tool"This study focused on highlighting the reasons for counting human resources accounting as an important topic, and for whom it is considered important, and one of its most prominent goals was to clarify the extent of this topic's relationship with the organization's strategies and human resource plans. The results of showing the importance of measuring human resources for business organizations, and this study indicated that human resource accounting is now experiencing a case of theory and theory development, but it was not applied except in very rare cases in western organizations, and the A study indicates that most of the advanced departments in organizations believe in the importance of measuring human resources in terms of cost or value in their organizations and that this measurement may constitute a special importance for human resources management, as it gives a higher priority to human resources strategies, in order to ensure high-level performance, and improve Effectively productive efficiency.

As for the study Tiwari (2007) Human Resource Accounting - A new Dimension," This study focused on presenting a new perspective on human resource accounting, based on that, based on models of measuring human resources that depend on value, as this study recognized that it is possible to capitalize the current value of salaries and wages expected to be received by workers and thus based on the special compensation model, In (Lev and Schwartz), in addition to capitalizing the costs of training and developing human resources, so the researcher puts a new perspective on accounting for human resources from his point of view. This study also presented a special method for recording these amounts in the records and amortizing them periodically according to the service life of these assets, this is, on the one hand, On the other hand, the study offered a partial perspective on human resource accounting, that extraordinary revenues for certain categories of workers such as managers are capitalized, assuming that these extraordinary revenues result from the talents and skills of these groups and thus are based on the non-purchased fame model of (Hermanson), Except that the latter takes care Extending the capitalization of the extraordinary revenues of all the human resources of the organization and not for a specific category, and the study found that there is not any proposed model of any writer of personal estimates and complications in many topics, and this is what the researcher also faced.

In a study of the latter Bullen (2008) Incorporating Human Resource Accounting value measures in capital investment decisions" This study started from the problem of traditional accounting treatment of the costs associated with preparing and developing human resources as expenses in the income statement instead of counting them as assets that appear in the financial position list, and have future services and benefits for the company, the study reached the possibility of introducing measures of the value of human resources in capital budget decisions by using analysis Sensitivity based on Excel tables Excel-based rate of return methods) applied to the net present value and internal rate of return methods.

Analysis of previous studies and the contribution made by the current study:

1- Measuring the cost of human resources and showing them in the financial statements.

2- Methods of disclosing the cost of human resources in the financial statements.

3- Displaying the importance of human resources in accounting thought and the position of different parties regarding it.

4- Testing the effect of expenditures on human resources on production.

The addition provided by this study was to test the relationship between the number of human resources originally from the company's assets and the results of ratios and financial indicators for performance evaluation.

The Human Resources Accounting

The Human Resources Accounting Committee of the American Accounting Association (AAA) provided a definition of human resource accounting in 1973 stating that human resource accounting is "the process of identifying and measuring data related to human resources and then communicating that information to the concerned authorities."

This definition is the general and specific framework for human resource accounting on which most of those interested depend. As for (flamholtz) who is one of the first pioneers who wrote about human resource accounting, he defined it as "a process of measuring the value and cost of the human resource as a supplier of the company and then communicating it to the beneficiaries, and this includes accounting for investing in human resources and accounting for the value of the human resource and accounting for the cost of his replacement (Flamholtz, 1973: 3). Enthoven defined human resource accounting as "the process of identifying and measuring investment in human resources and defining the activities of this resource" (Enthoven, 1973; 133). Underdown and Glautier (1974) also defined it as "that branch of accounting that calculates the cost of investing in human resources and the costs of amortizing and financially measuring them for the purpose of comparing these costs with the economic value of the human society in the company as it is that branch that is concerned with human resources originally prepared from the company's assets"(Glautier and Underdown, 1974; Prabhu et al. 2019).

As for (Matzy and Usry), they defined human resources accounting as "a process of developing financial assessments for individuals and groups within companies and society and monitoring these evaluations over time and the changes that occur to them, as well as dealing with the value of investments in human resources and with the associated economic results" (Horngren, 2000; 343).

It has also been defined as a tool that assists management in planning, monitoring, and decision-making, as it provides data to help it monitor human resource costs and evaluate performance in terms of the extent to which available human resources are used effectively and with the required efficiency and in the light of which it plans its future plans (Abdul Hamid, 1990: 97).

It was also known as A system to supply management with the information necessary to manage these resources efficiently and effectively, as it provides information about the cost and value of each individual in the organization (Flamholtz, 1992: 40).

What Is a Human Resource Accounting

The Human Resources Accounting Committee of the American Accounting Association (AAA) provided a definition of human resource accounting in 1973 stating that human resource accounting is "the process of identifying and measuring data related to human resources and then communicating that information to the concerned authorities."(Report of the committee on human resource accounting, 1973; 169).

This definition is the general and specific framework for human resource accounting on which most of those interested depend., which is that the definition of (Flamholtz) for the year 1992 came complete and complementary to its definition for the year 1973 because it indicated in its first definition that the primary purpose of accounting for human resources is to measure the value and cost of the human resource, and then completed it with the second definition of 1992 as it prepares the process of measuring value And the cost for the human resource, which is the first step that he mentioned with the first definition, then reports are prepared and submitted to decision-makers, including management, for the purpose of supplying them with information about human resources to manage these resources efficiently and effectively, which is the second step, and this is what he mentioned with the second definition of 1992(Flamholtz and others, 2002: 51).

As for (Daft) on his part, he defined it as an attempt to define, identify, and report on investing in the company's human resources that are not currently accounted for by traditional accounting procedures, and essentially it is an information system that shows management the changes in the company's human resources over time. (Daft, Richard i, 2007: 1).

It is noted on this definition that it has shown the traditional accounting deficiencies in determining the cost and value of the investment in the company's human resources, even though the investment in human resources is the greatest and most important investment through which the company reaches its goal of profitability and fame.

From these previous definitions and others that have not been broadened to mention, we conclude that human resources accounting provides necessary information about the cost and value of each individual in the company, it is the process of measuring and preparing reports on individuals in the company, and it is also concerned with measuring the economic value of human resources and is interested in evaluating the performance of this The important resource, which is the most important resource of the company. Also, it can be inferred from the previous definitions that all researchers who were interested in accounting for human resources wanted to present or communicate the idea of human resources accounting as the process of accounting measurement for all the operations carried out by the company for the purpose of investing and developing human resources from the recruitment, selection, appointment, distribution, training, compensation, rewards, evaluation and maintenance of And the use of human resources.

Based on the foregoing, human resources accounting can be defined as an integrated accounting system that provides accounting information about the investment process in human resources, which is represented (polarization, selection, appointment, adaptation to the job atmosphere, training, development, and replacement that can be relied upon by management In making various decisions and external parties in evaluating the company's performance and making investment decisions in it.

HR Accounting Jobs

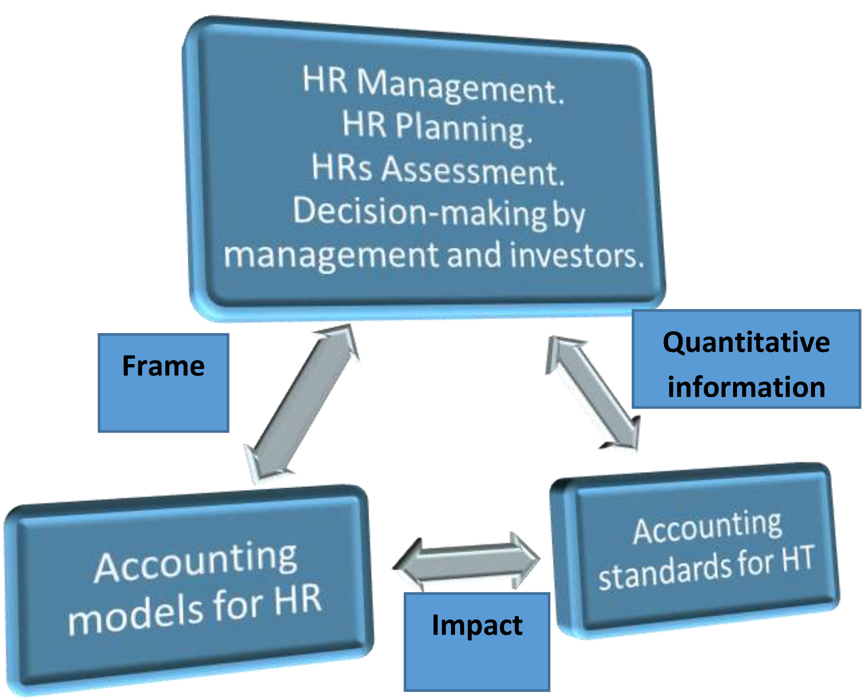
The importance of human resource accounting stems from the role it plays in the benefit of both companies and external parties, and writers and researchers have expressed opinions regarding the importance of human resources accounting, according to the perspective from which each of them is based.

The human resource accounting is useful in providing data for planning access to human resources and preparing budgets for them, which can be used in making decisions regarding evaluating alternative investment opportunities and judging the efficiency of human resources planning policies and procedures (Abda, 1982; Nambirajan and Prabhu, 2010).

As for (Flamholtz), he believes that accounting for human resources plays an important role in the process of preparing a budget for obtaining human resources, through the information provided by it that represents standard costs for recruitment, selection, appointment, etc.

He added (Flamholtz and Others) in the year 2002, indicating the importance of accounting human resources through the roles that can play them as follows: (Flamholtz and others, 2002: 51):

1- It serves as a framework to facilitate the decision-making process in the field of human resources.
2- Provides digital information about the cost and value of employees as company resources.
3- Motivate decision-makers to adopt a human resources perspective when making their decisions.
4- It provides valuable information for investors who want to know the human resources capabilities of the company to take them into consideration when making investment decisions in them.
5- Setting accounting models to measure the value and cost of human resources.
It is noted from the above that the book above tends to the largest part of the functions of human resources accounting benefit the internal parties (the management of the company).
The minimum figure shows the functions of human resource accounting as follows: -



Source: (Flamholtz, 1992: 28)

Performance Evaluation Concept

In addition to some of the difficulties that companies face in making decisions to determine goals and policies due to the existence of a set of alternatives, and that the comparison between them needs to be studied, analyzed, cost and evaluated, they face another difficulty after making these decisions, in order not to ensure that the desired results are achieved when implementing the decision in light of the state of lack of clarity in the future vision, and the emergence of variables and influences during the period between decision-making and its implementation, so it was necessary to adopt a method to follow up the implementation of the plans that were targeted in order to identify the level of performance, and if the actual achievement is not compatible with the targeted criteria, the differences are determined and R causes, then suggested corrective actions to modify the course of performance for the next stage.

For the purpose of familiarity with the concept of the performance appraisal process, we will review a set of definitions that dealt with this topic, as follows:

The performance evaluation process was defined as: "An objective examination of performance through which negative and positive indicators, organization, operations and results of activity in companies are diagnosed and through which the achievement is compared with plans, results with rules, and practice with politics in order to detect deviations and explain their causes and ensure that economic resources are managed efficiently and identify wastefulness, extravagance, abuse, and exploitation And to develop proposals that address deviations towards achieving economic efficiency and effectiveness and greater savings in order to direct performance "(A maefule, 2008; Pankaj & Ramyar, 2019).
It is noted on this definition that he has described the performance appraisal process a comprehensive description because he has outlined all aspects of this process, but in spite of this, the appraisal may be partial or for a specific activity of the company.

In this context, Al-Kubaisi defined the performance evaluation process as "a comprehensive, deductive examination of the existing organization, plans, goals, methods of operation and use of the company's material, human and financial resources, and the evaluation here extends to the evaluation of plans and the means for their implementation, as well as the final results (Al-Kubaisi, 1990: 4)".

It was also defined as "providing a value judgment on managing the natural, material and financial resources available to the company and by responding to the satisfaction of the desires of its various parties" (Juma, 2000: 38).

It was also defined as "a systematic examination process of the human resources achievements working in the company in all aspects and over a specific period of time according to a consistent and unified method for the purpose of reaching agreement on the best ways to improve the level of achievement and to define and new levels of work for the next period" (Al-Karkhi, 2000: 46).

Based on the foregoing, the researcher believes that the performance evaluation process can be defined as "a system that includes a set of measures, indicators, and standards, some of which may be financial and others that are not financial, aimed at determining the company's performance results and their compatibility with the previously planned results."

The process of evaluating performance is of great importance and a prominent role for its benefits and benefits, as it is required at all times and in any economic system, as it explores the pros and cons of performance during a specific period and analyzes its causes, in order to support and develop the positive aspects and address the negative aspects, which contribute to raising Efficient and effective future performance.

In this regard, the importance of evaluating performance can be summarized in the following aspects:

1- Accelerating the detection of deviations through the process of evaluating the performance in a specific location will prevent its leakage to other sites, and this leads to reducing the deviation and reducing losses (Al-Saffar, 2006: 9).
2- Detection and remediation of deviations lead to avoiding such deviations in developing plans in the future.
3- It leads to achieving the goals specified in the plans, as well as working to create a sound and effective system of incentives and rewards
4- The performance appraisal ratios and indicators can be counted as a kind of incentive that pushes workers towards creative work and develop their energies in order to make better use of available resources.

Types of Indicators Used In the Evaluation of Performance

There are many indicators used in performance assessment so that there is a problem with regard to the identification of these indicators could be used in evaluating the company's performance.

In general terms, the indicators are the indications of the level of activity, as they are defined as "a sign that indicates and provides an idea of the level of activity being measured" (Yunus, 1981: 71). It also represents a quantitative presentation in most cases and sometimes a situation of the level of performance achievement, which is It connects actual and standard performance, identifies deviations, and illustrates image features for performance.
It can identify the most prominent indicators used in the performance evaluation process including the following:

A- Effectiveness Index

Effectiveness is defined as: “Determining the level of achievement of goals by measuring and comparing results” (Jumaa, 2000: 38).

It also means "the degree or extent of the company achieving its objectives" (Daft, 2001; 64).

As for (Turkmen), I looked at the effectiveness from another side, as I defined it as the "outcome of the interaction of the components of the overall performance of the company with its technical and administrative activities and the internal and external variables affecting it, or is maximizing the rate of return on investment in all possible methods, or the ability to Survival, Continuity, and Environmental Control” (Turkmen 2007: 12). Effectiveness deals in particular with making sure whether the goals and methods used in achieving them are in line with the planned goals, detecting negative and positive deviations, explaining their reasons and submitting proposals that would support and maintain positive aspects of performance, address negative aspects, and work to avoid them in the future.

B- Efficiency Index

(Engler) refers to efficiency as the relationship between the outputs of the company subject to evaluation, whether they are in the form of (a good or service), and the inputs that were used in the production of those outputs, for the purpose of determining the degree of productivity and extent of efficiency in resource management, and are the outputs obtained with the required quality and quantity, With the lowest costs, and the fastest time (Engler, 1996; 387).

C- Economic Index

This indicator aims to identify the economics of the company, i.e. the extent of its ability to reduce the cost of production inputs while maintaining the required level of production, whether in the prescribed quantity or the targeted quality, i.e. performing the company's functions at the lowest possible cost with no waste or waste in the allocated resources To those companies. (Al-Khafaji, 2003: 14).

Performance Measures

The performance measures shown below illustrate the relationships between the items of the financial position list, some of them with others, or between the items of the financial position list and some items of calculating profits and losses with the intention of revealing weaknesses and financial strength. This must be noted that the financial position list provides a picture of the assets, liabilities and property rights as well It is at a particular point in time the date of preparing the statement of financial position, while the statement of income reflects the flows during the year.

The following is a review of the most prominent performance measures commonly used in the process of evaluating the performance of companies and appropriate for the purpose of the current study, which is linking accounting for human resources with the process of evaluating performance.

First: Profitability ratios: Profitability indicators reflect the overall performance of the company, while each set of indicators that will be mentioned does not really measure specific aspects of the company's performance, profitability indicators unify the impact of most company management decisions, as it examines the company's ability to generate profits from sales, assets, and equity. And profits are the measure of the effectiveness of the company's investment, financing, and operational policies, and the decisions taken regarding these policies, the following is a review of the most common indicators of profitability that are affected by the independent variable, which is human resource accounting: (Toulson, 2004: 34)

1- Return on investment (ROI) index

The primary goal of accounting is to help decision-makers allocate and use economic resources efficiently. And when investors make investment decisions, they want to know how efficient companies are in using their resources. The common way to assess the efficiency of financial resources used by companies is to calculate the rate of return on these resources. Among the common applications for this rate are the following:

A- Net Profit Index to Total Assets Return on assets (ROA)

This rate measures the overall efficiency of the company in achieving profits from its total investment in assets, and companies are always looking for an increase in return on investment, because it is a measure of the profitability of all the company's short and long-term investments, and that the rise of this indicator indicates the efficiency of investment and operational management policies. The index is calculated by dividing the net income by the total assets.

Net Profit Index to Total Assets = Quarterly Net / Assets
B- The Return on Equity Index (ROE)

This indicator measures the return realized from investing the owners 'money in the company's activity, and those funds are represented in the paid-up capital, reserves, issuance bonuses, and retained earnings. This rate is calculated by dividing the net income (profit) by equity at the end of the year.

Net Profit to Equity Index = net rent / capital

Second: Efficiency ratios or asset management ratios or activity ratios: The activity ratios measure the efficiency with which the company uses the assets or resources available to it by making comparisons between the level of sales and the level of investment in the components of the assets. These comparisons assist the performance evaluator in determining how the resources are used and thus they help to detect weaknesses (or low efficiency in the use of resources) in the company's operations. Therefore, the activity indicators are important for everyone who has an interest in the long-term performance and profitability of the company, especially if it is included in Human origins. (Robins, 1996:67)

The following is a review of some of the activity indicators:

1- Total Assets Turnover

This indicator measures the efficiency of the company is investing in total assets to generate sales, this indicator indicates the number of dinars of revenue resulting from the one dinar invested in the assets, and for this, the rise in the index indicates the efficient use of assets to generate revenue, while the low index indicates that the company does not produce Adequate amount of revenue compared to the amount of investment, and therefore the company must follow the policies that lead to increased revenue. The total turnover index is calculated by dividing net sales by total or total assets.

Total assets turnover index = net sales / total assets

2- Fixed Assets Turnover

This indicator measures the efficiency of the company in the use of fixed assets. If it is high, it indicates the effective use of available production capacity. As for its decrease, it indicates an imbalance between revenue and the size of investments in fixed assets, and therefore the company suffers from an excess production capacity of Excess Capacity. The fixed assets turnover rate is calculated by dividing the net sales by the total fixed assets net, that is, using the fixed assets in their net form after subtracting the accumulated depreciation from the total fixed assets to measure the indicator, instead of the total fixed assets that are also used sometimes in measuring the indicator.
Fixed assets turnover index = Net sales / total fixed assets

Third- Financial Leverage ratios or debt ratios: Borrowing indicators are called indebtedness indicators, and sometimes leverage indicators. The leverage is the extent to which debt (loans) are used in the company's financial structure.

And the indicators to measure the assumption are those indicators through which it is possible to judge the extent of the company's dependence on the funds of others (from debts and loans) in financing its financial needs to conduct its general activity during the financial period.

Owners and lenders are interested in this set of indicators in that the owners want the company to be far from the risks of indebtedness to others and the potential for its inability to pay in due dates as well as their desire that the company does not bear the benefits of those debts, which works to reduce the profits that the company can achieve during the financial period, in addition to that, lenders also always want to have a low debt on the company in order to give them an indication of the ability of this company to pay its obligations to them in their agreed times, as this can encourage lenders to grant additional loans an Irrigation or on an ongoing basis to the company.

The company's debt is related to both short-term and long-term debts that are used to finance its various assets. Therefore, indices of debt can be extracted to the extent related to the subject of the current study as follows (Al-Habiti & Yahya, 2002: 162 - 166):

1- Total liabilities index to equity (Debt to Equity ratio)

The debt relates to all the funds that the company obtains from others and that must be paid during the short and long-term financial periods. As for the property rights, they relate to all the money that the owners provide (investment) to the company, as well as all the money that the company holds or deducts from the net profits that are from The rights of owners when liquidating the company, and thus the ownership rights will include: the capital, retained earnings, and reserves (after excluding losses, if any, during the relevant financial period).

Accordingly, the debt-to-equity index (shareholders ’equity in the case of joint-stock companies) will take the following mathematical formula:
Total liabilities index to equity = liabilities / capital

2- Total liabilities index to total assets (Debt ratio)

This indicator measures the company's dependence on the funds of others in financing its assets during the financial period and therefore the extent to which the company is able to increase the investment of others ’funds in order to increase its assets, in light of studying these indicators and analyzing them through the criteria that can be used for this purpose, and accordingly, the higher the percentage Low whenever it gives the company flexibility to rely on the funds of others to increase its assets and invest that in its general activity in order to achieve profits, especially if other sources of financing have higher costs than the cost of borrowing from others, which is what the owners want ,This indicator is calculated as follows:

Total liabilities index to total assets = total liabilities / total assets

3- Index of equity to total assets

This indicator can be used to know the extent of the share of property rights in financing the assets and thus judge the company through its own funds that it does not bear any interest or any risks from the inability to pay to others, which means that the property rights index to total assets It will give owners safer security away from indebtedness, its risks and benefits, which also contribute to their profits. The equity index can be found to total assets through the following:
Equity index to total assets = capital / total assets

Forth- Growth ratios: Growth indices measure the company's expansion and progress over time. Growth is a desirable goal, as it enables the company to expand its activity, develop its products, improve its production methods, and increase its profits, which provides more income for workers and a higher return for shareholders, The following are the most important indicators of growth indicators: (Patra,2003; Basariya & Ahmed, 2019).

1- The rate of growth of net income

It is an indicator that reflects the company's ability to generate profits from one year to another, and this measure reflects the owners ’satisfaction with the financial performance of the company and the number of profits achieved, which helps to attract and maintain customers and is calculated as follows:

The Net Profit Growth Indicator = Current Quarterly Net - Next Net Quarter / Net Previous Quarter

Fifth: Market value ratios :It is that group of financial indicators that can be judged in the light of the company and its evaluation from the market point of view, that is, through the tools that shareholders are interested in and which are often through the financial markets in which the shares of shareholding companies are traded, and therefore it is sometimes called (Market assessment indicators) Thus, “market indicators” are very important for company management, shareholders, and potential investors in stocks, financial analysts, investment banks, and even creditors to measure the impact of a company's performance on ordinary stock prices in the financial market ,Among the most important indicators that fall within this group are the following: (Morse, Wayne,2005:45)

1- Book value per share indicators

Ordinary shares relate to shares that are traded in the financial markets for a group of companies for the common stock, with the value of the share, depending on both the rights of ordinary shareholders and the number of ordinary shares issued by the joint-stock company, Accordingly, the book value of the ordinary share can be extracted as follows:
Book value per ordinary share = capital/number of ordinary shares exporter

2- Earnings per share

It represents one ordinary share per share of the profits achieved during the period of preparing the profits and is a measure of the overall performance of the company, as is the case with indicators of profitability, as it is evidence of the expected cash dividend, and the index is calculated from the division of net income by the number of ordinary shares issued.

Earnings per share = net quarter/number of ordinary shares issued

Conclusion

1- Human resources are the most important resource for the company and society as a whole as long as they perform identifiable services, and therefore, whenever their skills are upgraded, this leads to contribution to economic progress.

2- Investing in the development and development of human resources is an important component of goodwill, especially for investors, as well as achieving the ability or competitive advantage of companies.

3- The concepts of assets apply accounting to human resources, provided that the ownership component is dispensed because this is fundamentally incompatible with the best values and principles.

4- The recognition of human resources as assets and their disclosure in the financial statements have severe impacts on showing the results of the company's business with greater credibility, which reflects the financial position of the company at the end of the year correctly and objectively. Considering that the cost of human resources has been distributed over periods of the utilization of its services while noting that this matter will positively affect the net profit that will appear in the income statement.

5- Measuring and disclosing human capital maximizes the significance and informational value of published financial statements and internal accounting reports to be more accurate in expression and more objective and comprehensive.

6- Human resource accounting plays an important role in the budget preparation process for obtaining and developing human resources, with the standard costs it provides for polarization, selection, and training.

7- The accounting of human resources, its goals, and its assumptions are related to the principle of the interview in accounting (which is the essence of accounting), that is, matching the revenues of the period with the related expenses.

8- The research in the field of human resource information processing and its applications in accounting is still in its infancy and no conclusive results have been reached in this field.

9- Accounting for human resources or accounting information about human resources is not an end in itself, but rather a means to reach certain goals.

10- Although some researchers objected to showing the costs of human resources in the list of financial position, they finally recognized that human resources accounting works to provide important and useful information to all beneficiaries.

The researcher findings recommend the following:

1- The necessity of preparing a budget for the purpose of obtaining human resources at the beginning of each year in which the required numbers and terms of reference are mentioned for each branch of the company in addition to the costs expected to be spent in this field.

2- The necessity of having a unit specialized in accounting for human resources within the financial affairs department of the company.

3- Create a specific policy for investment in human resources in the light of the Companies strategies and goals, and on the basis of which it plans annual plans and budgets for investment costs.

4- Companies that wish to apply human resources accounting should set up an integrated system for information on human resources management and accounting.

5- The Companies administration evaluates the performance according to human resources accounting while providing the requirements for doing so.

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