Determinants of Human Capital Cost Under IFRS Structure: Evidence from Consumer Goods Firms in Nigeria

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Abstract

The study examined the determinants of human capital cost under the IFRS Structures in the consumer goods firms in Nigeria. The specific objectives were to determine the effect of firm size on the IFRS structure of the firms, to ascertain the effect of the leverage on the IFRS structures in the firms, to examine the effect of firm's age on the IFRS structure of the firms, to ascertain the effect of return on asset on the IFRS structure of the firms. The study adopted the ex-post facto research design. The population of the study comprises all the twenty (20) listed consumer goods companies in Nigeria as the time of this study. The study considered availability of the companies' financial statements to adopt two (2) companies for the study. They are, Dangote Flour Mill Nigeria Plc and Nestle Nigeria Plc. The study further adopted multiple regression. The findings of the study revealed that firm size has positive and significant effect on the IFRS structure of the firms, leverage has positive and significant effect on the IFRS structure of the firms, firm's age has positive and significant effect on the IFRS structure of the firms, and return on asset has positive and significant effect on the IFRS structure of the firms. It study recommended that management of the companies under study should continue to promote policies that will increase the firms' size.

Keywords: Human Capital Cost, IFRS Structure, Return on Asset, Firm Size and Leverage

INTRODUCTION

Human Capital Cost refers to the intrinsic productive capabilities of human beings (Abdulhay, Ragab & Hegazy 2018). It is the collective measure of the knowledge, education, skills, competencies, and other attributes personified in individuals or group of individuals which impact their prolific capacity and earning potential to produce goods, services, or ideas in market settings. Investment in human capital cost is of paramount importance for the sustainable development, economic competitiveness, and growth of any firm and nation in general (Abdul-Rahman, 2021). Therefore, every firm should have a strong investment in human capital in complementing other investments and policies to boost efficiency and economic advancement. At the micro-level, human capital not only acts as the primary facilitator in augmenting firm productivity but also serves as the critical factor in the effective execution of business strategies (Ahsan, 2020).

Moreover, the extent to which a firm develops and maintain its human capital cost is positively related with the level of firm's performance and the long run value creation. Therefore, it is challenging for a firm to create a competitive advantage without an efficient labor force, even though the firm has ample financial resources, advanced technologies, and sophisticated infrastructure/equipment. The success or failure of any organization is directly related to how human capital costs are able to effectively and efficiently manage and organize other factors of production (Ali & Ahmed, 2019).

The development of technology cannot be fully utilized without human knowledge and skill. The capabilities of the human capital cost in relation to the needs of the organization should be improved by creating a climate in which the human knowledge, skill, capabilities and creativity can be developed. How to develop human capital and put it to optimum use is the challenge faced by the present day corporate firms. Also, the determinant of human capital cost in the IFRS structure include but not limited to the profitability of the firm, size of the firm, leverage, listing age, industry type, auditor type and Inherent risk (Beattie & Thomson 2019).

Numerous countries seeking to increase inflows of international investment capital into their companies have adopted IFRS in the belief that these standards increase the decision usefulness of publicly available financial information compared to national accounting standards and hence facilitate more informed equity valuation (Benevene & Cortini, 2020). Firms in several countries were required to shift from applying national accounting standards to IFRS over the past two decades (Benevene & Cortini, 2020). The mandatory adoption of IFRS in these countries met with some initial resistance due to the fact that national accounting standards mostly originated from tax codes or reflected national characteristics and hence reflected national characteristics. However, the cost of IFRS adoption , including surrendering elements of "national sovereignty", were offset by the myriad of benefits, including stronger integration into an increasingly globalized capital markets (Boujelbene & Affes 2021). The IFRS are standards set by the International Accounting Standards Board (IASB) which is the international body responsible for monitoring the preparation of financial statements worldwide. Before the advent of IFRS, most countries had peculiar national accounting standards issued by national accounting bodies. For instance, the Nigeria Accounting Standards Board (NASB) was responsible for developing and issuing standards known as Statements of Accounting Standards (SAS) up to 2012 in Nigeria. This

adoption was expected to improve corporate transparency especially in financial terms which in turn should lead to increase in Foreign Equity Investment (FEI) in Nigeria (Bontis 2020). IFRS are a set of standards promulgated by the IASB, and international standards-setting body based in London. The IASB places emphasis on developing standards based on sound, clearly stated principles, from which interpretation is necessary. The IFRS was designed as a common global language for business affairs so that the companies' accounts are understandable and comparable across international boundaries. The IFRS is particularly important for companies that have dealings in several countries (Bontis 2020). They are progressively replacing the many different national accounting standards. The goal is to provide a global framework on how public companies should prepare and disclose their financial statements. Based on the foregoing, the study examined the determinants of human capital cost in the IFRS Structure applicable in the consumer goods' firms.

Statement of the Problem
Users of accounting report requires financial information on which decisions will be based. In the past, financial accounting was criticized for lack of rules based on clear theoretical framework. The accounting rules developed have been criticized for being too loose, or for lacking consistency as well as failing to portray economic realities (Bontis 2020). For instance, failure of IFRS guideline and academics to recognize determinants of Human Capital cost such as size of the firm, return on asset, leverage , listing age, industry type, auditor type and Inherent risk in the financial statement as an important indicator in the determination of performances of firms is also a major drawback on firms. Also, there seems to be no universal approach in presenting report on human capital costs, thereby making it difficult for meaningful comparisons. Based on the absence of a universal approach, the companies that are proactive enough to measure, resort to doing it in their own way for fear that it could lead to negative interpretation from various stakeholders (Nickolas, 2021).

Also, human capital cost management is progressively becoming a very vital and critical part of corporate operational efficiency and management, causes of the formation of economies that are knowledge-based around the world (Lajili & Ze ´ghal, 2006). Moreover, the difficulty inherent in the measurement of determinant of human capital cost indicators such as leverage, size of firm, age of the firm, and return on asset has engendered its underreporting. Nevertheless, companies have other possibilities or ways of reporting on their human capital cost and many other intangible resources, and this is normally done by means of qualitative and partially quantitative approach (Möller, Gamerschlag & Guenther, 2021).

Finally, many scholars have carried out related works on determinant of human capital cost in the IFRS over the years and they all came out with conflicting results. It should be noted that none of these scholars attempted to conduct a study on determinant of human capital cost in the IFRS Structure application in the consumer goods' firms in Nigeria.

Objectives of the Study
The main objective of the study is to examine the determinant of human capital cost in the IFRS Structure as applicable in the consumer goods' firms. The specific objectives are
1. To determine the effect of firm size on the IFRS structure of the firm

2. To ascertain the effect of leverage on the IFRS structure of the firm

3. To examine the effect of firm age on the IFRS structure of the firm

4. To ascertain the effect of return on asset on the IFRS structure of the firm

Research Questions

1. What is the effect of firm size on the IFRS structure of the firm?

2. How does leverage affect the IFRS structure of the firm?

3. To what extent does firm age affect the IFRS structure of the firm?

4. What is the effect of return on asset on the IFRS structure of the firm?

Research Hypotheses

The following hypotheses were formulated in null form

H0$_1$: Firm size has no positive significant effect on the IFRS structure of the firm

H0$_2$: Leverage has no positive significant effect on IFRS structure of the firm

H0$_3$: Firm age has no positive significant effect on IFRS structure of the firm

H0$_4$: Return on asset has no positive significant effect on the IFRS structure of the firm.

REVIEW OF RELATED LITERATURE

Conceptual Review

Human Capital Cost: Human capital cost is one of the three basic components of intellectual capital (apart from material assets which includes the entire value of the enterprise) as stated in corporate finance. Human capital cost is the value that employees of the company provides to their skills, knowledge and experience (Nonaka, 2021). It is the combined human ability of the organization to solve business problems. Human capital is inseparable from man and cannot be the property of an organization. That is why human capital leaves the organization when people leave. The concept of human capital cost accounting has been defined in various ways but the basic feature of the system remains the same in all the definitions. Human capital is the ability of human to solve problem. Mishra and Mishra (2017), also defined human capital cost as the skills, knowledge and experience of individual employees within an organization. Baker (2011), also believes that human assets of an organization include skills, expertise, problem-solving ability, and leadership practices. According to Hossain (2016), human capital as the basis of intellectual capital includes the factors (such as knowledge, skills, capabilities and attitudes of employees) leading to improvement of client's expected performance and company's profitability. In fact, they believe that each employee has a type of skills and knowledge which are an integral part of that employee's mind; if the knowledge and skills are not activated, the employee cannot be used to create value for organization. Kaplan and Norton (2019), noted that human capital cost comprises the talents, skills and knowledge of a company's workforce. In addition to the above, Kwarbai and Akinpelu (2016), sees the human capital accounting of an organization as the collective sum of the attributes, life experiences, knowledge, inventiveness, energy, and enthusiasm that its people choose to invest in their work. Similarly, March and Sutton (2021), pointed out that human capital cost is a broad concept encompassing many components but essentially describing the quality of the labor force. As plausible as these definitions are, we must note that no widely acceptable definition of human capital has emerged. A general consensus however is that human capital accounting is a component of Intellectual Capital. Marimuthu, Arokiasamy, and Ismail (2019), described human capital cost as the complete skills, creative abilities, knowledge, talent, attitudes

and beliefs of an organization workforce as well as values, attitude and beliefs of the single personality involved.

Concept of international Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) is a set of accounting standards developed by an independent, not-for-profit organization called the international accounting standard board. The goal is to provide a global framework on how public companies should prepare and disclose their financial statement. They specify how companies must maintain and report their accounts, defining types of transactions and other events with financial impact (Muktar, 2020)

IFRS are set of standards promulgated by the IASB, an international standard-setting body based in London. The IASB places emphasis on developing standards based on sound clearly stated principles, from which interpretation is necessary. IFRS are also referred to as principles-based standards. A country can adopt IFRS in three different ways: convergence, wholesale or endorsement. On wholesale adoption, a country abandons her domestic GAAP for the IFRS without any amendments for variety of reasons such as lack of manpower, convergence or economic reasons. Countries such as Ghana and Kenya took this approach. In convergence adoption, the adopting country's local GAAP is cautiously converged to IFRSs (Muktar, 2020).

International Financial Reporting Standards (IFRS) set common rules so that financial statements can be consistent, transparent and comparable around the world. They specify how companies must maintain and report their accounts, defining types of transactions and other events with financial impact. The core objective of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements rather than setting rules for industry-specific reporting. The goal of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules industry-specific reporting. Having an international standard is especially important for lager companies that have subsidiaries in different countries. Adopting a single set of world-wide standards will simplify accounting procedures by allowing a company to use one reporting language throughout. A single standard will also provide investors and auditors with a cohesive view of finances (Parham & Healing, 2019).

The international Financial Reporting Standards (IFRS) are the principles-based standards and interpretations implemented by the international Accounting Standards Board (IASB) as a framework for global financial reporting. International Financial Reporting Standards, usually called IFRS, are accounting standards issued by the IFRS Foundation and the international Accounting Standards Board (IASB) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. They are a consequence of growing international shareholding and trade and which are particularly relevant for companies with shares or securities listed on a public stock market. They are progressively replacing the many different national accounting standards. They are widely used around the world but have not replaced the separate accounting standards in the United States

where US GAAP is applied. The International Financial Reporting Standards (IFRS) are accounting standards that are issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information (Richard, 2019). Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organizations can follow when compiling financial statements. The creation of international standards allow investors, organizations and governments to compare the IFRS-supported financial statements with greater ease. Over 100 countries currently require or permit companies to comply with IFRS standards. The International Financial Reporting Standards permit companies to comply with IFRS standards. The International Financial Reporting Standards were previously called the International Accounting Standards (IAS).Organizations in the United States are required to use the Generally Accepted Accounting Principles (GAAP) (Prahalathan & Ranjany 2021).

IFRS Foundation is a non-profit organization who develops the same set of quality, understandable and enforceable accounting principles which are used by nations worldwide. These Standard drafted and updated by the IRS foundation's Accounting Standards Board. At present IFRS standards are used by almost 140 nations. However, IFRS brings transparency in the financial statements of the companies. It helps the investors to take better economic decisions. These standards strengthen accountability by removing the bridge between the people who invest the capital and the person whom money is given. It improves the economic efficiency of the companies. It helps the companies to identify the business opportunities and risk associated with the business. There is a use of single accounting Language over the globe. It lowers the capital cost and reduces international reporting cost to regulate affairs across the globe ((Prahalathan & Ranjany 2021).

Determinants of Human Capital Cost

Firm's size: Firm size is one of the determinants that distress the level of disclosure practices. It has an important role in specifying the level of cost in annual reports. The agency theory costs could explain the relationship between the size of the firm and the level of disclosures. In order to decrease the agency costs, firms will voluntarily disclose additional information, including information on HC (Prahalathan & Ranjany 2021).

Leverage: One of the determinants affecting human capital cost is Leverage. Many studies asserts a positive relationship between leverage and human capital cost indirectly with HC disclosures. In order to satisfy the creditor's needs, it is disputed that companies with high level of leverage disclose more information (Prahalathan & Ranjany 2021).

.**Profitability**: The difference among companies concerning the level of HC disclosure can be explained by profitability. One of the reasons for a company to be one of profitable companies could be due to their IC and specially HC ((Prahalathan & Ranjany 2021).

Age: A firm that is able to stay in the service for long time is the one that has more professional, competent experienced employee and knowledgeable staff as its HC. Therefore, the firm's experience is persistent by high HC disclosures (Prahalathan & Ranjany 2021).

Theoretical Review

Resource Dependency Theory on which this research is anchored, was propounded by Pfeffer in 1972, and states that "board of directors as internal corporate governance mechanism is not only established to monitor managers but also to provide critical resources such as human capital cost needed by the firm to maximize financial performance". Boshnak (2021), argued that resource dependency theory provides a significant interconnection between the firm and valuable resources that are important for the growth and survival of the organization. The author further suggested that the theory provides that, "board members conduct controlling roles and provides basic tools such as skills, experiences and expertise needed to enhance financial performance and maximization of shareholders wealth, hence, board with several members with various skills, expertise and experiences enhance corporate value and firm performance" (Boshnak, 2021). Resource-based theory of human capital (HC) is important for every small and big firm in developed, as well as developing countries. This theory is used to explain the relationship between human capital cost and market value of companies. Based upon this theory, we agreed that Human Capital Cost (HCC) contributes significantly towards market value of companies. This agreement is consistent with Richard (2019), who stated that firms can yield extra returns and build a competitive advantage from the effective use of its strategic resources such as Human Capital assets.

Empirical Review

Onoriode (2022), evaluated the effect of human capital development cost on the firm financial performance of listed manufacturing companies in Delta State between the 2014 -2018 financial years. Specifically, the study assessed the extent to which human capital investment cost affects the financial performance of firms. It also looked at how human welfare cost impinges on firms' financial performance of listed manufacturing firms in that State. A longitudinal research design was adopted and the data collected were analyzed using descriptive and inferential statistics. Secondary data, the panel in nature, were gathered from annual reports and audited accounts of firms were selected using stratified sampling technique. The results revealed a significant influence and positive relationship between human capital investment, welfare cost and financial performance of listed manufacturing companies. Based on the results and discussion, the study concluded that the business environment is becoming complex with rapid information technology and socio-cultural flux. It also, affirmed that manufacturing firms should invest in human capital development to be able to have a competitive edge over competitors to achieve wealth maximization objectives. Consequently, the study recommended that the management of manufacturing firms operating in Delta state should increase their investment in human capital as a way of positively impacting their financial performance.

Mohamed (2016), examined the value relevance of voluntary human capital disclosures by banks and the effect of the adoption of International Financial Reporting Standards (IFRS) on the value relevance of these disclosures. Human capital disclosures allow capital market participants to evaluate the intellectual capital of the disclosing banks, which in theory may enable market participants to assess the competitiveness of the bank's human resource strategy and the productivity of the workforce vis-à-vis benchmark performance. While IFRS does not mandate particular form of voluntary human capital disclosures (VHCD), VHCD is expected to possess

information content that is useful to market participants in their equity pricing decisions. The study is conducted using a cross-country sample of 10,199 bank-years that reported labor costs. Market participants, however, are found to relate VHCD negatively to prices and returns in common and civil law countries alike. Results also suggest that IFRS adoption reduces the value relevance of VHCD due to the abundance of alternative information provided under the more comprehensive IFRS framework that helps in the prediction of future cash flows. Finally, market participants find VHCD value relevant after IFRS adoption in common law countries potentially because it reduces uncertainty about an important determinant of the bank's future performance. Mohamed (2016), examined the value relevance of voluntary human capital disclosures by banks and the effect of the adoption of International Financial Reporting Standards (IFRS) on the value relevance of these disclosures. Human capital disclosures allow capital market participants to evaluate the intellectual capital of the disclosing banks, which in theory may enable market participants to assess the competitiveness of the bank's human resource strategy and the productivity of the workforce vis-à-vis benchmark performance. While IFRS does not mandate particular form of voluntary human capital disclosures (VHCD), VHCD is expected to possess information content that is useful to market participants in their equity pricing decisions. The study is conducted using a cross-country sample of 10,199 bank-years that reported labor costs. Market participants, however, are found to relate VHCD negatively to prices and returns in common and civil law countries alike. Results also suggest that IFRS adoption reduces the value relevance of VHCD due to the abundance of alternative information provided under the more comprehensive IFRS framework that helps in the prediction of future cash flows. Finally, market participants find VHCD value relevant after IFRS adoption in common law countries potentially because it reduces uncertainty about an important determinant of the bank's future performance. On the other hand, market participants in civil law countries view VHCD as value relevance but coming at added time and financial investment. As an application of the results to an emerging economy, the implications for the Egyptian accounting profession, banking sector and capital markets are discussed.

METHODOLOGY
Research Design: This research adopted *expo facto* research design because the study made use of discrete data derived from financial statements of the listed companies under study.
Population of the Study
The population of the study comprises a total of twenty (20) listed consumer goods companies in Nigeria.
Sample Frame: The author adopted two (2) companies for the study namely Dangote Flour Mill Nigeria Plc and Nestle Nigeria Plc. The choice of the two companies is out of our consideration of the fact that they showed comprehensive financial statements that covered the period of our study and these two companies have fared well and consistent over all others from 2010 to 2022.
Source of Data: The source of data for this study was secondary data. The data was obtained from the financial statements of the Dangote Flour Mill Nigeria Plc and Nestle Nigeria Plc for the period under review (2010 to 2022).

Data Analysis Technique: Hypothesis 1 to 4 were combined to form one multiple regressions which were used to determine the causes and effect of the relationship that exists between the variables**.**

Model Specification: The researcher adopted the model as stated by Onoriode (2022), stated below:

$$ROA = F (HCC, HWC)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (3.1)$$

$$ROA = \beta_0 + \beta_1 HCC + \beta_2 HWC + Ut \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (3.2)$$

Where:

ROA = Return on Assets,

HCC = Human capital cost

HWC = Human welfare cost

,Ut = Stochastic Variable (error term),

β_0 = Intercept and

$\beta_{1 - }\beta_2$ = parameter estimate

Onoriode (2022), was modified by the researcher by adding one variable to state thus;

$$ACC = F (ROA, FS, LEV, AG)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (3.3)$$

$$ACC = \beta_0 + \beta_1 ROA + \beta_2 FS + \beta_2 LEV + \beta_2 AG + Ut \dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (3.4)$$

Where:

ACC = Accruals as a proxy for IFRS structure

ROA = Return on Assets,

FS =   Firm size proxy by log of total asset of firm

LEV = Leverage

Ag = Age

Ut =   Stochastic Variable (error term),

β_0 =   Intercept, $\beta_{1 - }\beta_3$ = parameter estimate

Description of Variables

Firm Size: Firm Size will be measured by natural logarithm of the bank total assets. Due to the mitigating heteroscedasticity problem and the varied values total assets were changed to natural logarithm.

Leverage: Leverage (LEV) is calculated by total liabilities divided by the book value of the total assets.

Return on Assets (ROA): Return on Assets (ROA), is defined as the ratio of profit after tax to total asset.

Age: Age (AG) is calculated by time since the date of establishment.

PRESENTATION OF DATA, ANALYSIS AND DISCUSSION

Presentation of Data

Regression Analysis: The study examines the determinants of human capital cost in the IFRS Structure of consumer goods firms.

Table 4.1: Regression Analysis (dependent variable, ACC)

Table 4.7: Multiple Regression Analysis
Dependent Variable: ACC
Method: Least Squares
Date: 12/18/23 Time: 18:39
Sample: 1 11
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FS	1.102812	0.118211	9.329182	0.0053
LEV	1.110282	0.110121	10.08238	0.0012
AG	1.181623	0.112819	10.47361	0.0010
ROA	1.110211	0.128611	8.632317	0.0211
C	1.119028	0.120822	8.545052	0.0128

R-squared	0.892317	Mean dependent var	9.119130
Adjusted R-squared	0.822737	S.D. dependent var	4.120376
S.E. of regression	2.283642	Akaike info criterion	5.220823
Sum squared resid	5.910280	Schwarz criterion	5.310287
Log likelihood	-21.10926	Hannan-Quinn criter.	5.110299
F-statistic	10.10185	Durbin-Watson stat	1.910281
Prob(F-statistic)	0.020182		

Source: Researcher computation from E-Views, 12

The adjusted R-squared valve of 0.822737 shows that the 82% of the dependent variable (Earning per share) is being explained by the independent variables (firm size (FS), leverage (LE), age (AG), and return on asset (ROA) while the remaining 18% is for the stochastic variable (error term) in the stated model in chapter three. The F-prob. of 0.020182 shows that the entire result was statistical significant. The unit increase in firm size (FS), leverage (LE), age (AG), and return on asset (ROA led, 1.102812, 1.110282, 1.181623 and 1.110211 increases in corporate decision making respectively.

Test of Hypothesis 1

H0$_1$: Firm size has no positive significant effect on the IFRS structure of the firm

The p-value (0.0253) of Firm size in table 4.1 is less than 0.05. Hence, the alternative hypothesis (H$_1$) was accepted and the null hypothesis rejected and stated that statement of firm size has positive and significant effect on the IFRS structure of the firms.

Test of Hypothesis 2

H0$_2$: Leverage has no positive significant effect on IFRS structure of the firm
The p-value (0.0012) of leverage in table 4.1 is less than 0.05. Hence, the alternative hypothesis (H$_1$) was accepted and the null hypothesis rejected and stated that statement of leverage has positive and significant effect on the IFRS structure of the firms.

Test of Hypothesis 3

H0₃: Firm age has no positive significant effect on IFRS structure of the firm

The p-value (0.0010) of firm age in table 4.1 is less than 0.05. Hence, the alternative hypothesis (H_1) was accepted and the null hypothesis rejected and stated that firm age has positive and significant effect on the IFRS structure of the firms.

Test of Hypothesis 4

H0₄: Return on asset has no significant effect on the IFRS structure of the firms.

The p-value (0.0211) of return on asset in table 4.1 is less than 0.05. Hence, the alternative hypothesis (H_1) was accepted and the null hypothesis rejected and stated that return on asset has positive and significant effect on the IFRS structure of the firms.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Findings of the Study

The study examined the determinants of human capital cost in the IFRS Structure of consumer goods firms in Nigeria. The findings of the study revealed that;

1. Firm size has positive and significance effect on the IFRS structure of the firms

1. Leverage has positive and significance effect on the IFRS structure of the firms

2. Firm age has positive and significance effect on the IFRS structure of the firms

3. Return on asset has positive and significance effect on the IFRS structure of the firm

Conclusion

Users of accounting reports require financial information for decision making. In the past, financial accounting was criticized for lack of rules based on clear theoretical framework. In addition, the accounting rules developed have been criticized for being too loose, or for lacking consistency and for failing to portray economic reality. For instance, failure of IFRS guidelines and academics to recognize determinants of Human Capital cost such as size of firms, return on asset, leverage, listing age, industry type, auditor type and Inherent risk in the financial statement as an important indicator in the determination of performances of firms is also a major drawback on firms. Also is that, there seems to be no universal approach to reporting on human capital costs, thereby making it difficult for meaningful comparisons. Based on the absence of a universal approach, the companies that are proactive enough to measure do it their own way for fear that it could lead to negative interpretation from various stakeholders. Hence, the study examined the determinants of human capital cost in the IFRS Structure of consumer goods firms. The findings of the study revealed that firm size has positive and significant effect on the IFRS structure of the firms, **l**everage has positive and significant effect on the IFRS structure of the firms, **f**irms' age has positive and significant effect on the IFRS structure of the firms and **r**eturn on asset has positive and significant effect on the IFRS structure of the firms. In conclusion, effective human capital cost management can enhance IFRS Structure of consumer goods firms.

Recommendations

The researcher recommended as follows:

1. Management of the studied company should continue to promote policy that will bring about increase in firm size.

2. Management of the studied company should also endeavor to always look at options before taking decisions on how the company will be finance
3. Management of the studied company should work to enhance the performance of the firm
4. Management of the studied companies should project policies toward the achievement of increases in return on asset of the firm and IFRS Structure of firm

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Appendix

Table 4.7: Multiple Regression Analysis
Dependent Variable: ACC
Method: Least Squares
Date: 12/18/23   Time: 18:39
Sample: 1 11
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FS	1.102812	0.118211	9.329182	0.0053
LEV	1.110282	0.110121	10.08238	0.0012
AG	1.181623	0.112819	10.47361	0.0010
ROA	1.110211	0.128611	8.632317	0.0211
C	1.119028	0.120822	8.545052	0.0128

R-squared	0.892317	Mean dependent var	9.119130
Adjusted R-squared	0.822737	S.D. dependent var	4.120376
S.E. of regression	2.283642	Akaike info criterion	5.220823
Sum squared resid	5.910280	Schwarz criterion	5.310287
Log likelihood	-21.10926	Hannan-Quinn criter.	5.110299
F-statistic	10.10185	Durbin-Watson stat	1.910281
Prob(F-statistic)	0.020182		

Source: Researcher computation from E-Views, 12