

Impact of Human Resources Budgeting on Human Resource Management Accountability in Metropolitan, Municipal, and District Assemblies in the Ashanti Region

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Abstract

The Metropolitan, Municipal, and District Assemblies in Ghana have adopted, have been practicing Human Resource Budgeting for effective accounting of human resources. However, little is done to determine its impact on Human Resource Management Accountability. This study, therefore, focused on the impact of Human Resource Budgeting on Human Resource Management Accountability in Metropolitan, Municipal, and District Assemblies (MMDAs) in the Ashanti Region of Ghana. The study purposively sampled Heads of Departments since they have the responsibility of supervising, directing, coordinating the activities of other employees within the MMDAs. The study collected primary data from 387 Heads of Departments in 43 MMDAs in the region. The study employed mean and standard deviation for descriptive analysis. The study employed a structural equation model for the estimation of the impact of Human Resource Budgeting on Human Resource Management Accountability. The sex, educational level, and years of experience of the respondents were controlled for in the model estimation. Human Resource Budgeting in the MMDAs was occasionally done. Human Resource Budgeting had a significant positive impact on Human Resource Management Accountability in the MMDAs. Ministry of Local Government and Rural Development should see Human Resource Budgeting as a strategic tool for enhancing Human Resource Management Accountability in MMDAs. For this reason, Human Resource budgeting practices should be enforced to the latter.

Keywords: *Human Resource Budgeting, Human Resource Management Accountability, Metropolitan, Municipal and District Assemblies.*

Introduction

Human capital is an important component since it has the capacity to improve or degrade an organization's performance [1]. For this reason, every organization or institution deems it appropriate to it manage human resource with maximum care. In recent times, Human Resource Budgeting has been introduced to provide a standard practice for measuring the value and cost of people in an organization, cost of recruitment, hiring, training, and development [2]. The human resources budget refers to the funds that human resource allocates to all human

resource processes enterprise wide. The Human resource budget includes funds allocated to hiring, salaries, benefits, talent management, training, succession planning, workforce engagement, and employee wellness planning. HR budgets use financial information, performance results, and historical data from every department. Since the HR budget considers HR activities company-wide, it is an incredibly complex yet essential document to determining a company's future Human activities and accountability [3]. Any accounting practice, including Human Resource Budgeting practice, is to help ensure accountability. Human

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Resource Management Accountability of Departmental Heads in Metropolitan, Municipal and District Assemblies (MMDAs) entails establishing and maintaining effective human resource management policy, delegating human resource management responsibilities through formal delegation agreements, monitoring and providing corporate and organizational-level reporting on human resources matters; representing the employer at the corporate-wide level and ensuring that non-delegated human resource management responsibilities are carried out in a manner consistent with applicable legislation, collective agreements [4]. Human Resource Budget is designed to improve Human Resource Management Accountability and performance [5].

Empirically, the link between Human Resource Budgeting and HRM accountability has been established in corporate entities in developed countries. For example, Enyi and Akindehinde [6] has demonstrated Human Resource Budgeting significantly affects management decisions and enhanced accountability. Similarly, Islam, Kamruzzaman, and Redwanuzzaman [7] noted that Human Resource Budgeting practice has helped improve accountability in organizations and the productivity of employees as well. However, the outcomes of these studies cannot be applied to Ghana since Ghana has political, economic, social, and cultural characteristics different from those developed countries where such studies were done. More importantly, all the empirical studies were carried out in private corporate entities but not the public sector, where

accountability is a major issue. In Ghana, the public's desire for accountability from public workers at all levels is increasing [8]. The Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana have all been at the forefront of the debate over accountability, though Human Resource Budget is being implemented. This has raised many questions, including, what is the extent to which Human Resource Budgeting is practiced in MMDAs? and Does Human Resource Budgeting really improve HRM accountability within the MMDAs in Ghana? Addressing the above questions would help the human resources practitioners and the Government of Ghana to be aware of what should be done to promote the effective practice of Human Resource Budgeting in MMDAs to enhance HRM accountability.

Methods

Description of the Site

This study was conducted in Ashanti of Ghana. The Ashanti Region is located in south Ghana, and it is the third largest of 16 administrative regions, occupying a total land surface of 24,389 km² (9,417 sq. mi) or 10.2 percent of the total land area of Ghana. In terms of population, however, it is the most populated region with a population of 4,780,380 according to the 2010 census, accounting for 19.4% of Ghana's total population. Kumasi is the capital town of the Ashanti Region. The region has 1 Metropolitan Assembly, 20 Municipal Assemblies, and 24 District Assemblies as Shown in Table 1.

Table 1. MMDAs in the Ashanti Region of Ghana

Region	Metropolis	Municipals	Districts
Ashanti Region	Kumasi Metropolis	Ahafo Ano North Municipal	Adansi Asokwa
		Asante Akim Central	Adansi North
		Asokore Mampong	Adansi South
		Asokwa	Afigya-Kwabre North
		Atwima Nwabiagya	Afigya-Kwabere South
		Asante Akim South	Ahafo Ano Southwest
		Amansie East	Ahafo Ano Southeast

	Bekwai	Akrofuom District
	Kwadaso	Amansie Central
	Ejisu	Amansie West
	Mampong	Amansie South
	Obuasi	Asante Akim North
	Offinso	Atwima Kwanwoma
	Oforikrom	Atwima Mponua
	Old Tafo	Atwima Nwabiagya North
	Suame	Bosome Freho
	Kwabere East	Bosomtwe
	EjuraSekyedumase	Obuasi East
	Juaben	Offinso North
		Sekyere Afram Plains
		Sekyere Central
		Sekyere East
		Sekyere South
		Sekyere Kumawu

Source: Ministry Local Government and Rural Development (2021)

Description of Experiment

The study, through the purposive sampling technique, sampled Departmental Heads in MMDAs in the Ashanti Region. However, two District Assemblies could not give their consent on time; hence they were ignored in the study.

Therefore, the Metropolitan Assemblies was 1, and Municipal Assemblies were 20, and District Assemblies were 22, making a total of 43 MMDAs in the study. The total number of Heads of Departments from the Metropolitan Assembly, Municipal Assemblies, and District Assemblies are shown in Table 2.

Table 2. Number of Respondents

Departments	Number of Heads
Finance	43
Administration	43
Community Development and Works	43
Social Welfare	43
Physical Planning	43
Trade and Industry	43
Health	43
Agriculture	43
Education	43
Total	387

Source: Author's Construct (2021)

Thus, the total number of respondents used in this study was 387. The study used questionnaire to collect the data from respondents. The questionnaire had three sections. Part I: Socio-demographic characteristics of respondents

comprised of gender, educational level, and years of working experience. Part II focused on human resource budgeting practice which had 8 items with a four-point Likert scale from rarely (1) to very often (4). Part III focused on Human

Resource Management accountability of Departmental Head, and it had 5 items with four point-Likert scale ranging from strongly disagree (1) to strongly agree (4) with no neutral position. The questionnaire was reliability with an overall Cronbach's Alpha of 0.891 (i.e., $\alpha=0.891$) and valid with Factor Loading Score for each item more than 0.4 and the Kaiser-Meyer-Olkin (KMO) for each construct was more than 0.8.

Statistical Method

The data were analysed using Statistical Package for Social Sciences (SPSS), version 21.0, and STATA version 15.0. The study edited the data, coded the data, and entered them into the software for analysis. The study used SPSS, version 21.0, for all the descriptive analysis, while STATA was used to estimate of the model. The used mean and standard deviation for the descriptive analysis. The mean scores ranged 1.00-1.49, 1.50-2.49, 2.50-3.49, 3.50-4.00 which rarely represented, occasionally, often, and very often respectively for Human

Resource Budgeting statements and strongly disagree, disagree, agree, and strongly agree respectively for Humans Resource Management accountability. To determine the effect of human resource budgeting on human resource accountability of Departmental Heads, this study used Structural Equation Model as suggested by Kline [9]. The models are specified below.

$$HRMAoDH = \alpha_0 HRMB + \alpha_1 SEX + \alpha_2 EDUL + \alpha_3 YEX + \varepsilon \dots \dots \dots Model 1$$

Where HRMAoDH is the human resource management accountability of the Departmental Head and HRMB is the Human Resource Budgeting. SEX, EDUL, and YEX denote sex, educational level, and years of working experience in the assemblies, respectively. The acceptable level of significance was 5%.

Results

Personal Information of Respondents

The study gathered relevant personal information of the respondents, and they are presented in Table 3.

Table 3. Socio-demographic Characteristics of Respondents (N=387)

Variables	Categories	Frequency	Percentage
Sex	Male	263	67.96
	Female	124	32.04
Level of education	Diploma	43	11.11
	Degree	187	48.32
	Masters' Degree	157	40.57
Years of experience	1-5 years	78	20.16
	6-10 years	179	46.25
	Above 10 years	130	33.59

Source: Field Data (2021)

The results in Table 3 indicate that males dominated (67.96%) as Heads of Departments in MMDAs in the Ashanti Region of Ghana. It is further indicated in Table 3 that almost all the respondents have first degree or master's degree. Given their level of academic qualification, the management members of the MMDAs are expected to have much knowledge in human resource management issues. Most of the respondents (79.84%) have served in their

respective MMDAs for more than 5 years, and this implies that almost all the respondents are familiar with the human resource accounting practice of the MMDAs.

Human Resource Budgeting Practices Used by MMDA's

The extent of Human Resource Accounting Practices of the MMDAs are shown in Table 4.

Table 4. Human Accounting Practices

Practices	Weighted Mean	Standard deviation	Frequency of practice	Ranking
The assembly practices capitalising and amortizing over the expected useful life of human resource for the acquisition cost of human resource	2.338	0.94218	Occasionally	5 th
The assembly practices capitalising and amortizing over the expected useful life of human resource for training and development cost of human resource	2.4832	0.95581	Occasionally	3 rd
The assembly practices capitalising and amortizing over the expected useful life of human resource for the welfare cost of human resource	2.3333	1.09165	Occasionally	6 th
The assembly practices capitalising and amortizing over the expected useful life of human resource for the other expected costs for human resource.	2.9276	1.18056	Often	1 st
The assembly practices capitalising and amortizing over the expected useful life of human resource acquisition cost to replace human resource presently employed	2.3127	0.83195	Occasionally	7 th
The assembly practices capitalising and amortizing over the expected useful life of human resource learning cost to replace human resource presently employed	2.2351	1.04510	Occasionally	8 th
The assembly practices capitalising and amortizing over the expected useful life of human resource separation cost to replace human resource presently employed	2.4625	1.01824	Occasionally	4 th
The assembly practices capitalising and amortising bidding cost of scarce employees within bid the organisation	2.8346	1.13974	Often	2 nd
Total score	2.4909	1.14251	Occasionally	

Source: Filed Data (2021)

Table 4 above shows that Human Resource budgeting practices is occasionally practiced in the MMDAs in the Ashanti region of Ghana. The MMDAs occasionally capitalise and amortize the expected useful life of human resource for

the acquisition cost of human resources; for training and development cost of human resource, for the welfare cost of human resource, and to replace human resource presently employed. However, the MMDAs often

capitalise and amortize the expected useful life of human resource for the other expected costs for human resource and the bidding cost of scarce employees.

Effect of Human Resource Budgeting on Human Resource Management Accountability

The study employed Structural Equation Model to estimate the effect of Human Resource Budgeting on the human resource accountability

of Departmental Heads. The study, through Principal Component Analysis, obtained one construct for Human Resource Budgeting from 8 items and another construct for human resource management accountability from 5 items. The study used the personal information of the respondents in Table 3 (sex, educational level, and years of working experience) as control variables. The results of the Structural Equation Model are shown in Figure 1 and Table 5.

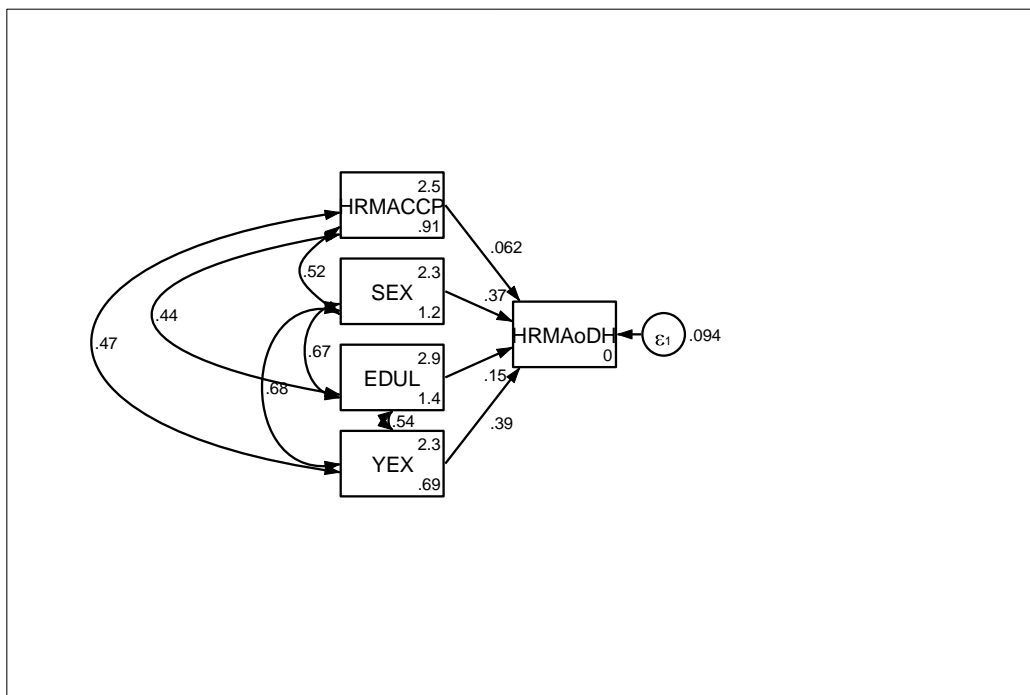


Figure 1. Impact of Human Resource Budgeting on HRM Accountability

Table 5. Impact of Human Resource Budgeting on Human Resource Management Accountability

Variables	Coeff.	OIM	z	p>/z/	[95% Conf. Interval
		Std. Err			
Human Resource Accounting	0.0624878	0.0192019	3.25	0.001	0.248528 0.1001228
Sex	0.3658908	0.02222	16.47	0.000	0.3223405 0.4094411
Educational Level	0.1505726	0.0154103	9.77	0.000	0.120369 0.1807762
Years of Working Experience	0.3935086	0.0305883	12.86	0.000	0.3335567 0.4534605
Constant	0.13252	0.01247	10.62	0.000	0.117301 0.254312
Chi ² _bs (4) = 889.540; p>Chi ² = 0.000					

Source: Field Data (2021)

The results in Table 5 and Figure 1 show that Human Resource Accounting has a significant

positive impact on HRM accountability of Departmental Heads (Coeff. =0.0624878; Std.

Err=0.0192019; p-value=0.001). As the practice of Human Resource Accounting increases by one unit, HRM accountability significantly increases by 0.0624878. Sex, educational level, and years of working experiencing of Heads of Departments in MMDAs have a significant positive impact on Human Resource Management accountability. The estimated model is statistically fit for predicting the impact of Human Resource Accounting on HRM accountability in MMDAs in the Ashanti Region of Ghana ($\chi^2_{bs}(4) = 889.540$; $p > \chi^2 = 0.000$).

Discussions

The results show that Human Resource Budgeting is occasionally practiced in the MMDAs. This is consistent with some of the previous studies that found that awareness and practice of human resource budgeting is very low, especially in developing countries [10, 11, 12].

However, the effect practice of Human Resource Accounting significantly improves HRM accountability of Departmental Heads in MMDAs. Similar findings were observed by some previous studies in developed countries in private entities. This finding is consistent with some previous studies. For example, Islam Kamruzzaman and Redwanuzzaman [7] revealed that Human Resource Accounting or Budgeting helps the management in taking various decisions for achieving their organizational goals by accurate estimation of the human resources. The study further revealed that Human Resource budgeting system helps in the personnel selection process, recruitment, estimate cost and budget for the acquisition and development of human resources and also helps in the utilization of human resource effectively by providing better reward administration and it is important in the evaluation process by developing reliable methods of measuring the value of employees to an organization. All these indicate that Human Resource Budgeting enhances accountability of Human Resource

Management within an organization or institution [7]. Dhanabhakyamand Mufliha [13] noted that when human resources activities are quantified and reported, it would help to insist on accountability of Human Resource Management. Other study [14-17] have also confirmed that human resource budgeting improves accountability, leading to higher organizational performance as measure by profitability. However, Shukla and Naghshbandi [18] note that human resource budgeting has no effect on accountability both in the financial and human resource sense. This has been confirmed by other studies that there is limited evidence on the relationship between human resource budgeting and human resource accountability [19, 20].

Conclusion

The study assessed the practice of Human Resource Accounting and its effect of HRM accountability in MMDAs in the Ashanti Region of Ghana. The based on the findings from the study, it is concluded that Human Resource Accounting is occasionally practiced in MMDAs. Effective practice of Human Resource Accounting significantly improves HRM accountability. The study recommends the effective and efficient practice of Human Resource Accounting as a strategy to promote accountability in the area of HRM in MMDAs.

Though the study is very relevant and first in its kind, it is limited to the MMDAs in the Ashanti Region. Future studies should replicate this study in other regions and in other public institutions and organizations for a comprehensive understanding of Human Resource Accounting practice and its effect in HRM accountability in Ghana.

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aids and support. I could not have made it without you.

Conflict of Interest

The author declares that there is no conflict of interest with regard to this paper.

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