HUMAN CAPITAL, MANAGEMENT ACCOUNTING PRACTICES AND PERFORMANCE IN FINANCIAL INDUSTRY

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In this competitive knowledge-based era organisations face a shift in process of obtaining firm performance, from tangible production factors (labour, land, and capital) to intangibles like intellectual capital. Among the three elements of intellectual capital, human capital is the most significant which include knowledge, skills, learning capacity, experience and know-how of employees, motivation etc. Although it is believed that firm performance comes from human capital and its useful application, the matter of how to manage it is not adequately answered. Thus, this study aims to address this lacuna by identifying under which conditions human capital would lead to the higher levels of firm performance. This study used the mixed method approach consisting a survey and a case study that took place in two stages as mixed method gives the opportunity to enhance the research findings through triangulation and mobilization of many theoretical views. This study establishes mediating effect of management accounting practices on the relationship between human capital and firm performance with referring to the resourced based view. While most managers are aware of the importance of their organization's human capital they lack the means for both obtaining information about it and manage it, which exposes a problem in the structural capital and could be answered through management accounting practices.

Keywords- Firm performance, Human capital, Management accounting practices, Resource Based View, Upper echelon theory