DOI: https://doi.org/10.67862/msh.2025.j0no9e4r

Management Sciences Horizon EISSN 3115-5642, Vol. 1 No. 1; July, 2025

Human Resource Costs as A Determinant of Corporate Financial Performance in Nigeria's Industrial Goods Sector

Korolo, Emmnuel Omolaye (Ph.D)[1] & Korolo Akuboere Salome (Ph.D)[2]

[1, 2]Department of Accounting, Federal University Otuoke, Bayelsa State, Nigeria

Email: koroloemmanuel@yahoo.com

Phone: +234-7037269467

ABSTRACT

The primary objective of this study is to investigate the effect of human resource cost on the corporate financial performance of quoted industrial goods companies in Nigeria. The study began by examining the impact of salaries and wages on the net profit margin and return on assets, as well as the effect of training and development costs on these metrics, for the quoted industrial goods company in Nigeria. The Ex Post Facto research design was used for this study. Secondary data was used for this study and was obtained from the published annual reports and financial statements of the 13 quoted industrial goods companies in Nigeria from the years 2014-2023. The study employed the descriptive statistics model, multiple linear regression model, and Pearson's product-moment correlation coefficient to investigate the relationship between the independent and dependent variables of this study. It was, however, discovered that salaries and wages have a positive and insignificant effect on net profit margin and a positive and statistically insignificant impact on returns on assets. Training and development costs have no significant relationship with net profit margin and return on assets. As a result of this finding, it was decided that organizations should consider implementing a performance management system that effectively links human resource outcomes with strategic goals, also organizations can invest in detailed human capital analytics to measure the return on investment of human resource practices, by keepingtrack of the key performance indicators related to employees productivity, customers satisfaction thereby gaining an understanding of the impact of human capital strategies on the bottom line.

Keywords: Human, Resource, Cost, Net Profit Margin, Salaries and Wages

1.0 INTRODUCTION

Human resource management is critical, and as such, it comes with many expenses. Any firm that aspires to prosper must have strong human resources. The reason for this is that it deals with people who will improve the company; without the assistance of capable staff, there will always be a barrier. To encourage people to work harder and more effectively, resources are allocated to hiring, training, and paying staff. In today's dynamic environment, businesses view their employees' knowledge and intelligence as a competitive advantage to compete in the market effectively. Knowledge truly has become power (Kharal et al., 2014). In other words, a broad dissemination of knowledge is required to bridge the knowledge gap in the business world. Since every company aspires to become a market leader, it is reasonable to argue that a company lacking the brightest minds in the industry cannot compete effectively. It's common knowledge that human resources is all about people. According to a proverb, any company that can manage its staff by fully utilizing their latent potential will succeed at any level. Both employees and all other non-current assets are valuable assets that need to be maintained. Resources are being poured into research and development projects as a result of management's recognition of the over-importance of personnel in the wake of recent changes in the external business environment. More money has been spent on staff training, which is all accounted for in human resource accounting. The measurement and quantification of human organizational inputs, such as hiring, training, experience, and communication, is what Ndum and Oranefo (2021) define as human resource accounting.

Compared to nonhuman capital, human capital expenditures have increased at a faster rate. The current accounting practice treats nonhuman expenditures on property, plant, and equipment as assets and spending on human capital as expenses that are charged before the accounting year, indicating the importance of human resources. An organization's financial performance is impacted by this (Cordelia et al., 2016). Since it is difficult to determine how these human resource costs are measured, it is reasonable to consider them to be intangible assets even though they are not, because they do not fit the criteria (intangible assets are identifiable, nonmonetary assets that have no physical substance). These assets, however, are not visible in the statement of financial status. The worth of these valuable and important assets cannot be determined by the reader from traditional accounting accounts. Every year that goes by, the significance of these intangible assets grows. Because of this deficiency, many managerial decisions simply give the human resource element a cursory examination, according to Onyekwelu and Akani (2021). The majority of research on the expenses of human resources concludes that, as human capital is thought to be the most significant asset, it needs to be recorded in financial statements alongside other intangible assets. Despite their undeniable contribution to an organization's sustainability, staff costs are not regarded as assets in the financial statement (Ndum

& Oranefo, 2021). Is it appropriate to state that there is a gap in this study? The relationship between the cost of human resources and the financial success of businesses, specifically concerning listed industrial goods corporations, needs to be addressed.

STATEMENT OF THE PROBLEM

Although the idea of human resources is fundamental to all organizations, the industrial goods sector is a very big one and is crucial to the growth and sustainability of the corporate economy. Human resource costing is now necessary and unavoidable, and as such, it cannot be understated because it significantly affects the corporate world's financial performance. There should be a method for recording human resource costs on the financial statement because studies have revealed a clear correlation between these costs and the financial success of businesses (Ogenyi & Oladele, 2015). According to other authors, such as Agbiogwu et al. (2016), there is no clear method for expressing the costs associated with employees in the financial statements, which makes decision-making within an organization difficult. Okoro et al. (2022) continue to believe that a business organization's financial performance and the cost of its human resources are related. They contend, however, that the account does not accurately and fairly represent the costs associated with human resources as long as these costs are not visible in the financial statements. The goal of financial performance is to serve as a benchmark for evaluating the results of employee expenditures, but how can this be done when complete disclosure is lacking? That takes us to the rationale for researching this subject. Without downplaying the importance of the industrial sector, there are still barriers that create gaps in knowledge of this fascinating and thought-provoking subject. These gaps arise from organizations' incapacity to see how expenses related to human resources are reflected in financial statements and how financial performance can be readily measured and evaluated. From a different perspective, this presents a serious challenge since it can be challenging to determine the financial impact of employee expenditures on organizational growth because the benefits associated with some of these expenditures may not materialize immediately. Therefore, the research will focus on how human resources can be quantified about financial performance. Other gaps have been examined, but not in the listed industrial products industry as of yet. (Bersin, Josh) In HR analysis, the lack of a uniform language framework for assessing HR effect is the largest obstacle, not technology. To the best of their knowledge, several academics have identified potential gaps in their separate study investigations. A study by Jesuwunmi and Obelogu (2017) found that the financial performance of companies listed in Nigeria is somewhat impacted by human resource costs (HRC). The impact of human resource costs on the financial performance of listed manufacturing firms in Nigeria was also examined by Obulor and Ohaka (2020), who discovered a favorable correlation. Korolo and Korolo (2024) investigate the relationship between human

resource costs and the corporate financial performance of listed deposit money banks in Nigeria, and found no significant positive relationship between human resource costs and the corporate financial performance of listed deposit money banks in Nigeria. The impact of human resource expenses on the financial performance of Nigerian consumer goods was studied by Bankole (2020), who found both a marginally positive and negative effect. Thus, to allow for the analysis of both current and long-term data, this study will span the years 2014–2023.

2.0 LITERATURE REVIEW

2.1. CONCEPTUAL CLARIFICATION

According to Onyekwelu and Akani (2021), who referenced Hadler (1984), the term human resource cost was first used in 1960, when human rights gained significant attention during the Vietnam War. However, the research of Eric Flamholtz (1960–1970), known as the father of human resource accounting, led to the recognition of the idea of human resource cost. According to his knowledge, Eric Flamholtz created methods for calculating the cost of human resources that take into account additional expenses associated with human resources in addition to salary and wages. The costs related to managing and administering an organization's human resources are referred to as human resource costs. Additionally, it has to do with how human assets are recognized in financial reporting (Nowman, 1999). According to Bullen and Eyler (2013), human resource costs include expenditures for hiring, training, and development of employees as well as those related to salary and wages, director compensation, and retirement benefits. Staff medical expenses, welfare care, and allowances. Because tax regulations do not recognize human resources as assets, the concept has been relegated to a theoretical one (Bankole, 2020).

Concept of Corporate Financial Performance

Corporate financial performance is the assessment of an entity's or organization's overall financial health. This entails the application of financial measurements to assess an organization's efficacy and efficiency in using its financial resources to produce profit for stakeholders and shareholders. A corporate entity's financial performance offers information about its coping mechanisms and plans. An organization's financial health can be assessed using Key Performance Indicators (KPIs), which include the profitability ratio, liquidity ratio, activity ratio, and solvency ratio. Financial performance, according to Gordon (2021), is a subjective indicator of a company's ability to employ resources from its main business model and produce income. It is also employed as a broad evaluation of the entire financial health or well-being of a company over a specific time frame. A company's financial performance allows it to assess how well and far it has come in achieving its goals and objectives. Measuring the organization's success in achieving the objectives, rules, and procedures outlined in monetary terms is therefore essential (Angola, 2014).

Review of Empirical Literature

Korolo and korolo (2024) investigate the relationship between human resource costs and the corporate financial performance of listed deposit money banks in Nigeria. The specific objectives of the study were to determine whether the director's remuneration cost, salary & wage cost, and pension and gratuity cost have any effect on the earnings per share of listed deposit money banks in Nigeria. An ex-post facto research design was adopted, and the study used secondary data from the annual reports and statements of account of selected banks listed on the Nigerian Exchange Group for the period 2018–2022. Judgmental sampling techniques were employed to investigate the relationship between the variables. The study showed that director's remuneration cost has no significant positive effect on earnings per share of listed deposit money banks in Nigeria, salaries and wages cost have a significant negative effect on earnings per share of listed deposit money banks in Nigeria, and pension and gratuity cost have no significant effect on earnings per share of listed deposit money banks in Nigeria. Generally, this study concludes that there is no significant positive relationship between human resource costs and the corporate financial performance of listed deposit money banks in Nigeria. The study therefore recommends that management should not recruit more staff and should consider retaining only efficient staff. This implies that deposit money banks should downsize their staff and focus on training and retraining the most efficient members of staff.

Amahalu et al (2023). This study is about the investigation of the correct disclosure of human resource costs on the profitability of listed industrial products firms in Nigeria from the years 2008- 2022. The purpose of the study is to evaluate the influence of staff cost on return on assets, return on capital employed, and net profit margin. The focus of the study was on nine (9) quoted industrial items out of the (13) in Nigeria, according to the Nigerian Stock Exchange, taking into use the purposive sampling technique. Secondary data were acquired from the financial accounts of the 9 listed industrial products firms, utilizing the ex-post factor research approach. The Pearson correlation coefficient was used to ascertain the relationship that the dependent and independent variables of the study had on each other, also simple linear regression analysis was taken into cognizance to establish the extent and level of significance at which human disclosures affect profitability. At the end of the research study, it was observed that staff cost has a substantial positive link with return on asset, return on capital employed, and net profit margin. It was stated that industrial products enterprises in Nigeria should make an effort to expand their commitment to staff development, such as education and training, to improve their profitability.

Major and Biragbara (2023) evaluated the effect of human capital costs on the financial performance of listed healthcare enterprises in Nigeria. The precise objectives were to estimate the influence of training and development costs, staff costs, and health and safety costs on the return on assets of listed healthcare enterprises in Nigeria. The Researchers employed an ex-post facto research design, targeting the

seven (7) listed healthcare firms in Nigeria. In the course of the research, five (5) listed healthcare firms were taken as the sample utilizing the purposive (judgmental) sampling technique. Technique. Secondary data were used, and it was gathered from the annual reports and statements of accounts of the selected firms from 2012 - 2021. Descriptive Statistics, Unit Root Tests, and Ordinary Least Squares Regression were employed with the aid of Microsoft Excel, SPSS 25, and E-View 12. The result of the study demonstrated that training and development expenditure has a negative and significant effect on return on assets. Furthermore, the study suggested that personnel costs had a favorable and considerable impact on the return on assets. It was also shown that health and safety expenditures had a negative and minor effect on the return on assets of listed healthcare enterprises in Nigeria. The study generally concluded that there is a negative and significant influence of human capital costs on the financial performance of listed healthcare enterprises in Nigeria throughout the timeframe of the study, between 2012 and 2021. It was recommended amongst others that companies should adopt other human capital costs-related expenses as a strategy for attracting and retaining high earnings because this study indicated that training and development, and employee costs have a significant effect on financial performance in terms of return on assets.

Okoro et al (2022) looked at the association between human resource cost and the financial performance of listed pharmaceutical businesses in Nigeria, utilizing an ex-post factor research method for the study of a population which is 10 companies from the Nigerian Exchange Group in 2021. Secondary data of up to 10 years was acquired from the annual reports of the listed pharmaceutical businesses. The study indicated a positive association between staff cost and return on assets. There is also a positive and negligible relationship between staff cost and return on capital employed of listed pharmaceutical businesses in Nigeria. It was suggested that pharmaceutical companies in Nigeria should upgrade their investment in human resources to further elevate their return on assets through constant training and retention of assets and welfare, and also, that the retirement plan of pharmaceutical companies should be juicy to attract the best brains to improve the return on capital employed.

Onoriode and Samuel (2022) evaluated the effect of personnel maintenance and training expenditures on the organizational performance of enterprises based in Delta State, utilizing a time factor extending from 2016 to 2020 to acquire the necessary report. This study employed the longitudinal research design; descriptive statistics, correlation analysis, and ordinary least squares regression analysis were used to examine the data acquired. The objectives for the conduct of the research were clearly outlined, which included the examination of the extent to which staff maintenance cost affects the financial situation. The research investigation, however, did not produce a positive conclusion. It indicated that staff maintenance cost has a negative and insignificant influence on the performance of enterprises in Delta state, and also, that human capital training cost has a positive but insignificant impact on the

performance of firms situated in Delta state. It was nevertheless recommended that management of enterprises operating in Delta state should limit their funding of human resource upkeep, as an increase may negatively and severely damage the performance of the company, and that they should boost spending on training their human resource.

Orwa et al (2022) studied the effect of training and development costs on the financial performance of listed firms in Kenya, which was researched using secondary data obtained from the publicly audited financial statements of the listed companies between 2017- 2021. Furthermore, the longitudinal research method was adopted, and human capital theory was employed as the theoretical foundation of the study. It was observed that training and development costs had a considerable beneficial effect on return on assets, utilizing the random effect regression model. The report indicated that corporations should make it a duty to provide an efficient and effective allocation of funds to human resource expenditure vote heads to significantly finance the training and development.

Baribefe and Richard's (2021) research effort looked at the relationship between the cost of staff welfare and the financial performance of listed manufacturing pharmaceutical enterprises in Nigeria from the year 2011 to 2019. Secondary data was acquired for use from the annual reports, which were issued by the firms. Data were evaluated using descriptive statistics comprising mean, standard deviations, and inferential statistical methods like correlation coefficient and ANOVA. Two hypotheses were investigated with the use of linear regression, utilizing SPSS version 22 as the tool for analysis. The research findings demonstrated a substantial positive connection and statistically significant positive link between the cost of staff wellbeing and both an increase in sales volume and return on assets. Therefore, it was recommended that pharmaceutical enterprises should continue to increase the welfare demands of the workforce when due, as this adds to the firm's growth in sales volume and return on capital assets positively.

Lambe et al (2021) evaluated the effect of human capital resources on the financial performance of listed oil and gas enterprises in Nigeria. The ex-post factor research approach was adopted, and secondary data of 12 out of 14 listed oil and gas businesses were looked into. From the course of the investigation, it was recognized that training and development expenditure has a significant positive effect on the Return on assets. It indicated furthermore that training and development expenditure decreases inefficiency in the output of listed oil and gas businesses in Nigeria. Therefore, it was urged that people, partnership enterprises, shareholders, and the government that hire the services of human resources in Nigeria should ensure that the human capital groups have the proper competence and expertise that can be brought to bear favorably on the firm.

Ndum and Oranefo (2021) had an evaluation on the effect of human resource cost and financial performance: A study of quoted beer enterprises in Nigeria. The study employed the ex-post factor research design. The population of the study cut

across 5 brewery companies quoted in the Nigerian Stock Exchange (NSE) as of the year 2019 and have consistently published their annual report to the NSE from 2007-2019. As is already known, the study was extracted from the published annual report of these companies. After the conduct of the research, it was discovered that personnel cost has a positive and considerable effect on the net profit margin of stated brewery firms in Nigeria. Recommendations made from the study highlighted the need for breweries in Nigeria to cultivate the approach of capitalizing and reporting investments in human resources that can improve quality and productivity, thereby having a significant turnaround on the financial performance and also on the value of the share price.

Onyekwelu and Akani (2021) evaluated the relationship between human resource cost and the financial performance of quoted firms in Nigeria, using data from 2016-2017. A non-experimental causal research design was being put into use. The objective of this research work was to examine the relationship salaries and wages, acquisition costs, and employee development costs have on quoted companies in Nigeria, as a result of the study it was known that human resource cost has a significant and positive relationship to the financial performance but that management should limit the rate at which it employs staff, also that a proper checkup should be done in ensuring that only efficient and effective staff are being retained and in the cause of the retainment they should be trained in other to see a more positive outcome.

Bankole (2020) evaluated human resource costs on the financial performance of consumer products companies in Nigeria. The data comprised secondary data from the financial statements of the consumer goods company covering a time range of 10 years. The research study used the ex-post factor research design, and the data analysis was also completed using the Static Panel estimation approach. However, this study indicated that human resource cost had a beneficial impact on the financial performance of consumer goods companies in Nigeria, taking into account the numerous proxies employed for the measurement. It revealed that investors in the workplace have a major impact, as it leads to productivity in the attainment of corporate goals.

Halimatu et al (2020). Researched the influence of employee benefits on the efficiency of selected and listed consumer goods companies in Nigeria over eight (8) years running from 2012 to 2019. This study used the ex-post factor research design in assessing the benefit, and as such, 14 listed consumer goods firms were looked into out of the 22 listed consumer goods companies in Nigeria. This study used descriptive statistics, correlation analysis, panel regression, and panel-corrected standard error regression to investigate the association and relationship between the variables. The regression result demonstrated that employee benefits positively and significantly influence the efficiency of selected and listed consumer goods companies in Nigeria for the stipulated period. The control variable, firm size, positively and significantly affects the efficiency of selected and listed consumer goods companies in Nigeria. The

study recommends that selected and listed consumer goods companies should not take for granted employee benefits such as increased personnel cost on medical allowances, pension, long service awards, training, production bonuses, and gratuity to intensify their efficiency which involves companies' ability to pay employees, providers of finance, government and ability to retain earnings for growth and expansion of business. Specifically, selected and listed consumer goods companies should increase employee benefits by establishing post-employment medical benefits for pensioners and employees on the defined gratuity system.

Kaodui and Owei-Owusu (2020) investigated the impact of human resource cost on the profitability of organizations utilizing chosen companies in Ghana. Forty-two (42) listed companies were chosen to be the sample size for a period stretching from 2014 to 2018, making it 5 years. Non-probability Sampling Techniques and convenient sampling of employees in the study were used to select the organizations chosen, owing to the availability of data. The exploratory approach was put to use, while panel data methodology was used to arrive at its result. However, in the course of the investigation, it was recognized that human resource cost (staff cost) has a negative link with the profitability of enterprises in Ghana statistically. The issue as to whether the human resources of the company should be regarded as assets to value their productivity rather than being part of the organization's spending, which in one way or the other influences their profitability. Recommendations were offered that there should be a disclosure of cost standards and an appraisal of human resource costs by the accounting standard board.

METHODOLOGY

The study used an ex post facto research design. This approach was adopted because the manipulation of the data is not straightforward. After all, the data represent historical occurrences that have gone through the auditing procedure in the financial statement. The study analyzed the firms that make up the listed industrial products industry in Nigeria, which are 13 in number according to the Nigerian Exchange Group as of Jan. 26, 2024. The study analyzed the entire population because of the population size. Secondary data was acquired from the annual report of quoted industrial goods businesses in the Nigerian Exchange Group. This study's interest is in descriptive and inferential data analysis.

Model Specification

Using multiple linear regression analysis to check the correlation between theindependent and dependent variables.

FORMULA: $Y= \beta_o + \beta_1X1 + \beta_2X2 + \mu_1$.

.: $NPM= \beta_o + \beta_1SW + \beta_2TDC + \mu_1(1)$

Where NPM Net profit Marginβ_o= Constant Term

β_1SW= Salaries and Wages

β_2TDC= Training and Development Costs

μ_1= Error Term 1

.: ROA= $\beta_o + \beta_1 SW + \beta_2 TDC + \mu_2$ (2)

Where ROA return on assets

β_o= Constant Term

β_1SW= Salaries and Wages

β_2TDC= Training and Development costs

μ_2= Error Term 2

4. 0 RESULTS AND DISCUSSION

Table 1

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
Salaries and wages	130	.0	21134236.0	2050041.961	4197680.4443	2.910	.213	8.317	.423
Training	130	.0	451159.0	58222.885	102711.6265	1.909	.212	2.922	.422
Net ProfitMargin	130	-530.29	133.94	3.3213	61.73479	-6.379	.212	50.753	.422
Return onAssets	130	-179.92	108.90	5.7472	22.85889	-3.517	.212	36.557	.422
Valid N (listwise)	130								

Source: Author's Compilation in SPSS version 25

From Table 1 above, net profit margins demonstrated a wide range, from a severe loss of - 530.29% to a significant profit of 133.94%. The average profit margin was relatively modest at 3.3213%, while the high standard deviation of 61.738% indicates a considerable spread in profitability across the firms. The negative skew of -6.379 implies that most enterprises concentrated towards higher profit margins, with a few outliers having unusually low profitability. Return on Asset (ROA) values ranged from a loss of -179.92% to a gain of 108.90%, demonstrating substantial variability. The average ROA of 5.7472% indicates a moderate return on assets for the sample. The negative skew of -3.517 implies that while the bulk of enterprises had relatively low ROA, a few firms generated extraordinarily large returns. Training and development expenditures varied significantly, from a minimum of ₦0 to a maximum of ₦451,159. The average cost was ₦58,222.885, with a standard deviation of ₦102,711.6265, indicating considerable dispersion in spending. The positive skew of 1.909 suggests that most firms invested relatively less in training and development, with a smaller number of firms making substantial investments. The kurtosis of 2.922 indicates a slightly more peaked distribution than a normal distribution, suggesting potential outliers with extremely high training costs. Salaries and wages ranged widely from ₦0 to ₦21,134,236, reflecting substantial differences in payroll expenses across firms. The average salary and wage expenditure was ₦2,050,041.961, with a high standard deviation of ₦4,197,680.4443, indicating significant variation. The positive skew of 2.910 suggests that most firms had relatively lower salary and wage costs, with a smaller number of firms incurring significantly higher expenses. The kurtosis

of 8.317 indicates a markedly peaked distribution with heavy tails, suggesting the presence of several outliers with extremely high salary and wage costs.

Regression Analysis

In this section, the ordinary least squares (OLS) regression was conducted using SPSS software version 25 to determine the relationships between human resource cost and the firm's performance as a tool for efficient performance in the sampled firms.

Table 2: Regression Model for Net Profit Margin

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.373	6.419		.214	.831
	Salaries and wages (N'000)	6.709E-7	.000	.045	.435	.664
	Training (N'000)	1.052E-5	.000	.017	.166	.869
a. Dependent Variable: Net Profit Margin						

Source: Author's Compilation in SPSS version 25

From the table above, the unstandardized coefficient (B) for salaries and wages is 6.709e-7, which is insignificant. The standardized coefficient (Beta) is 0.045, indicating a weak positive association between salaries and wages and net profit margin. The t-statistic (0.664) and p-value (0.435) are both non-significant, demonstrating that this association is not statistically significant. Similarly, the unstandardized coefficient (B) for training is 1.052e-5, which is similarly very insignificant. The standardized coefficient (Beta) is 0.017, demonstrating an even lower positive link between training and net profit margin. The t-statistic (0.166) and p-value (0.869) are again non-significant, showing that this association is not statistically significant. It is crucial to note that the constant term (intercept) has an unstandardized coefficient of 1.373, but its interpretation in the context of regression analysis is less obvious and relies on the specific model. It reflects the expected value of the net profit margin when all other independent variables are zero (which is improbable in real-world settings).

Source: Author's Compilation in SPSS version 25

From the table above, the unstandardized coefficient (B) for salaries and wages is 6.709e-7, which is insignificant. The standardized coefficient (Beta) is 0.045, indicating a weak positive association between salaries and wages and net profit margin. The t-statistic (0.664) and p-value (0.435) are both non-significant, demonstrating that this association is not statistically significant. Similarly, the

unstandardized coefficient (B) for training is 1.052e-5, which is similarly very insignificant. The standardized coefficient (Beta) is 0.017, demonstrating an even lower positive link between training and net profit margin. The t-statistic (0.166) and p-value (0.869) are again non-significant, showing that this association is not statistically significant. It is crucial to note that the constant term (intercept) has an unstandardized coefficient of 1.373, but its interpretation in the context of regression analysis is less obvious and relies on the specific model. It reflects the expected value of the net profit margin when all other independent variables are zero (which is improbable in real-world settings).

Table 3: Regression Model for Return on Assets

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	6.124	2.366		2.588	.011
	Salaries and wages (N'000)	5.669E-7	.000	.104	.997	.321
	Training (N'000)	-2.626E-5	.000	-.117	-1.122	.264
a. Dependent Variable: Return on Assets						

Source: Author's Compilation in SPSS version 25

From the table above, the correlation between salaries and earnings is positive but extremely small (5.669E-7) and statistically insignificant (p-value = 0.321). This shows that there is no relevant association between pay and wage expenses and the return on assets for the firms in the sample. The coefficient for training is negative (-2.626E-5), showing that a rise in training expenses is related to a minor fall in ROA. However, this association is also statistically insignificant (p-value = 0.264), demonstrating that training expenses do not reliably predict ROA. Furthermore, the constant term (intercept) is statistically significant (p-value = 0.011), showing that it adds meaning to the model. However, the overall explanatory power of the model is likely poor, given that neither salaries and wages nor training expenses significantly predict ROA.

Table 4: Model Regression Summary for Net Profit Margin

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.056[a]	.003	-.013	62.36494
a. Predictors: (Constant), Training (N'000), Salaries and wages (N'000)				

Source: Author's computation using SPSS version 25

Table 4 shows the R-squared value of 0.03, which suggests that just 0.3% of the variance in net profit margin is explained by the model. Even after controlling for the number of predictors, the adjusted R-squared is negative (-0.013). The standard error of the estimate is 62.36494, which is the average difference between the anticipated values and the actual values.

Table 5: Model Regression Summary for Return on Asset

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
		.108[a]	.012	-.004	22.98837
	a. Predictors: (Constant), Training (N'000), Salaries and wages (N'000)				

Source: Author's computation using SPSS version 25

Table 5 shows that the R-squared value of 0.012 indicates only 0.12% of the variance in the dependent variable is explained by the model. The adjusted R-squared of -0.004 is negative, suggesting the model might not be helpful. The standard error of the estimate is 22.98837, which represents the average difference between the predicted values and the actual values. Based on the results of the ordinary least squares (OLS) regression analysis conducted in Table 4.3 and Table 4above. The regression coefficients (B), intercept (a), and significance of all coefficients in the model were considered to test the null hypothesis that the coefficient is zero. The results presented in Table 3 indicate a negative and statistically insignificant relationship between salaries and wages and net profit margin. The positive coefficient of 5.6.709E-7 suggests a weak positive association, but the associated t-statistic of .435 and p-value of .664 fail to reject the null hypothesis. Consequently, it can be concluded that variations in salary and wageexpenses do not significantly influence the net profit margins of the examined industrial goods companies.

Also, from Table 3 above, the coefficient for training and development (1.052E-5) is positive and insignificant. The standardized coefficient (beta = -.021) suggests a weak positive association. The t-statistic (-.166) and significance level (p = .869) imply this relationship is not

statistically significant. We cannot conclude that training and development costs have a positive impact on net profit margin based on this analysis; therefore, we accept the null hypothesis.

From Table 4 above, the coefficient for salaries and wages (5.669E-7) is positive and statistically insignificant. However, the t-statistic (.997) and significance level (p = .321) indicatethis relationship is statistically significant. Therefore, there is enough evidence to conclude that higher salaries and wages lead to lower ROA in this sample, and so we reject the null hypothesis.

Finally, from Table 4, the coefficient for training and development (-2.626E-5) is negative but insignificant. The standardized coefficient (beta = -.117) suggests a weak negative association. Similar to salaries and wages, the t-statistic (-1.122) and significance level (p = .264) imply this relationship is not statistically significant. We

cannot conclude that training and development costs have a positive impact on ROA based on this analysis, which leads us to accept the null hypothesis.

DISCUSSION OF FINDINGS

Salaries and Wages and Financial Performance: The study revealed from a test of hypothesis one, a positive and insignificant effect of salaries and wages on net profit margin. This suggests that while increasing salaries and wages might lead to higher profits, the current data doesn't provide definitive evidence for this relationship. The reason may be that the net profit margin is likely influenced by various factors beyond just salaries and wages, such as production costs, market demand, and pricing strategies. These factors might have masked the potential impact of salaries and wages in this study. This finding is contrary to that of Ndum and Oranefo (2021), which shows that staff costs, including salaries and wages, have a positive and significant effect on net profit margin. Onyekwulu and Akani (2021) also made similar findings in their study of the relationship between staff cost and the financial performance of quoted companies in Nigeria. Also, while the results indicate a negative relationship between salaries and wages and ROA, the effect size is very insignificant. This suggests that increasing salaries and wages might lead to a slightlylower ROA, but the impact is likely minimal. › The possible reasons are that increased salaries andwages can motivate and improve employee performance, potentially leading to higher productivity and efficiency. However, these wage increases also represent a higher cost for the company. The balance between these two forces may result in a negative net effect on ROA. However, this result contradicts that of Amahalu et al (2023) and Okoro et al (2022), who both, intheir study, found that staff cost has a significant and positive relation with return on asset (ROA). Orwa et al (2022) made similar findings that staff cost has a significant and positive effect on financial performance.

Training and Development Cost and Financial Performance: The study also found a negative but statistically insignificant effect of T&D cost on net profit margin. This suggests that while increasing Training and Development costs might lead to lower profits, the data doesn't provide conclusive evidence for this connection. The reason beyond this conclusion may be that the benefits of training and development, such as increased employee skill and innovation, might take time to translate into higher profits. This study might not have captured the long-term impact on net profit margin. Finally, the study found no statistically significant association between training and development costs and ROA. This implies that, based on this data, increasing T&D expenses may not necessarily lead to a higher ROA for these companies. There are several reasons for this. The benefits of training might take time to show, companies might prioritize short-term gains, or the training itself might be ineffective. Further research with a long-term view and a focus on training quality is needed to understand this relationship better. This finding was contrary to the findings of Major and Biragbara (2023), who found that training and development costs have a negative and significant effect on return on assets. Lambe et al (2021) also made contrary findings in their study that training and development costs have a positive and significant effect on return on assets.

CONCLUSION

The study aims to explore the relationship between human resource expenses and financial performance in the Nigerian industrial goods sector. The investigation found a lack of substantial link between salaries and wages, training expenses, and both net profit margin and return on assets. These findings challenge the common understanding that larger human capital investments directly translate into improved financial performance. While human resources certainly contribute to organizational success, the results imply that the intricacies of the industrial goods industry may hide the direct influence of these costs on profitability and asset returns. Other elements, such as market conditions, operational efficiency, and strategic management, certainly play more critical roles in deciding financial outcomes. The study's shortcomings, including sample size and cross-sectional design, underline the need for more research to delve deeper into the intricacies of this association. Future studies could explore longitudinal data, incorporate a wider range of human capital indicators, and consider the moderating effects of industry-specific factors to provide a more comprehensive understanding of the interplay between human resource costs and financial performance in the Nigerian industrial goods sector. By extending our knowledge in this area, policymakers, industry practitioners, and researchers can design more informed strategies for optimizing human capital investments and ensuring sustained financial success. Based on the outcomes of this study, various recommendations may be proffered: (1) Organizations should acknowledge that while human capital is vital, its direct impact on financial performance may not be as easy as typically imagined. A more nuanced approach is necessary to comprehend the intricate interplay between human resource investments and organizational outcomes. (2) There is a need for further research to understand the long-term effects of human capital expenditures on financial performance. Longitudinal studies can provide useful insights into the time lags involved in receiving the advantages of training and development. (3) Organizations should consider establishing performance management systems that effectively link human resource outcomes to strategic objectives. By integrating human capital activities with business goals, organizations can boost the possibility of obtaining favorable financial returns. By embracing these guidelines, firms can optimize their human capital investments, increase financial performance, and achieve sustainable growth.

AUTHOR CONTRIBUTIONS

Dr. Akuboere S. Korolo: Responsible for the Introduction, development of the Statement of the Problem, conceptualization of the study variables, and review of relevant empirical literature.

Dr. Emmanuel O. Korolo: Responsible for the Methodology, including model specification, regression analysis, and discussion of findings.

Both authors jointly reviewed and approved the final manuscript.

REFERENCES

Adewole, J. A., Ogunyemi, J. K., & Ojo, S. A. (2019). Effect of capitalizing human resource cost on corporate profitability in Ondo State, Nigeria. *International Journal of Shari'ah and Corporate Governance Research*, *2*(1), 14-33.

Agbiogwu, A. A., Ihedinihu, J. U., & Azubuike, J.U.B. (2016). Effect of human resource cost on the profitability of banks in Nigeria. *Expert Journal of Finance,4* (10-18).

Amahalu, N.N., Okudo, C.L., Okafor, O.O., & Onyeka, C.M. (2023). Effect of human resource cost on the profitability of quoted industrial goods firms in Nigeria. *International Journal of Research in Commerce and Management Studies*, *5*(3), 60-76.

Angola, B. T. (2014). Measuring financial performance of companies: The theoretical basis. *Journal of Business and Economics*, 6(3), 94–102.

Bankole, T.O. (2020). Human resource costs' influence on the financial performance of the Nigerian Consumer Goods Company. *American International Journal of Business Management (AIJBM), 3*(3), 31-41.

Baribefe, G.I., & Richard, I.S. (2021). Cost of staff welfare and financial performance of listed pharmaceutical manufacturing firms in Nigeria. *International Journal of Entrepreneurship and Business Innovation*, *4*(1), 82-95.

Bersin, J. (n.d.). The biggest barrier to HR analytics is not technology; it's a lack of a standard language. *Forbes*. https://www.forbes.com/sites/joshbersin/

Bullen, M. L., & Eyler, K. A. (2013). Human resource accounting and international developments: Implications for measurement of human capital. *Journal of International Business and Cultural Studies*, 7(1), 1–12.

Cordelia, O., Ibukun, A., & Adewale, O. (2016). Human capital accounting and firm performance: Evidence from Nigeria. *Research Journal of Finance and Accounting*, 7(14), 1–9.

Gordon, D. (2021). Understanding financial performance in modern organizations. *Journal of Finance and Economics*, 11(2), 15–27.

Halimatu, S.A., Musa, I.F., & Abdullahi, D.Z. (2020). Effect of employee benefits on the efficiency of selected and listed consumer goods companies in Nigeria. *Nassarawa State University Keffi Journal of Banking and Finance Research, 7*(2), 34-48.

Jesuwunmi, A.D., Nzewi, U.C., Obelogu, M.I., & Udodi, C.C. (2017). Human resource valuation and financial performance of Nigerian listed companies. *Canadian Contemporary Research Journal*, *1*(1), 40-68.

Kaodui, L.I., & Owei-Owusu, V.N.Y. (2020). The impact of human resource cost on the profitability of firms: Empirical evidence of selected listed companies on the Ghana stock exchange. *International Journal of Management Sciences and Business Research, 9(10),* 188-197.

Kharal, M. K. N., Shahbaz, M., Zia-ur-Rehman, M., & Riaz, M. (2014). Role of knowledge and human resources in competitive advantage: A case of the banking sector in Pakistan. *International Journal of Learning and Development*, 4(2), 117–130.

Korolo, A. S., & Korolo, E. O. (2024). Human Resource Costs and Corporate Financial Performance of Listed Deposit Money Banks in Nigeria. *FUDMA Journal of Accounting and Finance Research [FUJAFR]*, *2*(2), 56–70.

Lambe, I., Orbunde, B., & Ojeh, P. (2022). Effect of human capital resource on the financial performance of listed oil and gas firms in Nigeria. *Bingham International Journal of Accounting and Finance (BIJAF),2*(1), 1-12.

Major, H.I., & Biragbara, D.S. (2023). Human capital costs and financial performance of listed healthcare firms in Nigeria. *Indian International Journal of Research in Accounting, Marketing and Management*, *8*(1), 47-66.

Ndum, N.G., & Oranefo, P. (2021). Human resource cost and financial performance: A study of quoted brewery firms in Nigeria. *International Journal of Innovative Finance and Economics*, *9*(2), 73-84.

Nowman, K. (1999). Human resource cost and development accounting. *European Accounting Review*, 8(4), 679–704.

Ogenyi, A. E., & Oladele, A. I. (2015). Human resource accounting and financial performance of firms in Nigeria. *Journal of Contemporary Research*, 5(4), 124–137.

Obulor, O.N., & Ohaka, J. (2019). Training cost and financial performance nexus: sector analysisof quoted manufacturing firms in Nigeria. *Research Journal of Finance and Accounting*, *10*(18), 83-92.

Ogunyemi, J.K., Adewole, J.A., & Akinde, J.A. (2019). Employees' remuneration and performance in Nigerian Breweries plc. *International Journal of Business and Management Future*, *3*(1), 1-18.

Okafor, U.I., Ohachosim, C. I., & Oji, R.N. (2022). Expenditure on human resources and financial performance of quoted manufacturing companies in Nigeria. *East Africa Scholars Journal of Economics, Business and Management*, *5*(2), 48-80.

Okoro, A.V., Paago, L., & Celestine, A.E. (2022). Human resource cost and financial performance: Evidence from listed pharmaceutical companies in Nigeria. *European Journal of Accounting, Finance and Investment*, *8*(5), 1-8.

Omodero, C.O., Alpheaus, O.E., & Ihedinihu, J.U. (2016). Human resource costs and financial performance: Evidence from selected listed firms in Nigeria. *European Center for Research Training and Development UK*, *3*(4), 14-27.

Onoriode, O.H., & Samuel, A.I. (2022). Effect of employee maintenance and training costs on organizational performance. *Aksu Journal of Management Sciences (AKSUJOMAS)*, *7*(1&2), 96-106.

Onoriode, O.H.(2022). Effect of human capital development cost on the firm financial performance of listed manufacturing companies in Delta State, Nigeria. *Fuoye Journal of Management, Innovation and Entrepreneurship*, *1*(1), 77-85.

Orwa, E.A., Ouma, D., & Okwemba, E.M. (2022). Personnel costs and financial performance of listed companies in Kenya. *American International Journal of Business Management (AIJBM)*, *5*(10), 32-38.

Orwa, E.A., Ouma, D., & Okwemba, E.M. (2022). Training and development costs and financial performance of listed companies in Kenya. *International Journal of Research Trends and Innovation*, *7*(10), 74-78.

Perkins, S.J. (2009). Wayne Cascio and John Boudreau (2008). Investing in people: Financial impact of human resource initiatives, *48*(1), 177-180.Shuklar, S.I. (2021). The concept ofpopulation and sample. Https://www.researchgate.net/publication/346426707, 1-7.

Sule, O.E., Amuni, I.I., Obaran, K.A., & Banji, H.A. (2015). Wages and salaries as a motivationaltool for enhancing organizational performance. A survey of selected Nigerian workplaces. *EuroEconomics*, *34*(1), 7-26.