



HUMAN RESOURCE ACCOUNTING DISCLOSURE AND FINANCIAL PERFORMANCE OF LISTED BANKS IN NIGERIA

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Abstract

This study examined human resource accounting and financial performance of quoted banks in Nigeria. Specifically, the study examined the relationship between training and development cost, employee educational qualification, employee benefit expense, director's salary and financial performance of quoted banks in Nigeria. Multiple regression estimation approach was employed on information extracted from a sample consisting of fourteen (14) quoted banks on the Nigerian Exchange Group between the period of ten (10) years (2012 to 2021). Panel Least Square (PLS) regression technique was employed in estimating the data and testing the formulated hypotheses. The findings revealed that there is a negative and significant relationship between training and development, employee benefit expense, director's salary and financial performance of quoted banks in Nigeria. The results also uncovered that there is a negative and insignificant relationship between employee educational qualification and financial performance of quoted banks in Nigeria. In line with the findings, the study recommends that the management of quoted banks in Nigeria should take the issue of training and development of their employees seriously. They should not consider training and development cost as a waste but an avenue to improve the financial performance of their respective banks. It is also recommended that the management of quoted banks as well as other sectors of the economy should take the issue of employee benefit expense very seriously to enable their employee to stay with their jobs thereby helping these banks and others corporate organizations achieve a more rapid growth, and enhanced financial performance and consequently improving the nation's economy.

Key words: Training and Development Cost, Employee Educational Qualification, Employee Benefit Expense, Director's Salary, Financial Performance, Human Resource Accounting

Introduction

The role played by the banking sector toward the development and growth of any economy cannot be overemphasized and is due largely to the fact that all other sectors of the economy, be it: manufacturing, oil and gas, real estate, mining to mention but few, all depend on the banking sector for their survival. Thus, the issue of contribution of banks on Nigeria's economic growth and development is very important (Akintola & Adesanya, 2021). Isedu and Erhabor (2021) say that banks exist because they perform certain special functions that other financial intermediaries cannot replicate. These special functions are the intermediating roles between

savers (depositors) and the borrowers; that is, mobilizing idle financial resources from the surplus units (that is, savers, through the various accounting systems and bills discounting), and making this financial resources available to the deficit units (that is, fund seekers who are in need of funds – the borrowers) through loans and/or credits, and when they (the banks) invest in securities.

Abubakar (2021) opined that banks play a crucial role in the economic resource allocation of countries by channeling funds from depositors to investors. This indicates that banks work as a key players in the financial sector and ultimately maintain the financial stability of any nation's economy. They offer important services of providing deposit and loan facilities for personal and corporate customers, making credit and liquidity available into business organizations and facilitate the nation's payments systems (Abubakar, 2021). Besides, banks are also the vehicles of transmitting effective monetary policy of the Central Bank and in a way they share the responsibility of stabilizing economy (Abubakar, 2021).

Banks primarily exists to make profit. The profit motive of banks has often been perceived as the factors responsible for their lack of concern for all other objectives of an organization. But today banks are realizing that in order to stay profitable as well as enhance financial performance in a rapidly changing environment, they would have to employ the practice of human resource accounting. Therefore, the belief that beyond making profit for the shareholders, banks should also serve the interests of all employee has culminated into the concept of human resource accounting (Ananaba & Chukwuka, 2016). Similarly, Eze and Victor (2013) opined that, in the past, the society did not attach importance to the issue of human resource accounting, as their expectations were only focused on organizations efficient resource allocation, its profit maximization as well as financial performance. Although in the contemporary era, it has gone beyond that as banks (corporate organization) now reason beyond profit maximization hence engaging in human resource accounting.

Enofe, Mgbame, Otuya and Ovie (2013) explained that human resource is a term which refers to the set of individuals who make up the workforce of an organization or a business entity. Enofe, Mgbame, Otuya and Ovie (2013) further disclosed that human resource accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties. Onyeukwu, Ihendinihu and Nwachukwu (2021) say that human resource accounting involves accounting for expenditure relating to human beings in an organization.

Nwauzor and Longjohn (2020) posited that human resource accounting concept addresses the management of a company's resources (employees and individual contractors), as a key asset to delivering long-term value. It includes factors that affect the productivity of employees, such as employee engagement, diversity, and incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. It also addresses the management of labor relations in industries that rely on economies of scale and compete on the price of products and services, or in industries with legacy pension liabilities associated with vast workforces. Lastly, it includes the management of the health and safety of employees and the ability to create a safety culture for companies that operate in dangerous working environment as well as product innovation and looking at efficiency and responsibility in the design, use-phase, and disposal of products.

According to Fernando, Yusoff, Khatibi and Azam (2020) effective utilization of human resource accounting is important in the business and highlighted that human resource approaches are much crucial to beat the extreme competition, create high financial performance.

Therefore, having carefully looked at most of the previous studies on human resource accounting and financial performance, the researcher found that most of the previous studies emphasized more on organizations like manufacturing companies, oil and gas among others, with little focus on quoted banks. This means that the findings of these studies cannot be generalized to employees in the banking sector given the difference in the way both sectors (companies) are run. Thus, the need to examine human asset accounting disclosure and corporate performance of quoted banks in Nigeria.

In view of the above, there is the need to conduct a study with the aim of filling these gaps that exist in the literature.

In this regard, this study examines human resource accounting disclosure (proxied by training and development cost, employee educational qualification, employee benefit expense, director's salary) and financial performance (as proxied by Return on Asset) of listed banks in Nigeria.

Literature Review

Conceptual Review

Financial Performance

The term financial performance cannot be put into a tight framework of definition. It is a distinct phenomenon that can be interpreted and measured in different ways. Different users from their point of views can evaluate from various angles and viewpoints (Olaoye, Olaoye & Adebayo, 2019). A financial analyst can judge performance from profitability and growth point of view. An economic planner can be concerned with the equal distribution of gains and wealth, besides the effective and efficient utilization of resources. A welfare economist will be concerned with the equal distribution of gains and wealth besides efficient utilization (Olaoye, Olaoye & Adebayo, 2019). Financial performance assesses the fulfillment of a firm's economic goal and this relates to various subjective measure of how well a firm can use its given assets from primary mode of operation to generate profit (Joshua, Efiog & Imong, 2019).

Human Resource Accounting

Human Resource Accounting, also known as Human Asset Accounting, is an information system involved in identifying, measuring, capturing, tracking and analyzing the potential of the human mix of a company and communicating the resultant information to the stakeholders of the company (Inua & Oziegbe, 2018). It is a method by which a cost is assigned to every employee when recruited, and the value that the employee would generate in the future (Inua & Oziegbe, 2018).

Adebawojo, Enyi and Adebawo (2015) see Human Resource Accounting as the systematic accumulation of information about changes in investments made in human resources and reporting back the information to operating managers in order to assist them to make better decisions than they would have been able to make without such additional information.

Employee Educational Qualification

Education, when viewed as a demographic factor, refers to the general knowledge possessed by the employee. It highlights the employee's capability to understand, basically, the factors influencing organizational performance and to be able to utilize such factors as a result of such basic understanding (Adekoke, 2019). Education has a pivotal role in nation as well as individual character building. It is a life line for any society and nation (Khan, Igbal & Tasneem, 2015).

Educational level refers to scholastic attainment of employee in schools/colleges, which could play an important role in determining organizational financial performance. It is believed that employees' educational level may be the main source of influence that determines organizational financial performance (Amuda & Ali, 2016).

Employee Benefit

Corporate organizations employ numerous compensation systems to encourage employee performance. These compensation systems are targeted at providing a reward in response to individual performance (Kang, Yu & Lee, 2016). Stalmašková, Genzorová and Čorejová (2017) describe employee benefits as rewards that the company provides to employees only for the fact that they are its employees. Usually, they are not tied to employee performance. Sometimes however, they depend on status of employee in the company, his merits and the time he has worked in the company.

Ju, Kong, Hussin and Jusoff (2008) defined employee benefits as any form of compensation provided by the organization other than wages or salaries that are paid for in whole or in part by the employer. Employee benefits are also essential for the development of corporate industrial relations; examples include retirement plans, child care, elder care, hospitalization programs, social security, vacation and paid holidays (Ju, Kong, Hussin & Jusoff, 2008).

Director's Salary

Salary is generally observed as the aggregate income of an individual and may involve a range of discrete payments attained through different resources (Wayne, Shore, Bommer & Tetrick, 2002). Salary is defined as reward given to people for work done (Alwaki, 2018). The indicators of compensation include: fundamental pay, wages, wellbeing plans, pension plans, transport remittances, over time recompenses and responsibility stipends (Baker & Demerouti, 2007). Salary can likewise be alluded to as monetary or fiscal benefits in form of pay rates, compensation, rewards, impetuses, recompenses and benefits that is accumulated or given to a worker or a group of workers by the business (firm) because of benefits rendered by the employee(s), commitment to the organization or reward for work (Alwaki, 2018).

Theoretical Framework

The theoretical framework for this research is anchored on Human Capital Theory.

Human Capital Theory

Human capital theory developed by Becker (1964) because the theory explained that the competent, knowledge, abilities, capabilities and skills of a firm workforce contribute greatly to the firm performance and competitive advantage. Therefore, human resource training and development decisions and evaluations have to be done based on clearly developed capital investment models. Human capital is the capabilities of people, staff or employees in an organization, firm can only be productive if there are enough human resources.

Empirical Review

A number of studies have been conducted on human resource accounting disclosure and financial performance. Some of these studies are discussed below under the following subheadings:

Training and Development Cost and Corporate Performance

Lambe, Orbunde and Ojeh (2022) assessed the effect of training and development cost on financial performance of listed oil and gas firms in Nigeria. The expo-facto research design was adopted with reliance on secondary data from annual report of listed firms. The purposive sampling technique was employed in selecting the 12 firms out of 14 oil and gas firms in Nigeria for 2011 – 2021 financial year. To carry out this objective three method of panel regression estimation was used which is fixed effect by Hausman test which was analyzed using E-views 10. The finding show that training and development cost has positive significant effect on return of asset.

Nwauzor and Longjohn (2020) investigated human capital accounting and financial performance of oil and gas companies in Nigeria. Hypothesis were formulated to empirically guide this study, the study adopted expo facto research design. The population of the study is quoted nine (9) downstream oil and gas firms in Nigeria as listed on the Nigerian Stock Exchange (NSE) as at 2018. The result showed that regression results demonstrate that the relationship between training cost and market share is positive and statistically significant.

Olaoye and Afolalu (2020) examined the effect of human capital accounting on Earning per Share (EPS) of deposit money banks in Nigeria. Secondary data were collated from annual reports of the sixteen deposit money banks listed on the Nigerian Stock Exchange between 2006 and 2017. The study employed static panel data of fixed and random effect to explore the relationship between human capital accounting and EPS of deposit money banks in Nigeria. Post estimation test (Hausman Test) was also conducted to select the best and most consistent estimator. Random effect was selected to achieve the stated objective. The results of the random effect revealed that training and development have significant positive relationship with EPS.

Employee Educational Qualification and Financial Performance

Makinde, Tayo and Olaniyan (2018) examined the effect of educational qualifications on employee productivity in selected deposit money banks in Lagos State, Nigeria. The study adopted the descriptive survey research design. The population was 2,704 consisting the senior and middle level management staff of five selected banks. Sample size of 450 was selected using the Krejcie and Morgan table and proportionate random sampling method was adopted. The research instrument was validated and deemed reliable. The KMO results ranged from 0.751 to 0.897 while the Cronbach's Alpha coefficient ranged from 0.856 to 0.912. The data were analyzed using the simple regression analysis. The findings revealed that educational qualification had a significant positive effect on employee productivity.

Ishola, Adeleye and Tanimola (2018) inquire into the contributions of educational and professional certification to job performance among financial accounting staff of a university in Nigeria. The survey capture both perceived-cum-the experience of job performance and professionalism among bursary staff of a first generation University in Southwest Nigeria using a standardized self-report questionnaire containing job performance scale, items on normative & professional accounting roles and socio-demographic profile. Three hypotheses were answered using multiple regression analysis and one-way ANOVA at $p \leq .05$. Results show that, Bursary staff with professional qualification reported more job performance than non-certified staff. Bursary staff with higher tertiary education performed better in accounting task than those with lower qualification. Thirdly, significant results were found for gender and age as predictors of job performance.

Magoutas, Agiomirgianakis and Papadogonas (2011) examine the role of education and its influence on firms' financial performance. More specifically, they estimated an empirical model using panel data techniques and data from the Greek manufacturing industry. The panel concerns 287 firms and spreads over two time periods, the years 2004 and 2006. Their results suggest that education significantly influences the economic performance of Greek manufacturing firms.

Employee Benefit Expense and Financial Performance

Kang, Yu and Lee (2016) investigate the effects of employee benefits on employee productivity. There are conflicting views, positive and negative, with regard to the effect of employee benefits on employee productivity. Overall, they found that employee benefits have a positive impact on employee productivity through the embodied effect (direct effect). Specifically, according to a workplace panel survey in Korea conducted between 2005 and 2009, an increase of one unit in employee benefits leads to an increase of employee productivity by about 7.9%. In addition, they found that such effect is stronger in the manufacturing industry than in the non-manufacturing industry. Although there is no difference in the effect of benefits between large firms and small and medium-sized firms, the labor-embodied effect is stronger in large firms, and the capital-embodied effect is salient in small and medium-sized firms.

Ekere and Amah (2014) determine how benefits affect job satisfaction and performance among staff in the private medical establishments in Port Harcourt, Nigeria. The study examined relevant literature in the area and concluded that the benefits and remuneration in the private medical sector in Port Harcourt, Nigeria is poor and the level of job satisfaction is also low leading to low job performance. The study therefore recommends that there is need for improvement through advocacy and government regulations.

Obasan (2012) link compensation with performance using selected firms in Nigeria as a case study, they specifically covered three conglomerates in Nigeria. The choice of this case study was not unconnected with the fact that these companies are among the largest employers of labour in the manufacturing industry in Nigeria. Using the cross-sectional data analysis, we found that compensation strategy has the potential beneficial effects of enhancing workers' productivity and by extension improving the overall organizational performance. Therefore, the significance of compensation cannot be overemphasized in an organization and is in fact a veritable option for attracting, retaining, and motivating employees for improved organizational productivity. This finding further enriches the literature supporting that a higher pay guarantees a higher productivity and vice-versa.

Director's Salary and Financial Performance

Lawrence (2020) examined the impact of directors' remuneration on firms' performance for thirteen (13) commercial banks listed on the Nigerian Stock Exchange for the period 2010 to 2017. The study is guided by the objective of finding the effects of directors' remuneration on firm performance. The study employed Descriptive Statistics, Correlation Matrix, and the Ordinary Least Square Regression Techniques in analyzing the related data set. Findings from the study revealed that there is no significant relationship between directors' remuneration (proxy as directors' salary and bonus share) and firm's performance in terms of shareholders' value of Tobin Q, among listed banks in Nigeria.

Soni and Singh (2020) examined the trends and patterns in remuneration of directors working for the largest 30 listed companies in India over the past 18 years, i.e., from 2002 to 2019. Results

also confirm a short-term bi-directional association between directors' remuneration and firm performance variables. Further, the outcomes of the panel least square regression confirm the subsistence of a strong pay-performance association for the variable components of directors' remuneration.

Ahmed, Bahamman and Abdulkarim (2020) investigate the moderating effect of selected board attributes on the relationship between directors' remuneration and financial performance of listed insurance companies in Nigeria. Data was generated from annual reports and accounts of listed Insurance companies in Nigeria from 2012 to 2017. The study comprises of all 28 insurance companies listed on the floor of the Nigerian stock exchange market, out of which 19 insurance companies were randomly selected as sample for the study. Data was analyzed using pooled OLS, fixed and random effects regression. It was found that directors' remuneration is positively and significantly related to financial performance at 10% level of significance. On the interaction variables, it was found that the presence of more independent directors on the board strengthens the positive impact of directors' remuneration firm performance.

Methodology

Research Design

The research design that adopted for this study is a cross-sequential research design covering a time period of ten (10) years that is 2012 – 2021 (ten financial years). The choice of this design is based on the nature of the study which entails the collection of data from all quoted banks of the Nigerian Stock Exchange and over a long period of time. With this design, the researcher collected data that had occurred already and in which no further manipulation was required to examine human resource accounting and financial performance of listed banks in Nigeria.

The population of the study

The population of the study consists of the entire fifteen (15) quoted banks on the Nigeria Exchange Group. Each bank in the population must have finished its obligation in delivering annual report for the year ended 2021.

Sample size

In a bid to obtain a sample size from the population, this study adopted Krejcie and Morgan (1970) sample size computation table. The Krejcie and Morgan's sample size calculation table does not require any calculation. Therefore, based on the Krejcie and Morgan's sample size determination table, the sample size for this study is fourteen (14) quoted banks on the Nigeria Exchange Group from 2012 – 2021.

The study derive the final sample size of fourteen (14) quoted banks on the Nigeria Exchange Group from the Krejcie and Morgan's sample size determination table since we needed to employ cross sections (commercial banks) with similar traits and qualities over the study period. The study's final sample size was determine using a strategy of purposeful non-probability sampling, which took into account the availability and accessibility of relevant information (data) required for the investigation.

Data Analysis Technique

This study employed the use of the Panel Least Square (PLS) analysis technique which entails the use of the fixed-effect model and random effect model to ascertain the causal relationship that

exists between these variables. The Hausman test shall be utilized for this study due to the panel analysis that will be carried out which shall make reference to two models the fixed effect model and the random effect model. This test shall be carried out to select between these models

Model Specification

To investigate human resource accounting and financial performance of listed banks in Nigeria, the study adopted and modified the model of Lambe, Orbunde and Ojeh (2022). The model in their econometric form is given below:

The model for the study is expressed as;

$$ROA = \beta_0 + \beta_1ER + \beta_2TDC + \beta_3MHE + \epsilon_{it} \dots \dots \dots (1)$$

Where:

- β_0 = The autonomous parameter estimate (Intercept or constant term)
- $\beta_1- \beta_3$ = Parameter coefficient of Human Capital Efficiency
- ROA = Return on Asset
- EM = Employee Remuneration
- TDC = Training and Development Cost
- MHE = Medical and Health Expenses
- ϵ_{it} = Stochastic Error term

However, the study adapt the work of Lambe, Orbunde and Ojeh (2022) by employing additional variables such as Employee Educational Qualification (EEQUA) and Director’s Salary (DISAL) in order to deepen the scope due to the peculiarity of the region under investigation. Therefore the regression model is specified below:

In a functional form, we have

$$FPER = f(TRDEC, EEQUA, EBEX, DISAL)$$

Expressing equation in econometric form, we have

In econometrics we have,

$$FPER_{it} = \beta_1TRDEC_{it} + \beta_2EEQUA_{it} + \beta_3EBEX_{it} + \beta_4DISAL_{it} + U_t$$

Where:

- FPER = Financial Performance (as proxy for Return on Asset)
- TRDEC = Training and Development Cost
- EEQUA = Employee Educational Qualification
- EBEX = Employee Benefit Expense
- DISAL = Director’s Salary

Data Presentation, Analysis and Interpretation

Presentation of Descriptive Statistics

Table 1: Descriptive Statistics

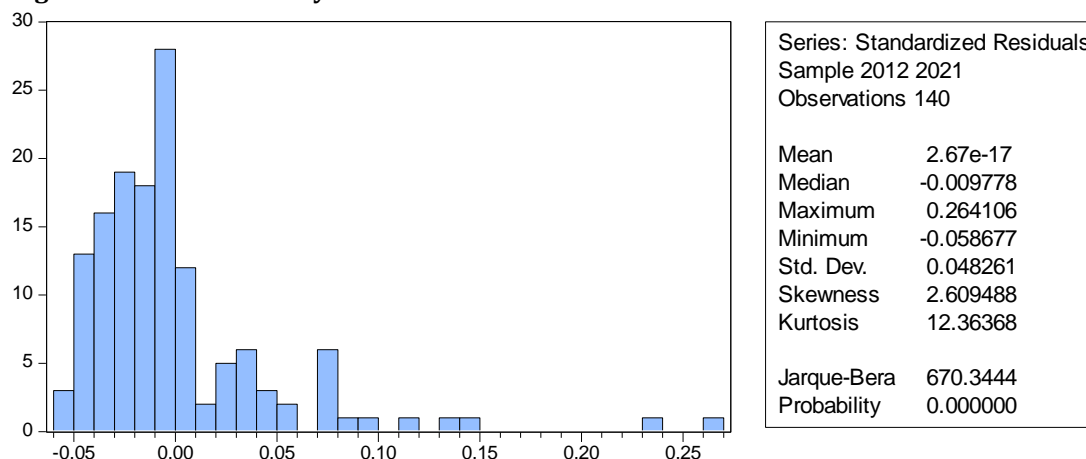
	FPER	TRDEC	EEQUA	EBEX	DISAL
Mean	0.035553	4.500615	0.814286	4.842211	3.993793
Median	0.017473	3.889919	1.000000	4.740666	3.694578
Maximum	0.307366	7.406526	9.000000	8.248900	6.619417

Minimum	-0.020114	2.025306	0.000000	2.193125	2.096910
Std. Dev.	0.050241	1.621924	0.818717	1.477393	1.331043
Skewness	2.960786	0.220921	6.983548	-0.057084	0.154497
Kurtosis	13.27003	1.425643	72.65147	2.057111	1.426346
Jarque-Bera	819.8085	15.59730	29437.38	5.262093	15.00255
Probability	0.000000	0.000410	0.000000	0.072003	0.000552
Sum	4.977382	630.0861	114.0000	677.9096	559.1310
Sum Sq. Dev.	0.350861	365.6588	93.17143	303.3941	246.2629
Observations	140	140	140	140	140

Source: E-view 9.0 Output, 2023

The descriptive statistics in table 4.1 shows the characteristics of the variables from the selected banks that formed the overall sample of the study. As observed, the mean value of the dependent variable Financial Performance (as proxy for Return on Asset) (FPER) showed negative and positive value ranging from -0.020114 to 0.307366 suggesting that Financial Performance (as proxy for Return on Asset) (FPER) of the selected banks for the period under review skewed towards the negative and positive. The mean values of all the other independent variables [Training and Development Cost (TRDEC), Employee Educational Qualification (EEQUA), Employee Benefit Expense (EBEX) and Director’s Salary (DISAL)] showed positive values with mean values of 4.500615, 0.814286, 4.842211, and 3.993793 respectively. The standard deviations of each of the variables showed minimal dispersion (\pm) from the mean values which are highly desirable. More so, the probability values of the Jarque Bera test for all factors are significantly lower than the 0.05 indicating that the series are uniformly distributed.

Figure 1 Normality Test



Source: Researchers Computation, (2023)

The histogram normality and other descriptive statistics of the regression variables are revealed in the normality test above. The result showed a mean Jarque-Bera test of 670.3444 and associated probability value of 0.000000 which is significantly lower than the 5% level indicating

that not all the series are evenly distributed. Thus, the issue of endogeneity arising from the heterogeneous nature of the data are likely evident.

Table 2: Correlation Analysis

Covariance Analysis: Ordinary

Date: 08/12/23 Time: 18:34

Sample: 2012 2021

Included observations: 140

Correlation					
t-Statistic					
Probability	FPER	TRDEC	EEQUA	EBEX	DISAL
FPER	1.000000				

TRDEC	-0.187580	1.000000			
	-2.243387	-----			
	0.0265	-----			
EEQUA	-0.006582	-0.270720	1.000000		
	-0.077321	-3.303608	-----		
	0.9385	0.0012	-----		
EBEX	-0.156443	0.255614	-0.077336	1.000000	
	-1.860700	3.105969	-0.911216	-----	
	0.0649	0.0023	0.3638	-----	
DISAL	-0.108209	0.591423	-0.106461	0.769675	1.000000
	-1.278672	8.616041	-1.257780	14.16217	-----
	0.2032	0.0000	0.2106	0.0000	-----

Source: Eviews 9 (2023)

Table 2 presents the correlation matrix of variables adopted in the study. The aim is to show how the variables are related among themselves and to also check for possible high correlations which could lead to multicollinearity problem. As observed from the result, an insignificant negative correlation exists between the dependent variable Financial Performance (proxied by return on asset) (FPER) and the variables of Training and Development Cost (TRDEC), Employee Benefit Expense (EBEX) and Director’s Salary (DISAL) at -0.187580, -0.156443 and -0.108209 respectively; while the variables of Employee Educational Qualification (EEQUA) showed insignificant positive associations with the dependent variable Financial Performance (proxied by return on asset) (FPER) at -0.006582. However, the variable that have significant association with the dependent variable of Financial Performance (proxied by return on asset) (FPER) passed the scale at 1% level of confidence. This suggests that all the independent variables move in the same direction with the dependent variable. It is also observable that the issue of high-correlation is not evident among the variables as none of the correlation coefficients is above 0.90.

Diagnostic Tests

To ensure reliability and validity of the empirical results, some diagnostic tests were conducted. In order to test for the presence of multicollinearity in the model, the Variance Inflation Factor

(VIF) was carried out, the Hereroskedasticity test was conducted using Breusch-pagan-Godfrey test.

Table 3: Variance Inflation Factors

Variance Inflation Factors
Date: 08/12/23 Time: 18:40
Sample: 1 140
Included observations: 140

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
TRDEC	1.2865666	17.17495	1.961674
EEQUA	2.821760	2.188526	1.096280
EBEX	2.307620	34.50566	2.919377
DISAL	4.105948	42.44867	4.216296
C	0.000345	20.13165	NA

Source: Eviews 9 (2023)

The result of the variance inflation factor in Table 4.3 shows the absence of multicollinearity. The centered VIF values of the explanatory variables are far below the benchmark of 10. The explanatory variables of Training and Development Cost (TRDEC) reported a centered VIF of 1.961674; Employee Educational Qualification (EEQUA) 1.096280, Employee Benefit Expense (EBEX) 2.919377 and Director’s Salary (DISAL) 4.216296. All the variables of the model recorded a centered VIFs that are not substantially above 5.00 and are not indicative of the problem of multicollinearity.

Table 4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	2.498221	Prob. F(4,135)	0.0456
Obs*R-squared	9.648777	Prob. Chi-Square(4)	0.0468
Scaled explained SS	50.97681	Prob. Chi-Square(4)	0.0000

Source: Researcher’s Compilation (2023)

The test for Heteroskedasticity is presented in Table 4.4. It checks for the presence of non-constant variable leading to the breakdown of the BLUE properties in which the efficiency and consistency property may be lost. The decision rule is to conclude that there is no Heteroskedasticity if the F-statistic values are respectively greater than the critical values at 5% level. In the absence of this (i.e. if the critical values at 5% is greater than the F-statistic and observed R-square value), we conclude that there is Heteroskedasticity. As shown in Table 4.4, the p-value (4.13%) of the corresponding observed chi-square value is greater than 5%. Hence, we accept the null hypothesis of heteroskedastic error term which is desirable. The implication of this is that the regression results can be applied reliably.

Estimation Results

The fixed effect and random effect model estimation technique were adopted. However, in order to ascertain the one that is most appropriate. The Hausman’s Test was applied; the result obtained is show below:

Table 5: Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: Untitled
Test period random effects

Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random		2.876110	4	0.5788
** WARNING: estimated period random effects variance is zero.				
Period random effects test comparisons:				
Variable	Fixed	Random	Var(Diff.)	Prob.
TRDEC	-0.010279	-0.009905	0.000001	0.6246
EEQUA	-0.004294	-0.005151	0.000001	0.4647
EBEX	-0.012339	-0.011396	0.000001	0.3319
DISAL	0.013723	0.012452	0.000002	0.3709

Source: Author's Computation (2023)

Null Hypothesis: Random effect model is not desirable

Alternative Hypothesis: Random effect model is desirable.

Decision Rule: Accept null if product is greater than 5%.

Accept alternative if product is less than 5%.

From the result of the Hausman Test, the chi-square statistics has a value of 0.57 and the corresponding p-value is greater than 5%. Hence, the null hypothesis was accepted. This implies that the random effect model is most appropriate for the study, (see appendix) in order to provide a comprehensive overview of the results.

Table 5:

Dependent Variable: FPER
Method: Panel EGLS (Period random effects)
Date: 08/12/23 Time: 18:32
Sample: 2012 2021
Periods included: 10
Cross-sections included: 14
Total panel (balanced) observations: 140
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TRDEC	-0.009905	0.003652	-2.712342	0.0076
EEQUA	-0.005151	0.005408	-0.952486	0.3426
EBEX	-0.011396	0.004891	-2.330173	0.0213
DISAL	0.012452	0.006524	1.908737	0.0584

C	0.089775	0.018906	4.748596	0.0000
	Effects Specification			
			S.D.	Rho
Period random			0.000000	0.0000
Idiosyncratic random			0.049856	1.0000
	Weighted Statistics			
R-squared	0.777259	Mean dependent var		0.035553
Adjusted R-squared	0.649919	S.D. dependent var		0.050241
S.E. of regression	0.048971	Sum squared resid		0.323754
F-statistic	2.825823	Durbin-Watson stat		1.642153
Prob(F-statistic)	0.007310			
	Unweighted Statistics			
R-squared	0.777259	Mean dependent var		0.035553
Sum squared resid	0.323754	Durbin-Watson stat		1.642153

Source: Researcher's Computation via Eviews 9 (2023)

As shown in the above table, the R-squared coefficient of determination stood at 0.77 which indicates that the model explains about 77% of the systematic variations in the dependent variable Financial Performance (proxied by return on asset) (FPER). The Adjusted R² which controls for the effect of inclusion of successive explanatory variables on the degrees of freedom was 64% meaning that about 36% of the systematic variations in Financial Performance (proxied by return on asset) (FPER) were not explained by the model after adjusting for the degree of freedom. However, the proportion of the variation not captured by the model has been addressed by the error term. The f-statistics value and the associated p-value stood at 2.825823 and 0.007310 respectively indicating that the hypothesis of a joint statistical significance of the model cannot be rejected at 5% level of significance and the linearized specification of the model can be assumed as appropriate.

The evaluation of the slope coefficients of the independent variables revealed the existence of negative relationship between Training and Development Cost (TRDEC), Employee Educational Qualification (EEQUA), Employee Benefit Expense (EBEX) and the dependent variable Financial Performance (proxied by return on asset) (FPER) as depicted by the slope coefficient of -0.009905, -0.005151 and -0.011396 respectively. On the other hand, the other independent variable of Director's Salary (DISAL) has positive relationships of 0.012452 with the dependent variable Financial Performance (proxied by return on asset) (FPER) as shown in the table. It is worthy to note that the variables of Training and Development Cost (TRDEC), Employee Benefit Expense (EBEX) and Director's Salary (DISAL) passed the significance test at 5% level respectively, while the other one independent variable of Employee Educational Qualification (EEQUA) was not statistically significant meaning the variable of Employee Educational Qualification (EEQUA) did not significantly influence Financial Performance (proxied by return on asset) (FPER) of quoted banks in Nigeria during the period under review as depicted by the findings of this study. Thus, a unit change in Training and Development Cost (TRDEC), Employee Benefit Expense (EBEX) and Director's Salary (DISAL) will likely influence Financial Performance (proxied by return on asset) (FPER) significantly by up to 0.00%, 0.02% and 0.05% respectively.

Lastly, the Durbin-Watson value of 1.64 suggests that there is no evidence of autocorrelation among the error term.

Test of Hypotheses

The employed hypotheses are statistically tested below as shown in their null form. The study sets its decision rule for the acceptance of the hypothesis at 5% level of significance; hence, the null hypothesis would be rejected if the probability value is less than 5% (0.05). The following are the results of the tested hypothesis:

Hypothesis One:

H₀₁: There is no significant relationship between training and development cost and financial performance of quoted banks in Nigeria.

The first hypothesis of the study seeks to justify if there is significant relationship between Training and Development Cost (TRDEC) and Financial Performance (proxied by return on asset) (FPER). Utilizing the regression output in the previous table, and judging by the significance level of 0.0076 which is less than the 0.05 significance level as depicted in the regression Table 5, the study therefore reject the null hypothesis and concluded that there is significant relationship between training and development cost and financial performance of quoted banks in Nigeria during the period of the study.

Hypothesis Two:

H₀₂: There is no significant relationship between employee educational qualification and financial performance of quoted banks in Nigeria.

In the second hypothesis, the study seeks to clarify whether or not if there is a significant relationship between Employee Educational Qualification (EEQUA) and Financial Performance (proxied by return on asset) (FPER). Based on the regression result in table 5, Employee Educational Qualification (EEQUA) was negatively and insignificantly related to Financial Performance (proxied by return on asset) (FPER). It had a p-value of 0.3426 which is far greater than the critical value of 0.05. Hence, the null hypothesis as stated is accepted. This means that there is no significant relationship between employee educational qualification and financial performance of quoted banks in Nigeria.

Hypothesis Three

H₀₃: There is no significant relationship between employee benefit expense and financial performance of quoted banks in Nigeria.

The third hypothesis of the study seeks to determine whether or not a significant relationship exists between Employee Benefit Expense (EBEX) and Financial Performance (proxied by return on asset) (FPER). Based on the regression output in the previous table 5, and judging by the significance level of 0.0213 which is less than the 0.05 significance level as depicted in the regression. The study therefore rejects the null hypothesis and concluded that there is a

significant relationship between employee benefit expense and financial performance of quoted banks in Nigeria during the period of the study.

Hypothesis Four

H₀₄: There is no significant relationship between director's salary and financial performance of quoted banks in Nigeria.

The third hypothesis of the study seeks to determine whether or not a significant relationship exists between Director's Salary (DISAL) and Financial Performance (proxied by return on asset) (FPER). Based on the regression output in the previous table 5, and judging by the significance level of 0.0584 which is less than the 0.05 significance level as depicted in the regression. The study therefore rejects the null hypothesis and concluded that there is a significant relationship between director's salary and financial performance of quoted banks in Nigeria during the period of the study.

Summary of Findings, Conclusion and Recommendations

Summary of Findings

Sequel to the data collected from the financial statement of selected quoted banks in Nigeria, and the analysis made using the Panel Least Squares regression techniques was utilized in testing the formulated hypotheses. One model was built in this study, which has Financial Performance (proxied by return on asset) (FPER) as the dependent variable and Training and Development Cost (TRDEC), Employee Educational Qualification (EEQUA), Employee Benefit Expense (EBEX) and Director's Salary (DISAL) as the independent variables. Based on the analysis, the following findings were achieved from the model, that;

1. There is a negative and significant relationship between training and development cost and financial performance of quoted banks in Nigeria.
2. There is a negative and insignificant relationship between employee educational qualification and financial performance of quoted banks in Nigeria.
3. There is a negative and significant relationship between employee benefit expense and financial performance of quoted banks in Nigeria.
4. There is a negative and significant relationship between director's salary and financial performance of quoted banks in Nigeria.

Conclusion

The outcome of this study offers an important insight into human resource accounting disclosure and financial performance of listed banks in Nigeria. A sample of fourteen (14) banks quoted on the Nigeria Exchange Group were used for a period of ten (10) years (2010 – 2021) with Financial Performance (proxied by return on asset) (FPER) captured as the dependent variable, while the independent variables include Training and Development Cost (TRDEC), Employee Educational Qualification (EEQUA), Employee Benefit Expense (EBEX) and Director's Salary (DISAL). The findings as we gathered through the analysis show that the variables of Training and Development Cost (TRDEC), Employee Benefit Expense (EBEX) and Director's Salary (DISAL) has significant influence on Financial Performance (proxied by return on asset) (FPER) among quoted banks in Nigeria, while Employee Educational Qualification (EEQUA) exhibited insignificant relationship with Financial Performance (proxied by return on asset) (FPER) among quoted

banks in Nigeria for the period under review, hence we can conclude that a unit change in Training and Development Cost (TRDEC), Employee Benefit Expense (EBEX) and Director's Salary (DISAL) will likely influence Financial Performance (proxied by return on asset) (FPER) significantly by up to 0.00%, 0.02% and 0.05% respectively, while a unit change in Employee Educational Qualification (EEQUA) may lead to a decrease in financial performance of quoted banks in Nigeria by 0.34%.

Recommendations

1. The study recommended that the management of quoted banks in Nigeria should take the issue of training and development of their employees seriously. They should not consider training and development cost as a waste but an avenue to improve the financial performance of their respective banks.
2. Since the study revealed a negative and insignificant relationship between employee educational qualification and financial performance. It is therefore recommended that the issue of higher education qualification (such as master and doctorate degrees) should not be taken very seriously when recruitment bank staff, they should not only rely on those with postgraduate degree such as M.Sc. and Ph.D. as those with first degree (B.Sc.), HND as well as ND may perform ultimately to enhance financial performance of quoted banks in Nigeria.
3. The management quoted banks as well as other sectors of the economy should e the issue of employee benefit expense very seriously to enable their employee to stay with their jobs thereby helping these banks and others corporate organizations achieve a more rapid growth, and enhanced financial performance and consequently improving the nation's economy.
4. It is also recommended that management of quoted banks should see director's salary as a veritable tool in promoting financial performance; hence they should formulate policy capable of increasing their directors' salary so as to sustain the significant relationship between director's salary and financial performance of quoted banks in Nigeria.

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