

HUMAN CAPITAL EXPENDITURE AND FINANCIAL PERFORMANCE OF CONSUMER GOODS COMPANIES IN NIGERIA.

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ABSTRACT

The study investigated the relationship between human capital expenditure and financial performance of consumer goods companies in Nigeria. The study was guided by ten objectives, ten research questions and ten hypotheses. Human capital theory, equity theory, and resource-based theory informed the study. The philosophical inclination of this study is the philosophy of positivism. The correlational research design was adopted for the study. The population of the study consisted of 20 consumer goods companies in Nigeria, listed on the Nigerian Stock Exchange, and the 20 consumer goods companies constituted the sample size of the study. The data used for the study was sourced from the Nigerian Exchange Group for the period of 11 years (2013-2023) covering the predictor and measures of the study. Pearson Product Moment Correlation (PPMC) and Linear Regression Analyses were used to answer the research questions while the hypotheses were tested using Ordinary Least Square (OLS) and Moderated Regression Analysis were used to test the hypotheses, at a 0.05 level of significance. Findings from this study showed that the extent of relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria is weak, while the hypothesis showed that there is no significant relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria. Also, the extent of the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria is strong, while the hypothesis showed that there is significant relationship between training and development expenditure and earning yields in consumer goods companies in Nigeria, among others. The study recommended among others that the management of consumer goods companies in Nigeria should invest in the acquisition of technical capacity skill by their employee, which has the potentials of improving the return on capital employed by the company and the management of consumer goods companies in Nigeria should create policies that encourage the training and development of employee, as there is evidence that it enhances earning yield of the company.

KEY WORDS: Training and Development, Human Capital Development, Financial Development, Return on Capital, Liquidity Ratio.

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INTRODUCTION:

The monetary value of human capital relates to the amount spent on employee training, education, knowledge management, and skill development. The essence of such investment is to achieve competitive advantage as well as enhance management efficiency and other key indices of corporate performance. Many of these costs are based on the theories and practices of human capital management (HCM) developed over the past decade in the fields of finance and management

(Pigors & Myers, 2019). Thus, firms strive to optimize their workforce through human capital investment, not only to achieve business goals and management efficiency but most importantly, to afford long-term corporate survival and sustainability, this is done because to function effectively in today's global market, firms must maintain a steady supply of skills- and knowledge-based human capital to survive in a competitive business environment.

Human capital constitutes a valuable asset to organizations all over the world, including consumer goods companies in Nigeria. Human capital is generally thought of as a stream of skills, knowledge, and attitudes that an individual possesses. They are likened to machines, materials, and money without which other industrial resources cannot be utilized and coordinated to achieve profitability. Characteristics such as experience, skill, knowledge, and age distinctly foster the productivity of human resources in organizations. Therefore, investments made in human resources produce a higher rate of returns and contribute to the bottom line.

It is never enough to analyze the indicators of human capital expenditure of a company and its financial performance independently. The outcome of those two components must be closely related to each other since it is not possible to know how much investment in human capital has affected financial performance unless the management of human capital has influenced the performance of assets. It is based on the foregoing that this study investigated the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria.

STATEMENT OF THE PROBLEM

The consumer goods sector includes a diverse array of varied industries. Everything that consumers buy and use can fall into this category, which makes them a key stakeholder in the economic development and sustainability of Nigeria. This sector can be broadly divided into durable and nondurable goods, which makes them even more important in the country's long-term growth and development. Supposedly, their activities are not just of internal concern but those of the general public because their failure spells disaster for the economy as a whole, while their success drives the country's general economic development.

Over the years, some consumer goods companies have often struggled to make a remarkable impact on their output and the economy generally, which led to the shutting down of many such companies, some of these consumer goods companies include Procter and Gamble, Sears, Roebuck and Company, Nestle Nigeria, Glo Foods Limited, Diageo, and Colgate-Palmolive, to name just a few (Fubara, 2019; Balogun & Omotoye, 2020; Onyekwelu et al., 2020). However, the reason for their nemesis is likely to be connected to the human capital of the companies. This assertion is informed by the fact that the human capital of any company remains the most important ingredient for the growth of a firm, as companies in other sectors were also not left out. For instance, the likes of Nigeria Paper Mills Ltd., Jebba, Nigeria Sugar Company, Bacita, Kastina Steel Rolling Mill Co., Ltd., and Ajaokuta Steel Complex, among many others, are presently no longer in operation.

While it could be argued that a lack of effective human capital expenditure could be adduced for the failure of some of these companies to remain in operation, it is also likely that their inactions negatively affected their financial performance, which may have resulted in the company's failure to maintain a sufficient level of capitalization and may have contributed to its inability to remain in operation, due to inability to meet its financial obligations. The recent emergence of the global pandemic (COVID-19) occasioned an acceleration of the digitalization process in virtually all sectors of the economy (Altbach et al., 2020). Companies were required to immediately use digital platforms to enable access to jobs for their employees, and they were expected to respond and adapt to the alterations and accordingly manage their workforce. Unfortunately, the pandemic became the worst nightmare for many employees in most consumer goods companies, who were victims of the dramatic and unexpected change, as many employees lost their jobs because they could not fit into

the new work environment. As such, the few that remained struggled to adapt to the full operation of the company.

Furthermore, recall that the COVID-19 pandemic was widely regarded as the first threat to bring an unprecedented challenge to companies in Nigeria since independence in 1960 (Olaseni et al., 2020). Demand for many goods and services fell dramatically, while some consumer goods companies either had shortages or were overwhelmed. In response to the ordered lockdown and restrictions on the movement of goods and services, many companies hurriedly invested in their employees to be trained in specific skills. Some of such expenditures focused on training as well as the health and safety of their employees.

Nevertheless, according to Balogun and Omotoye (2020), businesses today are still prone to failure, a situation occasioned by the highly competitive nature of the business environment in Nigeria because few companies take advantage of investment in human capital expenditure while the majority are left behind struggle to establish a brand in the market space. Unfortunately, little is known as to how expenditure on human capital would impact the financial performance of consumer goods companies in Nigeria, especially when performance indicators like return on capital employed, liquidity ratio, and earnings yield are taken into consideration. When a situation comes up where most companies take advantage of an investment in human capital, the majority of those who are left behind struggle to establish their brands. Moreover, firm performance tends to vary over time, and thus, in the past half-century, Nigerian firms have been classified according to the levels of financial performance they have attained (Onyekwelu et al., 2020).

Human capital expenditure research has been much talked about in the fields of business management and administration. As such, several studies have been reported with differing results on human resource development, management, and their effects on or relationship with financial performance or employee performance, among others, and have been conducted using various sectors of the economy as a study area. However, there has been little or no study on the relationship between human resource expenditure and the financial performance of consumer goods companies in Nigeria, especially using variables like training and development expenditure, salaries and wages expenditure, and health and safety expenditure as predictors of human capital expenditure, as well as return on capital employed, liquidity ratio, and earnings yield as measures of financial performance of consumer goods companies in Nigeria. Due to this fact, and the need to bridge the knowledge gaps in the literature, this study examined the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria, a study which can be said to be the first to focus on the subject matter, especially with the combination of such independent and dependent variables.

OBJECTIVES OF THE STUDY

This study determined the relationship between human capital expenditure and financial performance of consumer goods companies in Nigeria. Specifically, this study was carried out to:

1. Assess the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria.
2. Investigate the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria.
3. Determine the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria.
4. Ascertain the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria.
5. Investigate the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria.

RESEARCH QUESTIONS

The study addressed the following research questions:

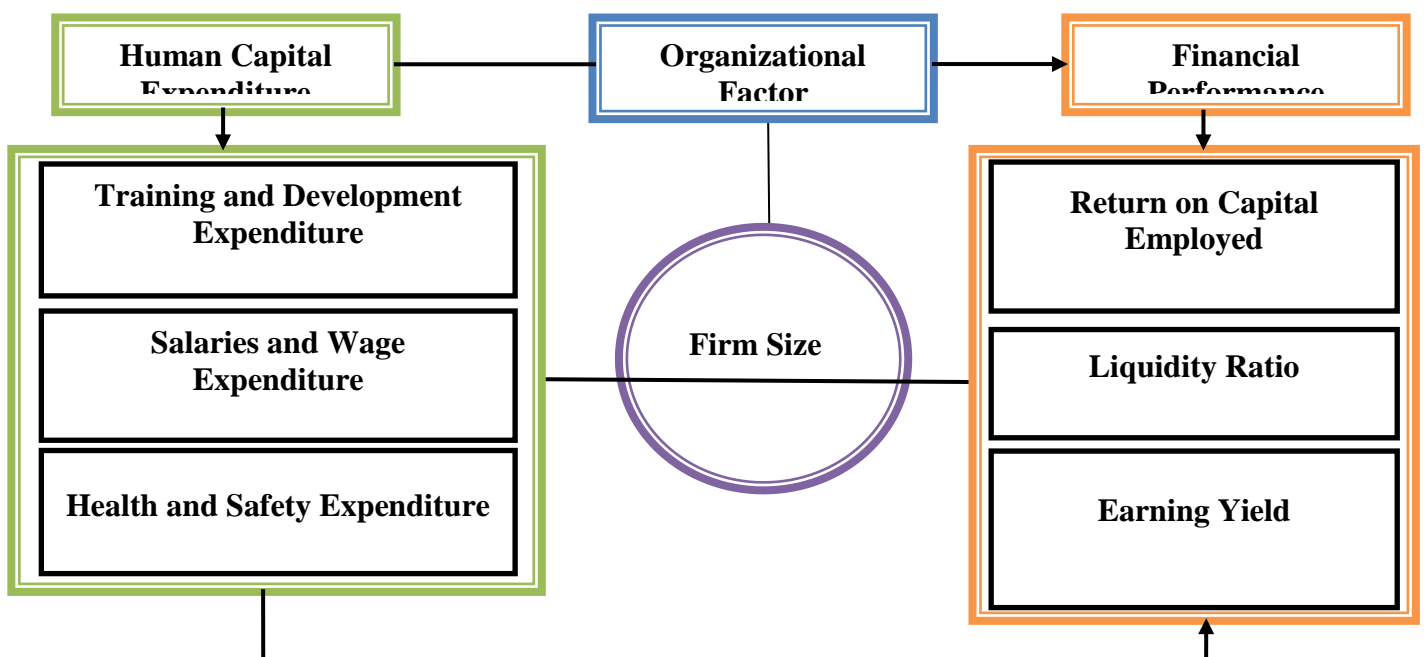
1. What is the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria?
2. How does training and development expenditure relate to liquidity ratio in consumer goods companies in Nigeria?
3. What is the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria?
4. How does salaries and wages expenditure relate to return on capital employed in consumer goods companies in Nigeria?
5. What is the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria?

RESEARCH HYPOTHESES

1. There is no significant relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria.
2. There is no significant relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria.
3. There is no significant relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria.
4. There is no significant relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria.
5. There is no significant relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria.

LITERATURE REVIEW

Conceptual Framework



Sources: Ferid and Zefer (2023); Khawaja and Nadeem, (2023).

Figure 1: Conceptual framework of the relationship between human capital expenditure and financial performance of consumer goods companies in Nigeria.

The conceptual framework guiding this study; the relationship between human capital expenditure and financial performance of consumer goods companies in Nigeria is derived from the relationship between the independent variable (human capital expenditure) and dependent variable (financial performance). The study, however, adopted quantitative measures of the dependent and independent variable; human capital expenditure is a proxy for training and development expenditure, salaries and wages expenditure and health and safety expenditures. Financial performance is a proxy for return on capital employed, liquidity ratio and earnings yield, while the study was moderated by the firm size.

Human Capital Expenditure

According to Schultz (2013), the concept of human capital is a key element that improves a firm's and employees' productivity and sustains competitive advantage. That is to say, an individual's competence is very important for organizational survival. It could also be described as the capacity of the individual to act efficiently and effectively in various challenging situations. It is significant because it is the wellspring of innovation and strategic renewal. In all organizational engagements and activities, Bontis and Nick (2016) emphasize the relevance of competence as a source of innovation and strategy renewal. Humans provide knowledge, new ideas, and goods, as well as the relationships that allow tactics to work.

The United Nations Development Programme (UNDP) (2015) defined human capital expenditure as "the investment in human capital through education, training, health, and social protection". Thus, the money spent on improving the workforce of the organization and its employees is considered human capital expenditure. Ebhota and Ugwu (2014) discussed the importance of human capital expenditure (HCE), in which they hinted that part of job satisfaction lies in being in an organization that has efficient and effective human capital expenditure. To put it another way, human capital expenditure (HCE) can be defined as the entire amount of money spent on employee training, education and general development.

Dimension of Human Capital Expenditure

i. Training and Development Expenditure

Training is an effort initiated by an organization to foster learning among its workers, while development is an effort that is oriented more towards broadening an individual's skills for future responsibilities (George & Scott, 2022). Training is the organized way in which organizations provide development and enhance the quality of new and existing employees. Training is viewed as a systematic approach to learning and development that improve individual, group and organization (Khawaja & Nadeem, 2023). Thus it is the series of activities embarked upon by an organization that leads to knowledge or skills acquisition for growing purposes. Thereby, contributing to the well-being and performance of human capital, organization, as well as society at large. Training serves as an act of intervention to improve an organization's goods and services quality in stiff competition by improving in technical skills of employees.

ii. Salaries and Wages Expenditure

Salary refers to a set amount of payment that does not change throughout the year and is usually quoted as an annual sum rather than hourly. With salaried jobs, there are no set amount of hours an individual works, so if the person works 40 hours a week or 60 hours a week, there is no difference in pay. On the other hand, wage and salary are often used interchangeably but they refer to different types of payments for employment. Wages most often refer to hourly pay. The worker is paid per hour for a set amount of hours per week.

iii. Health and Safety Expenditure

Health is a multifaceted concept and thus it is very difficult to define it precisely. The general notion about health is the absence of illness due to physiological and organic deficiencies. It is mainly concerned with an individual body's mechanical ability and the functioning of basic parts and organs of the human body. The broad definition of health, however, does not mean the mere absence of disease but it encompasses the whole range of personal, physiological, mental, social, and even moral well-being of a person (Martins, 2015). The World Health Organization (2016) recently defines health as "a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity". Therefore, health in the actual sense is the adequacy of the physical and mental capacity of a person to enjoy life to the fullest possible extent and to reach his maximum level of productive capacity.

Financial Performance

Financial performance is an expression of the effects of a firm's operations and policies in monetary terms (Harelimana, 2017). It was observed by Ng'ang'a (2017) that financial performance helps in establishing in monetary terms how much have a company attained its financial objectives. Financial performance determination is very important as it sends the relevant information to different parties useful for decision making. Investors are able to know how better off or worse off they have become at the end of a given period of time (Musila, 2015).

Measures of Financial Performance

i. Return on Capital Employed

According to Wood & Stangster 2002 cited in Nassazi, 2023, return on capital employed indicates the efficiency and profitability of a company's capital investments. This ratio provides sufficient insight into how efficiently the long-term funds of owners and lenders are being used. The higher the ratio, the more efficient the use of capital employed (Khan, 2007). Return on capital employed (ROCE) is a financial ratio that can be used to assess a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use.

ii. Liquidity Ratio

Liquidity means having cash or access to cash to meet obligations to make payments. The liquidity of a firm is measured by its ability to satisfy its short-term obligations as they come due (Gitman, 2014). Liquidity ratios are an important class of financial metrics used to determine a debtor's ability to pay off current debt obligations without raising external capital. Liquidity ratios measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio, and operating cash flow ratio.

iii. Earnings Yield

Earnings yield as per Abraham (2017) is Earnings per Share (EPS) over the stock price (E/P). It is the reciprocal of the P/E ratio. Therefore, $\text{Earnings Yield} = \text{EPS} / \text{Price} = 1 / (\text{P/E Ratio})$, stated as a percentage. Wu & Wang(20202) opined that earnings yield helps investors directly understand if the return is commensurate with the investment risk.

THEORETICAL REVIEW

Human Capital Theory

The human capital theory was first propounded by economist Gary Becker in 1975. The theory stated that education and training were investments that could add to productivity (Gary, 1975, cited in Garba, 2020). The human capital theory rests on the assumption that formal training and developmental programmes are highly instrumental and necessary to improve the productive capacity of a population.

The human capital theory emphasizes how training and development increase the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability, which is a product of innate abilities and investment in human beings. The provision of training and development is seen as an investment in human capital, which proponents of the theory have considered as equally or even more worthwhile than that of physical capital (Woodhall, 2017). According to Babalola (2023), the rationality behind human capital expenditure is based on three arguments:

1. The new generation must be given the appropriate parts of the knowledge that has already been accumulated by previous generations.
2. The new generation should be taught how existing knowledge should be used to develop new products, introduce new processes and production methods and social services;
3. People must be encouraged to develop entirely new ideas, products, processes, and methods through creative approaches.

The implication of Human Capital Theory to the Study

Spending on human capital is the right thing to do in order to enhance the financial performance of a company. This is because, based on the postulate of the human capital theory, investing in human capital is more productive than investing in physical capital. The human capital theory is based on the assumption that human capital is a more productive investment than physical capital.

By such means, productivity is enhanced and sustained based on an increased and diversified labour force. Buttressing the foregoing, it could be argued that training and development of human capital is the most effective way to enhance the productivity of a nation. Human capital is composed of the knowledge, skills, attitudes, and values of the people. Training and development are considered long-term developmental projects because they are aimed at improving the quality of human capital. Training is the process of imparting knowledge and skills to individuals, while development refers to the process of changing the attitudes and values of individuals. These are activities that are aimed at developing the workforce for the future. Training and development is a continuous process, which is aimed at ensuring that the workforce is equipped with the necessary skills and knowledge to perform their jobs effectively.

EMPIRICAL REVIEW

Okafor et al. (2022) investigated the influence of expenditure on human resources (EHR) on the financial performance of quoted manufacturing companies in Nigeria. Salaries, wages, allowances (SWA), other staff-related expenses (OSRE,) and human resource efficiency (HRE) are adopted as proxies for expenditure in human resources, accounting-based profitability represented as return on equity (ROE) and capital market performance denominated into market value performance of firms (MVP) were proxies for financial performance. Causal comparative and descriptive research designs were adopted in the operational method for estimating the test results of the four hypotheses of the study. Result of the multivariate econometric regression demonstrated a mixed findings at varying magnitudes of significance. Besides statistically significant P-values for SWA and OSRE in hypothesis one, SWA demonstrated significant positive unstandardized beta coefficient contribution while HRE in hypothesis four indicated insignificant but positive unstandardized beta coefficient. Hence, the null hypotheses were rejected in the analysis.

Eleyae (2021), examined the relationship between human capital, productivity, and profitability among organizations listed on the Nigerian Exchange Group. Archival data records (N = 836) between 2005 and 2019 were examined. The overall multiple linear regression model was able to significantly predict profitability: $F(2, 833) = 79.35$, $p < .01$, $R^2 = .158$. Human capital was statistically significant ($t = 12.548$, $p < .01$, $\beta = .400$); productivity was not significant. A key recommendation for organizational leaders and policymakers in Nigeria is to increase higher

education and general knowledge investments to improve the quality of human capital in the country, particularly in the services, construction, and information technology industries. Implications for positive social change include the potential for increased profitability and sustainability of organizations listed on the Nigerian Exchange Group, which will be better equipped to compete globally through a skilled, well-educated workforce.

Ohaka et al. (2020), examined the impact of human resource costs on the financial performance of quoted manufacturing firms in Nigeria. An ex-post facto research design was adopted to constitute panel data for a period spanning 2008-2017. Wage and salary cost, return on equity and earnings per share served as proxies for the study variables. The population comprises 20 firms, which were all selected. Their financial statements, which are contained in Nigerian Exchange Group publications, formed the secondary data for analysis. The results featured in terms of Correlation Coefficient (R), Coefficient of Determination (R²), T-test, F-test, Autocorrelation test, and Granger Causality test values. The first null hypothesis was rejected (1.660 critical t-value at $0.05 < 2.421$ computed t-value), in favour of the alternate hypothesis, which states that wage and salary cost has significant impact on return on equity. Similarly, the second null hypothesis was rejected (1.660 critical t-value at $0.05 < 2.968$ computed t-value), in favour of the alternate hypothesis, which states that wage and salary cost has significant impact on earnings.

Craig et al. (2020), investigated employee remuneration and the performance of selected Nigeria manufacturing companies using five companies that had the highest asset base from the quoted manufacturing companies. A non-experimental research design was adopted using a dataset for the period 2009–2018 collated from the annual reports and financial statement of the selected manufacturing companies. Three hypotheses were proposed and tested using a multiple regression model. The findings revealed that there is a statistically significant relationship between staff salaries, post-employment benefits, and Profit after tax of selected Nigeria manufacturing companies with P-value of 0.0090 and 0.0006, respectively. The findings show that staff cost is not significantly related to profit with P-value of 0.8894. The study recommended that manufacturing companies should intensify training and retraining programmes for all staff, particularly the management staff, to improve management efficiency.

Onyekwelu *et al.* (2020), examine remuneration as a tool for increasing Employee Performance in Nigerian. The study adopts primary and secondary sources to gather information, and copies of the questionnaire were also used. The research adopted a survey and descriptive research technique in analysing data acquired from Bottling Companies in Nigeria, while hypotheses were tested using Regression analysis and ANOVA. It was found that remuneration in terms of health and safety expenditure assumes a significant role in increasing workers' performance in an organisation. The study, therefore, suggests that organisation ought to embrace the right remuneration tool that meets the craving of their workers to increase their output.

Balogun *et al.* (2020), investigates the impact of remuneration and employee performance in Global Communication Limited, Lagos, Nigeria. The descriptive research design was adopted. The questionnaire format was employed for data collection, which was made into several sections, and 120 copies were distributed for data collection. Both the descriptive and inferential statistics were adopted for data analysis. The result revealed that there is a significant relationship between remuneration scheme and employee performance in Global Communications Limited, and also, there is a significant problem affecting the payment scheme and the performance of employees in Global Communications Limited. The study recommended that organisations like Global communication limited should use more work-related remunerations rewards design to motivate their employees.

RESEARCH METHODOLOGY

This study employed a correlation research design and an ex-post facto research design. Thus, the data used for this study was already in existence (Nwankwo, 2013). Conclusively, the choice of the

designs was informed by the aim of the study, which focused on the relationship between human capital expenditure and the financial performance of the consumer goods companies in Nigeria.

The population of this study consisted of 20 consumer goods companies in Nigeria, listed on the Nigerian Exchange Group (NGX). While the sample size of the study was made up of twenty (20) consumer goods companies listed on the NGX. The companies were used for the study because they consistently submitted their annual reports to the NGX from 2013 to 2023 fiscal year. For this study, the census sampling technique was for the study to select the 20 listed consumer goods companies listed on the Nigerian Exchange Group. The sampling technique was used because the sample size was considered manageable by the researcher and up-to-date required reports from the companies were obtained for the period under review.

The study employed Pearson Product Moment Correlation, and Linear Regression Analyses to answer the research questions, while the Ordinary Least Square (OLS) and Moderated Linear Regression Analyses were used to test the hypotheses, at a 0.05 level of significance. The descriptive analyses were carried out using the Statistical Package for Social Science (SPSS), while the econometric analysis was carried out using E-views.

Model Specification

The model for this study is presented in its functional and econometrics forms.

a. The functional and Econometrics form of the models is stated as follows:

FINPERF= f(HUMCAPEXP, e _t).....	1
FINPERF= b ₀ + b _{1j} HUMCAPEXP +..... + e _t	2
For Hypothesis One	
ROCE= f (TDE, e _t).....	3
ROCE= b ₀ + b ₁ TDE + e _t	4
For Hypothesis Two	
LQR = f (TDE, e _t).....	5
LQR = b ₀ + b ₁ TDE + e _t	6
For Hypothesis Three	
ENY = f (TDE, e _t).....	7
LQR = b ₀ + b ₁ TDE + e _t	8
For Hypothesis Four	
ROCE= f (SWE, e _t).....	9
ROCE= b ₀ + b ₁ SWE + e _t	10
For Hypothesis Five	
LQR = f (SWE, e _t).....	11
LQR = b ₀ + b ₁ SWE + e _t	12

Where;

- FINPERF = Financial performance
- HUMCAPEXP = Human capital expenditure
- ROCE = Return on capital employed
- LQR = Liquidity Ratio
- ENY = Earnings Yield
- TDE = Training and development expenditure
- SWE = Salaries and wages expenditure
- HSE= Health and safety expenditure
- FINSIZ = Firm size
- b₀ = Intercept
- b₁, b₂, b₃, = Coefficient of the regression

e_t = the error term.

The ROCE, LQR, and ENY were measures of the dependent variables, while the TDE, SWE, and HSE, were measures of the explanatory variables in the models. The b_0 is the intercept, b_1 to b_3 are the coefficients of the regression, while e_1 is the error term (Stochastic variable).

The Apriori expectations are as follows;

$b_1, b_2, b_3 > 0$ = This implies that TDE, SWE, and HSE are expected to be positive and significant functions of human capital expenditure to the extent that an increase in the independent variables will cause a positive and significant increase in the variables of financial performance measured by ROCE, LQR, and ENY.

Decision Rule

1. Rejecting Null Hypothesis

When the F-ratio (F) > 1.960, and the Significant/P-value (Sig) < 0.05
The null hypothesis is rejected and the alternate hypothesis is accepted.

2. Retaining Null Hypothesis

When the F-ratio (F) < 1.960, and the Significant/P-value (Sig) > 0.05
The null hypothesis is retained and the alternate hypothesis is rejected.

DATA PRESENTATION, ANALYSIS RESULT AND DISCUSSION

The chapter dealt with the presentation of data, analyses and discussion of findings.

Data Presentation

Table 1: Sourced data for the study’s variables; Return on Capital Employed (ROCE), Liquidity Ratio (LQR), Earnings Yield (ENY), Training and Development Expenditure (TDE), Salaries and Wages Expenditure (SWE), Health and Safety Expenditure (HSE) and Firm Size (FINSIZ)

YEAR	FINPERF (₦B)	HUMCAP EXP (₦B)	ROCE (₦B)	LQR (₦B)	ENY (₦B)	TDE (₦B)	SWE (₦B)	HSE (₦B)	FINSIZ
2013	249166703	47,247,055	148,875,511	100,290,112	1,079.87	4,243,066	42,564,998	438,991	1,220
2014	279045316	54,306,794	165,468,981	113,575,188	1,146.77	4,349,516	49,291,382	665,896	1,238
2015	281016292	66,186,858	163,320,220	117,694,531	1,540.68	8,362,422	56,878,894	945,542	1,258
2016	335645324	76,575,790	192,120,044	143,523,094	2,186.24	9,667,481	60,909,158	5,999,151	1,268
2017	340545590	80,553,750	186,284,475	154,259,197	1,918.23	7,915,173	66,126,392	6,512,185	1,288
2018	318870144	88,272,256	184,566,236	134,302,320	1,587.64	6,949,860	78,443,113	2,879,283	1,420
2019	314548738	92,159,382	177,151,557	137,395,792	1,389.16	6,810,458	82,298,681	3,050,243	7,90
2020	422373664	94,471,719	246,395,006	175,976,440	2,217.58	6,883,842	83,490,327	4,097,550	1,088
2021	353918281	109,158,179	199,245,786	154,670,373	2,122.42	7,435,202	97,588,733	4,134,244	1,082
2022	203131574	105,882,787	118,401,429	84,728,355	1,790.40	6,959,194	94,899,855	4,023,738	1,166
2023	221667301	100,944,232	130,789,995	90,875,498	1,808.16	6,097,149	90,033,015	4,814,068	1,168

Source: NGX Report, <https://ngxgroup.com/exchange/data/data-library/>

Data Analysis and Result

Research Question One: What is the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria?

Table 2: Pearson Product Moment Correlation Analysis on the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria

Variable	Mean	Std. Dev	N	r	Decision
TDE	6879396.64	1591636.97	11	0.32	Weak
ROCE	173874476.36	35007737.47			

Table 2 shows the extent of the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria. However, the result indicated that the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria is weak ($r = 0.32$, $r \leq \pm 0.20$ to $r \leq \pm 0.39$). The implication of this result is that the extent of the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria is weak.

Research Question Two: How does training and development expenditure relate to liquidity ratio in consumer goods companies in Nigeria?

Table 3: Pearson Product Moment Correlation Analysis on the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria

Variable	Mean	Std. Dev	n	r	Decision
TDE	6879396.64	1591636.97	11	0.45	Moderate
LQR	127935536.36	28990159.70			

Table 3 shows the extent of the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria. However, the result indicated that the relationship between training and development expenditure and the liquidity ratio in consumer goods companies in Nigeria is moderate ($r = 0.45$, $r \leq \pm 0.40$ to $r \leq \pm 0.59$). The implication of this result is that the extent of the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria is moderate.

Research Question Three: What is the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria?

Table 4: Pearson Product Moment Correlation Analysis on the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria

Variable	Mean	Std. Dev	n	r	Decision
TDE	6879396.64	1591636.97	11	0.72	Strong
ENY	1707.922727	396.839445			

Table 4 shows the extent of the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria. However, the result indicated that the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria is strong ($r = 0.72$, $r \leq \pm 0.60$ to $r \leq \pm 0.79$). The implication of this result is that the extent of the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria is strong.

Research Question Four: How does salaries and wages expenditure relate to return on capital employed in consumer goods companies in Nigeria?

Table 5: Pearson Product Moment Correlation Analysis on the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria

Variable	Mean	Std. Dev	n	r	Decision
SWE	72956777.09	18820641.11	11	0.05	Very Weak
ROCE	173874476.36	35007737.47			

Table 5 shows the extent of the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria. However, the result indicated that the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria is very weak ($r = 0.05$, $r \leq \pm 0.10$ to $r \leq \pm 0.19$). The implication of this result is that the extent of the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria is very weak.

Research Question Five: What is the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria?

Table 6: Pearson Product Moment Correlation Analysis on the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria

Variable	Mean	Std. Dev	n	r	Decision
SWE	72956777.09	18820641.11	11	0.12	Very Weak
LQR	127935536.36	28990159.70			

Table 6 shows the extent of the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria. However, the result indicated that the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria is very weak ($r = 0.12$, $r \leq \pm 0.10$ to $r \leq \pm 0.19$). The implication of this result is that the extent of the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria is very weak.

Hypothesis One: There is no significant relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria.

Table 7: Ordinary Least Squares (OLS) regression analysis on the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria

Dependent Variable: ROCE

Method: Least Squares

Date: 02/17/25 Time: 14:32

Sample: 2013 2023

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TDE	7.084406	6.940881	1.020678	0.3341

C	1.25E+08	48897067	2.559214	0.0307
R-squared	0.103745	Mean dependent var	1.74E+08	
Adjusted R-squared	0.004161	S.D. dependent var	35007737	
S.E. of regression	34934827	Akaike info criterion	37.73883	
Sum squared resid	1.10E+16	Schwarz criterion	37.81118	
Log likelihood	-205.5636	Hannan-Quinn criter.	37.69323	
F-statistic	1.041784	Durbin-Watson stat	1.397731	
Prob(F-statistic)	0.334058			

Source: Author's E-views Computation

Table 7 shows that TDE has a sign coefficient of 7.08, a t-Statistic of 1.02, and a significant value of 0.33 > 0.05. The R-squared value of 0.10 indicates approximately 10% contribution to ROCE of listed consumer goods companies in Nigeria by the independent variable TDE. Given the above, the null hypothesis one that, there is no significant relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Hypothesis Two: There is no significant relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria.

Table 8: Ordinary Least Squares (OLS) regression analysis on the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria

Dependent Variable: LQR

Method: Least Squares

Date: 02/17/25 Time: 14:35

Sample: 2013 2023

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TDE	8.098553	5.438190	1.489200	0.1706
C	72222379	38310919	1.885164	0.0920
R-squared	0.197698	Mean dependent var	1.28E+08	
Adjusted R-squared	0.108553	S.D. dependent var	28990160	
S.E. of regression	27371485	Akaike info criterion	37.25087	
Sum squared resid	6.74E+15	Schwarz criterion	37.32321	
Log likelihood	-202.8798	Hannan-Quinn criter.	37.20526	
F-statistic	2.217717	Durbin-Watson stat	1.279309	
Prob(F-statistic)	0.170617			

Source: Author's E-views computation

Table 8 shows that TDE has a sign coefficient of 8.10, a t-Statistic of 1.49, and a significant value of 0.17 > 0.05. The R-squared value of 0.20 indicates approximately 20% contribution to LQR of listed consumer goods companies in Nigeria by the independent variable TDE. Given the above, the null hypothesis two that, there is no significant relationship between training and development expenditure and the liquidity ratio in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Hypothesis Three: There is no significant relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria.

Table 9: Ordinary Least Squares (OLS) regression analysis on the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria

Dependent Variable: ENY

Method: Least Squares

Date: 02/17/25 Time: 14:36

Sample: 2013 2023

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TDE	0.000180	5.76E-05	3.120226	0.0123
C	471.4887	405.7914	1.161899	0.2752
R-squared	0.519636	Mean dependent var	1707.923	
Adjusted R-squared	0.466263	S.D. dependent var	396.8394	
S.E. of regression	289.9203	Akaike info criterion	14.34005	
Sum squared resid	756484.0	Schwarz criterion	14.41240	
Log likelihood	-76.87030	Hannan-Quinn criter.	14.29445	
F-statistic	9.735807	Durbin-Watson stat	1.491390	
Prob(F-statistic)	0.012314			

Source: Author's Eviews computation

Table 9 shows that TDE has a sign coefficient of 0.00, a t-Statistic of 3.12, and a significant value of $0.01 < 0.05$. The R-squared value of 0.52 indicates approximately 52% contribution to ENY of listed consumer goods companies in Nigeria by the independent variable TDE. Given the above, the null hypothesis three that, there is a significant relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria is rejected at the 0.05 level of significance.

Hypothesis Four: There is no significant relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria.

Table 10: Ordinary Least Squares (OLS) regression analysis on the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria

Dependent Variable: ROCE

Method: Least Squares

Date: 02/17/25 Time: 14:37

Sample: 2013 2023

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SWE	0.098510	0.619154	0.159104	0.8771
C	1.67E+08	46517798	3.583306	0.0059
R-squared	0.002805	Mean dependent var	1.74E+08	

Adjusted R-squared	-0.107995	S.D. dependent var	35007737
S.E. of regression	36849609	Akaike info criterion	37.84555
Sum squared resid	1.22E+16	Schwarz criterion	37.91790
Log likelihood	-206.1505	Hannan-Quinn criter.	37.79995
F-statistic	0.025314	Durbin-Watson stat	1.225064
Prob(F-statistic)	0.877100		

Source: Author's E-views computation

Table 10 shows that SWE has a sign coefficient of 0.10, a t-Statistic of 0.16, and a significant value of 0.88 > 0.05. The R-squared value of 0.00 indicates approximately 0% contribution to ROCE of listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis four that, there is no significant relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Hypothesis Five: There is no significant relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria.

Table 11: Ordinary Least Squares (OLS) regression analysis on the relationship between salaries and wages expenditure and liquidity ratio in consumer goods companies in Nigeria

Dependent Variable: LQR
Method: Least Squares
Date: 02/17/25 Time: 14:38
Sample: 2013 2023
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SWE	0.193111	0.509395	0.379099	0.7134
C	1.14E+08	38271502	2.974714	0.0156
R-squared	0.015717	Mean dependent var	1.28E+08	
Adjusted R-squared	-0.093647	S.D. dependent var	28990160	
S.E. of regression	30317211	Akaike info criterion	37.45529	
Sum squared resid	8.27E+15	Schwarz criterion	37.52764	
Log likelihood	-204.0041	Hannan-Quinn criter.	37.40969	
F-statistic	0.143716	Durbin-Watson stat	1.002774	
Prob(F-statistic)	0.713403			

Source: Author's Eviews computation

Table 11 shows that SWE has a sign coefficient of 0.19, a t-Statistic of 0.38, and a significant value of 0.71 > 0.05. The R-squared value of 0.02 indicates approximately 2% contribution to LQR of listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis five is that there is no significant relationship between salaries and wages expenditure and the liquidity ratio in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Discussion of Findings

The study investigated the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria. However, the result in table 2 indicated that the extent of the relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria is weak. Furthermore, the result of tested hypotheses indicated that there is no significant relationship between training and development expenditure and return on capital employed in consumer goods companies in Nigeria. This finding is contrary to the findings of Manukaji, et al. (2019), which revealed that employee remuneration, training, and development cost have a significant effect on the performance of quoted companies in Nigeria.

Also, the result in table 3 shows that the extent of the relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria is moderate, while the result of tested hypotheses indicated that there is no significant relationship between training and development expenditure and liquidity ratio in consumer goods companies in Nigeria. This finding is contrary to the findings of Manukaji, et al. (2019), which revealed that employee remuneration, training, and development cost have a significant effect on the performance of quoted companies in Nigeria.

Furthermore, the result in table 4 shows that the extent of the relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria is strong. While the result of tested hypotheses indicated that, there is a significant relationship between training and development expenditure and earnings yield in consumer goods companies in Nigeria. This finding is in agreement with the study of Manukaji, et al. (2019), which revealed that employee remuneration, training, and development cost have a significant effect on the performance of quoted companies in Nigeria.

Table 6 shows that the extent of the relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria is very weak. Furthermore, the result of tested hypotheses indicated that there is no significant relationship between salaries and wages expenditure and return on capital employed in consumer goods companies in Nigeria. This finding is contrary to the study of Ohaka et al. (2020) which revealed that wage and salary cost has a significant impact on the return on equity of quoted manufacturing firms in Nigeria.

CONCLUSION

The study investigated the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria. The analysis of the data gave results from which the objectives of the study were accomplished. However, the results revealed that the extent of the relationship between training and development, salaries and wages expenditure and health and safety expenditures, and return on capital employed in consumer goods companies in Nigeria is weak and insignificant. The implication of this result is that the extent to which consumer goods companies in Nigeria embark on human capital expenditure does not significantly and positively improve the financial performance, in terms of return on capital employed.

Based on the findings, it is concluded that human capital expenditure by consumer goods companies in Nigeria does not significantly enhance the return on capital employed and liquidity ratio, while it showed a significant impact on the earnings yield of consumer goods companies in Nigeria. The research, therefore, concludes that the importance of human capital expenditure to the financial performance of consumer goods companies in Nigeria cannot be overemphasized. As such, consumer goods companies in Nigeria should cultivate the culture of embarking on training and development, invest more in salaries and wages expenditure and health and safety expenditures judiciously which can add up to motivating the personnel to put in their best for the enhancement

of financial performance of the company, providing them with infrastructures and a conducive working environment could reduce the rate of job turnover being experienced among firms.

RECOMMENDATIONS

Considering the findings and conclusion of this study, it was recommended amongst others that;

1. The management of consumer goods companies in Nigeria should invest in the acquisition of technical capacity skills needed by their employee, which has the potential of improving the return on capital employed by the company.
2. The management of consumer goods companies in Nigeria should recruit employees with the requisite skills to ensure that employees have what it takes to help the company to gain a competitive advantage and to maintain a good liquidity ratio in the company.
3. The management of consumer goods companies in Nigeria should create policies that encourage the training and development of employees, as there is evidence that it enhances the earnings yield of the company.
4. Management of consumer goods companies in Nigeria should be more proactive, as to adopt reasonable salaries, wages, and allowances for employees, which have a high tendency to improve the return on capital employed of the company.
5. Management of consumer goods companies in Nigeria should maintain an attractive salary, wages, and allowances for its staff if they wish to retain a high-quality workforce, which in turn will help the company to maintain a healthy liquidity ratio.

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APPENDIX A POPULATION/SAMPLE OF THE STUDY

S/N	FIRMS
1	DN Tyre & Rubber Plc
2	Champion Breweries Plc
3	Guinness Plc
4	Int'l Breweries Plc
5	NB Plc
6	7Up Bottling Co Plc
7	Dangote Flour Mills Plc
8	Dangote Sugar Refinery Plc
9	Flour Mills Plc
10	Honeywell Flour Mills Plc
11	NASCON Plc
12	NNFM Plc
13	Union Dicon Salt Plc
14	Cadbury Nig. Plc
15	Nestle Nig. Plc
16	Nigerian Enamelware Plc
17	Vita Foam Plc
18	PZ Cussons Plc

19 Unilever Plc

20 Mc Nichols Plc

Source: Nigerian Exchange Group