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IMPACT OF EMPLOYEE HEALTH AND SAFETY COST DISCLOSURE ON CORPORATE PERFORMANCE OF QUOTED OIL AND GAS COMPANIES IN NIGERIA.

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ABSTRACT
The study was carried to investigate the impact of employee health and safety cost disclosure on corporate performance of quoted oil and gas companies in Nigeria. The study covers a period of five (5) years (2018-2022). The study make use of expost facto research design. Secondary data were used for the study, sourced from the Nigerian Stock Exchange Fact Book. A sample of 9 companies quoted on the Nigerian Stock Exchange during the period (2018-2022) were used. The data collected were analysed using Ordinary Least Square Method. The results revealed that employee health and safety cost disclosure is positive at 5% level of significance. The study therefore conclude that employee health and safety cost disclosure have positive and significant impact on corporate performance of oil and gas companies in Nigeria. The study recommends that management of oil and gas companies in Nigeria should increase spending on employee health and safety cost items in their operations in order to improve their performance since this has a positive effect on performance.

Key Words: Employee Health and Safety Cost, Performance

INTRODUCTION
Employee Health and Safety are key components in every work setting. A safe working environment cuts absenteeism, improve performance and enhances productivity. The problem of employee health and safety poses a serious challenge to most organizations globally. This therefore demand that both Employers and Trade Unions rise up and play leading role in identifying hazards, educating members and helping in protecting their members against work hazards.
Prevention of the workplace accidents and infections should be an integral part in an effective and coherent strategy for a number of reasons. This is in recognition of the fact that industrial accidents can have a negative impact both on the well-being or morale of employees and on the productivity of the organization. The employer has a common legal duty to assess the work place in order to provide a safe working environment for his employees. Where an employee is injured at work and institutes a delictual claim against the employer, the employee usually succeeds if he or she can prove intent or negligence on the part of the employer or of a co-employee if the employer was to be found vicariously liable. Similarly, if an employee contacts a disease and it can be proved that the disease arose out of or in the course of his employment due to the nature of the work, he is engaged upon, the employer has a common legal duty to compensate the employee for damages suffered in consequence of the disease.
Ragin (2007), assert that health and safety is a universal element that needs to be taken into consideration by organisations as it is becoming a major problem for employers in the world. In the same vein, Tailor (1998) opines that health and safety of employees in organisations has long being ignored especially in Africa and as a result there are increasing cases of accidents occurring in the workplace. The performance of an employee is measured actually by the output the individual produces in relation to productivity. At corporate level, productivity is affected by a range of factors including employee's attitude, level of training and exposure/experience, technology and objectives of the organisation. It also dependent to a large extent on the physical environment and how it

effects the employee health. Other factors depend on the employees applying the skills learnt from training to the workplace.

Tending to the structural and interpersonal aspects of each of these factors enables employees to apply the required skills in a consistent and habitual way (Knight, 2005). Critical to an employee's performance is the extent of exposure to health and safety training and education. In most accidents situations, managers and supervisors are quick to point fingers at human efforts and unsafe actions as the ultimate cause without probing deeper into the root cause of the accident. Such incidents occur due to multifaceted factors. Human errors and unsafe actions caused by illiteracy, lack of training, poor supervision, technical flaws relating to design, layout, machine guarding and arrangement of work (Krishnan, 1999).

The management of most organisation tends to focus attention on how to maximize profits instead of improving the working conditions hence the results are poor health and safety of the employees. Moreover, companies don't develop the risk management system hence increased numbers of accidents.

The main objective of this study is to examine the impact of employee health and safety cost on financial performance of oil and gas companies in Nigeria.

Our study hypothesis is stated thus

Ho: Employee Health and Safety Cost does not have significant impact on Financial Performance of oil and gas companies in Nigeria.

Literature Review

Conceptual Framework

Employee Health and Safety Cost

Hitherto, the oil and gas industry was rank as one of the most hazardous industries out there where risk is not appropriately managed. The combination of powerful equipment, product under high pressure, remote, hard to get to locations and unpredictable weather significantly raises health and safety risks. But the industry in general has improved over the last few decades and some companies have increased investment to make their workplace safer for employees and contractors. The issues of health and safety has always had a huge impact on the company's bottom line. The costs of a poor health and safety record can be staggering. These costs are both internal and external. Internally, a bad health and safety record will drive up employee turnover as well as insurance premiums and decrease productivity. Externally, the reputational costs of accidents go far beyond regulatory fines and can negatively impact the company's standing both in the industry as well as the wider public. These costs can be hard to calculate but are huge.

Accidents, health and safety problems have taken their toll not only on the oil and Gas Company's bottom line but also on the morale of their employee, most major players in the industry have taken steps to address the health and safety related dangers inherent in the industry. While these risks cannot be eliminated there are measures that can minimize health and safety issues. These include:

- **Understanding Risks:** Let's start with the basics, companies in the oil and gas sector need to understand in detail the risks they are facing. Consider that large vessels or offshore platforms are like floating cities with all those system complexities in addition to being "open for business" 24/7. Health and safety hazards span a wide range including:
  - High Pressure / High Temperature Systems
  - Electricity
  - Confined Spaces
  - Heights
  - Rotating Machinery
- **Legislative Frameworks:** Due to the risks involved in the industry, most governments around the world regulate and mandate compliance to local and international standards. These regulations can be helpful but are generally not sufficient to mitigate health and safety risks. Regulatory pressures can give rise to "tick-box cultures" that put in

procedures to be compliant but not safe. Companies increasingly need to guard against this type of thinking. Transitioning to a goal based approach will yield much better results.
- **Management Systems:** While not visible as an asset system, management systems play a key role in health and safety by introducing risk assessment standards and tools. Studies have found that organizations that have high accident rates in most cases have not effectively implemented or improved systems that were in place on paper. We are not seeing new types accidents but just old causes repeating themselves. Corporate leadership is critical in effective management systems as the organization will only perform to the level "lived" by senior leaders.
- **Structural and Asset Integrity:** The structural integrity of offshore support vessels underpins the health and safety of the workers and the surrounding environment. Better designed and manufactured equipment has positively impacted the health and safety offshore but strong operational and maintenance processes are critical to preserving a safer environment.
- **Human Factors:** Finally, as the quality of the assets and management systems has improved we focus on PEOPLE. According to a study commissioned by Total E&P Research and Development, around 80% of the accidents in the offshore oil and gas industry are due to human error. Understanding worker's impact on the work environment will be very important in advancing health and safety. A positive health and safety culture is essential where workers have been given proper training and incentives to work "safe" with a zero tolerance for non-compliance.

The proper corporate culture will make work on health and safety continuous and will ensure safer workplaces for our workers no matter the economic environment that the industry faces. Will the recent industry downturn impact health and safety in the years to come? Have health and safety investments avoided "cost cutting" in the downturn? Time will tell…

Financial Performance

The word "performance" is derived from the word "parfourmen", which means "to do", "to carry out" or "to render". It refers to the act of performing, execution, accomplishment and fulfillment etc. In broader sense, performance refers to the accomplishment of a given task measured against preset standards of accuracy, completeness, cost and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished.

Orajaka (2013) posits that performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance indicates an organization's overall success and state.

Financial performance basically refers to the ''act of carrying out a financial activity. In a broader sense, it refers to the extent to which pre-determined financial objectives of a firm are being or has been achieved. Financial performance is further seen as the process of expressing the results of a firm's activities and programmes in monetary terms. It is also used to determine an organization's general financial health over a period as well as compare the result with similar companies within a given industry or to compare sectors generally. Financial performance is the analysis of a firm polices and operational activities in monetary terms.

Financial performance measures are given in monetary terms in terms of revenue or profit (Mashovic, 2018). Mostly financial performance variables can be found in the annual financial statements of an organization (Simons, 2000). The income statement and the balance sheet are germane in estimating the financial performance of a company because the income statement presents information on operating performance while balance sheet reveals the net worth of the organization.

Financial performance also referred to as a firm's ability to generate new resources from day-to-day operations over a given period (Bora, 2008). It involves meeting an entity's goal of enhancing shareholders' wealth and profit-making which are among the major objectives of a firm (Pandey, 2005). Shareholder's wealth is mainly influenced by growth in sales, improvement in profit margin, capital investment decisions, and capital structure decisions (Arnott & Asness, 2003). Various indicators have been used to measure the financial performance of firms by various scholars. Financial performance is the analysis of a firm polices and operational activities in monetary terms. Financial performance measures are given in monetary terms in terms of revenue or profit (Mashovic, 2018). Mostly financial performance variables can be found in the annual financial statements of an organization (Simons, 2000). The income statement and the balance sheet are germane in estimating the financial performance of a company because the income statement presents information on operating performance while balance sheet reveals the net worth of the organization.

Financial performance is the company's ability to manage and control company resources. Financial performance is measured using the financial ratio method (Ikatan Akuntan Indonesia, 2015). Financial Ratio Analysis can be divided into (1) profitability ratio analysis, used to measure a company's ability to generate profits. For example, ROA (Return on Asset) and ROE (Return on Equity); (2) solvency ratio analysis, measuring the company's ability to meet long-term obligations, payment of the final principal of debt and other fixed obligations, for example, debt ratio; (3) analysis of liquidity ratios, to measure a company's ability to meet short-term debt obligations, for example, cash ratio; (4) and activity ratio analysis, used to measure how effectively a company utilizes assets to generate revenue, for example, fixed asset turnover ratios (Agnatia & Amalia, 2018).

Profitability measures the capacity of a firm to generate revenue or income on investment or through the utilization of production resources. Thus, profitability ratios evaluate the expanding capacity of a firm to increase profit, generate more revenue or earn higher income. Pandey (2010) asserted that, the survival and stability of a company rely on the ability of the economy to generate higher revenue or profit over a long period of time. Profitability ratios are of important to potential investors, shareholders, creditors, government and other stakeholders. Profitability creates cash flows through which organizations pay dividends, interest on debts, salaries and even taxation. Profitability ratios are also termed activities ratios for the reason that they signify the capacity of company to make profits from sales, assets used or capital employed (Myšková & Hájek, 2017).

Theoretical Review

Goal-Freedom Alertness Theory

This Theory was developed by Kerr (1950) and it states that safe work performance is the result of psychologically rewarding work environment. Under this theory, accidents are viewed as low-quality work behaviour occurring in an unrewarding psychological climate. This contributes to a lower level of alertness. According to this theory also, a rewarding psychological climate is one where workers are encouraged to participate, set sustainable and achievable goals and choose methods or safety programmes to attain those safety and health goals. They must be allowed to participate in raising and solving problems.

The Theory essentially states that management should let workers have well defined goals and freedom to pursue those goals. The result is a higher level of alertness and a focus on the tasks at hand. The theory suggests that managers and supervisors should try and make work more rewarding for workers. They may use a variety of managerial techniques including positive reinforcements, goal setting participative management and clear work assignments. Heinrich, Peterson & Roos (1980) supported this theory by stating that workers will be safe in a positive work environment. They argue farther that safe performance is compromised by a climate that diverts the attention of workers. They confirm that hazards divert the workers' attention during work hours, and thus the diversion increases susceptibility to injury. Heinrich et. al (1980) suggests that managers and supervisors can actively work to alleviate hazards in the work environment. Reaction of workers to unsafe conditions depends on the fact that whether the worker identifies the unsafe condition.

Empirical Review

Oshiole, B. V., Orbunde B. & Ame J. (2024) investigated employee health & safety cost and effluent disclosure on market value of listed consumer and industrial firms in Nigeria. The study covers a period of ten (10) years 2013-2022. The study adopted ex-post facto design with focus on longitudinal Panel Series design and secondary data were used for analysis which were obtained from Nigerian Exchange Group. While panel regression analysis technique was used to analyse the research data. The result revealed that employee health and safety cost have a positive and significant effect on market value while effluent disclosure has a positive and insignificant effect on market value of listed consumer and industrial goods firm in Nigeria. The study therefore concludes that employee health and safety cost have significant effect on market value of consumer and industrial goods firm in Nigeria. The study recommend that management of consumer and industrial goods firm should continue to increase employee health and safety cost because the wellbeing of employee sustainable optimal productivity that will lead to enhanced market value of the firm.

Adim and Mezeh (2020): carried a study on health and safety training and employee performance in oil and gas companies in Rivers state, Nigeria. The study examined the relationship between health and safety training and employee performance in oil and gas companies in Rivers State, Nigeria. The study adopted a cross-sectional survey research design and uses primary data generated through structured questionnaire based on the 5-point Likert scale. The study population comprise of 250 employees of seven (7) selected oil and gas servicing companies in Rivers State. The sample size of 154 was determined using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and at a 0.05 level of significance. The findings of the study revealed that there is a significant and positive relationship between health and safety training and employee performance in oil and gas companies in Rivers State, Nigeria. The study recommends that management oil and gas companies should ensure that training programs be evaluated consistently in other to ensure that necessary and adequate measures are taken to improve it from time to time.

Jonathan and Mbogo (2016): Research on maintaining health and safety at workplace: employee and employer's role in ensuring a safe working environment The study seeks to establish teachers' perspectives on their role in ensuring health and safety workplaces in secondary schools. The study targeted all teachers and deputy principals working under Teachers Service Commission (TSC) and those working under the secondary schools' Board of Management (BOM). Although the study aimed survey principles, they were not available during the data collection period. The study adopted the descriptive research design. Primary data obtained through questionnaire was used for the study. The data collection obtained was analysed by the use of Statistical Package for Social Science (SPSS) version 20. Frequency tables and charts were also used for data presentation. The findings, reveals that majority of the teaching staff were not involved in the training programs that would equip them with safety skills in their workplace. Most of them were not involved in discussing safety policies in the workplace. This to a large extent jeopardized the safety of teachers at workplace affecting their preparedness on matters pertaining health hazards and thus their general performance. It is recommended that the Ministry of Education, Science and Technology, in conjunction with the school administrations organize training programs for the teaching staff, involve teachers in discussion of safety policies to align them with the institutions strategic plans as far as Health and Safety at workplace is concerned.

Metin, Ünğan & Kadir (2016): examined the relationships between Occupational Health Safety prevention costs, safety performance, employee satisfaction and accident costs. The study was carried out to investigate the interwoven relationships between Occupational Health Safety prevention costs, employee satisfaction, OHS performance and accident costs. Data were collected from 159 OHS management system 18001-certified firms operating in Turkey and analysed through structural equation modelling. The findings indicate that OHS prevention costs have a significant positive effect on safety performance, employee satisfaction and accident costs savings; employee satisfaction has a significant positive effect on accident costs savings; and occupational safety performance has a significant positive effect on employee satisfaction and accident costs savings. Also, the results indicate that safety performance and employee satisfaction leverage the relationship between prevention costs and accident costs.

MATERIALS AND METHOD

The study adopted expost facto research design. This is because the data used for the study were obtained from secondary source- annual financial statement of selected oil and gas companies in Nigeria used for the study. The sample of the comprise of six quoted oil companies and covered a period of five (5) years 2017-2021. The sampled companies include;
Fort Oil Plc, Mrs Plc, Eterna Plc, Mobil Nigeria Plc, Capital Oil Plc and Conoill Plc. The study seeks to analyze the data obtained on Employee Health and Safety Cost to examine its impact on financial performance of the sampled companies.

The study model is as follows
Dependent variable = f (Independent variable)
Where;
Dependent variable = Y; and Independent variable = X
Therefore, Y= f(X)
This is expressed econometrically as
ROTA = = $\beta_0 + \beta_1 EHSC_t + ų$
Thus ROTA= f(EHSC)
Where;
ROTA = Return on Total Asset (proxy of the dependent variable Financial Performance)
EHSC= Employee Health and Safety Cost (Proxy of the Independent Variable Employee health and safety cost

Results and Discussion of Findings
Descriptive Statistics
Table 1 Research Summary of Descriptive Statistics

VARIABLES	ROA	EHSC
Mean	-0.708667	0.977778
Median	2.900000	1.000000
Maximum	26.20000	1.000000
Minimum	-71.36000	0.000000
Std. Dev.	14.02187	0.148231
Skewness	-2.388257	-6.482494
Kurtosis	10.62223	43.02273
Jarque-Bera	303.4257	6637.161
Probability	0.000000	0.000000

Sum	-63.78000	88.00000
Sum Sq. Dev.	17498.54	1.955556
Observations	90	90

Source: Researcher Summary of Descriptive Statistics Output from E-View Version 8.1

Table 1 above shows the mean (average) for variables, their maximum values, minimum values and standard deviation. The result gave an insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled companies have negative average performance (return on assets) of -0.708667; this means that the selected firms have a negative return on assets in the period of the study. Secondly, it was observed that on the average over the period, the selected firms Employee health and safety costs (EHSC) has a mean value of 0.977778, maximum value of 1.000000 and minimum value of 0.000000. The large difference between the maximum and the minimum employee health and safety costs reveals that gyrating nature of the firm's health and safety costs disclosure of employee among the selected firms The large differences between the maximum and minimum values show that the firm's data used for the study are homogeneous.

Regression Analysis

Table 2 Research Summary of Regression Analysis (Return on Assets (ROA) Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EHSCD	28.84516	9.698635	2.974146	0.0038
R-squared	0.814738	Mean dependent var		-0.708667
Adjusted R-squared	0.810679	S.D. dependent var		14.02187
S.E. of regression	13.23802	Akaike info criterion		8.058016
Sum squared resid	14895.84	Schwarz criterion		8.196894
Log likelihood	-357.6107	Hannan-Quinn criter.		8.114020
F-statistic	3.712942	Durbin-Watson stat		1.966473
Prob(F-statistic)	0.007803			

Source Research Summary of Regression Analysis Output from E-View Version 8.1

The R-squared which is the co-efficient of determination or measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. From our result, the R-squared (R^2) is 81% in ROA Model. This showed that our model displayed a good fit because the R^2 is closer to 100%, these explanatory variables can impact up to 81% out of the expected 100%, leaving the remaining 19% which would be accounted for by other variables outside the models as captured by the error term.

The F-statistics measures the overall significance of the explanatory parameters in the model, and it shows the appropriateness of the model used for the analysis while the probability value means that model is statistically significant and valid in explaining the outcome of the dependent variable. From table 2 above, the calculated value of the f-statistics is 3.712942 and its probabilities are 0.007803 which is less than 0.05. We therefore accept and state that there is a significance relationship between the variables. This means that the parameter estimates are statistically significant in explaining the relationship in the dependent variable. The t-statistics helps in measuring the individuals' statistical significance of the parameters in the model. From the result it is observed that employee health and safety costs disclosure (EHSCD) is statistically significant at 5% with its values as 2.974146. This implies that Employee Health and Safety Cost (EHSC) had contributed significantly to corporate performance at the rate of 5% level of significant.

Employee health and safety costs disclosure (EHSCD) is positive sign in ROA Model and its values are 2.974146. This implies that increase in employee health and safety costs disclosure increases the corporate performance (return on assets) by 297%, and this conforms to our theoretical expectation.

Hypotheses Testing

Employee Health and Safety Costs Disclosure (EHSCD) does not have significant impact on corporate performance of quoted oil companies in Nigeria

Interpretation and Decision:

Drawing inference from table 2 above, we found out that the computed value of t-value for employee health and safety costs disclosure (EHSCD) is 2.974146, while its probability is 0.0038. Since its probability value is less than the desired level of significance of 5%, we therefore, accept the alternative and reject the null hypothesis; this implies that employee health and safety costs disclosure have significant impact on corporate performance of quoted oil companies in Nigeria. Thus, employee health and safety costs disclosure is positive and has significant impact on corporate performance of quoted oil companies in Nigeria at 5% level of significant.

Discussion of Findings

The employee health and safety costs disclosure which is measured by the health and safety in dummy (1, 0) is measured as "1" for companies that have a sections in the Annual Reports for health and safety and "0" otherwise. The employee health and safety costs disclosure is positive and has significant impact on corporate performance of quoted oil companies in Nigeria. The regression result shows a positive and statistically significant effect of employee health and safety costs disclosure on corporate performance of quoted oil companies in Nigeria, with a regression coefficient of 28.84516, t-statistics of 2.974146, and p-value of 0.0038 in the ROA model. Moreover, the significant parameter indicates that increase in employee health and safety costs disclosure increases the corporate performance (return on assets) by 297%.

CONCLUSION AND RECOMMENDATION

The study was carried out to examine the impact of employee health and safety cost disclosure on corporate performance of quoted oil companies in Nigeria. The independent variable is employee health and safety costs (EHSC; while the dependent variable is corporate performance proxied by return on assets (ROA). Out of 12 quoted oil companies in Nigeria, we were able to sampled 9 companies using judgmental sampling method.

Data collected from the sampled 9 quoted oil firms from the year 2018 to 2022` were used. Data were sourced from the annual reports of the selected firms. The regression model was used to analyse the data. Results obtained in this study are almost consistent with evidence in available environmental cost disclosure literature. Our findings show that employee health and safety costs disclosure have positive significant impact on corporate performance of quoted oil companies in Nigeria;

The study therefor recommends that since Employee health and safety costs disclosure has positive effect on corporate performance, managers of oil companies in Nigeria, the oil companies are encouraged to increase disclosure of employee health and safety costs because it improves their performance.

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