

MODERATING EFFECTS OF FIRM SIZE ON HUMAN CAPITAL EXPENDITURE AND FINANCIAL PERFORMANCE OF CONSUMER GOODS COMPANIES IN NIGERIA.

Basil Felix Eyinemi
Department of Bursary
Isaac Jasper Boro College of Education, Sagbama Bayelsa State

ABSTRACT

This study explores the moderating effect of firm size on human capital expenditure on the financial performance of consumer goods companies in Nigeria. Human capital expenditure—comprising investments in employee salaries, health and safety, and welfare—is increasingly acknowledged as a strategic asset in improving organizational efficiency and profitability. In the context of Nigeria's dynamic and evolving consumer goods sector, the role of human capital becomes even more critical as companies strive to maintain competitiveness and adapt to market fluctuations. The research adopts a quantitative approach, analyzing panel data from selected consumer goods firms listed on the Nigerian Exchange Group (NGX). Human capital expenditure is measured through proxies such as staff cost in health and safety and training expenses, while financial performance is assessed using indicators like return on assets (ROA), return on equity (ROE), and net profit margin (NPM). Correlation and regression analysis was employed to evaluate the relationship between the variables, controlling for firm size, leverage, and macroeconomic factors. Findings from the study indicate a significant positive relationship between human capital expenditure and financial performance. Companies that consistently invest in their workforce tend to report better financial outcomes, suggesting that employee-related investments enhance productivity, innovation, and operational effectiveness. The results reinforce the argument that human capital should be treated not as an expense, but as a strategic investment capable of generating long-term financial returns. The study contributes to empirical literature on human capital development in Africa generally, and Nigeria specifically, and provides practical implications for corporate managers and policymakers among others, the study recommends that consumer goods firms in Nigeria prioritize structured human capital strategies to enhance performance and sustain competitive advantage in a challenging business environment.

KEYWORDS: *Human Capital Expenditure, Financial Performance, Liquidity Ratio, Health and Safety Expenditure, Earnings Yield, Firm Size.*

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INTRODUCTION

Organizations all over the world are striving for success and are engaged in intense competition with one another to gain and sustain competitive success. To establish a sustainable workforce that would accomplish such a task, organizations are relying on the quality of their human capital asset. Perhaps, the human element in any organization could be regarded as the most powerful factor in directing organizations towards failure or success. In recognition of the foregoing, Zakuan and Norhayati, (2022) posited that companies are beginning to realize that employee involvement is

critical to better financial performance, and quality improvement is a result of the total quality management strategy adopted by the companies.

Human capital research has been a much talked about topic in the field of business management and administration, as such several studies that have been reported on the concept have revealed differing results on human capital development with emphasis on employee training programmes, employee competence, job accountability, professional tenure, employee commitment, employee cooperativeness, employee skills, employee creativity, employee professional knowledge, organizational tenure and employee education level among others (Porter, 2015; Fernandez, & Moldogaziev, 2023). However, not much research has been carried out on human capital expenditure.

In this context, salaries and wages expenditure refers to the amount paid to employees regularly for their performance and productivity, whereas wages are the hourly payment given to the labourer for the amount of work completed in a day (Surbhi, 2015). Salaries and wages are the two major components of the total wage bill, which is the total amount of money paid to employees for their work in a given period. As such, wages represent the largest component of the total labour cost of an organization. The essence of these expenditures is to provide employees with a decent standard of living, reward them for their services, and keep them from fleeing from the organization in search of higher wages elsewhere.

Health and safety expenditure in this context is referred to as the total amount of money spent on the health and safety of employees, to increase the skills, abilities, and wellbeing of the workforce of the company (Razmi et al., 2012). Assume that this is a statement of fact: Sustainability consists of health and safety expenditure that increases the skills, abilities, and wellbeing of the workforce of the company so that the organization can function efficiently, competently, and in a sustainable manner.

Therefore, analyzing these key indicators of human capital expenditure of a company and its financial performance independently is paramount to the success of any organization. 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.

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). 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. Determine the relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria.
2. Ascertain the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria.
3. Investigate the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria.
4. Investigate the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria.
5. Determine how firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria.

RESEARCH QUESTIONS

The study addressed the following research questions:

1. How is salaries and wage expenditure associated with earnings yield in consumer goods companies in Nigeria?
2. What is the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria?
3. How health and safety expenditure is associated with liquidity ratio in consumer goods companies in Nigeria?
4. What is the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria?
5. What is the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria?

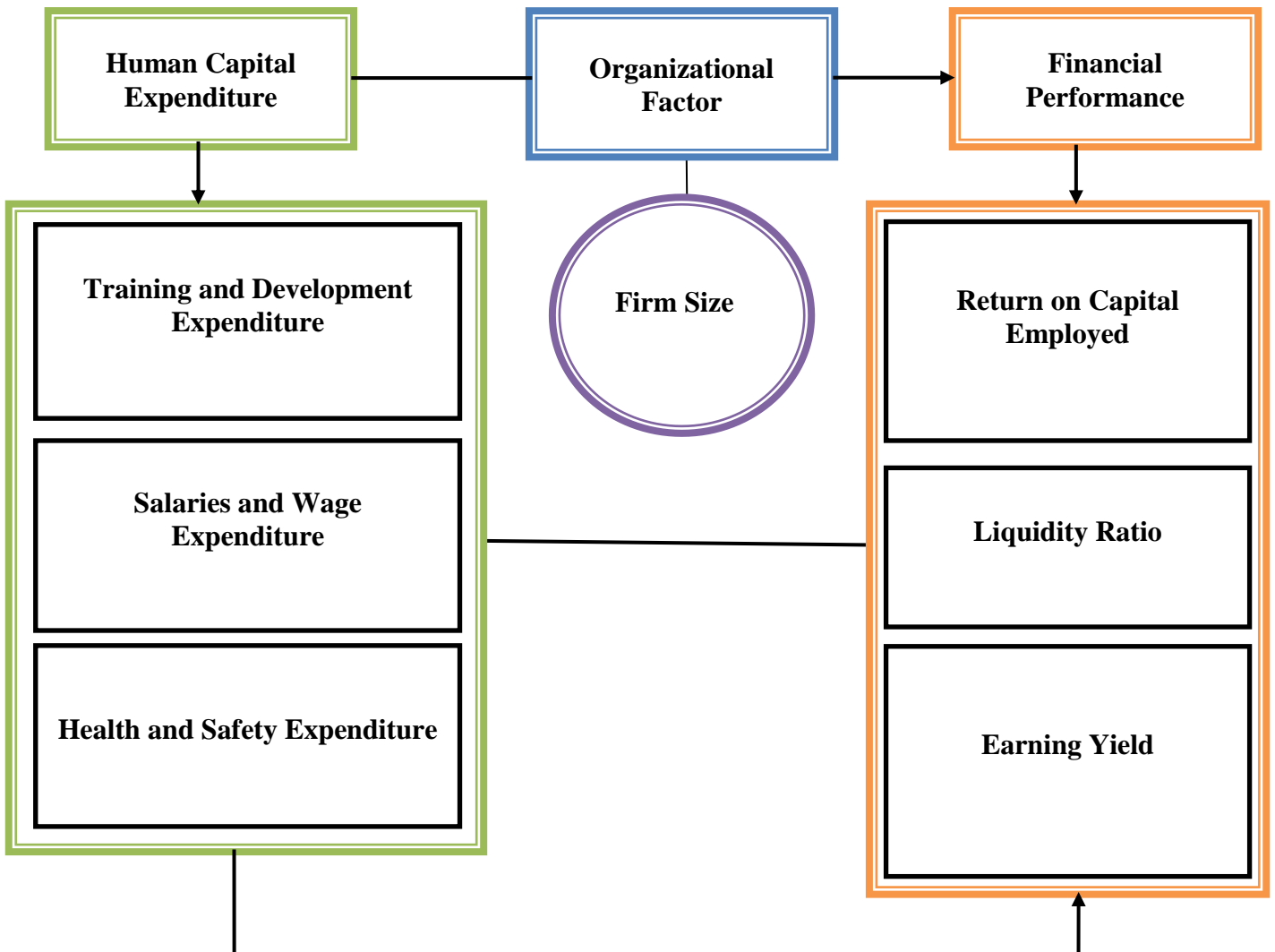
RESEARCH HYPOTHESES

1. There is no significant relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria.
2. There is no significant relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria.
3. There is no significant relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria.
4. There is no significant relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria.
5. Firm size does not significantly moderate the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria.

LITERATURE REVIEW

Conceptual review

Conceptual Framework



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

Figure 2.1: Conceptual framework of the relationship between human capital expenditure and financial performance of consumer goods companies in Nigeria.

Human Capital Expenditure

Education, health, on-the-job training, and the abilities developed through the interaction of people or cultures are all examples of human capital. In more technical terms, human capital is described as the sum of an individual's intrinsic qualities, as well as the knowledge and skills that they gain and develop throughout their lives (Ferid & Zefer, 2023). The above implies that (1) human capital has a beneficial impact on economic development; (2) countries should try to improve their human capital; and (3) success in creating human capital is directly tied to global economic growth and development. To put it another way, human capital is the key to economic development and growth. This is the main reason why human capital has become the focus of attention in recent years.

According to Nwachukwu (2018), an organization that puts great emphasis on employee training and development is directly planning for its survival. Thomas (2013) defined human capital as the 'people, their performance, and their potential in the organization.' The inclusion of the term 'potential' is important as it indicates that employees can develop their skills and abilities over time. This definition is in line with the definition of Dess and Picken (2019), which suggested that human capital consists of "the individual's capabilities, knowledge, skills, and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning." The definition of human capital is much more expansive than others and crucially highlights that individuals can "add" to their knowledge base through learning.

Bontis (2021) defined human capital as the human factor in the organization; the combined intelligence, skills, and expertise that give the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating, and providing the creative thrust that, if properly motivated, can ensure the long-term survival of the organization. Moreover, the definition emphasizes the role of motivation in leveraging these capacities. The definition acknowledges the importance of "distinctive character." Finally, it alludes to the outcome of business sustainability, referring to the "long-term survival of the organization."

Dimension of Human Capital Expenditure

Other dimensions of human capital expenditure have been discussed by these authors in other publications. Hence, this paper shall focus on the health and safety dimension of human capital expenditure.

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

Performance is the function of the ability of an organization to gain and manage resources in several different ways to develop a competitive advantage (Chen & Wong, 2004 cited in Kioko, 2013). There are two kinds of performance, financial performance and non-financial performance. Financial performance emphasizes variables related directly to the financial report, which is the focus of this

study. Performance is a difficult concept, in terms of both definition and measurement. It has been defined as the result of activity, and the appropriate measure selected to assess corporate performance is considered to depend on the type of organization to be evaluated, and the objectives to be achieved through that evaluation.

A financial performance which assesses the fulfilment of a firm's economic goals has long been an issue of interest in managerial research. Firm financial performance relates to the various subjective measures of how well a firm can use its given assets from the primary mode of operation to generate profit (Prempeh, 2015). Kuchhal (2013) defined the value of a firm as the present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. It is the success of meeting pre-defined objectives, targets and goals within a specified time target needs, the financing sources, and its financing and dividend policies for sustainable development of the firm's resources and maximization of firm value.

Firm Size

This may be considered a key factor affecting an enterprise's performance as identified by (Ayako, et al., 2015). The size is determined by the amount of revenue generated in a year or by the asset base of the company. According to Chandrapala and Kn`apkov`a (2015), the value of the assets controlled by a firm and the area of coverage in terms of services and products offered by a firm can be a good measure of firm size. A big business usually enjoys some benefits not available to small firms. Such advantages include production and selling in huge quantities enjoying benefits of scale, better credit rating and hence good chances for external financing and minimal reliance on internal financing and a competitive advantage as a result of higher market penetration (Al-Tally, 2024).

Firm size has become such a routine to use as a control variable in empirical corporate finance studies that it receives little to no discussion in most research papers even though not uncommonly it is among the most significant variables. Firms of different sizes distinguish themselves along different observable and unobservable dimensions. Therefore there are many different ways of defining a firm's size category.

Theoretical Review

Equity Theory

Equity Theory, developed in the early 1960s by Stacey Adams, recognized that motivation could be affected by an individual's perception of fair treatment in social exchanges. When compared to other people, individuals want to be compensated fairly for their contributions (the outcomes they experience to match their input(s)). A person's beliefs in regards to what is fair and what is unfair can affect their motivation, attitudes, and behaviour. Just like expenditure on human capital is aimed at positively influencing the motivation, attitudes, and behaviour of the workforce, also, there should be a fair reward system like wages and salaries to motivate the workforce. This is to ensure that the workforce is motivated to work hard and produce the best results. In a company where there is no equity in the reward system of the employee, irrespective of the expenditure on human capital development, there are chances that the employees will not be motivated to work (Wood, 2016).

Equity Theory helps explain how highly paid workers will be more motivated than lowly paid workers. The theory states that people are more motivated to work when they are rewarded for their efforts and when they have a stake in the success of the organization and financial performance of the company of which they are a part (Essentially, the more an individual feels like a part of the organization and that his or her efforts are not wasted on a losing cause, the higher the motivation will be) respected, the more committed and productive an individual will be (Wood, 2016).

The implication of Equity Theory to the Study

Equity theory tends to influence the financial performance of firms in the light that equity theory is a theory of fairness and justice. Equity theory is based on the assumption that all people are equal in the sense that they have the same rights and responsibilities. As such, the output of the workforce of the company will have a resultant effect on all of the people who are employed by the company. Therefore, when a company invests in human capital development, its interpretation from the point of view of the postulate of Equity theory is that the company is investing in the future of its workforce. This is because the company will be able to attract and retain the best employees in the future, which will also improve the financial performance of the company in the long term.

Empirical Review

Nnanna (2020), investigated the effects of training on employee performance in a telecommunications company - Airtel Networks Limited, Abuja. The survey research methodology using a questionnaire was employed in this study to enable the researcher to successfully gain insight on the subject. The findings of this study show that for organizations to see improvements in employee performance there is the need to develop training programs and ensure employees who are of course the most vital assets of an organization are consistently trained. This study concludes that the selection procedure, training design, and training delivery style affects the outcomes of training programs and ultimately the performance of the employees.

Ileka and Muogbo (2020), investigated wages and salary administration and employee performance in selected government ministries in Anambra State. Specifically, the study examined how wages and salaries, cash bonus, minimum wage, fringe benefits and monetization of fringe benefit affect employee performance. Relevant theoretical, conceptual and empirical literatures were reviewed. The study was anchored on Maslow's Hierarchy of needs. Survey research design was employed and a total of nine government ministries were studied. The population of the study constituted 1920 employees of the selected government ministries out of which 374 employees were sampled for the study. Questionnaire was employed as the instrument for data collection. Simple percentage analysis and Multiple Regression Analysis were employed in analyzing the data. The study found that wages and salaries have significant positive effect on employee performance; cash bonus has significant positive effect on employee performance; minimum wage has significant negative effect on employee performance; fringe benefits have significant positive effect on employee performance; and monetization of fringe benefits has significant positive effect on employee performance in selected government ministries in Anambra State. The study concluded that effective wages and salary administration have significant positive effective on civil service performance. The study recommended that government should give priority to the welfare of those in its employment because they can make or mar government programmes.

Kinuthia (2020), investigated the effect of earnings yield on the stock returns on firms listed at the Nairobi Securities Exchange. It also aimed at reviewing the increasing body of theoretical and empirical studies that have endeavored to examine the range of magnitude and effects of predictability of stock returns using financial ratios. The study employed a causal research design. The target population was all the 65 firms listed at the NGX, the sample was represented by thirty firms listed at the Nairobi Security Exchange which had already listed at 2016 and was still listed at the end of 2019 and had issued dividends for at least three years of the study period. Secondary sources of data were employed. The unit period of analysis was annual, and data was collected for the period from 2016 to 2019. The period comprised of four years. The study applied correlation analysis and multiple linear regression equation with the technique of estimation being Ordinary Least Squares (OLS) so as to establish the predictability of stock returns using financial ratios. The study findings were that only firm size is significantly correlated at the 5% significance level to stock returns. It has a negative association with stock returns. Further findings were that the model

consisting of valuation ratios and the control variable, firm size, in unison influence stock returns and they can be utilized to significantly predict stock returns. Final findings were that only dividend yield and firms size had a statistically significant relationship with stock returns. Dividend yield has a significant positive effect on the stock returns while firm size has a significant negative effect. Shafuda and Kumar (2020) examined the impacts of government spending on human capital on human development indicators like healthcare outcomes, education achievements and increase in national income in Namibia using time series data from 1980 to 2015. The analysis reveals a significant long-run inverse relationship of government spending on healthcare with fertility rate, infant mortality rate and under-5 mortality rate. However, no co-integration is observed between government spending on healthcare and life-expectancy or adult mortality rate. Also, the findings reveal a significant long-run positive relationship of government spending on education with literacy rate, net primary and gross tertiary enrolment rate. Whereas, no co-integration between government spending on education and gross enrolment rate at primary and secondary level is observed. The vector auto-regression analysis revealed significant impacts of expenditure on healthcare and education on the GDP growth in the long run through improved human resources. The results are thus in favour of continuation of expansionary government expenditure policy to achieve faster economic growth in Namibia. However, drastic changes should be adopted to improve basic education and primary healthcare in the country.

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:

$$\text{FINPERF} = f(\text{HUMCAPEXP}, e_t) \dots\dots\dots 1$$

$$\text{FINPERF} = b_0 + b_j \text{HUMCAPEXP} + \dots + e_t \dots\dots\dots 2$$

For Hypothesis One

$$\text{ENY} = f(\text{SWE}, e_t) \dots\dots\dots 13$$

$$\text{ENY} = b_0 + b_1 \text{SWE} + e_t \dots\dots\dots 14$$

For Hypothesis Two

$$\text{ROCE} = f(\text{HSE}, e_t) \dots\dots\dots 15$$

$$\text{ROCE} = b_0 + b_1 \text{HSE} + e_t \dots\dots\dots 16$$

For Hypothesis Three

$$\text{LQR} = f(\text{HSE}, e_t) \dots\dots\dots 17$$

$$\text{LQR} = b_0 + b_1 \text{HSE} + e_t \dots\dots\dots 18$$

For Hypothesis Four

$$\text{ENY} = f(\text{HSE}, e_t) \dots\dots\dots 19$$

$$\text{ENY} = b_0 + b_1 \text{HSE} + e_t \dots\dots\dots 20$$

For Hypothesis Five

$$\text{FINPERF} = f(\text{HUMCAPEXP}, \text{FSIZ}, e_t) \dots\dots\dots 21$$

$$\text{FINPERF} = b_0 + b_1 \text{HUMCAPEXP} * \text{FSIZ} + e_t \dots\dots\dots 22$$

$$\text{FINPERF} = f(\text{HUMCAPEXP}, * \text{FSIZ}, e_t) \dots\dots\dots 21$$

$$\text{FINPERF} = b_0 + b_{ij} \text{HUMCAPEXP} * \text{FSIZ} + \dots + e_t \dots\dots\dots 22$$

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

b_0 = Intercept

b_1, b_2, b_3 = 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 | | ROCE (₦B) | LQR (₦B) | ENY (₦B) | TDE (₦B) | SWE (₦B) | HSE (₦B) | FINSIZ |
|------|-----------------|-------------|--|--------------|-------------|-------------|-------------|-------------|-------------|--------|
| | | EXP (₦B) | | | | | | | | |
| 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: How is salaries and wage expenditure associated with earnings yield in consumer goods companies in Nigeria?

Table 2: Pearson Product Moment Correlation Analysis on the relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria

| Variable | Mean | Std. Dev | n | r | Decision |
|----------|-------------|-------------|----|------|----------|
| SWE | 72956777.09 | 18820641.11 | 11 | 0.58 | Moderate |
| ENY | 1707.922727 | 396.84 | | | |

Table 2 shows the extent of the relationship between salaries and wages expenditure and earnings yield in consumer goods companies in Nigeria. However, the result indicated that the relationship between salaries and wages expenditure and earnings yield in consumer goods companies in Nigeria is moderate ($r = 0.58$, $r \leq \pm 0.40$ to $r \leq \pm 0.59$). The implication of this result is that the extent of the relationship between salaries and wages expenditure and earnings yield in consumer goods companies in Nigeria is moderate.

Research Question Two: What is the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria?

Table 3: Pearson Product Moment Correlation Analysis on the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria

| Variable | Mean | Std. Dev | n | r | Decision |
|----------|--------------|-------------|----|------|----------|
| HSE | 3414626.45 | 2061892.21 | 11 | 0.24 | Weak |
| ROCE | 173874476.36 | 35007737.47 | | | |

Table 3 shows the extent of the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria. However, the result indicated that the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria is weak ($r = 0.24$, $r \leq \pm 0.20$ to $r \leq \pm 0.39$). The implication of this result is that the extent of the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria is weak.

Research Question 3: How is health and safety expenditure associated with liquidity ratio in consumer goods companies in Nigeria?

Table 4: Pearson Product Moment Correlation Analysis on the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria

| Variable | Mean | Std. Dev | n | r | Decision |
|----------|--------------|-------------|----|------|----------|
| HSE | 3414626.45 | 2061892.21 | 11 | 0.40 | Moderate |
| LQR | 127935536.36 | 28990159.70 | | | |

Table 4 shows the extent of the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria. However, the result indicated that the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria is moderate ($r = 0.40$, $r \leq \pm 0.40$ to $r \leq \pm 0.59$). The implication of this result is that the extent of the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria is moderate.

Research Question Four: What is the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria?

Table 5: Pearson Product Moment Correlation Analysis on the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria

| Variable | Mean | Std. Dev | n | r | Decision |
|----------|------------|------------|----|------|-------------|
| HSE | 3414626.45 | 2061892.21 | 11 | 0.82 | Very Strong |
| ENY | 1707.92 | 396.84 | | | |

Table 5 shows the extent of the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria. However, the result indicated that the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria

is very strong ($r = 0.82$, $r \leq \pm 0.80$ to $r \leq \pm 1.00$). The implication of this result is that the extent of the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria is very strong.

Research Question Five: What is the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria?

Table 6: Regression analysis of the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | 0.13 ^a | 0.02 | -0.09 | 2242563677.99 |

- a. Predictors: (Constant), HUMCAPEXP
- b. Dependent Variable: FINPERF
- c. Moderating Variable: FINSIZ

Table 6 shows the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria. It indicated that firm size had a very weak ($R = 0.13$) moderation in the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria. The implication of this result is that the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria is very weak.

Hypothesis One: There is no significant relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria.

Table 7: Ordinary Least Squares (OLS) regression analysis on the relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria

Dependent Variable: ENY
Method: Least Squares
Date: 02/17/25 Time: 14:42
Sample: 2013 2023
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| SWE | 0.22E-05 | 5.73E-06 | 3.136019 | 0.0314 |
| C | 815.6860 | 430.1600 | 1.896239 | 0.0904 |
| R-squared | 0.336409 | Mean dependent var | 1707.923 | |
| Adjusted R-squared | 0.262677 | S.D. dependent var | 396.8394 | |
| S.E. of regression | 340.7562 | Akaike info criterion | 14.66318 | |
| Sum squared resid | 1045033. | Schwarz criterion | 14.73552 | |
| Log likelihood | -78.64747 | Hannan-Quinn criter. | 14.61757 | |
| F-statistic | 4.562578 | Durbin-Watson stat | 1.605552 | |
| Prob(F-statistic) | 0.031418 | | | |

Source: Author's E-views computation

Table 7 shows that SWE has a sign coefficient of 0.22, a t-Statistic of 3.14, and a significant value of $0.03 < 0.05$. The R-squared value of 0.34 indicates approximately 34% contribution to ENY of listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis six that, there is a significant relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria is rejected at the 0.05 level of significance.

Hypothesis Two: There is no significant relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria.

Table 8: Ordinary Least Squares (OLS) regression analysis on the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria

Dependent Variable: ROCE

Method: Least Squares

Date: 02/17/25 Time: 14:39

Sample: 2013 2023

Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| HSE | 4.138182 | 5.488810 | 0.753931 | 0.4702 |
| C | 1.60E+08 | 21626594 | 7.386467 | 0.0000 |
| R-squared | 0.059405 | Mean dependent var | 1.74E+08 | |
| Adjusted R-squared | -0.045106 | S.D. dependent var | 35007737 | |
| S.E. of regression | 35788551 | Akaike info criterion | 37.78712 | |
| Sum squared resid | 1.15E+16 | Schwarz criterion | 37.85946 | |
| Log likelihood | -205.8292 | Hannan-Quinn criter. | 37.74152 | |
| F-statistic | 0.568412 | Durbin-Watson stat | 1.181592 | |
| Prob(F-statistic) | 0.470155 | | | |

Source: Author's E-views computation

Table 8 shows that HSE has a sign coefficient of 4.14, a t-Statistic of 0.75, and a significant value of $0.47 > 0.05$. The R-squared value of 0.06 indicates approximately 6% contribution to the ROCE of listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis seven that, there is no significant relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Hypothesis Three: There is no significant relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria.

Table 9: Ordinary Least Squares (OLS) regression analysis on the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria

Dependent Variable: LQR

Method: Least Squares

Date: 02/17/25 Time: 14:40

Sample: 2013 2023

Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| HSE | 5.547751 | 4.306396 | 1.288258 | 0.2298 |
| C | 1.09E+08 | 16967739 | 6.423486 | 0.0001 |
| R-squared | 0.155691 | Mean dependent var | 1.28E+08 | |
| Adjusted R-squared | 0.061879 | S.D. dependent var | 28990160 | |
| S.E. of regression | 28078892 | Akaike info criterion | 37.30190 | |
| Sum squared resid | 7.10E+15 | Schwarz criterion | 37.37424 | |
| Log likelihood | -203.1605 | Hannan-Quinn criter. | 37.25630 | |
| F-statistic | 1.659609 | Durbin-Watson stat | 0.925780 | |
| Prob(F-statistic) | 0.229788 | | | |

Source: Author's E-views computation

Table 9 shows that HSE has a sign coefficient of 5.55, a t-Statistic of 1.29, and a significant value of 0.23 > 0.05. The R-squared value of 0.16 indicates approximately 16% contribution to LQR of listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis eight that, there is no significant relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Hypothesis Four: There is no significant relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria.

Table 10: Ordinary Least Squares (OLS) regression analysis on the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria

Dependent Variable: ENY

Method: Least Squares

Date: 02/17/25 Time: 14:41

Sample: 2013 2023

Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| HSE | 0.000158 | 3.65E-05 | 4.336915 | 0.0019 |
| C | 1167.440 | 143.8028 | 8.118339 | 0.0000 |
| R-squared | 0.676362 | Mean dependent var | 1707.923 | |
| Adjusted R-squared | 0.640402 | S.D. dependent var | 396.8394 | |
| S.E. of regression | 237.9707 | Akaike info criterion | 13.94514 | |
| Sum squared resid | 509670.4 | Schwarz criterion | 14.01748 | |
| Log likelihood | -74.69826 | Hannan-Quinn criter. | 13.89953 | |
| F-statistic | 18.80883 | Durbin-Watson stat | 1.843060 | |
| Prob(F-statistic) | 0.001886 | | | |

Source: Author's E-views computation

Table 10 shows that HSE has a sign coefficient of 0.00, a t-Statistic of 4.34, and a significant value of 0.00 < 0.05. The R-squared value of 0.68 indicates approximately 68% contribution to ENY of

listed consumer goods companies in Nigeria by the independent variable SWE. Given the above, the null hypothesis nine that, there is a significant relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria is rejected at the 0.05 level of significance.

Hypothesis Five: Firm size does not significantly moderate the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria.

Table 11: Moderated linear regression analysis on the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria

| Model | Coefficients ^a | | | | |
|-------------|-----------------------------|--------------|---------------------------|-------|------|
| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | 312604813.57 | 227468133.41 | | 1.37 | 0.21 |
| 1 HUMCAPEXP | 0.34 | 1.16 | 0.11 | 0.30 | 0.77 |
| FINSIZ | -33296.43 | 147215.06 | -0.08 | -0.23 | 0.83 |

a. Dependent Variable: FINPERF

Source: Author's SPSS computation

Table 11 shows the extent to which FINSIZ moderate the relationship between HUMCAPEXP and FINPERF. The result showed that FINSIZ with a coefficient of -33296.43, t-Statistic of --0.23, and significant value of 0.83 > 0.05, indicates that firm size does not significantly moderate the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria is retained at the 0.05 level of significance.

Discussion of Findings

Also, the result in table 2 shows that the extent of the relationship between salaries and wages expenditure and earnings yield in consumer goods companies in Nigeria is very moderate. While the result of table 4.17 indicated that, there is a significant relationship between salaries and wage expenditure and earnings yield in consumer goods companies in Nigeria. This finding is consistent with the study of Ohaka et al. (2020) which revealed that wage and salary cost has a significant impact on the earnings per share of quoted manufacturing firms in Nigeria. Supporting the findings, Craig et al. (2020), revealed in their study that there is a statistically significant relationship between staff salaries, post-employment benefits, and Profit after tax of selected Nigerian manufacturing companies.

Also, the result in table 3 shows that the extent of the relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria is weak. While the result of table 4.18 indicated that there is no significant relationship between health and safety expenditure and return on capital employed in consumer goods companies in Nigeria. This finding is consistent with the study of Onyekwelu et al. (2020) corroborated this finding by revealing that remuneration in form of health and safety expenditure assumes a significant role in increasing workers' performance in an organization.

Also, the result in table 4 shows that the extent of the relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria is moderate. While the result of table 4.19 indicated that, there is no significant relationship between health and safety expenditure and liquidity ratio in consumer goods companies in Nigeria. This finding is consistent with the study of Onyekwelu et al. (2020) corroborated this finding by revealing that remuneration in form of health and safety expenditure assumes a significant role in increasing workers' performance in an organization.

The result in table 5 shows that the extent of the relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria is very strong. While the result of table 4.20 indicated that there is a significant relationship between health and safety expenditure and earnings yield in consumer goods companies in Nigeria. This finding is consistent with the study of Obikwelu (2018), which revealed that human capital expenditure has a positive relationship with manufacturing output, though statistically significant. This shows that for the manufacturing sector to achieve an impressive level of output, there is a need for human capital expenditure to take place. Finally, the result in table 6 shows that the extent to which firm size moderates the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria is very weak. While the result of table 4.21 indicated that firm size does not significantly moderate the relationship between human capital expenditure and the financial performance of consumer goods companies in Nigeria. This finding is consistent with the study of Manukaji, et al. (2019), which revealed that firm size was found to have an insignificant effect on the performance of quoted manufacturing companies in Nigeria.

CONCLUSION

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. Management of consumer goods companies in Nigeria should provide attractive compensatory and incentive packages in order to boost human capital productivity and consequently stimulate the earnings yield of the company.
2. Management of consumer goods companies in Nigeria should give priority to investment in health and safety expenditure of those in its employment because they can make or mar the company's effort, particularly the return on capital employed by the company.
3. More recognition should be accorded to investment in the health and safety of the employee; as it has the potential to positively influence employee productivity and raise overall performance in the company, which in turn influences the liquidity ratio of the company.
4. Health and safety expenditure that meets the craving of an employee of consumer goods companies in Nigeria should be considered of great importance to the management. These, have the potential to increase their output, especially the earnings yield of the company.
5. Consumer goods companies in Nigeria should strive to improve the effectiveness and role of the company's firm size to a robust financial performance in order to enhance their market values by showing consistency in their investment in human capital expenditure.

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**APPENDIX A
POPULATION 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