Human Capital Expenditure and Earnings Per Share of Listed Agricultural Companies in Nigeria

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https://doi.org/10.56201/jafm.vol.12.no10.2026.p176.196

Abstract
This study examined the relationship between human capital expenditure and earnings per share of listed agricultural companies in Nigeria. Specifically, it investigated the relationships between staff remuneration cost, staff training cost, and health and safety cost and earnings per share (EPS). The study adopted an ex-post facto research design and used secondary data extracted from the audited annual reports and financial statements of five listed agricultural companies in Nigeria over the period 2009-2024, resulting in a balanced panel of 80 firm-year observations. Data were analysed using panel regression with cross-section and period fixed effects, incorporating a lagged dependent variable, while hypotheses were tested at the 5% level of significance. The results revealed that staff remuneration cost had a positive and statistically significant relationship with EPS. In contrast, staff training cost and health and safety cost had positive but statistically insignificant relationships with EPS. The model was jointly statistically significant. The study concluded that staff remuneration expenditure was the only human capital expenditure component with a statistically significant individual relationship with earnings per share in the estimated model. It therefore recommended that management of listed agricultural companies should maintain equitable and competitive remuneration policies aligned with employee productivity and organisational performance. Management should also periodically evaluate the effectiveness of staff training programmes and health and safety expenditure to ensure that these investments contribute to measurable operational improvements and sustainable shareholder earnings.

Keywords: *Human capital expenditure, staff remuneration cost, staff training cost, health and safety cost, earnings per share, listed agricultural companies.*

1.1 Introduction

Human capital expenditure has become an important consideration in contemporary business management because employees' knowledge, skills, experience, creativity, and competencies contribute to organisational productivity and financial performance. In an increasingly competitive business environment, organisations depend on the capabilities of their workforce to improve operational efficiency, implement strategic decisions, enhance product quality, and achieve

sustainable financial outcomes. Human capital expenditure represents the financial resources committed to remunerating employees, developing their competencies, maintaining their welfare, and protecting their health and safety. Such expenditure includes staff remuneration, training and development, and health and safety costs, which are intended to maintain workforce effectiveness and strengthen employees' capacity to contribute to organisational objectives. Consequently, understanding the financial implications of expenditure on employees is essential for assessing how organisations allocate resources to their workforce and the extent to which such expenditure relates to shareholder earnings.

The importance of human capital expenditure is reflected in the growing research interest in the relationship between employee-related costs and corporate financial performance. Asuquo et al. (2024), in their study of listed natural resources companies in Nigeria, examined salary and allowances, medical and welfare expenditure, and training expenditure in relation to firms' earnings. Their findings indicated differences in the contributions of the expenditure components, suggesting that the financial implications of human capital expenditure may depend on the nature of the cost incurred. Similarly, Jimoh et al. (2023) examined human resource accounting and corporate performance among listed companies in Nigeria and reported that human resource accounting significantly influenced earnings per share, turnover, and return on capital employed. These findings demonstrate the relevance of employee-related expenditure and human resource accounting to corporate financial outcomes, although the results of studies using broader human resource accounting measures may not necessarily apply to individual expenditure components.

Despite the growing recognition of employees as strategic organisational resources, the accounting treatment of human capital expenditure presents important measurement challenges. Under conventional financial reporting practices, expenditure relating to salaries and wages, employee training, and workplace health and safety is generally recognised as an expense when incurred, subject to applicable accounting requirements. Although such expenditure may contribute to future organisational benefits, its potential contribution is not necessarily reflected as a separately recognised asset in the statement of financial position. This creates a distinction between the costs incurred to maintain and develop employees and the economic benefits that organisations may derive from their workforce. Accordingly, examining human capital expenditure in relation to earnings per share provides an opportunity to assess whether the resources committed to employees are associated with improved earnings attributable to ordinary shareholders.

Human capital expenditure encompasses different categories of employee-related costs, each of which may influence organisational performance through distinct mechanisms. Staff remuneration expenditure represents the financial commitment to compensating employees for their services and may influence employee motivation, commitment, retention, and productivity. Appropriate remuneration policies can help organisations attract and retain competent personnel, reduce labour turnover, and encourage employees to perform their responsibilities effectively. However, excessive remuneration costs, particularly where they are not matched by corresponding improvements in productivity, may increase operating expenses and reduce earnings available to shareholders. The relationship between remuneration expenditure and earnings per share is therefore an empirical question involving the balance between employee compensation, operating efficiency, and profitability. In a related Nigerian study, Asuquo et al. (2024) found that salary and allowance expenditure had a positive but statistically insignificant relationship with firms' earnings, highlighting the need to distinguish between a positive estimated relationship and one that is statistically significant.

Staff training expenditure constitutes another important component of human capital expenditure because it supports the acquisition of knowledge, technical skills, and professional competencies required for effective job performance. Through training and development programmes, employees may improve their ability to use organisational resources efficiently, adapt to technological changes, minimise operational errors, and respond to emerging business challenges. In agricultural companies, these capabilities may be relevant to production planning, resource utilisation, inventory management, financial control, and compliance with operational and reporting requirements. Nevertheless, training expenditure may not translate immediately into improved financial outcomes because its benefits depend on the relevance of the training, the quality of implementation, and the extent to which employees apply newly acquired competencies. Ohaka et al. (2025), in their study of listed agricultural companies in Nigeria covering 2014-2023, reported that staff training costs did not have a statistically significant effect on return on assets. This finding suggests that the financial benefits of training expenditure should not be assumed and that its relationship with financial performance requires further investigation using appropriate performance measures.Health and safety expenditure is also relevant to human capital management because it supports employee protection, the prevention of occupational injuries, and the maintenance of a safe working environment. Such expenditure may include workplace safety measures, protective equipment, employee health programmes, and other interventions designed to reduce work-related risks. Effective health and safety practices may minimise employee absenteeism, prevent operational disruptions, reduce costs associated with workplace accidents, and support workforce stability. These benefits may be particularly important in agricultural businesses, where production and processing activities may expose employees to occupational hazards. However, the extent to which health and safety expenditure translates into improved earnings may vary according to the nature of the business, the level of risk exposure, and the efficiency with which the expenditure is managed. Evidence from Ohaka et al. (2025) indicates that health and safety costs did not have a statistically significant effect on return on assets among the agricultural companies examined, further demonstrating the need to investigate the financial implications of individual human capital expenditure components.

Earnings per share (EPS) is an important accounting-based indicator of financial performance because it measures the earnings attributable to ordinary shareholders in relation to the weighted average number of ordinary shares outstanding during a reporting period. It provides shareholders and prospective investors with information about the earnings generated in relation to their shareholdings and is useful in assessing corporate profitability and investment prospects. Unlike general measures of organisational performance, EPS directly relates reported earnings to ordinary shares, thereby providing an indication of the earnings attributable to ordinary shareholders. Management decisions concerning employee remuneration, training, and health and safety may influence EPS through their effects on operating expenses, productivity, profitability, and the generation of earnings. Where human capital expenditure enhances productivity and contributes to increased profits, it may be associated with improved EPS. Conversely, where expenditure increases costs without generating commensurate economic benefits, it may exert pressure on earnings attributable to shareholders. Jimoh et al. (2023) reported a significant relationship between human resource accounting and EPS among listed Nigerian companies, supporting the relevance of employee-related information to shareholder earnings while leaving the effects of specific expenditure components open to further examination.

The relationship between human capital expenditure and earnings per share is particularly important in listed agricultural companies in Nigeria. The agricultural sector contributes to food

production, employment generation, industrial raw materials, and broader economic activities. Companies operating in the sector require competent employees to manage production processes, maintain equipment, coordinate supply chains, control costs, and support effective financial management. However, the ability of these companies to translate expenditure on employees into improved shareholder earnings may be influenced by operating costs, production conditions, market fluctuations, technological capacity, and managerial efficiency. Oghene and Olufemi (2024), in their study of intellectual capital and the corporate performance of listed agricultural firms in Nigeria, reported a positive and statistically significant relationship between human capital efficiency and return on equity. Although human capital efficiency differs conceptually from direct expenditure on employees, the finding reinforces the importance of workforce-related capabilities to the financial outcomes of agricultural firms.

Recent evidence from the agricultural sector also indicates that the relationship between human capital costs and financial performance is not uniform across expenditure components or performance indicators. Ohaka et al. (2025) reported statistically insignificant effects of staff training costs, health and safety costs, salaries and wages costs, and staff gratuity costs on return on assets among listed agricultural companies. By contrast, Korolo (2026), examining human capital costs and earnings per share among listed agricultural companies in Nigeria over 2009–2024, found that staff remuneration costs had a positive and statistically significant effect on EPS, whereas staff training costs and health and safety costs had positive but statistically insignificant effects. These findings provide relevant evidence that the relationship between employee-related expenditure and financial performance may vary according to the expenditure component, the dependent variable, the sample, and the period examined.

Although the existing studies provide useful insights, further investigation remains relevant because the financial implications of human capital expenditure cannot be generalised across all expenditure categories and performance measures. Evidence based on return on assets, return on equity, or broader human resource accounting measures may not produce the same conclusions as research focusing specifically on earnings per share. Furthermore, the distinct effects of staff remuneration, training, and health and safety expenditure require continued examination to determine which components are associated with earnings attributable to shareholders. This issue is important to managers seeking to allocate limited resources efficiently and investors assessing the capacity of listed agricultural companies to generate earnings. Accordingly, an empirical investigation of these expenditure components in relation to EPS can provide additional evidence on the financial implications of workforce-related spending in Nigeria's agricultural sector.

Against this background, this study examines human capital expenditure and earnings per share of listed agricultural companies in Nigeria over the period 2007-2025. Specifically, it investigates the relationship between staff remuneration cost, staff training cost, and health and safety cost and earnings per share. The study uses secondary data obtained from the annual reports and financial statements of six listed agricultural companies in Nigeria. By examining these expenditure components against a shareholder-focused measure of financial performance, the study seeks to contribute to the empirical literature on human capital expenditure and corporate earnings while providing useful information for corporate managers, investors, and other stakeholders involved in evaluating workforce-related spending and shareholder returns.

1.2 Statement of the Problem

Human capital expenditure represents an important component of organisational resource allocation because expenditure on staff remuneration, training, and health and safety may influence

employee productivity, operating costs, and earnings attributable to shareholders. However, the financial implications of these expenditure components remain an empirical concern, particularly among listed agricultural companies in Nigeria. While expenditure on employees may improve workforce competence, motivation, and operational efficiency, it may also increase operating costs without generating commensurate improvements in corporate earnings. Consequently, the extent to which human capital expenditure translates into improved earnings per share (EPS) remains uncertain.

Existing empirical studies have reported varying findings regarding the relationship between human capital expenditure and corporate financial performance. Some studies have associated employee-related expenditure with improved financial outcomes, whereas others have reported statistically insignificant or inconclusive relationships. These differences suggest that the financial implications of staff remuneration, training, and health and safety expenditure may vary across firms, sectors, study periods, and measures of financial performance. Nevertheless, findings based on general measures such as return on assets and return on equity may not adequately explain the relationship between individual human capital expenditure components and earnings per share, which directly reflects earnings attributable to ordinary shareholders.

The uncertainty is particularly relevant to listed agricultural companies in Nigeria, where expenditure on employees must be balanced against production costs, operational risks, and the need to generate sustainable shareholder earnings. Although staff remuneration may support employee motivation and retention, excessive personnel costs may constrain profitability. Similarly, staff training may enhance employees' technical competencies, while health and safety expenditure may reduce occupational risks and operational disruptions. However, the extent to which these benefits translate into improved EPS cannot be assumed without empirical investigation. The absence of consistent evidence on the individual contributions of these expenditure components may complicate managerial decisions concerning workforce investment and investors' assessment of the earnings potential of agricultural companies.

Furthermore, differences in the periods covered by previous studies may limit the comparability and applicability of their findings to more recent economic and sectoral conditions. Changes in inflation, operating costs, government policies, and agricultural market conditions may influence both the amount companies spend on employees and the earnings they generate. Consequently, findings from earlier periods may not necessarily reflect the relationship between human capital expenditure and EPS under more recent conditions. This creates the need for additional evidence covering a clearly defined period and focusing specifically on listed agricultural companies in Nigeria.

Against this background, the study examines human capital expenditure and earnings per share of listed agricultural companies in Nigeria over the period 2007–2025. Specifically, it investigates the relationship between staff remuneration cost, staff training cost, and health and safety cost and EPS. By examining these expenditure components against a shareholder-oriented measure of financial performance, the study seeks to provide evidence that can clarify their respective relationships with earnings attributable to ordinary shareholders and contribute to more informed decisions regarding human capital expenditure in the agricultural sector.

2.1.1 Concept of Human Capital Expenditure

Human capital expenditure refers to the financial resources committed by an organisation to recruit, remunerate, develop, protect, and maintain its workforce to enhance employees' knowledge, skills, competencies, and productive capacity. These expenditures reflect the

organisation's commitment to developing its employees as valuable resources whose contributions can improve operational efficiency, innovation, and long-term organisational performance (Becker, 2020). From a strategic perspective, human capital expenditure encompasses the costs incurred in attracting qualified personnel, providing competitive remuneration, facilitating employee training and development, and ensuring adequate health, safety, and welfare provisions. Human capital expenditure is considered an important organisational investment because employees' capabilities and expertise influence productivity, the quality of decision-making, service delivery, and the organisation's ability to respond to changes in its operating environment. According to Ugwoke (2020), employees' knowledge, skills, creativity, and experience constitute important resources that can strengthen organisational competitiveness and support sustainable growth. Similarly, Okafor (2021) emphasises the importance of expenditure on employees in enhancing workforce effectiveness and enabling organisations to adapt to changing technological and operational requirements. The benefits of human capital expenditure may extend beyond the accounting period in which the costs are incurred, particularly where such expenditure enhances employees' competencies and improves their capacity to perform assigned responsibilities. Adeolu (2023) associates investment in employee development with the potential for improved organisational growth and future performance. Expenditure on staff training, for instance, may improve technical competence, reduce operational errors, and enhance the quality of products and services, while appropriate remuneration and employee welfare provisions may strengthen job satisfaction, commitment, and staff retention (Ezejiofor, 2020; Musa, 2022). Furthermore, human capital expenditure supports the development of a knowledgeable and adaptable workforce capable of contributing to innovation, problem-solving, and organisational effectiveness (Adegbie, 2021). However, the financial benefits of human capital expenditure are not automatic, as they depend on the nature, adequacy, and effective utilisation of the resources committed to employees. Consequently, organisations must ensure that expenditure on human resources is aligned with corporate objectives and translates into measurable improvements in employee productivity and organisational outcomes. In the context of the present study, human capital expenditure is conceptualised as the financial resources committed to employees' remuneration, training and development, and health and safety. These expenditure components represent key dimensions through which an organisation can support workforce effectiveness and potentially improve its financial performance.

2.1.2 Staff Remuneration Cost

Staff remuneration cost refers to the total financial expenditure incurred by an organisation in compensating employees for the services they render. It comprises salaries, wages, bonuses, allowances, commissions, performance-related incentives, and other monetary benefits provided in accordance with employment agreements and organisational compensation policies. Remuneration represents a major component of human capital expenditure because it constitutes the direct financial consideration employees receive for contributing their knowledge, skills, time, and effort towards achieving organisational objectives (Ugwoke, 2020).

The level and structure of staff remuneration can influence employees' motivation, job satisfaction, commitment, and willingness to remain with an organisation. An appropriate compensation system may help an organisation attract and retain competent employees, reduce the costs associated with staff turnover, and encourage greater commitment to assigned responsibilities. Conversely, inadequate or inequitable remuneration may contribute to employee dissatisfaction, reduced morale, and lower productivity (Okafor, 2021). Therefore, remuneration

decisions have implications for both employee welfare and organisational resource allocation. From a strategic management perspective, staff remuneration cost can be viewed as a means of securing and sustaining the human resources required for effective organisational operations. Competitive and performance-oriented compensation policies may encourage employees to improve their productivity, contribute to organisational goals, and support the achievement of superior business outcomes (Adeolu, 2023). Similarly, a well-designed remuneration structure can strengthen workforce stability and contribute to organisational competitiveness (Ezejiofor, 2020). Nevertheless, the relationship between staff remuneration cost and financial performance may depend on the organisation's ability to obtain adequate returns from the resources committed to employee compensation. Although higher remuneration may improve motivation and productivity, excessive personnel costs relative to organisational revenue may reduce profit margins. Staff remuneration cost is therefore conceptualised in this study as the financial resources expended on salaries, wages, allowances, bonuses, and other employee compensation. Its financial implications are assessed in terms of the extent to which such expenditure contributes to improved organisational productivity and financial performance.

2.1.3 Staff Training Cost

Staff training cost refers to the financial resources an organisation commits to improving employees' knowledge, technical abilities, professional competencies, and work-related skills through structured learning and development activities. Such expenditure may include fees for professional courses, workshops, seminars, conferences, coaching, mentoring, in-house training programmes, and on-the-job instruction. Training expenditure is intended to equip employees with the competencies required to perform their duties effectively and respond to changes in technology, organisational processes, and industry practices (Okafor, 2021).

Employee training is an important component of human capital development because the effectiveness of organisational operations depends partly on the quality and relevance of employees' skills. Training programmes can improve employees' technical proficiency, strengthen their understanding of work procedures, reduce avoidable mistakes, and enhance their capacity to use organisational resources efficiently. In addition, continuous professional development enables employees to adapt to technological innovations and changing job requirements, thereby supporting organisational flexibility and operational effectiveness (Ugwoke, 2020). From an investment perspective, expenditure on staff training may generate benefits through increased productivity, improved service delivery, better decision-making, and reduced operational inefficiencies. Employees who receive relevant training may be better positioned to identify problems, develop innovative solutions, and contribute to organisational objectives. Adeolu (2023) associates employee development with potential improvements in organisational performance, while Ezejiofor (2020) highlights the relevance of training to innovation, customer service, and business competitiveness. Despite these potential benefits, the contribution of training expenditure to financial performance depends on the relevance, quality, and practical application of the training received. Training programmes that are poorly designed or unrelated to employees' responsibilities may generate limited returns, while the costs of training may affect short-term profitability before the expected benefits materialise. Accordingly, staff training cost is conceptualised in this study as the financial expenditure incurred on employee learning, professional development, and skills enhancement. It represents an important dimension of human capital expenditure whose potential contribution to organisational financial performance can be empirically examined.

2.1.4 Health and Safety Cost

Health and safety cost refer to the financial resources an organisation expends to protect employees from occupational hazards, prevent work-related injuries and illnesses, and maintain a safe and healthy working environment. These expenditures may include the procurement of personal protective equipment, workplace safety training, medical services, occupational health assessments, employee health insurance, emergency preparedness, and compliance with applicable occupational health and safety requirements. Such expenditure reflects an organisation's responsibility to safeguard its workforce while maintaining effective and sustainable operations (Musa, 2022). Investment in employee health and safety is important because workplace accidents, occupational illnesses, and unsafe working conditions can disrupt business activities, increase medical and compensation expenses, and reduce employee productivity. By providing appropriate safety equipment, establishing preventive procedures, and promoting employee well-being, organisations can minimise workplace risks and create conditions that support effective job performance. A safe working environment may also improve employee morale, strengthen organisational commitment, and reduce absenteeism associated with work-related injuries and illnesses (Ugwoke, 2020). From an organisational perspective, health and safety expenditure may contribute to improved operational efficiency by reducing accident-related interruptions, preventing avoidable losses, and limiting potential legal and regulatory liabilities. Effective health and safety practices can also support workforce stability by demonstrating that the organisation values employees' welfare and is committed to protecting their physical well-being. Consequently, health and safety expenditure may contribute indirectly to organisational productivity and financial performance (Okafor, 2021). However, the financial implications of health and safety expenditure depend on the organisation's risk profile, the adequacy of its safety measures, and the effectiveness of the resources committed to preventing workplace incidents. Although such expenditure may increase operating costs in the short term, it can potentially reduce the higher costs associated with accidents, employee absence, compensation claims, and production disruptions. Health and safety cost is therefore conceptualised in this study as the financial resources committed to occupational health services, safety equipment, preventive training, insurance coverage, and other measures designed to protect employees. Its relevance to financial performance lies in its potential to improve workforce well-being, minimise operational disruptions, and promote the efficient use of organisational resources.

2.1.5 Earnings per Share

Earnings per share (EPS), a financial performance metric that shows the portion of a company's net profit that can be assigned to each existing ordinary share, is a critical indicator of shareholder value and profitability (Okafor, 2021). It is calculated by dividing the company's profit after taxes by the number of issued and outstanding shares and gives information on how well a company converts its profits into returns for its shareholders (Ugwoke, 2020). A greater EPS is an indication of increasing profitability and often attracts potential investors because it demonstrates the company's capacity to generate income for its owners (Adegbie, 2021). Earnings per share are widely used in investment research, performance comparison, and stock valuation since they help stakeholders assess the firm's financial stability and potential (Adeolu, 2023). Because earnings per share clearly reflect the profitability of the company on a per-share basis, it offers a straightforward assessment of how ethical accounting practices affect shareholder returns and business performance, which is why it was chosen as a metric in this study.

2.2 Theoretical Review

2.2.1 Human Capital Theory

The Human Capital Theory posits that the individual's attributes, including skills, knowledge, experience, and capabilities, define their economic value and thus affect the performance of the organization. Education, training, and development are considered investments that serve to increase the productivity and the value of an employee to the organization (Becker, 1964; Schultz, 1981). From this view, workers are not simply inputting in production, but are assets whose enhanced capabilities through training and development have the potential to increase an organization's efficiency, innovativeness, and competitive positioning (Schultz, 1981; Becker, 1964). Human capital is also a source of competitive advantage, and those organizations that strategically develop the capabilities of their human resources are more likely to achieve higher levels of sustained superior performance because human capital has a direct impact on the efficiency of work processes and an organization's ability to address problems (Investopedia; Human capital theory, 2025).

2.3 Review of Empirical Literature

Nwachukwu and Eze (2026) investigated human resource accounting and financial performance of listed ICT firms in Nigeria. The study employed an ex-post facto research design and utilized secondary data obtained from the audited annual financial statements of eight listed ICT firms in Nigeria covering the period 2012 to 2025. Panel data analysis and ordinary least squares regression techniques were used to analyze the data. The findings revealed that staff training costs, salaries and wages, and employee welfare expenditures positively and significantly influenced return on assets and market performance of the sampled firms. The study concluded that effective investment in human resource accounting practices enhances organizational productivity and financial sustainability. Consequently, the study recommended increased investment in employee development programmes, improved welfare initiatives, and competitive compensation structures to sustain profitability and market growth.Adebayo and Musa (2026) assessed the effect of employee retention cost on the financial performance of quoted firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data sourced from the audited annual reports of twelve quoted firms in Nigeria spanning the period from 2011 to 2025. Data were analyzed using descriptive statistics and panel regression analysis. The findings revealed that employee retention costs, including staff incentives, welfare benefits, and career development expenses, had a positive and significant effect on profitability, return on assets, and workforce stability. The study concluded that effective employee retention strategies enhance organizational efficiency and long-term financial sustainability. Consequently, the study recommended that firms should strengthen retention policies through competitive compensation, staff development programmes, and improved welfare packages to maintain employee commitment and organizational performance. Bassey and Emmanuel (2026) examined the effect of human capital efficiency on the financial performance of listed oil and gas companies in Nigeria. The study adopted an ex-post facto research design and utilized secondary data extracted from the audited annual reports of seven listed oil and gas firms in Nigeria covering the period from 2010 to 2025. The study employed the Value-Added Intellectual Coefficient (VAIC) model alongside panel regression analysis to evaluate the relationship between human capital efficiency and financial performance indicators such as return on assets and earnings per share. The findings revealed that human capital efficiency had a positive and statistically significant effect on return on assets and earnings per share of the sampled firms. The study concluded that efficient utilization of human

capital contributes significantly to organizational productivity and profitability. Consequently, the study recommended that oil and gas firms should prioritize employee training, knowledge development, and strategic human capital management practices to sustain financial growth and competitive advantage.

Okafor and Nnaji (2026) investigated the relationship between staff motivation and return on equity of listed service firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the annual reports and accounts of ten listed service firms in Nigeria covering the period from 2011 to 2025. Descriptive statistics and panel regression analysis were employed to analyze the data. The findings revealed that staff motivation variables, including bonuses, incentives, promotion opportunities, and welfare benefits, positively and significantly influenced return on equity, organizational productivity, and profitability of the sampled firms. The study concluded that motivated employees contribute substantially to improved operational efficiency and financial performance. Consequently, the study recommended that management of service firms should strengthen employee motivation strategies through competitive compensation, recognition systems, and improved working conditions to enhance productivity and profitability.

Olatunde and Akinola (2026) studied employee healthcare expenditure and corporate performance of listed industrial goods firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data sourced from the audited annual financial statements of nine listed industrial goods firms in Nigeria spanning the period from 2012 to 2025. Data were analyzed using descriptive statistics and panel regression techniques. The findings revealed that employee healthcare expenditure significantly reduced staff absenteeism, enhanced employee productivity, and improved the operational and financial performance of the sampled firms. The study concluded that investment in employee healthcare contributes positively to organizational efficiency and long-term profitability. Consequently, the study recommended that industrial goods firms should strengthen healthcare and wellness programmes for employees in order to sustain productivity and improve corporate performance.

Hassan and Sule (2026) examined the impact of pension costs on the financial sustainability of deposit money banks in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of ten listed deposit money banks in Nigeria covering the period from 2011 to 2025. Descriptive statistics and panel regression analysis were employed to analyze the relationship between pension costs and financial sustainability indicators such as profitability, return on assets, and liquidity stability. The findings revealed that pension costs, when properly managed, had a positive and significant effect on the financial sustainability and overall stability of deposit money banks in Nigeria. The study concluded that effective pension administration enhances employee welfare security and contributes to improved organizational performance. Consequently, the study recommended that banks should ensure timely pension funding, strengthen pension management frameworks, and adopt sustainable employee benefit policies to enhance long-term financial stability.

Chukwuemeka and Okorie (2026) investigated salaries and wages administration and the financial performance of listed consumer goods firms in Nigeria. The study adopted an ex-post facto research design and employed secondary data obtained from the audited annual reports of eleven listed consumer goods firms in Nigeria covering the period from 2010 to 2025. Data were analyzed using descriptive statistics and panel regression analysis to examine the relationship between salary and wage structures and financial performance indicators such as profit after tax, return on assets, and earnings per share. The findings revealed that competitive salary and wages

administration had a positive and significant effect on employee productivity and profit after tax of the sampled firms. The study concluded that fair and competitive compensation structures enhance employee commitment and organizational performance. Consequently, the study recommended that firms should adopt structured and competitive remuneration systems to attract, motivate, and retain skilled employees for improved financial outcomes.

Yusuf and Adewale (2026) assessed the effect of human capital accounting disclosure on the market value of quoted firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the annual reports of twelve quoted firms in Nigeria covering the period from 2011 to 2025. Content analysis was used to measure the extent of human capital accounting disclosure, while panel regression techniques were employed to analyze the relationship between disclosure and market value indicators such as market capitalization and share price performance. The findings revealed that firms with higher levels of human capital disclosure recorded improved investor confidence and a significant positive effect on market valuation. The study concluded that transparency in human capital reporting enhances investor perception and firm value. Consequently, the study recommended that firms should improve the quality and extent of human capital disclosures in their financial reports to strengthen market credibility and attract investment.

Ekanem and Udofia (2026) examined the relationship between employee welfare cost and financial performance of manufacturing firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of ten listed manufacturing firms in Nigeria covering the period from 2011 to 2025. Generalized Least Squares (GLS) estimation technique was employed for data analysis in order to address issues of heteroskedasticity and autocorrelation. The findings revealed that employee welfare expenditure had a positive and statistically significant effect on profitability, return on assets, and productivity of the sampled firms. The study concluded that adequate investment in employee welfare enhances workforce motivation, operational efficiency, and overall financial performance. Consequently, the study recommended that manufacturing firms should improve welfare packages such as housing, healthcare, and incentives in order to strengthen employee commitment and sustain corporate performance.

Adekunle and Ibrahim (2026) investigated the effect of staff training expenditure on the financial performance of listed telecommunications firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of eight listed telecommunications firms in Nigeria covering the period from 2010 to 2025. Panel regression analysis was employed to examine the relationship between staff training expenditure and financial performance indicators such as return on assets, return on equity, and operational efficiency. The findings revealed that staff training expenditure had a positive and statistically significant effect on return on assets and operational efficiency of the sampled firms. The study concluded that investment in employee training enhances productivity, efficiency, and overall firm performance. Consequently, the study recommended sustained investment in staff capacity development, continuous professional training, and structured employee development programmes to improve organizational performance.

Oladipo and Nwosu (2026) examined the relationship between employee compensation and the financial performance of Nigerian service firms. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of nine listed service firms in Nigeria covering the period from 2011 to 2025. Panel regression analysis was employed to examine the effect of employee compensation on financial performance indicators such as return

on assets, return on equity, and profit after tax. The findings revealed that improved compensation packages had a positive and statistically significant effect on employee commitment, operational efficiency, and profitability of the sampled firms. The study concluded that fair and competitive compensation systems enhance workforce motivation and firm performance. Consequently, the study recommended that service firms should implement structured and performance-based compensation policies to improve employee productivity and sustain profitability.

Okafor and Umeh (2026) assessed human resource accounting disclosure and firm value of quoted firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the annual reports of eleven quoted firms in Nigeria covering the period from 2011 to 2025. Human resource accounting disclosure was measured using content analysis, while firm value was proxied by market capitalization and Tobin's Q. Panel regression analysis was employed to examine the relationship between disclosure practices and firm value. The findings revealed that human resource accounting disclosure had a positive and statistically significant effect on firm value and market performance of the sampled firms. The study concluded that improved transparency in human capital reporting enhances investor confidence and strengthens market valuation. Consequently, the study recommended that firms should adopt more comprehensive and standardized human resource disclosure practices in their financial reporting.

Adebayo and Salisu (2026) investigated the effect of human capital investment on the financial performance of listed agricultural firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of seven listed agricultural firms in Nigeria covering the period from 2010 to 2025. Panel regression analysis was employed to examine the relationship between human capital investment variables such as employee training and welfare expenditure and financial performance indicators including return on assets, return on equity, and profit after tax. The findings revealed that employee training and welfare expenditures had a positive and statistically significant effect on productivity and profitability of the sampled firms. The study concluded that strategic investment in human capital enhances operational efficiency and financial sustainability. Consequently, the study recommended that agricultural firms should increase investment in employee development and welfare programmes to improve competitiveness and performance.

Ezeh and Chinedu (2026) examined pension costs and return on assets of quoted firms in Nigeria. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited annual reports of ten quoted firms in Nigeria covering the period from 2011 to 2025. Panel regression analysis was employed to assess the relationship between pension costs and return on assets. The findings revealed that effective pension administration had a positive and statistically significant effect on return on assets and overall corporate profitability of the sampled firms. The study concluded that sound pension management practices enhance employee welfare security and contribute to improved financial performance. Consequently, the study recommended that firms should ensure timely pension remittances and adopt efficient pension management systems to sustain profitability and organizational stability.

3.1 Methodology

This study employed an ex post facto research design using panel data obtained from the audited annual reports of agricultural firms listed on the Nigerian Exchange Group (NGX). The study covered the period 2009-2024, yielding a balanced panel of five listed agricultural firms. A census approach was adopted because the population comprised only five firms with complete financial information throughout the study period. Financial performance, the dependent variable, was

proxied by Earnings per Share (EPS), while human capital cost was measured using Staff Remuneration Cost (SRC), Staff Training Cost (STC), and Health and Safety Cost (HSC). The variable measurements were adopted from established studies to ensure consistency with the existing literature. The study employed Generalized Least Squares (GLS) for estimation because it produces efficient and consistent parameter estimates in the presence of heteroskedasticity and serial correlation, which are common characteristics of panel data. All statistical analyses were conducted at the 5% level of significance.

3.1 Model Specification

The functional equation of financial performance, which will be used to test the two (2) specified hypotheses, is stated as follows in Equation 1:

$EPS = f(SRC, STC, HSC)$ (1).

The functional testable model will be derived as:

$EPS = \beta o + \beta_1 SRC + \beta_2 STC + \beta_3 HSC + \varepsilon$ (2).

Since we are using panel data, the model will be specified in the appropriate form as:

$EPS_{it} = \beta o + \beta_1 SRC_{it} + \beta_2 STC_{it} + \beta_3 HSC_{it} + _{it}$ (3).

Where:
EPS=Earnings Per Share
SRC=Staff Remuneration Cost
STC=Staff Training Cost
HSC=Health and Safety Cost

4.0 Results and Discussion of Findings

Table 4.4: Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EPS(-1)	0.349094	0.101574	3.436859	0.0009
SRC	3.39E-07	1.45E-07	2.338924	0.0218
STC	1.76E-06	1.40E-05	0.125434	0.9005
HSC	2.26E-06	7.36E-06	0.306581	0.7599
C	-1.245136	1.338241	-0.930427	0.3549
	Effects Specification			
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.668493	Mean dependent var	0.079537	
Adjusted R-squared	0.562083	S.D. dependent var	14.43166	
S.E. of regression	9.550198	Akaike info criterion	7.563319	
Sum squared resid	7387.709	Schwarz criterion	8.233852	
Log likelihood	-381.4192	Hannan-Quinn criter.	7.835195	
F-statistic	6.282245	Durbin-Watson stat	1.882968	

Prob(F-statistic)	0.000000

Source: Researcher's Computations (2026) Using EViews13 Software.

The regression results examine the effect of staff remuneration cost (SRC), staff training cost (STC), and health and safety cost (HSC) on earnings per share (EPS), incorporating the lagged dependent variable, EPS(-1), and cross-section and period fixed effects. The coefficient of the lagged dependent variable, EPS(-1), is 0.349094, with a t-statistic of 3.436859 and a probability value of 0.0009. This indicates a positive and statistically significant relationship between previous-period EPS and current-period EPS at the 5% significance level. The result suggests that past earnings per share significantly predict current earnings per share, indicating persistence in earnings performance over time. Staff remuneration cost (SRC) has a positive coefficient of 3.39E-07, a t-statistic of 2.338924, and a probability value of 0.0218. Since the probability value is below 0.05, staff remuneration cost has a positive and statistically significant relationship with earnings per share at the 5% significance level. This finding suggests that expenditure on employee remuneration is associated with improved earnings per share, potentially because appropriate compensation can motivate employees, enhance productivity, and support organisational performance. Therefore, the null hypothesis that staff remuneration cost has no significant effect on EPS is rejected at the 5% level. However, the result establishes a statistically significant association within the estimated model and should not, by itself, be interpreted as definitive evidence of causation. Staff training cost (STC) has a positive coefficient of 1.76E-06, a t-statistic of 0.125434, and a probability value of 0.9005. The coefficient indicates a positive estimated relationship between staff training cost and earnings per share. However, the probability value exceeds 0.05, implying that the relationship is not statistically significant at the 5% level. This suggests that the estimated contribution of staff training expenditure to EPS is not sufficiently precise to establish a statistically significant relationship in the model. The result may indicate that the benefits of training require time to materialise or depend on the relevance and effectiveness of the training programmes. Consequently, the null hypothesis that staff training cost has no significant effect on EPS is not rejected.

Health and safety cost (HSC) has a positive coefficient of 2.26E-06, a t-statistic of 0.306581, and a probability value of 0.7599. Although the coefficient suggests a positive relationship between health and safety expenditure and earnings per share, the probability value is greater than 0.05. Therefore, the relationship is not statistically significant at the 5% level. This implies that the available regression evidence does not establish a statistically significant relationship between health and safety cost and EPS during the period examined. Although investment in workplace safety may improve employee welfare and reduce operational disruptions, these potential benefits are not statistically demonstrated by the estimated coefficient. Accordingly, the null hypothesis that health and safety costhave no significant effect on EPS is not rejected.

The constant term (C) has a coefficient of -1.245136, a t-statistic of -0.930427, and a probability value of 0.3549. The negative coefficient indicates a negative estimated intercept, but the probability value shows that the intercept is not statistically significant at the 5% level. Thus, the constant does not provide evidence of a statistically significant baseline level of EPS when the explanatory variables are zero, conditional on the model specification. The coefficient of determination (R-squared) is 0.668493, indicating that approximately 66.85% of the variation in earnings per share is explained by the explanatory variables, the lagged dependent variable, and the cross-section and period fixed effects included in the model. The remaining 33.15% of the variation is attributable to factors not captured by the model and random variation. The adjusted

R-squared is 0.562083, suggesting that approximately 56.21% of the variation in EPS is explained after adjusting for the number of explanatory variables and model parameters. The difference between the R-squared and adjusted R-squared reflects the adjustment for model complexity, including the fixed effects.

The F-statistic of 6.282245, with a probability value of 0.0000, indicates that the model is jointly statistically significant at the 5% level. This suggests that the explanatory variables and fixed effects are jointly associated with EPS. However, this overall result does not imply that every individual explanatory variable is statistically significant. The Durbin–Watson statistic of 1.882968 is relatively close to 2.00, suggesting no obvious indication of strong first-order residual autocorrelation under the conventional interpretation. Nevertheless, a more conclusive assessment of serial correlation in panel data would require an appropriate panel-data diagnostic test. The standard error of regression is 9.550198, indicating the estimated dispersion of the residuals around the fitted regression values in the units of the dependent variable. The Akaike Information Criterion (AIC) of 7.563319, Schwarz Criterion of 8.233852, and Hannan–Quinn Criterion of 7.835195 can be used to compare competing model specifications estimated using the same dependent variable and comparable data, with lower values generally preferred.

The coefficient of SRC is positive (3.39E-07) and significant with a t-Statistic (2.338924) and a p-value (=0.0218) at the 2.18% level of significance. The p-value is about 2%, which is less than 5%, and so we reject the null hypothesis that SRC has no significant relationship with firm performance. The coefficient of STC is positive (1.76E-06) but insignificant, with a t-Statistic (0.125434) and a p-value (=0.9005) at the 90.05% level of significance. The p-value is about 90%, which is greater than 5%, and so we accept the null hypothesis that STC has no significant relationship with financial performance. The coefficient of HSC is positive (2.26E-06) but insignificant, with a t-Statistic (0.306581) and a p-value (=0.7599) at the 75.99% level of significance. The p-value is about 76%, which is greater than 5%, and so we accept the null hypothesis that HSC has no significant relationship with financial performance.

4.5 Discussion of the Regression Results

The coefficient of SRC (3.39E-07) is positive and statistically significant (p-value = 0.0218). The result indicates that staff remuneration cost has a positive and significant effect on the financial performance of the sampled firms. Specifically, an increase in staff remuneration cost is associated with an improvement in profitability, holding other variables constant. The positive sign of the coefficient is consistent with the a priori expectation, suggesting that competitive remuneration motivates employees, improves productivity, enhances job satisfaction, and ultimately contributes to better financial performance. This finding is supported by the studies of Major and Biragbara (2023), Okafor et al. (2022), Atoyebi et al. (2024), Omodero et al. (2016), and Ndum and Oranefo (2021), all of whom found that staff costs or employee remuneration exert a positive and significant effect on corporate financial performance. However, the finding is not supported by Korolo and Korolo (2024), who found that salaries and wages had a significant negative effect on earnings per share; Ajayi and Oluwasesin (2025), who reported that salaries and wages negatively affected profitability; and Nnamani et al. (2024), who found that wages and salaries had no significant effect on profitability. The coefficient of STC (1.76E-06) is positive but statistically insignificant (p-value = 0.9005). The result indicates that staff training cost has a positive but insignificant effect on the financial performance of the sampled firms. This suggests that although increased expenditure on staff training tends to improve profitability, the effect is not statistically significant during the study period. The positive coefficient is consistent with the a priori expectation and may

indicate that the benefits of training are realized over a longer period rather than immediately. This finding is supported by Atoyebi et al. (2024), who found that training costs had a positive but insignificant effect on financial performance; Obiazi (2025), who reported that training costs had no significant relationship with return on assets; and Nnamani et al. (2024), who found that employee training and development costs had no significant effect on profitability. However, the finding contradicts Korolo (2025), Eyinemi (2025), Oyetola et al. (2024), Odobi et al. (2022), and Akaegbobi et al. (2025), who reported that staff training expenditure has a positive and significant effect on financial performance. It is also inconsistent with Major and Biragbara (2023), who found a significant negative effect of training and development costs on return on assets.

The coefficient of HSC (2.26E-06) is positive but statistically insignificant (p-value = 0.7599). The result indicates that health and safety costs have a positive but insignificant effect on the financial performance of the sampled firms. This implies that increased expenditure on employee health and safety contributes positively to profitability, although the effect is not statistically significant. The positive sign is consistent with the a priori expectation because investment in employee health and workplace safety improves employee well-being, reduces absenteeism and workplace accidents, and enhances productivity. This finding is supported by Obiazi (2025), who found that health and safety costs positively and significantly influenced return on assets, and Onuoha (2021), who emphasized that investments in employee health programmes enhance corporate financial performance. However, the finding is inconsistent with Major and Biragbara (2023), who reported a negative and insignificant effect of health and safety expenditure on financial performance; Yikarebogha and Adesola (2025), who found no significant relationship between health and safety costs and financial performance; and Akaegbobi et al. (2025) and Odobi et al. (2022), who reported that health care and safety costs had no significant effect on the financial performance of deposit money banks.

5.0 Conclusion and Recommendations

The study seeks to determine the relationship between human capital cost and financial performance in Nigeria. It uses secondary-sourced panel data over the period from 2009 to 2024 of six agricultural firms listed on the floor of the Nigerian Exchange Group (NXG). The dynamic estimated generalized least squares (EGLS) results reveal that: (i) SRC is positively significant, which means that increasing staff remuneration cost by one extra naira increases profitability greatly; (ii) STC is positively insignificant, which means that increasing staff training cost by one extra naira increases profitability slightly. (iii) HSC is positively insignificant, which means that increasing health and safety cost by one extra naira increases profitability slightly. The study makes the following recommendations based on the regression results. a) Management should continue to maintain the present level of staff remuneration cost as much as it increases profitability greatly.b) Management should either maintain or reduce the present level of staff training cost because it only increases profitability insignificantly.c) Management should investigate what should be done to the present level of health and safety cost since it only slightly increases profitability.

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