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Human Resource Cost And Financial Performance: A Study Of Quoted Brewery Firms In Nigeria

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ABSTRACT
This study examined effect of human resource cost on financial performance of quoted brewery firms in Nigeria. The study adopted Ex-Post-Facto research design. The population of the study is made up of 5 breweries companies quoted on the floor of the Nigerian Stock Exchange (NSE) as at 2019 and have consistently submitted their annual reports to the NSE from 2007 to 2019. The data for this study were extracted from the published annual reports and accounts of these companies. The analysis revealed that staff cost has positive and significant effect on the net profit margin of quoted brewery firms in Nigeria, while staff cost has positive and insignificant effect on the return on assets of quoted brewery firms in Nigeria. The study thereby recommended that Nigeria breweries should imbibe to the culture of capitalizing and reporting investment on human resource that can improve the quality and productivity. This will impact positively on their financial performance consequently on the share price value.
Keywords: Human resource cost, Net profit margin, and Return on assets

INTRODUCTION

Sustainability and maximizing the performance of organizations is the main issue for an organization. Good organization performance refers to the employee's performance. Satisfactory performance of employees does not happen automatically. Managerial standards, Knowledge and Skill, Commitment and Performance appraisals affect employee's performance (Nadeem, Naveed, Zeeshan & Qurat, 2013).

The importance of human resource cannot be over emphasized. Human resource is one of the intellectual assets of an organization (Oyewo, 2013). Human resource constitutes a valuable resource to every organization. It is as important as the machines, materials and money without whom other resources cannot be blended and coordinated for the purpose of achieving profitability (Abubakar, 2011). Human Resource Accounting (HRA) is a new branch of accounting. It follows the traditional concept that all expenditure on human capital formation is taken as a charge against the revenue of the period as it does not create any physical asset. Modern view is that cost incurred on any asset as human resources need to be capitalized as it provides benefit measureable in monetary terms. Measurement of cost and value of the people to organizations is highly important, costs incurred in recruitment, selection; hiring, training and development of employees along with their economic values are very much relevant for Human Resource Accounting. Human Resource Accounting is the measurement and quantification of human organizational inputs like recruiting, training, experience and communications

This ought to be fully recognized in the financial statement as an asset since a financial statement is one of the decision making tools of its users, it implies that whatever decisions made based on them would equally be affected. The problem here is that if human capital is considered as part of organizations' assets and it is not treated as such in the organizations financial statement, it simply means that the financial statements are not presenting a true picture of the organization's state of affairs thus could be rightly be said to be misleading. According to Fajana (2004), companies rely on qualified and dedicated workers for optimum performance yet this importance is often belittled by a sketchy one-sentence remark in most annual reports. The concern of this paper, however, is that many literatures support the recognition of human capital in the financial statement. They see it as the most important asset of an organization unlike other physical assets yet, it is not recognized in the financial statement as assets.

Furthermore, staff cost as human resource accounting information are not consider as an asset in the financial statement even though human resource investment and its benefit to organization improvement cannot be overemphasized. Although, traditional accounting treats costs related to a company's human resources as expenses on the income statement. This reduces profit, but HRA treats these expenditures as assets on the statement of financial position that have future value for the company.

Meanwhile, there have been many studies conducted on human resource accounting, such studies include: Okpala and Chidi (2010); Islam, Kamruzzaman & Redwanuzzaman (2013); Okoye and Ezejiofor (2013); Edom, Inah, Adanma, (2015); Nwosu & Eze, (2016); and Arkan, (2016). Most of the scholars observed that there is positive significant relationship between Human resources and performance while other found insignificant negative relationship therefore, we found that there is need to value Human Asset and reflect this value in the financial statement like other intangible assets. This is the only through path towards complete business information goal congruence. Hence, this research addresses this gap to explore the effect especially on brewery sector of the economy.

This study is to examine effect of human resource cost on financial performance of quoted brewery firms in Nigeria. Specifically, the study:

1. Ascertain the effect of staff cost on net profit margin of quoted brewery firms in Nigeria.

2. Determine the effect of staff cost on return on asset of quoted brewery firms in Nigeria.

Review of Related Literature

Human Resources Accounting

American Accounting Association's (1973) has defined Human Resource Accounting (HRA) as "the process of identifying and measuring data about human resources and communicating this information to interested parties". Human resources is the set of individuals who make up the workforce of an organization, business sector or an economy. "Human capital" is sometimes used synonymously with human resources (Akintoye, 2012). Financial reporting is presenting financial data of a company's operating performance, position and funds flow for an accounting period while effective financial reporting has to do with making financial reports clear enough to the understanding of users (Andrew & Higson, 2008).

Ashton(2005) in his paper on Intellectual Capital and Value Creation observed that while the realization of the potential of a company to creating value is increasingly emphasized, there seem to be a marked shift in emphasis towards the "intangible value drivers" in place today that will position the firm for value realization tomorrow. Dwelling extensively on the Skandia Model of Intellectual Capital, Ashton concluded that the Skandia Navigator and related framework has sometimes served as a foundation for external reporting of non financial information, and that its understanding may be useful for not only the understanding value creation(and research on value creation) but also for communicating value creation activities to interested stakeholders.

Akintoye (2005) opined that essential accumulation of goodwill in firms can be a function of a well managed business environment by well experienced managers who have spent enough time to understand organizational policies, politics and ethical values. From the above assertions, it can be said that human element is one of the most valuable inputs in an organization. A team of competent, devoted and motivated persons can convert a sick concern into a successful one.

Bullen and Eyler (2010), state that Human Resource Accounting involves accounting for expenditure related to human resources as assets as opposed to traditional accounting which treats these costs as expenditures that profit. Woodruff (1973) defined Human Resources Accounting as the identification, accumulation and dissemination of information about Human Resources in dollar or Naira term. He further explained that Human Resources Accounting is the systematic accumulation of information about

changes in investments made in human resources and reporting back that information to operating managers in order to assist them to make better decisions than they would have been able to make without such additional information (Enyi & Adebawojo, 2014).
Raghav (2011) stated that Human Resources Accounting is a method of measuring the effectiveness of personnel management activities and the use of people in an organization. Parameswaran and Jothi (2011) referred to the American Accounting Association's definition of human resources accounting as the measuring of data of human resources and communicating the information to the interested parties. Going by the various definitions above, human resource accounting in simple term is accounting for the value of people in organization to enhance information for decision making by the users of financial information.

Staff Cost

Staff Cost measures the total remuneration, in cash or in kind, that accrues to employees in return for their work during the accounting period, regardless of when they are paid (Landefeld, Moulton, Platt & Villones, 2010). As such, the treatment of compensation is consistent with the treatment recommended by the System of National Accounts 2008, in which compensation reflects total remuneration and is measured on an accrual basis. Staff Cost consists of the earnings of employees, but it does not include the earnings of the self-employed.
Employee's compensation is equal to the sum of wages and salaries and of supplements to wages and salaries. Wages and salaries, which generally accounts for over 80 percent of compensation, consists of cash remuneration of labor (including sick or vacation pay, severance pay, commissions, tips, and bonuses), and in-kind remuneration of labor such as transit subsidies and meals.
Organizations compensate its employee to promote its image in the environment just to remain friendly as a corporate entity. Supplements to wages and salaries consists of employer payments that are made on behalf of employees but are not included in the regular wage payments provided directly to employees specifically, employer contributions for employee pension and insurance funds and employer contributions for government social insurance. Because these payments are made for the benefit of employees and because the value of the contributions is typically determined, in some fashion, by their labor, they are treated as compensation. Two measures of compensation are compensation earned by all of the employees of resident. And the one earned by none resident. That is, it excludes compensation received from the rest of the world, and it includes compensation paid to the rest of the world. "Compensation of employees" is the measure of the compensation paid by resident and nonresident employers to resident employees.

Financial Performance

Generally, performance could be regarded as one of the key determinant factors that are widely used in measuring the success or failure of organizations. Although several research works had been carried out on performance related issues as it affects organizations or firms but its definition has been challenging to researchers.
Gavrea, Ilies and Stegerean (2011), reported several other definitions of performance as highlighted by Lebans and Zuske (2006), this included defining performance as a set of financial and non financial indicators which offer information on degree of achievement of objectives and results. Following the various definitions of performance considered so far, performance could also be stated to be the realization of organizational goals and objectives with minimum resources while performance measurement could be described as the assessment of the level of achievement of organizational goals and objectives with minimum resources. For an organization to effectively and efficiently achieve its goals and objectives, human asset should be considered as a germane factor contributing to organization's performance. The performance of an organization could be categorized into human resource which could be measured in terms of turnover; organizational category which could be measured in terms of productivity, quality, customer satisfaction and manufacturing flexibility; financial accounting category which could be measured in terms of return on assets (ROA), return on equity (ROE), profits, sales, and

employee value; while the financial market category could be measured in terms of stock prices or the measure of the ratio of the market value of the firm's assets to their replacement cost in line with the Tobin's Q (Rogers & Wright 1998).

Human Resource Accounting and NPM

To make the accounting for the cost of human Resource more meaningful and to justify its inclusion in statement of financial position as asset, the cost incurred need to be classified into two categories; Capital Expenditure and Revenue Expenditure, (capital expenditure and revenue expenditure) according to nature. Net profit margin (NPM) on the other hand is one of the most closely followed numbers in finance. Shareholders look at net profit margin closely because it shows how good a company is at converting revenue into profits available for shareholders. Capital Expenditure – This aspect/element of the cost that is expected to give or generate future benefit that will exceed current accounting period. It includes; Acquisition, recruitment, development, retention, training and retraining.

Net profit margin is the percentage of revenue remaining after all operating expenses, interest, taxes and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue.

The net profit margin, also known as net margin, indicates how much net income a company makes with total sales achieved. A higher net profit margin means that a company is more efficient at converting sales into actual profit. Net profit margin analysis is not the same as gross profit margin. Under gross profit, fixed costs are excluded from calculation. With net profit margin ratio all costs are included to find the final benefit of the income of a business. Similar terms used to describe net profit margins include net margin, net profit, net profit ratio, net profit margin percentage, and more. To calculate net profit margin and provide net profit margin ratio analysis requires skills ranging from those of a small business owner to an experienced chief finance officer (CFO). As a result, this depends on the size and complexity of the company.

Net profit margin is one of the most closely followed numbers in finance. Shareholders look at net profit margin closely because it shows how good a company is at converting revenue into profits available for shareholders.

One of the most important concepts to understand is that net profit is not a measure of how much cash a company earned during a given period. This is because the statement includes a lot of non-cash expenses such as depreciation and amortization. To learn about how much cash a company generates, you need to examine the cash flow statement.

Net profit margin is often used to compare companies within the same industry, in a process known as "margin analysis." Net profit margin is a percentage of sales, not an absolute number, so it can be extremely useful to compare net profit margins among a group of companies to see which are most effective at converting sales into profits.

The net profit margin is important to evaluate in lending decisions because it effectively shows the firm's potential net worth based on earnings. This has a direct effect on capital reserves, which means the higher the profit margin, the more likely the business will be able to remain resilient in periods of unexpected losses.

Human Resource Accounting and ROA

Human Resource Accounting has significant relationship with return on asset. This is because the amortized value of HRA is recorded as expenses in the statement of firm position while the revenue expenditure is charge to revenue in the statement of comprehensive income. This will be the only the human resource cost is represented in the financial statements.

ROA on the other hand tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or against a similar company's ROA.

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. Return on assets is displayed as a percentage and its calculated as:

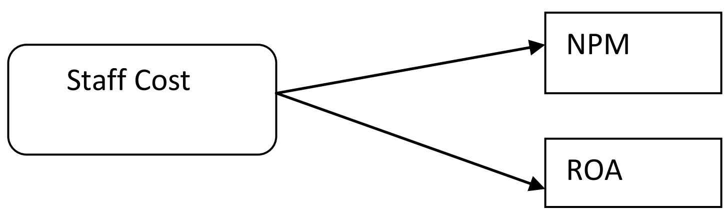
ROA = Net Income / Total Assets

In basic terms, ROA tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or against a similar company's ROA.

Remember that a company's total assets are the sum of its total liabilities and shareholder's equity. Both of these types of financing are used to fund the operations of the company. Since a company's assets are either funded by debt or equity, some analysts and investors disregard the cost of acquiring the asset by adding back interest expense in the formula for ROA. In other words, the impact of taking more debt is negated by adding backs the cost of borrowing to the net income, and using the average assets in a given period as the denominator. Interest expense is added because the net income amount on the income statement excludes interest expense. An analyst that chooses to ignore the cost of debt will use this formula:

ROA = (Net Income + Interest Expense) / Average Total Assets

Figure 2.1: Diagram of Conceptual Framework



Source: Researchers compilation 2021

Review of Empirical Study

Okpala and Chidi (2010) examined the effect of human resource capital accounting an how it could contribute significantly to internal decision by management and external decisions by investors. Information on investment and value of human resources is useful for decision making in the enterprise. Thus they concluded in their study that human capital accounting is highly significant to investor in making relevant investment decisions and that the inclusion of human capital accounting in financial reporting is desirable to aid investors in making rational decisions. Asia, Fariborz and Raiasheka (2011) ascertained the influence of human resources accounting (HRA) disclosures in financial statements and discovered that the use of HRA information in financial statement has incremental impact on individuals' decision-making process in order to stock investment statistically. Their result also revealed that HRA information can play a critical role in internal managerial decision making and its measures can be used to show that investment in company's human resources may result in long-term profit for the company. Sarminah, (2013) carried out a research work on assessing the contribution of human capital on business, to examine the relationship between human capital and business performance. Data in the study was collected from a sample of 390 managerial staff in Malaysian logistics companies based on stratified random sampling. The obtained data were analyzed using SPSS Version 20. The study found that human capital aspects are related to business performance. The findings indicated that human capital aspects of employees' competency and creativity emerged as the main factor that influenced business performance.

Ijeoma and Aronu (2013) conducted a study on the effect of human resource accounting (HRA) on financial statement of Nigerian banks and found out that accounting for human resource will improve the financial position of Zenith Bank Plc if applied. The study dealt with the effect of human resource accounting on financial statement of Nigerian Bank using Zenith Bank Plc as a case. Data collection was through questionnaire and interview. From result of the Kruskal Wallis test statistic used in analyzing the data collected Equally, Non-application of human resource accounting measures was found to affects the future investment of Zenith Bank Plc. Okoye and Ezejiofor (2013) examined the appraise human resources development in organizational productivity and profitability. Survey research design was adopted and data were analyzed and the three hypothesis formulated were tested using z-test statistical tool. The study indicates that human resource development is very vital to any organizations ranging from small to large scare enterprise, since it is well known that no business can exist entirely without human being**.** Okpako, Atube and Olufawoye (2014) conducted a research work on human resource accounting and firm performance to determine the relationship between human resource accounting and firm performance. This paper employed survey on seven (7) companies quoted on the Nigeria Stock Exchange. The study reveals that human resource accounting variables impacted positively to the level of firm performance.. Edom, Usang and Eyisi, (2015) examined the impact of human resource accounting on the profitability of a firm: empirical evidence from access bank of Nigeria plc and found out that there is a positive relationship between the indicators of human resource cost (training cost, development cost and number of staff) and the profit of the organization (Access Bank Plc) The crux of the study was to examine the impact of human resource accounting on the profitability of Access Bank of Nigeria Plc, from 2003 to 2012. Using the ordinary least square analytical technique, secondary data from Access Bank of Nigeria Plc were obtained. It was also discovered that there was a significant relationship between training cost, development cost and the profit of the bank. Ezejiofor, Nwakoby and Okoye (2015) ascertained the extent at which Human Resource Management affect the performance of business organization. The study used survey research design and the data collected were analyzed with five point Liker's scale. The hypotheses were tested with simple regression analysis. From the analysis, this study found that Human Resource Management has effect on the performance of business organization. This has to do with training and development, good planning system and proper management as a motivator. Olowolaju, (2016) carried out a research work on the effect of human capital expenditure on the profitability of quoted manufacturing companies in Nigeria and found out that only expenditure on health can significantly predict net profit at 5% level of significance.. A sample of 10 listed manufacturing companies on the Nigeria Stock Exchange was used for the study. This study used data mainly from secondary sources and the analysis of data collected was done using descriptive and inferential statistics. The descriptive statistics include mean, standard deviation, kurtosis, skewness while inferential statistics that was used in testing the hypotheses include panel regression and correlation. The study concluded that human capital expenditure significantly influenced profitability of manufacturing. Obialor, (2017) carried out a study on the effect of government human capital investment on economic growth in Sub -Saharan Africa: evidence from Nigeria, South Africa and Ghana (1980-2013) to analyze the growth effect of three government human capital investment variables of health, education and literacy rate on the economies of these countries; Secondary data are sourced from World Development Indicators (WDI) online Database and analyzed using Co-integration techniques and Vector Error Correction mechanism (ECM) at 1% and 5% significance levels. This study concludes that in spite of the above result, the SSA countries' economies still exhibit the potentials for enhanced economic growth in the long run judging from the VECM test results. Ezejiofor, John-Akamelu and Iyidiobi (2017) determined the adoption of Human Resource Accounting on the Profitability of Corporate Organizations. Data collected were analyzed and tested with t-test statistical tool with aid of SPSS version 20.0 version. The study revealed that the study revealed that increase in staff salary has positive effect on organizational profitability, also that the level of increment in staff has influence on organizational profitability. Another finding is that staff retirement benefits have positive effect on organizational profitability. Akinjare, Idowu and Sule (2019) determined the impact of Human Resource Accounting (HRA) on the performance of Nigerian firms (2012 – 2016) sourced from ten (10) purposively selected annual report and financial summary of oil and gas companies from 2012 to 2016. The study makes use of ordinary least square for the analysis of collected data. Findings show that both gross staff cost and training and development cost have a positive significant impact on the performance of oil and gas companies in Nigeria. Manukaji, Osisioma and Okoye (2019) examined the effect of human resources development on the performance of quoted companies in Nigeria. The study adopted ex post facto research design. A total of five companies quoted on the Nigerian Stock Exchange were examined using their 2014 to 2018 annual reports and accounts. The data generated were analyzed using descriptive statistics, correlation test and ordinary least square estimation technique. The study found that employee remuneration and training and development cost have significant effect on performance of quoted companies in Nigeria. Size of employees was found to have insignificant effect on performance of quoted companies in Nigeria.

There have been many studies conducted on human resource accounting, such studies include: Okpala and Chidi (2010); Fariborz and Raiasheka (2011); Islam, Kamruzzaman & Redwanuzzaman (2013); Edom, Inah, Adanma, (2015); Nwosu & Eze, (2016); and Ezejiofor, John-Akamelu and Iyidiobi (2017) Ezejiofor, Nwakoby and Okoye (2015), but most of them focus only on accounting aspects of human resource, without considering the cost aspect. Secondly, as we can observe that none of the researchers conducted studies on brewery firms using the same variable like the present study in Nigeria to the best of our knowledge. Hence, this research addresses this gap to explore the effect especially on brewery sector of the economy Hence, this research addresses this gap to explore the effect especially on brewery sector of the economy. This study would also find out if this staff cost have possible effect on net profit margin, return on investment and on return on equity using, staff costs, as proxy for human resource cost respectively. On methodology, most the research based on survey data, as such this study used audited accounts of the sample firms. It is on these sector gap, variable gap and methodology gap that the researcher found this study worthy of study in other to fill the gap.

METHODOLOGY

This research relied heavily on historical data. Basically, data was obtained from the secondary source. Therefore, the study adopted Ex-post-facto research design.

The population of the study is made up of 5 breweries companies quoted on the floor of the Nigerian Stock Exchange (NSE) as at 2019 and have consistently submitted their annual reports to the NSE from 2007 to 2019.

The data for this study were extracted from the published annual reports and accounts of the companies. The data extracted from this source are on Profit margin (NPM), and Return on Assets (ROA) which represents the dependent variables. Similarly, data on dependent variable, represented by staff cost (SC) were extracted from the same source.

Model Specification

$SC = \beta 0 + \beta_1 PM + \beta_2 ROA + \mu$ …………………………………………… i

β 0, are the intercepts; $\beta 1$ are the coefficients of the explanatory variables; are the coefficients of the moderating variables and μ = (are the error or disturbance term that absorbs the influence of omitted variables in the proxies used.

Where

FP = Financial Performance which is dependent variable be Proxied as

NPM = Profit Margin

ROA= Return on Asset

Human Resources cost (HRC) which is independent variables will be proxied as

SC= Staff Cost

Method of Data Analysis

The statistical technique employed in analyzing the data is the regression analysis. Regression analysis is very relevant in investigating the predictable power of the independent variables on the dependent variable. The analysis was guided by the specified model in each hypothesis.

All the hypotheses were tested at 5% level of significance. Statistical Package for Social Sciences (SPSS) Version 20.0 was utilized in data analysis of this study.

DATA PRESENTATION AND ANALYSIS

Data analysis

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SC	65	36901.09	38047404.00	8591484.7552	8020832.25705
NPM	65	1.16	55.08	35.6963	13.45110
ROA	65	1.71	75.59	17.5720	15.97334
ROE	65	1.08	74.90	26.8889	18.41010
Valid N (listwise)	65				

Test of Hypotheses

Hypothesis 1: Staff cost has no significant effect on the net profit margin of quoted brewery firms in Nigeria.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.328[a]	.108	.093	12.80776

a. Predictors: (Constant), SC

From the tables 2 above revealed an adjusted R^2 value of 0.0.93. The adjusted R^2, which represents the coefficient of multiple determinations imply that 9% of the total variation in the dependent variable (NPM) of quoted conglomerates in Nigeria is jointly explained by the explanatory variable (SC).

Table 3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1245.221	1	1245.221	7.591	.008[b]
	Residual	10334.433	63	164.039		
	Total	11579.653	64			

a. Dependent Variable: NPM
b. Predictors: (Constant), SC

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30.972	2.338		13.249	.000
	SC	5.499E-007	.000	.328	2.755	.008

a. Dependent Variable: NPM

From this table 3 above which is ANOVA table tells if the model is statistically significant or not. This is because R^2 is not a test of statistical significance, it only measures and explains variation in Y from a predictors. The F- ratio is used to test whether or not the R^2 occurred by chance alone. The F- ratio found in the ANOVA Table measures whether the staff cost has weak significant effect on the net profit margin of quoted brewery firms in Nigeria occurs by chance. Based on the Table above, we could see that the overall equation to be statistically significant by (F=0.008)

Decision

We could see that the value of β is 0.328 (Which is positive and significant), t-value is 2.755 (which is more than standard 2.00) and P-value or significance level is 0.008 (Which is less than 0.05). Results illustrate that staff cost has positive significant effect on the net profit margin of quoted brewery firms in Nigeria. Hence we reject null hypothesis and accept alternate hypothesis which says that staff cost has positive and significant effect on the net profit margin of quoted brewery firms in Nigeria.

Hypothesis2: Staff cost has no significant effect on return on Asset of quoted brewery firms in Nigeria**.**

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.166[a]	.127	.092	15.87750

a. Predictors: (Constant), SC

From the tables 4.2.4 above revealed an adjusted R^2 value of 0.92. The adjusted R^2, which represents the coefficient imply that 9% of the total variation in the dependent variable (ROA) of quoted conglomerates in Nigeria is jointly explained by the explanatory variable (SC).

Table 6: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	447.471	1	447.471	1.775	.188[b]
	Residual	15881.977	63	252.095		
	Total	16329.448	64			

a. Dependent Variable: ROA
b. Predictors: (Constant), SC

Table 7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.740	2.898		5.086	.000
	SC	3.297E-007	.000	.166	1.332	.188

a. Dependent Variable: ROA

From this table 6 above which is ANOVA table tells if the model is statistically significant or not. This is because R^2 is not statistical significance, it only measures and explains variation in Y from a predictors. The F- ratio is used to test whether or not the R^2 occurred by chance alone. The F- ratio found in the ANOVA Table measures whether the staff cost has significant effect on return on asset of quoted brewery firms in Nigeria.

Decision

We could see that the value of β is 0.166 (Which is positive and significant), t-value is 1.332 (which is less than standard 2.00) and P-value or significance level is 0.188 (Which is more than 0.05). Results illustrate that staff cost has positive insignificant effect on the return on assets of quoted brewery firms in Nigeria. Hence we reject alternate hypothesis and accept null hypothesis which says that staff cost has positive and insignificant effect on the return on assets of quoted brewery firms in Nigeria.

DISCUSSION OF FINDINGS

This study is in disagreement with Omodero, Alpheaus, & Ihendinihu, (2016) which stated the effect of human resource costs on the financial performance of firms in Nigerian. The results indicate that personnel benefit costs have positive and significant effect on Profitability, explaining about 73.9% of the variations in Profit After Tax of firms in Nigeria. The results however reveal no significant effect of

Personnel Benefit Costs on firm turnover. The paper therefore concludes that investments in human resources have positive trade-off effects on profitability and growth of firms.

This result is inconsistent with work of Okpako, Atube & Olufawoye (2014) which conducted a research work on human resource accounting and firm performance. The study reveals that human resource accounting variables impacted positively on the level of firm performance.

This study is in agreement with Edom, Usang & Eyisi, (2015) which examined the impact of human resource accounting on the profitability of Access Bank of Nigeria Plc, from 2003 to 2012. The findings revealed that there is a positive relationship between the indicators of human resource cost (training cost, development cost and number of staff) and the profit of the organization (Access Bank Plc). It was also discovered that there was a significant relationship between training cost, development cost and the profit of the bank. However, the number of staff does not have a significant effect on profit of the bank.

CONCLUSION

This study has examined the effect of human resource cost on financial performance of quoted brewery firms in Nigeria. The findings revealed that there is a positive relationship between human resource cost on financial performance. The link between financial performance and investments in humans is increasingly becoming important and interesting area of enquiry following fundamental shifts from breweries to knowledge based economy. The positive staff cost which had low significant effect on the net profit margin of quoted brewery firms could have strong positive effects on the financial performance of firms. Conventional accounting system charge the expenditure and investment on human resource as expense in the year they are incurred while the nature and characteristics of the investment require them to be capitalized.

RECOMMENDATIONS

Based on the findings, the following recommendations are proffered.

1. Nigeria breweries should imbibe to the culture of capitalizing and reporting investment on human resource that can improve the quality and productivity. This will impact positively on their financial performance consequently on the share price value.
2. Organizations should consider establishment and development costs of human resources as strategic investment options necessary for providing competitive edge in today's world of business.

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