

**HUMAN ASSETS AND FINANCIAL PERFORMANCE: EVIDENCE FROM QUOTED  
DEPOSIT MONEY BANKS IN NIGERIA**

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BENIN CITY.**

**NOVEMBER, 2025.**

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN,  
BENIN CITY. IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
AWARD OF THE BACHELOR OF SCIENCE (B.SC) DEGREE IN ACCOUNTING**

**NOVEMBER, 2025.**

## DECLARATION

I, Joy Onosegbuan USIKHIFO

declare that;

- i. This study is based on a study undertaken by me in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of DR G.O Audu of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.
- ii. This work has not been submitted for the award of degree elsewhere.
- iii. Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.
- iv. Any liability arising from this work is to be wholly borne by me alone

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Joy Onosegbuan USIKHIFO

MGS2209227

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DATE

## CERTIFICATION

We, certify that this research project was carried out by Joy Onosegbuan USIKHIFO in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

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DR. G.O AUDU

(PROJECT SUPERVISOR)

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DATE

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DR. IKHU-OMOREGBE G.O

(PROJECT COORDINATOR)

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DATE

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PROF. O. OBARETIN

(HEAD OF DEPARTMENT)

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DATE

## **DEDICATION**

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared.

## **ACKNOWLEDGEMENT**

My sincere gratitude to the ALMIGHTY GOD, who made it possible for me to run the Bachelor in Accounting Degree program successfully.

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## **Abstract**

This study investigates the relationship between human resource asset and the profitability of quoted banks in Nigeria, with a focus on variables such as salary expenses, number of employees, research and development (R&D), employee training, and performance appraisal.

Secondary data from annual financial statements of thirteen banks listed on the Nigerian Exchange Group between 2018 and 2023 were sourced, and the study employed panel data regression analysis to evaluate how these human resource assets interact with return on assets (ROA) which was a measurement for profitability.

The findings reveal a statistically significant negative relationship between salary expenses and profitability, indicating that rising wage costs without proportional productivity gains may constrain firm performance. Other variables number of employees, R&D, training, and appraisal showed either positive or negative relationships with profitability but were not statistically significant. The study concludes that while human resource asset is crucial to firms financial performance, its financial implications must be efficiently managed. Recommendations include adopting performance-based pay, optimizing workforce efficiency, balancing R&D investment, and aligning training and appraisal systems with business objectives. The study contributes to the growing body of knowledge on strategic human resource management and offers practical insights for enhancing firm profitability in the Nigerian banking sector.

## CHAPTER ONE

### 1.0 INTRODUCTION

Employees and similar assets in an organization, has the potential to change the productive and financial performance narrative of a business organisation (Timidi and Marcati,2023). The tactical management of human resources has become a crucial factor in determining the success and survival of organisations in today's cutthroat economic climate (Supardi and Ferdinandus, 2023). Employees' knowledge, abilities, experience, and inventiveness are all considered human assets, often known as the workforce or human capital (Faugoo, 2024). The efficient management of human resources is essential to promoting profitability and long-term growth in Nigeria, where many businesses struggle with structural inefficiencies, unstable economies, and fierce market rivalry.

The transformation of the economy into its present modernised state has called for the urgent need for the recognition of human assets management, intellectual capital and intangible capital in the financial reports of the organisation (Lenihan et al.,2019). At the time when there was a little advancement in the industrialization, there was a great emphasis on physical assets such as land, building, plant, machinery and natural resource which stood as a great source of wealth at that time (Lufungula and Borromeo, 2019). But in this present day which is called the new economy system era, there came the knowledge-based economy which was a result of the force of globalisation, computerisation, advancement in information technology (Pak et al.,2019). As a result of this, it has been observed that knowledge and communication is the most important resources needed in this present-day organisation (Gan and Saleh, 2008; Cherif,2020).

Human assets in an organisation take different forms, it can be seen as the way of collecting, identifying, analysing and measuring information that has to do with human resources and then bringing this information to the knowledge of interested parties (Okpako,Atube and Olufawoye 2014). Human assets are also seen as a vital resource which add value to the organisation, it is the key source of growth and development in an organisation which enables the organisation to be a going concern and it is also a great weapon of competitive advantage (Izedonmi, Odeyile and Kuegbe 2013).

According to Arokiasamy et al. (2024), the quality of human resources available for the accomplishment of long-term organisational corporate goals is a major factor in the success of any organisation in the modern business world. According to Aburumman et al. (2020), it is considered to be one of the most important components of labour productivity and production, which enables an organisation to function effectively and efficiently. Nwachukwu (2007) asserts that a country cannot grow anything else if it cannot maximise the knowledge and skills of its citizens and effectively use them in the national economy. An organization's human resources play a significant role in achieving its aims and objectives by coordinating operations involving resources like as money, raw materials, buildings, machinery, and land. But without human resources, all of these other resources might not be coordinated at all (Akour et al., 2021). As a result, there is need for us to understand the important of human assets accounting and for us to establish a generally acceptable model of valuation so that we can be able to ascertain the level or the amount of human assets needed to enable the firms attain its goals and objectives for which it was established (Adebawojo et al. 2015).

Every firms places more emphasis on human assets, as a result there is need for the firms to devise a strategy for improving workforce productivity to enable the firm to attain a high

performance (Al-Frijawy et al.,2019). Most companies also seek to optimize their workforce through a detailed programs that will manage human assets, this will archive its goals and objectives as well as long term sustainability and survival (Ali et al.,2022). In order for the companie to attain this, there is a need for an investment in human assets such as the knowledge and skills that the employee need to make them more efficient and effective in the firm. Ones the firm has been able to make this possible, there will be an increase in its firm value which will ultimately lead to improvement in the firm performance (Iqbal et al. 2013).

Modern Nigerian corporate environment, efficient human resource management (HRM) has become a crucial factor influencing organisational performance (Alsafadi, and Altahat,2021), Human Resource Management includes many strategies aimed at recruiting, developing, and retaining people, therefore cultivating a workforce that aids in attaining strategic goals (Anwar and Abdullah,2021). Empirical research has repeatedly shown a favourable association between effective HRM management and improved organisational profitability. Ede and Oketa (2024) investigated the correlation between HRM management and organisational performance within the paper goods, printing, and publishing industry in Ebonyi State, Nigeria. Their studies indicated that selective recruiting, employment security, and training substantially affect profitability, customer happiness, and productivity, respectively. Jacob and Ishaya (2023) carried out a research to examine construction enterprises in Lagos State indicated that strategic HRM management are crucial for enhancing organisational profitability measures (Jacob and Ishaya, 2023).

These findings highlight the essential function of HRM in influencing organisational performance in Nigeria. In a highly competitive landscape, the strategic management of human resources is crucial for attaining and maintaining exceptional performance.

Therefore, there is the need to look at the link between human assets management and corporate performance. This is because as long as human assets a firm are taken care of performance in an firm will be improved upon and it will be very difficult for competitors in other firm to replicate, which make it a source of competitive advantage (Bastida et al.,2018). Performance in a company is as a result of adequate human assets which brings about proper coordination of the activities in the firm As a result of this, it has been observed that corporate performance is been determined by the level of human assets in a company (Rizov and Croucher, 2018)..

### **1.1 STATEMENT OF THE RESEARCH PROBLEM**

Studies in extant literature continue to document that human resource assets form the fulcrum of a firm success as its effective utilization contribute significantly to corporate performance (Zeb et al.,2018).

Otoo (2019) examined the effect of employee competency on human resource practices and firm performance. Using qualitative data of hospitality industry staff, the results show that by significantly affecting employee competency, human resource practices modify the link between HRM practices and organisational success. A similar study by Taib, et al (2018) examined the relationship between HRM practice and organisational performance, specifically looking at the mediating role of employee engagement. After collecting data from public sector employees in Malaysia, the structural equation method was used for analysis, the findings revealed a correlation between HRM practices and employee engagement, according to the results. There was a strong mediating role for employee engagement between HRM practices and organisational performance, according to the study. Nevertheless, other important factors that affect employee outcomes are not taken into consideration in this study. We intend to fill this gap with our study. Commitment and employee creativity were the subjects of research by Sothan et

al (2016). Employing Structural Equation Modelling (SEM) to analyse data from 342 randomly selected respondents from Cambodian hotels, the study discovered that employee commitment strongly dictates employee creativity, a component of employee competence. However, research by Teryima et al. (2016) confirmed that intrinsic factors play a major role in shaping employees' levels of dedication. The fragmented nature of these studies' examinations of the factors that influence employee outcomes is a weakness.

Most corporations do not place enough emphasis on their most critical asset the human resource. They often overlook key areas such as training and development, employee relations, and reward management (Gerhart and Feng,2021). These areas are essential for strategically managing people to build a highly committed and capable workforce that can help the organisation achieve its goals and objectives (Bloom et al.,2021). Corporation lack the ability to systematically organize their human resource strength so that there will be a positive impact on employee attitude in a way that leads corporation to achieve its competitive strategy.

There has not been a systematic study of each particular organisation because each particular organisation stands to achieve its own goal and objective, so there should be a need for the study of each particular organisation for they have different goals and objectives.

Although the idea that human assets and company success are positively correlated has not been thoroughly examined, there are many presumptions that this is the case (Feng and Gerhart, 2020). Thus, this study aims to investigate the relationship between business success and the disclosure of human assets in developing nations such as Nigeria. Thus, our study sought to proffer answers to is the following research question:

1. How do salary and wages influence firm Profitability?

2. To what extent do the number of employees affect firm Profitability?
3. What is the relationship between research and development and firm Profitability?
4. To what extent do employee training affect firm Profitability?
5. To what extent do performance appraisal and feedback affect firm Profitability?

### **1.3 Objectives of The Study**

This study's broad objective is to investigate how human resource management affect Nigeria's profitability. Therefore, the specific objectives are to:

- 1.determine the impact of salary and wages on Profitability in Nigeria companies;
- 2.establish the impact of the number of employees on Profitability;
- 3.examine the impact of research and development on Profitability;
4. appraise the impact of employee training on Profitability; and
5. determine the impact of performance appraisal and feedback on Profitability.

### **1.4 Hypotheses of The Study**

The following hypotheses have been formulated in a null form to serve as a base for this research:

H01: There is a significant relationship between salary and wages and Profitability.

H02: There is a significant relationship between the numbers of employees and Profitability.

H03: There is a significant relationship between research and development and Profitability.

H04: There is a significant relationship between employees training and Profitability.

H05: There is a significant relationship between performance appraisal and feedback and Profitability.

### **1.5 Scope Of The Study**

This study focusses on Nigerian company performance and human resources. Our sample size will be determined by purposive sampling of thirteen banks mentioned on the Nigerian stock exchange, while the population of our study will consist of the 192 listed firms in the Nigerian stock exchange market. The time duration covered by the study is seven (7) years, i.e. 2018-2024

### **1.6 Significance of The Study**

There are a number of strong justifications for conducting this research. The novelty of this study by making progress in addressing many of the glaring gaps in corporate performance and human resources in developing and emerging economies (including Nigeria), it will update the corpus of knowledge already in existence.

Second, in order to boost performance and ultimately accomplish the organization's aims and objectives, the study corporation in Nigeria should focus its resources on the growth and enhancement of its human capital.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

Relevant literature concerning the subject matter of this research work will be reviewed and identified in this chapter. Literatures on selected variables, conceptual framework, review of empirical studies (prior) studies as well as theoretical framework will also be reviewed on this

#### **CONCEPTUAL REVIEW**

##### **2.2:1 Human Assets**

In traditional accounting concepts, every human resource related expenditure is treated as cost which reduces profit. However, Bullen and Egler (2010) stated that human assets refer to the organisation's human resources that is the people who contribute to the organisation's operations. This includes not only their value and cost to the corporation but also how they are effectively managed. The interest in conceptualising individuals as organisational assets signified the inception of a nascent multidisciplinary study domain termed human resource accounting (Flamholtz, 2017), identical with human capital accounting. Among the researchers are Sadan and Auerbach (2020), Schmidt et al. (2019), and Flamholtz (2017). The researchers concentrated their study on the optimal method for quantifying human resources in financial terms. Their contributions prompted the consideration of human resource cost accounting and methods for valuing human resources. These models have resulted in several issues associated with the calculation of human resource values for specific applications, impacting both management and investment decision-making processes.

Human resource accounting is defined by the American Accounting Association as the process of quantifying human resource data and communicating that information to pertinent stakeholders (Parameswaran and Jothi, 2021). The value of employees inside the company is shown by human resource accounting, which improves information for decision-making for all consumers of financial data. Human asset accounting, according to the American Accounting Association, is the process of locating and evaluating human resources as well as informing the appropriate parties about this information (Parameswaran and Jothi, 2021). Stanko et al. (2020) assert that human capital accounting encompasses the allocation, budgeting, and reporting of human resource costs within an organisation. The primary aim of human asset accounting is to measure, in monetary terms (such as Naira), the value a person contributes to the employing bank.

In the contemporary company, employee knowledge is also seen as a valuable human resource. As commercial organisations get more complicated, there is a greater demand for skilled personnel, yet financial reporting disregards these resources. It is also possible to define human assets as the variety of abilities, knowledge, and experience that are present in the organisation. An effective human resource comprises the best suitable individual or individuals for a specific task or duties needed inside the organisation and helps to assemble other corporate resources (Seth 2009).

Human asset refers to the productive capacity of the people in a corporation, skills, experience, and knowledge, the economic value of the organisation which enables productivity and adaptability. Thus, the people in the corporation constitute the organisational human asset (Bassey and Arzizeh 2012).

However, there have been contentious questions regarding the reporting of human assets, including whether they are valuable enough to be regarded as assets even while there is uncertainty about their relationship to the anticipated future advantages of the organisation. Some groups saw it as the human ability that is directly related to the task, while others saw it as what people have as a result of their education, experience, and skills. According to the Charter Institute of Management Accountants, investors should have access to all performance and value drivers, including non-financial ones like intangible or human assets. In order to solve this problem, the Financial Accounting Standard Board promoted voluntary disclosure of human resource information by businesses (FASB 2001).

The growing focus on improving voluntary corporate disclosure of non-financial information (AICPA 1994; CICA, 1995; DMSTI, 2003b; FASB, 2001; IASB, 2000) is partially responsible for the recent emphasis on human asset disclosure. As an addition to their annual report, some businesses create a second statement. The Company and Allied Matter Act in Nigeria establishes the fundamental maximum criteria for financial reporting as well as the overall framework for financial accounting and reporting by registered firms. The Nigeria Accounting Standard Board (NASB) supplements financial reporting and regulation due to the Act's insufficient specifics. Only in June 2006 did Nigeria release its first human assets accounting standard. Nigeria lacked human asset accounting standards prior to that time (Willians 2001).

## **2.2:2 Companys Performance**

In theory, there are two ways to look at the connection between corporate performance and human resources. The first is the resource-based perspective of the company, and the second is the expectancy theory of motivation, which consists of three components: the value that is typically attached to rewards; instrumentality, or the belief that the employees will receive the reward after achieving a certain level of performance; and expectancy, or the belief that

the employee can actually achieve the required performance level (Appah, Tebepah, and Soreh, 2012).

The process of operating according to a set procedure and producing a result within its parameters is called performance. Effectiveness and efficiency as well as personal information like accident, turnover, absenteeism, and tardiness metrics may be used to gauge performance (Ratti 2012). Using return on equity (ROE) as a metric for measuring business performance, Saeed, Shekoofeh, and Mahnaz (2013) examined the connection between HR and the value-added efficiency of human capital. The study's findings indicate a strong positive correlation between an organization's or corporation's success and its human capital. And this establishes the organization's value-added efficiency using return on equity (ROE).

Waiganjo, Mukulu and Kahiri (2012) opined that measuring of firm performance is not easy for organisation with various objectives of profitability, employee satisfaction, productivity, growth, social responsibility and ability to adjust to the ever-changing environment among other objectives. They also assert that performance has been traditionally conceptualized in terms of financial measures, such as Return on Total Asset (ROTA) return on equity (ROE). Studies shows that human assets have direct and positive influence on corporate performance using ROE as firm performance proxy (Wang and Chang 2005).

### **2.2.3 Salary and Wages and Corporate Performance**

kanth (2011) opined that reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organisation to keep them coming to work and motivate them to perform to

high levels. The reward system consists of all organisation component of compensation and benefits to employees in exchange for their contribution to the organisation.

According to Javed et al. (2012), rewards are usually referred to as intangible returns including bonus, salary and benefits. Reward system is of mechanisms for distributing both tangible and intangible returns as part of an employment relationship. They added that rewards are also termed as the need of an employee because when reward will be linked with the employee's desire it will motivate him/her to a very high level. It certainly shows that what an employee wants after performing a certain task. It has been revealed in the past researches that rewards are very strongly correlated with job satisfaction. Rewards are positively linked to employee job satisfaction. Their research extracted one important element that employees are more satisfied with those rewards that they actually perceive. They argue that employee job satisfaction may be determined through job rewards.

Sarker (2009) stated that, there is significant relationship between employee productivity and human resource practices including selection, employee benefits, compensation, training and staffing practices. According to the author, a study was conducted among 184 employees of three commercial banks of Indian, one private sector, one foreign sector and one public bank. The use of strategy-based Human Resource policies and practices, banks create a more competent and committed workforce, which in turn provide a source of sustainable competitive advantage. Overall, that is created that HR policies help to sustain the level of competence that is created by banks HR practices. This implies that bank cannot simply improve the quality of its resource by spending money only in training or recruiting employees at the last time when industry conditions shift or market demand changes. The managers must focus on building a firm's Human assets as a long-term commitment.

#### **2.2:4 Numbers of Employees and Corporate Performance**

The first empirical research on staff numbers and performance was done by Lewellen & Hunstain (1970). The study discovered a strong positive correlation between high productivity and the number of employees, as well as the stock value of the companies. One of the study's main weaknesses is that it prioritised maximal production over other performance metrics.

Evans and Evans (2000) used the number of workers as a performance metric to investigate the relationship between salary and performance. The study found that having a big number of employees improves a company's success since a company's output capacity increases with staff size. This implies that a greater sum of money will be needed overall to pay a big number of employees. Because they have too many employees, corporations may also adopt the practice of lowering employee remuneration. Cash share-based pay, on the other hand, permits employees to pursue short-term financial goals, in contrast to the decrease. The factors that influence managerial remuneration in Portuguese listed companies were hypothesised by Fernandez (2005), supporting the findings of El-Akremiti. The number of employees and business performance were not shown to be related in the research.

In order to ascertain the pay-performance relationship, Ozken (2007) conducted a survey of 390 non-financial firms in the United Kingdom. Both cash and equity-based compensation were included in the study's research, and it discovered a strong and positive correlation between the variables.

Aduda (2011) concluded that accounting-based financial success is not a factor of remuneration after researching the pay-performance connection in listed banks in Kenya.

This conclusion stands in stark contrast to the findings of Ozkan and Sigler (2011). According to Arulsamy et al. (2023), the organization's productivity level is mostly determined by the quantity of its personnel. It has been observed that high numbers of employees in the organisation result in high productivity which in turn translates to higher amount of profit and as a result expansion is possible. It was also observed that when employees are in a large capacity, there will be adequate utilization of resource because none of the equipment in the organisation will be idle (Sathi,2022). It is a high number of employees in the organisation that encourages expansion.

According to Mohamed (2005), the general consensus on the ideal employee size is that the more employees involved in the day-to-day operations of the company, the lower the performance level. This is predicated on the notion that effective communication, task coordination, and decision-making are more challenging and expensive in big groups than in smaller ones. The benefits of having more people to rely on are outweighed by the drawbacks. Maintaining a small workforce can help employees perform better, the author stated. Employees are less likely to perform well when their numbers exceed what is considered necessary. The study recommends the adoption of a smaller, high-quality workforce to ensure more effective monitoring and oversight

Desender (2009) opine that, employees' composition is a fundamental characteristic that affects the performance of the organisation. Excessive number of employees has severe limitations as far as controlling their action and productivity contrary to their interests. Consequently, having a large number of staff in the organisation can make monitoring and control more difficult.

Rachdi and Ameer (2011), argue that large employees are generally less efficient than smaller ones. A small number of employees can be effectively managed, which helps protect the interests of all stakeholders, aligns decisions between directors and managers, and reduces agency costs among board members.

### **Performance Appraisals**

Performance appraisal consists of a framework of planned goals standards and competence requirements and plays an important role in integrating the individual's need with the organisation needs (Saraswathi, 2010).

It is a formal management system that provides for the evaluation of the quality of an individual's performance in a corporation (Yousef, 2000). Performance appraisal is perceived degree to which performance appraisal system has attributes those are right for fair and accurate evaluation of employee performance. Ali and Opatha (2008) argued that the attribute comprises nine features such as performance appraisal objectives, performance appraisal policies; performance appraisal criteria and standard; performance appraisal form and procedure for ensuring accurate implementation; make decision and store them; review and renewal.

Ali and Akter (2011) stated that employee performance appraisal is subject of great interest in most organisations. There are several reasons behind this. The first reason is that performance appraisal decisions have effects and consequence on the workers compensation and recognition. Second, performance appraisal is important for the development of strategic human resources, which looks at employees as an organisational tool for an organisation to survive in competitive and turbulent situation (Ahmad and Spice, 2000).

Theoretical evidence has shown that performance appraisal has positive association with performance. The development goal of performance appraisals is more effective in affecting organisational performance (Hanley, 2005). The study showed that it has a positive correlation with increased organisational productivity, which raises both productivity and quality.

### **Employees Training and Corporate Performance**

Employee which is considered as human resource, has being one of the most important factors of production, therefore employee training is needed to develop competences of employees. Human resource development mechanisms of training, performance appraisal and feedback, potential appraisal, career planning, rewards and employee welfare are fundamental for employee performance (Yadav and Singh, 2021).

According to Ahmad and Schroeder (2003), employee which are known as human resources are considered the most important assets of a firm. Employee training and development involves all management decisions and practices that direct, affect or influence the employees in the company (Solkhe and Chaudhary 2011).

Employee training is one of the most important functions that directly contribute to the development of human resources. Training is a set of planned activities on the part of a firm to increase the job knowledge and skills or to modify the attitudes and social behavior of its members in ways consistent with the goals of the job (Schmidt, 2007).

According to Nwachukwu (2004), the objectives of training employees include increasing productivity, lower turnover, higher morale and promotion of good goal congruence. There is a positive relationship between training and a company commitment and recommended that

human resource development professionals adapt new research methods to demonstrate to business decision makers that training and development contributes to desired workforce attitudes which may in turn influence behaviors such as absenteeism and turnover (Bartlett 2001).

Lee and Bruvold (2003) stated that comprehensive training activities are positively associated to productivity, reduce staff intention to leave and organisational effectiveness. They observed that large part of the workers sense of job satisfaction can be attributed to workplace learning opportunities. There are several different methods of training used in the workforce; learning principles and instructional technique; goal setting, self-management and decline anticipation strategy or policy (Baldwin, 2000).

Therefore, organisations should prepare their training program ahead of time. Certain training programs are designed to trigger specific reasons while others apply to general strengths and weakness of employees before training (Sathi,2022). There are two main types of training: off-the-job training, which takes place outside the workplace, and on-the-job training, which is conducted within the work environment (Wildan, 2023). Successful and effective job training largely impact the productivity of employees during their present job. If employee feels well-trained, they automatically commit to the organisation (Batool and Batool, 2004).

### **Research and Development And Corporate Performance**

Most corporations spend a substantial part of their fund in research and development to enable the growth and development of the organisation. Research and development play a great role in the organisation, any organisation that is not into research and development may

likely undergo liquidation in the nearest future as a result of lack of improvement and competitors. Research and development will help in increasing knowledge in the company, resulting into modern technique of solutions to problems in the company, the method to be adopted to fight against competitors, development of competence, innovation and creativity, increase in efficiency and effectiveness in the company (Novteboom, 2000).

### **Human Asset and Corporate Performance**

Human resources are acknowledged to be more than just individual assets; some knowledge and abilities are developed within a company and are only exhibited by a group of workers (Chillemi and Gui, 2001). In any company, there are two types of human capital: firm-specific and generic. A certain type of knowledge that is highly transferable (mobile), developed outside of the company, and paid for by individuals is referred to as generic.

According to Swart (2006), years of experience, formal education level, and the number of years of management experience are the most often used metrics for generic human resources. Conversely, firm-specific human assets are the expertise and abilities that are exclusive to a company and difficult to transfer to other businesses. The company pays for its creation as part of a plan to keep important knowledge workers by erecting obstacles to mobility (Swart, Kinney, and Purcell, 2003).

Measures for firm-specific human assets include length of the corporations' experience, number of unique projects, team-based solutions, and unique operating procedure (Patiar, and Wang, 2020). Besides nurturing the generic human assets, corporations must also pay attention to firm-specific human assets to gain competitive advantage and to recruit and retain core value creators. Since decision-makers use pertinent human resources data to evaluate the company's future

prospects, it is in the company's best advantage to provide more of this data in order to boost its market value (Sabiou et al., 2019). When valuing a firm, human resources should be conceptualized rather than expensed in the present since they have the potential to create future revenue. Most people believe that human resources are essential to the company's value-creating operations (Guthrie 2000).

Businesses in today's dynamic business environment invest a lot of money in human resources, but the issue is that these investments are not fully reflected in the statement of affairs. As a result, the book values of companies that invest a lot of money in human resources are not connected to their market value (Lev 2001).

The two primary components of human resources are individuals and companies. This idea has been further explained by Garavan (2001), who states that humans possess the following four essential qualities: (1) adaptability and flexibility (2) Improvement of personal skills (3) The growth of business skills (4) Individual employability. It demonstrates how these characteristics provide value to both individual and corporate outcomes. Human capital has been linked to improved performance and long-term competitive advantage in a number of studies. increased corporate dedication and improved retention. Accordingly, the main focus of all these discussions is on both individual and firm performance (Noudhaug, 1998).

According to Sinha et al. (2022), the value of human resources is determined by how much they help create a competitive advantage. According to Sudiardhita et al. (2018), from an economic perspective, transaction costs show that a company has a competitive edge when it possesses resources unique to its business that competitors cannot imitate. Thus, as the uniqueness of human capital increases, firm have incentives to invest resources into its

management and the aim to reduce risks and capitalise on productive potential. Hence, individuals need to enhance their competency skills in order to be competitive in their corporations (Collin and Montgomery 1995).

### **Conceptual Framework**

According to conventional accounting principles, all expenses pertaining to human resources are regarded as costs, which lowers profit. However, according to Adebawojo, Enyi, and Adebawo (2015), accounting for expenses associated with human assets as the organization's resources is known as human assets accounting. Human asset accounting, according to Adebawojo et al. (2015), is the process of identifying, gathering, and disseminating data regarding human assets in terms of dollars (naira). The cumulative data on changes in investments in human resources is represented by human assets, they added. This information is reported to operating managers to assist them in making more informed decisions than they would have otherwise

Arokiasamy and Ismail (2009), the term “human assets has been defined as a key element in improving a firm assets and employees in order to increase productivity as well as sustain competitive advantage. According to them, sustaining competitiveness in a companies requires leveraging human assets as a key instrument for enhancing performance. Human assets refer to trained and educated staff, along with other professional development initiatives aimed at increasing employees' knowledge, skills, abilities, values, and social assets. This, in turn, contributes to employee satisfaction and performance, ultimately benefiting the overall performance of the firm. Thus, the definition of human asset is referred to as “the knowledge, skills competencies, and attributes embodied in individuals that

facilitate the creation of personal, social and economic well-being” (Marimuthu et al., 2009, pg2).

According to Izedonmi and Kuegbe (2013), human capital is considered a major source of competitive advantage in the modern corporate climate. According to them, businesses see their personnel as valuable assets and make significant investments in them as a result of the knowledge agenda. However, the stringent recognition requirements for intangible assets, which prevent human resources from being included as an asset in the statement of affairs, may contribute to the underreporting of the value of human capital to stakeholders. However, financial analysts and fund managers, who must evaluate the future direction, potential, and values of organisations, need to know about human assets and their growth.

According to Oforegbunam and Okprafor (2010), reporting on human resources requires training. They also stated that it is impossible to overstate the significance of human resources in relation to the survival of contemporary companies. Any company that wants to thrive in the cutthroat business world has to retrain and retrain its human resources to fit both its local and distant operating environments.

According to Taliyang et al. (2011), human assets are intangible resources that include technology, customer information, brand name, reputation, and corporate culture. These assets are invaluable to a firm’s competitive power. They added that human asset consists of numerous components which stand in adding to a firm. The first component is known as tacit knowledge and innovativeness of the employees. The second component is the infrastructure of human assets such as good working systems, innovation and improvement processes of

structural asset. The last component is external relationships of the firm such as customers' capital.

Neysi et al (2012) state that human asset disclosure is reporting that is intended to satisfy the general information needs of users who are unable to request reports on human capital that are specifically suited to their needs. They also stated that one method for assessing intangible assets and characterising the outcomes of a business's knowledge-based operations is human capital disclosure. They contend that investors might benefit from this kind of intellectual capital disclosure as it can lessen their confusion about the company's prospects for the future and make it easier for them to value the business.

According to research by Rehman et al. (2011), human capital is the ability and inventiveness of workers, which may be further enhanced by increasing training program funding. Employee experience and skill are considered human assets, and they help businesses become more efficient. More productive workers translate into an organisation that is more able to increase value-added efficiency.

### **Review Of Empirical Studies**

The expected impact of accounting for human assets on the performance of Nigerian companies is examined by Adebawojo et al. (2015). The research' findings supported the idea that accounting for human assets had a big impact on banks' performance.

Obare (2013) examines the traditional methods of evaluating business profitability and disclosing human resources. His research showed that company profitability and the traditional method of writing off human resource development costs to the profit and loss account were positively and significantly correlated. Conversely, there was a marginally significant positive

correlation between company profitability and the traditional approach of not reflecting the growth in value of human assets on the statement of affairs.

Izedonmi, et al (2019), investigate the linkage between human assets accounting and corporate performance in Nigeria. The result of the study revealed that human asset which is intangible assets had a positive significant impact on corporate performance.

Micah et al. (2012), examine the relationship between corporate financial performance and human assets accounting disclosure of corporation in Nigeria. Their findings also show that there is a positive relationship between corporate financial performance and human assets accounting disclosure. The positive correlation between return on equity (ROE) and human assets accounting disclosure supposes that an increase in return on equity encourages firm in reporting human assets information so as to establish trustworthiness with stakeholders; enhance external reputation, appear legitimate in the public eye and avoid cost for non-legitimacy.

Study by Salman et al. (2012) examine the impact of human assets component on the return on asset in Nigeria Manufacturing companies. The result show that, relationship exist between human assets components efficiencies and company performance.

Rehman et al. (2011), examined the human assets of 12 Modaraba companies and its impact on corporate performance. The empirical results reveal that one of the important components to strengthen the human corporate performance is human assets which means investing more to boost the employee's productivity would increase the human efficiency of employees.

Appah et al (2021) examine human asset development on the performance of public sector accounting in Nigeria. The study found that job training, performance appraisal, career

planning and reward employee welfare was positively related to productivity of public sector accounting in Nigeria.

Marimuthu, et al (2019) investigated the relationship between human assets and their impact on firm performance. Their findings provide strong evidence that enhancing human assets within organisations fosters innovation and leads to improved firm performance. In a similar study, Rehman, Rehman, Usman and Asghar (2012) investigate the human assets performance and its impact on financial performance of banking sector in Pakistan for the period of 2010. Their empirical result reveal that human assets efficiency has substantive positive relationship with the financial performance corporation, human asset efficiency with financial performance and capital employed efficiency with financial performance.

Okpako et al (2018), determine the relationship between human assets accounting and corporate performance. The study reveals that human assets accounting variables impacted positively to the level of firm performance.

Zehri et al. (2012), the impact of human assets on corporate performance. The study tries to find the relationship between human assets and corporate performance from the standpoint of financial performance, the marketplace and economics. We conduct a study of the literature on this subject and we announce our research hypotheses. The empirical result reveals that there is positive and significant association between economic performance, financial performance and the component of human assets.

Cheng et al. (2010) investigate business performance, competitive human resources, and invested resources. Research indicates a strong correlation between a company's performance and its people resources. These findings also imply that inventive capacity and process

reformation should be prioritised, and that corporations may enhance their business performance by utilising the human value-added of their people assets.

Gruian (2011) conducted a study on the influence of human assets on corporate financial performance. The result shows that there is a significant positive correlation between human assets and financial performance

Iqbal et al. (2013), study the influence of organisation human assets on organisation performance. Furthermore, Ijeoma and Aronu, (2013) analyse the influence of human asset accounting on the financial statement of Nigeria Bank using Zenith Bank Plc as an example. Determining whether accounting for human assets will impact Zenith Bank Plc's financial situation and examining if the absence of human assets accounting procedures will impact Zenith Bank Plc's future investments in human assets were the primary goals of this study. According to the report, if Zenith Bank Plc applies accounting for human assets, its financial situation will improve. In the same way. The future investment of Zenith Bank Plc was shown to be impacted by equality and the non-application of human asset accounting procedures.

## **2.6 THEORETICAL FRAMEWORK**

This study's foundation was the Human Assets hypothesis, which was first put out by Schultz in 1961 and then further refined by Becker in 1964. The foundation of the idea is labour economics, a subfield of economics that focusses on general work in quantitative terms.

According to the human assets hypothesis, training and education boost workers' productivity by transferring valuable knowledge and skills, which in turn increases workers' lifetime wages and future income. According to the argument, spending on education, training, and

development is expensive and ought to be seen as an investment because it is done with the intention of raising individual earnings. Occupational salary disparity is explained or supported by the human assets approach. This research makes the case that training, education, and development help businesses gain a competitive edge in addition to raising employees' personal incomes. In the end, this benefit manifests as enhanced organisational performance.

According to Baney and Wright (1997), Flamholtz and Lacey (1981) distinguished between the general talents and the firm-specific skills of human resources in their theory of human assets. Individuals with general talents that are useful to a company and transferable to different companies. For instance, all computer firms have the potential to accrue equal value by acquiring employees with knowledge of general management, the ability to apply financial ratios, or general cognitive ability. On the other hand, specific skills provide value only to a particular firm, and such skilled are of no value to competing firms. An instance of this is the knowledge of how to use a particular technology used by one firm, or knowledge of a firm's policies and procedure provided to that firm, but usually would not be valuable to other firms.

According to Becker, "physical means of production" like factories and machinery are comparable to human assets. Human capital can be invested in through education, training, and even medical care, and the rate of return on one's human assets can influence one's output (Ibhagui et al., 2018). As a result, human resources are a production medium from which more capital can be extracted. While human resources can be replaced, they cannot be transferred like labour, land, or fixed capital (Mira, Choong, and Thim, 2019). According to Otoo (2019), the theory is relevant to this study because it views the expenses of education,

training, development, and even medical care as investments in enhancing individual worker productivity and gaining a competitive edge that may ultimately lead to better organisational operation. It is thus necessary to make a significant effort to reflect the value of human assets on the statement of affairs if these investments are comparable to other physical assets that are shown on the statement of affairs.

### **2.6:1 Resource Based Theory**

The prevalent belief among academics and management practitioners is that individual employee performance affects firm' level of outcomes. This means that the contributions of individual employees at various levels of organisation results in corporate goal. For these reason employees' intellectual competence, employee's skill and corporate human resource function, must be properly developed if corporate goals must be achieved.

Bassey and Tapang (2012) use Baney's (1991) resource-based theory of the company as the foundation for this stance. According to the resource-based theory, human resources are a source of long-term competitive advantage. These resources must always meet the four fundamental requirements of value, rare, imitable, and organisation (VRIO), which are covered below;

#### **2.6.1:1 Firm Value**

Firms create value through either decreasing or increasing product or service cost or revenue through product or service differentiation in a way that allows the firm to charge a premium price (Kerdpitak, and Jermsttiparsert, 2020). The ultimate goal of any human assets executive is to create value through the human resource function. Therefore, the first question to be addressed

by human resource executive is how the human assets function can aid in either decreasing costs or increasing revenues (Manzoor et al.,2019). The position of this study is that the solution or answer to this of course could be from the enhancement of corporate human assets through adequate training and development.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The researcher thoroughly outlines the process and methodology used to collect the study's data in this part of the research project. Thus, the study design, sample size and sampling methods, data source, and data analysis method are the main topics of this chapter.

#### **3.2 Research Design**

This study is a comparative causal design otherwise known as an ex-post facto survey in which the researcher does not have control of the explanation variables and the relationship existing between the variables cannot be manipulated. This is because the data used for the analysis (independent variables) are facts which have already occurred and we intend to examine their effects on the dependent variable. The research therefore used the available data in the area of the study to analyse their impact

#### **3.3 Population and Sample Size**

Given the large number of publicly listed companies in Nigeria, it was further decided to limit the sample size to thirteen banks quoted on the Nigerian Exchange group between 2018-2023 based on purposive sampling method. Therefore, the sample size consisted of thirteen (13) banks listed on the Nigerian exchange group.

### **3.4 Sources of Data**

The study focused on the use of secondary sources of data. The data were extracted from the financial statements and other relevant disclosures contained in the annual reports of the companies under consideration.

### **3.5 Data Analysis Method**

This research employed Ordinary Least Square (OLS) regression analysis as its data analysis approach. This is done to see if a certain dependent variable is impacted by two or more independent factors. More often than not, many independent factors have an impact on a particular dependent variable. The multiple regression analysis is suitable in this case.

Descriptive statistics and Pearson's product-moment correlation matrix will also be utilised to illustrate the extent of the link between the variables in the research. To assess the model's stability and the efficacy of the findings in accordance with the BLUE (Best Linear Unbiased Estimates) assumptions of regression models, residual diagnostic testing would be employed.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.0 Introduction

The data collected to examine the impact of human resource management on organisational performance (profitability) in Nigeria is analysed and interpreted in this chapter. The chapter evaluates the relationships between significant human resource attributes and business profitability using diagnostic tests, panel regression results, correlation analysis, and descriptive statistics. The data are presented methodically, and their ramifications are examined in light of current literature and theoretical frameworks.

#### 4.1 Table 1: Descriptive statistics

	ROA	SALARY	Numb of Emp	R&D	EMPTRAIN	APPSAL
Mean	0.034660	5.503457	0.583108	0.878378	5.689189	1.851351
Median	0.014758	5.093116	0.540000	1.000000	6.000000	2.000000
Maximum	0.283007	8.197944	1.140000	1.000000	10.00000	3.000000
Minimum	0.000000	0.000000	0.390000	0.000000	0.000000	1.000000
Std. Dev.	0.055375	2.012175	0.155774	0.329079	2.734486	0.822333
Skewness	3.090821	-1.094232	1.355780	-2.315315	-0.690594	0.279201
Kurtosis	12.27722	4.310281	5.345766	6.360684	2.597625	1.552114
Jarque-	383.1950	20.06081	39.63678	100.9389	6.381231	7.425241

Bera						
Probability	0.000000	0.000044	0.000000	0.000000	0.041147	0.024413

**Source: Researchers Compilation, 2025**

From the result of the descriptive statistics, it was observed that the average Return on Assets (ROA), a measure of profitability, is 3.47%, implying that enterprises make a 3.47% return on total assets. The median ROA is 1.48%, indicating that more enterprises have significantly lesser profitability. The highest ROA reported is 28.3%, while other businesses show no profitability (a minimum of 0.00). The large standard deviation (5.54%) suggests that profitability varies significantly amongst enterprises. Furthermore, the skewness score (3.09) indicates that the distribution is heavily skewed to the right, implying that a few enterprises are substantially more profitable than the bulk. The high kurtosis score (12.28) indicates a peaked distribution with extreme values. The Jarque-Bera probability of 0.000 indicates that the ROA distribution is not normal.

The salary levels (Salary) have an average value of 5.50 and a median of 5.09, showing a rather symmetric distribution. However, the lowest salary level is 0, indicating that some organisations do not declare pay costs, while the maximum documented salary level is 8.19. The standard deviation (2.01) indicates considerable salary dispersion. The negative skewness (-1.09) suggests that most enterprises pay higher wages, while fewer pay lower salaries. The kurtosis value (4.31) indicates a significantly peaked distribution. The Jarque-Bera test result (p-value = 0.000044) indicates that the salary distribution differs from normality.

The average number of workers (Numb of Emp) is 0.58, with a median of 0.54, showing that most enterprises have a small workforce. The greatest number of workers is 1.14; the least is

0.39. The standard deviation (0.16) shows low dispersion, meaning that most firms have a similar number of employees. The skewness (1.36) indicates a rightward skew, implying that a few companies employ much more people than the majority. The kurtosis (5.35) suggests a leptokurtic distribution with extreme values, which is corroborated by the Jarque-Bera probability (0.000), indicating non-normality.

Investment in Research and Development (R&D) has an average value of 0.88 and a median of 1.00, indicating that some businesses actively invest in R&D while others do not. The highest value is 1.00, and the lowest is 0.00, indicating that some companies completely disregard R&D. The high negative skewness (-2.32) suggests that most firms do not invest significantly in R&D. Additionally, the high kurtosis (6.36) implies a distribution with extreme values, further confirmed by the Jarque-Bera test (p-value = 0.000), indicating non-normality.

Employee training (EMPTRAIN) has an average value of 5.69 and a median of 6.00, indicating that it is a common practice among firms. However, some businesses report little training (minimum = 0), and others spend extensively (maximum = 10). The standard deviation (2.73) suggests a large difference in training spending across organisations. The slightly negative skewness (-0.69) implies that a larger number of firms spend above the average on employee training. The kurtosis (2.60) shows a distribution near to normalcy, however the Jarque-Bera test (p-value = 0.041) indicates modest divergence from normality.

Lastly, the employee appraisal (APPSAL) variable has a mean value of 1.85 and a median of 2.00, suggesting that most businesses conduct performance evaluations at an average level. The lowest documented appraisal value is 1.00, while the highest is 3.00, indicating that organisations use varied degrees of appraisal, with some undertaking rudimentary evaluations

and others employing more comprehensive evaluation processes. The standard deviation of 0.82 indicates considerable diversity in evaluation processes among businesses.

The skewness score of 0.28 is near to zero, showing that the distribution is largely symmetric, implying that companies are uniformly dispersed throughout various levels of assessment. The kurtosis value of 1.55 is less than the normal distribution's threshold (3), indicating a flatter distribution with fewer extreme values. However, the Jarque-Bera probability (0.024) shows that the distribution deviates little from normality.

Overall, the data suggests that firms exhibit high variability in profitability, salary levels, and investment in employee-related factors. Most distributions deviate from normality, indicating the presence of outliers or extreme values, particularly in profitability and research and development investment. These findings highlight the diverse approaches firms in Nigeria take in managing human assets and their potential impact on organisational performance.

#### 4.2 Table 2: Correlation Result

	ROA	SALARY	Numb of Emp	R&D	EMPTRAIN	APPSAL
ROA	1.000000					
	-----					
	74					
SALARY	-0.357327	1.000000				
	0.0018	-----				
	74	74				
Numb Emp	0.190226	-0.093969	1.000000			
	0.1045	0.4258	-----			
	74	74	74			
R&D	-0.188837	0.024145	-0.045970	1.000000		
	0.1071	0.8382	0.6973	-----		
	74	74	74	74		
EMPTRAIN	0.175294	-0.035291	0.156342	0.155316	1.000000	
	0.1352	0.7653	0.1835	0.1864	-----	
	74	74	74	74	74	

APPSAL	0.117861	-0.007816	0.060334	0.084140	0.216757	1.000000
	0.3173	0.9473	0.6096	0.4760	0.0636	-----
	74	74	74	74	74	74

**Source: Researchers Compilation,2025**

The correlation study sheds light on the linkages between Return on Assets (ROA), Salary (SALARY), Number of Employees (Numb Emp), Research and Development (R&D), Employee Training (EMPTRAIN), and Appraisal (APPSAL) in Nigerian enterprises. ROA and pay have a moderate negative connection (-0.3573,  $p = 0.0018$ ), indicating that greater pay expenditures diminish profitability. This might imply that high labour expenses are putting a burden on financial performance, either owing to inefficiencies in salary allocation or excessive personnel. This relationship is statistically significant, indicating that compensation expenditures are likely to play an important influence in determining corporate profitability. The number of workers (Numb Emp) shows a small positive connection with ROA (0.1902,  $p = 0.1045$ ), showing that enterprises with a bigger workforce may have somewhat higher profitability. However, since the association is not statistically significant, other variables, such as productivity or operational efficiency, may have an impact on this dynamic. Similarly, ROA and R&D expenditure (-0.1888,  $p = 0.1071$ ) indicate a modest negative association, indicating that increasing spending on research and development may not instantly convert into enhanced profitability. While R&D investments are crucial for long-term growth, their short-term impact on profitability remains uncertain.

Employee training (EMPTRAIN) shows a weak positive correlation with ROA (0.1753,  $p = 0.1352$ ), indicating that firms investing more in training might experience slight improvements in profitability. Likewise, employee appraisal (APPSAL) has a weak positive correlation with ROA

(0.1179,  $p = 0.3173$ ), suggesting that structured appraisal systems may be beneficial for profitability, but the effect is not statistically strong.

Overall, the findings suggest that salary levels have the most notable impact on profitability, with higher salaries potentially reducing financial performance. Meanwhile, employee training and performance appraisals show weak positive associations with profitability, indicating they might contribute to firm success, but their effects are not strongly evident in this analysis. The service-related variables have uncertain influences, highlighting the need for further investigation into how they interact with firm profitability.

#### 4.3 Table 3: Diagnostic Test : Hausman Test

Correlated Random Effects - Hausman Test  
Equation: Untitled  
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.742133	5	0.5871

**Source:** Eviews, Econometric Software, 13.0

The Hausman test is used to assess whether a fixed effects or random effects model is best suited for panel data analysis. The test determines if the random effects estimator is consistent or whether there is a connection between the regressors and the individual-specific effects, which would point to a fixed effects model. In this situation, the Chi-Square statistic is 3.7421 with 5 degrees of freedom, and the p-value is 0.5871. We cannot reject the null hypothesis since the p-value exceeds 0.05. This suggests that the independent variables and individual-specific effects in the model do not have a significant association.

The random effects model is preferable to the fixed effects model since it is non-biased. The random effects model posits that unobserved individual heterogeneity is uncorrelated with the explanatory variables, which makes it more efficient in calculating coefficients when this assumption holds. This shows that employing a random effects model to examine the influence of human capital management on organisational profitability in Nigeria is statistically reasonable. The result of the random effect model is stated below while the result of the fixed effect model is reported in the appendix.

#### 4.4 Table 4: Regression Result

Dependent Variable: ROA

Method: Panel EGLS (Cross-section random effects)

Date: 21/10/25 Time: 00:17

Sample: 2018 2023

Periods included: 6

Cross-sections included: 13

Total panel (unbalanced) observations: 74

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.059530	0.038290	1.554722	0.1247
SALARY	-0.007795	0.003482	-2.238566	0.0285
Numb Emp	0.035950	0.040089	0.896761	0.3730
R&D	-0.033212	0.017889	-1.856563	0.0677
EMPTRAIN	0.002864	0.002284	1.254049	0.2141
APPSAL	0.005475	0.007460	0.733870	0.4656

Effects Specification		S.D.	Rho
Cross-section random		0.018636	0.1282
Idiosyncratic random		0.048607	0.8718

Weighted Statistics			
R-squared	0.158148	Mean dependent var	0.025567
Adjusted R-squared	0.096247	S.D. dependent var	0.050654
S.E. of regression	0.048133	Sum squared resid	0.157544
F-statistic	2.554860	Durbin-Watson stat	1.536972
Prob(F-statistic)	0.035359		

Unweighted Statistics

R-squared	0.215972	Mean dependent var	0.034660
Sum squared resid	0.175502	Durbin-Watson stat	1.379701

**Source:**Eviews, Econometric Software, 13.0

The panel regression findings show how various components of human asset management affect Nigerian enterprises' profitability (Return on Assets - ROA). The results indicate that salary (SALARY) has a substantial negative impact on profitability, with a coefficient of -0.0078 and a p-value of 0.0285. This shows that when pay expenditures rise, business profitability tends to fall. The negative impact might be attributable to rising labour costs that are not matched by equal increases in productivity, placing a financial strain on enterprises. Because the association is statistically significant at the 5% level, it shows that effectively controlling compensation expenditures is critical to preserving profitability.

Number of workers (Numb Emp) has a positive but statistically insignificant connection with ROA (coefficient = 0.0359, p = 0.3730). This implies that, although expanding the workforce might improve company performance, it does not always result in increased profitability. The usefulness of more personnel in increasing financial results will most likely be determined by criteria such as skill levels, productivity, and industry type. If labour efficiency is not optimised, a greater workforce may result in higher operating expenses without matching revenues.

Research and development (R&D) spending has a negative and marginally significant effect on ROA, with a coefficient of -0.0332 and a p-value of 0.0677. This shows that businesses that devote greater money to R&D may incur a short-term drop in profitability. R&D expenditures can take time to deliver financial advantages, and the early expenses might exceed quick rewards. While innovation and technical developments are critical for long-term success, businesses may

need to balance their R&D investment with other financial goals in order to prevent short-term profitability losses.

Employee training (EMPTRAIN) has a favourable but non-statistically significant influence on profitability (coefficient = 0.0029, p-value = 0.2141). This means that, although training programs may improve employee skills and productivity, their direct influence on short-term profitability is not clearly shown in this research. Employee training advantages may take longer to manifest, and businesses must ensure that training activities are connected with company objectives in order to maximise their financial effect.

Similarly, employee appraisal (APPSAL) has a low impact on profitability, with a coefficient of 0.0055 and a p-value of 0.4656. Although assessments are designed to increase performance and motivation, they seem to have no direct impact on profitability. This might be attributable to variances in how organisations execute assessment systems, or it could mean that appraisals alone are insufficient to achieve meaningful changes in financial performance.

Overall, the regression model explains 15.8% of the variation in profitability (R-squared = 0.1581), suggesting that while human asset management plays a role in firm performance, other external and internal factors also contribute significantly. The F-statistic (2.5549, p = 0.0354) indicates that the model is statistically significant, meaning the combined influence of these variables on ROA is meaningful. However, firms should focus on optimizing salary structures and balancing R&D investments with short-term financial goals to enhance profitability. The Durbin Watson statistics was found to have a value 1.5 therefore indicating that the model is reliable and free from bias.

#### **4.5 Chapter Summary**

The regression analysis reveals that among the components of human asset management, salary has a significant negative impact on profitability, indicating that increased salary expenses may reduce firm performance if not matched by productivity gains. Research and development also show a marginally negative effect, likely due to delayed returns on investment. Other variables number of employees, employee training, and appraisals exhibit positive but statistically insignificant effects on profitability, suggesting their benefits may be more long-term or context-dependent. With an R-squared of 15.8% and a statistically significant F-statistic, the model confirms that human asset factors influence profitability, though other internal and external factors also play important roles.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.0 Introduction

This study examined the impact of human asset management on organisational performance, specifically profitability, in Nigerian firms. Using panel data regression analysis with a random effects model, the study analysed key human resource variables such as salary, number of employees, research and development (R&D), employee training, and appraisal. The key findings are summarised as given below:

#### 5.1 Summary of Findings

1. The study found a statistically significant negative relationship between salary expenses and profitability (ROA), with a coefficient of -0.0078 and a p-value of 0.0285. This indicates that higher salary expenditures tend to reduce profitability, likely due to inefficiencies in wage distribution or excessive labour costs that do not proportionally enhance firm performance.
2. The number of employees exhibited a positive but statistically insignificant relationship with profitability (coefficient = 0.0359,  $p = 0.3730$ ). This suggests that merely increasing workforce size does not necessarily lead to higher profitability, possibly due to variations in labour efficiency and productivity.
3. The study found a negative and marginally significant relationship between R&D and profitability (coefficient = -0.0332,  $p = 0.0677$ ). This implies that firms investing heavily in R&D may experience short-term profitability declines, as the financial benefits of innovation often take time to materialize.

4. The relationship between employee training and profitability was positive but not statistically significant (coefficient = 0.0029,  $p = 0.2141$ ). This suggests that while training programs may improve employee skills and productivity, their direct effect on profitability may not be immediately evident.
5. Performance appraisal had a weak positive but statistically insignificant effect on profitability (coefficient = 0.0055,  $p = 0.4656$ ). This suggests that while appraisals are intended to improve employee motivation and efficiency, their direct impact on financial performance remains unclear.

## **5.2 Conclusion**

The findings suggest that human asset management plays a role in organisational profitability, with salary expenses being the most significant factor influencing firm performance. The negative impact of salary on profitability highlights the need for firms to optimise compensation structures to ensure a balance between labour costs and financial performance. Additionally, while R&D investment is crucial for long-term innovation, firms must carefully allocate resources to avoid short-term profitability declines.

Although employee training and appraisal did not show significant effects on profitability, their potential contributions to long-term organisational growth should not be overlooked. Firms should consider integrating strategic HR policies that align training programs and performance appraisals with overall business objectives to maximise their effectiveness.

## **5.3 Recommendations**

Based on the findings of this study, the following recommendations are proposed:

1. Organisations should develop efficient salary structures that align employee compensation with productivity and performance. Performance-based pay models can help ensure that labour costs contribute positively to firm profitability.
2. Instead of focusing solely on workforce expansion, firms should invest in strategies that enhance employee efficiency and productivity. This includes adopting technology-driven work processes and ensuring optimal labour utilisation.
3. While R&D is vital for innovation, firms should balance R&D expenditures with short-term financial performance. This can be achieved by prioritising projects with quicker returns and adopting cost-effective research strategies.
4. Training should be targeted and tailored to business needs, ensuring that employees acquire skills that directly contribute to operational efficiency and firm profitability.
5. Organisations should enhance their appraisal systems by linking employee evaluations to clear performance metrics that align with business goals. This can help improve employee motivation and organisational effectiveness.

#### **5.4 Suggestions for Further Research**

This study focused on human asset management factors affecting profitability in Nigerian firms.

Future research could explore:

1. The impact of other HRM factors such as employee engagement, work-life balance, and leadership style on profitability.
2. Industry-specific analyses to determine how different sectors respond to HRM strategies.

3. Longitudinal studies examining the long-term effects of human asset management on firm performance.

### **5.5 Contribution to Knowledge**

This study contributes to the existing body of knowledge by providing empirical evidence using the panel least square data analysis approach on the relationship between human asset management and firm profitability in Nigeria. The findings offer practical insights for business leaders, policymakers, and HR practitioners on optimizing organisational human resource investments to enhance organisational performance. This study differs from previous studies because it adopted a different methodology which emphasized the use of secondary data

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## Appendices

### Appendix 1: Descriptive statistics

	ROA	SALARY	Numb of Emp	R&D	EMPTRAIN	APPSAL
Mean	0.034660	5.503457	0.583108	0.878378	5.689189	1.851351
Median	0.014758	5.093116	0.540000	1.000000	6.000000	2.000000
Maximum	0.283007	8.197944	1.140000	1.000000	10.00000	3.000000
Minimum	0.000000	0.000000	0.390000	0.000000	0.000000	1.000000
Std. Dev.	0.055375	2.012175	0.155774	0.329079	2.734486	0.822333
Skewness	3.090821	-1.094232	1.355780	-2.315315	-0.690594	0.279201
Kurtosis	12.27722	4.310281	5.345766	6.360684	2.597625	1.552114
Jarque-Bera	383.1950	20.06081	39.63678	100.9389	6.381231	7.425241
Probability	0.000000	0.000044	0.000000	0.000000	0.041147	0.024413
Sum	2.564807	407.2558	43.15000	65.00000	421.0000	137.0000
Sum Sq. Dev.	0.223847	295.5659	1.771385	7.905405	545.8514	49.36486
Observations	74	74	74	74	74	74

## Appendix 2: Correlation Result

Covariance Analysis: Ordinary  
 Date: 08/29/25 Time: 00:11  
 Sample: 2018 2023  
 Included observations: 74  
 Balanced sample (listwise missing value deletion)

Correlation Probability		ROA	SALARY	Numb of Emp	R&D	EMPTRAIN	APPSAL
Observations							
ROA	1.000000	----- 74					
SALARY	-0.357327	0.0018 74	1.000000 ----- 74				
Numb Emp	0.190226	0.1045 74	-0.093969 0.4258 74	1.000000 ----- 74			
R&D	-0.188837	0.1071 74	0.024145 0.8382 74	-0.045970 0.6973 74	1.000000 ----- 74		
EMPTRAIN	0.175294	0.1352 74	-0.035291 0.7653 74	0.156342 0.1835 74	0.155316 0.1864 74	1.000000 ----- 74	
APPSAL	0.117861	0.3173 74	-0.007816 0.9473 74	0.060334 0.6096 74	0.084140 0.4760 74	0.216757 0.0636 74	1.000000 ----- 74

### Appendix 3: Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

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Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.742133	5	0.5871

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## Appendix 4: Fixed Effect Model

Dependent Variable: ROA

Method: Panel Least Squares

Date: 08/29/25 Time: 00:34

Sample: 2018 2023

Periods included: 6

Cross-sections included: 13

Total panel (unbalanced) observations: 74

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Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.020008	0.050882	0.393218	0.6957
SALARY	0.000125	0.005994	0.020918	0.9834
SER01	0.030574	0.044740	0.683375	0.4972
SER02	-0.030732	0.018301	-1.679247	0.0987
EMPTRAIN	0.002853	0.002463	1.158567	0.2515
APPSAL	0.003725	0.007993	0.465993	0.6430

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### Effects Specification

#### Cross-section fixed (dummy variables)

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R-squared	0.408927	Mean dependent var	0.034660
Adjusted R-squared	0.229494	S.D. dependent var	0.055375
S.E. of regression	0.048607	Akaike info criterion	-3.002310
Sum squared resid	0.132310	Schwarz criterion	-2.441862
Log likelihood	129.0855	Hannan-Quinn criter.	-2.778740
F-statistic	2.278994	Durbin-Watson stat	1.764495
Prob(F-statistic)	0.010889		

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## Appendix 5: Random Effect Model

Dependent Variable: ROA

Method: Panel EGLS (Cross-section random effects)

Date: 08/29/25 Time: 00:17

Sample: 2018 2023

Periods included: 6

Cross-sections included: 13

Total panel (unbalanced) observations: 74

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.059530	0.038290	1.554722	0.1247
SALARY	-0.007795	0.003482	-2.238566	0.0285
Numb Emp	0.035950	0.040089	0.896761	0.3730
R&D	-0.033212	0.017889	-1.856563	0.0677
EMPTRAIN	0.002864	0.002284	1.254049	0.2141
APPSAL	0.005475	0.007460	0.733870	0.4656

Effects Specification		S.D.	Rho
Cross-section random		0.018636	0.1282
Idiosyncratic random		0.048607	0.8718

Weighted Statistics			
R-squared	0.158148	Mean dependent var	0.025567
Adjusted R-squared	0.096247	S.D. dependent var	0.050654
S.E. of regression	0.048133	Sum squared resid	0.157544
F-statistic	2.554860	Durbin-Watson stat	1.536972
Prob(F-statistic)	0.035359		

Unweighted Statistics			
R-squared	0.215972	Mean dependent var	0.034660
Sum squared resid	0.175502	Durbin-Watson stat	1.379701

## Data for the study

ROA	Salary	%Numb of Emp in a Branch	R&D	EMPTrain	Appsal
0.197952	4.73736	0.42	1	9	3
0.013475	4.799416	0.42	1	8	3
0.010886	4.803948	0.57	1	5	2
0.018658	4.562293	0.44	1	8	3
0.014928	4.575188	0.5	1	10	1
0.021188	7.011428	0.64	0	9	3
0.070123	7.080303	0.58	1	7	2
0.061642	7.082833	0.7	1	9	1
0.048152	7.061522	0.73	1	1	1
0.040746	4.062394	0.54	0	8	2
0.03322	4.071772	0.47	1	8	1
0.062872	4.658011	0.45	1	9	2
0.188267	4.632457	0.67	1	9	2
0.02697	4.69897	0.58	1	7	1
0.022848	4.770852	0.73	1	2	2
0.283007	4.754837	1.14	0	8	2
0.04969	4.712734	0.89	1	9	3
0.105437	4.716037	0.7	1	10	2
0.018963	4.649812	0.75	1	7	3
0.012558	4.664463	0.69	1	9	2
0.011829	4.519867	0.73	1	2	1
0.011022	4.458698	0.67	1	5	1
0.01298	4.458713	0.73	1	7	3
0.027562	4.471702	0.58	1	8	1
0.014588	4.440043	1.13	1	8	2
0.014358	7.413933	0.53	1	6	2
0.009662	7.408427	0.41	1	2	2
0.010816	7.552662	0.42	0	4	3
0.013456	7.624835	0.47	1	6	1
0.020309	7.620901	0.41	1	8	2
0.015412	4.427567	0.57	1	7	3
0.016938	8.033404	0.47	1	6	1
0.011206	8.068136	0.39	1	1	3

0.010855	8.137732	0.44	1	4	3
0.019198	8.197944	0.5	1	5	2
0.052261	4.408732	0.44	1	7	1
0.00598	4.412864	0.44	1	7	2
0.012428	3.600428	0.6	0	6	1
0.004519	4.435064	0.47	1	0	1
0.006184	4.389786	0.47	1	4	1
0.002158	6.950969	0.73	1	5	1
0.009241	7.001427	0.47	1	7	1
0.006852	6.990804	0.42	1	9	1
0.00699	7.015038	0.53	1	8	1
0.006139	7.000416	0.5	0	0	1
0.010635	4.847443	0.47	1	4	1
0.010285	5.486667	0.8	1	5	3
0.01946	5.377233	0.9	1	7	2
0.000902	5.338789	0.54	1	7	1
0.024342	5.423338	0.69	1	6	2
0.024443	7.424942	0.69	1	1	1
0.013327	7.474521	0.53	1	4	3
0.007736	7.443529	0.53	1	6	1
#DIV/0!	7.323847	0.6	1	7	2
0.019306	7.254754	0.6	1	6	3
0.001124	7.292816	0.44	1	8	3
0.003951	7.322974	0.8	1	0	1
0.004313	7.316554	0.7	1	6	3
4.92E-05	7.31607	0.7	0	6	1
0	7.349362	0.69	1	8	3
0.038767	5.345928	0.57	1	4	2
0.044764	4.624096	0.5	1	7	1
0.03591	4.62359	0.47	1	0	2
0.035615	4.638499	0.57	1	5	2
0.027818	4.626782	0.73	1	7	2
0.039719	7.178795	0.53	1	7	3
0.059796	7.142515	0.47	1	6	1
0.008969	7.158225	0.5	1	5	2
0.009652	7.065731	0.47	0	0	1
0.00898	7.035906	0.44	1	3	1
0.011284		0.56	0	5	3
#DIV/0!		0.47	1	6	1
0.006199		0.62	1	4	3
0.263804	0	0.58	1	6	3

0.179112	0	0.41	0	0	1
0.010685	0	0.41	1	4	3
0.016103	0	0.6	1	3	2
0.010712	0	0.69	1	6	1