Human Capital Expenditure and Market Value Of Listed Insurance Companies in Nigeria (2015-2021)

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ABSTRACT
Purpose:
The study investigated human capital expenditure and market value of listed insurance companies in Nigeria.

Methodology:
A descriptive survey design was used in the study. Out of the 21 listed insurance firms in Nigeria as at December 31, 2022 (per the Nigerian Exchange Bulletin), the study chose and evaluated two (2) of them. These insurance providers were LASACO Assurance Plc. and AXA Musard Insurance. The study used secondary data obtained from the annual reports of the relevant insurance companies for the years 2015 through 2021, giving us a 14-year period of annual observation. Out of the twenty-one (21) listed insurance b firms in Nigeria, the study employed judgmental sample technique to select two insurance companies.

Findings:
The researchers came to the conclusion that there is a substantial positive association between human capital expenditure and EPS of insurance companies in Nigeria. Additionally, the study concluded that there is a strong correlation between human capital expenditure and BVPS of insurance companies in Nigeria.

Contribution:
This suggests that health/safety, training, and development are important aspects of human capital that can increase earnings per share and book value per share to raise the market value of insurance businesses in Nigeria. The study therefore advised that in order to achieve better EPS and BVPS, management of insurance companies should continue to prioritise employee training, health, and safety. Accounting standard setters should also create a specific standard that will address the concept of human resources accounting.

Limitation:
One of the limitations encountered in this study is that the chosen sample size was limited to only two insurance companies in Nigeria which may not represent the nature of others not included in the study.

Keywords:
Human capital expenditure, Employee Training and on-job Education cost, market value, EPS, BVPS

1. INTRODUCTION

1.1 Background of the study

Nigeria's insurance sector is an important one that significantly boosts the nation's economic development and prosperity. The issue of human capital expenditure in the insurance sector revolves around spending money to develop staff's abilities to innovate and use technology to increase productivity and by extension market value of the entity (Olaoye & Afolalu, 2020). Therefore, human capital expenditure is very necessary to support management in overcoming potential issues faced by corporate organisations. Managers will be able to make informed decisions about investments in human capital and offer information about the benefits and assets related to those investments if human capital is sufficiently acknowledged.

Shares of the companies are owned by equity owners. Equity owners anticipate a rise in the market value of their shares as capital appreciation on their shares. Improved profits are a must for any company to see capital appreciation, and there is a correlation between firms that is in their favour. Earnings per Share (EPS) has evolved into a yardstick for assessing a company's future prospects. EPS is the portion of a company's earnings that is allotted to each outstanding share of ordinary stock. When deciding whether or not to invest in a specific company, potential investors heavily consider EPS. All businesses are required to publish EPS in their yearly financial accounts.

Fascinatingly, an organization's workforce becomes more qualified in recognition to human capital. A company's finances increase in direct proportion to the capacity of its workforce. The insurance company must have a reasonable estimation of the asset's value before engaging in any transaction with a company. Determining the asset's market value is one way to determine its value. The main advantage of market value is that it provides a straightforward method for determining the worth an asset, doing away with any doubt or complication. In the marketplace, buyers and sellers typically have divergent perspectives about a product's value. Buyers will want to pay less, while sellers would want to be paid more. The primary goal of determining market value is to fairly assess the asset's worth or value of the firm. Simply put, it is the price that the item would ordinarily be listed for sale. Sellers may choose to accept money from buyers in addition to taking more or less than market value. The simplest method to determine the market value of publicly traded firm shares is to multiply the number of outstanding shares by the current share price (Olayinka & Adegbie, 2020).

The primary goal of human resource accounting, according to Mishra and Mishra (2017), is to help and make it easier for policy makers to learn about the price and worth of human resources. The amount of resources that are available is shown through accounting for human resources, which also demonstrates how they should be protected, used up, and valued appropriately. It gives information to those who are interested in the cost of human resources and compares it to the benefit achieved from their use.

One of the main production elements, human resource has traditionally been defined as all human labour utilised in the production process. The phrase "human resource" refers to the group of people who work for a company or other organisation (Edom et al., 2015). Khan (2020) defines human resource as the energies, abilities, skills, and knowledge of individuals that have the potential to be utilised to the creation of things or the provision of useful services. Human energy is an organization's driving power. How well human resources are able to effectively and efficiently manage and organise other aspects of production directly determine whether an organisation succeeds or fails. In general, the term "human resource" refers to the knowledge, inner potential, and creativity of people. Without human expertise and understanding, technology cannot be completely utilised. Promoting friendly environment fosters the development of human knowledge, skill, capabilities, and creativity, the capabilities of the human capital in response to the needs of the organisation should be improved. The difficulty facing the modern corporate sector is how to build human capital and utilise it to its fullest potential.

Researchers have made several attempts to quantify the human resource investment of firms using a variety of techniques, including acquisition cost, replacement cost, opportunity cost, market value, discounted earnings level, economic value, and group value model, among others. This is because human resources have the potential to create significant value for businesses. A gap has always existed between the theories put forth and the practical applications, which is made worse for emerging markets, despite the fact that numerous theories have been proposed for accounting and financial reporting recognition of firms' investment in human capital. Due to this, the focus of researchers and practitioners has recently shifted from the hard economic and accounting perspective to the social perspective (Bello & Solomon, 2021). This has caused them to pay more attention to voluntary human resource reporting and the information disclosed in annual reports.

Fundamental to human capital management is the issue of human capital valuation in Nigerian insurance businesses. The foundation of human capital management is the process of valuing human capital and understanding how to do so in financial reports. Although, it is a long-term asset that wastes away, human capital cannot be adequately quantified in the statement of financial position unless it is treated as an expense (Osanyinbi & Oyekanmi, 2022). There is also no single acceptable method of evaluating human capital for financial record purposes. The success of an organisation depends greatly on its human resources, which are a priceless resource. Given that it is a function that is exclusive to a given business or industry, it must advance at the same rate as the sector.

1.2 Statement of the problem

The tasks and responsibilities of human resources (HR) are changing significantly as a result of recent improvements in the business world. The day-to-day function of HR is getting more complex and strategic in the current market's expansion and tough rivalry. Issues and challenges might include things like finding and keeping talented individuals, preparing staff to take on challenges, fostering a positive workplace culture, and improving performance (Onyekwelu & Ironkwe, 2021). Depending on the industry or the firm, different issues may have different sizes.

The insurance sector, which covers banking and other service sectors, is one of the most recently developing industries. Low insurance market penetration rates and a wide range of market prospects have recently drawn numerous private enterprises into the insurance industry, creating fierce competition for the established insurance firms. However, smooth operations and a competitive advantage may be achieved by any company with the help of competent and efficient HR services.

The insurance industry encounters its fair share of difficulties. As a result of ongoing internal and external challenges, the insurance industry's human resources department must constantly adapt to new situations and develop effective models and management tactics. Infrastructure, workforce planning and management, cost control, labour force globalisation, and training and development are a few examples of internal pressures. Changes in market conditions, shift in workforce demographics, and changes in government regulations are just a few examples of external forces. Other issues include managing diversity in the workforce, raising training and replacement costs, growing erosion rates, and a talent shortage.

As a result, a number of empirical studies have examined the connection between corporate financial success and human resource costs. The works of Asika et al. (2017), Nwaiwu and Amos (2018), and Nwaiwu and Amah (2020) are studies in this field. Contrary to the conclusions of Ironkwe (2019), these empirical research contend that there is a negative association between the cost of human resources and business financial performance. Most of the past research on the impact of human resource costs on company financial performance is refuted by Nwaiwu (2020). But more importantly, the time frame taken into account in many of these empirical research was quite brief, which may have contributed to the fact that they produced contradictory results and conclusions. Above importantly, these empirical investigations were conducted in circumstances that were dissimilar from Nigeria. This emphasizes how important this study is. To address these contradictions and other issues mentioned above, we looked at the market value of listed insurance businesses in Nigeria and the human capital spending to fill in the gaps left by eminent researchers while also offering some ground-breaking recommendations. The aim of this study was to investigate the relationship between human capital expenditure and market value of listed insurance firms in Nigeria. Specifically, the study sought to;

i. explore the connection between the price of staff education and training and the book value per share of Nigerian listed insurance companies.

ii. establish a relationship between the expense of employee education and training and the earnings per share of Nigerian listed insurance companies.

iii. Analyse the connection between the cost of employee health and safety and the book value per share of Nigerian listed insurance companies.

iv. Examine the connection between the price of employee health and safety and the earnings per share of Nigerian listed insurance companies.

1.3 Hypotheses

The study tested the following research null hypotheses; H01: Staff training/education costs and book value per share of listed insurance companies in Nigeria do not significantly correlate with one another. H02: The cost of employee education and training does not significantly affect the earnings per share of Nigerian listed insurance companies. H03: The cost of employee health and safety and the book value per share of listed insurance companies in Nigeria are not significantly correlated. H04: How do employee health and safety costs and Nigerian listed insurance companies' earnings per share relate to one another?

2. LITERATURE REVIEW

2.1 Human Capital Expenditure (Predictor)

Employee health and safety expenses, training and education expenses, and a few other connected expenses all have charges attached to them. The accountant is arguing that the expenses involved in carrying out these tasks should be accurately recorded. In support of the aforementioned claim, we also make the suggestion that these costs be compared to market value to ascertain whether or not they have an impact on the market value of the organisation. Human resource accounting, according to Bello and Solomon (2021), is the process of calculating the costs associated with employing, training, and developing personnel as well as their economic value to the company. The intangible contributions that people provide to an organisation are measured through human resource accounting (Osemeke, 2017). Accounting for a company's management and employees as an asset that offers future rewards is what human resource accounting is all about. Instead of being listed as expenses that lower the business's profit, employee-related expenses must be capitalised in an organization's financial statements as assets required for the business's operations. Human resources were formerly not valued by conventional accounting, which assumed they should be deducted from company profits (Bello & Solomon, 2021).

Akintoye et al. (2018), claimed that human capital epexpenditure comprises accounting for the funds spent on human resources as assets rather than adhering to traditional accounting methods that treat human resources as expenses. The amount of money spent on human resources was treated as an expense, which decreased the organization's profit. Also, Samartha et al. (2019), claim that human resources accounting is a systematic process used to identify and quantify the intangible values of human resources inside an organisation and to inform stakeholders about such values.

According to Onyeukwu et al. (2021), HRA is the accounting for a corporation's investment in its employees with the aim of maximising shareholder value and achieving organisational objectives. They also argued that the way human resources are currently traditionally reported as a cost is a suboptimal way to optimise the financial reporting system. They noted that, in contrast to the conventional practise of recognising expenditure on human capital as an immediate charge against periods' income, human resources accounting advocates for the reporting of human capital as a cost to be capitalised. Whether expenses are incurred on actual or human assets, according to proponents of human resource accounting, they should always be capitalised at the time of expenditure in order to produce future financial gains. Though behavioural scientists passionately criticised the customary accounting practise of not valuing human resources along with other material resources in 1960, the genuine study on the issue of human resource accounting only became relevant after that (Osanyinbi & Oyekanmi, 2022). The need to develop the proper approach and procedures for determining the cost and value of the people in an organisation became clear to accountants and economists all over the world. According to the American Accounting Association, it is the process of gathering, analysing, and distributing data about human resources to those who use accounting information. Mohammed (2021) defined the idea of human resource accounting as the skill of systematically valuing, recording, and reporting the value of human resources in an organization's financial records.

2.1.2 Dimensions of the predictor variable

2.1.3 Employee Training and on-job Education cost

These are the expenses related to educating, reeducating, and training the staff of insurance businesses in Nigeria. If these initiatives were successful, they would increase the market value of the insurance company. The goal of an employee's education and training is to give them the skills they need to manage challenging tasks. Organisations all over the world have attempted to rely on the enhanced competencies, expertise, and capabilities of the skilled workforce to gain a competitive edge (ShuRung & Chun-Chieh, 2017). Managers in charge of human resource training create various training programmes to position employees to carry out their obligations and develop the required skills, knowledge, and capabilities (Lakra, 2016). Such training initiatives not only aim to increase employees' familiarity with their duties, but they also support motivating them to become more dedicated to their work. According to Huang and Jao (2016), businesses create training programmes to get workers ready to conduct their duties appropriately and in accordance with established standards. Training programmes are created by organisational professionals to maximise employees' potential. According to Khan and Baloch (2017), the majority of organisations favour making investments in various initiatives that develop new talents through long-term planning. This will help them be able to adapt to any upcoming and current uncertainties. As a result, they take steps to ensure that their staff perform better thanks to higher levels of dedication and inspiration.

It is crucial to recognise that employees are the cornerstone of any firm. Regardless matter how big or small an organisation is, its employees will ultimately determine its success or failure. To ensure that the work environment has the right individuals who are competent and equipped to carry out their jobs efficiently, it is crucial to have a team that is adequately educated. According to Jaoude (2015), businesses who offer high-level training have been able to triple their revenues when compared to their rivals. Additionally, a study by Ali and Nada (2018) on the relationship between training and employee performance discovered that education and training had a substantial impact on an organization's success. The expense associated with staff training can be used to measure education and training.

2.1.4 Employee health and safety cost

These expenses are primarily those related to preserving the health and safety of insurance employees, including hospital bills, the purchase of first aid supplies and equipment, and health-care sanitization and orientation, among other things. Studies have shown that organisations do view health and safety as a crucial component of creating and maintaining a healthy workforce by offering hospitals for treatment or by providing health care and safety allowances. Safety customs can improve proactive injury avoidance. Top management involvement in health and security issues is essential for changing an association's way of life, and an enthusiastic and upbeat attitude is required to instill a safety culture within the company. Any safety program's implementation and review are successful when top-level or strategic management is involved. According to Akinjare et al. (2019), occupational safety and health is "a science concerned with wellbeing in connection with job setting," and worker security and wellbeing are inextricably linked to business success. According to Gbadago and Honyenuga (2017), employee health and safety significantly affects business performance. The expense of providing medical facilities or the allowances given to employees to address health and safety concerns can be used to measure employee health and safety.

2.1.5. Market Value (Criterion)

The amount that purchasers are ready to pay for an asset on the open market is its market value. It is also known as market capitalization and is determined by multiplying the current price by the quantity of outstanding units in the case of publicly traded assets or companies. The market value of some assets, such businesses and real estate, can be determined using a few different factors in addition to understanding share prices. The calculation of the market value of a business may also take into account other factors, such as the value of intangibles and the potential future appreciation of associated assets. Market value refers to the genuine underlying value rather than just the perceived value and is more than just a price.

By taking into account the market values of similar assets or businesses that have already sold or are still available, market valuation is a technique used to determine or appraise the value of a business' intangible assets, ownership interest, or securities. Sales, book values, and price to earnings are examples of price-related metrics that are frequently used (Omodero et al., 2016). Market valuations, in the opinion of Osanyinbi and Oyekanmi (2022), are typically based on data pertaining to comparable properties. A Value must undertake sufficient and pertinent research, carry out competent analysis, and reach well-reasoned conclusions in order to complete the valuation process. Valuers in this process typically take into account all relevant market evidence, trends, comparable transactions, and other information rather than accepting data at face value. The Valuer must disclose the circumstances appropriately and must specify whether the estimate is in any way constrained by the lack of adequate market data (as is the case, for example, with some specialised features). All valuations require the use of a valuer's judgement, but reports should state whether the estimate of market value is primarily based on market evidence or on the valuer's judgement due to the unique characteristics of the property and the lack of comparable market data.

2.1.6 Dimensions of the criterion variable

2.1.7 Book value per share

The entire equity accessible to common shareholders in relation to the total number of existing shares is taken into account when determining the book value per share (BVPS). When the book value per share is contrasted with the share price currently trading, it can be seen how a company's stock is valued. Every investor wants to maximise the return on their investment. One must invest in opportunities that have a larger growth potential if they want to build wealth for their future demands while still meeting their immediate financial obligations. The equity market is an instance of one such route. However, before making any investment decisions while investing in equities markets, an investor must exercise great discipline and conduct extensive study. The book value of a corporation is one of the components of thorough investigation. The value of the company's stock may be undervalued if the BVPS is higher than the market value per share. The book value is typically used to gauge a stock's worth and forecast the potential share price at a specific point in the future.

The common stockholders' equity is used to calculate a company's book value per share; preferred stock is not included in the calculation of equity value. The exception exists because, in the event of a company's liquidation, preferred investors are given preference over common stockholders. The worth of equity left over after all debts have been paid off and the company's assets have been sold is represented by the BVPS.

2.1.8 Earnings per share (EPS)

The portion of a company's profit that is allotted to each existing share of its stock is known as EPS. According to Farah et al. (2016), EPS stands for a company's profitability. A corporation with an upward trend in its EPS indicates that its earnings are increasing. A downward trend in EPS suggests that there is an issue with the company's earnings, which could cause the stock price to fall.

2.2 Theoretical Review

2.2.1 Resource-based theory

Wernerfelt (1984), is credited with developing the resource-based theory, according to Onyinyechi and Ihendinihu (2017). According to resource-based philosophy, human assets cannot be replaced or duplicated. Therefore, a company might eventually achieve a competitive edge over other companies in the same industry by investing in its human resources.

Furthermore, according to the resource-based theory, human resources are a source of long-term competitive advantage and must meet four fundamental criteria: value, scarcity, immutable, and organisation, in order to be present and maximise an organization's value (Osanyinbi & Oyekanmi, 2022). In order to sustain a competitive edge, human resources must therefore add value and be scarce. Additionally, it must be challenging to copy, and the organisation must create an environment that facilitates greater discovery of their potentials. The resource-based theory serves as the foundation for this study since it takes into account how all of the value, imitable, rareness, and organisational aspects of human resources can either directly or indirectly affect how well they function. The operational effectiveness of human resources may be impacted by this.

2.2.2 Human Capital Theory

Human capital theory, first introduced by Schultz (1961) and then explored at length by Becker (1964), may be traced back to the quantitative subfield of economics known as labour economics. Costly investments in one's own education or professional growth are justified as long-term income boosters, according to this viewpoint.

According to human capital theory, employees' future income is increased by an increase in their lifetime wages as a result of increased productivity brought about by education or training (Bello & Solomon, 2021; Adebawojo et al., 2015). The more money a company spends on its employees, the higher the quality of life for the employees and the future profits of the company will be. This explains why and how strategic human resource management contributes to value creation in businesses.

2.3 Empirical review

The empirical research on the impact of human resource accounting on business market value were reviewed in this part. A notable example of this is the research done by Okon, et al. in 2021, who looked into how management decisions in Seventh-day Adventist institutions in the Eastern Nigeria Union Conference were affected by human resources in the accounting information system. The results showed that management decision-making in Seventh Day Adventist Institutions in Eastern Nigeria is positively and significantly impacted by human resources in AIS. Based on the study's findings, it was advised that institutions should devote special attention to encouraging the development of their human resources because this can have a positive impact on how well decisions are managed within the organisation.

Kusumastuti (2021), examined how firm and company performance affects disclosures of human resource accounting. Multiple regression analysis is employed in the data analysis method, which employs secondary data. The analysis's findings indicate that the disclosure of human resource accounting is positively and significantly impacted by the size of the business, leverage, CAR, and LDR. While this is the case, neither company age nor profitability significantly affects the disclosure of human resource accounting.

Ndum and Oranefo (2021), investigated the impact of human resource costs on the financial results of listed beer enterprises in Nigeria. The results of the regression study showed that staff costs have a positive and considerable impact on the net profit margin of listed brewery enterprises in Nigeria, but only a small and negligible impact on return on assets. Accordingly, the study made the suggestion that Nigerian breweries adopt a culture of capitalising on and disclosing investments in human resources that might increase quality and productivity. This will have a beneficial effect on their financial performance and, ultimately, the worth of their stock price.

Pivac et al. (2017), established the relationship between human capital investments and business profitability as indicated by return on equity and profit margin ratios. The study uses panel data analysis because it uses cross-sectional time series data and includes companies from 22 European Union countries. The results suggest that average staff expenses in EU enterprises are unaffected significantly by profitability ratios. Economic imbalance cannot be used to explain significant relationships between human capital investments and profitability ratios since businesses currently operating in a volatile environment prioritise short-term earnings above long-term gains.

Olaoye and Afolalu (2020), looked at how human capital accounting affected the earnings per share (EPS) of Nigerian deposit money banks. Secondary information was gathered between 2006 and 2017 from the annual reports of the sixteen deposit money banks listed on the Nigerian Stock Exchange. According to the random effect results, only director's remuneration (RENMR) has a significant positive relationship with EPS, while pensions and training and development have a significant positive relationship with EPS. All other salaries and wages have a negligible positive relationship with EPS. This suggests that pensions, training and development, and human capital accounting are important aspects that are relevant to raising earnings per share in order to improve bank performance. Based on these findings, bank management should prioritise pension payments in addition to investing in the ongoing training and development of their staff so that they may achieve higher EPS.

Khan (2020), investigated how HRA impacted the effectiveness of the business as a whole. 268 answers from HR and FP departments at SMEs provided the study's authors with the information they needed to draw conclusions about the effects of different metrics. They used linear regression to assess the data, and found that HRA has a statistically significant beneficial impact on human capital efficiency, organisational profitability, and return on equity. HRA has no appreciable impact on return on assets, nevertheless. This study aids in the understanding of the HRA concept and its value in helping SME businesses' financial statements to improve among human resource departments and managerial decision-makers.

Olayinka and Adegbie (2020), looked into how human resource accounting affected the accuracy of financial reporting for listed Nigerian oil and gas businesses by utilising proxies for earnings quality, accounting conservatism, earnings smoothness, and persistence. An ex-post facto research design was used in the study. The study came to the conclusion that the quality of financial reporting by listed oil and gas businesses in Nigeria is significantly impacted by human resource accounting. According to the study's recommendations, regulatory bodies should devise strategies for rewarding businesses that adhere to regulatory guiding principles and information disclosure requirements for earnings quality assessment, and for penalising indiscreet businesses that intentionally hide pertinent and useful information from stakeholders.

Nwauzor and Tamunoemi's (2020), investigated firms' performance and human capital accounting in Nigeria's oil and gas industry. The nine (9) Nigerian downstream oil and gas companies that were listed on the Nigerian Stock Exchange (NSE) as of 2018 comprise the study's population. The outcome demonstrated that compensation cost and market share are both statistically significant and positively skewed. The results also demonstrated that the association between financial success and human capital accounting is not moderated by the moderator variable firm size. As a result, the 3 Rs were advised for Nigerian oil and gas businesses' human resources.

Ofurum and Adeola (2018), investigated the accounting for human resources and the profitability of listed companies in Nigeria. The study examined secondary data from nine (9) service companies that were listed on the Nigerian Stock Exchange (NSE) between 2011 and 2015 and had their financial reports audited. The results showed that there is no meaningful connection between human resource accounting and the company's profitability. Based on the findings, it was advised that if the firms' profitability and performance were to improve, staff should be well compensated in terms of rewards and remuneration in order to bring out the best in them. Management should also make retirement benefits attractive in order to draw the best talent to their respective firms and establishments.

Onyekwelu and Ironkwe (2021), ascertained the impact of human resource accounting on the corporate financial performance of insurance businesses listed on the Nigerian Stock Exchange from 2012 to 2017. The findings indicated that training costs and human resource accounting disclosure have a beneficial impact on return on asset and return on equity and suggested that insurance firms boost their human resource accounting disclosure.

Mohammed (2021) established the openness of Iraq's HR financial reporting. The level of transparency of its financials is enhanced by the inclusion of its human resources. Human resources, he concluded, are the key to an organization's success and longevity, however he found little evidence of such controls being implemented in Iraqi businesses.

In Nigerian microfinance institutions, Onyeukwu et al. (2021) investigated the relationship between human resource accounting and financial performance. They found that the return on equity and the net profit margin are significantly impacted by the cost of human resources. While there was little correlation between return on assets and human resources. As a result, they proposed that government agencies standardise the methods used by Microfinance institutions and other businesses for evaluating their human capital and publishing information on it.

Osanyinbi and Oyekanmi (2022), studied the impact of human resources accounting on Fintech enterprises' management of disruptive technologies. Questionnaires were distributed via purposive sampling, and the data gathered were examined using parametric and non-parametric testing. The management of disruptive technologies in the Fintech Company and human resources accounting are found to be significantly related. The management of disruptive technologies would also be influenced by human resources accounting in terms of planning for operational effectiveness and efficiency as well as decision usefulness. As a result, it suggests that accounting professionals work with those who produce accounting standards to encourage the creation and adoption of a global standard for human resources accounting.

Bello and Solomon (2021), determined firm structure and human resource disclosures in listed financial firms in Nigeria. Statistically significant at 5%, the study's findings indicate that firm size has a positive effect on HRAD. Although the effect of firm leverage on HRAD is negative and not statistically significant at 5%, it does exist. A positive effect of financial performance on the HRAD is statistically significant at 5%. According to the study's recommendations, business reports should contain more information about human resources. Additionally, businesses need to use more reliable approaches to evaluate the value of their human resources as an asset rather than merely an expense.

Abraham et al. (2022), investigated the empirical influence of accounting for human resources on the financial health of DMBs listed on the Nigerian Stock Exchange. The ex-post facto research design was used in the study. Based on the investigation's findings, a listed deposit money bank's market value utilising TQ is significantly impacted by staff training costs rather than by staff compensation with costs for health care and safety. Therefore, the study made the recommendation that staff compensation be raised so that bank employees can work hard and provide greater results.

2.4 Research Gap

Gap in Theoretical Review: The common theory adopted in most of the few existing works on human capital expenditure are anchored on human capital theory etc. However, this approach is fundamentally founded on both resource-based theory and human capital theory. This is due to the fact that all of the value, imitable, rare, and organisational aspects of human resources taken into account in the theory have an impact on how well they perform, either directly or indirectly. The operational effectiveness of human resources may be impacted by this.

Gap in Methodology: Most of the work performed on human capital expenditure considered its impact on financial performance using the net profit margin, ROE, ROA etc. However, this work is a little deviation from the norm as we regressed the relationship between human capital expenditure (training/education & employee health/safety) and market value (book value per share and earnings per share) of listed insurance companies in Nigeria. This is novel and cannot be found in any previous investigation.

Scope (time) Gap: Few of the previous studies on human capital expenditure had covered up-to 2020 financial year (Appah, 2023). However, to elicit more valid and reliable empirical evidence and in order to make the work more current, the period of study was extended to 2021 financial year and executed in 2023.

Content Gap: Most previous investigations were on the impact/effect of human capital accounting on financial performance of banks, manufacturing companies etc in Nigeria and other parts of the world. However, our study investigated the relationship between human capital expenditure and market value of listed insurance companies in Nigeria.

Practical gap: In recent years, severe competition amongst the established insurance firms has emerged as a result of low insurance market acceptance rates and a wide range of market potential attracting various private organisations. However, smooth operations and a competitive advantage may be achieved by any company with the help of competent and efficient HR services such as training/education and employee health/safety.

3. RESEARCH METHODOLOGY

Research Design: The study investigated human capital expenditure and market value of listed insurance companies in Nigeria. The research methods used here were both ex post facto and descriptive in nature. Researchers choose for these designs when they know they will have little say over some aspects of the study. This is a secondary data analysis because the information being used has already been collected.

Population of the Study: According to Appah (2020), the study's intended audience includes everyone who could potentially benefit from the research. He pointed out that the research population consists of all of the items being studied. The population for this study consisted of twenty-one (21) Insurance companies in Nigeria between 2015 and 2021.

Sampling Size and Sampling Technique: Sampling is a method for obtaining representative data from a population in order to draw conclusions about the entire population and predict its behaviour. The researchers in this study used the judgmental sampling strategy since it was both cost-effective and amenable to an exploratory research approach. The study selected and assessed two (2) Insurance companies in Nigeria out of the 21 listed as at 31st December, 2022 (Nigerian Exchange Group bulletin, 2022) using judgmental sampling technique. These Insurance companies were AXA Musard Insurance, and LASACO Assurance Plc.

Sources of Data: Secondary data for this study were collected from the published financial statements of selected listed DMBs in Nigeria. The site of the Nigerian exchange group was where these reports were found. This approach was chosen because it enables the researcher to conduct investigations using real, current facts that have undergone some kind of revision. Furthermore, it improves the research's external validity.

Method of Data Analysis: The analysis of data based on SPSS software (version 25) and regression analysis were presented using tables.

Model Specification:

The study was based on the SPSS analysis of multiple regression equation below:

Model 1: $Y_1 = β0+β1X1 +β2X2+ε$

Model 2: $Y_2 = β0+β1X1 +β2X2 +ε$

Whereby:

Y_1 = Book value per share (BVPS)

Y_2 = Earnings per share (EPS)

X_1 = Employee training/education costs (MTEC)

X_2 = Employee health/safety costs (EHSC)

β0 = Constant and ε is the error term.

$β_1$- $β_3$ = Coefficients of variables in the regression model

4. DATA ANALYSIS AND DISCUSSION

4.1 Data analysis Table 4.1 presents descriptive statistics, including the mean, minimum, maximum, standard deviation, and total number of observations.

Table 4.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETEC	14	4.01	5.16	4.8387	.33366
EHSC	14	3.96	6.57	5.3765	1.07199
EPS	14	.59	1.72	1.1141	.35024
BVPS	14	.78	4.81	2.4704	1.33706
Valid N (listwise)	14				

From table 4.1 above, it can be observed that between 2015 and 2021, the company employees' training cost (ETC), and employee health and safety cost (EHSC) incurred an average of N4.8387, 5.3765 billion naira respectively. On the comparative, EPS, and BVPS realized an average of N 1.1141, 2.4704 billion within the study period, and the maximum EPS, and BVPS are N1.72, and 2.4704 respectively. When you compare the mean and maximum values of the study's predictor and criterion variables, you can see that there is a big difference between the two. The maximum values are higher than the mean values. This indicates that employees' training cost (ETEC), and employee health and safety cost (EHSC) are averagely high in the listed insurance companies in Nigeria between the study periods. However, EPS, and BVPS can be taken to be not substantial on the average, an indication that the market value of the banks has been on the decrease over the period as a result of the cost incurred on employees' training/education, and employee health and safety.

Table 4.2 Reliability Statistics

Cronbach's Alpha	N of Items
.844	4

The reliability value of 0.844 shows that the variables are fit and reliable.

Table 4.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818[a]	.669	.609	.21905

a. Predictors: (Constant), EHSC, ETEC

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.067	2	.533	11.118	.002[b]
	Residual	.528	11	.048		
	Total	1.595	13			

a. Dependent Variable: EPS
b. Predictors: (Constant), EHSC, ETEC

From the data in table 4.3 above, it can be seen that there is a significant and positive relationship between human capital expenditure (employees' training/education cost, and employee health and safety cost) and EPS (R-value = 0.818 and p-value = 0.002 > 0.05 level of significance). The coefficient of determination (R2) = 0.669 indicates that the changes in the predictor variables (ETEC & EHSC) account for 66.9% of the variation in criterion variable (EPS), leaving other variables not included in the model to account for the remaining 30.1%. **Decision Rule:** Accept Ho if P > 0.05. Otherwise reject Decision: The researcher concluded that there is a significant positive relationship between human capital expenditure and EPS of insurance in Nigeria.

Table 4.4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.936[a]	.876	.853	.51190

a. Predictors: (Constant), EHSC, ETEC

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.358	2	10.179	38.845	.000[b]
	Residual	2.882	11	.262		
	Total	23.241	13			

a. Dependent Variable: BVPS
b. Predictors: (Constant), EHSC, ETEC

From the data in table 4.4 above, it can be seen that there is a significant and positive training/education cost, and employee health and safety cost) and EPS (R-value = 0.936 and p-value = 0.000 > 0.05 level of significance). The coefficient of determination (R2) = 0.876 indicates that the changes in the predictor variables (ETEC & EHSC) account for 87.6% of the variation in criterion variable (BVPS), leaving other variables not included in the model to account for the remaining 12.4%. **Decision Rule:** Accept Ho if P > 0.05. Otherwise reject Decision: The researcher concluded that there is a significant positive relationship between human capital expenditure and BVPS of insurance in Nigeria.

4.2 Discussion of Findings

Here, the researcher discussed the findings of the study and compare them with that of eminent researchers. From the data as presented in table 4.3, it can be seen that there is a significant and positive relationship between human capital expenditure (employees' training/education cost, and employee health and safety cost) and EPS (R-value = 0.818 and p-value = 0.002 > 0.05 level of significance). The coefficient of determination (R2) = 0.669 indicates that the changes in the predictor variables (ETEC & EHSC) account for 66.9% of the variation in criterion variable (EPS), leaving other variables not included in the model to account for the remaining 30.1%. The researcher concluded that there is a significant positive relationship between human capital expenditure and EPS of insurance in Nigeria. This implies that when employees are well trained they perform optimally, also when their health is improved via medical attention, they would be strong and fit to carry out their duties. This result agreed with Okon, et al (2021), who revealed that human resources in AIS has a positive and significant effect on management decision-making in Seventh Day Adventist Institutions in the Eastern Nigeria. Kusumastuti, (2021), relationship between human capital expenditure (employees' found that disclosure of human resource accounting. Also, Ndum and Oranefo (2021), 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. Pivac et al (2017), revealed that profitability ratios show no significant impact on average employee costs in EU companies. Secondly, from the data in table 4.4 above, it can be seen that there is a significant and positive relationship between human capital expenditure (employees' training/education cost, and employee health and safety cost) and EPS (R-value = 0.936 and p-value = 0.000 > 0.05 level of significance). The coefficient of determination (R2) = 0.876 indicates that the changes in the predictor variables (ETEC & EHSC) account for 87.6% of the variation in criterion variable (BVPS), leaving other variables not included in the model to account for the remaining 12.4%. The researcher concluded that there is a significant positive relationship between human capital expenditure and BVPS of insurance companies in Nigeria. This result agreed with Olaoye and Afolalu (2020), who revealed that the pension and training and development have significant positive relationship with EPS while other salaries and wages have insignificant positive relationship except director's remuneration (RENMR) that has insignificant negative relationship with EPS. Khan, (2020) revealed a positive significant effect of HRA on human capital efficiency, organization profitability and return on equity. Olayinka and Adegbie (2020) revealed that the human asset provided the basis for this improvement in oil and gas companies. Nwauzor and Tamunoemi (2020), examined human capital accounting and firms‟ performance in the oil and gas sector of Nigeria, human capital as a foundation for corporate profitability, showed that compensation cost and market share is positive and statistically significant. In their study of the impact of accounting for human resources on the business financial health of insurance companies listed on the Nigerian Stock Exchange from 2012 to 2017, Onyekwelu and Ironkwe (2021) found that training costs and human assets accounting disclosure have a significant positive impact on return on assets and return on equity. They advised insurance firms to increase their workforce accounting disclosure. The disclosure of employee resources as an asset in the financial report signalled a new field, stage of development, and differentiation in the accounting profession, according to a recent study by Mohammed (2021) on the public disclosure of human assets accounting in Iraq. The cost of human resources has a considerable impact on the net profit margin and the return on equity, according to Onyeukwu et al. (2021). The management of disruptive technologies in the Fintech Company and human resources accounting have a substantial relationship, as demonstrated by Osanyinbi and Oyekanmi in 2022. Bello and Solomon (2021), revealed that firm size has a positive effect on HRAD which is statistically significant at 5%. Firm leverage has a negative effect on HRAD which though did not turn up statistically significant at 5%. Financial performance has a positive effect on the HRAD which is statistically significant at 5%. Our findings, however, differ from those of Abraham et al. (2022), who found that staff compensation, along with the costs of health care and safety, had no appreciable effects on a DMBs market value when measured using TQ, while the cost of staff training had a significant impact. Also, Ofurum and Adeola (2018), studied human resource accounting and profitability of quoted firms in Nigeria; revealed that there is no significant relationship between Human Resource Accounting and the profitability of quoted firm.

5. CONCLUSIONS AND RECOMMENDATIONS

The study investigated human capital expenditure and market value of listed insurance companies in Nigeria, using descriptive survey design. The study selected and assessed two (2) Insurance companies in Nigeria out of the 21 listed as at 31st December, 2022 (Nigerian Exchange bulletin, 2022). The researchers concluded that there is a significant positive relationship between human capital expenditure and EPS of insurance companies in Nigeria. The study also concluded that there is a significant positive relationship between human capital expenditure and BVPS of insurance companies in Nigeria. This suggests that health/safety, training, and development are important aspects of human resources that can increase earnings per share and book value per share to raise the market value of insurance businesses in Nigeria. The study therefore, recommended that;

i. Accounting standard-setters ought to provide a special standard that addresses the idea of accounting for human resources. Additionally, as they manage disruptive technologies in business and finance contexts, the experts are now asked to pay closer attention to human resource accounting.

ii. To improve EPS and BVPS, insurance company management should continue to place a high priority on staff health, safety, and training.

iii. The development and application of accounting standards on human resources accounting should be facilitated by accounting practitioners working with standard-setters.

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