Human Resource Factor Disclosures and Market Value of Insurance Firms in Nigeria

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Abstract

The human resource factors play a crucial role in the success of any organisation. The human factors are the ingredients that drive the activities of the firm. Consequently, the quality of human resource factors at the disposal of firms determines to a large extent the success of such firm. This study was conducted to investigate the relationship between human resource factor disclosures and market value of insurance firms in Nigeria. The human resource factor disclosure which was the independent variable was measured by staff training and development disclosure, staff health and safety disclosure, retirement plan disclosure,employee career development disclosure and employment of disable person's disclosure; while the market value which was the dependent variable was measured by market capitalisation. The population of the study comprised of the twenty - three (23) insurance firms listed on the floor of Nigeria Exchange Group as at 2023, in which a sample size of seven (7) were purposefully selected. The study employed ex - post facto research design as data for the study were extracted from annual reports and accounts of the selected firms for the period of ten years from 2014 to 2023 using contents analysis. The data were analysed with descriptive statistics, correlation and regression models using SPSS version 20. The results of analysis indicated that staff training and development disclosure, staff health and safety disclosure, employee career development disclosure and employment of disable person's disclosure had positive significant relationship with market value of insurance firms. However, the retirement plan disclosure showed no significant relationship with market value of insurance firms. It was *concluded that there is a significant relationship between human factor disclosures and market value of firms. Amongst others, the study recommended that insurance firms should not only make human resource factors an important part of their budget but should also disclose such information so that stakeholders can be aware.*

Introduction

The complexities of the operational environment of organisations due to factors such information technology, climate change, increased corporate failures and a host of others have made users of financial statements to demand for more disclosures in annual reports. These complexities require that properly motivated human resources with expertise and professional skills and training are employed to manage the enterprise. This is expected to enable organisations to achieve their core mandate of profit maximisation and wealth creation (Okpo, 2021). The increased profitability will in the long run lead to increased market value of such firms. Consequently, firms that disclose information on the type of human resources available to it is expected to attract favourable responses from stakeholders in general and investors in particular. The implication of this is that investors will have confidence that the firms they want to invest in is managed by competent and well-motivated human resource who will be able to increase the value of the firm in the long run.

The human resource factors represent all human elements and resources pertaining to training, development and management of human resource base of an organisation. Ambrose (2020) describes human factors as a generic term for the competences, skills, trainings and motivation of employees. It can also be described as the environmental, organisational and job factors, and human and individual characteristics, which influence behaviour at work in a way which can affect staff health and safety. Human resources can be seen as factors that manages and controls other assets owned by a corporation, including intangible and tangible assets (Hatane et al., 2022). Bangara et al., (2024) regards human factor as one of the resources that companies value most and getting recognition in their voluntary disclosure. Edom (2015) documents that the success of any organisation depends on the ability of the human resources to effectively and efficiently optimize other resources such as land, equipment and money, hence human resources are the greatest assets at the disposal of businesses.

Human resource factor disclosure (HRFD) can be seen as the disclosure of information on all matters pertaining to those factors that relate to human activities of an organisation. Ogundayo et al., (2022) describe the human resource factor disclosure as the totality of what it takes to employ and keep employees of a firm which contributes to the overall value of firm both in the present and for the future. Wiyad et al., (2021) see human resource factor disclosure as entailing the practice of recording, measuring and presenting details of transactions related to employees in an organisation including recruitment, selection, performance, induction, training, development, welfare and payment of workers. Thus, human resource factor disclosure can be seen to encompass the disclosure of information relating to the efforts made by organisation towards the employment and maintenance of a workforce in an organisation.

The objective of every business is to maximize profit and increase the shareholders wealth. The shareholders' wealth is increased whenever the share price increases in the stock market. The market value of an organization is determined by a number of factors some of which include inflation, interest rate, investor's behaviour and other macroeconomic variables as encapsulated in extant literature. Consequently, a workforce that is well motivated, trained, equipped and managed will ultimately leads towards the realization of the organisational objective. To this extent, when information on such workforce is voluntarily disclosed in an annual report, it will likely motivate investors to desire to invest in such firms. The implication of this is that firms will be adjudged to be properly managed and this will lead to increased perception of investors towards the firm.

This study was anchored on insurance firms in view of the importance of insurance business to the economy of Nigeria. The insurance sub sector of the financial market plays a very important role of not only mobilizing funds from surplus sector to deficit sector through premium payments, but also plays a very crucial role of providing insurance cover for firms and their operations. This provides the mitigation against risks that may occur in the course of transaction. Insurance business is a very sensitive and complex activities that require human resource that is highly motivated and properly trained professional to manage. Thus, when information on the type of human resource that the firm possesses is disclosed in an annual report of such insurance firm it will likely give assurance to investors that their investments will be rewarding and this will attract them to invest in such insurance firms. This will lead to an increase in the market value of such firms.

The market value of firms can be described in several ways such as market capitalisation which is the product of share price and numbers of share trading in the market at any point in time. It can also be measured as the Tobin Q ratio or the price which a willing buyer is able to pay for the firm. However, this study will adopt the market capitalisation because it rightly captures the market value of insurance firms. The human resource factor disclosures will be measured by such factors as staff training and development disclosure, staff health and safety disclosure, employee career development disclosure, retirement plan disclosure, and employment of disable persons disclosure.

The quality of manpower, the type of training provided, guaranty of future for employees as well as the wellbeing of employees in the work environment determines the extent of success of such enterprise. Consequently, by disclosing human factor information, a firm addresses the information needs of stakeholders, which include the manner in which the activities of the firm affect its workforce and how the firm has been able to account for them in their annual reports. This provides a basis for dialogue in order to bring about a better mutual understanding of stakeholders on the activities of management with regards to the sustenance of the enterprise in relations to human resources. This disclosure of information on human factors is expected to trigger the interest of stakeholders towards the firm prompting them to desire to invest in the firm. The investment would stimulate the forces of demand and supply to propel the prices of shares of such firms to rise and ultimately lead to the rise in market value of such firm. However, the extent to which human factor disclosures influence the market value of insurance firms in Nigeria has not yet been fully explored and this is the justification for this study. This study basically attempts to close the yearning gap on the responsiveness of market value (cum investors) of firms to the disclosure of information on human factors.

Review of literature

Overview of human resource factor and disclosures

The terms human factors, human resource and human resource factors have been used interchangeably in literature. Human factors have been viewed from different perspectives. It is the generic term for the competences, skills, trainings and motivation of the employees. The human resource factor of the organisation comprises of all the qualities and professional skills the worker brings into the organisation (Ambrose, 2020). Human factor is owned by the worker who leaves along with him whenever they leave the organisation. Abeysekera and Guthrie (2004) documents that human factor is a combination of several factors possessed by individuals and the collective workforce of a firm which also encompass knowledge, skills and technical ability; personal traits such as intelligence, energy, attitude, reliability, commitment; ability to learn, including aptitude, imagination and creativity; desire to share information, participate in a team and focus on the goals of the organization. The human resource disclosure is concerned with disclosing information on human resources of an enterprise.

Anil et al., (2020) documents that human resource disclosure is concerned with process of identifying and reporting investments made in the human resources of an organisation that are presently unaccounted for in the conventional accounting practice. Human resource is one of the important main components of intellectual capital, creating additional value in the economy based on knowledge and particularly in banks because the success depends on the employees with high level of competences, training and skills related to the work. That's why employees are becoming a valuable asset in the banks. Rizvi (2010) defines human factor as the practices related to education, training any other contributions that affect the performance of the company as the abilities, knowledge, values, skills of the employee that would eventually end by increasing performance and employee's satisfaction. The importance of disclosure of information on human factors cannot be over emphasized. Consequently, Muthoni et al., (2024) opined that investors and other stakeholders can use information on human factor disclosures to evaluate the company's staff and its capacity to innovate and adapt to changing market conditions.

Gharoie (2011) sees human factor as the most important intangible asset in the company which signifies skills, knowledge, intelligence, education, experience the ability of employees to solve problems in the companies, and innovative ideas of the employees of the entire organization. Perera and Thrikawala (2012) argued that all the expenses spent on developing the skills, knowledge, enhancing the education of the employees and the expertise as for example the payments for conferences and conventions, salaries and wages, fees and dues for training subscriptions should be considered as investments in intellectual capital.

Human factor disclosure is only made voluntarily and it can be found interspersed throughout annual reports. As long as the information disclosed in annual reports pertains to human factor, it can be classified as human factor disclosure. Wickramasinghe and Fonseka (2012) found sectoral differences in reporting some of the human factor indicators. They also found that the indicators were mainly collated internally, and a limited number were externally disclosed. Furthermore, majority of enterprises that they studied, irrespective of their business sector, kept their records of human factor indicators in the manual form. Furthermore, Ionel et al., (2010) enumerated human factor disclosures to include information about: leadership; motivation; ability of execution of delegated tasks; relationship; number of employees; seniority in the company; stability in the company post; number of managers; number of women managers; percentage of managers with higher education; the average age of employees; the average length of training programs (hours/employee) and IT knowledge. Human factor disclosures are usually in a list, the list according to Bukh et al., (2005***)*** is called a disclosure framework which is a predefined list of the possible disclosable items. Bukh et al., (2005) postulated that human factor disclosures are measured using disclosure index methodology which involves calculation of the number of information-related items that a given report contains, based on the disclosure framework.

Components of human resource factors
For this study, the components of human factor include staff training and development disclosure, staff health and safety disclosure, career development disclosure, retirement plan disclosure and employment of disable persons' disclosure.

Staff training and development disclosure
Training and development of employees of organisations are a very important functions of management. This is in view of the importance of training and development to the attainment of objectives of such entity. Training has been described as a systematic process of offering the workforce with certain competencies like skills, abilities and knowledge so that they would be able to perform assigned tasks effectively and efficiently. On the other hand, development can be seen to be the learning experiences that focus more on long term goals of the organisation as well as learning that prepares the workforce for tasks in diverse job and at management levels (Egberi & Egberi, 2019). Oshiole (2024) documents that investing in effective employee training will increase skills, knowledge, productivity and morale as well as replace and avoid workplace incidents.
According to Egberi (2022) the training and development of the workforce is an important process, given that they help to grow the knowledge, abilities and more importantly, the skills of the workforce. The training and development of employees is important because it enables employee to be kept abreast of new developments in the industry, adapt to new technology, as well as, adapt to new way of carrying out functions. The success of enterprises depends on how well employees have been to adapt to the processes and procedures in such organisation. It is in this vein that Vomberg et al., (2015) documents that training and development helps to enhance the quality of work life of employee and growth of organisation. Neldan and Tansuria (2020) opined that training and development can enhance organisational performance and should render increased financial performance. Disclosure of information on employee training and development involves the communication of management efforts at enhancing the continuous adaptation of personnel to the work ethics, processes, environmental change and management focus to the appropriate stakeholders through the annual reports of the company. This communication usually comes through directors' report in the accounts of the company. Various studies have highlighted the importance of disclosure of information on employee training and development. Neldan and Tansuria (2020) found a negative and significant relationship between training and development disclosure and corporate share price. Same findings were made by Egberi (2022).

Staff health and safety disclosure
The health of any workforce is very crucial to the sustenance of the enterprise. A healthy workforce is indicative of the workforce that is not distracted by health-related issues but focuses on the work. When workers are healthy there will be limited man-hour losses due to absenteeism and frequent stoppage of production. Thus, a healthy workforce will guaranty

productivity and increased performance of the firm. In the same vein a safe workplace is one in which there is safety of the employee both at work and outside the work place.

Oshiole (2024) documents that health and safety as a function focuses on securing and promoting safety and health of persons working for the company including both physical and mental. It includes developing and implementing health and safety strategies, measuring and following up on performance issues and report those to internal and external stakeholders. Safe workplace are profitable workplaces, whether measured in a company's bottom line, its market share, its broader consumer reputation, or its ability to attract and retain workers, managers, or investors. Healthy people are expected to contribute to more to productivity and innovation.

Health and safety disclosure represents the voluntary disclosure of information on matters relating to the health and safety of employees. According to Zhang et al., (2023) as an important component of social responsibility, the disclosure of work safety information by listed companies in high-risk areas can have a profound impact on investor decision-making, public perception and sustainable development of enterprises. Moreover, work safety information disclosure can effectively mitigate the information asymmetry between enterprises and society, minimise principal-agent costs, enhance stock liquidity, and ultimately enhance the company's value.

Employee career development disclosure.

Naturally people tend to align their interests to organisations that guard against uncertain future and guaranty their progression to the highest position in such organisation. This usually creates additional incentives to the workforce. Career development is concerned with finding tangible goals to work towards an organisation. This helps workers to set realistic expectations, feel less pressure and find more enthusiasm to reach their goals. Thus, as their career develops, an employee often gains a sense of accomplishment and motivation to do even more in their job. Disclosure of information on career growth and development is important in providing information to stakeholders of the future or succession arrangement of the enterprise.

Retirement plan disclosure.

Retirement plan is one of the most important arrangements by management of any organisation to provide a safe future for its workforce. This is in view of the fact firms that can guaranty the future of their workers would earn the confidence of workers and ultimately motivate them to contribute their best in such organisation. Disclosure of information on retirement plans in annual reports and account of firms is usually intended to inform the users of such reports that the workforce of the entity is well taken care of even after their engagement and consequently, their commitment to the firm is guaranteed.

Employment of disable person's disclosure

Over the years there have been issues regarding the employment of special people otherwise known as people with disabilities. Various governments and corporate bodies have made several attempts to consider employment of people with disabilities as part of their corporate social responsibility. This has made different policies to be initiated by governments, corporate bodies, non-governmental organisations to create awareness on the need to create opportunities for those people with disabilities to be given opportunities to work. Base (2022) maintained that for people with disability, finding employment and maintaining a job are an important transition in their lives because having a job can be decisive event for individuals with disabilities to keep a stable life.

Disability disclosure is an act of intentionally disclosing noes' disability when applying for employment in a work place (Wang, 2023). Disclosure of information on employment of disable persons can be described as the deliberate disclosure of information on employment of persons with disabilities by an organisation as a way of showing to stakeholders the favourable disposition of the organisation towards such people. Disclosure of such information is intended to inform the stakeholders that the company is friendly towards people with disabilities. This is expected to endear such firms to stakeholders and this will ultimately attract investors to such firms. Generally, information on the number of disable persons employed by an organisation is usually presented in the directors' report section of the annual reports and accounts of companies. The benefits of such report include the disclosure of the extent of compliance with global initiative on employment of people with disabilities.

Concept of market value of firms

Market value also called firm value is the perception of investors towards the firm. It is a function of so many factors based on the angle which investors are coming from. Firm value represents the view of investors on the level of success of the company in managing company resources (Apariada & Suardikha, 2016). Firm value provides information about the future worth of a firm. Approaches to measuring the firm value are not always the same in each company due to varying purposes of doing business. A company's profit can be a tool to measure the value of the firm. In the view of Emeka-Nwokeji and Osisioma (2019), a firm value is influenced by investors' perceptions of its managers' ability to anticipate and respond to future changes in the firm's economic environment. It is a long-term measure of firm performance that is forward looking. According to Zalikha et al, (2019) firm value reflects the accomplishments of a company beginning from when it started operations until now which arises as a result of the stakeholder's trust in the company.

Theoretical review

This study was anchored on human capital theory which was first propounded by Theodore Schultz (1963) to explain the relationship between individual investments in education and training, and income differentials. This theory assumes that an individual is rational and methodical, seeks to maximize his lifetime earnings by making individual decisions to invest his resources in education. Essentially, human capital theory assumes that the stock of human capital is directly correlated to productivity, that is, increase in the stock enhances productivity. The individual worker is compensated for increase in productivity. Since investments in education and training are direct avenues to increasing the stock of human capital, the individual will make investment to the present value of the increase in income stream they produce. Investments will be undertaken if the present value exceeds the associated costs and the rate of return is greater than that from other available alternatives.

Mincer (1958) and Becker (1964) extended the human capital theory approach significantly when they incorporated the provision of training. Specifically, they introduced the fundamental distinction between the provision of general and specific training by the employer. General training refers to non – specific generic training that builds skills which are portable from one employer to another. This form of training is clearly desirable for the employee because it enhances his stock as well as his mobility. The assumption in this theory is that investment in education and training results in increased learning. Increased learning does, in fact, result in increased productivity. Greater productivity does, in fact, result in higher wages for individuals and earnings for businesses. This theory emphasises the relationship between human resource factor disclosures and market value because the relationship between investment in human factor through training will ultimately improve the productivity and the share price of the firm. A properly motivated workforce creates additional value to the firm by increased productivity. Employee training and development, career growth or progression, health and safety work environment and a host of others constitute important human factors that when disclosed will lead to increased market value of the firm.

Empirical literature

Various studies have been carried out on human resource factor disclosures. Bangara et al., (2024) examined the relationship between human capital disclosure and firm value in Kenyan and South African listed companies. The study was based on the stakeholder and Legitimacy theories. 209 listed companies formed the population of the study. Out of this population, a sample of 137 companies was purposefully selected, comprising 19 firms listed in the NSE, Kenya, and 118 companies listed in the JSE, South Africa. Data was collected from secondary sources involving audited annual integrated reports and financial statements of the targeted companies. Tobin's Q ratio was used as a surrogate for Firm Value, as human capital disclosure was measured using an unweighted disclosure index. The results signified that human capital disclosure had a statistically significant negative effect on firm value for Kenyan listed companies, while South Africa affirmed positive and significant results.

Muthoni et al., (2024) studied the relationship between human capital disclosure and firm value of listed firms in Nairobi Stock Exchange. The firm’s value was measured by Tobin Q. The population of the study consisted of 62 firms listed on Nairobi stock exchange from 2017 to 2021. Secondary data were used to extract data from audited financial statements. The data generated were analysed using both descriptive and inferential statistics, while correlation analysis was used to examine the relationship between variables while the multiple correlation was used to test the hypothesis. Their findings indicated a continuous declining trend in human capital disclosure from 2017 to 2021. Their findings also demonstrated a positive and significant relationship with Tobin Q suggesting that higher disclosure of human factor could enhance firm value.

Ojo and Umar (2024) examined the factors influencing human capital disclosure in corporate reports of 14 Nigerian deposit money banks. The research used secondary data from annual reports from 2014 to 2023, and logistics regression was used for data analysis. The results showed that managerial ownership positively affected human capital disclosure, leading to higher disclosure levels. This result aligned with previous studies showing a positive relationship between managerial ownership, institutional ownership, board financial expertise, board independence, and human capital disclosure. The study concluded that managerial ownership was a viable corporate governance mechanism for improved voluntary disclosures. It signalled the market positively and encouraged executive directors to focus on long-term viability and product quality. The study suggested that board financial expertise positively impacted human capital disclosure (HCD), suggesting that understanding accounting principles and financial statements improved board oversight and shareholder interests. The study recommended that companies improve human capital disclosures in corporate reports, adopt robust methodologies, and encourage voluntary disclosure of value-added human resource activity.

Oshiole (2024) examined the effect of employee health and safety cost disclosure and on market value of listed consumer and industrial goods firms in Nigeria. The study adopted ex - post facto and longitudinal panel research design and secondary data for the study were collected from the Nigerian Exchange Group covering the period of 2013 to 2022. The data were analysed using regression analysis technique. The findings of the study revealed that employee health and safety cost disclosures have a positive significant effect on market value. Also, the findings indicate that effluent disclosure also have appositive but insignificant effect on market value. The study concludes that employee health and safety disclosure have significant effect on market value of consumer and industrial goods firms in Nigeria,

Bangara et al., (2024) investigated the relationship amongst the human capital disclosure, business model and value of listed companies in Kenya and South Africa. The study adopted both exploratory and confirmatory research design. Secondary data were purposefully collected from 137 companies for the period 2018 to 2020. Human resource disclosure was measured by unweighted disclosure index while firm value was measured using Tobin Q ratio. The results of analysis shows that human capital disclosure has statistically significant effect on firm value. The study recommends mandatory disclosure of human capital. Zhang et al., (2023) investigated the impact of disclosure of work safety information of listed companies in high-risk industries Shenzhen. To achieve the objective of the study, 222 listed companies in high-risk industries were taken. Multiple regression analysis method was used to analyse the relationship between the level of work safety information disclosure of enterprises and their financial performance, safety performance and social reputation. The results shows that work safety information disclosure has a positive impact on corporate financial performance, safety performance and social reputation.

Ogundajo et al., (2022) examined the relationship between human resource accounting disclosure and the value of a firm. The study used ex post facto research design since the data for the study already existed. Cointegration test was carried out to determine the perceived and predicted value of the variables in addition to discovering the correlation between the variables. The results of analysis of data revealed that the disclosure of employee training and development significantly impacted the firm value. Consequently, the study concluded that there is significant impact of human resource accounting disclosure on a firm’s value.

Hieu et al., (2022) empirically investigated how human accounting disclosure affected the firm value of Vietnamese listed companies. The study basically examined whether disclosing human resources influenced firm value. The study was based on the stakeholder and signalling theories. Secondary data collected from annual reports of 81 sampled companies covering the period 2016-2018 was analyzed using multiple regression methods. The study reported a positive association between human accounting disclosure and firm value.

Alharbi (2022) examined the factors affecting the level of Human Resources Disclosure (HRD) in the annual reports of listed Saudi companies. Factors were classified into factors related to governance mechanisms, which included the size of the board of directors, the independence of board members, the number of board meetings, and the type of auditor. Factors associated with company characteristics included profitability, leverage, liquidity, the company's age, the size of the firm, and industry type. The final study sample consisted of 363 observations of 121 Saudi non-financial companies listed on the Saudi financial market during the period from 2016 to 2018. The content analysis method was used to examine the disclosure list of 19 elements of human resources, which was developed based on previous studies. EViews software was used to analyze panel data and apply a multiple regression model to test the statistical relationship between relevant factors and human resource disclosure. The regression results indicated that the independence of the board of directors, the company's profitability, the company's age, and the size of the company had a significant positive effect on the level of human resources disclosure for the listed Saudi companies. Whilst the size and number of board meetings, auditor type, financial leverage, liquidity, and industry type had no impact on the level of human resource information disclosure.

Sisodia et al., (2021) conducted a study on human capital and firm value of firms in India, which aimed to establish if human capital affected firm value, whether a firm's future growth was affected by the firm value, how human capital and firm volatility were associated, and to ascertain the influence of firm size on the impact of human capital and firm value. Anchoring the study on the tenets of classical economic theory, the study drew secondary data from a population of 1,862 Indian listed firms classified as non-financial, obtained from the Prowess data bank, categorized into 136 industries, covering the period 2001-2019, resulting in 14,236 firm-year observations. Using a combined cash flow firm valuation and Cobb-Douglas production function models, the connection between human capital and firm value was established by relating human capital and firm value, with growth level and cash flow volatility. The study findings showed that human capital disclosure and firm value were positively and significantly associated, growth volatility was negatively and significantly affected by human capital, and a confirmation that the human capital and firm value linkage was impacted by the size of the firm.

Magau et al., (2021) investigated the extent to which human capital disclosure (HCD) could predict organizational performance (expected future earnings) of the Johannesburg Stock Exchange (JSE)-listed companies. A causal, comparative design was applied quantitatively in a cross-sectional survey of 150 top- and low-performing JSE-listed companies sampled based on their market capitalization. A self-constructed disclosure index with a seven-point scoring system was developed to examine the extent of disclosure across 81 items. Subsequently, multiple regression analysis was computed to test the relationship between the dependent and independent variables. Human capital disclosure was associated with both the market capitalization and book value. Overall, no mediation of human resource risk disclosure (HRRD) against organizational performance was found. Lastly, information disclosed on gender diversity yielded the interaction effect with both structural capital disclosure (SCD) and relational capital disclosure (RCD) but not with HCD.

Okpo (2021) examined the reaction of investors towards disclosure of information on human and social factors in annual reports and accounts of companies. The population of the study comprised of all firms listed on the floor of Nigerian Exchange Group from 2015 to 2019 with a sample of sixty (60) purposefully drawn. The independent variable was the human factor disclosure measured by the disclosure checklist score developed by the researcher, while the dependent variable was measured by market capitalisation. The data for the study were extracted from annual reports of selected companies using contents analysis. The data were analysed using descriptive statistics, regression and correlation models. The results of analysis indicated a positive and significant relationship between human and social factor disclosure and market capitalisation implying that increase in disclosure of human and social factors will lead to increase in market capitalisation.

Methodology and hypotheses development

The following hypotheses were developed and tested for the study.

$H_{01:}$ There is no significant relationship between staff training and development and market value of insurance firms in Nigeria.

$H_{02:}$ There is no significant relationship between staff health and safety disclosure and market value of insurance firms in Nigeria.

H_{03}: There is no significant relationship between disclosure of information on employee career prospect and market value of insurance firms in Nigeria.

H_{04}: Disclosure of information on retirement plan in annual reports of insurance firms in Nigeria does not affect the market value.

H_{05}: There is no significant relationship between disclosure of information on employment of disable persons and market value of insurance firms in Nigeria.

The data for the study were extracted from annual reports and accounts of the selected insurance firms.

Model development

In order to test the five hypotheses formulated in the study and to achieve the objectives of the research, various models which show the relationship between dependent and independent variables are formulated. In this study, the independent variable is;

MCAP = f(HFD) ……………………...(i).

Where: MCAP = Market capitalization.

HFD = Human factor disclosure.

Secondly, a model which specifies the components of the independent variables, that is, the human factor disclosure is stated as

HFD = f(ET&DD, EH&SD, ECDD, ERPD, EDPD) ………(ii).

The econometric model which captures the relationship between the dependent (MCAP) and independent variables is constructed as follows:

$MCAP_t = ß_0 + ß_1ET\&DD_t + ß_2EH\&SD_t + ß_{3E}CDD_t + ß_{4E}RPD_t + ß_5EDPD_t + \varepsilon_t$ …. (iii)

Where: $MCAP_t$ = Market capitalization in period t.

$ET\&DD_t$ = Employee training and development disclosure in period t.

$EH\&SD_t$ = Employee health and safety disclosure in period t

$ECDD_t$ = Employee career development disclosure in period t

$ERPD_t$ = Employee retirement plan disclosure in period t.

$EDPD_t$ = Employment of disable person in period t

t = Time period applicable (2014 to 2023)

ε_{it} = Stochastic error term included to measure the other variables which affect market capitalisation but not captured in the model.

The values of $ß_0$, $ß_1$, $ß_2$, $ß_3$, $ß_4$ and $ß_5$ will be obtained from the analysis of data which will be included in the model to determine the econometric model which is predictive of the relationship among the variables.

Results of data analysis

To examine the effect of the independent variables on the dependent variables as well as to test the formulated hypotheses, the multiple regression analysis was carriedout using SPSS and the results are discussed below:

The model summary of the regression estimates provides estimate to ascertain the level of contribution of the independent variables to changes in the dependent variables.

Table 4.3 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737[a]	.543	.538	.4596306

a. Predictors: (Constant), HFD
b. Dependent Variable: MCAP
Source – Results of data analysis, 2024.

The results obtained from the model summary of the regression estimate in table 4.3 above shows that an R^2 value of 0.543 which indicates that about 54.3% of the variation in market value proxied by market capitalisation (MCAP) was being explained by all the independent variables proxied by human factor disclosure (HFD) in the model. This also means that about 45.7% of the variation in firm value is left unexplained but this was captured by the error term.

The study also ascertains the validity and reliability of the regression estimate by assessing the ANOVA table of the OLS regression in table 4.4 below:

Table 4.4 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.361	1	22.361	105.845	.000[b]
	Residual	18.802	89	.211		
	Total	41.163	90			

a. Dependent Variable: MCAP
b. Predictors: (Constant), STA&DD, SH&SD, CDD, CPD, EDPD
Source – Results of data analysis, 2024

The model goodness of fit as captured by the F-statistics (105.845) and the corresponding significance value (0.000) for the models shows a 1% statistically significant level suggesting that the entire model is fit and can be employed for interpretation and policy implication. Hence, the study proceeds to test the hypotheses using the estimates of the OLS results as shown in the table below:

Test of hypotheses

The various research hypotheses earlier postulated for the study were tested in this section. The test was carried out using multiple regression with the model specification shown below using SPSS software. The results of the analysis are shown in Table 4.5.

Table 4.5. - Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	10.563	.065		162.149	.000
1	ET&DD	.045	.004	.549	10.288	.000
2	EH&SD	1.65	.256	.337	5.78	0.079
3	ECDD	-0.233	.200	.181	2.88	0.112
4	ERPD	0.116	.225	.082	1.81	0.001
5	EDPD	2.31	.175	.567	2.01	0.161

a. Dependent Variable: MCAP

Source – Results of data analysis, 2024

Hypothesis one

The null and alternate hypotheses one of the study states as follows:

$H_{01:}$ There is no significant relationship between staff training and development and market value of insurance firms in Nigeria.

From the results of analysis in table 4.5 above, the t-value of 10.88 is greater than the critical value 1.986 at 5% level of significance. Based on the decision rule of the study, the null hypothesis one of the study was rejected and the alternate accepted because the p-value of 0.000 is less than 0.05. This implies that there is significant relationship between the staff training and development disclosure and market value of insurance firms in Nigeria.

Hypothesis two

$H_{02:}$ There is no significant relationship between staff health and safety disclosure and market value of insurance firms in Nigeria.

From the results of analysis in table 4.5 above, the t-value of 5.78 is greater than the critical value 1.986 at 5% level of significance. Based on the decision rule of the study, the null hypothesis two of the study was rejected and the alternate accepted because the p-value of 0.079 is greater than 0.05. This implies that there is significant relationship between the health and safety disclosure and market value of insurance firms in Nigeria.

Hypothesis three

H_{03}: There is no significant relationship between disclosure of information on employee career prospect and market value of insurance firms in Nigeria.

From the results of analysis in table 4.5 above, the t-value of 2.88 is greater than the critical value of 1.986 at 5% level of significance. Based on the decision rule of the study, the null hypothesis three of the study was rejected and the alternate accepted because the p-value of 0.112 is greater than 0.05. This implies that there is significant relationship between the employee career development prospect disclosure and market value of insurance firms in Nigeria.

Hypothesis four

H_{04}: Disclosure of information on retirement plan in annual reports of insurance firms in Nigeria does not affect the market value.

From the results of analysis in table 4.5 above, the t-value of 1.81 is less than the critical value 1.986 at 5% level of significance. Based on the decision rule of the study, the null hypothesis four of the study was accepted and the alternate rejected and moreover, the p-value of 0.001 is less than 0.05. This implies that there is no significant relationship between employee retirement plan disclosure and market value of insurance firms in Nigeria.

Hypothesis five

H_{05}: There is no significant relationship between disclosure of information on employment of disable persons and market value of insurance firms in Nigeria.

From the results of analysis in table 4.5 above, the t-value of 2.01 is greater than the critical value of 1.986 at 5% level of significance. Based on the decision rule of the study, the null hypothesis five of the study was rejected and the alternate accepted and moreover, the p-value of 0.161 is greater than 0.05. This implies that there is significant relationship between employment of disable person's disclosure and market value of insurance firms in Nigeria.

Discussion of Findings

The coefficients of the various variables in table 4.4 were extracted and fitted into the earlier model developed for the study to obtain the model estimate (predicted model) of the study as follows:

$$\mathbf{MCAP_t = 10.563 + 0.045ST\&DD_t + 1.65SH\&SD_t - 0.233CDD_t + 0.116RPD_t + 2.31EDPD_t + \varepsilon_t}$$

The result of the analysis showed an R-square value of 0.538 which implies that 53.8% of the variation in market value of insurance firms in Nigeria is accounted for by variation human factor disclosures. This finding is supported by the fact that human factors are considered as labour and there is a positive relationship between labour and profitability, and market value has a relationship with profitability. Thus, an increase in human factor disclosures will cause an increase in market value of insurance companies in Nigeria. This finding is in line with findings of Ali (2018) who identified the effect of the disclosure of intellectual capital on the market value of shares in Jordanian commercial banks by shedding light on the level of disclosure of intellectual, human, structural and relational capital on the market value of the share. It is also consistent with the findings of Okpo (2021) and Ambrose (2020) who found a significant positive relationship between human factor disclosure and investor's confidence in the Nigerian capital market.

The results of analysis shows that the beta coefficient of the relationship between staff training and development disclosure and market value of insurance firms stood at 0.549. This indicates that a unit movement in the disclosure of information on staff training and development in annual reports and accounts of insurance firms will result in 55 percent of changes in the market value of insurance firms. This finding is consistent with the earlier finding of Ogundajo (2022) who found that disclosure of information on employee training and development significantly impacted the firm value.

The results of analysis in table 4.5 indicate that the beta coefficient of the relationship between staff health and safety disclosure and market value of insurance firms stood at 0.337. This indicates that a unit movement in disclosure of information on staff health and safety will lead to 34 percent of movements in the market value of insurance firms. This finding is consistent

with the earlier finding of Oshiole (2024) who found that employee health and safety cost disclosure have a positive significant effect on market value.
The results of analysis in table 4.5 indicate that the beta coefficient of the relationship between career development disclosure and market value of insurance firms stood at 0.181. This indicates that a unit movement in disclosure of information on career development will lead to 18 percent of movements in the market value of insurance firms.
The results of analysis in table 4.5 indicate that the beta coefficient of the relationship between retirement plan disclosure and market value of insurance firms stood at 0.082. This indicates that a unit movement in disclosure of information on retirement plan will lead to 8.2 percent of movements in the market value of insurance firms. The results of analysis in table 4.5 also indicate that the beta coefficient of the relationship between employment of disable persons disclosure and market value of insurance companies stood at 0.567. This indicates that a unit movement in disclosure of information on employment of disable persons will lead to 57 percent of movements in the market value of insurance firms.

Recommendations

Based on the results of analyses of data and the conclusion drawn therefrom, the researcher made the following recommendations:

1. The insurance firms should make training and development of employees an important part of their budget, and as well, should disclose such information as this would increase their market value.
2. The management of the insurance firms should prioritize the health and safety of employees both on and outside the workplace as this would enhance the sustenance of employees and build confidence of investors.
3. The management of insurance firms should clearly establish policies and programmes that would streamline the career growth of employees to be at tandem with industry and global standards.
4. Insurance companies should harmonise their retirement policies with the current contributory pension policies in order to guaranty the future of employees.
5. Insurance firms should design their employment policies to make provision for employment of disabled persons.

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