Faculty of Vocational and Technology Education,
Alvan Ikoku Federal University of Education, Owerri

Journal of Occupation and Training (JOT)
Volume 9, Number 1 April, 2025
Print ISSN: 3446 - 6290
Electronic ISSN: 2354 2756

DOI: 10.48028/iiprds/jot.v9.i1.09

Intellectual Capital and Financial Performance of Consumer Goods Manufacturing Companies in Rivers State

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Abstract

This study examined the effect of intellectual capital and financial performance of consumer goods manufacturing companies in Rivers State, using Human capital and profitability as variables. However, to achieve the desired target of this study, primary data were used with the aid of questionnaire and the data were analyzed with the aid of SPSS software with regression model. It was revealed that human capital has significant relationship on profitability of consumer goods manufacturing companies in Rivers State. The study therefore recommends that Management should create and strengthen a learning environment for the employees in order to foster the sharing of intellectualism so as to enhance effective operations and performance.

Keywords: *Intellectual capital, Human capital, Financial performance*

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Journal URL: https://internationalpolicybrief.org/journal-of-occupation-and-training-volume-9-number-1/

Background to the Study

In a knowledge-based society like Nigeria, intellectual asset is considered one of the key factors that determine the fortune of an individual. This is because knowledge is power and with knowledge an individual can actually explore several areas of endeavour. This is also applicable to business entity. Knowledge serves as a factor that influences business performance and boost profitability. According to Sharma (2008), intellectual capital has become a business word in the present-day economic world Be it in service, manufacturing or oil servicing sector, each of these sectors has found intellectual capital to be a significant driver for value and profitability Currently, there has been increasing trend on knowledge (intellectual) capital after the financial crises that caused a serious mayhem in the global oil market and other financial sectors. The mayhem which affects most of the countries in the world are call for concern considering whether intellectual capital can positively affect performance in oil marketing companies in an emerging economy like Nigeria. This is one of the reasons why many researchers have argued that knowledge is a key driver of value creation among Business Corporation.

According to Guthrie and Petty (1999), there are two basic fundamental knowledge management missions evolving in our society today and these involve the continue quest to develop better system that can create, capture and disseminate knowledge within an organization. This is the type of knowledge that has created a shift in the society, in order to improve the life of the people whereas the other one has to do with an awareness that technical know-how, adds significantly to the value of business and in most cases represent virtually the entire value base system. With this paradigm shift, it becomes important for those operating in oil marketing and other knowledge intensive sectors such as technology and service industries to think of better ways to improve their performance (Bontis, 2001, Hermaus & Kauramen, 2005).

According to Ofurum (2018), innovation chiefly creates competitive advantage through intellectual capital rather than tangible assets. Therefore, managers in those umpires predisposed to invest in knowledge-based resources in order to achieve and maintain corporate success (Wang, 2008). Meanwhile, Guthrie & Yongvanich (2004) suggested that managers of company's intellectual capital generate more than half of a company's value than the production of internal goods in the current economic system.

Also, Ahuya and Ahuja (2012) revealed that an efficient utilization of intellectual capital is more crucial for accomplishing success in banking than other industries, making such an acclaimed statement that delivering high quality services by a bank is strictly dependents on its investment in terms related to intellectual capital. So, there is need to investigate other sector of the economy specifically oil marketing companies. Although, Chidiebere (2012) observed that Nigeria oil marketing industry recognized this fact and has been taken some drastic actions to enhancing their intellectual based. However, to be encouraged to embark on the need to boast intellectual capital, one is expected to be aware of what will be the possible outcome and its impact on the economy in general. Although, John et al. (2002) has argued that financial statements which is one of the documents that account for profitability cannot be complete devoid of bigotry, since fiscal phenomena placed in yearly disclosures are continually within the circumstances of skepticism. So, there is need for profitability to be fully accounted for and disclose as a mandatory document that can be accessible to management of every company. This makes financial performance to be fully accounted for and disclose as a mandatory document that can be accessible to management of every company. This makes financial performance to be crucial to any business organization survival and continues growth and patronage by the stakeholders in the business world (Ofurum & Alıya, 2018). Ofurum and Aliya (2018) further explained that specifically, financial performance otherwise referred to as profitability is a natural result of business operations that involved the use of both physical and intellectual capital. So, these two variables (intellectual capital and profitability) must always work together then there will be considerable growth in the economy. Although, research conducted by Chen and Cheng (2005), Ulum (2007), Ulum (2008), Claske et al., (2011) have shown that there is a relationship between intellectual capital and profitability (financial performances).

In another development, it has also been proven that there is positive effect on profitability and the results of research carried out by Sunarsih and Mendra (2012). Alghifori and Suhaeni (2013), Sudibya and Restuti (2014) revealed that financial performance (profitability) is positively related to company's value. Despite the phenomenal importance and heavy investments in intellectual capital and its significant relationship with profitability in oil marketing companies still face a growing challenge. These challenges include does not still reflect in the financial statements of various organizations as a result of the standard of International Accounting Standard IAS 38 (intangible assets). Also, it is a common knowledge that balance sheets do not attempt to provide information on the real value of an enterprise; instead, they are mainly prepared for reporting purposes (Nasif et al., 2017) Moreover, the relationship between the data obtained from financial reports and sometime the data obtained were produced in line with the traditional accounting system. In like manner, traditional accounting system fails to capture intangible assets that create value in the enterprises (Canibo at a, 2000; L'haopadihan, 2010).

Therefore, practicality of the accounting data obtained from financial reports has been reduced (Nasif et al., 2017). Also, talking about disclosure of financial statement of various organizations as a result of the standard of international accounting standard IAS, some companies in Nigeria make such disclosure but these are not in an organized form. Sequel to the above facts, this study has aimed at determining the effect of intellectual capital on profitability in oil marketing companies in Nigeria.

Conceptual Framework

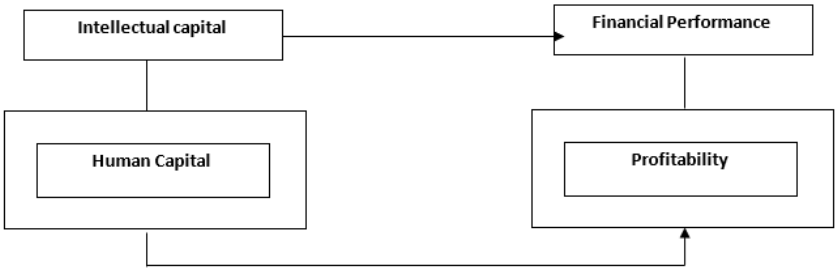

Figure 1.
Source: Turkey, et al. (2016), El-Bannany (2012).

Aim and Objectives of the Study
The focus of this research is on Intellectual Capital and Financial Performance on consumer goods manufacturing companies in Rivers State, with specific goals including:

i. Ascertain the influence of human capital on Financial Performance of consumer goods manufacturing companies in Rivers State.

Research Questions

i. How does human capital influence Financial Performance of consumer goods manufacturing companies in Rivers State?

Research Hypotheses
Ho_1: Human capital does not influence Financial Performance of consumer goods manufacturing companies in Rivers State.

Conceptual Review
Concept of Intellectual Capital
Reacting to the model shift in business environments and complexities that surrounds it, intellectual capital has become one of the most interesting and trending research area in the business context globally. Consequently, this concept which initially emanated from the accounting perspectives is yet to have universally accepted definitions. This is as a result of its nature and ingredients that vary among corporate institutions. Without a broadly acknowledged meaning of scholarly capital, (Lev, 2001), clarification of elusive resources fits intimately with the overall understanding of scholarly capital as immaterial resources or materials which are non-actual wellspring of significant worth (claims for future advantages) produced by advancement (improvement), research (revelation), novel authoritative plans, or human asset rehearses. Along these lines, it may be attested that scholarly capital is identified with the reasonable upper hand of any association and is fundamentally connected with an association's assets, its abilities and fitness. Scholastics, professionals and administrators saw it in various methodologies, and in this way characterized, depending on their insight. Notwithstanding, (Kavida and Sivakoumar, 2008) called attention to ideas

which alluded the information resource, scholarly capital and immaterial/scholarly resource by financial specialists, the executive's specialists and bookkeepers separately, and went further to characterize it as a non-actual case to future advantages. Then again, Edvinsson, (1997) characterized scholarly capital in a more unequivocal and hierarchical term as the assets of applied insight, information, proficient abilities, authoritative innovation, and client connections that empower a firm to involve a serious situation in the commercial center. Klein and Prusak (1994) sent general definition by characterizing Intellectual capital as the savvy person (immaterial) material that can be formalized, caught, and utilized on, to a high esteemed resource. Scholarly capital was created by Galbraith in the year 1969, (Khalique, Shaari, Abdul, and Isa, 2011). Albeit an extensive stretch of time has slipped by since its presentation, no agreement exists about its definition. In any case, the current arrangement, feelings and definitions are not extensively unique in relation to one another (Tayles et al., 2007).

Intellectual Capital Components

Scholarly capital is currently a moving subject of incredible interest to scientists, researchers and business elements because of the prologue to the new economy, Gan, and Saleh, (2008). As per Bramhandkar et al., (2007), this alleged new economy, otherwise called the information economy, has moved thoughtfulness regarding the theoretical resources controlled by associations and how they are overseen. This is upheld by Clarke, Seng, and Whiting, (2011), who expressed that for associations working in this new economy, scholarly not actual capital is viewed as an association's most valued resource. The motivation behind why scholarly capital is viewed as significant and abundance creation identifies with the way that theoretical resources are more significant and exploitative than substantial resources Chen, Wang, and Sun, (2012) Moreover, Brunold, and Durst, (2012) expressed that all together for these associations to stay cutthroat, a precise way to deal with scholarly capital should be attempted. The impression of scholarly capital has an extensive consideration over the long haul. From the start, Intellectual capital was presented as the distinction between the book worth and market worth of an association. Stewart, (and Stephanie, 1994).

Later on, (Edvinsson, and Malone, (1997) alluded to Intellectual capital as information that can be changed over into esteem. Stahle, and Hong. (2002), proposed that Intellectual capital is the ability of making esteem when confronted with steady change. Moreover, (Youndt et al., 2004), considers Intellectual to be as the amount of all information utilized in business activities to acquire an upper hand. Notwithstanding, the most well-known meaning of scholarly capital should be the one given by (Sofian et al., 2004), that alluded to it as the ownership of information and experience, proficient information and abilities, objective connections, and innovative capacities which when applied will give associations cutthroat net benefit. Accordingly, it tends to be presumed that scholarly capital is comprised of assets and abilities that uncommon, matchless, significant, and non-substitutable which all lead to organizations having prevalent execution and an enduring upper hand, Kamukama et al., (2011) Literature provides many frameworks for measuring intellectual capital. According to Edvinsson, and Malone, (1997), Intellectual capital is comprised of four components, human, customer, process, and innovation. Sveiby, (1998), suggested that Intellectual capital is mainly divided into individual competence, internal structure, and external structure. However, it can be seen that the most accepted framework of Intellectual capital consists of three components which are human capital (human resources), structural capital (organizational values), and relational capital (relationships). Furthermore, Kamukama et al., (2010), mentioned that these three Intellectual capital dimensions are interrelated and hence have a significant influence on a firm's value position and performance. This is supported by Ngah, and Ibrahim, (2011), who mentioned that intellectual capital must include human capital, structural capital, and relational capital for organizations to achieve their goals as they are interdependent and intertwined with each other. For the significance and reason of this investigation, the Intellectual capital dimensions of human capital, structural capital, and relational capital will be used in accordance with the study of Kamukama, (2013).

Dimensions of Intellectual Capital

Human Capital (HC)

The historical backdrop of human resources can be followed to Adam smith's monetary hypotheses, where he characterized commitments of human resources as essential to the hierarchical effectiveness, execution and to the financial development of the nation. The essential and most significant asset associations depend on its accomplish and its financial in suitability human resources as it assists associations with reacting to ecological changes imaginatively Kong, (2010). Altogether, human resources are viewed as key significance as its intention and purposes influences the presentation of associations. (Santos et al., 2013). Human resources as set by Bontis, (1998), is viewed as information, experience, abilities and skills that is formalized by workers. Insignificant et al., (2009), clarified that human resources accepts the worth creation qualities of an association's labor force. Human resources are in the heads of representatives, Roos and Roos, (1997). Analysts like (Uadiale and Uwuigbe 2011), have contended that albeit, human resources aren't claimed explicitly or straightforwardly by a venture, at the same time, it is the establishment of scholarly capital as person's thought, information and range of abilities are central in the current commercial center or business climate. It ought to be perceived those different perspectives, assessments and meanings of human resources from various researchers and analysts underscores that, human resources are about information, and this implies that human resources can be upgraded through different preparing, ability acquisitions and advancement programs. As per Schultz (1963), training and different types of human resources venture increment yield in an assortment of ways by creating groundbreaking thoughts and strategies that can be exemplified underway hardware and methodology; by preparing laborers to use the new creation procedures and start changes underway techniques, by improving the connections among buyers, laborers and chiefs, and furthermore via cautiously expanding the valuable existence of the supply of information and abilities that individuals epitomize.

Human resources basically encompass information which are given by representatives as skills, responsibility, inspiration and devotion. Similarly, human resources can emerge out of exhortation or tips with key parts, for example, skill, specialized mastery and critical thinking capacities, training, mentalities and pioneering soul. Underlying human capital as it incorporates authoritative exchange mark, generosity, patent, culture, scholarly technique, measures, reasoning, frameworks, data sets and agreements. Moreover, Pablos, (2003) referenced that the significance of human resources lies in its capacity to improve the adequacy and effectiveness of associations and thusly acquire an upper hand. Consequently, human resources are viewed as the main scholarly capital segment as the presence of the firm depends on it (Kianto et al., 2010). Human Resources (HC) is characterized as the amount of representatives' capability, information, abilities, imaginativeness, demeanor, responsibility, astuteness and experience Wang et al., (2014). In any case, Sveiby, (1997), characterized human resources as the ability to act in a wide assortment of circumstances to make both substantial and elusive resources for an association. Human resources comprise of the qualities, perspectives, and propensities for individuals in the association, notwithstanding the authority that propels individuals to show their potential in the association (Tarus, and Sitienci, 2015). It is critical to note that, human resources of one association are not the same as that of another which gives the attributes of being supreme, uncommon and non-replaceable (Ngah, and Ibrahim, 2011). Therefore, (Hussi, 2004) and Mention, and Bontis, (2013), detailed those human resources isn't completely constrained by the association which recognizes it from different assets accessible in the association. Therefore, Chen et al., (2012), exhorted that associations ought to constantly put resources into their human resources to improve their upper hand.

Financial Performance

This is an overall proportion of how well an association can utilize resources from its essential method of business and produce incomes and have total execution. The term is likewise utilized as an overall proportion of association's general monetary wellbeing over a given period. Monetary indicators and financial backers generally utilize monetary execution to look at similar organizations across a similar industry or to analyze businesses areas in total. Certain alternate methods of estimating monetary execution are proliferate, yet all actions ought to be taken in total. Certain things, like income from activities, operational pay, or income from tasks can be utilized, just as all out-unit deals. Besides, the monetary forecasters or business financial backers may wish to ask further into the fiscal reports and search out edge development rates or any declining obligation. Partners are mainstays of any fruitful association, going from exchange leasers, investors, financial backers, representatives, and supervisory crew. A particular gathering has its own personal stake in following the monetary execution of an organization. The components of monetary execution assist associations in some fundamental issues, as it mirrors the adequacy of the supervisory group. The money related execution of an association is vital to measure the board as the people and gatherings inside the association that contributes towards the monetary destinations of the association.

Monetary execution which otherwise called corporate execution, alludes to the manners in which association oversees and screens monetary outcomes across an association. Generally, the reasoning of monetary execution is to contrast genuine outcomes with financial plans and gauges and make changes likewise. Associations are all around outfitted to meet their business objectives. Ventana, (1995), in his examination, portrays monetary execution the board as a particular arrangement of abilities that incorporates and characterizing their association's key exhibition markers, defining vital plans and figures, taking care of execution detailing, and expanding monetary operational proficiency and execution with the association

Earnings per Share

Income per-share (EPS) is explicitly a figure which portrays a public association's benefit for every remarkable portion of stock, as determined on a quarterly or yearly premise. Profit per-share is determined by taking an association's quarterly or yearly net gain and partitioning by the quantity of its portions of stock extraordinary. Income per-share is notwithstanding, a fundamental para-meter of an association's productivity and is utilized to illuminate monetary indicators and financial backers whether the association is a sure thing. Income per-share is a critical or theoretical factors for deciding an association's offer costs. A higher income for every offer essentially demonstrates that the association is more beneficial and has more benefits to disperse to its investors. Income per-share is the absolute financial worth of profit per exceptional portion of basic stock for an association, Monetary Accounting Standards Board, (FASB) requires profit per-share data for the four significant classifications of the pay articulation proceeding with activities, ended tasks, exceptional things, and total compensation Income per-share as prior expressed is a measurement measure and it's critical to gauge hierarchical productivity. A reliable developing income for each offer implies that the monetary indicator or financial backers are getting a portion of association's developing benefits reliably Expanding profit per-share additionally shows that the association is making an incentive for its financial backers Ascertaining an association's essential profit for each offer is basic.

For instance, if an association have 1,000 units of offers and acquires $10,000, its income per-offer would be N10/shares. On the off chance that an association is delivering profits to its investors, the association would be deducted from the total compensation or benefit before computation. Additionally, profit per-offer can be determined in another manner which income per-share called weakened income per-share, which involves the worth of translatable bonds and investment opportunities in the event that they were changed over to stocks in the quantity of exceptional offers. Estimations of weakened profit per-share figured in the impacts of any activity that makes more stocks be given, yet what activities are calculated differs, relying upon the bookkeeping standard utilized. Income per-share is one of the significant segments in the cost to-profit proportion computation for esteeming an organization, which estimates authoritative qualities as a factor of its present offer value comparative with its income per-share.

Agency Theory by Stephen Ross and Barry Mitnick in 1973

The theory stresses the importance of separating ownership from control. The board of directors assumes responsibility for the ratification and monitoring of decisions that have been initiated and implemented by the management of the organization. In this way, risk-bearing functions are kept separate from decision structures, and stakeholders are assured that organizational resources are being used in the way in which they were intended. According to this theory, board members have the responsibility to determine the mission and purpose of the organization, select and evaluate an appropriate administrator, as well as to monitor his or her action to assure that the interests of management are aligned in such a way as to not conflict with the interests of the organization or society (Fligsten and Freeland, 1995).

Agency Theory continues to be a cornerstone in analyzing relationships where authority is delegated, a dynamic that permeates various facets of business and beyond. At its heart lies the recognition that when a principal, be it a shareholder or an employer, entrusts an agent, a manager or an employee, with a task, a potential conflict of interest emerges. This divergence arises because the agent, while expected to act in the principal's best interests, possesses their own set of motivations, which may not perfectly align with those of the principal.

The theory's enduring relevance is particularly evident in the realm of corporate governance, where it provides a framework for understanding the often-complex relationship between shareholders and managers. It illuminates the necessity of mechanisms such as robust board oversight, carefully crafted executive compensation packages, and active shareholder engagement to mitigate the agency problems that can arise when ownership and control are separated. Furthermore, Agency Theory offers invaluable insights into managerial behavior, shedding light on why managers might engage in actions that prioritize their own interests over those of shareholders, such as pursuing excessive risk or building empires. This understanding underscores the importance of incentive structures that align managerial goals with shareholder value.

Beyond corporate governance, Agency Theory extends its reach into the design of financial contracts, informing the creation of debt covenants and compensation agreements that incorporate monitoring and control mechanisms to ensure agents uphold their contractual obligations. Its principles also guide the design of organizational structures, particularly in situations where ownership and control are distinct, emphasizing the need for clear lines of authority, performance measurement, and reward systems. Moreover, the theory's applicability transcends the corporate world, finding relevance in various principal-agent relationships, from client-lawyer to patient-doctor, highlighting the universality of the challenges posed by delegated authority. In essence, Agency Theory remains profoundly relevant because it provides a crucial framework for navigating the inherent complexities of principal-agent relationships, emphasizing the importance of aligning interests, mitigating information asymmetry, and establishing effective governance structures.

Empirical Review

El-Bannany (2012), dissected the impacts of the new monetary emergency on Intellectual capital in UAE banking area by the utilization of numerous relapse investigation more than 2004-2010. The discoveries showed huge impact of the new monetary emergency and the market structure on Intellectual capital. What's more, the discoveries demonstrated that the free factors (IT speculations, size, and boundaries to section, benefit, hazard, age and posting age) are significant and decidedly influence Intellectual capital execution. These outcomes are completely viable with the discoveries of El-Bannay, (2008), which was led in the UK banking area over the period 1999-2005 Shah, et al. (2010), inspected connection between information creation and scholarly capital in Taiwan's financial area. The outcomes showed a positive effect of information creation on HC, SC and client capital. Moreover, HC execution showed critical impact on client capital and SC. Additionally, client capital decidedly impacts primary capital and keeps money with high human resources has great operational proficiency. In an examination on 21 banks recorded on the Milan Stock Exchange, and utilizing information from 2005 to 2007, Puntillo (2009), tracked down no factual proof of a relationship between business execution estimated by profit from venture (ROI), return on resource (ROA), market- book-esteem (MBV) and IC. The solitary affiliation was confirmed between capital utilized CE and the exhibition measures.

Mondal and Ghosh (2012), investigated the connection between Intellectual capital and execution as far as ROA, ROE and ATO for 65 Indian banks for 1999- 2008. The discoveries featured huge connection between Intellectual capital and firm benefit (ROA and ROE) and profitability execution (ATO). They likewise added that human resources majorly affect banks execution. These discoveries are corresponding with Kamath, (2007) that demonstrate that unfamiliar banks show ideal utilization of HC to make esteem, though open banks depend on CE to accomplish great execution.

Notice and Bontis (2013), examined the connection between Intellectual capital and its parts with banks execution in Luxembourg and Belgium. The discoveries show that human resources influence banks execution straightforwardly and by implication, while underlying capital and social capital both introduced unimportant beneficial outcome on banks execution. Mavridis and Kyrmizoglou (2005) talked about the impact of Intellectual capital parts on Greek banks execution. Seventeen greatest banks have been examined ludicrous 1996-1999 utilizing a prescient (relapse) investigation. The discoveries introduced critical positive connection between esteem human resources and actual capital. Additionally, huge positive relationship has existed between esteem added and net benefit.

Joshi et al. (2010) investigated the connection between Intellectual capital (and parts) and banks' presentation ridiculous 2005-2007 utilizing the VAIC model. Huge connection between Human capital and won creation effectiveness has been accounted for, where human resources are generally higher than underlying capital and social capital. In addition, bank size, number of representatives, and investor value has no impact on Intellectual capital execution of Australian banks Cabrita and Vaz, (2005), read a similar point for the Portuguese financial area. The outcomes showed a huge and positive connection between Intellectual capital and banks execution. Likewise, the investigation found that esteem creation exists when the Intellectual capital components collaborate, which implies that more the connection among Intellectual capital components, the more worth is made. These outcomes are totally viable with the discoveries of an examination led by Cabrita and Bontis (2008), who showed that human resources is a significant piece of Intellectual capital that assists manages an account with seeing how workers can make esteem.

Holienka and Pilková (2014) investigated the effect of Intellectual capital and its components on firm execution when the emergency on SMEs in 10 distinct areas in Slovakis by utilizing the VAIC model. Board information comprising of 2008 (pre-emergency year), 2011 for (post-emergency year) was used to examine and think about the distinctions in the effect of Intellectual capital on SMEs execution (ROA) By utilizing a relapse model, the outcomes showed an expanding part of Intellectual capital in foreseeing association's monetary exhibition in the post-emergency time frame contrasted with the pre-emergency time frame. Besides, the outcomes demonstrated that Intellectual capital in for the most part altogether affects firm execution, while its segments (HC, SC, and CE) showed an alternate outcome. Essentially, Radianto (2011) results show that Intellectual capital is decidedly influences bank execution (ROA) over pre- and post-emergency periods. The investigation of Sumedrea (2013) is likewise incompletely viable with Holienka and Pilková (2014) and Radianta (2011), where the discoveries demonstrated that in the emergency period HC and SC assume a significant part in organization's turn of events, while monetary capital is the significant factor that influences firm productivity.

Turkey, et al. (2016) examined scholarly capital and bank monetary execution (ROA) connection over the period 2005 and 2014 utilizing VAIC model. The discoveries demonstrated that HC and CE both have positive effect on monetary execution of banks (ROA). Be that as it may, CE is influences banks monetary execution more than IC Yalama and Coskun (2007), arrived at comparative outcomes somewhat, where they tracked down a positive effect of IC on banks productivity (ROA and ROE) in Turkish banks recorded on Istanbul stock trade (ISE) over the period 1995-2004. Calisir et al. (2011), considered the pattern of scholarly capital executives in both turn of events and venture banks in Turkey over the period 2003-2007. The outcomes showed a diminishing pattern of VAIC productivity began in 2003, which at that point started to increment in 2005 and 2006. As indicated by Avci, and Nassar, (2017), in their examination to explore scholarly capital and its parts (human resources, underlying capital and capital utilized) connection based on market, monetary and profitability execution of the monetary area when monetary emergency. The paper was directed utilizing information from 44 recorded organizations including 11 banks, 29 holding and venture organizations and 4 renting and considering organizations, from 2004-2015 on Borsa Istanbul utilizing straight relapse model (OLS) factual apparatuses to discover the impact of the monetary and to analyze the effect of Intellectual capital (free factors) on monetary association's exhibition as reliant factors. The discoveries of the examination are reliable with the past investigations for example Bontis et al., (2000), Muhammad and Ismail, (2014), Goh (2005, El-Bannany, (2012). shih et al, 2009, Mondal and Ghosh, 2015, Mention and Bentis, 201, Joshi et al. 2010, Yalarma, 2014). Furthermore, incompletely steady with the past examinations for example Holienka and Pilkovi, (2014); Sumedrca, (2013) and Radianto, (2011). Public's technique VAIC was utilized as an estimation of scholarly capital. Market execution was addressed by (MB and PE proportions), (ROA, ROE and EPS proportions) were utilized as pointers of monetary execution and ATO proportion was utilized as marker of efficiency execution.

Morariu (2014), investigated that human capital contributed major role to reduce the Romanian public companies' productivity. It was also found that being an emerging economy the Romanian companies may not afford the cost for properly managed structural capital Nimtrakoon (2015), found that the market value and financial performances were improved using intellectual capital as a resource attribute. Mavridis (2005), appraised VAIC model on financial performance using seventeen commercial banks and concluded that value added (VA) and physical capital has normal, strong and positive relation. Goo and Tseng (2005) examined the empirical relation of IC performance and its impact on financial performance of 500 Taiwanese manufacturers using VAIC. They explored that IC has positive substantive effect on financial performance. Another study was conducted to measure the intellectual capital performance Le. (HC, SC, and RC) and its impact on financial performance (ROE, EPS and ASK) of 150 listed companies in Singapore stock exchange by using VAIC model and conduced that IC performance has significant relation with firm's performance of UK banks over the period 1999-2005 and argued that efficiency of UK banks is based on human capital which means an efficient bank is more investing to create Human Capital (HC). Saudah, (2005), argued that IC has positive relation with financial performance of firms and same findings are supported by Riahi-Belkauui (2003), concluded that IC has positive and substantive influence on corporate performance of US multinationals. Sur and Chakraborty (2006) have discussed about financial performance of Indian Pharmaceutical industry. They have been made the comparative analysis the financial performance of Indian Pharmaceutical industry for the period 1993 to 2002 by selecting six notable companies of the industry.

They explained that the Indian Pharmaceutical industry has been playing a very significant role in increasing the life expectancy and in decreasing the mortality rate and it is the 5th largest in terms of volume and the 14th largest in value terms in the world. Another investigation was led to gauge the IC presentation of seventeen business banks of Bangladesh by utilizing the (VAIC) model and presumed that business banks have more Human Capital Efficiency (HC) than Structural Capital Efficiency (SC) and Relational Capital (RC) (Mohiuddin, et al., 2006) Another investigation identified with innovation escalated recorded on Malaysian stock trade announced by Gann and Saleh (2008), discovered moderate connection among IC and benefit and efficiency, nonetheless, their exploration didn't show any proof for sway on market valuation. Exploration on Malaysian firms found that there is a connection among IC and benefit as revealed by Muhammad and Ismail (2009). Laing, et al., (2010), inspected that IC has positive considerable impact on monetary execution of hotel industry of Australia Over the time of 2004-2007 directing VAIC philosophy. They reasoned that (IC) Intellectual Capital Efficiency depends on Human Capital (HC) of lodging industry of Australia which emphatically energizes monetary execution (ROA) of inn industry. Ahangar (2011). directed the investigation by utilizing the VAIC to quantify the scholarly capital presentation and its effect on monetary returns in Iranians organizations. He presumed that Human Capital (HC) emphatically affects monetary returns of organizations though the relationship of primary and actual capital was not huge with monetary execution of organizations.

Maditinos et al., (2011). investigated effect of IC and its parts on monetary execution and Market Value for 96 firms recorded on Athens Stock Exchange (ASE), from four diverse financial areas and announced that solitary human resources segment has critical effect. The observational proof neglected to show the effect of IC on monetary execution for the banks recorded in Milan stock trade as announced by Puntillo (2009). As IC is perceived as one of the significant key resources during the most recent twenty years. Maditinos et al. (2011), endeavored to examine the experimental connection of IC with association's market and monetary execution of 96 recorded firms in Athens's stock trade and contended that lone (HC) has critical and considerable positive connection with monetary execution (ROE) of firms. Another investigation on 80 firms recorded on Indonesian stock trade, tracked down that the Intellectual Capital proficiency has a huge impact on the current as well as future execution of the organizations (Pasaribu, 2012). The above exact confirmations portray that the ramifications of scholarly funding to execution can't be summed up to all businesses The way that the vast majority of scholarly capital investigations were done in the created world, there is as yet restricted writing on the impacts of scholarly capital in the creating scene. especially the financial business.

Methodology

Research design is a plan, strategy of examination conceived as to obtain answers to research questions (Castillo, 2009). In this study, the researcher adopts survey design. It is a research design where a sample of population or item is chosen and data collected, analyzed and report made based on the sample. Here a group of people or item will be studied by collecting and analyzing data from a few people or item considered a representation of the entire group population. This study's population consists of five (5) multinational companies that dealgin consumer goods. PZ Cussons Nigeria Plc, Seven-Up Bottling Company Ltd, Guinness Nigeria Plc. Unilever Nigerian Pic, and Coca-Cola Company Nigeria are some of the companies involved.

Table 1: Distribution of Questionnaire to the Management Staff According to their Companies

FMCGs	**Number of Staff**
PZ Cussons Nig. Plc	36
Seven-Up Bottling Company Ltd	50
Guinness Nigeria Plc	34
Unilever Nigerian Plc	43
Coca-cola Company Nigeria	52
Total	**215**

Source: Researcher's Field-study 2024

Sample/Sampling Techniques

Stratified random sampling was the technique used in selecting the sample, which gave every member of the management staff equal chance of being selected, and therefore, made the sample a representative one. According to the human resource departments, the management staff of PZ Cussons Plc was 36, Seven-Up Bottling Company Ltd was 50, Guinness Nigeria Plc was 34, Unilever Nigerian Plc was 43, and Coca- Cola Company was 52. This data was released by the human resource departments on the approval of human resource. So, these figures constitute the total population of 215 from which sample was drawn.

Table 2.

FMCGs	**Questionnaire According to Hierarchy**				**Copies Retrieved**
	Top Managers	**Middle Managers**	**Lower Managers**	**Supervisors**	
PZ Cusson Nig. Plc.	5	10	16	26	57
Seven-Up Bottling Company Ltd	4	8	17	21	50
Guinness Nigeria Plc	1	4	6	8	19
Unilever Nigeria Plc	2	4	8	6	20
Coca-Cola Company Nigeria	3	8	14	38	63
Total	**15**	**34**	**61**	**99**	**209**

Source: Researcher's Field-study 20214

Results and Analyses

Test of Hypotheses

To assess the statistical significance of this analysis, the researcher developed a confidence interval with a 0.05 level of significance. The following is the representation scheme that was used for the coefficient values

i. No Relationship = 0
ii. Low/Weak Relationship =0.1-0.2
iii. Moderate or Relatively Strong Relationship = 0.3-0.5
iv. High/Strong Relationship = 0.6-0.7
v. Very High/Very Strong Relationship = 0.8-0.9
vi. Perfect Relationship = 1.

These interpretations have been drawn from diverse instances of their usage (Zeb-Obipi in Agabe 2020).

Ho_1 There is no significant influence between human capital and financial performance of consumer goods manufacturing companies in Rivers State.

Table 3.

Human Capital	Pearson Correlation Sig. (2-tailed) N	1 209	.822** .000 209

Source: SPSS Output

In column two of table 3, the r value for the hypothesis linking human capital and financial results is 0.822 at a significance level of 0.00, which is lower than the chosen alpha level of 0.05 The null hypothesis (Hol) that there is no meaningful relationship between human resources and financial output of multinational FMCG companies in South-South Nigeria is dismissed, whereas the alternative hypothesis (Hal) is accepted because the significance value is less than the alpha level of 0.05. This suggests that the human capital of multinational FMCG companies in South-South Nigeria has a huge impact on their financial results.

Discussion of Findings

The test of hypotheses, revealed that there is a significant influence between human capital and Profitability of consumer goods manufacturing companies in Rivers. This finding is in consonance with the views of a study on 21 banks listed on the Milan Stock Exchange, and using data from 2005 to 2007, Puntillo et al., (2009) found no statistical evidence of an association between business performance measured by return on investment (ROI), return on asset (ROA), market-book-value (MBV) and IC. The only association was evidenced between CE and the performance measures.

Mondal and Ghosh (2012), explored the relation between Intellectual capital and performance in terms of ROA, ROE and ATO for 65 Indian banks for 1999-2008. The findings highlighted significant relation between Intellectual capital and firm profitability (ROA and ROE) and productivity performance (ATO). They also added that human capital has a major effect on banks performance. These findings are parallel with Kamath, (2007) that indicate that foreign banks show perfect use of HC to create value, whereas public banks rely on CE to achieve good performance.

Mondal and Ghosh (2012), Kamath, (2007); Mention and Bontis (2013); Cabrita and Vaz, (2005); Sumedrea (2013); Holienka and Pilková (2014); and Radianto et at., (2011) which assert human capital enhances organizational performance such as profitability, revenue growth, employee satisfaction and return on equity. It is important to note that human capital is a key factor to enhancing effective operations and performance of organizations as can be found among FMCGs in South-South, Nigeria. Human capital shows more effective value creation in the organization. Through adequate human capital, organizations are able to respond to environmental changes innovatively (Kong, 2010). The knowledge, experience, skills and competence possessed by employees is a major determinant of effective operation for the performance of FMCGs in South-South Nigeria (Santos, et al, 2013).

Conclusion

The study aimed at investigating Intellectual Capital and Financial Performance of Consumer Goods Manufacturing Companies in Rivers State. Based on the outcomes of the empirical validations found in this study, it is notable to state that intellectual capital such as human capital enhances better profitability. This study's findings are clear evidence that intellectual capital provides immense value to a business organization. Intellectual capital items such as the intangible assets ensure that products, ideas, and concepts are not imitated in the market which offers an organization with a better competitive advantage for intellectual capital to blossom in an organization, it must be identifiable and measurable Intellectual capital items such as human capital, structural capital and relational capital are vital elements that enhance operations and performance of organizations. For example, it contributes to financial, stakeholders' and market-based performances. Given the benefits that come about from investing in intellectual capital, management has to use the experiences of other both its internal and external environment to gain knowledge of the intangible resources that are key drivers to organizational performance.

Recommendations

Base on the findings and conclusions, a recommendation was made that Management should create and strengthen a learning environment for the employees in order to foster the sharing of intellectualism so as to enhance effective operations and performance.

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