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SUSTAINABLE LABOUR PRACTICES AND FINANCIAL PERFORMANCE OF LISTED PREMIUM BOARD FIRMS IN NIGERIA

Olusola Esther IGBEKOYI[1] and Gbenga OLUWAJUYIGBE[2]

[1&2]Department of Accounting,
Adekunle Ajasin University, Akungba Akoko, Ondo State, Nigeria.

ABSTRACT

This paper investigates the effect of sustainable labour practices on the financial performance of listed premium board firms in Nigeria between years 2012 – 2020. This is done with a view to determine how the labour practices policy adopted by Nigerian firms influences financial performance; with specifically focusing on the premium board firms. The population for the study comprises the eight premium board firms listed on the Nigerian Exchange group. Data were obtained from the audited annual reports of the firms for a period of 2012 to 2020. Panel least square (PLS) was used to analysed the collected data. The study found that Employee turnover and Employee benefit have statistically significant positive and negative effect on financial performance respectively; while non-discrimination policy is positively insignificant. When the mediating effect of Employee productivity measured was tested, it was discovered that only employee turnover has positively significant effect on financial performance of listed premium board firms. The implication of these findings is that employee turnover and employee benefit have significant influence on financial performance of firms; but in the event of considering the mediating effect of employee productivity, employee turnover has shown more influencing contribution. The study therefore concludes that labour practices that maintain an employee turnover level can have significant positive influence on financial performance due to openness to opportunity for innovative inflow of experience. The study therefore recommends that firms should adopt labour policies that uphold employee retainment that will significantly enhance productivity and financial performance of firms.

Keywords: Employee turnover, employee benefit, non-discrimination policy, employee productivity, financial Performance

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1. INTRODUCTION

Globally, the quest for sustainable business practices is borne as a result of destruction to the environment, oppression and poor governance, which consequences were unfavourable climate changes, unfair labour practices, poverty and corruption among others (UN, Department of Economic and Social Affairs, 2013). Sustainable practices have become a social demand by stakeholders forcing firms to shift attention from traditional objective of profit maximization to long-term sustainable goals (Cachón- Rodríguez *et al.,* 2021). These agitations awaken companies to have human face in their daily activities by engaging in decisions that will preserve the planet, people and prosperity, even of the future generation (Igbekoyi *et al.,* 2021). Hence, birthing the adoption of the United Nations (UN) 2030 Sustainable Development Goals *(SDG)* where goal eight of the SDG demands for the promotion of sustainable economic growth, employment and decent work for all (United Nations, 2017). According to Employment New Zealand, (2021) there has also been a continuous demand for ethical and sustainable labour practices *(SLP)* in response to incident of workers' exploitation through wage underpayments, harmful working environment, child labour, forced labour, discriminations and firms that fail to integrate ethical and SLP stand the risk of future financial viability (Hässler *et al.,* 2020).

Prosperity for both firms and individuals may become impossible if the intellectual capital derived from employees is neglected, thus SLP is a critical factor for firms' growth through profitability and productivity (Zhao *et al.,* 2018). It was found that implementation of poor employee practices by some big companies such as Adidas, Apple and Nike in the past negatively affected the firms' performance and reputation (Lee, *et al.,* 2013)**.** Data made available by United Nations suggest that 80% - 90% of disabled persons in developing nations of employable age remains unemployed while the Nigerian Bureau of statistics (NBS) reported that over four million citizens became unemployed in 2017 and this position was compounded with the outbreak of COVID-19 pandemic in 2020 forcing the country to occupy the 28th position of unemployment and underemployment rating (Nigerian Bureau of Statistics, 2020).

The productivity of the workforce depends largely on compliance and adoption of best sustainable labour practices brought forward by various local and international organisations that regulate and promote sustainability, otherwise, the labour force may constitute a bottleneck that may snowball to obstacles such as loss of revenue, reputation and winding up (Hanaysha, 2016). Findings from previous studies on

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social sustainability practices showed that diversity in the workplace, corporate social responsibility, among others are factors that impacted the financial performance of firms. Larger number of studies found a positive relationship (Pan *et al.,* 2014; Ameer & Othman 2012; Kapoor & Sandhu 2010) while few established a negative relationship (Ramanna, 2020; Hussain *et al.,* 2018). There are also evidences of studies conducted in Nigeria and other developed countries on unfair labour practices (Aluko & Aderonmu, 2019); labour practices (Ikeije *et al.*, 2016); the findings of these studies affirm that ethical labour practices show a positive relationship with firm performance. Based on the scientific opinion from previous studies, it is safe to suggest that sustainable labour practices could improve firm financial performances.

Nigeria Exchange Group (2020) stated that the Premium Board firms are publicly listed companies that meet most stringent corporate governance and listing conditions of the Nigerian Exchange group (NGX) and to date, eight firms have achieved the status in Nigeria. These firms are dubbed industry leaders because of their readiness to adhere to international best practices and NGX’s highest standards. Premium board firms are given global visibility and credibility (NGX, 2020a). This private sector of the economy where this study focuses has attracted the interest of policy-makers, professionals and researchers because of the crucial role this sector plays in the growth of developing economies (Ikeije *et al.,* 2016). This study specifically focuses on PBFs listed on the Nigerian Exchange Group, because they are a group of elite firms the Securities and Exchange Commission mandated with effect from January 1st 2019 to accompany with their annual report a sustainability report prepared according to Nigerian Exchange Group sustainability disclosure guidelines and other international best practices (NGX, 2020b). However, these premium board firms, due to their multinational nature, have been complying with international best practices on sustainability prior to the mandatory commencement year of 2019 in Nigeria.

If the premium board firms are regarded as industry leaders, then there is need to evaluate their policy perspectives regarding global expected practices. It is essential to be concerned about these firms as they are the image makers and a reflection of what is obtainable in all other Nigerian listed firms. The broad objective of this study is to examine sustainable labour practices and financial performance with focuses on three components of sustainable labour practices namely; employee benefits, employee turnover and non-discrimination policy on disability and to examine employee productivity as mediator on this relationship.

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This paper is structured into five distinct headings and other subheads; the introductory aspect of the study, the review of the literature and hypotheses development for concepts clarification, and showing interactions between variables in line with previous studies. The third heading is the explanation of data and methods used in the study. The analysis and discussion of findings are explained in the fourth heading and finally, the conclusion and recommendations are outlined in the fifth heading.

2. LITERATURE REVIEW

According to the Nigerian Exchange Group publication, (2018) sustainable labour practices involve activities in the work environment that guarantee employability, non-discrimination against disability and fair remuneration. Davidson and Wang, (2011) describe SLP as practices put in place by firms to ensure that underemployment is prevented. In the context of employment, ethical and sustainable labour practices are referred to as practices that focus at meeting the minimum employment standard that satisfies the current needs of the employee in a durable manner without compromising the future of the firm or industry. The descriptions given to SLP by previous studies tends to protect employee from forced labour, non-discrimination, under payments, violations of employee right however, it also protects the firm from doing any practices that could expose it to have a threat of going concern. Therefore, for the purpose of this study, SLP is defined as fair engagement practices that bring satisfaction to parties in an employment contract; where employee well-being could lead to employee productivity and firm profitability.

The engagement practices that can bring satisfaction focused in this study are the employee benefit, employee turnover and the non-discrimination policy. Employee benefit is the total economic benefits that accrue to an employee in exchange of the service rendered in an employment contract, decisions on employee benefit programmes are essential because its success can affect the achievements of future firm’s objectives (Tomcikova, 2016). In this study context, employee benefit is the fair consideration employees are paid to make a decent living in exchange for the services rendered to the firm without jeopardizing the survival of the firm. Price (2001) describes employee turnover as the departure of the employee from an organization, also a number of employees employed that exited an organization during a specific period. High employee turnover threatens sustainability of

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individual employees, firms' overall performances and community's social and human capital development (Cliff, *et al.,* 2001). Non-discrimination policy is a deliberate step to integrate people with disability into regular employment alongside with their non-disabled counterpart.

Previous studies have shown evidences of potentials of these variables to influence financial performance. Financial performance in the study is represented with return of assets (ROA). Pointer and Khoi (2019) argue the convenience of ROA application across industries and companies of different sizes and that it is a better measure of profitability. This is because it provides information about how much profit each unit of assets is able to generate in a given period (Abraham *et al.,* 2017). In respect of employee benefit, Lin *et al.,* (2014) argue that it is one of the most significant firms' investments and its influence on firm performance remains scarce in the literature. Tsai *et al.,* (2012) submitted that sustainability practicing firms attract the respect of potential employees. Regarding employee turnover, findings have indicated that labour turnover has an inverse and negative relationship with firm performance (Wang & Sun, 2020; Kwon, 2019; Effiong *et al.,* 2017; Song & Ito, 2017;). The reason for the adverse effect was suggested by Wang, (2011) as found that the industries were not prepared for sustainable labour as staff casualization was the strategy adopted to address workforce shortage. However, this study argues that labour practice in a sustainable environment should have a positive effect on firm financial performance. Researches have also found that diversity and non-discrimination improve productivity, culminating to innovation that benefits the firm profitability (Olufemi, 2021; Lips, 2017).

A firm's Labour practice cannot be regarded as sustainable if it cannot result in to productivity. It is therefore inferred in this study that employee productivity has a mediating role to play in ensuring that financial performance is enhanced. Employee productivity is the evaluation of the output of an employee in a particular period of time (Ajayi, 2020). The performance or success of any organisation relies upon the productivity of its workforce therefore employee productivity is an important consideration for businesses (Lipman, 2013). Studies that analysed the mediating role of employee productivity in the relationship between SLP and FP are limited. However, the existing studies attempted to provide an insight on the mediating role of EP (Tunio *et al.,* 2020; Lai *et al.,* 2016).

This study is underpinned on the equity theory that was propounded by John Stancey Adams in 1965. The theory posits that employee's value fair treatment and monitors fair or unfair distribution of resources within their interpersonal

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relationship. Employees ensure equity between what their input into a job and what they receive from it against the perceived inputs and outcomes of others. It is assumed that employees who perceive inequity will seek to minimize it, either by distorting inputs and outcomes or leaving the organization. The theory of equity has been widely adopted in recent years by researchers in social and management sciences (Nguyen & Do, 2020; Mensah *et al.*, 2020; Yen *et al.*, 2018). This theory applies to this study because employees expect that what they contribute into the firm as input in the form of experience, skills should commensurate with what they receive in the form of employee benefits, job satisfaction, high employee retention or low employee turnover, non-discrimination which is supposed to contribute to employee productivity and consequently impacting financial performance.

From review of existing studies from both developed and developing countries it shows that labour practices positively affect financial performance as Ojuando and Kihara (2021) investigate strategic adoption of CSR on performance of plastic manufacturing firms in Kenya, the outcome of the study establishes that ethical labour practices proxy with gender sensitivity, working conditions, level of wages and salaries positively and significantly affects performance of the manufacturing firms. Dávila and Troncoso (2018) examine the adoption of ethical labor practices in operations of Agro industry, forestry and tourism firms in Chile. Cross-sectional and correlational research design was adopted and a total of 89 individuals were involved in the study and found that various aspects of labor practices adopted in the study positively affected firms' level of commitment in discharging its mandate to the society.

Also, employee benefits influence on firms' financial performance produced a mixed result as research by Rizov *et al.*, (2016) on the productivity of over 360,000 British firms and how it changed after the introduction of the national minimum wage, the result indicates an increase of the wage has a positive relationship with firm productivity and growth. Ohaka *et al.*, (2020) examined the effect of human resource cost on financial performance of quoted manufacturing firms in Nigeria, wage and salary cost, return on equity and earnings per share served as proxies for the study variables and the result shows that human resource cost significantly influences financial performance of quoted manufacturing firms in Nigeria.

Meanwhile, Aguilar et al., (2020) examine how employee compensations (salary, wages & bonus) and staff welfare influences firm profitability; the result of the study shows that a non-significant relationship exists between employee compensation while significant relationship was found between employee welfare and firms'

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profitability. In Nigeria, Craig et al., (2020) investigate the relationship of employee remuneration and performance of some selected Nigerian manufacturing firms. The findings revealed that staff cost is not significantly related to profit.

There are also mixed relationship results on the effect of employee turnover (ETO) and firm performance. Davidson and Wang, (2011) investigated the recruiting practices and factors that causes labour turnover and skill shortages in Australian five-star hotels, findings show that the industry did not prepare for sustainable labour because casualization of staff was the strategy adopted to address workforce shortage. Kwon, (2019) claims that many researchers underpinning theories such as social capital theory, human capital theory, cost-benefit approach, and learning curve theory have examined the impact of employee turnover rate on firm performance and found a variant of relationships; inverted U-shape, linear negative, attenuated negative.

Gosnell *et al.,* (2019) investigate management practices and employee productivity of Airline captains. It was found that monitoring of performances and setting of targets significantly increase captains' productivity. Lai et al., (2016) examine the influence of human resource management (HRM) practices on SME's performance in the United Kingdom, as well as the moderating effect of organisational commitment and job satisfaction on the HRM-performance relationship. The authors find a positive and direct relationship between the use of certain formalized human resource (HR) practices and SME performance, measured by financial performance and labour productivity.

Krekel *et al.,* (2019) found a significant relationship of employee satisfaction with firm's performance and employee productivity. Tunio *et al.,* (2020) explore the relationship between corporate social responsibility (CSR) disclosures and financial performances (FP) through mediating the role of employee productivity (EP). The results show that the employee productivity has positive significant effects on baking performances. Meanwhile, in Nigeria, Ngwenya & Aigbavboa, (2016) investigate the improvement of construction workers productivity through efficient Human Resource Management practices. It was found that HRM practices enhance productivity and employee performance in a construction company.

Evidence from reviewed literatures indicate that studies on the influence of sustainable labour practice on financial performance in Nigeria is limited in studies, Empirical studies suggest that employee turnover rate and firm performance is negative (Kwon, 2019). However, its negative shape remains inconclusive,

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likewise, there have been inconsistent results considering the effect of employee benefit and retention on financial performance, also much work has been done in the manufacturing sector, this study focuses on listed premium board firms in Nigeria. Employee's productivity and firm performance has been investigated by researchers across different fields, however, this study deviated by introducing employee productivity as a mediating variable in the relationship between SLP and FP in a developing economy such as Nigeria, with premium board firms as focus. Thus, hypotheses are therefore stated as;

H_{01}*: Sustainable Labour Practices does not significantly affect the financial performance of listed Premium Board Firms in Nigeria.*

H_{02}*: Employee Productivity does not significantly mediate the relationship between Sustainable Labour Practices and the financial performance of listed Premium Board Firms in Nigeria.*

3. METHODODOLOGY

The study adopted the *Ex-post facto* research design to examine how sustainable Labour practices influence the financial performance of listed premium board firms in Nigeria. The study selects a sample size of seven out of the eight premium boards listed as at 31st December 2020. This was done to purposively elite firms that have been listed since 2012. MTN Nigeria listed in 2018, it was excluded from this study due to insufficient data. Data were obtained from published annual reports of the selected PBFs for the period of 2012 to 2020. The base period of 2012 was selected being the year of adoption of International Financial Reporting Standards (IFRS) and the period Global Reporting initiative GRI 4 was launched. Data that relates to the variables of the study; employee benefit, employee turnover, non-discrimination policy and employee productivity. The description and measurement of the variables are shown in Table 1. The data collected was analysed using descriptive statistics and panel least square regression after subjecting them to diagnostic tests.

3.1 Model Specification

The equity theory propounded by Adams in 1965 is used in the analysis. In order to investigate the effect of sustainable labour practices on financial performance of listed premium board firms in Nigeria, this study adapted the model of Craig et al.,

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2020 and the following econometric model is used to depict dependent variables, explanatory and mediating variables relationships:

$FP_{it} = f(SLP_{it})$

$FP_{it} = f(EB_{it}, ET_{it}, ND_{it})$

$ROA_{it} = a + \beta_1 EB_{it} + \beta_2 ET_{it}t + \beta_3 ND_{it} + e_{it}$ -- *i*

$ROA_{it}*EP = a + \beta_1 EB_{it}*EP + \beta_2 ET_{it}*EP + \beta_3 ND_{it}*EP + \varepsilon_{it}$ --*ii*

Where;

FP= Financial performance

SLP= Sustainable Labour Practices

ROA= Return on Assets

EB= Employee Benefit

ET= Employee Turnover

ND= Non-Discrimination Policy

EP = Employee Productivity

β= Coefficient of the explanatory variable (slope)

ε =Represents the error term in the model

it= 'i' in period t'

The *a priori* expectation are as follows: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$

Table 1: Summary of Measurement of Variables

Variables	Descriptions	Measurement	Source(s)
Independent Variables			
Sustainable Labour Practices (SLP)			
Employee Benefits (EB)	total economic benefits that accrue to an employee.	Sum of salaries, wages & fringe benefits	Craig et al., 2020
	Rate of departure of the employee from a firm.	Current staff minus previous staff divided current staff	Effiong et al., 2017

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		Dummy numbers:	Lips, 2017
Employee Turnover (ET)	step to integrate people with disability into regular employment	ND practices attracts 1 non-practices attract 0	
Non-Discrimination Policy on Disability (ND)			
Mediating variable			Yu-Shan, 2011
Employee Productivity (EP)	evaluation of the output of an employee	Revenue from sales divided by number of employees	Abdulateef & Orshi, 2016; Davison & Maguire, 2003;
Dependent Variable;			
Firm Performance		Profit after tax divided by	
Return on Assets (ROA)		total asset	Abraham *et al.*, 2017

Source: Authors' Compilation, 2021

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The study obtained the descriptive properties of the variables with a view to exploring their distribution, which is a key to the consistency and efficiency of the model; the result of the descriptive statistics is reported in table 1. Returns on Assets (ROA) across the firms average 2.530485 with a standard deviation of.5341486, implying a moderate variation in returns on assets across the firms given its closeness to mean value. The firm with the least ROA has a value of 1.681241 and the firm with the highest returns on assets has a value of 3.358548. Data for the variable is positively skewed and has a normal distribution with a kurtosis value less than 3 as it shows (1.708295). The employee benefit (EB) has an average value of

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24.28774 with a standard deviation of .9220971, indicating that the employee benefit for firms in premium board highly varies from each other considering its distance to the mean value.

Employee benefits range from 21.86462 to 25.28629. Furthermore, table 1 show an average employee turnover rate of 3.771024 with a standard deviation value of .3148316, indicating that the rate of employee turnover for premium board firms varies moderately with a minimum value of 3.03046 and a maximum value of 4.383519. Also, non-discriminatory policies have a mean value of .968254 with a standard deviation of .1767314, implying that there is little variation in non-discriminating policies among the companies listed on premium board with a minimum value of 0 and a maximum value of 1.

The data is negatively skewed and has a leptokurtic distribution. Lastly, from table 1, it is shown that the average employee productivity (EP) of the firm is 1.965463 with a standard deviation of.0612377, indicating that the productivity of employees in the sampled firms moderately varies, ranging between 1.881094 and 2.111899. The data is positively skewed and the kurtosis is slightly above normal distribution, having a value of 3.289294. In summary, all the variables could be said to have a normal distribution except for non-discriminatory policy which is binary.

Table 2: Descriptive Statistics

Variables	ROA	EB	ET	ND	EP
Obs	63	63	63	63	63
Mean	2.530485	24.28774	3.771024	.968254	1.965463
Std. Dev.	.5341496	.9220971	.3148316	.1767314	.0612377
Min	1.681241	21.86462	3.030467	0	1.881094
Max	3.358548	25.28629	4.383519	1	2.111899
Skewness	.3597603	-1.158935	-.5311652	-5.341609	.8096496
Kurtosis	1.708295	3.364933	3.799899	29.53279	3.289294

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4.2 Test of Variables

4.2.1 Normality Test

The normality of data distribution is an assumption of running a linear model, which assures that the p-values for the t-test and F-test will be valid. The normality of residuals was conducted using the Shapiro-Wilks test of normality and the result is presented in table 2. The results indicate that variables explaining sustainable labour practice and financial performance have p-values that are higher than 0.05 as indicated on the table at 5% level of significance.

Table 3: Shapiro-Wilk W Test for Data Normality

Variables	Obs	W	V	z	Prob>z
residuals	63	0.99387	0.346	-2.291	0.98903

Skewness/Kurtosis tests for Normality

				----------joint ------	
Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
residual	63	0.9373	0.7849	0.08	0.9604

Authors' Computation (2021)

4.2.2 Correlation Analysis

The linear association or relationship between the dependent and explanatory variables was tested using the pairwise correlation coefficient. Table 3 shows that the relationship between returns on assets and employee benefit is inverse, with a coefficient of -0.2045, implying that if employee benefit improves, returns on assets will decrease by 20.45 percent. The relationship between returns on assets (ROA) and employee turnover (ET) is positive, having a coefficient of 0.3572, which implies that a one-time increase in employee turnover will increase ROA by 35.72 percent. And likewise, the relationship between non-discriminatory policies (ND) and returns on assets of sampled firms is positive, showing a value of 0.0350, indicating that a one-time improvement in ND will increase ROA by 3.50 percent but not significant at 5 percent. Also, ROA and employee productivity (EP) have a positive relationship. As employee productivity (EP) increases, the returns on assets will improve by 44.53 percent, as they have a coefficient of 0.4453, which is

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significant at 5 percent. Furthermore, the relationship between the explanatory variables does not show the existence of multicollinearity as it is not above the expected threshold of 0.7.

Table 4: Correlation Analysis of Study Variables

	ROA	EB	ET	ND	EP
ROA	1.0000				
EB	-0.2045	1.0000			
	(0.1079)				
ET	0.3572*	-0.2973*	1.0000		
	(0.0041)	(0.0180)			
ND	0.0350	0.0342	-0.1188	1.0000	
	(0.7857)	(0.7904)	(0.3538)		
EP	0.4453*	-0.6647*	0.3549*	0.1827	1.0000
	(0.0003)	(0.0000)	(0.0043)	(0.1517)	

Authors' Computation (2021)

4.2.3 Panel Unit Root Test of the Variables

The unit root test results displayed in Table 4 shows that all the variables are integrated to order zero, that is, 1(0). Therefore, it is not necessary to conduct the co-integration test to determine the long-run relationship among the variables. The panel least square is capable of estimating an efficient model that is believed to be less spurious.

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Table 5: Panel Unit Root Test

Variable	Levin, Lin & Chu t*		Hadri LM test	
	test-statistics	p-value	Z-statistics	p-value
ROA	-17.6896	0.0000	3.7985	0.0001
EMB	-3.6900	0.0001	8.3738	0.0000
ETO	-6.8909	0.0000	4.3739	0.0000
DP	-7.6804	0.0000	2.8495	0.0022
EP	-2.1947	0.0141	4.1240	0.0000

Authors' Computation (2021)

4.3 Sustainable Labour Practice and Financial Performance

The regressed result showing how sustainable labour practices of premium board firms affect their financial performance as specified in model ii after meeting the basis for a Best Linear Un-bias Estimate (BLUE) is shown in table 5. It was indicated that there is no problem with heteroskedasticity and serial correlation. The Hausman specification test conducted produced a p-value of 0.8727, which was insignificant at 5%. This implies that the variation in unique features across entities is assumed to be random. Furthermore, the Breusch and Pagan Lagrangian multiplier test for random effects was conducted to choose between random effects and pooled OLS and the result favored random effects. Hence, the random effect model will be interpreted and the basis of judgment used is the coefficient and probability value.

The R-Squared test results in 0.1093 indicating that the explanatory variable has only 10.93 percent influence on the dependent variable and the remaining percent is captured by the error term, implying that there are other significant SLP factors that could affect financial performance besides employee turnover, employee benefit, and non-discriminatory policy. Furthermore, the lack of explanatory power may be due to the fact that firms on the premium board belong to different industries with different labor relations, which is a social behavior with many unpredictable factors as a human behavior. The F-test further affirms that the explanatory variables are significant and the null hypothesis that the coefficients are not simultaneously equal to zero is rejected as the result shows 9.49 at 3 degrees of freedom. Since the

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probability value of the model is 0.0000 and is less than the 0.05 criterion, it implies that the model is statistically significant at 5%.

The overall result shows that employee turnover and employee benefits are sustainable labor practices with a significant effect on the financial performance of firms listed on the premium board of the NGX except for non-discriminatory policy. This result conforms with the findings of Effiong *et al.,* (2017) and Ohaka *et al., (*2020*)* and negates the submission of Craig *et al.,* (2020)**.** The regression result for the individual explanatory variables revealed that the employee turnover (ETO) has a coefficient value of.5258923 and a probability value of 0.000. This indicates that an increase in the rate of employee turnover of up to 52 percent will lead to higher financial performance because firms that retrench and recruit employees often pay less for new staff and likely lay them off before their salaries and wages become bogus, thereby contributing to the financial performance of the organization as the employee contributes intellectually before leaving. Results from table 5 shows that the effect of employee benefits on financial performance is inverse as the result shows a coefficient of -.2611766 and a probability value of 0.000. The implication is that the benefits received by the employees of these firms are negatively affecting the financial performance of the companies.

Lastly, from the table 5, the relationship between the non-discriminatory policies of the firm and their financial performance is positive, although not significant, with a coefficient value of.0873562 and a P-value of 0.716. It implies that the presence of non-discriminatory policies will boost the morale of the employees to improve their efforts in contributing to the performance of the companies. However, for the firms on the premium board of the Nigerian exchange group, their non-discriminatory policy is not powerful enough to influence their financial performance. Based on this result, the hypothesis formulated that sustainable labour practices do not significantly affect the financial performance of premium board firms in Nigeria is hereby rejected.

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Table 6: Model estimate of how SLP affect financial performance

ROA	Coef.	Std. Err.	Z	P>z	[95%Conf. Interval]	
ETO	.5258923	.1346652	3.91	0.000	.2619533	.7898313
EMB	-.2611766	.0874745	-2.99	0.003	-.4326235	-.0897297
NDP	.0873562	.2400989	0.36	0.716	-.3832291	.5579415
_cons	6.806139	2.335	2.91	0.004	.229623	11.38265

Number of Obs = 63

R-squared = 0.1093

F(3,53) = 9.49

Prob > F = 0.0000

Test for heteroskedasticity chi2 (1) = 0.25 Prob > chi 2 = 0.6156

Wooldridge test for autocorrelation F (1, 6) = 4.095 Prob > F = 0.0894

Hausman specification Test = chi2 (3) = 0.70 Prob>chi2 = 0.8727

Breusch and Pagan Lagrangian multiplier test for random effects

chibar2 (01) = 95.31 Prob > chibar2 = 0.0000

Authors' Computation (2021)

4.3 The mediating effect of employee productivity on sustainable labour practices and financial performance. The regressed result showing how sustainable labour practices of premium board firms affect their financial performance when moderated by the employee productivity as specified in model iii after meeting the basis for a Best Linear Un-bias Estimate (BLUE) is shown in table 6. The model failed the homoscedasticity assumption as the problem of heteroskedasticity was

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found since the probability is significant, having a value of 0.0069. The same goes for the autocorrelation; it has a probability of 0.0177. The Hausman specification test conducted produced a p-value of 0.2210, which was insignificant at 5%. This implies that the variation in unique features across entities is assumed to be random within the model. Furthermore, to choose between random effect and pooled OLS, a Breusch and Pagan Lagrangian multiplier test was conducted and the result favored random effect, hence the random effect model will be interpreted. However, the post estimation test result showed that there is a problem of autocorrelation. Hence, the regression results were subjected to a further test in which panels corrected standard errors were run in order to take care of the autocorrelation problem. The basis of judgment used is the correlation coefficient and probability value.

The R-Squared test yields 0.2321, indicating that the examined independent variables can only cause a 23% variation in financial performance with the mediating effect of employee productivity. And this also implies that there are other factors of sustainable labor practices that can aid employee productivity, thereby influencing the financial performance of premium board firms apart from employee turnover, employee benefits, and non-discriminatory policies. The Wald Chi 2 test further affirms that the explanatory variables are significant and the null hypothesis that the coefficients are not simultaneously equal to zero is rejected as the result shows 39.38 at 3 degrees of freedom. Since the probability value of the model is 0.0000, which is less than the 0.05 criterion, it implies that the model is statistically significant at 5%.

The overall result shows that the only sustainable labor practices that can significantly affect financial performance of firms on premium board on Nigeria Exchange group when employee productivity is considered an influence is employee turnover. This is evident as it has a significant effect on financial performance in relation to employee productivity. The results for the individual variables show that ETO has a coefficient value of.3156357 and a p-value of 0.000, indicating that employee turnover positively contributes to the financial performance of the firms on the premium board of NSE because the employees were productive before leaving, and the effect could still be rewarding to the firms in the long run. From table 6 as well, the regression result shows that employee benefits have a coefficient of.0699873 and a probability of 0.115, implying that the contribution of an individual employee to the organization does not commensurate with the benefits they enjoy in terms of salaries and wages; pension and leave bonus, hereby insignificantly affecting their financial performance. Lastly, the regression result shows that the non-discriminatory policy has a way of influencing the productivity

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of the companies' employees, which in turn positively affects the financial performance of the firms, although not significant, having a coefficient of.0501985 and a probability value of 0.679.

Based on the findings of the research, the null hypothesis that employee productivity does not significantly mediate the relationship between sustainable labour practices and the financial performance of listed premium board firms in Nigeria is hereby accepted.

Table 6: Model estimate of mediating effect of employee productivity on sustainable labour practices and financial performance

ROA	Coef.	Panel-corrected Std. Err.	Z	P>z	[95%Conf.	Interval]
ETO*EP	.3156357	.0586001	5.39	0.000	.2007815	.4304899
EMB*EP	.0699873	.0444125	1.58	0.115	-.0170597	.1570343
NDP*EP	.0501985	.1213458	0.41	0.679	-.187635	.2880319
_cons	-3.245074	2.015699	-1.61	0.107	-7.195772	.7056237

Number of Obs = 63

R-squared = 0.2321

Wald chi2(4) = 39.38

Prob > chi2 = 0.0000

Test for heteroskedasticity chi2(1) = 7.29 Prob > chi2 = 0.0069

Wooldridge test for autocorrelation F(1, 6) = 10.479 Prob > F = 0.0177

Hausman specification Test = chi2(3) = .0120 Prob>chi2 = .0120

Breusch and Pagan Lagrangian multiplier test for random effects

chibar2(01) = 70.87 Prob > chibar2 = 0.0000

Source: Researcher's Computation (2021)

5. CONCLUSION AND RECOMMENDATIONS

The study examines sustainable labour practices putting into consideration the employee productivity as mediator which in turn serve as a catalyst for financial performance in terms of return on assets by companies in premium board of the

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Nigerian exchange group. Employee turnover, employee benefit and non-discriminatory policy were the explanatory variables while a return on asset is used as the measurement of financial performance. The study found that Employee turnover and Employee benefit have statistically significant positive and negative effect on financial performance respectively; while non-discrimination policy is positively insignificant. When the mediating effect of Employee productivity measured was tested, it was discovered that only employee turnover has positively significant effect on financial performance of listed premium board firms. The implication of these findings is that employee turnover and employee benefit have significant influence on financial performance of firms; but in the event of considering the mediating effect of employee productivity, employee turnover has shown more influencing contribution. The study therefore concludes that labour practices that maintain an employee turnover level can have significant positive influence on financial performance due to openness to opportunity for innovative inflow of experience. Based on the findings of this study, the following recommendations were made;

i. The management of companies on NGX premium board should maintain an employee turnover level that will give room for inflow of innovative experience that will help to improve financial performance.
ii. Companies need to review their employee emoluments and fringe benefits structure to ensure benefit gained by an employee of the organization commensurate with the value of contribution to financial performance of the company.

iii. The scope of non-discriminatory policy of the firms should be expanded to enforce basic human right is respected in the company as non-discriminatory policy is found to be positively insignificant to financial performance.

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