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Research Paper

Effect of Inflation on Human Resources Development In Nigeria

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Abstract
Inflation affects working professionals as well as organisations. It reduces the ability of employee to spend and save as well as organizations' ability to implement pay rise, fresh recruitment, staff training and development. Increasingly, within the field of human resource development (HRD), regarding its nature and purpose, is the need for the different ways in which staff training and learning can be conceptualized alongside staff welfare and remuneration. This potentially leads to confusion regarding how learning is to be assessed in the workplace in the face of economic downturn and inflation (Clarke, 2004). There is abundant evidence of impact of inflation on human resources development. It pushes down unemployment and causes sticky wages. John Maynard (1971) an early 20th-century British economist, known as the father of Keynesian economics advanced that the great depression resulted in part from wages' downward stickiness. Nigeria is not left out of this ugly trend as inflation rate remains uncontrollable at double digit with antecedent consequences of high unemployment rate in the country (Bakare, Kareem, and Oyelekan, 2015). Unemployment surged because workers resisted pay cuts and was fired instead, causing what is termed "the ultimate pay cut" (Dillard, 2018). Workers training and development are denied during inflation as organisations tend to spend less and prefer to employ low skilled manpower to do certain professional duties. This research seeks to identify some of the complexities associated with assessing learning in today's workplace and presents empirical findings suggesting that different aspects of an organisation's training and development system and the extent to which either formal or informal learning assessed are likely to be differentially determined by inflation. Explanations as to why this may be the case are put forward.

Keywords: *Inflation, Human Resources Development, Unemployment Reduction, Government Policy*

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I. INTRODUCTION

Inflation and economic crises are often characterized as periods of rising price, cost of living, unemployment as well as decreasing material well-being. Most recent economic crisis has accompanied considerable losses in life satisfaction, particularly in several developing countries (Di-Tella, MacCulloch, and Oswald, 2001; Veenhoven, 2013) in which region unemployment rates rises as high as 35%. The negative relationship between unemployment and subjective well-being is well documented in the economic literature and is explained by income loss and by the psychic costs of joblessness related to identity problems, psychological distress and low self esteem (Veenhoven and Hagenaars, 1989; Gallie and Russell, 1998; Asuquo, Emefiele, Olugbemi, and Ita, 2020). However, economic crises also tend to affect the subjective well-being of those who manage to keep their jobs (Di Tella et al., 2003). As noted by Frey (2007), this phenomenon can be explained not only by the effect of economic crises on crime, public expenditures and income inequality but also by their effect on human resources development as employees are unable to proceed on training and development programmes. This situation has been seen to originate from increased inflation, reduced average cost of running firms (Blanchflower and Oswald, 1994), longer working hours without overtime compensation.

Human resources training and development (HR T&D) is in a critical aspect of the development of a knowledge-workforce (Abdullah, 2009). The fundamental issues regarding human resources' lack of capabilities and intellectual abilities are said to be grounded in their levels of education and technical training (Low, 1998). It has been reported that organisations are faced with a challenge in acquiring high caliber human resources with adequate levels of education (O'Connell, 1999; Streumer et al, 1999).

The lag between pay rises, staff development and inflation could have serious consequences for employers that want to remain competitive and reward performance. This is an issue responsible employers have to face because it affects their reward, performance and staff engagement policies, and means financial hardship is rising in their workforce. The gap between staff development and inflation may have serious consequences. Higher inflation will raise the cost of living as well as keep staff unskilled and redundant, impacting consequently on nominal wages and personnel motivation.

Human relation managers must synergize with financial advisory services and employee assistance programmes to help employers provide support to staff who may be affected by lack of motivation and competence resulting from human resources development challenges caused by inflation.

Problem Statement/Justification

Organisations as well as their employees are financially distress and negatively affected by rising unemployment and inflation, but financially safe employees are not. This is so because employees in financial distress can be disproportionately found in groups that are already generally less satisfied with life (i.e., lower-educated, low-skilled, blue-collar workers), economic crises can increase inequality in subjective wellbeing.

A range of challenges are faced by organisations and HRD professionals in managing and implementing effective human resources, training and development (HR T&D), particularly in the climate of globalization, and the new technological revolution which begins with the importance of human capital in HRD practice, their education and technical training, and also their communication and language skills. Human resources' learning and motivation are also described as important features of effective HRD practices. However, inflation, which results into high cost of running firms, has resulted in organisations' deficiencies in supporting the effectiveness of HR T&D.

Unprecedentedly in Nigeria, inflation is almost a household name as most citizens and non citizens are being greeted at wake by sharp increase of prices of commodities. It is undoubted that in the recent past, inflation rates in Nigeria continued to maintain double digits. For instance, statistics from National Bureau of Statistics (NBS), 2020 reveals that Nigeria inflation rate moved from 11.40 to 12.56, 12.82, and 13.22 in the months of May, June, July, and August, 2020 respectively. Besides, on annual average for the past five years, inflation in Nigeria remains uncontrolled at double digits in the country. It is evident that prices of goods and services are changing on daily bases, as it is no longer possible to buy a product or service at the same price within two weeks interval. This no doubt, poses a challenge to the development, management and implementation of effective HR T&D in organisations. The workforce's changing demographics are also seen to have an impact on HRD practices, alongside the organisation's HR strategies and investments in HR T&D.

Consistent with the human resources development practices and effect of inflation on micro economic indices in Nigeria, this study is motivated by the lack of current and scientifically valid evidence on inflation and its influence on human resources development. Nigeria presents an important study area for the project considering that it is one of the countries among committee on nations with the high inflation rate and unemployment. According to the 2020 data on Consumer Price Index published by the Trading Economics and substantiated by the National Bureau of Statistics, Nigeria ranks 16th of the most expensive country to live in the world - which is an indication of the high level of macroeconomic instability in the country. As shown in the report, government fully recognizes the economic threat of inflation and potentials of the ideal inflation to her economy (National Bureau of Statistics, 2020: Q2), but what might be lacking is the existence of scientific evidence to guide its policy decisions and actions.

Objective(s) of the Study

The broad objective of this study is to determine effect of inflation on human resources development in Nigeria. Specifically, the study strives:

- To evaluate the adverse effect of inflation on human resource development in organisation.
- To identify the vital role of human resources development in organisational performance
- To suggest possible financial strategies to engage in human resource development in the midst economic downturn.

II. SUMMARY OF AVAILABLE LITERATURE

There is a growing body of literature on the relationship between job insecurity and subjective well-being in times of economic crisis (Clark et al., 2010; Green, 2011; Enejoh and Tsauni, 2017), but there is

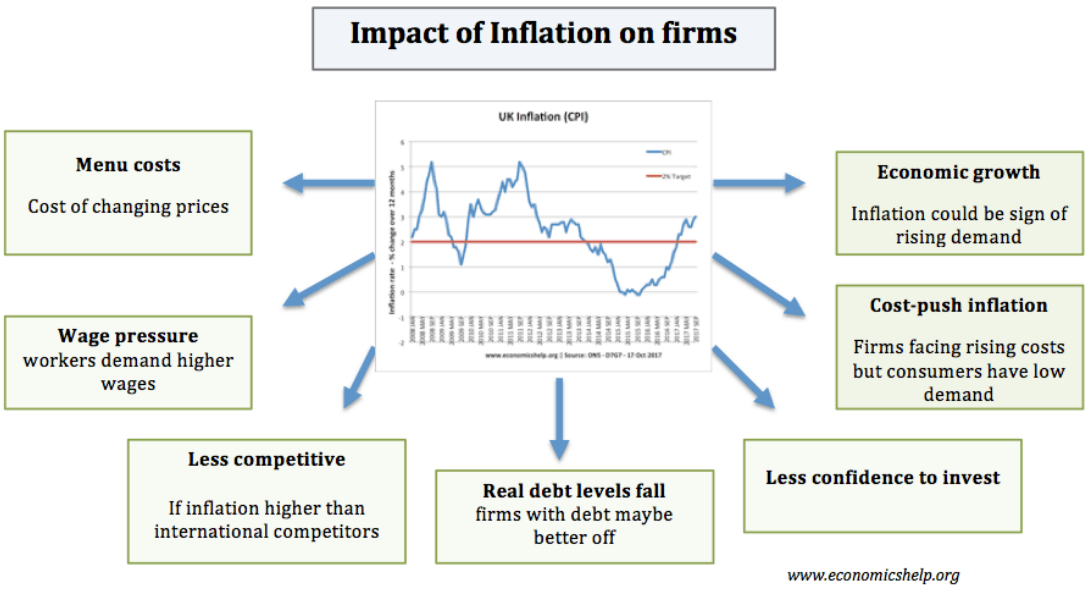
relatively little empirical evidence on how inflation and financial distress moderates the relationship between organisations' macroeconomic conditions and human resources development in terms of the training and development of their employees. It can be expected that the more an employee is attached to and reliant on his job to make ends meet, the higher the fear of losing this job and the more that worsening macroeconomic conditions negatively affect the employee's life satisfaction (Gudmundsdottir, 2013).

Employees who are highly dependent on their jobs typically include blue-collar workers (Näswall and DeWitte, 2003) and employees with lower education or in low-skilled occupations (Fugate et al., 2004). These groups have the lowest-paying jobs and a lower degree of employability or substantially lower chances to find alternative employment.

Inflation and its Effect on Businesses and Economies

Inflation affects businesses and economies so much because growth rates have to be more than inflation if net savings or net investments have to grow. In other words, growth rates below the inflation level means that industry has less money left over for dividends, investments, human resource development and for growth in the next year. This is the reason the central banks' of countries often use monetary policy that targets inflation primarily. The definition of inflation is that it is caused when more amount of money chases the same goods as in the case where there is more demand for the same supply of goods leading to an increase in prices as presented in figure 1 below.

Figure 1:



A rise in inflation is likely to mean a rise in the cost of raw materials. Also, workers are likely to demand higher wages to cope with the higher cost of living. This rise in prices can also cause greater volatility and uncertainty. With firms uncertain about future costs, they may hold back from making investment decisions (Asuquo, Emefiele, Olugbemi, and Ita, 2020) Firms generally prefer a low and stable inflation rate. Also, with an inflation rate, firms may expect rising interest rates, which will increase cost of borrowing – another reason to hold back on investment.

With higher inflation, firms may face menu costs (the cost of changing and updating prices). However, with modern technology this cost has diminished in importance – as it is easier for firms to update prices automatically.

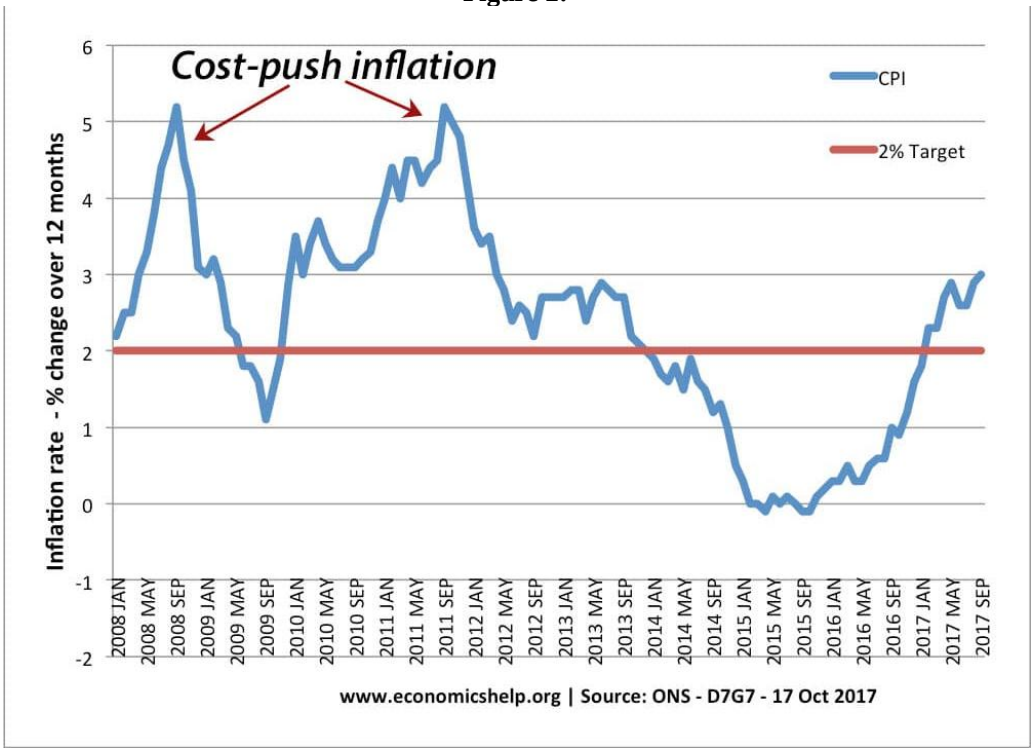
Effects on consumers

With rising prices, consumers may be more inclined to try and purchase more quickly before prices rise further. With rising prices, it can create more confusion over which prices are good value. It could lead to costs of consumers looking around different shops comparing prices (this is known as shoe leather costs). However, for moderate rise in inflation, this is unlikely to be too serious. Also, the internet and price comparison sites can make it easier to compare prices.

Effect on Central Bank and interest rates

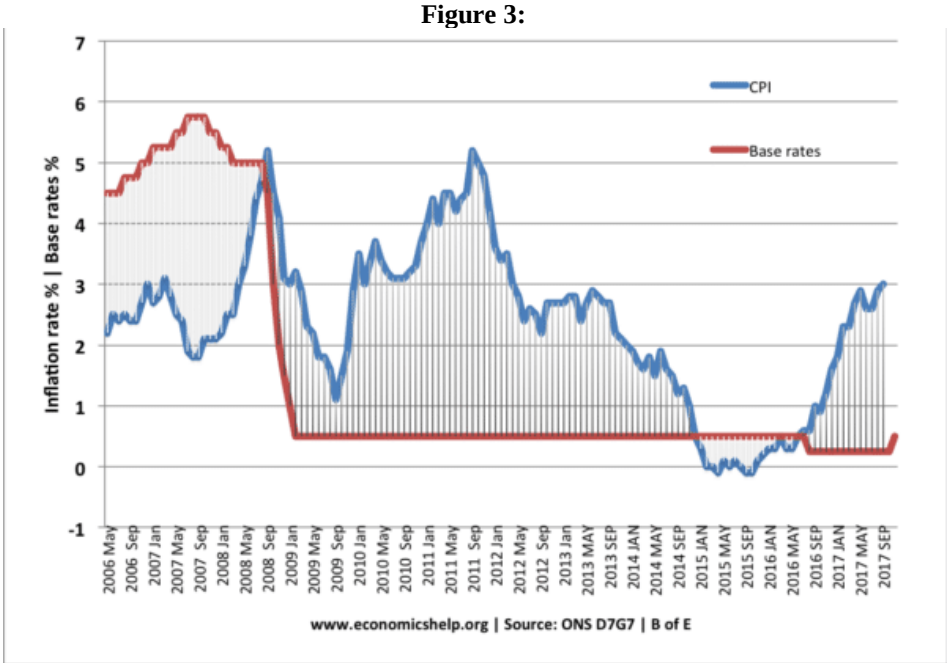
Most Central Banks have an inflation target of around 2% though slight higher in Nigeria in the recent past. Consequently, if inflation rises above the target, they may feel the need to increase interest rates. Higher interest rates will increase borrowing costs and slow down the rate of investment and economic growth. Lower economic growth will lead to lower demand-pull inflation (though there can be time-lags), see figure 2.

Figure 2:



However, it is possible, that Central Banks respond to higher inflation by keeping interest rates the same. If inflation was due to cost-push factors and economic growth was low – the Bank may feel it would be inappropriate to raise interest rates. In more normal circumstances – with inflation caused by strong economic growth – interest rates are likely to rise (figure 3).

Figure 3:



Interest rates stayed at 0.5% in 2011 – despite inflation of over 5% (however, this is unusual)

Effect on savers

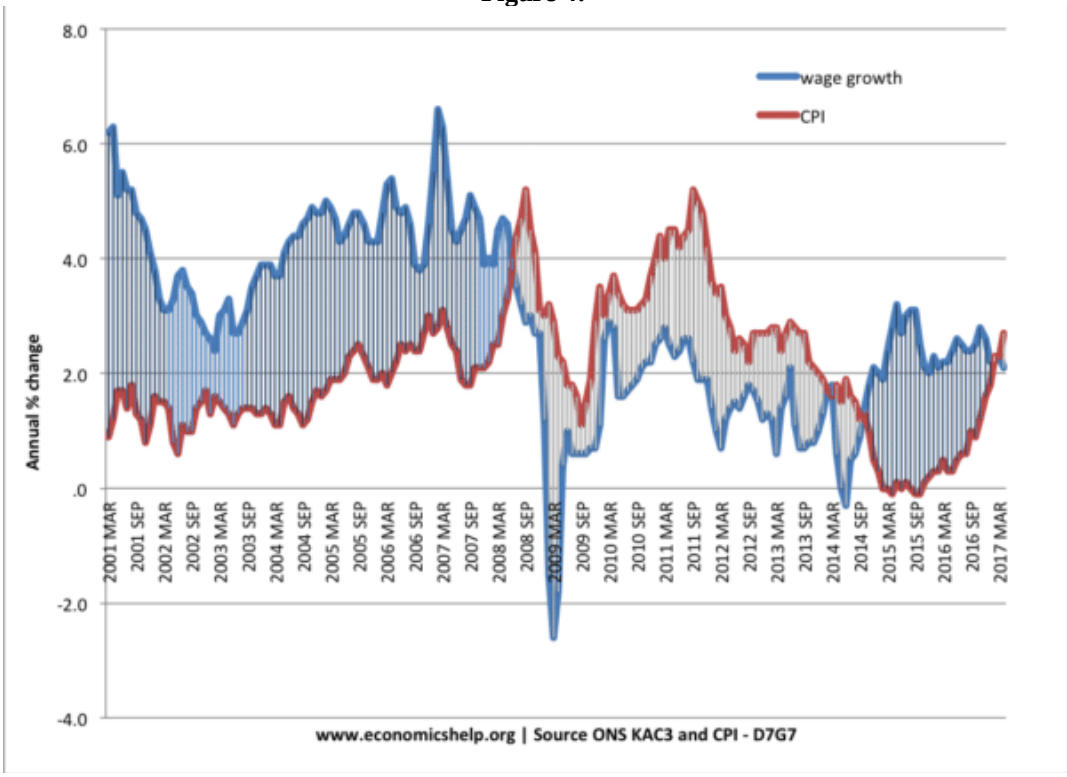
For savers with cash under the bed or receiving fixed interest payments, then a higher inflation rate could reduce the real value of their savings. For example, if bond holders buy government bonds with interest rate of 3% and anticipated inflation of 2% – then they expect a real interest rate of 1%. However, if inflation rises to 7% and their interest rate stays at 3%, their effective real interest rate is 4% – in this case, their savings reduce in value.

However, if savers have index-linked savings they will be protected from the effects of inflation. Also, if the Central Bank responds to higher inflation by putting up interest rates, then they can protect their real savings.

Effect on workers

Higher inflation will raise the cost of living. The impact on workers depends on what happens to nominal wages. For example, if inflation is caused by rising demand and falling unemployment, firms are likely to raise wages to keep attracting workers. In this case, workers real wages will continue to rise. See figure 4.

Figure 4:



However, in the period 2008-14, workers saw inflation erode the real value of their earnings because wages were not keeping up with the rise in inflation.

Effect on the exchange rate

If inflation rises faster than international competitors, then goods will become relatively uncompetitive, leading to lower demand for local goods. This will cause depreciation in the exchange rate.

A possible confusion is that higher inflation, in the very short-term, markets may respond to news of higher inflation by expecting higher interest rates. This expectation of higher interest rates might actually cause Sterling to rise in anticipation of higher interest rates and hot money flows. But, it will be a one-off adjustment. The long-term effect of higher inflation will invariably be a gradual depreciation in the value of the currency.

Effect on economic growth

The effect on economic growth is uncertain. Sometimes inflation is caused by a rapid rate of economic growth. However, if growth is above the long-run trend rate – this may not be sustainable – especially if interest rates rise. Therefore, higher inflation may be a sign that the economic cycle is getting close to the end of the boom period and may be followed by a bust (Ndoricimpa, 2017)

In 2016, the global depreciation caused inflation – but this tended to reduce economic growth because the imported inflation reduced real incomes and had a depressing effect on consumer spending (despite making exports more competitive) The cost-push inflation of 2008, was also a contributory factor in reducing economic growth. Some economists suggest that countries with higher long-term inflation rates tend to have poorer economic performance.

III. METHODOLOGY

Ex-post facto research design was adopted. The choice is predicated on the account that the independent variable(s) have already occurred and the study starts with the observation of the dependent variable(s). Thus, the study considered the independent variable in retrospect to their possible effect on the dependent variable(s).

The area of this study is Nigeria; it considered the effects of inflation on human resources development in Nigeria with emphasis in the Telecom Firms between 1999 and 2020. The Telecom Firms examined include, Chams Plc, CWG (CAOMPUTER Warehouse Group), Courteville Business Solutions Plc, African Prudential Plc, Airtel Nigeria Plc. The choice of the area and period was necessitated by the grey nature of both the country and period as no such study has been conducted in the country with emphasis on the research variables. Use was made of secondary data to be extracted from the National Bureau of Statistics (NBS) reports and Central Bank of Nigeria (CBN) bulletins.

Model Specification

This study adopted the general multiple regression model as specified below:

$Y = F(X_1, X_2, X_3 \ldots. Xn)$ …… 1

To empirically evaluate the effects of inflation on human resources development in Nigeria proxy by the variables, annual inflation rates (ANIFLR) and aggregate cost of human (AGCHUD), the study hypothesized that human resources development depend behaviorally on the inflation. Thus, such behavioral effect can be given in the equation below:

AGCHUD = f(ANIFLR) ……..…… 2

Econometrically, the model will be modified as stated below:

$AGCHUD = \beta_o + \beta_1 ANIFLR + U_{it}$ …… 3

Where, AGCHUD = human resources development (aggregate cost of human development)

ANIFLR = annual inflation rates

β_o = Intercept or average AGCHUD when other variables are not applied.

β_1 = Coefficient of explanatory variable ANIFLR

U_{it} = the Gaussian white noise

However, to ensure reliability and check spuriousity of the results, the model two and three above was made to contain the following:

$AGCHUD = \beta_o + \beta_1 ANIFLR + EXRATE_{it} + UNEMPR_{it} + U_{it}$ …… 4

Where,

AGCHUD = human resources development (aggregate cost of human development)

ANIFLR = annual inflation rates

EXRATE = exchange rate (control variable)

UNEMPR = unemployment rate (control variable)

β_o = Intercept or average AGCHUD when other variables are not applied.

β_1 = Coefficient of explanatory variable ANIFLR

U_{it} = the Gaussian white noise

Model 2

OROA = f(AGCHUD) …….5

$OROA = \beta_o + \beta_1 AGCHUD + ORGSize_{it} + U_{it}$ …….6

Where,

OROA = selected organizations' return on assets

AGCHUD = human resources development (aggregate cost of human development)

ORGSize = organization size (control variable)

EMPSize = employee size (control variable)

INTRate = Interest rate (control variable)

β_o = Intercept or average SEOROA when other variables are not applied.

β_1 = Coefficient of explanatory variable AGCHUD

U_{it} = the Gaussian white noise

The dependent (Criterion) variable constitutes human resources development proxy by the aggregate cost of human development in Nigeria, while Nigeria's inflation represents the independent (predictor) variable proxy by annual inflation rates. The data gathered was estimated using regression technique, with the aid of E-view 9.0 econometric software thereby conducting various statistical tests to ascertain the overall significance and behavior of the variables in the study equation. Results were interpreted to reiterate the research problem being investigated by comparing and contrasting the findings with the research questions underlying the study. Trends, comparisons and relationships were drawn among variables.

IV. RESULTS AND DISCUSSION

Using model 1 descriptive statistical analysis between the dependent and independent variables was conducted showing some indicators. For instance, the mean which implies the average value of the series was determined by dividing the total value of the series by the number of observations. The average percentage of human resources development proxy by aggregate cost of human development (AGCHUD) across the selected Telecom firms within the period under review (2012-2020) stood at 10%. This indicates that the volume of human resources development among the Telecom firms is low. Human resources development proxy by aggregate cost of human development has minimum and maximum values of 0.085500 and 0.125900 respectively.

The inflation proxy by annual inflation rate (ANIFLR) averaged 10.13 over the study period. It implies that Telecom firms in Nigeria might have been adversely affected by the annual inflation. The minimum and maximum values of inflation are 7.428 and 20.2679790 respectively.

However, the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR) were seen to be one of the major players on the aggregate cost of human development. Their mean values stood at 10.5 and 11.57% respectively.

The standard deviation is a measure of spread or changes in a series of data. The standard deviation for AGCHUD, ANIFLR, UNEMPR and EXRATE are 0.008612, 2.937590, 3.766200, and 3.017060, respectively. The standard deviation values of annual inflation rates, exchange rate, and unemployment rate are showing relative unstability. This shows that the relatively high values of annual inflation rates, exchange rate, and unemployment rate might have adverse effect the aggregate cost of human development of Telecom firms in Nigeria.

The study also used correlation test to ascertain the strength and magnitude of the influence of the independent variables on the dependents. The correlation test result is presented in table 1 below.

Table 1: Correlation Matrix

	LAGCHUD	ANIFLR	UNEMPR	EXRATE
LAGCHUD	1.000000	0.602663	0.547316	0.589234
ANIFLR	0.602663	1.000000	0.857847	0.983074
UNEMPR	0.547316	0.857847	1.000000	0.884166
LEXRATE	0.589234	0.983074	0.884166	1.000000

Source: Empirical Analysis, 2021 From E-view 9.0 version

The correlation test result in table 1 above indicates that ANIFLR has positive relationship with AGCHUD of Telecom firms in Nigeria. This is confirmed by the value of the coefficient estimate of 0.602663. This implies that Inflation has direct relationship with the aggregate cost of human development of Telecom firms in Nigeria meaning that increase in the level of Inflation leads to the increase in aggregate cost of human development of Telecom firms in Nigeria. The correlation test result also shows that the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR) have positive relationship with the aggregate cost of human development of Telecom firms in Nigeria. This is confirmed by the value of the coefficient estimate of 0.857847. This implies that exchange rate (EXRATE) and unemployment rate (UNEMPR) have direct relationship with the aggregate cost of human development of Telecom firms in Nigeria indicating that an increase in the level of the aggregate cost of human development could be accounted by the exchange rate (EXRATE) and unemployment rate (UNEMPR) in Nigeria. Meanwhile, table 2 below presents the baseline regressions results using Pooled OLS, Fixed Effect Model (FEM) and Random Effect Model (REM).

Table 2: Panel Regression Results

Series	Pooled OLS	FE OLS	RE OLS
	(1)	(2)	(3)
C	10.8512 [0.0000]	13.5822 [0.0000]	19.1579 [0.0000]
ANINFR	-0.5299 [0.6051]	-1.7116 [0.1477]	-1.4221 [0.1786]
LEXRATE	1.0887 [0.2961]	1.6670 [0.1564]	1.4851 [0.1614]
UNEMPR	-2.2045 [0.0461]	-3.6041 [0.0155]	-4.2000 [0.0010]
Observations	38	38	38
R-Squared	0.64025	0.9781	0.8449
Adj. R-squared	0.50188	0.9211	0.7852
F-Value	4.6271 [0.0121]	17.1551 [0.0028]	14.1604 [0.0001]
Hausman Test =	10.1417	p-value =0.0713	

Sources: Empirical Analysis, 2021 From E-view 9.0 version

In table 2, the study considered the pooled regression result, fixed effect and random effect ordinary least square (OLS) regression results. Observing this result, the study pools all the 19 observations together and ran the regression model, neglecting the cross section and time series nature of the data. It was found that the R-squared value for the pooled regression model was 0.64025 indicating that 64.02% of the total variation in aggregate cost of human development (LAGCHUD) of quoted Telecom firms in Nigeria is explained by the explanatory variable such as inflation (ANIFLR) and the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR). The variables; inflation (ANIFLR) and the control variables: exchange rate (EXRATE) except for unemployment rate (UNEMPR) was found to have insignificantly influenced the aggregate cost of human development (LAGCHUD) of quoted Telecom firms in Nigeria. This is confirmed by their respective P-values - (0.6051), (0.2961), and (0.0461) for (ANIFLR) and the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR). The major problem with pooled regression model is that it does not distinguish between the various quoted Telecom firms that are in the sample. In other words, by combining different quoted Telecom firms by pooling, the heterogeneity or individuality that may exist among the five (quoted Telecom firms is not considered.

In order to allow for heterogeneity or individuality among the quoted Telecom firms by allowing the quoted Telecom firms to have its own intercept value; the fixed effect model (FEM) was applied. Fixed effect model was therefore applied because it is time invariant indicating that although the intercept may change across the quoted Telecom firms, it however does not change over time. The R-squared value of 0.9781 indicates that 97.81.71% of the total variation in aggregate cost of human development (LAGCHUD) is explained by the explanatory variables namely inflation ANIFLR) and the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR). However, the explanatory variable and a control variable, unemployment rate (UNEMPR) were found to have insignificant influence on aggregate cost of human development (LAGCHUD) while, a control variable, exchange rate (EXRATE) was found to be significant as confirmed by their P-value of (0.1477), (0.1564), and (0.0155), for inflation ANIFLR) and the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR) respectively.

The random effect regression model was also applied in order to account for the unobserved effects in fixed effect model. The random effect model shows that the R-squared value of 0.8449 indicates that 84.49% of the total variations in aggregate cost of human development (LAGCHUD) is accounted for, by the explanatory variable, inflation ANIFLR) and the control variables: exchange rate (EXRATE) and unemployment rate (UNEMPR). Furthermore, it was found that one of the control variables, unemployment rate (UNEMPR has significant influence on aggregate cost of human development (LAGCHUD) as confirmed by its P-values of (0.0010).

The study applied the Hausman test. The Hausman test was used to select the model (fixed effect or random effect) that will be mostly appropriate for estimation. Hausman test null Hypothesis states that Random effect model was appropriate while its alternative hypothesis states that fixed-effect model was appropriate. The selection of either fixed effect model or random effect model is based on the statistical significance of the P-value. From table 3 above, the Hausman test statistics P-value is [0.0713]. It implies that its P-value is insignificant because it is greater than 5% (0.05) chosen level of significance. Thus, the null hypothesis cannot be rejected. Therefore, it is concluded that random effect model was desirable for prediction.

The panel (random effect) regression result presented in table 2 above, reveals that inflation (ANIFLR) and a control variable, exchange rate (EXRATE) insignificantly impact on aggregate cost of human development (LAGCHUD) while, a control variable, unemployment rate (UNEMPR) significantly impact on aggregate cost of human development (LAGCHUD) of quoted Telecom firms in Nigeria. Although, this result shows partial conformity with the apriori expectation that rising level of inflation affects the human resources development of quoted Telecom firms in Nigeria in the cases of a control variable, unemployment rate (UNEMPR) while the reverse is the case for inflation (ANIFLR) and a control variable, exchange rate

(EXRATE). The result shows that a unit increases in the number of unemployment rate (UNEMPR) by Telecom firms will lead to -0.003119 unit decreases in the aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria. It is an indication of inverse relationship between unemployment rate (UNEMPR) and aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria.
Consequently, in testing the hypotheses, the P-values of the t-statistics in table 2 (Panel 2) was used. The hypothesis was tested considering random effect model. Panel regression result obtained in table 2 formed the basis for the test of the hypotheses.

Step 1 Restatement of the null Research Hypothesis
$H0_1$: Computer software does not have significant effect on corporate financial performance of Telecom Firms in Nigeria.
Step 2 Decision Rules
Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the P-value is less than the chosen level of significance (0.05). It implies that the estimated variable has significant impact on the dependent variable.
Decision Rule 2: Uphold the null hypothesis and reject the alternate hypothesis if the P-value is greater than the chosen level of significance (0.05). It implies that the estimated variable has insignificant impact on the dependent variable.
Step 3: Decision

Based on the regression result presented in table 2 (Panel 3), the coefficient of inflation (ANIFLR) is -0.00248 while the P-value is [0.1786]. The parameter of ANIFLR is negative and insignificant in measuring the aggregate cost of human development (LAGCHUD) as confirmed by its P-value. Since 5% (0.05) level of significance is less than the P-value [0.1786], we upheld the null hypothesis and conclude that the level of inflation (ANIFLR) has insignificant impact on the aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria. The study accordingly could not reject the null hypothesis since the p-value is greater than 0.05 at 5% level of significance.

The control variable also supports the assertion as the coefficient of exchange rate (EXRATE) is 0.00114 while the P-value is [0.1614]. The parameter of EXRATE is positive and insignificant in measuring the aggregate cost of human development (LAGCHUD) as confirmed by its P-value. Since 5% (0.05) level of significance is less than the P-value [0.1614], we upheld the null hypothesis and conclude that the level of exchange rate (EXRATE) has insignificant impact on the aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria. The study accordingly could not reject the null hypothesis since the p-value is greater than 0.05 at 5% level of significance. Conversely, the other control variable, based on the regression result presented in table 2 (Panel 3), the coefficient of the unemployment rate (UNEMPR) is -0.003119 while the P-value is [0.0010]. The parameter of UNEMPR is negative and significant in measuring the aggregate cost of human development (LAGCHUD) as confirmed by its P-value. Since 5% (0.05) level of significance is greater than the P-value [0.0010], we accepted the alternate hypothesis and conclude that the level of unemployment rate (UNEMPR) has significant impact on the aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria. The study accordingly rejected the null hypothesis since the p-value is less than 0.05 at 5% level of significance.

The results of the second model are not much different from the first model except that the coefficient of the aggregate cost of human development (LAGCHUD) is 0.0343 while the P-value is [0.0003]. The parameter of LAGCHUD is positive and significant in measuring the organizations' return on assets (OROA) as confirmed by its P-value. Since 5% (0.05) level of significance is greater than the P-value [0.0003], we accepted the alternate hypothesis and conclude that the level of aggregate cost of human development (LAGCHUD) has significant impact on the organizations' return on assets (OROA) of Telecom firms in Nigeria. The study accordingly rejected the null hypothesis since the p-value is less than 0.05 at 5% level of significance.

V. CONCLUSION

This study has made its contributions to the field of Inflation and human resources development by targeting the quoted Telecom Firms in Nigeria. The study made use of quantitative data to conduct the research and test the hypotheses. The result indicates that that the level of inflation (ANIFLR) has insignificant impact on the aggregate cost of human development (LAGCHUD) of Telecom firms in Nigeria. On the contrary, the study shows that the level of aggregate cost of human development (LAGCHUD) has significant impact on the organizations' return on assets (OROA) of Telecom firms in Nigeria. Thus, inflation, human resources development, organization return on assets had a lot in common as it relate to organization performance in Nigeria.

VI. RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made which may be useful to stakeholders and Telecom Firms in Nigeria.

1. In view of the statistically negative and insignificant effect of inflation on aggregate cost of human development, Telecom firms in Nigeria and Nigerian government in particular should therefore work towards reduction of inflation in order to increase the performance of Telecom Firms in Nigeria.
2. To sustain the positive influence of human resources development on performance (return on assets) of Telecom Firms in Nigeria, more long term training and general human capital development should be made.

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