

Diversity of Labor Reporting Practices among Cooperatives of Insurance Sector

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Abstract

Generally, all organization has been followed the rules and regulations for maintaining the growth and sustainability of their activities. It is expected that Insurance sector related cooperative organizations also followed various rules and regulations of concerned countries and business which are suggested by different international organs. Labor is the core element of any organization. Hence, organization should have liability to maintain all labour related rules and regulations as per labor standards which are provided by International Labour Organization (ILO). Objective of this study is to measure the diversity among the labour reporting practices which are followed by cooperative firms of insurance sector. Diversity index is applied on the data which are collected through scrutinisation of annual reports of forty nine insurance related cooperative firms for the year 2014. Results of this study reveal that diversity exists among the labor reporting practices which are followed by various insurance related cooperative firms.

Keywords: Diversity Index; Cooperative firm; International Labour Organisation; Labour Reporting; Labour Standards.

Introduction

Organization is the miniature of society, it has multiple goals that relates with satisfaction of stakeholders (Marshak and Thomas,1987). Legitimate activities of organization toward stakeholders can only able to maintain sustainable growth of organization as well as society as a whole (Hybels ,1995). Legitimacy can be defines as the combined degree of certain norms, values, rules and regulations of an organ which are reflected through their activities (Suchman, 1995). In present competitive phenomena reporting system is a challenge before Organization for reflection of their activities toward stakeholders (Anderson, 2015). Annual report or sustainable reporting or both act as an important document for replacing Organization's activities before stakeholders (ACCA Singapore, 2013). Generally, non financial reporting framework consists of three pillars i.e. environment, economic and social. Social reporting segment set up by some reporting criteria, labour reporting practices is one of them.

International Labor Organization (ILO) provides various standards for well being of employee as well as society as a whole. Hence, it is expected that organizations have been implemented and maintained these standards through their work and labour reporting practices.

Various business firm even cooperative firms are also presented labour reporting practices through their annual reports or sustainable reports or both. Cooperative firm is a voluntary association of some persons which meet their common economical, social and cultural goal, which owned by them for managing and controlling democratically (International Cooperative Alliance). Cooperative firms carry on their business which based on various products like agriculture, dairy, banking, insurance etc. All cooperative firm even Insurance related cooperatives are also expected to maintained labour reporting practices and it reflects through annual reports or sustainable reports.

Various sections are used for design this study. Introduction is represented by section-I. Literature Review highlights through section-II. Section-III deals with objective of the study. Data collection and Methodology is represented by section-IV. Result is analyzed by section-V. Finally, section-VI is used for draw the conclusion of this study.

Section-II

Literature Review:

Labor related reporting issues should follow labour standards of ILO. So it is expected that cooperative insurance firms follow labour related rules and regulations which are directed by the ILO and these are reflect through their annual report or sustainable report or both. Fasal and others (2012) investigate that employment related information are frequently disclosed by the business firm but disclosure intensity of education, training, diversity, equal opportunity are very low. They examined the date of 460 public companies in 57 separate countries during the period 2009. Another researcher Vuontisjarvi (2006) reveals that only seven companies in Finland out of 205 companies disclose data relating to work life balance in their annual report. Date relating to pay and benefit, training, trade union relationship is disclosed by major companies. Another indicators like collective agreement, support for child care, paternal and maternal leave etc are not disclosed by the company. Wickramasingha and Frnseka (2012) conduct a study on human resource reporting and they investigated a positive relationship between image of company and HR related disclosure of the company. Abayo et al. (1993) and Hossain et al. (1995) conduct study and find out the positive association between size of the company and labour related disclosure of the company. Dominguez (2011, 2012) investigates that labour related reporting affected by some variable like type of industry, size of firm etc. Buzby (1975), Firth (1979), Chow & Wong-Borren (1987), Wallace (1988), Cooke (1989),Cooke(1991) they also examine the association between quantity of labour reporting disclosure and different determinants of these disclosures. So, it can be said that labour reporting practice is the function of some variables. Another researcher Reberts (1991) conducts a study on European country's companies and find out the significant difference in disclosure practices of labour

related issues but difference in environment related disclosure is negligible. Adams et al. (1998) examine the amount of environment; employee and ethical information related disclosure. This study also reveals the significant difference among disclosure of labour related issues among various companies. Meek et al. (1995) and Grey et al. (1995) observe variation of labour related disclosures in their study. They also reveal the difference between financial and non-financial related information.

In another study Fifka & Drabble (2012), find out the difference between disclosure related issues of UK and Finland. They conduct their study on 100 companies of these two countries. They also reveal that environmental and socio-economical factors influence the degree of disclosure or reporting.

So, disclosure issues of annual reports and sustainable reporting practices vary among different companies as well as among various countries. It also affected by various determinants like culture, social etc. Literature also reveals that all companies do not want to disclose all labour related issues. Majority of the company only reflect number of employees, training and education related information. Few of the above study measure the amount of differences of amount of disclosures among different companies and countries. Insurance related cooperative firms also discloses labour related issues through their annual reports and sustainable reports but there is no such study which measure the diversity among labour related issues of cooperative firms of insurance . This is the research gap of the study.

Section-III

Objective of the study:

As mentioned in the previous section, there is no such study traces on the measurement of diversity of labour reporting practices of insurance related cooperatives firms. Hence, triangular objectives can be depicted for this study. These are:

- (i) Review the annual reports of forty nine top revenue earner insurance related cooperative firms for identify the labour related disclosures.
- (ii) Formulate the score of labour related disclosure for every insurance related cooperative firm.
- (iii) Measurement the diversity of labour related disclosure by using above mention score of forty nine insurance related cooperatives firms.

Section-IV

Data and Methodology:

Top forty nine revenue earners of insurance related cooperative firm collect from global top 300 cooperative sites. Annual reports of forty nine insurance related cooperatives firms for the year 2014 are collected from the

respective website of every cooperative firm. After that this are scrutinize for making the score of labour related disclosure in three segments i.e. fundamental labour related disclosure, governance related disclosure and technical labour related disclosure (As per ILO’s segmentation). Dimension Index is calculated on the basis of these scores. As per Sharma’s (2008) method this index is calculated. Three dimension indexes are calculated here by using the following formula:

$$d_i = \frac{A_i - m_i}{M_i - m_i} \dots (1)$$

Where, Ai stands for actual value (score) of dimension i, Mi indicates the maximum score possible for dimension i. and minimum possible score of the ith dimension is presented as mi in equation (1).

Value of di varies between 0 and 1. A higher value of di represents higher degree of disclosure in the concerned dimension. Hence three dimensions index are computed for three segments of labour reporting scores.

The Index of Diversity (ID) is represented by the following formula:

$$ID = \sqrt{\frac{(1-d_1)^2 + (1-d_2)^2 + \dots + (1-d_n)^2}{n}} \dots (2)$$

The numerator of the above formula represents the Euclidean distance of Di from the ideal point-1. Hence, \sqrt{n} has been used for normalization purpose. The normalization is necessary to keep the derived value between 0 and 1.

As the distance of the dimension value di represents the extent of diversity, a simple average of all three values (for three dimensions) could provide average measure of diversity. As reported by Sharma (2008), UNDP also uses this method. Hence, a higher value of the normalized distance (ID) will represent higher degree of diversity and vice-versa.

Section-V

Analysis of Result:

The range of maximum and minimum value of three dimensions is 0 and 1. Values of these three dimensions index also vary from 0 to 1. Dimension Index of fundamental labour related issues vary between 0 to 1 and dimension index of Governance standards related labour issues vary from 0 to 1. Maximum value of technical standard related dimension index is 0.95 and minimum value is 0.01. Dimension Index represents the uniformity. Out of 49 insurance cooperative 4 cooperatives discloses all issues relating to fundamental standards of ILO. All labour related issues of governance standards disclosed by 23 cooperatives (their concern dimension index is 1) out of sample cooperative. Another side major labour related issues concern with technical standards are disclosed by one cooperative (i.e. Groupama) among sample cooperative.

Index of Diversity (ID) reflects the diversity of labour reporting issues among sample cooperatives. Highest value of ID is 0.983192 and lowest value is 0.28867. This can be categories by using the following (Table-1) ranges:

Table-1

Range of ID.	No of cooperatives.
.5 < ID ≤ 1 (degree of diversity-very high)	29
.31 < ID ≤ .5 (degree of diversity- medium & high)	14
0 < ID ≤ .3 (low degree of diversity)	6

On the basis of Index of Diversity Unitrin Inc (US based Insurance Cooperative) occupies first position i.e. 0.983192 and cooperative Gothaer (Germany based Insurance Cooperative) occupies lowest position i.e. 0.28867 among sample. Lowest value of Index of Diversity represents higher amount of labour disclosure issues. Result reveals that major insurance related cooperative firm (29) among sample, discloses very lower amount of labour related issues. Only 12.24% cooperative among sample discloses major labour related issues as per standards provided by ILO.

Conformity Index also provides a reverse indication of Index of Diversity i.e. highest value of this index represent lowest uniformity and vice versa. Hence, the value of conformity index varies within the range 0.0241 to 0.711325.

Section-VI

Conclusion:

Index of Diversity on scrutinize score of labour related reporting issues of forty nine top revenue earner insurance based cooperative firm’s annual reports (2014) disclose huge variation (0.28867 to 0.983192) among sample data. Hence, result discloses that Insurance based top revenue earner cooperative firm of the world unable to disclose all reporting issues as requirement of ILO labour standards. Out of forty nine samples of insurance based cooperative firm, only 12.24% discloses major amount of labour related issues, 59.18% discloses minimum amount of labour relating information and 28.57% cooperatives discloses moderate amount of labour related issues in their annual report in the year 2014. Among sample cooperative firm diversity exists concerned with labour relating issues. Further study is needed to investigate the reasons of behind the diversity among labour reporting practices.

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