

## An Empirical Study on Assessment of Human Resource Disclosure in India

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### **Abstract**

**Aim:** To know the extent of human resource disclosure made by Indian companies in their annual reports.

**Research Methodology:** 500 annual reports of 100 companies listed under S&P BSE 100 index over 5 years (2009-10 to 2013-14) have been taken as sample. The study has used content analysis technique to gather and codify the information related to human resource disclosure. The disclosure has been categorized into financial disclosure and non-financial disclosure.

**Findings:** The results of analysis depicts that 85% of total companies taken as sample disclose some amount of information regarding human resource. Further it has been found that companies show a constant trend in financial disclosure and increasing trend in non financial disclosure.

**Keywords:** Corporate Social Reporting and Disclosure, Human Resource Disclosure and Content Analysis.

### **Introduction**

Orthodox management approach regards the business organisation as an economic unit which drives shareholders wealth. But contemporary management approach envisages business organisation as social unit which is responsible for both transparent economic and social progress. This modern thinking has led to the emergence of Corporate Social Reporting and Disclosure (CSR/D). Many endeavours regarding Corporate Social Reporting and Disclosure are being taken at international level but the development of CSR/D in the developing countries like India is very slow. Therefore, it is believed India to be an interesting case study. In order to fill this gap the current research has been conducted to know the extent of CSR/D made by Indian companies in their annual reports. The paper is organized as follows: first section of the paper deals with introduction, the next section deals with synthesis of results of various researchers in form of review of literature. Further, the paper explains the research methodology which includes the sample and research techniques. The next section refers to results and discussion. The last section deals with suggestions and conclusion.

### **Objective Of The Study**

To know the extent of Human Resource Disclosure (HRD) made by Indian companies in their annual reports.

## Review of Literature and Justification of Research

This section deals with the review of literature related to

Corporate Social Reporting and Disclosure. Table 1 presents the studies which have been reviewed.

**Table 1: Summary of various research studies**

Author(s)	Aim	Sample	Research Methods	Finding indicate that:
Trotman (1979)	To analyse the social responsibility disclosure practices of Australian companies in their annual reports	100 largest Australian companies	Content Analysis	Most of Australian companies disclosed social responsibility activities. The human resource theme and environment theme were most disclosed themes in their annual reports.
Teoh and Thong (1984)	To examine different aspects of a company's social commitments in order to fulfill social responsibilities including social reporting.	100 Malaysian companies	Personal interview and questionnaire survey technique	All senior management staff in the sample used to devote attention mainly on activities relating to employees and product services.
Epstein and Freedman (1994)	To know whether investors demand social information and if they do, what type of information they want.	3000 Individual investors	Questionnaire method	Investors were interested in knowing the information related to ethics, employee relations and community involvement from company's report.
Gray et al. (2001)	To investigate the relationship between CSR and company size profit and industry grouping.	Top 100 UK companies.	Content analysis	There was relationship corporate characteristics (size and profit) and CSR.
Smith et al. (2005) aimed at For this he had used It was concluded that	To explain differences in CSR among Norway, Denmark and United States.	Annual reports of 32 Norwegian and Danish companies and 26 US companies belonging to sector of electric power generation industry as a sample.	Content analysis	US companies put less emphasis on CSR issues and Norwegian companies put more emphasis on environmental disclosure. Companies from Norway and Denmark had a stakeholder orientation and higher quality of CSR in their annual reports. The most disclosed theme among Norwegian and Danish companies was environment.
Aras and Aybars(2010)	To investigate the relationship between CSR and firm financial performance.	100 index companies listed in the Istanbul Stock Exchange	Content analysis	There was insignificant relationship between Financial performance and CSR.
Lanis and Richardson (2013)	To compare CSR among tax aggressive and non tax aggressive firms.	40 Australian companies	Content analysis	There was a positive relationship between CSR and tax aggressiveness, firm size, leverage, capital intensity and market to book ratio.
Aldosari,A. and Atkins,J. (2015)	To investigate the extent of the level of CSR in Saudi Arabia in years 2010 to 2012.	58 Saudi listed companies	Content analysis	A significant increase in CSR reporting over that period despite the fact the private sector companies are still in the early stage of awareness.
Maheshwari, M., Kaura, P. and Gupta, A. (2016)	To explore the views and perceptions of different stakeholders relating to location of CSR	400 stakeholders of India	Content analysis	All respondents groups perceived that the purpose relating to society in large for judging the action and policies of the companies is most important purpose of CSR.
Jitree,W.(2016)	To investigate extent of CSR in Thai public listed companies.	323 Thai companies listed in Stock Exchange of Thailand	Econometric models	CSR has significant impact on improving the financial performance of Thai companies.

The studies referred above are done in developed countries and are sector specific. The findings of the present study are expected to enrich the existing literature in context of India.

### Research Methodology:

The research paper has adopted following research methodology.

**Research design:** The empirical research design has been employed to investigate the extent of human resource disclosure made by Indian companies in their annual reports.

**Source of Data collection:** The data has been collected through secondary source mainly annual reports.

**Sample of study:** 100 companies listed in S&P BSE 100 index.

**Period of study:** The study covers the period of 5 years from the year 2009-10 to 2013-14.

**Research Technique:** The study has used content analysis technique to gather and codify the information related to human resource disclosure.

### Results And Discussions

This section of the paper provides the trends followed by the companies regarding Human Resource Disclosure. Table 2 contain 3 main columns showing information category, type of information disclosed (financial and

non financial) and years depicting the period of study from (2009 -10 to 2013-14). Further year –wise column has been divided into 4 parts:

1. 1st column represents number of companies which discloses the information about the category.
2. 2nd column represents percentage of companies which discloses the information about the category.
3. 3rd column represents an average number of words.
4. 4th column represents an average number of sentences.

Results have been described by volume (i.e. amount) and incidence (i.e. frequencies) of corporate social reporting and disclosure. It has been assumed that the amount of CSR is

related to the importance placed on a particular subject or issue. Greater the amount of disclosure, the greater importance perceived. Through content analysis Human Resource Disclosure has been categorized into 8 categories-Basic Data, Pension Commitment, Participation of Employees, Health and safety, Employee Shares, Equal Opportunities, Training and Benefits in kinds. An average volume of Human Resource Disclosure is done by 85 companies out of 100 companies from 2009-10 to 2013-14. In general the analysis show that all the companies in the sample do not disclose any information related to ‘Participation of employees’. ‘Basic data’ exhibits the general information of the particular theme which is not included in the other categories.

**Table 2: Human Resource Disclosure**

Human Resource Info categories	Type	Years																				
		2009-10				2010-11				2011-12				2012-13				2013-14				
		N	%	W	S	N	%	W	S	N	%	W	S	N	%	W	S	N	%	W	S	
Basic Data	F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NF	85	85	136	13.6	85	85	138	13.6	85	85	142	14.2	85	85	145	14.5	85	85	148	14.57	
Pension Commitment	F	85	85	8	1.8	85	85	8	1.8	85	85	8	1.8	85	85	8	1.8	85	85	8	1.8	
	NF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Participation of Employees	F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	NF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health & safety	F	85	85	7	1.5	85	85	8.1	1.8	85	85	8.8	1.8	85	85	9	1.8	85	85	9.1	1.81	
	NF	85	85	58.2	5.8	85	85	60.1	6	85	85	65	6.5	85	85	72	7.2	85	85	73	7.3	
Employee Shares	F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	NF	85	85	33.5	3.3	85	85	37.5	3.7	85	85	39.5	3.9	85	85	39.8	3.9	85	85	40	4	
Equal Opportunities	F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	NF	85	85	33.7	3.37	85	85	34.7	3.4	85	85	35	3.5	85	85	39.2	3.92	85	85	40.1	4.01	
Training	F	85	85	5.5	1	85	85	5.6	1	85	85	5.6	1	85	85	6.1	1.1	85	85	6.1	1.1	
	NF	85	85	150	15	85	85	155.5	15.5	85	85	158.7	16	85	85	159.7	16.1	85	85	160	16.3	
Benefits in kinds	F	85	85	13.4	2.1	85	85	14.5	3	85	85	15.5	3.3	85	85	16.1	3.5	85	85	16.4	3.8	
	NF	85	85	85.5	8.5	85	85	86.1	8.51	85	85	99	9.1	85	85	100	9.5	85	85	100	9.5	

N: Number of companies disclosing % Percentage of companies disclosing F: Financial NF: Non Financial W: Average number of words S: Average number of words sentences

Table 2 depicts that Non Financial disclosure in basic data has increased from an average 136 words in an average 13.6 sentences in 2009-10 to an average 148 words in an average 14.57 sentences in 2013-14. Broadly speaking 85% the

companies disclosed the information about this category in general during the whole period. 'Pension commitment' in financial disclosure has shown a constant trend by 85 companies with an average 8 words in an average 1.8

sentences from 2009-10 to 2013-14. Financial disclosure in 'Health and safety' has increased from an average 7 words in an average 1.5 sentences in 2009-10 to an average 9.1 words in an average 1.81 sentences in 2013-14. Non Financial disclosure has increased from an average 58.2 words in an average 5.8 sentences to an average 73 words in an average 7.3 sentences in 2013-14. Non Financial disclosure in 'Employee shares' has slightly been increased from an average 33.5 words in an average 3.3 sentences in 2009-10 to 40 words in 4 sentences in 2013-14. Non Financial disclosure in 'Equal opportunity' has increased from an average 33.7 words in an average 3.37 sentences in 2009-10 to an average 40.1 words in an average 4.01 sentences in 2013-14. Financial disclosure in 'Training' has increased from an average 5.5 words in an average 1 sentence in 2009-10 to an average 6.1 words in an average 1.1 sentences in 2013-14. Non Financial disclosure also increases from an average 150 words in an average 15 sentences in 2009-10 to an average 160 words in an average 16.3 sentences in 2013-14. Financial disclosure in 'Benefits in kind' category has increased from an average 13.4 words to an average 2.1 sentences in 2009-10 to an average 16.4 words in an average 3.8 sentences in 2013 -14. Non Financial disclosure increases from 85.5 words in 8.5 sentences in 2009-10 to 100 words in 9.5 sentences in 2013-14.

### Conclusion And Suggestions

The research findings have uncovered the fact that HRD in India seems to have received modest attention from most of companies. 85% of total of companies taken as sample have disclosed the human resource information this is perhaps because of employees pressure. Moreover HRD has shown an increasing trend from 2009-10 to 2013-14. Therefore on the basis of above findings following suggestions have been suggested:-

1. Firstly standard format should be developed by the accounting associations in India which should incorporate all the aspects of CSRD which are useful for all the stakeholders.
2. Companies should be encouraged to publish their annual reports by giving considerable importance to human resource information in CSRD.

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