

Human management and reporting of human capital

[Business](#), [Accounting](#)



HUMANRESOURCE DISCLOSURE PRACTICE QUALITY OF BANGLADESHI COMPANIES ByMDALAMGIR HOSSAINPASSPORT:

AC7665589GEOMATIKAUNIVERSITY COLLEG Table of Contents Abstract 1 Introduction. 1 Problem statement 2 Research Question. 2 Purposes of the study. 2 Discussion. 4 Implications.

4 Conclusion. 4 Reference. 5 Abstract Importance of sustainable approach to entrepreneurship is growing. With this trend importance of sustainability reporting, which includes reporting on human resources also increases.

Where human resources are fundamental for any company, new information needs exist for the company's shareholders and stakeholders. They demand information on questions related to the creation of value where intangible assets, especially the human element, is of maximum importance, and about social responsibility compliance, where information about the employees is fundamental. In this study I examined the existence and extent of reporting on human resources in annual reports of the garments sector companies registered under the Dhaka Stock Exchange of Bangladesh which belong to selected industrial sectors.

Under this study I investigated the potential determinants of the level of disclosure on human resources practices. The results point out that HR disclosure quality level is very low among the sample companies. The ordinary least squares regression (OLS) analysis results indicate that the level of HR disclosure quality is associated with company's employees expenses as a proportion of its total operating expenses", whereas profitability, do not have significant influence on its level of HR disclosure quality. Keywords -

HR Disclosure Quality, Intellectual Capital, Bangladesh, Employees' expenses. Introduction In the knowledge economy, with the increasingly important role of knowledge, professional skills and abilities in product manufacturing and service delivery, effective management and reporting of human capital is imperative for organizations seeking for performance enhancement. In this sense, the study on corporate disclosure of intellectual as well as human capital has received growing research attention. Nevertheless, the extant research of intellectual or human capital disclosure focuses on the antecedents or influencing factors of engaging the reporting activities and international or industry segment comparisons of the reporting practices. The resulting performance implication of human capital disclosure is still not well addressed, theoretically or empirically in developing countries such as Bangladesh.

Human, materials, machines, implies money and strategies are the assets required for an association. These assets are comprehensively ordered into two classifications, viz., vivify and lifeless (human and physical) assets. Human, also called the HR, are thought to be energize assets. Others, in particular, materials, machines, cash and strategies are thought to be lifeless or physical assets. Assets are on the whole human, material, genuine and fiscal components that can be attracted and utilized the creation of monetary products to fulfill social needs (Dobrota, 1999, p. 159). Because of the new economy, learning based economy it has been presumed that HR turns out to be progressively more critical in deciding the aggregate estimation of an association.

HR alludes to an arrangement of information and fitness, aptitudes and preparing, advancement and capacities, states of mind and aptitudes, learning capacity and inspiration of the general population who frame the association (Ionel et al., 2010). In spite of the fact that the specialized establishments, hardware or money related capital are imperative, HR, specifically, is essential (Armstrong, 2001). The conventional approach is to regard individuals as simple "consumption" or in the bookkeeping approach inclination as negligible costs attested by (Manolescu, 2003). Joint human asset worldview is inadequate and restricted. It takes your psyche to a consumable asset composed at a cost and thusly the organization as far as limiting expenses. As a matter of fact it is around a basic vital component in the organization's future, it is about HR. HR incorporate the consolidated learning, aptitude, innovativeness, creativity and capacity of every worker of a firm to lead routine exercises.

It additionally incorporates the organization's esteems, its way of life and theory (Ionel et al., 2010). So the disclosure of human resource capital is a vital need now a days. Problem statement Bangladesh is a developing country and it has many natural resources. As a result of that many new companies in different industrial sectors are evolving in the country specially garments as there are lots of demand from the foreign countries. There are being recruited many workers as well as professionals.

As a result it is sensible to trust that Bangladeshi companies demonstrate a bit by bit developing enthusiasm for detailing devices on HRD in their yearly reports as there are less disclosures about human resource capital in the

company's financial statements. After shedding some light on the importance of disclosure the question that needs to be answered is: What is the level of HR disclosure quality in annual reports of the Bangladeshi stock registered garments companies and are the companies' characteristics associated with the level of HR disclosure quality. Research Question Q1. What is the level of HR disclosure quality in annual reports of the Bangladeshi stock registered garments companies? Q2. Are the companies' characteristics associated with the level of HR disclosure quality? Purposes of the study In view of less research has concentrated on the nature of HR disclosure, driven by this contention explored the level of HR disclosure quality in Bangladesh.

The examination additionally distinguished the variables that impact the level of HR disclosure. Subsequently the overall objectives of the present investigation are as per the following: To determine the level of HR disclosure quality in annual reports of the Bangladeshi stock registered garments companies. 2. To determine whether certain company characteristics associated with the level of HR disclosure quality. H1. There is a positive association between company's profitability and level of HR disclosure quality. Profitability In earlier studies reported mixed results of the relationship between HR disclosure and profitability. For example, Williams (2001) noticed a significantly inverse relationship through investigating 40 UK companies.

Sonnier et al. (2007) reach to similar findings through examining 143 high-tech companies in the US. However Garcia-Meca et al. (2005) and Li et al.

(2008) found a significantly positive relationship in Spain and UK respectively. Ahmed (2009), Hossain (1998), Owusu-Ansah (1998).

Inchausti (1997), Raffournier (1995); Wallace and Nasr (1985) and Wallace (1987) used Profitability in disclosure studies as independent variable. Hossain (1998) identified that profitability is capable of influencing the level of corporate information disclosure. Owusu-Ansah (1998) found that unprofitable companies are also inclined to release more information to defend their poor performance.

Lang and Lundholm (1993) noted that the influence of a company's profitability level on disclosure can be positive, neutral or negative, depending on its performance. But the study of Belkaoui and Kahl (1978) found a negative relationship between profitability and level of reporting. H2.

There is a positive association between company's employee expenses ratio and level of HR disclosure quality. Employee Expenses Jindal et al. (2012) in their investigation uncover that human capital disclosure Score is decidedly corresponded with the employee expenses as an extent of their aggregate working expenses. This basically implies the organizations in which employee expenses constitute a greater part of operating expenses are the ones which reveal more on the HC front. Other investigation of Wright and Snell (2005) demonstrated that value in knowledge based economy can be made by better training, development and retention of the employees.

This improved estimation of firm, with better HR exercises, can't be accounted for on the balance sheet. It must be accounted for to its financial

users through HC disclosure. Consequently, HC disclosure should increment with the expanded measure of spending on workers. With the developing information economy the employee expenses of the Indian organizations have expanded commonly. Subsequently, this investigation guesses that the organizations with a more noteworthy extent of their working expenses put resources into workers' pay ought to have noteworthy positive effect on the degree of their HC disclosure quality. Discussion Based on sample annual reports of Bangladeshi companies from garments sectors which are listed in Dhaka Stock Exchange, the results support the expectation that the quality level Human resources accounting disclosure is low.

The result is supported by other study performed Md Habib-Uz-Zaman Khan in Bangladesh (2010) who examined the CSR disclosure practices of selected public listed companies in Bangladesh. The study reveals that the level of CSR is low among Bangladeshi companies. This study also supported by earlier studies performed in emerging economy country contexts (for example, Belal (2001) for Bangladesh, Naser and Baker (1999) for Jordan; Savage (1994) for South Africa). All of those studies revealed that the extent of CSR disclosure is also very low and this results. The company's characteristics variables are the profitability and ratio of employee expenses to total operating expenses. The multivariate regression analysis show that profitability has negatively correlated with HR disclosure Scores and employee expenses is positively correlated with HR disclosure Scores. This result supported by (Jindal et al.

, 2012). Implications In summary, the objectives of this research were (1) to describe the extent of what is the level of HR disclosure quality in annual reports of the Bangladeshi stock registered garments companies and (2) Are the companies' characteristics associated with the level of HR disclosure quality? As there is few previous study in the field of CSR in Bangladesh before, this study presents an overall picture of HRA disclosure in Bangladesh and offers recommendations to regulators who are interested in improving, monitoring and enforcing the adequacy of HR disclosure in Bangladesh and also to companies who are willing to enhance the HR practices within their own companies. Conclusion Human Resource Accounting Information of an organization is very important factor to decision makers in the era of knowledge based economy. As a result, each organization takes serious attempt to disclose its HRA information to insiders and outsider decision makers. In fact, it is becoming an integral part of management report. This study initiates to reveal the disclosure quality of HR of listed garments companies in Bangladesh. Its results shows that there is a positive association between company's profitability and level of HR disclosure quality and also there is a positive association between company's employee expenses ratio and level of HR disclosure quality. In addition, the results also find the financial companies are disclosing HRA information than non-financial companies and company's profitability positively influences companies to report their information in their annual report.

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