

Determinants of Human Resource Disclosure Index (HRDI) of Indian Companies

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Abstract

The purpose of the present research study is to know the Human Resource (HR) disclosure practices in selected Indian listed companies and effect of company characteristics on Human Resource Disclosure Index (HRDI) of selected Indian listed companies. The present research includes the companies listed on NSE-200 Index. This study uses the content analysis of annual reports from 2012-2013 to 2017-2018. The effect of various company characteristics on HRDI have been studied using descriptive statistics, correlation and OLS regression model. Kruskal-Wallis test is used to study the effect of industry type on HRDI. And to compare the HRDI of public and private sector companies, Mann-Whitney U testis applied. The findings of the study show that, net sales, market capitalisation, ownership concentration, profit after tax and total number of pages of an annual report significantly influence the HRDI of selected Indian listed companies.

JEL Code : C1, M41, M48, M51, O15

Keywords : HRM, HRDI, Human Resource, NSE, OLS, India, Company

I. Introduction

GLOBALIZATION HAS TRANSFORMED the business environment and capital markets. The resultant opening up of the economy has created huge amount of opportunities for investors. Corporate disclosure is an indispensable tool for various stakeholders for taking various financial decisions. The voluntary disclosure of information by company reduces the information asymmetry between management and shareholders. Through disclosure, management provides signal to shareholders that they adopt best practices in the interest of the shareholders (Thompson and Randall,

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human resource, it creates certainty for their stakeholders. If the information is hidden by the company, the stakeholders would never come to know about the real risk of the company. The future and growth prospects of the company depends on how the investors invest in particular company. It is also very difficult for the investors to evaluate all the key information related to the company. To what extent, the information is disclosed by a company shows the broader aspects of the managers. The HRDI constructed in present study can be used as a yardstick by Indian firms to enhance their HR disclosure in future. The HR disclosure also helps regulatory bodies to set minimum standard for disclosure of HR information in annual reports of the listed companies for proper valuation of financial position of a company. More voluntary disclosure of HR information also uplifts the social image of the companies which makes the companies popular amongst stakeholders (shareholders, investors, employees, creditors etc.). Investors would be ready to invest more and talented employees would like to be part of the companies.

The emerging market has increasing growth rate. Hence, the markets are in the need of additional capital. The foremost condition for raising the capital from local and foreign investors is the company should be transparent and show to the investors their valuable HR. Hence, through this present study Indian listed companies should be motivated to disclose more and more HR information in their annual reports. The present study has used only one medium of HR disclosure i.e. annual reports. The other medium such as press releases, websites and media reports could also be used. The present study used unweighted index indicated presence or absence of a particular item. Further study, would use weighted index for scoring of an item. The sample size of present study has been taken as six years. Further study could enhance the sample size to improve the efficiency of the model.

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