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Dr. Rajwanti
Associate Professor in Commerce, Govt. College for Women Sonipat, Haryana, India

Corresponding Author:
Dr. Rajwanti
Associate Professor in Commerce, Govt. College for Women Sonipat, Haryana, India

Themes of human capital disclosure

Rajwanti

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Abstract
In the knowledge-based economy, value creation is mostly determined by the effective utilization of intangible assets, and these intangible is often referred to as intellectual capital. According to Stuart (1996) intellectual capital is recognized as the world's most important wealth creator. The set of physical and intangible assets is at the core of the firm's competitive advantage. Disclosure is the process through which an entity communicates with the outside world. Intellectual capital disclosure can be defined as information delivery in the financial reports which is related to knowledge resources of the company (human capital, structural capital, and relational capital) that aim to provide an overview of company's qualities and competitive advantage. This paper is an attempt to understand the different themes of human capital disclosure.

Keywords: Intellectual capital, intellectual capital disclosure, human capital disclosure

1. Introduction
Value creation in the knowledge-based economy is mostly determined by the effective utilization of intangible assets and these intangible is often referred to as intellectual capital. These knowledge-based assets of the firm are a source of competitive advantage (Kweh, *et al*., 2019; Dzenopoljac, *et al*., 2017) [9, 4]. Intellectual capital may be defined as the intangible assets that are not listed explicitly on the firm's balance sheet but positively affect its performance and success (Edvinsson, 1997, Mondal & Ghosh, 2012) [5, 15]. It consists of information, intellectual property, intellectual material, knowledge, core technique, customer relationship and experience that can be utilized to make a company rich (Stewart, 1996) [21]. So, it is essential that IC is well-understood and properly managed if organizations compete successfully in today's economy (Lee & Wong, 2019) [10]. It can be summarized that IC embodies the intangible assets and resources of a company, such as knowledge, know-how, professional skills and expertise, employees, databases, intellectual properties, technologies, customers, etc., that can benefit a company. It determines its potential to grow in the future when managed and used wisely.

2. Review of Literature
Reporting of IC resources in the corporate annual report started in the middle of the 90's, primarily in the Scandinavian countries where companies began to publish IC report as a supplement to their annual reports. Subsequently, companies worldwide started to publish IC reports or adopt new forms of disclosure and valuation of Intangible assets (Ismail, 2008). In the meantime, several empirical studies have been conducted in various countries to examine the extent of Intellectual capital disclosure in corporate annual reports
Ousama and Hafiz-Majdi (2012) [18] examined the extent of intellectual capital disclosure and their determinants based on a sample of 91 Malaysian listed companies. The data were collected from 2006 annual reports of the selected companies and analyzed using descriptive statistics, t-test, correlation, and regression analyses. The regression analysis supported the hypothesis that overall intellectual capital disclosure in annual reports of the Malaysian listed companies is influenced by the firm's size, profitability and industry type. In contrast, the type of audit firm and leverage did not statistically affect ICD.
Abhayawansa and Mohammad Azim (2014) [1] examined the extent and qualitative characteristics of IC disclosure of 16 Bangladeshi pharmaceutical companies listed on the Dhaka Stock Exchange by content analysis of the 2006 report. The study analyzed both narrative and visual content in the annual reports.

Maaloul *et al*. (2016) [12] analyzed the extent of intangibles disclosure of a sample of 125 US non-financial firms by using the index of 61 different intangible items- 22 human assets items, 18 structural assets items, and 21 relational capital items.

3. Objective of the study

The aim of this paper is to identify the different themes of human capital disclosure to understand the extent of intellectual capital disclosure by listed companies in India.

Themes of human capital disclosure

Human capital is the basic component in the intellectual capital development process. Human capital regards employees and their knowledge, education, skills, capabilities and characteristics (Edvinsson, 1997; Ozkan *et al*., 2017) [5, 19]. Human capital can also be referred as the skills, talent, and knowledge or know-how of the organization's employees or strategic competencies that cannot be easily imitated or copied (Kaplan & Norton, 2004) [8]. These eight identified themes of human capital disclosed by the selected companies are mentioned below:

- Demographic profile
- Training and development
- Career development
- Knowledge and capability
- Employees welfare
- Safety and life quality
- Financial incentive
- Strategic factors

A detailed description of the themes of human capital disclosure is given below:

Demographic profile: Demographics Profile refers to the characteristics of employees of an organization like age, gender, marital status, education level, Income, etc. Employees play a pivotal role in the success of every organization. Demographics are the important factors considered in most human resource and management decisions because they influence employees' work behavior and productivity (Shaffril & Uli, (2010) [20]. Employees' characteristics such as age, gender, and job tenure can have significant effect on organizational commitment and satisfaction of employees. The keywords identified to disclose this theme include: Gender, age, date of birth, marital status, gender-diverse workforce, status, professional skills, educational qualification, vocational qualification, qualification.

Training and development

Training programmes helps the employees to learn specific knowledge or skill to improve performance in their current roles. More specifically, training involves programmes which enable employees to learn precise skills or knowledge to improve performance. Development programmes include a more expansive employee growth plan for future performance than immediate career role improvement. Recognizing new skills and ways of learning will help a company evolve and innovate for the future (Mahadevan & Yap, 2019) [13]. The top benefit for driving employee development is to shape a more efficient, competitive, and engaged workforce. Continual employees' education and training are becoming crucial in this current business circumstances. Employees are a company's biggest asset, and investing in talent is vital to sustainable business growth and success. Training and development can prompt company analysis and planning; it requires employers to review existing talent and evaluate growth and development opportunities internally rather than via recruitment. Assessing the current skills and abilities within the team will enable managers to strategically plan targeted development programmes that consider any potential skills gap. The keywords identified to disclose this theme include: Training, training modules, training session training and education, training programmes, training courses, training cost, e-learning, skill up-gradation, learning opportunities, digital learning, training and development, nurture talent.

Career development: Career development includes any management initiative that encourages employees of an organisation in career their development. Career development programmes increase employees motivation and productivity. Attention to career development helps the organisation to attract top staff and retain valued employees. Supporting career development and growth of employees is mandated by the philosophy of human resources management. Career development is about making sure that employees fulfil their potential to make a long-term difference to the organisation. Employees are more engaged and committed when they see a career development path and progression ahead of them (Vondracek *et al*., 2019) [23]. Career development also nurtures internal talent; it can help the organisation to reduce external hiring costs. The organisation can also retain valuable knowledge held by staff, which might choose to leave if development opportunities are scarce. The keywords identified to disclose this theme include: Leadership development programme, employee development, career progression, promotion and career advancement opportunity.

Knowledge and capability

Knowledge and Capability refers to an employee's ability to perform the expected work to the required standards. This may be assessed by reference to an employee's skill, aptitude, health, or any other physical or mental quality related to the job they are employed to do. The success of organizations largely depends on continual investment in learning and acquiring new knowledge that creates new businesses and improves existing performances. Knowledge management is important as a managerial tool, which promotes the creation of new knowledge and it's sharing through corporate values. Managers need to have a greater sense of the invisible and intangible assets of people featured in the minds and experiences of employees. Without these assets, companies are unequipped with vision and the ability to predict the future. The use of the knowledge management process increases the effectiveness of decision-making processes and the level of operational efficiency, flexibility, commitment, and involvement of employees. Satisfied employees are able to increase productivity, accountability, and quality and customer service (Naqshbandi & Jasimuddin, (2018) [16]. The keywords identified to disclose this theme include: Employee experience, employee knowledge, employee know how, employee productivity, employee skill, employee value, human capital, human value, merit,

knowledge and competency, expert, talent, human talent, team work, team, initiative, employee initiative, expertise, employee expertise, entrepreneurial spirit, commitment, employees' commitment, creativity, employee engagement, motivation, motivation and dedication, dedication, employee dedication, employee satisfaction, employee support, employee retention, integrity.

Employee's welfare

Employees welfare means anything done for the employees' comfort and (intellectual or social) improvement, over and above the salary paid. In simple words, it means the efforts to make life worth living for employees. It includes various services, facilities and amenities provided to employees for their betterment. These facilities may be provided voluntarily by progressive entrepreneurs, or statutory provisions may compel them to provide these amenities. It includes staff accommodation, subsidies canteen, subsidies transport, employees loan facilities, employee welfare fund, information about support for daycare, maternity and paternity leaves, holiday benefits, an award given for motivation of employees, improvement to general working condition both on the factories and for the office staff, providing recreational and cultural facilities.

The objectives of employee's welfare are to improve the working class's life, bring about the holistic development of the worker's personality, etc. (Odeku & Odeku, 2014) [17]. Employee welfare is in the interest of the employee, employer, and society. It enables manpower to perform their work in a healthy and favourable environment. Apart from the wages and salary, anything done by the organization to improve the living standard of employees and keep them satisfied comes under the sphere of employee welfare. All those services, benefits and facilities offered to employees to make his life worth living, are included in employee welfare. According to the ILO, 'employees' welfare should be understood to mean such services, facilities, and amenities which may be established in or in the surrounding area of undertakings to enable the persons employed in them to perform their work in healthy and pleasant surroundings, and provided with amenities conducive to the good health and morale The keywords identified to disclose this theme include: Employee facilities, welfare programmes, flexi time, employee benefit, welfare funds, staff welfare expenses, subsidies facilities, employees feedback, employee's relations, employee engagement, human assets, human resources.

Safety and life quality

The theme of safety and life quality includes the health and safety measures that have been implemented by an organisation for the health and safety of their employees. It is the right of all employees to have safety in the workplace and is essential regardless of the size of the organisation; all need to incorporate security in their workplaces. Well implemented safety measures keep employees safe and also protect industrial equipments. There are occupational safety and health risks in every organization and it is the responsibility of organisation to protect their employees and keep them safe. Factors affecting workplace safety include unsafe working conditions, environmental hazards, substance abuse and workplace violence. Organisations should learn the desired aspects of their employees in terms of safety and protection because employees are more satisfied and productive in such an environment and this will help to increase productivity and the quality of the products and services (Odeku & Odeku, 2014) [17]. So, organisations should create strategies that ensure and promote safety of human resource. The keywords identified to disclose this theme include: Safety initiative, safety practices, safe work practices, industrial hygiene safety training, health and wellness program, employee well-being, safe living, safe working environment, health and safety, occupational health and safety, safety culture, safety management, healthcare initiative.

Financial incentives

Financial incentives include all monetary benefits offered by an organisation to their human resource. Such incentives can be given to groups of people or individuals to provide a means of monetary security and satisfaction. Generally financial incentives include salary including allowances, bonus, retirement benefits, commission, fringe benefits, profit sharing etc. Salaries (including allowances) a common and basic financial incentive is the salary that employees receive from their employer. Depending on the organization, additional allowances, such as housing and car allowance, travel allowance, and other allowances, are given to the employees in addition to their basic salary. Salaries can also be increased yearly to account for inflationary movements or as a performance reward for an employee**.** Bonus is typically economic packages offered to employees as a reward or compensation for notable performance at work. Specific bonuses are given when a company performed well during a financial year. Retirement benefits provide long-term security for employees, motivating them to work well and commit to a company for a longer period. Generally, retirement benefits can include leave encashment, pension, retirement policies, gratuity, etc. Commission not only encourages employees to work hard but also to strive and surpass performance targets. The commission is usually given in proportion to performance. Fringe benefits include medical benefits, car and housing allowances, or educational and recreational amenities and provisions. Several corporations develop and participate in profit-sharing schemes in which the staff members are given a portion of an organization's earnings to retain and encourage them. Other financial incentives can include stock options that allow employees to purchase ordinary shares at a lower price per share. The keywords identified to disclose this theme include: Financial incentive, health insurance, salary, remuneration, incentives, employees benefit expenses, salary and bonus, contribution to provident fund, employee cost, social security benefit, retirement benefit, commission, bonuses, encashment, pension, retirement policies, gratuity, commission, fringe benefits, profit-sharing, productivity wages.

Strategic factors

Strategic factors are those key issues that are strategically relevant and determine the success of a company in a particular industry and at a given stage in its life cycle (Martini, 1992) [14]. The industry's economics, technology, and socio-political setting determine what they are. The keywords identified to disclose this theme include: Entrepreneurial skill, expert team, participation in management, employee participation programme.

Fig 1: Word cloud of human capital disclosure

4. Conclusion

Intellectual capital disclosure is important because it increases transparency, accountability, shares price, decreases information asymmetry, and lowers the cost of capital (Bozzolan, *et al*. 2006) [3]. It enables the investors and other relevant stakeholders to assess their future wealth creation capabilities (Williams, 2001) [25]. Intellectual Capital is becoming the key factor of underlying value creation (Liao *et al*., 2013) [11]. However, a company's balance sheet fails to disclose the value of Intellectual Capital (IC) and only shows the value of tangible assets. Therefore, one of the dominant research topics in IC is the production and dissemination of Intellectual Capital Disclosure (ICD), which is particularly relevant for companies characterized by significant levels of intangible assets (Gelb, 2002) [6]. Due to the importance ascribed to intellectual resources in today's knowledge economy, this term has become popular in recent times. IC issues are now of great interest to researchers due to their importance to contemporary economic development as, IC is considered the main engine in a company's growth and excellence and investors need more information to be disclosed about IC as it will bring about competitive advantage (Al-Hajaya *et al*., 2019) [2]. This study identified the different themes and keywords of human capital disclosure such as demographic profile, training and development, career development, knowledge and capability, employee's welfare, safety and life quality, financial incentive, strategic factors.

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