

Motivations Behind Reporting on Human Capital in New Zealand

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Abstract

Purpose

The purpose of this paper is to examine the motivations of companies within the New Zealand banking sector for reporting on Human Capital (HC).

Design/methodology/approach

The research method included a content analysis of publicly available information communicated by the banks on HC along with 14 interviews of eight banks.

Findings

The analysis of the data identified three major motivations. First, the banks used HC reporting to enhance their image by reporting on how employees contribute to the customer experience and the community. Second, the banks use HC reporting to achieve a competitive advantage by differentiating their HC from others. The third motivation is to communicate the kind of talent the banks are looking for as a means of recruiting staff and to acknowledge the contribution and abilities of the existing workforce.

Research limitations

Only 8 of the 21 registered banks participated in the study so the findings cannot be generalised to all banks. Further, in the research process data may have been lost through researchers' bias.

Practical implications

The framework developed in this study explaining why do banks voluntarily report on HC can be adapted, and applied to future research on HC disclosures. Further, findings from this study provide insights into the motivation for voluntary reporting in banks which could be used by banks to improve the reporting of HC.

Originality/value

Prior research in New Zealand has focused on the content of the HC disclosures within the scope of intellectual capital rather than the motivations of organisations to report on HC.

Key words: Human Capital, Reporting, Banks, Qualitative, New Zealand

1. Introduction

The study examines the motivation of organisations reporting on human capital (HC). The wealth and growth of industrial economies originally drove the mass production generated through physical assets (Firer & Mitchell Williams, 2003). However, many advanced economies began to realise that organisational success largely depends not only on the effective utilisation of physical assets but also on the people with competence, skills, and knowledge (IIRC, 2016; Kwon, 2009).

Studies on reporting on HC have been undertaken in countries including Singapore, Sri Lanka, Ireland, Australia, Bangladesh, and United Kingdom (see Abeysekera & Guthrie, 2004; Abeysekera & Guthrie, 2005; Abhayawansa & Abeysekera, 2008; Brennan, 2001; Khan & Khan, 2010; McCracken, McIvor, Treacy, & Wall, 2018). Although interest in the reporting of HC has increased internationally, there is a lack of studies on reporting practices of HC in New Zealand. Specifically, there are no studies that have examined organisations' motivations behind reporting on HC in New Zealand. Thus, this study examines the views of eight banks in New Zealand on why they do banks in New Zealand report on HC.

The results of the study showed that banks in New Zealand to enhance the image of banks, attract employees to recruit and acknowledge, and achieve advantage over competitors. This study has three major contributions. First, prior to this study, there has been no research on the motivations of reporting on HC in the banking sector in New Zealand. Second, findings from this study provide insights into the motivation for voluntary reporting in banks which could be used by banks to improve the reporting of HC. Third, a framework developed in this study explaining why banks voluntarily report on HC can be adapted and applied to future research on HC disclosures.

The rest of the paper proceeds as follows. The following section two presents the literature review including the theoretical framework. Section three describes the methodology including sample selection, data collection and analysis methods. Section four presents the findings and discussion while section five provides the conclusion.

2. Literature Review

2.1 Definition of human capital and reporting human capital

Researchers have used numerous terms interchangeably to define HC. From a theoretical point of view, HC is a concept which needs to be developed further (Lewis & Heckman, 2006) because there is no uniformly agreed upon definition of it (Abeysekera, 2008a; Perera, 2018). One of the early definitions by Becker (1964) defined HC as the stock of knowledge, skills and abilities embedded in an individual that results from the natural endowment and subsequent investment in education, training and experience. Bontis (1999) defined it as the combined intelligence, skills, experience, education and expertise that gives an organisation its distinctive character. He adds that humans are capable of learning, changing, innovating and providing the creative thrust which, if properly motivated can ensure the long-term survival of the organization. The Organisation for Economic Co-operation and Development (OECD) defines HC as the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being (Liu, 2011). Perera (2018) defined HC as competences (skills, attitudes, abilities and experience), values, diversity (gender, age, etc.) and knowledge.

Though there is a wide-spread interest in reporting HC, there have been few significant attempts to define what reporting on HC means. Abeysekera (2008a) notes that until 2007, there were no clear definitions given to the term voluntary reporting. Foong, Yorston, and Gratton (2003) state that there is an absence of a universally agreement on what comprises HC reporting. As an example of this lack of clarity, in 2003, the Accounting for People Task Force (2003) recommended that external reporting should reflect the understanding of the Board of Directors about the relationship between HC management policies and practices and business strategy and performance. Foong et al (2003), have provided a common sense orientation to organisational reporting by noting that: "The fundamental objective of corporate reports is to communicate economic measurements of, and information about, the resources and performance of the reporting entity useful to those having reasonable rights to such information" (p. 15). Based on a definition given in the Australian Accounting Handbook, Abeysekera (2007), defined the reporting as providing necessary information required to users who are unable to command the preparation of reports and satisfy their information needs. Baron and Armstrong (2007) have defined it as "providing information to external stakeholders on how well the human capital of an organisation is managed" (p. 34). Despite the meaning of the term, organisations appear to report a wide variety of HC to stakeholders. This reporting is due to regulatory requirements (Abeysekera, 2008b) such as reporting to tax authorities, census

and statistics, however, interestingly, some relevant HC information is reported voluntarily (e.g. Beattie & Smith, 2010).

In 1978, with the intention of ensuring unique reporting practices in organisations within the European Union, the European Community set the guidelines for the contents that should be included in financial statements. In terms of HC, the council required organisations to disclose only a limited range of information on employees. This included information on salaries, wages, and, for some countries, number of employees (European Economic Community, 1978). Thereafter, in order to achieve a unique level of reporting, the European Commission took further action to develop a set of International Accounting Standards (IAS). The responsibility for preparation and administration of IAS was given to the International Accounting Standards Committee (IASC).

The aim of preparing the IAS was to provide guidelines for good reporting practice (Donnelly, 2007), applying especially to publicly listed companies. When dealing with an intangible resource like HC, a number of standards were issued by IASC which include IAS 19, applying to Employee Benefits, IAS 26 to Retirement Benefits Plans, and IAS 38 to Intangible Assets. Of these three standards, IAS 38 provides a definition of intangible assets and prescribes appropriate accounting and reporting treatments (International Accounting Standards Board (IASB), 2012). IAS 38 presents the definition of intangible assets as “an identifiable non-monetary asset without physical substance” (International Accounting Standards Board (IASB), 2012, p. 1; XRB, 2019, p. 8). To be defined as an intangible asset, an asset needs to be identifiable and exchangeable, to be controlled, to gain future economic benefits and to have a measurable cost. HC meets the measurability criteria, as the cost of employment can be readily identified and quantified. However, people cannot be exchanged at will, cannot be (completely) controlled, and cannot provide guarantees about the future economic benefits that an organisation can derive from employees. Thus, from a financial reporting point of view, the costs of employing HC do not meet the above criteria, and therefore, cannot be considered an intangible asset. Thus all expenses incurred for employees are treated as an expense.

In addition to accounting standards, a range of legislations and authorities such as Companies Acts, Banking Act, Census and Statistics, tax authorities, and exchange listings impose reporting requirements on organisations HC. For example, in Singapore, the reporting of directors' educational qualifications is mandatory (Abeysekera, 2008b). However, many HC studies have ignored the mandatory reporting aspect while conducting their research on voluntary reporting. (April, Bosma, & Deglon, 2003; Bozzolan, Favotto, & Ricceri, 2003;

Brennan, 2001; Guthrie & Petty, 2000). Abeysekera (2008b) argues that it is worth ignoring mandatory HC reporting due to its compulsory nature. The extent of organisations' motivation to report can only be achieved by examining voluntary HC reporting. As Guthrie, Petty, Ferrier, and Wells (1999) stated, many studies have been conducted with the purpose of understanding the voluntary nature of reporting, and not to understand compulsory reporting.

Consequently, a plethora of studies have been conducted on voluntary reporting practices of organisations (Abeysekera & Guthrie, 2004; Absar, 2016; Beattie & Smith, 2010; Berkowitz, 2001; McCracken et al., 2018; Wickramasinghe & Fonseka, 2012 and several others). Many of these studies were not only focused on the level of reporting on HC in organisations but also argued as to whether HC should be reported in corporate financial statements (Canibano, Garcia-Ayuso, & Sanchez, 2000).

2.2 Motivations to report on HC

The motivations for reporting of HC by organisation are based on the stakeholder theory. The stakeholder perspective suggests that an organisation must be involved in activities to formulate and implement processes, that benefit stakeholders who can be or are affected by the accomplishment of organisational objectives (Deegan, 2002; Freeman & McVea, 2001). As outlined by Freeman and McVea (2001), organisations must to “manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm” (p. 10).

Stakeholder theory involves; an ethical and managerial perspectives (Deegan, 2002). The ethical perspective emphasises the organisation's responsibilities towards stakeholders (see Donaldson & Preston, 1995; Freeman & Reed, 1983; Hasnas, 1998). The managerial perspective, on the other hand, focusses on how organisations manage special groups of stakeholders which have the ability to influence organisational operations (Ullmann, 1985). The managerial perspective of Stakeholder Theory has been used in number of prior studies that investigate the reasons for organisations to disclose social information (Azizul Islam & Deegan, 2008; James Guthrie, Petty, Yongvanich, & Ricceri, 2004; Reverte, 2009). In this context, social corporate disclosures are a mechanism that management uses to communicate the information it wants stakeholder groups to know (Abeysekera, 2006). Thus, organisations disclose social information with different purposes, either to manage or manipulate the most powerful stakeholder groups (Gray, Owen, & Adams, 1996).

In addition to stakeholder perspective, research has suggested that external stakeholders respond positively to organisations that report on HC (García-Ayuso, 2003). Reporting on HC,

gives stakeholders more information to assess the value of an organisations which may reduce uncertainty for stakeholders (Guthrie, Petty, & Ricceri, 2007a). Especially for knowledge based organisations, investor decisions may be substantially influenced by HC reporting (Canibano et al., 2000).

Jassim (2007) and Memon et al. (2009) claim that the foremost source of competitive advantage is a firm's HC. Physical and other organisational resources can easily be copied by other organisations, but HC cannot be translated or copied directly; thus, an organisation always strives to recruit skilled, knowledgeable people and develop them. This investment in their employees is focussed on gaining their maximum contribution, in an effort to succeed against their competitors. Through reporting employee related information such as the benefits they can gain and how the company treats employees, an organisation could attract potential employees over competitors. Assurance that a firm values its employees and invests in the training and support of its work force may be instrumental in making an investment decision. Further, reporting on employee status is also likely to improve employees' levels of morale, motivation (Guthrie et al., 2007a) and trustworthiness (Van der Meer-Kooistra & Zijlstra, 2001).

Furthermore, reporting on HC is a valuable tool for communicating with stakeholders and presenting a better image of the organisation's vision and growth potential (Van der Meer-Kooistra & Zijlstra, 2001). Reporting on HC could thus be useful as a marketing tool that not only highlights the power and resources of an organisation to interested parties (Van der Meer-Kooistra & Zijlstra, 2001), but also can secure and enhance the image of an organisation (Guthrie, Petty, & Ricceri, 2007b). This enhances the ability of the firm to attract potential customers (Bismuth & Tojo, 2008).

In addition to the above noted incentives, Abeysekera (2008c) revealed a different reason for reporting on HC, that is, to reduce the tension which comes from stakeholders of organisations. Abeysekera (2008c) argues that stakeholders put great pressure on organisations in a variety of ways and one way of reducing this tension is to report information about HC. For example, governments may put pressure on organisations to hire underutilised yet highly educated workers in order to reduce the drain of the country's foreign exchange lost to buying non-domestic technologies expertise (Abeysekera, 2008a). Such government pressure has led to organisations using the reporting of information to communicate that they are keen on uplifting domestic employees through providing training and development, rather than hiring foreign expertise.

2.3 Reporting on HC in New Zealand

These studies have focussed on the reporting of intellectual capital with which HC is a component (Bontis & Fitz-enz, 2002; Kym & Moon, 2006; Tovistiga & Tulugurova, 2009). Steenkamp & Northcott (2007) applied content analysis to voluntary reporting of intellectual capital in annual reports of 30 New Zealand listed companies. The researchers found few challenges in content analysis including counting repetitive messages, and subjective judgement.

Whiting and Miller (2008) also examined voluntary disclosure of intellectual capital of 70 public listed companies in New Zealand. The study found a significant positive relationship between the voluntary disclosure of intellectual capital and the difference between a firm's market value and book value (hidden value).

Schneider and Samkin (2008) constructed an intellectual capital disclosure index to measure the level and quality of intellectual capital disclosures 82 local government bodies. The most reported category of intellectual capital was internal capital and external capital while the least reported category was HC.

De Silva, Stratford, and Clark (2014) compared intellectual capital reporting patterns of New Zealand knowledge intensive companies and traditional product based companies from 2004 to 2010. Similar to other studies, the researchers collected data from annual reports. They found that (1) there was an increase in intellectual capital reporting over the six years' period, (2) there was no link between the level of intellectual capital reporting and the type of organisation, and that (3) the companies mainly reported in discursive form with only a few companies reporting negative news.

In 2015, Low, Samkin & Li (2015), using content analysis compared the voluntary reporting of intellectual capital in annual reports of by universities in three countries: New Zealand, Australia, and United Kingdom. New Zealand and Australian universities outperformed United Kingdom universities in terms of intellectual capital disclosures. Internal capital and HC were most frequently reported with external capital the least reported category.

This study differs from the prior New Zealand studies by focusing exclusively on HC reporting. In addition, rather than focusing on reporting practices using annual report data, this study investigates organisations motivations for HC reporting. In this context, this study attempts to answer the research question of 'why does the banking sector in New Zealand deemed reporting on HC is important?'

3. Research method

The study uses a case study method which allows substantial insights into organisations practices around HC reporting (Merriam & Tisdell, 2015; Yin, 2017). The banking sector was selected as the focus for the study as there are a limited number of banks registered in New Zealand making the study manageable. The banking sector plays a critical role in the functioning of the economy (KPMG, 2018) and is a significant employer employing over 25,000 New Zealanders. As large service organisations, banks are highly dependent on HC (Clulow, Gerstman, & Barry, 2003; Gebauer, 2003; Mavridis, 2004).

Primary data was collected by semi-structured interviews of senior bank staff that had a broad knowledge of the bank's business strategies, policies and practices around human resources and reporting of HC information. A total of eight banks participated in the study and fourteen interviews were conducted. The anonymity of banks and respondents was guaranteed. In the analysis of the findings, banks were identified using letters A-H of the alphabet. Data relating to HC was also collected from the secondary sources including annual reports, websites, media publications, and other publicly available documents.

Content analysis was used to examine the responses from interviews and data from other sources. Three types of codes; descriptive codes, interpretative codes (categories), and pattern codes (themes) were developed. (Miles & Huberman, 1994). The descriptive codes were developed inductively from the data (Elo & Kyngas, 2008; Hsieh & Shannon, 2005; Moretti et al., 2011). This process resulted in 17 codes which are listed in Table 1.

The next stage of data analysis was to construct the categories grouping the descriptive codes based on similar characteristics (Saldana, 2008). Eight categories resulted from this process (See Table 1). In the third stage of the data analysis, the interrelationships among the categories were identified reducing the eight categories to three themes, which are discussed in Section 4.

Table 1 inserted here

4. Findings

Three main themes were identified as the key motivations for banks to disclose HC information to stakeholders.

Theme 1: Enhance the image of banks

Almost all the respondents provided evidence of the potential of reporting on HC to build the banks' image. However, the way banks achieve their purpose appeared slightly different. One approach of the banks was to communicate positive stories about staff. Banks G and H, reported positive stories about the banks' employees, to help build the brand in the market place. This sends a message to external stakeholders that the bank is the place to work and invest in.

I think it is a good thing to publish and to demonstrate [to external stakeholders], especially if they are external,of the good work that we have been doing internally. I think they do once again reinforce the brand and the perception of us as a good place. (Bank G)

There will be certain things that we want to push out or release to the media, which will be, you know, obviously positive stories about(name of the bank) and once again, it is about building our brand in the market place. (Bank H)

Similarly, respondents of Banks B and E noted that the reporting about staff profile is a way of building an image among stakeholders.

We believe our reputation directly affects the sustainability of our business. That's why we have a genuine commitment to reputation-building initiatives, like doing more for our customers, investing in our own people and addressing our broader role in society. It's a commitment that's making a difference, with encouraging results. (Bank B)

We present our information about staff, especially about our leadership, to ensure a professional image is maintained with all clients. (Bank E)

Employee engagement with community activities was also considered to be of prime importance in enhancing reputation. For example, Banks A and C engaged in a wide variety of community related activities, from which they aimed to inculcate a positive perception in the minds of the stakeholders. Bank A was involved in charities, sports and literacy programmes, while Bank C was engaged in helping customers and communities recover from the 2011 Canterbury earthquakes.

Our team mobilised in the first 24 hours after the earthquake and hasn't stopped since. We have 900 staff in Canterbury and despite what many have gone through individually themselves, they have ensured we have kept open for business and been there for our customers. We've also appointed a senior staff member to Canterbury whose sole focus is helping with the Christchurch Recovery. (Website, Bank A)

... (Name of the bank) people are dedicated to continuing to help build, strengthen and connect to a wide range of charities and sports across New Zealand, including St John, Starship Children's Hospital, football and tennis. One highlight of the last year was the success of ... (name of the bank)'s Get Wise financial literacy programme, which passed the significant milestone of reaching 300,000 children through its school-based workshops, earning the inaugural CANSTAR Award for Youth Banking and Education. (Annual Report, Bank C, p. 4)

Bank B declared its genuine commitment to addressing the bank's broader role in society and thus, spending millions of dollars on community activities as communicated in its annual report. However, Bank B provided insight into the possibility of enhancing its reputation through such community engagement.

In addition, this year the Group invested \$55.7 million in our communities. This is an important contribution to society and to our business. It creates new and deeper relationships with our customers, boosts employee engagement and builds our reputation. (Annual Report, Bank B, P. 5)

Thus, based on the above evidence, it appears that the sample banks have a focus on building the image of the bank through reporting on HC; creating a positive mind in stakeholders either by telling positive stories or showing that the bank is committed to society.

The above findings are consistent with prior literature on HC secures and enhances the image of an organisation. From the perspective of stakeholder theory (Freeman & John McVea, 2001), reporting information on HC is a valuable tool for communicating with stakeholders to present a better image of the organisation's vision and growth potential (Van der Meer-Kooistra & Zijlstra, 2001), therefore reporting positive stories on HC could thus be useful as a marketing tool that not only highlights the power and resources of an organisation to interested parties (Van der Meer-Kooistra & Zijlstra, 2001).

Theme 2: Achieve an advantage over competitors

Respondents provided evidence that competitive advantage can be achieved through not only utilising the attributes HC, but also reporting on HC. The sample of banks issued different reporting strategies in order to achieve advantage over competitors. For example, Bank G reported employee profile information, while Bank B reported its initiatives which result from innovative ideas supplied by employees:

... (Name of the bank), has a workforce profile that delivers competitive advantage through the ability to garner a deep understanding of customer needs. (Bank G)

We use reporting to communicate our initiatives to stakeholders. This benchmarks our bank. (Bank B)

Adding to the above comments, Bank H reported on the values employees exhibit as they reflected what was great about the bank:

Living our values every day is integral to achieving our vision. They reflect what is great about ... (Name of the bank) and how we work together - both in our interactions with each other as well as with our customers, communities and other stakeholders. So, all reporting is focused on profiling the bank. (Bank H)

The respondent for Bank E announced the award the bank had, beating other major New Zealand banks. The commentary, emphasised that winning was only possible because of the bank's HC.

The CEO Mr. X said the award was a fantastic accomplishment for the organisation. Being named the Financial Institution of the Year is obviously a great achievement for (Name of the bank) Bank. The fact we only gained bank registration in 2008 and here we are now, four years later, beating all comers in the sector, including the big banks and being named the Financial Institution of the Year. This really is a testament to our strategy of always providing superior personalised service. This win shows that....(Name of the bank) Bank people really do make the difference. (Bank E)

Confirming Bank E's view, Bank F Respondent also commented that:

We report to stakeholders to just help people understand what is important to us as an organisation and how are we different from other organisations.

Although the respondents considered that reporting on HC contributed to achieving competitive advantage, some noted that they hesitate to report all HC information to stakeholders because such disclosure may negatively affect the bank. Some of the banks preferred to keep a portion of their HC information undisclosed. For example, Bank C remarked:

We have a records scheme where we recognise individuals coming up with innovative ideas. We don't disclose this information. If we disclose it others might use it. (Bank C)

This comment reveals an unwillingness to disclose information about innovative ideas. Similar comments were made by respondents from Banks A, B and E.

The possibility of disclosing all employee information in annual reports is less. We don't want our competitors to know some information. (Bank A)

There is some employee information we don't report in any document because we don't feel it is really necessary to show it to our competitors. (Bank B)

When we prepare our annual reports there is a circumstance where we ignore HC information. We don't want competitors copying our high profile information. (Bank E)

It was clear that though the sample banks report on HC to achieve competitive advantages some information is kept undisclosed because of the potential harm to bank.

The association between reporting on HC and competitive advantage is addressed in the study by Abhayawansa and Abeysekera (2008). Specially, the sample banks in New Zealand are highly likely to use their HC to achieve competitive advantage owing to the high level of competition in the New Zealand banking sector (Cohen, Gan, Yong, & Chong, 2007). The sample banks in New Zealand also may use the reporting of HC information to show that the bank is different from others in the industry. However, some banks revealed that they hesitate to report on HC such disclosure may negatively affect the bank. Supporting the above views, Carroll and Tansey (2000) stated that organisations take a risk in revealing some information to external parties. However, banks' views disagreed with Freeman's (1984) original stakeholder theory, which demonstrates that organisations report information to address the requirement of stakeholders. This means that the sample banks acted contrary to what stakeholder theory might suggest in certain situations. The sample banks especially avoided reporting HC information to stakeholders when banks felt it was a threat to achieving an advantage over competitors.

Theme 3: Employment awareness, recruitment and acknowledgement of staff

The analysis indicated that banks were reporting a wide range of HC information to create awareness with potential employees to attract them and to acknowledge current employees for their contributions to the bank's operations.

The emphasis on providing HC information for potential job applicants was found to be most of annual reports and website publications. The banks reported a wide range of information, such as job description information (experience, skills, knowledge, values, duties, and responsibilities) and what financial and non-financial benefits could be earned. The banks reported HC information raise the awareness of potential employees in order to attract employment applications from people who were a better match to their needs and activities.

Three examples of this are:

To be successful in this role, you will have knowledge of accounting standards and up to three years' experience in a financial accounting or similar role in a large corporate or CA environment with a genuine passion for technical accounting. An understanding of Financial Services would be beneficial. (Website, Bank G)

We're looking for people who share our values of caring, passion, integrity and ambition to be involved in a business that is inspired by success. (Website, Bank H)

Working for... (Name of the bank) means so much more than free banking and discounted products. At ... (Name of the bank) we believe you deserve the best rewards for working for New Zealand's best bank - our package is market leading, competitive and all about choice. We provide a clear career path and value career development. (Website, Bank B)

All this information was intended to make potential employees aware of the banks' HC profiles and in turn, assist banks in attracting the right persons to fill vacancies. As respondents in Banks C, D and F stated:

So if you are looking to come and work for ... (Name of the bank), then you need to understand that these things are important to us and this is how we will support you and your growth and development within the organization. (Bank C)

I think it is about helping people understand what are some real experiences that people have had within the bank and those roles would also be targeted at certain segments. If we are looking for dealers for

example, and you are looking to become a dealer within ... (Name of the bank), you know it is quite good to actually go on and get an actual example of someone who is in the role now; what have they experienced? What do they like about the role? What do they like about working here? So once again, it is about employee attraction. (Bank D)

These types of statement appeared in most often in the Chief Executive Officers summary of the banks performance in the annual report.

A particular highlight this year has been the high level of employee engagement. Our people are deeply committed to the Group's vision and purpose, in essence helping our customers and our communities to prosper and grow. (Annual Report, Bank G)

On behalf of the Board, I would like to thank (Name of the bank)'s people for their innovation, enthusiasm and commitment throughout the year. (Annual Report, Bank B)

The reason for such employee acknowledgement is also noted by respondents as in the comments below.

One way of showing our commitment towards employees is acknowledging them openly. (Bank H)

Supporting above comment, Bank B highlighted that they report on learning and development to show the commitment towards employees.

We do report employee information to external parties to show our commitment towards them. Especially, how we are committed to provide learning and development ... (Bank B)

The motivation to report on HC to make employees aware and acknowledge is consistent with stakeholder theory (Freeman & McVea, 2001), where an organisation actively engages in building relationships with all stakeholders including existing and potential employees to satisfy their objectives (Freeman & McVea, 2001).

5. Conclusion

This study examines the motivations of New Zealand banks for reporting HC. Prior research on HC reporting in New Zealand has focused on the content of the HC disclosures rather than the motivations of organisations to report on HC. The research method included a content analysis of publicly available information communicated by the banks on HC along with 14 interviews of senior staff representing eight banks. The analysis of the data identified three major motivations. First, the banks used HC reporting to enhance their image build reputation by reporting on how employees contribute to the customer experience and the community. Second, the banks use HC reporting to achieve a competitive advantage by differentiating their HC from others. The third motivation is to communicate the kind of talent the banks are looking for as a means of recruiting staff and to acknowledge the contribution and abilities of the existing workforce. However, the study is subject to limitations. Only 8 of the 21 registered banks (38% of the population) participated in the study so the findings cannot be generalised to all banks. In the research process data may have been lost through researchers' bias. Future research could investigate reporting on HC in different industries in New Zealand to generalise the findings and aid in theory development. Further, it would be interesting to see whether extended samples would provide similar results.

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Tables

Table 1: Motivations to report on HC

Descriptive codes	Categories		Themes
1. Communicate/ interact with stakeholders 2. Show commitment to community 3. Enhance transparency to stakeholders	1. Communication with stakeholders and attract them	External Stakeholder Engagement	Enhance the image of the bank
4. Accountability	2. Accountability		
5. Adhere to internationally accepted best practices	3. Adhere to internationally accepted best practices		
6. Adhere to accounting standards 7. Regulatory reporting	4. Adhere to regulatory requirements		
8. Strengthen the image	5. Strengthen the image/brand	Strengthen the image/brand	
9. Attract potential employees 10. Aware potential employees 11. Organisational profiling	6. Aware and attract potential employees		Employee awareness and recruitment and acknowledgment
12. Employee acknowledgement 13. Show banks commitment towards employees 14. Show that bank's interest to people development	7. Show banks commitment towards current employees		
15. Show banks' strengths over competitors 16. Employee profiling 17. Recognise and rewarding	8. Show that banks strengths over competitors		Achieve advantage over competitors