Motivations Behind Reporting on Human Capital in New Zealand

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Outline

- Research objective
- Motivations
- Prior literature
- Method and data
- Research findings
- Limitations
- Future research
The purpose of this study is to examine the motivations of banks operating in New Zealand for reporting externally on Human Capital (HC).
Motivations

1. There is a lack of empirical evidence internationally on motives of organisations to externally report on HC.

2. No studies have examined motives for external HC reporting in New Zealand.
What is HC- A range of definitions of HC but generally include skills, knowledge, experience, and competencies (OECD, 2001; Baron, 2011; Lee and Huang, 2012; Perera, 2018)

HC external reporting practices – a number of studies have examined HC reporting practices using within country and cross country comparisons (see Abeysekera & Guthrie, 2004; Abeysekera & Guthrie, 2005; Abhayawansa & Abeysekera, 2008; Brennan, 2001; Khan & Khan, 2010; McCracken, McIvor, Treacy, & Wall, 2018).

Prior research in New Zealand has focused on the content of HC disclosures in annual reports within the scope of intellectual capital. (Steenkamp & Northcott, 2007; Whiting and Miller, 2008; Schneider and Samkin, 2008; De Silva, Stratford, and Clark, 2014; Low, Samkin & Li, 2015).
Few empirical studies internationally, but a number of academic opinions, on organisations motives, to report on HC.

Motivations often cited in the literature are:

- **Assessing firm value** (Guthrie, Petty, & Ricceri, 2007)
- **Creating trust with stakeholders** (García-Ayuso, 2003, Deegan, 2002; Freeman & McVea, 2001)
- **Reduce the tension amongst stakeholders** (Abeysekera, 2008)
- **Achieving competitive advantage** (Jassim, 2007; Memon et al., 2009)
Method and Data

Method
Case study method and banking sector.

Data
Population – New Zealand registered banks (22 banks)
Sample - Australasian banks (nine banks)

Justification to select banks
1. Service sector organisations including banks largely depend upon HC
2. Banking sector plays a critical role in the functioning of the economy and is a significant employer.
3. Few studies on HC in the banking sector in New Zealand.
Method and Data

Data Collection

Primary data:

- Semi-structured interviews with eight banks
- Interviewed managerial personal who involved in HC and reporting. (For example Head of People Strategy and Organisational Development, Talent & Development, People & Operations, Manager Human Resource Services, People & communications, etc.)

Secondary data:

Review of bank annual reports, websites, other publicly available information
Data Analysis-Content Analysis
Constant comparison method (grounded theory approach)

- Descriptive: 17
- Categories: 8
- Themes: 3
Motivations to Report HC

1. Communicate/interact with stakeholders
2. Show commitment to community
3. Enhance transparency to stakeholders
4. Accountability
5. Adhere to internationally accepted best practices
6. Adhere to accounting standards
7. Regulatory reporting
8. Strengthen the image
9. Attract potential employees
10. Aware potential employees
11. Organisational profiling
12. Employee acknowledgement
13. Show banks commitment towards employees
14. Show that bank’s interest to people development
15. Show banks’ strengths over competitors
16. Employee profiling
17. Recognise and rewarding

Number of responses:

- Communicate/interact with stakeholders: 10
- Show commitment to community: 9
- Enhance transparency to stakeholders: 9
- Accountability: 4
- Adhere to internationally accepted best practices: 3
- Adhere to accounting standards: 9
- Regulatory reporting: 18
- Strengthen the image: 7
- Attract potential employees: 7
- Aware potential employees: 6
- Organisational profiling: 4
- Employee acknowledgement: 9
- Show banks commitment towards employees: 5
- Show that bank’s interest to people development: 2
- Show banks’ strengths over competitors: 6
- Recognise and rewarding: 4
- Employee profiling: 4
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<thead>
<tr>
<th>Descriptive codes</th>
<th>Categories</th>
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<tbody>
<tr>
<td>1. Communicate/ interact with stakeholders</td>
<td>Stakeholders engagement</td>
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<td>2. Show commitment to community</td>
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<td>3. Enhance transparency to stakeholders</td>
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<td>4. Accountability</td>
<td>Accountability</td>
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<td>5. Adhere to internationally accepted best practices</td>
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<td>6. Adhere to accounting standards</td>
<td>Adhere to regulatory requirements</td>
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<td>7. Regulatory reporting</td>
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<td>8. Strengthen the image</td>
<td>Strengthen the image/brand</td>
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<td>9. Attract potential employees</td>
<td>Aware and attract potential employees</td>
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<td>10. Aware potential employees</td>
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<td>11. Organisational profiling</td>
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Themes

1. Stakeholder engagement
2. Accountability
3. Adhere to internationally accepted best practice
4. Adhere to regulatory requirements
5. Strengthen the image/brand
6. Aware and attract potential employees
7. Show commitment towards current employees
8. Show strength over competitors

Theme one

Theme two

Theme three
Motivations to report on HC

- Communicate positive stories
- Engage with community
- Enhance image

To achieve a competitive advantage

- Aware and attract potential employees
- Employee acknowledgement
- Existing and potential employee engagement
Limitations

• Sample size – results not generalisable, however provides insights

• Researchers bias in analysing results – mitigated by controls in the coding framework and process.
Future Research

1. It would be interesting to see whether extended samples would provide similar results.

2. Future research could investigate reporting on HC in different industries in New Zealand to generalise the findings and aid in theory development.