



Motivations Behind Reporting on Human Capital in New Zealand

Ahesha Perera
Liz Rainsbury
Unitec Institute of Technology



Outline

- Research objective
- Motivations
- Prior literature
- Method and data
- Research findings
- Limitations
- Future research



Research Objective

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.



Prior Literature

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, Mclvor, 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).



Prior Literature

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



Method and Data

Data Analysis-Content Analysis

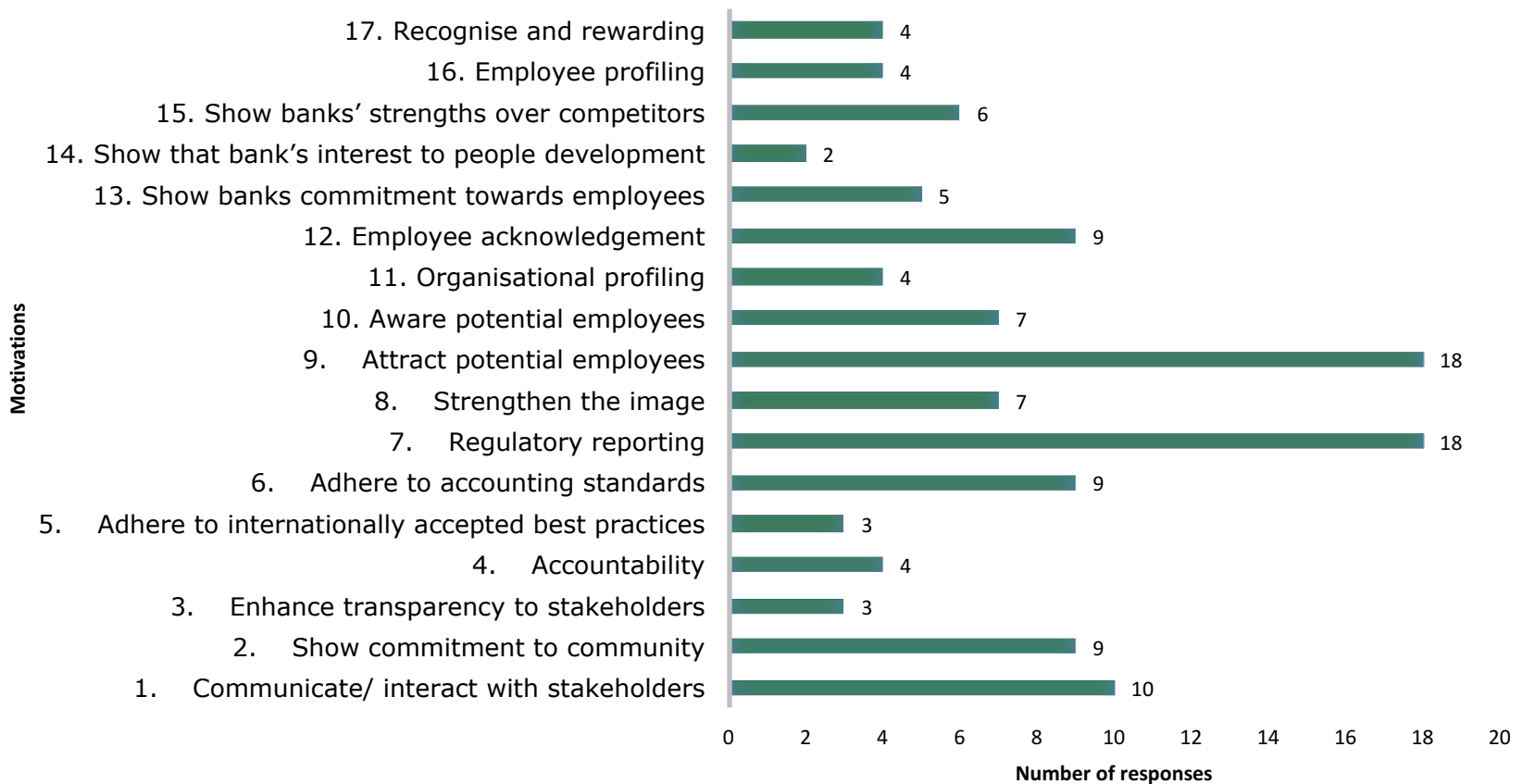
Constant comparison method (grounded theory approach)





Descriptive Codes

MOTIVATIONS TO REPORT HC



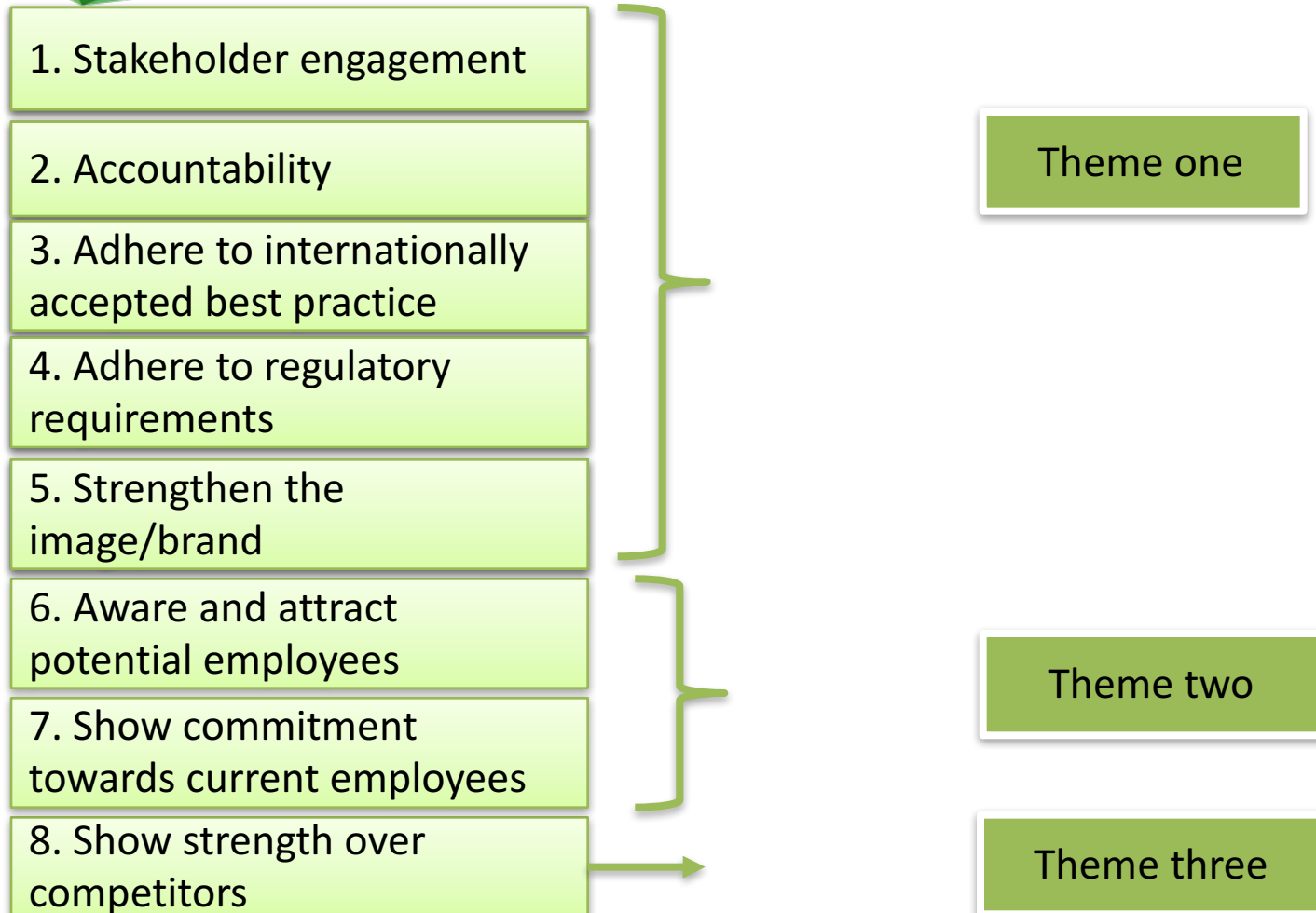


Categories

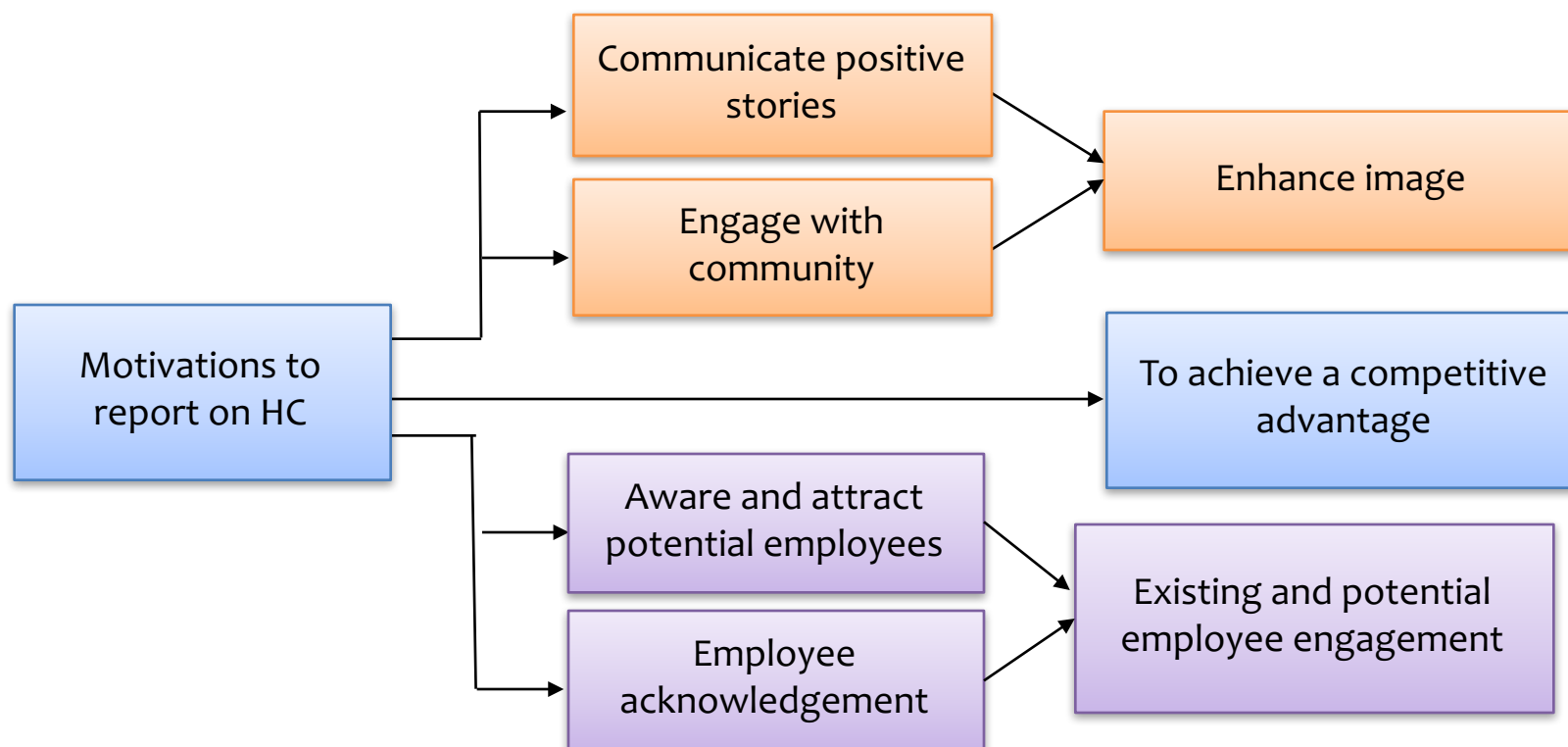
Descriptive codes	Categories
1. Communicate/ interact with stakeholders 2. Show commitment to community 3. Enhance transparency to stakeholders	Stakeholders engagement
4. Accountability	Accountability
5. Adhere to internationally accepted best practices	Adhere to internationally accepted best practices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



Themes



Motivations to report on HC





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.