Journal of Accounting in Emerging Economies

Human resources disclosures by African and Caribbean companies

Anthony Roger Bowrin,

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Structured Abstract

Purpose

This paper examines the extent to which economically significant Caribbean and African firms provide human resources disclosures (HRD), and the factors related to their disclosure practices. It is motivated by the dearth of studies of HRD among firms in developing countries.

Design / methodology / approach

All companies with common shares listed on the main tier of the major stock exchanges in each country examined on 31 December 2013 as well as selected state enterprises were included in the study if their annual report, sustainability report, or integrated report was available online. HRD was measured using an unweighted 174-item disclosure index. The research hypotheses were examined using multiple regression analysis.

Findings

The level of HRD in the Caribbean and southern Africa was relatively low (M = 33.7%, SD = 25.3%). The amount of HRD was related to organizational culture, firm size, industry affiliation, national governance environment and foreign influence. Geographical region, gender diversity, and director independence were not statistically related to the amount of HRD.

Practical implications

Caribbean and African governments may need to implement incentives for economically significant companies to participate in targeted human resources (HR) development initiatives, to provide more comprehensive HR disclosures, and incorporate HR consideration in their strategic decision making.

Originality value

This is one of the first studies to compare the amount and determinants of HRD by economically significant Caribbean and African companies.

Key Words: Human Resources Disclosure; Caribbean; Barbados; Jamaica; Trinidad; Southern Africa; Botswana, Namibia, Zambia

Paper Type: Research Paper

Human Resources Disclosures by African and Caribbean Companies

Introduction

The purpose of this paper is to examine some key factors associated with the human resources disclosures (HRD) of economically significant [1] Caribbean and southern African firms. It is motivated by two factors. The first factor is the dearth of studies examining the HRD of firms in developing countries (Huang et al., 2013; Abeysekera, 2008), especially those in the Caribbean and Africa. Over the past two decades a growing number of researchers have examined the level and determinants of HRD by companies in most developed and several developing countries. Several studies examined the status of intellectual capital (IC) disclosures and or HRD in a particular country (e.g., Bozzolan et al., 2003; Yi and Davey, 2010) or the association between the extent of disclosure and a variety of corporate characteristics such as size and industry affiliation (e.g., Oliveira et al., 2006; Guthrie et al., 2006). See Abhayawansa and Abeysekera (2008) and Whiting and Woodcock (2011) for reviews of this literature. Other studies have focused on human resources policies and processes related to decent work practices and corporate performance (e.g., Cahaya, et al., 2012, and Vuontisjarvi, 2006). Generally, the findings of these studies have been mixed, with the amount and types of HRD varying across countries, industries, and time (Alvarez Dominguez, 2012; Vuontisjarvi, 2006; Huang et al., 2013; Kaur et al, 2016). However, one common thread has been the relatively low level of HRD across jurisdictions (e.g., Whiting and Woodcock, 2011; Abhayawansa and Abeysekera, 2008). Notwithstanding the recent increase in HRD studies, an extensive review of the academic literature on HRD located no studies into the extent, determinants or consequences of HRD in the Caribbean and very few studies in Africa (e.g., Barako, 2007; Hassan et al., 2011; Khlif et al, 2015), two regions with many documented human resources challenges. This study begins to fill this gap in the HRD literature and helps to develop a more nuanced view of HRD in southern African and the Caribbean. Additionally, by revealing the quantity and quality of HRD in these regions, the findings of this study will help legislators and policy makers assess the effectiveness of the current regulatory and enforcement environment for corporate HR practices and disclosures. Such assessments could lead to the identification of areas that are in need of reform to promote better HRD and more sustainable development.

Second, HR issues have potentially significant consequences for the wellbeing of various stakeholders in developing countries. For instance, to the extent that financial analysts have access to HRD to assess the future potential of firms (Huang et al., 2013), such voluntary disclosures can reduce their information acquisition costs. The same is true for employees and their representatives, and potential international business partners for firms in these regions. Human resources disclosures help stakeholders assess the extent to which workers share in the benefits of corporate operations and are protected from concerns related to job loss, old age, maternity, disability and illness. This study sheds light on the extent to which such HR information is readily available in the Caribbean and Southern Africa. It has implications for the ability of unions to conduct informed negotiations with management; and whether they can effectively determine if all employees are treated fairly, regardless of gender, race, age, religion, sexual orientation, and disability. HRD are also likely to provide direct benefits to reporting organizations. For instance, Craig and Hussey (1981) found that higher levels of HRD were associated with improved communication between employees and employers. Additionally, prior empirical evidence suggests that HRD may be a leading indicator of the state of corporate social responsibility CSR [2] in developing countries (Cahaya et al., 2012). This is potentially important as the way companies treat their employees could foreshadow their overall business philosophy and culture (Johnston, 2001). Further, since HRD are usually a subset of voluntary disclosures, firms might expect increases in the quantity or quality of such disclosures to help reduce information asymmetry between managers, investors and creditors (Hassan et al., 2011), and consequently reduce agency costs (Li et al., 2008), and cost of capital (Dhaliwal et al., 2011; Orens et al., 2010). As such, the results of this study have the potential to help investors and creditors devise better approaches to the conduct of due diligence exercises in these regions.

The next section of the paper provides an overview of HRD policies in the Caribbean and southern African countries included in this study. This is followed by an overview of relevant theories, a review of the empirical HRD literature and the development of research hypotheses, the research design, the results and discussion, and the summary, conclusions and recommendations sections.

Overview of Caribbean and African Countries and Human Resource Disclosure Policy in the Caribbean and Southern African Corporate Context

Overview of Caribbean and African Countries

A demographic profile of the countries included in the study is presented in Table 1. A review of this profile indicates a few areas of similarity and several areas of differences. The similarities include their population size and composition. While one Caribbean country, Barbados, is considerably smaller, and one African country, Zambia, is much larger, than the other countries, the remaining four countries are similar in size. Also, at least 90% of the population in all six countries is non-white (CIA, 2014). Additionally, all six countries spend a similar proportion of their GDP on health, ranging from 4.8% for Jamaica to 8.3% for Botswana (CIA, 2014). Further, the stock exchanges of all countries are relatively young and small (CIA, 2014).

Conversely, the Caribbean countries appear to be more favorably positioned than their African counterparts in several areas. First, in terms of literacy, whether measured by the percent of the population that is literate or the years of school life expectancy, the Caribbean countries are slightly ahead of the African countries (CIA, 2014). Second, in terms of socio-economic fortunes, whether measured by their UNDP human development rating (UNDP, 2014), their GDP per capita, their unemployment rates, or the market capitalization of domestically listed firms (CIA, 2014), the Caribbean countries are in a better position than the African countries. Third, in terms of the drivers of their economies, whether measured by the percent of GDP that is generated by industry and services, the percent of employment in the service sector, or the extent to which their economies are factor-, efficiency-, or innovation-driven, the Caribbean countries are more favorably positioned than the African countries (World Economic Forum, 2014). Additionally, in terms of social sustainability, the Caribbean countries with global social sustainability competitiveness ratings ranging from 3.52 – 4.4 are slightly better positioned than their African counterparts which have scores ranging from 3.32 – 3.8 (World Economic Forum, 2014). Finally, on average the Caribbean countries have slightly better human rights ratings than their southern African counterparts (Amnesty International, 2015). On the other hand, the southern African countries have better average human trafficking ratings than the Caribbean countries (US State Department, 2014).

Human Resource Disclosure Policy in the Caribbean and Southern African Corporate Context

As members of the International Labour Organization (ILO) all six countries examined in this study have labor laws governing the fundamental ILO principles and rights at work including freedom of association and effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; the elimination of discrimination in respect of employment and occupation; and the elimination of discrimination in compensation for equal work (ILO, 2017).

None of the Caribbean and southern African countries examined in this study have legislation in place that requires or incentivizes companies to disclosure human resources and other non-financial and diversity information to investors and the public at large. Also, the governments of these countries have to date largely abdicated their role as regulators of the HR disclosures of private entities. Therefore, most aspects of CSR including HRD are unregulated, and compliance monitoring and enforcement of the few regulations, which exist, is not very effective (Nunez, 2008; Takeuchi and Aginam, 2011). Additionally, the governments in the countries included in this study have not been good role models when it comes to their own transparency with HRD for government institutions and state-owned enterprises. Further, to date social activists, governments and other stakeholders in these regions have directed very little pressure or other resources at issues of CSR, including for the public disclosure of HR information (Balboni et al., 2007; Visser, 2007). As such, HRD in these regions is largely voluntary, or dictated by extra-regional forces (Haslam, 2004; Visser, 2007).

When this is taken together with labor surpluses in these regions, and the limited reputational gains associated to HRD relative to more tangible CSR activities, it is not surprising that the overall level of CSR disclosures reported in prior studies conducted in these regions was very low (Balboni et al., 2007). However, in both regions, larger firms and publicly listed firms provided more and better CSR disclosures than other firms (Balboni et al., 2007; Visser, 2007). These firms are more likely than smaller and unlisted companies to face demands from stakeholders to adopt CSR programmes and practices like those observed in developed countries. Unfortunately, there are too few globally leading firms in the Caribbean and southern Africa to affect the overall HRD picture.

This probably reflects the fact that public institutions in the Caribbean and southern Africa tend to have fewer resources than their counterparts in the European Union and other developed countries to pursue sustainable HR initiatives including the promoting of HRD. Thus, many stakeholders in these regions have looked to companies to behave more responsibly and provide greater resources for sustainability initiatives than is typically expected of their counterparts in developed societies (Kowszyk et al. 2015). For instance, firms in the Caribbean and southern African countries are expected to address education-related issues to a greater extent than companies in developed countries.

Recently, CSR and sustainability issues have assumed greater significance in both regions. This is exemplified by the fact that the governments of the three focal Caribbean countries have in recent years all entered into sustainable development initiatives with multi-lateral agencies. For instance, in July 2017 the Caribbean Community (CARICOM)[3] approved its Human Resource Development 2030 Strategy and Action Plan. The plan serves as the basis for converged action by CARICOM member states aimed at transforming the quality and depth of the region's human capital to drive sustainable development. Similarly, the government of Zambia recently adopted the Zambia – United Nations (UN) Sustainable Development Framework 2016 – 2021 which outlines the collective aspirations of the UN in Zambia, and the Zambian government for the country's priorities including the development of human capital in support of sustainable livelihoods and inter-generational poverty reduction (UN 2016).

Also, companies from Barbados, Trinidad and Tobago, Namibia and Zambia are participants in the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. The initiative calls on corporations to align their strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and take actions that advance societal goals. Further, as ILO members these Caribbean and southern African countries are parties to the ILO Tripartite Declaration on multinational enterprises and social policy (TPMNE), which provides guidance on how multinational corporations, national enterprises and governments can contribute to the realization of decent work for all. However, the provisions of the TPDME and the UNGC are nonbinding for firms and governments; and typically, such soft standards by multilateral and international organizations have little influence on the daily practices of corporations and institutions (Kowszyk et al. 2015). Thus, while the above developments are promising for the sustainable development of these regions, none of them have provided incentives or requirements for the public disclosure of HR information by economically significant companies or other organizations.

Theoretical Literature

Several theories have been advanced to explain why companies provide voluntarily disclosures including information about their human resources strategies, policies and practices. This study draws primarily on four theories that have been used extensively in HRD studies namely, agency theory, signaling theory, stakeholder theory, and legitimacy theory. Also, since these theories generally assume that the current business environment, including the national economic structure, and regulatory, judicial and other governmental institutions are given, and largely static for organizations, the tenets of North's (1990) theory of institutions are discussed.

Agency theory primarily deals with the agency relationship existing due to the separation of risk bearing, decision-making and management functions (Jensen and Meckling, 1976). The agency relationship arises when under a contract one party (the principal) engages another party (the agent) to perform a service on its behalf, and in so doing delegates some decision-making authority to the agent (Jensen and Meckling, 1976). Under agency theory both the principal and the agent are assumed to have their own interest, which may not be aligned, and which they seek to maximize by any means. This leads to conflicts between principal and agent (Jensen and Meckling 1976) that are exacerbated by the information advantage of management in their dealings with owners, employees and creditors. According to agency theory (e.g., Fama and Jensen, 1983), the voluntary disclosure of information is used by management to reduce this information asymmetry with other contracting parties. In turn, this might minimize the incentives for opportunistic behavior by management (Li et al., 2008), and for other contracting parties to impose monitoring and bonding costs on management (Yi, et al., 2011).

Similarly, signaling theory is concerned with how to address problems arising from information asymmetry in social settings (Yi et al, 2011). A signal can be any observable action, artifact or structure that is used to indicate a hidden characteristic of the signaler (Yi et al., 2011). According to signaling theory, management, which typically has access to more complete and better information than current and potential owners (and other stakeholders), must choose whether and how to communicate that information, and owners, the receiver, must choose how to interpret the signal. Managers' expectations of whether, and how, users are likely to value the signals provided by voluntary disclosures, and users assessment of the credibility and usefulness of the information, influences the type, quantity and quality of voluntary disclosure provided by management. Usually management will send a signal, such as voluntary HRD, if it expects that the signal will convey favorable information about the organization or management that will be viewed as credible by owners and other stakeholders (Yi et al., 2011). Investors and other stakeholders are likely to favorably reassess the status of, and prospects for, the organization based on the information conveyed by the signal (Whiting and Miller, 2008).

Stakeholder theory asserts that the organization is a part of the broader social system in which it operates, and is accountable to various stakeholders for its actions and outcomes (Yi et al., 2011). Positive stakeholder theory seeks to explain and predict how the organization deals with the demands of various stakeholders (Yi et al., 2011). Its proponents assert that an organization needs to identify and respond to the needs of its significant or powerful stakeholders if it is to remain viable (Watts and Zimmerman, 1986). Generally, the more an organization is dependent on a stakeholder for key resources, the more powerful or significant the stakeholder is to the organization (Ullmann, 1985). Proponents of this theory see voluntary disclosures at a key mechanism available to organizations and management to balance the competing and frequently conflicting expectations of various stakeholders of the firm (Tauringana and Chithambo, 2016). Stakeholder theory suggests that the greater the value assigned to human resources information by significant or powerful stakeholders, the better the quality and quality of HRD an organization is likely to provide in order to discharge its accountability. From the perspective of stakeholder theory, organizations should voluntarily provide HRD as human resources are important for the sustainable success of the organization, and various significant stakeholders including investors, lenders, employees and their representatives, regulatory agencies and non-governmental organizations demand such information (Yi and Davey, 2010).

Legitimacy theory is derived from the concept of organizational legitimacy (Mousa and Hassan, 2015). According to Dowling and Pfeffer (1975, p. 122) organizational legitimacy is defined as "a condition or status, which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part." Proponents of legitimacy theory assert that legitimacy is crucial for the survival of organizations (Yi et al., 2011); and that organizations should continually strive to ensure that their actual and potential operations are perceived by stakeholders, rather than just shareholders, as falling within the bounds and norms of their respective communities (Guthrie et al., 2006). When a disparity is perceived to exist between the two value systems, the organization's legitimacy is threatened. According to Lindblom (1994), as cited in Mousa and Hassan (2015), organizations can mitigate threats to their legitimacy by seeking to (1) educate and inform stakeholders as to actual changes in their performance and activities that are consistent with the community's value system; (2) change stakeholders' perceptions with respect to their performance or activities without changing their actual behavior; (3) divert stakeholders' attention away from the issue of concern onto other more favorable issues by appealing to emotive symbols; and (4) influence and change the external expectations regarding their performance. In line with legitimacy theory, organizations should voluntarily disclose information about their HR goals, strategies, policies and activities to indicate that they are complying with societal expectations, or to deflect attention from issues that may be threatening their legitimacy (Yi et al., 2011).

This study also draws on the new institutional theory (North, 1990), which seeks to explain how variations in the governance environment affect organizational structure, actions and performance. According to North (1990), institutions, such as laws, policies, customs and norms are humanly devised constraints or rules of the game in social interactions and exchanges. They influence the goals, strategies and actions of organizations, as well as, outcomes and actions that are valued by stakeholders, and the extent to which stakeholders view organizational communications as credible (Fetscherin et al., 2010). North (1990) asserted that institutions influence economic performance because they affect transaction costs. Proponents of the new institutional theory contend that when institutions are weak or missing, the costs and risks of engaging in commercial exchanges will be high and the prospects for economic success will be low, unless alternative governance mechanisms are devised and accepted (Li and Filer, 2007). In the context of organizational studies, proponents of institutional theory such as Fetscherin et al., (2010) suggest that to be successful, organizations need to adjust their strategies and action to fit with the characteristics and demands of their institutional environment. The implications of institutions for corporate HRD are explored in the literature review and hypothesis development section of this paper.

Empirical Literature Review & Hypotheses Development

Determinants of HRD

The international literature on HRD and voluntary disclosures,[4] more generally, suggests that the types, amount and quality of HRD in a particular jurisdiction are sensitive to several factors. These include firm and industry characteristics, and the peculiarities of each country's institutional and business environment. These factors may cause firms to experience different levels of internal and external pressures to implement good HR practices and provide HRD (Aguilera et al., 2007; Lattemann et al., 2009; Gerson, 2007; Fetscherin et al., 2010). As such, in line the with above discussion of the new institutional theory, this study examines HRD in the selected developing countries using a framework comprising national, industry and firm-level factors. Further, based on the above discussion of agency, signaling, stakeholder, and legitimacy theories, this study assumes that organizations voluntarily provide HRD to reduce information asymmetry and discharge accountability to various stakeholders, as well as to signal legitimacy and superior quality to society (Yi et al., 2011).

National Governance Environment - It has been widely accepted that in any society some type of governance system must exist, and function, to carry out economic exchanges (Olson, 1993). Several researchers employing various theoretical frameworks have suggested that institutional context or national governance environment (NGE) is associated with CSR disclosures in emerging markets. For instance, Fetscherin et al., (2010) made this argument from an institutional theory perspective, while Khlif et al., (2015) made it from the legitimacy and stakeholder theory perspectives. Li and Filer (2007: 82/3) defined national governance environment as "the macro social, political, legal and economic institutions that shape and constrain micro governance behavior in social, political, and economic exchanges, namely, what means (i.e., private or public) an investor can resort to in a given social environment to protect his/her rights." They indicated that laws, regulations, government policies, and customs and norms that govern the economic interactions, behaviors and activities of organizations and individuals determine NGE.

Scholars have used the NGE concept to classify societies as either rule-based or private-order-based (Li and Filer, 2007). According to Fetscherin et al. (2010), in a rule-based governance environment, organizations primarily rely on public rules to advance their interest in socioeconomic exchanges. They suggested that this type of governance environment is facilitated by (1) the existence of effective checks and balances between different governmental branches, (2) a fair, transparent and efficient legal system, (3) a well-developed public information infrastructure that ensures access to high quality public information, and (4) a high level of trust by firms and citizens overall, in public rules. Conversely, in a private-order-based governance environment, people tend to use private means, such as personal connections, faith-based, or terror-based means, to advance their interests in socioeconomic exchanges (Li and Filer, 2007). This type of environment tends to dominate in societies when the conditions needed for rule-based governance are weak or non-existent (Fetscherin et al., 2010).

Drawing on Amartya Sen's (1999) argument about non-democratic government, Fetscherin et al. (2010) proposed that private-order based governance environments tend to be less concerned with social issues. They attributed this to firms facing little pressure to behave responsibly as citizens are likely to be unable to influence social issues in such environments. Also, Lattemann et al. (2009) suggested that firms operating in private-order-based environments may provide limited HRD because stakeholders are likely to distrust them given the general unreliability of the public information that characterizes such environments. On the other hand, given the fact that in rule-based governance environments, public rules are fairly made and enforced, citizens may have a higher level of trust in publicly available information. Thus, businesses might be motivated to expend resources on sustainable human resources practices and policies, and to provide HRD. This expectation was supported by the findings of Lattemann et al. (2009) that Indian multinational firms communicated more CSR information than Chinese multinational firms primarily due to them operating in a more rule-based, as opposed to a more relationship-based, governance environment.

Based on the above arguments, the following hypothesis is presented in the alternative form.

Hypothesis 1: Firms operating in more rule-based governance environments provide more HRD than firms operating in more private-order-based governance environments.

Foreign Influence - Several researchers, including Branco and Rodrigues (2008), have suggested that companies with affiliations to nations that promote better or more extensive corporate disclosures are more likely to adopt the HRD practices of those countries than are firms without such affiliations. Branco and Rodrigues (2008) derived this expectation from the Resource Based Perspective and attributed it to attempts by firms to create or strengthen their competitive advantage by reputational, know-how and or cultural benefits associated with HRD. This expectation is also consistent with stakeholder theory and agency theory and can be linked to the local companies' greater reliance on capital and other resources from their foreign affiliates (Webb et al., 2008). For instance, Webb et al. (2008) argued that the more extensive disclosure of globally connected firms was intended to reduce investor uncertainty and the firms' cost of capital. Also, Belal and Momin (2009:1) asserted that the "CSR agenda in emerging economies is driven by external forces" such as the need to demonstrate accountability in response to pressure from parent companies and international markets.

The empirical results of studies examining this relationship have been mixed. For example, neither Branco and Rodrigues (2008) in a study of Portuguese firms, nor Sufian and Zahan (2013) in a study of Bangladeshi firms, found a significant relationship between foreign influence and corporate social disclosures. Conversely, Cahaya, et al. (2012) found a positive relationship between international operations and labor practices disclosures for Indonesian firms. Similarly, Chapple and Moon (2005) reported that CSR in Asia was related to the extent to which domestic companies engage in international trade.

Based on the expectation that firms will voluntarily provide HRD disclosures to reduce information asymmetry and to discharge accountability requirements derived from agency theory and stakeholder theory, respectively; and the mixed evidence presented above, the following non-directional hypothesis is presented in the alternative form.

Hypothesis 2: Foreign Influence is related to the amount of corporate HRD.

Industry Affiliation - Industry affiliation has also been proposed as a predictor of HRD. Several researchers have asserted that firms in knowledge-based, and other industries that depend heavily on intangible assets for success, will provide more HRD than those in industries that rely primarily on physical assets for profitability (e.g., Alvarez Dominguez, 2012, and Cooke, 1992). Proponents of legitimacy theory have attributed this to the fact that intangibles-dependent firms tend to have less tangible assets than their physical asset-dependent peers. Thus, they have a harder time legitimizing their status through their total assets or tangible assets only, the traditional symbols of corporate success (Guthrie et al., 2003), as significant amounts of the costs associated with intangible assets are expensed under conventional GAAP. As a result, such firms are encouraged to voluntarily disclose information about their intellectual capital / intangible assets to better signal their value to capital markets (Oliveira et al., 2006). On the other hand, it has been suggested in both the academic literature (e.g., Lattemann et al., 2009), and popular press (e.g., the New York Times, 2008), that manufacturing firms in developing countries are facing increasing, and greater, public pressure over CSR issues such as the sustainable treatment of employees, than firms in other industries. In line with the tenets of stakeholder theory, such pressure might incentivize manufacturing firms to provide more or better disclosures about those issues to demonstrate their commitment to the goals and activities valued by these stakeholders.

Empirical studies of this relationship have yielded mixed results. For instance, Yau et al. (2009) found that Malaysian companies in the Trading, Services and Finance industries provided more extensive human capital disclosures than firms in the manufacturing and other industries. Also, Alvarez Dominguez (2012) reported that new economy firms provided more HRD than firms in other Spanish industries. Further, Whiting and Woodcock (2011) reported that firms in technology-based and knowledge-intensive industries in Australia provided more extensive intellectual capital disclosures, including, HRD, than firms in other industries. Similar results were reported by Bozzolan et al. (2006), Oliveira et al. (2006), and Alam and Deb (2010) for UK and Italian, Portuguese, and Bangladeshi firms, respectively. Conversely, Leventis and Weetman (2004) in a study of Greek companies found that industry affiliation was not associated with HRD. Similar results were reported by Eng and Mak (2003) in a study of Singaporean companies, Arcay et al. (2005) in a study of Spanish companies, and Nurhayati et al. (2016) in a study of Indian firms. On the other hand, Scaltrito (2016) in a study of Italian firms found that industrial firms provided more voluntary disclosures than financial firms.

In keeping with the theoretical arguments presented above, it is expected that firms in intangible-dependent industries will voluntarily provide HRD to discharge accountability requirements (stakeholder theory) and signal organizational legitimacy to society (legitimacy theory). Taken together with the mixed empirical findings, the following hypothesis is presented in the alternative form:

H3: Firms in knowledge-based and other industries that depend heavily on intangible assets for success will provide more HRD than firms in industries that rely primarily on physical assets for success.

Organizational Culture - Several researchers have suggested that organizational culture is associated with CSR and the responsible treatment of stakeholders by management (e.g., Galbreath, 2010). This association might extend to HR practices and HRD, which are elements of CSR. According to Schein (1984) and Denison (1990), organizational culture is the collection of deeply-seated and enduring beliefs, values and assumptions held by an organization. These beliefs, values and assumptions are key elements of the organization's institutional context and influence its orientation towards the responsible treatment of stakeholders, the way organizational members think and behave in relation to stakeholders, and the degree to which the firm's business is conducted responsibly (Galbreath, 2010). Also, Herndon et al. (2001) suggested that since organizational culture guides behavior which determines issues such as the fair treatment of employees, it might be associated with CSR practices. Additionally, it has been suggested that more humanistic (Galbreath, 2010), and people-oriented organizational cultures (Carter and Jennings, 2004) are more supportive of CSR activities than more bureaucratic or task-oriented cultures. Further, Cahaya et al. (2012) asserted that managers of firms with explicit

CSR goals might be more likely to think they should be socially responsible to their workers, and accordingly to publicly disclose their firms' human resource related policies and practices. As such, firms with more people-oriented cultures might provide more HRD than their more task-oriented counterparts.

This relationship has generally been supported by the limited empirical studies conducted to date. For instance, in a study of Australian firms, Galbreath (2010) found that an organization's culture was related to the extent to which it demonstrates socially responsible practices including those affecting employees. Also, Bowrin (2013) reported similar findings for publicly listed Caribbean firms.

Based on the above theoretical arguments the following hypothesis is stated in the alternative form:

Hypothesis 4: Companies with more people-oriented cultures will provide more HRD than companies with more task-oriented cultures.

Director Independence - To date the majority of research studies examining the relationship between director independence and voluntary disclosures have adopted the agency theory perspective which recognizes that independent directors play an important role in corporate governance (Fama and Jensen, 1983) by monitoring management on behalf of shareholders. For instance, Kelton and Yang (2008) asserted that director independence enhances the monitoring of managerial opportunism and reduces the likelihood of management withholding information from stakeholders. Additionally, Ibrahim et al. (2003) suggested that independent directors are more likely to adopt a stakeholder, as opposed to a shareholder, perspective of the company and may thus be more responsive to the needs of employees.

The prior empirical studies examining this relationship have produced inconclusive results. For example, Kaur et al., (2016) reported a positive association between the proportion of independent directors on the boards of Indian companies and the level of HRD. Similarly, Fetscherin et al. (2010) reported that firms with a higher percentage of outside board members demonstrated a higher level of CSR disclosure in BRIC (Brazil, Russia, India, China) nations. Adams and Hossain (1998), Xiao et al. (2004), and Ezat and El-Masry (2008) reported similar results in the New Zealand, Egyptian and Chinese contexts, respectively. Conversely, Eng and Mak (2003) in a study of Singaporean companies, Abdelsalam and El-Masry (2008) in a study of Irish-based firms, Gul and Leung (2004) in a study of Hong Kong firms, and Barako et al. (2006) in a study of Kenyan companies, all reported a negative association between the proportion of independent directors and the level of voluntary disclosure. Further, Haniffa and Cooke (2002) reported no significant relationship between the proportion of independent directors on the board and the extent of voluntary disclosure in Malaysian corporations.

Based on the arguments of agency theory and stakeholder theory presented above it is expected that firms will provide HRD to reduce information asymmetry and discharge accountability requirements with various stakeholders. However, given the equivocal empirical results of prior studies, the following non-directional hypothesis is presented in the alternative form:

Hypothesis 5: Director independence is related to the amount of corporate HRD.

*Gender Diversity - S*everal corporate governance researchers and guidelines have advocated for increased representation by women on corporate boards of directors based in part on the potentially beneficial effects of gender diversity for corporate processes and performance. For instance, Galbreath (2010) using arguments from stakeholder theory suggested that because of their relational abilities, women directors might be more likely to engage with multiple stakeholders and respond to their needs, resulting in better corporate social responsiveness. Further, Marx (2000) suggested that because of the high likelihood of being assigned to "soft" committees, women directors may be inclined to promote social and community activities to make their presence felt on the board. Kramer et al. (2006) further refined this expectation by suggesting that a critical mass of women might be needed on corporate boards to fundamentally affect firm governance by their propensity to include the perspectives of multiple stakeholders and pursue win-win approaches to problem-solving.

To date the empirical results of studies examining the effects of gender diversity on voluntary disclosures have been mixed. For instance, Barako and Brown (2008) in a study of Kenyan banks reported a significant positive relationship between the extent of women representation on the board and CSR disclosure. Similarly, Galbreath (2011) reported a positive relationship between gender diversity on the boards of publicly listed Australian firms and social responsiveness. Further, Williams (2003) in a study of Fortune 500 companies reported a positive relationship between the proportion of women directors and corporate charitable giving and community service. Conversely, Khan (2010) in a study of Bangladeshi banks reported no significant association between the representation of women on boards and voluntary disclosure.

The ideas presented in stakeholder theory suggest that organizations with greater gender diversity on their boards may be more motivated to provide HRD to demonstrate their accountability to various stakeholders. However, based on the mixed empirical evidence, the following non-directional hypothesis is presented in the alternative form.

Hypothesis 6: Gender diversity is related to the amount of corporate HRD.

Control Variables **-** Two control variables were included in the study, firm size and geographical region. Firm size has been consistently associated with HRD in prior studies (e.g., Alvarez Dominguez, 2012, Cahaya et al., 2012, Alam and Deb, 2010, Jindal and Kumar, 2012, Guthrie et al., 2006, and Oliveira et al., 2006). The second control variable, geographical region, demonstrated some explanatory power for HRD in the univariate analyses of this study. Also, while geographic region has not been examined as an explanatory factor for HRD in the Caribbean or southern Africa, it has been shown to influence national and organizational behavior (e.g., Hofstede, 1980).

Research Design

Sample and Data Collection

The study employed a purposive sampling approach to identify economically significant companies in the focal countries. The names of the state-owned companies in each country were obtained from various government websites, and all economically significant state enterprises for which the relevant reports and websites were available were included in the study. The names of all the companies with common shares listed on the main tier of the stock exchanges of the six countries (Barbados Stock Exchange (BSE), Jamaican Stock Exchange (JSE), Trinidad and Tobago Stock Exchange (TTSE), Botswana Stock Exchange (BoSE), Namibian Stock Exchange (NSE), and Lusaka (Zambia) Stock Exchanges (LSE)) at 31 December 2013 were obtained from each exchange's website. From this list, any companies that were subsidiaries of another company listed on one of the stock exchanges were eliminated, along with all but one instance of any company that was counted more than once due to cross-listing on more than one exchange. The final sample comprised 117 companies.

Data was collected from the websites of the stock exchange(s) on which the companies' securities are listed and from each company's website by examining annual reports, CSR reports, sustainability reports, integrated reports, employee newsletters, and other web-based media over two six-week periods during March and April 2014 and July and August 2014. The main coder practiced on reports and websites from 12 similar companies located in three non-sample countries, St. Kitts/Nevis (5), Guyana (3), and Swaziland (4), before commencing the sample coding. This information was recoded after 20 annual reports had been coded and at the conclusion of the coding. Both times the Krippendorff's alpha was above the minimum acceptable standard of reliability of 0.75 (Milne and Adler, 1999:5). To test the reproducibility aspect of reliability, another coder coded the information from the initial 12 websites and achieved a Krippendorff's alpha of 0.81.

Dependent Variable - HRD Measure

One aim of this research was to use a simple and reliable approach to content analysis and the measurement of HRD. As such the focus was on the presence or absence of disclosures rather that the amount of information provided regarding specific disclosures (Vuontisjarvi, 2006). The disclosure instrument was developed based on a review of the HRD literature including Abeysekera and Guthrie (2004), Oliveira et al., (2006), Abeysekera (2008), and Jindal and Kumar (2012). Additionally, items related to human rights, ethics, and decent work were adapted from version 3.1 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (2011).

The themes explored in the instrument were selected to provide a fairly broad overview of policies and practices related to human resources that are most commonly referenced in the human capital (HC) and HRD literatures. The instrument consisted of 174 existence - non-existence items. (See Appendix 2 for the items included in the index). This approach has become a norm in disclosure studies (Cahaya et al., 2012). The disclosure score for each company was calculated by dividing the actual score awarded (number of disclosures found in the company's published reports) by the maximum possible score (174). When coding the information both positive and negative disclosures under each theme were counted, and specific items under each theme had to be made in the context of the theme to be counted.

The description of the independent and control variables is presented in the multivariate analysis section.

Data Analysis and Findings

Descriptive Statistics

The descriptive statistics indicate that the level of HRD in the Caribbean and southern Africa is relatively low (M = 27.12%, SD = 13.46%). On average, southern African firms (n=64) provided more HRD (30.2%) than their Caribbean counterparts (23.4%, n=53). Also, 35.9% of companies disclosed 20% or fewer of the items on the HRD instrument, and only four percent of firms had their HRD independently reviewed or certified, while 11% of firms had established guidelines for materiality to promote consistency in their HRD reporting over time. Significantly more southern African firms (19%) had materiality guidelines than Caribbean firms (8%) ($\chi^2_{1, 117}$ = 8.35, p = .00).

As shown in Table 2, the mean size of sample companies in terms of average total assets for 2011-2012 [5] was US$7,319.4 million (SD US$30,339 million), and the median firm size was US$305 million, indicating that the sample is positively skewed. As a result, a median split procedure was used to categorize the firm size variable for use in the univariate analysis and a natural log transformation was performed for the regression analysis. Caribbean firms tended to be marginally smaller (Mean US$2,051M, SD US$3,146.5M) than their southern African counterparts (Mean US$11,329.9M, SD US$40,650M) ($t_{63} = 2.03$, $p = .05$). The mean proportion of independent directors and female directors on the board of a sample firm was 75.5% (SD 19.6%) and 22.1% (SD 12.6%), respectively; and was almost identical for the two geographical regions ($t_{115} < 1.0$, $p > .43$).

Take in Table 2 about Here

Table 3 presents descriptive statistics for the categorical independent and control variables. Panel B indicated that the amount of HRD varied slightly across industries ranging from a high of 34.3% for conglomerates to a low of 26% for firms in the banking and finance industry. The information presented in Panel C of Table 3 indicates that overall, 47 (36.2%) of the sample companies experienced some type of foreign influence, i.e., was listed on the stock exchange of a developed country, and or owned by a multinational corporation domiciled in a developed country, and or had operations in a developed country. The percentage of firms experiencing foreign influence was significantly different in southern African countries (M 62.5%, SD 48.8%) than in Caribbean companies (Mean 30.2%, SD 46.3%) ($t_{115} = 3.65$, $p = .00$).

In terms of organizational culture (which was operationalized as a dichotomous variable code "0" if a firm did not have an explicitly stated goal related to the sustainable value of employees, and "1" otherwise), approximately 40.2% of firms (47) had explicitly stated goals related to the sustainable value of employees. Firms with such goals were interpreted as having more humanistic or people-oriented cultures. Significantly more southern African firms (53.1%) than Caribbean firms (24.5%) had such goals ($\chi^2_{1, 117} = 9.865$, $p = .002$).

Panel A of Table 3 provides descriptive statistics for NGE which was operationalized using a modified and updated version of Li and Filer (2007) governance environment index (GEI). (see Appendix 3 for details of this index). The index was standardized with a mean of zero and a standard deviation of one. Higher scores on the index indicate more rule-based countries, whereas lower scores indicate that countries are less rule-based and implies that they rely more on private ordering. Two of the three southern African countries (Botswana and Namibia) had positive NGE index scores while two of the three Caribbean countries, (Jamaica and Trinidad and Tobago), had negative NGE index scores. Also, the negative Southern African, and the positive Caribbean, NGE index scores were much larger in absolute terms than the other four scores. The level of HRD was significantly different across four of the six NGE index scores. All three negative levels of NGE scores were different from one of the three positive levels. See panel A of Table 3 and Table 4.

Take in Table 3 about Here

Univariate analyses [6]

Univariate analyses were conducted using the overall HRD scores and each of the independent and control variables to get a better understanding of the data and to take a preliminary look at the research hypotheses. The continuous variables were split at the median to facilitate these tests. The results of the univariate analyses indicate that geographical region, national governance environment, firm size, foreign influence and organizational culture were significantly related to the amount of HRD. Conversely, industry affiliation, director independence, or gender diversity were not statistically significantly related to HRD.

Multivariate analysis

Main model. The following multiple-regression model was used to test the research hypotheses:

$$HRD_i = ά + β_1 \text{ Region} + β_2 \text{ Firm Size} + B_3 \text{ National Governance Environment} + β_4 \text{ Foreign Influence} + β_5 \text{ Industry Affiliation} + β_6 \text{ Organizational Culture} + β_7 \text{ Director Independence} + β_8 \text{ Gender Diversity} + \epsilon$$

Where:

- HRD_i is the proportion of items in the human resources disclosures measure that are provided by company i.
- ά is the constant term.
- *Region* is a dichotomous variable code “0” if a firm is based in one of the three southern African countries and “1” for firms based in one of the three Caribbean countries.

- *Firm size* is measured as the natural logarithm of average total assets (2011, 2012).
- *National Governance Environment* is operationalized using a modified and updated version of Li and Filer (2007) governance environment index (GEI). (See Appendix 3 for details about this index). This was necessary as some of the countries examined in this study were not reported on in some of the sources used to develop the GEI.
- *Foreign influence* is measured as a dichotomous variable coded "1" if a company was listed on the stock exchange of a developed country, owned by a multinational corporation domiciled in a developed country, or had operations in a developed country. It was coded "0" otherwise.
- *Industry affiliation* is operationalized as a categorical variable coded "1" for firms affiliated with banking and finance, "2" for other service firms, "3" for manufacturing firms, "4" for agricultural, extraction, mining and other firms engage in primary activities, and "5" for conglomerates.
- *Organizational culture* is operationalized as a dichotomous variable code "0" if a firm did not have an explicitly stated goal related to the sustainable value of employees, and "1" otherwise. [7]
- *Director independence* is measured as the proportion of non-executive members of the board of directors.
- *Gender diversity* is measured as the proportion of female members of the board of directors.
- ϵ is the error term.

Bivariate correlations. The amount of HRD was statistically significantly correlated [8] with organizational culture (r_{pb} = .56, p = .00), firm size (r = .51, p = .00), and foreign influence (r_{pb} = .41, p = .00). Also, several of the control and independent variables were significantly correlated. Firm size was significantly correlated with foreign influence (r_{pb} = .33, p = .00), and organizational culture (r = .38, p = .00). Foreign influence was significantly correlated with director independence (r = -.32, p = .00), and organizational culture (Phi (φ) = .33, p = .05). Director independence was significantly correlated with gender diversity (r = .24, p = .05) and industry affiliation (r = -.20, p = .05), and industry affiliation was significantly correlated with gender diversity (r = .20, p = .05). All the correlations coefficients were sufficiently low to suggest that the variables were in fact measuring different things (Field, 2009).

OLS regression robustness tests. Prior to evaluating the results of the OLS regression models (see Table 5), diagnostic tests were performed to identify potential outliers and influential cases, and to determine if the assumptions of the technique – no perfect multicollinearity, homoscedasticity, independent errors, normally distributed errors, and linearity were met. Partial regression plots for all the independent and control variables in both the full and reduced models were reviewed to assess whether there were outliers. None of the plots contained evidence of outliers. Also, only one (two) – less than 5% - of the 117 cases in the full (reduced) model had standardized regression residuals greater than the benchmark of 2.58 suggested by Field (2009). This indicates that there were no outliers and both models were a good fit of the sample data. Additionally, the results of analyses of Cook Distances (Cook and Weisberg, 1982) and standardized DFBeta values indicated that none of the cases had a disproportionate influence on either of the overall models, or on the estimated model parameters.

Visual inspection of the scatterplots of the (1) standardized regression residuals against the standardized predicted regression values, and (2) studentized regression residuals against the standardized regression predicted values for the estimated regression models revealed a series of apparently random dots evenly dispersed about the zero value, which suggested that the homoscedasticity assumption was not violated. Similarly, a review of the VIF statistics for the predictor variables in both the full and reduced models in Table 5 indicated that the values for all predictors are below 2.0 and the average VIF is very close to 1 (full model, 1.26, reduced model, 1.16) suggesting that there was no significant multicollinearity in the regression models. Further, the Durbin-Watson statistic for both the full and reduced models were very close to the benchmark of 2 suggested by Field (2009), and indicated that the independent errors assumption was not violated. Additionally, a review of the normal-probability plots and the histogram of the standardized regression residuals for both models indicated that the regression errors were normally distributed. Finally, inspection of the partial regression plots for all the independent and control variables in both the full and reduced models, and the scatterplots of the standardized regression residuals against the standardized predicted regression values for each model supported the linearity assumption.

Empirical Results and Discussion

Results

The OLS regression results are shown in Table 4 for both the full and reduced models. As shown in panels A, B, D and E of Table 4, both models were statistically significant ($p = .00$) and explained over 45% of the variance in HRD. The following discussion focuses on the full model unless specifically stated otherwise.

Take in Table 4 about here

Hypothesis 1, which predicted that firms operating in more rule-based governance environments would provide more HRD than firms operating in more private-order-based environments, was marginally supported ($\beta = .14$, $p < .05$). This finding reinforces the contention of the new institutional theory that firms operating in weak governance environments have less incentives to voluntarily provide HRD to the public at large. In such environments average stakeholders, ones not closely connected to management, are unlikely to view voluntary HRD as credible. Hypothesis 2 which predicted that firms exposed to foreign influence would provide a different level of HRD than firm not exposed to foreign influence was supported ($\beta = .29$, $p < .00$). This finding is consistent with the expectation that international firms associated with developed nations are likely to demand better HRD from their associates in developing nations, relative to what is demanded by local stakeholders. It supports the assertion that firms will respond to the needs of their more powerful or significant stakeholders. Hypothesis 3 which predicted that firms in knowledge-based and other industries that depend heavily on intangible assets for success would provide more HRD than firms in industries that rely primarily on physical assets for success was not supported. While there was a statistically significant relationship between industry affiliation and HRD ($\beta = .24$, $p < .00$), firms in primary industries (agriculture, mining, etc.), and conglomerates provided more HRD than firms in the services and manufacturing industries. This finding is inconsistent with the expectations of stakeholder theory, but mirrors the mixed results of prior studies. Hypothesis 4 which predicted that firms with more people-oriented organizational cultures would provide more HRD than firms with less people-oriented organizational cultures was supported ($\beta = .349$, $p < .00$). It supports the assertion of the new institutional theory that organizational culture, as a key elements of a firm's institutional context, is likely to influence its HR goals, policies and practices.

Neither hypothesis 5 (director independence) nor hypothesis 6 (gender diversity) was supported. The finding that director independence was not related to corporate HRD suggests that the Caribbean and southern African firms included in this study did not appear to be motivated to reduce information asymmetry or demonstrate their accountability to stakeholders by voluntarily providing HRD. From an agency theory perspective, this could mean that management and owners have devised other more cost-effective mechanisms to reduce information asymmetry. View through the lens of stakeholder theory this finding could indicate that stakeholders who value HR-related issues are relatively weak or insignificant in these regions, or that the stakeholders represented by independent directors do not value HRD. On a more pragmatic note, this finding together with the high proportion of independent directors on the boards in this study ($M \geq 75\%$), suggests that the regulatory and policy environment in these regions might not effectively incentivize independent directors to discharge their monitoring role beyond the interests of shareholders. The finding that gender diversity was not associated with corporate HRD is inconsistent with the expectations of stakeholder theory. It could suggest either the relative weakness of women board members, an interpretation supported by the low proportion of female board members ($M \leq 23\%$) on the boards of firms in this study. This interpretation is consistent with the contention of Galbreath (2011) and Kramer et al. (2006) that a critical mass of women might be needed on corporate board to generate fundamental impact. Both studies recommended increasing the number of women on corporate boards. Alternatively, this finding might indicate that female board members pursue more traditional financial goals, possibly to prove themselves to their male board counterparts, and to enhance their board leadership credentials and prospects.

Also, one of the two control variables, firm size, was significantly and positively related to the level of HRD ($\beta = .26$, $p < .00$). This result is consistent with those of prior studies conducted by researches in a variety of contexts employing a diverse range of theoretical frameworks.

Table 5 presents zero-order and partial correlation coefficients for the statistically significant independent variables with HRD, as well as the partial^2 indices which is used to assess the relative effectiveness of each of the individual independent variables at explaining variance in the amount of HRD in the reduced regression model. Based on these indices, organizational culture and foreign influence seem to be the most influential predictors of HRD. They accounted for about 15.1% and 11.7% of the variance in HRD, respectively, after controlling for the other variables.

Take in Table 5 about here

Discussion

One notable finding of this study is that Caribbean and southern African firms provided relatively few of the HRD examined (M = 33.7%, SD = 25.3%). This finding is consistent with the relatively low levels of HRD reported in prior studies across a variety of jurisdictions (e.g., Whiting and Woodcock, 2011; Abhayawansa and Abeysekera, 2008). It might be interpreted in at least two ways. First, it can be viewed as support for the conclusion of prior studies that there is a lack of transparency on HR activities or at least the HR practices /activities that were the focus of this study, in these regions (de la Cuesta et al., 2012). This interpretation of the findings is consistent with the closely held corporate ownership patterns in these regions and their preference for secrecy. From the perspective of stakeholder theory, it might suggest that the significant and powerful stakeholders in these regions are insider, able to get HR information privately from management. In terms of signaling theory, the low level of HRD might indicate that firms have decided to withhold HRD, possibly based on the expectation that such information could present the firm in an unfavorable light. An interpretation based on agency theory suggests that potential external users of HRD might have found alternative, more cost-effective ways of getting such information. Also, the low incidence of HRD in these regions could indicate that preparers are unaware of the importance of such information to stakeholders. This would suggest a possible need for educational initiatives aimed at management by stakeholders that value HRD.

Alternatively, the low incidence of HRD may be viewed as indicative of a very low level of HR-related activity in these regions. If correct, this latter interpretation of the findings might be related to existing social, political, and economic realities such as (1) the general high level of autonomy enjoyed by economically significant organizations regarding HR issues, (2) the overall surplus of labor, and (3) the ability of such organizations operating in these regions to import scarce skills – it might be cheaper and less complicated to do so in these regions – rather than to undertake more broad-based human resource development initiatives. This interpretation is consistent with the expectations of the new institutional theory (North, 1990), and points to a need for initiatives to raise the priority of HR-related issues in these regions.

It was also noteworthy that organizational culture (the presence of a clearly articulated goal related to the sustainable value of employees) was the key predictor of HRD, even more so than firm size, which has been the dominant predictor of HRD in prior research, and foreign influence. This finding confirms the expectation derived from the new institutional theory that organizational culture influences corporate HR practices. It is consistent with the assertion that the presence of such a goal might indicate the recognition by firms of the importance of employee wellbeing and development for the realization of a sustainable competitive advantage (Amran and Devi (2007), and a tendency for such firms to be more supportive of CSR activities, such as HRD.

Additionally, the finding that foreign influence was positively related to, and the second most influential predictor of, HRD lends credence to the stakeholder theory argument that companies with affiliations to first world nations are more likely to adopt the business practices of those countries. This is probably due, in part, to their dependence on first world associates for key resources (Branco and Rodriguez, 2008), which increases their economic significance relative to local firms. This might be motivating Caribbean and southern African firms to provide better public HRD to demonstrate accountability to foreign stakeholders, or to gain reputational benefits. This finding supports the contention by several researchers including Visser (2007) and Belal and Momin (2009) that the CSR agenda in developing economies is driven by external forces.

Another notable finding was that while industry affiliation was significantly related to HRD, there was no clear-cut relationship between either capital intensive or intangible-dependent organizations, and HRD as was postulated. Manufacturing firms which tend to be capital intensive, and both banking and finance and other services firms provided less HRD than conglomerates and firms engaged in primary industries. This finding is especially puzzling as primary industries, unlike conglomerates, are not significant contributors to the economies of our focal countries. This suggests that any industry effect might be more nuanced than is proposed in this study.

Further, as expected the macro-level variable, national governance environment, was significantly and positively associated with HRD. This supports the assertion, grounded in the new institutional theory, that more rule-based governance environments provide better incentives for firms to disclose human resources-related information, and for users to have confidence in the quality of such disclosures, than more private-order-based environments. This finding is consistent with that reported by Lattemann et al. (2009) in the Indian and Chinese contexts.

Summary, Conclusion and Recommendations

This study is one of the first to compare the HRD provided by Caribbean and southern African firms. Consistent with the findings reported in most prior HRD studies in both the developed and developing world, firms in both regions examined in this study published few HRD. It suggests that a system that relies on firms to provide voluntary HRD might not yield the levels of reporting needed for the society wide conversations that are needed for sustainable development. A similar conclusion was reached by Agyei-Mensah (2016) and Williams and Wern Pei (1999) in response to low levels of voluntary reporting in Ghana, and Malaysia and Hong Kong, respectively; and by Kaur et al. (2016) in response to inconsistent, unstructured and low-to-moderate levels of HRD in India. Instead, governments in the Caribbean and southern African countries examined in this study might need to improve legislation regarding public HRD, provide incentives for firms to provide HRD, and deploy resources to better monitor compliance with disclosure requirements by corporations.

Another conclusion of this study is the profile of firms that are likely to provide more HRD. They (1) have more people-oriented organizational cultures, (2) are subject to greater foreign influence, (3) are larger, (4) are affiliated with primary industries, or are conglomerates, and (5) are located in more rule-based governance environments. This information might be helpful for several stakeholder groups in these regions. For instance, it could help (1) investors and creditors customize their due diligence approaches, and (2) potential employees better assess which types of firms are likely to fit well with the feature they value in workplaces and employers. These results also point to a group of firms that policy makers, activists and other stakeholders might study to better understand the motivations for HRD and the mechanisms that are likely to stimulate more comprehensive HRD in these regions.

National governments and other leaders of economically significant firms, especially state enterprises, could probably set better examples by instituting "best" HR practices and providing stakeholders with easier access to HR-related information. This will require a major change in the priority these leaders assign to transparency and accountability. It was noticeable in this study that twice the number of economically significant state enterprises (45) as publicly listed firms (22) either did not have a website, or did not provide any (or current) financial, human resources, sustainability and other information on their websites. Conversely, in all six countries examined, the state enterprises that needed to provide current financial, economic, social and other information to meet listing requirements or international obligations, e.g., central banks and social security administrations, were able to fulfill their obligations. These state enterprises also tended to provide access to that information on their websites. Taken together, these observations suggest that where there is "leadership will" to communicate relevant information to stakeholders, they commit the resources necessary to get it done.

Also, stakeholders interested in promoting the consideration of the sustainable value of employees in national, corporate and individual investment and administration decisions may need to implement incentives for economically significant organizations to participate in targeted development initiatives and to provide more extensive social and HR disclosures. For instance, it may be beneficial for leaders in Caribbean and southern African societies to explore initiatives such as (1) providing incentives for firms to voluntarily adopt best practice in HRD (including instituting awards for best HRD practices, reducing the listing fees for companies with designated levels of HRD, or providing technical support for less able companies to achieve minimally acceptable levels of HRD); and or (2) mandating a certain minimum level of HRD and instituting high quality compliance monitoring of HRD with strict penalties (incentives) for non-compliance (compliance). The recent establishment of a regional Investor of the Year Award by the Caribbean Association of Investment Promotion Agencies and the Caribbean Export Development Agency seems like a step in the right direction. The award recognizes contributions made by both local and foreign investors to the creation of new jobs, high standards of corporate social responsibility, capital spending, and fiscal support to economies through the payment of corporate taxes. The award also seeks to recognize investors in strategic areas of importance to the region, e.g., green energy, research and development, projects that involve a high degree of innovation and creativity, and those that are championed by women.

Additionally, the unexpected relationship reported between firms' industry affiliation and HRD warrants further investigation. In this regard, future research might need to explore alternative theories that accounts for factors such as the risk posed by industries to the welfare of employees, for example by threats of accidents or the potential for forced labor or inappropriate discrimination.

Limitations and Suggestions for Future Research

The results of this study need to be interpreted in the light of the following limitations. First, the operationalization of organizational culture, which seems to be the most influential factor associated with HRD in the Caribbean and southern Africa was very rudimentary. Future researchers will need to adopt psychometrically stronger measures of organizational culture. Second, the relatively small sample size restricted the number of predictor variables that could be included in the regression models. This was due primarily to the fairly high number of economically significant organizations (67), especially those in the state sector (45), of countries in both geographical regions, for which current documents relating to HR issues (e.g., annual reports, sustainability reports, and integrated reports) were not available on the internet. Also, this study does not provide an in-depth view of the specific HRD currently provided by Caribbean and southern African firms. For instance, it is silent on the HRD performance of companies on issues such as pay and benefits, equal opportunity, and training and development, which might be of interest to stakeholders. This could be a fruitful avenue for future research. Additionally, given the apparent reluctance of Caribbean and southern African firms to publicly disclose HR information, researchers might need to undertake survey-based studies to glean the actual HR practices of firms in these regions, and the motivation behind them, directly from business leaders. It might also be fruitful for future survey-based studies to examine the perspectives of female board members about whether they prioritize traditional shareholder focused financial goals or more multi-faceted sustainability oriented goals. Finally, the apparent heavy influence of external forces in shaping HRD practices in the Caribbean and southern Africa suggests that it might be useful to examine the alignment of current CSR and HRD priorities with the key sustainability issues facing these regions.

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[1] The selected firms were either listed on a major local stock exchange and or controlled by the state.
[2] While the concept of CSR remains contested (Moon, 2002), for the purposes of this study, it is defined as "an approach to business that embodies transparency and ethical behavior, respect for stakeholder groups and a commitment to add economic, social and environmental value" (Sustainability, 2004, pp. 4).
[3] The Caribbean Community (CARICOM) is a regional grouping of 20 Caribbean countries, including Barbados, Jamaica and Trinidad and Tobago, focused on economic integration, foreign policy coordination, human and social development, and security (CARICOM, 2017).
[4] The development of the research hypotheses for this study draws from both of these research streams since HRD are largely voluntary in nature, and the voluntary disclosure literature is more extensive than the HRD literature.
[5] This was the only measure of size that was available for all sample companies.
[6] Equal variances were not assumed for these tests.
[7] This operationalization is consistent with Collier and Esteban's (2007) assertion that many firms have attempted to address the cultural aspects of CSR (including HRD) using formal policies, rules and system, especially during the early stages of its development.
[8] The correlations involving dichotomous variables are point bi-serial or phi as appropriate.

About the Author

Anthony R. Bowrin, Ph.D. is Professor of Accounting and Interim Dean with the College of Business and Management, Saginaw Valley State University. His research focuses on corporate governance, internal controls, and financial reporting quality. His work has been published several leading academic journal including Accounting Education: An International Journal; Advances in International Accounting; Accounting, Auditing and Accountability Journal; Journal of Accounting Literature; Journal of Business, Finance and Economics in Emerging Economies; Journal of Accounting in Emerging Economies; Managerial Finance; and Journal of Co-operative Studies. He is a member of the American Accounting Association (AAA), the Institute of Management Accountants (IMA) – USA), Michigan Association of Certified Public Accountants (MICPA), and the International Association for Accounting Education and Research (IAAER). Professor Bowrin has also been involved in consulting and training for businesses and credit unions throughout the English-speaking Caribbean.

Table 1
Demographic Profile of Sample Countries

	Caribbean			Southern Africa		
	Barbados	*Jamaica*	*Trinidad*	*Botswana*	*Namibia*	*Zambia*
Population (000)	289	2,910	1,225	2,128	2,183	14,222
% Non-white population	93.0%	91.2%	98.0%	90.0%	94.0%	99.5%
% Urban population	44.0%	52.0%	14.0%	61.7%	38.4%	39.2%
Education expenditure as % of Gross National Income	7.5%	6.4%	4.0%	7.8%	8.3%	1.4%
Health expenditure as % of Gross Domestic Product	8.0%	4.8%	5.7%	8.3%	6.8%	5.9%
% of population literate	99.7%	87.0%	98.8%	85.1%	88.8%	71.9%
Years school life expectancy	17	13	12	12	11	7
% unemployment	11.6%	14.3%	5.6%	17.8%	51.2%	14.0%
GDP PPP$ Billion	7.17	25.62	27.14	32.06	17.03	24.36
GDP per capita US$ 000	25.8	9.3	20.4	17.1	7.9	1.7
% GDP from agriculture	3.1%	6.5%	0.3%	1.9%	7.7%	19.8%
% GDP from Industry & Services	96.9%	93.9%	99.6%	88.6%	90.9%	80.0%
% employment in services	75.0%	64.0%	62.9%	20.0%	61.3%	9.0%
Type of economy*	4	3	5	2	3	1
Number of publicly listed firms (2013)	18	31	28	26	32	23
Market capitalization of domestic listed firms US$ millions	4,495.0	6,391.0	15,165.4	4,588.0	1,305.0	3,004.0
Year stock exchange established	1987	1968	1981	1989	1992	1993
Human development rating (UNDP 2014)	high	high	high	medium	medium	medium
Human trafficking rating - average 2012-4 (lower is better)	3	3	2	2	3	2
Social sustainability score GCI (higher scores better)	4.4	3.52	4.3	3.8	3.58	3.32
International Human Rights Ratings Indicators**	49.85%	51.86%	51.97%	49.51%	-51.86%	30.54%

* 1=factor driven; 3=efficiency driven; 5=innovation driven
** Higher scores indicate better human rights rating

Sources: CIA (2014); UNDP (2014); World Economic Forum (2014); Amnesty International (2015); U.S. State Department (2014)

Table 2
Descriptive Statistics for Continuous Variables – Overall Sample

	N	Mean	Median	SD	Skewness	Kutosis
HRD	117	27.12%	25.7%	13.46%	.47	-.21
Firm size – Natural log of Average Total Assets	117	6.18	5.72	2.14	.56	.43
Average total assets 2011 - 12	117	$7,319.4M	$305M	$30,339M	6.28	43.2
Director independence	117	75.48%	81.8%	19.55%	-1.05	.72
Gender diversity	117	22.1%	22.2%	12.55%	.393	-.18

Table 3

Descriptive Statistics – Discrete Independent & Control Variables

Panel A – NGE by HRD

	Companies		**HRD**				
NGE Index	N	%	Mean %	Median %	SD%	Skew	Kut
-4.61 (Zambia)*	15	12.8	19.35	13.94	13.4	1.09	0.68
-1.62 (Trinidad)*	17	14.5	23.50	23.26	9.3	0.38	-0.66
-0.84 (Jamaica)*	22	18.8	23.11	21.58	10.5	-0.07	-1.18
0.15 (Botswana)	21	17.9	31.03	33.11	14.1	0.69	0.46
1.81 (Namibia)*	28	24.0	35.41	35.36	14.0	0.07	-0.93
7.28 (Barbados)	14	12.0	23.74	24.67	11.1	-0.19	0.17
Total	117	100					

* Statistically significant difference in mean HRD scores of countries with negative NGE index scores from that of Namibia using the Dunnett T3 procedure.

Panel B – Industry Affiliation by HRD

	Companies		**HRD**				
Industry	**N**	**%**	**Mean %**	**Median %**	**SD%**	**Skew**	**Kut**
Banking and finance	45	38.5	25.95	23.33	12.24	.63	-0.07
Other services	30	25.6	26.49	27.18	13.57	.17	-0.39
Manufacturing	23	19.7	26.23	26.05	13.35	.28	-.27
Agriculture & Primary	8	6.8	28.82	21.7	19.72	1.01	-.12
Conglomerate	11	9.4	34.28	35.4	13.24	.25	-.05
Total	117	100					

Panel C – Foreign Influence by HRD

	Companies		**HRD**				
Foreign Influence	**N**	**%**	**Mean %**	**Median %**	**SD%**	**Skew**	**Kut**
No	61	59.8	21.8	20.4	10.8	-.53	.33
Yes	56	40.2	32.9	33.1	13.8	.23	-0.38

Panel D – Organizational Culture by HRD

	Companies		HRD				
Organizational Culture	**N**	**%**	**Mean %**	**Median %**	**SD%**	**Skew**	**Kut**
Less people-oriented	70	59.8	21.0	20.7	10.1	.44	.04
More people-oriented	47	40.2	36.2	35.4	12.8	.06	-.28

Table 4

Summary of Regression Results

Full model: $HRD_i = ά + β_1$ Region + $β_2$ Firm Size + B_3 National Governance Environment + $β_4$ Foreign Influence + $β_5$ Industry Affiliation + $β_6$ Organizational Culture + $β_7$ Director Independence + $β_8$ Gender Diversity + ϵ

Reduced model: $HRD_i = ά + β_1$ Firm Size + B_2 National Governance Environment + $β_3$ Foreign Influence + $β_4$ Industry Affiliation + $β_5$ Organizational Culture + ϵ

Full Model			
Panel A: Model Summary			
R	**R Square**	**Adjusted R Square**	**Std. Error of Estimate**
.71	.503	.466	.09831

Panel B: ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	1.057	8	.132	13.663	.000
Residual	1.044	108	.010		
Total	2.100	116			

Panel C: Coefficients[a]						
	Unstandardized Coefficients		**Standardized Coefficients**			**Collinearity Statistics**
	B	**Std. Error**	**Beta**	**t**	**Sig.**	**VIF**
(Constant)	.021	.073		.290	.772	--
Geographical region	-.021	.021	-.079	-1.-20	.310	1.296
Firm size	.016	.005	.259	3.395	.001	1.268
National governance environment	.006	.003	.140	1.969	.051	1.094
Foreign influence	.079	.022	.294	3.664	.000	1.403
Industry affiliation	.025	.008	.238	3.199	.002	1.199
Organizational culture	.095	.022	.349	4.347	.000	1.399
Director independence	.094	.053	.136	1.750	.083	1.313
Gender diversity	-.114	.077	-.106	-1.480	.142	1.119

[a.] Dependent variable: HRD – proportion of human resource disclosure provided by each firm

Table 4 (Continued)
Summary of Regression Results

Reduced Model			
Panel D: Model Summary			
R	**R Square**	**Adjusted R Square**	**Std. Error of Estimate**
.69	.475	.451	.09971

Panel E: ANOVA					
Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	.997	5	.199	20.051	.000
Residual	1.104	111	.010		
Total	2.100	116			

Panel F: Coefficients[a]						
	Unstandardized Coefficients		**Standardized Coefficients**			**Collinearity Statistics**
	B	**Std. Error**	**Beta**	**t**	**Sig.**	**VIF**
(Constant)	.031	.038		.818	.415	--
Firm size	.018	.005	.280	3.667	.000	1.229
National governance environment	.006	.003	.140	2.018	.046	1.013
Foreign influence	.076	.020	.283	3.832	.000	1.150
Industry affiliation	.024	.007	.232	3.222	.002	1.098
Organizational culture	.095	.021	.347	4.445	.000	1.286

[a.] Dependent variable: HRD – proportion of human resource disclosure provided by each firm

Table 5

Indices to Assess Relative Importance of Predictors

	Beta Coefficients	Correlations with HRD Index		Variance Explained
		Zero-order	Partial	(Partial^2)
Organizational culture	.347	.555**	.389**	15.1%
Foreign influence	.283	.413**	.342**	11.7%
Firm size	.280	.391**	.329**	10.8%
Industry affiliation	.232	.146	.292**	8.5%
National governance environment	.140	.159	.188*	3.5%

* Correlations significant at the .05 level

** Correlations significant at .00 level

Appendix 1 - List of Sample Firms

Company Name	Country	Website
Light & Power Holding Limited	Barbados	http://www.blpc.com.bb
National Petroleum Corporation	Barbados	http://www.npc.bb
Barbados Transport Board	Barbados	http://www.transportboard.com
Barbados Investment & Dev. Corp	Barbados	http://www.bidc.org/
Barbados Port Inc.	Barbados	http://www.bidc.org/
Insurance Corporation of Barbados	Barbados	http://www.icb.com.bb/
Goddard Enterprises Limited	Barbados	http://www.goddardenterprisesltd.com/
Cable & Wireless (Lime)	Barbados	http://www.lime.com/bb/about-us
BICO Limited	Barbados	http://www.bicoicecream.com/
Cave Shepherd Group	Barbados	http://www.caveshepherd.com/
Banks Holdings Limited	Barbados	http://www.thebhlgroup.com/
Sagicor Financial Corporation	Barbados	http://www.sagicor.com
First Caribbean Intl Bank Ltd	Barbados	http://www.firstcaribbeanbank.com
Central Bank of Barbados	Barbados	http://www.centralbank.org.bb/
Port Authority of Jamaica	Jamaica	http://www.portjam.com/
Jamaica Public Service Company L	Jamaica	http://www.myjpsco.com/
Airport Authority of Jamaica	Jamaica	http://www.airportsauthorityjamaica.aero/
Jamaica Mortgage Bank Ltd	Jamaica	http://jmb.gov.jm/
National Water Commission	Jamaica	http://www.nwcjamaica.com/
PetroJam Limited	Jamaica	http://www.petrojam.com/
Supreme Ventures Limited	Jamaica	http://www.supremeventures.com/
Salada Foods Jamaica Limited	Jamaica	http://www.saladafoodsja.com/
SEPROD Limited	Jamaica	http://www.seprod.com/
JMMB Group	Jamaica	http://www.jmmb.com/
Gleaner Company	Jamaica	http://jamaica-gleaner.com/
RJR Communications Group	Jamaica	http://www.rjrgroup.com/
Jamaica Producers Groups Limited	Jamaica	http://www.jpjamaica.com/

Pan-Jamaican Investment Trust	Jamaica	http://www.panjam.com/
Jamaica Broilers Limited	Jamaica	http://www.jamaicabroilersgroup.com/
Kingston Wharves Limited	Jamaica	http://kingstonwharves.com.jm/
Barita Investments Limited	Jamaica	http://www.barita.com/
Proven Investments Limited	Jamaica	http://weareproven.com/
Mayberry Investments Limited	Jamaica	https://www.mayberryinv.com/
Bank of Jamaica	Jamaica	http://www.boj.org.jm/
NCB Jamaica Limited	Jamaica	http://www.jncb.com
Grace Kennedy Group	Jamaica	http://www.gracekennedy.com
Central Bank of Trinidad & Tobago	Trinidad & Tobago	http://www.central-bank.org.tt/
National Insurance Board	Trinidad & Tobago	http://www.nibtt.net/
Angostura Holdings Limited	Trinidad & Tobago	http://www.angostura.com
ANSA McAL	Trinidad & Tobago	http://www.ansamcal.com
Neal and Massy Holdings Ltd	Trinidad & Tobago	http://www.massygroup.com
Guardian Holdings Limited	Trinidad & Tobago	http://www.guardianholdings.com
PETROTRIN	Trinidad & Tobago	https://www.petrotrin.com/
TT Unit Trust Corporation	Trinidad & Tobago	http://www.ttutc.com/
National Gas Company	Trinidad & Tobago	http://ngc.co.tt/
PLIPDECO	Trinidad & Tobago	http://www.plipdeco.com
One Caribbean Media	Trinidad & Tobago	http://www.onecaribbeanmedia.net
WITCO BATCaribbean	Trinidad & Tobago	http://www.westindiantobacco.com
Unilever Caribbean Limited	Trinidad & Tobago	http://www.unilever.tt/
Trinidad Cement Limited	Trinidad & Tobago	http://www.tclgroup.com
First Citizens Bank Limited	Trinidad & Tobago	http://www.firstcitizenstt.com
Scotia Bank (TT) Limited	Trinidad & Tobago	http://www.tt.scotiabank.com
Republic Bank Limited	Trinidad & Tobago	http://www.republictt.com
Water Utilities Corporation	Botswana	http://www.wuc.bw/
Botswana Telecommunication Corp	Botswana	http://www.btc.bw/
Botswana Investment & Trade Center	Botswana	http://www.bitc.co.bw/
Botswana Development Corporation	Botswana	http://www.bdc.bw/

Bank of Botswana	Botswana	http://www.bankofbotswana.bw/
Blue Financial Svcs Ltd	Botswana	http://www.blue.co.za/
Investec Limited	Botswana	http://www.investec.com/en_us/#home.html
AngloAmerican Plc	Botswana	http://www.angloamerican.com/
G4S Botswana Ltd	Botswana	http://www.g4s.co.bw/
Choppies Enterprises Ltd	Botswana	http://www.choppies.co.bw/
Cresta Marakanelo Ltd	Botswana	http://ir.crestamarakanelo.com/
First National Bank of Botswana	Botswana	https://www.fnbbotswana.co.bw/
FSG Limited	Botswana	http://www.fsg.co.bw/
Barclays Bank of Botswana Ltd	Botswana	http://www.barclays.co.bw/
African Bank Corp. Holdings Ltd	Botswana	http://www.bancabc.com/
Letshego	Botswana	http://www.letshego.com/botswana/
Sechaba Brewery Holdings Ltd	Botswana	http://www.sabmiller.com/docs/default-source/investor-d...
Sefalana Holding Company Ltd	Botswana	http://www.sefalana.com/
Standard Charter Bank Botswana L	Botswana	https://www.sc.com/bw/en/
Turnstar Holdings Limited	Botswana	http://www.turnstar.co.bw/
Wilderness Holdings Limited	Namibia	http://www.wilderness-group.com/
Agribank of Namibia	Namibia	http://www.agribank.com.na/
Bank of Namibia	Namibia	https://www.bon.com.na/
Development Bank of Namibia	Namibia	http://www.dbn.com.na/
Namibia Post Office Limited	Namibia	http://www.nampost.com.na/
Namibia Port Authority	Namibia	http://www.namport.com.na/
NamPower	Namibia	http://www.nampower.com.na/
National Petroleum Corporation of Namibia	Namibia	http://www.namcor.com.na/
MTC Mobile Telecom Limited	Namibia	http://www.mtc.com.na/
Telecom Namibia	Namibia	http://www.telecom.na/
Social Security Commission	Namibia	http://www.ssc.org.na/
Government Institutions Pension Fund	Namibia	http://www.gipf.com.na/
FirstRand	Namibia	http://www.rmb.com.na/aboutUs_Welcome.asp
NICTUS Limited	Namibia	http://www.nictuslimited.co.za/

Truworths International Ltd Group	Namibia	https://www.truworths.co.za/
Standard Bank Group	Namibia	http://www.standardbank.com.na/
Barloworld	Namibia	http://www.barloworld.com/our-business/barloworld-equip...
Shoprite Holdings Limited	Namibia	http://www.shopriteholdings.co.za/OurGroup/Pages/Overview.aspx
Sanlam	Namibia	https://www.sanlam.co.za/wps/wcm/connect/Sanlam_EN/Sanl.
Old Mutual Plc	Namibia	http://www.oldmutual.com.na/
Namibia Breweries Ltd	Namibia	http://www.nambrew.com/
MMI Holdings Limited	Namibia	http://www.mmiholdings.com/
FNB Namibia Holdings Ltd	Namibia	https://www.fnbnamibia.com.na/
African Oxygen Ltd	Namibia	http://www.afrox.co.za/
B2Gold	Namibia	http://www.b2gold.com/
Trustco Group Holding Ltd	Namibia	http://www.tgi.na/
Santam Limited	Namibia	http://www.santam.co.za/
Oceana Group	Namibia	http://www.oceana.co.za/
Bidvest Namibia	Namibia	http://www.bidvestnamibia.com.na/
Bank of Zambia	Zambia	http://www.boz.zm/
Lafarge Cement Zambia	Zambia	http://www.lafarge.co.zm/
Investtrust Bank Plc	Zambia	http://www.investrustbank.com/
Copperbelt Energy Corporation	Zambia	http://cecinvestor.com/
National Breweries Plc	Zambia	http://www.ratebeer.com/brewers/national-breweries-plc-...
Pamodzi Hotels Plc	Zambia	http://www.luse.co.zm/wp-content/uploads/2012/08/REP-MARCH-2013.pdf
Prima Reinsurance Plc	Zambia	http://www.prima-re.com/
Standard Charter Bank Zambia Plc	Zambia	https://www.sc.com/zm/
REIZ (Real Estate Investment Zambia)	Zambia	http://www.reiz.co.zm/
Zambeef Products Plc	Zambia	http://www.zambeefplc.com/
Zanaco	Zambia	http://www.zanaco.co.zm/
ZCCM (Zambia Consolidated Copper)	Zambia	http://www.zccm-ih.com.zm/
National Airports Corp Ltd	Zambia	http://www.nacl.co.zm/
Zambia Sugar Plc	Zambia	http://www.illovosugar.co.za/about-us/zambia

National Road Fund Agency	Zambia	http://www.rda.org.zm/

Appendix 2
Human Resources Disclosure Index

Employee Demographic Profile (8)
Number of employees by Gender
Number of employees by higher level of Education
Number of employees by experience / years of service
Professional Qualification for board members and executive management
Age of members of board of directors
Gender composition of Board of Directors
Gender composition of Board Committees
Gender composition of Executive Management
Training and development (17)
Guided by life-long or continuous learning principle
Guided by Employability of employee principle
Targeted to the achievement of formal qualification
Career / personal development discussions /plans
Initial training / orientation
Involving job rotation
Informed by competency appraisal
Programs for skills development to assist employees with managing career endings
Support for employees' studies on own accord
Opportunities for low skilled employees
Training to develop job related competencies
Personal development training
Cost of training
Time spent training
Number of employees trained
Percent of employees receiving regular performance reviews
Percent of employees receiving career development reviews
Pay Benefits (13)
Compensation guided by principle of Just or equal pay
Performance based Incentives schemes for employees, management, directors
Stock options offered
Shares owned by directors / managers
Support for health Care
Paid annual vacation leave
Paid sick leave
Defined benefits pension plan
Defined contribution pension plan
Gratuities provided
Subsidized loans, cars, housing, etc.
Pay and benefits compared against local equivalent averages / industry benchmark

Information about average wages / spread of wages
Participation Staff Involvement (17)
Principle of open or two-way communication
Principle of freedom of association / collective bargaining
Collective bargaining agreement(s) / trade unions
Workforce meetings
Employee newsletter
Personnel guide / handbook
Sharing corporate strategy with employees
Immediate supervisor as communication channel
Anonymous complaints channels
Sharing financial performance with employees
Support for employee involvement in community
Support for employee union activity
Information about management / union relations
Days lost due to (or cost of) industrial action
Ratio of recognized to existing unions
Employees thanked
Percent of employees covered by collective bargaining agreement
Values and principles (15)
Values statement
Mission statement
Vision statement
Human resources committee of the board of directors
Integrity / Code of Ethics / CSR / sustainability statement or policy
Commitment to CSR / Ethics / Integrity / sustainability demonstrated by high level monitoring and enforcement
Commitment to integrity demonstrated by consideration during assessment and promotion process
Commitment to integrity demonstrated via training on company values
Directors' opinion on extent to which principles / standards met
Re-evaluation of ethics when considering continuing relations with suppliers
Human resources philosophy
Human resources management policies
Approach to human capital management
Corporate culture
Human resources information system
Employee health and wellbeing (20)
Stress prevention activities
Activities aimed at retaining personnel working capacity to retirement age
Support for sports and recreational activities
Support for rehabilitation
Training / advice on health issues

Support for employees with mental problems
Health screening and follow-up
Formal programs, policies on HIV and aids
Formal programs, policies for diabetes and other chronic non-communicable diseases
Formal programs, policies for obesity
Formal programs, policies for drugs / alcohol issues
Special attention paid to aging persons / issues
Joint worker-management committee that monitors occupational health safety and health
Community education programs for health, safety, diseases, literacy, finances
Health and safety issues in collective bargaining agreement
Initiatives to reduce pollutants, irritants, or hazards in work environment
Survey of Stress / Employee Morale
Days lost to health issues
Rate of injury, occupational diseases, lost days, absenteeism, fatalities
Complying with health and safety standards and regulations
<u>Work organization and community</u> (9)
Initiatives aimed at improving leadership skills and procedures
Initiatives aimed at improving cooperative and interactive skills
Initiatives aimed at improving change and crisis management
Initiatives aimed at managing employee talents
Initiatives aimed at improving employee productivity
Initiatives aimed at improving internal communications abilities
Initiatives aimed at improving team capacity and spirit
Initiatives aimed at improving motivation / dedication
Initiatives aimed at key management succession
<u>Work environment and conditions</u> (14)
Guiding principle - zero accidents
Guiding principle - Other
Safety training
Occupational safety and health systems audited by third party
Initiatives to improve work ergonomics
Initiatives to improve hygiene at work
Initiatives to improve the management of threats and violence
Number of occupational injuries
Analysis of the causes of work-related accidents
Days lost due to accidents
Cost of work-related accidents
Overall staff turnover
Work atmosphere / job satisfaction Index
Productivity and output measures - Profit, EVA, training cost per employee
<u>Employment policies</u> (13)
Positive employee image

Programs targeting unemployed persons
Programs targeting persons with disabilities
Programs targeting immigrants or ethnic minorities or historically disadvantaged groups
Programs targeting low skilled persons
Programs targeting youth
Programs for internal promotions
Policy on using Outsourced workers
Opportunities for apprenticeships / internships / traineeships
Number for new recruits
Number of new recruits with disabilities
Number of traineeships / internships / apprenticeships
Employee work-life balance principle - appropriate balance, etc.
<u>Security in employment</u> (8)
Focuses on long, secure contracts
Focuses on flexibility of workforce (size)
Reduction for economic reasons or related to production
Proactive measures to avoid redundancies
Professional support for redundant employees
Breakdown of employees by part-time / full-time status
Breakdown of employees by fixed term / tenured-permanent status
Number of temporary employees
<u>Equal opportunity and human rights</u> (35)
Focuses on equal opportunity / non discrimination
Equal opportunity plan
Diversity / equal opportunity training
Attention paid to equal / fair wages
Measures to integrate immigrants, minorities groups
Code of practice for sexual harassment
Code of practice for bullying
Survey of equality
Targeted recruitment for gender balance
Programs /measures to facilitate adaptation of persons with disabilities
Ratio of basic salary and remuneration of women to men (by employee category)
Programs / measures to integrate historically disadvantaged groups into workforce
Whistle blowing policy
Who participates in diversity, EO, gender sensitivity training
Procedures for equal / fair remuneration review / redress
Approach to investment and procedures to ensure human rights upheld
Approach to non-discrimination
Approach to prevention of child labor
Approach to prevention of forced / compulsory labor
Respect for Indigenous Rights

Securities Practices
Approach to assessment and remediation of human rights / equal opportunity issues
Assessment of progress toward equity targets
Age distribution of employees / average age of employees
Number of women in Management Positions
Number of immigrants, minority, historically disadvantaged employees
Number of persons with disabilities in management position
Number of immigrants, minority, historically disadvantaged persons in management positions
Workforce profile compared with community profile
Wages / salaries / benefits by gender
Benefits that are unique to full-time employees
Total number of incidents of discrimination and actions taken
Number of grievances related to human rights resolved through process
Operations subjected to human rights reviews and impact assessments
Significant suppliers identified with significant risk for incidents of child labor, forced labor, mitigation measures
<u>Relational dimension of human capital</u> (5)
Information about customer loyalty
Information about brand recognition
Information about customer satisfaction
Information about business collaborations
Information about licensing / franchising agreements

Appendix 3

Procedure Used to Develop the Modified National Governance Environment Index

Like Li and Filer's (2007) governance environment index (GEI), the national governance environment (NGE) index used here comprises five elements: (1) political rights, (2) rule of law, (3) press freedom, (4) quality of accounting standards, and (5) generalized trust. The modifications included the replacement of the Generalized Trust Index used by Li and Filer (2007) by the Corruption Perception Index (CPI) (Transparency International, 2014) which has been shown to be highly correlated with generalized trust (Dinesen, 2013, Della Porta, 2000). As noted by Dinesen (2013) freedom from corruption has been consistently (positively) associated with generalized trust. CPI scores range in value from 0 to 100, with higher scores indicating lower perceived corruption. Second, the Nobes (2000) quality of accounting standards measure used by Li and Filer (2007) was replaced by one that combined the average of three items from the Global Competitiveness Index for 2011 – 2013 (effectiveness of regulation of securities exchanges, strength of auditing and financial reporting standards, and efficiency of corporate boards) (World Economic Forum (2014) with a measure developed by PricewaterhouseCoopers (2013) which is based on the degree of acceptance of International Financial Reporting Standards in countries. Third, the Reporters without Borders Press Freedom Index (2003) used by Li and Filer (2007) was replaced by an equivalent index from Freedom House (2015). Fourth, the Gwartney et al., (2002) “rule of law” index was substituted by Kauffman’s (2013) index. The final modification made to the GEI was to use a 3- to 6-year average for each element. Li and Filer's measure of political rights (Freedom House 2002) was retained, but updated to the average for the period 2008-2013. Also, the political rights and press freedom measures were reverse coded to make higher scores reflect more favorable outcomes as is the case for the other components of the index. To maximize the consistency of time periods covered by the various measures and the currency of the overall index, the most recent version of each component data element was used. Next, each of the five components of the index was standardized with a mean of zero and a standard deviation of one to overcome the different measurement scales. The five components were then summed to create the NGE Index. A high score on the index indicates that a country is more rule-based, whereas a lower score indicates that a country is less rule-based and implies that it relies on private ordering.

Anthony R. Bowrin, Ph.D. is Professor of Accounting and Interim Dean with the College of Business and Management, Saginaw Valley State University. His research focuses on corporate governance, internal controls, and financial reporting quality. His work has been published several leading academic journal including *Accounting Education: An International Journal; Advances in International Accounting*; *Accounting, Auditing and Accountability Journal*; *Journal of Accounting Literature; Journal of Business, Finance and Economics in Emerging Economies; Journal of Accounting in Emerging Economies; Managerial Finance; and Journal of Co-operative Studies.* He is a member of the American Accounting Association (AAA), the Institute of Management Accountants (IMA) – USA), Michigan Association of Certified Public Accountants (MICPA), and the International Association for Accounting Education and Research (IAAER). Professor Bowrin has also been involved in consulting and training for businesses and credit unions throughout the English-speaking Caribbean.