ResearchGate

See discussions, stats, and author profiles for this publication at: https://www.researchgate.net/publication/280971213

A stakeholder analysis of employee disclosures in annual reports

Article *in* Accounting and Finance · June 2015

DOI: 10.1111/acfi.12153

CITATIONS
0

READS
178

2 authors:

Pamela Kent
Griffith University

44 PUBLICATIONS **966** CITATIONS

SEE PROFILE

Tamara Zunker
Bond University

3 PUBLICATIONS **21** CITATIONS

SEE PROFILE

All content following this page was uploaded by Pamela Kent on 24 August 2015.

The user has requested enhancement of the downloaded file. All in-text references underlined in blue are added to the original document and are linked to publications on ResearchGate, letting you access and read them immediately.

ACCOUNTING & FINANCE

Accounting and Finance

A stakeholder analysis of employee disclosures in annual reports

Pamela Kent[a], Tamara Zunker[b]

[a]*Department of Accounting, Finance and Economics, Griffith Business School, Griffith University, Brisbane, QLD, Australia*
[b]*Bond Business School, Bond University, Gold Coast, QLD, Australia*

Abstract

Little empirical research has identified what drives companies to voluntarily report employee-related information. Ullmann's three-dimensional stakeholder theory model is applied as a framework to analyse associations with corporate employee-related disclosures. Measures are developed to estimate stakeholder power, strategic posture and economic performance associated with employee-related disclosures. Results indicate that employee-related disclosures increase with more employee share ownership, employee concentration, the quality of corporate governance, employee recognition in corporate mission statements, adverse publicity about employees and economic performance measured by profit per employee.

Key words: Voluntary employee disclosures; Stakeholder theory

JEL classification: A13

doi: 10.1111/acfi.12153

1. Introduction

Companies frequently state in their annual reports that employees are their most valuable asset without providing any evidence about the value of this asset (Mouritsen, 1998; Guthrie *et al*., 2001). Moreover, employees' talents and

The authors acknowledge with thanks the helpful comments of Larelle Chapple, Craig Deegan, Charl De Villiers, Jere Francis, Ken Trotman, Carolyn Windsor, Tony van Zijl, workshop participants at the 24th Asian-Pacific Conference on International Accounting Issues, 2012, and European Accounting Association 36th Annual Congress, 2013, and an anonymous referee.

Received 13 May 2015; accepted 14 May 2015 by Tom Smith (Editor).

© 2015 AFAANZ

abilities are the largest source of many companies' competitive advantage with many companies being unable to continue as going concerns without the continued participation of employees (Bryan and Joyce, 2007; Guthridge *et al.*, 2008; Chang *et al.*, 2014). Little is known about why companies voluntarily disclose employee information as employee disclosure is not required by generally accepted accounting principles or regulators, with the exception of mandatory information about employee benefits.[1] Our study applies Ullmann's (1985) stakeholder theory to explain why companies voluntarily report employee-related information in their annual reports.

Many motivations exist for managers to voluntarily disclose employee information in the annual report. Some reasons include wanting to comply with legal and professional requirements, economic rationality considerations, accountability to report, a need to comply with borrowing requirements, reduce the cost of capital, to satisfy community expectations, as a response to certain threats to the company's legitimacy, to control particular stakeholder groups, to conform with industry requirements or particular codes of conduct, or to win particular reporting awards (Deegan, 2002; Kent and Ung, 2003; Clout *et al.*, 2013; Beekes *et al.*, 2014; Herbohn *et al.*, 2014).

The first contribution of this study is to extend empirical research about corporate social disclosure practices by analysing the specific disclosure of employee-related information in company annual reports. Much prior corporate social disclosure research is dominated by environmental reporting (Parker, 2011). Moreover, many voluntary disclosure studies focus on returns to capital providers (Jones *et al.*, 2007) with little attention given to employee disclosures (International Integrated Reporting Council (IIRC) (2011); Parker, 2007).

Extending social responsibility research to employee disclosure is an important area to study because intangible assets in the form of employee education and skills, training, values, and employees' motivations to innovate provide an increasing proportion of company value (Petty and Guthrie, 2000; Guthrie *et al.*, 2004; IIRC, 2011). Recent research shows a notable change in company wealth creation with the expansion of digital technology and the Internet with an increasingly educated workforce. In 1975, intangible assets

[1] There are some general reporting requirements which have applicability to the social environment. For example, Australian companies are required to provide true and fair balance sheets and profit and loss accounts and to disclose information about contingent liabilities and material after balance date events. Such requirements could relate to particular social issues associated with a company's operations. The only specific corporate reporting requirement of an employee nature is that Australian companies must recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future, or to recognise an expense when the entity consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. This requirement is embodied in AASB 119 'Employee Benefits' which became effective in April 2007.

© 2015 AFAANZ

explained 17 percent of market value of United States (US) S&P 500 firms, while physical and financial assets accounted for 83 percent of their market value. In 2010, intangible assets explained 80 percent of market capitalisation of US S&P 500 firms (International Integrated Reporting Council (IIRC), 2011).

Our second contribution is to apply a specific version of a managerial branch of stakeholder theory developed by Ullmann and operationalise it to employee-related disclosures. Managing stakeholders as a strategy has been underinvestigated in social reporting research (Ullmann, 1985; Parker, 2005). Ullmann's theory is an integrated theory for explaining social responsibility disclosures that includes corporate strategy and allows researchers to isolate relevant powerful stakeholders for specific social disclosures. Beattie and Smith (2012) found that the incentives to disclosure voluntary information varied depending on the type of information being disclosed. Ullmann's theory assists in identifying specific disclosure incentives associated with specific forms of voluntary disclosures.

Our third contribution is to isolate employees as powerful stakeholders rather than shareholders. Shareholders are traditionally recognised as the key stakeholder because shareholder theory views the legal and economic primacy of shareholders as the most important resource provider involved in corporate wealth creation (Jensen, 2000). Limited research has been undertaken identifying employees as key stakeholders in voluntary disclosure studies (Agle *et al.*, 2008) although employees appear to be the key stakeholder for employee-related information.

Finally, it is important to understand the nature and incentives for management to provide employee-related information in annual reports. This evidence allows regulators to evaluate the need to mandate employee-related information in the Corporations law (Deegan and Shelly, 2014). No reason exists for disclosure to be mandatory provided companies are supplying transparent accountable information in the annual report.

2. Theoretical background and hypotheses

Researchers have used agency, institutional, legitimacy and stakeholder theory although no unifying theory exists to fully explain voluntary disclosures (Beattie and Smith, 2012; Moroney *et al.*, 2012; Loh *et al.*, 2014). Reference to stakeholder theory creates confusion for readers because it has been used in a variety of situations and has an ethical or normative approach and a managerial branch (Hasnas, 1998; Loh *et al.*, 2014). One view of the disclosure of employee-related information assumes that employees have legitimate rights to transparency and accountability for employee-related information. Previous research examined the descriptive nature of employee-related disclosures and found that 98 percent of companies reported good news about their company that was very general in content. The researchers concluded that companies did

© 2015 AFAANZ

not practice honest and transparent reporting that was consistent or comparable between companies (Kent and Zunker, 2013). Further evidence from the United Kingdom retail banking industry indicates that issues other than transparency and accountability are relevant to disclosure of employee-related information. The moral stakeholder perspective provides a foundation for analysing employee-related disclosures. However, it has been found to have limited use in explaining incentives for social responsibility disclosures because of the range of alternative incentives of management for voluntary reporting (Williams and Adams, 2013).

Stakeholder theory explicitly refers to matters of stakeholder power and how a stakeholder's relative power strengthens their ability to persuade the company to comply with their demands (Roberts, 1992; Clarkson, 1995; Deegan and Blomquist, 2006). Stakeholder demands are more likely to be met when more stakeholder resources are deemed to be crucial to the ongoing success of the company. More effort is made by management to meet the expectation and demands of powerful stakeholders. The managerial branch of stakeholder theory offers a valuable understanding on how organisations can strategically manage their employees (Ullmann, 1985; Neu *et al.*, 1998) and balance the frequently conflicting requirements of alternative stakeholder groups (Chen and Roberts, 2010).

A particular application of the managerial branch of stakeholder theory was developed by Ullmann (1985) and is applied in this study for two reasons. First, this theory allows researchers to identify key stakeholders associated with particular topics of social disclosure rather than focusing on a general range of stakeholders. To illustrate, it is expected that measures of employee power are important to disclosures relating to employee-related information, while environmental lobby groups are more likely to be powerful stakeholders for environmental-related disclosures (Kent and Chan, 2009). Shareholders and creditors are likely to be the primary stakeholders for financial reporting disclosures (Healy and Palepu, 2001; Fernandez-Feijoo *et al.*, 2014). Second, Ullmann's theory provides a defensive strategy for companies to manage particular stakeholders rather than taking action following adverse events (Ullmann, 1985). Company characteristics are analysed using Ullmann's stakeholder theory consisting of the three dimensions of stakeholder power, corporate strategic posture and economic performance.

The first dimension of Ullmann's model, *stakeholder power*, proposes that a stakeholder's dominance in relation to the company is a factor influencing employee-related disclosure. Hence, employee stakeholder power is specifically examined as a vital key to voluntary employee-related disclosures in Australian corporate annual reports. Ullmann suggests that the company is more motivated to perform well and disclose their performance if the company believes that its stakeholders are concerned with social, in our case, employee issues. Ullmann (1985) perceives stakeholder power as influencing the amount and quality of social responsibility reported. It is expected that companies with

© 2015 AFAANZ

higher employee-related power report more employee-related disclosures than those with lower employee power.

Existing definitions of power are drawn from the initial belief that power is the likelihood that one party within a social relationship is in a position to carry out their own will despite resistance. Essentially, stakeholders desire something from a company. Some want to influence what the company does (those stakeholders who want to affect) and others are, or potentially could be, concerned with the way they are affected by the company (Ullmann, 1985; Roome and Wijen, 2006; Reverte, 2009).

The second dimension of the model, *strategic posture*, is incorporated into Ullmann's social disclosure model as an element of strategy. Ullmann (1985) proposes that companies observe different strategies in dealing with stakeholder demands, ranging from an avoidance of demands to partial or total compliance with demands. An active strategic posture is present where a company is continually monitoring its relationship with its key stakeholders and seeks to administer that relationship to attain an optimal level of interdependence with its stakeholders. Developing social responsibility programs and disclosing their existence is also perceived as part of an active stakeholder management strategy. Alternatively, companies adopting a passive strategic posture make no attempt to monitor and manage its relationship with its stakeholders. Consequently, companies displaying a more active strategic posture to employees are expected to disclose more employee-related information in their annual reports (Ullmann, 1985; Herbohn *et al*., 2014).

It is generally accepted that the level and nature of voluntary disclosure is based on a cost-benefit analysis (Ward *et al*., 2009). We are not able to precisely measure benefits and costs although costs include competitive disadvantage and the direct costs of producing and publishing voluntary information (Verrecchia, 2001; Beattie and Smith, 2012). However, the third dimension of Ullmann's framework, *economic performance* of companies, is incorporated in the models for two reasons. First, economic demands have priority over social demands in periods when companies have low profitability and high debt (Ullmann, 1985; Artiach *et al*., 2010). Second, a company's economic performance influences their financial capabilities to provide costly voluntary social disclosures to meet the demands of their stakeholders (Freedman and Jaggi, 1988; Einhorn and Ziv, 2008). Company economic performance is expected to be associated with increased disclosure of employee-related information. The above discussion leads to the following three hypotheses:

H1: Voluntary employee-related disclosure increases with increased employee power in the company.
H2: Voluntary employee-related disclosure increases with increased strategic posture to employees.
H3: Voluntary employee-related disclosure increases with increased economic performance of the company.

© 2015 AFAANZ

Measures of relevant stakeholders, strategic posture to employees and economic performance are developed in this section.

2.1. Employee stakeholder power

The stakeholders' importance arises from their power to control resources needed by the organisation (Pfeffer and Salancik, 1978; Ullmann, 1985). Freeman (1984) considers that stakeholder power can be classified as voting power, political power and economic power. Employees as a group are powerful stakeholders because their labour is necessary for the economic success of the firm. Employees, however, are able to increase their stakeholder power by participating in employee share ownership schemes and exercising their voting power. Moreover, share schemes enable employees to participate financially in the affairs of the company (Day and Woodward, 2004).

The aim of employee share ownership schemes is to encourage general employee participation in share ownership in their employer company and a collective effort to increase company performance (AEOA, 2010). Employees' share ownership allows employees to participate in corporate governance and influence corporate decision-making to control a company's resources. Despite the formal legal equality of employers and employees in the labour contract, the substantive asymmetries in power have led to persistent conflicts over legitimate managerial authority (Aguilera and Jackson, 2003; Young and Thyil, 2009). Owning shares in the company is an important way of strengthening employees' involvement in the development of the company and aligning the interests of employees and shareholders. Employee share ownership is used as the first measure of employee power being associated with voting power.

Employee concentration occurs within companies that require a large number of employees to conduct business so that employees are vital to maintain and grow the business (Kuasirikun and Sherer, 2004). Moreover, the intellectual and human capital research literature (Gates and Langevin, 2010) recognises the importance of employee contribution to intangible assets associated with company performance (Guthridge *et al*., 2008). A greater number of events and employee-related issues are likely to be present within a company with increased employee numbers. Thus, management is more likely to be motivated to report on employee issues. Employees may react negatively towards the company because they believe management does not care about their employees' interest if management does not disclose employee-related information (Lev, 1992). Companies are more likely to report employee-related information in the annual report when there are a greater proportion of employees relative to the size of the company. Therefore, employee concentration is used as a second measure of employee power.

© 2015 AFAANZ

2.2. Strategic posture

Research on the relationships between corporate governance and disclosure is limited, particularly regarding company's public disclosures and market transparency relating to changes in corporate governance recommendations and the law (Beekes *et al*., 2014). However, the limited research indicates that increased voluntary social disclosures are related to corporate governance (Kent and Monem, 2008; Haque and Deegan, 2010; Miglani *et al*., 2015). The board of directors is instrumental in the form and quality of corporate governance that should reflect the strategic vision, values and attitudes of the company. The quality of corporate governance, therefore, enhances the successful management of powerful stakeholders, because management operationalises the company's strategic vision, values and attitudes guided by corporate governance mechanisms. Corporate governance also provides strategic direction and control of companies through the governance structure representing the distribution of rights and responsibilities among different participants in the company. These participants include the board, managers, employees, shareholders and other stakeholders who are guided by the rules and procedures for making decisions on corporate affairs (Cadbury, 1992).

The 10 *Principles of Good Corporate Governance and Best Practice Recommendations* (ASX Corporate Governance Council, 2003) guide companies to enhance their quality of corporate governance practices.[2] The principles provide the following guidance: lay foundations for management and oversight; structure the board to add value; promote ethical and responsible decision-making; safeguard integrity in financial reporting; make timely and balanced disclosure; respect the rights of shareholders; recognise and manage risk; encourage enhanced performance; remunerate fairly and responsibly; and recognise the legitimate interests of stakeholders (Kent and Monem, 2008).

International guidelines identify disclosure of information to employees as an important governance issue. Section 5 of the OECD Principles of Corporate Governance (Organisation for Economic Co-operation and Development (OECD) 2004, pp. 22, 49) identifies the importance of disclosure as a governance mechanism. It states that the 'corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company'. Section A (7) specifically states that 'issues regarding employees' should be disclosed (OECD, 2004, pp. 22, 49).

[2] The ASX Corporate Governance Council released the first edition of its Principles of Good Corporate Governance Practice and Best Practice Recommendations on 31 March 2003. On 2 August 2007, the Council released the second edition of the Corporate Governance Principles and Recommendations (ASX, 2007).

© 2015 AFAANZ

Previous research indicates that increased voluntary disclosure in annual reports is associated with efficient corporate governance (Cheng and Courtenay, 2006; Lim *et al.*, 2007; Garcia Osma and Guillamón-Saorin, 2011). Research relating corporate social responsibility reporting to formal corporate governance practices has mostly been associated with environmental reporting (Bebbington, 2004; Sun *et al.*, 2010). Our study specifically examines the link between the quality of corporate governance guided by principles of best practice and voluntary employee-related disclosure. We expect a positive relationship between employee-related disclosures and enhanced quality of corporate governance that complies with best practice guidelines.

Another way for managers to include employees in the strategic process is the company's recognition of employees in the corporate mission statement. The mission statement is a strategic tool allowing the presentation of the company's vision (Sheaffer *et al.*, 2008). It is also a medium through which employees can form an emotional bond with the organisation and its mission (Babnik *et al.*, 2014).

Mission statements are intended to be the essence of corporate values instilled in their organisational cultures (Peters and Waterman, 1982). We include the recognition of employees in the corporate mission statement as a measure of strategic posture. As employees work in the company's internal environment, recognition within a company's mission statement about the importance of these stakeholders indicates an active strategic posture to employee issues on the part of company management. We expect a positive relationship between voluntary employee disclosure and corporate mission statements acknowledging employees as a group.

Media agenda theory assumes that the mass media act as agents of social control by providing a value frame through which the public conceive of, and construct, their social reality. Adverse publicity can be expected to lower the company's social standing in the community by revealing irresponsible social conduct of the company. At least two assumptions relate to the effective operations of adverse publicity sanctions. First, companies and individuals care about how their peers and the broader community perceive them such that they are sensitive to adverse publicity. Second, offending companies believe that their reputations suffer once their irresponsible activity receives public attention (McQuail, 2000; Aerts and Cormier, 2009).

Cowan (1992) maintains that adverse publicity devalues the company's reputation by labelling the company as being socially undesirable, which generates unfavourable attention, thereby initiating unwanted investigation and regulation. Voluntary disclosures are potentially a way of repairing legitimacy following negative media attention, or as a result of particular social incidents that threaten the company's legitimacy (Deegan, 2002). However, not all companies receiving adverse publicity involving employees provide employee-related disclosures in their annual reports (Kent and Zunker, 2013). Companies that are continually monitoring their relationship with key

© 2015 AFAANZ

stakeholders are more likely to take corrective strategies including favourable employee-related disclosures when managers observe that the company's operations do not correspond with stakeholders' expectations. We propose that voluntary employee-related disclosure is a company's strategy to counter exposure to adverse publicity. Increased voluntary employee-related disclosures are expected to be associated with previous adverse publicity.

2.3. *Control variables*

Four control variables are included in this study and these are shareholder concentration, Tobin's Q, industry concentration and leverage. Shareholders are also powerful stakeholders and are concerned about company responses to social and environmental issues (De Villiers and Van Staden, 2011, 2012; Kaur and Lodhia, 2014). Shareholder power is also included as a measure associated with employee-related voluntary disclosures and estimated by shareholder concentration.

Fama and Jensen (1983) contend that dispersed share ownership increases the conflict of interest between principals and owners and companies increase voluntary disclosure to prevent price protection by shareholders (Whiting and Woodcock, 2011; Peng and Yang, 2014). By contrast, firms with concentrated share ownership are less likely to experience information asymmetry because large shareholders are able to gain access to information through private meetings and alternative channels (Whiting and Woodcock, 2011). Monitoring by large shareholders reduces the demand for outside monitoring with block holders having incentives to monitor the actions and decision-making of corporate managers, to maximise the value of their shareholdings (Monem, 2013; Miglani *et al*., 2015). Increased dispersion of share ownership is expected to be associated with increased disclosure of employee-related information.

Tobin's Q has been used as a market-based measure of financial performance reflecting the use of existing assets and future growth potential (Haniffa and Hudaib, 2006; Christensen *et al*., 2010; Pham *et al*., 2011; Platikanova, 2015). Thus, Tobin's Q was employed to capture corporate future alternative investment opportunities in relation to corporate social responsibility decisions associated with employees. Morck *et al*. (1988) suggest that Tobin's Q is an appropriate measure of managerial performance and use this measure to illustrate the relationship between managerial equity ownership and company value. Research has also shown that corporate social responsibility initiatives are positively related to stock market returns and to Tobin's Q (Christensen *et al*., 2010). It is expected that employee-related disclosures are associated with a higher Tobin's Q.

Several studies have found that the nature and the sensitivity of a company's industry are associated with voluntary environmental and social disclosure practices because of increased regulatory risk (Cowen *et al*., 1987; Deegan and Gordon, 1996; Hackston and Milne, 1996; Adams *et al*., 1998; Jones *et al*.,

© 2015 AFAANZ

2007; Prado-Lorenzo *et al*., 2009). The nature of a company's industry is a factor that is expected to be associated with voluntary employee disclosure (Beattie *et al*., 2004). A number of empirical studies have found positive relationships between industry and social disclosures (Gray *et al*., 2001; Boesso and Kumar, 2007). Employee concentration in an industry appears to be the key issue for the particular disclosures under investigation, and it is expected that industries with increased employee concentration disclose more voluntary employee-related information.

Agency costs of debt are higher for companies with proportionally more debt in their capital structures (Oliveira *et al*., 2011; Bushman and Williams, 2012; Tao and Hutchinson, 2013) as potential wealth transfers from bondholders to shareholders and managers increase with leverage. Therefore, voluntary disclosures are expected to increase with leverage (Richardson and Welker, 2001). The restrictive covenants included in debt agreements are intended to reduce management's ability to create wealth transfers between shareholders and bondholders (Smith and Warner, 1979; Belkaoui and Karpik, 1989). Frequently used limitations include limits on financial leverage and limits on payout rates. The decision to disclose social information follows an outlay for a social performance that reduces earnings. Therefore, highly leveraged companies have incentives to reduce their cost of capital by improving their disclosure levels and we expect that voluntary employee-related disclosures are positively associated with more highly leveraged companies.

3. Research design

Australian companies can choose to disclose employee information through numerous media channels. Many empirical studies have analysed the incidence or content of corporate annual reports, company websites, stand-alone social, environmental and special purpose employee reports (Deegan *et al*., 1995; Hackston and Milne, 1996; Patten, 2002a; Brammer and Pavelin, 2004; Campbell *et al*., 2006; Cowan and Deegan, 2011; De Villiers and Van Staden, 2011; Moroney *et al*., 2012).

We obtained employee-related disclosure from annual reports for the following reasons. First, annual reports are generally one of the most important sources of corporate information (Lang and Lundholm, 1993; Guthrie *et al*., 2004; Oliveira *et al*., 2006). Company managers believe that the annual report is an effective way for informing and educating the public of their companies' views about social issues (O'Donovan, 1999). The annual report is a vital medium for corporate communication to investors and other stakeholders, and is widely used by companies for various voluntary social disclosures (Campbell, 2000; Guthrie *et al*., 2004; Cowan and Deegan, 2011). Voluntary employee disclosures are presented in combination with mandatory disclosures required under the Corporations Act 2001 making voluntary employee disclosures an important component in revealing how the company reconciles

© 2015 AFAANZ

financial and social performance (Cowan and Deegan, 2011). Several recent social reporting studies have focused on the annual report as a major medium for communicating social information to the public (Haque and Deegan, 2010; Cowan and Deegan, 2011; Chan *et al*., 2014).

Second, all listed companies must provide an annual report and auditors are required to ensure voluntary information is consistent with the auditor's knowledge of the company. Auditors are advised to bring to the attention of users of the financial statements any voluntary information that is inconsistent with the auditor's overall knowledge of the company (Ghandar and Tsahuridu, 2012). Thus, annual reports are a medium that must be used by all listed companies and they provide a point of comparison between companies.

Third, voluntary social disclosure in annual reports is related to the amount of disclosure provided by other media (Lang and Lundholm, 1993; Oliveira *et al*., 2006). Fourth, companies have editorial control over the voluntary information published in their annual reports and are less susceptible to the potential risk of external media interpretations or falsification through the popular press (Guthrie and Parker, 1989; Campbell, 2000). Therefore, the annual report represents voluntary information that management has selected to disclose. Finally, the annual report presents an historical account of the activities of a company and management's perceptions in a comprehensive and compact manner (Neimark, 1995).

3.1. Sample selection

The study employs a complete sample of active and listed companies on the Australian Securities Exchange Limited for the financial year ending 30 June 2004. The initial sample comprised 1046 publicly listed Australian companies. From this sample, companies that did not have any employees for the year 2004 (e.g. trusts or companies who use the services of contractors) were excluded from the sample and the final sample consisted of 970 companies. The year 2004 was chosen because it was the first year that companies were required to report on the implementation of the ASX *Principles of Good Corporate Governance and Best Practice Recommendations* in company annual reports (Matolcsy *et al*., 2011) and these recommendations continue to apply regardless of some minor amendments in recent times (ASX Corporate Governance Council, 2007, 2010, 2014; Kent *et al*., forthcoming). This is relevant because we adopt corporate governance recommendations as a measure of strategic posture. It was also a period when there was limited pressure for companies to apply the Global Reporting Index for employee-related information and, therefore, it can be viewed as a truly voluntary period for reporting employee-related information.

The relative contribution to gross domestic product (GDP) from the service industries relative to industries producing goods increased from 2000 in Australia. Most of the increase in the service industries' contribution was associated with the finance and insurance industries, while the reduction in

© 2015 AFAANZ

relative contribution to GDP from goods-producing industries was associated with a decline in contribution from the manufacturing industry (Australian Bureau of Statistics, 2012). This suggests an increased importance placed on employees' contribution to the economy at that time. In addition, the government was examining the economic consequences of an ageing society with lower labour participation rates in the population. This placed more emphasis on participating employees and their productivity to support public spending on health and age care (Department of Parliamentary Services, 2005).

The following model tests the two measures of voluntary employee disclosure in relation to the independent variables representing Ullmann's three dimensions of stakeholder theory:

$$\begin{aligned}&\text{Employee disclosure index/Employee disclosure sentences}\\&\quad = b_0 + b_1\text{Employee share} + b_2\text{Employee concentration}\\&\qquad + b_3\text{Corporate governance} + b_4\text{Mission statement}\\&\qquad + b_5\text{Adverse publicity} + b_6\text{Profit/employee}\\&\qquad + b_7\text{Shareholder concentration} + b_8\text{Tobin}'s\,\text{Q}\\&\qquad + b_9\text{Industry concentration} + b_{10}\text{Leverage} + e.\end{aligned}\tag{1}$$

3.1.1. Measurement of dependent variable

Voluntary employee disclosure includes information on occupational health and safety issues, career, community, employee relations, training and development, employee share plans, housing, employee welfare, and workplace agreements (Gray *et al*., 1995; Deegan, 2002; Hossain *et al*., 2004). This employee-related information is presented about employees as a collective group rather than individual employees so that measures of employee power should represent employees as a group. Voluntary employee disclosure is measured in the following two ways: a nine-item index (Kaur and Lodhia, 2014) concerning employee conditions and the number of sentences (Cowan and Deegan, 2011) about employees (similar to Patten's use of two dependent variables (2002b)). We employ content analysis for both measures. The nine-item index about employee conditions reported in Table 1 reflects the disclosures for the sample companies and was adapted from indices from prior studies in the accounting literature that used content analysis regarding employee conditions (Clarkson, 1995; Gray *et al*., 1995; Freedman and Jaggi, 2004; Guthrie *et al*., 2004; Branco and Rodrigues, 2008; Menassa, 2010).

We used a set of procedures to ensure data were collected objectively and systematically (Unerman, 2000; Guthrie and Abeysekera, 2006). The nine items were defined precisely to objectively judge employee information as belonging to that particular item of employee condition. To ensure consistency and reliability of data, three independent raters used a set of coding rules to systematically collect the data. Any discrepancies between coders were

© 2015 AFAANZ

Table 1
Items of employee disclosures

Items	
1	Employee profiles
2	Employee assistance or benefits
3	Industrial relations
4	Health and safety
5	Employee training and development
6	Employee remuneration
7	Employment of minorities or women
8	Employee morale
9	Employee other

discussed and an agreed resolution was reached. Employee-related information in the sample of annual reports was examined and assigned a score of zero or one – indicating the absence or presence of each of the nine items. The resulting score for a company ranges between zero (indicating no disclosure about employee conditions) to the highest score of nine (indicating nine items of employee conditions are reported).

The other measure of employee disclosure is the number of sentences about employees in annual reports. Prior studies have used various units of analysis but words, sentences and portions of pages tend to be the preferred units of analysis in written communications. The sentence was chosen as the unit of analysis in the present research because sentences are natural units of written English words and are easily identified because they clearly exist between two punctuation marks (Gray *et al.*, 1995; Hackston and Milne, 1996; Cowan and Deegan, 2011). A set of decision rules was employed by three independent raters to reduce the subjectivity involved in the process of identifying sentences that include employee-related information. Differences between raters were discussed and resolved to achieve consistency and reliability of collected data.

3.2. Measurement of independent variables

3.2.1. Stakeholder power variables

All employee share ownership plans must be fully expensed and disclosed and justified to shareholders in accordance with the Corporations Act (2001) and the Australian equivalents to international reporting standards.[3] *Employee*

[3] Note that in 2004, under AASB 1028 'Employee Benefits', the financial report must disclose relevant details (including the nature and terms) of arrangements under which employees are offered an opportunity to acquire equity-based instruments in the employer and thereby derive a benefit, directly or indirectly, by virtue of the employer–employee relationship, not otherwise specifically required to be disclosed by this Standard (AASB 2001).

© 2015 AFAANZ

share ownership is measured dichotomously, a value of one for a company with an active employee share ownership scheme in 2004 and zero otherwise. The other employee-oriented variable representing stakeholder power is employee concentration, which is measured as the number of employees divided by market capitalisation[4] in 2004.

3.2.2. Strategic posture variables

We identify the following three proxies that indicate the nature of a company's strategic posture towards voluntary employee disclosures: the quality of corporate governance best practice measured by a corporate governance score, acknowledgement of employees in company mission statements and management's disclosure strategy following adverse employee-related publicity about the company.

Corporate governance quality is estimated using a scoring system based on the *Horwath Corporate Governance Report* (2004). This report annually rates Australia's largest 250 companies, and mid-cap listed companies, on their corporate governance structures and policies, and assigns them a score (Christensen *et al*., 2010). The corporate governance assessment model developed in the Horwath research is based upon a combination of factors identified in national and international best practice guidelines and research studies. These include the USA Blue Ribbon Committee Report (1999), the UK Hampel Report (1998), the OECD Report (2004), the UK Higgs Report (2003), the Ramsay Report (2001) and the ASX Corporate Governance Council Principles and Recommendations (2003).

We particularly focus on the items that are related to the *Principles of Good Corporate Governance and Best Practice Recommendations* (ASX, 2003). Nine individual corporate governance variables are analysed in this study and are summed to produce a combined corporate governance score. Those relevant to this study are the following: size of the board of directors; board independence; duality of the role of board chair and chief executive officer; number of board meetings; identity of external auditor; and the presence of a social responsibility committee, an audit committee, a remuneration committee, and a nomination committee. Although corporate governance best practice recommendations are silent about the presence of a social committee, this committee appears particularly relevant to an employee disclosure study. The identity of the auditor is also not covered in the recommendations, but many studies assume that a Big Four auditor is a higher quality auditor that influences disclosures by companies (Clarkson *et al*., 2003; Goodwin-Stewart and Kent, 2006; Kent *et al*., 2006).

[4] Market capitalisation is a measurement of size of a company equal to the share price times the number of shares outstanding.

© 2015 AFAANZ

The corporate governance score is constructed by transforming the corporate governance characteristics into dichotomous variables. The size of the board of directors and the number of board meetings are the only measures that are continuous variables. A board with more than five directors is coded one (signifying a larger board), and a board with less than five directors is coded zero (signifying a smaller board). The cut-off point of five directors is chosen because it is the average number of directors on the boards of companies in the sample. Companies holding more than 10 meetings during 2004 are assigned a score of one, while companies holding 10 meetings or less during 2004 are coded zero. The cut-off point of 10 meetings is chosen because it is the average number of meetings in 2004 for the board of directors of companies in the sample.

Board independence is measured as a dichotomous variable; thus, companies with a majority of independent directors are coded one and zero otherwise. A dichotomous variable is also used for dual CEO and chair, with the variable taking the value of one if the roles of the chairperson and CEO are separated and zero otherwise. The existence of a Big Four auditor, an audit, remuneration, nomination and social responsibility committee, is identified by a dichotomous variable taking a value of one if the company has one of these committees operating during the year and zero otherwise.

The second proxy is the acknowledgement of employees in the company's mission statement. The mission statement is coded one if the corporate mission statement acknowledges employees, or zero if not. Most companies disclose their mission statement in their annual report or their website. Therefore, a company's mission statement is counted if it is present in either their annual report or on the company's website. The employee mission statement variable is coded one if the corporate mission statement refers to the employees of the company, and zero where the mission statement does not acknowledge the employees or where no mission statement is included in the company's 2004 annual report or on their website.

The third proxy for strategic posture is management's disclosure strategy following adverse publicity about a social failure involving employees. The adverse publicity variable was collected from the Factiva database for each sample company for any published news article from 1 July 2003 to 30 June 2004. The database records editorials from all major Australian and New Zealand newspapers. A search was carried out on each company in the sample using the database to find any negative information about the company and their employees over the one-year period specified. The items of news were read and interpreted to determine whether they constituted adverse publicity (bad news) relating to the company's employees based on the nature and content of the items. Each article meeting the criteria of bad news is assigned a score of one. The companies' scores are added together to obtain a total score of number of adverse newspaper articles. This method was undertaken by three

© 2015 AFAANZ

independent researchers to minimise experimental bias, and the results are consistent across the sample.

3.2.3. Economic performance

We view employees as vital to company performance; therefore, profit per employee is included as a measure of economic performance. Employees can conceptually be recognised as intangible assets although International Financial Reporting Standards do not allow for a dollar value to be allocated to employees. Bryan and Joyce (2007) propose that profit per employee is a good proxy for return on intangibles as it represents an expanded ability to earn rents from intangibles. The performance measure of profit per employee emphasises the return on talent, which makes managers focus on increasing profit relative to the number of employees (Bryan and Joyce) and profit per employee is an appropriate measure for a study focusing on employee-related disclosures,

Profit per employee as a proxy for labour productivity analysis is calculated by net profit after tax divided by number of employees. The variable was not normally distributed and was therefore divided into the following five deciles: *Profit/employee* = $ profit per employee in deciles: 1 = negative profit (loss); 2 = $0–$20,000; 3 = $21,000–$100,000; 4 = $100,000–$1,000,000; 5 = > $1,000,000.

3.2.4. Control variables

Shareholder concentration is measured by the percentage of outstanding ordinary shares held by shareholders who own 5 percent or more of the shares. Tobin's Q is calculated by market value of the company plus preference shares plus total debt divided by total assets (Tobin, 1969). These figures were obtained from the 2004 financial statements for each of the companies in the sample. This calculation is the same method as that used by Cheung *et al.* (2010), as the financial information used in the formula is available from database sources used to obtain other information in this study. The market value is greater than the value of the company's recorded assets if Tobin's Q is greater than 1.0. This suggests that the market value reflects some unmeasured or unrecorded assets of the company. High Tobin's Q values encourage companies to invest more in capital because they are valued higher than the share price (Christensen *et al.*, 2010).

Industry employee concentration is coded as a dichotomous variable with industries having higher employee numbers coded one and zero otherwise. Leverage is measured by the ratio of total debt divided by total equity (Richardson and Welker, 2001; Wahab *et al.*, 2014). Thus, higher leverage is expected to lead to more voluntary employee disclosures owing to greater monitoring demand.

© 2015 AFAANZ

4. Results

4.1. Descriptive statistics

The descriptive statistics for the dependent and independent variables in the models are shown in Table 2. Panel A shows the continuous variables and Panel B shows the dichotomous variables. The employee disclosure index ranges from zero to seven with a mean (median) of 1.67 (1) with the number of employee sentences ranging from zero to 50 with a mean of 8.84 (2). Employee numbers range from 1 to 89,208 with a mean of 1212 (49). This illustrates that employee disclosure and employee company sizes have considerable variation.

An examination of corporate governance practices illustrates the following characteristics among the sample companies. Board size ranges from a minimum of three directors to a maximum of 15 directors, with a mean (median) of 5.06 (5) members. The mean (median) number of independent directors on the board was 2.59 (2). The mean ratio of independent directors on the board was 61 percent. The sample companies had an average of 10.53 meetings in the year 2004 with a minimum of one, maximum of 51 and a median of 11 meetings.

Among other corporate governance attributes, 82 percent of the companies had an audit committee, 56 percent had a remuneration committee, 31 percent had a nomination committee, with only 12 percent of companies having a social committee. Evidence in this study indicates that few companies have a formal structure in place for social responsibility practices. More than half of the companies in the sample are audited by one of the Big Four accounting firms, and 11 percent of companies have a dual CEO and chairperson on the board.

Table 2, Panel B shows that 37 percent of companies have their mission statement publicly available on either their website or within their annual report, although only 19 percent of companies mention their employees in their mission statement. Some 54 percent of companies have an employee share ownership scheme in place, while 82 percent of the sample companies are from industries with a high concentration of employees.

Pearson's bivariate correlations were performed to provide an early indication of any multicollinearity problems, which could pose a threat to the multivariate analysis (Tabachnick and Fidell, 2007). Table 3 shows the highest significant correlations between the independent variables with $r = 0.50$ between corporate governance and employee concentration followed by corporate governance and employee share ownership with $r = 0.37$. Multicollinearity diagnostics were undertaken, and the reported tolerances and variance inflation factors indicate that multicollinearity is not likely to compromise the computational accuracy of the reported results.

© 2015 AFAANZ

Table 2
Panel A: descriptive statistics – continuous variables. Panel B: descriptive statistics – dichotomous variables

Panel A

Variable	Minimum	Maximum	Mean	Median	SD
Employee disclosure index	0	7	1.67	1	1.70
Employee disclosure sentences	0	50	8.84	2	14.04
Employee concentration	0.01	0.54	0.23	0.23	0.12
Corporate governance score	0	8	4.16	4	1.99
Number of independent directors	0	11	2.59	2	1.66
Number of directors	3	15	5.06	5	1.79
Number of board meetings	1	51	10.53	11	4.98
Adverse publicity (number of adverse newspaper articles)	0	20	0.62	0	2.55
Profit/employee in deciles	1	5	2.11	2	1.22
Shareholder concentration	0	99.80	39.18	39.84	22.23
Tobin's Q	0.10	61.84	2.96	1.47	6.38
Leverage	0	5.03	0.87	0.53	1.07
Number of employees	1	89,208	1212.04	49	5692.93

Panel B

Variable	Yes%	Number of companies
Employee share ownership scheme	0.54	519
Mission statement	0.37	355
Employee information in mission statement	0.19	184
Board independence	0.61	583
Duality of CEO/chair	0.11	109
Audited by Big 4	0.58	561

(continued)

© 2015 AFAANZ

Table 2 (continued)

Panel B

Variable	Yes%	Number of companies
Audit committee	0.82	796
Remuneration committee	0.56	544
Nomination committee	0.31	298
Social committee	0.12	113
Industry concentration	0.82	794

Voluntary employee disclosure index = a measure ranging from 0 to 9 comprising an index of nine employee items, score of 1 if the company reports an employee item and 0 if not reported. *Voluntary employee disclosure sentences* = number of sentences of employee-related disclosure. *Employee concentration* = the log of number of employees/market capitalisation. *Corporate governance* = is the corporate governance best practice score measured: Number of directors = >5 = 1 and 0 otherwise; Proportion board independent = >0.50 = 1 and 0 otherwise; Dual CEO and chair = 1 if the CEO is separate from the chair and 0 otherwise; Greater than 10 board meetings = 1 and 0 otherwise; Auditor = 1 if a Big Four auditor is used and 0 otherwise; Social committee = 1 if the company has a social committee and 0 otherwise; Audit committee = 1 if the company has an audit committee and 0 otherwise; Remuneration committee = 1 if the company has a remuneration committee and 0 otherwise; Nomination committee = 1 if the company has a nomination committee and 0 otherwise. *Adverse publicity* = the number of adverse media articles in the year prior to 2004. *Profit/employee* = profit per employee. *Shareholder concentration* = age of outstanding ordinary shares held by shareholders who own 5% or more of the shares. *Tobin's Q* = market value of the company plus preference shares plus total debt divided by total assets. *Leverage* = total debt divided by total equity in 2004. *Employee share* = dummy variable of employee share ownership, 1 if the company has an employee share ownership scheme in 2004 and 0 otherwise. *Mission statement* = dummy variable of corporate mission statement, 1 if the company refers to employees in the mission statement and 0 otherwise. *Industry concentration* = 1 if the company is from an industry with a high number of employees and 0 otherwise.

© 2015 AFAANZ

Table 3
Correlation matrix

Variables	Employee disclosure index	Employee disclosure sentences	Employee share	Employee concentration	Shareholder concentration	Corporate governance	Mission statement	Profit/ employee	Tobin's Q	Industry concentration	Adverse publicity
Employee disclosure sentences	0.73**										
Employee share	0.28**	0.23**									
Employee concentration	0.43**	0.38**	0.33**								
Shareholder concentration	0.01	−0.01	−0.02	0.16**							
Corporate governance	0.46**	0.45**	0.37**	0.50**	0.04						
Mission statement	0.20**	0.21**	0.10**	0.23**	0.01	0.15**					
Profit/ employee	0.18**	0.21**	−0.01	0.08**	0.05	0.07*	0.01				
Tobin's Q	−0.10**	−0.06	−0.03	−0.06**	−0.03	−0.10**	−0.02	−0.11**			
Industry concentration	0.12**	0.09**	−0.07*	0.08*	0.03	0.06	0.01	0.10**	−0.08*		

(continued)

© 2015 AFAANZ

Table 3 (continued)

Variables	Employee disclosure index	Employee disclosure sentences	Employee share	Employee concentration	Shareholder concentration	Corporate governance	Mission statement	Profit/ employee	Tobin's Q	Industry concentration	Adverse publicity
Adverse publicity	0.12**	0.26**	0.08**	0.32**	0.07*	0.12**	0.07*	0.11**	−0.04	−0.07*	
Leverage	0.12**	0.16**	0.08**	0.33**	0.08*	0.12**	0.07*	0.05	. −0.01	−0.07*	0.13**

*correlation is significant at 0.05 (two tailed), and *[*] correlation is significant at 0.01 (two tailed).

Employee disclosure index = score 0 to 9 comprising an index of nine employee items, 1 if the company reports the item and 0 if not reported. *Employee disclosure sentences* = number of sentences of employee-related disclosure. *Employee share* = dummy variable of employee share ownership, 1 if the company has an employee share ownership scheme in 2004 and 0 otherwise. *Employee concentration* = the log of number of employees/market capitalisation. *Corporate governance* = is the corporate governance best practice score measured: Number of directors = >5 = 1 and 0 otherwise; Proportion board independent = >0.50 = 1 and 0 otherwise; Dual CEO and chair = 1 if the CEO is separate from the chair and 0 otherwise; Greater than 10 board meetings = 1 and 0 otherwise; Auditor = 1 if a Big Four auditor is used and 0 otherwise; Social committee = 1 if the company has a social committee and 0 otherwise; Audit committee = 1 if the company has an audit committee and 0 otherwise; Remuneration committee = 1 if the company has a remuneration committee and 0 otherwise; Nomination committee = 1 if the company has a nomination committee and 0 otherwise; *Mission statement* = dummy variable of corporate mission statement, 1 if the company refers to employees in the mission statement and 0 otherwise. *Adverse publicity* = number of adverse media publicities in the year prior to 2004; *Profit/employee* = profit per employee as 5 deciles. *Shareholder concentration* = percentage of outstanding ordinary shares held by shareholders who own 5% or more of the shares. *Tobin's Q* = market value of the company plus preference shares plus total debt divided by total assets; *Industry concentration* = 1 if the company is from an industry with a high number of employees and 0 otherwise; *Leverage* = total debt divided by total equity in 2004.

© 2015 AFAANZ

4.2. Multivariate analysis

Both regression models are significant at p = 0.00 with an adjusted r squared of 0.30 for the index model (model 1) and 0.27 for the sentence model (model 2). We first test hypotheses in relation to the employee-related index (Table 4). Hypothesis 1 is supported in the index model. A positive relationship exists between employee-related reporting and employee share ownership (p = 0.00) and employee concentration (p = 0.00), indicating that employee power is associated with voluntary employee-related disclosures.

Hypothesis 2 is supported in the index model in that voluntary employee reporting is positively and significantly related to the corporate governance score (p = 0.00), corporate mission statements referring to employees (p = 0.00) and adverse publicity (p = 0.01). These results suggest that voluntary employee disclosures increase with higher quality corporate governance, corporate mission statements that acknowledge employees and as a counter to adverse publicity about employees in the media. Moreover, these results suggest that voluntary employee reporting is increased as a strategic response to manage employees as a group.

Hypothesis 3 is supported in the index model, indicating that employee disclosure is higher with increased financial performance measured by profit per employee (p = 0.00). The control variable of shareholder concentration is significant (p = 0.02), indicating that dispersed ownership is associated with increased voluntary disclosure of employee-related information. Industry concentration is associated with increased voluntary employee-related disclosure (p = 0.05), indicating that companies provide more employee disclosure for industries with higher employee numbers. Leverage (p = 0.04) is also associated with increased voluntary employee disclosure, while Tobin's Q is not significant in explaining employee-related disclosures.

Similarly, a regression analysis was conducted using the dependent variable, the number of sentences about employees, and the results are shown in Table 5. The results are robust and are qualitatively similar to the employee-related index results in Table 4.

5. Conclusion

We used Ullmann's three dimensions of stakeholder power, strategic posture and economic performance to investigate the research question of why companies voluntarily disclose employee information in their annual reports. Companies with higher employee share ownership and employee concentration disclose more voluntary employee-related information. We also find that higher quality corporate governance guided by principles of best practice (e.g. ASX Corporate Governance Council, 2003) is related to increased voluntary employee reporting in annual reports. The acknowledgement of the value of employees in the corporate mission statement is also evidence of an active

© 2015 AFAANZ

Table 4
Model 1: employee disclosure index for stakeholder power, strategic posture and economic performance

Variable	Coefficient	t	p value*	Tolerance	VIF
(Constant)	−0.99	−3.78	0.00		
Stakeholder Power					
Employee share	0.32	3.13	0.00	0.81	1.23
Employee concentration	2.83	5.64	0.00	0.59	1.71
Strategic Posture					
Corporate governance	0.22	7.84	0.00	0.66	1.53
Mission	0.38	3.18	0.00	0.94	1.06
Adverse publicity	0.05	2.58	0.01	0.87	1.14
Economic Performance					
Profit/employee	0.11	2.91	0.00	0.91	1.10
Control Variables					
Shareholder concentration	−0.01	−2.01	0.02	0.96	1.04
Tobin's Q	−0.01	−0.69	0.49	0.96	1.09
Industry concentration	0.38	3.13	0.00	0.97	1.03
Leverage	0.08	1.79	0.04	0.88	1.12

N = 970 $R^2 = 0.30$˙ adjusted $R^2 = 0.30$, $F = 41.66$, $p = 0.00$, 2 tail unless direction predicted. *Employee disclosure index* = score 0 to 9 comprising an index of nine employee items, 1 if the company reports the item and 0 if not reported. *Employee share* = dummy variable of employee share ownership, 1 if the company has an employee share ownership scheme in 2004 and 0 otherwise. *Employee concentration* = the log of number of employees/market capitalisation. *Corporate governance* = is the corporate governance best practice score measured: Number of directors = >5 = 1 and 0 otherwise; Proportion board independent = >0.50 = 1 and 0 otherwise; Dual CEO and chair = 1 if the CEO is separate from the chair and 0 otherwise; Greater than 10 board meetings = 1 and 0 otherwise; Auditor = 1 if a Big Four auditor is used and 0 otherwise; Social committee = 1 if the company has a social committee and 0 otherwise; Audit committee = 1 if the company has an audit committee and 0 otherwise; Remuneration committee = 1 if the company has a remuneration committee and 0 otherwise; Nomination committee = 1 if the company has a nomination committee and 0 otherwise; *Mission statement* = dummy variable of corporate mission statement, 1 if the company refers to employees in the mission statement and 0 otherwise. *Adverse publicity* = number of adverse media publicities in the year prior to 2004. *Profit/employee* = profit per employee as 5 deciles. *Shareholder concentration* = percentage of outstanding ordinary shares held by shareholders who own 5% or more of the shares. *Tobin's Q* = market value of the company plus preference shares plus total debt divided by total assets. *Industry concentration* = 1 if the company is from an industry with a high number of employees and 0 otherwise. *Leverage* = total debt divided by total equity in 2004.

strategic posture, and recognition of employees in the corporate mission statement is associated with increased voluntary employee-related disclosures. We also find that companies have increased voluntary employee-related disclosures in annual reports following negative media publicity, suggesting that these positive disclosures are used as a strategy to manage damaged

© 2015 AFAANZ

Table 5
Model 2: employee disclosure sentences for stakeholder power, strategic posture and economic performance

Variable	Coefficient	*t*	*p* value*	Tolerance	VIF
(Constant)	−10.15	−4.61	0.00		
Stakeholder Power					
Employee share	1.47	1.72	0.04	0.81	1.23
Employee concentration	18.15	4.32	0.00	0.59	1.71
Strategic Posture					
Corporate governance	1.94	8.13	0.00	0.66	1.53
Mission	3.96	3.92	0.00	0.94	1.06
Adverse publicity	0.56	3.49	0.00	0.88	1.14
Economic Performance					
Profit/employee	1.25	3.79	0.00	0.91	1.10
Control Variables					
Shareholder concentration	−0.04	−2.01	0.02	0.96	1.04
Tobin's Q	0.04	0.62	0.54	0.96	1.04
Industry concentration	1.66	1.64	0.05	0.97	1.03
Leverage	0.61	1.60	0.06	0.89	1.13

$N = 970$ $R^2 = 0.28$, adjusted $R^2 = 0.27$, $F = 36.82$, $p = 0.00$, 2 tail unless direction predicted. *Employee disclosure sentences* = Number of sentences of employee-related disclosure. *Employee share* = dummy variable of employee share ownership, 1 if the company has an employee share ownership scheme in 2004 and 0 otherwise. *Employee concentration* = the log of number of employees/market capitalisation. *Corporate governance* = is the corporate governance best practice score measured: Number of directors = >5 = 1 and 0 otherwise; Proportion board independent = >0.50 = 1 and 0 otherwise; Dual CEO and chair = 1 if the CEO is separate from the chair and 0 otherwise; Greater than 10 board meetings = 1 and 0 otherwise; Auditor = 1 if a Big Four auditor is used and 0 otherwise; Social committee = 1 if the company has a social committee and 0 otherwise; Audit committee = 1 if the company has an audit committee and 0 otherwise; Remuneration committee = 1 if the company has a remuneration committee and 0 otherwise; Nomination committee = 1 if the company has a nomination committee and 0 otherwise; *Mission statement* = dummy variable of corporate mission statement, 1 if the company refers to employees in the mission statement and 0 otherwise. *Adverse publicity* = number of adverse media publicities in the year prior to 2004. *Profit/employee* = profit per employee as 5 deciles. *Shareholder concentration* = percentage of outstanding ordinary shares held by shareholders who own 5% or more of the shares. *Tobin's Q* = market value of the company plus preference shares plus total debt divided by total assets. *Industry concentration* = 1 if the company is from an industry with a high number of employees and 0 otherwise. *Leverage* = total debt divided by total equity in 2004.

reputations. Our findings also show a positive and significant relationship between increased voluntary employee disclosure and profit per employee.

We acknowledge that other factors not in this study could also explain companies reporting voluntary employee disclosures in annual reports. Further, our study focuses on employee disclosures in annual reports, although these voluntary employee disclosures exist in other communication channels.

© 2015 AFAANZ

This analysis examines voluntary employee disclosures over a single period, for the year ending 30 June 2004. Other studies (e.g. Guthrie and Parker, 1989) have shown that corporate social responsibility disclosure practices fluctuate over time. Therefore, the conclusions reached by this study may have limited application across time or in other individual years. There are also limitations in the use of content analysis and subjectivity is involved in determining what constitutes a particular type of disclosure, although three independent raters were employed to enhance consistency.

We have focused on Ullmann's stakeholder theory, and future research could apply alternative theoretical frameworks and examine employee disclosures in different countries covering alternative time periods.

References

Adams, C. A., W. Y. Hill, and C. B. Roberts, 1998, Corporate social reporting practices in Western Europe: legitimating corporate behaviour, *British Accounting Review* 30, 1–21.

Aerts, W., and D. Cormier, 2009, Media legitimacy and corporate environmental communication, *Accounting, Organizations and Society* 34, 1–27.

Agle, B. R., T. Donaldson, R. E. Freeman, M. C Jensen, R. K. Mitchell, and D. J. Wood, 2008, Dialogue: toward superior stakeholder theory, *Business Ethics Quarterly* 18, 153–190.

Aguilera, R. V., and G. Jackson, 2003, The cross-national diversity of corporate governance: dimensions and determinants, *Academy of Management Review* 28, 447–465.

Artiach, T., D. Lee, D. Nelson, and J. Walker, 2010, The determinants of corporate sustainability performance, *Accounting and Finance* 50, 31–51.

ASX Corporate Governance Council, 2003, *Principles of Good Corporate Governance and Best Practice Recommendations*, 1st edn (ASX Corporate Governance Council, Sydney).

ASX Corporate Governance Council, 2007, *Corporate Governance Principles and Recommendations*, 2nd edn (ASX Corporate Governance Council, Sydney).

ASX Corporate Governance Council, 2010, *Corporate Governance Principles and Recommendations With 2010 Amendment* (ASX Corporate Governance Council, Sydney).

ASX Corporate Governance Council, 2014, *Corporate Governance Principles and Recommendations*, 3rd edn (ASX Corporate Governance Council, Sydney).

Australian Accounting Standards Board, 2001, *Accounting Standard AASB 1028 Employee Benefits* (Australian Accounting Standards Board, Melbourne).

Australian Bureau of Statistics, 2012, Industry structure and performance, Year Book Australia, 1301.10.

Australian Employee Ownership Association, 2010, Available at: http://www.aeoa.org.au/

Babnik, K., K. Breznik, V. Dermol, and N. Trunk Sirca, 2014, The mission statement: organisational culture perspective, *Industrial Management and Data System* 114, 612–627.

Beattie, V., and S. J. Smith, 2012, Evaluating disclosure theory using the views of UK finance directors in the intellectual capital context, *Accounting and Business Research* 42, 471–494.

© 2015 AFAANZ

Beattie, V., B. McInnes, and S. Fearnley, 2004, A methodology for analysing and evaluating narratives in annual reports: a comprehensive descriptive profile and metrics for disclosure quality attributes, *Accounting Forum* 28, 205–236.

Bebbington, J., 2004, Governance from the perspective of social/environmental accounting, *Social and Environmental Accountability Journal* 24, 15–18.

Beekes, W., P. Brown, and Q. Zhang, 2014, Corporate governance and the informativeness of disclosures in Australia: a re-examination, *Accounting and Finance*, doi: 10.1111/acfi.12088.

Belkaoui, A., and P. G. Karpik, 1989, Determinants of the corporate decision to disclose social information, *Accounting, Auditing and Accountability Journal* 2, 36–51.

Blue Ribbon Committee, 1999, Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees, the 'Blue Ribbon Report' (NYSE and NASD, New York).

Boesso, G., and K. Kumar, 2007, Drivers of corporate voluntary disclosure: a framework and empirical evidence from Italy and the United States, *Accounting, Auditing and Accountability Journal* 20, 269–296.

Brammer, S., and S. Pavelin, 2004, Building a good reputation, *European Management Journal* 22, 704–713.

Branco, M., and L. Rodrigues, 2008, Factors influencing social responsibility disclosure by Portuguese companies, *Journal of Business Ethics* 83, 685–701.

Bryan, L. L., and C. L. Joyce, 2007, *Mobilizing Minds: Creating Wealth From Talent in the 21st Century Organization* (McGraw-Hill Ryerson, New York).

Bushman, R. M., and C. D. Williams, 2012, Accounting discretion, loan loss provisioning, and discipline of banks' risk-taking, *Journal of Accounting and Economics*, 54, 1–18.

Cadbury, S. A. 1992, *Report of the Committee on the Financial Aspects of Corporate Governance* (Gee & Co Ltd, London).

Campbell, D. J., 2000, Legitimacy theory or managerial reality construction? Corporate social disclosure in marks and spencer plc corporate reports 1969–1997, *Accounting Forum* 24, 80–100.

Campbell, D. J., G. Moore, and P. Shrives, 2006, Cross-sectional effects in community disclosure, *Accounting, Auditing and Accountability Journal* 19, 96–114.

Chan, M. C., J. Watson, and D. Woodliff, 2014, Corporate governance quality and CSR disclosures, *Journal of Business Ethics* 125, 59–73.

Chang, K., I. Kim, and Y. Li, 2014, The heterogeneous impact of corporate social responsibility activities that target different stakeholders, *Journal of Business Ethics* 125, 211–234.

Chen, J., and R. Roberts, 2010, Toward a more coherent understanding of the organization-society relationship: a theoretical consideration for social and environmental accounting research, *Journal of Business Ethics* 97, 651–665.

Cheng, E. C. M., and S. M. Courtenay, 2006, Board composition, regulatory regime and voluntary disclosure, *The International Journal of Accounting* 41, 262–289.

Cheung, Y. L., P. Jiang, and W. Tan, 2010, A transparency disclosure index measuring disclosures, Chinese listed companies, *Journal of Accounting and Public Policy* 29, 259–280.

Christensen, J., P. Kent, and J. Stewart, 2010, Corporate governance and company performance in Australia, *Australian Accounting Review* 20, 372–386.

Christensen, J., P. Kent, J. Routledge, and J. Stewart, 2015, Do corporate governance recommendations improve the performance and accountability of small listed companies?, *Accounting and Finance*, 55, 133–164.

Clarkson, M. E., 1995, A stakeholder framework for analyzing and evaluating corporate social performance, *Academy of Management Review* 20, 92–117.

© 2015 AFAANZ

Clarkson, P. M., C. Ferguson, and J. Hall, 2003, Auditor conservatism and voluntary disclosure: evidence from the year 2000 systems issue, *Accounting and Finance* 43, 21–40.

Clout, V., L. Chapple, and A. Gandhi, 2013, The impact of auditor independence regulations on established and emerging firms, *Accounting Research Journal* 26, 88–108.

Corporations Act, 2001 (Cth), Commonwealth of Australia.

Cowan, A., 1992, Scarlet letters for corporations? Punishment by publicity under the new sentencing guidelines, *Southern California Law Review* 65, 2387–2420.

Cowan, S., and C. Deegan, 2011, Corporate disclosure reactions to Australia's first national emission reporting scheme, *Accounting and Finance* 51, 409–436.

Cowen, S. S., L. B. Ferreri, and L. D. Parker, 1987, The impact of corporate characteristics on social responsibility disclosure: a typology and frequency-based analysis, *Accounting, Organizations and Society* 12, 111–122.

Day, R., and T. Woodward, 2004, Disclosure of information about employees in the Directors' report of UK published financial statements: substantive or symbolic?, *Accounting Forum* 28, 43–59.

De Villiers, C., and C. Van Staden, 2011, Shareholder requirements for compulsory environmental information in annual reports and on websites, *Australian Accounting Review* 21, 317–326.

De Villiers, C., and C. Van Staden, 2012, New Zealand shareholder attitudes towards corporate environmental disclosure, *Pacific Accounting Review* 24, 186–210.

Deegan, C., 2002, Introduction: the legitimising effect of social and environmental disclosures-a theoretical foundation, *Accounting, Auditing and Accountability Journal* 15, 282–311.

Deegan, C. M., and C. Blomquist, 2006, Stakeholder influence on corporate reporting: an exploration of the interaction between WWF-Australia and the Australian minerals industry, *Accounting, Organizations and Society* 31, 343–372.

Deegan, C., and B. Gordon, 1996, A study of the environmental disclosure practices of Australian corporations, *Accounting and Business Research* 26, 187–199.

Deegan, C., and M. Shelly, 2014, Corporate social responsibilities: to regulate or not to regulate?, *Journal of Business Ethics* 21, 499–526.

Deegan, C., P. Kent, and J. Lyons, 1995, The production of special purpose employee reports: a discussion of Australian evidence and future research possibilities, *International Journal of Business Studies* 3, 31–39.

Department of Parliamentary Services, 2005, Global ageing: economic implications for Australia, 46, 2004-05, ISSN 1449-8456.

Einhorn, E., and A. Ziv, 2008, Intertemporal dynamics of corporate voluntary disclosures, *Journal of Accounting Research* 46, 567–589.

Fama, E. F., and M. C. Jensen, 1983, Separation of ownership and control, *Journal of Law and Economics* 26, 301–325.

Fernandez-Feijoo, B., S. Romero, and S. Ruiz, 2014, Effect of stakeholders' pressure on transparency of sustainability reports within the gri framework, *Journal of Business Ethics* 122, 53–63.

Freedman, M., and B. Jaggi, 1988, An analysis of the association between pollution disclosure and economic performance, *Accounting, Auditing and Accountability Journal* 1, 43–58.

Freedman, M., and B. Jaggi, 2004, Carbon dioxide emissions and disclosures by electric utilities, in: C. R. Lehman, T. Tinker, B. Merino, M. Neimark, eds., *Advances in Public Interest Accounting*, Vol. 10 (Emerald Group Publishing, Bingley), 105–129.

Freeman, R. E., 1984, *Strategic Management: A Stakeholder Approach* (Pitman, Marshfield, MA).

© 2015 AFAANZ

Garcia Osma, B., and E. Guillamón-Saorin, 2011, Corporate governance and impression management in annual results press releases, *Accounting, Organizations and Society* 36, 187–208.

Gates, S., and P. Langevin, 2010, Human capital measures, strategy, and performance: HR managers' perceptions, *Accounting, Auditing and Accountability Journal* 23, 111–132.

Ghandar, A., and E. E. Tsahuridu, 2012, *Auditing, Assurance and Ethics Handbook 2012, CPA Australia* (Pearson, Frenchs Forest, NSW).

Goodwin-Stewart, J., and P. Kent, 2006, Factors affecting the voluntary use of internal audit, *Managerial Auditing Journal* 21, 81–101.

Gray, R., R. Kouhy, and S. Lavers, 1995, Methodological themes: constructing a research database of social and environmental reporting by UK companies, *Accounting, Auditing and Accountability Journal* 8, 78–101.

Gray, R., M. Javad, D. M. Power, and C. D. Sinclair, 2001, Social and environmental disclosure and corporate characteristics: a research note and extension, *Journal of Business Finance and Accounting* 28, 327–356.

Guthridge, M., A. B. Komm, and E. Lawson, 2008, Making talent a strategic priority, *McKinsey Quarterly* 1, 48–59.

Guthrie, J., and I. Abeysekera, 2006, Content analysis of social, environmental reporting: what is new?, *Journal of Human Resource Costing and Accounting* 10, 114–126.

Guthrie, J., and L. D. Parker, 1989, Corporate social reporting: a rebuttal of legitimacy theory, *Accounting and Business Research* 19, 343–352.

Guthrie, J., R. Petty, and U. Johanson, 2001, Sunrise in the knowledge economy: managing, measuring and reporting intellectual capital, *Accounting, Auditing and Accountability Journal* 14, 365–384.

Guthrie, J., R. Petty, K. Yongvanich, and F. Ricceri, 2004, Using content analysis as a research method to inquire into intellectual capital reporting, *Journal of Intellectual Capital* 5, 282–293.

Hackston, D., and M. J. Milne, 1996, Some determinants of social and environmental disclosures in New Zealand companies, *Accounting, Auditing and Accountability Journal* 9, 77–108.

Haniffa, R., and M. Hudaib, 2006, Corporate governance structures and performance of Malaysian listed companies, *Journal of Business Finance and Accounting* 33, 1034–1062.

Haque, S., and C. Deegan, 2010, Corporate climate change-related governance practices and related disclosures: evidence from Australia, *Australian Accounting Review* 20, 317–333.

Hasnas, J., 1998, The normative theories of business ethics: a guide for the perplexed, *Business Ethics Quarterly* 81, 19–42.

Healy, P. M., and K. G. Palepu, 2001, Information asymmetry, corporate disclosure, and the capital markets: a review of the empirical disclosure literature, *Journal of Accounting and Economics* 31, 405–440.

Herbohn, K., J. Walker, and H. Loo, 2014, Corporate social responsibility: the link between sustainability disclosure and sustainability performance, *Abacus* 50, 422–459.

Horwath, 2004, *Horwath Corporate Governance Report* (University of Newcastle, Newcastle, NSW).

Hossain, D. M., K. Khan, and I. Yasmin, 2004, The nature of voluntary disclosures on human resource in the annual reports of Bangladeshi companies, *Dhaka University Journal of Business Studies* 25, 221–231.

International Integrated Reporting Council (IIRC), 2011, *Towards Integrated Reporting: Communicating Value in the 21st Century*. Available at: http://www.discussionpaper2011.theiirc.org [Accessed 28 April 2012].

© 2015 AFAANZ

Jensen, M. C., 2000, *A Theory of the Firm: Governance, Residual Claims, and Organizational Forms* (Harvard University Press.Jones, Cambridge, MA).
Jones, S., G. Frost, J. Loftus, and S. Van Der Laan, 2007, An empirical examination of the market returns and financial performance of entities engaged in sustainability reporting, *Australian Accounting Review* 17, 78–87.
Kaur, A., and S. Lodhia, 2014, The state of disclosures on stakeholder engagement in sustainability reporting in Australian local councils, *Pacific Accounting Review* 26, 54–74.
Kent, P., and C. Chan, 2009, Application of stakeholder theory to corporate environmental disclosures, *Corporate Ownership and Control* 7, 399–414.
Kent, P., and R. Monem, 2008, What drives TBL reporting: good governance or threat to legitimacy?, *Australian Accounting Review* 18, 297–309.
Kent, P., and K. Ung, 2003, Voluntary disclosure of forward-looking earnings forecasts in Australia, *Australian Journal of Management* 28, 273–285.
Kent, P., and T. Zunker, 2013, Attaining legitimacy by employee information in annual reports, *Accounting Auditing and Accountability Journal* 26, 1072–1106.
Kent, P., P. Yatim, and P. Clarkson, 2006, Governance structures, ethnicity, and audit fees of malaysian listed firms, *Managerial Auditing Journal* 21, 757–782.
Kent, P., R. Kent, J. Routledge, and J. Stewart, forthcoming, Choice of governance structure and earnings quality, *Accounting Research Journal*.
Kuasirikun, N., and M. Sherer, 2004, Corporate social accounting disclosure in Thailand, *Accounting, Auditing and Accountability Journal* 17, 629–660.
Lang, M., and R. Lundholm, 1993, Cross-sectional determinants of analyst ratings of corporate disclosures, *Journal of Accounting Research* 31, 246–271.
Lev, B., 1992, Information disclosure strategy, *California Management Review* 34, 9–32.
Lim, S., Z. Matolcsy, and D. Chow, 2007, The association between board composition and different types of voluntary disclosure, *European Accounting Review* 16, 555–583.
Loh, C. M., C. Deegan, and R. Inglis, 2014, The changing trends of corporate social and environmental disclosure within the Australian gambling industry, *Accounting and Finance*, doi: 1111/acfi.12075.
Matolcsy, Z., J. Tyler, and P. Wells, 2011, The impact of quasi-regulatory reforms on boards and their committees during the period 2001–2007, *Australian Accounting Review* 21, 352–364.
McQuail, D., 2000, *McQuail's Mass Communication Theory*, 4th edn (Sage, London).
Menassa, E., 2010, Corporate social responsibility: an exploratory study of the quality and extent of social disclosures by Lebanese commercial banks, *Journal of Applied Accounting Research* 11, 4–23.
Miglani, S., K. Ahmed and, and D. Henry, 2015, Voluntary corporate governance structure and financial distress: evidence from Australia, *Journal of Contemporary Accounting and Economics* 11, 18–30.
Monem, R., 2013, Determinants of board structure: evidence from Australia, *Journal of Contemporary Accounting and Economics* 9, 33–49.
Morck, R., A. Shleifer, and R. W. Vishny, 1988, Management ownership and market valuation: an empirical analysis, *Journal of Financial Economics* 20, 293–315.
Moroney, R., C. Windsor, and Y. T. Aw, 2012, Evidence of assurance enhancing the quality of voluntary environmental disclosures: an empirical analysis, *Accounting and Finance* 52, 903–939.
Mouritsen, J., 1998, Driving growth: economic value added versus intellectual capital, *Management Accounting Research* 9, 461–482.
Neimark, M. K., 1995, *The Hidden Dimensions of Annual Reports: Sixty Years of Social Conflict at General Motors* (Markus Wiener, Princeton, NJ).

© 2015 AFAANZ

Neu, D., H. Warsame, and K. Pedwell, 1998, Managing public impressions: environmental disclosures in annual reports, *Accounting, Organizations and Society* 23, 265–282.

O'Donovan, G., 1999, Managing legitimacy through increased corporate environmental reporting: an exploratory study, *Interdisciplinary Environmental Review* 1, 63–99.

Oliveira, L., L. L. Rodrigues, and R. Craig, 2006, Firm-specific determinants of intangibles reporting: evidence from the Portuguese stock market, *Journal of Human Resource Costing and Accounting* 10, 11–33.

Oliveira, J., L. L. Rodrigues, and C. Russell, 2011, Risk-related disclosures by non-finance companies Portuguese practices and disclosure characteristics, *Managerial Auditing Journal* 26, 817–839.

Organisation for Economic Co-operation and Development, 2004, *OECD Principles of Corporate Governance* (OECD Publications Service, Paris, France).

Parker, L. D., 2005, Social and environmental accountability research: a view from the commentary box, *Accounting, Auditing and Accountability Journal* 18, 842–860.

Parker, L. D., 2007, Financial and external reporting research: the broadening corporate governance challenge, *Accounting and Business Research* 37, 39–54.

Parker, L. D., 2011, Twenty-one years of social and environmental accountability research: a coming of age, *Accounting Forum* 35, 1–10.

Patten, D. M., 2002a, Media exposure, public policy pressure, and environmental disclosure: an examination of the impact of tri data availability, *Accounting Forum* 26, 152–171.

Patten, D. M., 2002b, The relation between environmental performance and environmental disclosure: a research note, *Accounting, Organizations and Society* 27, 763–773.

Peng, C., and M. Yang, 2014, The effect of corporate social performance on financial performance: the moderating effect of ownership concentration, *Journal of Business Ethics* 123, 171–182.

Peters, T. J., and R. H. Jr. Waterman, 1982, *In Search of Excellence: Lessons From America's Best-run Companies*. (Harper and Row, New York, NY).

Petty, R., and J. Guthrie, 2000, Intellectual capital literature review: measurement, reporting and management, *Journal of Intellectual Capital* 1, 155–176.

Pfeffer, J., and G. R. Salancik, 1978, *The External Control of Organizations: A Resource Dependence Perspective* (Harper and Row, New York, NY).

Pham, P. K., J. Suchard, and J. Zein, 2011, Corporate governance and alternative performance measures: evidence from Australian firms, *Australian Journal of Management* 36, 371–386.

Platikanova, P., 2015, S&P 500 index addition, liquidity management and Tobin's Q, *Accounting and Finance*, doi: 10.111/acfi.12105.

Prado-Lorenzo, J. M., I. Gallego-Alvarez, and I. M. Garcia-Sanchez, 2009, Stakeholder engagement and corporate social responsibility reporting: the ownership structure effect, *Corporate Social Responsibility and Environmental Management*, 16, 94–107.

Ramsay, I. M., 2001, *Independence of Australian Company Auditors: Review of Current Australian Requirements and Proposals for Reform: Report to the Minister for Financial Services and Regulation*. Corporate Governance and Accounting Policy Division (Department of the Treasury, Australian Government, Parkes, ACT).

Reverte, C., 2009, Determinants of corporate social responsibility disclosure ratings by Spanish listed firms, *Journal of Business Ethics* 88, 351–366.

Richardson, A. J., and M. Welker, 2001, Social disclosure, financial disclosure and the cost of equity capital, *Accounting, Organizations and Society* 26, 597–616.

Roberts, R. W., 1992, Determinants of corporate social responsibility disclosure: an application of stakeholder theory, *Accounting, Organizations and Society* 17, 595–612.

Roome, N., and F. Wijen, 2006, Stakeholder power and organizational learning in corporate environmental management, *Organizational Studies* 27, 235–263.

© 2015 AFAANZ

Sheaffer, Z., D. Landau, and I. Drori, 2008, Mission statement and performance: an evidence of 'coming of age', *Organizational Development Journal*, 26, 49–62.
Smith Jr, C. W.., and J. B. Warner, 1979, On financial contracting: an analysis of bond covenants, *Journal of Financial Economics* 7, 117–161.
Sun, N., A. Salama, K. Hussainey, and M. Habbash, 2010, Corporate environmental disclosure, corporate governance and earnings management, *Managerial Auditing Journal* 25, 679–700.
Tabachnick, B. G., and L. S. Fidell, 2007, *Using Multivariate Statistics*, 5th edn (Pearson, Boston).
Tao, N. B., and M. Hutchinson, 2013, Corporate governance and risk management: the role of risk management and compensation committees, *Journal of Contemporary Accounting and Economics* 9, 83–99.
Tobin, J., 1969, A general equilibrium approach to monetary theory, *Journal of Money, Credit and Banking*, 1, 15–29.
UK Hampel Report, 1998, *Committee on Corporate Governance: Final Report* (Gee & Co Ltd., London).
UK Higgs Report, 2003, *Review of the Role and Effectiveness of Non-Executive Directors* (The Department of Trade and Industry, London).
Ullmann, A. E., 1985, Data in search of a theory: a critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms, *Academy of Management Review* 10, 540–577.
Unerman, J., 2000, Methodological issues - reflections on quantification in corporate social reporting content analysis, *Accounting, Auditing and Accountability Journal* 13, 667–681.
Verrecchia, R. E., 2001, Essays on disclosure, *Journal of Accounting and Economics* 32, 97–180.
Wahab, E., W. Gist, and W. Majid, 2014, Characteristics of non-audit services and financial restatements in Malaysia, *Journal of Contemporary Accounting and Economics* 10, 225–247.
Ward, A. J., J. A. Brown, and D. Rodriguez, 2009, Governance bundles, firm performance, and the substitutability and complementarity of governance mechanisms, *Corporate Governance: An International Review* 17, 646–660.
Whiting, R. H., and J. Woodcock, 2011, Firm characteristics and intellectual capital disclosure by Australian companies, *Journal of Human Resource Costing and Accounting* 15, 102–126.
Williams, S., and C. A. Adams, 2013, Moral accounting? Employee disclosures from a stakeholder accountability perspective, *Accounting, Auditing and Accountability Journal* 26, 449–495.
Young, S., and V. Thyil, 2009, Governance, employees and CSR: integration is the key to unlocking value, *Asia Pacific Journal of Human Resources* 47, 167–185.

© 2015 AFAANZ

View publication stats