International Journal of Advanced Research in Commerce, Management & Social Science (IJARCMSS)
(An International Quarterly Multidisciplinary Open Access Double Blind Peer Reviewed Refereed Journal)
ISSN :2581-7930 (Online), Impact Factor (Cosmos): 7.270 & PIF (I2OR): 5.010, Volume 09, No. 04(I), October-December, 2026, pp 107-115

Human Resource Accounting Information and Investment Evaluation: Evidence from Individual Retail Investors in Karnataka

Ardra Gopan[1*] | Prof. (Dr.) Anitha.S[2]

[1]Research Scholar, Department of Commerce, Government College Attingal, University of Kerala, Trivandrum, India.
[2]Faculty of Commerce, Government College Attingal, University of Kerala, TVM, India.

[*]Corresponding Author: ardragopan@gmail.com

Citation: *Gopan, A. & Anitha, S. (2026). Human Resource Accounting Information and Investment Evaluation: Evidence from Individual Retail Investors in Karnataka. International Journal of Advanced Research in Commerce, Management &Amp; Social Science, 09(04(I)), 107–115. https://doi.org/10.62823/ijarcmss/9.4(I).9621*

Abstract

Human Resource Accounting Information (HRAI) gives details about an organisation's human resources and can provide investors with additional information for evaluating investment opportunities. However, its effective use is influenced by investors' level of knowledge, their perception of its relevance and the ease with which the information can be accessed, understood and evaluated. The present study examines the knowledge, perceived usefulness and hindrances associated with HRAI among NSE-registered individual retail investors in Karnataka. A quantitative descriptive research design was adopted, and data were collected from 287 individual retail investors using a structured questionnaire administered through both online and offline modes. The HRAI items were classified into five dimensions through Exploratory Factor Analysis (EFA), namely HR Valuation, HR Composition, HR Performance, Employee Benefits and Employee Governance. The responses were analysed using descriptive statistics and one-sample t-tests. The results indicate that investors have a low level of knowledge across all five dimensions, with the mean scores of the individual knowledge items falling below the scale average. In contrast, respondents expressed a high level of perceived usefulness of HRAI for investment evaluation, with mean scores ranging from 4.33 to 4.41. HRAI was particularly perceived as useful for comparing companies, assessing investment in human resources and their contribution to company performance, and evaluating investment opportunities. The findings also reveal substantial hindrances in accessing and evaluating HRAI, with mean scores ranging from 4.35 to 4.51. Information overload, inconsistent measurement criteria, selective disclosure, technical complexity and the absence of a uniform reporting framework were among the key hindrances identified by the respondents. Overall, the findings indicate a gap between investors' limited knowledge of HRAI and their recognition of its usefulness, highlighting the need for greater consistency, clarity and effective presentation of human resource information in corporate reporting.

Keywords: *Human Resource Accounting Information, Investor Knowledge, Perceived Usefulness, Investment Evaluation, Retail Investors, HRA Disclosure.*

Introduction

Human resources have become an important source of organisational value, particularly with the increasing importance of knowledge, skills and employee capabilities in business performance. As organisations become more dependent on human capital, information relating to employees has gained greater relevance in corporate reporting *(Abeysekera & Guthrie, 2004)*. However, conventional financial statements provide limited information about an organisation's human resources. Human Resource

[*] *Copyright © 2026 by Author's and Licensed by Inspira. This is an open access article distributed under the Creative Commons Attribution License which permits unrestricted use, distribution, and reproduction in any medium, provided the original work properly cited.*

Accounting (HRA) attempts to address this limitation by providing information on an organisation's human resources and their contribution to organisational value.

For investors, corporate disclosures serve as an important source of information when assessing a company's performance and future prospects. Human Resource Accounting Disclosure (HRAD) serves as a means of communicating human resource-related information to investors and other stakeholders*(Elias, 1972; Hendricks, 1976)*. The growing international interest in human capital reporting further reflects the increasing attention given to human capital information in corporate reporting *(Abeysekera & Guthrie, 2004)*.

The usefulness of HRAI to investors, however, depends on their ability to understand and interpret the information disclosed. An investor may recognise the relevance of human resource information without necessarily having adequate knowledge of its different components. In addition, difficulties relating to the availability, consistency, measurement and presentation of HRAI may affect its effective use in investment evaluation.

The existing literature on HRA has largely examined its measurement, valuation, disclosure practices and reporting from an organisational perspective. Comparatively less attention has been given to the investor perspective, particularly in the Indian context. Previous research has demonstrated the relevance of human asset information to investment decisions, but empirical evidence concerning investors' knowledge of different dimensions of HRAI and their perceptions regarding its usefulness remains limited *(Elias, 1972; Hendricks, 1976)*. Research on human capital reporting has also predominantly examined corporate disclosure practices, including the nature and extent of information reported by companies *(Abeysekera & Guthrie, 2004)*.

Against this background, the present study examines the knowledge level, perceived usefulness and hindrances associated with Human Resource Accounting Information among NSE-registered individual retail investors in Karnataka. The study examines HRAI across five dimensions, namely HR Valuation, HR Composition, HR Performance, Employee Benefits and Employee Governance. It further considers the extent to which investors perceive HRAI as useful for investment evaluation and the difficulties that may restrict its effective use.

Significance of the Study

The significance of the present study lies in its focus on Human Resource Accounting Information (HRAI) from the perspective of individual retail investors. Existing research has examined human resource accounting in relation to measurement, valuation and corporate disclosure practices, with considerable attention given to the information reported by companies (*Abeysekera & Guthrie, 2004; Kaur et al., 2014)*. Comparatively, less attention has been given to understanding how individual investors perceive and use HRAI in the investment decision-making process. Earlier experimental research has demonstrated the relevance of human asset information to investment decisions, indicating the importance of examining HRAI from the Investors' perspective *(Elias, 1972; Hendricks, 1976)*.

The study also considers the perceived usefulness of HRAI rather than assuming that the availability of information necessarily makes it useful to investors. Understanding whether investors regard human resource information as relevant for comparing companies, evaluating investment opportunities, understanding company performance and assessing the contribution of human resources provides insight into the type of information they consider relevant when evaluating investments. This focus is consistent with the increasing attention given to investors' information needs in relation to human capital reporting. The International Sustainability Standards Board (ISSB) has specifically identified investor information needs concerning human capital-related risks and opportunities as an area for research under its 2024–2026 work plan. *(ISSB Work Plan 2024-2026)*

In addition, the present research examines the hindrances associated with accessing and evaluating HRAI. Previous research on Indian companies has reported that HRA disclosures are not uniform and may be unstructured, inconsistent and difficult to compare across companies and industries *(Kaur et al., 2014)*. Differences in valuation methods, measurement practices and the presentation of human resource information may therefore affect its interpretation and comparability. Examining these aspects from the investors' perspective provides further insight into the conditions that may influence the effective use of HRAI.

The relevance of this work is further supported by the growing international attention to human capital reporting. The ISSB's current human capital research specifically considers the nature and extent

of investors' need for more useful information about human capital-related disclosures*(ISSB Work Plan 2024-2026)*. In this context, empirical evidence on investors' knowledge of HRAI, their perceptions of its usefulness and the difficulties they encounter can contribute to the broader discussion on human capital reporting and investor information needs.

Overall, the present study adds empirical evidence to the relatively limited investor-focused literature on HRAI by examining knowledge, perceived usefulness and hindrances among individual retail investors in Karnataka. It also provides a basis for further research on the role, presentation and usefulness of human resource information in investment evaluation.

Statement of the Problem

Human resources have emerged as a strategic asset in the contemporary business environment and the ISSB'S emphasis on human capital related disclosures has further strengthened the importance of HRA disclosure*(ISSB Work Plan 2024-2026)*. In response, many Indian companies have progressively expanded HRA disclosure as part of their corporate transparency and stakeholder communication initiatives *(Kaur et al., 2014)*.

However, the question of whether investors can effectively make use of such Human Resource accounting Disclosure begins with a more basic issue: whether they possess adequate knowledge of the information being disclosed and whether they consider such information useful for investment evaluation. This becomes particularly significant in the Indian context, where the absence of a comprehensive statutory framework for HRA has led to variations in the nature and extent of human resource information disclosed by companies *(Kaur et al., 2016)*. The largely voluntary nature of HRA disclosure, together with differences in disclosure practices, may result in inconsistency in the information available to investors *(Kaur et al., 2016)*.

Individual retail investors operate in an information environment that includes financial statements, annual reports and other corporate disclosures. While human resource information may provide additional information about an organisation's employees and their contribution to value creation, investors may face difficulties in understanding, comparing and evaluating such information. Differences in measurement methods, lack of uniformity in disclosure and the technical nature of some HRA information may further limit its accessibility and usefulness *(Kaur et al., 2014)*.

The research gap identified in the literature also indicates that HRA research has predominantly concentrated on organisational perspectives whereas the investor perspective remains relatively underexplored. In particular, empirical evidence remains limited regarding investors' knowledge of different dimensions of HRAI, their perceptions of its usefulness, and the hindrances they encounter while accessing and evaluating such information.

Accordingly, the present study examines the level of HRAI knowledge among NSE-registered individual retail investors in Karnataka, assesses their perceptions of its usefulness in investment decision-making, and identifies the major hindrances they face in accessing and evaluating HRAI.

Research Objectives

- To assess the level of knowledge ofinvestors regarding Human Resource Accounting Information (HRAI).
- To examine theInvestors perceived usefulness of Human Resource Accounting Information in investment decision making process (HRAI).
- To identify the major hindrances encountered by individual retail investors in accessing, understanding and evaluating Human Resource Accounting Information (HRAI).

Scope of the Study

The present study is confined to individual retail investors registered with the National Stock Exchange (NSE) and residing in Karnataka.Karnataka was selected as the study area based on the state-wise investor data reported by NSE, which showed that it had the highest number of registered retail investors among the states in South India. Therefore, the geographical coverage of the study is limited to Karnataka, and the findings represent the knowledge and perceptions of the investors who participated in the study.

It examines Human Resource Accounting Information (HRAI) from the perspective of investment evaluation. Investors' knowledge of HRAI is assessed under five dimensions: HR Valuation, HR

Composition, HR Performance, Employee Benefits and Employee Governance. It also examines investors' views on the usefulness of HRAI in evaluating investment opportunities, comparing companies, understanding the contribution of human resources to company performance, assessing investment in human resources, improving transparency and evaluating the potential for sustainable value creation.

The reserach also considers the difficulties perceived by investors in accessing and evaluating HRAI. These include issues such as lack of standardisation, differences in HR valuation methods, excessive information, limited integration with financial reporting, subjectivity in valuation, selective disclosure, difficulty in understanding technical information, inconsistent measurement criteria and the absence of a uniform reporting framework.

The study is limited to examining investors' knowledge and perceptions of Human Resource Accounting Information (HRAI).Thus, the scope is limited to understanding how individual retail investors in Karnataka perceive and engage with HRAI as an information source for investment evaluation.

Research Methodology

- **Research Design**

The study adopted a quantitative, descriptive research design to assess the knowledge level, perceived usefulness and hindrances associated with Human Resource Accounting Information among individual retail investors in Karnataka. The study is based on primary data collected through a structured questionnaire. The design enables systematic measurement of investors' responses and statistical assessment of the observed patterns.

- **Population of the Study**

The population of the study consists of individual retail investors registered with the National Stock Exchange (NSE) in Karnataka.A sample of 287 respondents was included from Karnataka. The respondents were selected from individual investors who met the Predetermined eligibility criteria and who were capable of taking their own investment decisions.

- **Sampling Procedure**

The study used a purposive approach for identifying eligible respondents because a comprehensive publicly accessible list containing the individual identification details of all NSE-registered retail investors was not available. Respondents were therefore selected based on predetermined eligibility criteria relevant to the objectives of the study. This approach facilitated selectionof individual retail investorswho could providerelevant and informed responses to the study objectives.

- **Sources and Collection of Data**

Primary data constituted the principal source of information. Data were collected from eligible individual retail investors in Karnataka through a structured questionnaire administered using appropriate online and offline modes. The questionnaire was designed to obtain information on investors' knowledge of HRAI, perceived usefulness of HRAI for investment decisions and perceived hindrances in accessing and evaluating HRAI.

- **Measurement of Variables**

The Human resource accounting information (HRAI) variables were first classified into five dimensions using Exploratory Factor Analysis (EFA), namely HR Valuation, HR Composition, HR Performance, Employee Benefits and Employee Governance. Investor knowledge and perception of HRAI was assessed using a five-point Likert scale, with respondents indicating their level of knowledge regarding the individual HRAI items.

- **Statistical Techniques**

Descriptive statistics, including mean and standard deviation, were used to summarise the responses of the investors. A one-sample t-test was applied to determine whether the mean scores differed significantly from the specified test value. The analysis covered investors' knowledge of HRAI, its perceived usefulness and the hindrances associated with accessing and evaluating the information. The results were interpreted based on the respective measurement scales and the test value considered for each variable.

Findings

The findings of the present study are presented in accordance with the objectives of the research. The analysis focuses on three major aspects, namely investors' knowledge of Human Resource Accounting Information (HRAI), their perceptions regarding the usefulness of HRAI in investment evaluation, and the hindrances encountered in accessing and evaluating such information. The findings are presented across the five dimensions of HRAI namely HR Valuation, HR Composition, HR Performance, Employee Benefits and Employee Governance which provide a systematic understanding of the responses obtained from individual retail investors in Karnataka**.**

Table 1: Investors (Karnataka) Knowledge Level about HRA Information- Factor One- HR Valuation

Factor One-HR Valuation	Mean	SD	t	P-v
Human Resource Value	1.89	.803	-16.603	.000
Human Resource Valuation Model	1.56	.499	-34.761	.000
Discount Rate Applied for Human Resource Valuation	1.42	.621	-30.458	.000
Separate HRA statement	1.65	.608	-26.708	.000
Human Capital	1.89	.803	-16.603	.000
Human Resource Development Fund	1.60	.546	-30.827	.000
Employee Cost	1.89	.803	-16.603	.000
Employee Cost to Human Resource Value	1.56	.499	-34.761	.000
Human Resource Value to Total Resources	1.94	.809	-15.660	.000

The table 1 presents respondents' (Karnataka) knowledge levels regarding HR Valuation related information. This section includes nine statements, with a one-sample t-test conducted to assess respondents' knowledge on the topic. The mean scores for each statement indicate that most respondents possess below-average or very low knowledge of HR Valuation. Additionally, the results are statistically significant, as the p-values for each statement are considerably lower than the scale average. This provides strong evidence that stock market investors have a significantly low level of knowledge about HR Valuation related HRA information, a finding further validated by the one-sample t-test results.

Table 2: Investors (Karnataka) Knowledge Level about HRA Information- Factor Two- Human Resource Composition

Factor Two-Human Resource Composition	Mean	SD	t	P-v
Number of Employees	1.36	.562	-34.972	.000
Sales per employee	1.89	.803	-16.603	.000
Employee cost	1.60	.546	-30.827	.000
Human Resource Value	1.36	.562	-34.972	.000
HR fund	1.89	.803	-16.603	.000
HR values	1.60	.546	-30.827	.000
Return on human resource	1.36	.562	-34.972	.000

The table 2 presents respondents' (Karnataka) knowledge levels regarding Human Resource Composition related information. This section includes seven statements, with a one-sample t-test conducted to assess respondents' knowledge on the topic. The mean scores for each statement indicate that most respondents possess below-average or very low knowledge of Human Resource Composition factor. Additionally, the results are statistically significant, as the p-values for each statement are considerably lower than the scale average. This provides strong evidence that stock market investors have a significantly low level of knowledge about Human Resource Composition, a finding further validated by the one-sample t-test results.

Table 3: Investors (Karnataka) Knowledge Level about HRA Information- Factor Three-HR Performance

Factor Three- HR Performance	Mean	SD	t	P-v
Profit Before Tax (PBT) per Employee	1.88	.806	-16.637	.000
Value Added per Employee	1.38	.566	-34.475	.000
Average Sales per Employee	1.60	.570	-29.393	.000

The table 3 presents respondents' (Karnataka) knowledge levels regarding HR Performance related Information. This section includes three statements, with a one-sample t-test conducted to assess respondents' knowledge on the topic. The mean scores for each statement indicate that most respondents possess below-average or very low knowledge of HR Performance factor. Additionally, the results are statistically significant, as the p-values for each statement are considerably lower than the scale average. This provides strong evidence that stock market investors have a significantly low level of knowledge about HR Performance, a finding further validated by the one-sample t-test results.

Table 4: Investors (Karnataka) Knowledge Level about HRA Information- Factor Four- Employee Benefits

Factor Four- Employee Benefits	Mean	SD	t	P-v
Training and Development Expenditure	1.97	.797	-15.580	.000
Employee Remuneration and Benefit	1.51	.502	-35.712	.000
Employee Loans and Advances	1.40	.640	-29.931	.000
Remuneration of Directors and Key Managerial Personnel (KMP)	1.42	.675	-28.024	.000
Employee Retirement Benefits	1.57	.575	-29.847	.000
Employee Insurance Benefits	1.97	.793	-15.556	.000

The table 4 presents respondents' (Karnataka) knowledge levels regarding Employee Benefits related information. This section includes six statements, with a one-sample t-test conducted to assess respondents' knowledge on the topic. The mean scores for each statement indicate that most respondents possess below-average or very low knowledge of Employee Benefits information factor. Additionally, the results are statistically significant, as the p-values for each statement are considerably lower than the scale average. This provides strong evidence that stock market investors have a significantly low level of knowledge about Employee Benefits, a finding further validated by the one-sample t-test results.

Table 5: Investors (Karnataka) Knowledge Level about HRA Information- Factor Five-Employee Governance

Factor Five-Employee Governance	Mean	SD	t	P-v
Human Resource Policy	1.65	.608	-26.708	.000
Occupational Health, Safety and Well-being Practices	1.91	.844	-15.504	.000
Employee Welfare Expenditure	1.89	.803	-16.603	.000
Human Rights and Labour Practices	1.60	.546	-30.827	.000

The table 5 presents respondents' (Karnataka) knowledge levels regarding Employee Governance information. This section includes four environment practices, with a one-sample t-test conducted to assess respondents' knowledge on the topic. The mean scores for each statement indicate that most respondents possess below-average or very low knowledge of Employee Governance factor. Additionally, the results are statistically significant, as the p-values for each statement are considerably lower than the scale average. This provides strong evidence that stock market investors have a significantly low level of knowledge about Environment Employee Governance information, a finding further validated by the one-sample t-test results.

Table 6: Investors (Karnataka) Perception about the Usefulness of HRA information for taking investment decision

	Mean	SD	t	P-v
HRAI enhances the credibility of human resource-related information provided by a company.	4.35	0.743	21.872	.000
HRAI provides useful information for evaluating a company as an investment opportunity.	4.38	0.718	22.976	.000
HRAI helps investors compare companies when evaluating alternative investment opportunities.	4.41	0.723	23.386	.000
HRAI provides information that complements conventional financial information in evaluating a company.	4.35	0.796	20.306	.000
HRAI helps investors assess the investment made in human resources and its contribution to the company's performance.	4.40	0.722	23.300	.000

HRAI provides greater transparency regarding the company's investment in human resources.	4.34	0.650	24.762	.000
HRAI helps investors assess a company's potential to create sustainable value through its human resources.	4.33	0.792	20.101	.000

The findings for Karnataka reveal high perceived usefulness of HRAI, with mean scores ranging from 4.33 to 4.41. The highest mean was obtained for HRAI helping investors compare companies when evaluating alternative investment opportunities (Mean = 4.41, SD = 0.723). This was closely followed by the assessment of investment in human resources and its contribution to company performance (Mean = 4.40, SD = 0.722) and usefulness for evaluating a company as an investment opportunity (Mean = 4.38, SD = 0.718). The credibility and complementary-information statements each recorded a mean of 4.35, while transparency regarding investment in human resources recorded 4.34. The lowest mean was for assessing a company's potential to create sustainable value through its human resources (Mean = 4.33, SD = 0.792). Despite small differences in ranking, all means exceed 4.00, indicating consistently favourable perceptions. All reported item-level t-tests are statistically significant ($p < .001$). Thus, Karnataka investors also regard HRAI as useful for investment evaluation.

Table 7: Investors (Karnataka) Opinion about the hindrances encountered when accessing and evaluating Human Resource Accounting Information

	Mean	SD	t	P-v
Lack of standardization in HRAI.	4.35	.704	23.072	.000
Lack of consensus regarding HR valuation methods.	4.40	.838	19.986	.000
Excessive HRAI creates difficulty in identifying information relevant to investment decisions.	4.51	.658	27.596	.000
Insufficient integration of HRAI with financial reporting.	4.40	.768	21.798	.000
Subjectivity in HR valuation makes it difficult to assess the reliability of HRAI	4.40	.872	19.313	.000
Selective HRAI disclosure limits comprehensive company assessment	4.47	.719	24.472	.000
Difficulty in understanding and interpreting HRAI due to its technical nature.	4.45	.718	24.267	.000
Lack of established and consistent HRAI measurement criteria.	4.50	.719	25.022	.000
Lack of a uniform HRAI reporting framework makes comparison across companies Difficult	4.44	.634	27.218	.000

The table 7 highlights the challenges faced by investors from Karnataka in accessing and evaluating HRA information. The results indicate that most respondents acknowledge these challenges, as reflected by the high mean cores ranging from 4.35 to 4.51, showing consistently strong perceptions across all the identified hindrances. Excessive HRAI creating difficulty in identifying information relevant to investment decisions recorded the highest mean score (Mean = 4.51, SD = 0.658), closely followed by lack of established and consistent HRAI measurement criteria (Mean = 4.50, SD = 0.719). Selective HRAI disclosure limiting comprehensive company assessment was also rated highly (Mean = 4.47, SD = 0.719). Difficulty in understanding and interpreting HRAI due to its technical nature recorded a mean score of 4.45 (SD = 0.718), while lack of a uniform HRAI reporting framework making comparison across companies difficult recorded a mean of 4.44 (SD = 0.634). Lack of consensus regarding HR valuation methods and subjectivity in HR valuation affecting the assessment of HRAI reliability each recorded a mean score of 4.40, with standard deviations of 0.838 and 0.872 respectively. Insufficient integration of HRAI with financial reporting also recorded a mean of 4.40 (SD = 0.768). Although lack of standardization in HRAI recorded the lowest mean score (Mean = 4.35, SD = 0.704), it nevertheless indicates a high level of agreement. All the reported p-values are .000 ($p < 0.001$), showing statistically significant agreement with the identified hindrances, subject to the test value adopted for the one-sample t-test. Overall, Karnataka investors particularly emphasize information overload, inconsistency in measurement criteria, and selective disclosure as major difficulties in the effective use of HRAI.

Key Findings and Suggestions

The present study examined the knowledge, perceived usefulness and hindrances associated with Human Resource Accounting Information (HRAI) among NSE-registered individual retail investors in Karnataka. The findings reveal a clear gap between investors' knowledge of HRAI and their perception of

its usefulness in investment evaluation. Across the five dimensions namely HR Valuation, HR Composition, HR Performance, Employee Benefits and Employee Governance investors reported consistently low levels of knowledge. The mean scores for the individual HRAI items remained below the scale average, and the one-sample t-test results were statistically significant, indicating that the respondents had limited knowledge of the different aspects of HRAI.

In contrast, the respondents expressed a high level of perceived usefulness of HRAI for investment evaluation. The mean scores for all the usefulness statements ranged from 4.33 to 4.41. Investors particularly perceived HRAI as useful for comparing companies, assessing investment in human resources and understanding its contribution to company performance, and evaluating a company as an investment opportunity. These findings indicate that investors recognise the potential relevance of human resource information even though their knowledge of such information is limited.

The findings further indicate that investors face considerable difficulties in accessing and evaluating HRAI. All the identified hindrances recorded high mean scores, ranging from 4.35 to 4.51. Information overload, lack of established and consistent measurement criteria, selective disclosure, technical complexity and the absence of a uniform reporting framework were among the concerns identified by respondents. These findings suggest that the usefulness of HRAI may be constrained not only by investors' limited knowledge but also by the manner in which such information is measured, presented and disclosed.

Overall, the findings highlight the need to consider both investors understanding and the quality and consistency of HRAI disclosure. While investors perceive human resource information as relevant to investment evaluation, its effective use may remain limited when the information is difficult to understand, compare or evaluate. The findings therefore contribute to the relatively limited investor-focused literature on HRAI and provide empirical evidence from individual retail investors in Karnataka.

Based on the findings, the following suggestions are put forward:

- **Investor Education on HRAI**

Investor education programmes may give greater attention to basic concepts of Human Resource Accounting, including human resource valuation, employee-related indicators, human resource performance and employee governance. Such programmes can help individual investors develop a better understanding of the information disclosed by companies.

- **Simplified Presentation of HRAI**

Companies may present HRAI in a clear and comprehensible manner, particularly where the information involves technical concepts or valuation methods. Appropriate explanations, definitions and supporting notes may make the information easier for retail investors to understand and interpret.

- **Greater Consistency in Disclosure Practices**

Greater consistency in the measurement and presentation of HRAI may facilitate comparison across companies. The high level of agreement regarding the lack of consistent measurement criteria and a uniform reporting framework indicates the need for greater comparability in HRA disclosures.

- **Reduction of Information Overload**

Since excessive HRAI received the highest mean score among the identified hindrances (4.51), companies may focus on presenting information that is relevant to investors rather than providing extensive information without adequate structure. Clear classification and concise presentation may help investors identify the information relevant to investment evaluation.

- **Improved Integration with Financial Reporting**

HRAI may be presented alongside relevant financial information so that investors can better understand the relationship between human resource investments and organisational performance. Respondents also identified insufficient integration of HRAI with financial reporting as a significant hindrance.

- **Improved** Disclosure **Transparency**

Greater completeness and consistency in the disclosure of HRAI may help investors obtain a more comprehensive understanding of a company's human resources. This is particularly relevant because selective disclosure was identified as one of the major difficulties faced by respondents.

- **Development of** Common **Reporting Practices**

Greater attention may be given to developing consistent approaches for reporting human resource information, particularly in relation to measurement, valuation and presentation. Such practices could improve the comparability and interpretability of HRAI across companies.

- **Investor-friendly Communication of Technical Information**

Companies and other market-information providers may use explanatory notes, summaries and standardised terminology to make technically complex HRAI more accessible to individual retail investors. This may help bridge the gap between the perceived usefulness of HRAI and investors' current level of knowledge.

References

1. Beysekera, I., & Guthrie, J. (2004). Human capital reporting in a developing nation. *The British Accounting Review, 36*(3), 251–268. https://doi.org/10.1016/j.bar.2004.03.004
2. Elias, N. (1972). The effects of human asset statements on the investment decision: An experiment. *Journal of Accounting Research, 10*, 215–233. https://doi.org/10.2307/2489876
3. Hendricks, J. A. (1976). The impact of human resource accounting information on stock investment decisions: An empirical study. *The Accounting Review, 51*(2), 292–305.
4. International Sustainability Standards Board. (2024). *ISSB work plan 2024–2026*. IFRS Foundation. https://www.ifrs.org/projects/work-plan/human-capital/
5. Kaur, S., Raman, A. V., & Singhania, M. (2014). Human resource accounting disclosure practices in Indian companies. *Vision: The Journal of Business Perspective, 18*(3), 217–225. https://doi.org/10.1177/0972262914540227
6. Kaur, S., Raman, V. A., & Singhania, M. (2016). Impact of corporate characteristics on human resource disclosures. *Asian Review of Accounting, 24*(4), 390–425. https://doi.org/10.1108/ARA-09-2014-0103.

❑❑❑