EXPLORING RECENT HUMAN CAPITAL REPORTING PRACTICES OF IRISH PLCS IN COMPARISON TO THE UK

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ABSTRACT

This paper examines the human capital (HC) reporting practices of Irish plcs. There has been increasing pressure placed on companies to improve their narrative reporting practices, including those related to employees, to provide stakeholders with a more holistic overview of organisational strategies and how these impact upon the environment. By using an established HC framework, this paper ascertains how Irish plcs are reporting on the various elements of HC and compares their practices with those of leading United Kingdom (UK) companies. It was found that the reporting practices of Irish plcs were structurally similar to those of UK companies.

Keywords: *human capital reporting; intellectual capital; knowledge, skills and abilities; human resource development; employee welfare; organisational justice and equity*

INTRODUCTION

If one of an accountant's most basic roles is to record, measure and report a company's assets, it could be argued that they are not fulfilling this role if they are not reporting on one of an organisation's most valuable assets, human capital (HC). The term HC has been defined by Becker (1993) as 'the knowledge, information, ideas, skills, and health of individuals' (p. 3). HC includes the many qualities that employees provide, such as skills, knowledge, experience, commitment and leadership, in exchange for remuneration (Roslender, Stevenson and Kahn, 2012). However, despite repeated attempts to place a value on such assets (e.g. Hermanson, 1963 and Flamholtz, 1971), this task has proved elusive. Nonetheless, at a time when the market value of many organisations has long been far higher than the value of their physical assets, Seetharaman, Bin Zaini Sooria and Saravanan (2002) argue there is a need for HC, and other intangible items, to be included on financial statements to give a more accurate overview of organisational value. According to McCracken, McIvor, Treacy and Wall (2018), HC is seen as a component of intellectual capital (IC) (see Wall, Kirk and Martin, 2003; Massingham and Tam, 2015), which began to gain attention in the late 1980s. This attention led to a number of models being developed that attempted to place an internal value on an organisation's employees. However, despite these efforts, a universal method for such a practice was never agreed upon (McCracken et al., 2018).

More recently, the focus has switched from trying to place a value on an organisation's workforce to understanding and leveraging HC effectively. Accordingly, finding an effective means of recording and reporting HC will help organisations recognise where value is being added, which should lead to a more optimal management of HC and a better overall performance (Ployhart, Nyberg, Reilly and Maltarich, 2014). This change of focus has been given a further impetus by legislation, initiatives and codes that encourage more non-financial reporting in order that shareholders and other stakeholders get a more holistic overview of an organisation's strategies and how these impact upon the wider community. With regard to Ireland, the legislation includes the Companies Act 2014 and European Union (EU) Non-Financial Reporting Directive (2014/95/EU). Initiatives include integrated reporting, as proposed by the International Corporate Governance Network, and the United Nations (UN's) Global Reporting Initiative (GRI). Additionally, Irish companies comply with the United Kingdom (UK) Corporate Governance (CG) Code, which has long advocated the benefits of narrative reporting, including that relating to HC. Moreover, the professional body for human resources, the Chartered Institute of Personnel and Development (CIPD), is incorporated in both Ireland and the UK. The aim of this paper therefore, is to examine the HC reporting practices of Irish plcs by comparing the number of times they report certain key words with UK companies. Thus, it is mainly a quantitative analysis. The remainder of the paper is laid out as follows. In the next section a review of some of the key literature in the areas of IC and HC reporting is presented, as is an overview of the relevant legislation and codes. The methodology is then outlined, before the findings are presented and conclusions are drawn. The limitations of the study and some recommendations for both future research and improving HC reporting practices are also made.

HUMAN CAPITAL REPORTING

International

Studies that investigated some early attempts on HC reporting were mainly focused on IC. For example, a study of Canadian firms by Bontis (2003) found low levels of HC reporting, with some companies not even disclosing how many people they employed. Abeysekera and Guthrie (2004) used a wide range of HC indicators, which were more extensive than any previous study, and were more focused on HC disclosures than those relating to other IC areas. The aim of their research was to examine the HC reporting practices of Sri Lankan companies and compare these with those of Australian firms. They found that such practices increased in both countries over the study period, but there were different levels of importance attached to certain elements, for example, employee entrepreneurship and work-related knowledge. Khan and Khan (2010) analysed Bangladeshi company annual reports, using a wide-ranging framework to examine HC reporting practices. It was found that such practices were not as poor as predicted, with the most commonly disclosed HC items being employee training, number of employees, career development and opportunities, and employee recruitment policies. Finally, Nielsen, Roslender and Schaper (2017) found that Danish companies were tending to move away from broader IC reporting to focus on HC elements.

United Kingdom

According to some researchers, the UK is weaker in the area of HC reporting than other countries (Fincham and Roslender, 2003; Roslender et al., 2012); for example, Sweden and the Netherlands (Vandemaele, Vergauwen and Smits, 2005). Likewise, when looking at IC research in general, Guthrie, Ricerri and Dumay (2012) found that the UK was behind continental Europe, Australasia and North America. This situation had not improved in 2017, when Cuozzo, Dumay, Palmaccio and Lombardi ascertained that the UK was still behind these other locations with regard to IC research. Earlier in 2006, Bozzolan, O'Regan and Ricceri reported on the IC disclosure practices of Italian and UK companies, and found that HC elements were the least reported in both countries. Another problem, which is common to reporting in general, is that of 'boiler-plating', where companies use exactly the same terminology as others. Indeed, Campbell and Slack (2008) found evidence of this in their study of UK companies. Steen, Welch and McCormack (2011) consider that HC reporting practices in the UK are sub-optimal, with some organisations reporting very little in this area or not linking HC to value creation. In a later study, Bassi, Creelman and Lambert (2015) uncovered wide variations in the level of HC reporting by UK companies.

A number of researchers have tried to assess why the UK lags behind other countries with respect to HC reporting. For example, Fincham and Roslender (2003) conducted an exploratory study of accounting for IC, and ascertained that UK companies did not fully understand how to integrate HC into accounting effectively. Additionally, whilst some companies are aware of the potential value of HC, its application has been carried out in an ad hoc and unstructured manner. Another reason that the UK lags behind in the area of HC reporting is an inconsistent, fragmented and half-hearted attitude towards HC, resulting in initiatives proposed by the government and other bodies not gaining any real momentum (Roslender and Stevenson, 2009). For example, in 2003 the former Department of Trade and Industry launched its Accounting for People initiative (2003a, 2003b), but this was prevented from becoming a legislative requirement by the country's accountancy profession in 2005 (Roslender and Stevenson, 2009). Likewise, the hitherto voluntary Operating and Financial Review was also supposed to become a legal reporting requirement, but the then Labour government decided against this in 2005 (Rowbottom and Schroeder, 2014). However, the 2006 Companies Act required listed companies to produce an enhanced Business Review, which placed a greater emphasis on employee-related reporting. This Act was later amended, and from October 2013 there were new regulations covering a company's strategic and directors' reports, which had to include information on the company's impact on the environment, society and local community. However, the biggest change was the need to report on human rights issues (see Financial Reporting Council, 2014a).

Apart from the legislation outlined above, there have been a number of other initiatives that have led to more of an emphasis on HC reporting. For example, the concept of companies being more responsible for the welfare of their employees led to Roslender et al. (2012) suggesting that managers should be aware of factors such as employee wellbeing and the value of a healthy workforce. Moreover, the 'Valuing Your Talent' initiative was introduced so that organisations could gain better insights into the association between HC and organisational growth and value (Valuing Your Talent, 2017). This initiative was enhanced by the increased emphasis on integrated reporting (see International Integrated Reporting Council, 2016), which involves firms reporting on information that is relevant to the assessment of economic value, but which does not fit easily into the traditional accounting framework, for example corporate social responsibility (CSR) and employee issues. Finally, other national and global initiatives have also had an impact on HC reporting. These would include the Davies Report (2011), which recommended that Financial Times Stock Exchange (FTSE) 100 companies should be aiming for a minimum of 25 per cent female board member representation by 2015, and the UN's Global Reporting Initiative (2016), which encouraged organisations to report on issues such as human rights, labour, the environment and anti-corruption.

It was following the various initiatives outlined above that McCracken, McIvor and Wall conducted research into the HC reporting practices of FTSE 100 companies (2016). In order to aid them in their assessment they developed a framework, which can be seen below in Table 1. The rationale for this framework can be found in McCracken et al. (2018). McCracken et al. (2016) analysed the annual reports of the FTSE 100 companies as of December 2015, specifically those immediately before the 2013 amendment to the UK Companies Act 2006 and those produced following it. Having applied the above framework, McCracken et al. (2016) ascertained that there was an encouraging increase of 17 per cent of HC reporting over the two periods. However, there was a wide range across the four areas, with the reporting of elements in the human resource development area increasing by a substantial 26 per cent, whilst those in the employee welfare area only increased by 7 per cent. It was concluded that most of the UK's FTSE 100 companies had increased their

HC reporting, and were doing more than simply fulfilling their statutory duties in this regard. It was therefore clear that some of the recent initiatives outlined above to promote HC reporting in the UK have had a positive impact. The research was repeated in 2018 (CIPD, 2018) and will be used as a basis of comparison with Irish plcs.

TABLE 1: HUMAN CAPITAL FRAMEWORK

Area	HC Item
Knowledge, skills and abilities (KSA)	Commitment, entrepreneurship, expertise, flexibility, leadership, motivation and innovation
Human resource development (HRD)	Apprenticeships, career development, graduates, internships, succession planning, talent management and training
Employee welfare	CSR, employee engagement, ethics, health and safety, employee relations, employee turnover and employee wellbeing
Organisational justice and equity	Diversity, equality, human rights and employee rewards

Source: McCracken et al. (2016, p. 15)

Ireland

To the best of the authors' knowledge there have been no studies that have focused on the HC reporting practices of Irish plcs. In her paper on the IC reporting practices of Irish companies, Brennan (2001) examined data relating to employee competencies, which included only a very limited number of HC indicators, namely employee knowledge, education, work-related knowledge and competencies, and entrepreneurial spirit. She found that HC reporting disclosures were very low, with only employee experience being referenced occasionally in annual reports. Furthermore in 2003, Wall et al. conducted a survey of Irish plcs in order to ascertain what IC elements they were measuring. With regard to HC, it was found that the most measured elements were staff turnover, measured by 75 per cent of the respondents, and number of years' service per employee and employee satisfaction, both measured by just under 66 per cent. Perhaps surprisingly, one of the next most popular measures (57 per cent) was staff with professional qualifications, although Wall et al. (2003) state this was probably because such data is easy to capture. A large number of companies (57 per cent) were also measuring development and training spend per employee, although fewer (43 per cent) carried out a post-training evaluation exercise. Two elements that were measured by a surprisingly low number of companies were value added per employee (29 per cent) and new ideas generated by staff (14 per cent). The other HC elements included in this study were the number of senior positions filled by junior staff (measured by 36 per cent of companies) and percentage increase per annum of recruitment and selection expenditure (46 per cent).

However, a number of factors about this research need further explanation. Both Irish companies and those from Northern Ireland (73 in total) were surveyed and only responses from 28 of these were received (a response rate of 38 per cent). Therefore, the responses received were not necessarily representative of Irish plcs at the time. Moreover, whilst Wall et al. (2003) investigated what HC elements were being measured, they did not look into which of these were being disclosed in annual reports. Nonetheless, some of the HC elements identified in the study are still relevant for this paper – for example, staff turnover (employee turnover in the framework), employee satisfaction (employee engagement), professional qualifications (expertise), new ideas generated by staff (innovation), and senior positions filled by junior staff (talent management and succession planning).

Work in the area of IC has also been conducted by O'Regan, O'Donnell, Kennedy, Bontis and Cleary (2001), who, in a study of chief executive officers and chief financial officers who worked in the Irish information and communications technology sector, found that they consider that approximately half of the intangible value of their companies derived directly from their employees. This confirmed a growing realisation at the time that people were 'the most important resource in knowledge intensive organisations, and finding them, developing them and holding on to them have become of strategic concern' (O'Regan et al., 2001, p. 33). In later work, O'Donnell, O'Regan, Coates, Kennedy, Keary and Berkery (2003) report that elements such as trust and human interaction had a major impact on the intangible value of Irish organisations. Again these studies focused more on the awareness of the importance of HC items, as opposed to their disclosure; however the elements seen as important by O'Regan et al. (2001) can be found in the HRD area of the framework being used in this study (see Table 1), whilst trust and human interaction could be covered by some of the items in the KSA and employee welfare areas. The paper will now outline the legislation and codes relevant to Irish plcs which have encouraged the increased narrative reporting of HC items.

LEGISLATION AND CODES

Irish Legislation

The main current piece of legislation for Irish plcs is the 2014 Companies Act. The most relevant two sections that deal with HC disclosures are section 317 (disclosure of particulars of staff) and section 327 (directors' report: business review). However, the information required under section 317 is not overly relevant to this paper, as it requires the following information to be provided in the notes to a company's financial statements: the average number of persons employed by the company; and the average number of persons employed within each category of persons employed (Government of Ireland, 2018). Firstly, neither of the above aligns with the HC framework that will be used in the study, and secondly as the aim is to investigate narrative reporting, the financial statements and accompanying notes are not analysed. However, section 327 is more relevant as it deals with the directors' report, which forms part of a company's narrative disclosure. The information required under this section includes: a fair review of the business of the company; a description of the principal risks and uncertainties facing the company; a balanced and comprehensive analysis of the development and performance of the business of the company during the financial year; an analysis using non-financial key performance indicators (KPIs), including information relating to environmental and employee matters; and an indication of likely future developments in the business of the company. It is noted in the Act that KPIs refer to 'factors by reference to which the development, performance and financial position of the business of the company can be measured effectively' (Government of Ireland, 2018). Therefore, several items in the HC framework can be used to assess the compliance with this section. For example: the review of the business of the company could include a number of items in the KSA area; the principal risks facing the company could include succession planning, talent management, and health and safety; the analysis of the development and performance of the business of the company could include a number of items in the HRD area; the analysis of environmental and employee matters could include items in all four areas; and an indication of likely future developments in the business of the company could include items such as entrepreneurship and innovation.

EU Legislation

As a member of the EU, Ireland also has to comply with European legislation, with the most relevant directive to this paper being EU Non-Financial Reporting Directive (2014/95/EU). This directive states that 'certain large undertakings should prepare a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters'. Moreover, there should be 'a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds' (European Parliament and the Council of the European Union, 2018). The directive also states that the aforementioned non-financial statement should include the principal risks related to an organisation's operations and non-financial KPIs. Therefore, whilst there are several similarities to the 2014 Companies Act, the directive places a greater emphasis on human rights and diversity, both of which form part of the HC framework to be used in this study.

Corporate Governance Codes

Ireland follows the various UK CG Codes, and whilst there is an Irish CG Annex for companies with a primary equity listing on the Main Securities Market of Euronext Dublin (see Housing Finance Agency, n.d.), it is not relevant to this study. The first CG code to address the issue of HC narrative reporting was the Greenbury Report in 1995, which recommended the disclosure of all director rewards (Tricker, 2015). The Turnbull Report in 1999 called for more reporting on the internal controls regarding risk (Tricker, 2015), some of which will be related to HC (e.g. succession planning and health and safety). In 2010 the UK CG Code called for greater accountability, which included risk reporting and a balanced and understandable assessment of the company's position and prospects, both of which have some links to HC (Financial Reporting Council, 2010). Then in 2012, the UK CG Code stated that companies were to explain, and report on, boardroom diversity. Moreover, the narrative sections of the annual report had to be consistent with the financial statements and accurately reflect the company's performance (Financial Reporting Council, 2012).

In 2014, more emphasis was placed on the reporting of the effectiveness of risk management and internal control systems (Financial Reporting Council, 2014b). The latest code at the time of writing, which was published in 2018, asked for clearer reporting on remuneration, how it delivers the company's strategy and long-term success and its alignment with workforce remuneration (Financial Reporting Council, 2018).

METHODOLOGY

This study uses the HC framework developed by McCracken et al. (2016), which considers HC items in four key areas (see Table 1 above). The research team applies this framework to ascertain the reporting practices of 53 of the 54 companies currently quoted on the Irish Stock Exchange (Euronext) by examining the latest annual reports of these companies. The reason that one company is excluded is that it had only recently been incorporated at the time of the analysis and was yet to produce an annual report. These Irish annual reports are either for 2016/2017 or 2017/2018, depending on the company's year-end. Despite advances in technology, annual reports are still one of the most important communication tools for an organisation, and give it the opportunity to report on both financial and non-financial information, including HC elements, to provide stakeholders with a more holistic view of its value (Clackworthy, 2000). To ensure consistency, only the annual report is considered, and other material published by the company or on its website is not analysed. However, researchers such as Striukova, Unerman and Guthrie (2008) and Dumay and Guthrie (2017), suggest that such an approach does risk overlooking some valuable information, with Cuozzo et al. (2017) arguing that the annual report has for some time not been the best source of corporate disclosure.

The method used to analyse the standard of HC reporting by Irish plcs is content analysis, which is a form of textual analysis. The use of such a method means that both qualitative and quantitative data can be assigned to predefined categories, in this case the HC framework, and analysed to identify any reporting patterns (Guthrie, Petty, Yongvanick and Ricceri, 2004). This method has been used in a number of IC reporting studies (e.g. Brennan, 2001; Abeysekera and Guthrie, 2004), and more recently by McCracken et al. (2016, 2018) and CIPD (2018) for the analysis of HC reporting. However, it is not without its critics; for example, Dumay and Cai (2015) highlighted a number of drawbacks with the approach, which they argue had led to its declining popularity. When searching the annual reports of each of the Euronext companies, any sentence containing the items (or similar terms) listed in the HC framework (Table 1) was counted. The term had to appear in a complete sentence, so the labelling of a graph or diagram would not be counted, but the same word used repeatedly in a sentence would only be counted once. However, factors such as the size of the font or whether the term was in bold typeface (Beattie and Thompson, 2007), were not considered. The sentence count for each element was then totalled for all of the Euronext companies so that their HC reporting practices could be assessed. The HC reporting practices of the Euronext companies was then compared with those of leading UK companies in terms of which HC items appeared to be the most important in each jurisdiction. The aforementioned McCracken et al. (2016) study was updated in 2018 (CIPD, 2018), whereby the HC framework was applied to the latest annual reports of the FTSE 100 companies. These reports were either for 2015/2016 or 2016/2017, depending on the company's year-end. The findings obtained from the Irish data are therefore compared with the 2018 CIPD study. Moreover, the Irish annual reports were much shorter in length when compared to the UK reports. Hence, the percentage total of each HC item reported within each HC category is also included in the following tables to assist in tentatively facilitating a structural comparison between UK and Irish reporting practices.

THE HUMAN CAPITAL REPORTING PRACTICES OF IRISH PLCS

The overall sentence count and reporting levels for each of the four areas for both FTSE 100 firms and Irish plcs (RoI) can be seen in Table 2 below. The most striking initial finding, notwithstanding the fact that the industrial structure of the FTSE 100 is not directly comparable to the Euronext, is the broad similarity in the structural percentages reported across the four HC areas identified by McCracken et al. (2016). Due to the fact that Irish annual reports are much shorter than those of UK companies, the total sentence count for UK plcs in 2018 was 18,162, whereas for Irish plcs it is only 3,142. This works out at an average of 182 items per UK company and 59 items for each Irish plc, a difference of 68 per cent. Nonetheless, as will be seen, the level of reporting across the four areas is broadly similar in both jurisdictions. Like UK companies, Irish plcs attach most importance to HRD, followed by KSA, employee welfare, and organisational justice and equity. This similarity in the types of HC reported is perhaps expected, given the fact that both countries follow the UK CG code and (at the time of writing) are subject to EU legislation. However, it is possible that any differences, both in type and amount, are down to the specific legislation and initiatives in the two jurisdictions. Three Irish plcs did not report on any HC items, and fifteen reported on ten or fewer. The highest overall sentence count for an Irish plc was 211, which was the AIB Group. The four areas will now be analysed individually.

TABLE 2: ANALYSIS ACROSS THE FOUR KEY HC AREAS

HC Area	Sentence Count (UK, N=100)	% of Total (UK)	Sentence Count (RoI, N=53)	% of Total (RoI)
KSA	4,385	24%	860	27%
HRD	5,823	32%	987	32%
Employee welfare	4,258	24%	663	21%
Organisational justice and equity	3,696	20%	632	20%
Average sentence count	182		59	
Total	**18,162**	**100%**	**3,142**	**100%**

It can be seen from Table 3 that whilst expertise was the most reported item in the UK, followed by leadership, in Ireland it was the other way round. Nonetheless, in both jurisdictions the two items account for 87 per cent (UK) and 80 per cent (Ireland) of all HC elements reported in this category. The remainder of the KSA items had relatively low levels of reporting for both countries. A KSA item which ranked poorly across both jurisdictions was flexibility. Moreover, related workforce flexibility concepts such as entrepreneurship and innovation also ranked quite low in terms of the context of the overall KSA category. A CIPD report in 2018 highlighted that employee flexibility is an aspect of HC management that is continuously neglected in company annual reports. The report also concluded that more could be done in terms of disclosures relating to flexible working arrangements and the contingent workforce, i.e. temporary and freelance staff, particularly with regard to the changing requirements of the millennial workforce (CIPD, 2018). However, a study by the Economic and Social Research Institute in 2018, which employed data from the Irish and EU labour market for the years 2006–2014, found that Ireland lags behind the EU average when it comes to contingent employment, with the UK lagging further behind still (McGuinness, Bergin, Keane and Delaney, 2018). Therefore, it is perhaps not surprising that reporting levels are low in both countries. Whilst commitment was only mentioned, on average, twice per Irish firm, which was lower than the average for UK organisations, the overall percentage for this item out of all the KSA items was higher than it was in the UK.

TABLE 3: ANALYSIS ACROSS THE KSA AREA

HC Item	Sentence Count (UK, N=100)	% of Total (UK)	Sentence Count (RoI, N=53)	% of Total (RoI)
Commitment	243	6%	106	12%
Entrepreneurship	113	3%	11	1%
Expertise	2,339	53%	311	36%
Flexibility	21	0.5%	24	3%
Leadership	1,510	34%	375	44%
Motivation	85	2%	13	2%
Innovation	74	1.5%	20	2%
Average sentence count	44		16	
Total	**4,385**	**100%**	**860**	**100%**

When analysing Table 4, it can be seen that training, talent management and succession planning were the top three reported items in both jurisdictions. However, as with the KSA area, the other items in the HRD area had far lower levels of reporting. Given the recent introduction of the apprenticeship levy in the UK (HM Revenue & Customs, 2016), the level of reporting for apprenticeships might appear to be quite low at 6 per cent. However, according to the CIPD (2018) report, there had been a considerable increase in the reporting of this item since 2013. The high level of references to training is expected in Ireland, as unemployment has decreased to its lowest level in ten years (Central Statistics Office, 2018). Accordingly, with more people re-entering the workforce, the demand for training programmes will be high. In terms of talent management, key skills gaps in certain areas of Irish businesses have emerged in recent years. For example, PricewaterhouseCoopers' 2017 survey of Irish HR directors found that 77 per cent of them were primarily concerned about workforce planning strategies and talent shortages in areas such as information technology (IT), data analytics, risk, and finance. Moreover, 67 per cent of Irish HR directors reported a delayed or cancelled strategic activity or new market opportunity due to talent shortages (PricewaterhouseCoopers, 2017). Hence the focus on talent management is not surprising. It should be highlighted, however, that Irish firms displayed extremely low levels of reporting in other areas of training, i.e. internships and apprenticeships (although the UK reporting levels for the latter were also low). For example, none of the 53 Irish firms' annual reports contained any sentences which referenced internships, while apprenticeships only made up 1 per cent of the total HRD items for Irish firms. This is compared to 6 per cent for the UK firms, where the average per company was also much higher.

TABLE 4: ANALYSIS ACROSS THE HRD AREA

HC Item	Sentence Count (UK, N=100)	% of Total (UK)	Sentence Count (RoI, N=53)	% of Total (RoI)
Apprenticeships	369	6%	9	1%
Career development	99	2%	39	4%
Graduates	259	4.5%	45	5%
Internships	36	0.5%	0	0%
Succession planning	1,418	24%	259	26%
Talent management	1,577	27%	296	30%
Training	2,065	36%	339	34%
Average sentence count	58		19	
Total	**5,823**	**100%**	**987**	**100%**

A 2017 article in the *Irish Times* highlighted that just 2 per cent of school leavers are taking apprenticeships in Ireland (O'Brien, 2017). This is in contrast to the UK, where an apprenticeship levy has been introduced, thereby leading to the year-on-year growth in apprenticeship reporting (CIPD, 2018). The UK's apprenticeship levy is essentially a tax on all employers who have a total payroll of over £3 million per annum. It therefore applies to around 2 per cent of employers and only larger organisations need to pay. The amount levied is 0.5 per cent of a company's payroll, and every employer who pays is also eligible for an allowance of £15,000 to offset against the amount of money they owe (HM Revenue & Customs, 2016). Reasons cited for the low numbers taking up an apprenticeship in Ireland include the Irish recession, which saw apprenticeships drop from 29,000 to just above 5,700 in 2013, and a lack of understanding of the system in secondary level education, particularly in areas such as career guidance (O'Brien, 2017). In response, under the Irish government's National Skills Strategy, there is a plan now underway to broaden the number of apprenticeships offered and also expand beyond traditional areas, i.e. construction and engineering, into ones such as medical devices and financial services (O'Brien, 2017). This is a good example of where the initiatives in both countries may differ, which both highlights some possible societal and contextual differences and leads to different levels of reporting.

From Table 5, it can be seen that four items in the employee welfare area had similar levels of reporting by UK companies. Ethics, and health and safety are usually associated with organisational risk, so it is perhaps no surprise to see the high levels of reporting for both of these items. However, whilst health and safety made up over one-third of the employee welfare items in Ireland, compared to under a quarter in the UK, the references to ethics were comparatively low. Likewise, there is now a greater emphasis on both CSR and employee engagement, and there were similar reporting levels of these items in both countries. The three other items had far lower levels of reporting. However, one might have expected more references to employee wellbeing given its prominence with regard to issues such as mental health. It should be noted, however, that while the level of reporting is quite low for employee wellbeing, the 2018 CIPD study on UK HC reporting practices highlighted that reporting on this item is growing year on year.

TABLE 5: ANALYSIS ACROSS THE EMPLOYEE WELFARE AREA

HC Item	Sentence Count (UK, N=100)	% of Total (UK)	Sentence Count (RoI, N=53)	% of Total (RoI)
CSR	887	21%	135	20%
Employee engagement	857	20%	132	20%
Ethics	982	23%	79	12%
Health and safety	969	23%	229	35%
Employee relations	149	3%	43	6%
Employee turnover	126	3%	7	1%
Employee wellbeing	288	7%	38	6%
Average sentence count	43		13	
Total	**4,258**	**100%**	**663**	**100%**

Therefore, Irish firms were similar to those in the UK in some employee welfare categories in terms of the types of items being reported. However, the one area where the level of reporting was substantially lower for Irish companies was ethics. From analysing their reports, it was found that while Irish firms tended to report broadly on issues such as employee codes of conduct and whistleblowing policies, disclosures relating to specific ethical issues, such as corruption, bullying and harassment, were quite rare. This is similar to UK reporting practices, as UK organisations tended to report on large-scale ethics breaches while ignoring isolated ethical issues (CIPD, 2018). Nevertheless, UK firms offered more scope in terms of risk management with regard to ethical issues. More specifically, UK firms disclosed a greater diversity of ethics policies beyond that of company codes of practice and whistle-blowing policies (CIPD, 2018). For instance, some UK firms disclosed information relating to online ethics training programmes or scenario planning. As with the UK companies, Irish reporting in the areas of employee turnover (1 per cent compared to 3 per cent), employee relations (6 per cent compared to 3 per cent) and employee wellbeing (6 per cent compared to 7 per cent) were quite low.

Given the emphasis on diversity over the past few years in the UK (e.g. the Davies Reports, 2011, 2015), it not surprising that this item had such high levels of reporting in the organisational justice and equity area (see Table 6). However, the relatively few referrals to equality by UK firms might therefore be unexpected. Employee rewards were also referred to quite frequently, with human rights having fairly high levels of reporting. Once again, Irish firms tended to mirror UK companies in relation to reporting practices in this area. Diversity made up 51 per cent of Irish company reporting across all organisational justice and equity items. This may have been facilitated by EU guidelines introduced in June 2017 (European Commission, 2018), whereby public companies have to disclose relevant information on policies, risks and results with regard to diversity on the boards of directors. Nevertheless, overall references to diversity were substantially lower than that of theirUK counterparts (an average of 6 per Irish company compared to 16 per UK organisation). Again, this might be explained by the differing approaches by the two countries. Whilst Ireland, like the UK, complies with EU legislation, its leading companies have not been galvanised into action in the area of diversity by initiatives such as the Davies Reports (2011, 2015).

TABLE 6: ANALYSIS ACROSS THE ORGANISATIONAL JUSTICE AND EQUITY AREA

HC Item	Sentence Count (UK, N=100)	% of Total (UK)	Sentence Count (RoI, N=53)	% of Total (RoI)
Diversity	1,694	46%	323	51%
Equality	175	5%	17	3%
Human rights	531	14%	57	9%
Employee rewards	1,296	35%	235	37%
Average sentence count	37		12	
Total	**3,696**	**100%**	**632**	**100%**

In terms of equality, Irish companies also recorded surprisingly low scores. From analysing both sets of annual reports (UK and Ireland), the low level of equality reporting may be partially due to the observation that firms have a tendency to report equality issues under the heading of diversity, as there is invariably some overlap between the two concepts. Nevertheless, as the UK and Ireland now require companies to report on any gender pay gaps (Bardon, 2018; Guibourg, 2018) reporting in the area of equality may improve in the future. Nonetheless, reporting on other areas of equality could be greatly expanded, for example, policies on disability. In terms of human rights, the UK introduced amendments to the 2006

Companies Act in 2013 requiring greater disclosures in this area, and consequently they have been growing annually (McCracken et al., 2016; CIPD, 2018). Conversely, Irish reporting on human rights issues was lower than its UK counterparts. This is despite the fact that the aforementioned EU legislation required more reporting of such issues (European Commission, 2018). Finally, employee rewards remained a popular reporting item in both UK and Irish annual reports, with some innovative employee reward schemes outlined.

CONCLUSIONS AND RECOMMENDATIONS

This study applied a content analysis as used by McCracken et al. (2016, 2018) to explore the HC reporting practices of Irish firms and compared the findings with that of UK companies. The findings highlight that UK and Irish firms disclosed information on similar HC items in their annual reports. However, there was generally far less information included in the Irish companies' annual reports, which was reflected in the much lower sentence counts in all areas. This was mainly due to the fact that the UK companies' annual reports were much longer than those of Irish organisations. The results of the content analysis show that for Irish firms, the HRD category had the highest level of reporting, followed by KSA, employee welfare, and organisational justice and equity. The results are not surprising, given the increased need for training and talent management in many Irish companies. With unemployment reaching its lowest rate in ten years and talent shortages in some areas of business, such as IT and data analytics, firms appear to be prioritising training and talent management as key pillars of value creation. Conversely, Irish firms were found to be lacking when reporting on apprenticeships and internships, the latter not being discussed at all. Although the Irish government is now encouraging the expansion of apprenticeships to financial and medical device sectors, the findings of the cross-country analysis suggest that perhaps Ireland could benefit from a UK-style apprenticeship levy, which has helped sustain the focus on apprenticeships in the UK (CIPD, 2018).

In terms of the KSA category, leadership was the most reported item. From analysing the reports, the vast majority of Irish firms had succession plans in place and referred to the importance of leadership in the context of Brexit and other challenges. The least reported items in this category were flexibility and the related concepts of entrepreneurship and innovation. This was also the same for UK firms. With regard to the employee welfare category, health and safety was the highest referenced item, with ethics one of the lowest ranked items for Irish firms. However, it is worth noting that the mis-selling of PPI insurance may have inflated the UK figures. It is recommended that Irish firms expand HC reporting in this area, as ethical breaches constitute a substantial risk for organisations. For example, risk mitigation strategies could be outlined in the report for both large and small-scale ethics breaches. Finally, the organisational justice and equity category was the lowest ranked overall category for HC disclosures in the Irish firms' annual reports. Although diversity is the highest reported item for Irish organisations, the number of references to it paled in comparison to UK organisations, while both human rights and equality references were also quite low.

The contribution of this study is that the results can shed light on the HC items that Irish firms value most, while also identifying areas where HC reporting can be improved. While Irish firms tended to mirror UK firms in the terms of the HC categories and the type of HC items being reported, Irish firms lagged behind in terms of the quantity of HC information being disclosed, while some HC elements were largely overlooked. At the time of the study, which took place prior to Brexit, companies in both jurisdictions were subject to EU legislation and would have complied with the same CG code; therefore any differences in HC reporting may be due to the particulars of each jurisdiction's economic history, legislation and industrial structure, which could be the subject of further research. Therefore, amendments to the 2006 Companies Act combined with initiatives such as the Davies Reports (2011, 2015) have led to UK plcs disclosing more HC items (McCracken et al., 2016). Hence, the 2017 EU directive may not be enough on its own, and Ireland could benefit from amending its own 2014 Companies Act in order to encourage more comprehensive and in-depth HC reporting.

There are clearly some limitations to this research. The annual reports compared were not from the same reporting period, and it could be argued the results would have been different if they had been. Moreover, the content analysis method only takes individual words into account, and not the context they are written in. Therefore, a company could refer to diversity on several occasions, but might not actually be practicing it. Another limitation is that the study only used the annual reports of companies and did not analyse the various other means companies use to communicate with their stakeholders. Further research could therefore compare the reporting practices of both countries in future years, for the same reporting periods, and assess if the levels of reporting are more equal and the types of HC being reported on remain broadly similar. Additionally, a more in-depth analysis of the tone of the reporting could also be made to assess whether companies are actually taking issues such as employee engagement, employee wellbeing, diversity and human rights seriously, or are merely referring to them in fairly bland terms. Finally, future research could consider all of the tools a company uses to communicate with its stakeholders when assessing levels of HC reporting, and not just focus on the annual report.

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