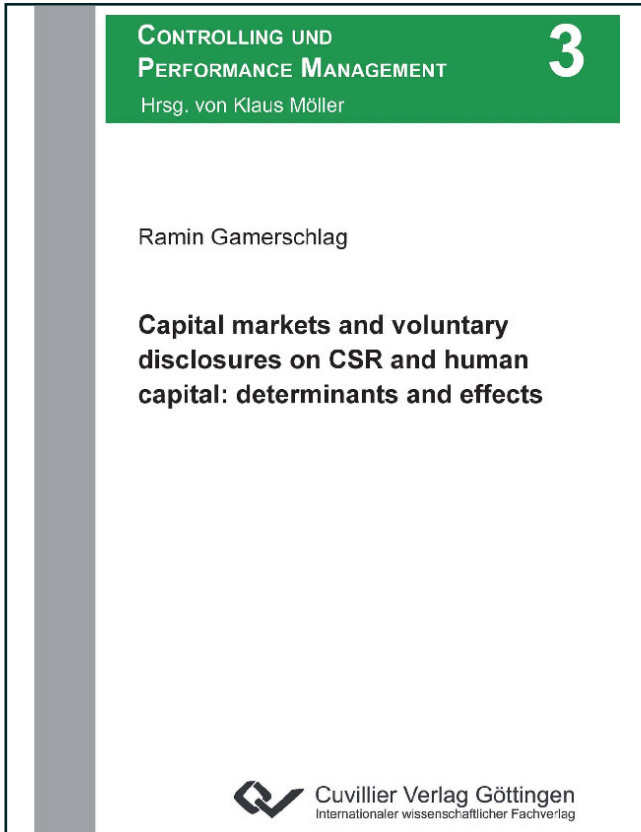




Ramin Gamerschlag (Autor)

Capital markets and voluntary disclosures on CSR and human capital: determinants and effects



<https://cuvillier.de/de/shop/publications/320>

Copyright:

Cuvillier Verlag, Inhaberin Annette Jentsch-Cuvillier, Nonnenstieg 8, 37075 Göttingen, Germany

Telefon: +49 (0)551 54724-0, E-Mail: info@cuvillier.de, Website: <https://cuvillier.de>

Management Summary

Corporate disclosures are crucial for the functioning of efficient capital markets. They reduce information asymmetries between internal and external parties as well as between informed and uninformed investors. The thesis at hand focuses on voluntary disclosures with regard to CSR and human capital issues, their determinants and their implications for the capital market. The thesis consists of four independent papers:

Determinants of voluntary CSR disclosure (Chapter II)

ABSTRACT Currently, companies spend a great deal of effort on corporate social responsibility (CSR) disclosures. CSR disclosure relates to the provision of information on companies' environmental and social performance. From an economic perspective, companies might disclose this information to avoid or decrease potential political costs. We construct a CSR disclosure index based on the *Global Reporting Initiative* (GRI) guidelines. Using content analysis, we analyze 130 listed German companies' CSR disclosures to investigate the determinants of these voluntary disclosure activities. Our results show that, consistent with the political cost theory, German companies' disclosures of all CSR issues are affected by their visibility, shareholder structure, and relationship with their US stakeholders. In addition, higher profitability is associated with more environmental disclosures. Finally, size and industry membership affect the amount of CSR disclosure.

The value-relevance of CSR information (Chapter III)

ABSTRACT CSR disclosure relates to the provision of information on companies' environmental and social performance. Even if those disclosures might be directed to stakeholders others than (potential) owners of the firm, however, they may also be relevant for equity investors. Based on Global Reporting Initiative (GRI) guidelines, we analyze the amount of CSR disclosures of 130 listed German companies by means of content analysis. Thus, we try to identify the value-relevance of CSR information. Our results show that CSR information is value-relevant. In particular, the provision of special reports with CSR information as well as disclosure of information on social issues is value-relevant as they are positively connected to firm value. On the other hand, environmental disclosures negatively affect the companies' valuation, but, however, have a positive effect on changes in firm value.

The positive effects of human capital reporting (Chapter IV)

ABSTRACT In our knowledge-based economy, successful companies' most important assets are intangible – such as their human capital. However, few companies provide their stakeholders with detailed information about this resource, as they do not adequately assess the value of such reporting. Nevertheless, against the background of the corporate social responsibility discussion, providing human capital information is becoming increasingly important as a key driver of corporate reputation. Human capital reporting (HCR) can also be regarded as an instrument that may affect company financial performance and ultimately increase shareholder value. Against this background, we develop a theoretical model that illustrates the transformation of the intangible factors of HCR into tangible outcomes. Consequently, the model considers the various cause-and-effect relationships between HCR and company financial performance. As with a strategy map, three dimensions with a specific number of different intangible factors should be taken into consideration. Ultimately, the model reveals the benefits of HCR.

The value-relevance of human capital information (Chapter V)

ABSTRACT Human capital can be regarded as one of the most important organizational resources, and thus, as a key factor behind the competitiveness of organizations. But companies disclose only limited information about this resource. However, investors might be interested in human capital information for evaluating the economic constitution of the disclosing company. That is, human capital information can be assumed as being value-relevant. Based on previous studies, I construct a human capital disclosure index for extracting human capital information from corporate reports by means of content analysis. Subsequently, I analyze the amount and content of human capital disclosures of 130 listed German companies over four years. By applying established valuation models, I try to identify the value-relevance of human capital information. My results show that human capital information is value-relevant, especially information with regard to qualification and competence issues. However, the disclosed information does not affect changes in market value. Consequently, human capital information is value-relevant but not timely.

Content

Chapter I: Introduction	1
1. Research focus: The role of disclosures in capital markets.....	2
2. Methodology: Content analysis in corporate disclosure research	5
3. Summary: content of this thesis	6
4. Conclusion and implications	11
Chapter II: Determinants of voluntary CSR disclosure	15
1. Introduction.....	16
2. Theory and hypotheses development	17
2.1. Theoretical perspectives on CSR disclosure	17
2.2. Hypotheses development.....	19
2.3. Control variables	22
3. Design of the study and methodology.....	23
3.1. Sample construction	23
3.2. Identification of keywords.....	23
3.3. Medium of analysis (communication channel).....	24
3.4. Dependent variables: CSR disclosure	25
3.5. Independent variables: Determinants and control variables	25
3.6. Regression analysis	26
4. Results and discussion	27
4.1. Descriptive statistics and correlations	27
4.2. Regression analysis	29
5. Summary and conclusion	32
Chapter III: The value-relevance of CSR information	35
1. Introduction.....	36
2. Literature review and hypotheses.....	37
2.1. CSR and CSR disclosure	37
2.2. Value-relevance of CSR information	38
3. Design of the study and methodology.....	40
3.1. Sample construction	40
3.2. Identification of keywords.....	41
3.3. Medium of analysis (communication channel).....	42
3.4. Applied valuation models.....	42

4.	Results and discussion	45
4.1.	Descriptive statistics and correlations	45
4.2.	Regression analyses: value-relevance of CSR information	47
5.	Conclusion and Outlook.....	50
Chapter IV: The positive effects of human capital reporting.....		53
1.	Introduction.....	54
2.	Internal effects and the benefits of HCR.....	55
2.1.	Workforce-related factors.....	57
2.2.	Company-internal factors.....	58
2.3.	Company-external factors	59
2.4.	Summary – the positive effects of HCR.....	61
3.	Conclusions and hypotheses	61
Chapter V: The value-relevance of human capital information		65
1.	Introduction.....	66
2.	Theory and hypothesis development.....	67
2.1.	Human capital and the resource based view of the firm.....	67
2.2.	Value-relevance of information.....	69
2.3.	Human capital disclosure and value-relevance of the provided information.....	69
3.	Design of the study and methodology.....	71
3.1.	Sample construction	71
3.2.	Identification of keywords.....	72
3.3.	Value-relevance: applied valuation models.....	73
3.4.	Dependent variables	74
3.5.	Independent and control variables.....	74
4.	Results and discussion	76
4.1.	Descriptive statistics and correlations	76
4.2.	Regression analysis: value-relevance of human capital information.....	78
5.	Conclusion and outlook.....	81
Appendix		83
References		92

List of Figures

Figure 1: Financial and information flows (HEALY and PALEPU 2001).....	4
Figure 2: Determinants of CSR disclosure.....	7
Figure 3: Effects of CSR disclosure.....	8
Figure 4: Human capital reporting: causes and effects.....	9
Figure 5: Effects of human capital disclosure.....	11
Figure 6: Descriptive results of the content analysis (CSR).....	28
Figure 7: Cause-and-effect model of human capital.....	56
Figure 8: Effects and benefits of increased workforce capabilities.....	57
Figure 9: Effects and benefits of an increased innovation ability.....	59
Figure 10: Effects and benefits of an increased attractiveness and reputation.....	60
Figure 11: Cause-and-effect model of reporting on human capital (full model).....	61
Figure 12: Descriptive results of the content analysis (human capital).....	76
Figure 13: Number of published CSR reports (separate reports).....	86
Figure 14: Average number of pages in analyzed reports (over all reports).....	86
Figure 15: Average number of hits for each CSR-category (all companies).....	87
Figure 16: Development of social and environmental disclosures (all companies).....	87
Figure 17: Provided CSR information per report page (all indexes).....	88
Figure 18: Provided CSR information per report page and index.....	88
Figure 19: Provided CSR information by industry.....	89
Figure 20: Average number of pages in annual reports.....	89
Figure 21: Average number of hits for each human capital-category (all companies).....	90
Figure 22: Provided human capital information per report page (all indexes).....	90
Figure 23: Provided human capital information per report page and index.....	91
Figure 24: Provided human capital information by industry.....	91

List of Tables

Table 1: Keywords for the content analysis derived from the <i>GRI</i> framework.....	24
Table 2: Source of data	26
Table 3: Descriptive statistics after truncation at the 2.5 level.....	27
Table 4: Correlations – CSR disclosure, independent and control variables.....	29
Table 5: Regression analysis – determinants of CSR disclosure.....	30
Table 6: Keywords for the content analysis derived from the <i>GRI</i> framework.....	42
Table 7: Source of data	45
Table 8: Descriptive statistics after truncation at the 2.5 level.....	45
Table 9: Correlations – dependent and independent variables	46
Table 10: Regression analysis – value-relevance of CSR information	48
Table 11: Keywords for the content analysis derived from previous studies.....	72
Table 12: Source of data	75
Table 13: Descriptive statistics after truncation at the 2.5 level.....	76
Table 14: Correlations – dependent and independent variables	77
Table 15: Regression analysis – value-relevance of human capital information.....	79
Table 16: Industry classifications according to <i>Deutsche Boerse</i> (2010).....	84

List of abbreviations

AUTOM	Automobile manufacturers
BASIC	Basic resources
BVE/S	Book value of equity per share
CHEMI	Chemicals
CSR	Corporate social responsibility
CSRDISC	Corporate social responsibility disclosure
CONST	Construction
CONSU	Consumer
CSRR	Provision of separate corporate social responsibility report
CSRTOT	Total corporate social responsibility disclosure index
CSRENV	Environmental disclosure index
CSRSOC	Social disclosure index
DAX	Deutscher Aktien Index
DCSRDISC	Change in corporate social responsibility disclosure
DCSRTOT	Change in total corporate social responsibility disclosure index
DCSRENV	Change in environmental disclosure index
DCSRSOC	Change in social disclosure index
DHCRDISC	Change in human capital disclosure index
DHCRMC	Change in disclosure index on motivation and commitment issues
DHCRPS	Change in disclosure index on personnel issues
DHCRQC	Change in disclosure index on qualification and competence issues
DHCRTOT	Change in total human capital disclosure index
DIV/S	Dividend per share
DNI/S	Change in net income per share
DRS	Deutscher Rechnungslegungsstandard
FINAN	Financial services
FOODB	Food and beverage
GRI	Global Reporting Initiative
H	Hypothesis
HCR	Human capital reporting
HCRDISC	Human capital disclosure index
HCRMC	Disclosure index on motivation and commitment issues
HCRPS	Disclosure index on personnel issues
HCRQC	Disclosure index on qualification and competence issues
HCRTOT	Total human capital disclosure index
IND	Industry
INDUS	Industrial
INSUR	Insurance
KPI	Key Performance Indicator
logEMPL	Logarithm of the number of employees
logTA	Logarithm of the amount of total assets
MDAX	Mid Cap DAX
NI/S	Net income per share
PHARM	Pharma