

# Human Resources Disclosure in the Annual Reports: A Case of Romanian Listed Companies from the Medical and Pharmaceutical Industry

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**Abstract.** *The main objective of this paper is to determine whether corporate characteristics reflecting financial performance, size, and information on internal and external audit, or performance management are determinants of human resources disclosure in the annual reports. In this paper, information from annual reports of six Romanian companies listed on the Bucharest Stock Exchange are collected for the years 2012-2021, using content analysis. The data was analyzed using descriptive statistics and correlation analysis. Moreover, the multiple linear regression is applied to cross-sectional panel data in order to determine the effects of human resources disclosure index in relation to return on assets (ROA), return on equity (ROE), leverage, number of employees, company size, company age, the existence of an Audit Committee, the auditor type and performance management. The results show that the age of the company and the existence of the Audit Committee are the most significant variables positively correlated with disclosure of human resources information. Furthermore, leverage is another significant variable, however, negatively associated with the level of company disclosure in the annual report. The variables ROA, ROE, number of employees, company size, type of auditor and performance management do not have a significant impact on human resources disclosure in the case of Romanian listed companies from the medical and pharmaceutical industry.*

**Keywords:** human resources disclosure, Romanian companies, medical and pharmaceutical industry, corporate characteristics, annual report, econometric analysis

## Introduction

Human resources have over time become one of the most important structures of an organization and are a key factor in the process of value creation and sustainable growth, being used to achieve objectives efficiently and effectively. However, organizations should have certain well-established procedures in place to determine which people are more appropriate to achieve corporate objectives, considering the quality of human resources rather than its quantity. The definition of human resources is the accumulation of skills and competencies that, put together, give value to the company (Pham et al., 2021). The topic of human capital management in organizations and the relationship between human resources management practices and company performance has developed over time. Results have shown a positive association between the two concepts from the perspective of strategy development and innovation (Piwowar-Sulej, 2021), as well as sustainable development (Surdu et al., 2020). Thus, human resources reporting is a key factor that not only yields benefits to employees, but it also confers value to the entire company (Pham et al., 2022).

In order to minimize information asymmetry and enhance transparency between organizations and stakeholders, as well as to demonstrate compliance with social responsibility, many companies proactively reveal human resource information. Therefore, evaluating the human resource disclosure practices of corporations will provide a supplementary dimension to reporting assessment, by disclosing certain categories of information that are more valuable to readers than others (Pham et al., 2022).

To the best of our knowledge, there is a lack of research that examines human resources accounting disclosure practices and their determinants in Romania. Accordingly, this study investigates the extent and determinants of human resources disclosure practices employed by Romanian listed companies, with the aim of improving accountability, particularly through comprehensive disclosures made by individual firms. This study not only sheds light on current human resources accounting practices in the annual reports of Romanian listed companies, but also provides direction for the further advancement of this critical accounting field. Therefore, given this information, the human resources become the main assets for the company (Cachon-Rodriguez et al., 2022).

The main objective of this study is to identify the most important human resources aspects disclosed in the annual reports of Romanian listed companies within the medical and pharmaceutical industry and to analyze their relationships with various corporate characteristics. The study may contribute to understanding of the important aspects of human resources reporting in this specific industry. Muchmore, the analysis of the information on human resources accounting disclosure items may have an impact on drawing attention to important aspects of human resources reporting practices for companies in Romania.

To carry out the study, the annual reports published by the six listed Romanian companies activating in the medical and pharmaceutical industry were analyzed over a period of 10 years (between the years 2012-2021). The companies' websites were analyzed along with the website of the Bucharest Stock Exchange in order to identify the necessary data related to aspects disclosed on human resources, and to companies' characteristics. Information was collected manually using content analysis of the annual reports downloaded from the websites, and further processed in order to determine the human resources disclosure index, and the independent variables such as return on assets (ROA), return on equity (ROE), leverage, number of employees, company size, company age, auditor type, Audit Committee and performance management information. All variables were statistically analyzed in order to provide support during the process of research hypotheses' validation.

This study contributes to the literature by participating in the development of studies that aim to investigate the information on human resources practices, presented in the annual reports. Given previous studies, there are few that have turned their attention to companies within developing countries (Surdu et al., 2020). Hence, the interest in analyzing companies in Romania and especially those in the health sector needs improvement, supporting the main research question: *Which are the factors that impact human resources reporting practices of listed Romanian companies from the medical and pharmaceutical industries?*

The rest of the paper consists of the following sections: the second section presents the theoretical elements and the hypotheses of the study, the third section addresses the research methodology details, the fourth section is related to the results and their interpretation, followed by the last section which covers the conclusions of the research.

## Literature review and research hypotheses

It has been demonstrated over time through previous studies that there is a significant relationship between a company's return on assets (ROA) and the level of human resources disclosure. However, the results for this type of indicator are controversial and not all studies have obtained a positive relationship between the two (Skouloudis et al., 2014). However, the argument behind the positive relationship between the two is that as a company's performance increases, companies are more willing to allocate resources to be able to bear the costs of identifying, collecting and reporting on human resources information. It has also been shown that as long as the company pays attention to human resources issues, it will positively influence company performance ensuring the creation of a competitive advantage (Surdu et al., 2020). Therefore, the first research hypothesis tested in this study is:

**RH1:** *Return on assets ratio has a positive influence on the disclosure of human resources information.*

The financial performance of a company can be translated for expert studies by return on equity. A company that reports more information on return on equity (ROE) is profitable. Therefore, there will be an increased interest in the desire to report detailed elements on this topic and to highlight financial performance. Also, another important factor that is related to the reporting of human resources information is that the presentation of ROE can create a competitive advantage for the company and is the key to sustainable financial performance (Surdu et al., 2020). Hence, the second research hypothesis tested in this study is:

**RH2:** *Return on equity ratio has a positive influence on the disclosure of human resources information.*

It is often mentioned in research that there is a significant link between leverage and human resources disclosure (Peters & Wagner, 2017). This relationship is explained by the fact that "the higher the level of debt, the higher the level of conflicts of interests among stakeholders (creditors, shareholders, and managers). These agency costs can be reduced by disclosure of information and thus gives an incentive for firms with more debt to disclose more" (Pham et al., 2021: 131). In other words, companies need to pay more attention to elements related to stakeholder needs and improve financial and non-financial disclosures through detail. Once these criteria are met, companies will be able to obtain external funding more easily. Also, for this indicator the results of previous studies are ambiguous, so that some suggest a significant relationship and others insignificant (Surdu et al., 2020). The third research hypothesis tested in this study is:

**RH3:** *Leverage has a positive influence on the disclosure of human resources information.*

The number of employees is also an important indicator when it comes to human resources information in company reports. Thus, companies reporting this information, besides the fact that it is intended for the general public, turn their attention to trade unions and members of the government to avoid controls (Surdu et al., 2020). Besides this reason, the number of employees can also be an indicator of company size. Therefore, companies that have a higher number of employees are considered large companies and will report more information on this topic to decrease the costs of collation and publication (Peters & Wagner, 2017). Consequently, the fourth research hypothesis tested in this study is:

**RH4:** *The number of employees has a positive influence on the disclosure of human resources information.*

Another key indicator for reporting human resources information is company size. For this one there are two reasons why large companies should report the information. One is related to the resources they have to report, and the second one is related to the fact that they have a better internal

management system which makes the process of collecting the information easier (Pham et al., 2021). On the other hand, company size can be important to companies' value creation. Thus, the more information the company discloses about its size the easier the investment decision-making process of stakeholders becomes. This indicator also helps to reduce pressure from state institutions (Surdu et al., 2020). Given the information on company size, the fifth research hypothesis tested in this study is:

**RH5:** *Firm size has a positive influence on the disclosure of human resources information.*

The extent of voluntary disclosures made by corporations is impacted by their age, which serves as a proxy for the development and growth phase of the organization. Muchmore, younger firms may face a competitive disadvantage if they disclose sensitive information such as capital expenditure, research expenditure, and product development expenditure (Aggarwal, 2022). Another reason why company age is important results from the fact that the level of experience increases with the date of listing on the stock market. Companies pay more attention to these issues when debt or equity information becomes public or when they plan to acquire another company to attract investor attention. These disclosures are meant to influence and ease decision makers for investors by giving them clear details (Pham et al., 2021). Given this information, the sixth research hypothesis tested in this study is:

**RH6:** *Company age has a positive influence on the disclosure of human resources information.*

Companies that choose to have their financial statements audited by a Big4 company are at a greater advantage than companies that choose a non-Big4 company as their independent auditor. The advantage arises from the fact that they will make more human resources information publicly available (Pham et al., 2021). The publication of more information results from the pressure the audit company imposes on the audited company being the reputation of the Big4 company at stake, and its ability to persuade the client to report details willingly (Peters & Wagner, 2017). Thus, the seventh research hypothesis tested in this study is:

**RH7:** *Auditor type has a positive influence on the disclosure of human resources information.*

The two most important structures within the framework of corporate governance are the Board of Directors and the Audit Committee. It is through these two that the company's interests are monitored and protected, but they also represent internal decision-makers. A company that exhibits a strong corporate governance mechanism proves to be interested in developing reporting information (Alyousef & Alsughayer, 2021). Therefore, one of the most important factors in making a company's report is the Audit Committee. It aims to provide information that is credible and proves the effectiveness of the internal control system. Therefore, the importance of the existence of the Audit Committee in a company is important information when we want to refer to the presentation of human resources in the annual report (Almasaeid, 2022). According to the information, the eighth research hypothesis tested in this study is:

**RH8:** *Audit Committee has a positive influence on the disclosure of human resources information.*

Performance management translates into a company's ability to adapt and streamline its organizational learning capacity. In other words, a company can develop performance management if over time it has improved practices, structures and procedures to develop organizational knowledge. This type of management starts with the organization's leadership and then transfers this desire for learning and development to the human resources. The application of this type of management increases the motivation of the company to report elements of learning orientation

and the organization's ability to create knowledge (Hooi, 2020). Thus, a value of one was used for companies that chose to report performance management information and a value of zero was used for companies that did not report. According to the information for this study the ninth research hypothesis tested in this study is:

**RH<sub>9</sub>:** *Performance management has a positive influence on the disclosure of human resources information.*

## Methodology

The objective of this investigation is to identify the key factors that impact the disclosure of human resources information. For this study, six companies in the medical and pharmaceutical industry listed on the Bucharest Stock Exchange were analyzed for the years 2012-2021. These six companies analyzed for this study form the totality of companies in the medical and pharmaceutical industry listed on the Bucharest Stock Exchange. The companies' websites were identified and annual reports were downloaded, resulting in a total sample of 59 company-year observations. The study is based on empirical research and the data was collected manually, using a content analysis method, from the annual report of the companies. Also, certain information such as the existence of the Audit Committee has been taken from the directors' report in the section on the governance code. Because this section was not found in some reports, information was collected directly from the company's webpage.

In order to decide which aspects of human resources disclosure are relevant for this study, an analysis of previous studies was carried out. Following the analysis, a comprehensive list of items disclosed on human resources was developed. The information was hand collected and double checked by the authors of this study. The list was initially used for a sample of three annual reports in order to determine the relevance of the itemized list prepared based on the literature review. Next this list was adjusted to reflect the characteristics of the sample used. Data was then discussed within the research team and a final list with a number of 21 most relevant aspects of human resources voluntarily disclosed in companies' annual reports was analyzed (*Table 1*).

**Table 1. Items of human resources accounting disclosures**

| No                                              | Disclosure item              | No  | Disclosure item                            |
|-------------------------------------------------|------------------------------|-----|--------------------------------------------|
| 1.                                              | Employee health and safety   | 11. | Information on accident statistics         |
| 2.                                              | Employment of women          | 12. | Training hours/days per employee           |
| 3.                                              | Disabled employee            | 13. | Money invested in training                 |
| 4.                                              | Employee training            | 14. | Number of employees by gender              |
| 5.                                              | Employee remuneration        | 15. | Providing recreation activities/facilities |
| 6.                                              | Employee assistance/benefits | 16. | Providing food, fuel, travel               |
| 7.                                              | Employee profiles            | 17. | Employees' age distribution                |
| 8.                                              | Recruitment and selection    | 18. | Employee share purchase schedule           |
| 9.                                              | Incentives                   | 19. | Age of BOD member                          |
| 10.                                             | Teamworking                  | 20. | Sick absence level                         |
| 21. Providing low-cost health care to employees |                              |     |                                            |

Source: Adapted by authors based on: Pham et al. (2021); Surdu et al. (2020); Hutomo and Pudjiarti (2018); Petera and Wagner (2017)

Next, a scoring system was used to measure the dependent variable, *Human Resources Accounting Disclosure (HRAD)*. A dichotomous approach was adopted whereby the value one is used if the item under analysis is disclosed and the value zero otherwise. This method is often used and is also found in other studies (Pham et. al, 2021; Surdu et al., 2020).

The following formula was used to calculate the score of each company to find the net company score:

$$HRAD_{ij} = \sum_{i=1}^n \frac{d_{ij}}{d} \times 100$$

Where, HRAD = human resources accounting disclosure index of company j;  $d_{ij} = 1$  if item  $d_i$  of the company j is disclosed, and 0 if otherwise; d = maximum number of items; n = number of items that might be disclosed by a sample company.

Table 2 shows the dependent variable and the independent variables used for this research model. The model expressed by the following equation is used to test the research hypotheses:

$$HRAD = \beta_0 + \beta_1 ROA + \beta_2 ROE + \beta_3 LEV + \beta_4 NOE + \beta_5 SIZE + \beta_6 AGE + \beta_7 AUT + \beta_8 AUC + \beta_9 PMA + \beta_{10} YEAR + \varepsilon$$

**Table 2. Variable definitions**

| Variables             |                                                                                                                                   |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Dependent variables   |                                                                                                                                   |
| HRAD                  | Human Resources Accounting Disclosure index – percentage of the number of aspects related to human resources voluntary disclosure |
| Independent variables |                                                                                                                                   |
| ROA                   | Return on assets - net income to total assets                                                                                     |
| ROE                   | Return on equity - net income to total equity                                                                                     |
| LEV                   | Leverage - total liabilities to total assets                                                                                      |
| NOE                   | Number of Employees - natural logarithm of number of employees                                                                    |
| SIZE                  | Firm size - natural logarithm of total assets                                                                                     |
| AGE                   | Company age - The number of years since the firm's foundation                                                                     |
| AUT                   | Auditor type – 1 if the independent auditor belongs to Big4, 0 - otherwise                                                        |
| AUC                   | Audit Committee – 1 if the company discloses information about the audit committee, 0 - otherwise                                 |
| PMA                   | Performance management – 1 if the company discloses information on performance management, 0 - otherwise                          |
| YEAR                  | The year for which the data is collected, ranging between 2012 and 2021                                                           |
| $\varepsilon$         | residual errors                                                                                                                   |

Source: Adapted by authors based on: Pham et al. (2021); Surdu et al. (2020); Hutomo and Pudjiarti (2018); Petera and Wagner (2017), Skouloudis et al. (2014), Alyousef and Alsughayer (2021), Hooi (2020)

Results were prepared based on descriptive and statistical analysis, and econometric modeling using EViews 12 software.

## Results and discussions

### Descriptive statistics

Table 3 shows the descriptive statistics for the analyzed variables such as ROA, ROE, LEV, REV, NOE, SIZE, AGE, AUT, AUC, PMA and HRAD. Results show that the analyzed companies voluntarily disclose a minimum of 0% and a maximum of 57.1428% of the 21 aspects on human resources included in this research. Moreover, the average percentage of disclosure is 27.4414%, with a standard deviation of 14.3223%.

Findings support a poor voluntary disclosure of human resources practices for the companies in the medical and pharmaceutical industry, listed on the Bucharest Stock Exchange.

They disclose about a quarter of the most frequent aspects identified in the literature based on the studies of Pham et al. (2021), Surdu et al. (2020), Hutomo and Pudjiarti (2018), and Petera and Wagner (2017).

**Table 3. Descriptive statistics**

| Variable | Mean    | Median  | Maximum  | Minimum | Std. Dev. |
|----------|---------|---------|----------|---------|-----------|
| HRAD     | 27.4414 | 28.5714 | 57.1428  | 0.0000  | 14.3223   |
| ROA      | 0.0654  | 0.0430  | 0.2924   | -0.0063 | 0.0597    |
| ROE      | 0.1155  | 0.0836  | 0.4731   | -0.0316 | 0.0969    |
| LEV      | 0.4697  | 0.3623  | 0.8417   | 0.1513  | 0.2424    |
| NOE      | 6.6391  | 6.7214  | 7.6962   | 5.4116  | 0.5848    |
| SIZE     | 19.8006 | 19.7354 | 21.0722  | 18.7560 | 0.5704    |
| AGE      | 40.7457 | 24.0000 | 100.0000 | 15.0000 | 29.2495   |
| AUT      | 0.2881  | 0.0000  | 1.0000   | 0.0000  | 0.4567    |
| AUC      | 0.6610  | 1.0000  | 1.0000   | 0.0000  | 0.4774    |
| PMA      | 0.1694  | 0.0000  | 1.0000   | 0.0000  | 0.3784    |

Note. The descriptive statistics are computed listwise, based on 59 company-year observations

Source: Authors' own research results

The financial performance measured both by ROA and ROE is positive in average (6.54% and 11.55%, respectively), with smaller negative values (up to -3% for ROE) and larger positive values (up to 47% for ROE). The leverage of the companies shows that on average, total liabilities represent 0.4697 of total assets, with a standard deviation of 0.2424, a minimum of 0.1513 and a maximum of 0.8417 respectively. AGE shows that the company age has an average of 40.7560, with a standard deviation of 29.2495, a minimum of 15 and a maximum of 100. Auditor type shows that on average 28.81% of the companies have an auditor who belongs to Big4, with a standard deviation of 0.4567. AUC shows that on average 66.10% of the companies have in their governance structure an Audit Committee, with a standard deviation of 0.4774. PMA shows that on average 16.94% of the companies have on their annual reports' information about performance management, with a standard deviation of 0.3784.

### Correlation analysis

Table 4 provides information about correlations for the variables included in this study. It can be seen that two of the variables referring to company profitability, ROA and SIZE, with a correlation coefficient of 0.2352 and 0.2913 are positively correlated and are significant when a company makes the decision to present as much information as possible about the human resources.

**Table 4. Correlation matrix**

|      | HRAD       | ROA        | ROE        | LEV        | NOE       | SIZE      | AGE        | AUT       | AUC     | PMA |
|------|------------|------------|------------|------------|-----------|-----------|------------|-----------|---------|-----|
| HRAD | 1          |            |            |            |           |           |            |           |         |     |
| ROA  | 0.2352*    | 1          |            |            |           |           |            |           |         |     |
| ROE  | 0.1681     | 0.7782***  | 1          |            |           |           |            |           |         |     |
| LEV  | -0.4052*** | -0.6682*** | -0.2140    | 1          |           |           |            |           |         |     |
| NOE  | -0.0464    | -0.5197*** | -0.3598*** | 0.2853**   | 1         |           |            |           |         |     |
| SIZE | 0.2913**   | 0.0659*    | 0.1633     | -0.1206    | 0.6443*** | 1         |            |           |         |     |
| AGE  | 0.6008***  | 0.4015***  | 0.1051     | -0.6552*** | -0.2633** | -0.0710   | 1          |           |         |     |
| AUT  | -0.1878    | 0.2605**   | 0.3219**   | -0.0093*   | 0.2136    | 0.5409*** | -0.4435*** | 1         |         |     |
| AUC  | 0.1231     | -0.4257*** | -0.1576    | 0.3663***  | 0.3975*** | 0.2962**  | -0.3989*** | -0.0978   | 1       |     |
| PMA  | 0.1723     | 0.1417     | -0.0402    | -0.4333*** | -0.0371   | -0.0556   | 0.5694***  | -0.2874** | -0.1537 | 1   |

\*, \*\* and \*\*\* represents significance levels at  $p < 0.1$ ;  $p < 0.05$  and  $p < 0.01$ , respectively

Source: Authors' own research results

AGE is also a significant variable and has the highest correlation with HRAD. Company age is positively correlated with HRAD with a correlation coefficient of 0.6008 ( $p = 0.000$ ). This means that a company that has a higher age, and therefore more experience, will disclose more information about the human resources. Similar to the results identified by Pham et al. (2021) LEV is negatively correlated with HRAD having a coefficient of -0.4052.

Therefore, Romanian companies in the medical and pharmaceutical industry listed on the Bucharest Stock Exchange that have a higher leverage ratio present less information on human resources. The results on the correlation between HRAD and the variables ROE, NOE, AUT, AUC and PMA are not significant.

### Regression analysis

A multiple regression model was used to test the impact of financial performance, corporate governance mechanisms, and various characteristics of the companies' size on the extent of voluntary disclosure of human resources practices.

The results presented in *Table 5* support the validity of the proposed model, with a value of 15.1570 for F-statistic ( $p = 0.000$ ). It can also be observed that the R-squared has a value of 0.7594 and the adjusted R-squared has a value of 0.7094. This means that approximately 76% of the HRAD variation is due to the independent variables analyzed in the regression model. Also, the Durbin-Watson stat indicator has a value of 1.8519 which means that there is a positive autocorrelation between the variables analyzed.

**Table 5. Regression results**

| Variable           | Coefficient | Std. Error        | t-Statistic | Prob.   |
|--------------------|-------------|-------------------|-------------|---------|
| ROA                | -53.7620    | 56.6070           | -0.9497     | 0.3470  |
| ROE                | 26.2681     | 24.3320           | 1.0796      | 0.2857  |
| LEVIND             | -17.2686*   | 9.6759            | -1.7847     | 0.0806  |
| LNNOE              | 3.7044      | 4.2705            | 0.8674      | 0.3900  |
| LNSIZE             | -6.6203     | 5.2168            | -1.2690     | 0.2105  |
| AGE                | 0.3715***   | 0.0793            | 4.6847      | 0.0000  |
| AUT                | 5.7821      | 4.5326            | 1.2757      | 0.2082  |
| AUC                | 9.8034**    | 3.30957           | 2.9621      | 0.0047  |
| PMA                | -5.6587     | 3.6118            | -1.5667     | 0.1237  |
| YEAR               | 2.5558***   | 0.5924            | 4.3142      | 0.0001  |
| C                  | -5033.674   | 1145.753          | -4.3933     | 0.0001  |
| Adjusted R-squared | 0.7094      | F-statistic       |             | 15.1570 |
| Durbin-Watson stat | 1.8519      | Prob(F-statistic) |             | 0.0000  |

\*, \*\* and \*\*\* represents significance levels at  $p < 0.1$ ;  $p < 0.05$  and  $p < 0.01$ , respectively

Source: Authors' own research results generated with EViews

The regression results show that AGE has a positive relationship and the highest relation with HRAD (t-statistic = 4.6847,  $p = 0.0000$ ). Similar results were obtained by Pham et al. (2021) for AGE. This positive relationship means that an older company will report more information about human resources in the annual report. Therefore, RH<sub>6</sub> is strongly supported and this means that there is a positive association between company age and level of human resources information disclosure.

The second significant variable for this model is AUC (t-statistic = 2.9621,  $p = 0.0047$ ). It can be seen that there is a positive association between the existence of the Audit Committee and human resources reporting, meaning that with the existence of this committee, human resources

information is more developed in the annual report.  $RH_8$  is therefore strongly supported. The third significant variable for this model is LEV (t-statistic = -1.7847,  $p = 0.0806$ ). Leverage has a negative impact on human resources disclosure, therefore a company that has a higher leverage ratio will disclose less information about human resources in the annual report. Similar results were obtained by Pham et al. (2021) for LEV. The remaining variables such as ROA, ROE, NOE, SIZE, AUT and PMA have no statistical significance, hence no significant impact on the disclosure of human resources information in the annual report. Contrary to Pham et al. (2021) findings, for the sample of Romanian companies analyzed in this research, no significant impact of performance metrics on the level of human resources voluntary disclosure could have been validated. Also, contrary to the results of Surdu et al. (2020) number of employees is not a significant variable for the Romanian companies analyzed in this study.

## Conclusion

Many studies can be found in the literature on the disclosure of human resources information by companies. This study aims to analyze the relationship between the items disclosed in the annual reports by Romanian companies and the return on assets, return on equity, leverage, number of employees, company size, company age, auditor type, audit committee existence and performance management. In addition to previous studies, besides analyzing companies in the pharmaceutical and healthcare industry in Romania, this study introduced elements such as performance management and the existence of audit committees. In terms of human resources reporting indicators for this study, the most common variable was employee benefits, followed by employee profile. On the other hand, the most rarely mentioned items in the annual human resources reports are those related to money invested in employee training programs and employee recreation activities. Also, elements such as the employment of women or the employment of people with disabilities are rarely found in the reporting for Romanian companies. This is also supported by Surdu et al. (2020) mentioning that the two elements that are important for human resources are the least disclosed.

The results for this study show that items such as age of the company and existence of audit committee are positively associated and are significant for reporting human resources items. These results are explained by the fact that companies with a higher age and having an audit committee will disclose more information on human resources. Leverage is also significant for the model, but is negatively associated with human resources disclosure. This can be explained by the fact that a company with higher leverage will tend to disclose less information in the annual report. On the other hand, variables such as ROA, ROE, NOE, SIZE, AUT, and PMA are not significant for the disclosure of human resources information in Romanian companies in the medical and pharmaceutical industry listed on the Bucharest Stock Exchange.

This study has several limitations. For example, it is focused only on listed companies in the medical and pharmaceutical industry. This study was also limited to examining only the presence or absence of aspects related to human resource accounting disclosures. Therefore, future research may expand its focus by analyzing other sectors, extending the sample of companies or extending the analysis period of the annual reports. A comparative analysis may also be performed to enhance the understanding of the factors that explain the level of voluntary human resources accounting disclosures. Research on human resources should be extended to bring to the attention of companies the importance that human resources can have for value creation.

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