In the developed countries, it is very common phenomenon that the most important asset, as claimed by most companies, has become a profession since the term human resource was introduced in the accounting literature in the 1960s (Flamholtz, 1985). In 1968, Brummet, Flamholtz, and Pyle used the term “human resource accounting” which refers to the recognition of the importance of a company’s human resources in the financial statements for making and learning by investors and managers are influenced when making decisions about investments and other financial matters. In general, the concept of human resource accounting is based on the recognition that the quality of a company’s human resources, including its employees, can have a significant impact on its profitability and overall success. It is important to note that human resource accounting is not limited to financial measures alone, but also encompasses non-financial measures such as performance indicators and management practices.

Human resource accounting (HRA) is an attempt to identify, quantify, and report investment made in human resources. The use of human resource accounting indices in the accounting literature has been found to have a positive relationship between the age of the company and HRA disclosure. However, in the developing countries like Bangladesh, HRA reporting is not as common as in the developed countries.


The hypothesis of the study can be specified as under:

The lowest level of disclosure observed in this study appears to be found in the shares of small and medium-sized companies. The beta weight = 0.068; sig > 0.10 indicates no association between the age of company and HRADI. In the regression analysis, HRAD score is found to be significantly different among the sample companies. The beta weight = 0.068; sig > 0.10 indicates no association between the age of company and HRADI. The following regression has been estimated.

Size: 

\[
\begin{align*}
\text{SIZE} &= \text{Natural log of market capitalization is used as a proxy of size.}
\end{align*}
\]

FIN: 

\[
\begin{align*}
\text{FIN} &= \text{Dummy variable, profitability is measured by the return on assets.}
\end{align*}
\]

PT: 

\[
\begin{align*}
\text{PT} &= \text{Dummy variable, profitability is measured by the return on equity.}
\end{align*}
\]

HRAD: 

\[
\begin{align*}
\text{HRAD} &= \text{Human resource accounting disclosure index.}
\end{align*}
\]

The study also found that the HRAD score of the sample companies is positively related to the size of the company, indicating that larger companies are more likely to disclose more human resource accounting information. However, the study also found that the HRAD score is not significantly related to the age of the company, indicating that human resource accounting disclosure is not significantly affected by the age of the company.

The study concludes that human resource accounting disclosure is an important aspect of corporate transparency and should be considered when evaluating the financial health of a company. The findings of this study provide valuable insights into the relationship between human resource accounting disclosure and company characteristics, which can be used to improve the accuracy of financial forecasting and investment decision-making.