

# Human Resource Safety Reporting in Annual Reports of Textile Companies: A Study from Indonesia

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**Abstract.** The frequency of Occupational illnesses, injuries, and accidents has increased recently, becoming a significant problem in developing countries. This research examines the Level of Human Resource Safety Reports (HRSR) and the type of reporting based on the GRI 2018 safety guidelines constructed reporting index checklist. The empirical study is analysed based on the evidence from annual reports of textile firms listed in the Indonesia Stock Exchange (IDX) from 2018 to 2022 for five years. The study findings empirically show that adopting GRI human resource safety guidelines contributes to better safety performance for textile firms in Indonesia in the short term and is gradually increasing. Overall, for all the periods reported on average, approximately 3.57 percent of the item keywords reported the HRSR index in the annual reports, and the number of keywords is approximately 14.69 percent of the HRSR index. The nonfinancial keywords reporting for the sample firms reported an average of approximately 4.71 percent, and the total word average was approximately 44.52 percent of the HRSR index. Longitudinal studies are necessary, while industry-specific research can create customized frameworks. The identification of best practices can be achieved by examining the impact of corporate governance and the function of technology in reporting.

**Keywords:** GRI 2018 safety guidelines, human resource safety reporting, textile sector; annual reports, Content analysis, developing country

## 1 Introduction

Human resources are the most vital assets for companies to maintain their sustainability since they are a source of knowledge, skills, and competence. Sustainability has three aspects—economic, social, and environmental—and a sustainable company not only survives but also contributes to sustainable development by producing value for the economy, society, and environment. To be a sustainable company, the company must respond promptly to its stakeholders' demands. For that reason, human resource disclosure is valuable for organisations in providing information about the efficiency and effectiveness of their human

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resource practices to management and society [1]. It creates benefits not only for employees but also has a good influence on corporate reputation [2]. Stakeholders demand to be informed about the effect of human resources on a company's value and are concerned about the effect of organizations on employees' wellbeing [3]. Therefore, there is a need to understand how human resources information is voluntarily reported in corporate reports [4]. Human resource disclosing tries to report the financial consequences of factors possessed by employees and the organisation's entire workforce [5]. This study's primary goal is to evaluate the level of reporting on human resources following the GRI safety standard [6]. This research holds significance in comprehending the human resources disclosures found in textile firms' corporate reports. In the textile business, human resource safety reporting (HRSR) has grown in importance, especially in emerging nations where the industry is vital to economic growth. HRSR involves disclosing information about workforce practices, policies, and outcomes, which can significantly impact stakeholder perceptions and corporate transparency. In developing countries, including Indonesia, the textile industry is a significant economic driver, often characterized by large, diverse workforces and complex supply chains.

However, the challenges in these regions include limited regulatory frameworks and varying standards for HRSR, which can lead to inconsistencies and gaps in disclosure. In Indonesia, textile companies face unique challenges related to HRSR. Industry is vital to the country's economy, but companies often grapple with issues such as labour rights, working conditions, and compliance with international standards. Effective HRSR can help address these challenges by giving stakeholders insights into how companies manage their human resources, improve labour practices, and contribute to sustainable development. While there is growing awareness of the need for better HR reporting practices, many textile companies in Indonesia still have room for improvement. Enhanced reporting can lead to greater transparency, improved corporate reputation, and better alignment with global standards, ultimately benefiting the industry and workforce [7]. This study aims to accomplish two goals. First, a sample of Indonesian textile companies' annual reports are examined to determine the extent to which human resource (HR) items are reported. Secondly, to look into if knowledge about HR has changed over time. The study specifically addresses the next two research questions:

RQ1. What is the extent of HR information reported in annual reports of the IDX listed Indonesian textile companies?

RQ2. Is there any changing trend of HR reporting across the five years period?

The following sequences describe how the paper is structured after this introduction. Part two offers a synopsis of the HR reporting studies carried out in this context along with a quick overview of Indonesia. A quick summary of the literature on HR reporting that emphasizes the significance of the companies' HR reporting procedures comes next. Section three delineates the research methodology used to gather and examine the reporting in the annual report sample. The fourth section of the study presents the empirical findings, and the next section provides several closing thoughts as well as the study's implications and limitations.

Internationally, there has been an increasing focus on occupational health and safety (OHS), prompted by both statutory mandates and the need from stakeholders for greater transparency in reporting [8]. [9] argue that incorporating occupational health and safety (OHS) information into annual reports serves both statutory requirements and improves corporate reputation and stakeholder trust. This is especially pertinent in the textile sector, where the labor-intensive nature of the operations typically leads to close examination of working conditions. Within the Indonesian environment, the textile sector plays a substantial role in the economy by providing employment to a large number of individuals. Nevertheless, the industry has faced scrutiny because to substandard labor conditions, such as insufficient

safety protocols. Research has indicated that the extent of safety reporting by human resources in Indonesia is still in the process of growth, as numerous organizations only offer little information in their yearly reports. For instance, [10] conducted a study which revealed that although certain major companies in Indonesia's textile industry have started to incorporate comprehensive safety disclosures, the general adherence to this practice is uneven, as numerous firms have not yet fully adopted the transparency required to comply with international standards. According to [11], organizations that proactively provide information about their safety measures tend to achieve superior safety results and establish more robust connections with their stakeholders. The study proposes that open reporting can serve as a catalyst for enhanced safety performance, since it motivates corporations to uphold elevated standards in order to fulfill the public's expectations. Moreover, the revelation of human resource safety protocols is correlated with improved financial performance, as it can mitigate the expenses related to workplace incidents and bolster the company's standing with investors and consumers. There is evidence in the literature indicating an increasing tendency towards the standardization of safety reporting. Global efforts, like the Global Reporting Initiative (GRI), offer frameworks that force firms to disclose their social and environmental performance, encompassing factors such as human resource safety. By using these frameworks, Indonesian textile companies may ensure that their reporting processes are in line with international standards, which will improve their reputation in the global market. However, there are still obstacles to overcome when it comes to fully implementing thorough safety reporting in Indonesia's textile business. Barriers such as limited awareness, inadequate regulatory enforcement, and the perceived expenses of implementing thorough safety measures are identified as contributing factors. With the increasing influence of globalization and the growing awareness among customers about the ethical conduct of the companies they endorse, there is a growing demand for clear and consistent reporting on human resource safety.

## **2 Literature review**

Human resource reporting has emerged as a critical study area in corporate disclosure, particularly within the context of annual reports. This growing interest reflects the recognition of human resources as a pivotal element in organizational success and sustainability. As companies navigate the complexities of the global market, effective communication about human resource practices becomes increasingly important, particularly in sectors like textiles that face unique challenges and opportunities. In developing countries, where resource constraints and institutional frameworks can differ significantly from those in developed economies, the reporting practices related to human resources are of particular interest. These differences influence how textile companies disclose information about their workforce and human resource practices, potentially affecting stakeholder perceptions and corporate reputation.

The literature highlights that human resource reporting is not just about transparency but also about strategic management. Effective reporting can enhance an organization's reputation, demonstrate compliance with international standards, and provide valuable insights into how human resources contribute to organisational performance and sustainability. Studies have shown that comprehensive human resource disclosure can improve stakeholder trust and support, which is especially crucial for companies operating in developing regions where stakeholder scrutiny might be more intense. In this context, research on human resource safety reporting in textile companies from developing countries is essential to understand how these organisations manage and communicate their human capital. This review will examine existing literature on human resource reporting practices,

focusing on textile companies in developing and developed countries, to identify trends, challenges, and opportunities for improving transparency and effectiveness.

We find the human resource safety reporting 78 articles globally across various countries, highlighting significant regional focus and scholarly contributions. Bangladesh leads with 7 articles, indicating robust research activity, followed by India with 5 articles. Several countries, including International, Cross Country, Malaysia, Pakistan, Sri Lanka, and the UK, each contribute 4 articles, demonstrating balanced research interest. Kenya and New Zealand follow with 3 articles each. Countries like Australia, Canada, Iran, Italy, Jordan, Nigeria, Portugal, South Africa, Sweden, Vietnam, and Zimbabwe each have 2 articles, reflecting a diverse interest globally. The remaining countries, including Bahrain, Belgium, Brazil, Denmark, Egypt, Hong Kong, Ireland, Nepal, Russia, Saudi Arabia, Spain, Tanzania, and the USA, each contribute 1 article, showing a more limited but notable engagement in human resource safety reporting.

Moreover, the distribution of human resource safety reporting articles by year reveals a notable increase in recent research activity. In 2023, there were 11 articles published, marking the peak of research output in the provided dataset. This is a significant rise from previous years, with 7 articles in 2022 and 6 articles each in 2021 and 2020. The number of publications was lower in earlier years, with 5 articles in 2019 and a steady but modest output of 3 to 6 articles annually from 2017 back to 2008. The dataset also shows sporadic publications in earlier years, such as 4 articles in 2011, 2 in 2010, and 1 in 2009. Overall, a total of 78 articles have been published, reflecting growing scholarly interest and activity in human resource safety reporting over the years.

Furthermore, the distribution of research methods applied in the literature on the topic. It highlights that a significant majority of the studies, accounting for 85%, utilize content analysis as their primary research method. This indicates a focus on systematically analysing textual information, documents, and other forms of content to derive insights, identify patterns, and understand underlying themes. On the other hand, 15% of the studies employ mixed methods, which combine both qualitative and quantitative approaches. This method allows researchers to leverage the strengths of both types of data, providing a more comprehensive understanding of the research questions by integrating numerical data analysis with in-depth qualitative insights.

According to the results of recent studies on HRSR in annual reports in developing countries, both regulatory requirements and market pressures have a significant impact on HR safety reporting, which is driving an upward trend towards international standards. Comprehensive and detailed HR reporting positively impacts firm performance, corporate governance, and financial outcomes, with enhanced disclosures associated with better organisational and market performance. However, HRSRs are primarily narrative, often needing more comprehensive quantitative metrics, and show inconsistencies across different industries and sectors. Factors such as firm size, industry type, and profitability are significant determinants of HRSR levels, with larger firms and those with better corporate governance practices more likely to provide extensive HR information. Despite improvements, HRSR in developing countries still faces challenges, including limited voluntary disclosures and a lack of standardisation. The strategic importance of HRSR is highlighted, emphasising the need for integrating HRSR into corporate strategies to positively influence investor decisions and overall company performance.

### 3 Methodology

#### 3.1 Population and sample

Content analysis has been a widespread strategy in codifying and analyzing voluntary reporting practices in firms' depth of the reporting annual reports; we adopt a similar strategy for our study of HRSR practices by Indonesian all registered textile firms for five years (2018–2022) annual reports as a purposive sampling approach and data availability.

#### 3.2 Data identification and measurement

The HR Safety Reporting (HRSR) Checklist was constructed with financial and nonfinancial keywords based on GRI guidelines for disclosing HRSR information through its standard [12] and followed from [13] and [14]. If the firm reports the OHSR items, the value receives a score of "1,"; otherwise, it receives a score of "0."

### 4 Results

During the five-year period from 2018 to 2022, textile companies listed on the Indonesian IDX demonstrated a notable trend of including human resource safety reporting in their annual reports, as shown in the table. The statistics reveal that the sample firms reported a frequency of approximately 21% for the HRSR index, with around 18.5% of the information being financial and about 24% being nonfinancial, as outlined in the checklist. Key terms such as FIN 1.4, FIN 1.15, NFN 2.1, and NFN 2.3 were consistently reported by all sample firms for various categories. The most frequently mentioned terms in the annual reports were FIN 1.15 (Legal Fees), FIN 1.4, NFN 2.3 (Risk Assessment), and NFN 2.1.

**Table 1.** HRSR by frequency and word count

FIN1.0	Financial Keywords	Reported this item	Item %	HRSR items (n= 30)	
				Word Count (2018-2022)	Word Count %
FIN 1.1	Cost-Benefit Analysis	1	0.9	1	0.9
FIN 1.2	HRS Budget Allocation	13	11.7	67	60.3
FIN 1.3	Workers' Accidental Compensation	31	27.9	77	69.3
FIN 1.4	Fines and Penalty	42	<b>37.8</b>	161	<b>144.9</b>
FIN 1.5	Insurance Premiums	6	5.4	61	54.9
FIN 1.6	HRS Training and Awareness Program Cost	28	25.2	75	67.5
FIN 1.7	HRS Practices Rewards and Bonuses for Employees	34	30.6	144	129.6
FIN 1.8	HRSR Practices Rewards and Bonuses for Directors	14	12.6	38	34.2
FIN 1.9	Funding for Safety Programs	23	20.7	94	84.6
FIN 1.10	Cost of Accidents	12	10.8	40	36
FIN 1.11	Rewards and Bonuses for OHS Practices	10	9	22	19.8
FIN 1.12	Loss Prevention	20	18	82	73.8
FIN 1.13	Investment in Safety Equipment	20	18	48	43.2
FIN 1.14	Medical Expenses	17	15.3	35	31.5

FIN1.0	Financial Keywords	Reported this item	Item %	Word Count (2018-2022)	Word Count %
FIN 1.15	Legal Fees	37	<b>33.3</b>	221	<b>198.9</b>
<b>Financial total</b>		<b>308</b>	<b>18.48</b>	<b>1166</b>	<b>69.96</b>
<b>NFN 2.0</b>	<b>Non-Financial Keywords</b>				
NFN 2.1	Safety Regulations	56	<b>50.4</b>	403	<b>362.7</b>
NFN 2.2	Hazard Identification	29	26.1	151	135.9
NFN 2.3	Risk Assessment	52	<b>46.8</b>	566	<b>509.4</b>
NFN 2.4	Safety Compliance	40	36	200	180
NFN 2.5	Incident Reporting	24	21.6	143	128.7
NFN 2.6	Personal Protective Equipment (PPE)	21	18.9	75	67.5
NFN 2.7	Safety Training	36	32.4	305	274.5
NFN 2.8	Safety Audits	9	8.1	19	17.1
NFN 2.9	Workplace Inspections	22	19.8	92	82.8
NFN 2.10	Accident Investigation	17	15.3	70	63
NFN 2.11	Safety Management System (SMS)	14	12.6	44	39.6
NFN 2.12	Emergency Response	27	24.3	78	70.2
NFN 2.13	Health Surveillance	26	23.4	314	282.6
NFN 2.14	Safety Culture	22	19.8	69	62.1
NFN 2.15	Behavior-Based Safety (BBS)	2	1.8	2	1.8
<b>Nonfinancial total</b>		<b>397</b>	<b>23.82</b>	<b>2531</b>	<b>151.86</b>
<b>GRAND TOTAL</b>		<b>705</b>	<b>21.15</b>	<b>3697</b>	<b>110.91</b>

(FIN= Financial Keywords, NFN= Nonfinancial Keywords)

#### 4.1 Descriptive statistics of human resources safety reporting index

Table 2 summarizes the descriptive statistics for human resource safety reporting (HRSR) in this study. On average across all reported periods, about 3.57% of HRSR index keywords appear in the annual reports, constituting approximately 14.69% of the total number of keywords. Nonfinancial keyword reporting in the sample averaged around 4.71%, with the total average word count comprising approximately 44.52% of the HRSR index.

**Table 2.** Descriptive statistics of Human Resources Safety Reporting (HRSR)

Dependent Variable	Obs	Mean	St. Dev.	Minimum	Maximum	Areas
FIN Key Words	90	3.566667	2.522038	0	10	<b>INDONESIA</b>
FIN Word Numbers	90	14.68889	13.0536	0	50	
NON-FIN Key Words	90	4.711111	2.740641	0	10	
NON-FIN Word Numbers	90	30.32222	30.13745	0	109	
<b>TTL Key Words (OHSR)</b>	<b>90</b>	<b>8.311111</b>	<b>4.379843</b>	<b>1</b>	<b>18</b>	
TTL Word Numbers	90	44.52222	39.77612	1	149	

#### 4.2 Human resources safety reporting trends

The reporting trend activities and the overall performance of HRSR are depicted in Figure 3. According to the data, human resource safety reporting has increased over the period. The sample firms' HRSR keywords averaged 6.4% 2018 in the HRSR index. In 2022, it increased and reported about 7.15% of the index, and it was seen that within five years, disclosure quantity had risen slowly to about 1%. Besides, the number of Keywords reporting trends increased rapidly, on average, by 26.5 in 2018, 29 in 2019, 32.5 in 2020, and 34 in 2021. The

reporting trend quickly rose in 2022 from 34 to 39 words on average in the sample firms' annual reports. The trend in HRSR for both the keywords and the number of words in the annual reports is illustrated in Figure 1.

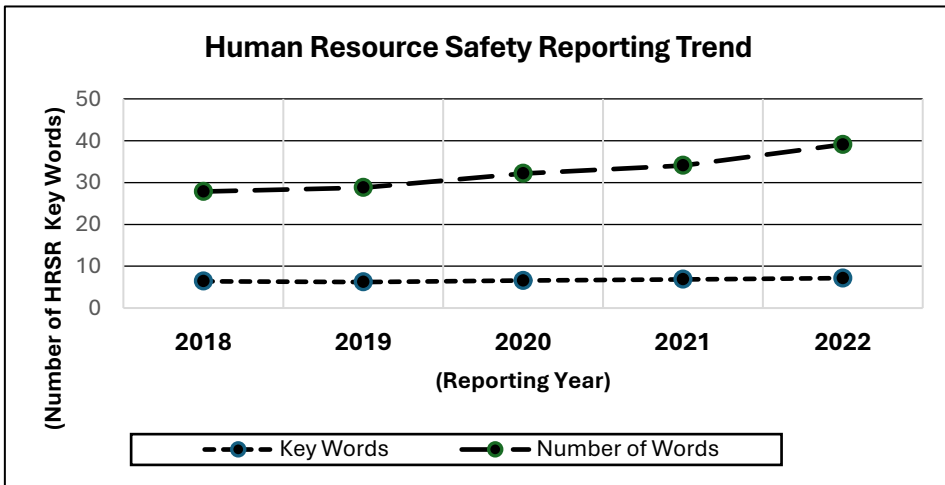


Fig. 1. HRSR trend for the keywords and the number of words in the annual reports.

## 5 Conclusions

Recent studies on human resource (HR) reporting in annual reports from developing countries reveal that such reporting is significantly influenced by regulatory requirements and market pressures, leading to an increasing trend driven by international standards like GRI. HR reporting in developing countries faces limited voluntary disclosures and a need for more standardization. The strategic importance of HR reporting is emphasized, highlighting the need to integrate HR reporting into corporate strategies to positively influence investor decisions and overall company performance.

### 5.1 Research gaps in human resource safety reporting

Research on safety reporting in developing nations is lacking due to the absence of consistent methods across industries and countries. This lack of consistency impedes the ability to universally compare safety standards. The prioritization of qualitative data over quantitative data hinders the effectiveness of reporting, while significant differences among businesses underscore the necessity for customized reporting frameworks. The fields of regulatory impacts, company governance, and SME practices have not been thoroughly investigated. Furthermore, it is crucial to conduct more research on regional variations, the consequences for stakeholders, the implementation of sustainable practices, and the influence of HR transparency on the performance of companies.

### 5.2 Future research directions in human resource safety reporting

In order to enhance comparability across industries and regions, future research should concentrate on the development of standardized HR safety reporting frameworks. In order to monitor changes over time, longitudinal studies are necessary, while industry-specific research can create customized frameworks. The identification of best practices can be



achieved by examining the impact of corporate governance and the function of technology in reporting. Additionally, research should investigate the stakeholder impacts, investigate regional differences, and address the HR disclosure challenges among SMEs. The integration of HR safety reporting with sustainability and CSR initiatives, as well as the examination of its impact on firm performance, are essential for a comprehensive understanding and enhanced business outcomes.

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