

The Exploration on the Criteria to Measuring the Human Value in the Cases of Hainan Province in China: An Interpretive Study

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In the present era of information and knowledge-based economics, human has been described as the greatest asset for the development of a company. not only talents are pivotal to its innovation, but also are the source of value for an organization. Hence, the use of intangibles such as knowledge and skills of employees received much attention from successful companies. Especially, in the terms of increasing the value of the company, International Integrated Reporting Council (IIRC)'s 2013 framework document provided the reference for encouraging organizations to articulate the role of their human capital by referring to inputs, business activities, outputs and outcomes. The document emphasized the link between the investment to employees and the increasing value of company, thus facilitated the dramatic improvement in internal understanding of strategy and value creation. Nevertheless, the international IR (Integrated report) framework still does not clarify what information companies should disclose related to their human capital so far. It calls for a further investigation on what kind of factors need to be taken into account for recognizing the value to and monitoring the health of human asset. In 2020, as one of the important procedures in the reform and opening strategy, Chinese government has announced plans to establish a free trade zone in Hainan Province. Hainan companies thereupon are going to face many challenges to keep the competitive advantages in the market under this policy. It has been well known that talent is the key to enterprise's success in the market competition. Knowing the value of human asset not only can help managers to allocate the human resource reasonably but also can facilitate the improvement of value creation activities. Hence, there is a need to explore the criteria of measuring the value of human asset for companies of China, especially in Hainan Province. The purpose of this multiple case study was to explore the criteria to measuring the human value in companies of Hainan China and perceived the reasons behind the selected criteria. As the topic about human capital disclosure in integrated report is extremely new and lack of knowledge surrounding the participants, the interpretative study approach was employed in this study. Specifically, open-end interviews were conducted with 8 company managers in 4 companies and 2 experts in the field of accounting and human resource management, to offer insight into how the human value can be calculated and reported in companies of Hainan. The preliminary finding generated 15 themes that showed influences on human value measurement in firms and provided the understanding of what factors Hainan companies might choose to value employees. Meanwhile, why the factors should be selected by those companies also was explained with these themes. The result of this research might include the recommendation for Hainan companies to establish suitable models to record and report the value of their employees. Consequently, the theoretical

foundation for solving the problem of clarifying what information companies should disclose related to their human capital can be solid. Besides, this research outputs also can trigger the development of Human resource accounting in the market of China.

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