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## The Development of a Human Rights Disclosure Index

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### Abstract

Corporations have a considerable impact on human rights. However, the moral force of corporations to treat human beings in ways that respect their rights are implicated in their corporate financial reporting, communication practices, and accounting and accountability. This moral force on human rights particularly that of labour rights, has led this study to focus on the development of the human rights disclosure (HRD) index. This study constructs a list of HRD measurement items from prior literature and related regulations to develop a weighted human rights disclosure index using the Delphi technique. The findings from this study finalise the weighted HRD index from the Delphi technique as perceived from the stakeholders' point of view. This study helps guide listed companies on which human rights disclosure indicators are considered important by the stakeholders. It also attempts to fill the gap in the literature by developing a stakeholders-based HRD index and how it could be applied to future research in different contexts.

**Keywords:** Human Rights, Corporate Communications, Human Capital Reporting, Human Rights Disclosure Index, Delphi Techniques.

### Introduction

Human rights are a standard applied universally. For this study, human rights will focus solely on employees or labour. The establishment and development of the United Nation's International Labour Organisation (ILO) (1998) set in motion international standards for labour practices. Since then, labour and human rights have tended to be treated together (Gray and Gray, 2011).

Over the years, there has been increasing dissatisfaction with employers discriminate against their employees because of their religion or sexual orientation. The courts and tribunals were powerless to intervene unless the employer broke other legislation (Aziz, 2008). Human rights in Malaysia are provided in the Federal Constitution which provides equality under the law as well as prohibiting discrimination on the basis of race, religion, gender, descent and place of

birth. Two articles in the Malaysian Federal Constitution are relevant, namely Articles 8 (1) and 8 (2) which state,

*“All persons are equal before the law and entitled to the equal protection of the law”* Article 8 (1), and, *“Except as expressly authorised by this Constitution, there shall be no discrimination against citizens on the ground only of religion, race, descent, place of birth or gender in any law or in the appointment to any office or employment under a public authority in the administration of any law relating to the acquisition, holding or disposition of property or the establishing or carrying on of any trade, business, profession, vocation or employment.”* Article 8 (2)

Currently, the Malaysian Federal Constitution regulates human rights in general where the said regulations are still in used specifically for several cases in Malaysia with regard to the issue of labour rights.

Prior studies (e.g. Cahaya et al. 2012; Zhao et al. 2012; Islam and McPhail, 2011; and Abeysekera, 2008) measured human rights reporting by applying several indexes as outlined by the Global Reporting Initiative (GRI) (2006) and ILO’s Fundamental Principles and Rights at Work (1998). However, ILO’s Fundamental Principles and Rights at Work and the GRI index on the main sections of (1) labour practices and decent work indicators and (2) human rights performance indicators lack certain measures that may be regarded as significant from the perception of stakeholders in developing countries. According to Islam and McPhail (2011), issues such as discrimination on gender and child labour are significant in developing countries. Moreover, some of the indicators are highlighted in the regulations but not included as a disclosure indicator in prior literature. Furthermore, certain human rights items (e.g. elimination of child labour) are considered significant by certain stakeholders and insignificant by others. Due to this inconsistency, the research seeks to discover a consensus of human rights items agreed by all the sample stakeholders from which an index is developed. Based on the significance and lack of corporate disclosure on the matter, it is important to ask the following questions:

#### Research Question 1

What type of information on the human rights disclosure is necessary to develop the human rights disclosure (HRD) index?

#### Research Question 2

How can the information be organised as a disclosure index?

Based on these research questions, this study aims to construct a list of HRD measurement items from prior literature and analyse the data collected from panel experts through the Delphi exercise to develop the human rights disclosure index.

## Literature Review

### Corporate Disclosure and Human Rights

According to Gallhofer et al. (2011), human rights play a role in corporate disclosures by emphasising transparency and accountability. Gallhofer et al. (2011) suggested that transparent non-financial reporting is relevant alongside other forms of transparency such as reporting of human rights violations or progress. They also explained that human rights place pressure on corporations.

Nevertheless, despite the nature of human rights discourse, there is a surprising lack of critical corporate disclosure in relation to human right obligations, the emerging regulatory environment which may lie behind these disclosure, or what the application of human rights within a business context means for the prospects of greater corporate accountability (Islam and McPhail, 2011).

### HRD Measurement Items

The HRD measurement items detail the number of categories of employee rights from the perspective of literature and regulations. It helps guide the researcher in the development of a human rights disclosure index from prior literature. The human rights measurement items were also applied to construct the questionnaire starting with the Global Reporting Initiative (GRI) (2006) labour practices and decent work indicators, as guidelines in the construction of the human rights disclosure measurement item. This study analyses the prior literature and related regulations based on six main categories, namely (1) employment disclosure, (2) labour or management relations, (3) occupational health and safety, (4) employee beliefs or religion, (5) diversity and opportunity, and (6) sexual orientation discrimination. Table I summarises these six categories, describes the measurement item and the sources of literature and regulations.

Table I: HRD Measurement Item and the Literature

Human rights disclosure measurement	Sources of standard/ literature/ regulations
<b>A. Employment disclosure</b>	
Total workforce by employment type, employment contract, and region.	GRI LA1; Pedrini (2007); Abeysekera and Guthrie (2004); Jindal and Kumar (2012)
Total number and rate of employee turnover by age group, gender, and region.	GRI LA2; Pedrini (2007); Jindal and Kumar (2012)
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	GRI LA3; Pedrini (2007); Jindal and Kumar (2012); Khan et. al. (2011), Beattie and Smith (2010)
<b>B. Labour / management relations</b>	
Percentage of employees covered by collective bargaining agreements.	GRI LA4; Cahaya et. al. (2012); Pedrini (2007)
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	GRI LA5; Cahaya et. al. (2012); Pedrini (2007)
Description of the labour union activity with regards to labour rights.	Abeysekera (2008)
Measures taken to contribute to the elimination of child labour.	Mohardt (2009); GRI HR6; Islam and McPhail (2011); ILO 1998; Peow (2007); Children and Young Persons Employment Act 1966

Measures taken to contribute to the elimination of forced or compulsory labour.	Mohardt (2009); GRI HR6; Islam and McPhail (2011); ILO 1998
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### C. Occupational health and safety

Establishment of the self-awareness system for job safety (which is regularly improved).	Zhao et. al. (2012)
Access to off-site and on-site facilities (such as staff areas, drinking water and food).	Zhao et. al. (2012)
Management ability to contribute towards design review from the job hazard perspective.	Zhao et. al. (2012)
Performing regular maintenance of machinery and equipment.	Zhao et. al. (2012)
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	GRI LA6; Cahaya et. al. (2012); Pedrini (2007); Chen et. al. (2015)
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	GRI LA7; Cahaya et. al. (2012); Pedrini (2007); Chen et. al. (2015); Khan et. al. (2011); Dominguez (2011)
Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	GRI LA8; Cahaya et. al. (2012); Pedrini (2007); Chen et. al. (2015); Khan et. al. (2011); Dominguez (2011); Islam and Deegan (2008)
Health and safety topics covered in formal agreements with trade unions.	GRI LA9 Cahaya et. al. (2012); Chen et. al. (2015)

### D. Employee beliefs or religion

No interference with regards to the employee beliefs, customs and legal rights.	Zhao et. al. (2012)
Acknowledgement of different religions or religious beliefs.	Employment Equality Regulations 2003; Marco (2004)
No discrimination in the recruitment and promotion process for a candidate with different beliefs.	Employment Equality Regulations 2003;
Acknowledgement on the dietary requirements of different religions.	Employment Equality Regulations 2003;
The code of clothing and the employees' religion requirements.	Employment Equality Regulations 2003;

Provision on prayer facilities for employees.	Employment Equality Regulations 2003;
Washing and showering facilities are provided dependent on the employee's religion requirements.	Employment Equality Regulations 2003;
<b>E. Diversity and opportunity</b>	
Description of equal opportunity policies or programs, recruitment and promotion for all employees.	Malaysian Federal Constitution Article 8(1); Pedrini (2007); Islam and McPhail (2011); ILO 1998;
Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	GRI LA13; Cahaya et. al. (2012); Pedrini (2007)
Ratio of basic salary of men to women by employee category.	GRI LA14; Cahaya et. al. (2012); Khan et. al. (2011);
Equity issues on race, gender, and religion.	Abeysekera and Guthrie (2004); Mohardt (2009)
Equal opportunity for recruitment and promotion of disabled employees.	. Abeysekera and Guthrie (2004); Abeysekera (2008)
<b>F. Sexual orientation discrimination</b>	
Impartial recruitment process among different genders.	Abeysekera and Guthrie (2004); Abeysekera (2008); Employment Equality Regulations 2003;
Avoid practising stereotyping for different genders.	Abeysekera (2008); Employment Equality Regulations 2003; Marco (2004)
Respect the privacy on different genders.	Employment Equality Regulations 2003;
Benefits and pensions provided equally regardless of the employee's gender.	Employment Equality Regulations 2003;
No discrimination on the grounds of marital status among the employees.	Employment Equality Regulations 2003; Islam and Deegan (2008); Aziz (2008)
Prohibit sexual harassment of the workers, abuse and corporal punishment which applies for both males and females.	Employment Equality Regulations 2003; Employment Act 1955; Zhao et. al. (2012)

## **Methodology**

### **Delphi Technique**

The Delphi technique is a systematic procedure to evoke expert opinion where the intended outcome is to achieve a reliable consensus of opinions among a selected panel of experts (Sourani and Sohail, 2014). Nworie (2011) illustrates the Delphi technique as one of the most beneficial forecasting procedures used by decision makers where the expert panellists are separated by time and space. They can engage in the same process at their own pace and time, independent of each other and without the influence of the other expert panellists.

The process of the Delphi technique can go from one to as many rounds as are necessary to yield a consensus (Nworie, 2011). The instruments used in the process are questionnaires that require feedback from the participants in a predetermined number of rounds.

### **The Delphi Panel**

According to Weidman et al. (2011), the literature has not specified the number of experts needed for the Delphi technique. However, it is recognised that a minimum appropriate size would include seven or eight experts. Moreover, Mitchell and McGoldrick (1994) argued that the size of the panel may be as large as time and money considerations will permit but should be no less than 8 to 10 members.

The panel involved members with a vast knowledge and experience on human capital in corporations, employee relations and rights, and the issue being researched. Based on their current and prior positions, they are considered 'experts' who possess a high degree of objectivity and rationality and are able to apply their knowledge professionally. The following three criteria were devised to identify eligible panel experts for this study:

Criterion 1: Having extensive working experience in human resource management or employee relations

Criterion 2: Having current/recent and direct involvement in human capital in corporations

Criterion 3: Having sound knowledge and understanding of employee rights concepts

A total of 12 experts accepted the formal invitation, where the panel of experts represents a wide spectrum of human capital professionals in Malaysia with two from the public sector, one from a non-government organisation (NGO), and nine from the private sector. The composition of this group of experts provides a balanced view of the Delphi study. The details of the panel experts are as shown in Table II.

Table II: Details of the Delphi Panel

<b>Role</b>	<b>Description</b>	<b>Number of panel members</b>
Human resource manager	Currently holding a position as assistant vice president in the human resource group in a corporation, human resource manager in a non-listed company, or director of the human resource operations. Having experience as human resource manager or officer from 5 years and above.	5
Employee relation officer	Currently acts as an assistant manager (industrial relations) in listed corporations. Having experience handling issues on employee rights in the corporation and working under the human resource department.	2
Government representative	Currently in the Ministry of Human Resource in charge of the investigation with relation to organisational safety and health.	1
Academician	Currently doing research and teaching courses related to labour law and rights.	1
Accountant	Accountant involved in preparing the information needed to be disclosed in the annual report of a public listed company and payroll compliance specialists in charge of monetary benefits for the employee.	2
Public interest group	Representative from NGO involved in protecting employee rights among corporations.	1
<b>Total number of panel members</b>		<b>12</b>

### Activities in the Delphi Exercise

The Delphi exercise started with a formal invitation to the selected panel experts because of their knowledge in their respective fields or the issue being investigated. Invitations were sent via e-mail to human resource managers, NGOs, government representatives, academicians and employee relations officers. Panels were given four weeks to respond to the invitations, whereby at the end of week 4, a total of 12 panels had agreed to participate.

Nworie (2011) stated that the lengthy process of this technique is a major challenge which may result in participation irritation. They added that even in cases where there is interest in the outcome, the panellists could be overwhelmed if the study lasts too long. Thus, to minimise non-response due to the lengthy process, initial face-to-face or phone interviews were conducted to introduce both the researcher and the topic of research.

During the first round, the researcher invited the panel for an interview session, either face-to-face or through phone calls, whichever was preferable by the panel. Out of the 12 panels, three agreed to face-to-face interviews, and four agreed to phone interviews, while others preferred to answer emailed questionnaires. The first round of Delphi questionnaires was



submitted through e-mail to the entire panel, including the panellists who agreed to the interviews.

For the second round, all panels received the results and findings from questionnaire one (percentage answering yes or no) along with the questionnaire for round two through e-mail. The questionnaire for round two was drawn with a five-point Likert-scale, with added questions suggested from round one. The panels needed to re-evaluate the same questionnaire and evaluate the additional items, where they were given the opportunity to make changes in the ratings, offer opinions and justifications on their decisions or selections. Eleven panellists submitted their responses through e-mail; however, one panellist withdrew from the second round due to heavy work commitment.

For the third round, panellists were presented with a summary of the responses from the second round comprising the percentage of each ranking and opinions and justifications provided in the second round for further consideration.

## Findings and Discussions

### Results from Delphi Round One

At this initial round, the panel members were presented with a questionnaire featuring the items in Table III which indicate the respondent's perceived items as important (yes) and not important (no). Chan et al. (2001) stated that items selected as important by more than 50% would be selected for further consideration in the next round of Delphi. Hence, it could be seen from Table III that all items were considered important (selected "yes" - 50% and above), with the lowest item being E3 (salary by employee category - 55%).

Table III Percentage of Responses from Round One

		Q1 (in percentage)	
		No	Yes
A1	Total workforce	0	100
A2	Employee turnover	8	92
A3	Benefits for full-time employees	17	83
B1	Employees covered by collective bargaining	8	92
B2	Minimum notice period	0	100
B3	Description on labour union activity	8	92
B4	Measures taken to eliminate child labour	25	75
B5	Measures taken to eliminate forced labour	8	92
C1	Establishment of self-awareness system	0	100
C2	Access to off-site& on-site facilities	0	100
C3	Management contribute job hazard perspective	0	100
C4	Maintenance of machinery	0	100
C5	Workforce represented in formal Occupational Safety and Health committees	0	100
C6	Rates of work related fatalities	0	100
C7	Education on serious diseases	0	100
C8	Occupational Safety and Health agreements with trade unions	0	100

D1	No interference in employee beliefs	0	100
D2	Acknowledgement of different beliefs	8	92
D3	No discrimination with different beliefs	0	100
D4	Acknowledgement of religious dietary requirements	8	92
D5	Dress code for the requirements of different religions	17	83
D6	Provision of prayer facilities	8	92
D7	Washing facilities that meet religious requirements	25	75
E1	Equal opportunity for all employees	0	100
E2	Breakdown of employees per category	17	83
E3	Salary by employee category	42	58
E4	Equity issues on race, gender, religion, place of birth	33	67
E5	Equal opportunity for disabled employees	8	92
F1	Impartial recruitment regardless of gender	17	83
F2	Avoid stereotyping for different gender	0	100
F3	Respect privacy on different gender	0	100
F4	Equal benefits regardless of gender	0	100
F5	No discrimination on different marital status	0	100
F6	Prohibit sexual harassment	0	100

In this round, nine additional items were suggested by some of the panellists. The additional items are reported below.

Table IV: Additional Items from Round One

A4	Compliance with minimum wage policy
B6	The minimum retirement age
B7	Benefits changes based on agreement
B8	Proper communication channel
C9	Protections for employees involves in Occupational Safety and Health
C10	Foreign employees given equal protections on Occupational Safety and Health
C11	Full utilisation on Occupational Safety and Health committee
E6	Job opportunity based on merit
E7	No discrimination of foreign employees

These additional items, along with the summary results from the first round were presented to each panel member in Delphi round two. As the objective of the Delphi exercise is to reach greater consensus in the responses, the subsequent rounds were used to allow panel members to reconsider their initial responses and to give justifications to their responses.

### Results from Delphi Round Two

In the second round, each panel member was invited to reconsider his/her initial response based on the responses from round one. The percentage of responses (selecting yes or no) from round one was presented to the panel in the second round to assist them in reconsidering their position. The round two questionnaire was constructed with different rankings whereby the five-point Likert-scale were used. The panel needed to reconsider the importance of each item of human rights disclosure by selecting a degree of importance (0 = unimportant, 1 = minor important, 2 = quite important, 3 = very important, 4 = extremely important).

Table V shows the results from the round two questionnaire in percentage form. The number of panel members decreased from 12 to 11 where one of the panellists had withdrawn and was hence excluded from the analysis in this round. The highlighted boxes are the additional items for this second round. Most of the additional items were considered important and were ranked highly. However, there were a few items which the panel considered as unimportant (with a ranking of 0) such as proper communication channel (9%), dress code for different religious requirements (9%), washing facilities that meet religious requirements (18%) and salary by employee category (9%).

Only one additional item was suggested from round two, namely employee rights after being dismissed. The panel explained that the company should disclose to employees what their rights are. For example, if they are dismissed following an inquiry, they could appeal to the management and (or) file claim to the industrial relations office within 60 days after being dismissed. Lack of knowledge on such matters serves as a disadvantage to the employees.

Table V: Percentage of Responses from Round Two

		<b>Degree of importance</b>				
		0 = Unimportant				
		1= Of minor importance				
		2 = Quite important				
		3 = Very important				
		4 = Extremely important				
		<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
A1	Total workforce	0	9	18	18	55
A2	Employee turnover	0	18	9	36	36
A3	Benefits for full time employees	0	9	9	45	36
A4	Compliance with minimum wages policy	0	0	18	18	64
B1	Employees covered by collective bargaining	0	9	45	27	18
B2	Minimum notice period	0	0	27	36	36
B3	Description on labour union activity	0	0	55	27	18
B4	Measures taken to eliminate child labour	0	0	36	45	18
B5	Measures taken to eliminate forced labour	0	9	27	45	18
B6	The minimum retirement age	0	0	9	45	45
B7	Benefits changes based on agreement	0	0	9	27	64
B8	Proper communication channel	9	9	0	36	45
C1	Establishment of self-awareness system	0	0	0	36	64

C2	Access to off-site& on-site facilities	0	0	18	55	27
C3	Management contribute job hazard perspective	0	0	0	45	55
C4	Maintenance of machinery	0	0	9	27	64
C5	Workforce represented in formal Occupational Safety and Health committees	0	0	9	45	45
C6	Rates of work related fatalities	0	0	9	36	55
C7	Education on serious diseases	0	0	27	18	55
C8	Occupational Safety and Health agreements with trade unions	0	0	18	27	55
C9	Protections for employees involves in Occupational Safety and Health	0	9	9	27	55
C10	Foreign employees given equal protections on Occupational Safety and Health	0	9	9	18	64
C11	Full utilisation on Occupational Safety and Health committee	0	0	18	27	55
D1	No interference in employee beliefs	0	0	9	27	64
D2	Acknowledgement of different beliefs	9	9	18	18	45
D3	No discrimination with different beliefs	0	0	0	36	64
D4	Acknowledgement of religious dietary requirements	0	9	27	36	27
D5	Dress code for the requirements of different religions	9	18	27	45	0
D6	Provision of prayer facilities	0	18	27	45	9
D7	Washing facilities that meet religious requirements	18	18	18	36	9
E1	Equal opportunity for all employees	0	0	18	36	45
E2	Breakdown of employees per category	0	0	45	45	9
E3	Salary by employee category	9	18	27	36	9
E4	Equity issues on race, gender, religion, place of birth	0	0	45	45	9
E5	Equal opportunity for disabled employees	0	18	18	36	27
E6	Job opportunity based on merit	0	9	18	18	55
E7	No discrimination of foreign employees	0	0	36	36	27
F1	Impartial recruitment regardless of gender	0	0	36	36	27
F2	Avoid stereotyping for different gender	0	0	9	55	36
F3	Respect privacy on different gender	0	0	18	36	45
F4	Equal benefits regardless of gender	0	0	9	45	45
F5	No discrimination on different marital status	0	0	9	55	36
F6	Prohibit sexual harassment	0	0	0	27	73

### Results from Delphi Round Three

The suggestion of one additional item and the results as shown in Table 6, as well as the percentage for each degree of importance from round two, were made known to all panel members in round three. Table VI showed the percentage response for each degree of importance from Delphi round three. The same 11 panel members from Delphi round two were sent questionnaires through e-mail. It could be seen from Table 6 that a few items were still measured as unimportant by the panel members. Among such items were dress code for the requirements of different religions (9%), washing facilities that meet religious requirements (9%), and salary by employee category (9%). Round three revealed additional items were considered unimportant (with ranking 0). These include measures taken to eliminate forced labour (9%), the minimum retirement age (9%), benefits changes based on agreement (9%), and equity issues on race, gender, religion, place of birth (9%).

Table VI: Percentage of Responses from Round Three

		<b>Degree of importance</b>				
		0 = Unimportant				
		1= of minor importance				
		2 = Quite important				
		3 = Very important				
		4 = Extremely important				
		<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
A1	Total workforce	0	9	36	27	27
A2	Employee turnover	0	9	36	46	9
A3	Benefits for full time employees	0	0	46	18	36
A4	Compliance with minimum wages policy	0	9	18	18	55
B1	Employees covered by collective bargaining	0	0	46	36	18
B2	Minimum notice period	0	0	18	46	36
B3	Description on labour union activity	0	0	27	27	46
B4	Measures taken to eliminate child labour	0	9	9	18	64
B5	Measures taken to eliminate forced labour	9	0	9	18	64
B6	The minimum retirement age	9	0	18	36	36
B7	Benefits changes based on agreement	9	0	9	27	55
B8	Proper communication channel	0	0	18	27	55
C1	Establishment of self-awareness system	0	0	18	27	55
C2	Access to off-site& on-site facilities	0	0	18	36	46
C3	Management contribute job hazard perspective	0	0	9	36	55
C4	Maintenance of machinery	0	9	9	27	55
C5	Workforce represented in formal Occupational Safety and Health committees	0	0	18	46	36
C6	Rates of work related fatalities	0	0	9	36	55
C7	Education on serious diseases	0	0	27	9	64

C8	Occupational Safety and Health agreements with trade unions	0	0	18	46	36
C9	Protections for employees involves in Occupational Safety and Health	0	0	27	36	36
C10	Foreign employees given equal protections on Occupational Safety and Health	0	0	0	45	55
C11	Full utilisation on Occupational Safety and Health committee	0	0	9	45	46
D1	No interference in employee beliefs	0	9	9	55	27
D2	Acknowledgement of different beliefs	0	9	27	36	27
D3	No discrimination with different beliefs	0	0	45	9	46
D4	Acknowledgement of religious dietary requirements	0	9	0	55	36
D5	Dress code for the requirements of different religions	9	9	36	18	27
D6	Provision of prayer facilities	0	18	27	18	36
D7	Washing facilities that meet religious requirements	9	27	27	0	36
E1	Equal opportunity for all employees	0	0	9	45	46
E2	Breakdown of employees per category	0	0	18	36	46
E3	Salary by employee category	9	0	18	27	46
E4	Equity issues on race, gender, religion, place of birth	9	0	27	36	27
E5	Equal opportunity for disabled employees	0	0	27	36	36
E6	Job opportunity based on merit	0	0	0	55	45
E7	No discrimination of foreign employees	0	0	9	36	55
E8	Employees rights after being dismissed	0	0	9	18	73
F1	Impartial recruitment regardless of gender	0	0	27	18	27
F2	Avoid stereotyping for different gender	0	0	27	27	46
F3	Respect privacy on different gender	0	0	18	27	55
F4	Equal benefits regardless of gender	0	0	18	9	73
F5	No discrimination on different marital status	0	0	18	27	55
F6	Prohibit sexual harassment	0	0	18	27	55

### Level of Consensus of the Responses

The major objective of conducting the Delphi exercise is to obtain a reliable consensus among participating experts. The aim of the consensus is to determine the extent to which experts or lay people agree about a given issue and to determine the last round Delphi technique should be done. The extent of consensus was established using the indicator of the following statistical test as a measure of consistency. Yeung et al. (2007) applied Kendall's Coefficient of Concordance ( $W$ ) where if the Concordance Coefficient is equal to 1, it means all the experts rank the questionnaire identically. The Kendall's Coefficient of Concordance ( $W$ ) was used because the Delphi exercise involved four rounds where the said test would be applied for differences for

more than two independent groups with ordinal data. However, Burns and Burns (2008) suggested that if the test of differences involved two independent groups (nonparametric), the Wilcoxon signed-ranks test could be applied. Basnan (2010) evaluated the stabilisation of the responses using the Wilcoxon signed-ranks test to compare the responses for each item in the Delphi questionnaire between two rounds (Round 1 vs Round 2; Round 2 vs Round 3 for the original items; and Round 2 vs Round 3 for the additional items added by the experts when answering the questionnaires).

As for this study, the Wilcoxon two related samples test was used because the differences between round 2 and round 3 were skewed, and it was more suitable for nonparametric data where the samples were too small. The aim of the Wilcoxon signed-ranks test is to compare observations across two occasions or conditions in a repeated measure or matched pair context to determine whether there are significant differences between the observations from the two sets of data (Burns and Burns, 2008). Additionally, Cokes (2012) suggests that the Wilcoxon signed-rank test is used when one would use repeated measures - that is when the same participants perform under each level of the independent variable. As for this case, both Delphi questionnaires for round 2 and round 3 are answered by the same participants (panel expert) using the same measures or questionnaire.

For each item in the questionnaire and all responses from the panel experts from rounds 2 and 3, the Wilcoxon test was conducted to evaluate whether there were differences in the panel's opinion on the importance for each of the human rights measurements from the round 2 and round 3 questionnaires. However, there is only one item in the questionnaire that is not tested, namely item code E8 (employee rights after being dismissed) since this item was added by the experts from Questionnaire 2 and the response from the question was received in Questionnaire 3. As shown from Table VII, there were no statistical differences in almost all human rights measurements (except item code D5, E2 and E3) whereby all p-values are higher than 0.05. This result implies that there is stability in the responses across Delphi round 2 and round 3 whereby the consensus on the human rights importance of each item can be considered to have been reached after round three.

Table VII: Wilcoxon Signed-Ranks for Paired Samples Round Two Vs Round Three

<b>*Significance test of difference (p &lt; 0.05, Asymp. sig. 2-tailed)</b>			
		<b>Z-score</b>	<b>p-value</b>
A1	Total workforce	-1.518	0.129
A2	Employee turnover	-0.921	0.357
A3	Benefits for full time employees	-0.541	0.589
A4	Compliance with minimum wages policy	-0.756	0.450
B1	Employees covered by collective bargaining	-0.632	0.527
B2	Minimum notice period	-0.378	0.705
B3	Description of labour union activity	-1.730	0.084
B4	Measures taken to eliminate child labour	-1.897	0.058
B5	Measures taken to eliminate forced labour	-1.897	0.058
B6	The minimum retirement age	-0.877	0.380
B7	Benefits changes based on agreement	-0.647	0.518

B8	Proper communication channel	-0.816	0.414
C1	Establishment of self-awareness system	-1.089	0.276
C2	Access to off-site & on-site facilities	-1.414	0.517
C3	Management contribute job hazard perspective	-0.447	0.655
C4	Maintenance of machinery	-0.966	0.334
C5	Workforce represented in formal Occupational Safety and Health committees	-0.816	0.414
C6	Rates of work related fatalities	0.000	1.000
C7	Education on serious diseases	-0.322	0.748
C8	Occupational Safety and Health agreements with trade unions	-0.707	0.480
C9	Protections for employees involves Occupational Safety and Health	-0.552	0.581
C10	Foreign employees given equal protections in Occupational Safety and Health	-0.816	0.414
C11	Full utilisation of Occupational Safety and Health Committee	0.000	1.000
D1	No interference in employee beliefs	-1.403	0.161
D2	Acknowledgement of different beliefs	-0.087	0.931
D3	No discrimination with different beliefs	-1.933	0.053
D4	Acknowledgement of religious dietary requirements	-0.264	0.792
D5	Dress code for the requirements of different religions	-2.236	0.025
D6	Provision of prayer facilities	-1.265	0.206
D7	Washing facilities that meet religious requirements	-1.134	0.257
E1	Equal opportunity for all employees	-0.816	0.414
E2	Breakdown of employees per category	-2.070	0.038
E3	Salary by employee category	-2.126	0.033
E4	Equity issues on race, gender, religion, place of birth	-0.491	0.623
E5	Equal opportunity for disabled employees	-0.707	0.480
E6	Job opportunity based on merit	-0.877	0.380
E7	No discrimination of foreign employees	-1.897	0.058
E8	Employees rights after being dismissed	Not tested	
F1	Impartial recruitment regardless of gender	-1.081	0.279
F2	Avoid stereotyping for different gender	-0.378	0.705
F3	Respect privacy on different gender	-0.447	0.655
F4	Equal benefits regardless of gender	-1.000	0.317
F5	No discrimination on different marital status	-0.447	0.655
F6	Prohibit sexual harassment	-1.300	0.194



### Finalisation of the Disclosure Index

The panel experts' agreement on the human rights disclosure information and the disclosure importance (represented by the disclosure importance mean score agreed by the panel in the final Delphi round) was developed into an index. Table VIII shows the human rights disclosure items established in the Delphi exercise with their weightings.

Table VIII: List of Human Rights Disclosure Items and Their Weightings

	Important weightings (0 – 4)
<b>A. Employment disclosure</b>	
A1 Total workforce	2.7273
A2 Employee turnover	2.5455
A3 Benefits for full-time employees	2.9091
A4 Compliance with minimum wages policy	3.1818
<b>B. Labour / management relations</b>	
B1 Employees covered by collective bargaining	2.7273
B2 Minimum notice period	3.1818
B3 Description on labour union activity	3.1818
B4 Measures taken to eliminate child labour	3.3636
B5 Measures taken to eliminate forced labour	3.2727
B6 The minimum retirement age	2.9091
B7 Benefits changes based on agreement	3.1818
B8 Proper communication channel	3.3636
<b>C. Occupational health and safety</b>	
C1 Establishment of self-awareness system	3.3636
C2 Access to off-site& on-site facilities	3.2727
C3 Management contribute job hazard perspective	3.4545
C4 Maintenance of machinery	3.2727
C5 Workforce represented in formal Occupational Safety and Health committees	3.1818
C6 Rates of work related fatalities	3.4545
C7 Education on serious diseases	3.3636
C8 Occupational Safety and Health agreements with trade unions	3.1818
C9 Protections for employees involves in Occupational Safety and Health	3.0909
C10 Foreign employees given equal protections on Occupational Safety and Health	3.5455
C11 Full utilisation on Occupational Safety and Health committee	3.3636

<b>D. Employee beliefs or religion</b>		
D1	No interference in employee beliefs	3.0000
D2	Acknowledgement of different beliefs	2.8182
D3	No discrimination with different beliefs	3.0000
D4	Acknowledgement of religious dietary requirements	2.6364
D5	Dress code for the requirements of different religions	2.4545
D6	Provision of prayer facilities	2.7273
D7	Washing facilities that meet religious requirements	2.2727
<b>E. Diversity and opportunity</b>		
E1	Equal opportunity for all employees	3.3636
E2	Breakdown of employees per category	3.2727
E3	Salary by employee category	3.0000
E4	Equity issues on race, gender, religion, place of birth	2.7273
E5	Equal opportunity for disabled employees	3.0909
E6	Job opportunity based on merit	3.4545
E7	No discrimination of foreign employees	3.4545
E8	Employees rights after being dismissed	3.6364
<b>F. Sexual orientation discrimination</b>		
F1	Impartial recruitment regardless of gender	3.2727
F2	Avoid stereotyping for different gender	3.1818
F3	Respect privacy on different gender	3.3636
F4	Equal benefits regardless of gender	3.5455
F5	No discrimination on different marital status	3.3636
F6	Prohibit sexual harassment	3.3636

## Discussion

The human rights disclosure measurement items were constructed mostly from the Global Reporting Initiatives (GRI). The main reason for adopting GRI performance indicators in this study is that they are the most widely accepted international reporting guidelines which have a high international profile and focus primarily on the content of sustainability reporting (Fraser, 2005). These indicators have been developed through a dialogue-based process with global stakeholders from business, investors, community, labour, civil society, accountants, academia, and others (Global Reporting Initiative, 2006). GRI indicators under the category of labour practices and decent work were developed based on internationally recognised labour standards such as the United Nations Conventions and International Labour Organisation (ILO) Conventions (Global Reporting Initiative, 2006). It can thus be said that the use of GRI labour practices and decent work disclosure items best represents the most internationally current stakeholder concerns on labour issues.

As for the second research question concerning disclosure information and its importance, as agreed by the panel experts, the Delphi exercise obtained a weighted HRD index. The major category of occupational health and safety indicates 11 sub-measurement items (initially 8 items) after the editing process through the Delphi exercise with all the items carrying a very important weighted index. Cahaya et al. (2012) found high disclosure on the occupational health and safety where the health and safety education item was among the third highest

disclosure by the Indonesian firms at 29.15%, followed by disclosure on the rates of injury at 8.97%, and the health and safety issues agreement with the labour union at 0.9%. Additionally, Abeysekera (2008) found that their case study revealed that most of the companies were highly involved in managing workplace safety. The study revealed that all respondents reported that their firms had a safety plan and managed their safety aspects well since it was in their certification program, which required them to have a safety program audited periodically. Another study by Islam and McPhail (2011) found an increasing trend for disclosure on the workplace standards for the criteria 'providing a safe and healthy working environment' from the years 1990 to 2007.

On the other hand, employee's beliefs and religion scores among the low weighted importance with five out of seven items' measurements below 2. This issue was not a major concern in the prior literature whereby issues on religion would frequently apply as a combination with other types of employee disclosure measurement. Abeysekera (2008) measured the human capital disclosure on religion under the sub-category of "equity issues: race, gender and religion" and Zhao et al. (2012) measured the issue of religion under the sub-category of "company values do not interfere with employee beliefs, customs and legal rights".

## Conclusion

This study aims to construct a list of human right disclosure (HRD) measurement items from prior literature and analyse the data collected from the panel experts through the Delphi exercise to develop the human rights disclosure index. The results from the Delphi exercise indicate that there are numerous changes from the earliest lists of human rights disclosure measurement items obtained from the prior literature. Most of the panel experts added measurement items under each main category of human rights disclosure some of which indicated several measurement items that should not be included in the lists with justifications. The Delphi exercise went into three rounds where the first data collection was made through different approaches (either interview or e-mail questionnaire) depending on the request of the panel. The decision to end the Delphi exercise after round three was based on the consensus which occurred during the last round which indicated that the agreement on the human rights disclosure index. The finalisation of the importance levels made by panel experts revealed that the panel experts perceived all human rights measurement items as essential.

The Delphi technique to develop a human rights disclosure index provides a new stage for an accounting study since the Delphi technique has mostly been used in scientific, technological and medical research (Landeta, 2006). Furthermore, the finalised weighted HRD index developed could be used for further study to measure the extent and quality of the HRD among corporations.

The literature focusing on the labour rights disclosure measurement items indicates that there were regulatory requirements for the companies to practice such a policy to protect the rights of their workers. Some regulations include compulsory requirements while other did not. Further, several issues with regards to the labour rights and corporations such as the issues of child labour, the rights of female workers, and the wages policies among others have highlighted the increased significance of accountability through reporting and transparency. Hence, in the future, it is worth applying such a disclosure index obtained from this study with the human rights disclosure practice among the corporations in Malaysia.

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