

DOI: 10.5281/zenodo.19410737

# HUMAN CAPITAL DISCLOSURE AND REPORTING QUALITY IN PUBLIC INTEREST ENTITIES: EVIDENCE FROM MONGOLIA

Munkhdalai Erdenebat<sup>1\*</sup>, Natsagdorj Saruultugs<sup>2</sup>, Gotov Otgonsuren<sup>3\*</sup> and Luvsandash  
Oyuntsetseg<sup>4\*</sup>

<sup>1</sup>Business School, National University of Mongolia. Email: [erdenebat.m@num.edu.mn](mailto:erdenebat.m@num.edu.mn)  
Orcid ID: <https://orcid.org/0000-0001-8321-7608>

<sup>2</sup>Business School, National University of Mongolia. Email: [saruultugs@num.edu.mn](mailto:saruultugs@num.edu.mn)  
Orcid ID: <https://orcid.org/0009-0000-7218-4089>

<sup>3</sup>Business School, National University of Mongolia. Email: [otgonsuren.g@num.edu.mn](mailto:otgonsuren.g@num.edu.mn)  
Orcid ID: <https://orcid.org/0009-0003-1990-2135>

<sup>4</sup>Business School, National University of Mongolia. Email: [oyuntsetseg\\_l@num.edu.mn](mailto:oyuntsetseg_l@num.edu.mn)  
Orcid ID: <https://orcid.org/0009-0004-1237-2669>

Received: 20/02/2026  
Accepted: 30/03/2026

Corresponding Author: Munkhdalai Erdenebat, Gotov Otgonsuren,  
Luvsandash Oyuntsetseg  
([erdenebat.m@num.edu.mn](mailto:erdenebat.m@num.edu.mn), [otgonsuren.g@num.edu.mn](mailto:otgonsuren.g@num.edu.mn),  
[oyuntsetseg\\_l@num.edu.mn](mailto:oyuntsetseg_l@num.edu.mn))

## ABSTRACT

Human capital is increasingly positioned at the core of sustainable competitive advantage and long-term value creation. In parallel, human resource reporting has emerged as a key mechanism through which organizations communicate the strategic management of their workforce to internal and external stakeholders. While international frameworks have advanced the standardization of human capital disclosure, empirical insight into how such practices are institutionalized within emerging market contexts remains limited. In particular, the governance integration and strategic embedding of human resource reporting in transitional economies are insufficiently understood. This study investigates the institutional maturity of human resource reporting among public interest entities in Mongolia. Drawing on survey data from 41 listed firms, the analysis evaluates governance integration, standards adoption, reporting frequency, and methodological consistency across three interrelated domains: human resource policy and oversight structures, human resource accounting and information systems, and disclosure quality across eleven human capital dimensions. Descriptive statistical analysis and exploratory factor analysis are employed to assess reporting coherence and structural alignment. The findings reveal a marked disjunction between formal compliance and strategic integration. Although most firms report the existence of human resource documentation and policy frameworks, board-level oversight, digital infrastructure, and comprehensive adoption of standardized human capital metrics remain underdeveloped. Reporting practices are predominantly compliance-oriented and externally focused, with limited evidence that human capital measurement is systematically embedded within ongoing strategic decision-making processes. Moreover, strategic dimensions such as leadership development, succession planning, and workforce productivity receive comparatively weaker disclosure than compliance-driven

*indicators. The study contributes to strategic human resource management and governance scholarship by providing empirical evidence from an underexamined emerging economy and by demonstrating how formal institutional adoption may coexist with limited strategic internalization. The findings suggest that human resource reporting in transitional contexts may function more as a symbolic compliance mechanism than as a substantive governance tool. Implications are drawn for strengthening board-level human capital oversight, enhancing methodological standardization, and advancing the strategic integration of human capital measurement within corporate governance systems.*

---

**KEYWORDS:** Human Resource Reporting, Human Capital Disclosure, Corporate Governance, Sustainability Reporting, Emerging Markets, Mongolia.

---

## 1. INTRODUCTION

The growing recognition of intangible assets as primary sources of organizational value has transformed corporate reporting practices worldwide. Traditional financial reporting systems, while essential for measuring tangible performance indicators, often fail to capture the strategic value embedded in human capital (Lev, 2001; Edvinsson & Malone, 1997). As knowledge-intensive economies expand, stakeholders increasingly demand transparency regarding workforce capabilities, leadership quality, employee development, diversity, and productivity (Dumay, 2016; Guthrie et al., 2012).

Human resource reporting has consequently evolved from a narrow administrative disclosure mechanism into a strategic governance instrument aligned with sustainability and integrated reporting principles (Eccles & Krzus, 2010; Adams, 2015). International frameworks such as the Global Reporting Initiative, Integrated Reporting Framework, and International Organization for Standardization Standard 30414 have formalized guidance on standardized human capital metrics (GRI, 2021; ISO, 2018; IIRC, 2021). However, empirical evidence suggests that adoption remains uneven across jurisdictions, particularly in emerging markets characterized by institutional constraints and limited reporting maturity (Alfraih, 2018; Khan et al., 2020).

In Mongolia, corporate reporting practices have primarily focused on compliance with International Financial Reporting Standards and regulatory disclosure requirements. While environmental, social, and governance reporting is gradually gaining attention, systematic human capital reporting remains underexplored. Existing research in Mongolia predominantly addresses traditional human resource management topics rather than the accounting, governance, and disclosure dimensions of human capital (Aji, 2023).

This study seeks to address this gap by examining the institutionalization of human resource reporting among public interest entities in Mongolia. Specifically, the study investigates: (1) the extent of governance integration of human capital issues; (2) the adoption of reporting standards and digital infrastructure; (3) reporting frequency and purpose; and (4) the maturity of disclosure across core human capital dimensions.

By providing empirical evidence from an emerging market context, this research contributes to the broader literature on human capital governance and sustainability reporting while offering policy-

relevant insights for regulatory and corporate stakeholders.

## 2. LITERATURE REVIEW

### 2.1. *Human Capital and Intangible Asset Reporting*

The theoretical foundation of human resource reporting lies in human capital theory and the resource-based view of the firm (Becker, 1964; Barney, 1991). Human capital is widely recognized as a strategic asset capable of generating sustainable competitive advantage when effectively managed and disclosed (Wright et al., 2001; Huselid, 1995). Early intellectual capital literature emphasized the importance of measuring and reporting intangible assets, including workforce competencies and organizational knowledge (Edvinsson & Malone, 1997; Stewart, 1997).

Lev (2001) argued that traditional accounting systems systematically undervalue intangible assets, leading to information asymmetry between firms and investors. Subsequent research confirmed that enhanced disclosure of intellectual and human capital reduces uncertainty and improves market valuation (Bontis, 1998; Orens et al., 2009).

### 2.2. *Corporate Governance and Human Capital Disclosure*

Stakeholder theory and legitimacy theory provide conceptual explanations for voluntary human capital disclosure (Freeman, 1984; Suchman, 1995). Organizations disclose human resource information to secure legitimacy, enhance stakeholder trust, and signal responsible governance (Deegan, 2002; Michelon et al., 2015).

Board characteristics significantly influence disclosure practices. Studies demonstrate that board independence, gender diversity, and expertise positively correlate with human capital and sustainability disclosures (Amorelli & García-Sánchez, 2020; Liao et al., 2015; Post & Byron, 2015). Effective governance structures increase transparency and accountability regarding workforce management.

### 2.3. *Sustainability And Integrated Reporting Frameworks*

The evolution of sustainability reporting frameworks has further institutionalized human capital disclosure (Eccles et al., 2014; Adams, 2015). The Global Reporting Initiative provides standardized metrics for labor practices, diversity, training, and occupational health (GRI, 2021).

Integrated Reporting emphasizes the interconnectedness of financial and human capital in value creation processes (IIRC, 2021). ISO 30414 represents the first international standard specifically dedicated to human capital reporting metrics (ISO, 2018).

Despite these developments, empirical studies indicate selective and symbolic adoption rather than comprehensive implementation (Cho et al., 2015; Dumay & Guthrie, 2017). Emerging markets often demonstrate lower reporting maturity due to institutional voids and limited regulatory enforcement (Khan et al., 2020; Alfraih, 2018).

#### **2.4. Reporting Frequency and Strategic Integration**

Research highlights the importance of continuous internal reporting for strategic decision-making (Kaplan & Norton, 2001; Becker et al., 2001). However, many organizations emphasize annual external disclosure while neglecting internal performance integration (Eccles & Serafeim, 2011). This compliance-driven orientation limits the strategic impact of human capital measurement.

#### **2.5. Research Gap**

Although extensive international literature examines intellectual capital disclosure, limited empirical research investigates human resource reporting practices in transitional and emerging economies. In Mongolia, scholarly work on human capital remains largely managerial rather than disclosure-oriented. There is insufficient evidence regarding governance integration, digital infrastructure, and standardized reporting maturity among public interest entities.

This study addresses this gap by providing empirical evidence on the institutional development of human resource reporting in Mongolia, thereby contributing to both sustainability reporting and corporate governance literature.

### **3. METHODOLOGY**

#### **3.1. Sample Design and Data Collection**

The sample size was determined using a standard proportion-based calculation at a 95% confidence level with a  $\pm 5\%$  margin of error, yielding a minimum required sample of 54 firms. The target population consisted of Tier I and Tier II companies listed on the Mongolian Stock Exchange (MSE). To ensure adequate representation, the survey was distributed to 62 listed firms.

A total of 55 responses were received (response

rate: 88.7%). After screening for completeness, consistency, and eligibility criteria, 41 firms were retained for empirical analysis.

Data were collected through a structured questionnaire administered to senior executives and top-level managers via formal institutional channels. Targeting decision-makers ensured that responses reflected informed assessments of organizational practices and strategic orientations.

#### **3.2. Measurement Instrument**

The survey instrument consisted of 11 measurement items designed to capture the study constructs. All items were measured using a five-point Likert scale (1 = strongly disagree; 5 = strongly agree), consistent with established practices in organizational and financial research.

Prior to analysis, the dataset was examined for reliability, internal consistency, and potential response bias. Descriptive statistics (means, standard deviations, skewness, and kurtosis) were computed to assess distributional properties.

#### **3.3. Data Screening and Outlier Treatment**

To enhance the robustness of the empirical analysis, the Variance Accounted For Measure (VARM) was calculated as a diagnostic indicator for detecting abnormal variability and influential observations. Following established methodological thresholds, firms exhibiting VARM values greater than 2.8 were considered to display excessive variance relative to the sample distribution and were excluded from the final dataset. This procedure resulted in the removal of 14 firms, thereby improving model stability and statistical reliability.

#### **3.4. Statistical Analysis**

Descriptive statistical analyses were conducted using IBM SPSS Statistics 26. The analysis included measures of central tendency, dispersion, and distributional characteristics. The cleaned dataset was subsequently prepared for further inferential analysis in accordance with the study's empirical model.

### **4. RESULTS AND DISCUSSION**

#### **4.1. Organizational Profile of Participating Enterprises**

Table 1 presents the demographic and organizational characteristics of the sampled firms (N = 41). The majority of participating organizations operate in the financial and insurance sector (39%), followed by manufacturing (24%) and information

and communication (10%), indicating a sample composition weighted toward service- and knowledge-intensive industries. This sectoral distribution suggests that the findings are particularly relevant to organizations where human capital plays a strategic role in value creation.

Most firms in the sample are privately owned (78%), while 22% are state-owned or state-participated entities. In terms of organizational size, the largest proportion of firms employ between 51 and 200 employees (32%), with representation across micro, small, medium, and large enterprises. Notably, 15% of firms report more than 1000 employees, indicating the inclusion of large-scale organizations.

The sample is also characterized by organizational maturity, with 59% of firms operating for more than

15 years. This suggests that the majority of participating organizations possess established managerial systems and institutionalized HR practices. Regarding respondent position, nearly half of the respondents (49%) hold HR Director or Manager roles, followed by CEOs (20%), CFOs (17%), and executive management members (15%). The predominance of senior HR professionals enhances the credibility of responses concerning human capital measurement and governance practices.

Overall, the sample reflects a diverse yet strategically positioned set of organizations, strengthening the relevance of the study's findings for understanding human capital management practices in established and professionally managed firms.

**Table 1: Sample Characteristics (N = 41).**

<i>Variable</i>	<i>Category</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Industry Sector</i>	<i>Mining and extraction</i>	2	5
	<i>Manufacturing</i>	10	24
	<i>Construction</i>	1	2
	<i>Wholesale and retail trade</i>	2	5
	<i>Agriculture</i>	2	5
	<i>Hospitality and food services</i>	1	2
	<i>Information and communication</i>	4	10
	<i>Transportation and storage</i>	3	7
	<i>Financial and insurance activities</i>	16	39
<i>Ownership Type</i>	<i>Private ownership</i>	32	78
	<i>State-owned or state-participated</i>	9	22
<i>Number of Employees</i>	<i>1-9</i>	8	20
	<i>10-50</i>	8	20
	<i>51-200</i>	13	32
	<i>201-500</i>	4	10
	<i>501-1000</i>	2	5
	<i>More than 1000</i>	6	15
<i>Years of Operation</i>	<i>1-5 years</i>	2	5
	<i>6-10 years</i>	5	12
	<i>11-15 years</i>	10	24
	<i>More than 15 years</i>	24	59
<i>Respondent Position</i>	<i>Chief Executive Officer (CEO)</i>	8	20
	<i>Executive Management</i>	6	15
	<i>Chief Financial Officer (CFO)</i>	7	17
	<i>HR Director/Manager</i>	20	49

Source: Authors' Calculations.

#### **4.2. Human Resource Policies, Strategic Frameworks, Regulatory Compliance, And Oversight Mechanisms**

Figure 1 presents the extent to which organizations have formalized human resource (HR) governance mechanisms, including documentation, strategic integration, leadership commitment, and board-level representation.

The findings indicate that 88% of organizations report having formal human resource documentation in place. This suggests that the majority of firms have established procedural and

regulatory frameworks governing HR functions. However, the existence of documentation does not necessarily imply strategic integration.

Only 68% of organizations report implementing a dedicated human resource policy or strategy. While this indicates a moderate level of strategic formalization, nearly one-third of firms (32%) still lack a structured HR strategy, reflecting potential inconsistencies in aligning human capital management with broader organizational objectives.

More notably, leadership commitment to human resource management appears comparatively weaker. Only 44% of respondents indicate that top

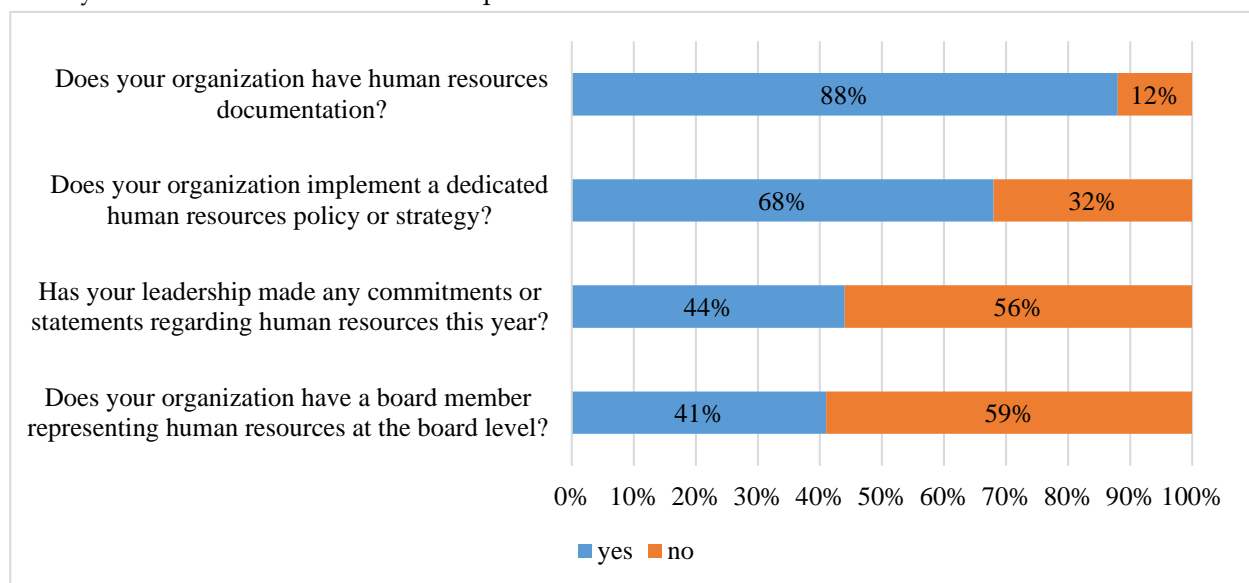
management has made explicit commitments or public statements regarding HR priorities. This suggests that human capital issues may not yet be fully embedded within executive-level strategic discourse.

At the governance level, the results reveal further limitations. Only 41% of organizations report having a board member specifically representing human resource matters, while 59% lack such representation. This finding indicates that human capital governance remains underrepresented at the highest decision-making level.

Overall, the evidence demonstrates a structural hierarchy in HR institutionalization: operational

documentation is widely adopted, strategic frameworks are moderately implemented, but executive commitment and board-level integration remain limited. From a strategic HRM perspective, this pattern suggests that human resource management is still predominantly administrative rather than fully institutionalized as a core governance and value-creation function.

The findings highlight the need for stronger integration of HR considerations into board governance structures and top management agendas to enhance strategic alignment and long-term organizational sustainability.



**Figure 1: Implementation Of Human Resource Policies, Strategies, And Governance Structures.**

Source: Authors' Calculations.

An overview analysis of participants in human resource (HR) strategic planning and development programs, categorized by organizational position, reveals a clear hierarchical distribution pattern. Participation varies significantly across positions and is predominantly concentrated at managerial and operational leadership levels.

The highest participation rates are observed among HR Managers (25 respondents) and Department/Line Managers (24 respondents), indicating that development initiatives primarily target individuals directly responsible for workforce management and functional execution. Executive Management shows moderate engagement (18 respondents), whereas Board Member participation remains limited (4 respondents), suggesting that

human capital development is not strongly embedded at the highest governance level.

Specialized professionals (14 respondents) and other employees (16 respondents) demonstrate moderate involvement, indicating that while programs extend beyond management roles, they are not uniformly distributed across all staff categories.

Overall, the findings suggest that HR development initiatives are management-oriented rather than governance-oriented. Limited board-level engagement may constrain the integration of human capital development into corporate governance and long-term strategic oversight. Strengthening board-level involvement could enhance strategic alignment between human capital investment and governance objectives (Aji, 2023).

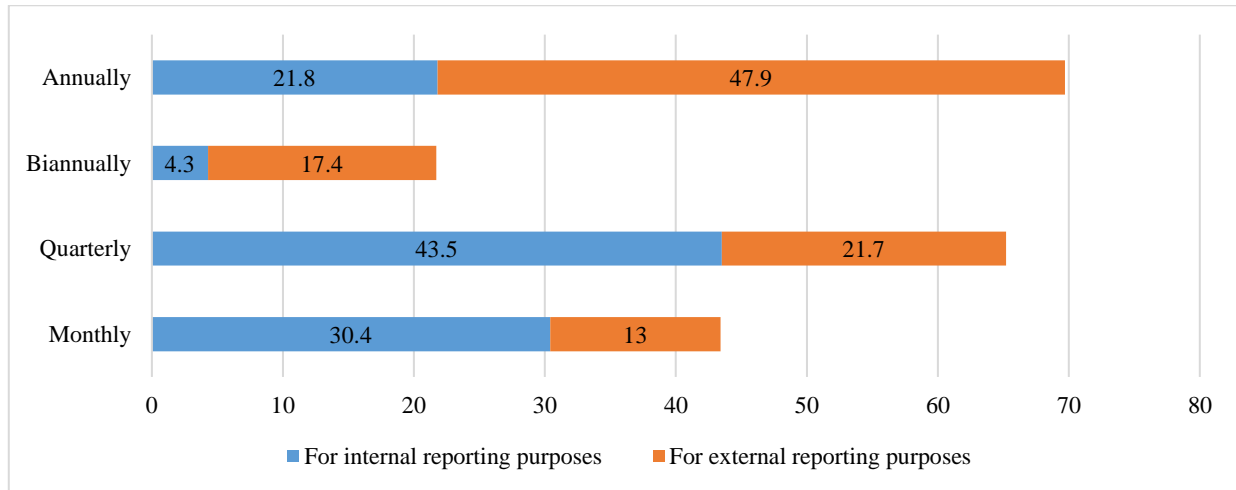


Figure 2: Frequency And Purpose of Human Resource Reporting. Source: Authors' Calculations.

Figure 2 presents the frequency and primary purpose of human resource (HR) reporting among surveyed organizations. The findings show that HR reporting is conducted mainly for internal purposes on a quarterly (43.5%) and monthly (30.4%) basis, reflecting its operational and managerial function. In contrast, annual reporting is more strongly associated with external purposes (47.9%), indicating that external HR disclosure remains largely periodic and compliance-driven.

Biannual reporting is relatively limited for both internal and external purposes. Overall, while

organizations engage in regular internal HR monitoring, systematic and transparent external human capital reporting appears less institutionalized. The dominance of annual external reporting suggests that HR disclosure is more reactive than strategically integrated into continuous stakeholder communication.

These results indicate that comprehensive and continuous human capital reporting has not yet been fully embedded in governance structures, remaining primarily an internal management tool rather than a strategic transparency mechanism.

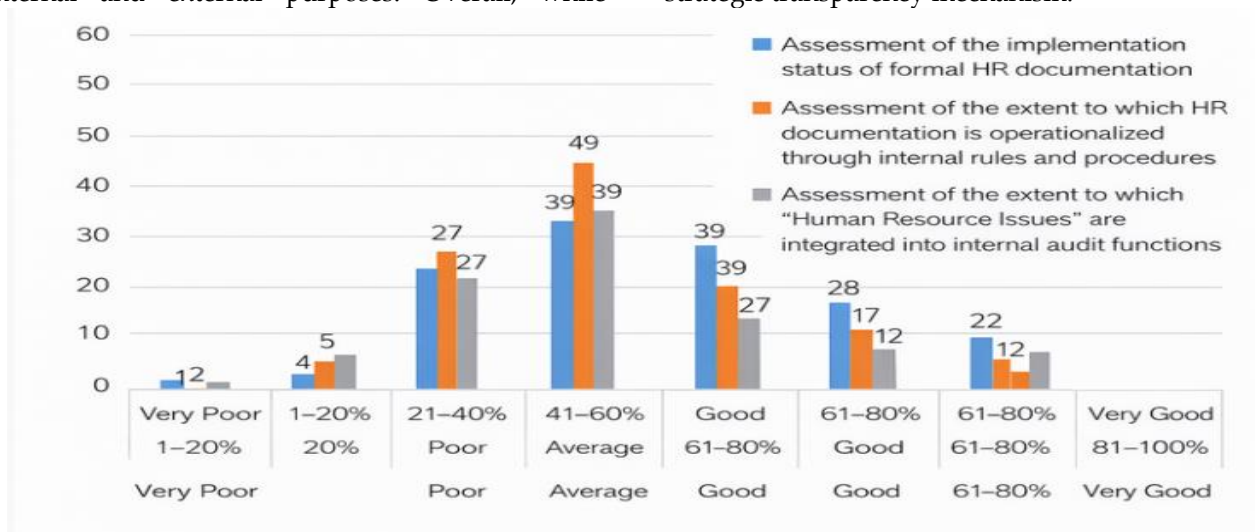


Figure 3: Implementation Of Internal Human Resource Policies and Procedures. Source: Authors' Calculations.

The updated evaluation of human resource (HR) governance mechanisms provides insight into institutional maturity across three dimensions: (1) implementation of formal HR documentation, (2) operationalization through internal rules and procedures, and (3) integration of HR-related issues

into internal audit functions. From a strategic human resource management (SHRM) perspective, formalization alone does not ensure strategic alignment unless HR practices are embedded in organizational systems and long-term value creation processes (Wright & McMahan, 1992).

Most organizations assess their HR governance practices as “Good” (61–80%), particularly regarding procedural implementation, followed by formal documentation and audit integration. However, “Very Good” ratings decline across dimensions—especially for audit integration—indicating that while formal HR structures exist, their full strategic embedding within governance and assurance systems remains limited. Corporate governance literature emphasizes that effective oversight requires integration of human capital considerations at the highest decision-making levels (Tricker, 2019).

A notable proportion of responses falls within the “Average” category, particularly for audit integration, suggesting that internal control mechanisms incorporating HR considerations are still evolving. According to internal auditing theory, governance maturity requires systematic integration of risk management, control, and assurance mechanisms across all strategic resources, including human capital (Gramling *et al.*, 2004).

Overall, while organizations have established formal HR documentation and procedural frameworks, the integration of human capital into internal audit and governance systems remains comparatively weak. Strengthening alignment between HR documentation, procedural enforcement, and audit oversight represents a critical step toward advancing human capital governance maturity and achieving sustainable organizational performance (Wright & McMahan, 1992; Tricker, 2019; Gramling *et al.*, 2004).

### ***4.3. Human Resource Accounting, Reporting Standards, And Information System Integration***

To examine how boards of directors and senior management integrate human resource (HR) considerations into organizational policies, strategies, and governance frameworks, a descriptive analysis was conducted. The findings show that 95% of participating organizations have a designated unit or staff member responsible for HR management, indicating that HR functions are formally institutionalized. However, only 56% prepare a dedicated human resource report, revealing a disconnect between functional responsibility and structured disclosure practices.

A structural inconsistency is evident in the

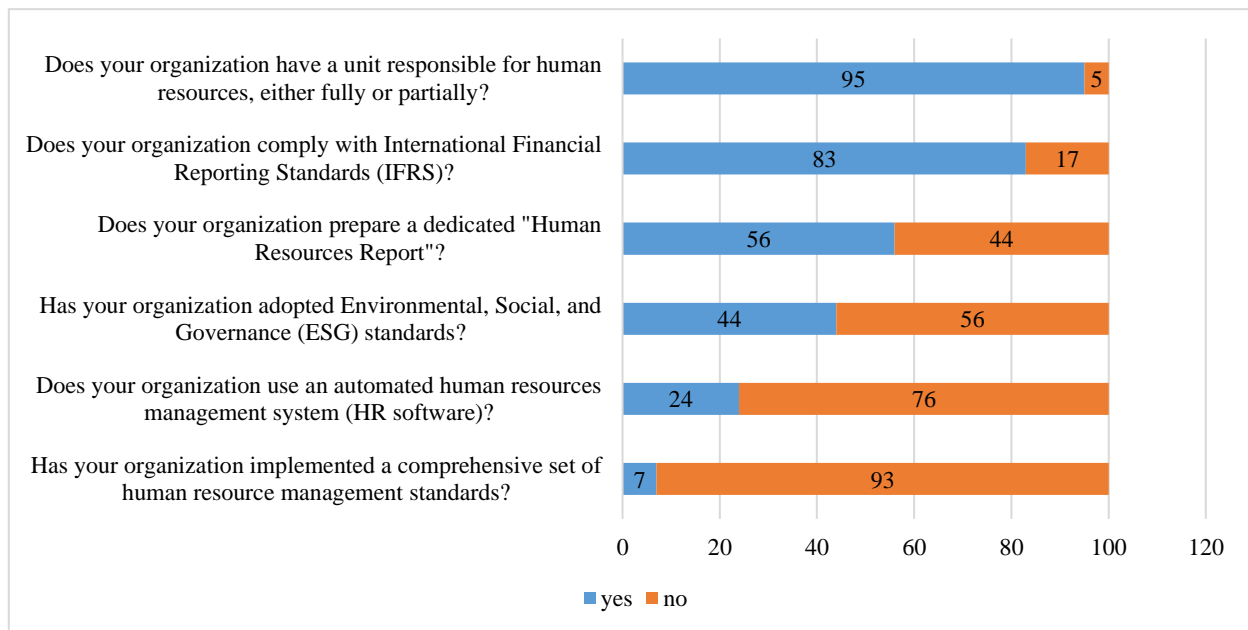
broader governance infrastructure. While 83% of organizations report compliance with International Financial Reporting Standards (IFRS) and 44% have adopted Environmental, Social, and Governance (ESG) standards, only 7% have implemented comprehensive HR management standards. Additionally, 76% do not utilize specialized automated HR information systems (HRIS), highlighting limited digital integration within HR processes. This imbalance suggests that financial governance mechanisms are significantly more institutionalized than human capital governance mechanisms.

From a corporate governance perspective, effective oversight requires the integration of all strategically relevant resources—including human capital—into standardized reporting and control frameworks (Tricker, 2019). Yet the limited adoption of HR standards and digital systems indicates that human capital governance has not reached the same level of formalization as financial governance.

From a strategic human resource management (SHRM) standpoint, human capital constitutes a key source of sustainable competitive advantage, but only when it is systematically measured, aligned with strategy, and embedded within governance systems (Wright & McMahan, 1992). The absence of standardized reporting frameworks and digital HR infrastructure may therefore constrain organizations’ ability to transparently disclose and strategically leverage human capital.

Furthermore, research in HR analytics emphasizes that digital HR systems are critical for enhancing measurement accuracy, comparability, and evidence-based decision-making (Marler & Boudreau, 2017). The limited implementation of HRIS observed in this study suggests that technological underdevelopment may be a key barrier to advancing human capital governance maturity.

Overall, the evidence indicates that while HR functions are operationally established, human capital governance remains structurally under-standardized and technologically under-supported. Advancing toward governance maturity will require stronger alignment between HR responsibilities and formal reporting frameworks, as well as greater investment in standardized methodologies and digital HR systems.



**Figure 4: Human Capital Accounting, Reporting Practices, Standards Adoption, And Information Systems.**  
Source: Authors' Calculations.

An open-ended survey question was used to identify key challenges in preparing human resource (HR) reports. The findings reveal mixed institutional readiness. While 49% of respondents reported no major difficulties—indicating basic internal reporting capacity—41% identified significant challenges.

The primary obstacles include limited professional expertise in HR management (22%), absence of clear measurement methodologies and standardized reporting frameworks (19%), and insufficient technological support, particularly low adoption of human resource information systems (HRIS) (10%).

Overall, although HR reporting is perceived as manageable by many organizations, structural gaps persist. Methodological ambiguity and limited digital infrastructure suggest that human capital reporting standards are not yet fully institutionalized. From a governance perspective, strengthening professional competencies, standardization frameworks, and digital HR systems remains essential for improving the quality, consistency, and comparability of human capital disclosure.

#### **4.4. Human Resource Information Disclosure and Reporting Practices**

An assessment was conducted to evaluate the extent to which organizations report on the eleven core dimensions of human resource standards. The findings reveal significant variation in reporting

maturity across different indicators.

Exploratory factor analysis was undertaken to assess the construct validity of measures related to human capital measurement, reporting, and HR standards implementation. The Kaiser-Meyer-Olkin statistic (0.781) indicates meritorious sampling adequacy and confirms that the observed correlation matrix was appropriate for latent structure detection. Bartlett's Test of Sphericity was significant ( $p < 0.001$ ), supporting the rejection of the null hypothesis of an identity matrix and validating the factorability of the data.

The factor solution accounted for 50.956% of the total variance, suggesting moderate explanatory power consistent with multidimensional HR constructs. Items with loadings greater than 0.50 were retained to ensure substantive interpretability and measurement robustness.

Internal consistency reliability was excellent (Cronbach's alpha = 0.902), exceeding the conventional threshold of 0.70 and indicating strong coherence among the retained 11 items. This level of reliability provides empirical support for the stability of the human capital governance construct and reduces concerns regarding measurement error.

From an HRM perspective, the results suggest that human capital measurement and reporting practices constitute a structured and internally consistent managerial domain. The findings contribute to the literature by empirically validating the dimensionality of HR governance mechanisms in an emerging market context. This provides a

foundation for subsequent analysis linking human capital disclosure practices to strategic HR outcomes

and organizational performance.

**Table 2: Results Of Factor Analysis And Reliability Analysis.**

Measurement Items	Factor Loading	Eigenvalue	% of Variance	Cronbach's Alpha
Training and development expenditure (average training cost per employee)	.826	5.605	50.956	.902
Human resource investment (average salary cost, average training cost, cost of employee development)	.783			
Occupational injury rate and safety indicators (number of work-related accidents, incidence rate)	.775			
Recruitment and labor mobility indicators	.774			
Workplace environment, working conditions, and employee well-being (including health and safety conditions)	.734			
Workforce size and composition (total employees, gender distribution, number of managerial staff)	.705			
Organizational culture (employee satisfaction, engagement level)	.689			
Productivity (revenue per employee, human capital return indicators)	.687			
Employee turnover (managerial turnover opportunities)	.639			
Diversity indicators (age, gender, development barriers)	.633			
Performance outcomes (operational results, productivity growth, profitability growth)	.562			
<b>Kaiser-Meyer-Olkin (KMO) = 0.781 Bartlett's Test of Sphericity: <math>\chi^2 = 247.211</math>, <math>df = 55</math>, <math>p &lt; 0.001</math> Total Variance Explained = 50.956%</b>				

Source: Authors' Calculations.

Health, safety, and working conditions demonstrate relatively strong reporting performance. Approximately 73.2% of respondents rated reporting in this area as average or above average, indicating that organizations tend to provide more systematic disclosure on employee well-being-related metrics. This may reflect regulatory pressure, occupational safety compliance requirements, and the visibility of workplace health issues within corporate governance frameworks.

In contrast, several dimensions exhibit weaker reporting performance. Indicators such as workforce planning and productivity show comparatively low ratings, with 59.3% of respondents evaluating them as poor or very poor. This suggests that organizations face difficulties in systematically measuring and disclosing forward-looking or performance-linked human capital metrics.

Similarly, dimensions such as employee competencies and skills, recruitment and labor mobility, organizational culture, leadership, diversity, and HR expenditures demonstrate moderate but uneven reporting quality. While a portion of respondents rated these areas as good, a

considerable share remains within the average or below-average categories, indicating limited standardization and inconsistent application of reporting frameworks.

Overall, only three dimensions received predominantly favorable evaluations, while the majority of indicators were assessed as insufficiently reported. This pattern suggests that human resource reporting practices remain fragmented and selectively developed rather than comprehensively institutionalized.

From a governance and strategic human capital perspective, the findings imply that organizations prioritize compliance-driven and observable HR metrics (e.g., health and safety) but underreport more strategic and value-creating dimensions such as workforce planning, productivity, and human capital investment. Strengthening methodological consistency, developing unified reporting standards, and enhancing measurement capabilities are therefore essential to improving the comprehensiveness and strategic relevance of human resource reporting.



Figure 5: Current Status of Reporting in Accordance with Human Resource Reporting Standards.  
Source: Authors' Calculations.

In summary, while elements of human capital disclosure are emerging, systematic and standardized HR reporting remains underdeveloped, indicating the need for further institutionalization and governance integration.

## 5. CONCLUSION

This study examined the current state of human resource reporting, governance integration, and standards implementation among public interest entities in Mongolia. The findings reveal a transitional stage of institutional development characterized by formal compliance structures but limited strategic integration and methodological standardization.

First, regarding reporting frequency and purpose, the evidence suggests that internal human resource reporting remains underdeveloped. While 30.4 percent of organizations prepare monthly reports for internal managerial purposes, a larger share, 47.9 percent, produce annual reports primarily for external stakeholders. This pattern indicates that human resource reporting is still largely compliance-driven rather than embedded in continuous strategic decision-making processes.

Second, although 88 percent of organizations utilize formal human resource documentation and 68 percent report having dedicated human resource policies or strategies, only 41 percent have board-level representation for human resource matters. Moreover, only 44 percent integrate specific human

resource objectives into annual strategic planning. This gap demonstrates that while administrative structures exist, strategic human capital governance has not yet been fully institutionalized at the highest decision-making level.

Third, participation in human resource development programs is concentrated at the managerial level. Middle-level managers constitute the largest share of participants, while board members demonstrate minimal engagement. This suggests that human resource development is operationally oriented rather than strategically embedded within corporate governance frameworks.

Fourth, compliance with internal human resource regulations is rated positively, with more than 90 percent of respondents indicating average or above-average implementation. However, this procedural strength contrasts with weaknesses in system integration and reporting standardization. Ninety-three percent of organizations have not implemented a comprehensive human resource management standards framework, and seventy-six percent do not utilize specialized human resource information systems. This highlights structural limitations in digitalization and standardized measurement practices.

Fifth, while 49 percent of respondents report no major challenges in preparing human resource reports, 41 percent identify methodological ambiguity and insufficient professional capacity as

key obstacles. The absence of unified measurement guidelines and limited technical infrastructure signal incomplete institutional adoption of human capital reporting standards.

Sixth, when evaluating reporting quality across eleven human resource standard dimensions, health, safety, and employee well-being indicators demonstrate relatively strong disclosure performance. In contrast, leadership, succession planning, productivity, and workforce planning indicators receive predominantly poor or very poor evaluations. This imbalance suggests that organizations prioritize compliance-oriented and visible human resource metrics, while underreporting strategic, performance-driven dimensions of human capital.

Overall, the findings indicate that human resource reporting in Mongolia has achieved administrative formalization but lacks strategic coherence, technological support, and standardized methodological frameworks. Human capital governance remains uneven and selectively institutionalized.

## 6. RECOMMENDATIONS

**To strengthen human resource reporting practices and enhance governance integration, the following measures are recommended:**

### 1. *Establish A National Human Resource Reporting Framework*

A unified national framework aligned with International Organization for Standardization Standard 30414, the Global Reporting Initiative Standards, and integrated reporting principles should be developed. This framework should define standardized metrics, measurement methodologies, and disclosure requirements tailored to the Mongolian institutional context.

### 2. *Integrate Human Capital into Corporate Governance Structures*

Organizations should formalize board-level oversight of human resource matters by appointing directors with human capital expertise or establishing specialized governance committees. Embedding human capital metrics within strategic planning processes would enhance alignment between workforce investment and long-term value creation.

### 3. *Enhance Professional Capacity and Training*

Capacity-building programs should be implemented for human resource managers,

accountants, and executive leadership to improve competencies in human capital measurement, data analytics, and reporting methodology. Universities and professional associations should incorporate human capital accounting and reporting modules into advanced training curricula.

### 4. *Accelerate Digital Transformation of Human Resource Systems*

Organizations should invest in integrated human resource information systems that enable real-time workforce analytics, standardized data collection, and automated reporting capabilities. Digital infrastructure is essential for improving reporting accuracy, comparability, and transparency.

### 5. *Expand Reporting Beyond Compliance Indicators*

Human resource reporting should move beyond health and safety metrics toward strategic indicators such as leadership development, succession planning, talent retention, workforce productivity, diversity outcomes, and human capital return on investment. These metrics better reflect long-term organizational sustainability.

### 6. *Strengthen Internal Reporting Mechanisms*

Monthly and quarterly internal reporting should be institutionalized as a management control tool rather than relying primarily on annual external disclosures. Continuous internal monitoring would support evidence-based decision-making and performance management.

### 7. *Encourage Regulatory and Market Incentives*

Regulatory authorities and stock exchange bodies may consider introducing human capital disclosure guidelines or voluntary best-practice recommendations. Market incentives, such as sustainability indices or governance ratings, could further motivate adoption.

## 7. FINAL REFLECTION

The evolution of human resource reporting in Mongolia reflects an early stage of institutional maturity. While administrative compliance mechanisms are largely in place, strategic integration, digital infrastructure, and methodological consistency remain limited. Advancing human capital governance will require coordinated efforts across corporate leadership, regulatory bodies, professional communities, and academic institutions.

If systematically implemented, the recommended

measures have the potential to transform human resource reporting from a procedural obligation into a strategic governance instrument that enhances

transparency, competitiveness, and sustainable value creation.

## REFERENCES

- Adams, C. A. (2015). The international integrated reporting council: A call to action. *Critical Perspectives on Accounting*, 27, 23–28.
- Alfraih, M. M. (2018). Intellectual capital reporting and firm characteristics. *Journal of Intellectual Capital*, 19(3), 544–560.
- Aji, L. J. (2023). Human Resource Management Research in The Last 5 Years from The Scopus Database: A Bibliometric Review. *Journal of Economic Global*, 1(1), 21–29.
- Amorelli, M. F., & García-Sánchez, I. M. (2020). Critical mass of female directors and human capital disclosure. *Corporate Social Responsibility and Environmental Management*, 27(1), 204–221.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Becker, G. S. (1964). *Human capital*. University of Chicago Press.
- Becker, B. E., Huselid, M. A., & Ulrich, D. (2001). *The HR scorecard*. Harvard Business School Press.
- Bontis, N. (1998). Intellectual capital: An exploratory study. *Management Decision*, 36(2), 63–76.
- Cho, C. H., et al. (2015). Sustainability reporting and impression management. *Accounting, Organizations and Society*, 40, 78–92.
- Deegan, C. (2002). The legitimising effect of social disclosures. *Accounting, Auditing & Accountability Journal*, 15(3), 282–311.
- Dumay, J. (2016). A critical reflection on intellectual capital research. *Journal of Intellectual Capital*, 17(1), 168–184.
- Dumay, J., & Guthrie, J. (2017). Involuntary disclosure of intellectual capital. *Journal of Intellectual Capital*, 18(1), 29–44.
- Eccles, R. G., & Krzus, M. P. (2010). *One report: Integrated reporting for a sustainable strategy*. John Wiley & Sons. Wiley.
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). Impact of corporate sustainability. *Management Science*, 60(11), 2835–2857.
- Edvinsson, L., & Malone, M. (1997). *Intellectual capital*. Harper Business.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Global Reporting Initiative. (2021). *GRI standards*.
- Gramling, A. A., Maletta, M. J., Schneider, A., & Church, B. K. (2004). The role of the internal audit function in corporate governance: A synthesis of the extant internal auditing literature and directions for future research. *Journal of Accounting Literature*, 23, 194–244.
- Guthrie, J., et al. (2012). Intellectual capital disclosure research. *Journal of Intellectual Capital*, 13(2), 224–243.
- Huselid, M. A. (1995). The impact of HR practices. *Academy of Management Journal*, 38(3), 635–672.
- IIRC. (2021). *International Integrated Reporting Framework*. ISO. (2018). *ISO 30414 Human capital reporting*.
- Kaplan, R. S., & Norton, D. P. (2001). *Strategy-focused organization*. Harvard Business School Press.
- Khan, M., et al. (2020). Sustainability reporting in emerging economies. *Business Strategy and the Environment*, 29(8), 3089–3105.
- Lev, B. (2001). *Intangibles*. Brookings Institution Press.
- Liao, L., et al. (2015). Gender diversity and disclosure. *British Accounting Review*, 47(4), 409–424.
- Marler, J. H., & Boudreau, J. W. (2017). An evidence-based review of HR analytics. *The International Journal of Human Resource Management*, 28(1), 3–26, <https://www.tandfonline.com/doi/full/10.1080/09585192.2016.1244699>
- Michelon, G., et al. (2015). CSR disclosure quality. *Accounting, Auditing & Accountability Journal*, 28(2), 224–250.
- Orens, R., et al. (2009). Intellectual capital disclosure and firm value. *Journal of Business Finance & Accounting*, 36(1–2), 114–138.
- Post, C., & Byron, K. (2015). Women on boards and firm performance. *Academy of Management Journal*, 58(5), 1546–1571.
- Stewart, T. A. (1997). *Intellectual capital*. Doubleday.
- Suchman, M. C. (1995). Managing legitimacy. *Academy of Management Review*, 20(3), 571–610.
- Tricker, B. (2019). *Corporate governance: Principles, policies, and practices* (4th ed.). Oxford University Press.

- Wright, P. M., et al. (2001). Human resources and sustained competitive advantage. *International Journal of Human Resource Management*, 12(5), 701-721. \*
- Wright, P. M., & McMahan, G. C. (1992). Theoretical perspectives for strategic human resource management. *Journal of Management*, 18(2), 295-320.