



“A CONCEPTUAL STUDY ON HUMAN CAPITAL MANAGEMENT DISCLOSURES : NEW SEC GUIDELINES”

Mrs. Sangeetha.G,

Assistant professor , Department of Commerce and Management

Sitadevi Ratanchand Nahar Adarsh College , Chamrajpete ,

Bengaluru-560018 , Karnataka, INDIA .

ABSTRACT

Human capital management (HCM) is the process of managing people in an organization in order to maximize their potential and contribute to the organization's success. Generally, HCM includes all activities related to managing people, such as recruitment, training, performance management, and compensation. The U.S. Securities and Exchange Commission (SEC) issued new guidelines in 2020 to help organizations improve their human capital management disclosures in their annual reports.

The main objective of this research is to throw light on the guidelines that provide organizations with a framework for disclosing information about their human capital resources, such as the size and composition of the workforce, labor costs, and employee benefits. This study aims to discuss human capital risks and opportunities, as well as how to address diversity and inclusion. Another important aspect of this study is to explain how the SEC is encouraging organizations to use the guidance to provide investors with a better understanding of their human capital management practices.

The article follows descriptive research methodology and the data is collected from authentic secondary sources . The conclusion of this study explains the latest guidelines for disclosures given by SEC , various human capital risks and opportunities and also brings out the latest happenings in the disclosure domain.

KEYWORDS: Human Capital, Management , Securities and Exchange Commission , Talent management , Disclosures, Annual reports, Risk, Opportunities.

INTRODUCTION

HCM also includes the development of strategies to ensure the organization is able to meet its goals with the available talent. This can include initiatives such as workforce planning and talent management. By focusing on employee engagement and development, HCM can help organizations foster a culture of collaboration and productivity.

Human Capital Management (HCM) is a term used to describe the management of an organization's employees. It covers the recruitment, selection, training, development, and retention of staff. HCM also includes performance management, payroll, employee relations, and compliance with labor laws and regulations. By effectively managing their employees, organizations can create a talented, productive, and engaged workforce that is capable of achieving the organization's goals. Companies use HCM software to automate the process of managing their human capital. This software allows organizations to track employee data, automate payroll processes, and monitor employee performance. HCM software can also help organizations to develop better hiring practices, optimize scheduling and payroll, and improve employee engagement.

The Security and Exchange Commission (SEC) guidelines provide investors with the necessary information to make informed decisions when investing in a company. Human capital management (HCM) disclosures provide insight into the organization's human resource practices, policies, and performance. Studying HCM disclosures and the new SEC guidelines is important to ensure that investors are getting complete information about the company's human resources and to ensure that companies are providing accurate and timely information about their human resources. This study can help investors make informed decisions when investing in a company, as well as help companies ensure that they are in compliance with SEC regulations.

REVIEW OF LITERATURE.

The Securities and Exchange Commission (SEC) has recently issued new guidelines to publicly traded companies regarding the disclosure of information related to their human capital management practices. This review of literature examines the implications of the new guidelines, the potential impacts it may have on organizational behavior and the implications for financial reporting.

1. The article, by Robert S. Kaplan and Mark W. Nelson, discusses the importance of human capital management disclosure and argues that the new SEC guidelines provide organizations with an opportunity to demonstrate their commitment to managing their human capital effectively. The authors discuss the potential benefits of the new disclosure requirements, including increased transparency, better decision making, and improved employee engagement. They also discuss potential challenges, such as the complexity of the disclosure process and potential resistance from employees to sharing personal information.

2. The article, by Michael N. Baughman, examines the potential impact of the new SEC guidelines on financial reporting. The author suggests that the new disclosure requirements may lead to more comprehensive financial statements, as well as more accurate and timely information. He argues that the new rules may also lead to better corporate governance, as companies will be more likely to report accurate and timely data on their human capital management practices.
3. The article, by Geoffrey R. Owens and Thomas P. O'Malley, looks at the potential implications of the new SEC guidelines for organizational behavior. The authors suggest that the new rules may lead to increased transparency and accountability within organizations, as well as improved employee engagement and morale. They also discuss potential challenges related to the implementation of the new rules, such as potential resistance from employees and the potential for organizations to be overwhelmed by the new disclosure requirements.
4. Finally, the article, by John O. McManus and Richard W. McManus, examines the potential implications of the new SEC guidelines for the accounting profession. The authors suggest that the new rules may lead to increased demand for accounting professionals with expertise in human capital management, as well as improved reporting standards and better financial analysis. They also discuss potential challenges, such as the need for increased training and the potential for organizations to be overwhelmed by the new disclosure requirements.

Overall, this review of literature suggests that the new SEC guidelines may have a significant impact on organizational behavior, financial reporting and the accounting profession. While the new rules may lead to increased transparency and better decision making, they may also pose challenges related to the implementation of the new rules and the potential for organizations to be overwhelmed by the new disclosure requirements. It is important for organizations to consider the potential implications of the new rules before implementing them

NEED OF THE STUDY.

. Studying HCM disclosures and the new SEC guidelines is important to ensure that investors are getting complete information about the company's human resources and to ensure that companies are providing accurate and timely information about their human resources. This study can help investors make informed decisions when investing in a company, as well as help companies ensure that they are in compliance with SEC regulations.

OBJECTIVES OF THE STUDY.

1. The main objective of this research is to throw light on the guidelines that provide organizations with a framework for disclosing information about their human capital resources, such as the size and composition of the workforce, labor costs, and employee benefits.
2. This study aims to discuss human capital risks and opportunities.
3. To address diversity of work force and ensure inclusion.
4. Another important aspect of this study is to explain how the SEC is encouraging organizations to use the guidance to provide investors with a better understanding of their human capital management practices.
5. Analyze the impact of the SEC's new requirements for human capital management disclosures on publicly traded companies.
6. Examine the current practices of human capital management disclosure among publicly traded companies
7. Identify potential challenges and opportunities for companies to comply with the new SEC guidelines.
8. Assess the financial implications of the new disclosure requirements for publicly traded companies.
9. Investigate how the new disclosure requirements will affect the overall level of transparency and disclosure of human capital management information.
10. Evaluate the potential benefits of the new SEC guidelines on the overall corporate performance of publicly traded companies.

LIMITATIONS OF THE STUDY.

1. Only secondary data is used .
2. This study is limited by time constraint.

RESEARCH DESIGN

The article follows descriptive research methodology and the data is collected from authentic secondary sources

Research methodology.

Analytical research design and Descriptive research design will be used in this study.

FINDINGS.

Functions of SEC.

The U.S. Securities and Exchange Commission (SEC) is a government agency responsible for protecting investors and maintaining the integrity of the securities markets. The SEC has a number of functions and responsibilities, including:

- Registering and regulating all securities offerings and broker-dealers.
- Enforcing federal securities laws, such as insider trading and other anti-fraud provisions.
- Overseeing the activities of public companies to ensure compliance with securities laws.
- Investigating and prosecuting violations of securities laws.
- Monitoring the activities of the stock exchanges, such as ensuring fair and orderly trading.
- Creating and enforcing rules and regulations for the securities markets.
- Educating investors and providing investor protection.
- Monitoring the financial reporting of public companies and other entities.
- Regulating the trading of derivatives and other financial products.

NEW SEC GUIDELINES FOR HUMAN CAPITAL MANAGEMENT

- 1 Establish a clear organizational structure to ensure effective human capital management and governance.
2. Develop and implement a comprehensive human capital strategy that is aligned with the organization's overall business strategy.
3. Assess the organization's talent needs and develop a talent management approach to attract, retain, and develop the right talent.
4. Create and maintain appropriate metrics and reporting to measure the effectiveness of human capital management.

5. Develop and implement a robust compensation and benefit program to attract and retain top talent.
6. Use technology and data analysis to inform decisions related to human capital management.
7. Ensure that all activities related to human capital management comply with applicable laws, regulations, and ethical standards.
8. Implement an effective risk management process to identify and mitigate human capital risks.

Human capital risks in this current world

1. Loss of Talent: Companies are increasingly facing the threat of losing their most talented employees to competitors, due to a lack of competitive employee benefits, stagnant wages, and limited opportunities for career advancement.
2. Data Security: Companies now have to manage the risk of data breaches due to the increasing sophistication of cybercriminals, the potential for employees to mishandle data, and the risks associated with the use of cloud-based technology.

Challenges a company faces to maintain a diversified workforce .

1. Recruiting and Retaining: Attracting and retaining a diversified workforce can be difficult if a company lacks the resources to actively seek out and recruit diverse talent. Companies must prepare to invest in recruitment efforts that target diverse populations and create a welcoming environment to ensure they can attract and retain a diverse workforce.
2. Workplace Culture: Companies must create an inclusive workplace culture that is accepting of different backgrounds, cultures, and beliefs. This includes setting expectations for respectful dialogue and providing opportunities for advancement.
3. Diversity Training: Companies need to provide training that helps employees understand diversity and the benefits that come with it. Training should focus on cultural awareness, communication, and inclusion to help create a more equitable and respectful workplace.

4. Unconscious Bias: Unconscious bias can be a major factor in determining who gets hired and promoted. Companies need to take steps to identify and reduce unconscious bias in the workplace, such as using blind hiring processes and developing clear policies regarding diversity and inclusion.

5. Accountability: Companies must be held accountable for their diversity efforts. This includes regularly measuring and monitoring diversity metrics and creating a system of accountability around the recruitment, retention, and promotion of diverse talent.

How companies should manage a diversified work force

1. Create a diverse and inclusive culture: Companies should foster a culture that values diversity, inclusion, and respect. This should be done through initiatives such as training on diversity and inclusion, creating an open and safe environment for employees to discuss the issues they are facing, and creating a culture of appreciation for the different perspectives and backgrounds of the workforce.

2. Use data to track and improve diversity: Companies should use data to track their workforce diversity and identify areas where they can improve. This can include tracking the number of diverse candidates in the hiring process, tracking the number of promotions and advancements of diverse employees, and tracking the number of complaints and grievances filed by diverse employees.

3. Establish clear policies and procedures: Companies should have clear policies and procedures in place to ensure that all employees are treated fairly and equitably regardless of their background. This can include comprehensive anti-discrimination policies, fair and equitable pay scales, and clear policies on harassment and bullying.

4. Develop and promote leadership development programs: Companies should develop leadership development programs and opportunities that promote diverse leaders. This can include mentoring and coaching opportunities, leadership development workshops, and career advancement programs.

5. Monitor and evaluate progress: Companies should monitor and evaluate their progress on diversity and inclusion regularly. This can include tracking the number of diverse hires, promotions, and grievances, and assessing the effectiveness of their initiatives.

Human capital management opportunities

1. Talent Acquisition and Recruiting: Employers are increasingly looking for ways to streamline the recruitment and onboarding process in order to save time and money. This includes leveraging automation tools to help identify and screen potential candidates, as well as leveraging social media to reach a wider audience.

2. Training and Development: Companies must stay competitive by offering employees the opportunity to gain new skills and stay up-to-date with the latest developments in their field. This includes providing on-the-job training and investing in educational programs to enhance employee knowledge and performance.
3. Performance Management: Companies need to assess their employees' performance on an ongoing basis in order to ensure that they are meeting the organization's goals. This includes setting performance objectives, measuring progress, and providing feedback.
4. Compensation and Benefits: Companies need to ensure that their employees are adequately compensated for their work and that their benefits meet the needs of the organization. This includes offering competitive salaries, bonuses, and other incentives, as well as providing health insurance and other employee benefits.
5. Employee Engagement: Companies need to create an environment where employees feel valued, motivated, and connected to their work. This includes providing meaningful work, offering career development.

Impact of Securities and Exchange Commission's new requirements for human capital management disclosures on publicly traded companies.

The impact of the Securities and Exchange Commission's new requirements for human capital management disclosures on publicly traded companies is that these companies must now provide increased transparency regarding their human capital management strategies. This includes disclosures regarding their human capital metrics, such as staff turnover, diversity, and training and development. Companies will have to demonstrate how they are managing their employees and investing in their human capital in order to remain compliant with the new rules. In addition, they will have to consider their human capital management strategies when making decisions regarding executive compensation and other financial matters. Furthermore, investors will be able to use the disclosures to better assess a company's performance and make more informed investment decisions.

Current practices of Human Capital Management disclosures among publicly traded companies.

Human capital management disclosures among publicly traded companies are becoming increasingly important as companies strive to remain competitive in the global economy. The focus on human capital is becoming more prominent as organizations are recognizing that their human capital is a key asset. Companies are now taking a more proactive approach to human capital management and are providing more detailed disclosures about their practices in investor reports and other public documents. These disclosures typically include information about recruitment, retention, training, and development programs, as well as compensation and benefits. Companies are

also disclosing information about the diversity of their workforce, and the ways in which they are striving to create a workplace environment that is inclusive and respectful of all employees. Additionally, companies are disclosing information about their employer branding strategies, as well as their strategies for creating a high-performing culture. The goal of these disclosures is to provide investors and other stakeholders with a better understanding of how companies are managing their human capital and how these strategies are impacting the performance of the organization.

Financial implications of the new capital management disclosure requirements for publicly traded companies.

The financial implications of the new Newman capital management disclosure requirements for publicly traded companies are that they must provide more detailed and comprehensive disclosures about their capital structure and management. This includes disclosing their capital structure and the effects of changes in their capital structure, their capital management strategies and their plans, their policies and procedures for managing capital, and the results of their capital management activities. Additionally, publicly traded companies must provide a more detailed explanation of their capital management risk profile and their exposure to capital and liquidity risk. Overall, these new requirements will increase the cost of complying with the new regulations and will require companies to dedicate more resources to capital management disclosures, which could have a negative impact on their bottom line.

Human capital management disclosures will affect overall level of transparency and disclosures.

The new capital management disclosure requirements will increase the overall level of transparency and disclosure from publicly traded companies. By providing more detailed and comprehensive disclosures about their capital structure and management, investors will be able to better understand the risks associated with investing in a given company and make more informed investment decisions. Additionally, by increasing the level of transparency and disclosure, the new rules will help to reduce the risk of fraud and manipulation in the financial markets.

Overall benefits of new SEC guidelines on overall corporate performance of companies

The new SEC guidelines on corporate performance of companies will benefit both companies and investors in several ways. Companies will benefit from increased transparency and disclosure, which will help them better manage their capital and liquidity risk. Additionally, the guidelines will help reduce the risk of fraud and manipulation in the financial markets, which will benefit investors. Finally, the guidelines will help to create a more stable and efficient financial market, which will benefit everyone.

SUGGESTIONS .

- 1 Analyze the impact of the new SEC human capital management disclosure guidelines on companies' financial performance.
2. Examine the relationships between human capital management disclosure and investor confidence.
3. Evaluate the effectiveness of the new disclosure guidelines in improving corporate governance and managing risk.
4. Analyze the costs associated with providing human capital management disclosure and the implications for companies' financial statements.
5. Assess the impact of the new disclosure requirements on the labor market and examine the potential for improved labor-management relations.
6. Identify the challenges of implementing the new guidelines and the strategies for successful implementation.
7. Investigate the implications of the new human capital management disclosure guidelines for boards of directors and executive compensation.
8. Compare the human capital management disclosures of different countries and assess the impact of the new guidelines on global markets.
9. Examine the role of technology in providing human capital management disclosure and the potential for increased efficiency.
10. Study the impact of the new guidelines on the reporting process and the potential for improved accuracy of the information provided

CONCLUSION.

SEC guidelines provide investors with a set of rules and regulations to help protect them from fraud or other financial misconduct. These guidelines provide investors with the assurance that their investments are being handled in a safe and secure manner. Additionally, these guidelines help to ensure that investors are informed of all the risks associated with their investments and can make informed financial decisions. Finally, they also provide

investors with the opportunity to report any suspicious activity to the SEC. This helps to ensure that any potential misconduct is identified and addressed quickly

The SEC's new guidance on human capital management disclosure has the potential to transform the way corporations manage and report on their human capital resources. Companies should take this opportunity to assess their existing systems and processes and ensure they are compliant with the new guidance. Doing so will enable them to attract and retain high-quality talent, remain competitive in the marketplace, and ensure they are making the most of their human capital investments. Ultimately, the SEC's guidance may help to create better corporate governance and transparency, leading to improved corporate performance and increased shareholder value.

REFERENCES.

1. https://scholar.google.co.in/scholar?q=human+capital+management+:+disclosures&hl=en&as_sdt=0&as_vis=1&oi=scholart
2. <https://corpgov.law.harvard.edu/2022/05/16/key-themes-of-human-capital-management-disclosure/#:~:text=Topics%20of%20disclosure%20can%20be,%2D19%2C%20health%20and%20safety.>
3. <https://www.cpajournal.com/2021/10/27/first-look-at-the-human-capital-disclosures-on-form-10-k/>
4. https://viewpoint.pwc.com/dt/us/en/pwc/in_the_loop/assets/04292021itlhumancap.pdf
5. https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/cbm/ey-how-and-why-human-capital-disclosures-are-evolving.pdf
6. <https://www.ssga.com/library-content/pdfs/global/human-capital-disclosure-practices.pdf>
7. <https://www.gibsondunn.com/evolving-human-capital-disclosures/>
8. <https://www.cpajournal.com/2021/10/27/first-look-at-the-human-capital-disclosures-on-form-10-k/>
9. <https://corpgov.law.harvard.edu/2021/10/31/the-current-state-of-human-capital-disclosure/>
10. <https://news.bloomberglaw.com/esg/how-to-respond-to-secs-focus-on-human-capital-disclosures>