

*Globalization and its Socio-Economic Consequences*  
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# **A study of social policies based on the example of the Bulgarian hotels on the Black Sea coast**

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МИНИСТЕРСТВО НА ОБРАЗОВАНИЕТО И НАУКАТА

# *Agenda*

1. Introduction

2. Hypothesis development and research methodology

3. Outcomes from data analyses of some of the factors that have impact on the staff-related social policies disclosure

4. Conclusions and recommendations



# Introduction

- **Main object of the paper** is published information in the financial statements of hotel enterprises (including the attached appendices, significant accounting policies, activity reports, auditors' reports and other documents) about the adopted and implemented staff-related social policies.
- **Subject of the study** are the published financial statements and the accompanying notes, incl. significant accounting policies, activity reports, auditor reports, references, annexes.

# Introduction

- **Primary purpose** of the paper is to study *some of the factors* that influence mandatory disclosures of enterprises, that own and manage hotels and carry out operations in the territories of Varna and Burgas regions, regarding the published staff-related social policies.
- **A main research task** is to analyze the following factors that have impact on the disclosures: the size of the organisation; available external audit control; available foreign participation in the capital; applicable accounting standards; accounting financial result (profit or loss); enterprise category.



# Hypothesis development

**(H1)** There are statistical relationships and correlations between mandatory staff-related disclosures in the financial statements of hotel enterprises and the accounting standards selected for their preparation.

**(H2)** There is a statistical relationship between the mandatory staff-related disclosures and the presence of foreign participation in the capital of hotel enterprises.

**(H3)** There are statistical relationships and correlations between the presence of independent financial audit by a registered auditor and the mandatory staff-related disclosures in the financial statements of hotel enterprises.

**(H4)** There are statistical relationships and correlations between the category of the enterprise and the mandatory staff-related disclosures.

**(H5)** There are statistical relationships and correlations between the mandatory staff-related disclosures in the financial statements and the accounted result (profit or loss).

**(H6)** There are statistical relationships and correlations between the type of merchant and the mandatory staff-related disclosures in the financial statements.

# Research methodology

- An analysis of the financial statements of 100 hotel's enterprises.
- The study period is the year 2015 due to a lack of more up-to-date information for some entities from the target group.
- The study of statistical relationships and dependencies is based on the Chi - square test, and the measure of association is done by the use of Cramer (V) with the program IBM – SPSS Statistics.



# Outcomes from the analyses of the factors that have impact on the staff-related data disclosure

- 31% are micro, 43% - small, 20% - medium and 6% are large enterprises.
- 35% are limited liability companies, 35% - sole-proprietor limited liability companies, 19% - joint-stock companies, and 11% - sole-proprietor joint-stock companies.
- 27% of the target organizations do not publish annexes, accounting policies or any textual data with financial or non-financial nature.
- only 49% disclose staff-related information in the notes to the financial statements.



## Outcomes from the analyses of the factors that have impact on the staff-related data disclosure

**Table 1.** Cross tabulation data when testing the research hypotheses for statistical relationships and dependencies.

Hypotheses	Pearson Chi-Square value	Level of significance	Degree of freedom	Asymp. Sig. (2-sided)	Cramer's V value	Approx. Sig
H1	11.295	$\alpha=0.05$	n=2	.004	.336	.004
H2	0.289	$\alpha=0.05$	n=2	.866	.054	.866
H3	26.913	$\alpha=0.05$	n=2	.000	.519	.000
H4	21.588	$\alpha=0.05$	n=6	.001	.329	.001
H5	5.192	$\alpha=0.05$	n=4	.268	.161	.268
H6	10.987	$\alpha=0.05$	n=6	.089	.234	.089

Source: (own calculations, n=100)

# Outcomes from the analyses of the factors that have impact on the staff-related data disclosure (see table 1)

## Based on the collected data:

- There is an average statistical relationship between the publication of mandatory staff-related disclosures by the enterprises under review and the chosen accounting base (NAS or IAS).
- No statistical relationships is calculated between foreign participation in the capital of the analysed hotels and the mandatory staff-related disclosures.

# Outcomes from the analyses of the factors that have impact on the staff-related data disclosure (see table 1)

## Based on the collected data:

- There is an average statistical relationship between the publication of mandatory staff-related disclosures and the existence of audit control by an independent external auditor.
- There is an average statistical relationship between the publication of mandatory staff-related disclosures and the category of the enterprises. **BUT** not all conditions for the Chi-square test application are fulfilled, which is a prerequisite for being skeptical when accepting such statistic relationship.

# Outcomes from the analyses of the factors that have impact on the staff-related data disclosure (see table 1)

## Based on the collected data:

- There are no statistical relationships and dependencies between the reported accounting financial result and the mandatory staff-related disclosures.
- There are no statistical relationships and dependencies between the mandatory staff-related disclosure and the legal status of the enterprise.

# Discussions and Conclusions

- The results of the study are indicative for a low level of publication of non-financial data, incl. social policies in the financial statements of Bulgarian hotel enterprises.
- The companies under review do not publish fully the required mandatory disclosures.
- Based on the analyzed factors that influence the disclosures, it can be pointed out that the ones with the strongest impact are those having a legislative and control nature.



# Discussions and Conclusions

Hotels' disclosure regarding their staff does not aim to support the processes of globalization. As the main reasons (but not only) it can be pointed out:

- The lack of effective control over the published appendices to the financial statements of enterprises. In this case, the state control is mainly focused at compliance with the requirement for on-time preparation of the financial statements, as well as the correct calculation of enterprises' taxes.
- The attitude of the management staff towards the disclosure of staff-related data. Here we refer to the management's desire to hide information that could be used against the organization by its competitors or the Labor Inspectorate.

# Discussions and Conclusions

Hotels' disclosure regarding their staff does not aim to support the processes of globalization. As the main reasons (but not only) it can be pointed out:

- The understanding of the employees in the organization (including the compilers of the statements) about the role of CSR on the long-term sustainability and development of the organization based on the human factor.
- The long-term strategy of the organization. If an organization wants to enter international markets, it will face the need to harmonize the regulatory framework, attract investments, create a positive image and trust in society, build accountability to meet the information needs of internal and external data users.



# Recommendations

- Timely and reliable review and update the data that must and could be disclosed.
- To make more in deep study on the government, accountants and auditors view regarding the value added of disclosure.
- To improve the internal and external control over the annexes to the financial statements (their development, implementation and publication).
- To make more in deep study on the reasons for not disclosing the mandatory data.

# Thank you for your attention!

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