

The effect of Corporate Governance Attributes on Human Capital Disclosure in South Africa

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Abstract

The disclosure of human capital (HC) information in corporate reports continues to be central to discussions in the executive boardroom. Currently, standard setters grapple with implementing uniform requirements for human capital disclosure (HCD) and as a result, this information is scant, erratic, and inconsistently reported. Hence the ISO 30414 was introduced to breach this gap. The study aims to examine how corporate governance attributes affect HCD critically. A quantitative-based cross-sectional design was followed using a sample of the top 100 companies listed on the Johannesburg Stock Exchange (JSE). The ISO 30414 HR reporting framework containing 48 metrics was utilized to construct an assessment instrument with a 7-point scale to assess the extent of HCD. Overall, board meeting attendance yielded a positive statistically significant association with HC information disclosed on recruitment, retention rate, turnover rate, internal mobility rate, competency rate, employee value-added, and absenteeism rate. The board of directors plays a critical role in improving the disclosure of HC information in the integrated reports. The study provides the first empirical evidence of the impact corporate governance attributes have on HCD in South Africa.

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1. Introduction

One of the primary concerns in determining the value of intangible assets in corporate reports is the disclosure of human capital (HC) to provide credible information to investors and stakeholders on how human resource (HR) practices create shareholder value. Human capital disclosure (HCD) is considered a key strategic communication mechanism companies utilize through corporate reports to build investor confidence and improve stakeholder trust in the market. Notwithstanding this significance, the disclosure of HC information remains unstandardized, scant, erratic and not comparable, which increases information asymmetry in the market (Alvarez, 2015; Di Vaio et al., 2020; Gamerschlag, 2013; Kansal, & Joshi, 2015; Lajili, 2022; Lim & Mali, 2022; Lin et al., 2012; Mariappanadar, & Kairouz, 2017; Pandit 2021; Petera & Wagner, 2017; Salvi et al., 2021; Sürdü et al., 2020; Tejedo-Romero et al., 2017; Tejedo-Romero & Araujo, 2022; Veselinović & Veselinović, 2021). HCD is grounded on HC theory asserting that peoples' skills, abilities, and knowledge, collectively known as competencies enable them to maximize their utility and support organizations in achieving business goals (Gamerschlag, 2013; Nkundabanyanga et al., 2014; Thuda et al., 2019; Valenti & Horner, 2020). Hence the disclosure of information on key HR practices optimizing HC is essential in promoting transparency and accountability. Recently, there have been growing calls internationally for organizations, particularly those listed on the stock exchange, to improve the extent of HCD in their annual integrated reports by using predefined standardized HR metrics. Firstly, the 2014/95/EU Directive provides the requirements for the disclosure of non-financial information including HC (Dumay et al., 2019; Posadas & Tarquinio, 2021), although specific HR metrics are not prescribed for reporting purposes.

Secondly, the Securities Exchange Commission (SEC) in the United States established specific requirements and people-related metrics to be included in corporate reporting (Grove et al., 2021; Pandit, 2021). Thirdly, HCD requirements are also incorporated in the global reporting initiative (GRI) sustainability standards, although weaved within the foundation, general, economic, and social dimensions (Alvarez, 2015; Pedrini, 2007; Cinquini et al., 2012). In South Africa, South African Board for People Practices (SABPP) developed a Human Resource Reporting Framework (HRRF) to assist companies in tracking people-related information internally and guide HCD externally in the investment community (Magau et al., 2019; Veldsman & Abbott, 2016). Lastly, the International Organisation for Standardisation (ISO) 30414 provides key metrics to track, monitor and report HC information for demonstrating the value-add of HR practices (Bruwer et al., 2022; Grove et al., 2021; Olalere et al., 2023; Veselinović et al., 2021; Whiteman et al., 2023). All these efforts require the board of directors (BoDs) in publicly listed companies to promote the alignment of corporate disclosure standards with internal HR reporting practices to ensure that the investment community is provided with value-relevant people-related information. Importantly, Nicholson and Kiel (2004) indicated that the HC (skills, knowledge, and abilities) of the board of directors (BoDs) leads to the effectiveness of the governing body discharging good corporate governance including improved HCD. Grove et al. (2021) asserted that the company's governing body, represented by its BoDs must promote HCD by maintaining applicable standards. In terms of corporate governance theory, board effectiveness leads to improved disclosure of information required to enable investor decision-making, which will subsequently result into increased future earnings (Chouaibi et al., 2021; Dalwai & Mohammadi, 2020; Girella et al., 2021; Mardini & Lahyani, 2020). Thus, board meetings provide the governing body with an opportunity to deliberate on key strategic interventions and hold the executive team accountable on the lack of organisational performance (Bonini & Lagasio, 2021; Pernelet & Brennan, 2022). Several



studies have confirmed the relationship between corporate attributes and HCD (Kaur et al. 2016; Martikainen et al. 2023; Raimo et al., 2020; Tejedo-Romero & Araujo, 2022), but no research has been undertaken with the application of ISO30414 HR reporting framework.

It is clear from this account of erudition that a plethora of international standards require improved HCD to promote information transparency and accountability, which are key principles of corporate governance. Literature evidence indicate that despite the recent developments in standardizing the HCD practices, there is still a lack of transparency and increased information asymmetry on how the HR practices reduce the market-to-book value gap for maximizing shareholder returns. This can be attributed to the role of the BoDs seemingly depriving key stakeholders and investors of credible information on the current initiatives and plans companies execute to optimize the employees' HC for supporting business growth. Therefore, this led to the empirical investigation of how the board attributes influence HCD in integrated reporting <IR>. The main research question is: How do the corporate governance attributes influence HCD? Therefore, the study aims to assess the extent of HCD in the integrated reports using the ISO 30414 framework taking into consideration the influence of corporate governance attributes.

2. Literature review

Corporate governance theory

Theoretically, corporate governance relates to how companies implement mechanisms to perform oversight and exercise control over the business undertakings by maintaining sound ethics, transparency and accountability. Corporate governance refers to the organisation's fiduciary responsibility and ethical conduct overseen by its board in carrying out the shareholders' interests (Yusoff & Alhaji, 2012). In South Africa, the companion. Act No 71 of 2008 and King IV report regulates corporate governance practices placing the BoDs under pressure to promote transparency through information disclosure. Effective corporate governance depends on the HC of the board reflecting their skills, knowledge and abilities in formulating the business strategy, acquiring resources for allocation in pivotal activities and implementing control mechanisms to perform oversight (Martikainen et al. 2023; Ngu & Amran, 2019; Nicholson & Kiel, 2004; Said et al., 2017). At the centre of corporate governance is the board's fiduciary responsibility to disclose financial and non-financial information in the annual reports to inform the investment community on business success, opportunities, risks, and measures to ensure sustainable competitiveness (Anggita et al., 2024). This can further be explored in terms of agency, resource dependency, signaling, stakeholder, and legitimacy theories. Firstly, agency theory indicates that the board and executive team may protect their interests over those of the shareholders by disclosing information deemed having minimal or no reputational risk to the organization to create a favorable impression that maximizes their earnings (Dalwai & Mohammadi, 2020; Saggat et al., 2022). The board's self-serving interests incur agency costs, lead to increased information asymmetry and may subsequently result in reputational risk. The resource dependency theory provides that the acquisition of key resources including the appointment of female executives in the BoD is a significant corporate governance function that must be disclosed (Abdelazim et al., 2022; Dalwai & Mohammadi, 2020; Satrio, 2024).

Stakeholder theory involves the company's interaction with multiple interest parties with various expectations. In terms of information disclosure, stakeholders expect companies to be ethical in their interactions and transparent with information that provides the risks and opportunities generated by the business entities (Fuadah et al., 2023; Kamal, 2021; Omran & El-Galfy, 2014; Tejedo-Romero, & Araujo, 2022). Signaling theory is another important



aspect in corporate governance emphasising a need for companies to share information that signals growth prospects to attract investor confidence while balancing such with risk disclosures (Omran & El-Galfy, 2014). HCD also signals the application of HR practices and employee performance that can lead to business optimization (Lajili, 2022). Regarding legitimacy theory, companies are expected to disclose information that demonstrates compliance with the legal requirements including adherence to the international reporting standards, as well as the prioritising of the interests of the society. Lajili (2023) confirmed that the disclosure of HC information about compliance with legislation signals efforts to improve employee well-being, achieve equity and promote diversity. Therefore, it can be concluded that the disclosure of information is one of the critical functions of the board executed in line with the international reporting standards (Chouaibi et al., 2021; Dalwai & Mohammadi, 2020; Girella et al., 2022; Mardini & Lahyani, 2020). Specifically, and in terms of non-financial information, the board is expected to disclose HC information to indicate how key HR practices contribute towards shareholder value. Moreover, it is important to understand key corporate governance attributes that influence the disclosure of HC.

Human capital disclosure (HCD)

Undoubtedly, HCD is one of the topical, controversial, and divisive issues amongst academics, practitioners and regulators. Unlike the corporate disclosure prescripts in financial reporting maintaining uniformity, most HCD requirements from different standard-generating bodies are similar, incoherent, and contradictory, leading to duplication of information in the integrated reports. For instance, in 2014, the European Union (EU) introduced the 2014/95/EU Directive on disclosure of non-financial information requiring companies to become more transparent with HC-related information on human rights, diversity, health, safety, social capital, and treatment of employees. According to Dumay et al. (2019), HC information requirements in the 2014/95/EU Directive dovetail with the international integrated reporting framework (IIRF) and must be reconciled when preparing integrated reports to improve the quality of disclosure. The HC information requirements in the social dimension of the GRI standards are also linked to the 2014/95/EU Directive (Posadas & Tarquinio, 2021), thereby confirming the synergies between these standards. The GRI framework incorporates HR metrics for reporting purposes, but these are not isolated in the foundation, general, economic, and social dimensions to reflect the true value of peoples' intangible assets (Alvarez, 2015; Pedrini, 2007; Cinquini et al., 2012). Furthermore, the SEC in the U.S. introduced mandatory HCD requirements with key metrics for publicly traded companies to provide material information concerning HR practices (Grove et al., 2021; Pandit, 2021). A total of 35 metrics categorized into six dimensions, namely, employment and labor, job stability, wages, compensation and benefits, workforce diversity, diversity and inclusion, occupational health and safety, and training and development are prescribed. The HRRF by the SABPP is the first attempt in the African continent to provide guidelines for identifying and reporting HC metrics according to five dimensions, namely, human capital availability (HCA), human capital wellbeing (HCW), human capital investment and growth (HCIG), human capital contribution (HCC) and human capital wealth creation (HCWC), which can also be used to assess the extent of HCD in integrated reports (Magau et al., 2019; Veldsman & Abbott, 2016). Based on these developments, it is important to note that HCD signals how HR practices play a critical role in maximizing people's embodied assets, reduces information asymmetry in the financial markets, build investor confidence, lessens the capital cost, and creates shareholder value.

Hence the Chief HR officers (CHROs) must lead processes that improve internal and external HCD. Most importantly, it must be noted that the adoption of mandatory HCD standards is a role that must be facilitated by the board in a manner that promotes uniformity and reduces



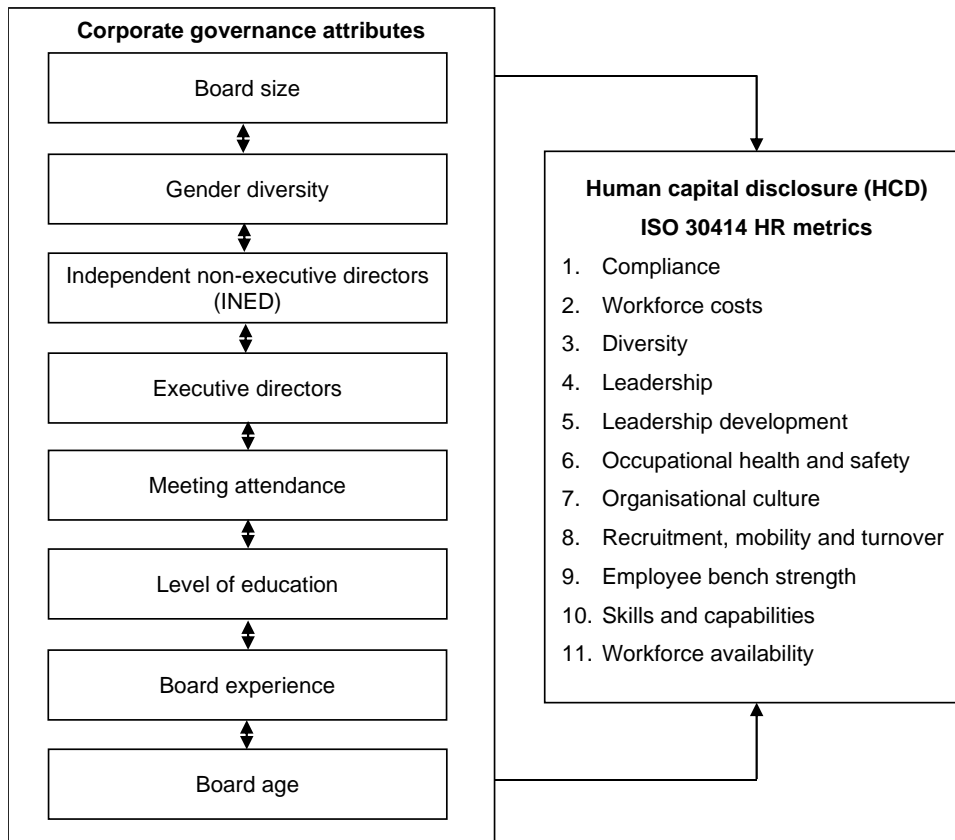
duplication to avoid confusion in the market. Lastly, the ISO 30414 recommends HCD based to 48 HR metrics categorised in compliance (5), workforce costs (7), diversity (1), leadership (2), leadership development (2), occupational health and safety (5), organisational culture (4), recruitment, mobility and turnover (7), employee bench strength (5), skills and capabilities (5) and workforce availability (5). Companies successfully implementing these metrics can achieve ISO certification, although the disclosure of these measures is not a mandatory requirement (Bruwer et al., 2022; Grove et al., 2021; Veselinović et al., 2021). Therefore, this study applied the ISO30414 due to its universal nature and not being restricted to a specific country or geographic region like the SEC HCD disclosure requirements and the 2014/95/EU Directive. Therefore, corporate governance attributes are crucial in facilitating aligned HCD with ISO 30414 for improving standardized reporting practices.

The impact of corporate governance attributes on HCD

Effective corporate governance on the HC of the BoDs to enable effective strategic decision-making. Corporate governance attributes such as board size, gender diversity, chief executive officer (CEO) and chairman duality, independence, and meeting attendance are essential in driving high business earnings (Abu Afifa et al., 2022; Alfraih, 2016; Altin et al., 2022). On the other hand, the disclosure of HC through board effectiveness stimulates sound stakeholder rapport and facilitates the maximization of returns for investors (Kaur et al. 2016; Martikainen et al. 2023; Raimo et al., 2020; Tejedo-Romero & Araujo, 2022). Kaur et al. (2016) investigated the impact of corporate governance attributes including board structure and number of executive directors in the HR committee on HCD. The study found that both attributes positively correlated with HCD and yielded a positive statistically significant relationship. In another study, board size, independence and diversity were computed to determine the influence of these attributes on HCD revealing a positive correlation as well statistically significant relationship (Raimo et al., 2020). Surprisingly, board independence had a negative statistically significant relationship with HCD, while gender diversity positively predicted the disclosure of people-related information (Tejedo-Romero & Araujo, 2022). Interestingly, Martikainen et al. (2023) found an association between negative disclosure tone in the annual reports and the board's HC (knowledge), gender, education, and financial expertise, which signals how these attributes influence impression management. Most importantly, board meetings are enabled by the other attributes in the boardroom (Bonini & Lagasio, 2021), and subsequently lead to improved disclosure of information (Ronoowah & Seetanah, 2023). However, Alshirah et al. (2020) found that board meetings do not influence the disclosure of risk-related information. Therefore, based on the literature review, the following conceptual model was adopted to guide the execution of the study:



Figure 1. A conceptual framework to determine the impact of corporate governance attributes on HCD



Source: Researcher's construction

3. Research Method

Research design

Quantitative-based research was undertaken with a cross-sectional design to examine the impact of board attributes on HCD from a sample of the 2021 integrated reports of the top 100 listed companies in the Johannesburg Stock Exchange (JSE) based on market capitalization. A sample of the top 100 listed companies focuses on determining how key company attributes determine organizational performance and shareholder value (Bussin et al., 2023; Nardhamuni et al., 2023). Hence in the current study, this design was followed to understand the impact of corporate governance attributes on HCD.

Population and sample

The selection of 100 companies listed on the JSE is based on a purposive sampling technique where only the companies with high market capitalization and published annual/integrated reports were considered. Purposive sampling allows the researcher to draw a specific number of companies from the main list of the population in a stock exchange for studies associated with corporate governance and organizational performance (Setiawanta et al., 2020; Suyono, 2016). Table 1 below provides a summary of the companies' industries and market capitalization:



Table 1. Average page number of the integrated reports per industry

Industry	Market capitalisation
Basic metals	60%
Consumer goods	29%
Consumer services	6%
Financial	15%
Health care	2%
Industrials	1%
Telecommunications	4%

Source: Researcher's construction

In total, 90 out of 100 companies were included in the sample, and 10 companies were excluded due to the missing information of board attributes. Furthermore, the average statistics of the corporate governance attributes are provided in Table 5 below:

Table 2. Corporate governance attributes

Variable	Definition
Gender Diversity_GenD	GenD is the total number of women on the board of directors divided by the total number of board members.
Independent non-executive directors_INED),	INED is the total amount of non-independent board members divided by the total amount of board members.
Executive directors_ED	ED is the total amount of n-independent board members divided by the total amount of board members.
Board Meeting Attendance_BMAtt	BMAtt is the number of annual meetings attended by the board members.
Board Education_BEdu	BEdu is the level of education board members have according to the NQF levels
Board experience_BEExp	BEExp is the combined total length of service of each board member from the date of appointment.
Board Age_BAge	BAge is the actual age of the board members at the time of reporting.

Source: Researcher's construction

After profiling the listed companies in this study, it was found that more male executives are still highly represented in the boardroom. Male dominance in the board remains a contentious issue in corporate governance and currently, less HCD can be attributed to a lack of board diversity (Raimo et al., 2020). In terms of board structure, most companies have more INED than the executive and non-executive directors. INED tends to reduce information asymmetry by controlling the opportunistic actions of the executive team to ensure that the required disclosures are released. Meeting attendance of the boards seems high, and it is interesting to determine how these engagements translated into more transparency, particularly HCD. The board members have an average of an Honours Degree, and this together with 77 years of working experience enables effective corporate governance. It appears that the boards have a fair mix of generations in terms of age difference which is encouraged when composing heterogeneous governing bodies.

Assessment tool

Firstly, HCD was preliminary assessed using 48 HR metrics of the ISO 30414 with a score of 0 = not disclosed and 1 = disclosed. This was done to determine the disclosed metrics for inclusion in the final human capital disclosure index (HC DI). Table 2 below reveals 40% disclosed HR metrics.



Table: 3. ISO 30414 based HCD

HCD DIMENSIONS AND METRICS	DISCLOSED METRICS
COMPLIANCE	
1. Number and type of grievance filed	0
2. Training hours on compliance and ethics	0
3. External dispute resolutions	0
4. Number, type and source of external audit	0
5. Findings and actions arising from these	0
WORKFORCE COSTS	
6. Total workforce costs	1
7. External workforce costs	0
8. Ratio of the basic salary and remuneration	0
9. Total costs of employment	1
10. Cost per hire	0
11. Recruitment costs	0
12. Turnover costs	0
DIVERSITY	
13. Workforce diversity statistics	1
LEADERSHIP	
14. Leadership trust	0
15. Span of control	0
LEADERSHIP DEVELOPMENT	
16. % of leaders/talents who have formal mentors or coaches	0
17. % of leaders with formal function of mentors or coaches	0
OCCUPATIONAL HEALTH AND SAFETY	
18. Lost time for injury	1
19. Number of occupational accidents	1
20. Number of people killed during work (fatalities)	1
21. Training hours on health and safety at work	0
22. Number of employees who participated the training	0
ORGANISATIONAL CULTURE	
23. Employee engagement	1
24. Retention rate	1
25. Productivity - revenue, turnover, profit per employee	1
26. Human capital return on investment	1
RECRUITMENT, MOBILITY AND TURNOVER	
27. Number of qualified candidates per position	0
28. Quality per hire	0
29. Time to fill vacant positions	0
30. Transition and future workforce capabilities assessment	0
31. Percentage of positions filled internally	0
32. Percentage of critical business positions filled internally	0
33. Percentage of vacant critical business positions	0
EMPLOYEE BENCH STRENGTH	
34. Turnover rate	1
35. Involuntary turnover rate	1
36. Involuntary critical turnover rate	1
37. Voluntary turnover rate (without retirement)	1
38. Exit/turnover reasons/leaving employment by reason	1
SKILLS AND CAPABILITIES	
39. Total developing and training costs	1
40. Learning and development information	1
41. Internal mobility rate	1
42. Workforce competency rate	1
43. Succession planning	1
WORKFORCE AVAILABILITY	
44. Absenteeism rate	1
45. Full-time equivalents	0
46. Number of employees	1
47. Contingent workforce: independent contractor; temporary staff	0
48. Number of full-time and part-time employees	1

Source: Researcher's construction



Subsequently, and after determining that 60% metrics were not disclosed, 19 metrics were reconstructed into a final HCIDI containing four (4) revised dimensions shown in Table 3 below to continue with data analysis.

Table 4. Reconstructed human capital disclosure index (HCIDI)

HCD dimensions	HC Metrics
Workforce availability and costs: Measures the extent of information regarding HC sourcing, acquisition, termination, as well as wages and salaries.	<ul style="list-style-type: none"> • Number of employees • Workforce diversity • Recruitment • Retention rate • Turnover rate • Workforce costs
Skills and capabilities: Measures the extent of information regarding employee training and development expenditure, promotions, performance and talent pipeline.	<ul style="list-style-type: none"> • Training costs • Internal mobility rate • Workforce competency rate
Organizational culture: Measures the extent of information about employees' commitment expressed in the satisfaction index, and contribution to the company's bottom line.	<ul style="list-style-type: none"> • Succession planning • Employee engagement • Employee productivity • Employee value-added
Occupational health and safety: Measures information about the employees' wellbeing.	<ul style="list-style-type: none"> • Human capital return on investment • Lost-time for injury • Number of fatalities • Absenteeism rate

Source: Researcher's construction

Bravo et al. (2010) indicated that the information attributes of a disclosure index include quantity, coverage, and quality. In this study, the HCIDI focused only on quantity and coverage of HC information using a predefined scoring system used in data collection.

Data collection

The literature survey provides insightful knowledge on the development of scales to assess information disclosed in the integrated reports using scoring systems ranging from 0 to 7 (Magau et al., 2021). As indicated in Section 5.3, the preliminary instrument was based on a 2-point scoring method and 19 metrics were adopted to continue with the formal data collection. Therefore, to unravel broad patterns of people-related information linked to 19 metrics, a 7-point scoring method was utilized as shown in Table 4 below:

Table 5. HCD scoring method

Assessment	Score
Not disclosed	0
Disclosed in qualitative or narrative terms only	1
Disclosed in quantitative or numeric terms	2
Disclosed in both qualitative or narrative and quantitative or numeric terms	3
Disclosed in monetary terms only	4
Disclosed in both qualitative or narrative and monetary terms	5
Disclosed in qualitative or narrative, quantitative or numerical and monetary terms	6

Source: Researcher's construction

This method is useful in reducing the likelihood of omitting HC information, which is often the case with a 2-point scale. To collect the data, PDF copies of the integrated reports were



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retrieved from the sampled organisations' websites and stored in the researcher's electronic hard drive. The HR metrics were used as the actual keywords to search for information manually in the integrated reports using the advanced search functionality in Microsoft Acrobat. Disclosed outputs were captured in a Microsoft Excel spreadsheet organised according to 19 metrics and related dimensions. Information about the corporate governance attributes was also captured from the integrated reports by counting the actual demographic information.

4. Results

The results of the study are presented in terms of the descriptive statistics, correlations, and regression outputs:

Descriptive statistics

The descriptive statistics provided in Table 6 below summarise the data in terms of the four dimensions of HCD together with the metrics:

Table 6. HCD descriptive statistics

Items	Mean	Std Dev.	Kurtosis	Skewness	Min	Max
Workforce availability and costs						
Number of employees	2,12	0,63	3,98	-1,18	0	3
Workforce diversity	2,27	1,14	0,86	0,49	0	6
Recruitment	1,3	0,86	9,54	2,75	0	6
Retention rate	1,08	0,38	19,21	4,46	1	3
Turnover rate	1,46	1,07	-1,23	0,03	0	3
Workforce costs	3,07	1,80	-1,24	-0,14	0	6
Skills and capabilities						
Training costs	3,21	2,18	-1,24	-0,59	0	6
Internal mobility rate	0,77	0,80	1,66	1,22	0	3
Competency rate	0,94	0,62	8,88	2,01	0	4
Succession planning	1,07	0,56	7,32	2,30	0	3
Organisational culture						
Employee Engagement	1,11	0,71	2,98	1,56	0	3
Employee Productivity	0,85	0,48	4,09	0,24	0	3
Employee value-added	1	0,87	6,20	2,06	0	5
Human capital ROI	0,18	0,73	23,65	4,59	0	5
Occupational health and safety						
Lost-time injury	1	1,12	-0,79	0,78	0	3
Fatalities	1,17	1,15	-1,32	0,40	0	3
Absenteeism	0,28	0,54	2,23	1,76	0	2

Source: Researcher's construction

Information regarding the number of employees and workforce diversity was disclosed in numerical terms, although the narrative explanation would have been useful to understand how HC was allocated in pivotal areas across the businesses. Narrative disclosures of recruitment, retention, and turnover rate information can be more useful if coupled with numeral digits and monetary values to indicate the impact of these movements on the organizations' performance. Interestingly, the disclosure of workforce and training costs in both qualitative or narrative and



quantitative or numeric terms provide clear information on how the company's financial resources were utilized to improve motivation and build capacity for improving performance. Very concerning is information on internal mobility rate, competency rate, succession planning, employee engagement, employee productivity, employee value-added, human capital ROI, lost-time injury, fatalities, and absenteeism disclosed mostly in narrative terms. This is not in line with the intentions of ISO 30414 requiring companies to disclose HR metrics in numeric terms.

Regression analysis results

To understand the impact of corporate governance attributes on HCD, multivariate regression analysis was computed and the results are presented in Table 8



Table 8. HCD regression analysis output

Dependent variables	Independent variables															
	Board size		Gender diversity		INED		Executive directors		Meeting attendance		Level of education		Board experience		Board Age	
	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>	β	<i>t</i>
Model 1:																
Workforce availability and costs																
# of emp	-0,10	-0,71	-0,06	-0,56	-0,03	-0,23	0,10	0,82	0,09	0,87	0,01	0,14	0,11	0,78	-0,09	-0,86
Wrk_div	0,06	0,48	-0,16	-1,48	-0,09	-0,73	-0,04	-0,34	0,00	0,09	0,15	1,34	0,13	0,98	-0,15	-1,45
Recrt	0,01	0,08	0,00	0,08	-0,21*	-1,75	-0,33*	-2,8	0,26*	2,56	0,08	0,75	-0,19	-1,55	0,01	0,15
Ret_rate	0,02	0,19	-0,00	-0,05	0,06	0,52	0,12	1,09	0,46*	4,59	-0,00	-0,06	0,13	1,07	0,06	0,62
Turn_rate	0,13	0,94	-0,06	-0,55	0,33*	2,69	0,07	0,63	0,14*	1,37	-0,32*	-2,87	0,07	0,57	-0,06	-0,63
Wrk_costs	0,26	1,9	0,21	1,95	0,07	0,59	0,01	0,08	0,15	1,42	-0,13	-1,19	-0,32*	-2,43	0,043	0,41
Model 2:																
Skills and capabilities																
Train_costs	-0,09	-0,64	-0,24	-2,09	0,02	0,17	0,06	0,49	0,16	1,48	-0,04	-0,34	0,11	0,85	-0,13	-1,25
Intern_mob	0,19*	1,48	-0,25	-2,33	-0,04	-0,35	-0,06	-0,59	0,25*	2,42	-0,18	-1,66	0,05	0,46	-0,02	-0,29
Comp_rate	-0,25*	-1,94	-0,09	-0,89	-0,13	-1,1	-0,15	-1,35	0,37*	3,61	0,19*	1,78	0,24*	1,92	-0,14	-1,48
Succ_pln	0,11	0,79	-0,02	-0,2	0,24	1,83	0,11	0,88	-0,07	-0,7	-0,07	-0,6	-0,08	-0,6	-0,08	-0,77
Model 3:																
Organisational culture																
Empl_eng	-0,18	-1,35	-0,03	-0,3	0,13	1,02	-0,21*	-1,71	0,08	0,81	0,00	0	-0,02	-0,2	-0,09	-0,92
Emp_prod	0,12	0,87	-0,00	-0,01	0,02	0,21	-0,23*	-1,85	-0,20*	-1,81	0,01	0,09	-0,11	-0,81	0,02	0,26
EVA	0,00	0,06	-0,01	-0,08	0,01	0,14	-0,05	-0,42	0,04*	1,85	0,21	0,38	0,05	0,37	0,00	0,03
HC ROI	-0,02	-0,18	-0,09	-0,85	-0,33*	-2,94	-0,37*	-2,76	-0,03	-0,36	0,17	1,52	-0,14	-1,1	-0,08	-0,79
Model 4:																
Occupational health and safety																
LTI	-0,12	-0,86	0,08	0,73	0,09	0,76	-0,24*	-1,94	-0,12	-1,19	-0,09	-0,85	0,06	0,5	0,18	1,72*
# of fat	0,12	0,85	-0,07	-0,69	0,07	0,59	-0,15	-1,24	-0,19*	-1,75	-0,11	-1	0,07	-0,56	0,08	0,77
Abs_rate	-0,01	-0,13	0,21	0,14	0,21	1,62	0,09	0,72	0,24*	2,2	-0,09	-0,84	0,00	0,02	0,07	0,72

Note: # of emp = Number of employees, Wrk_div = Workforce diversity, Recrt = Recruitment, Ret_rate = Retention rate, Turn_rate = Turnover rate, Wrk_costs = workforce costs, train_costs = training costs, intern_mob = internal mobility rate, comp_rate = competency rate, succ_pln = succession planning, empl_eng = employee engagement, emp_prod = employee productivity, EVA = employee value-added, HC ROI = human capital return on investment, LTI = lost-time for injury, # of fat = number of fatalities, abs_rate = absenteeism rate, β - standardised regression coefficient; *t* – measure of the difference in variation of sample size; significant at $\rho \leq 0.05^*$, $\rho \leq 0.01^{**}$ and $\rho \leq 0.001^{***}$; R2 - coefficient of determination; $\Delta R2$ - adjusted coefficient of determination



The Dublin Watson tests were computed to check whether the residual terms are uncorrelated, and if all values were acceptable within a range 0 and 4. Also, the Variance inflation factor (VIF) values below 10 confirmed that there was no multicollinearity between the independent variable (board attributes). The data in model 1 explained a variance of (R^2 0,21), model 2 (R^2 0,15), model 3 (R^2 0,11) and model 4 (R^2 0,9). A key highlight from the regression results is that several board meetings yielded positive statistically significant relationships with information disclosed on recruitment, retention rate, turnover rate, internal mobility rate, competency rate, employee value-added, absenteeism rate. It can be concluded that the board meetings in most organizations prioritize the disclosure of HC, although there is room for improvement. Therefore, the underlying hypotheses in respect of these specific HR metrics are accepted. It can be confirmed that effective corporate governance leads to improved disclosure of HC information (Abu Afifa et al., 2022; Alfraih, 2016; Kaur et al. 2016; Martikainen et al. 2023; Raimo et al., 2020; Tejedo-Romero & Araujo, 2022) and this was also established in this study. Although the corporate governance attributes in the current study somewhat influenced the extent of HCD, most of them yielded less effect than meeting attendance which significantly led to the disclosure of information on recruitment, retention, turnover, internal mobility, competency, and absenteeism. This indicates that the BoDs are more transparent with information regarding HC acquisition, development, and risk management. Overall, it also became apparent that although board size, gender diversity, INED, number of executive directors, number of non-executive directors, board education, board experience and board age had moderate positive effect on some HC information, in general. These attributes drive successful board meetings resulting into effective corporate governance. Board meeting attendance is the by-product of the other attributes and indicates collective decision-making (Bonini, & Lagasio, 2021; Pernelet & Brennan, 2022). Even though board meeting attendance was good, the lack of HCD by most companies is still concerning given a plethora of international standards requiring more transparency in people-related information. This implies that the board meetings should focus on adopting specific standards of reporting HC information in a structured approach or isolating this information into a separate corporate HR report to draw the attention of investors and stakeholders on key HR metrics enhancing shareholder value. At the centre of this is the role that the CHRO must fulfil in leading the alignment of internal HR reporting process with the international reporting standards such the ISO30414.

5. Conclusion

The ISO 30414 HR reporting framework was utilised in this study to assess the impact of corporate governance attributes on HCD. A preliminary assessment revealed that most HC information is not disclosed according to the framework, resulting in the reduced version that was utilised to conduct the assessment. Previous research demonstrated that corporate governance attributes are associated with HCD, and this study also confirmed this relationship, although with moderate effect in some predictor variables. Only board meetings yielded most positive statistically significant association with HC information disclosed on recruitment, retention rate, turnover rate, internal mobility rate, competency rate, employee value-added, absenteeism rate. This confirmed that BoDs understand the impact of HCD for stakeholder and investor decision-making and they devote attention on preparing this information for corporate disclosure. This study was restricted to the application of the ISO30414 HR reporting guidelines, and yet people-related information is also disclosed in terms of the other international reporting standards such as the global reporting initiatives (GRI). As a result the other HR metrics are not accounted in this study.



HCD is also covered in the sustainability and remuneration reports of the JSE listed companies and the focus on integrated reports in this study serve as another limitation in that some or most information was omitted. The cross-sectional nature of the study limited the analysis to one period only with no opportunity identify the influence of corporate governance attributes on the pattern of HCD over a long period. These shortcomings can be addressed in future research by increasing a sample size to more than 100. Therefore, it can be concluded that although some corporate governance attributes did not show strong connections with HCD, all these predictors including the board meeting attendance play a significant role in disclosing people-related information.

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