

THE PERCEPTION OF INVESTMENT ANALYSTS ON THE DECISION-USEFULNESS OF HUMAN CAPITAL DISCLOSURES: A SOUTH AFRICAN CONTEXT

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ABSTRACT

The objective of this paper was to examine the perspectives of investment analysts on the significance of Human Capital Disclosures in the Corporate Annual Reports of top South African listed companies when providing investment advice. Using existing literature, a total of 91 Human Capital Disclosure items were developed and this formed the basis of the questionnaire. A total of 63 investment analysts were identified and the questionnaire was sent to them through email. 37 investment analysts responded, giving a response rate of 59%. Obtained results demonstrate that the majority of respondents could not identify a greater proportion of these attributes, although they agreed that these attributes are useful to them. This confirms our proposition that if these attributes are disclosed, it will consequently increase the decision-usefulness of corporate annual reports to investment analysts when providing advice to the potential and current investors (owners of capital).

Keywords: Human Capital, Human Capital Disclosure, Corporate Annual Reports, JSE Listed Companies, Investment Analysts.

INTRODUCTION

Early researchers in the field of Human Resources Accounting (HRA) were of the opinion that human resources should be treated as a statement of financial position item. In this regard, scholars such as Hermanson (1964); Heckmian and Jones (1967) as well as Brummet et al. (1968) were all of the view that investment in human resources should be treated as assets to be amortised over a reasonable number of years thereby communicating the value of Human Resources (HR) to the users of Corporate Annual Reports (CARs).

The challenge that these scholars faced was that it was not easy to put a valuation on humans, which is attaching monetary value to human resource which then created a setback to this approach. Although, the financial accounting model does not recognise human resource accounting, this movement of early scholars created awareness which served as a platform for Intellectual Capital Research Agenda (CRA) in 1980s. Following the challenges experienced by early scholars of HRA, the manner in which human capital intangibles could be reflected in the corporate annual reports has suffered setbacks and is yet to be determined. The disclosure of human capital intangibles is unique in that organisations are allowed to choose what information and where such information is to be disclosed in CARs. In other words, there no requirements backed up by laws or accounting standards to which firms are expected to comply (Abeysekera, 2008).

Abeysekera (2008) points out that the major reason for the lack of guidance around Human Capital Disclosure (HCD) is that it is difficult to measure the input of human capital visibly as its outcome is influenced by many other factors beyond the control of investors in human capital intangibles. On the basis of this, Pantzalis and Park (2009) concludes that it is not easy to associate the level of performance of firms with the quality of human capital intangibles possessed by an organisation comparative to those of other firms in the same industry (Pantzalis & Park, 2009). It can then be deduced that investors may find it difficult to make sense about the relevance of human capital intangibles in value creation as a result lack of harmonised HC reporting.

In assessing the chances of a company to succeed in achieving its objectives, HC has an important role. It is important for investment analysts to understand the strength of the organisations' human capital as this is the key driver of organisational strategy. This is the point that Moloji (2018) argued in his work where he posits that structural systems and organisations processes are driven by HC. In essence, he is arguing that off HC is one of the important enablers for the organisation to achieve its strategic objectives.

It is expected that the disclosures of such information would provide investment analysts with useful information for the purpose of their analysis and proper advice to their clients. Therefore, it was deemed necessary that the perspective of investment analysts is studied to determine the level of significance placed on Human Capital Disclosures in the Corporate Annual Reports of top South African listed companies when providing investment advice (Adelowotan, 2013).

In the main objective of the study above, it was highlighted that the focus of this study was on the investment analysts as investors may find it difficult to make sense about the relevance of human capital intangibles in value creation as a result of lack harmonised HC reporting. Other stakeholders such as potential employees, customers, potential supplier and investors could also derive benefits out of this, which means that a progressive firm would strive to convert HC capabilities to meet the increasing expectations of stakeholders (Bassi et al., 2000; Meer-Kooistra & Zijlstra, 2001).

The remainder of this paper is organised as follows: Section 2 provides a brief overview of human capital disclosure literature; Section 3 discusses the approach and the methodology that was followed; and Sections 4 and 5 present the findings of the study and the conclusion respectively.

HUMAN CAPITAL DISCLOSURE

Human Capital Disclosure has been described as a process by which information on identification and measurement of workforce related excellence are identified and revealed to various stakeholders within and outside an organisation (Khanb & Khan, 2010). For Pedrini (2007) the process that is expounded by Khan and Khan (2010) above contains the essentials of Intellectual Capital Report. Pedrini (2007) sees the overall goal of Intellectual Capital report which by the way incorporates HC disclosures as concerned 'with activities related to the development of employees' competences and reporting these to shareholders, investors, employees, managers and other stakeholders'. Pedrini's argument is consistent with this papers assertion that there are different consumers of Human Capital Information (HCI). In our case, we indicated in the introductory section that other stakeholders such as potential employees, customers, potential suppliers and investors could also derive benefits out of the reported HCI. This is because different kinds of information are required by various

stakeholders.

A good number of literature exist on Human Capital disclosure practices of firms in both developing and developed countries (Subbarao & Zeghal, 1997; Olsson, 2001; Abeysekera & Guthrie, 2004; Ax & Marton, 2008; Huang et al., 2008). In the work that explored the nature of human capital information that is desired by financial analysts and managers, (Huang et al., 2013) observed that “disclosure of human capital is important since it affects not only a firm’s ability to recruit and retain the best people, but also conveys a firm’s potential to create value and thus its share price and ability to attract funding nationally and internationally.

In a similar sentiment, human capital has been recognised as one of the three major categories of intangible resources capable of creating value for businesses (Meritum, 2002) and in today’s economies characterised by knowledge, human capital remains an important intangible resource necessary for achieving competitive advantage and sustainable organisational success and growth (ICAEW, 2000). For Edvinsson and Sullivan (1996) it is the ability of an organisation to pull knowledge and not necessarily the stock of knowledge that will drive value creation. It is on these grounds that they argue that organisations that give serious consideration to the capability, knowledge, skills of human resources will attain value creation capacity (Wright & Snell, 2005).

According to Skoog (2003), there is a positive correlation between disclosed HC and the long run profitability of a firm. Mouritsen et al. (2004) agrees with these sentiments and posit that firms could gain the advantage of attracting valuable resources in addition to communicating the organisation’s value drivers through full disclosure of HC information. Boudreau (1991) as well as Wright and McMahan (1992) suggest that many organisations have realised that HC practices and their disclosures play a significant role in the performance of firms. This has resulted to a great shift by management towards the contribution of human resources since the last decade (Bassi et al., 2000). For Youndt et al. (1996), firms who engage in pragmatic HC practices such as acquisition, development and retention of employees, incentive compensation, employee empowerment, selective staffing, job rotation, comprehensive training and team work can intensify the value creation processes.

Huang et al. (2013) in an article which seeks to explore the disparity between human capital information desired by financial analysts and fund managers and the actual disclosure of such information in the corporate annual reports in the context of Malaysia, a developing country. Interviews were conducted to obtain the opinion of the financial analysts and the fund managers with respect to the significance of human capital information and whether their desired information on human capital is provided in the Corporate Annual Reports. A significant finding was that information on human capital was limited to Directors without much of value-adding information. In supporting the view that human capital information is important to various users of CARs, Stanko et al. (2014) concluded that human capital information has value-adding capacity and therefore called for the development of a universal method of accounting for human capital because it helps to provide a better valuation and also could provide greater benefits for the users of Corporate Annual Reports. Alvarez (2015) in his article on corporate response to human resource disclosure recommendations by Spanish companies found out that the information provided revolves around staff welfare and not on the contribution of human capital to the enhancement of the organisational value. This author was of the opinion that Spanish firms were more concerned with social responsibility than providing information that will assist the users to assess the contribution of human capital to value creation. Shahi (2017) reflects

human capital as a powerful investment for organisational growth and success and concluded that talent management has been employed by most successful companies as a tool for developing and sustaining long-term organisational health.

In the South African context, firms have come to terms with the importance of HC in value creation and in pursuing competitive advantage as evidenced by various initiatives by the Kings Committee Reports which are issued primarily to enhance holistic reporting practices by firms and to make decision makers more responsible and transparent to all stakeholders (IoD 1994: 2002: 2009: 2016).

With the proliferation of the codes such as the King Code referred above, users of corporate information are now better informed and therefore the providers of such information must respond by disclosing more information on employees, working conditions, environmental protection and so on (Khan & Khan, 2010).

Reviewing the existing literature, as well as the research evidence on HC reporting in South Africa which point to the fact that this is scarce, it is interesting to note that none of this has focused on gauging the investment analysts' perspectives on the usefulness of HCI in the annual reports. Our argument is that this is an important layer of research as investment analysts assesses, on behalf of their clients, the chances of a company to succeed in achieving its objectives and then give advice.

METHODOLOGY

The target population for this study is South African companies but the accessible population is the companies listed on the Johannesburg Stock Exchange (JSE). The rationale for the choice of companies listed on the JSE is that these companies are required by law to produce reports accessible to various users and that on the basis of these reports, users' including the investment analysts could judge the performance of these companies. For the purpose of content analysis, the study used the random sampling technique to select a sample of 60 companies out of the top 100 listed on the JSE according to market capitalisation. The sample size of 60 companies was chosen because the population has largely common characteristics because all listed companies are expected to meet certain requirements as a condition for being listed and to remain listed.

The content analysis methodology was used to determine the extent to which disclosures in CARs relate to the identified HC content categories. Annual reports relating to the top 60 companies were assessed for this purpose. Mloi (2009), Barac and Mloi (2010) and Mloi (2015 a: b) have all recently utilised the content analysis methodology. In describing the content analysis methodology, Krippendorf (1980) views it as "*a research technique for making replicable and valid inferences from data according to their context*". It can be used to analyse the content of texts or documents (such as letters, speeches, annual reports) and states that "*content*" refers to words, meanings, pictures, symbols, themes or any message that can be communicated (Mouton, 2005). The results are presented thematically around the following major themes, namely: Human Capital Terminology; Human Capital Features; Human Capital Relations; Human Capital Measurement; Human Capital Training and development; Human Capital Remuneration and Welfare; Human Capital Equity Issues; Human Capital Environmental and Safety Issues and Human Capital Health and Wellness. These themes were developed from human capital disclosure literature (Abeysekera, 2008: 260; Vergauwen et al., 2007: 1171; Beattie & Thompson, 2007).

From the formulated categories, a questionnaire was designed. This questionnaire was

administered through emails to the investment analysts in South Africa in order to determine their perspectives on the significance of Human Capital Disclosures in the Corporate Annual Reports of top South African listed companies when providing investment advice. The questionnaire contained 91 human capital disclosure items which were formulated through the information gathered from the literature as well as the content analysis of relevant annual reports. A total of 63 investment analysts were identified and the questionnaire was sent to them through email. 37 investment analysts responded, giving a response rate of 59%.

DATA ANALYSIS AND INTERPRETATION

The results presented below demonstrate the information received from the analysis of the questionnaire that was administered to investment analysts.

Table 1 below shows the results of the terminology that investment analysts deem useful when analysing the HC information in the annual reports. The results indicate that all four terminologies are used interchangeably by top listed companies. However, it is apparent that the most preferred terminology is human resources because it has the highest percentage of 75% with the combined responses of useful (37.5%) and very useful (37.5%).

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Human Assets	0.0	36.4	9.1	18.1	36.4	100.00
Human Resources	0.0	12.5	12.5	37.5	37.5	100.00
Human Value	0.0	22.23	11.11	22.23	44.43	100.00
Human Capital	0.0	20.0	20.0	20.0	40.0	100.00

Table 2 below demonstrates the results of the human capital features that investment analysts deem useful when analysing the HC information in the annual reports. From the analysed data, it is apparent that more than 50% (53.3%-85%) of the respondents agreed that all the attributes are useful and very useful in their decision making. Generally, the results reveal that the users consider these attributes disclosed in the majority of the CARs are useful for decision making purposes.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Capability/Ability	0.00%	13.64%	4.53%	50.00%	31.83%	100.00%
Commitment	0.00%	14.30%	7.10%	28.60%	50.00%	100.00%
Work-Related Competence	0.00%	11.10%	5.60%	33.30%	50.00%	100.00%
Creativity	0.00%	15.40%	15.40%	38.40%	30.80%	100.00%
Expertise	0.00%	16.70%	11.10%	33.30%	38.90%	100.00%
Innovation	0.00%	11.80%	5.90%	52.90%	29.40%	100.00%
Learning	0.00%	14.30%	14.30%	50.00%	21.40%	100.00%
Loyalty	0.00%	14.30%	14.30%	35.70%	35.70%	100.00%
Skill	0.00%	5.00%	10.00%	35.00%	50.00%	100.00%
Team Work	0.00%	12.50%	12.50%	43.70%	31.30%	100.00%
Personal Experience	0.00%	26.70%	20.00%	33.30%	20.00%	100.00%

Professional Experience	0.00%	19.00%	4.80%	23.80%	52.40%	100.00%
Entrepreneurial Spirit	0.00%	21.40%	21.40%	28.60%	28.60%	100.00%

Table 3 below illustrates the results of the human capital relations that investment analysts deem useful when analysing the HC information in the annual reports. From the analysed data. It could be observed that majority of the respondents agreed that a greater proportion of the attributes in this category are useful for decision making purposes.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Chairman's Statement	0.00%	0.00%	14.30%	35.70%	50.00%	100.00%
Operating Review	0.00%	10.00%	5.00%	40.00%	45.00%	100.00%
Financial Statement	0.00%	0.00%	6.30%	25.00%	68.70%	100.00%
Employee Appreciated	0.00%	25.00%	37.50%	25.00%	12.50%	100.00%
Workforce Profile	0.00%	13.34%	20.00%	53.33%	13.33%	100.00%
Company Culture	0.00%	0.00%	25.00%	50.00%	25.00%	100.00%
Communication Channel	11.10%	11.10%	44.44%	22.23%	11.13%	100.00%
Leadership	0.00%	7.11%	14.33%	21.43%	57.13%	100.00%
Succession Plan	0.00%	5.60%	16.70%	27.70%	50.00%	100.00%
Meeting Style	14.30%	28.60%	42.80%	14.30%	0.00%	100.00%
Recruitment Policies	0.00%	0.00%	44.44%	44.43%	11.13%	100.00%
Employee Interview	12.50%	0.00%	50.00%	37.50%	0.00%	100.00%
Union Activity	0.00%	8.30%	16.70%	41.70%	33.30%	100.00%
Community Service	7.70%	7.70%	30.80%	38.40%	15.40%	100.00%

Table 4 below reveals the results of the human capital measurements that investment analysts deem useful when analysing the HC information in the annual reports. Obtained results indicate that more than 50% (53.3%-87.5%) of the respondents agreed that all the attributes except three are useful for decision making purposes. 22.2% of the respondents said that employee breakdown by gender is of little usefulness, 50% were neutral on the usefulness of employee breakdown by nationality and 37.5% were also neutral on the usefulness of employee breakdown by department. It is highlighted here that respondents went ahead to indicate that most of these attributes are useful for their decision making although these attributes could not be identified in CARs. It appears that the respondents considered the usefulness of these attributes on their merit and without considering whether they appear or not in the annual reports. The implication of this is that the annual reports will be more decision useful if information on these attributes is disclosed.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Employee Number	0.00%	15.40%	15.40%	46.10%	23.10%	100.00%
Employee Breakdown by Age	0.00%	0.00%	42.80%	14.30%	42.90%	100.00%
Employee Breakdown by Seniority	10.00%	10.00%	30.00%	30.00%	20.00%	100.00%

Employee Breakdown by Gender	22.20%	22.20%	22.20%	11.16%	22.24%	100.00%
Employee Breakdown by Nationality	16.64%	16.67%	50.00%	16.67%	0.00%	100.00%
Employee Breakdown by Department	12.50%	12.50%	37.50%	37.50%	0.00%	100.00%
Growth/Renewal Ratios: Coverage Professional Experience	25.00%	0.00%	12.50%	37.50%	25.00%	100.00%
Growth/Renewal Ratios: Average Education Level	20.00%	10.00%	10.00%	40.00%	20.00%	100.00%
Efficiency Ratios: Value Added Per Expert	8.32%	0.00%	8.32%	25.00%	58.36%	100.00%
Efficiency Ratios: Value Added Per Employee	6.64%	6.67%	6.67%	40.00%	40.00%	100.00%
Name And Age Of Board Members	6.64%	20.00%	20.00%	26.67%	26.67%	100.00%
Board Members' Educational Background (Academic Career)	0.00%	14.30%	21.40%	35.70%	28.60%	100.00%
Board Members' Work Experience (Professional Career)	0.00%	5.60%	22.20%	38.90%	33.30%	100.00%
Comments On The Board's Abilities	20.00%	0.00%	10.00%	30.00%	40.00%	100.00%
Names And Ages of Top Management Teams	0.00%	0.00%	26.70%	46.60%	26.70%	100.00%
Their Educational Background (Academic Career)	0.00%	0.00%	26.70%	46.60%	26.70%	100.00%
Their Work Experience (Professional Career)	0.00%	0.00%	22.20%	27.80%	50.00%	100.00%
Comments on Top Management Team's Abilities	9.10%	0.00%	9.10%	54.50%	27.30%	100.00%
Stability Ratios: Expert Seniority	0.00%	0.00%	28.60%	42.80%	28.60%	100.10%
Stability Ratios: Median Age of Employee	0.00%	0.00%	33.30%	66.70%	0.00%	100.00%
Human Capital Return on Investment	0.00%	11.10%	11.10%	33.36%	44.43%	100.00%
Training Return on Investment	0.00%	0.00%	28.60%	42.80%	28.60%	100.00%
Cost of Absence	0.00%	0.00%	42.90%	0.00%	57.10%	100.00%
Cost of Resignations	0.00%	0.00%	12.50%	37.50%	50.00%	100.00%
Annual Pay Audits	10.00%	0.00%	20.00%	50.00%	20.00%	100.00%
Workforce Turnover	6.70%	0.00%	13.30%	20.00%	60.00%	100.00%
Retention Rates	7.10%	0.00%	14.30%	28.60%	50.00%	100.00%
Performance and Productivity	6.30%	0.00%	12.50%	25.00%	56.20%	100.00%
Dependence on Key Employee	7.12%	0.00%	7.12%	28.63%	57.13%	100.00%

Table 5 below exhibits the results of the human capital information on training and development that investment analysts deem useful when analysing the HC information in the annual reports. Results below indicate that more than 50% (55.6%-66.7%) of the respondents claimed that all the attributes except vocational qualification are useful and very useful for their decision making. In the case of vocational qualifications, 60% of the respondents were neutral with regards to the usefulness of this attribute for decision making purposes.

Once more, it seems that respondents saw these attributes as important even though they were not well reported in the annual reports.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Knowledge	0.00%	6.70%	33.30%	20.00%	40.00%	100.00%
Education	7.60%	0.00%	30.80%	30.80%	30.80%	100.00%

	0.00%	0.00%	60.00%	30.00%	10.00%	100.00%
Vocational Qualifications	0.00%	0.00%	60.00%	30.00%	10.00%	100.00%
Career Development	0.00%	8.30%	25.00%	41.70%	25.00%	100.00%
Training Programmes	0.00%	15.35%	23.05%	30.80%	30.80%	100.00%
Talent Management	0.00%	10.00%	30.00%	40.00%	20.00%	100.00%
Competence Development Programmes	0.00%	11.11%	33.33%	33.33%	22.23%	100.00%
Job Rotation Opportunities	0.00%	11.11%	33.3%	33.33%	22.23%	100.00%

Table 6 below shows the results of the human capital information on training and development that investment analysts deem useful when analysing the HC information in the annual reports. Results below indicate that over 50% (66.6-87.4) of the respondents agreed that all the attributes are useful and very useful.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Executive Compensation Plan	0.00%	6.30%	6.30%	43.70%	43.70%	100.00%
Employee Compensation Plan	0.00%	0.00%	13.30%	26.70%	60.00%	100.00%
Employee Benefits	0.00%	0.00%	14.30%	35.70%	50.00%	100.00%
Employee Share Scheme	0.00%	11.80%	11.80%	41.10%	35.30%	100.00%
Employee Share Option Scheme	0.00%	12.50%	12.50%	37.50%	37.50%	100.00%
Employee Job Satisfaction	0.00%	0.00%	27.30%	18.20%	54.50%	100.00%
Recognition And Reward	0.00%	0.00%	27.30%	18.20%	54.50%	100.00%
Employee Asset Acquisition Scheme	0.00%	11.11%	22.23%	33.33%	33.33%	100.00%

Table 7 below demonstrates the results of the equity related matters that investment analysts deem useful when analysing the HC information in the annual reports. Results below indicate that 40% to 50% of the respondents were neutral with regards to the usefulness of these attributes. The results here suggest that majority of the respondents in this category do not make use of the information on these attributes unlike the government departments and regulators whose primary responsibility is to monitor the disclosures relating to equity issues.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Race, Gender, and Religion	20.00%	0.00%	40.00%	20.00%	20.00%	100.00%
Disabled Employees	11.11%	0.00%	44.43%	33.33%	11.13%	100.00%
Disabled Applicants	12.50%	0.00%	50.00%	25.00%	12.50%	100.00%

Table 8 below illustrates the results of safety related matters that investment analysts deem useful when analysing the HC information in the annual reports. Results below indicate that 50% of the respondents in this category said that information on these attributes is useful to them except community involvement which only 50% of the respondents agreed to its usefulness. The results here suggest that majority of the respondents in this category do not make

use of the information on these attributes unlike the government departments and regulators whose primary responsibility is to monitor the disclosures relating to environmental and safety issues.

	Not useful at all	Of little utility	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Statement of Working Environment Policy	10.00%	0.00%	30.00%	40.00%	20.00%	100.00%
Statement Of Employee Safety Policy	8.31%	0.00%	33.33%	33.33%	25.03%	100.00%
Description of Community Involvement	8.30%	0.00%	41.70%	41.70%	8.30%	100.00%
Statement Of Policy Regarding Corporate Social Responsibility	8.30%	8.30%	16.70%	50.00%	16.70%	100.00%
Statement of Ethical Business Policy	7.70%	7.70%	15.40%	38.40%	30.80%	100.00%

Table 9 below reveals the results of health and wellness related matters that investment analysts deem useful when analysing the HC information in the annual reports. Results below indicate that apart from emotional and spiritual wellness, more than 50% of the respondents considered social, occupational, intellectual, physical and spiritual wellness as useful and very useful.

	Not useful at all	Of little usefulness	Neutral	Useful	Very useful	Total
	%	%	%	%	%	%
Social Wellness	0.00%	11.11%	33.33%	33.33%	22.23%	100.00%
Occupational Wellness	0.00%	9.10%	27.30%	36.30%	27.30%	100.00%
Intellectual Wellness	0.00%	11.11%	33.33%	22.23%	33.33%	100.00%
Emotional Wellness	11.11%	11.11%	33.33%	44.43%	0.00%	100.00%
Physical Wellness	11.11%	11.11%	22.23%	22.23%	33.33%	100.00%
Financial Wellness	11.11%	11.11%	22.23%	22.23%	33.33%	100.00%
Spiritual Wellness	12.50%	12.50%	50.00%	25.00%	0.00%	100.00%

FINDINGS, CONCLUSION AND RECOMMENDATIONS

The results show that the majority of the respondents could not identify a greater proportion of these attributes although they agreed that these attributes are useful to them. A likely explanation for this might be that the investment analysts do not see the need to consider these attributes when providing investment advice. They may also see the majority of these attributes as mere accounting information which are not too important to them. One may also view the inability of the investment analysts to identify a greater proportion of these attributes to the fact that there was no consideration of the attributes generally used by the investment analysts because the majority of these attributes emanated from the information expected from the Finance Directors and the Human Resource Directors in the course of the preparation of the Corporate Annual Reports.

However, further studies may consider these attributes and those that emanated from the investment advisers themselves. In view of this, we are of the opinion that there is an urgent need

to develop an harmonised policy guidelines on human capital disclosures. For non-listed companies and SMMEs, it is expected that investment analysts will find it more difficult in providing sound investment advice because these companies may not see the need to incorporate majority of the attributes in their reports. The implication of this is that the investment analysts may not have enough data or evidence with which to base their investment advisory services. This will invariably affect the kind of investment decisions taken by users based on the advisory services provided by the analysts.

International companies may find these attributes important and may like to incorporate them in their annual reporting in the spirit of sustainability reporting as advanced by the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC). This will invariably make the reports produced by these companies to be more decision-useful by various categories of users including the investment analysts.

From our analysis, we discovered that the respondents considered three major themes as useful. These are Human capital measurements with the degree of usefulness ranging from 53.3% to 87.5%; followed by Human Capital Remuneration and welfare with the degree of usefulness ranging between 66.6% and 87.4%; while human capital features have between 53.30% and 85%. This implies that the investment analysts consider quantitative measurements such as Employee number, Employee breakdown, Growth ratios, Efficiency ratios and qualitative issues such as Commitment; Competence; Creativity; Enterprise as useful when providing investment advice. A significant finding is that under the human capital relations theme, Financial Statement, Chairman's Statement and the Operating Review have 93.7%, 85.70% and 85% degrees of usefulness respectively. This also implies that the investment analysts rely heavily on the Financial Statements as well as the qualitative information included in the Chairman's Statement and the operating review. This is important because the qualitative information necessary to be used as "*facts behind the figures*" thereby ensuring that the investment analysts have sufficient information as basis of their judgements with regards to the values of organisations.

We therefore recommend that efforts should be geared towards establishing standards that will ensure adequate human capital disclosures in the Corporate Annual Reports. The Accounting Standard developers, regulatory bodies, professional bodies and institutions should take up this challenge to ensure full disclosure of human capital items in the corporate annual reports. This will make the CARs to be more decision-useful.

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