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Determinants of Human Capital Disclosure in the Mining Industry: Comparative Analysis of South African and Zimbabwean Companies

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Abstract: The mining sector plays a pivotal role in the economies of South Africa and Zimbabwe, yet limited attention has been given to the determinants of human capital disclosure within this industry. This study aims to address this gap by investigating the key factors influencing human capital reporting practices among the largest mining companies in these two countries. A quantitative approach was employed, utilising self-administered questionnaires to gather data from six major mining companies operating in both South Africa and Zimbabwe. Factor analysis was conducted to identify the primary determinants shaping human capital disclosure. The findings reveal that company structure, including audit committee characteristics, board size and composition, and assets, significantly influence disclosure practices. Performance-related factors, such as cost-effectiveness, return on training investments, liquidity, employee return on investments, and return on equity, also play a crucial role. Furthermore, market-related factors, including lobby pressure groups, media exposure, levels of debt, creditor pressure, and government regulations, were found to impact disclosure decisions. The results indicate that human capital disclosure mitigates information asymmetry, thereby strengthening relationships between company management and key stakeholders. It is also suggested that improved disclosure enhances corporate transparency, boosts investor confidence, and can positively influence a company's perceived value. Given these findings, it is recommended that mining companies in South Africa and Zimbabwe adopt comprehensive reporting frameworks that incorporate human capital metrics. The adoption of such frameworks may align corporate practices with global reporting standards and enhance the sustainability and accountability of companies in the sector.

Keywords: Human capital; Disclosure practices; Determinants; South Africa; Zimbabwe; Mining industry; Corporate reporting; Information asymmetry

JEL Classification: E20; E24; M41

1. Introduction

The advent of the fourth and fifth industrial revolutions, characterised by emerging technologies such as big data, robotics, and artificial intelligence (AI), respectively, calls for scholars, industries, and governments to delve into human capital disclosure practices and their recognition in corporate annual reports. This is because, in a digitalised economy, a company's value creation depends more on intangibles such as human capital than physical, tangible assets. Companies are willing to spend vast sums of money on human capital. However, some companies do not fully report the phenomenon. Financial and non-financial information disclosure practices are key to various stakeholder groups for making informed decisions. However, it is noteworthy that most of the non-financial information is voluntarily reflected in the corporate annual reports compared to financial information regulated by professional bodies, such as the International Accounting Standard Board (IASB). Adelowotan (2013) adds that financial and non-financial information represents annual financial statements' completeness, reliability, and openness. Human capital is part of the non-financial information that companies disclose voluntarily, and the disclosure is based on contextual settings. According to Mpofu & Sebele-Mpofu (2023), human capital contributes immensely to companies' financial performance and value creation. As a result, their disclosure in the corporate annual report reduces information asymmetry and agency costs and gives a clear picture of the market value of a company.

The mining industry in South Africa and Zimbabwe plays a pivotal role in their respective economies, contributing significantly to GDP, employment, and foreign direct investment (FDI). Despite its economic importance, the sector faces challenges in effectively disclosing human capital information. Human capital disclosure is crucial as it provides insights into how companies manage and value their workforce, which is a key driver of performance and sustainability. Previous studies, such as those by April et al. (2003) and Nyamubarwa et al. (2013), have highlighted the labour-intensive nature of the mining industry and the critical role of skilled labour in achieving strategic objectives. However, there is a noticeable gap in the literature regarding the determinants that influence human capital disclosure practices in the mining sector of these two countries. This study aims to fill this gap by identifying and analysing the key factors that drive human capital reporting among listed mining companies in South Africa and Zimbabwe.

Understanding the determinants of human capital disclosure is essential for several reasons. Firstly, it enhances transparency and accountability, which are vital for investor confidence and stakeholder trust. Secondly, it aligns with global reporting standards and sustainability practices, promoting better corporate governance. According to Cronje & Moolman (2013), the treatment of human capital in financial statements often contradicts its stated importance in annual reports, indicating a need for more consistent and comprehensive reporting practices. This study will employ quantitative methods to validate factors related to company structure, performance, and market conditions that influence human capital disclosures. By doing so, it aims to contribute to the existing body of knowledge and provide practical recommendations for improving human capital reporting in the mining industry, ultimately supporting sustainable development goals.

In addition to enhancing transparency and aligning with global standards, understanding the determinants of human capital disclosure can significantly impact the strategic management of mining companies. Effective human capital reporting can lead to better resource allocation, improved employee engagement, and enhanced organisational performance. As Boon et al. (2017) suggest, companies that view human capital as a strategic asset rather than a cost are more likely to achieve competitive advantage. This perspective is particularly relevant in the mining industry, where the retention and development of skilled labour are critical for operational success. By identifying the key factors that influence human capital disclosure, this study aims to provide actionable insights that can help mining companies in South Africa and Zimbabwe optimise their human capital strategies, thereby contributing to their long-term sustainability and growth.

Furthermore, employees gain from human capital reporting, improving the company's reputation. Investors and other vital stakeholders require information regarding the impact of human capital on a company's value, financial performance, and sustainability. Sendlhofer & Tolstoy (2022) state that human capital disclosure conveys to stakeholders the company's legitimacy while fostering accountability and transparency. Similarly, Užienė & Stankutė (2015) assert that disclosure procedures related to human capital enhance the informativeness of financial statements. This suggests that there is a chance to improve the informativeness of financial statements by figuring out what can influence human capital disclosure practices. Nkrumah (1962) emphasised the need for context-specific national solutions to address national problems. The study highlights that generalising the factors affecting human capital disclosure from other contexts, such as developed nations, is not feasible for South Africa and Zimbabwe. Local solutions are essential for addressing regional issues. Understanding context-dependent determinants is crucial for shaping disclosure practices in mining corporations within these countries. The results will contribute to the existing body of knowledge (literature review) practice and policymakers.

1.1 Human Capital Disclosure Practices in the Zimbabwean and South African Mining Industry

The study focused on two SADC countries. That is Zimbabwe and South Africa. This is because about 70% of the listed mining companies are in these two countries. Both South Africa and Zimbabwe are benefiting from platinum and chrome along the Great Dyke belt. For example, South African mining companies share some joint control and full ownership of some Zimbabwean mining companies. The Anglo-American Platinum in South Africa owns the Unki Platinum mine in Zimbabwe. While Impala Platinum and Sibanye Stillwater jointly control ZimPlats, the Mimosa mining company in Zimbabwe is a subsidiary of Impala Platinum. The mining industry in Zimbabwe is a significant contributor to the country's economy, accounting for approximately 13% of the GDP (LRS, 2023). It plays a crucial role in employment, generating substantial job opportunities and supporting livelihoods. Based on the findings of Gochero & Boopen (2020), the sector is also a significant driver of FDI, attracting over 50% of the country's FDI.

Additionally, mining contributes more than 60% to Zimbabwe's export receipts, highlighting its importance in the national economic framework. In addition to its financial contributions, the mining industry in Zimbabwe is pivotal for technological advancement and infrastructure development. The sector has spurred the growth of ancillary industries, including manufacturing and services, thereby creating a multiplier effect on the economy.

Despite challenges such as fluctuating commodity prices and regulatory uncertainties, the mining industry remains a cornerstone of Zimbabwe's economic strategy, with ongoing investments aimed at enhancing productivity and sustainability (Muza, 2018).

The South African mining industry has a rich history and remains a cornerstone of the country's economy. This is because South Africa is renowned for its vast mineral wealth, including gold, platinum, diamonds, and coal. The mining sector has been pivotal since the late 19th century, driving economic growth and industrialisation. Over the years, the industry has evolved, incorporating advanced technologies and sustainable practices. Minerals Council South Africa (2023) adduces that the mining sector is a significant contributor to South Africa's GDP. In recent years, it has accounted for approximately 7.3% of the GDP. Despite fluctuations in global commodity prices and local challenges, the sector remains vital, generating substantial revenue and employment. Mining attracts considerable FDI due to South Africa's rich mineral reserves. The industry is a magnet for international investors, contributing to infrastructure development and technological advancements. In 2022, the mining industry contributed R356 billion to the GDP and accounted for 25% of the country's total export earnings (Minerals Council South Africa, 2023). In addition, the mining industry employs around 479,111 people, providing livelihoods and supporting local economies. Mineral exports constitute a significant source of foreign exchange, bolstering the national economy (Minerals Council South Africa, 2023). The sector drives innovation and research, enhancing productivity and sustainability. It can be concluded that mining continues to play a crucial role in South Africa's economic landscape, fostering growth and development.

From the aforementioned, it is noteworthy that human capital is a critical component in the mining industry, as they provide unique competencies that complement each other for the mining companies to gain competitiveness and economic growth. Studies such as Adelowotan et al. (2018) and April et al. (2003) attest that the mining industry requires human intelligence for the value creation and success of organisations. Companies surpass their strategic objectives through the alignment of their strategies with individual goals. One annual corporate report by the Anglo-American (2019) adduced that the competitiveness and growth of their entity is heavily based on their human capital and digitisation. From these discussions, it is imperative to say that human capital is a critical resource that acts as a cornerstone of many mining companies, not just an expense that is measured through profit and loss. Taking into account the relevance of human capital in sustainability and value creation, the disclosure of human capital in financial statements as a valuable asset remains a bone of contention. The corporate annual reports have shown that other entities have a section on the corporate annual report where they report human capital, and this is done on a voluntary basis as there is a lack of a framework that guides what human capital aspects should be recorded in the corporate annual reports. As a result, this paper seeks to establish and confirm the key determinants of human capital disclosure practices in the corporate annual reports of mining companies in South Africa and Zimbabwe.

1.2 Unpacking Human Capital

In the early 1960s, Schultz (1961) claimed that the "knowledge, skills, and abilities of the people employed in an organisation" comprised human capital. This is when the term first appeared. Though concise, Shultz's original definition of human capital is a little restrictive because it ignores the idea of "value" and the significance of "investment" in human capital. Human capital was redefined by Schultz in 1981 to include all human abilities, whether they are innate or learned. Human capital is an asset that is valuable and may be increased with the right investment (Sweetland, 1996). In recent years, scholars have redefined human capital as individual skills, capabilities and competencies (Abraham & Justine, 2022). Similarly, OECD (2022) defines human capital as the knowledge, abilities, and personal traits that enhance productivity. It includes investments in formal education and informal learning through work experience.

The human components of the organisation can adapt, learn, innovate, and offer the creative push that, when appropriately motivated, can guarantee the organisation's long-term survival. Furthermore, the definition highlights the significance of motivation in utilising these abilities. The significance of 'distinctive character' is acknowledged in the term. Lastly, it refers to the "long-term survival of the organisation," which is the result of corporate sustainability. According to the World Economic Forum (2020), human capital refers to the collective abilities and skills of people and is a significant contributor to productivity and economic growth. It may be developed by making sure people have the skills and competencies that employers value and are able to maintain excellent health. Dess & Picken (1999) define human capital as the economic value of a worker's experience and skills, encompassing education, training, intelligence, skills, health, and other attributes that contribute to productivity. The definition of human capital provided by Dess & Picken (1999), is far broader than other definitions, and it is essential to note that learning allows people to 'add' to their existing body of knowledge.

In light of the above, gaining and retaining a competitive advantage requires unique, difficult-to-replicate resources, which are primarily found in an organisation's human capital, which is made up of workers' capacities, knowledge, abilities, and skills (Abraham & Justine, 2022; Mubarik et al., 2020). However, defining human capital poses challenges due to the absence of consensus. The context-dependent definitions, influenced by various perspectives, underscore the need to grasp the context when considering human capital disclosure in corporate annual reports.

1.3 Existing Determinants of Human Capital Disclosure Practices

This paper explores existing factors companies consider when disclosing human capital in their corporate annual reports. The literature indicates that human capital reporting is voluntary and context-dependent, leading to controversy over the reasons for its disclosure or non-disclosure in corporate annual reports. Discretionary information dissemination is contingent upon several variables. Not every business is eager to share information voluntarily. Financial statements do not completely convey human capital information, despite its importance. This passage highlights the importance of human capital, according to Mckinsey & Global Institute (2022), who also note that it can be used to guide decision-makers toward adopting a human capital perspective and provide its value. The established key aspects of determinants are business size, the degree of debt, economic viability, dividend policy, business expansion, size of audit firm, equity fluctuation, sector, and market-to-book value ratio, which are listed below based on the literature analysis. The paper discusses these factors concerning theories that underpin human capital disclosure practices.

1.3.1 Company size

Foyeke et al. (2015) attest that a company's size has a major impact on the kind of information it releases. This insight is supported by the agency theory, which highlights how businesses disclose data about their human capital and the environment. Companies provide human capital information voluntarily when no accounting standard requires them to. Context-dependent practices result from the differences in business operations and strategic aims amongst firms. Meeting the demands of all interested parties must be a top priority for large companies with numerous stakeholders. Agency issues arise between management and shareholders due to high expectations). Management provides excellent information, primarily to shareholders and potential investors, to uphold responsibility and openness. Companies that follow the legitimacy theory are guaranteed to keep a respectable reputation among stakeholders. Businesses reduce their agency costs by providing all pertinent information.

According to World Economic Forum (2020), human capital disclosure helps create a comprehensive organisational information system, which lowers the costs associated with retrieval and disclosure compared to smaller businesses. Large corporations, with monetary assets and rights, can reveal more discretionary information, including information about human capital. The benefits of this transparency include increased productivity, company success, higher retention rates, added value, and the maximisation of investors' wealth. Furthermore, strong disclosure practices help reduce anomalies, fraud, and theft of assets (Elshandidy & Neri, 2015).

Mpofu (2021) asserts that large businesses, obligated to furnish stakeholders with relevant and reliable information, incur no charges for providing non-mandatory details—such as human capital—within their disclosures. Consequently, this reduces the cost of sharing additional data, including insights related to human capital. Buzby (1975), on the other hand, adopts a different position and contends that adding more information to financial statements results in higher preparation and presentation costs. According to the agency theory, which uses the sales variable to indicate size, larger organisations typically have more conservative disclosure practices, as their research has shown. Sales use reflects the higher contract volume typically associated with bigger businesses. However, information asymmetry arises from numerous tenders. Scholarly opinions on how company size impacts disclosure practices vary, highlighting the need for further investigation.

1.3.2 Debt size

Its debt significantly impacts a company's disclosure policies. Companies can finance their activities with debt or equity, as Macagnan (2007) points out and concludes debt is riskier even when it is less expensive. Debt-financed businesses must draw in and keep investors, which means they must be open about giving stakeholders access to critical information (Brammer & Pavelin, 2006). Their transparency justifies their preference for debt financing over equity financing. Further research highlights the debt-to-income ratio as crucial in determining disclosure practices. For instance, Fontana & Macagnan (2013) discovered a strong association between the amount of debt a business has and the inclusion of human capital information in financial statements. These investigations were conducted outside South Africa and Zimbabwe, where reporting and regulatory frameworks differ. Thus, there is a need to investigate how debt magnitude affects listed companies' disclosure policies.

1.3.3 Profitability

According to Riahi-Belkaoui (2002), certain businesses reveal their losses and provide a letter outlining why they could not profit. These businesses constantly aim to update their stakeholders to prevent unfavourable rumours from aggravating their ongoing worries. Losses could result from the exodus of people and financial capital. According to Kamala (2014), disclosures of non-financial data, including environmental and human capital reports, are also made. This suggests that thorough yearly reports let businesses gain more advantages. Profitability, as viewed through signalling theory, demonstrates a company's capacity to meet all of its fixed and variable costs within a specific financial term (Fajaria & Isnalita, 2018). Successful companies are happy to give clients more information about their corporate annual reports and to explain the strategies they employ to meet their strategic objectives. One tactic is investing in human capital through employee engagement procedures, talent management techniques, enabling settings, and training programmes.

According to Wallace & Naser (1995), profitable businesses frequently offer additional information, such as human capital. On the other hand, Singhvi & Desai (1971) suggest that a company's profitability has no bearing on the information it reveals. A company's profitability level indicates how much it plans to grow or spend on new initiatives. For businesses that make more than they need to pay their residual revenues for worthwhile projects, profitability determines whether projects are run well. According to Hussainey et al. (2011), disclosure policies on human capital and other corporate social responsibility information are primarily determined by a company's profitability. Dyduch & Krasodomska (2017) discovered that there may be a relationship between the profitability variable and the disclosure of information about employees.

Nevertheless, da Silva Monteiro & Aibar-Guzmán (2010) discovered no correlation between disclosure policies and factors like profitability. The variance in voluntary financial disclosure eluded their explanation. Their results are contradictory and ambiguous, so the current study aims to determine how profitability affects voluntary disclosure practices in general and human capital disclosure.

1.3.4 Dividends paid

Following IASB norms, dividends are usually paid out in profitable years (except from preference shareholders). They are implementing a dividend payout policy to guard against management embezzlement, which lessens agency issues. This policy promotes responsibility, honesty, and transparency, strengthening corporate governance frameworks. Adelowotan et al. (2018) advise businesses to reinvest residual earnings from dividends into initiatives like talent management or training programmes to retain critical skills. It's interesting to note that a literature review finds a link between dividend payments and human capital reporting. The link is that the human capital investments increase net present value and provide positive returns. The probability of paying dividends to shareholders rises with earnings. According to research by Villiers & Ma (2017), requiring the sharing of personal information may lessen the demand for payouts. As a result, businesses might set aside money to improve future profitability and human capital disclosure.

1.3.5 Growth of the company

Magau et al. (2021) examined how a company's expansion affected its human capital disclosure. They concentrated on the expansion of the company and the quantity of business transactions between capital sources and management. According to their research, the company's growth strongly correlates with the number of contracts. As a result, the likelihood of information asymmetry increases as an organisation grows (Prencipe, 2004). Complete disclosure of financial information would minimise the issue. Other research (Camfferman & Cooke, 2002) used the asset turnover ratio and return on capital employed (ROCE) to measure the growth factor. Based on their findings, it can be concluded, in part, that a company's expansion does not affect the degree to which human capital disclosure procedures are disclosed. Their study's results indicate no significant correlation between these characteristics and the degree of human capital disclosure policies. This suggests that a company's growth may not always impact disclosing information about its human capital or any other information it chooses not to reveal. This was corroborated by Magau et al. (2021), who found that human capital disclosure policies decreased as businesses grew.

Farida & Setiawan (2022) attest that the company's competitive edge is harmed if it provides all relevant information since it gives rivals a chance to copy the business. Steps can be taken to address this issue by creating a reporting guideline for human capital reporting in the corporate annual reports. This guideline must be thorough and complex enough to deter rivals from matching or adapting the business's approach, especially when valuing human resources. Some research, however, disagrees, claiming that success and value creation may be negatively impacted by the complete availability of information about human capital. The company's competitors could use the information revealed to their own advantage. As a result, new businesses reveal insufficient information. Information asymmetry is the main factor driving competitive advantage, and growth can benefit or negatively impact a company's disclosure policies on human capital.

1.3.6 External audit firms

Because external auditors are seen as independent, shareholders hire them. The main focus of these auditors' opinions is on the companies' financial statements. Research indicates a connection between the type of audit and information sharing. According to Ruiz-Barbadillo & Martínez-Ferrero (2023), signaling theory can objectively explain this link. Stakeholders believe that the financial statements of businesses that big corporations audit are reliable. As a result, to improve reputation and recognition, auditors advise clients to provide financial and non-financial information. This endeavour is supported by high-quality information publications (Owusu-Ansah, 1998). The agency hypothesis further supports this idea. The knowledge asymmetry that exists between principals and agents is closed by auditors. The goal of calls for greater transparency is to keep investors from believing that management has misled them.

Interestingly, agency costs are also decreased by financial statement audits. Inchausti (1997) discovered a direct link between the size of audit firms and disclosure policies. According to Majumder et al. (2017), the size of an audit company affects how much information on human capital and other pertinent data is disclosed. This implies that the size of an audit firm has a significant implication on the companies' disclosure practices. Ousama et al. (2012) examined the factors influencing human capital disclosure in their study on Nigerian listed companies following the introduction of IFRS. Unexpectedly, human capital disclosure is negatively impacted by firm size. This supports the proprietary cost hypothesis by highlighting the importance of cost-cutting strategies to increase shareholder value.

Interestingly, firms audited by the "Big Four" incur more outstanding fees and have fewer opportunities to disclose human capital. This, however, runs counter to research by Omair Alotaibi & Hussainey (2016), who contend that large audit companies, like newer audit firms, support full disclosure to stakeholders. Viewed as integrity defenders, auditors pressure management to reveal relevant information, including specifics regarding human capital.

1.3.7 Stock volatility

According to Macagnan (2007), capital providers invest primarily to achieve substantial returns. Consequently, market volatility impacts the disclosure of human capital. To mitigate stock price volatility, companies with erratic share prices emphasise the significance of human capital. One determinant of human capital disclosure is floating capital. Divided share ownership limits shareholders' control over managers, allowing more shares to be traded in the market due to increased floating capital. The reporting of human capital is aligned to mitigate information disparity and fiduciary costs.

1.3.8 Price-to-book ratio

Investors and investment analysts evaluate the company's prospects for the future to calculate the latter. While businesses work hard to provide accurate and pertinent information to draw and keep investors, they frequently offer extra details on essential personnel traits like professionalism, talent, and experience. The failure to disclose crucial components like human capital is the cause of the discrepancy between book and market value. According to Abdullah & Ismail (2008), efficiency affects human capital disclosure. The disclosure of human capital value is predicated on improved productivity and performance resulting from efficient asset utilisation. This research is still warranted despite conflicting results about the factors impacting human capital disclosures.

While the discussion focuses on factors influencing human capital disclosure, it is crucial to recognise that some companies have specific reasons for not including this information in their financial statements. To provide a balanced perspective, this paper briefly outlines the reasons behind companies' non-disclosure of human capital. Firstly, because their goal and the value of human capital do not align, some businesses are unwilling to provide information on their human capital (Samudhram et al., 2014). According to Guthrie & Murthy (2009), there is not enough consideration of the factors that prevent these kinds of disclosures in the literature. Human capital information is private and sensitive. Hence, businesses should not disclose it publicly, as it may put them at risk of competition. As a result, businesses frequently only disclose a small percentage of their human capital, even though this resource is vital for generating value and maintaining a competitive edge. These considerations support the resource-based paradigm by indicating that a framework for assessing and revealing human capital could safeguard private data while giving stakeholders insightful information.

Secondly, disclosing human capital information might provoke adverse reactions from employees and unions, potentially damaging the company's reputation. Companies worry that these groups could misinterpret the information and use it to demand higher wages, as it highlights their crucial role in the company's success. By withholding such disclosures, companies keep employees and unions unaware of their actual contribution, allowing them to control remuneration more tightly. It is essential to note that the factors discussed above were then validated through the administration of questionnaires to the three stakeholder groups found in the mining companies. Also, the main reason for the factors is based on the time frame of the studies above, that is, the majority of them were conducted decades ago, making it impossible to just adopt them as determinants of human capital disclosures. Also, the majority of the studies adopted qualitative studies, leading to the methodological gaps. The following section of the paper discusses the methodology of the study.

2. Methodology

This research aims to determine the key factors that impact mining firms' human capital disclosure procedures in Zimbabwe and South Africa, as reported in their financial statements. The study used survey questionnaires in a quantitative research design. By distributing questionnaires to the six largest mining corporations, the study collected comprehensive data on the variables influencing the disclosure policies of mining businesses. Three stakeholder groups were included in the survey: professionals, technicians, and upper management. Professionals and technicians possess technical, leadership, and supervising skills. Among them are mining, electrical, mechanical, environmental, geological engineers, and metallurgists. Accountants, financial controllers, managers of human resources, managers of audit, directors of finance, general managers, and executives in corporate affairs made up top management. The selection of stakeholder groups comprising top management, professionals, and technicians was justified by their expertise, competence, and possession of pertinent information about the disclosure of human capital in the mining industry. It also follows that the chosen individuals possess management, leadership, and supervising abilities and technical and professional knowledge. Financial statements must also be prepared and presented by participants from the administration and finance departments. According to Mpofu & Sebele-Mpofu (2023), the management team can prepare and present company annual reports. The researcher used a "drop and pick" strategy to get a high response rate, as attested by Junod & Jacquet (2023). In this sense, electronic mail was also valuable. Data analysis and interpretation were done using factor analysis. The development of the instrument was based on the established constructs. The quantity of constructs found during the literature study dictated the sample size for factor analysis. Etikan et al. (2016) suggest that convenience sampling is adequate for quantitative variables, and this study utilised the convenience sampling during the collection of the quantitative data. To ensure reliable results and generasability, each construct required at least ten responses. Data was initially imported into a Microsoft Excel spreadsheet to create a data dictionary before being converted for use in SPSS. After coding and cleaning, structured opinion questions with multiple-choice answers were analysed using SPSS. The next step involved conducting factor analysis, which Hatcher (1994) describes as a method to explore how underlying concepts influence responses on various measured variables. The SPSS utilised the EFA to identify the constructs influencing individual responses.

3. Results

3.1 Determinants of Human Capital Reportig

The three factors, namely structural, performance, and market, that influence human capital disclosure practices are described in this section. A mean of 4.2072 with a standard deviation of 0.54003 was recorded for performance factors, followed by a mean of 4.0757 with a standard deviation of 0.6128 for market factors, and lastly, a mean of 3.9788 with a standard deviation of 0.64669 for structural factors.

3.2 Factors Influencing the Non-Reporting of Human Capital

Figure 1 below outlines the reasons behind the non-reporting of human capital in the financial statements of mining companies. The study established that mining companies are not fully disclosing human capital components due to failure to align the value of human capital with the value of the company, giving a factor loading of 74.4%, followed by fear of employees knowing their real value within organisations, which might lead to a shortage of critical skills such as professionals and technicians, with a factor loading of 79.9%. In addition, the study obtained that many times, companies will choose to protect the key stakeholders, such as investors, at the expense of their low-level employees, with a factor loading of 76.3%. The Cronbach's alpha was 0.65, with a mean score and standard deviation of 4.31 and 0.65, respectively.

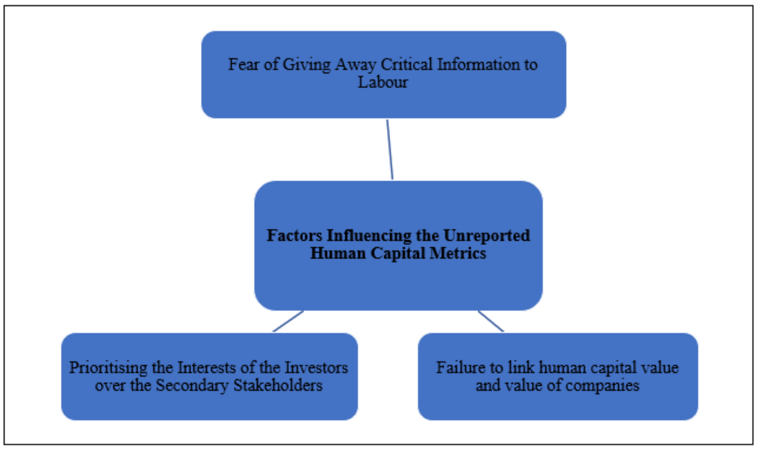

Figure 1. Factors influencing the non-disclosure of human capital
Source: Own compilation

4. Discussion

It is imperative to say these results based on the mean scores reflect that respondents' answers were on the high end, that is, ranging from scores 4 and 5 on the five-point Likert scale for the three factors extracted. Also, the results in Table 1 reveal that the factors mentioned above are key determinants of voluntary disclosure practices for components such as human capital. Not only limited to the mining industry, but across all sectors, it is imperative to fully report on human capital and other related elements, such as environmental reporting. The disclosure of human capital as a key resource in financial statements reduces information asymmetry, attracts potential investors, and retains existing capital providers. This is in line with the studies of Adelowotan et al. (2018) and Mpofu & Sebele-Mpofu (2023). The research identified a mean score of 4.3121 with a standard deviation of 0.62003, indicating a tendency toward the higher end of the Likert scale (above 4). It is noteworthy that organisations are reluctant to disclose human resource information due to challenges related to non-disclosure. Nevertheless, omitting human capital value from financial statements leads to information asymmetry, which can erode investor confidence and affect an entity's cost of capital. These results are consistent with the findings of Abeysekera (2008) that businesses hesitate to disclose human capital information due to fears of revealing critical data to competitors.

Table 1. Reduced and extracted variables on disclosure practices

Reduced Set of Variables	1	2	3
Performance	**Factor 1**		
Expenditure Efficiency	0.743		
Investment in Education and Training	0.737		
Cash flow Position	0.737		
Human Capital ROI	0.726		
Return on Net Assets (RONA)	0.668		
Market		**Factor 2**	
Advocacy Groups Influence		0.775	
Media Coverage		0.774	
Debt Ration		0.702	
Credit Strain		0.666	
Government Intervention		0.662	
Structural			**Factor 3**
Audit Committee			0.846
Board Effectiveness			0.739
Non-Current Assets			0.563

Source: Own compilation

Based on the findings of this paper, it is evident that there are vital determinants that contribute to the disclosure of human capital, as well as the reasons behind the non-disclosure of human capital by specific organisations. Also, those who disclose are doing so on a voluntary basis, and the determinants vary from one entity to another. As a result, a lack of a human capital reporting framework will lead to multiple methods of reporting human capital because of different factors that influence its disclosure. Even though there are varied determinants of human capital disclosures, this paper contributes in three strands: the body of knowledge, practice and policymakers. In the body of knowledge, based on the findings, this study contributes to the existing literature by providing a deeper understanding of the factors influencing human capital disclosures in the mining sector. This can help develop more comprehensive theories related to corporate disclosure practices other than the agency theory, stakeholder theory, and legitimacy theory, among other existing theories. In addition, the findings can also lead to the development of a single and universal human capital reporting framework based on the established factors established in this paper.

It also follows that this paper's findings have practical implications. This includes the mining companies' ability to leverage the insights from this paper to enhance their human capital reporting practices. This can improve their reputation, attract investors, and foster better stakeholder relationships. Also, once the companies understand the key determinants of human capital disclosure practices, it will reduce the information asymmetry between the principals and agents, boosting investors' confidence and retaining and attracting more capital providers. Lastly, policymakers can use the paper's findings to formulate guidelines and regulations that encourage more transparent and comprehensive human capital disclosures. This can lead to improved corporate governance and accountability in the mining sector.

5. Conclusions

In conclusion, this study provides a comprehensive analysis of the determinants of human capital disclosures among listed mining companies in South Africa and Zimbabwe, revealing that structural factors such as audit committee presence and board composition, market-related factors like assets-in-place and liquidity, and performance metrics including return on training investment and return on equity significantly influence disclosure practices. Additionally, the study uncovers a strategic dimension where some companies withhold disclosures to protect competitive advantages. These findings not only enhance theoretical frameworks by integrating diverse determinants and behavioural insights but also offer practical implications for policymakers, corporate governance, and investor relations, ultimately promoting more transparent and strategic human capital reporting in the mining sector. Even though human capital is important to a business, mining companies' financial statements only provide a little and insufficient amount of information on it. Regarding the recognition of human capital as an intangible and the adoption of a regulated framework for reporting on it, neither the government nor the professional associations have made any noise. This is even if the construct is officially recorded in the financial sheets as an expense. These organisations ought to raise awareness of the value of human capital and lead the charge on research into the phenomenon. All significant parties ought to be involved as well. It is important for both the company and the employee to agree on improved methods for reporting on human capital. Furthermore, the information economy has demonstrated that human construct. Even though human capital is important to a business, mining companies' financial statements only provide a little and insufficient amount of information on it. Neither the government nor the professional groups have voiced any opposition to the acknowledgement of human capital as an intangible and the establishment of a controlled system for reporting on it. This is even if the construct is officially recorded in the financial sheets as an expense. These organisations ought to raise awareness of the value of human capital and lead the charge on research into the phenomenon. All significant parties ought to be involved as well. It is important for both the company and the employee to agree on improved methods for reporting on human capital. Furthermore, the information economy has demonstrated that human construct. The paper recommends that mining companies should integrate comprehensive reporting frameworks that align with global standards, such as the Global Reporting Initiative and International Integrated Reporting. Also, the paper recommends shifting the perspective from viewing human capital as a cost to recognising it as a strategic asset. Future research should investigate the development of a regional framework that is universal for comparison purposes. Also, comparative studies may be conducted between different sectors within the same country or across different countries.

Data Availability

The data used to support the research findings are available from the corresponding author upon request.

Conflicts of Interest

The author declares no conflict of interest.

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