CITIZEN: Jurnal Ilmiah Multidisiplin Indonesia
Vol 5, No. 4, 2025
ISSN: 2807-5994
https://journal.das-institute.com/index.php/citizen-journal

# HUMAN CAPITAL ACCOUNTING: A LITERATURE REVIEW OF VALUATION, DISCLOSURE, AND ORGANIZATIONAL IMPACT

Dimas Prasetia[1], Sausan Nuhaa Maisarah[2]
[1,2]Jenderal Soedirman University
Corresponding e-mail: dimas.prasetia@unsoed.co.id


**DOI: 10.53866/jimi.v5i4.939**

***Abstract***

*This study conducts a systematic literature review to explore the development of Human Capital Accounting (HCA) in the last decade, focusing on three primary areas: valuation approaches, disclosure practices, and organizational impact. A total of 21 articles were selected using the PRISMA protocol from reputable databases. The analysis reveals that no single method dominates the valuation of human capital. Instead, multiple frameworks—such as cost-based, income-based, and efficiency-based models—are applied, often in combination. The Value-Added Intellectual Coefficient (VAIC) model and Data Envelopment Analysis (DEA) have gained traction as practical tools for measuring human capital efficiency. In terms of disclosure, voluntary reporting of human capital information is increasing, though inconsistencies remain across firms and sectors. Enhanced disclosure practices are positively associated with firm value and stakeholder confidence, especially in integrated reporting contexts. Finally, the organizational impact of HCA is evident in improved financial performance, productivity, and strategic decision-making, particularly when human capital is integrated with broader organizational planning. The study concludes that while the field remains fragmented, there is a growing consensus on the critical role of human capital in value creation. Future research should focus on standardizing measurement and reporting practices to strengthen the strategic role of HCA in corporate governance and sustainability.*

***Keywords:*** *Human Capital Accounting, Valuation Models, Disclosure, Organizational Performance, Intangible Assets.*

## 1. Introduction

In the age of rapid technological advancement and the growing prevalence of artificial intelligence (AI) in the workforce, there is increasing discourse about the potential for human labor to be replaced by machines. While automation continues to enhance efficiency and reduce costs, it does not diminish the intrinsic value of human contribution within organizations. Rather, it highlights the evolving role of human capital not merely as labor input, but as a strategic asset that drives innovation, leadership, ethical judgment, and adaptability.

Human Resources (HR) or Human Capital (HC) refers to the energies, skills, talents, and knowledge of individuals that can be applied to the production of goods or the provision of useful services (Micah et al., 2012). Human resources have emerged as one of the most strategic assets for modern organizations as in Intellectual Capital. Intellectual Capital (IC) encompasses elements such as human capital, structural capital, and social capital that cannot be observed or held but enhance a company's worth (Sveiby, 1997). A company’s competitive advantage no longer depends solely on its physical or financial assets, but also on its ability to manage, develop, and retain human capital. However, despite its significance, the recognition and measurement of human capital within traditional accounting systems continue to face substantial conceptual and practical challenges. Human capital is still often treated as an expense rather than an asset capable of generating future economic benefits.

Human Capital Accounting (HCA) has been proposed as a framework to bridge the gap between the actual value of an organization's workforce and how it is represented in financial statements. HCA encompasses various aspects, including valuation methods, disclosure practices, and the broader impact on organizational performance. With increasing pressure from investors and stakeholders for greater transparency and accountability in non-financial aspects, the reporting of human capital has gained momentum, particularly through sustainability and integrated reporting frameworks.

Although there is a growing body of research on this topic, existing findings remain scattered, diverse, and often lack a systematic synthesis. To date, there is no comprehensive literature review that integrates the valuation approaches, disclosure practices, and organizational implications of Human Capital Accounting within a single analytical framework. This study, therefore, aims to conduct a systematic literature review (SLR) of academic publications over the past decade (2015–2025) to answer these Research Question (RQ):

a. RQ 1: What are the prevailing approaches to valuing human capital in accounting literature?
b. RQ 2: How is human capital information disclosed?
c. RQ 3: What organizational impacts are associated with the implementation of Human Capital Accounting?

This review aims to provide both theoretical and practical contributions to the accounting field, particularly for scholars and practitioners interested in integrating human capital into corporate reporting systems. Additionally, the study may serve as a foundation for future development of accounting standards that better reflect the value of intangible assets such as human capital.

## 2. Research Method

### *2.1. Systematic Literature Review*

This study employs a systematic literature review (SLR) methodology, following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. The goal is to identify, select, evaluate, and synthesize relevant research on Human Capital Accounting (HCA) from the past decade (2015–2025).

### *2.2. Search Strategy and Database*

The literature search was conducted using several academic databases with peer-reviewed publications, including: - Scopus - Web of Science - ScienceDirect - Emerald Insight - Google Scholar (for supplementary searches). A combination of keywords was used to enhance the relevance of search results. Example keyword combinations included: human capital accounting, human resource accounting, financial reporting, human capital disclosure, human capital valuation, intellectual capital.

### *2.3. Inclusion and Exclusion Criteria*

To ensure the quality and relevance of the selected studies, we use peer-reviewed journal articles published between 2015 and 2025 written in English or Bahasa Indonesia. The studies focus on human capital valuation, disclosure, or organizational impact in accounting context with empirical, conceptual, or review-based articles. We exclude non-peer-reviewed articles, papers not related to accounting or business disciplines, or inaccessible full texts.

### *2.4. Screeing and Selection Process*

The selection process followed the PRISMA 2020 flow diagram, including four stages: 1. Identification: Retrieval of articles based on keyword searches 2. Screening: Removal of inaccessible and irrelevant articles 3. Eligibility: Full-text review of remaining articles 4. Inclusion: Final set of studies meeting all criteria

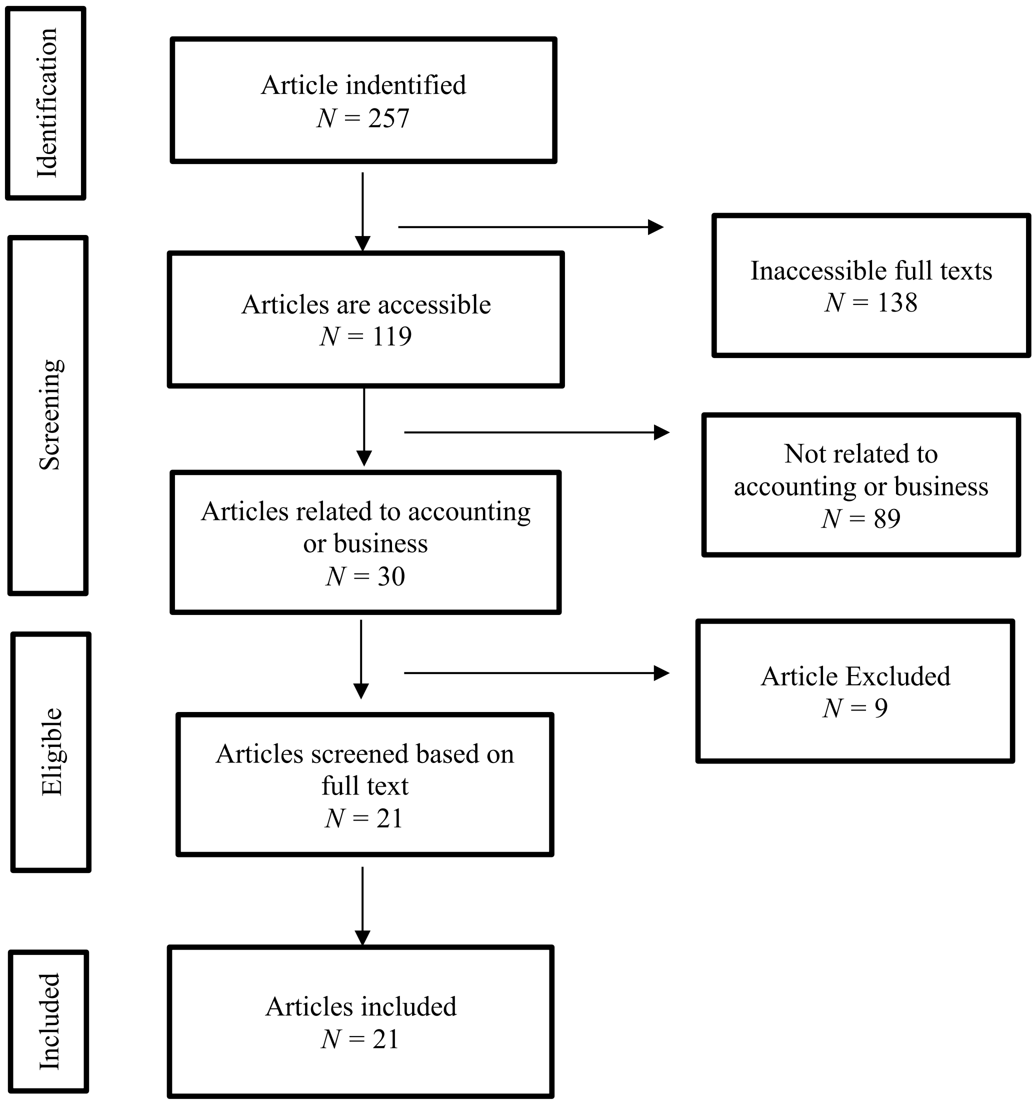


Figure 1. PRISMA Flow Diagram

## 3. Result and Discussion

The analysis of the selected studies revealed several significant insights into the state of Human Capital Accounting research over the past decade:

*3.1. Valuation Approach*

Determining the value of human capital remains one of the most debated challenges in accounting, particularly due to its intangible and multidimensional nature. There is no single dominant approach to valuing human capital, but several approaches have emerged from both theoretical and empirical studies. Onoue et al. (2018) proposed a conceptual framework based on four dimensions of human capital: capacity, deployment, development, and know-how. Their approach seeks to integrate both individual and organizational factors in the valuation process. Ferraro and Cristiano (2019) argued that qualitative and quantitative models must be used complementarily to create a robust valuation framework, emphasizing that the complexities of human capital cannot be fully captured by purely numerical models.

A widely accepted framework is the income-based approach, which estimates human capital value as the present value of expected future economic benefits generated by employees. Merriman (2017) identified key techniques under this approach, including the Lev and Schwartz model, capitalized excess earnings, and stochastic rewards models. She stated that "the income approach explicitly considers the future quantity and quality of an income stream, including its risk and likelihood of continuity."

Hilorme et al. (2019) grouped accounting-based valuation methods into three main categories: cost-based, profit-based, and market-based approaches. They concluded that cost-based methods are the most studied and most compatible with traditional accounting systems, but emphasized the need to complement these methods "with qualitative indicators of human capital" to ensure strategic relevance.

Efficiency-based valuation is also prominent in recent studies. The VAIC (Value Added Intellectual Coefficient) model, specifically through its Human Capital Efficiency (HCE) component, uses the ratio of value added to human capital expenses. Zeghal and Maaloul (2010) highlighted the VAIC model's ability to facilitate cross-firm comparisons using financial statement data, making it both practical and standardizable. Halim (2024), in a study of 29 Indonesian firms listed on the *Kompas 100 index*, found a significant positive relationship between HCE and both ROA and ROE, thus reinforcing VAIC's relevance as a performance evaluation tool.

In the context of SMEs, Mejía de León et al. (2021) applied Data Envelopment Analysis (DEA) to assess human capital efficiency relative to sales in Mexican manufacturing firms. Their findings demonstrated DEA's ability to reveal inefficiencies and guide more strategic allocation of human capital resources.

.

### *3.2. Disclosure Practice*

Voluntary disclosure of human capital information has become a key area of interest in the literature, particularly due to its implications for corporate transparency, stakeholder trust, and firm valuation. Das and Mohapatra (2020) identified 32 key human capital items that may be disclosed in corporate annual reports, including executive profiles, training programs, employee rewards, and non-salary benefits. They found that while some of these items are disclosed consistently, others appear sporadically, reflecting a lack of standardization.

Haji and Mubaraq et al. (2022), studying Nigerian banks, reported a moderate increase in intellectual capital disclosures over a four-year period, with human and internal capital being the most frequently reported. However, only internal capital disclosures showed a consistent upward trend, suggesting uneven attention to human capital components.

Gamerschlag (2013), in a country-level study of German firms, found a statistically significant positive relationship between voluntary human capital disclosures—particularly those related to employee qualifications—and firm market value. Feliana and Novita (2022) confirmed similar findings in the Indonesian context: disclosures focusing on competencies and qualifications correlated with higher stock prices, although not with short-term share returns.

Salvi et al. (2022) conducted a panel study of 125 firms between 2017 and 2019 and found that enhanced human capital disclosure in integrated reports reduced perceived risk and was associated with higher firm value. This supports the argument that comprehensive disclosure practices lower the cost of capital.

Choo et al. (2013) analyzed annual reports of Malaysian firms and observed a tendency to prioritize superficial disclosures, such as information on directors, over substantive content on human capital development. They argued that this undermines the utility of disclosures for external analysts and stakeholders. Supporting this, Abeysekera (2008) emphasized that the motivation for human capital disclosure varies significantly across firms, depending on internal strategic objectives and external reporting pressures.

Further empirical studies suggest that greater human capital disclosure is positively associated with financial performance metrics such as ROA and market-to-book ratio, particularly in high-knowledge industries and among smaller firms (Lin et al., 2012). In the manufacturing sector in Indonesia, Pujiastuti and

Rahmawati (2023) found that human capital disclosures not only enhanced firm value but also contributed to lowering the cost of capital.

*3.3. Organizational Impact*

Choo et al. (2013) analyzed annual reports of Malaysian firms and observed a tendency to prioritize superficial disclosures, such as information on directors, over substantive content on human capital development. They argued that this undermines the utility of disclosures for external analysts and stakeholders. Supporting this, Abeysekera (2008) emphasized that the motivation for human capital disclosure varies significantly across firms, depending on internal strategic objectives and external reporting pressures.

The integration of Human Capital Accounting (HCA) into organizational strategy and operations has demonstrated tangible benefits in terms of performance, planning, and competitiveness. Ifleh, Lotfi, and Elkabbouri (2018) investigated Moroccan hotels and found that human capital was a critical driver of value creation, particularly from the perspective of the Resource-Based View (RBV). Their findings support the argument that human capital is a unique and inimitable resource capable of delivering sustained competitive advantage.

Islam and Amin (2022) introduced the concept of the High-Involvement Work System (HIWS), highlighting how incorporating employee well-being into human capital development leads to mutual benefits for both employees and organizations. Their work suggests that human capital strategies should prioritize engagement and empowerment alongside performance metrics.

Onyekwelu et al. (2015), in a comparative study of Nigerian banks, revealed that capitalizing human resource expenditures—as opposed to expensing them—resulted in improved net worth and more accurate reflection of organizational assets. This challenges conventional accounting practices that fail to account for the long-term value of human capital investment.

Al-Qudah et al. (2020) demonstrated that aligning strategic human resource planning with broader corporate strategy enhanced productivity, employee satisfaction, and cost control in Jordanian companies. Similarly, Desoky and Mousa (2020), analyzing Bahraini financial and service firms, found that human capital was the most influential component of intellectual capital in determining firm performance, particularly for companies with significant investments in local employees. Lastly, Shubita (2023) found that firms with more efficient human capital utilization were less reliant on debt financing, suggesting a link between internal human capital capabilities and external financial structure.

## 4. Conclusion

This systematic literature review explored the multidimensional aspects of Human Capital Accounting (HCA), focusing on three central themes: valuation approaches, disclosure practices, and organizational impact. The findings confirm that human capital is increasingly recognized as a critical intangible asset in contemporary accounting and organizational strategy, although significant gaps remain in standardization, measurement, and implementation.

First, valuation approaches for human capital remain diverse, ranging from cost-based to income-based models, with the Value-Added Intellectual Coefficient (VAIC) model emerging as a practical tool for quantifying human capital efficiency. Studies such as those by Hilorme et al. (2019), Zeghal and Maaloul (2010), and Halim (2024) underscore the growing relevance of combining financial metrics with strategic insights to more accurately assess the value generated by human resources.

Second, disclosure practices continue to evolve, with growing voluntary reporting of human capital information in corporate documents such as annual reports and integrated reports. While some companies demonstrate meaningful disclosures—especially those related to employee competence and training—others engage in superficial reporting that lacks depth and comparability. Research by Das and Mohapatra (2020), Salvi et al. (2022), and Gamerschlag (2013) reveals that improved disclosure quality is associated with increased firm value and reduced risk, though inconsistency across firms and sectors remains a challenge.

Third, organizational impact studies illustrate the strategic advantage that firms gain by effectively managing and accounting for human capital. Evidence from various countries and industries—including studies by Islam and Amin (2022), Onyekwelu et al. (2015), and Desoky and Mousa (2020)—demonstrates that integrating HCA with strategic planning can lead to higher productivity, financial efficiency, and long-term competitiveness. Moreover, the capitalization of human resource investments is shown to enhance the transparency and credibility of financial reporting.

In summary, while the field of Human Capital Accounting continues to face methodological and conceptual hurdles, there is a clear trend toward greater recognition of human resources as central drivers of organizational value. Future research should aim to develop harmonized standards for valuation and disclosure, strengthen cross-industry comparability, and explore the long-term impact of human capital strategies on sustainable performance. The integration of HCA into mainstream accounting frameworks may ultimately play a pivotal role in redefining value creation in the knowledge economy.

**References**

Abeysekera, I. (2008). Motivations behind human capital disclosure in annual reports. *Accounting Forum, 32*(1), 16–29. https://doi.org/10.1016/j.accfor.2006.11.006

Al-Qudah, S., & Obeidat, A. (2020). The impact of strategic human resources planning on the organizational performance of public shareholding companies in Jordan. *Problems and Perspectives in Management, 18*(1), 219–230. https://doi.org/10.21511/ppm.18(1).2020.19

Das, K., & Mohapatra, A. (2020). Disclosure practices of human capital in selected Indian companies: An empirical study. *Journal of Critical Reviews, 7*, 140–148. https://doi.org/10.31838/jcr.07.04.25

Desoky, A. M., & Mousa, G. A. H. (2020). The impact of intellectual capital on firm's financial performance: Empirical evidence from Bahrain. *Investment Management and Financial Innovations, 17*(4), 189–201. https://doi.org/10.21511/imfi.17(4).2020.18

Feliana, Y. K., & Novita, E. (2022). Value relevance human capital information on the annual report of Indonesia listed companies. *Jurnal Keuangan dan Perbankan, 22*(4), 1–13. https://doi.org/10.26905/jkdp.v22i4.1945

Ferraro, O., & Cristiano, E. (2019). Valuation of human capital: A review of studies on quali-quantitative methods. *International Journal of Business and Management, 14*(11), 165–185. https://doi.org/10.5539/ijbm.v14n11p165

Gamerschlag, R. (2013). Value relevance of human capital information. *Journal of Intellectual Capital, 14*(2), 325–345. https://doi.org/10.1108/14691931311323913

Halim, K. (2024). The importance of intellectual capital in driving firm performance. *Accounting Analysis Journal, 12*(3), 190–198. https://doi.org/10.15294/aaj.v12i3.75257

Haji, A. A., & Mubaraq, S. (2012). The trends of intellectual capital disclosure: Evidence from the Nigeria banking sector. *Journal of Human Resource Costing & Accounting, 16*(3), 184–209. https://doi.org/10.1108/14013381211286360

Hilorme, T., Shurpenkova, R., Kundrya-Vysotska, O., Sarakhman, O., & Lyzunova, O. (2019). Model of energy saving forecasting in entrepreneurship. *Journal of Entrepreneurship Education, 22*(1S).

Hilorme, T., Zamazii, O., Judina, O., Korolenko, R., & Melnikova, Y. (2019). Formation of risk mitigating strategies for the implementation of projects of energy saving technologies. *Academy of Strategic Management Journal, 18*(3).

Ifleh, Y., Lotfi, M., & Elkabbouri, M. (2018). Rethinking value creation from the resource-based view: The case of human capital in Moroccan hotels. https://doi.org/10.48550/arXiv.1805.05465

Islam, M. S., & Amin, M. (2022). A systematic review of human capital and employee well-being: Putting human capital back on the track. *European Journal of Training and Development, 46*(5/6), 504–534. https://doi.org/10.1108/EJTD-12-2020-0177

Lin, L., Huang, I., Du, P., & Lin, T. (2012). Human capital disclosure and organizational performance: The moderating effects of knowledge intensity and organizational size. *Management Decision, 50*(10), 1790–1799. https://doi.org/10.1108/00251741211279602

Mejía de León, J. L., Solís, M., & Flores, R. (2021). Evaluating the efficiency of human capital at small and medium enterprises in the manufacturing sector using the DEA-Weight Russell Directional Distance Model. *Economies, 11*(10), 261. https://doi.org/10.3390/economies11100261

Merriman, K. (2017). Income approach to value. In *The valuation of intangible assets in global operations* (pp. 48–75). Springer. https://doi.org/10.1007/978-3-319-58934-3_5

Micah, L., Ofurum, C., & Ihendinihu, J. (2012). Firms' financial performance and human resource accounting disclosure in Nigeria. *International Journal of Business and Management, 7*(14), 67–67. https://doi.org/10.5539/ijbm.v7n14p67

Onoue, S., Hata, H., Kula, R., & Matsumoto, K. (2018). Human capital in software engineering: A systematic mapping of reconceptualized human aspect studies. https://doi.org/10.48550/arXiv.1805.03844

Onyekwelu, U. L. F., Osisioma, B. C., & Ugwuanyi, U. B. (2015). Impact of human capital accounting on corporate financial performance: A study of selected banks in Nigeria. *European Journal of Accounting, Auditing and Finance Research, 3*(5), 90–107.

Pujiastuti, N., & Rahmawati, I. P. (2023). Pengungkapan human capital, nilai perusahaan dan cost of capital pada perusahaan manufaktur di Indonesia. *Jurnal Akuntansi dan Bisnis, 24*(2), 45–60. https://doi.org/10.20961/jab.v23i2.1027

Salvi, A., Raimo, N., Petruzzella, F., & Vitolla, F. (2022). The financial consequences of human capital disclosure as part of integrated reporting. *Journal of Intellectual Capital, 23*(6), 1221–1245. https://doi.org/10.1108/JIC-03-2021-0079

Sveiby, K.-E. (1997). The intangible assets monitor. *Journal of Human Resource Costing & Accounting, 2*(1), 73–97. https://doi.org/10.1108/eb029036

Shubita, M. F. (2023). The effect of human capital and structural capital on leverage: Evidence from Jordan. *Problems and Perspectives in Management, 21*(3), 1–10. https://doi.org/10.21511/ppm.21(3).2023.01

Zeghal, D., & Maaloul, A. (2010). Analysing value added as an indicator of intellectual capital and its consequences on company performance. *Journal of Intellectual Capital, 11*(1), 39–60. https://doi.org/10.1108/14691931011013325