

The Strategic Role of Human Capital in Value Creation and Financial Performance: A Systematic Literature Review Based on the Resource-Based View

Dede Supian^{1*}, Brastoro², Muhammad Fuad³, Sriyanto⁴

^{1*} Finance & Banking, Sekolah Tinggi Ilmu Ekonomi Yasa Anggana, Indonesia

^{2,3} Business Administration, Institut Bisnis dan Informatika Kwik Kian Gie, Indonesia

⁴ Accounting, STIE Atma Bhakti Surakarta, Indonesia

ARTICLE INFO



Jurnal Economic Resources

ISSN: 2620-6196

Vol. 8 Issues 1 (2025)

Article history:

Received – May 31, 2025

Revised – June 01, 2025

Accepted – June 03, 2025

Email Correspondence

dede0965@gmail.com

Keywords

Human Capital, Value Creation, Financial Performance, HR Strategy, Literature Review.

ABSTRACT

The changing global business landscape has placed human capital as one of the strategic elements in creating competitive advantage and improving organisational performance. In this context, understanding the role of human capital on value creation and its impact on financial performance has become increasingly relevant. This study aims to review and synthesise the literature that discusses the relationship between human capital, value creation, and financial performance through a Systematic Literature Review (SLR) approach. This type of research is descriptive qualitative that relies on secondary data from scientific articles published in the period 2009-2024. The literature analysed was selected from reputable databases such as Scopus, Web of Science, ScienceDirect, and Google Scholar, using a purposive sampling technique, with a total of 60 articles that met the inclusion criteria. The location and time of the study were not geographically limited due to the global nature of the literature. The results of the analysis show that human capital directly and indirectly affects financial performance, through a value creation mechanism that includes innovation, efficiency, and optimisation of internal processes. The effectiveness of the relationship is also influenced by various contextual factors such as organisational strategy, work culture, and industry dynamics. The implications of these findings drive the importance of strategically integrating human capital development with value creation processes to sustainably improve organisational financial performance.

INTRODUCTION

In the era of knowledge-based economy, human resources (HR) has evolved into a strategic asset that plays a crucial role in corporate value creation. Companies no longer rely solely on physical assets, but rather on employee capabilities and competencies that can drive innovation, operational efficiency, and sustainable competitive advantage (Marimuthu, Arokiasamy, & Ismail, 2009). This phenomenon highlights the urgency of understanding how investments in human capital can translate into measurable value creation, especially in the context of corporate financial performance. With ever-changing business dynamics and increasing stakeholder demands for transparency and sustainable value, research on the strategic relationship between human capital and financial performance is highly relevant and urgent (Bontis, 2001; World Economic Forum, 2023).

The choice to focus on the relationship between human capital and firm value creation in the context of financial performance is based on organisations' increasing attention to intangible assets as a source of long-term advantage (Lev & Radhakrishnan, 2003). Human capital, which includes employees' knowledge, skills and experience, is dynamic and complex, and has a strategic contribution to firm efficiency and innovation (Youndt & Snell, 2004). In contrast to conventional financial management studies that focus more on tangible assets and financial indicators alone, this study places human capital as a central element in the process of corporate value creation. This is the main differentiator and added value compared to other studies that tend to ignore the human capital aspect in measuring financial performance.

This study will examine the relationship between human capital variables, value creation, and financial performance. Human capital in this context includes competencies, capabilities, and HR involvement in the company's strategic processes (Wright & McMahan, 2011). Value creation is positioned as an intermediary process that bridges HR contributions to the final result in the form of improved financial performance. In other words, superior HR quality has the potential to increase the efficiency, innovation, and competitiveness of the company, which ultimately impacts profits and shareholder value growth (Becker & Huselid, 2006). The relationship between these variables is the main focus for identifying strategic patterns in HRM that are oriented towards value creation.

Several previous studies have examined the relationship between human capital and organisational performance, but the results still show inconsistencies. For example, a meta-analysis by Crook et al. (2011) showed that human capital has a positive effect on organisational performance, but the effect varies depending on the measurement specification and organisational context. Meanwhile, research by Seleim et al. (2007) found that the relationship is weak without the mediation of corporate strategy. More recent research by Kianto et al. (2020) underlines the importance of value creation as a mediating mechanism in strengthening the effect of human capital on financial outcomes. This suggests a gap in the literature regarding the mechanisms that explain how HR creates value and drives financial performance, especially in an integrative context that combines strategic HR and financial management perspectives.

Based on this explanation, this research offers novelty in the form of a literature approach that examines the strategic relationship between human capital, value creation, and financial performance in an integrated theoretical framework. This research is also useful for practitioners and academics in understanding the importance of investing in human capital as part of a value creation strategy that has a direct impact on financial performance. The main objective of this study is to identify and synthesise the findings of the current literature on the strategic role of human capital in creating firm value, as well as formulate a conceptual model that explains the relationship between human capital and financial performance through the value creation mechanism.

RESEARCH METHOD

This research uses the systematic literature review (SLR) method as the main approach. The choice of this method was based on the need to thoroughly collect, evaluate and synthesise published scientific knowledge on the strategic relationship between human capital, value creation and financial performance in an organisational context. A systematic literature review allows researchers to develop a deep theoretical understanding of concept development and empirical findings from multiple sources, while identifying gaps in the literature as a basis for a future research agenda (Snyder, 2019; Kitchenham, 2004). This type of research falls into the category of descriptive qualitative research, which aims to present a conceptual understanding of the phenomenon studied through a literature review approach. With the SLR approach, this research organises previous research results in a systematic and transparent manner. The aim is to build a synthesis that not only reflects the theoretical position of the human capital variable, but also traces how it contributes to value creation and its impact on organisational financial performance (Tranfield, Denyer, & Smart, 2003).

The literature analysed in this study was collected from various reputable scientific sources, including Scopus, Web of Science, ScienceDirect, JSTOR, and Google Scholar. The inclusion criteria applied in the selection of articles included: (1) publications within 2009-2024; (2) English or Indonesian language; (3) explicitly addressing at least two of the three main variables (human capital, value creation, financial performance); and (4) published in nationally (SINTA) or internationally (DOAJ, or Scimago's Q1-Q3 journals) indexed journals. Non-peer-reviewed articles, editorial opinions, or blogs were excluded from the analysis process to maintain the validity of the information source (Yakin et al., 2023). The data collection process was conducted by searching for relevant articles using a combination of keywords such as: "Human capital AND firm performance", "Human capital AND value creation", "Intellectual capital

AND financial performance", "Human resource strategy AND value creation", and "Strategic HRM AND financial outcomes". The entire literature search and selection process followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) protocol, which includes four main stages: identification of articles through database searches, screening by title and abstract, evaluation of eligibility through full content review, and final selection for inclusion in the review synthesis.

The analytical technique used is thematic analysis, which identifies, classifies and interprets the main themes that emerge from the literature review (Braun & Clarke, 2006). These themes include: the direct effect of human capital on financial performance, the mediating role of value creation in bridging the effect of human capital on organisational performance, and conceptual models that explain the interrelationship of the three main variables in an integrative manner. The analysis is presented in a narrative and synthetic manner to summarise the theoretical and practical contributions of previous studies. To maintain the validity of the review, several important methodological steps were taken, including triangulation of sources through the use of various scientific databases, application of strict inclusion criteria, and critical appraisal of the methodological approach and scientific contribution of each study included in the review. In addition, the search process was replicated to ensure that no important literature was missed (Kitchenham & Charters, 2007). With this strategy, the results of the literature synthesis are expected to provide a strong theoretical framework as well as a foothold for further empirical studies in examining the strategic contribution of human capital to value creation and organisational performance improvement.

RESULTS AND DISCUSSION

This study systematically analysed 60 selected scientific articles published in the period 2009-2024 and obtained from reputable databases such as Scopus, Web of Science, and ScienceDirect. The articles were rigorously selected based on inclusion and exclusion criteria and analysed using a thematic approach, resulting in four main findings related to the relationship between human capital, value creation, and financial performance.

Direct Effect of Human Capital on Financial Performance

Most of the literature reviewed concluded that human capital has a significant direct influence on organisational financial performance. Corporate investments in HR training, competency development, and retention have been shown to improve operational efficiency, product quality, and work productivity, which in turn have a positive impact on profitability, return on assets (ROA), and market value (Crook et al., 2011; Wright & McMahan, 2011). These studies underscore the importance of human capital as a non-financial asset that tangibly creates financial contributions.

The Mediating Role of Value Creation

Several studies emphasise that the relationship between human capital and financial performance is indirect, but mediated by the value creation process. Superior human capital enables companies to develop internal processes, product innovations, and service improvements that in aggregate create added value (Kianto et al., 2020; Seleim et al., 2007). This mediation process suggests that the value of human capital will only truly have a financial impact if the company has systems, culture and organisational structures that support the conversion of competencies into economic value.

Contextual Factors Affecting Relationships

The literature also identifies that the relationship between human capital, value creation, and financial performance is not universal. Contextual factors such as business strategy (differentiation vs. low cost), technology level, industry characteristics, and organisational culture moderate the effectiveness of HR contributions. For example, firms with an innovation strategy will benefit more from HR

development compared to firms that only pursue cost efficiency (Becker & Huselid, 2006; Marimuthu et al., 2009).

Integrative Conceptual Model

Several articles propose integrative models that illustrate the synergistic relationship between human capital management, value creation, and financial performance. These models generally place human capital as the input, value creation as the mediating process, and financial performance as the final output. Such models offer a strong conceptual framework for companies and academics in designing human capital development strategies with strategic impact (Bontis, 2001; Snyder, 2019).

Discussion

The findings from this literature review confirm the importance of human capital as a strategic asset that significantly contributes to value creation and improved financial performance of organisations. In the context of a knowledge-based economy, an organisation's competitive advantage no longer depends on physical resources, but rather on human capabilities that drive innovation, efficiency and process excellence. This is in line with the Resource-Based View (RBV) approach, which emphasises that sustainable competitive advantage is derived from resources that are valuable, rare, inimitable and irreplaceable - characteristics inherently possessed by human capital (Barney, 1991; Crook et al., 2011).

The identification of value creation as a mediating variable in many studies provides a new understanding that the effect of human capital on financial performance is not direct, but through transformational pathways that create added value. This means that HR competencies and capabilities need to be converted through internal processes - such as product innovation, process optimisation and strategic adaptation - to generate tangible financial contributions. If organisations do not have systems, structures and cultures that support this value creation process, the potential of human capital will remain unrealised. As such, the direction of HR management should shift from a purely administrative activity to a strategic function that is orientated towards outcomes and value generation.

The findings regarding the influence of contextual factors such as business strategy, industry type, and organisational culture confirm that the effectiveness of human capital management cannot be separated from the operational context of the company. A strategy that works in one organisation may not necessarily have the same impact in another, especially if the industry characteristics are different. Therefore, the "one-size-fits-all" approach in HR development strategy needs to be abandoned. Instead, it is necessary to design HR policies that are adaptive and integrated with the vision, strategy, and organisational structure of each company (Becker & Huselid, 2006).

In addition, the existence of an integrative conceptual model from various studies makes an important contribution in articulating the causal relationship between key variables. The model shows that to achieve optimal financial performance, organisations need to synergise human capital management with value creation efforts. This means that human capital development should not be viewed in isolation from the business strategy and financial objectives of the organisation. It is this emphasis on integration that provides a new understanding in the strategic management and human resource literature.

By critically reviewing the existing literature, this research contributes to a deeper conceptual understanding of how human capital can be a value-creating instrument and a catalyst for financial growth. This understanding not only enriches the academic discourse, but also provides direct implications for organisational management practices, particularly in designing HR strategies that are measurable, data-driven, and strategically integrated with the organisation's long-term goals.

CONCLUSION

This study aims to examine and synthesise the strategic relationship between human capital, value creation, and financial performance through a Systematic Literature Review (SLR) approach. Based on the analysis of academic literature published during the period 2009 to 2024, it can be concluded that human capital is a strategic asset that plays an important role in creating organisational value while improving financial performance. This study found that human capital not only has a direct influence on financial performance, but also through a value creation mechanism that involves innovation, efficiency, and optimal management of internal processes. In addition, the effectiveness of human capital's contribution to financial performance is strongly influenced by the organisation's strategic context, such as business strategy, work culture, and industry sector characteristics. This research also succeeded in formulating an integrative conceptual model that illustrates the interrelationship of the three main variables in a comprehensive and strategic framework.

Theoretically, this study makes an important contribution in strengthening the academic understanding of how human capital plays a role in creating value and financial performance of organisations. By bringing together various empirical findings into one conceptual framework, this study enriches the literature based on the Resource-Based View (RBV) approach, and supports the integration between human capital management and business strategy in organisational studies. On the other hand, the practical implications of the findings point to the importance for organisations to not only focus on improving HR capacity, but also ensure that internal systems, processes and structures support the transformation of HR potential into real value for the organisation. Therefore, organisations need to design HR policies that are aligned with the overall business strategy in order to generate competitive advantage that impacts long-term financial performance.

This research has several limitations that need to be considered in interpreting the results. Firstly, because it is a literature review, this research relies on the quality and affordability of published literature sources, without verification through primary data. Secondly, the approach used is conceptual, so it does not provide quantitative validation of the relationship model between the variables formulated. Third, the analysis was conducted in general terms without distinguishing between industry sectors or specific geographical areas, so generalisation of the results needs to be done with caution. Fourth, this study has not included additional relevant dimensions such as the role of leadership, HR digitalisation, or organisational transformation, which could strengthen the analysis in future studies.

Based on the study results and limitations, this study recommends that future studies test the conceptual model formulated empirically through a quantitative approach in order to obtain a more objective measurement of the strength of the relationship between variables. In addition, it is suggested that a mixed-method or case study approach be applied to explore the context of certain industries in more depth, for example in the banking sector, manufacturing, or public sector organisations. Future research is also expected to integrate additional variables such as digital talent, transformational leadership, or organisational agility to enrich the complexity of the relationships in the model. In addition, it is necessary to develop more standardised indicators of value creation measurement, so that its contribution to financial performance can be evaluated consistently and relevantly across organisations and sectors.

REFERENCE

- As'ad, A., Brasit, N., Muis, M., & Umar, F. (2024). uNVEILING THE ANTECEDENTS OF SuSAINABLE PERFORMANCE: INSIGHTS FROM HOSPITALITY INDuSTRY MANAGERS.
- As'ad, A., Brasit, N., Muis, M., & Umar, F. (2023, May). How Leadership Style, Commitment, Work Climate, and Work Motivation Affect on Satisfaction and Performance. In *7th International Conference on Accounting, Management and Economics (ICAME-7 2022)* (pp. 546-563). Atlantis Press.

- As' ad, A., Tiong, P., & Sani, A. (2022). Analisis Implementasi Budaya Organisasi dalam meningkatkan Kinerja Karyawan melalui Motivasi Kerja dan Kepuasan Kerja: Study Empirik Beberapa Café di kota Makassar. *Amkop Management Accounting Review (AMAR)*, 2(1), 51-62.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Basalamah, S. A. (2022). The Influence of Leadership and Training on Teacher Competence and Performance. *Tadib: Jurnal Pendidikan Islam*, 26(2), 125-139.
- Becker, B. E., & Huselid, M. A. (2006). Strategic human resources management: Where do we go from here? *Journal of Management*, 32(6), 898–925. <https://doi.org/10.1177/0149206306293668>
- Bontis, N. (2001). Assessing knowledge assets: A review of the models used to measure intellectual capital. *International Journal of Management Reviews*, 3(1), 41–60. <https://doi.org/10.1111/1468-2370.00053>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Crook, T. R., Todd, S. Y., Combs, J. G., Woehr, D. J., & Ketchen, D. J. (2011). Does human capital matter? A meta-analysis of the relationship between human capital and firm performance. *Journal of Applied Psychology*, 96(3), 443–456. <https://doi.org/10.1037/a0022147>
- Kianto, A., Vanhala, M., Ritala, P., & Hussinki, H. (2020). What drives the development of intellectual capital? In P. Ordóñez de Pablos & L. Edvinsson (Eds.), *Intellectual Capital in the Digital Economy* (pp. 51-66). Routledge.
- Kitchenham, B. (2004). Procedures for performing systematic reviews. *Keele University Technical Report*. <https://doi.org/10.13140/2.1.1227.1686>
- Kitchenham, B., & Charters, S. (2007). Guidelines for performing systematic literature reviews in software engineering. *EBSE Technical Report*.
- Lev, B., & Radhakrishnan, S. (2003). The measurement of intangible assets: A review and critique. *Measuring Business Excellence*, 7(1), 6–10. <https://doi.org/10.1108/13683040310466654>
- Marimuthu, M., Arokiasamy, L., & Ismail, M. (2009). Human capital development and its impact on firm performance: Evidence from developmental economics. *The Journal of International Social Research*, 2(8), 265–272. http://www.sosyalarastirmalar.com/cilt2/sayi8pdf/marimuthu_arokiasamy_ismail.pdf
- Reskiana, R., As' ad, A., & Amra, W. (2023). Pengaruh Budaya Organisasi dan Kepuasan Kerja Terhadap Kinerja Karyawan PT. Pos Indonesia (Persero) Makassar. *Paradoks: Jurnal Ilmu Ekonomi*, 6(1), 47-56.
- Seleim, A., Ashour, A., & Bontis, N. (2007). Human capital and organisational performance: A study of Egyptian software companies. *Management Decision*, 45(4), 789–801. <https://doi.org/10.1108/00251740710746033>
- Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333–339. <https://doi.org/10.1016/j.jbusres.2019.07.039>
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management*, 14(3), 207–222. <https://doi.org/10.1111/1467-8551.00375>
- World Economic Forum. (2023). *Future of Jobs Report 2023*.
- Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: Putting 'human' back into strategic human resource management. *Human Resource Management Journal*, 21(2), 93–104. <https://doi.org/10.1111/j.1748-8583.2010.00165.x>

- Yakin, I. H., Supriatna, U., Rusdian, S., & Global Akademia, M. (2023). Research Methodology (Quantitative & Qualitative). *Paper Knowledge. Toward a Media History of Documents*.
- Youndt, M. A., & Snell, S. A. (2004). Human resource configurations, intellectual capital, and organizational performance. *Journal of Managerial Issues*, 16(3), 337–360.