Sub-Sahara African Academic
Research Publications
June, 2022 Editions

JMSCD
Journal of Management Science & Career Development.
Vol.24, No.7, ISSN 2385-8148

HUMAN CAPITAL DISCLOSURE AND FINANCIAL PERFORMANCE: A LITERATURE REVIEW

ISA, REHANET[1]; MURTALA, JUMAI AJUMA[2]; & ISA, FATIMA[3]
[1&2]Department of Business Education, Federal College of Education, Zaria Kaduna State, Nigeria.[3]Department of Economics, Federal College of Education, Zaria Kaduna State, Nigeria.

Abstract:
This study is poised as a review of existing literature on human capital disclosure and financial performance. The study was conducted for a ten-year period from year 2012 - year 2022. It is aimed at showcasing the trends in findings from different timeframes and countries. The studies reviewed revealed that human capital disclosure has mixed results. It has been found to be positively or negatively significant to financial performance in some studies and insignificant to financial performance in other studies. Also, the studies reviewed disclosed that human capital had high disclosure rate in some countries and timeframes and low disclosure rate in other countries and timeframes. Overall, judging from the literature reviewed, it was evident that human capital disclosure is the most researched among the components of intellectual capital. This goes to show that the component of intellectual capital called human capital has intrigued researchers from various countries and through various timeframes.

Introduction:

Performance of firms is very vital, as it shows the survival or failure of the firm. This is particularly true especially with firms whose performances are mainly tied to the sale of products, market value and financial returns. When a firm loses the capability to maintain profit and financial solvency, it becomes unhealthy, with the danger of business failure leading to total extinction (Akintoye, 2008; Wu, 2010; Kwarbai, 2019). Therefore, the growth of a firm rests on the ability of the management to think outside the box for measures of enhancing sales, market and financial performance. Since the performance of firms is reported or communicated to the providers of capital and other stakeholders through the financial reports, diverse measures that can yield higher performance is an important subject to be discussed. This is because information demanded by investors is used to assess the timing and certainty of future cash flows to determine the level of growth over a given period of time. This means that accounting information is relevant to the extent it can influence a decision-maker by helping to form predictions about the outcome of present events (Akintoye 2008; Shehu & Ahmad, 2013; Kwarbai, 2019). Hence, the extent to which firms can increase their performance by reporting their book value and market value performance drivers is a factor that influences business performance and growth of the business organizations (Ojeka, Mukoro, Dick & Kanu, 2015; Hermawan, Nurasik, Eva, Rahayu & Rahmawati, 2020).

There is a growing call for adequate full financial reporting disclosures, such that financial reporting meets with the information needs of stakeholders, particularly in a knowledge economy characterized by a rapidly emerging emphasis on intellectual capital (Hereafter refers to as IC). The future of corporate reporting is more important than ever before, owing to the fact that companies are competing in complex business environments, such that understanding and harnessing on the drivers of performance is vital. Researches conducted by Henry (2008), Abeysekera (2011) and Gijsel (2012) have shown that firms are employed to think outside the box for alternative ways of survival and enhancing performance without necessarily incurring additional expenses/cost. There has been the need for the recognition, harnessing, measurement, and disclosure of IC by firms. ICs basically constitute performance drivers, which when properly harnessed can be converted into monetary terms and ultimately into profits for firms. ICs are important and considered as having economic value that drives the profitability and sustainability of a firm (Anaso, Hussaini & Kumshe, 2017; Rayahu, Mus, Semmaila & Lamo, 2021) because IC represents the difference between the market value and book value of a company (Luu, Wykes, Williams & Weir, 2001; Ousama, Al-Mutairi & Fatima, 2019). As there exists a need for more extensive research on IC as it is still considered a poorly understood concept (Guthrie, Ricceri & Dumay, 2012). Researches aimed at the reporting and disclosing of IC is vital to companies as it aids them in realizing their true value, because competitive success in this knowledge-based economy depends less on the strategic allocation of physical and financial resources and more on the strategic management of IC. Evangelia (2006) posits that the key to competitive success in a globally networked economy is the ability to visualize, create and leverage the phenomenon called IC. IC mainly constitutes 3 components; human capital (hereafter refers to as HC), structural capital (hereafter refers to as SC) and relational capital (hereafter refers to as RC). A company may have a good product but it might be worth little unless accompanied by a reliable HC of loyal and committed employees, a strong SC that has an effective distribution network with innovative ideas and a powerful RC encompassing a strong brand name that translates into customer satisfaction. This dynamic combination of the 3 components of IC is often the recipe for success in companies where the value of its IC is more than the sum of its individual parts. The 3 IC components collectively create value for a company (Tseng & Goo, 2005; Maesaroh & Mulya, 2020).

In view of the above importance and benefits of IC to firms, it becomes expedient that HC be disclosed in their books of reports. Human capital disclosure (Hereafter refers to as HCD) constitutes an information construct that provides value relevant information to users of financial reports about a firm's long-term sustainability. These disclosures are of paramount importance for stakeholders who want to make an informed decision about trading of stocks. Farooq & Nielsen (2012) argues that failure to disclose information regarding HC can give rise to agency problems by allowing insiders to take advantage at the expense of outsiders. Disclosure of HC can lead to a substantial reduction in the risk of exploitation as it reduces information asymmetries (Arvidsson, 2011). It is expected that firms with high HCD, have an effective and efficient human capital of loyal and committed employees. A good and strong human capital serves as a driver that guides the firm's management to position themselves to better equip their employees with skills and knowledge in order to increase sales and sustain competitiveness. An effective and efficient human capital reflects in the company's market share in terms of dedicated employees which translates into higher units of goods sold. A strong and high market share reflects the satisfaction level of customers resulting in customer satisfaction and loyalty which leads to sustainable sales performance and higher financial returns. This further translates to lower uncertainty regarding the firm's future market prospects.

Literature Review

Human Capital

According to Schultz (1994), human capital has long been identified as a critical strategic resource for new firms. The term human capital has been identified as a key element in improving a firm's assets and employees in order to improve productively as well as sustain a competitive advantage. Thomas (1997) argues that human capital refers to the capacity of individuals to provide solutions for their customers. As such, Petty and Guthrie (2000) argued that the aspect of IC that has received the greatest amount of attention is human capital, with a major focus on the reporting of human capital. Similarly, Bontis and Fitz-enz (2002) describe human capital as representing the individual knowledge stock of an organization as represented by its employees. It could also be described as the profit lever of the knowledge economy. Human capital includes employees' collective competencies, capabilities, and brainpower. According to Riahi-Belkaoui (2003), human capital generates the innovation necessary to create new products and services, and it improves the business processes so as to create value.

According to Kocoglu, Zeki and Ince (2009), human capital is the knowledge, experience, capabilities, and skills that are related to the employees and which are used through them within the organization. The two determinants of human capital are; the capabilities of the employees in the scope of both the intangible and tangible assets' production, the second determinant is the commitment of the employees to the organization (Chen et al, 2005). The reason why the employees' commitment (loyalty) is important is that human capital is considered as part of intellectual capital, technically and legally, employees are not properties that can be owned by the organization unlike other forms of intellectual capital. Hence, it is their decision to stay and generate value for the firm or to leave and generate value for another firm that amounts to the human capital capabilities (Edvinsson & Malone, 1997; Stewart, 1997; Chen et al, 2005).

From a broader perspective, human capital is concerned with the skills, knowledge, innovativeness, capabilities, know-how, education, and overall competence of the employees (Edvinsson & Malone, 1997; Sullivan, 1999; Seetharaman *et al.*, 2002). Kocoglu, Zeki and Ince (2009) claims that human capital is constituted of three main attributes which are; competence (knowledge, skill sets, and experiential knowledge), attitude (level of motivation, behavioral patterns) and intellectual agility (innovation, creativity, flexibility, adaptability) of the enterprise's employees. Hence, human capital represents the stock of knowledge within an organization rather than in the minds of individual employees since these employees work for that firm and help generating, knowledge and ideas for that firm (Seetharaman *et al*, 2002). As such, human capital interacts with both structural and relational capital in representing the goods and services employees produce that bring revenues when there is an investment of their knowledge, skills, and other abilities. Thus, a higher level of human capital is often associated with greater productivity and higher incomes or compensation for employees.

Sveiby (2001) defines human capital as the people's capacity to act in various situations and he claims that it includes skills, education, experience, values and motivation. Though, since the value of all the collective human capital of the firm is hard to estimate. Papmehl (2004) maintains that one of the easiest ways to track human capital is through staff turnover benchmarking. He posits that it is essential that companies accurately record and report staff turnover rates and compare these statistics with other companies in the same industry. This will assist companies to put controls in place to retain the skills and talents of its employees. In addition, potential investors take into account the quality of management as reflected in the overall managerial environment. This study, thus, adopted the definition of human capital as posited by Kocoglu, Zeki and Ince (2009) which states that human capital is the knowledge, experience, capabilities, and skills that are related to the employees and which are used through them within the organization.

Financial Performance

Financial performance is a measure of how well a company uses the invested capital to generate income (Nurlis, 2018). This term is usually utilized as a measure of the overall health of the company for a certain period of time and can be used to compare similar entities in the same industry or to compare industries and sectors. Hence, a company's financial performance is the natural consequence of operational performance, understood as the result of all corporate efforts.

Ross, Westerfield and Jordan (2008) opined that achieving good financial results is, therefore, a key objective of any economic entity. The goal of making measurements is to permit managers and other external actors to see a company more clearly from many perspectives and hence to make wiser and long-term decisions. Vitolla, Raimo and Rubino (2019) asserted that the reward attributable to the stakeholders is a function of financial performance that showcases the real value of the entity for the purpose of maximizing the stakeholder's wealth. Various profitability ratios such as return on investment, return on asset and return on equity among others are adopted in literature (Talaromi & Hasan, 2013; Nurlis, 2018; Ekonomi, 2018; Vitolla, Raimo & Rubino, 2019; Wijayanti, Purwanto & Dwijayanti, 2019; Rahman, Sobhan & Islam, 2020; Rahaman, 2020) as proxies for financial performance.

Return on Equity (ROE) is a measure of an organizations profitability as it indicates how much profits the firm generates from shareholders contribution. It is considered a measure of a corporation's profitability in relation to stockholders' equity. ROE ratio essentially measures the rate of return that the owners of common stock of a company receive on their shareholdings (Rahman, Sobhan & Islam, 2020). Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders. This metric is especially important from an investor's perspective, as investors use it to judge how efficiently the firm will be able to use their investment to generate additional revenues. Investors generally prefer firms with higher ROEs (Wijayanti, Purwanto & Dwijayanti, 2019). However, this can be used as a benchmark to pick stocks within the same sector only. Across sectors, profit and income levels vary significantly. Even within the same sector, the ROE levels may vary if a company chooses to give dividends and not keep the profit generated as idle cash.

Human Capital Disclosure and Financial Performance

Human capital disclosure and financial performance in the extant foreign literature from 2012 – 2022 include Lee and Huang (2012) examined the impact of balanced scorecard implementation, accumulation of intellectual capital, organizational commitment on organizational performance in Taiwan manufacturing companies in the year 2011. A structural equation modeling was used to analyses the primary data collected with the aid of a Questionnaire. The results indicated that human-capital accumulation exert a significant interaction effect on organizational performance. Farooq and Nielsen (2012) examined the relationship between intellectual capital disclosure and analyst following in 10 Danish biotechnology firms listed from 2001 to 2010 using a multivariate analysis. It was also revealed that the most important intellectual capital disclosures for analysts are those related to employees (human capital disclosure). Wagiciengo and Belal (2012) investigated the extent and nature of intellectual capital disclosures in top 20 South African companies over a 5 years period (2002–2006). Out of the three broad categories of intellectual capital disclosures human capital appears to be the most popular category. Amri and Abdoli (2012) examined the effects of and the relationships between the components of intellectual capital and performance between 2006 and 2010. The study confirmed the relationship and significant effect of human capital disclosure on return on assets and equity.

Emadzadeh et al. (2013) investigated the effects of intellectual capital on performance indicators using the balanced scorecard approach. The results showed that human capital has a positive and significant impact on financial performance. Janošević, Dženopoljac and Bontis (2013) explored the impact of intellectual capital on financial performance of 100 Serbian companies within the real sector. The study found that human capital affect ROE and ROA. Talaromi and Hasan (2013) examined the impact of intellectual capital disclosure on the sort of equity from 2008 to 2012. The results of the statistical hypothesis test showed that the effect of human capital disclosure on common cost of equity was not significant. Deep and Narwal (2014) examined the relationship between intellectual capital and business performance in the Indian textile sector. The result of the study indicated that human capital disclosure had a positive significant impact on profitability. Morariu (2014) assessed the impact of intellectual capital on corporate performance in 72 Romanian firms. The result of the study revealed that human capital disclosure had a significant relationship on ROE. Ramanauskaitė and Laginauskaitė (2014) examined the trends of disclosure of information on intellectual capital based on annual reports by Nasdaq OMX Baltic-listed companies in the years 2010 to 2012. The study revealed that the total disclosed information on the intellectual capital was increasing each year from 2010 to 2012 with information with human capital having the highest level of disclosure. Carla (2015) investigated the relationship between human capital and financial performance of 390 companies listed on the Johannesburg stock exchange from 2001 to 2011. The findings of the study revealed that human capital disclosure was found to have a significant effect on the financial performance of listed companies in South Africa.

Kamath (2015) investigated the impact of intellectual capital on the financial performance of 30 firms in India from 2008-2009 to 2012-2013. The results revealed that financial performance are indeed influenced by the human capital of the firms.

Tastan and Mehdi (2015) examined the impact of intellectual capital on employee job performance behaviors in the Turkish banking sector for the year 2014. The result of the study revealed that human capital had a significant positive impact on the employees' in-role and extra-role performance behaviors. Aram (2015) explored the apparent disparity among human capital information desired by financial analysts and fund managers and actual disclosure of such information in 100 company annual reports in the context of Kurdistan for the year 2011, 2012 and 2013. The result stated that the human capital information provided is non- uniform, un-quantified and very limited. Altal (2016) explored the extent to which Jordanian pharmaceutical manufacturing companies disclose information on their human capital components and its impact on ROA of companies listed in the Amman stock exchange from 2007 to 2012. The results revealed that human capital disclosure had a significant impact on companies' ROA. Razak, Mohammad and Tobiagi (2016) examined intellectual capital disclosures practices and intellectual capital performance in 12 commercial banks listed on Saudi Arabia (Tadawul) stock exchange in 2014. The finding showed that all Saudi banks listed on Tadawul stock exchange disclosed intellectual capital information in their 2014 annual report with human capital efficiency having the highest disclosure level.

Bogdan, Sabău, Beleneşi, Burja and Popa (2017) analyzed the correlations between the average degree of intellectual capital disclosure and the performance of 37 Romanian listed companies from 6 industries with a strong emphasis on knowledge for 2010-2013, the study found that the degree of human capital disclosure of the previous year shows a significant positive impact on the performance of companies in the current year. Kamath (2017) investigated the impact of intellectual capital efficiency on the financial performance of 165 firms in India from 2007 to 2013. The empirical investigation found that human capital efficiency does influence financial performance of all firms in India. Sudibyo and Basuki (2017) examined intellectual capital disclosure determinants and its effects on the market capitalization in 135 Indonesian listed companies' annual reports. The empirical results proved evidence the influence of company profitability on the level of human capital disclosure is not significant. Poh, Kılıçman and Ibrahim

(2018) studied the impact of intellectual capital on financial performances of the 10 local banks in Malaysia from 2011 to 2016 and the past ten years from 2007 to 2016. The results indicated that human capital disclosure had a significant impact on return on equity.

Maksum and Tamba (2018) analyzed the effect of intellectual capital on the financial performance of 143 Indonesian companies moderated by corporate social responsibility disclosure in 20122014. The result showed that human capital disclosure has a significant effect on financial performance. Camfield, Giacomello and Sellitto (2018) analyzed comparatively the importance of intellectual capital and the impact of intellectual capital on the performance of Brazilian companies awarded the Rio Grande do sul quality Award in 2004 and 2017. The study affirmed that human capital practically had an influence on organizational performance. Hamdan (2018) examined the relation between intellectual capital and firm performance on 198 firms from two gulf cooperation council countries of kingdom of Saudi Arabia and kingdom of Bahrain for the period 2014 – 2016. The study found that human capital significantly effects financial performance. Alfraih (2018) examined the relationship between the level of intellectual capital information voluntarily disclosed in the annual reports of companies listed on the Kuwait stock exchange and their market and financial performance in 2013. Empirical findings indicated that human capital disclosure had a positive, statistically significant impact on financial performance. Luthan, Ayu and Ilmainir (2018) determined the effect of financial performance on intellectual capital disclosure in 45 manufacturing companies listed on Indonesian stock exchange from 2010 to 2015. The study findings revealed that human capital disclosure had a positive significant effect on financial performance measured by ROA and EPS.

Subaida, Nurkholis and Mardiati (2018) studied the influence of intellectual capital, intellectual capital disclosure, and financial performance on 365 listed companies in Indonesia stock exchange from 2011-2015. The study found that human capital disclosure had a positive influence on financial performance. Nurlis (2018) analyzed the effect of intellectual capital disclosure and its impact on company performance of 34 banking companies listed on the Indonesia stock exchange in 2014-2016. The results of the study showed that human capital disclosure had no effect on company performance as measured by ROE. Ekonomi (2018) analyzed the effect of profitability on the disclosure of intellectual capital in 69 banking companies listed in Indonesia stock exchange in 2012-2014. The results showed that human capital disclosure had positive effect on profitability.

Vitolla, Raimo and Rubino (2019) examined the impact of intellectual capital disclosure quality in the 2016 and 2017 European integrated reports on firm performance. The results established the existence of a significant and positive association between human capital disclosure quality and firm performance. Gomes, Hatane and Devie (2019) examined the consequences of intellectual capital disclosures with respect to cost of capital of 67 Indonesian manufacturers. Results of the study provided substantial evidence that voluntary human capital disclosure (measured in index) significantly reduces cost of capital. Haris, Yao, Tariq, Malik and Javaid (2019) examined the impact of intellectual capital performance on the profitability of Pakistani financial institutions Among the three-value added intellectual coefficient components, human capital efficiency was found to have a significantly positive impact on bank profitability. Onumah and Duho (2019) investigated the effect of intellectual capital on financial performance and financial stability of 32 banks in Ghana from 2000 to 2015. The study found that human capital has a positive and significant impact on financial performance. Xu, Haris and Yao (2019) examined he relationship between intellectual capital and banks' performance in China and Pakistan during 2010–2018. The results showed human capital efficiency positively affects bank profitability and productivity in Pakistan. Wijayanti, Purwanto, and Dwijayanti, (2019) analyzed the effect of leverage, profitability, company age, and listing age on intellectual capital disclosure of 95 banking companies listed in Indonesia stock exchange using purposive sampling. Hypothesis were tested using multiple linear regression analysis. Based on the results of the hypothesis tested, profitability had a significant positive effect on human capital disclosure. Widarjo, Rahmawati, Widagdo, and Sudaryono (2019) analyzed the relationship of intellectual capital disclosure with post-issue financial performance of 85 companies which did initial public offering in Indonesian stock exchange period 2010–2014. The analysis results showed that human capital disclosure affect positively on post-issue financial performance of the companies.

Uluma, Amarullah and Suprapti (2019) examined intellectual capital performance and intellectual capital disclosure based on Indonesian Islamic banking from 2011-2015. The results showed that intellectual capital performance has a significant effect to the level of human capital disclosure. Astiti, Ratnadi, Putra and Gayatri (2019) examined the effect of intellectual capital disclosure on firm value of 43 Indonesian companies in 2012-2017. The results of the analysis showed that human capital disclosure had an inverse effect on company's profitability. Puwanenthiren (2019) examined the relationship between audit committee characteristics and intellectual capital disclosure in Sri Lanka in 100 firm from 2016-2017. The study revealed that audit committee characteristics such as financial expertise to be significantly and positively related to human capital disclosure. Al-hajaya, Altarawneh and Altarawneh (2019) examined the level and quality of the disclosures of intellectual capital by 215 listed companies in Jordan as a case for emerging economies, especially those from Arab nations. The key findings of the study indicated a low disclosure level of the human capital. Rangkuti (2020) analyzed the effect of intellectual capital on firm value with return on investment as a moderating variable in 29 Indonesian firms from 2013-2017. The results of the study simultaneously showed a significant influence between human capital and profitability. Tsai and Mutuc (2020) examined the mediating effects of corporate market-based estimate financial performance on the relationship between intellectual capital components and corporate social responsibility of firms from the food industry in Asia. The study analyzed 308 firm-year observations of 44 listed firms from 2011 to 2017. The result indicated that the ROA estimate of financial performance was found to have a significant negative effect to human capital disclosure. Sagala (2020) analyzed the effect of intellectual capital on firm value with financial performance as an intervening variable on 34 banking companies listed on the Indonesia stock exchange 2013-2017. The findings indicated that financial performance is able to act as an intervening variable between human capital variables and firm value.

Le and Nguyen (2020) examined the impact of intellectual capital on bank risk-adjusted returns in Vietnam between 2007 and 2019. The findings showed a positive impacts of human capital efficiency on bank profitability. Kasoga (2020) examined intellectual capital and its relationship with firms' performance in Tanzania for the periods of 2010 to 2019. The empirical findings demonstrated a significant negative influence between human capital efficiency and ROA. Xu and Liu (2020) investigated the impact of intellectual capital on financial performance for manufacturing listed companies in the Chinese context. The results showed a positive relationship between human capital and ROI, ROA, ROE. Xu and Liu (2020) examined the impact of intellectual capital and its components on the performance of Korean manufacturing firms over the period 2013–2018. The regression results showed human capital had a significant impact on firm performance. Weqar, Sofi and Haque (2020) examined the influence of intellectual capital on the financial performance of 30 Indian companies listed for 10 years from 2009–2010 to 2018– 2019. The regression results showed human capital had a significant impact on financial performance. Gultom and Gunawan (2020) examined the impact of intellectual capital information disclosure and the application of good corporate governance on the performance of 102 companies in ASEAN countries namely Indonesia, Malaysia, Philippine, Singapore and Thailand. The test result proved that human capital disclosure in ASEAN impacts on company performance.

Indaryanti, Lestari and Fitriah (2020) determined the influence of intellectual capital disclosure on company performance A sample of 15 coal mining subsector companies listed on the Indonesia stock exchange for the 2013-2017 period. The results showed that human capital disclosure had a positive and significant effect on company performance. Rahman, Sobhan and Islam (2020) examine the impact of intellectual capital disclosure on firm performance in 21 listed pharmaceutical and chemical industry of Bangladesh for 2016 and 2017. The study found a positive and significant relationship between human capital disclosure and firm performance. Hermawan, Nurasik, Eva, Rahayu and Rahmawati (2020) aimed to test the effect of intellectual capital disclosure and Indonesian company financial performance during the period 2012 – 2016. The research results showed that human capital disclosure positively and significantly influence firm financial performance. Maesaroh and Mulya (2020) determined the effect of corporate social responsibility disclosure and intellectual capital elements toward corporate value, with the financial performance as intervening variable on 53 Indonesian manufacturing within the period of 2015-2017. The finding showed that human capital disclosure had a positive significant effect on financial performance. Rahaman (2020) examined the impact of intellectual capital reporting in the annual reports of 31 Pharmaceuticals company listed at Dhaka stock exchange on performance for the period 2016-2017. The study found positive significant effect of human capital disclosure with two performance measure (ROE and ROA).

Hatane (2020) examined the effect of intellectual capital disclosure and corporate governance on firm performance in 112 firms of ASEAN-5 between 2011 and 2018. The study found that human capital disclosure does not impact on non-discretionary net income and cash flow operations. Rayahu, Mus, Semmaila and Lamo (2021) examined the effect of intellectual capital components, intellectual capital disclosure and corporate governance mechanisms on financial performance and corporate value in 103 listed companies on the Indonesia stock exchange. The findings showed that human capital disclosure had a positive significant effect on financial performance. Olanrewaju and Msomi (2021) examined the effect of intellectual capital on financial performance of 56 general insurance companies in 12 years from the period 2008 to 2019. The findings showed out of the components of intellectual capital, human capital was significantly and directly related with return on assets. Rehman, Aslam and Iqbal (2021) examined the extent of intellectual capital with Islamic banking performance from 129 Islamic banks in 29 Muslim countries over the period from 2008 to 2017. The results indicated that human capital affects the performance of Islamic banks. Duho and Agomor (2021) examined the impact of intellectual capital on the performance of listed non-financial firms in West Africa from 2007 to 2018. The findings indicated that human capital does not significantly impact on profitability among non-financial firms. Nicolò, Raimo, Polcini and Vitolla (2021) explored the relationship between academic performance and voluntary intellectual capital disclosure in the context of 59 Italian public universities. The content analysis findings showed that Italian public universities place a high value on disclosing human capital information.

Human capital disclosure and financial performance in the extant Nigerian literature include Suraj and Bontis (2012) assessed how 29 telecommunications companies in Nigeria leverage intellectual capital as a strategic resource for creating competitive advantage for business performance. The findings of the study revealed that human capital was found to be insignificant for Nigerian telecommunications companies. Mubaraq and Ahmed (2012) examined the intellectual capital disclosure practices of Nigerian banks following the restructuring exercise over a period of four years (2006-2009). The results showed that human capital disclosures dominated the banks' IC disclosures. Ogbo, Ezeobi and Ituma (2013) examined the impact of intellectual capital on financial performance in the banking industry using a survey comprising 378 employees of banks in the South Eastern states of Nigeria. The Chi-Square test statistics result showed that human capital had a strong positive impact on the financial performance of the banks located in the region. Oba and Bature (2013) examined corporate financial performance and intellectual capital disclosures among top Nigerian companies from 2006 to 2009. Results of the study showed that human capital disclosure had a positive significant impact on financial performance. Oba, Ibikunle and Damagum (2013) examined whether or not board characteristics had an impact on the quality of intellectual capital disclosures. The results reveal that interaction of board mechanisms was found to be relevant contributors to the variation in human capital disclosure quality in Nigeria.

Ekwe (2014) examined the impact of intellectual capital on financial performance indices of six highly rated deposit money banks in Nigeria. The result of the study revealed that human capital indices had a significant impact on financial performance. Mubaraq and Ahmed (2014) examined the role of corporate governance and ownership structure attributes in intellectual capital disclosure practices of Nigerian banking sector over a 4-year period (2006–2009) following the regulatory changes was undertaken. The results revealed that all the corporate governance and ownership structure patterns had a significant positive association with the overall amount of human capital disclosure. Ramat (2014) investigated the relationship between intellectual capital efficiency and companies' performance and its disclosure through a sample of 117 companies in Nigeria over a period of six years from 2007 - 2012. The findings of the study provided empirical evidence that human capital efficiencies are significant and positively related to company performance. Apiti, Ugwoke and Chiekezie (2017) examined the impact of intellectual capital management on the organizational financial performance of four companies for the period 20082011. The findings of the study showed that there was a significant relationship between human capital disclosure and the firm's financial performance. Anifowose, Abdul Rashid and Annuar (2017) examined whether or not concentration of board members based on ethnicity and religion can impact on intellectual capital disclosure and thereby influence the corporate market value in 91 listed firms Nigeria for the period 2010-2014. The empirical result indicated that board ethnic and religious composition has a moderating effect on the relationship between human capital disclosure and cost of corporate market value. Also, Anifowose, Abdul Rashid, Annuar and Ibrahim (2018) examined the value relevance of intellectual capital by analyzing the relationship between intellectual capital efficiency and corporate book value of 91 listed over the 2010 to 2014 financial years. The study results showed a significant positive relationship between human capital efficiency and corporate book value.

Nwaiwu and Nwaekpe (2018) empirically explored the effect webometric investigation of intellectual capital reporting has on the corporate financial performance of 12 quoted manufacturing firms in Nigeria from 2011- 2015. The econometric results indicated that human capital was found to have a significant effect on financial performance. Ofurum and Aliyu (2018) explored the empirically extent to which intellectual capital reporting influences the corporate performance of 15 quoted banks in Nigeria from 2011-2015. The study findings showed that human capital has a significant impact on corporate financial performance. Okoye, Offor and

Manukaji (2019) examined the effect of intangible assets on performance of quoted companies in Nigeria using time series data from 2008 to 2017. The study found that employee benefit expenses had no significant effect on return on capital employed of quoted companies in Nigeria. Nnubia, Okolo and Emeka-Nwokeji, (2019) investigated the effect of intellectual capital on performance of 21 non-financial firms in Nigeria for a period of 10 years (from 2007-2016). The results showed that for the Nigerian listed non-financial firm's human capital efficiency had a positive significant effect on financial performance proxied by earnings per share. Isola, Adeleye and Olohunlana, (2020) examined the implications of female participation in the board on the management of intellectual capital for improved firm performance in the Nigerian-banking sector. The results revealed that human capital efficiencies positively contribute to bank performances.

Conclusion:

The studies reviewed revealed that human capital disclosure has mixed results. It has been found to be positively or negatively significant to financial performance in some studies and insignificant to financial performance in other studies. Also, the studies reviewed disclosed that human capital had high disclosure rate in some countries and timeframes and low disclosure rate in other countries and timeframes. Overall, judging from the literature reviewed, it was evident that human capital disclosure is the most researched among the components of intellectual capital. This goes to show that the component of intellectual capital called human capital has intrigued researchers from various countries and through various timeframes.

Reference:

Abeysekera, I. (2011). Civil war, stock return, and intellectual capital disclosure in Sri Lanka. *Advances in Accounting,* 27, 331-337.

Abeysekera, I. (2011). The relation of intellectual capital disclosure strategies and market value in two political settings. *Journal of Intellectual Capital,* 12(2), 319-338.

Akintoye, I.R (2008). Optimizing investment decisions through informative accounting, *European Journal of Social Science*, 7(3), 178-191

Alfraih, M.M. (2018). Intellectual capital reporting and its relation to market and financial performance, *International Journal of Ethics and Systems.* 34(3) 266-281.

Al-hajaya, K., Altarawneh, M. S., & Altarawneh, B. (2019). Intellectual capital disclosure by listed companies in Jordan : a comparative inter-sector analysis. *International Review of Management and Marketing*, *9*(1), 109–116.

Anaso, I. O., Hussaini, D., & Kumshe, A. M. (2017). Balanced scorecard utilization of perceived effect on customer satisfaction. *Research Journal of Finance and Accounting*, *8*(8), 186–194.

Anifowose, M., Abdul Rashid, H. & Annuar, H. (2017). The moderating effect of board homogeneity on the relationship between intellectual capital disclosure and corporate market value of listed firms in Nigeria. *International Journal of Economics, Management and Accounting*, 25(1)

Anifowose, M., Abdul Rashid, H., Annuar, H. & Ibrahim, H. (2018), Intellectual capital efficiency and corporate book value: evidence from Nigerian economy, *Journal of Intellectual Capital,* 19(3), 644-668.

Astiti, A., Ratnadi, N., Putra, N.W., & Gayatri (2019). Intellectual capital disclosure in Indonesia Ni Ketut Kartika. *International Journal of Science and Research.* 8(3), 1759-1764.

Apiti, C. U., Ugwoke, R. . O., & Chiekezie, N. R. (2017). Intellectual capital management and organizational performance in selected food and beverage companies in Nigeria. *International Journal of Advanced Scientific Research and Management*, *2*(1), 47–58.

Arvidsson, S. (2011). Disclosure of non-financial information in the annual report: a managementteam perspective. Journal of Intellectual Capital, 12(2), 277-300.

Bogdan, V., Sabău popa, claudia diana, Beleneşi, M., Burja, V., & Popa, dorina nicoleta. (2017). Empirical analysis of intellectual capital disclosure and financial performance – Romanian evidence. *Economic Computation and Economic Cybernetics Studies and Research*, *51*(2), 125–143.

Bontis, N., W., & Fitz-enz J. (2002). Intellectual capital ROI: A causal map of human capital antecedents and consequents. Journal of Intellectual Capital, 3(3), 223 - 247.

Camfield, C. G., Giacomello, C. P., & Sellitto, M. A. (2018). The impact of intellectual capital on performance in Brazilian companies. *Journal of Technology Management Innovation*, *13*(2), 23–32.

Chen, M. C., Cheng, S. J., & Hwang, Y. (2005). An empirical investigation of the relationship between intellectual capital and the firm 's market value and financial performance. *Journal of Intellectual Capital,* 6(2), 159-176.

Duho, K.C., & Agomor, P.E. (2021). Intellectual capital and performance among listed nonfinancial firms in West Africa. *International Corporate Finance eJournal*. Dataking Working Paper Series N° WP2021-03-02, Available at SSRN: https://ssrn.com/abstract=3803094 or http://dx.doi.org/10.2139/ssrn.3803094

Edvinsson, L. & M. S. Malone (1997). Intellectual capital: realising your company's true value by finding its hidden brainpower, New York: Harper Business.

Ekonomi, F. (2018). The effect of intellectual capital performance, profitability, leverage, managerial ownership, institutional ownership, and independent commissioner on the disclosure of intellectual capital. *Accounting Analysis Journal*. 6(1), 56-62.

Ekwe, M. (2014). Foreign capital flows and growth of the Nigerian economy: An empirical review. International Journal of Economics and Finance, 6(4), 1-15.

Emadzadeh, Afzali, N., Bagheri, A., Rahimpoor, M., Ezadi, F., & Rahmani, M. (2013). Effect of intellectual capital on firm performance. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, *3*(2), 98–103.

Evangelia, T. A. (2006). *Intellectual capital and business performance in an emerging economy. Empirical study of Greek listed companies*. MSc in Finance and Financial Information Systems thesis, School of Business, University of Greenwich.

Farooq, O., & Nielsen, C. (2012). Improving the information environment for analysts. *Journal of Intellectual Capital*, *15*(1), 142–156.

Gomes I.N., Hatane S., & Devie D. (2019). Intellectual capital disclosure, information asymmetry, cost of capital, and firm value: empirical studies on Indonesian manufacturers, *Petra IJBS,* 2(1)

Guthrie, J., Ricceri, F. & Dumay, J. (2012). Reflections and projections: A decade of intellectual capital accounting research. *The British Accounting Review*, 44, 68-82.

Gultom, J.B., & Gunawan, I.D. (2020). Intellectual capital disclosure, good corporate governance and firm performance: ASEAN cross country analysis. *European Journal of Business and Management, 5*(5) 1-5.

Gijsel, V. P. (2012). *The importance of non-financial performance measures during the economic crises*. M.Sc. Thesis, Department of Economics, University of Tilburg.

Hamdan A., (2018). Intellectual capital and firm performance. *International Journal of Islamic and Middle Eastern Finance and Management*. 11(1), 139-151

Haris, M., Yao, H., Tariq, G., Malik, A., & Javaid, H.M. (2019). Intellectual capital performance and profitability of banks: Evidence from Pakistan. *Journal of Risk and Financial Management. 12(56)1-26*

Hatane, S.E. (2020). Intellectual capital disclosures and corporate governance in gaining the firms' non-discretionary profits and market value in ASEAN-5. *Organizations and Markets in Emerging Economies*. 11-2(22), 276–304

Hermawan, S., Nurasik, Eva, Rahayu, D., & Rahmawati, I.D. (2020). Intellectual capital disclosure and company financial performance: market capitalization. *International Journal of Innovation, Creativity and Change*.13(7), 1-13

Henry, L. (2008). Intellectual capital in a recession : evidence from UK SMEs. *Journal of Intellectual Capital*, *14*(1), 84–101.

Indaryanti, T.R., Lestari, R., & Fitriah, E. (2020). Intellectual capital disclosure and CSR disclosure on company performance. Proceedings of the International Conference on Management, Accounting, and Economy (ICMAE 2020)

Isola, W.A., Adeleye, B.N. & Olohunlana, A.O. (2020). Boardroom female participation, intellectual capital efficiency and firm performance in developing countries: Evidence from Nigeria". *Journal of Economics, Finance and Administrative Science*. 25(50), 413-424.

Kamath B.G., (2017). An investigation into intellectual capital efficiency and export performance of firms in India. *International Journal of Learning and Intellectual Capital*, 14(1)

Kasoga S, P., (2020). Does investing in intellectual capital improve financial performance? Panel evidence from firms listed in Tanzania DSE. *Cogent Economics & Finance*.8(1) 1-26.

Kocoglu, I., Zeki, I. S., & Ince, H. (2009). The Relationship between Firm Intellectual Capital and the Competitive Advantage. *Journal of Global Strategic Management*, *3*(2), 181–208.

Kwarbai J.D (2019). Growth opportunities and earnings quality from emerging economies. *International Journal of Research Methodology & Social Science,* 5(4), 15-22.

Le, T.D., & Nguyen, D.P. (2020). Intellectual capital and bank profitability: new evidence from Vietnam. *Cogent Business & Management, 7*(1) 1-19.

Luthan, E., Ayu, S., & Ilmainir (2018). The effect of corporate governance quality, firm size, leverage, and financial performance on intellectual capital disclosure empirical study: manufacturing companies listed on the IDX. *International journal of engineering and technology, 7 (2.29)*, 421-428.

Luu, N., Wykes, J., Williams, P., & Weir, T., (2001). *Invisible value: the case for measuring and reporting intellectual capital,* Canberra: Department of Industry, Science and Resources, Commonwealth of Australia.

Maksum, A., & Tamba, P. (2018). The effect of environmental performance and intellectual capital on financial performance moderated by csr disclosure on manufacture companies listed in ISX. *Advances in Economics, Business, and Management Research (AEBMR)*, *46* (Ebic 2017), 198–208.

Maesaroh, S., & Mulya, H. (2020). The effect of corporate social responsibility disclosure and intellectual capital elements toward corporate value.

Mubaraq, S., & Ahmed H, A. (2014). The impact of corporate governance attributes on intellectual capital disclosure: A longitudinal investigation of Nigerian banking sector. *Journal of Bank Regul* 15(1), 144–163.

Nicolò, G., Raimo, N., Polcini, P.T., & Vitolla, F. (2021). Unveiling the link between performance and Intellectual Capital disclosure in the context of Italian Public universities. *Evaluation and program planning, 88*, 101969.

Nnubia, I. Okolo, M., & Emeka-Nwokeji, N. (2019). Effect of intellectual capital on performance of non-financial firms in Nigeria. 4(1), 28-38.

Nurlis (2018). The effect of good corporate governance on intellectual capital disclosure and its impact on company performance: a study on banking companies listed on BEI. *European Journal of Business and Management, 10*, 126-133.

Nwaiwu, J. N., & Nwaekpe, U. C. (2018). Webometric analysis of intellectual capital reporting and corporate financial performance in Nigeria. *International Journal of Innovative Finance and Economics Research*, *6*(1), 75–98.

Oba V. C., Ibikunle J, & Damagum Y.M. (2013). Impact of board mechanisms on intellectual capital disclosures in Nigeria. Journal of Accounting and Management. 3(1), 65 – 75.

Oba, V.C., & Bature, N. (2013). Value relevance of intellectual capital reporting in top Nigerian firms. Journal of Accounting and Management. 3(1) 65-80.

Ogbo, A., Ezeobi, J. & Ituma, A. (2013). Impact of intellectual capital on organizational performance: Evidence from Nigeria banking sector. *Jorind,* 11(2), 249-254.

Ofurum, C., & Aliyu, A. S. (2018). Intellectual capital component and financial performance of quoted banks in Nigeria. *International Journal of Advanced Academic Research | Financial Management*, *4*(2), 24–46.

Ojeka S.A., Mukoro A., Dick O. & Kanu, C. (2015). Do financial reporting disclosures enhance firm financial performance in the Nigerian manufacturing companies? *Mediterranean Journal of Social Sciences, MCSER Publishing, Rome-Italy* 6 (*6*).

Okoye, P.V.C., Offor, N., & Manukaji, I. J., (2019). Effect of intangible assets on performance of quoted companies in Nigeria. *International Journal of Innovative Finance and Economics Research,* 7(3), 58-66.

Olanrewaju, O.M., & Msomi, T. (2021). Intellectual capital and financial performance of South African development community's general insurance companies. *Heliyon, 7(4) e06712.*

Onumah, J.M., & Duho, K.C. (2019). Intellectual Capital: its impact on financial performance and financial stability of Ghanaian banks. Athens Journal of Business & Economics. 5(3), 243268.

Ousama, A., Al-Mutairi, M. & Fatima, A. (2019). The relationship between intellectual capital information and firms' market value: a study from an emerging economy, *Measuring Business Excellence.*

Papmehl, A. (2004). Accounting for knowledge. CMA Management, 78,(1), 26-8.

Petty, R. & Guthrie, J. (2000), Intellectual Capital Literature Review, *Journal of Intellectual Capital,* 1(2) 155-76.

Poh, L.T., Kılıçman, A., & Ibrahim, S.N. (2018). Intellectual capital and financial performances of banks in Malaysia. *Cogent Economics & Finance, 6*(1) 1-15.

Puwanenthiren, P. (2019). Accountancy Business and the Public Interest 2019. *Accountancy Business and the Public Interest*, 81–96.

Rahaman, M. (2020). Impact of intellectual capital reporting in the annual report on firm performance: empirical evidence from listed pharmaceuticals companies of Bangladesh.

Rahman, M.M., Sobhan, R., & Islam, M.S. (2020). The impact of intellectual capital disclosure on firm performance: empirical evidence from pharmaceutical and chemical industry of Bangladesh. *Journal of Asian Finance, Economics and Business, 7(2)*, 119-129.

Ramat, S. T., (2014). The relationship between intellectual capital performance with companies' performance and intellectual capital disclosure of Nigerian companies. PhD. thesis, Universiti Utara Malaysia.

Rangkuti, M., M. (2020). The effect of intellectual capital and financial performance on firm value with return on investment as a modeling variable in the mining industry listed on Indonesia stock exchange. *International Journal of Public Budgeting, Accounting and Finance,*2(4), 111.

Rayahu, A., Mus, A.R., Semmaila, B., & Lamo, M. (2021). Effect of intellectual capital components, intellectual capital disclosure and corporate governance mechanisms on financial performance and corporate value in listed companies on the Indonesia stock exchange.

Razak, R. A., Mohammad, J., & Tobiagi, S. M. (2016). Intellectual capital disclosures practices and intellectual capital performance in Saudi Arabia financial institution. *Journal of Business Studies Quarterly*, *7*(4), 1–14.

Rehman, A.U., Aslam, E., & Iqbal, A. (2021). Intellectual capital efficiency and bank performance: evidence from Islamic banks. *Borsa Istanbul Review*. 2(4), 1-9.

Riahi-Belkaoui, A. (2003). Intellectual capital and firm performance of U.S multinational firms. *Journal of Intellectual Capital,* 4(2), 215-226

Ross, Westerfield & Jordan (2008). Corporate finance fundamentals (8th edition). international students Edition. New York, USA, McGraw-Hill/Irwin.

Sagala, I., C. (2020). The effect of intellectual capital, good corporate governance implementation quality and capital structures on company value with financial performance as intervening variables in banking companies registered in Indonesia stock exchange period 2013 – 2017. *International Journal of Public Budgeting, Accounting and Finance*, 2(4), 1-12.

Schultz, T.P. (1994). Human capital, family planning, and their effects on population growth, *The American Economic Review*, 84(2), 255-60.

Seetharaman, A., Balachandran, M. & Saravanan, A.S. (2002). Accounting treatment of goodwill: Yesterday, today and tomorrow: Problems and prospects in the international perspective*. Journal of Intellectual Capital*, 5(1):131-152.

Seetharaman, A., Sooria, H.H.B.Z. & Saravanan, A.S. (2002). Intellectual capital accounting and reporting in the knowledge economy. *Journal of Intellectual Capital*, 3(2):128-148.

Shehu U.H & Ahmad B. (2013). Firm characteristics and financial reporting quality of listed manufacturing firms in Nigeria. *International Journal of Accounting, Banking, and management* 1(6), 47-63.

Stewart, T. A. (1997). "Intellectual capital", London: Nicholas Brealey Publishing.

Stewart, T.A. (2007), Intellectual Capital: The New Wealth of Organizations, Doubleday, New York, NY.

Subaida, I., Nurkholis, N., & Mardiati, E. (2018). Effect of intellectual capital and intellectual capital disclosure on firm value. Journal of Applied Management. 16 (1), 125-135.

Sudibyo, A. A., & Basuki, B. (2017). Intellectual capital disclosure determinants and its effects on the market capitalization : evidence from Indonesian listed companies. *SHS Web of Conferences*, *34*(07001), 1–7.

Sullivan, P. H. (1999). Profiting from intellectual capital. Journal of Knowledge Management, 3(2), 132-142.

Suraj O. A. & Bontis N. (2012). Managing intellectual capital in Nigerian telecommunications companies, *Journal of Intellectual Capital,* 13(2), 262-282.

Sveiby, K.E. (2001). Methods for measuring intangible assets. *Journal of Intellectual Capital*, 3(1), 125-167.

Talaromi, M. Y., & Hasan, S. N. S. (2013). The impact of intellectual capital disclosure on common cost of equity in the companies listed in the tehran stock exchange. *European Online Journal of Natural and Social Sciences*, *2*(3), 3368–3383.

Thomas, A.S. (1997). Intellectual capital: The new wealth of organisations. *Knowledge Management*, 67: 1-10.

Tsai, C., H. & Mutuc, E.B. (2020). Evidence in Asian food industry: intellectual capital, corporate financial performance and corporate social responsibility. *International Journal of Environmental Resources and Public Health*, *17(2)*, 663.

Tseng, C. Y. & Goo, Y. J. J. (2005). Intellectual capital and corporate value in an emerging economy: an empirical study of Taiwanese manufacturers", *Research & Development Management,* 35(2), 187-201.

Uluma, I., Amarullah, O.B., & Suprapti, E. (2019). The Indonesian Islamic banking: interrelation between intellectual capital performance, intellectual capital disclosure, and financial performance. Proceedings of the 1st International Conference on Business, Law and Pedagogy, ICBLP 2019, 13-15 February 2019, Sidoarjo, Indonesia.

Vitolla, F., Raimo, N., & Rubino, M. (2019). Intellectual capital disclosure and firm performance: an empirical analysis through integrated reporting. *In: Tipurić, Darko Hruška, Domagoj (Ed.): 7th International OFEL Conference on Governance, Management, and Entrepreneurship: Embracing Diversity in Organisations. April 5th - 6th, 2019, Dubrovnik, Croatia, Governance Research and Development Centre (CIRU),* 245–255.

Weqar, F., Sofi, Z.A., & Haque, S.M. (2020). Nexus between intellectual capital and business performance: evidence from India. Asian Journal of Accounting Research.

Widarjo, W., Rahmawati, Widagdo, A., & Sudaryono, E.A. (2019). Intellectual capital disclosure and post-issue financial performance. Business Innovation and Development in Emerging Economies. 1st Edition. ISBN9780429433382.

Wijayanti, C., Purwanto, A.M., & Dwijayanti, S. (2019). Intellectual capital disclosure in banking company at Indonesia stock exchange. Research in Management and Accounting. 2(2) 87103.

Wu W., (2010). Beyond business failure prediction. Expert System. Appl. 37, 2371-2376.

Xu, J., & Liu, F. (2020). Nexus between intellectual capital and financial performance: an investigation of Chinese manufacturing industry. *Journal of Business Economics and Management*, 22(1), 1-19.

Xu, J., Haris, M., & Yao, H. (2019). Should listed banks be concerned with intellectual capital in emerging Asian markets? A comparison between China and Pakistan. *Sustainability, 11*(23) 6582.