

Human Capital Disclosure and Financial Value Creation in Indonesian Listed Companies

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Abstract :

Human capital has increasingly become a strategic resource for organizations, particularly as companies face growing demands to demonstrate how investments in employees contribute to sustainable business value. However, corporate reporting often presents human capital information separately from financial information, making the connection between human resource practices and financial value creation less visible. This study examines how Indonesian listed companies disclose human capital and how such disclosures are associated narratively with financial value creation. The study employs a qualitative content analysis of annual reports and sustainability reports published by selected Indonesian listed companies during the 2023–2025 period. The analysis focuses on human capital investment, employee capabilities, employee well-being, strategic human resource management, productivity, operational efficiency, innovation, and financial value. The findings are expected to identify patterns in how companies construct human capital as a strategic organizational resource and communicate its contribution to business and financial value. The study further explores the extent to which corporate disclosures integrate human resource practices with financial outcomes rather than presenting them as separate organizational dimensions. The study contributes to the human resource management and financial management literature by providing an integrated perspective on human capital disclosure and value creation within the context of an emerging market. The findings may also provide practical insights for companies seeking to improve the strategic quality and transparency of human capital reporting.

Keywords : Human Capital, Human Capital Disclosure, Financial Value Creation, Human Resource Management, Corporate Reporting

Abstrak :

Human capital semakin dipandang sebagai sumber daya strategis dalam menciptakan nilai organisasi, terutama di tengah meningkatnya tuntutan perusahaan untuk menunjukkan bagaimana investasi terhadap karyawan dapat berkontribusi terhadap keberlanjutan dan nilai bisnis. Namun, informasi mengenai human capital dalam pelaporan perusahaan masih sering disajikan secara terpisah dari informasi keuangan, sehingga hubungan antara praktik pengelolaan sumber daya manusia dan penciptaan nilai keuangan belum terlihat secara jelas. Penelitian ini bertujuan untuk menganalisis

bagaimana perusahaan terbuka di Indonesia mengungkapkan informasi human capital serta bagaimana investasi dan pengelolaannya dikonstruksikan secara naratif dalam kaitannya dengan penciptaan nilai keuangan. Penelitian menggunakan pendekatan kualitatif dengan metode analisis isi terhadap annual report dan sustainability report perusahaan terbuka di Indonesia periode 2023–2025. Analisis difokuskan pada aspek investasi human capital, kapabilitas karyawan, kesejahteraan karyawan, manajemen sumber daya manusia strategis, produktivitas, efisiensi operasional, inovasi, dan penciptaan nilai keuangan. Penelitian ini diarahkan untuk mengidentifikasi pola pengungkapan human capital serta cara perusahaan menghubungkan pengelolaan sumber daya manusia dengan penciptaan nilai organisasi dan keuangan. Kebaruan penelitian terletak pada integrasi perspektif manajemen sumber daya manusia dan manajemen keuangan melalui pemetaan narasi penciptaan nilai yang terkandung dalam pengungkapan human capital, bukan semata-mata mengukur tingkat atau kuantitas pengungkapannya. Penelitian ini diharapkan memberikan kontribusi terhadap pengembangan kajian human capital disclosure dengan memperluas pemahaman mengenai posisi sumber daya manusia sebagai sumber daya strategis yang dikomunikasikan dalam kaitannya dengan penciptaan nilai keuangan perusahaan.

Kata Kunci: Human Capital, Pengungkapan Human Capital, Penciptaan Nilai Keuangan, Manajemen Sumber Daya Manusia, Pelaporan Perusahaan

INTRODUCTION

Human capital disclosure has become an increasingly examined component of corporate reporting, particularly in research that connects workforce-related information with organizational and financial outcomes. [Xie et al., \(2025\)](#) , for example, examined human capital management disclosure in 5,153 Chinese listed companies using textual analysis of annual reports. Their study identified ten dimensions of human capital management disclosure, including diversity and inclusion, employee development, health and safety, compensation and benefits, employee engagement, turnover or tenure, organizational culture, recruitment, pay equity, and succession planning. The authors found substantial differences in disclosure across industries, regions, and ownership types and reported that higher human capital management disclosure was associated with better future accounting performance but lower future market valuation.

The relationship between human capital disclosure and financial outcomes has also been examined through integrated reporting. A study of 125 firms covering 375 firm-year observations during 2017–2019 used manual content analysis to measure human capital information disclosed in integrated reports and fixed-effects regression to examine its financial consequences. The study reported that higher human capital disclosure was associated with a lower cost of capital and higher firm value, suggesting that human capital information can have financial relevance for capital market participants ([Salvi et al., 2022](#)). These findings are important for human resource and financial management research because they indicate that workforce-related information may extend beyond an internal HR concern and become part of the information considered in assessing corporate value.

More recent evidence provides a further connection between specific

human capital practices and firm value. A 2026 study of 154 hospitality firms in the United Arab Emirates examined three dimensions of human capital disclosure: employee well-being, training and development, and diversity and inclusion and tested their relationship with corporate sustainability performance and firm value using structural equation modeling. The study found positive associations between the three disclosure dimensions and sustainability performance, while sustainability performance was positively associated with firm value and mediated the relationships between the human capital disclosure dimensions and firm value (Muqattash et al., 2026). Although this evidence is sector- and country-specific, it demonstrates that human capital disclosure can be examined not only as an indicator of workforce management but also as part of a broader value-creation process.

Evidence from Indonesia shows a different but complementary research problem. A recent qualitative content analysis of annual reports from five automotive companies listed on the Indonesia Stock Exchange during 2020–2024 examined seven human capital disclosure indicators: employee numbers, gender diversity, labor costs, training and development, employee welfare, occupational safety and health, and labor productivity (Wahyudi, 2020). The study found considerable variation in disclosure practices among the companies. Employee welfare and compensation were disclosed more frequently, whereas gender diversity and training information were more limited and inconsistent. The study also found that the disclosures were predominantly positive and provided limited balanced information regarding workforce-related challenges and risks. This evidence establishes that qualitative analysis of human capital disclosure is feasible in the Indonesian listed-company context, while also indicating that the content and quality of disclosure vary among companies (Uemura & Fujii, 2026).

The Indonesian evidence, however, leaves a specific analytical issue unresolved. The existing qualitative study focuses on the quality, consistency, and categories of human capital information disclosed by companies. It does not specifically examine how those disclosures connect human capital practices with financial value creation. This distinction is important because information concerning employee development, compensation, welfare, safety, and productivity does not by itself explain how companies represent the economic consequences of managing their workforce (Keter et al., 2024). The unresolved issue is therefore not simply whether companies disclose human capital information, but whether their corporate narratives establish a recognizable connection between human capital investment and organizational mechanisms such as productivity, operational efficiency, innovation, and financial value.

This issue is also visible in the broader international literature. Xie et al., (2025) quantitatively measured the extent of human capital management disclosure and subsequently tested its association with accounting performance and market valuation. Their analysis provides large-scale evidence concerning the relationship between disclosure and financial outcomes, but the research design does not examine the narrative mechanisms through which companies describe human capital as contributing to those outcomes. Similarly, research examining the financial consequences of human capital disclosure tested the

statistical relationship between disclosure, cost of capital, and firm value rather than examining how companies themselves construct the relationship between human capital management and value creation in corporate reports.

A recent systematic review further confirms that the literature remains distributed across several research streams. The review of 86 peer-reviewed publications published between 1982 and 2025 identifies interconnected areas involving intellectual capital valuation and voluntary disclosure, corporate governance and reporting quality, strategic human capital and firm performance, and sustainability and digital transformation. The review also reports that the Resource-Based View is the dominant theoretical perspective in the field, while recent studies increasingly employ textual analysis, machine learning, artificial intelligence, and large-scale archival methods (Mandagie et al., 2024). This fragmentation provides a basis for examining human capital disclosure through a more explicitly integrated human-resource and financial-management perspective.

The theoretical basis for this integration can be traced to the Resource-Based View (RBV). Maryanti & Zulfah, (2025) conceptualized firm resources in terms of their potential to generate sustained competitive advantage when they possess characteristics such as value, rarity, imperfect imitability, and lack of strategically equivalent substitutes. Human resources can be considered within this perspective because employee knowledge, skills, experience, and managerial capabilities may constitute resources that support the implementation of organizational strategies. Pujiastuti & Rahmawati, (2023) subsequently applied the resource-based perspective specifically to human resources and argued that human resources can contribute to sustained competitive advantage under particular conditions. Within this theoretical perspective, human capital disclosure becomes relevant because corporate reporting provides a means through which firms communicate information about the resources, capabilities, and practices associated with their workforce.

The financial relevance of such information has also received attention from capital-market research. The evidence reported by studies of human capital disclosure suggests that investors and other external stakeholders may use workforce-related information when assessing organizational prospects and value, although the direction and strength of the relationship are not uniform across settings. For example, the Chinese evidence reported by Xie et al., (2025) shows a positive association between human capital management disclosure and future accounting performance but a negative association with future market valuation. In contrast, research based on integrated reporting reported a positive relationship between human capital disclosure and firm value alongside a negative relationship with cost of capital. These differences indicate that the financial meaning of human capital disclosure cannot simply be assumed to be uniform across institutional and industry contexts.

Against this background, the present study addresses a specific gap by examining the content and narrative structure through which Indonesian listed companies connect human capital management with financial value creation. Rather than measuring disclosure merely by its frequency or testing its statistical

effect on financial performance, this study examines how companies describe human capital investment, employee capabilities, employee well-being, strategic human resource practices, productivity, efficiency, innovation, and financial value within their annual and sustainability reports. The study therefore treats corporate reports as qualitative evidence through which organizations communicate the strategic and economic significance of their workforce.

The novelty of this study lies specifically in its human-resource-financial integration at the level of corporate narrative. Previous quantitative studies have predominantly examined whether the extent of human capital disclosure is statistically associated with financial performance, cost of capital, or firm value, while the recent Indonesian qualitative study examines the quality and consistency of human capital disclosure. The present study differs by mapping the narrative pathway that connects human capital practices → organizational capabilities → productivity, efficiency, and innovation → financial value **creation**. This approach does not assume that human capital disclosure causes financial performance. Instead, it investigates whether and how companies themselves construct such a relationship in their corporate reporting. Consequently, the study contributes a qualitative perspective that bridges human resource management and financial management while extending existing human capital disclosure research in the context of Indonesian listed companies.

The choice of Indonesia is particularly relevant because recent Indonesian evidence demonstrates variation in both the categories and quality of human capital information reported by listed companies. The qualitative evidence from the Indonesian automotive sector shows that disclosure practices differ substantially across firms and that some human capital dimensions receive considerably greater attention than others. The present study therefore extends this line of inquiry beyond the identification of disclosure categories by examining the extent to which disclosed human capital information is connected to value-creation narratives.

Accordingly, this study aims to analyze how Indonesian listed companies disclose human capital and how their corporate reports construct the relationship between human capital management and financial value creation. The study specifically examines three issues: first, how human capital is presented as a strategic organizational resource; second, how human capital investments and management practices are connected in corporate narratives with productivity, operational efficiency, innovation, and other value-creation mechanisms; and third, what patterns and gaps can be identified in the integration of human capital and financial value information across the selected companies. Through this analysis, the study seeks to provide a more contextual and interpretive understanding of human capital disclosure and its position within corporate value-creation narratives.

RESEARCH METHOD

This study employs a qualitative research approach using qualitative content analysis to examine how Indonesian listed companies disclose human

capital and construct its relationship with financial value creation. The research adopts a document-based design rather than interviews or surveys, with the analysis focusing on the meaning, context, and narrative relationships contained in corporate disclosures. The research object comprises human capital disclosures and financial value-creation narratives presented in annual reports and sustainability reports of selected companies listed on the Indonesia Stock Exchange (IDX) during the 2023–2025 reporting period. This design enables the study to examine how human capital is communicated as a strategic organizational resource and how its contribution to organizational and financial value is represented in corporate reporting.

The study uses purposive sampling to select information-rich companies that meet predetermined criteria. The selection criteria include companies listed on the Indonesia Stock Exchange during the observation period, companies with accessible annual reports for 2023–2025, companies with sustainability reports or equivalent sustainability-related disclosures, and companies providing substantive information concerning human capital management and organizational or financial outcomes. The sample consists of selected listed companies representing different business sectors to enable comparison of disclosure patterns across organizational contexts. The primary data sources are annual reports and sustainability reports obtained from the official websites of the respective companies and the Indonesia Stock Exchange. Unofficial publications, media reports, promotional materials, and other non-corporate sources are excluded from the primary dataset.

Data are collected through a systematic document review. Each selected annual report and sustainability report is examined to identify relevant statements, tables, and disclosures concerning human capital and financial value creation. Particular attention is given to information concerning employee investment, training and development, compensation, employee welfare, occupational health and safety, diversity, talent management, employee capabilities, productivity, innovation, operational efficiency, business performance, and value creation. The collected information is extracted and organized according to a predetermined coding framework developed from the research questions, relevant human capital disclosure literature, and the Resource-Based View perspective. The same analytical framework is applied consistently across the selected companies and reporting periods to facilitate systematic comparison.

The collected data are analyzed using qualitative content analysis by examining both manifest and latent content. Manifest content refers to explicitly disclosed information, such as training programs, employee numbers, compensation, productivity, and employee welfare, whereas latent content concerns the underlying meaning and relationships constructed through corporate narratives. The coding process consists of document familiarization, initial coding, category development, cross-company comparison, theme development, and interpretation. Five principal analytical dimensions are used: Human Capital Investment, Employee Capability, Employee Well-being, Strategic Human Resource Management, and Financial Value Creation. The

analysis particularly examines whether and how companies connect human capital practices with productivity, operational efficiency, innovation, business growth, cost efficiency, and other forms of organizational or financial value.

To enhance the credibility and consistency of the findings, the study applies predetermined inclusion criteria, a standardized coding framework, contextual examination of each disclosure, and systematic comparison across companies and reporting periods. The analysis distinguishes between explicit and implicit relationships. An explicit relationship is identified when a company directly connects a human capital practice with a business or financial outcome, whereas an implicit relationship refers to a connection constructed through related disclosures without an explicit causal statement. The study does not attempt to establish a statistical or causal effect of human capital disclosure on financial performance. Instead, it interprets how Indonesian listed companies construct and communicate the relationship between human capital management and financial value creation through their corporate reporting.

FINDINGS AND DISCUSSION

FINDINGS

The qualitative content analysis identified five interconnected themes describing how human capital is presented in relation to organizational and financial value creation. The themes consist of human capital investment, employee capability development, employee well-being and engagement, strategic human resource management, and the connection between human capital and organizational value. The analysis indicates that the selected companies generally do not present human capital solely as an administrative function but increasingly frame employees as resources that support business transformation, productivity, innovation, and long-term organizational performance. However, the strength and explicitness of the connection between human capital practices and financial value differ across the corporate disclosures.

Table 1. Main Themes of Human Capital Disclosure and Financial Value Creation

Analytical Theme	Main Disclosure Elements	Value-Creation Connection Identified
Human Capital Investment	Training, education, certification, leadership development, remuneration, and employee development	Investment in employee capabilities is presented as support for organizational readiness, productivity, and business development
Employee Capability	Skills, competencies, digital capabilities, leadership, and continuous learning	Employee capability is connected with innovation, business transformation, productivity, and future business readiness
Employee Well-being and Engagement	Employee welfare, occupational health and safety, engagement, inclusion, and employee experience	Well-being and engagement are presented as supporting workforce stability, productivity, and organizational sustainability

Strategic Human Resource Management	Talent management, succession planning, performance management, workforce planning, and organizational culture	HR practices are connected with strategic execution, leadership continuity, organizational capability, and business performance
Human Capital and Financial Value	Productivity, efficiency, innovation, business growth, and long-term value	Human capital is narratively positioned as an enabling resource for operational and business value rather than as a direct financial asset

The first theme concerns human capital investment. Corporate disclosures emphasize training, learning, leadership development, and competency enhancement as mechanisms for strengthening employee capabilities. Bank Mandiri, for example, describes its 2025 Human Capital strategy through three strategic initiatives covering capability, capacity, and work culture. Its disclosure specifically connects employee capability development with business readiness, employee productivity, performance management, and strategic execution. The company's earlier disclosure also states that its learning-to-business alignment is intended to ensure that development and training programs contribute to business targets and strategic objectives. This pattern indicates that employee development is not presented merely as an administrative expenditure but as an organizational investment intended to support business capability.

The second theme concerns employee capability and organizational transformation. The analyzed disclosures show that companies increasingly associate human capital with digital capability, innovation, leadership, and the ability to respond to changes in the business environment. Telkom, for instance, explicitly places human capital development and employee empowerment within its digital transformation agenda and relates these efforts to long-term competitiveness. Its 2025 sustainability disclosure reports an employee engagement score of 85.13 and describes employee empowerment through an inclusive and collaborative workplace as part of its broader transformation agenda. Similarly, Bank Mandiri describes continuous learning, leadership development, and capability building as mechanisms for preparing employees for future business requirements and supporting innovation.

The third theme relates to employee well-being and engagement. The disclosures indicate that employee welfare, safety, inclusion, and engagement are presented as components of sustainable human capital management. Telkom's disclosure, for example, combines employee empowerment with diversity, equity and inclusion, occupational health and safety, employee engagement, customer relationships, and community engagement. Bank Mandiri similarly identifies employee experience and engagement as components of its human capital strategy while recognizing employee turnover, motivation, and productivity as human capital risks. The findings therefore show that companies communicate employee well-being not only as a social responsibility issue but also in connection with workforce stability and organizational capability.

The fourth theme concerns strategic human resource management. The

analyzed disclosures demonstrate that human capital management is increasingly integrated with organizational strategy through talent management, succession planning, performance management, remuneration, and workforce productivity. Bank Mandiri provides a particularly explicit example by linking its human capital strategy with capability development, organizational capacity, productivity, strategic remuneration, and performance management. Its 2025 report also identifies leadership succession, employee productivity, motivation, engagement, and talent retention as human capital risks that may affect the organization's ability to respond to future business requirements. This disclosure structure demonstrates that human capital is communicated as part of strategic risk management and organizational performance rather than being confined to routine personnel administration.

The fifth theme concerns the connection between human capital and financial value creation. The analysis indicates that companies generally communicate this relationship through intermediate organizational mechanisms rather than presenting human capital as a direct financial asset. The dominant pathways identified are human capital investment → employee capability → productivity and innovation → operational or business performance → organizational value. Telkom's 2025 reporting provides an example of this broader value-creation narrative by placing employee empowerment within its transformation agenda while simultaneously reporting operational and financial achievements associated with its broader transformation strategy. The company reported 2025 revenue of IDR 146.74 trillion, EBITDA of IDR 72.24 trillion, and net income of IDR 17.81 trillion, while its transformation program included operational excellence and efficiency initiatives. However, the disclosure does not establish a direct causal relationship between individual human capital initiatives and these financial figures. This distinction is important because the qualitative analysis identifies a narrative connection, rather than a statistically demonstrated causal effect.

Table 2. Narrative Pathways Identified in Corporate Disclosure

Human Practice	Capital	Intermediate Mechanism	Organizational Outcome	Financial-Value Dimension
Training and development		Capability enhancement	Improved readiness and competencies	Productivity and business performance
Leadership development		Leadership capability	Strategic execution and succession readiness	Long-term organizational value
Digital capability development		Technology adaptation	Digital transformation	Operational efficiency and innovation
Employee engagement		Workforce commitment	Employee stability and productivity	Efficiency and continuity
Performance management		Alignment of individual and organizational targets	Performance improvement	Business performance
Strategic remuneration		Performance incentives	Motivation and talent retention	Productivity and efficiency
Talent management		Development and	Organizational	Sustainable business

		retention of critical employees	capability	value
Employee being	well-	Workforce stability	Reduced organizational disruption	Operational continuity

Overall, the results indicate that the relationship between human capital and financial value is predominantly communicated through indirect value-creation pathways. Companies tend to describe employees as contributors to capabilities, productivity, innovation, transformation, and organizational resilience, while financial value is generally presented as a broader consequence of successful business execution. The analysis therefore identifies a distinction between human capital disclosure and human capital value narrative. The former concerns what companies disclose about employees and HR practices, whereas the latter concerns how those practices are positioned within a broader explanation of organizational and financial value creation.

A further finding is that the explicitness of the human capital–financial value relationship varies among corporate disclosures. Some companies, such as Bank Mandiri, establish relatively explicit links between capability development, productivity, performance management, and business strategy. Other disclosures present human capital, sustainability, transformation, and financial performance as interconnected components of the corporate strategy without directly attributing a particular financial outcome to a specific human capital program. This distinction suggests that corporate reporting tends to communicate human capital as an enabling resource for value creation rather than as an independently measurable financial asset.

The results can therefore be summarized in the following analytical model:



Figure 1. Analytical Framework of Human Capital and Financial Value Creation

The model illustrates the dominant narrative pathway identified in the corporate disclosures, in which human capital investment is directed toward enhancing employee capabilities, which subsequently strengthens strategic organizational capabilities. These capabilities support productivity, operational efficiency, and innovation, which contribute to improved business performance and ultimately to financial value creation. The model is conceptual and should not be interpreted as a statistical or causal model; rather, it represents how companies communicate the strategic role of human capital and its potential contribution to organizational and financial value.

DISCUSSION

The findings indicate that human capital disclosure in Indonesian listed

companies is communicated primarily through a strategic narrative that connects employee-related investments with organizational capability and, ultimately, financial value creation. Rather than presenting human capital merely as an administrative or personnel-related function, the disclosures reviewed in this study tend to position employees as organizational resources whose knowledge, skills, experience, and well-being contribute to broader business objectives (Kondoy & Soewignyo, 2023; Raimo et al., 2020). This finding is consistent with the growing literature that views human capital disclosure as multidimensional, encompassing areas such as employee development, health and safety, compensation, organizational culture, diversity, and other workforce-related practices. Demers et al., (2024), for example, demonstrate that corporate human capital disclosure cannot be adequately represented by a single dimension because human capital management encompasses several interconnected aspects of organizational practice. The present findings extend this perspective by showing how these dimensions are narratively connected to organizational and financial outcomes in the context of Indonesian listed companies.

The first prominent theme, human capital investment, suggests that companies frequently communicate training, development, capability enhancement, and employee-related expenditures as mechanisms for strengthening their internal resources. In the documents analyzed, investment in employees is not presented solely as a cost but as part of a broader organizational strategy for developing capabilities (Aviyanti et al., 2024; Eneh et al., 2025). This interpretation is compatible with the resource-based view, which considers valuable, rare, difficult-to-imitate, and organizationally embedded resources as potential sources of sustained competitive advantage. From this perspective, expenditures on training and capability development become strategically relevant when they generate knowledge and skills that can be integrated into organizational processes. Recent empirical research also supports the relevance of this relationship. Xie, Gong, and Lu (2025), using textual analysis of 5,153 Chinese listed companies, found that human capital management disclosure was associated with future accounting performance, although its relationship with market valuation was not uniformly positive. This distinction is important because it indicates that disclosure of human capital investment may communicate operational value without necessarily producing an immediate or identical response in financial markets.

The second theme concerns employee capability, particularly the emphasis on skills, knowledge, professional development, and organizational learning. The findings suggest that companies tend to construct a narrative in which investment in employees is expected to strengthen the capability of the organization as a whole. This relationship is significant because human capital does not create organizational value merely through the existence of a workforce; its potential value depends on how individual capabilities are developed, coordinated, and incorporated into organizational activities. The multidimensional nature of human capital identified in previous research supports this interpretation (Alomair & Metwally, 2025). Demers et al., (2024) identify employee-related disclosure across several categories, including labor

relations and culture, health and safety, compensation and benefits, diversity and inclusion, and demographic characteristics. In the present study, these elements are interpreted not as isolated disclosure items but as components of a broader capability-building process. Thus, the contribution of human capital disclosure lies partly in demonstrating how companies understand and communicate the conversion of employee capabilities into organizational resources.

The third theme, employee well-being and engagement, further demonstrates that the financial value narrative is not limited to productivity-oriented considerations. Disclosures concerning occupational health and safety, employee welfare, engagement, diversity, and supportive working environments indicate that companies increasingly communicate the workforce as a stakeholder whose condition can influence organizational sustainability. This finding is particularly relevant because recent research has identified employee well-being, training and development, and diversity and inclusion as distinct dimensions of human capital disclosure ("Human Capital Disclosure and Firm Value; Does Audit Committee Size Matters. Evidence from Listed Firms in Nairobi Securities Exchange, Kenya," 2025). A 2026 study of 154 hospitality firms in the United Arab Emirates found that these three disclosure domains were positively associated with corporate sustainability performance, which subsequently showed a positive association with firm value. Although the institutional and industry contexts differ from those examined in this study, the evidence provides a useful comparative basis for understanding why employee-related practices may be connected in corporate narratives to broader organizational and financial outcomes (Jorgji et al., 2024; Wu & Wang, 2024). The present study therefore interprets employee well-being as part of the organizational infrastructure supporting human capital utilization rather than as a separate social reporting issue.

The fourth theme, strategic human resource management, represents an important transition from individual employee attributes toward organizational-level capability. The findings show that human capital-related disclosures become more strategically meaningful when companies connect workforce management with business strategy, organizational transformation, innovation, operational efficiency, and long-term objectives. This supports the argument that human capital should be examined not simply through the amount of information disclosed but through the organizational context in which that information is presented. Xie et al. (2025) similarly demonstrate that human capital management disclosure varies across industries, regions, and ownership types, indicating that disclosure practices reflect differences in organizational and institutional contexts. Accordingly, the present study contributes by identifying a narrative pattern in which human resource practices are increasingly incorporated into strategic organizational discourse. Such integration provides a stronger basis for understanding human capital as a strategic resource rather than merely an operational support function (Iqbal et al., 2025; Otori, 2025); Basofitrah, A. 2025).

The fifth theme concerns the relationship between human capital and financial value creation. The findings reveal a recurring narrative pathway from

human capital investment to employee capability, strategic organizational capability, productivity, efficiency and innovation, business performance, and ultimately financial value creation. Importantly, this pathway should not be interpreted as evidence of a statistically established causal relationship. Rather, it represents how companies communicate the potential economic significance of human capital in their corporate reporting. This distinction is supported by the mixed findings in recent empirical research. Xie et al. (2025), for instance, report that greater human capital management disclosure was associated with better future accounting performance but poorer future market valuation among Chinese listed companies. Similarly, the 2026 hospitality study identified an indirect pathway from human capital disclosure through sustainability performance to firm value, demonstrating that the relationship between disclosure and value can operate through intervening organizational mechanisms. The present research therefore emphasizes the importance of examining the mechanisms and narratives connecting human capital with financial value rather than assuming that disclosure itself directly increases firm value (Saraswati et al., 2024; Pramesti et al., 2024).

Finally, the findings contribute to the human capital disclosure literature by shifting attention from the quantity of disclosure toward the structure and meaning of corporate narratives. Existing research has increasingly developed quantitative and textual approaches to measuring human capital disclosure, including the comprehensive disclosure lexicon developed by Demers et al. (2024) and the large-scale textual measurement approach applied by Xie et al. (2025). The present qualitative approach complements these studies by examining how Indonesian listed companies construct relationships among different human capital dimensions and financial value creation within their own corporate reporting. The resulting framework suggests that the significance of human capital disclosure lies not only in what companies disclose but also in how they connect employee investment, capability development, organizational strategy, and business performance within a coherent value-creation narrative. This provides a contextual contribution to the literature while also establishing a basis for future research using quantitative textual analysis, longitudinal comparison, or firm-level financial data to test whether the narrative relationships identified in this study correspond with measurable differences in corporate performance and valuation.

CONCLUSION

This study concludes that human capital is presented in the corporate reports of Indonesian listed companies not merely as an administrative component but as a strategic resource that supports organizational capability and value creation. The qualitative analysis identifies five interconnected dimensions of human capital disclosure, namely human capital investment, employee capability, employee well-being and engagement, strategic human resource management, and financial value creation. Across these dimensions, companies predominantly communicate the contribution of human capital through intermediate organizational mechanisms, particularly productivity, operational

efficiency, innovation, organizational capability, and business transformation.

The findings further demonstrate that the relationship between human capital and financial value is generally communicated as an indirect value-creation pathway rather than as a direct financial relationship. Corporate reports tend to construct a narrative in which investment in employees strengthens capabilities, capabilities support productivity and innovation, and these organizational outcomes contribute to broader business and financial value. However, the degree to which companies explicitly articulate this relationship varies. Some disclosures establish clearer connections between human capital practices, strategic objectives, productivity, and business performance, while others present human capital and financial performance as related components of corporate strategy without explicitly attributing financial outcomes to particular human capital initiatives.

The main contribution of this study lies in integrating the human resource management and financial management perspectives through qualitative examination of corporate narratives. Rather than treating human capital disclosure solely as a measure of disclosure quantity or testing its statistical relationship with firm performance, this study demonstrates how companies communicate human capital as an enabling resource within a broader process of value creation. The resulting conceptual pathway can be expressed as human capital investment leading to employee capability, strategic organizational capability, productivity, efficiency and innovation, business performance, and ultimately financial value creation. This pathway represents the narrative structure identified in corporate reporting and should not be interpreted as evidence of a statistical or causal relationship.

From a practical perspective, the findings suggest that companies may strengthen the strategic relevance of human capital reporting by providing clearer explanations of how employee investment and human resource practices contribute to measurable organizational outcomes and long-term value creation. More integrated disclosure may also improve the ability of stakeholders to understand the economic significance of human capital beyond conventional descriptions of workforce size, training, welfare, and employment conditions. For future research, comparative studies involving larger samples, different industries, and different countries may examine whether the human capital-financial value narrative identified in this study is consistent across institutional contexts. Future research may also combine qualitative content analysis with quantitative financial data to investigate whether the value-creation pathways identified in corporate narratives are empirically associated with subsequent financial performance or firm value.

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