



ANALYSIS OF THE CONTRIBUTION OF HUMAN CAPITAL TO ENTERPRISE VALUE-TAKING THE CFO AS AN EXAMPLE

Análise da contribuição do capital humano para o valor da empresa tomando o CFO como exemplo

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ABSTRACT

In modern enterprise operations, the role of human capital is increasingly prominent, especially the key role of the chief financial officer (CFO), whose contribution to the value of the enterprise cannot be ignored as an important human capital of the enterprise. With the development of the economy and the evolution of modern corporate governance structures, the role of the CFO in enterprise is becoming increasingly important. However, as the value of human capital is difficult to quantify and not reflected in financial statements, it is necessary to analyze the contribution of the CFO to the value of the enterprise to illustrate the value of human capital. This article first briefly reviews the theory of human capital, then analyzes the role and contribution of the CFO in creating enterprise value, as well as the factors that affect the CFO's human capital value. Finally, strategies are proposed to enhance and realize the CFO's self-worth, aiming to enrich the application of human capital theory in enterprise value creation and help CFOs recognize their career positioning and development direction to enhance and realize their self-worth.

Keywords: Human Capital, Enterprise Value, CFO

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ANÁLISE DA CONTRIBUIÇÃO DO CAPITAL HUMANO PARA O VALOR DA EMPRESA TOMANDO O CFO COMO EXEMPLO

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RESUMO

Nas operações empresariais modernas, o papel do capital humano é cada vez mais proeminente, especialmente o papel fundamental do diretor financeiro (CFO), cuja contribuição para o valor da empresa não pode ser ignorada como um importante capital humano da empresa. Com o desenvolvimento da economia e a evolução das estruturas modernas de governança corporativa, o papel do CFO na empresa está se tornando cada vez mais importante. No entanto, como o valor do capital humano é difícil de quantificar e não é refletido nas demonstrações financeiras, é necessário analisar a contribuição do CFO para o valor da empresa para ilustrar o valor do capital humano. Este artigo primeiro revisa brevemente a teoria do capital humano, depois analisa o papel e a contribuição do CFO na criação de valor empresarial, bem como os fatores que afetam o valor do capital humano do CFO. Finalmente, estratégias são propostas para aprimorar e realizar a autoestima do CFO, visando enriquecer a aplicação da teoria do capital humano na criação de valor empresarial e ajudar os CFOs a reconhecer seu posicionamento de carreira e direção de desenvolvimento para aprimorar e realizar sua autoestima.

Palavras-chave: Capital Humano, Valor Empresarial, CFO

INTRODUCTION

In today's increasingly competitive business environment and knowledge-based economy, enterprises no longer rely solely on material capital investment but pay more attention to the development and utilization of human capital. The source of enterprise value has shifted from traditional material capital to human capital, especially key roles such as senior management personnel such as the CFO. Their ethical standards, professional knowledge, skills, experience, and decision-making abilities play a crucial role in formulating and implementing corporate strategies and creating value. With the evolution of modern corporate governance structures, the role of CFOs in enterprises has expanded from traditional accountants engaged in accounting and financial reporting to risk management experts, promoters of corporate governance, and strategic partners of enterprises, playing an indispensable role in both internal and external environments of enterprises. However, the value of human capital is difficult to quantify and cannot be recognized as an asset under current accounting standards, making its value easily overlooked. Therefore, it is necessary to take the CFO as an example to analyze the contribution of human capital to the value of the enterprise.

1 THEORETICAL BACKGROUND: OVERVIEW OF HUMAN CAPITAL THEORY

Compared to traditional material capital, human capital is more malleable and enduring, creating value far beyond that of material capital (Loseva et al., 2023). Its contribution to the modern knowledge economy is becoming increasingly prominent. Subsequently, based on this, many researchers conducted further research. At present, human capital theory mainly includes the following core viewpoints: 1) Human capital is seen as an investment, so individuals can improve their knowledge and skills through education, training, and experience accumulation, thereby increasing production efficiency and output, bringing benefits to individuals and enterprises (Fedchenko et al., 2024); 2) In the economic growth model, human capital, which affects output together with physical capital, is included in the production function, reflecting the crucial role of human capital in economic growth (Mashentseva et al., 2024); 3) Human capital investment is not only beneficial to individuals but also has a positive impact on the entire society, promoting sustainable socio-economic development (Obolenskaya, Bekulova, 2023); 4) Within the company, human capital is considered a key source of competitive advantage. By optimizing organizational structure and enhancing employee capabilities, companies can improve performance and strengthen market competitiveness (Smirnova, Pravkin, 2022); 5) The value of human capital is not static but dynamic and changes with the growth of individual abilities and experience, as well as changes in the social environment, requiring continuous investment and updating (Kirillova et al., 2021).

In the corporate environment, human capital is regarded as an important source of enterprise value, which not only includes the skills and knowledge of employees but also encompasses the strategic thinking, leadership, and decision-making abilities of senior management. As an important component of human capital, the CFO's human capital value is not only reflected in his or her financial knowledge and management skills but also in his or her ethical and moral standards, strategic thinking, decision-making ability, and ability to handle complex information and control risks. These traits enable the CFO to play a central role in business operations, thereby contributing to the value creation of the enterprise, and his or her role is increasingly prominent in the modern enterprise. The theory of human capital can help the CFO recognize self-worth and its sources and actively adopt strategies to enhance and realize self-worth, thereby playing a greater strategic role in business operations and creating more value for the enterprise.

2 METHODOLOGY

This study adopts a qualitative research approach to analyze the contribution of human capital, specifically the Chief Financial Officer (CFO), to enterprise value creation.

An extensive review of existing human capital theories and corporate governance literature was conducted. This includes analyzing core viewpoints regarding human capital's role in economic growth, corporate competitiveness, and sustainable socio-economic development. Data was collected on CFOs' responsibilities in strategic management, risk control, and financial operations, supported by historical performance metrics and

professional qualifications. Drawing from theoretical foundations and practical examples, a framework was developed to identify key factors influencing the CFO's value, including educational background, work experience, and organizational environment.

3 RESULTS

3.1 ANALYSIS OF THE ROLE OF THE CFO

As a key human capital in the enterprise, the CFO bears a wide range of responsibilities and plays multiple important roles in the modern enterprise, covering multiple aspects of enterprise operation and management. The fulfillment of its responsibilities directly affects the creation of enterprise value.

3.1.1 A strategic partner of the enterprise

As a strategic partner of the enterprise, the CFO is not only an internal financial expert but also bears the important responsibility of jointly formulating and implementing corporate strategies with management. Through financial analysis and forecasting, the CFO can provide professional advice on investment decisions, mergers and acquisitions, and market expansion for the company, directly participating in and influencing the company's development strategy. The decision-making ability of the CFO directly affects the optimization of the company's capital structure, the improvement of the investment return rate, and cost control, all of which directly determine the company's profitability and development potential.

3.1.2 The commander of information processing

As the commander of information processing, the CFO arranges corresponding financial personnel to collect and process various complex information and transform it into the decision-making basis, providing real, accurate, and complete information for management decision-making, playing a key role in information processing and transmission.

3.1.3 An expert in risk management

In the increasingly complex business environment of risks, the CFO plays the role of an expert in risk identification and management, providing a stable operating environment for the enterprise. The CFO not only needs to identify and evaluate various risks faced by the enterprise in the business process, such as market risk, credit risk, and operational risk, but also needs to design and implement effective internal control measures and risk management strategies to ensure business compliance, asset security, and the stable operation of the enterprise.

3.1.4 The mover of corporate governance

The CFO is the mover of corporate governance. The CFO participates in the management and decision-making of the enterprise and plays a key role in internal control and financial information transparency, which can promote the improvement of the corporate governance structure. By participating in internal corporate governance, the compliance and operational efficiency of the enterprise can be improved while safeguarding shareholder interests and creating value for the enterprise.

3.1.5 A master in coordination and communication

The CFO is a master in coordination and communication. The CFO needs to effectively communicate with internal departments and external stakeholders, including department heads, board of directors, investors, creditors, banks, regulatory agencies, and others. Through internal and external coordination and communication, the interests and demands of all parties can be met, the operational efficiency of the enterprise can be improved, the

smooth implementation of the enterprise strategy can be ensured, more resources can be obtained, and a good corporate image can be established (Fedorov, 2022).

All of the above, the core responsibilities of the CFO are not limited to traditional financial and tax work but also extend to multiple aspects of enterprise strategic management, risk control, corporate governance, communication, and coordination, covering multiple links of enterprise value creation. By effectively fulfilling these responsibilities that directly affect enterprise value creation, the human capital value of the CFO can be fully reflected and contribute to the value enhancement and development of the enterprise.

3.2 THE CONTRIBUTION OF THE CFO TO THE VALUE OF THE ENTERPRISE

The CFO plays a core role in the operation of the enterprise, and his or her contribution to the value of the enterprise is mainly reflected in the following aspects:

3.2.1 Strategic management

In the modern enterprise, strategic management is the core manifestation of the contribution of the CFO to the value of the enterprise. The CFO can use financial data analysis and forecasting to provide decision support to management, helping them develop feasible financial budgets and strategic goals. For example, providing forward-looking strategic recommendations by analyzing industry trends and guiding companies to expand into high-growth areas; encouraging management to invest in research and development to maintain a leading position in technology; identifying and seizing market opportunities by gaining a deep understanding of the company's business model and market dynamics to promote the creation and growth of enterprise value. When implementing strategic decisions, the CFO not only needs to work closely with various departments to guide them towards strategic goals through budget management, performance evaluation, and incentive mechanisms, but also needs to supervise the strategic execution process, adjust strategies in a timely manner to respond to internal challenges and market changes, and ensure the achievement of corporate strategic goals (Ketova et al., 2024).

3.2.2 Financial analysis

The CFO can provide a quantitative basis for management decision-making through in-depth analysis of accounting data. Through financial ratio analysis, budget management, performance evaluation, and other means, the CFO can help the management team understand the financial and operational status of the enterprise and timely identify and solve potential problems to improve operational efficiency and the effectiveness of the enterprise. For example, they may identify issues with cost control, then drive the company to reduce costs and increase profit margins.

3.2.3 Capital operations

The CFO can create value for the enterprise through capital operations, including but not limited to investment fundraising decisions, capital structure management, and investor relations maintenance. For example, the CFO can use financial leverage to balance debt and equity capital, optimize capital costs, and provide fund support for the expansion of the enterprise; utilize mergers and acquisitions to help the enterprises achieve rapid integration and business model innovation, increase market share, and promote the creation and growth of enterprise value; communicate with investors friendly to attract more capital injection and enhance the market value of the enterprise.

3.2.4 Organizational innovation

As a senior executive, the CFO plays a crucial role in the process of organizational innovation. The CFO can examine the company's operational model from a financial perspective, identify efficiency bottlenecks, and propose organizational improvement plans such as institutional innovation and process optimization to eliminate

redundancy, improve efficiency, and drive the increase of enterprise value. For example, introducing more advanced budget management systems, performance evaluation systems, or optimizing internal control systems to improve the operational efficiency and decision-making quality of enterprises (Safiullin et al., 2024). In the process of organizational change, the CFO can use their professional skills to help the company effectively evaluate the costs and benefits of change and ensure the scientific nature of change decisions, thereby reducing risks and increasing the likelihood of successful change. In major changes such as corporate restructuring and digital transformation, the CFO not only needs to set goals and design implementation plans in the early stages of the change but also needs to coordinate resources and resolve conflicts during the change process to promote the smooth progress of the change (Mal'ginova, 2023).

3.2.5 Financial management

The CFO can create value for the enterprise through effective financial management. Effective financial management can bring these values to enterprises: firstly, it helps to maintain a good and stable accounting environment and ensure the smooth progress of accounting work, thereby improving the quality of accounting information in enterprises; secondly, it can assist enterprises in forecasting, planning, monitoring, controlling, and analyzing decisions to improve economic efficiency, thereby promoting the achievement of strategic goals; thirdly, it can help enterprises to achieve the rational utilization and effective conservation of resources to improve the financial indicators of enterprises, thereby enhancing their financial strength; fourthly, it is conducive to maintaining the safety and integrity of enterprise assets, promoting compliant operation and efficient utilization of resources, thereby reducing the operational risks of the enterprise (Gerasimova et al., 2024).

3.2.6 Tax management

The CFO can use his or her profound tax knowledge to help the company avoid taxes reasonably and reduce tax costs. The CFO can conduct tax planning based on tax policies and the business situation of the enterprise to ensure that the enterprise minimizes its tax burden while complying with tax laws, thereby creating value for the enterprise (Bratko, 2023).

3.2.7 Internal control management

The CFO can create value for the company through internal control management. The CFO is responsible for establishing and improving the internal control system of the enterprise to ensure its compliance and healthy operation. By developing and implementing effective internal control measures, the enterprise can standardize operations, improve operational efficiency, reduce operational risks, and enhance the quality of financial reports.

3.2.8 Risk management

The CFO plays an important role in risk management. The CFO can help businesses reduce operational risks through budget and internal control management. The CFO can help the company move towards its predetermined goals and achieve its strategy by managing the budget to reduce the risk of deviating from its objectives; reduce the risk of economic losses that the enterprise may suffer during the operation process through internal control management to ensure the compliance, health, and stable operation of the enterprise (Serbina, 2023).

3.2.9 Communication and coordination

The CFO can contribute their value to the company through communication and coordination. The CFO can not only ensure the normal operation of daily work and promote the realization of the company's strategy through close communication and coordination with various internal departments but also balance the interests of

all parties through good communication with external stakeholders such as investors, creditors, and regulatory agencies, thereby enhancing the market image and reputation of the enterprise.

3.3 FACTORS INFLUENCING THE HUMAN CAPITAL VALUE OF THE CFO

The human capital value of a CFO is not fixed and unchanging but dynamic, influenced by various internal and external factors. These factors not only shape the professional competence of the CFO but also determine his or her position and influence within the company.

3.3.1 Ideological values

The CFO's ideological values are the cornerstone of their behavior and decision-making. The ideological values determine whether the CFO can adhere to professional ethics, prioritize the overall interests of the enterprise, and make correct judgments when facing complex business environments. The CFO with good thinking and adhering to the values of integrity, fairness, and strategic orientation often has higher human capital value.

3.3.2 Educational background

The educational background of the CFO is an important influencing factor of their human capital value, which not only includes their major and education but also encompasses their knowledge structure in related fields such as finance, economics, law, and management. The CFO with a higher education and diverse knowledge system can better understand and respond to various complex financial issues, thereby enhancing his or her human capital value.

3.3.3 Work experience

The work experience is an important reflection of the human capital value, which reflects a person's work ability and practical problem-solving skills. Rich work experience can enhance the CFO's work and decision-making abilities, which is beneficial to make more accurate judgments and take effective measures when dealing with crises and risks.

3.3.4 Professional qualifications

The CFO who holds professional qualifications such as Certified Public Accountant (CPA), Certified Management Accountant (CMA), and Senior Accountant are usually regarded as a financial expert with the high-level professional technical qualification. These qualifications are not only a symbol of the CFO's professional competence but also a reflection of his or her human capital value, often linked to higher positions and salaries.

3.3.5 Historical performance

Historical performance is an important basis for measuring a person's ability and value. The historical performance of the CFO includes not only the improvement of financial indicators but also the success of strategic decision-making, the improvement of internal controls, and the optimization of organizational structure. CFOs who have performed well in their past work often have high human capital value.

3.3.6 Friendsourcing and the ability to mobilize resources

The friendsourcing and ability to mobilize resources of the CFO are important extensions of his or her human capital value. Extensive friendsourcing and a good ability to mobilize resources can help the CFO establish partnerships, gain more opportunities, and obtain external resource support when necessary to carry out work

conveniently, quickly, and efficiently, which is beneficial for the CFO to create value for the enterprise, especially in capital operations and communication with external stakeholders.

3.3.7 Enterprise situation

The situation of the enterprise where the CFO works also affects the value of his or her human capital. A company that values professional development and encourages innovation can unleash the potential of the CFO, thereby enabling him or her to create more value for the company. Besides, the size and profitability of the enterprise also affect the authority and scope of responsibility of the CFO, resource allocation, and salary level, thereby affecting the value of his or her human capital.

3.4 STRATEGIES TO IMPROVE AND REALIZE THE SELF-WORTH OF THE CFO

Understanding the influencing factors of the human capital value of the CFO can help the CFO self-evaluate his or her own human capital value and then adopt corresponding strategies to enhance and realize his or her own value. There are the following several key strategies for reference:

3.4.1 Persistently strive to learn

Society is always eliminating those who do not learn, and the CFO should persistently strive to learn and improve their human capital value. The CFO should continuously monitor industry trends, regularly participate in professional training and seminars, and update his or her knowledge system. If conditions permit, the CFO should actively improve their education and obtain necessary professional qualification certificates to enhance professional qualification level and competitiveness in the workplace.

3.4.2 Accumulate practical experience

The CFO should enhance the value of his or her human capital through the accumulation of practical experience. Practical experience is not only reflected in financial management and analysis but also in decision-making in complex environments and collaboration with other departments and stakeholders. The CFO can accumulate practical experience through the following aspects: taking the initiative to undertake important projects or tasks, persisting and solving problems encountered; expanding the scope of job responsibilities, learning more about the work content of other departments and colleagues, in order to obtain a more comprehensive perspective; deeply understanding the business to comprehend the meaning behind the report numbers; understanding potential issues in the business process and make adjustments accordingly; regularly reflecting on whether one's communication style, management methods, and decision-making are reasonable, and whether the team's work situation and results are good.

3.4.3 Establish a good professional brand

A good professional brand can help enhance the influence of the CFO both inside and outside the company, thereby gaining more opportunities and trust. The CFO needs to demonstrate a high level of professional ethics and integrity, winning the trust of colleagues and management through fair and transparent decision-making and good professional behavior, in order to enhance self-worth. The CFO needs to learn how to effectively showcase their professional knowledge and achievements to internal and external stakeholders to establish a good reputation in the industry, which can be achieved through publishing professional articles, participating in public event speeches, or organizing internal training.

3.4.4 *Develop and utilize friendsourcing*

Strong friendsourcing and excellent resource mobilization ability are important ways to enhance the influence of the CFO both inside and outside the company. The CFO should actively establish and develop his personal friendsourcing, including relatives, friends, peers, business partners, intermediaries, and entrepreneurs. This helps to obtain the latest industry information and resources for establishing cooperation and mutual assistance in the future, including but not limited to business, work, and learning, as well as seeking support at critical moments.

3.4.5 *Expand thinking and perspectives*

The CFO should jump out of the financial thinking framework, think questions from the perspective of the boss and the business, actively participate in the formulation of corporate strategies, proactively understand and participate in the business, achieve the integration of business and finance, and thus influence the overall development of the enterprise. At the same time, the CFO not only needs to be familiar with interdisciplinary knowledge such as technology, market trends, international business, communication, and negotiation to adapt to the constantly changing business environment, but also needs to learn upward management, become friends with the boss, and guide others to understand his or her own ideas and motivations in order to carry out work smoothly.

3.4.6 *Proactively innovate and seize opportunities*

The CFO should often pay attention to opportunities within the company and in the job market. Proactively proposing innovative suggestions internally, such as optimizing financial processes, introducing new financing methods, and applying technology to the accounting field, to improve operational efficiency and corporate benefits, actively participating and playing a leadership role can significantly enhance personal value, especially during critical periods of company transformation or change. Meanwhile, while walking, look up at the road. If there are better career development opportunities, actively seize them to better showcase personal value.

CONCLUSION

Human capital can create value for enterprises. As a key human capital in modern enterprises, the CFO plays multiple important roles, such as strategic partner, information processing center, risk control expert, corporate governance mover, and coordination and communication master. His or her contribution to the value of the enterprise is mainly reflected in many aspects, such as strategic management, financial analysis, capital operation, organizational innovation, financial management, tax management, internal control management, risk management, communication, and coordination. The human capital value of the CFO is influenced by various internal and external factors such as ideological values, educational background, work experience, professional qualifications, historical performance, friendsourcing and ability to mobilize resources, and the situation of the enterprise. CFOs can enhance and realize their self-worth by persistently striving to learn, accumulating practical experience, establishing a good professional brand, developing and utilizing network resources, broadening their thinking and vision, and actively innovating and seizing opportunities.

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