Human Capital and Creation of Reputation and Financial Performance

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Abstract: The aim of this paper is to show how managing human capital companies are able to enhance their corporate reputation and financial performance. In particular, this preliminary study analyses the impact of human capital on reputation perceived by employees and financial performance (by means of the return on capital employed -ROCE-). Using a database of Spanish audit sector and applying an exploratory and confirmatory factor analyses, three factors of human capital are obtained (Staff Quality, Staff Management and Staff Results) which have been related to the dimensions of employees' views of reputation and ROCE through a path analysis. The results reveal that staff quality (firms with creative employees, who perform their best and think actions through, and where there is no trouble if individuals left) has a significant and positive influence on all the dimensions of reputation. Staff management (firms with clear recruitment and succession training programs, upgrade employees' skills and employees who give their all) has a significant and positive impact on resource management, ethics and media reputation. Staff results (employees are satisfied and they do not have to bring down to others' level) have a positive and significant effect on business leadership, resource management, ethics and media reputation. No significant effects are found in when human capital factors and financial performance are linked as a consequence of the financial crisis. We also obtained unexpected results in the impact of reputation perceived by employees on financial performance. In any case, a practical implication for these results is that service companies which manage adequately their human capital can increase the employee views of corporate reputation, having the factor Staff Quality a double significant and positive influence on reputation than other two factors.

Keywords: human capital factors, corporate reputation, financial performance, Spanish audit firms.

1. Introduction

Literature has demonstrated that intangible assets are source of competitive advantage (Martín et al., 2004; Hall, 1993; Grant, 1991) and organizations have tried to optimize them over time (Zabala et al., 2005). Among them, intellectual capital is considered as a key potential source of sustainable competitive advantage (Bontis, 2002; Edvinsson and Malone, 1997; Nonaka and Takeuchi, 1995). However, its intangible nature (because they are characterized as hidden assets) makes difficult to identify their contribution of a company and quantify them in a financial statement (Maditinos et al., 2011; Edvinsson, 1997).

Intellectual capital is defined as the knowledge, information, intellectual property and experience that can be put into use to create wealth, being a collective brainpower or packaged useful knowledge (Stewart, 1997). This reflects certain features such as (Shih et al., 2010): its intangibility, its value increase (Edvinsson and Sullivan, 1996), and the growth effect of collective practice (Cabrita and Bontis, 2008).

The influence of intellectual capital on business performance has been also proved by researchers (Cabrita y Bontis, 2008; Bontis, 1998; Stewart, 1997; Sveiby, 1997). In fact, intellectual capital can represent the future earnings capabilities of a company, being therefore a leading indicator (Edvinsson and Malone, 1997).

To measure and manage intellectual capital, it has been divided into three components: human, structural and relational capital (Marr and Roos, 2005; Bontis, 2002, 1998; Brennan and Connell, 2000; Petty and Guthrie, 2000; Edvinsson and Malone, 1997; Roos *et al.*, 1997; Stewart, 1997; Sveiby, 1997; Edvinsson and Sullivan, 1996). Human capital refers the individual stock of knowledge accumulated by a firm's employees (Roos et al., 1997). It also includes individual experiences, ideas, values, attitudes, abilities (like creativity, know-how, loyalty, etc.), and competences of the people who work in the organization (employees and managers). Structural capital refers to the general system and procedures of the organization for problem-solving and innovation, and is the supportive infrastructure for human capital. It "consists of innovation capital (intellectual assets such as patents) and process capital (organizational procedures and processes)" (Sofian et al., 2006: 14). Therefore, it is the value strategic asset which is comprised of non-human assets such as information systems, routines, procedures and databases (Cabrita and Bontis, 2008), and reflects the value of what is left when the human capital – the employees – has gone home (Ordoñez, 2003). Relational capital is the knowledge embedded in the relationships with customers, suppliers, industry associations, networks or any other stakeholder that influence the organization's life (Cabrita and Bontis, 2008).

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Several studies have shown that human capital is the most relevant component of intellectual capital (Cabrita and Bontis, 2008; Marr and Roos, 2005), giving its role as driving force of the other two (Cabrita and Bontis, 2008; Bontis, 2002, 1998). As human capital is related with employees' knowledge, its effect on labor-intensive services may be higher. In services employees are basic on the firm's results (Brown et al., 2007; Hitt et al., 2006 and 2001; Skaggs and Youndt, 2004) and how it is perceived by the rest of stakeholders. According to this, we consider that it is important to analyze the effects of human capital on certain outcomes such as reputation and financial performance in order to improve the management of human capital and highlight its relevance.

Corporate reputation is another intangible asset that is source of competitive advantage (Roberts and Dowling 2002; Fombrun 1996; Barney 1991; Grant 1991). It is hard to imitate and can contribute to superior profits, having a positive effect on value creation (De Quevedo 2003) and business performance (Villafañe, 2004; Roberts and Dowling, 2002; Fombrun, 1996). Although there is no a broad agreement about the definition of corporate reputation, a widely accepted definition is the established by Fombrun (1996). He defines it as a representative perception of a company based on their past performance and future prospects that distinguish the enterprise from the rest. Thus, corporate reputation is 'a global and temporally stable perception about a firm that is shared by multiple stakeholders' (Highhouse et al., 2009: 783). According to this, corporate reputation can be measured from the internal (mainly employees) and external (mainly customers) perspective (Olmedo-Cifuentes et al., 2014). As human capital is mainly generated by the knowledge shared among organizational members and it is connected to the firm's history and experiences (Von Krogh et al., 1994) as in the case of corporate reputation (Villafañe, 2004), we analyze its relation. Hence, reputation perceived by employees or internal reputation have been considered to study the direct connection between two internal intangible assets.

In the case of financial results, several studies have connected intellectual capital and business performance following the model proposed by Bontis (1998) (some of the latest research are Khalique et al., 2015; Mention and Bontis, 2013; Sharabati et al., 2010). This model consists of studying how: a) human capital generates structural and relational capitals, b) relational capital affects structural capital, and c) structural and relational capital impact on corporate performance. Thus, the direct influence of human capital on performance is not much studied as well as performance is a perceptional (soft) measure and not an accounting-base (hard) measure. This gap should be covered because human capital is the most important component of intellectual capital and analyzing its particular effects on financial performance may influence managers to enhance its management.

Therefore, the aim of this preliminary study is to analyze the impact of human capital on reputation perceived by employees and financial performance in order to enhance them through the human capital management. To achieve this, the paper has been divided into four sections. The first section deals with the theoretical framework in order to establish the research hypotheses. The second reports the research method about sample, data collection, measures used and its reliability and validity, and the procedure to test the hypotheses. Results are included in the third section and the fourth one puts forward the discussion and conclusions, laying down the contributions and implications as well as limitations and future research paths.

2. Literature review

Human capital captures the knowledge, professional skills, experience and creativity of employees (Sofian et al., 2006). On an individual level, it can be defined as the combination of genetic inheritance, education, experience and attitudes about life and business (Hudson, 1993). Human capital is not tradable and not owned by the organization, it is a result generated by professional knowledge and skills of employees (Shih et al., 2010). Their strategic value refers to its potential to improve the efficiency and effectiveness of the firm, exploit market opportunities, and/or neutralize potential threats (Barney, 1991; Ulrich and Lake, 1991).

Human capital is important in all the industries but especially in knowledge-based organizations where employees' knowledge is critical (Edvinsson and Malone, 1997). Service firms try to rely on stable and long lasting relationships with their clients and this largely depends on employees (Cabrita and Bontis, 2008) because they interact directly with customers and represent the firm in each interaction with customers and other stakeholders (Helm, 2011). Employees can also influence the opinions of customers, improving their perceptions. In this context, employees' performance is a critical differentiator of the firm's performance (Cabrita and Bontis, 2008).

Following this idea, when a firm develops a good human capital management, it may obtain two benefits. On the one hand it is improving the employees' knowledge, skills, values, attitudes, ideas and competences, taking into account their abilities, favoring analytical thinking, experiment, system integration and cooperation (Grantham and Nichols, 1997). On the other hand, the firm is searching for the best perform of its employees and their satisfaction. The more positively employees perceive their organization, the more positive will be the impression they will give to customers and other stakeholders (Olmedo-Cifuentes et al., 2014). Thus, employees become ambassadors of the firm (Fisher-Buttinger and Vallaster, 2008), holding the key to creating and maintaining positive and long-term relationships with customers (Grönroos, 1984). Consequently, this interaction with frontline employees will be a seed of the creation of reputation.

Corporate reputation is 'a synthesis of the opinions, perceptions, and attitudes of an organization's stakeholders' (Post and Griffin 1997: 165). Among the different stakeholders, employees are one of the most important groups for service firms because of their influence in other important groups such as customers (Gremler and Gwinner, 2000). In fact, Alsop (2004: 148) likens employees to 'corporate ambassadors', who safeguard corporate reputation and spread goodwill in support of the firm (Fisher-Buttinger and Vallaster, 2008). Furthermore, Fombrun et al*.* (2000) reported that the greatest reputation leverage can be achieved through employees.

Therefore, it seems to be a link among human capital and corporate reputation. However, the literature offers different approaches. First, reputation is considered as a part of relational capital (Sveiby, 2000, 1997). This point of view has sense if we consider the reputation from the external perspective, associated mainly with customers or external stakeholders. A second approach is exposed by Lee (2008) who says that reputation is a result of intellectual capital since reputation is considered as firm status attribute. Apart from this, Suciu et al. (2012) considered the personnel reputation which does not refer to corporate reputation but the own reputation of each employee is what affects human capital.

In this research, corporate reputation has been considered as a byproduct (or a result) of intellectual capital (Petty and Guthrie, 2000; Harrison and Sullivan, 2000), not being firm's reputation a part of IC (Petty and Guthrie, 2000). Moreover, the process of building good corporate reputation is closely related to knowledge management of the intangible assets that make up its intellectual capital (Zabala et al., 2005). Actually, corporate reputation in services firms arises out of the daily management of intellectual capital so that it can be transformed into corporate reputation over years (Zabala et al., 2005). As this research is going to bear in mind the reputation perceived by employees, we believe that human capital will affect this perception. Therefore, we consider that:

H1: Human capital is positively associated with corporate reputation perceived by employees.

In particular, we are going to analyze which aspects of human capital have an influence on each one of the dimensions that generates reputation from the perspective of employees.

As we have mentioned above, most studies have used the evaluations and opinions from managers to assess business performance (soft measures), and few of them have related hard measures such as financial indicators to intellectual capital and, in particular, with human capital. Chen et al. (2005) conclude that intellectual capital is positively related to the firm's market value and financial performance, considering return on equity (ROE), return on total assets (ROA), growth in revenues and employee productivity. Thus, they establish that 'intellectual capital efficiency may be an indicator for firm's future financial performance' (Chen at el., 2005: 174). Following a similar approach, Maditinos et al. (2011) obtain a significant and positive relation between human capital efficiency and financial performance measured through ROE (no significant relation with ROA and growth revenues). According to this, the suggested hypothesis is:

H2: Human capital is positively associated with financial performance.

Finally, we also consider the possible relation between reputation perceived by employees and financial performance. In general, reputation is tightly linked to firm performance (Fombrun and Shanley, 1990) although there is a little of controversy about the causal ordering of this relation. While some authors argue that having a good reputation leads to better business results (see Bergh et al., 2010), others claim that companies which have stronger financial performance will enjoy superior reputation (see Lange et al., 2011). Likewise, Fombrun and Shanley (1990) showed that profitability measured as return on capital invested is positively related to reputation, whereas Roberts and Dowling (1997) provide evidence indicating that firms with stronger reputation are more likely to attain and sustain higher returns regardless of the previous performance of the firm.

However, when companies have developed their business activities during a certain period of time in their sectors, they have a certain reputation level which may influence their future results. For example, Davies *et al.* (2010) show that future sales volume is affected when customers' perception of a firm has been influenced by their interaction with employees. Thus, how employees see their company today will influence future performance as a positive reputation can affect their own motivation (Smidts *et al*., 2001). In this line, a higher level of employees' perceptions of corporate reputation may show the properly use of the resources that have been developed by the company. Hence, we proposed that:

H3: Reputation perceived by employees is positively associated with financial performance.

3. Method

3.1 Sample and data collection

To test the hypotheses proposed, data was collected from SMEs Spanish accounting audit firms because they are part of a service sector where services are fundamentally based on the talent of the staff and on the experience and knowledge acquired in the course of time (human capital) (Zabala et al., 2005). As well as this, employees are important actors in the interaction with customers and, therefore, in the configuration of the employer's corporate reputation.

A sample of 523 firms, with less than 250 employees and a minimum of 2, was selected using SABI database. The survey was implemented through a questionnaire. It includes questions about a pool of items related to human capital and corporate reputation on a 7-point Likert scale (1=strongly disagree and 7=strongly agree), where employees were asked whether they saw those items as being true of their firm. Before sending it through postal and electronic mail, a pre-test was conducted among 5 accounting auditors and 5 professors of accounting and finance areas to ensure the use of adequate vocabulary and contents.

Finally, we obtained 106 responses from the employees, having an acceptable response rate. In general, firms that participated have: an average experience of 21 years in the market, no significant changes in the employment and a low presence of women in senior positions. The average age of respondents was 32.5 years with an average of 6.5 years of tenure in their respective companies and whose main educational level was the university degree (76.8%). As for the job position, 24.8 % were senior auditors, 21.1% were junior auditors, and 54.1% assistants.

3.2 Measures: reliability and validity

Human capital was measured using the scale proposed by Bontis (1998) with 20 items. An exploratory factor analysis (EFA) of principal components and varimax rotation was developed using SPSS. Following the indications of Hair et al. (2009) we obtained the results showed in Table 1.

Table 1. Results of EFA for Human Capital (items - excepts from questionnaire)

Items from Human Capital (HC)	**Factor 1**	**Factor 2**	**Factor 3**	**Factor 4**
No internal relationships (HC5)	0.772			
Big trouble if individuals left (HC13)	0.746			
Rarely think actions through (HC14)	0.718			
Individuals learn from others (HC16)	0.674			
Employees perform their best (HC11)	0.655			
Come up with new ideas (HC6)	0.618			
Succession training program (HC2)		0.880		
Recruitment program comprehensive (HC12)		0.860		
Employees give it their all (HC20)		0.856		
Upgrade employees' skills (HC7)		0.808		
Competence ideal level (HC1)			0.879	
Employees are satisfied (HC10)			0.878	
No bring down to others' level (HC19)			0.741	
Planners on schedule (HC3)				0.917
Employees voice opinions (HC17)				0.800
Explained variance (%)	33.27	14.46	11.19	10.87
KMO=.783; Sig. Bartlett's test of sphericity=.000				

To assure internal consistency, reliability and convergent validity, a confirmatory factor analysis (CFA) was calculated using AMOS, following the criteria proposed by Hair et al. (2009) and Bagozzi et al. (1991) (Table 2). We obtained three factors as determinants of HC: staff quality, staff management and staff results.

Table 2. Results of CFA for Human Capital factors

HC Factors	Items – Excerpts from questionnaire	Std. regression weight	α > 0.7	AVE > 0.5	SCR > 0.7
Staff Quality	Big trouble if individuals left (HC13)	.811	.733	0.545	0.739
	Rarely think actions through (HC14)	.689			
	Come up with new ideas (HC6)	.538			
	Employees perform their best (HC11)	.509			
Staff Management	Succession training program (HC2)	.809	.893	0.507	0.714
	Recruitment program comprehensive (HC12)	.575			
	Employees give it their all (HC20)	.598			
	Upgrade employees' skills (HC7)	.505			
Staff Results	Employees are satisfied (HC10)	.835	.798	0.513	0.702
	No bring down to others' level (HC19)	.502			
Model Fit	χ^2=20.89, df=32, P=.934 GFI=.962, AGFI=.935, NFI=.934, CFI=.998, PNFI=.664 RMSEA=.000, Hoelter 0.01=262				

α= Cronbach´s alpha; AVE: Average variance extracted; SCR: Scale composite reliability.

Before studying the relationship among these human capital factors, reputation dimensions and financial performance, human capital factors were averaged to create a single measure of each one. Table 3 shows the means, standards deviation and cero-order correlation of them.

Table 3. Correlations and descriptive statistics of Human Capital factors

	Mean (S.D.)	1	2	3
1. Staff Quality	5.389 (.684)	.738		
2. Staff Management	5.155 (.739)	.653**	.712	
3. Staff Results	4.902 (.807)	.233*	.267**	.716

Significance levels: ** p<.01, * p<.05 (two-tailed test). Bold numbers on the diagonal: squared root of AVE.

Corporate reputation perceived by employees was measured through the different dimensions proposed by Martínez and Olmedo (2012) and Olmedo et al. (2014), where the psychometric properties of these measures were checked. As in the case of human capital, corporate reputation dimensions were averaged to create a single measure of each one, offering the means, standards deviation and cero-order correlation of them in Table 4.

Table 4. Correlations and descriptive statistics of CR dimensions

	Mean (S.D.)	**1**	**2**	**3**	**4**	**5**	**6**
1. Resource Management	5.385 (.748)	1					
2. Business leadership	5.023 (.833)	.355**	1				
3. Culture and CSR	5.003 (.990)	.320**	.373**	1			
4. Ethics	5.279 (1.450)	.655**	.281**	.427**	1		
5. Media reputation	3.485 (1.622)	.244**	.195*	.142*	.192*	1	
6. Customer loyalty	6.14 (.852)	.304**	.134*	.158*	.388**	.134*	1

Significance levels: ** p<.01, * p<.05 (two-tailed test). CSR: Corporate social Responsibility

Finally, as measure of financial performance we selected the indicator return on capital employed (ROCE) because it points out the profitability of a company's capital investments, reflecting how efficiently the long-term funds of the lenders and owners are being used. A high ROCE can indicate that a larger portion of profits are reinvested back into the company. As well as this, ROCE may be more sensitive to the increase of employees' productivity and performance because it does not included debts. Some research has used this measure to analyze financial performance in SMEs (McKiernan and Morris, 1994; Widarni, 2015) and service companies (Ogbonna and Appah, 2014).

This variable was taken from the SABI database (online database with financial information on more than 1,080,000 Spanish and 320,000 Portuguese companies).

In order to achieve the aim of this research, a path analysis with maximum likelihood estimation was carried out to know from an internal perspective if the human capital factors have an influence on the dimensions that create corporate reputation and the financial performance of the company.

4. Results

Bearing in mind the preliminary nature of this study, a path analysis that links each human capital factor (staff quality, management and results) with each corporate reputation dimension (resource management, business leadership, culture and CSR, ethics, media reputation and customer loyalty) and financial performance is analyzed. As supposed, some of the relationships were not significant, so we decided to remove them in order to have a clearer picture about the general and particular effects. Table 6 shows the results obtained.

Staff quality has a significant and positive influence on all the dimensions of reputation. Thus, firms use more qualified staff (creative, motivated to be productive and system-thinking), where there is no trouble if individuals left, get better results in management of resources, business leadership, culture, ethics, media reputation and customer loyalty; configuring a better corporate reputation.

Table 6. Results of the path analysis

			Std. factor loading	Std. Error	t-value	P*
Staff Quality	→	Resource management	.355	.159	3.205	.000
Staff Quality	→	Business leadership	.360	.125	4.000	.000
Staff Quality	→	Culture and CSR	.510	.125	5.863	.000
Staff Quality	→	Ethics	.250	.171	2.137	.017
Staff Quality	→	Media reputation	-.169	.173	-1.372	.085
Staff Quality	→	Customer loyalty	.444	.114	4.893	.000
Staff Quality	→	**Financial performance**	.015	11.082	.096	.462
Staff Management	→	Resource management	.169	.141	1.577	.029
Staff Management	→	Ethics	.214	.148	1.956	.041
Staff Management	→	Media reputation	.415	.155	3.479	.000
Staff Management	→	**Financial performance**	.123	9.179	.889	.187
Staff Results	→	Resource management	.134	.102	1.575	.057
Staff Results	→	Business leadership	.257	.104	2.998	.000
Staff Results	→	Ethics	.146	.109	1.660	.050
Staff Results	→	Media reputation	.182	.111	1.945	.022
Staff Results	→	Customer loyalty	.123	.093	1.386	.100
Staff Results	→	**Financial performance**	-.067	6.305	-.627	.266
Resource management	→	Financial performance	.237	6.877	1.697	.045
Business leadership	→	Financial performance	.114	5.994	.968	.167
Culture and CSR	→	Financial performance	-.094	6.055	-.766	.222
Ethics	→	Financial performance	-.205	6.511	-1.527	.064
Media reputation	→	Financial performance	-.100	5.418	-.928	.177
Customer loyalty	→	Financial performance	-.194	6.348	-1.726	.042
Model fit	χ^2=1.607, df=4, P=.808 GFI=.997, AGFI=.955, NFI=.955, CFI=1, PNFI=.088 RMSEA=.000, Hoelter 0.01=810					

* One-tailed test

Staff management has a significant and positive impact on resource management, ethics and media reputation. The positive relation between staff management and resource management is congruent because firm with adequate recruitment and training process as well as job positions' motivation and integration may employ professional staff who has a wide knowledge, competence and skills to optimize the resource management. Likewise, these firms can recruit people with more similar ethic standards and compliance, or provide them extra training in this area, developing high and homogeneous level of their ethical behaviors, which is reflected in the ethical component of audit firms' service, confirming the positive and significant relation between staff management and ethics. Then, audit firms have high levels of one of their most important asset: ethic, which implies that their work has considered with a minimum level of quality and their reports reflect the perceived situation of the company. Then the stakeholders do not suffer any negative effect derived from the firm's negligence o absence of ethic, which is very important for the audit sector. This situation generates positive expectations about the workplace and the company among employees, who translate them to the customers and other stakeholders, improving media reputation.

Staff results have a significant and positive effect on resource management, business leadership, ethics and media reputation. In service firms, satisfied employees may optimize the use of the resources and produce the highest quality services to clients and thereby contribute significantly to resource management. Additionally, frontline employees interact with the customers, playing a crucial role in dealing with a wide variety of customer needs and delivering exceptional quality to customers (Parasuraman et al., 1988; Rust et al., 1996). On the other hand, the attributes of staff results on frontline employees allow developing and using high ethical standards in their work, improving this dimension of reputation. In such cases, the satisfaction of the employees and their possibilities of not bringing up to others' level are transmitted to the customers, which improve their perception of service quality and public opinion of the firm, getting firms better external recognition. This acknowledgment is reflected in the media, developing and increasing media reputation, even from other stakeholders' views (i.e., bank credit services and tax offices), providing an adequate business leadership. In audit sector, the ethics is an important issue and results strengthen the ethics of the audit firm.

According to these results, hypothesis 1 is accepted, which means that human capital has a positive effect on corporate reputation perceived by employees, where staff quality is the human capital factor with more influence.

However, the effect of each one of the factors that compound human capital is not significant on ROCE, even if we do not included the reputation dimensions. Thus, hypothesis 2 is rejected.

Finally, in the study of the influence of corporate reputation on financial performance, only three of the six dimensions of reputation perceived by employees have a significant impact on ROCE and two of them are negative. Hence, hypothesis 3 is also rejected. The negative effects are analyzed in the next section.

5. Discussion and conclusions

In this preliminary study we have analyzed the effect that human capital has on the creation of corporate reputation from the perspective of employees. As well as this, the impacts of human capital and reputation on financial performance have been studied.

First, we have obtained three factors that compound the human capital: staff quality, staff management and staff results. These factors have been linked to the dimensions that create corporate reputation from the perspective of managers getting, in general, positive and significant relations. Therefore, the adequate management of human capital is positively associated with the creation of corporate reputation, being the more affected dimensions (cumulatively) resource management, business leadership, ethics and media reputation. In particular, staff quality is the human capital factor that has a major influence in all the corporate reputation dimensions despite the negative effect on media reputation. An explanation for this result may be that high creative and productive employees need time to persuade of the implantation of new work procedures and systems in audit firms, improving the administration of resource management, culture and CSR, ethics, and consequently customer loyalty and business leadership. If they leave the companies before their contributions are embedded in the work system or are not at full capacity, thus, audit firm suffers big trouble, losing the most profitable human capital. That situation is detected by the media, which perceive that best employees (creative, productive and system-thinking) are leaving the company, which is negatively valued and associated with the audit firm. Consequently, the company receives worst media reputation, establishing a negative relationship between both concepts. In any case, more research about this issue is necessary. Curiously, staff quality is the only factor of human capital that has an effect on culture and corporate social responsibility.

Staff management only has a positive and significant impact on resource management, media reputation and ethics. Succession training and recruitment programs as well as upgrade employees' skills should have a significant and positive relationship with culture and CSR, business leadership and customer loyalty. However, its effect is reduced over those dimensions. The main reason of this situation is that the audit firms are not doing a recruitment program, because their business and turnovers have been reduced in the last years (time of crisis), and they are laying off staff. Moreover, the training investment has been diminished until legal requirement as consequence of the low profits. In this situation, the training investment is more oriented to legal changes than culture and management, reducing their business leadership and customer loyalty. Likewise, the economic crisis has generated big changes in the audit market, disappearing some customers, reducing their size or changing their traditional audit firm because they look for cheap services, or less ethic and legal requirements to obtain the audit reports. These reasons consequently justify the non-significant relation between staff management and customer loyalty.

Finally, staff results (employee satisfaction and their prevalence over other firms) have a major influence on business leadership, which is consistent with the idea that the best performance of the employees is going to benefit the company with a leadership over the sector. Employee satisfaction and the possibilities of not bringing up to other employees level (staff results) also have a positive and significant effects on the way the company manage it capital and human resources (resource management), the commitment and respect of codes of conduct (ethics) and the visibility of the company in the media (media reputation); as we explained above. However, staff results have not got significant influence on culture and CSR because they are clearly managed by the managers, and not by the set of employees. In spite of this situation, the factor of staff results has a strong influence on corporate reputation, influencing in four of six dimensions.

Regarding human capital and its effect on financial performance, we have found no significant relation with any of the three factors that compound human capital. The main reason for these results may be that financial crisis has affected especially to audit firms. Many companies have closed in the last years and the demand of accounting audit services has down, increasing the competence in prices at the sector and reducing the human capital because of the reductions of staff. As well as this handicap, other authors as Maditinos et al. (2011) found that human capital does not affect in the same way all the firm financial performance. They only find significant effects on ROE. Other possible reason of these results may be that human capital has not got enough direct effect on financial performance during the crisis, requiring taking into account the other two components of intellectual simultaneously, as in the Bontis's model (1998).

Finally, only three of the dimensions that compound corporate reputation perceived by employees have an influence on financial performance. However, the effect is not the expected. Although a good resource management has a positive impact on ROCE, ethics and customer loyalty have a negative effect. This could be also a consequence of the financial crisis. The increasing competence at the sector has made that employee commitment with a certain ethical standards associated with their work have relaxed, especially to attract new customers or reduce the service time because they need compensate incomes and costs. Therefore, firms with low ethic get better financial results. On the other hand, loyal customers claim for reductions in the service price, because other audit competitors are offering cheaper services, which become them less profitable than new ones. Consequently, the loyalty of customer is not providing higher financial results. Thus, in a crisis situation reputation does not have the expected effects on financial performance.

In conclusion, our results underline the importance of human capital in the configuration of internal reputation, confirming the key role of intellectual capital in the formation of the corporate reputation. In the case of effects of human capital and reputation on the financial performance, more research is necessary to conclude if financial situation is affected by both. However, the main limitation of this paper is its preliminary nature, the need to study other service sectors to generalize the results, as well as the size of the companies, and developing the empirical study not during a period of crisis, when the companies are suffering high competition and changes. As future research paths, it is evident that more research is necessary to study the relationships among the three components of intellectual capital and corporate reputation. We also may try to replicate the Bontis' model (1998), estimating if all the components of intellectual capital (not only human capital but also structural and relational capitals) have an influence on corporate reputation, and on other organizational outcomes (financial and operative results).

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