

**T.C.
ISTANBUL GEDİK UNIVERSITY
INSTITUTE OF GRADUATE STUDIES**



**THE IMPACT OF HUMAN RESOURCE PLANNING ON FINANCIAL
PERFORMANCE IN BANKING SECTOR: STUDY ON REGISTERED
COMMERCIAL BANKS IN THE PRIVATE IRAQI MARKET**

MASTER'S THESIS

Aboalhasan Mudafar Mohammed ALKADHIM

Business Administration Department

Business Administration Master in English Program

DECEMBER 2021

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Thesis Advisor: Prof. Dr. Enver Alper GÜVEL

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T.C.
İSTANBUL GEDİK ÜNİVERSİTESİ
LİSANSÜSTÜ EĞİTİM ENSTİTÜSÜ MÜDÜRLÜĞÜ

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DECLARATION

I, Aboalhasan Mudafar Mohammed ALKADHIM'in, do hereby declare that this thesis titled as "Case Study on BIM Application for Nzeb of the Existing Structure" is original work done by me for the award of the masters degree in the faculty of Engineering Management. I also declare that this thesis or any part of it has not been submitted and presented for any other degree or research paper in any other university or institution. (14/12/2021)

Aboalhasan Mudafar Mohammed ALKADHIM'in

PREFACE

To everyone who taught me, especially the Department of Business Administration, Gedik University, and in particular Prof. Dr. Enver Alper GÜVEL And also to my parents who brought me to this stage of my life and supported me with all my steps and to my friends with my full gratitude to everyone who helped me...

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Aboalhasan Mudafar Mohammed ALKADHIM

TABLE OF CONTENT

	<u>Page</u>
PREFACE	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES	viii
ABSTRACT	ix
ÖZET	x
1. INTRODUCTION	1
1.1 Study Topic	1
1.2 Purpose of Thesis	2
1.3 Literature Review	3
1.4 Hypothesis	7
2. HUMAN RESOURCE MANAGEMENT AND PLANNING	8
2.1 Human Resource Planning (HRP).....	8
2.1.1 Definition of human resource planning	8
2.1.2 Nature of human resource planning.....	9
2.1.3 Objectives of human resource planning	10
2.1.4 Need for human resource planning in organizations	12
2.1.5 Importance of human resource planning	14
2.2 Theories and Models of Human Resource Planning	15
2.3 Factors Affecting Human Resource Planning	20
2.4 Human Resource Planning Process	25
2.5 Requisites for Successful Human Resource Planning.....	29
2.6 Barriers To Human Resource Planning.....	29
2.7 Effectiveness of Human Resource Management Planning	31
3. FINANCIAL PERFORMANCE IN BANKING SECTOR: THEORETICAL CONSIDERATIONS	35
3.1 Financial Performance Concept	35
3.2 A Brief Historical Review of Financial Performance	37
3.3 Elements of Financial Performance	45
3.3.1 The profit zone.....	45
3.4 Measuring Financial Performance	47
3.4.1 Profit margin.....	48
3.4.2 Return on assets (ROA).....	48
3.4.3 Return on equity (ROE).....	48
3.4.4 Du point identity	49
3.4.5 Earnings per share (EPS).....	50
3.4.6 Price/Earnings ratio (P/E Ratio)	50
3.4.7 Excess value (EV)	50
3.4.8 Return on capital (ROC).....	51
3.4.9 Economic value added (EVA).....	51
3.5 Determinants of Bank Financial Performance	53

3.6 The Banking System and Financial Performance in Iraq.....	56
3.6.1 The Iraqi financial system	57
3.6.2 The Banking system	57
3.6.3 State-owned banks	58
3.6.4 Private banks	59
3.6.5 Challenges in the banking system	59
4. RESEARCH METHODOLOGY	61
4.1 Population of the Research.....	61
4.2 Sample and Data Collection	61
4.3 Data Collection Tool	62
4.4 Results	62
4.5 Multi-Collinearity Analysis.....	68
5. CONCLUSION.....	70
5.1 Discussion	70
5.2 Recommendations	70
5.3 Research Implications	71
5.4 Research Limitation and Suggestion for Further Studies.....	72
REFERENCES.....	73
RESUME.....	77

LIST OF TABLES

	<u>Page</u>
Table 2.1: Degree of uncertainty and length of planning period	24
Table 2.2: Levels of human resource planning information	24
Table 4.1: Demographic Summary of Survey Responses.....	62
Table 4.2: Normality Assessment	63
Table 4.3: Mean, std. deviation, skewness and kurtosis analyzes.....	63
Table 4.4: Factor loading and cronbach's reliability analyzes.....	65
Table 4.5: Reliability statistics	66
Table 4.6: Mean , std. deviation and correlations between factors	67
Table 4.7: Regression analyze results	67
Table 4.8: Collinearity statistics.....	68
Table 4.9: Collinearity diagnostics (a)	69

LIST OF FIGURES

	<u>Page</u>
Figure 2.1: Harvard model of human resource planning	20
Figure 2.2: Factors that influence human resource planning	21
Figure 2.3: Human resource planning process	26
Figure 4.1: Outliers and influencers	65

**THE IMPACT OF HUMAN RESOURCE PLANNING ON FINANCIAL
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ABSTRACT

The goal of this study was to see how human resource planning affected the financial performance of Iraqi banks. A survey questionnaire was prepared and distributed among chosen bankers working in two large Iraqi banks in order to achieve this goal. A total of 116 questionnaires were issued, with 16 instances being eliminated due to a lack of responses. As a consequence, 100 replies were kept for data analysis. The researchers discovered that good human resource planning aspects and the financial performance of Iraqi banks had a favorable link. Human Resource Planning, Recruitment and Selection, Compensation and Rewards System, Training and Development, Career Planning, and Financial Performance all have a favorable association. The majority of the sample respondents believe that the combination of Human Resource Planning, Recruitment and Selection, Compensation and Rewards System, Training and Development, Career Planning, and Financial Performance helps Iraqi banks improve their financial performance. The report advised that decision-makers in this industry embrace their banks' strategic human resource planning strategies.

Keywords: *Human resource planning, Financial performance, Compensation and rewards system, Recruitment and selection*

THE IMPACT OF HUMAN RESOURCE PLANNING ON FINANCIAL PERFORMANCE IN BANKING SECTOR: STUDY ON REGISTERED COMMERCIAL BANKS IN THE PRIVATE IRAQI MARKET

ÖZET

Bu çalışma, insan kaynakları planlamasının Irak bankalarının finansal performansı üzerindeki etkisini arařtırmayı amaçlamıřtır. Bu amaca ulařmak için, iki büyük Irak bankasında çalışan seçilmiş bankacılar arasında bir anket anketi tasarlanmış ve dağıtılmıştır. 116 anket dağıtıldı, 16 vaka cevap řansı nedeniyle düřtü. Sonuç olarak, veri analizi için 100 yanıt tutuldu, arařtırmacılar, etkin insan kaynakları planlama unsurları ile Irak bankalarının finansal performansı arasında pozitif bir korelasyon ilişkisi olduğunu buldular. İnsan Planlama Kaynađı, İře Alım ve Seçim, Ücret ve Ödül Sistemi, Eğitim ve Geliřim, Kariyer Planlama ve Finansal Performans arasında pozitif bir ilişki vardır. Eğitim ve Geliřim, Kariyer Planlama ve Finansal Performans, Irak bankalarının finansal performansını olumlu bir yöne taşımaktadır. Çalışma, bu sektörün karar vericilerinin bankalarının stratejik insan kaynakları planlama programlarını benimsemelerini tavsiye etti.

Anahtar Kelimeler: *İnsan kaynakları planlaması, Finansal performans, Ücret ve ödül sistemi, İře alma ve seçme*

1. INTRODUCTION

1.1 Study Topic

It has already begun to play a significant role in the company's overall strategic expansion, and this will continue to be the case going forward. Organizational human resource plans are currently integrated with the overall strategy of the corporation, according to the company. An organization's goals should be advanced through the use of human resource management activities and policies, rather than simply translating the firm's objectives into a logical, integrated, and complementary collection of human resource management activities and policies. The first stage in developing a human resource policy is to devise a strategy for implementing it. All other human resource procedures are built on top of the strategic human resource planning framework that serves as the foundation. The following are examples of such activities: employee recruitment, training, and development, compensation, evaluation, and labor relations, amongst others. In a wide number of industries and businesses, good human resource management is critical to the success of the organization. A wide range of sectors and enterprises rely on their ability to anticipate and respond to human resource needs. It has an impact on how managers hire, choose, and attract employees; in turn, these actions have an impact on the overall performance and advancement of an organization's operations. Given the challenges presented by evolving economic conditions in recent years, it is clear that human resource workforce planning is still relevant in today's competitive corporate climate (Naz, F., Aftab, J., & Awais, M. 2016).

It is included in this category because staffing an organization is a human resource planning activity that is both strategically and organizationally focused, which is why it is included in this category. HR planning, as indicated by the title of this page, is applicable across a wide range of industries and businesses, including the government. Decisions made in the domain of human resource planning have an impact on decisions made in the areas of recruiting, selection, and retention, which in turn have an impact on the overall success of the organization's operations and

advancement. Human resource planning is defined in a variety of ways in different organizations, according to their needs. A promotion to the top of the corporate hierarchy is possible in some companies as a result of human resource planning. Part of the job description includes assisting executives in making better decisions while also improving communication and providing a more thorough understanding of the organization's operations. The ultimate purpose of human resource planning is to ensure that a manager's ability to deal with current and future events is enhanced (Jery, H., & Souaï, S. ,2014).

After private banks entered the Iraqi market and large financial institutions (LFIs) began to spread throughout the country, competition between them and banks (on one hand) has resulted in a significant shift in the Iraqi banking sector, and even the Iraqi economy as a whole, which had previously been entirely reliant on government-owned banks. In recent years, private banks have entered the Iraqi market, and the growth of large financial institutions has resulted in fierce competition between them, on the one hand, and the country's commercial banks, on the other. As a result, an extraordinary situation has arisen.

The nature of bank operations, which is based on the human factor to deal directly with customers, i.e. to determine their needs and demands, along with the importance of marketing a bank's services has resulted in the human factor being recognized as an essential component of bank success, regardless of how advanced technological means are employed by these banks (Batayneh, Muhammad Turki.,2016).

One of the most pressing needs now, particularly in the Iraqi labor market, is for an in-depth and analytical investigation into human aspects in the banking sector. A number of questions arise as a result of this, including whether there is a relationship between the nature of human resources working in banking and financial performance in the banking sector, and whether the level of specialized scientific qualification for cadres working in the banking sector has a positive impact on financial performance in the banking sector For example, consider the banking industry.

1.2 Purpose of Thesis

It is one of the most important success factors for businesses to have employees who are scientifically qualified and well-trained. This is true despite the fact that many

senior leaders devote insufficient attention to human resources, particularly in the annual reports issued by their organizations, where the emphasis is on economic and financial performance as well as the amount of profits or services provided by beneficiaries. Numerous studies undertaken over the years have revealed that the presence of staff who are scientifically certified and well-trained is one of the most crucial success factors for businesses of all sizes. The ability of workers to carry out their activities and jobs in the most efficient and effective manner ensures the creation of strength and the survival of competitiveness. Therefore, in cases where employees' abilities to conduct their activities and duties are optimal, the human element is the most important resource available to enterprises (Batayneh, Muhammad Turki. ,2016).

This study was carried out in order to determine what types of human resources (or the ideal combination of manpower) banks require in order to improve their operations and raise their income.

The study will also serve as a guide for banking human resource managers to assist them in the selection of banking professionals in order to meet the established objectives, as it may reveal some errors in human resource policies pertaining to employee selection in order to improve an individual's effectiveness in the organization, as it may reveal some errors in human resource policies pertaining to employee selection in order to meet the established objectives.

1.3 Literature Review

In today's research, the topic of "human capital" has gotten a lot of attention. Human capital is defined by Bontis (1999) as the human aspect in an organization; the combined intelligence, skills, and knowledge that gives the organization its distinguishing character. Human capital, according to Armstrong (2006), is defined as any human talents, whether natural or acquired, whose worth might be enhanced by suitable development expenditures. Human capital, comprises of intangibles that employees offer to their businesses. Knowledge, skills, aptitudes, and other acquired attributes that contribute to productivity are all examples of human capital (Armstrong, M. ,2006)

As an argument in the production function, skills indicate individual capacities that contribute to production (Bowles,gintis and Osborne,2001). Early ability (whether

learned or natural) and skills obtained via formal schooling or on-the-job training are two primary components of human capital, according to Milanowski, A. T. (2011) human capital differs from other assets in that it only generates market returns in proportion to the labor supply (Hall and Johnson, 1980). Individual earnings, according to Ishikawa and Ryan (2002), are mostly determined by the stock of human capital. The fundamental distinction between HCM and Human Resource Management (HRM), according to Mayo (2001), is that the former regards people as assets while the latter treats them as expenses. In HCM, "people are value adders, not over headers," according to Kearns (2005), but in human resource management, "people are considered as substantial costs and should be handled appropriately." Workers are a major resource that managers exploit to obtain competitive advantage for their firms, (Bratton, J., & Gold, J. (2017).

In organizational research, performance is so prevalent that it is rarely openly evaluated or justified; instead, it is accepted as an indisputable assumption (Devinney et al., 2005). The numerous ways in which organizations might be successful are covered by multidimensionality of performance; the domain of which is perhaps as wide as the many ways in which organizations function and interact with their environment(Devinney et al., 2005) .

The number of empirical research studies investigating the relationship between human resource management methods and financial performance has increased in recent years as well, as a result of the growing interest in human resource management (HRM). For its part, the goal of this study is to examine the influence of seven different human resource management systems on the financial performance of Saudi Arabian banks. Quresh et al. (2010) It is the authors' intention in this study to investigate the impact of human resource management approaches on the performance of Pakistani financial institutions' financial performance. The primary objective of the study was to investigate whether or not there was a relationship between human resource management strategies and financial performance at a financial institution in question.

A total of 66 out of the 46 scheduled banks were contacted, with 38 of them indicating that they had received the communication. Some of the human resource management tactics employed in the research project were selection, training, performance management, compensation management, and employee engagement.

Compensation management and employee participation were among the other tactics employed. When stepwise regression, Pearson correlation, and descriptive statistics were used in concert with one other, they produced empirical data that could be used to support theoretical models that linked human resource management methods to bank financial success. Despite the fact that all of the components assessed had a good relationship with and influence on bank financial performance, the outcomes of the study revealed that the most significant contributing activities were selection and training, remuneration, and employee involvement (Bratton, J., & Gold, J.,2017).

According to Mildred (2012), she conducted a study in which her major objective was to determine the impact of Human Resource Management Practices on the financial performance of Kenyan commercial banks, which she published in 2012. In this study, the research sample included all 43 commercial banks that were licensed in Kenya at the time of the study's completion. The data was analyzed using descriptive statistics, which was carried out with the help of SPSS, a statistical tool built specifically for social scientists. According to the survey, human resource planning is lacking at the majority of commercial banks. Recruitment and selection methods, as well as reward management systems and career development programs, are all ineffective at most commercial banks, and this is reflected in the results of the survey.

Researchers discovered that commercial banks' financial performance was influenced by several key human resource management techniques. These techniques included human resource planning (including hiring and selection), compensation and benefits administration (including training and development opportunities for employees), career planning (including employee relations), and employee relations (including employee relations). A strategic human resource planning program that is linked to the overall strategy of the bank, according to the findings of the study, should be developed by human resource management in commercial banks. (Watson, T. J.,2010).

Tiwari and Saxena (2012) conducted their investigation by reviewing the available literature on human resource management strategies. By the end of this essay, we aim to have a better understanding of human resource management procedures as well as a better understanding of the numerous human resource management methodologies utilized by different companies. Both external and internal factors, the

researchers discovered, have an impact on human resource management methods, which, in turn, have an impact on other variables such as employer attitude and employee relations, among others, and as a result, have an impact on the overall performance of the organization. Based on the findings of the research, a normative framework has been developed to explain how human resource management practices affect the overall effectiveness of an organization.

Researchers Pirzada and colleagues (2013) conducted research with the goal of identifying the most effective Human Resource Management practices for Pakistani settings and assessing the positive implications of these practices on labor turnover, productivity, and financial performance of firms. They found that Their findings revealed that a survey questionnaire was devised and sent to respondents in order to achieve this goal. After being completed and returned, a total of 145 surveys were received. There were a total of 200 questionnaires sent to participants. The writers used the statpro software to analyze the data and make conclusions about it. The study found that an organization's vision, mission, and values must be articulated, that it lacks a performance management system, that it lacks a benefit and compensation program, that it lacks corporate loyalty, that it lacks human resource development and training programs, that it lacks a Human Resource Information System (HRS), and that it lacks TQM adoption.

Arumugam et al. (2011) provide a paradigm for doing empirical research in Malaysian industry, based on their findings from empirical research in Malaysian enterprises to improve financial performance. Employee engagement, training, job descriptions, career planning systems, pay systems, selection systems, and performance rating systems are all aspects that contribute to the improvement of the performance of Malaysian industries. Employees who are satisfied with their jobs are highly valued in Malaysian industries, and their happiness has a substantial impact on performance. An integrated model of Human Resource Management Practices and Job Satisfaction was established in this study to investigate the impact of these factors on the performance of the Malaysian manufacturing industry (Watson, T. J.,2010).

In order to increase the success rate of Human Resource Management, it is anticipated that this article will serve as an academic resource for both academics and managers by meticulously studying the relationship between Human Resource

Management Practices, Job Satisfaction, and Financial Performance. As part of their investigation of the relationship between Human Resource Management approaches and corporate performance, Namusonge and colleagues (2012). Various writers have used different performance measurements as the dependent variable in their studies, with the results varying from one to the next. This article divides financial and non-financial indicators into two categories for the purposes of this discussion. There are a range of viewpoints on what distinguishes human resource management approaches and how they connect to performance, all of which have been investigated in numerous research studies and publications. It is necessary to conduct research and generate metrics in order to better understand and measure the influence of human resource management practices on organizational performance and effectiveness. For a final point, the research gives a conceptual framework which demonstrates the relationship between human resource management methods and the success of a corporation (Snell, S., & Morris, S. 2018).

1.4 Hypothesis

In order to test the research model of the impact of human resource planning on financial performance , the study is hypothesized as follows:

H1: Human Planning Resource has positive relationship with Financial Performance

H2: Recruitment and Selection has positive relationship with Financial Performance

H3: Compensation and Rewards System has positive relationship with Financial Performance

H4: Training and Development has positive relationship with Financial Performance

H5: Career Planning has positive relationship with Financial Performance

2. HUMAN RESOURCE MANAGEMENT AND PLANNING

2.1 Human Resource Planning (HRP)

In order for companies and employers to set long-term goals for their employees, effective human resource planning is essential. This is because it allows them to view the broad picture. Human resource planning is ultimately concerned with forecasting the future and developing and implementing strategies that will aid in the prevention of possibly unfavorable future conditions, which are based on such projections. When an organization or an individual's future human resource requirements are assessed, strategies and processes are developed to address any issues that may arise, such as implementing preparation plans to avoid capability shortages, as well as to determine what types of expertise would be required for future employment versus future human resource capacities (Snell, S., & Morris, S. ,2018).

2.1.1 Definition of human resource planning

Human resource planning, according to Vetter, is the process by which management decides how the business will transition from its current manpower position to its ideal manpower position in the future. After some time has passed, management strives to be at the best possible location at the best possible time, completing tasks that will be of use to both the company and its customers. " Human resource management is comprised of two fundamental components: planning for manpower requirements and planning for manpower supply." Human resource planning, according to Gordon McBeath, consists of two components: recruiting and retention of employees. As defined by the American Society for Human Resource Planning, human resource planning is "a method of analyzing and presuming that the organization will be able to have a sufficient number of qualified people available at the appropriate times to execute duties in a way that meets company goals while also providing fulfillment to the individuals involved." When reduced to its most basic definition, human resource planning is the act of projecting a company's future requirement for and availability of qualified individuals in sufficient quantities to

meet those requirements. HRM is the method of assessing personnel requirements and developing strategies for meeting those requirements in order to achieve organizational goals and objectives. (Batti, R. C. 2014).

Human Resource Planning is a Four-Phased Process.

- Aspects of the first phase of human resource management include the collecting and analysis of data relevant to human resource through inventories and forecasts.
- During the second phase, it is vital to establish workforce priorities and policies in order to gain support from upper-level management.
- The third step entails planning and implementing strategies and promotions that will aid the business in attaining its personnel objectives.
- The fourth step, which is concerned with the administration and assessment of human resource management programs, is essential for ensuring the success of both the business and the individual involved. It is possible to lose out on short-term rewards as a result of long-term considerations as a result of long-term orientation. It is possible for the company to determine its future labor requirements as well as any existing staffing difficulties that must be addressed immediately during the preparatory phase. As a result, improved effectiveness and efficiency are achieved in the workplace.

2.1.2 Nature of human resource planning

HRP is the process of studying and evaluating the supply and demand of human resources in order for a company to achieve its objectives and goals. A critical component of human resource planning is ensuring that the necessary number and quality of personnel are available at the appropriate times and locations, as well as that their abilities and availability are maintained at all times. In order to be effective, human resource planning for a corporation must take into account people's availability and assignment to occupations over a lengthy period of time rather than just the next month or year. Implementing a comprehensive human resource planning strategy is crucial to the success of a company's overall strategy. If employees are transferred to other roles within the company, laid off, or otherwise reduced in number, it is likely that current employees may be developed further and/or that the

number of employees in specialized fields will increase. Some important considerations are the experience and qualifications of current employees, as well as predicted shortages as a result of retirement and salary increases, as well as transfer and discharge from the organization. Human resource planning will be required in order to do this (Larsen, H. H. 2017).

2.1.3 Objectives of human resource planning

There are many objectives of human resource planning the most important of them are (Bingöl, D. 2013):

- 1 To guarantee that the organization's human resources are used to their full potential.
- 2 To determine or predict the organization's potential capability requirements.
- 3 Implement management mechanisms to ensure the appropriate services are available when and when they are needed.
- 4 There are a number of specific reasons why manpower preparation and forecasting activities are important.

They are described in more detail below:

- Assess recruiting levels by tying manpower preparation to operational planning.
- To foresee redundancies.
- To figure out what the best preparation levels are.
- To serve as a foundation for executive training programs.
- To determine the cost of manpower.
- To make negotiating more efficient.
- To determine potential accommodation needs.
- Investigate operating costs and the expense of utility functions.
- To determine whether or not a certain task can be subcontracted, and so on.

Human resource planning is a critical component of the process of building a business plan. Employer availability is a practice that seeks to organize the

conditions for various forms of employer availability in order to maximize the effectiveness of the organization. Forecasting, inventorying (current strength), planning (comparison of current and future requirements), and preparing for the future are the most significant responsibilities of this position (necessary program to meet the requirements).

Human resource planning forecasts are responsible for predicting the number of employees and workers required by a company in order to achieve its goals and carry out its plans in the most reliable and productive manner possible. These forecasts can be divided into two categories: forecasts for short-term needs and forecasts for long-term needs.

It is feasible to calculate the quantity of human resources necessary by subtracting the amount of present human resource supply (or the number of workers) from the amount of planned human resource requirements (the number of persons required to produce a particular amount of output). One of the goals of human resource management is to match the right people to the right jobs and to make use of available human capital to accomplish this goal as efficiently as possible. (Batti, R. C. 2014).

Human resource planning's goals can be outlined as follows:

- **Organizational Human Resource Requirements Predicting and Predicting:** In order to determine an organization's potential human resource requirements, it is necessary to conduct human resource planning. With or without the assistance of this technique, assembling the proper group of people at the right time is incredibly tough to do. (O'Donnell, M., O'Brien, J., & Junor, A. 2011)
- **Managing Change Effectively:** Effective planning is required in order to deal with changes that occur in a variety of ways that have an impact on the organization. This set of adjustments requires the firm to maintain its current resource distribution and reallocation practices, as well as the efficient utilization of human resources.
- **Organizational human resource readiness** is critical in order to satisfy the demands of expansion as well as other organizational responsibilities.

- It is made easier to use human resource planning in personnel promotions because it provides direction in the form of employee information that can be used to make judgments about promotional opportunities that are available to the business.
- When attempting to determine human capital surpluses and shortages, it is probable that the data base will prove to be a priceless source of knowledge. Ultimately, the goal of human resource planning is to ensure that an organization's ability to fulfill its objectives is maintained and improved through the development of appropriate plans that maximize the commitment of human resources (Larsen, H. H. 2017).

2.1.4 Need for human resource planning in organizations

Major reasons for the emphasis on Human resource planning at the Macro level:

- 1 Job-Unemployment Situation: Despite the fact that the number of skilled employees out of work is increasing in general, there is a substantial shortage of workers with a varied range of abilities in the United States. This underlines the importance of improving staff recruiting and retention procedures in order to achieve success.
- 2 Two points to consider: first, technological development has occurred at a rapid speed, with significant breakthroughs occurring in manufacturing processes, marketing methods, and managerial practices. A large amount of their impact has been felt on the substance and meaning of the work. There were a variety of implications to these developments, including redundancies, continuity issues, and redeployment concerns All of this demonstrates the importance of meticulous and rigorous preparation when it comes to workforce requirements (Batti, R. C. 2014).
- 3 Human Resource Planning Is Influenced by Changes in the Workforce's Demographic Makeup: Shifts in the demographic makeup of a workforce, such as age, gender, literacy, technological inputs, and social history, have an impact on the planning of human resource resources.
- 4 As many people believe, unemployment does not indicate a lack of buyer demand in the job market, but rather a shortage of skills in the labor market.

In today's business world, organizational diversity is becoming increasingly vital. This requires an array of highly specialized talents, which are becoming increasingly harder to come by. When individuals with that degree of advanced experience leave a company, they find themselves in a difficult situation.

- 5 Systemic human resource planning is being driven by five points of government influence. Changes in government policy on issues such as discrimination against people from disadvantaged communities, workplace practices and working hours, restrictions on women's and children's labor, casual and contract labor, and other issues have prompted organizations to engage in systemic human resource planning.
- 6 Control by the legislature: The so-called "hire and burn" act is no longer in effect. Under current legislation, reducing the size of an organization in a simple and cost-effective manner is quite challenging. Because of recent changes in labor legislation pertaining to layoffs and firm closures, it is quite simple to increase the number of people employed, but it is practically impossible to decrease the number of people employed as a result of these changes. O'Donnell, M., and Junor, A. (2011) suggest that people in charge of human resource management must plan ahead of time and make every effort to anticipate and resolve labor shortages.
- 7 various interest groups have exerted conflicting pressure on company management in areas such as internal recruiting and promotion, preference for employees' daughters, displaced persons, and sons of soil, among other things, through pressure groups such as labor union and legislators, as well as people who have been displaced from their homes because of the position of giant corporations, among other things.
- 8 Development of system design and the introduction of the macro machine, which places a premium on planning and contemporary techniques for dealing with massive volumes of data (Bingöl, D. 2013) are all part of the ongoing revolution in information technology, according to Bingöl (2013). 9) A Systems-Based Approach (SA):

- 9 Lead Time: To successfully manage new knowledge and abilities, the hiring process, preparation, and deployment of the individual all require a significant amount of lead time.

2.1.5 Importance of human resource planning

Askegren defines a given action as one that necessitates the use of coordinated attention (2005, 34). The use of planning, according to Askegren, is intended to facilitate the smooth execution of a task by removing barriers from the existing framework. When people make plans, they typically have a specific goal in mind that they want to achieve. Administrative and subordinates may benefit from it because it is a method of acquiring knowledge that can assist them in making educated decisions in their positions. It is used to construct a plan for taking additional activities toward accomplishing operational objectives based on the information gathered at the conclusion of the evaluation (Grieves, 2003, 34). Techniques for human resource analysis can be extremely beneficial to a company's bottom line.

The below are some of the main benefits:

- a. An excellent example of strategic planning is the development of a substantive objective that will have a realistic impact by managing the exploitation of current resources or by keeping resources adaptable and assisting in the resolution of inherent problems, and this is a good example of strategic planning.
- b. With the support of an appropriate strategy, it is possible to recognize current challenges that may result in conflict in the future, so assisting in the effective handling of a more demanding world.
- c. To ensure departmental cooperation, it is critical to develop a contact flow inside the organization and maintain a relationship between human resource and business plans. Within the context of a corporation, human resource planning is taken into consideration by management. Organizations may be able to better correctly forecast their future human resource requirements as a result of implementing this method (Bratton and Gold, 2000, 12).

The significance of Human resource planning can be explained as follows:

- a. Drafting human resource plans can aid a company in determining the potential workforce requirements of a certain organization. Put in place procedures at the planning phase to remedy a company's over- or under-staffing situation. Before the 1980s, public sector employers suffered greatly as a result of poor human resource planning practices. They were regularly found to be either overstaffed or short on assignments, prompting the removal or replacement of employees (Hatcher, 2009,) To alleviate the labor shortage, only efficient human resource planning will be able to be implemented.
- b. A long time ago, it was recognized that human resource planning was a critical component of strategic planning. Human resource preparation is beneficial to new recruits since it aids in the establishment of proper procedures for implementing key strategies, which in turn benefits the organization. The use of human resource planning during the procurement process can be beneficial to organizations because it can aid them in making the best decisions possible in terms of structural and procedural design, as well as in the management of human resource resources. The number 416 was discussed in an article released by Sanders and colleagues.(2008)
- c. An organization's human resource manager is tasked with identifying and interviewing the most qualified candidates for the best job openings available within their organization. This ensures the ideal position is filled with an employee who possesses effective abilities. In situations where the unemployed are highly educated, the human resource manager is tasked with discovering and hiring the most qualified candidates. iii iii (Swanson and Holton, 2009, 112). Furthermore, the effort intends to solve the issue of periodic workforce shortages, which has become increasingly prevalent. Personnel preparation is a strategy that contributes to the improvement of a system by making it easier for people to learn new skills and by ensuring that professional manpower is managed in the proper manner.

2.2 Theories and Models of Human Resource Planning

Hypotheses and models must be constructed in order for the manifestation of connections between firm owners and employees to take place. According to the

Harvard model, stakeholders play a key role in the evolution of businesses and the general progress of personnel in their respective fields. This method can also be observed in action in long-term planning, which is another example. Raparin University adheres to this paradigm and takes the necessary steps to ensure that it meets all of its objectives (Hussey, 2006,11).

When developing this approach, emphasis is placed on the importance of the partners' roles, with employee happiness ranking second. Influences from within and outside the business have an impact on corporate policy, which is created at the highest levels of the firm's hierarchy. A substantial influence on both organizational and company strategy is exerted by the internal environment. Businesses' decisions are influenced by the external environment in which they operate. Coleman (2016) defines codified formalized (Coler, 2016).

The ability to predict demand for human resources is a fundamental component of effective human resource management. In order to achieve company objectives, it is necessary to forecast the types and numbers of employees who will be required. Operate in an open system where a diverse range of corporate variables influencing labor demand are present, such as infrastructure, strategic planning (including long-term planning), competitiveness (including competitiveness in the marketplace), and organizational structure (including organizational structure). The use of current technologies is connected with a high demand for highly skilled workers, whereas the use of advanced technologies is related with a low need for low-skilled workers. There has been an increase in the need for financial experts as a result of a range of external causes such as financial liberalization, stock market regulations, financial liberalization, internet trading platforms and so on. According to established research, non-profit organizations that encourage cutting-edge technology in sectors such as energy production and distribution, but also electronics, autos and other industries can have a positive impact on the worth of technicians and engineers. Forecasting is seen as a form of high art in some circles. As opposed to providing correct information, it delivers estimated information (Lee,2007, 950).

Human resource strategies are developed after taking into account a company's strategic plans, demand estimates, and revenues. When developing human resource planning, it is important to consider the dynamics of the workforce. Employee retirement, dismissal, termination, leaves of absence, and deaths all have a

detrimental impact on the organization's bottom line and reputation. Technological advancements, labor force composition, capital investment levels, employee morale and level of knowledge are all factors that influence productivity. Existing labor expenditures, which include overtime, insurance, and recruitment, have a negative impact on the availability of workers on a financial level. Theorists and planners who work in the professional realm frequently rely on quantitative approaches to solve their challenges, such as mathematical or statistical tools (Hussey, 2006, p. 2).

It is feasible to accurately forecast future human resource requirements by using trend analysis to estimate future workforce requirements based on operational indices. A range of predictive approaches and simulations are employed in sophisticated human resource forecasting systems. The need for human resources is assessed by the application of a variety of quantitative approaches, including budget and planning analysis, as well as optimization models and simulations of operations. Because qualitative methods are less statistically significant than quantitative methods, the outcomes of qualitative studies are less significant.

According to this concept, the talents, aspirations, and ambitions of individual employees are balanced against the needs of the institution's current and future employees. Planners in both large and small firms go to outside sources for predictions of future employment needs, which they subsequently provide to upper-level executives. Managing directors rely on expert estimates to anticipate the amount of human resources they will require in the years ahead of them. There are several qualitative forecasting approaches or instruments available, and Delphi is one of them (Locke et al. 2009, 4). Participating in an exercise with a pre-selected team of individuals who are responsible for eliciting and summarizing judgments can lessen the amount of subjectivity in prediction. This method is particularly advantageous in instances when complicated technological advancements have an impact on the number of people employed (Rasel, 2015, p. 3).

According to labor market research, human resource professionals frequently use sophisticated methods to monitor the rate of employee influx as well as the rate of employee outflow in their organizations. This tool is used to compute the labor turnover rate, often known as the absence rate. When determining the number of workers required for specific jobs based on a predetermined level of performance, human resource planners use workload analysis. Employment research is the process

of identifying the skills and abilities that are required to perform a job successfully and effectively. The job description, as well as the job specification, are the most essential aspects in determining how well people perform their responsibilities in the workplace. There's also the issue of supply forecasting to consider.

The search for a location where all of the criteria can be met by a corporation is done in order to predict future labor requirements. Supply evaluation contributes to better procurement preparation by identifying potential bottlenecks. This investigation looks at both the internal and external worlds in order to find the most qualified candidate for the post. S. Mabey, and S. Zhao (2016) published a paper on this topic.

Management in charge of human resources is always on the lookout for new ways to develop their employees within the organization. In the organization, it is already implemented as a cost-effective option. It is imperative that the employee profile is meticulously maintained and kept up to date at all times. These profiles are used for a variety of purposes, including advancement, promotion, and other similar tasks. Teachers and individuals profiles are scrutinized by educational institutions such as Raparin universities to discover if they qualify for any special recruitment opportunities, wing alterations, or other advantages that can be acquired by enrolling them. For example, manning maps and staffing tables are used to conduct an internal stock analysis. Other tools used in the process include the Markov analysis, skill inventories, and a substitution map, among others. External sources are considered when the cost of procuring labor from internal workers is more than the cost of obtaining labor from external sources, and current employees are unable to fulfill future responsibilities because of current obligations (Mello, 2006, 125).

Human resource management is beneficial only to the extent that it assists businesses in developing differentiated plans that capitalize on opportunities while mitigating risks and hazards, according to the authors.

As long as there are no alternatives for acquiring the services that human resource delivers, it will be impossible to replace human resource. Strategic benefits accrue to the firm that is in possession of a valuable human resource that is in short supply. Creating services that are difficult to copy and duplicate is a difficult challenge for competitors to overcome. Businesses and entrepreneurs can benefit from a wide range of legal protections, including those relating to trademarks, licenses, and copyrights, to name a few. Among those who practice human resource-based

philosophy, it is usual to emphasize the significance of the old aphorism "the whole is more than the sum of its parts." Diverse tactics and instruments should be used in the production of strategic resources, and these resources should be structured in a manner that is distinct from one another. In order to be effective, strategic capital must be distinguished from other forms of resource allocation. Cash is a form of currency that is extremely valuable. Examples of physical goods include automobiles and home-based businesses, which are also vital commodities to have (Holstius and Malaska, 2003, 92).

Additionally, staff are required to keep their knowledge up to date on a regular basis. It is the companies' policy that all employees receive specialized training in order to advance their professional development and qualifications. When it comes to striking a balance between demand and supply, determining the magnitude of the staff shortfall is another crucial step to take. Each time, the organization goes through the same process in a different place or situation. It will also be difficult to address all of the hypotheses and models that are relevant to human resource preparation in this course, given the limited time allotted for this course. Johnson (2004) defined codified structured formalized formalized formally formalized (Johnson, 2004). Following the Harvard model of organizational behavior, it has been discovered that preparation is dependent on the intended or manifested interactions between the organization's stakeholders and its personnel.

As an alternative, some human resource management strategies might place a greater emphasis on the stakeholders who are involved in the decision-making procedure. According to the Harvard model of human resource planning, employee development and growth are just as important as other types of development and growth for employees. This notion can be witnessed in action in the form of long-term planning, as exemplified by Raparin University, which uses long-term planning to steer the expansion of its human resource department (Thite, 2011, 31). Therefore, it has been established that this paradigm places a greater emphasis on the value of stakeholders than it does on employee pleasure.

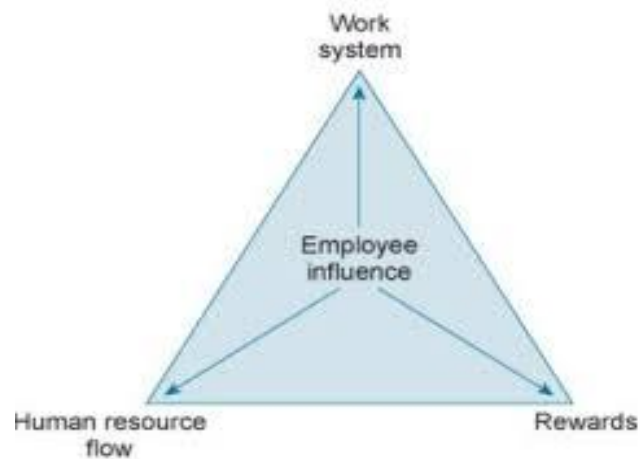


Figure 2.1: Harvard model of human resource planning
Source: (Johnson and Johnson, 2016, 22)

2.3 Factors Affecting Human Resource Planning

Several causes have an effect on Human resource planning:

Organizational form and policy organizational development cycles and forecasting are the most significant variables that influence Human resource planning.

- Uncertainties in the environment.
- Time Horizons.
- kind and Quality of information.
- The essence of the positions being filled.

1 Corporate structure and policy: The type of organization defines the manufacturing techniques, as well as the number and type of people necessary, and also determines the amount of supervisory and administrative staff. It is also possible that an organization's strategic strategy will have an impact on the requirements for human resources as well. If the company hopes to continue to grow organically, it will need to hire new staff members. Whether or whether the company wants to merge with or purchase another company, it must plan for layoffs in advance of any such transaction. Because mergers and acquisitions may result in the creation, duplication, or overlap of tasks that may be done more efficiently by fewer people, it is important to consider this when considering a merger or acquisition.

First and foremost, when it comes to human resource planning, the company must determine whether it will be reactive or productive in nature. When it comes to

anticipating customer demands and preparing strategically to meet those needs, it is preferred for firms to be proactive rather than reactive in responding to customer needs as they develop (reactive). Similar to this, the corporation must determine the extent to which its human resource strategy will be implemented. Employers can choose to focus on one or two human resource areas, such as recruiting and procurement, or they can take a more holistic strategy and prepare for all areas, including preparation and remuneration, at the same time (Batti, R. C. 2014).

As a result, the formality of the human resource plan is determined by the way the human resource plan is designed. Currently, it has the choice of choosing between an informal schedule that exists only in the minds of administrators or personnel staff and a structured schedule that has been painstakingly documented in paper form. When it comes to human resource strategy, the degree to which a company's personnel are able to adapt to changing conditions has an impact on the structure of the plan. When creating the human resource schedule, it is critical to anticipate and solve any potential issues that may arise. Ideal human resource planning should be constructed in such a manner that it supports a number of contingencies that represent a wide range of scenarios, hence making the strategy scalable and flexible to a wide range of circumstances.

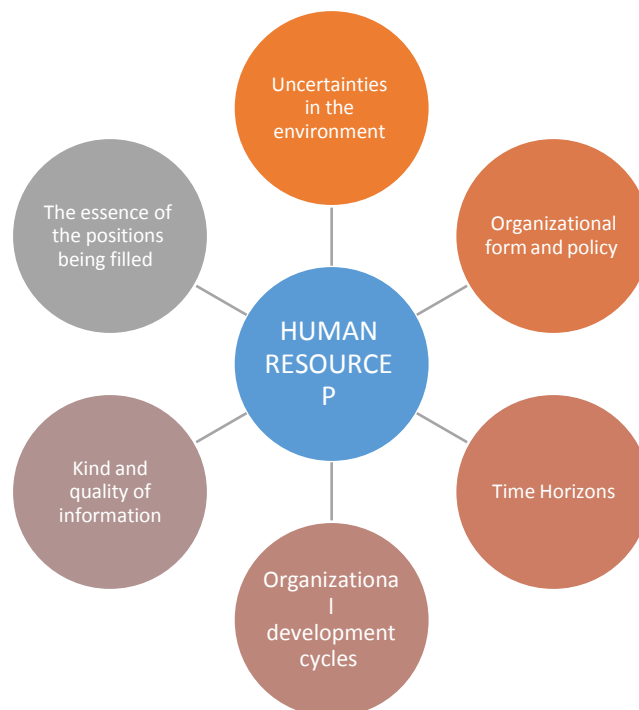


Figure 2.2: Factors that influence human resource planning

- 2 A more detailed discussion of organizational growth cycles and projections is provided in Section 2. Since their origin, all companies have progressed through many stages of development in terms of human resource management, each with its own set of challenges. Organizational development and the extent to which human resource planning is implemented are determined by the amount of development accomplished by the organization. Small businesses in the early stages of development will not have well-defined staffing strategies, which is understandable given their limited resources. With increased growth, however, the corporation is realizing the need of planning for the future of its human resource resources. At this point, the company's principal focus is on increasing its employee base of qualified candidates. But as a business matures and experiences less stability and uncertainty, the rate of development becomes more gradual, and the overall growth becomes slower. When it comes to retirement and future retrenchment issues, the formalization of human resource planning results in a system that is less responsive, less adaptable, and less innovative. At this point in the organization's lifecycle, the focus of human resource planning is on the coordination of layoffs, retrenchments, and retirements, as well as other forms of organizational restructuring. A company's financial and revenue situation is deteriorating, and strategy is typically reactive in character, as a response to the company's difficulties.

Transitions in the political, social, and economic settings have an impact on the operations of both companies. It is important to note that the disruptions that occur in these contexts have a significant influence on the organizations in which they occur. Managers of human resources mitigate these risks by carefully establishing methods for recruiting and selection, as well as for preparation and human resource planning, in order to minimize their impact (HRP). The planning and growth cycle of an organization is referred to as the organization's life cycle. An Increase in Uncertainty in the Environmental Situation As a result of outsourcing The types of positions that are currently available for application In addition, the type and quality of forecasting data are crucial factors to consider. Temporal horizons are a term that is used to describe the boundaries of a certain time period. Organizational Type and Strategy are both key elements in every business decision. It is critical to have a plan for

human resource management. Levels. Information for Decision-Making in the Context of Strategic Decisions When it comes to general human resource planning, it is essential to have access to organizational information. Specifications and a mix of several goods are provided in this section. Customers from a wide range of socioeconomic backgrounds Structure of the organization's organizational chart Information is shared and traded on a regular basis. Take a look at the scenario. a list of one's abilities and talents Efforts are made to ensure that budgets for operating and capital expenses are prepared with a competitive attitude (Batti, R. C. 2014).

- 3 The next section has a list of objectives for each functional field. The term "management inventory" refers to a sort of inventory. The boundaries of a company are defined by its geographical location. Production schedules are subject to change without prior notice. The routes via which goods and services are made available to the general public are referred to as distribution channels. There are a plethora of training and learning possibilities available to you. Manufacturing processes are those that are involved in the production of goods. Sales regions are classified into two categories: (1) retail and (2) wholesale. Personnel sources for the purpose of recruitment Stages of technological planning are depicted on a horizontal axis. An investigation on the labor market is carried out. There are compensation programs accessible. Worker's compensation legislation and constitutional protections are essential. Preparing for retirement is an ongoing process. Various data sets, including turnover, policies, and services designed to encourage growth, are available. Organizational balance is achieved by thorough succession planning, promotion networks, layoffs, flexi time, work sharing, retirement, veterans' benefits, and other personnel-related procedures.
- 4 Chronological Perspectives: Human resource plans can have a short-term or long-term perspective, depending on the requirements of the firm. A short-term plan is one that lasts six months to a year, but a long-term plan is one that lasts twenty years or longer depending on the conditions. The length of the time cycle that will be seen is determined by the level of instability that exists in the organization's surrounding environment. Generally speaking, the more the volatility of a technique, the shorter the time horizon of the strategy, and the converse is true (Larsen, H. H. 2017).

Table 2.1: Degree of uncertainty and length of planning period

Instability/uncertainty due to a short planning time	Long planning time Provides stability and assurance
There are numerous new competitors.	Position of strength in the marketplace
Rapid shifts in social and economic conditions	Changes in politics and technology

Source: Elmar, H.(1987.p129)

- 5 Information sources, including the type and quality of information: The information used to forecast staff requirements comes from a wide range of sources. When it comes to forecasting, the type of information and quality of the data available to staff managers both play a crucial role. The consistency with which corporate decision makers have articulated its policies, organizational structure, finances, and development goals is what determines the quality and accuracy of a company's products and services.

Table 2.2: Levels of human resource planning information

Strategic Information	General Organizational Information	Specific Information Necessary for HRP
Product mix Customer mix	Organizational structure Information flows	Job analysis Skills inventories
Competitive emphasis	Operating and capital budgets Functional area objectives	Management inventories
Geographic limits of market	Production schedules Distribution channels	Available training and development programmes
	Sales territories Production processes	Recruitment sources
	Level of technology Planning horizons	Labour market analysis Compensation programmes Constitutional provisions and labour laws
		Retirement plans Turnover data.

Source: Leap & Personnel/Human Resource Management, .161

- 6 The essence of the positions that are being filled is as follows: When it comes to the substance of the positions held inside the business, people planners must proceed with extreme caution, according to the experts. Individuals for higher-level positions demand considerable judgment, whereas employing people at lower levels requires only a few characteristics and may be completed in a short period of time. Organizations must plan for job openings as far in advance as feasible in order to have the flexibility to hire qualified candidates when the need arises.

The Degree of Uncertainty and the Length of the Planning Period are two important factors to consider. A great deal of uncertainty and instability exists as a result of the limited amount of time available for preparations. Consistency and predictability in the future are ensured through long-term planning. There have been a lot of new competitors arise. The dynamics of social and economic life are changing at a breakneck pace, and this is causing concern. In the marketplace, you are in a position of strength compared to your competitors. Rapid social change is not the best course of action; rather, evolution is the most effective. Changes are taking place in both politics and technology at the same time. Changing product and service market trends that are currently in effect Despite the fact that the organization is of modest size, its management procedures are ineffective (crisis Management) Consistent demand patterns are desirable. Techniques for organizing one's time effectively. It is a procedure in which most businesses rent out a portion of their work to other parties, which is known as subcontracting. Both the public and private sectors use outsourcing to varying degrees, and it is growing increasingly common. In many circumstances, businesses have an excess of manpower and, rather than recruiting additional employees, they choose to outsource their activities to a third party. When it comes to non-critical activities, outsourcing is the most widely used method of operation. It is the organization's human resource strategy that is determined by the outsourcing of non-critical jobs to third-party subcontractors.

2.4 Human Resource Planning Process

Among the tasks involved in human resource planning are forecasting staffing requirements, ascertaining employee availability, and balancing demand and supply issues. The supply of personnel-related services is included in the scope of human resource planning. A company's overarching objectives, as well as present market conditions, govern the process of putting together its human resources.

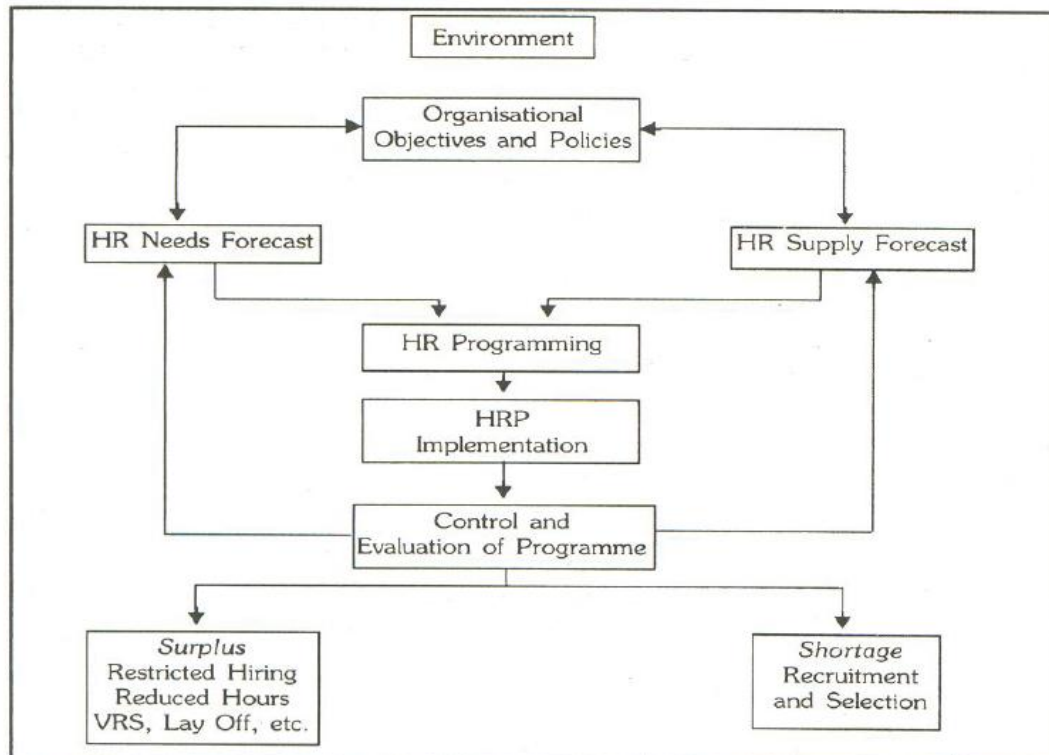


Figure 2.3: Human resource planning process

Environmental scanning is a term used in the field of environmental scanning to describe the process of continuously monitoring the external factors affecting an organization. In order to perform successful human resource planning, it is necessary to secure the approvals stated below from appropriate authorities.

- Economic considerations, such as national and international economic patterns.
- Advances in technology
- Shifts in demographics, such as age, composition, and literacy
- Political and legal matters, such as rules and regulatory decisions
- Social issues, such as day care, school services, and educational goals.

Management will be able to forecast the repercussions of changing market conditions and make early adjustments by scanning the environment for changes that could have an influence on their company.

The following are the objectives and policies of the organization: Human resource plans are typically generated from the goals and objectives of the organization. It is possible to specify specific employee requirements, such as the number of available

positions and the qualities of those individuals, by using organizational priorities to establish unique employee requirements. It is necessary for the human resource department to articulate its goal in terms of the utilization of human resources in the company after the organization's goals have been established, acknowledged, and recognized by all parties involved (Larsen, H. H. 2017).

Human resources are a form of resource in its own right. 'Supply and demand projection' are two terms that refer to a method of projecting the likely number and quality of people who will be required to meet an organization's future demands in order to meet those needs. As soon as they are implemented, the annual budget and long-term company strategy assist in laying the framework for effective human resource forecasting and planning. Take, for example, how the revenue budget is used to create a development schedule that specifies the amount and variety of goods that will be manufactured throughout each manufacturing cycle in the case of a manufacturer. In order to make a judgment on the maximum number of hours that each professional worker can work per weekday, the organization will use this information as a starting point. The level and quantity of employees required for the mission will not be determined until the total number of hours required has been calculated, which will take time. In order to forecast demand, it is necessary to consider internal and external factors. As an illustration: Among the many elements that have an impact on a company's external impact are the competitive environment, the economic environment, legislation and regulatory agencies, technological breakthroughs, and societal forces, to name a few. Budgetary constraints, as well as demand levels for new goods and services, corporate structure, and employee separations, are all examples of internal factors that affect a company's performance. Demand forecasting is critical since it helps the business to do a variety of activities, such as the following:

- 1 Determine the number of workers required to produce a specified number of products.
- 2 .To figure out what kind of staffing combination will be required in the future,
- 3 To determine acceptable levels in various areas of the company in order to reduce undue costs.

- 4 To avoid manpower shortages when and when they are needed by the company.
- 5 To keep track on whether or not legal provisions for work reservation are being followed.

Management judgment, ratio-trend analysis, regression analysis, task study methodologies, and Delphi approaches are just a few of the strategies that the organization use in order to forecast the marketplace.

Predicting the availability of human resources includes the following tasks: The supply forecast is used to determine whether or not the human resource department will be able to hire the necessary number of employees. Absenteeism, organizational shifts and promotions, wastage and reductions in hours, among other factors, are taken into account in the supply forecast. The number of employees projected to be available from both within and outside an organization is calculated after these considerations are taken into account. A supply forecast is required because it is

1. Assists with quantifying the number of people and opportunities that will be open in the future to assist the organization in realizing its strategies and achieving its goals.
2. Assists in the clarification of potential staffing combinations
3. It evaluates current staffing in various aspects of the organization.
4. It would allow the enterprise to avoid human resource shortages when and when they are most needed.
5. It also aids in potential compliance with lawful career reservation standards. The established human capital, internal sources of supply, and external sources of supply are all part of the supply review.

Identifying and matching the demand and supply of a company's workforce must be done in advance in order to ensure that the most suitable people are hired at the most opportune time.

To put an organization's human resource plan into action, it falls to the task of human resource implementation specialists. A variety of activities are carried out in order to ensure the successful implementation of the human resource plan. A combination of programs such as recruiting, selection, and placement, preparation and growth

opportunities, retraining and redeployment opportunities, continuity planning, and succession planning come together to form the human resource plan's execution element. The following are the sections that make up the execution section:

Control and evaluation are important. In the human resource planning process, control and assessment are the final tasks to be completed. With a human resource schedule, you can incorporate budgets, priorities, and standards into a single, easily manageable document. It will be assessed and tracked how well the organization is progressing in regard to the schedule set forth. This final phase will determine whether or not the number of employees hired fulfilled the objectives set forth, as well as whether or not the number of employees hired exceeded the number of positions advertised.

Aside from that, the cost of jobs is compared to the allocated budget, as is the amount of trash that has accumulated, in order to assess whether disciplinary action should be taken in the future.

2.5 Requisites for Successful Human Resource Planning

1. Human resource planning must be understood as an important aspect of strategic strategy.
2. Top management support is needed.
3. In order to have coordination between various layers of management, there should be some centralization of Human resource planning roles.
4. The documents of the organization must be accurate, up to date, and easily accessible.
5. The human resource preparation techniques used should be those that are ideally matched to the data available and the level of precision needed.
6. In the light of experience, data gathering, review, preparation strategies, and the strategy itself must be continually updated and changed.

2.6 Barriers To Human Resource Planning

When creating an Human resource planning, Human Resource Planners face many challenges. The below are the main roadblock (O'Donnell, M., & Junor, A. 2011).

- 1 It is a prevalent misperception that human resource specialists are just knowledgeable in dealing with personnel issues and are not knowledgeable in dealing with corporate management issues. A company's overall strategy plan may become inadequate when the staffing plans of HUMAN RESOURCE practitioners are entwined with the company's strategic plan.
- 2 .Human resource data is frequently incompatible with other data that is used in the formulation of strategic plans and initiatives. Since the beginning of time, financial forecasting has dominated strategic planning processes, frequently to the exclusion of other sorts of information. However, this is beginning to change. The planning of human resources takes a backseat to the planning of financial resources in most organizations.
- 3 The demands for short- and long-term human resource resources may be at odds with one another in some cases. A conflict may arise between the desire to complete work on time and longer-term aims, such as teaching employees to take on new tasks.
- 4 When talent is readily available on the market and wages and salaries are low, many executives believe that their human resource requirements will be met swiftly, resulting in a reduction in their overall costs. As a result, long-term planning is no longer necessary; only short-term preparation is required.
- 5 There is a contradiction between the quantitative and qualitative approaches to human resource planning in human resource planning. People who disagree with this view believe that human resource planning is a game of numbers that is employed to keep track of the mobility of people inside an organization. Others take a more qualitative approach, focusing on issues that are unique to each person, such as promotion and advancement chances. When quantitative and qualitative methodologies are utilized in conjunction with one another, the best results are obtained.
- 6 Inefficiency is caused by the absence of participation by operating managers in human resource planning and development. When it comes to planning for human resource needs in a business, it is not just the job of the human resources department. It will take a combined effort on the part of both

operational management and human resource employees for the preparation process to be successful.

2.7 Effectiveness of Human Resource Management Planning

Effective management of the human resource department's activities and processes is crucial to the department's own and the organization's overall performance. The human resource department must manage its operations and processes in a way that is efficient. As a result, human resources must minimize operational expenses while continuing to provide good service to both internal and external clients alike. In order to develop an effective human resource management system, Bai (2013) emphasized the importance of ensuring that all human resource operations are directed toward the fulfillment of the organization's goals and strategic objectives. To achieve this goal, actions that are now ineffective must be modified or eliminated altogether. According to Agarwala, in order to be successful, human resource management must make the transition from traditional programs to a new system of work that is personalized to the individual goals and objectives of each organization and that links human resource practices to the company's operational requirements.(2003)

Al-(2006) Hyasat's research included an examination of the efficiency and effectiveness of various human resource management strategies (such as human resource planning, selection and placement, performance evaluation, and staff training), as well as the relationship between these approaches and organizational performance. The relationship between diverse techniques and the general functioning of the organization was one of the topics of his research, which included Employees from twenty-one Jordanian news organizations who worked in positions other than section head were asked about their work experiences and opinions on the job in a poll conducted by Reuters. There is a relationship between institutional performance and the efficiency and effectiveness of government, according to the conclusions of the study (human resource planning techniques, testing and appointment strategies, people performance assessment systems, and training strategies). Al-Sahuman resource yra and Al-Graeb conducted application-level research on human resource management techniques and organizational innovation in the workplace as part of their application-level study (2010). To analyze the relationship between the two dimensions of the equation in this study, the researchers used data from a Jordanian telecommunications operator. During their research, they

discovered that organizational features such as demographics and functional variables had an impact on the functions of human resource management and organizational innovation.

Professionals in human resource management with a high level of competence in organizational innovation and human resource management functions are readily available and in sufficient numbers to meet the demands of the company. The functions of human resource management have been shown to have a significant impact on the amount of organizational innovation that occurs within a firm, according to additional research.

According to the findings of a study conducted in the Sultanate of Oman by Moideenkutty et al. (2011), there is a positive relationship between high-involvement human resource management strategies and organizational performance in that country. According to the survey's target demography, the Securities Market in Muscat is a mixed market. A total of 87 publicly traded (SAOG) and privately held (SAOC) enterprises are represented in the market, according to the findings of the study (MSM). Human resource management approaches that promote a high level of involvement, according to the findings of this study, have a statistically significant and beneficial association with the success of a company. An investigation of the human resource practices of various Amman-based organizations was conducted, according to Abutayeh and Al-Qatawneh, in order to establish the impact of human resource activities on employee satisfaction, according to the authors of the report (2012). All human resource initiatives, according to the findings of the study, have a good impact on employees' excitement to participate in their employment and, as a result, are beneficial to continue in the long run. Workers' retention decisions and loyalty to their employers were the subject of a study conducted by researchers at an institute of higher learning to determine how the effectiveness of human resource management methods (such as employee empowerment, equity of compensation, job design through training, and effective performance management) affects workers' retention decisions and loyalty to their employers. Employee empowerment, equity of compensation, job design through training, and effective performance management were all considered in the study. This study looked into a variety of topics, including employee empowerment, equitable compensation, job design through training, and effective performance management. The Journal of Human

Resource Management published the outcomes of their investigation. To be eligible for participation, those who took part in the poll were chosen from a single Malaysian private university and needed to answer a number of questions. These aspects of human resource management planning were found to be significant, as evidenced by the findings. They are as follows: Recruitment, training, and development are all important aspects of the position that must be taken into consideration. Several elements are taken into consideration while making employee retention decisions, including training opportunities, salary, and performance evaluations, among others. Asian cultural attributes of increased acquiescence to authority, which have become increasingly common in recent decades, have resulted in a decrease in the importance of empowerment throughout the region in recent decades. Management, on the other hand, is often seen as the most qualified decision-makers in their respective organizations, despite the fact that they are not necessarily the most powerful. In their research, NAZ, F., Awais, M., and Awais, M. have discovered that different cultures have distinctly different expectations when it comes to job enjoyment and retention, as demonstrated by the following examples: F. NAZ and M. Awais are co-authors of this article (2016).

An investigation on the relationship between human resource management techniques and workplace performance was conducted by Atteya in order to have a deeper knowledge of this relationship (2012). There were 549 people employed in Egypt's petroleum industry as of the time of this writing, which was controlled by a total of 549 supervisors at the time of this writing. Researchers found that human resource management planning had a statistically significant positive impact on work performance, with job satisfaction and organizational commitment functioning as mediating elements in the relationship between the two. It was also discovered that there was a link between the intention to quit, unfavorable word-of-mouth, and organizational citizenship behavior, all of which were tied to the development of human resource management strategies and programs, among other things. Researchers Loo and Beh investigated the relationship between human resource management planning and organizational performance as part of their investigation (2013). A large number of the country's insurance company headquarters have been identified as potential target locations. Everyone in attendance came from the Klang Valley, and the intended audience comprised nonexecutive directors, executives,

managers, and senior executives, as well as other senior executives, as well as other senior executives. According to the findings of the study, the most essential markers of a company's success are organizational human resource management, performance evaluation, internal communication, and career planning and development. Client happiness and customer retention are two more critical performance indicators to monitor as they relate to your company's operations and operations. According to Al-bahussin and El-Garaihy, significant research has been conducted on a number of factors, including human resource management planning, organizational culture, organizational innovation, and knowledge management, in order to analyze their impact on organizational performance and effectiveness (2013). Human resource directors from well-known organizations in Saudi Arabia's eastern region took part in the survey. All participants were Saudi nationals, and the sample size was 203 people. Participants from Saudi Arabia made up the vast majority of the group. The candidates were all Saudi nationals who had come to compete. Further research has revealed that human resource management is critical in the establishment of organizational culture, as well as other parts of the organization's operations such as knowledge management, innovation, and other areas of its operations. The researchers consult, among other sources, Naz and colleagues (2016) from the United Kingdom, as well as Awais (2016) from the same country, as part of their research on terrorism.

3. FINANCIAL PERFORMANCE IN BANKING SECTOR: THEORETICAL CONSIDERATIONS

Performance“ is used to denote the hard work to achieve a specific target. The attainments of target include mixture of individual, fiscal and natural capital. The term "output" refers to an operation that is attributed to a portion or all of the execution of a set of activities over a period of time, and is often linked to previous or planned spending productivity, management duty, or transparency. According to Nirmal (2004), success refers to both the demonstration of something and the adequate output of financial performance.

3.1 Financial Performance Concept

Among other things, financial stability is described as the accumulation and use of money as assessed by a variety of indicators such as the capital adequacy ratio, liquidity, debt, solvency, and profitability, to name a few examples. Financial efficiency is the ability of a corporation to manage and monitor its financial resources, which is referred to as such in the business world (IAI, 2016).

General managers utilize financial statements to make financial choices since they contain cash balances, balance sheets, profit-and-loss statements, and capital transfers. A balance sheet with profit/loss measurement, as well as other accounting facts like cash balances and retained earnings, make up a company's financial statements (Didin, 2017).

A fundamental analysis entails a detailed evaluation of a company's financial statements, prospectus, and other financial information. Technical analysis is a sort of research that analyzes market statistical data to explain demand and supply increases and decreases. Finance education comprises learning about money accounting, financial statements, and making financial decisions (Brealey and Myers, 1991)

The financial output of a firm is used to direct the expansion of the financial sector, which in turn leads to market success, particularly in the property industry, and its position as a financial development engine.

A positive correlation between financial progress and economic growth has been discovered by several academics, as well as a negative link between economic suffering and development. Attempts to reform finance, according to Caprio (1994), resulted in great competence and development.

The financial division is critical for financial expansion because it facilitates fund recruiting. The establishment of an increasing financial sector requires a well-established and well-organized fiscal structure.

As a direct result of their efforts, the organization's policies and operations, as well as its reputation, have been boosted significantly. In the context of the economic structure, investment banks function as participants in the financial system, making substantial contributions to the overall prosperity of the countries in which they operate. Investment banks are in charge of all aspects of the financial industry's investment markets, including stock trading, equity holdings, and commercial banking, among other things. Investment banks and other financial organizations have sponsorship rights to all investment markets in the financial industry, including the stock market. Many investment banks are active participants in the country's credit market, with a focus on short- to medium-term loans and other short-to-medium-term loan activities. The essential components of financial results growth, such as asset management (AM), organization size (IS), and operational efficiency (OE), can have a substantial impact on the overall growth of a company (Tarawneh, 2006).

The act of carrying out monetary transactions in the real world is a representation of the operation of carrying out monetary transactions in an abstract. Generalize the term "financial success," and it refers to the extent to which economic objectives are reached or have been attained within a specific period of time. When a company's policies and actions affect the financial health and well-being of the organization in which they are applied, economic operations are a technique of anticipating the influence of those policies and activities. When used over a specified period of time, it can be used to measure the overall economic health of a financial organization. The

economic results of a company, as well as the number and volume of its earnings, will be used to determine its financial success.

The importance of a company is determined by two major factors: risk and profitability. Financial assumptions that increase volatility decrease the value of the entity, while financial conclusions that increase profitability increase the value of the organization. The two most important aspects of any corporate enterprise are risk and profitability (Jery, H., & Souaï, S. ,2014)..

3.2 A Brief Historical Review of Financial Performance

Several research on financial success of companies have identified various factors that have affected their success. In comparison to the vast number of studies performed by foreign scholars, there are few reports on company growth in Pakistan. The following are a few of these reports.

The option of optimum leverage, according to William (1988), reduces conflict among managers and investors. Prior literature has distinguished between two types of corporate growth: financial success and creative progress.

From 1986 to 1989, Molyneux and Thornton (1992) investigated factors affecting financial sector profitability in eighteen European countries.

Moyer (1997) discovered a negative and substantial connection between leverage and business success, despite the fact that other factors such as scale, growth tax, and risk have a significant effect on company progress.

Krishnan (1997) discovered a negative and substantial connection between leverage and business success, despite the fact that other factors, such as size growth tax and risk, have a significant effect on company progress.

According to Damanpour (1998), prior study has often used development as a separate concept. Financial success was widely used in the context of revenue growth, high dividends on investments, and high market share values.

From 1993 to 1998, Bashir (2000) looked at the factors that influenced the growth of Islamic banks. To predict efficiency and effectiveness, both internal and external factors were used. The results confirm that high debt and high loans to asset ratios lead to high profitability when managing macroeconomic conditions, economic

market position, and taxation. In comparison to local banks, foreign-owned banks make more profits.

Demirguc-Kunt and Huizinga (2001) looked at the development of local and foreign banks in eighty countries. Profit margins, transparency, operating expenses, tax rates, and effectiveness were observed to differ between domicile and foreign banks, with foreign banks outperforming domicile banks in terms of productivity. The situation in emerging countries, on the other hand, was rather different.

During the period 1986 to 1999, Guru and colleagues (2002) conducted an analysis of the profitability of seventeen Malaysian client banks, which they published in 2002. Outside aspects (liquidity, capital capacity, and cost management) and inside components (liquidity, capital capability, and expenditure administration) were the two types of outputs (shareholder Equity, organization size and outside financial environment). As a result of their investigation, they came to the conclusion that banks had poor profit efficiency.

A mix of state-owned and foreign-owned institutions make up Bangladesh's banking sector, according to Chowdhury (2002), which describes the sector as follows: Banking institutions must learn to deal with stress from both within and outside the organization if they are to remain viable. They must also demonstrate to their customers that they are important to them.

The financial performance of Tunisian banks between 1980 and 2000 was investigated by Neceur (2003), who published his findings in 2003. He came to the conclusion that owner investment had a good impact on the return on assets, and he published his findings to support this view.

Spathis and Doumpos (2002) conducted an examination into the productivity of Greek banks in relation to the magnitude of their real estate assets a number of years ago and concluded that the results were highly diverse. As a result of the findings, Greek banks were classified based on benefit and activity components using a number of approaches, indicating a significant disparity between small and large financial institutions in terms of competitiveness and knowledge.

When Muhammet Mercan and colleagues looked at the economic growth index of Turkish commercial banks between 1989 and 1999, they discovered that they were significantly outperforming the market. As a result of their investigation, they

discovered that the breadth and means of a bank's shareholder ownership had an impact on the institution's overall financial efficiency.

The development and performance of local and international banks in the Arab Gulf States, according to an article published in 2003 by Mazhar M. Islam, who looked at the development and performance of both local and international banks in the Arab Gulf States, have both performed admirably over the past few years. Not only did they discover that these countries' financial systems were highly developed, but in doing so they also discovered that the banking business is a very human resource-intensive industry with severe competition among banks, contrary to what they had previously imagined.

In their investigation, Adams and Buckle (2003) looked for elements that have an impact on the day-to-day operations of the Bermuda insurance business. They found a number of them. Businesses with a lot of debt and insufficient liquidity, as well as reinsurance companies, are claiming to be more successful in terms of operations than their counterparts.

It was discovered by Goddard and colleagues (2004) that the history of European financial institutions was quite fascinating when they undertook an examination into it. In their research, they discovered that the relationship between a company's size and its profitability (as measured by return on equity) was only tenuous. A positive association exists between off-balance-sheet trading and financial success in financial institutions based in the United Kingdom, according to the study.

Shiu (2004) studied the success of the United Kingdom Universal Insurance Corporation by using panel data collected from 1986 to 1999 over the course of the study period. According to Shiu (2004), the elements that led to the organization's success were examined. He concentrated his emphasis on three important indicators: the return on an investment, the fractional change in the value of shareholder money, and the benefit from shareholder investments. Among the 12 descriptive parameters examined, insurer success was shown to be the most highly connected with overall performance, according to his findings.

In the past, according to Ho and Zhu (2004), assessing an organization's success was based on its day-to-day output and competence, both of which placed a direct demand on the organization's ability to withstand failure.

In their paper, Chien and Song Zhu (2004) suggest that earlier studies on company success estimation have focused completely on day-to-day efficiency and production, thereby jeopardizing a firm's long-term viability and survival. They were guided throughout their investigation by the data envelopment evaluation paradigm, which was separated into two halves. After this research was completed, it was proved that increasing capacity does not always result in an increase in production output.

Specifically, according to Elizabeth and Elliott (2004), economic improvement approaches are those that give a corporation with a competitive interest rate advantage on the utilization of firm money. It has been established in the past that consumer pleasure is substantially correlated with consumer investment in the marketplace.

Millar (2005) presented a comparison of economic value added estimations with equivalent progress calculations, with the LBS interpretation of economic value added serving as the basis for the comparison. His contention is that in the United Kingdom, the financial sectors are characterized by a greater emphasis on rate rather than on time, which he blames to the government's low benefit over the next ten years in the form of a low benefit. In addition to increased security investments, the United Kingdom has had a period of relatively stronger financial growth, which has all contributed to an increase in the profitability of financial institutions.

Tarawneh (2006) provided proof in the form of data from Omani customer banks, demonstrating how economic growth in the financial sector may be quantified and tracked through time. Increases in the number of stock, deposits, debt, or cumulative assets, as has been discovered, do not necessarily represent an increase in the efficiency of the financial system.

It has been suggested that literature frequently sees financial success and creative achievement as two distinct notions that must be distinguished in order to be fully understood in the context of literature (Knoben and Oerlemans, 2006). "Firm success" refers to a company's ability to achieve its objectives while also generating financial success. Profit on revenue, on the other hand, indicates how much profit a corporation earns in relation to its sales, whilst profit on assets, on the other hand, indicates the amount of capability that the organization owns.

The investor value productivity frontier, developed by Fiordelsi (2007), incorporated economic value added into the calculation. After considering the data obtained, he came to the conclusion that, while analyzing growth, it was also important to take into account competitive expenses, in addition to turnover expertise.

Researchers in South Korea, lead by Lee (2008), carried out a study to determine the impact of shareholder capital mix on the economic growth of a company's operations. It is essential to the composition of share holder rights that the application of ownership rights (i.e., the partition of common owners' shares) be taken into consideration. The importance of two more critical components is also emphasized, namely the point of the shareholders' rights and the application for ownership of a business (specially, overseas shareholder and organizational financier). Business expansion, according to him, is often accompanied by a rise in shareholder interest measured by the accounting rate of return on assets, but that foreign investor holdings and corporate shareholdings are both minor variables in the overall equation..

The influence of key characteristics of a company's economic development was explored by Liargovas and Skandalis (2008). The study distinguished between fiscal and non-financial company growth sources. Leverage, export flow, site, scale, and the organization capacity index all have a substantial influence on company growth in Greece, according to the research. Profitable enterprises in Greece are huge, immature, sell overseas organizations with bold management players, have the finest debt-equity ratio, and utilize liquidity to sponsor their funds, according to the study's conclusions.

Prasetyantoko and Parmono (2008) investigated the variables impacting the success of scheduled firms in Indonesia, particularly following the 1997 economic disaster. The study also discovered that shareholder equity has an influence on corporate growth, as evidenced by the fact that companies with large foreign investment enjoy considerably higher progress in both dimensions.

According to his research, Xiaochi Lin (2009) looked into the impact of bank ownership on the outcomes of 60 different banks. He was able to judge the progress of each institution on the basis of the return on equity and return on assets, the non-progressing characteristics to full credit, and the expenses to operational income ratio, among other factors.

As reported by Sufian (2009), low market profitability has been seen as a result of a high degree of credit insecurity in the company as well as an excessive quantity of loan attention in Malaysian financial institutions. However, Malaysian banks obtained high profitability points in the business as a result of their high ranking in terms of investments, high profits from non-interest resources, and high degree of day-to-day costs. A functional national bank, according to Al-Tamimi (2009), is distinguished by its liquidity and attentiveness.

They were seeking for elements that were inhibiting the competitiveness and success of banks when Elyor and Uzhegova (2010) looked into the CAMEL approach and discovered none. The CAMEL structure was the most frequently used and recognized model at the time of its development (Baral, 2005). Nepal's Central Bank (NRB) used the CAMEL model to assess the performance of banks and other fiscal institutions in the country's banking sector.

An examination into the finance arrangements and business growth in the garment industry was carried out by Memon and colleagues (2010) in 2010. In their findings, they discovered that market efficiency in this industry is at the lowest level of the fund structure, and that enterprises in this sector are unable to benefit from scale economies.

According to Nosa and Ose (2010), appropriate money is essential for the expansion and advancement of enterprises in the country in order for them to grow and prosper. They recommended that the management system be strengthened in order to accelerate the company's growth and, consequently, its profitability. They did this by focusing on risk management and commercial control.

According to Onaolapo and Kajola (2010)'s research, a significant and unenthusiastic association between debt ratio and financial performance has been discovered between the two variables. The financial system was examined by Marcia Millon Cornett and colleagues (2010) during the Asian financial crisis to determine the impact of government ownership of banking institutions on the financial system. In the years before 2001, they discovered that government banks were much less profitable and had a lesser capacity to take credit risks than investor banks, which they discovered through regression analysis.

The elements that influenced the financial success of Croatian composite insurers were investigated by Curak and colleagues (2011) over a four-year period between 2004 and 2009. The investigation was carried out by Curak and colleagues (2011). Several explanatory variables were used to determine the profitability of insurance businesses while attempting to determine their profitability. These variables covered both internal aspects that were significant to insurance businesses as well as external aspects that were distinctive to the economy. It was found that the insurance sector's explanatory factors included both internal and external elements that were specific to the operation of the industry. The impact of group size, underwriting risk, inflation, and return on equity on profit margins and profitability were investigated in his study, which made use of panel data approaches. Saidiqui and Shaikh (2011) published their findings in *Finance & Development*, which can be found here, after conducting study in Pakistan on how to assess development through financial arrangements. Their findings can be read here. The return on equity (ROE) metric was used to determine the profitability of the bank, and it was observed that the size of the bank had a significant impact on the profitability of the organization.

According to the findings of Ahmad (2011), the relationship between return on asset and bank scale, as well as day-to-day competency, is decidedly unenthusiastic. His findings indicate that there is a considerable relationship between asset return and asset administration. Malik (2011) discovered, among other things, that insurers are lucrative and that both leverage and loss ratio have a major impact on insurers' profitability.

A six-variable analysis was carried out by Charumathi (2012) in order to determine the financial success of Indian life insurance businesses. While the size and liquidity of a company have a large and beneficial impact on the profitability of a life insurance company in India, debt, increase in gross written premiums, and equity volume all have a negative and significant impact on life insurance profitability in India. In addition, there was no association between underwriting risk and profitability in the research. For example, the author recommends that a supervisory authority be established and that there be increased competition in the insurance sector, as well as involvement in the stock market, establishing relations with banks, and expanding foreign direct investment in the insurance sector.

As a result of the impressive growth experienced by the industry, Pervan et al. (2012) conducted an investigation into the success of the Bosnian insurance sector and established the factors that influenced the profitability of insurance enterprises between 2005 and 2010. The findings were published in the journal *Insurance*. The results of the empirical investigation, which used a sophisticated panel model with a GMM estimator, revealed that the loss ratio had a significant and negative impact on profitability, as well as that the era, market share, and previous success all had a significant and positive impact on current performance. Despite the fact that diversification has no influence on profitability, it has been proved that foreign-owned companies are more effective.

Using data from Ethiopian insurance firms, Mehari and Aemiro (2013) investigated the relationship between the characteristics of the firms and the outcomes they achieved. Between 2005 and 2010, panel data techniques were used to evaluate a total of nine different insurance companies. According to the findings of the study, the performance of insurance companies is influenced by factors such as size, tangibility, and leverage, whereas other factors such as increase in gross written premiums, age, and liquidity have a statistically minor impact on the performance of insurance companies. It would be impossible to decide if a bank is over-leveraged if you just look at the overall amount of loans made by a bank, according to Abubakar (2015). Managers solve this issue by referring to the bank's balance sheet's asset-to-capital ratio, also known as the "leverage ratio." In comparison to the overall sum of borrowing money, a higher leverage ratio means that the bank can use more debt to support its investments. Of the many financial factors that influence a bank's success, loans and deposits are the most important in deciding profitability.

According to Amahalu Nestor (2017), loan management and financial results have a favorable and statistically important relationship (ROA). When Wang and Wang (2015) investigated the impact of loans from a variety of perspectives, he stated that a high loans-to-assets ratio indicates that a bank is providing more loans and earning more money. A low loans-to-assets ratio, on the other hand, means that the bank earns less money. However, we can't argue that a high loans-to-assets ratio puts the bank in jeopardy of running out of cash.

3.3 Elements of Financial Performance

3.3.1 The profit zone

Market share used to be the greatest indicator and guarantee of earnings. The classic rules of strategy, on the other hand, have fundamentally broken down in the last decade. IBM, Kodak, United Airlines, U.S. Steel, and General Motors are only a few examples. Ford and a slew of other companies did a fine job of capturing market share, but they didn't reap the profits that were expected to follow.

Several of these firms have reversed their corporate thinking around market share and growth in recent years, implementing dramatic improvements in their company models and gaining some of the momentum that had previously eluded them. Slywotzky (1998), *Performance in today's marketplace*, according to Slywotzky (1998), is determined by the answers to the following questions:

- How can benefit in our business really happen?
- Where is the "profit zone," the portion of a given market where profit is permitted?
- What does the business plan look like to get to and stay in the benefit zone?

Profitability must be considered in the context of each organization.

Disney and Coca-Cola make money in very different ways, but they are also members of a select group of corporations known as "re inventors." Companies who have been almost habitually customer-centric and profit-centric are known as "re inventors." (Larsen, H. H. 2017).

Every five years, they change their business model, and they expect this to happen. (Slywotzky, 1998) Coke's profits were focused in two areas: fountains and vending machines, all of which the bottlers could access but which the corporation could only control indirectly, if at all.

Coke's corporate strategy in the United States had changed to that of a "value chain boss" by the mid-1980s. By gaining ownership of the supply chain by purchasing controlling shares in its bottlers, it created a somewhat different business model, maximizing its fountain and vending expenditure, and gradually restoring the whole business model on a global scale

The Disney Company's viability challenge in the mid-1980s was that it was the industry's value generator (of content and characters), when others recaptured the bulk of the value. Disney started to invest directly in the system's retail component.

Disney was able to build an entirely streamlined structure, complete with a number of new ancillary operations, as a result of this change, allowing it to increase the effectiveness and profitability of any piece of content it produced. (Slywotzky, 1998).

General Electric (GE) has undoubtedly addressed the issue of how producers would make profits better than anybody else. Since becoming the market share leader was the road to highest profits in the early 1980s, GE's business model was based around the concept of being No. 1 or No. 2 or get out of the business.

By the mid-1980s, this was no longer the case, as GE's customers began to emphasize getting the best bargain. The business strategy moved to attaining not just the top market share position, but also the top productivity position. The paradigm worked for a long time, but by the early 1990s, it was no longer adequate to provide long-term profit growth. GE began developing programs, solutions, and other auxiliary businesses in order to continue profit growth since the advantage was in selling the entire "box." (Slywotzky et al., 1998).

3.3.2 Causal factors

In the claims of individual researchers, consultants, and marketers that a single factor is responsible for superior results, Capon, Farley, and Hoenig (1996) discovered that no single factor behaves independently. A number of main influences, taken from a variety of testing traditions, seem to work in concert to deliver above-average results. They discovered that environmental, strategy, and organizational (structure, atmosphere, and culture) factors all play a role in understanding financial output disparities. (As described by Capon et al (1996) as "the collection of business, transactional, and contextual factors confronting a business," "climate" in their work refers to more than "green environment.") The findings of a meta-analysis of existing academic studies on financial success, as well as the empirical research of Capon et al.,(1996) Support this conclusion.

According to the met study, climate and policy variables have the greatest influence, with strategy having the most stable consequences. The scientific research also

revealed that the best interactions are generated by the climate and policy. However, several important organizational relationships, particularly in terms of structure, were discovered. (See Capon et al., 1996)Capon et al (1996) established the following causal factors that, regardless of the analytic approach used, stand out in terms of their accuracy in affecting alternative performance measures (Kabir, G., & Tesfamariam, S. 2018):

- High participation in research and development, particularly for creating new technologies (strategy).
- High intervention in markets outside of the united states (strategy).
- Low debt levels (strategy).
- An entrepreneurship climate that encourages an innovation strategy.

The exploratory use of these six variables as a predictive performance instrument for a single enterprise showed their influence in driving financial performance. Over a 13-year duration, a very good match between real and projected output was achieved using Eastman Kodak as an example. (Capon and colleagues, 1996)

3.4 Measuring Financial Performance

According to Capon et al., financial efficiency may be measured in a variety of ways (1996). These measurements differ in many ways, and there are various problems surrounding the choice of which financial indicator to utilize. Pure (e.g. revenue, profit), return-based (e.g. profit/sales, profit/capital, profit/equity), internal (e.g. profit/sales), or a combination of the two are all examples of measures. A level throughout a certain period of time (e.g. a year), a mean or a long-term growth pattern, or a variability (e.g. standard deviation) around a mean or a trend. Firm survival was one of the elements they looked at in their observational study (Larsen, H. H. 2017).

Seeking useful components of success metrics is an important field for study, according to Banker, Chang, and Majumdar (1993). Determining the relevant components and demonstrating that the meanings that arise are correct and valid elsewhere was a major challenge for them.

Financial efficiency is often measured using the following metrics:

3.4.1 Profit margin

Profit margin = Net profit after tax / Sales

This shows how much profit is made by each rand in revenue. A high profit margin is advantageous because it equates to low cost rates as a percentage of revenue. A reduced margin isn't really a negative thing; for example, lowering a purchase price would normally raise unit volume thereby reducing profit margins. Because of the increased production, total profit can also rise (Ross,1996).

3.4.2 Return on assets (ROA)

ROA = Net profit / Total assets

Comparing net profit to total assets on the balance sheet is the most basic technique of profit accounting. Net assets (net assets less current liabilities), which equal the entire long-term sources on the balance sheet, can also be used to fund a portion of current assets, based on the notion that operational obligations are effectively free (Helfert ,1991).

The most commonly used formula for return on investment, according to Bandrowski (1992), is return on net assets (RONA).

RONA is a metric of benefit per rand of assets invested in a company, and therefore an indication of operational success, according to Ross et al (1996). They came up with the following definition:

RONA = Net profit before interest and tax / Net assets

Helfert (1991) supports the point that income taxes are an inevitable aspect of doing business and claims that the above ratio should be calculated using net profit before debt but after taxes. According to Ross et al (1996), the above ratio is often included in the numerator of net benefit after interest and duty.

3.4.3 Return on equity (ROE)

ROE = Net profit after tax / Total equity

Return on equity (ROE) is a measure of how well shareholders did over the course of a year, according to Ross et al (1996). They argue that ROE is the true bottom-line statistic of profitability in an accounting context since a company's primary goal is to serve its owners. The return on equity (ROE) is a ratio of earnings to the amount of

money invested in the company. This ratio is still referred to as "return on net worth" by Helfert (1991), who states that it is the most often used approach for determining the return on an owner's investment.

3.4.4 Du point identity

$$\text{ROE} = (\text{Net profit after tax} / \text{Sales}) * (\text{Sales} / \text{Net assets}) * (\text{Net assets} / \text{Total equity})$$

Consider the following as an illustration of a typical Du Pont identification: It is demonstrated in this example that return on investment (ROI) is influenced by factors such as operational efficiency (profit margin), asset utilization quality, and financial leverage. 1996) (Ross and colleagues, (Ross et al., 1996). When it comes to financial analysis and planning, the Du Pont scheme is a fantastic resource to have on hand. It makes use of fundamental financial accounting principles to provide a better understanding of the factors that influence a company's return on investment (profit) (ROI).

ROE may be broken down into individual income statement and balance sheet products. A flow chart can be used to show the decomposition of ROE. If ROE is unsatisfactory, management will use a flowchart like this to define particular ratios where change is most likely. (Ross and colleagues, 1996)

For a long time, the Du Pont formula has been used to evaluate the financial success of an organization in order to establish how successful it has been, according to Banker et al (1993). Because of the mechanism by which it is produced, they believe the profitability ratio simply provides a gross aggregate number and does not fully reflect the impact that the micro components of a company's operations have on profitability. They believe that A profit growth model was established as a result of this, by the American Productivity Center (APC), which splits profit growth into two components: productivity and price recovery abilities (Khan, H., & Wisner, J. D. 2019).

If you use the APC model, the productivity adjustment ratio can be calculated as the product of dividing the ratio of current period outputs to baseline outputs by the product of dividing the ratio of current period inputs to baseline inputs while the current period is in effect The value of outputs at current period prices is stated as a percentage of base level pricing when the value of outputs at current period prices is

divided by the value of inputs at current period prices. Amounts are computed by dividing the difference between the value of outputs at current period prices and the value of inputs at current period prices by the amount of money in the bank at the time of calculation.. A report on the subject was published in 1993 by the consulting firm Banker and Associates.

The profitability portion (profit to sales) of the Du Pont formula was combined with the APC equation by Banker et al (1993). The resulting ratios called for the evaluation of more micro-analytic details of results. They applied the APC method's profitability ratio study by looking at improvements in efficiency, price recovery, commodity selection, and power usage to see how any of these factors affects a company's profitability.

3.4.5 Earnings per share (EPS)

$EPS = \text{Net profit after tax} / \text{Number of shares in issue}$

Both management and shareholders pay close attention to earnings per share (EPS). It's frequently utilized in the valuation of common stock, as well as setting clear corporate goals and plans as part of strategic planning (Helfert ,1991).

3.4.6 Price/Earnings ratio (P/E Ratio)

$P/E \text{ ratio} = \text{Market price per share} / \text{EPS}$

The clear association between actual or planned EPS and the current selling price of the stock is often quoted by both management and shareholders. The ratio, also known as the "earnings multiple," is used to show how the stock market views a company's earnings success and future expectations. (Helfert 1991).

3.4.7 Excess value (EV)

$EV = (\text{Market value of equity} + \text{Book value of debt} - \text{Total assets}) / \text{Sales}$

Thomadakis (1977) and Errunza & Senbet (1981) were the first to employ EV, while Cochuman resource and Wood (1984) saw it as crucial in the relationship between social responsibility and financial efficiency. The industry gives specific enterprises premiums or discounts, which are captured by the human resource through EV. (Allen ,1994).

3.4.8 Return on capital (ROC)

$ROC = \text{Net profit after tax} / \text{Total capital employed}$

The rate of return on total capital, according to Stewart (1990), may be used to assess organizational efficiency. According to Stewart, ROC estimates the productivity of resources used regardless of funding method, and it is free of accounting distortions caused by accrual bookkeeping entries, as well as the conservative bias in financial statements and the tendency to understate resources by paying off failed attempts. Stewart, on the other hand, claimed that calculating ROC alone is insufficient since the cost of capital as well as the return on it must be taken into account. Economic Value Added, he suggested, should be included (Larsen, H. H. 2017).

3.4.9 Economic value added (EVA)

Traditional success metrics (net profits, return on assets, return on equity, and earnings per share) may not adequately capture risk, reinforcing either too optimistic (that is, maximizing earnings) or too prudent (that is, avoiding dilution of returns) conduct (Kantor & Pettit 1996).

Shareholder benefit metrics such as economic value added, according to Epstein & Young (1999), (EVA), an increasingly common success index, will greatly boost corporate decision making in the area of environmental management, as well as general capital expenditure decisions. EVA is close to traditional benefit metrics, but there are two main differences:

- EVA considers the cost of all capital, including the cost of equity.
- EVA corrects for potential distortions caused by generally accepted accounting principles (GAAP). (Epstein & Young 1999)

To comprehend EVA, one must first comprehend business value added (MVA).

The disparity between the company's stock value and its invested capital (including equity and debt) is known as the MVA:

$MVA = \text{Market value} - \text{Invested Capital}$.

The net present value (NPV) of the company's existing and expected potential assets, or the NPV of the company MVA or NPV, can be measured as the present value of

all possible EVA, just as it can be the present value of cash flow, based on the above MVA.

The logical counterpart of NPV is EVA. Both valuation models would yield the same result if the same assumptions are used.

This is a necessary theoretical foundation for EVA. Unlike NPV, however, EVA provides a period-by-period scorecard on which management is currently achieving good NPV and a framework for investors to predict possible potential NPV rises (Thompson 1998). EVA is a period output indicator of the amount by which net operating profit exceeds or falls short of the cost of both debt and equity capital:

$$\text{EVA} = \text{Net operating profit} - \text{Capital charges}$$

Or
$$\text{Net operating profit} - \text{Invested capital} \times \text{Weighted average cost of}$$

Capital(Thompson 1998; Epstein & Young 1999)

Stewart (1990), as well as the University of Pretoria's Bureau of Financial Analysis, measure EVA as follows:

$$\text{EVA} = (\text{Return on total capital} - \text{Weighted average cost of capital}) \times \text{Capital}$$

If GAAP distorts a capital or operating profit metric, it may be modified as required. The majority of the changes are in the form of "equity equivalents." The rationale behind these changes is that when businesses use GAAP, such things such as provisions, deferred taxation, and goodwill are paid to revenue, reducing declared capital artificially (and misleadingly). The number of changes that can be made is virtually infinite. More than 150 improvements to operating profit and invested capital have already been reported by EVA consultants.

Most firms, however, make less than five changes for fear of making the EVA-based assessment and compensation scheme too difficult. Epstein and Young (Epstein & Young, 1999).

EVA is the most reliable metric of business performance, according to Huckle (1995), but its measurement is difficult and time consuming. An "EVA drivers" research, as described by Uyemura, Kantor, and Pettit (1996: 103), recognizes the basic aspects and parameters of any product or service that are critical to realizing a viable, profitable business. positive EVA, notwithstanding the fact that such a rigorous profitability assessment can seem to be a challenging task. However, they

believe that this does not have to be the case, particularly if the following the concepts are followed:

- The 80/20 theory is the scientific observation that by evaluating the most important 20% of results, one will achieve 80% of the information desired.
- EVA is typically applied from the top down. This means that all reviews start at the top of the company and are then “drilled-down” to lower levels where the necessity and value of such extra information warrants it.
- The responsibility principle (e.g., line managers can only be held responsible for the risk categories they manage) simplifies the EVA review of main line units by limiting the risk parameters and cost allocation types that must be considered.

3.5 Determinants of Bank Financial Performance

Bank financial success is influenced by the types of factors: bank-specific factors, industry-specific factors, and macroeconomic factors.

Scale, deposits, market mix and diversification, and operational efficiency are the bank-specific variables we chose as determinants of bank success.

It is the natural logarithm of total assets that is used to determine the size of a bank, just as it is in other aspects of banking analysis (Delis, 2008; Wanzenried, 2014; Petria et al., 2015). Although the assumption that the size of a bank is a primary driver of success has been debunked, the long-term consequences of this belief are still unknown. In this scenario, the assumption is that increased size will allow banks to reap the benefits of economies of scale through improved operating productivity, resulting in higher bank profits in the future (Klomp & Haan, 2012 & Paolucci, 2016). According to a subsequent study (Lee & Kim, 2013), this link is nonlinear, and the square of variable size has been included to the list of bank-specific drivers in order to account for this nonlinear relationship.

It has also been found that the size of an institution's balance sheet has a negative impact on its performance, meaning that smaller institutions benefit from economies of scale and larger institutions do not (Kosmidou, 2007; Chong, 2008;). Bank deposits are computed as a percentage of gross deposit to total deposit, in accordance with the recommendations of scientific literature appropriate to the situation. Using

formalized formalized (Hsieh, 2013). If a bank's revenue-generating enterprises are expanded in order to boost profits, the greater the likelihood that the bank will generate money by doing so. A favorable impact on bank profitability is therefore expected in the near future as a result of deposits, according to our forecast. While banks can have an impact on the economy, this influence is conditional on the ability of banks to develop sound income-producing assets. Because they utilized bank deposit growth as a proxy for banking growth to support their claim, the authors Dietrich and Wanzenried (2011, 2014) asserted that the impact on bank profitability was uncertain (Kabir, G., & Tesfamariam, S. 2018).

Overly high growth rates may tempt new participants, lowering the profit per market participant. The normal logarithm of the total deposits was used to determine network embeddedness in earlier investigations, as well as in this one. Chong (2008), Habibullah (2009), and Sufian and Noor (2012) discovered that banks with more branches will be able to bring in greater amounts of deposits, resulting in greater profit prospects for the banks. Diversification and the correct mix of enterprises are essential for success. According to Stiroh, during the 1990s, the product offerings of various European banks rose in number and diversity while remaining competitive (2000). We employ the ratio of other operating earnings to total net assets to account for the influence of off-balance sheet businesses on bank profitability, following in the footsteps of Goddard, Molyneux, and Wilson (2004), Sofoklis (2009), and Petria and colleagues (2012).

Petria and colleagues (2015) discovered that diversification had a positive and statistically significant influence on bank profitability in the EU27; conversely, Căpraru and Ihnatov (2014) discovered no evidence of such an impact in a sample of Central and Eastern European financial institutions. We construct the operating expense to interest income ratio in accordance with Rashid and Jabeen (2016)'s recommendation that this indicator be employed as a bank-specific driver of bank outcomes.

Rashid and Jabeen (2016) observed no indication that operational efficiency had a detrimental impact on bank profitability, which was contrary to popular assumption at the time. A characteristic that is unique to the industry is this. In the banking business, the concentration ratio is used to determine the structure of a certain market. It measures the extent to which the overall assets of a particular sector are

controlled by its major corporations (Dietrich & Wanzenried, 2014). A study conducted by Harvard University found that banks in highly concentrated markets tend to cooperate by increasing the possibility that higher loan interest rates and lower deposit interest rates will be given to customers (Gilbert, 1984). As seen by the data presented above, market dynamics have a favorable impact on the performance of financial institutions.

As a result of increased interbank rivalry, business concentration may increase as a result of the business structure having a negative impact on the firm (Berger, 1995). As a result, we have discovered that the impact of market structure is vague, leading us to the conclusion that variables affecting the economy are ambiguous. In our research, we take into consideration the implications of macroeconomic volatility, which are sometimes referred to as business cycle effects. There are a plethora of ways in which recessions and expansions can affect the performance of financial institutions.

The availability of bank credit is more likely to be restricted during periods of weak economic development, and the quality of loans can deteriorate, increasing the likelihood that borrowers will default on their debts and commitments. In this study, GDP per capita growth is utilized as a proxy for cyclical productivity because it is more easily measured. Previous empirical studies of Central and Eastern European banks have indicated no significant influence (Căpraru & Ihnatov, 2014; Djalilov & Piesse, 2016), but we estimate a favourable impact on bank outcomes (Djalilov & Piesse, 2016). Căpraru and Ihnatov (2014) discovered that the addition of a dummy component for the financial crisis had a considerable positive impact, which was then reversed within a short period of time. The rate of inflation, as indicated by the percentage change in the price, was the subject of the second macroeconomic vector. Some earlier longitudinal research have found that inflation has a positive influence on bank efficiency (Dietrich & Wanzenried, 2014); however, other studies have found that inflation has no meaningful impact on bank efficiency (Dietrich & Wanzenried, 2014). (Djalilov & Piesse, 2016; Petria, 2015). This leads us to the conclusion that inflation has no effect on anything.

3.6 The Banking System and Financial Performance in Iraq

The banking business in Iraq stems from the mid-1930s. At the period, foreign bank branches and private Iraqi banks were established. These figures grew in tandem with the economy. Iraq, on the other hand, combined private banks and nationalized them in 1964. The country's stability was shattered when UN economic sanctions were imposed in 1990. From then until Saddam Hussein's administration, the majority of the state bank's activity was really financing the Iraqi military and eventually the governing party. To encourage business and alleviate the consequences of sanctions, the government opened the financial market to local private banks in the early 1990s (Khan, H., & Wisner, J. D. 2019).

Isolation, two wars, and decades of Ba'athist control had left Iraq's banking system in shambles by March 2003. The system's degradation during the early postwar period significantly compounded the situation.. A majority of the twenty-one minor state-owned and private institutions, as well as the Ministry of Finance, the Central Bank, the Baghdad Stock Exchange, and the two biggest state banks, Sumer Bank and Ashur International Bank for Investment, were all plundered at the time. Even a year ago, the situation was so severe that there was no functioning financial system. At the time, Iraq's economy was heavily focused on cash.

The Coalition Provisional Authority (CPA) was up against a process that was unlike that of many of its neighbors when it came to restoring the financial sector. Because there was so little liquidity, Iraqi banks could not rely on liquidity-driven profitability like other Gulf Cooperation Council (GCC) banks. The Central Bank of Iraq, on the other hand, boosted interest rates to a maximum of 17%. Due to high credit demand, money lending was the principal source of bank earnings. There was also no market for Islamic banking, in comparison to neighboring countries. Islamic banking was practically non-existent in Iraq, with the exception of one minor private bank, the Iraqi Islamic Bank for Development and Investment.

Approximately US\$2 billion in reserves were kept by the banking industry in March 2003, with more than 85-90 percent of that amount held by the two state-owned institutions. According to international standards, Iraq's foreign exchange reserves amounted to only approximately 8% of the country's gross domestic product (GDP), highlighting the banking sector's insignificant role as a source of resources for the economy as well as a repository for national savings in the country. On September

19, 2003, the CPA issued Order Number 40, which was the culmination of a lengthy inquiry and debate process aimed at establishing a financially sound banking industry. Ordinance No. 40, also known as the Bank Law, was in charge of the formation and regulation of Iraq's new financial system, laying the groundwork for the country's future economic growth and development in the process.

Unquestionably, the Western approach to bank control had a considerable impact on the rules governing the Bank of China (Bank Law). They vest the Iraqi Central Bank (CBI) with complete legal and organizational authority over the conduct of its business. Iraqi banks have the same legal rights and authority as their counterparts in western financial institutions operating in the current global financial climate, and this is the most essential component of the Bank Law, according to the authors. The utter lack of any description of traditional Islamic banking traditions or operations from the Banking Law is one of the most remarkable features of the legislation (Jaber, F., & Said, A. 2021).

3.6.1 The Iraqi financial system

In its current state, Iraq's financial market is underdeveloped and poorly functioning. It is safe to state that the banking sector is the most important component of the financial system, accounting for more than 75% of total assets and being regulated by the government in the majority of cases. Markets and non-bank financial institutions are still in their infancy and require significant development. An unstable financial infrastructure makes it difficult to obtain credit, and it must be improved in all areas: credit list, liquidity process, legal processes, accounting and auditing competence, regulatory compliance with international standards, and regulatory compliance with national laws and regulations. It is also vital to take into consideration the current political climate. Because of the challenging security environment, it is necessary to impose prices and limits. The convoluted political environment makes it difficult to make clear policy decisions; instability issues persist; and the impacts of state intervention continue to be felt even after reforms have been adopted (AbdulHameed, M. abd Nazzal, A. ,2020).

3.6.2 The Banking system

In the country, Sumer Bank and Ashur International Bank for Investment are two of the most powerful state-owned financial institutions, with combined assets of more

than \$100 billion. Private banks are few and few between, and those that do exist have only recently begun to do business in the United States. Only seven out of the 36 private banks are held by non-residents, with eight of them conforming to Islamic financial principles. Nationalized banks are believed to possess 86 percent of bank reserves, as well as 69 percent of loan portfolios, according to current estimates. With an adjusted asset-to-GDP ratio of 73 percent, the banking sector in the Middle East and North Africa (MENA) area is poor overall, as opposed to the region's overall asset-to-GDP ratio of 130 percent. Although loans have grown rapidly in recent years, they accounted for barely 10 percent of GDP in 2010, compared to 55 percent for the entire MENA area in the same year. Because of this, banks have exceptional liquidity, with 63 percent of total reserves held in foreign deposits with the Iraqi Central Bank, according to the World Bank, while the remaining reserves are held in local deposits (CBI). (Al-Tamimia, R., et al. 2020.) (Al-Tamimia, R., et al. 2020.)

3.6.3 State-owned banks

Precedented losses as well as quasi-financial transactions are being held responsible for a decline in the activities of Sumer Bank and Ashur International Bank for Investment Banks, the two largest state-owned banks in the country. Compared to the timetable set out in the Memorandum of Understanding (MOU) between the CBI and the Ministry of Finance, which was signed in 2006, the implementation of reforms has been severely delayed. Following the events of 2009, money from the World Bank has been allocated to assist with the reform process. In order to accelerate restructuring efforts, disputed products should be removed from balance sheets and transferred to an asset/liability protection firm, rather than being written off entirely. State banks must be subjected to traditional CBI examination as part of a comprehensive policy framework in order to be effective. More importantly, the authorities must be aware of the divergent opinions held by state-owned and private banks, as well as the TBI's viewpoint, which is likely the most important consideration. Bank of International (TBI) was founded in the 1970s as a specialized trade bank, but it has since expanded into a broad commercial bank that plays an important role in the global financial system (Jaber, F., & Said, A. 2021).

3.6.4 Private banks

They're battling on a level playing field that isn't level. The establishment of a de facto deposit guarantee, as well as constraints on private bank activity, benefit state banks. Money cannot be deposited in private accounts by government entities or state-owned corporations. Private banks are likewise unable to lend to state-owned enterprises. Furthermore, cheques written on private banks cannot be used to make contributions to the government (such as taxes). Private banks are considering creating a self-funded deposit guarantee fund, although conversations are still in the early stages. The strength and market capabilities of the 36 small private banks appear to be improving. A few of them provide a range of services, including mortgage loans. Personnel skills are frequently weak, many banks' service offerings remain limited, and the majority of loans are short-term loans tied to wholesale and retail commerce. Private banks are unable to fund major ventures due to their limited scale and the lack of syndication. According to some analysts, Officials from the CBI, for example, doubt private banks' professionalism and are concerned that they are not yet capable of successfully supporting fast economic development (Majeed, Z. al-Husayni, H. 2020).

Foreign banks are becoming more interested in doing business in Iraq. Many international banks are currently concentrating their efforts on foreign firms engaged in oil and related operations. They can, moreover, help to strengthen the overall banking environment and spur the financial sector's growth over time. Bank profitability is relatively fine, but a drop in earnings for private banks in 2010 should be monitored. State banks are effectively excluded from prudential regulations, and some may otherwise default due to insufficient funding. Prudential indices for most private banks, though not all, are relatively solid. Islamic and traditional private banks have common prudential and efficiency metrics. Islamic banks raise more money to have a higher proportion of long-term loans (AbdulHameed, M. abd Nazzal, A. ,2020).

3.6.5 Challenges in the banking system

Banks may be smaller than they seem, according to others. Banking oversight needs to be improved because accounting and auditing practices are lax. Most banks tend to be well capitalized, and with improved banking regulation and a leveling of the

playing field, private banks should be able to continue to expand and provide the financial underpinnings for stronger non-oil expansion. The expected incremental improvement in minimum capital ratios would aid in the restructuring of private banks and boost them further. At this time, the financial system does not seem to pose a major macro prudential danger. Small, liquid, and with solid prudential metrics, private banks are a good choice. While Sumer bank, and Ashur International Bank for Investment are in desperate need of money, they are still extremely liquid, with currency, CBI deposits, and foreign reserves covering 97 percent of private deposits. Bringing all state banks' capital levels up to the current minimum level by June 2013 will necessitate a capital infusion of 1.4 percent of GDP (Al-Tamimia, R. 2020).

4. RESEARCH METHODOLOGY

4.1 Population of the Research

The bankers of the registered commercial banks in the private Iraqi market make up the population of this study. Because private Iraqi banks share a lot of similarities in terms of organizational structure and services supplied, the study was undertaken at the following banks:

Sumer bank, Ashur International Bank for Investment.

4.2 Sample and Data Collection

A total of 116 questionnaires were issued, with 16 instances being discarded due to chance responses. As a consequence, we kept 100 replies for data analysis. For investment purposes, this study focuses on Sumer Bank and Ashur International Bank. In order to achieve the objectives and improve the accuracy of the study, all respondents must meet a few criteria. As a result, a face-to-face survey was adopted to ensure that all questionnaires were distributed to possible respondents, improving the likelihood of reaching the target respondents.

This study's questionnaire is broken down into seven sections: Social-demographic questions were included in section A of the questionnaire. The questionnaire's section B included questions concerning Human Planning Resource - Human Resource P, section C of the questionnaire contained questions about Recruitment and Selection- RS, section D of the questionnaire contained questions about Compensation and Rewards System- CR, , section E of the questionnaire contained questions about Training and Development- TD, section F of the questionnaire contained questions about Career Planning- CP and section G of the questionnaire contained questions about Financial Performance Management –FPM.

All of the measuring items were adapted from earlier studies linked to this topic in order to ensure that the content of the questionnaire is reliable and valid. Variables were chosen from Alberto (2002, 2003), Sels et al. (2003), Singh et al. (2004), and Qureshi et al. (2004) research (2007).

The likert scale was used to assess the scales, with 1 indicating high agreement and 5 indicating extreme disagreement.

Random sampling is used to distribute questionnaires to respondents. Initially, convenience sampling was chosen because it is the greatest methodology for obtaining the maximum response rate, and it is a quick and inexpensive way to get respondents' opinion. Respondents are obliged to submit the questionnaire to the researcher once it has been completed.

4.3 Data Collection Tool

A questionnaire was issued to bankers working in Iraq's private commercial banks (Sumer Bank and Ashur International Bank for Investment), as previously noted, as the major data gathering technique. This survey asks about your education level and kind, as well as your years of experience. The secondary data are financial data that the banks in the sample have made public through various media (bank publications, Iraqi securities commission, Iraqi central bank, and so on).

4.4 Results

Table 4.1: Demographic summary of survey responses

Variable	Classification	Frequency	Percent %
Gender	Male	33	33
	Female	67	67
	Total	100	100
Education level	Less than college	44	44
	College degrees	39	39
	Postgraduate degrees	17	17
	Total	100	100
Age	Under 30 years	22	22
	30-45 years	58	58
	More than 45 years	20	20
	Total	100	100
Years of experience	0-4 years	23.0	23.0
	5-10years	36.0	36.0
	Over 10 years	41.0	41.0
	Total	100	100
Job title	Operating employees	46	46
	Heads of departments	35	35
	Executives and line managers	19	19
	Total	100	100

We can notice by looking to the table 1. That explains the demographic analyses that the percent of the female in the sample is 33% and this is a low percent in banking sector maybe that is belong to the working environments and the obstacles that facing women in work during the war period in Iraq and the male percent is 67 , and more than 40% from the respondents have less than college degree 39 % of the respondents have college degree, and approximately 17% have postgraduate degrees, furthermore we can observe from the table above that 58% from the respondents between 30 and 45 years old and approximately 49% from the respondents have between 5 and 10 years old . Moreover we can see that there are 41% of the respondent have more than 10 years of experience and 35% from the respondents' position are heads of departments and 46% are operating employees.

Table 4.2: Normality assessment

		HRP	RS	CR	TD	CP	FPM
N		100	100	100	100	100	100
Normal Parameters(a,b)	Mean	3.1200	2.7067	2.5467	2.8633	2.9433	3.0833
	Std. Deviation	.87556	.79882	1.20374	.95004	1.04345	1.12753
Most Extreme Differences	Absolute	.106	.160	.175	.132	.152	.112
	Positive	.106	.160	.175	.132	.087	.080
	Negative	-.103	-.150	-.103	-.072	-.152	-.112
Kolmogorov-Smirnov Z		1.055	1.600	1.751	1.315	1.517	1.119
Asymp. Sig. (2-tailed)		.215	.012	.004	.063	.020	.163

a Test distribution is Normal.

b Calculated from data.

By looking to the table 4.2. we can see from Kolmogorov-Smirnov Z analysis that the distribution is Normal.

Table 4.3: Mean, std. deviation, skewness and kurtosis analyzes

Human Planning Resource - HRP	Mean	Std. Deviation	Skewness	Kurtosis
HRP1	2.8400	1.30050	-.146	-1.276
HRP 2	2.8400	1.28488	-.103	-1.174
HRP 3	3.6800	1.19663	-.726	-.301
Recruitment and Selection- RS				

Table 4.3: (Cont.) Mean , std. deviation, skewness and kurtosis analyzes

Human Planning Resource - HRP	Mean	Std. Deviation	Skewness	Kurtosis
RS 1	2.6500	1.32097	.137	-1.389
RS 2	2.3400	1.23272	.642	-.668
RS 3	3.1300	1.44008	-.087	-1.368
Compensation and Rewards System- CR				
CR 1	2.3300	1.26375	.607	-.907
CR 2	2.6200	1.55557	.347	-1.493
CR 3	2.6900	1.21185	.273	-.900
Training and Development- TD				
TD 1	2.5200	1.37422	.422	-1.088
TD 2	2.7200	1.27192	.034	-1.258
TD 3	3.3500	1.29002	-.424	-.776
Career Planning- CP				
CP 1	2.7200	1.12887	-.113	-1.135
CP 2	3.0600	1.30128	-.254	-1.037
CP 3	3.0500	1.09521	-.195	-.571
Financial Performance Management -FPM				
FPM 1	3.0200	1.19747	-.399	-.697
FPM 2	3.0000	1.31809	.000	-1.202
FPM 3	3.2300	1.38429	-.144	-1.267

The mean, standard deviation, skewness, and kurtosis analyses are shown in table 2. The normal values for skewness and kurtosis are between -3 and +3, and all of the question items' values are between -3 and +3, indicating that the data is normal and acceptable for analysis.

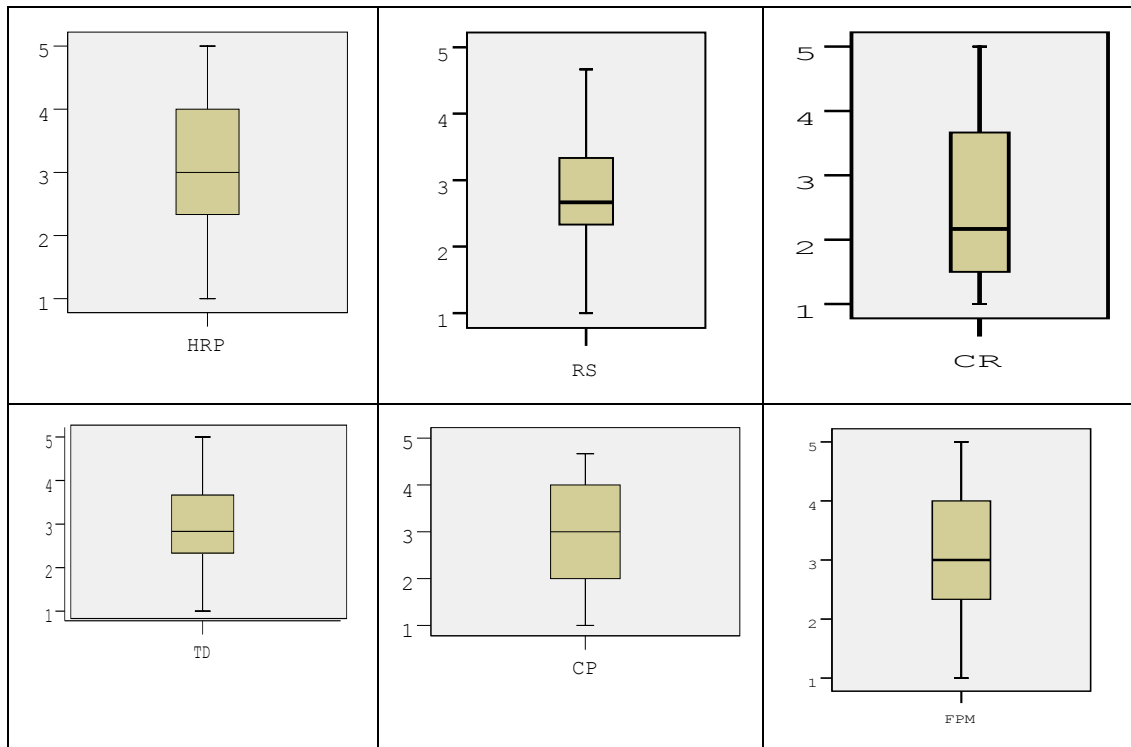


Figure 4.1: Outliers and influencers

Outliers, or data values that are significantly different from the rest of the data, can have a significant impact on the conclusions. Outliers are often easy to spot on a boxplot. Isolated values near the extremities of a stem-and-leaf plot indicate likely outliers. There are no numbers that are far off from other data values in our study, as seen in figure 4.1, thus we can declare there are no outliers.

Table 4.4: Factor loading and cronbach's reliability analyzes

Factor's Name	Variables	Factor Loading	Eigenvalue	Variance Explained
Human Planning Resource HRP	HRP1	.642	1.586	52.862
	HRP 2	.730		
	HRP 3	.860		
Recruitment and Selection- RS	RS 1	.792	1.566	52.213
	RS 2	.590		
	RS 3	.802		
Compensation and Rewards System- CR	CR 1	.761	2.393	79.783
	CR 2	.794		
	CR 3	.801		

Table 4.4: (Cont.) Factor loading and cronbach's reliability analyzes

Factor's Name	Variables	Factor Loading	Eigenvalue	Variance Explained
Training and Development- TD	TD 1	.763	1.770	59.011
	TD 2	.790		
	TD 3	.630		
Career Planning- CP	CP 1	.808	2.359	78.644
	CP 2	.734		
	CP 3	.790		
Financial Performance Management -FPM	FPM 1	.654	2.255	75.176
	FPM 2	.705		
	FPM 3	.716		

Kaiser-Meyer-Olkin Measure of Sampling Adequacy =.791

Validity Analysis of Factors SPSS was used to do an exploratory factor analysis on the 18 items. Exploratory factor analysis reveals no inappropriate items in our results since all of the item values are greater than 0.5, which improves the scale's reliability.

Six-Factor Structure in Preliminary Form To derive eigenvalues for each factor in the data, an initial analysis was performed. The Kaiser-Meyer Olkin Measure confirmed the analyses' sampling adequacy; KMO is more than 0.5 for all parameters. Six factors had eigenvalues larger than one, implying that each component explained more than half of the variance, as shown in table 4.4.

Table 4.5: Reliability statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.855	.804	6

Moreover from the obtained results we notice that the reliability between factors based on the results of Cronbach's Reliability Coefficients is good =.855 (more than 70 %)

Table 4.6: Mean , std. deviation and correlations between factors

	HRP	RS	CR	TD	CP	FPM
HRP	1					
RS	.600(**)	1				
CR	.260(**)	.601(**)	1			
TD	.324(**)	.381(**)	.425(**)	1		
CP	.553(**)	.593(**)	.649(**)	.361(**)	1	
FPM	.197(*)	.538(**)	.692(**)	.297(**)	.599(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The correlation value between two variables must be less than 0.85, as shown in the table above. The correlation value between Human Planning Resource, Recruitment and Selection, Compensation and Rewards System, Training and Development, Career Planning, and Financial Performance Management is less than 0.85, which is acceptable and indicates that there is a correlation between the study's factors.

Table 4.7: Regression analyze results

Dependent Variables	Independent Variables	β	t	P Değeri	R^2	F
Financial Performance Management	(Constant)		3.307	.001	.555	23.476
	Human Planning Resource	-.235	-2.409	.018		
	Recruitment and Selection	.252	2.391	.019		
	Compensation and Rewards System	.392	3.676	.000		
	Training and Development	-.009	-.111	.912		
	Career Planning	.329	3.100	.003		

With respect to the effects of Human Planning Resource ,Recruitment and Selection, Compensation and Rewards System, Training and Development, Career Planning on Financial Performance Management ($p < 0,05$), H1, H2 , H3, H4 and H5 respectively, the results support all hypothesis. Except H4 .Thus, the higher Human Planning Resource ,Recruitment and Selection, Compensation and Rewards System, and Career Planning the higher Financial Performance Management are likely to be.

Based on the regression table's findings, we can conclude that when a bank takes human resource management planning into account, it will be better able to serve and meet the bank's ultimate goal of having enough staff on hand at all times to meet the demand of work to be done, and when a bank formulates an active recruitment and selection policy and links it to the overall bank's strategy, it will be more likely to achieve better financial performance. Furthermore, when a bank establishes an active training and development policy for its employees and is able to retain an appropriate number of desired and qualified employees at all times, it means that the employees are able to meet the bank's set standards and goals and achieve better financial results.

4.5 Multi-Collinearity Analysis

Table 4.8: Collinearity statistics

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.114	.337		3.307	.001		
	HRP	-.303	.126	-.235	-2.409	.018	.495	2.019
	RS	.356	.149	.252	2.391	.019	.426	2.349
	CR	.367	.100	.392	3.676	.000	.416	2.403
	TD	-.010	.093	-.009	-.111	.912	.769	1.300
	CP	.356	.115	.329	3.100	.003	.420	2.382

a Dependent Variable: FPM

Table 4.9: Collinearity diagnostics (a)

Model	Dimension	Eigenvalue (Constant)	Condition Index HRP	Variance Proportions					
				RS	CR	TD	CP	(Constant)	HRP
1	1	5.711	1.000	.00	.00	.00	.00	.00	.00
	2	.120	6.885	.07	.04	.00	.40	.02	.01
	3	.072	8.914	.00	.06	.02	.01	.68	.10
	4	.042	11.712	.42	.03	.07	.12	.24	.38
	5	.035	12.740	.51	.09	.34	.00	.03	.26
	6	.020	16.857	.00	.77	.56	.46	.02	.25

a Dependent Variable: FPM

By looking to the table 4.8 we can see that the value "VIF" in the table "Coefficients". Is less than 10 for all predictors . And we can notice from table 4.9 in the Condition Index column that there are only one value above 15.and after checking variance proportions columns there are no values above .90 in. So we can say that's indicated that there are no multicollinearity problem of all variables.

5. CONCLUSION

5.1 Discussion

Human resource management is a bank's most valuable asset and a source of competitive advantage. Human resource management is more difficult than managing any other resource, and banks need a robust and effective human resource management system to manage them effectively. The impact of human resource planning management aspects on the financial performance of Iraq's two main banks, Sumer Bank and Ashur International Bank for Investment, was investigated in this study (Human Resource Planning Resource Recruitment and Selection, Compensation and Rewards System, Training and Development, Career Planning). The study used a survey research approach, in which respondents were given a standardized questionnaire to fill out.

According to the findings of the study, there is a good association between human resource planning and the financial performance of Iraqi banks. The majority of the sample respondents believe that human resource recruitment and selection, training and development, and career planning help Iraqi banks improve their financial performance. This sector's decision-makers should make significant efforts to improve the level of selection and recruiting. The comments and opinions of the workers revealed that they often do not receive the needed advantages from the banks' training programs and seminars. In truth, training is quite important and helpful, and it should be carried out by Iraqi banks after a thorough review of their training needs. The bank's financial efficiency will improve as a result of this training. Therefore, an increase and accurate in human resource management planning will most likely enhance the financial performance of banks in Iraq.

5.2 Recommendations

The study's findings are intriguing in a variety of ways, but particularly because the link between human capital management methods and performance is considerable. As a result, the following suggestions are made by the study:

- 1 Because the scores are still poor, banks in Iraq must take further efforts to improve their human capital management processes. This might help banks improve their financial performance by reducing the influence of human capital management techniques.
- 2 Communication is a major challenge at most banks. Management must take substantial steps to increase communication between top management and lower-level personnel. More communication approaches are needed to bridge the communication gap between top management and other staff. This may be accomplished by providing managers and staff with extensive training and workshops.

Human resource management in Iraqi banks, according to the research, should implement strategic human resource planning programs that are connected with the bank's overall strategy. However, given there have been few empirical studies in this field, we feel that an empirical investigation that would be of interest to academics, bankers, human resource experts, and legislators is required. This study might contribute to the corpus of knowledge in the disciplines of human resource management and banking as well.

5.3 Research Implications

Human resource management features have a favorable and considerable impact on the financial performance of Iraqi banks, according to the study.

According to the study, human resource management characteristics have a positive and significant influence on the financial performance of Iraqi banks. As a consequence, increasing human resource management techniques will enhance Iraqi banks' financial performance. As a result, bank executives should increase their financial performance by utilizing human resource management (particularly Reward Management and Employee Performance Management).

The findings may not be applicable to other sectors of the Iraqi economy or to other countries as a result of the study's focus on the banking sector. Given the low degree of adjusted determination ($\text{adj } R^2=47\%$), bank executives should combine human resources management with other performance improvement initiatives to improve financial performance. Furthermore, banks should avoid employing staff resourcing since it hurts their financial performance. Banks should use consultancy companies

to oversee the recruiting process in partnership with their human resources department, rather than sourcing new personnel from present employees.

5.4 Research Limitation and Suggestion for Further Studies

Human resources management techniques account for 47 percent of variance in bank financial performance, according to the research's findings, while other factors not included in the study account for the remaining 53 percent. As a result, other researchers should think about alternative human resource management strategies or features. Additional research may be done by applying various human resource ideas. Other researchers may also want to explore using interviews because they tend to disclose more information. According to the findings, this study should be replicated in other Iraqi businesses to see whether the same conclusions can be drawn. This will aid in improving Iraq's understanding of human capital management strategies.

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