

## **The Impact of Human Resource Management Practices on Corporate Financial Performance**

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### **Abstract**

This research is quantitative and exploratory. The impact of human resource management practices on corporate financial performance is one of the important sectors in any organization. The advantages of Human Resource management with suppliers in the private sector are the main target of this research. It resembles the principle and concepts of benefits. The Impact of Human Resource Management Practices on corporate financial performance. The researcher used a questionnaire in order to collect data about the advantages of Human Resource Management participants. The questionnaire was composed of two sections. The first section consisted of demographic questions, starting with respondents' gender. The second section of the questionnaire consists of ten factors as data analysis. The researcher gathered data for the study through distributing questionnaires as a primary data. The questionnaire is prepared and distributed to the students in the Cihan Group and Korek Telekom. Secondary data is the need for conducting research work, which is done by collecting. Regarding the research questions, which consist of three questions, have a link with the topic of the research, the researcher answered the research question by the result of the conclusion in this research, which was taken from Statistical Package for Social Sciences SPSS v22 program and ticked it by participating peoples in the survey questions, also made integration with my idea about the topic of this research. The conclusion designed and wrote by tanking the information in the answering from participating in the research question.

**Keywords:** human resource management practices, corporate financial performance.

### **1. Introduction**

Over the most recent ten years, organizations have been hit with the inescapable truth that the formation of upper hand lies in individuals. Organizations have logically seen the potential for their representative to be a wellspring of upper hand. Human resource capacities were the safeguard of „Personnel Managers“ whose obligations were to enlist and select, evaluate, advance and downgrade. Any administrator could perform these shallow obligations, it subsequently never appeared to be important to utilize a specialist as a human resource manager let alone create a whole department committed to human resource management. Little thought was paid to human resource administration issues and its effect on authoritative execution. The complement on customary and socio-social issues implanted a

part of subjectivity in „personnel manager limits, for instance, enrollment and choice, advancement and hierarchical execution (Rawashdeh and karim,2012). A study shows a positive impact of Human Resource practices on financial performance, with the practices as follows (information sharing, extensive training, recruiting and selection, reward and motivations, promoting, employee security, and decentralization and use of teams). As operational performance (quality, cost saving, flexibility, deliverability and commitment) (Ahmad and Schroeder ,2003). The study of the impact of human resource management practice on financial performance have been proved that have a positive impact for the practice as follows, (human resource planning, recruitment, motivation and job security) on corporate financial performance (Sang, 2005). For associations to survive, Human Resource Management should be given its fitting spot of pertinence in any association and not left in the hands of line supervisors who neither have the ability nor the time and space to do the enormous components of a human resource management. The idea of human resource management is the general kind of exercises in any purpose of management is to utilize resource effectively for an organizational goal. The HRM idea uncovering the need to take HRM past just determination and remuneration to more extensive issues that request more exhaustive and more key point of view to an organization's Human resource. The planning ideal of human resource management held that human resource (HR) systems and the association structure should be managed in a way that is perfect with classifiable methodology and further clarified that there is a human asset sequence that contains four nonexclusive policies or limits that are completed in all association; choice, examination payment and development. The Harvard structure depends on their principle the subjects of confirmable work potency must be established when broad directors build up a viewpoint of how they wish to see worker obligatory in and produced by the exertion and of what human resource management strategies and practices might accomplish those aims. Without either a central rationale or a key vision, which can be given just by general managers – human resource management is apparently going to continue a plan of free exercises, each directed by its own specific practice custom. This required the need a whole deal perspective in overseeing personages and thought of personages as potential effects rather than only a variable budget (Beer, 1984). In today's business world associations particularly in the service sector have to ensure highest operation of their employee for achieving organizational goals award to increase the level of eth sales product and services. Human Resource Management has risen above from strategies that assemble clean to practices that create comes about. Human resource management files and issue can make organizations that are more sure, adaptable and capable than their opponents through the operation of strategies and practices that focus on recruiting, selecting, training skilled representatives and guiding their intense attempts to participate inside the asset heap of the organization generally and in the financial performance specially. This can consolidate association execution and make upper hand

therefore of the record affectability of Human Resource and the social complex of methodologies and practices that competitor will be notable copy or reproduce their inequalities and significance (Boohene and Asuinura ,2010).

## 2. Literature Review

According to (Richard & Johnson, 2001) say that the impact of human resource practices on turnover and firm benefit among a case of companies in NewZealand saw that human resource review influenced revenue and that the relationship among keep and proficiency was sure when companies completed high-association human resource hone, however negative when they didn't. (Guthrie, 2001). There is a positive effect of Human Resource Management hone (data sharing, broad preparing, particular recruiting, remuneration and motivating forces, status distinctions, work security and reorganization and operation of groups) on authoritative execution as operational execution (quality, cost lessening, adaptability and responsibility). There has been the exploration into specific human resource management rehearses out of the platform that subsidize essentially to organizational performance (Ahmad and Schroeder, 2003 ). Organization that vertically adjusted and on a level plane coordinated HR capacity and practices performed better and delivered more dedicated and fulfilled HR work representatives who displayed heightened separable and organizational performance (Green, Wu, Whitten, & Medlin, 2006). A study of HR practice in China displays that the effect of these practices on organizational performance and employee relationship environment and found that these have direct and beneficial products on financial and operational performance and the employee relation environment (Ngo, Lau and Foley, 2008). a study in Pakistan to research the impact of human resource management practices, for example, enlistment and determination, preparing and improvement, completing assessment, compensation and rewards, and representative relations on hierarchical execution (element cost, element quality, piece of the pie, execution in respect to contenders and organization's performance in respect to industry normal) and he found a critical positive relationship between these practices and company performance in twenty oil and gas companies (Khan, 2010). A study of one hundred participants shows that HRM practice particularly, recruitment and selection; performance investigation, pay, and training and increase have positive effect on organizational performance. For example, performance appraisal enlarges worker responsibility and fulfillment since representatives are allowed to talk about their work performance touching set objectives. (Boohene & Asuinura, 2010). Many studies in the past clarified the differences between human resource management practices by different names. One of the waiting surveys in HRM research is irrespective of whether there exists an unsocial arrangement of strategies or practices that speaks to a generally better method than supervision individuals. Suppositions on best practices suggest that all around, certain HRM rehearses either independently or in mix yield enhanced organizational performance

(Chandler & McEvoy, 2000). Many arrangements of „best practices“ have been delivered; (Guest, 2002) drew up the following: selection and the careful use of selection, Training, Job design, Communication, Employee share ownership program. In a study also explained human resource management practice that support services organization as following: employment and selection, training and improvement, reward, job design, worker involvement, performance assessment (Redman & Mathews, 1998). A study of the relationship between high performance work system and performance in a main study of 44 built-up sites in steel, clarified the three types of human resource management practice which is important and critical to the organizational performance, hiring more important on recruitment, selection and training, they opined that aptitude improving practices are vital in light of the fact that corrections in work association are just viable if representatives have sufficient capabilities to accept up these open doors. Motivation upgrading practices are basic in light of the fact that regardless of the possibility that it is expected that representatives have the knowledge and chance, it is fundamental that they have the motivation with a specific end goal to accept up these open doors. At long last, organization-advance practices are worried with delineation on the web work frameworks and disconnected contribution exercises so representatives have the opportunity to wind up distinctly included and take an interest in decision-making (Appelbaum, Bailey, Berg and Kalleberg, 2000). A proper meaning of training and progress is any attempt to enhance present or future worker by expanding a worker's capacity to perform through familiarizing, as a rule by changing the employee's state of mind or expanding his or her abilities and learning. While preparing hypothetically is the way toward giving particular abilities, improvement is said to be the learning openings intended to help employees grow. Training has the distinct role in the achievement of an organizational goal by integrating the interests of organization and the workforce (Stone, 2002). A study shows that sufficient preparing produces stamped changes in employee correspondence and ability of displays and expanding keep time (Cheng & Ho, 2001). Compensation procedures focus on pay rationalities and methodologies contained as approaches, directing ethics, structures and techniques which are articulated and guessed out how to give and keep up fit sorts and levels of pay, advantages and different types of pay. This establishes measuring work ethics, planning and keeping up pay structure, paying for accomplishment, ability and proficiency and giving worker advantage. Compensation administration is not just about cash; it is furthermore nervous with that non-money related pay which gives characteristic or external encouragement (Bob, 2001).

### 3. Research Problem

In today modern competitive business situation and in the financial act specially organizations are facing emerging challenges in the sectors of optimization of the human resource management from understanding about this challenges it has generally been the needs for complementally human stability competitive advantage ,the research problem is to decide and find all the characters which is effect of the human resource management on group financial performance from establishing time reward to

achieve better financial performance and also to originate and implement human resource management practice .the other problem for this research is realization ,the critical role of the human resource management practice play in the generally and increasing the competitive inside the financial performances a business experiences .

#### 4. Research objectives

- To identify the relationship between Human Resource practice and finance performance.
- To find the general Human Resource practice at financial performance.
- To evaluate the opinions of workers and directors about Human Resource practices of financial performance.

#### 5. Research Question

- What is the relationship between Human Resource training and finance performance?
- What is the general Human Resource workout at financial performance?
- What are the observations of employees and managers about Human Resource observes of financial performance?

#### 6. Research Methodology

##### 6.1 Design of the research

The researcher used a questionnaire in order to collect data about ((**The impact of human resource management practices on corporate financial performance**)). Quantities research method is used to conduct this study .The questionnaire was composed of two sections. The first section consisted of Personal information, starting with asking about gender. The second section of the questionnaire consists of nineteen questions, regarding two Variables in the research topic ((**Human resource management practices and corporate financial performance**)).

##### 6.2: Method of data collection

The researcher gathered data for the study through distributing questionnaire as a primary data, 100 questionnaires was distributed of the member and (82) valid questionnaire was collected. The questionnaire is prepared and distributed to staff or employee in private companies in Erbil city such as Cihan Group and Korek Telecom company .Secondary data is need for conducting research work, which is done by collecting it from recent academic articles, books and previous studies related (**The impact of human resource management practices on corporate financial performance**)).

##### 6.3 Sampling of Size and target population

A random sampling method was adopted to collect data, where Human Resource management department and finance department, employee and consumer will have equal chance of being selected

from the sample group. People in Kurdistan region of Iraq involved in this study Cihan Group and Korek Telecom Company.

## 7. Data Analysis:

Table 1: Demographical Data

<i>Parameter</i>		<i>Frequency</i>	<i>Percent</i>
Gender	Male	54	65.9
	Female	28	34.1
Age	Under 20	27	32.9
	21-30	41	50.0
	31-40	12	14.6
	41-50	2	2.4
Marital Status	Married	43	52.4
	Single	39	47.6
Education	Technical school	6	7.3
	University	47	57.3
	Post graduate	29	35.4
Income Monthly	\$ 0 – 499	34	41.5
	\$ 500 – 999	16	19.5
	\$ 1000 – 1999	28	34.1
	2000 and over	4	4.9
<i>Total</i>		82	100

The above table presented as Table 1 has the demographical variables where five variables taken for the study and explained with the frequency and percentage.

Table 2: Demographical Data

The manner in which my branch combines Resources and Capabilities enables it to reduce its costs to a highly competitive level (Human Resources and Capabilities)	strongly disagree	2	2.4
	disagree	10	12.2
	neither agree nor disagree	7	8.5
	agree	39	47.6
	strongly agree	24	29.3
The manner in which my branch combines Resources and Capabilities enables it to reduce its costs to a highly competitive level (Intellectual Resources and Capabilities)	strongly disagree	22	26.8
	disagree	40	48.8
	agree	8	9.8
	strongly agree	12	14.6
The manner in which my branch combines Resources and Capabilities enables it to reduce its costs to a highly competitive level (Physical Resources and Capabilities)	strongly disagree	11	13.4
	disagree	9	11.0
	neither agree nor disagree	14	17.1
	agree	37	45.1
	strongly agree	11	13.4
The manner in which my branch combines Resources and Capabilities enables it to reduce its costs to a highly competitive level (Organizational Resources and Capabilities)	strongly disagree	25	30.5
	Disagree	33	40.2
	neither agree nor disagree	8	9.8
	Agree	16	19.5
The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive	strongly disagree	9	11.0
	Disagree	12	14.6
	neither agree nor disagree	9	11.0

threats (Financial Resources and Capabilities)	Agree	24	29.3
	strongly agree	28	34.1
<b>The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive threats (Human Resources and Capabilities)</b>	strongly disagree	8	9.8
	Disagree	6	7.3
	neither agree nor disagree	11	13.4
	Agree	29	35.4
	strongly agree	28	34.1
The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive threats (Intellectual Resources and Capabilities)	strongly disagree	33	40.2
	Disagree	26	31.7
	neither agree nor disagree	6	7.3
	Agree	17	20.7
The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive threats (Physical Resources and Capabilities)	Disagree	10	12.2
	neither agree nor disagree	12	14.6
	Agree	27	32.9
	strongly agree	33	40.2
The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive threats (Organizational Resources and Capabilities)	strongly disagree	19	23.2
	Disagree	38	46.3
	neither agree nor disagree	7	8.5
	strongly agree	18	22.0
Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of . . . (Marketing?)	much worse	10	12.2
	Worse	11	13.4
	Better	19	23.2
	much better	42	51.2



Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of . . . (Growth in sales?)	much worse	8	9.8
	worse	14	17.1
	better	37	45.1
	much better	23	28.0
Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of . . . (Profitability?)	worse	13	15.9
	better	27	32.9
	much better	42	51.2
Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of . . . (Market share?)	much worse	27	32.9
	Worse	44	53.7
	Better	11	13.4
Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of . . . (Customer service department?)	much worse	10	12.2
	Better	37	45.1
	much better	35	42.7
Compared to other branches that do the same kind of work, how would you compare this branch's performance over the past 3 years in terms of (Motivation)	Worse	13	15.9
	better	24	29.3
	much better	45	54.9
Total		82	100

The above table presented as Table 2 has the all eighteen items description presented as frequency and percentage having altogether 82 samples constituting 100% of respondents.

## 8. Conclusion

According to the descriptive analysis, I'm such researcher came conclude the highest value was the company's employees working in the branch are creative and bright means =4.35. The second highest value was the company's employees working in the branch are widely considered to be the best in our industry means =4.17. The third highest value was the company's employees working in the branch

are highly Skilled in serving customers means =4.07. The fourth value highest was The manner in which my branch combines Resources and Capabilities enables it to defend against all known competitive threats(Physical Resources and Capabilities) means = 4.01. The five value highest was the manner in which my branch combines Resources and Capabilities enables it to reduce its costs to a highly competitive level (Human Resources and Capabilities) means =3.89. The sixth value highest was the manner .....(Financial Resources and Capabilities) means =3.85. The seven values highest was the manner ..... (Human Resources and Capabilities) means =3.76. The eight values highest was the manner ..... (Financial Resources and Capabilities) means =3.60. The nine value highest was Compared to ..... (Motivation) means =3.39. The ten value highest was Compared to ..... (Profitability?). Means =3.35. The eleven highest values was the manner .....(Physical Resources and Capabilities)=3.34. The twelve highest values was Compared ..... (Customer service department?) Means =3.18. The thirteen highest values was Compared to .....(Marketing?) Means =3.13. The fourteen highest values was Compared to ..... (Growth in sales?) Means =2.91. The fifteen highest values was the manner in ..... (Organizational Resources and Capabilities) means =2.51. The sixteen highest values was the manner .... (Intellectual Resources and Capabilities)=2.36. The seventeen highest values were the .... (Organizational Resources and Capabilities) means =2.18. The eighteen highest values was the manner in ..... (Intellectual Resources and Capabilities) means =2.08. The nineteen highest values was Compared to ..... (Market share?) Means =1.80.

Regarding relationship between HR practice and the corporate financial performance I believe that this idea I so correct that say Organization that vertically adjusted and on a level plane coordinated HR capacity and practices performed better and delivered more dedicated and fulfilled HR work representatives who displayed enhanced individual and organizational performance, I suggest that any organization should have or open the separate department for the HR practice and be taking all information from all of the employees about information sharing between the head of the departments generally and between HR and financial department especially and the last employee about the scale of the responsibility with giving the employee and workers the motivations by the capacity of that works the employee and workers had did it because of the employee productivity is so important regarding this case , I suggest that the HR department in the Private sector organization generally and the Cihan group and Korek telekom especially should make deferent between that employee that just calculation the time for moving and Departure the job, with that employee that making action and turnover in the company with productivity, in my opinion, the second type will calculate as an advantage and strength for that company .Regarding the corporate financial performance should use the positive impact for more development and controlling the best share in the market for example as my opinion before starting any kind of job should have the resource planning such as a feel it in the HR department in the private companies as part of the general HR practice with the job security also

is available in the same department in the Cihan Group and korek Telekom .I suggest for the private sector in KRG zone to increase the type and level of the motivation and Compensation for the employee and worker for working better and more and getting more of the activity with productivity in near future.

## 9. Recommendation

This research was prepared about The impact of human resource management practices on corporate financial performance, the researcher choose this topic because of fell that the human resource management have a contact with more the positive action in any organization specially in the organization, the following bellow some of my points as recommendation for fixing the situations of the business performance:-

- ✚ The organization should make the positive situation for the suppliers to be happier with the work each to gather.
- ✚ Preparing the online system for taking and giving the information by security password and more safety system is important and the organization should make it to get the comfort ability from the suppliers.
- ✚ The organization should have the perfect application system for the employment in the HG department as a HR practices with fully informed about the qualifications (employees and workers) required to perform the job before being hired.
- ✚ HR Practices in the department should work by Selection system selects those having the desired knowledge, skills and attitude or Pay for performance improves performance or Resources needed for proper functioning of the organization always available and Employees are motivated to stay with this organization.
- ✚ The organization should have two kinds of the goals , the first is stated achieves such as mentioned the in mission and vision and the second one unstated such as mentioned in the strategy of the organization and in the stricture of planning such as increasing the sales and profit , then achieves for both kind of the goals .
- ✚ The organization should have formal induction, orientation and familiarization process designed to help new recruits understand the organization.
- ✚ The HR Management practices in the organization should open the training and development every selecting time (quarter for example) for selecting type of the employee in the organization.

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