Impact of Human Resources Accounting on the Market Value and Evaluation of the Company's Financial Performance
A Field Study on a Sample of Iraqi Companies Listed in the Iraq Stock Exchange

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Abstract :

The growth of the company in the knowledge-based economy is determined by the education of the individual, the sources of quality, skills, experience and increased service. In financial accounting, financial and material assets are calculated in the financial statements based on accounting principles without recording in the human resources account

Keywords: Knowledge-based economy; Human capital; Intangible assets; Financial accounting; Intellectual capital

Introduction:

The growth of the company in the knowledge-based economy is determined by the education of the individual, the sources of quality, skills, experience and increased service. In financial accounting, financial and material assets are calculated in the financial statements based on accounting principles, without recording in the human resources account. It is noted that there is an increase in the difference between the market value and the book value of the company, which draws attention to the loss of value of data, at the same time as there is growth in the value of human resources, which can explain the missing value in the data. Human resources accounting HRA is nothing more than an attempt to determine the cost and value of the company's human resources in terms of the expenses incurred in recruitment, social welfare, training, development, compensation, etc., as well as try to judge the contribution of these factors to the economic value of the company. This research aims to know the variables of human resources and study impact of the variable’s expenses. Such as recruitment, training, compensation and well-being of employees, and their impact on the financial performance and market value of the company. The problem of the study arises when facing the treatment of human capital in organizations where it is difficult to measure or measure it. evaluate human capital, and also faces the difficulty of the problem of valuing assets that depend on the report of a group of users to measure human resources. Process managers that allow more information to show human resources more effectively to these users, as well as the availability of a new set of corporate reporting and performance measures that attempt to link financial performance, such as cash flow, to intangible assets.

The purpose of this study: Is to investigate the relationship between Human resources Accounting and Market value of the company and Performance evaluation of firm.

Theoretical framework: This study is based on human resources investment improvement theories, which is linked to human resources evaluation theories, which form the basis on which the conceptual model is based

Design, technique, and approach: Based on a review of previous studies, the researcher found that the variables that affect the market value of the company are multiple. He settled the variables to show the impact of human resources on the market value, financial performance and choose the proposed model that explains this relationship

Findings: We find that the significant relationship between the dependent variable i.e., market value and independent variables return on investment, asset’s turnover, return on equity, employee training, and profit after tax. As relationship between the market value and profit after tax is insignificant. As the relationship between financial performance and independent variables Profit After tax, Employee compensation and Employee Training insignificant and weak. As of the determination coefficient (R^2= 67.5%) reflects the explanatory power of the model is insignificant and therefore we accept the change in the dependent variable represented in market value. As the model 2 The value of the determination coefficient (R^2= 96.6%) reflects the explanatory power of the model

Implication: This study can be a useful resource for anyone who is interested in the study of the human resources accounting and the relationship between it and the ROI, Asset's turnover, ROE, PAT, Employee compensation and training, to improve firm market value and the financial performance

Originality/ Value: The originality/value of an field study on to analyze, the development of online the Human resources Accounting and its link to it's with the market value and financial performance. Improving the. Measuring of the human resources Accounting This is an understudied territory, as much prior study on the issue has concentrated on other nations or areas

study problem:

The main problem of the study is represented by the difficulties that entities face in dealing with human assets and the difficulty of measuring or evaluating human capital in addition to problem of pricing them (Strassman 1998). The methods used to measure human assets depend of the group. of users of financial reports, Leadbeater & Demos (1999). By providing more information to manage human resources more effectively, other users prefer performance measurement and internal corporate reporting by linking financial performance to cash flow matching to intangible drivers (including economic value added). (EVA). And a third category prefers the use of human resources in such a way that it can show the fundamentals that determine the future growth of the company and the link between them and the human strategies with the companies.

Study Hypotheses

Study Hypothesis: Based on a presentation in the introduction and the study problem, the study hypotheses were formulated as follows

H1: There is insignificant relationship between the return on investment and the market value of the company.

H2: There is insignificant relationship between the turnover of assets and the market value of the company.

H3: There is insignificant relationship between the return on equity and the market value of the company.

H4: There is insignificant relationship between net revenues and the company's market value

H5: There is insignificant relationship between the profit after tax and the market value of the company.

H6: There is insignificant relationship between employee compensation and financial performance.

H7: There is insignificant relationship between employee training and the company's financial performance.

H8: There is insignificant relationship between profit after tax and the financial performance of a company.

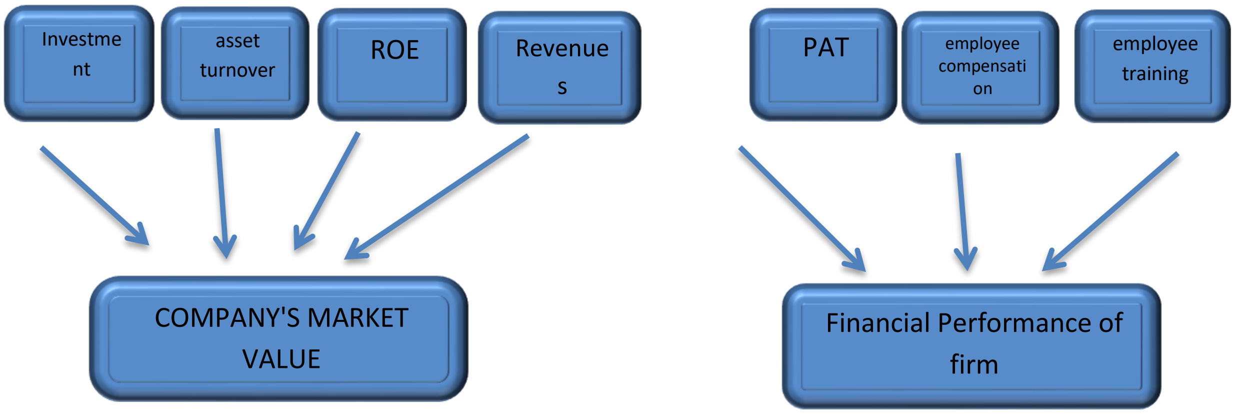
Independent Variables:

1.Investment 2. Assets Turnover 3. Return on Equity 4. Revenues

5. Profits after Tax 6. Employee Compensation 7. Employee Training

Dependent Variables:

1. Company's Market Value
2. Financial Performance of Firm



the importance of studying: Human resources have been recognized as a vital factor in improving productivity and a source of sustainable competitive advantage. It is a source of company asset creation that will lead to greater financial performance of the company. And its impact on its market value. This research focuses on the need to study impact of investment in human capital on the market value of the company and its financial performance. It is important to study impact of human resource accounting in companies. Expenses incurred in human resources will be analyzed on the basis of the value of the company and will be treated as investments in human resources instead of equating them with income; Increasing differences will appear between the market value and the book value of the company.

Objectives of the study: The main objective of human resource accounting is that the project bridges and clarifies the gap between the market value and the book value of the project. evaluating the vital factor (individuals). Regarding the evaluation of human resources, the result dimensions. With respect to the objectives of the evaluation, some point to the evaluation of human resources in ways that are consistent with the follow-up of the evaluation by groups. In terms of outcome dimensions, human capital is concerned with determining monetary and non-monetary values. Non-monetary methods are aimed at determining percentages of numbers or over a number on a specific scale. On the other hand, a distinction is made between monetary values by methods based on cost and value, and what increases the importance of this study is to identify the impact of human resources variables such as appointment, training expenses, employee remuneration and attention., and the care of employees in the performance of the company and its market value.

Literature Review

Study by Edom, Godwin on yam, et al (2015) conducted in Nigeria over the period 2003 to 2012 tested the effect of resource accounting on bank profits using standard least squares analysis, and the results showed a positive relationship and significant among human resources. indicators of costs (training and development) and the bank's profits, and that the number of employees does not have a material impact on the bank's profits. However, organizational performance depends on the performance of the individuals that compose it. That is, the organization does not exist in a vacuum; Rather, there are people (employees) who work together to achieve the goal of the organization. The study recommended, among other things, that the organization should improve retention of employee education and training to avoid wasting investment. The Accounting Standards Board should also include the preparation of an accounting standard for the evaluation and disclosure of human resource accounting Study by Adebawojo , Oladipupo Akindehinde, et al, (2015) analyzed the potential impact of resource accountability human resources in the performance of Business Organizations in Nigeria Available studies have shown that human resources represent the most important assets in organizations, drive resources to achieve success, and this asset is not calculated or disclosed in the statement of financial position of organizations as other tangible assets. and intangible assets. The pilot study adopted the experimental design and was retrospectively conducted in 18 banks listed on the Nigerian capital market... Concluded that capitalization of human assets will have a positive impact on the performance of organizations and recommended disclosed as an intangible asset on the balance sheet. Kazan`s (2016) aimed to study the effect of CEO compensation on company performance as measured by return on assets and equity in Scandinavian companies. The study sample consisted of Scandinavian companies that ranked on the Forbes Global 2000 list for the year 2016. Their results showed that there was no significant correlation between CEO compensation and measures of company performance. There is a negative, but not significant, impact of CEO compensation on both ROA and ROE. Study by Ogbodo & Egbunike (2016) in Nigeria, which was conducted on a sample of insurance companies and banks listed on the Nigerian Stock Exchange during the fiscal years 2008-2009 to 2011-2012. Determine the relationship between the performance ratios of human resources (income per employee and net income per employee) and the financial performance of the company and represents the return on assets and the net profit margin. The results showed that each employee's net income had a positive and significant effect on ROA and net profit margin, while income was negative and had a significant effect on each employee's ROA and net profit margin. The researchers called on companies to disclose factors that contribute to achieving company goals. Statutory bodies should develop forms to identify, measure and report on human resources. Muhammad and Abdullah's (2016) study focused on investigating impact of compensation on organizational performance. With a questionnaire distributed to self-management managers in 558 branches of 10 commercial banks, 258 were returned. The results of the reliability analysis showed that all the items were adequate to measure the variables used in the study. There is a moral and positive effect in the compensation for the performance of the company. and that regulatory compliance can ease the impact of compensation on a company's performance as a major intermediary. He stressed the importance of implementing effective compensation policies that can lead to desirable employee behavior and better company performance. The Onyinyechi & Ihendinihu (2017) study aimed to determine the impact of human resource accounting on the financial performance of a company and used multiple regression analysis. To show the costs of employee benefits, including training and development expenses, the welfare motive was taken as an alternative to human resource accounting, while earnings after taxes (PAT), revenues, and net assets were taken as an alternative to financial performance. of the company. The study period was 5 years from 2011 to 2015 for 10 companies. The results showed that employee benefit costs positively and significantly affect profit after taxes (PAT), and negatively and significantly affect net assets (for not capitalizing human resources expenses). He suggested that companies continue to invest in training and development of human resources to improve their productivity and improve their financial performance.

A study by Vaddadi, D.K. et al 2018 focused on the relationship between human resource accounting and company performance by investigating 10 branches of an Indian bank. Distributing 100 questionnaires to all bank departments. A reliability test was carried out to determine if the items used in the measurement of the main variables were reliable; the results showed a significant correlation between the independent variables. Zambrano, L.G, et, al (2018) studied 28 companies from the FTSE/JSE Responsible Investment Index series for the period 2010-2015 to determine an impact of investing the human capital component (training and development) on the performance of the company profits. The results showed that investment in human capital when it is by itself affects negatively and insignificantly on net profits, and when sales turnover is taken as a control variable in the short term, it affects negatively and significantly. Study by Francisca Castilla (2016) focused on recognizing the importance of accounting for intangible assets and reporting on these assets, she reviewed and analyzed academic databases from 1990 to 2013. ABI Inform Complete, CSIS, Econ Lit, ISOC, Leverage and Identify Gaps Citation Reports from Journal Records, Scopus, Emerald, Springer, and

Google Scholar. The researchers outlined a summary of the major gaps in studies on intellectual capital disclosures, including the need for an increase in qualitative or explanatory decisions in research, to allow for further analysis of such decisions. The main problem encountered is that the voluntary disclosure of intangible assets is related to the type of methodology used, which is quantitative or descriptive. She concluded by pointing out key directions for future research and which lines of inquiry could provide better quality reporting on intangible assets. Study by Eugénia Pedro, et, al (2018) aimed to draw a better outline of intellectual capital (IC) research pathways, and selectively reviewed the empirical studies on IQ published, identifying theories, components and the three dimensions of intellectual capital (IC). IC analysis: national (NIC), regional (RIC), and Organizational (OIC), and carried out for the period between 1990 - 2016, during four research questions, the Web of Science, Scopus and Scopus databases were used. Google Scholar for data collection. Systematic studies (SLR) showed a multidimensional classification of IC type measurement and classification applied at different levels of analysis and provided some recommendations for future studies of NIC, RIC and OIC, where the need to define clear definitions of components and measures IC and identify strengths. and limitations and avenues for future research.

Theoretical framework

This study is based on human resources investment improvement theories, which is linked to human resources evaluation theories, which form the basis on which the conceptual model is based. For this, these theories should be clarified as follows:

Human capital theory Schultz (1993) introduced this theory, which was developed by Backer (1964). Which focus on the work power quantitatively. And that education, training increases employee productivity by transferring knowledge and skills, and increases future income by increasing your profits. Since spending on education or training and development is expensive, it should be considered an investment. The objective of human capital is the knowledge acquired through education and training in areas of diverse value; While certain skills only provide value to a particular company, they are of no value to competing companies. Economic studies indicate that human capital is the productive capacities of individuals (Baker, 1964). It has economic value for entities because it is productive and adaptable; Therefore, human capital constitutes an asset like other assets and has a market value, which is the opposite of other assets. The potential value of human capital can only be fully realized through the cooperation of the individual. Therefore, all costs related to obtaining productive behaviors from workers, including those related to motivation and control, are capital costs. Katz and Kahn (1978) defined role-playing

behaviors as "the repeated action of an individual, interconnected with the repetitive activities of others in proportion to achieve predictable results Behaviors and the Role of Assessment: Consistency occurs when expectations are clearly communicated and performance is assessed in ways that align with the system's behavioral requirements (Fredrickson, 1986).". System requirements are supposed to depend on the contexts of factors such as business strategies and the nature of the industry, and human resource management helps workers agree on expectations within the organization (supervisors and fellow subordinates).), within organizational boundaries (clients), and beyond (family and society). Therefore, the role must be integrated into the understanding of the expectations of partners, to shape the context of human resource management in human capital investments.

Firm resource theory (Barney 1991) Assumptions that organizations succeed when competitive advantage is gained and maintained (Porter, 1985). Competitive advantage is obtained by implementing a value creation strategy that competitors cannot, and it is easy to copy and maintain, and for that there are no pre-established alternatives. The competitive advantage that is not achieved for competitors if two conditions are met: first, that the resources available to compete are variable among competitors, and second, that these resources are fixed (that is, not easy to obtain). The theory indicates that human resources provide a source of continuous competitive advantage consisting of four basic requirements that must be present within the entity at all times, namely; Valuable, Scarce, Traditional, and Structured There are three types of resources associated with organizations: physical (factory, technology, and equipment; geographic location) and human (employees, experience, and knowledge); and organizational (structure; planning and monitoring systems; control activities; social relations within the organization and between the organization and external parties).

Stakeholder Theory: This theory focuses on the problems of the stakeholders in the entity. and the willingness of managers to create a balance between the interests of the various stakeholders in the organization, including customers, employees, suppliers, and society as well (Osisioma, Egbunike, & Jesuwunmi,2015). The concept of corporate social responsibility (CSR) is important. Based on this theory, companies must take into account all legal, economic and ethical aspects

Business models theory: The entity converts inputs from investors, employees, and suppliers into forms that can be sold to customers and thus returned to its shareholders (Wan and Idris, 2012). These models meet the needs of investors, entrepreneurs, suppliers and customers. And other diversified groups of people are interested in business to improve business efficiency in the market. Rajan and Zingal (1998) consider that the company must be protected by the interests of all those who contribute to the creation of public value, that is, making specific investments for the company, and these investments can be diverse and include material, human and Social

Conceptual Framework: for Evaluating Human Resources: The cost of education, training and development represents an investment to enhance employee productivity, which are valuable resources. Tradition, scarcity and organization directly or indirectly affect employee productivity and company performance, and create a kind of competition within a time frame and budget with minimal use of resources. Managers must use the fewest resources to achieve the greatest results, which lead to optimal partnership in financial performance. Evaluating human resources means predicting their cost and the efficiency of human capital. When calculating profitability and activity ratios, the cost of investment in human resources must be lower and higher in efficiency and performance. Therefore, such investment in human capital must be shown in the financial statements. The administration can achieve this by reducing inputs and increasing outputs, which reflects the optimal investment in human resources.

Profitability

Profitability means the ability to obtain benefits from all activities of the entity, shows the efficiency of management by using all available resources to achieve it, and also means "the ability of a specific investment to obtain a return from its use" Baker, H. K., Pattnaik, D., & Kumar, S. (2020).. Although profitability is an important metric for measuring efficiency, it cannot be considered a definitive guide to efficiency. It can also refer to inefficiency, and can be accompanied by an adequate degree of efficiency, change in operating efficiency, and represent one of the factors on which the entity's profitability depends.

Intellectual capital and corporate financial performance

The modern production system consists of a mixture of the elements of technology, knowledge, experience and the relationship with the various elements of interest, and this is called intellectual capital. In order for the entity to compete, a good mix of intellectual capital (IC) components is required; intellectual capital generates added value, efficiency that generates wealth. Practitioners have identified three basic components of intellectual capital: human capital, structural capital, and relational capital (relationships with customers and suppliers). These components can affect, separately or together, the performance of a company. In this context and in this study, financial performance is limited to accounting financial ratios; It is a relevant and essential factor for financial analysis. The company's overall financial performance is assessed through its financial statements that show the results of its business cycle. This study will deal with Activity Ratio and Profitability Ratios i.e. Return on Investment (ROI), Gross Profit Margin (GPM), Return on Equity (ROE), Asset Turnover (ATO) and the net profit margin (NPM).

Human Resources Accounting (HRA)

The American Accounting Association (AAA) in (1973) defined human resource accounting as (the process of identifying and measuring data related to human resources and communicating this information to interested parties). HRA accounting provides a framework

for the estimation and disclosure of human assets (Likert, 1967) . According to Davidson and Roman L. Will, "Human resource accounting is a term used to describe a variety of propositions that seek to inform an emphasis on the importance of human resources: knowledgeable and trained personnel in the asset procurement process company totals. Human resource accounting can be defined as the art of recognizing, recording, reporting and coordinating all relevant information related to designated persons. Therefore, it is an attempt to determine the cost and value of human resources to the company in terms of expenses incurred through recruitment, welfare, training, development, compensation, etc. and to judge its financial contribution and HRA calculates human resources as an organization. company resource. It is an information system that aims to communicate the required information and changes related to the company's human resources to both internal and external interested parties. It reflects the potential of a company's employees in monetary terms on its balance sheet. It is a method of assigning the value of a human resource in monetary terms and disclosing it as an asset on a company's balance sheet. Then, the Human Resources Calculator (HRA) deals with the process of verifying this value and the appropriate value for it and reporting it as investments in human resources in the financial statements and its economic contribution to the company

Field Study:

introduction

Based on a review of previous studies, the researcher found that the variables that affect the market value of the company are multiple. He settled on the following variables to show the impact of human resources on the market value and choose the proposed model that explains this relationship. This chapter includes the following:

- Determine the study population.
- Determine the study sample.
- Data collection sources.

First: Determine the study population and sample:

The study population is represented in the companies listed in the Iraq Stock Exchange and traded on the Stock Exchange, the number of which is 129 traded companies.

Second: the study sample

A representative sample of the stock exchange as a whole was selected, consisting of seventeen companies

Third: Data collection sources.

The researcher collected the data for the applied study on the financial statements and disclosure reports for companies published on the Iraq Stock Exchange website.

Summary Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
x1	17	.01	7.30	1.0506	1.90149	3.616	2.745	.550
x2	17	.01	108.89	6.6294	26.35304	694.483	4.123	.550
x3	16	.02	9.22	.7638	2.26451	5.128	3.944	.564
x4	16	.02	.72	.1956	.19054	.036	1.830	.564
x5	17	51798442.14	1.03E+11	8788856014	2.47385E+10	6.120E+20	3.864	.550
x6	17	442033.57	8013410143	784283031.9	2011274731	4.045E+18	3.309	.550
x7	16	101694467.9	4.43E+10	9081342532	1.44061E+10	2.075E+20	1.895	.564
x8	17	.01	4.78	.5859	1.16721	1.362	3.257	.550
x9	16	126804571.4	4.46E+10	8667121481	1.43759E+10	2.067E+20	2.021	.564
y1	17	2382.00	1988871.00	191993.1765	484448.4020	2.347E+11	3.618	.550
y2	17	2136.00	1527699.00	174457.5041	380461.5937	1.448E+11	3.207	.550
Valid N (listwise)	16							

Through the Descriptive Statistics table, we find that the total number of observations reached 17, and the arithmetic mean of the return on investment was 1.05, with a standard deviation of 1.9, and the arithmetic mean of the asset turnover rate was 6.6, with a standard deviation of 26.35, The arithmetic mean of the return on equity was 0.76, and the standard deviation of 2.26, and the arithmetic mean of the return on net profit was

0.1956 with a standard deviation of 0.1905. The arithmetic mean of employee compensation was 8788856014 with a standard deviation of 24738510081. Employees 784283031 and standard deviation 2011274731, the computational medium of net revenue reached 9081342532 and normative deviation

14406130540, the computational medium for debt/equity rights ratio 0.586 and standard deviation 1.167, the arithmetic medium for profit after the tax 8667121480 and normative deviation 14375879286, reached the calculation of the market value of 191993 and deviation. Finally, the arithmetic mean of the financial performance is 174457 and the standard deviation is 380461.

Correlations

Model 1:

Market $=\beta_0 + \beta_1$ (ROA) + β_2 (A. Turnover) + β_3(ROE) + β_4 (NET.REV) + β_5 (NET.PROFIT) + $\in$

Correlations							
		x1	x2	x3	x7	x9	y1
x1	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	17					
x2	Pearson Correlation	.420	1				
	Sig. (2-tailed)	.094					
	N	17	17				
x3	Pearson Correlation	-.073-	-.076-	1			
	Sig. (2-tailed)	.788	.780				
	N	16	16	16			
x7	Pearson Correlation	.144	-.157-	-.143-	1		
	Sig. (2-tailed)	.594	.562	.597			
	N	16	16	16	16		
x9	Pearson Correlation	.085	-.149-	-.137-	.996	1	
	Sig. (2-tailed)	.755	.581	.613	.000		
	N	16	16	16	16	16	
y1	Pearson Correlation	.005	-.087-	-.083-	.805	.814	1
	Sig. (2-tailed)	.984	.741	.759	.000	.000	
	N	17	17	16	16	16	17

The relationship between the dependent variable and the independent variables:

We notice through the correlation matrix that the relationship between the dependent variable and the dependent variables was as follows:

- The relationship between market value (y1) and the return on investment (X1) is a weak and insignificant direct relationship at a significant level of 5%.
- The relationship between market value (y1) and the assets turnover (X2) is a strong and insignificant inverse relationship at a significant level of 5%.
- The relationship between market value (y1) and the return on equity (X3) is a strong and insignificant inverse relationship at a significant level of 5%.
- The relationship between market value (y1) and the net revenues (X7) is a strong and significant direct relationship at a significant level of 5%.
- The relationship between market value (y1) and the profit after tax (X8) is a strong and significant direct relationship at a significant level of 5%.

Hypothesis tests

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822[a]	.675	.513	347620.79062
a. Predictors: (Constant), x9, x1, x3, x2, x7				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2509990756499.668	5	501998151299.934	4.154	.027[b]
	Residual	1208402140730.365	10	120840214073.036		
	Total	3718392897230.033	15			
a. Dependent Variable: y1						
b. Predictors: (Constant), x9, x1, x3, x2, x7						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-33552.263-	121402.809		-.276-	.788
	x1	-38270.394-	79242.437	-.149-	-.483-	.640
	x2	1856.163	4423.794	.101	.420	.684
	x3	7150.836	40435.124	.033	.177	.863
	x7	1.688E-5	.000	.488	.163	.874
	x9	1.247E-5	.000	.360	.122	.905
a. Dependent Variable: y1						

The Significance of the Overall Model

Through the probability value (F-Statistic) of the model as a whole, we find that the level of significance is less than 5%, and therefore it can be claimed through the results of the statistical analysis that the model is statistically significant.

Depending on the regression analysis, we will test the hypotheses of the following study:

We find that the independent variable return on investment is insignificant and therefore we accept the following null hypothesis

- H1: There is insignificant relationship between the return on investment and the market value of the company.

We find that the independent variable assets turnover is insignificant and therefore we accept the following null hypothesis

- H2: There is insignificant relationship between the asset's turnover and the market value of the company.

We find that the independent variable the return on equity is insignificant and therefore we accept the following null hypothesis

- H3: There is insignificant relationship between the return on equity and the market value of the company.

We find that the independent variable net revenues are insignificant and therefore we accept the following null hypothesis

- H4: There is insignificant relationship between net revenues and the company's market value

We find that the independent variable the profit after tax is insignificant and therefore, we accept the following null hypothesis

- H5: There is insignificant relationship between the profit after tax and the market value of the company.

The coefficient of determination

The value of the determination coefficient (R^2= 67.5%) reflects the explanatory power of the model, and shows that the independent variables represented in (return on investment, assets turnover, return on equity, net revenues, profit after tax), explain 67.5% of the change in the dependent variable represented in market value. The remainder of this percentage (32.5%) relates to other variables that the researcher did not take into account.

Model 2:

Financial performance = β_0 $+\beta_1(\text{net profit return})$ + β_2 (employee compensation) + $\beta_3(\text{employee training})$ + β_4 $(\text{profit after tax})$ + $\in$

Correlations						
		x4	x5	x6	x8	y2
x4	Pearson Correlation	1	-.178-	-.124-	.462	-.186-
	Sig. (2-tailed)		.509	.648	.071	.490
	N	16	16	16	16	16
x5	Pearson Correlation	-.178-	1	.087	.008	.976
	Sig. (2-tailed)	.509		.740	.974	.000
	N	16	17	17	17	17
x6	Pearson Correlation	-.124-	.087	1	-.165-	.190
	Sig. (2-tailed)	.648	.740		.528	.464
	N	16	17	17	17	17
x8	Pearson Correlation	.462	.008	-.165-	1	-.036-
	Sig. (2-tailed)	.071	.974	.528		.891
	N	16	17	17	17	17
y2	Pearson Correlation	-.186-	.976	.190	-.036-	1
	Sig. (2-tailed)	.490	.000	.464	.891	
	N	16	17	17	17	17

The relationship between the dependent variable and the independent variables:

We notice through the correlation matrix that the relationship between the dependent variable and the dependent variables was as follows:

- -The relationship between financial performance (y2) and the net profit return (X4) is a weak and insignificant inverse relationship at a significant level of 5%.
- The relationship between financial performance (y2) and the employee compensation (X5) is a strong and significant direct relationship at a significant level of 5%.
- The relationship between financial performance (y2) and the employee training (X6) is a weak and insignificant direct relationship at a significant level of 5%.
- The relationship between financial performance (y2) and the profit after tax (X8) is a weak and insignificant inverse relationship at a significant level of 5%.

Hypothesis tests

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983[a]	.966	.953	84617.14851

a. Predictors: (Constant), x8, x5, x6, x4

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2206971152583.648	4	551742788145.912	77.058	.000[b]
	Residual	78760680042.239	11	7160061822.022		
	Total	2285731832625.887	15			

a. Dependent Variable: y2

b. Predictors: (Constant), x8, x5, x6, x4

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31140.093	34969.825		.890	.392
	x4	34229.847	132008.599	.017	.259	.800
	x5	1.490E-5	.000	.971	16.966	.000
	x6	1.887E-5	.000	.100	1.749	.108
	x8	-12351.623-	20911.764	-.038-	-.591-	.567

a. Dependent Variable: y2

The Significance of the Overall Model

Through the probability value (F-Statistic) of the model as a whole, we find that the level of significance is less than 5%, and therefore it can be claimed through the results of the statistical analysis that the model is statistically significant.

Depending on the regression analysis, we will test the hypotheses of the following study:

We find that the independent variable employee compensation is insignificant and therefore we accept the following null hypothesis

- H6: There is insignificant relationship between employee compensation and financial performance.

We find that the independent variable employee training is significant and therefore we accept the alternative hypothesis and reject the following null hypothesis

- H7: There is insignificant relationship between employee training and the company's financial performance.

We find that the independent variable the profit after tax is insignificant and therefore, we accept the following null hypothesis

- H8: There is insignificant relationship between profit after tax and the financial performance of a company.

The coefficient of determination

The value of the determination coefficient (R^2= 96.6%) reflects the explanatory power of the model, and shows that the independent variables represented in (net profit return, employee compensation, employee training, profit after tax), explain 96.6% of the change in the dependent variable represented in financial performance. The remainder of this percentage (3.4%) relates to other variables that the researcher did not take into account.

Effects and recommendations

- Staff training should be considered as an investment in; And not as an expense in human resources because the investment in human resources will occur first in the longer term, and will help the survival and sustainability of the company in the long term, ensuring a competitive advantage; Thus, it provides returns over a long period of time.

- The company can increase its wealth by increasing its after-tax profit for each employee, as evidenced by the positive relationship between after-tax profit and market capitalization. Employee productivity is also improved through the use of more advanced technology, improving employee skills and knowledge, and reducing employee turnover.

- HR accounting focuses on treating HR expenses as an asset and not directing expenses to be deducted from revenue.

Study`s limitations: The researcher found a series of limitations, the most important of which are:

-The lack of data availability for many companies that are part of the Iraq Stock Exchange Index is an obstacle to a study.

-The study of the relationship between the human resources variables and the value variables was carried out cross-sectionally in a period of 7 years and 17 companies, certainly if the study period were longer and the number of companies greater, they would have been obtained. best results.

- The study focused on financial variables, and it is true that non-financial variables have an impact on market value and financial performance
- The study was conducted in Iraq, which is a developing country.
- The heterogeneity of the variables of the study sample, which were not taken into account.

Scope of future research

The limitations of this study leave the following areas for future research, which should focus on analyzing other components to verify the existence of significant differences in the impact of these components on the evaluation of the company. You can also study the value of the company. An international comparison of the relationship between human resources variables and the value of the company can be made by consideration. Survey-based studies can also be conducted to assess the role of environmental behavior such as employee morale, motivation, and commitment in the relationshipbetween individual, resource variables, and company value variables.

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