

**Human Investment and Human Resource Management in Banking Sector and
Their Impact on the Profitability of Private Commercial Banks in Turkey
between 2009 And 2015**

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Abstract: This paper aims to investigate the relationship between profitability and investment in human resource management in Turkish banking sector 2009 and 2015. With the aim of unfolding this relation, the activity reports of the six biggest private commercial banks were analyzed qualitatively and quantitatively. Based on the quantitative analyses no positive result was observed between profitability and human investment (that is, overhead expenses per employee). Yet a negative correlation between human investment and the decrease of asset profitability was obtained. It means that the banks that invest more in HR have less decrease profitability of assets. The qualitative analysis confirms that looking at the intensity of investment to HRM practices is an efficient method since the HRM practices are almost identical in all of these banks. Yet the qualitative analyze do not show any clear relation depending on the differences between HRM practices. Therefore, it can be claimed that the human investment may reduce the profitability declines in banking sector, even though it does not contribute to the increase of profitability. And the differences between the progressive HRM practices do not project themselves on the performance.

Key words: Human resource management, profitability, banking sector.

Introduction:

Contribution of HR management to the firm performance and thus to the competitive advantage of the firm is always expected and discussed in HR literature (Kamoche, 1996). And strategic human resource management (SHRM) is always defined as such “*planned pattern of HR practices and HRM*” that enable the company to reach its strategic objectives (Way and Johnson, 2005). So it is clear that the relation between human resource management and strategic management is an attractive research domain in both HRM and strategic management literatures.

Until today many studies that aim to unfold this relationship have been carried out by several scholars (Arthur, 1994; MacDuffie, 1995; Huselid 1995, 1996; Delery and Doty, 1996; Ichniowski et.al., 1997). The older ones have had a paradigm in which the SHRM is considered as a component of strategic planning of the company (Devanna et.al., 1981). They believe that strategy means a (intended) plan and SRHM equals to the compliant HR practices for this plan in this frame. By 1995, almost all