

-RESEARCH ARTICLE-

AN EMPIRICAL ANALYSIS OF FACTORS AFFECTING MANAGEMENT OF FINANCIAL CRISIS: EVIDENCE FROM ARAB GULF REGION LIKE IRAQ

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—Abstract—

The prominence of financial crises has necessitated considerable attention in contemporary research and policymaking. Thus, this current article delves into an exploration of how measures such as control over foreign debts, mitigation of market fluctuations, and transitioning away from a rentier economy impact the management of financial crises within the context of Iraq. Additionally, the study assesses the potential moderating influence of government support in the relationship between the mentioned measures and the overall management of financial crises in Iraq. Data for this study was collected through questionnaires administered by the financial crisis department of the Iraqi government. The article also employed the smart-PLS method to ensure the reliability and correlation assessment of the variables. The results revealed a favourable correlation between the regulation of foreign debts, mitigated market fluctuations, and decreased reliance on a rentier economy with the effective management of financial crises in Iraq. Furthermore, the research illuminated a significant moderating effect of government support within the relationships involving control over foreign debts, reduction in market fluctuation, and the management of financial crises in Iraq. This

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article serves as a guide for policymakers in formulating strategies to adeptly navigate financial crises through the implementation of measures such as foreign debt control, market fluctuation reduction, and bolstered resilience against a rentier economy.

Keywords: Control on foreign debts, reduction in market fluctuation, resilience from rentier economy, government support, management of financial crisis.

INTRODUCTION

A financial crisis can be characterized as a disruptive event within the financial domain that impacts a nation and its populace on a substantial scale. From a national perspective, it represents a grave state of affairs marked by a sharp depreciation in asset valuation, a decline in the financial viability of businesses leading to a loss of fiscal control. Conversely, individuals experience a deterioration in their quality of life and a decline in their overall well-being. This phenomenon is closely intertwined with a state of financial market turmoil and instances of bank runs (Ghafran, O'Sullivan, & Yasmin, 2022). In the midst of a financial crisis, a nation grapples with the erosion of its capacity to effectively harness its resources for optimal economic gains. Businesses confront abrupt reductions in market demand, scarcity of resources, escalating debt burdens, and diminished production capacities. The resultant curtailment in business expansion precipitates a contraction in the country's Gross Domestic Product (GDP), giving rise to unemployment and a decline in the generation of wealth. Simultaneously, financial institutions encounter liquidity shortages due to heightened withdrawal rates and customer apprehensions. The general populace experiences a decreased standard of living as a consequence of unemployment or diminished income levels, further exacerbated by scarcities in resources essential for meeting basic needs. Consequently, an erosion in societal well-being becomes apparent (Tekin, Polat, Aysan, & Muğaloğlu, 2021). Given that a financial crisis inflicts substantial setbacks on a nation's developmental trajectory and overall welfare, it becomes imperative to institute mechanisms for its effective management. This entails the concerted efforts of a cadre of experts who engage in strategic planning to mitigate the impact of financial crises. By adeptly managing the intricacies of financial crises, it becomes possible to attenuate the root causes thereof and fortify the nation against their deleterious aftermath (Al-Tamimi & Flayyih, 2013; Lakhali & Dedaj, 2020).

The management of financial crises can implement various economic strategies aimed at preventing the emergence of such crises and mitigating their repercussions (Gyórfy, 2020). Among these strategies, key approaches encompass the regulation of foreign debts, the mitigation of market volatility, and the cultivation of resilience away from a rentier economic model. When a nation's reliance extends beyond its internal resources to address diverse needs spanning geography, infrastructure, economics, defence, and social welfare, it resorts to seeking external assistance, thereby incurring foreign debts. The escalation of foreign indebtedness can corrode

a nation's fiscal reserves, subjecting it to substantial interest payments and unfavourable foreign terms. By exercising oversight over foreign debt, a nation can uphold the integrity of its resources, reduce vulnerability to financial crises, and enhance its capacity for post-crisis recuperations (Tsuruta, 2019; Hadi et al., 2023). Market fluctuation denotes the abrupt modification in share or bond prices. An unanticipated shift or the apprehension of such a shift, especially one involving the perception of declining stock or bond prices, diverts the attention of investors. Upon receiving news of impending stock price decreases, investors opt to liquidate their shareholdings, consequently diminishing economic investments. Curbing market fluctuation fosters stability in investor behaviour, leading to sustained investments that act as a bulwark against financial crises (Vichitsarawong & Eng, 2020; Flayyih & Khiari, 2023).

A rentier economy predominantly relies on leased resources, products, and services, instead of developing adeptness in producing these commodities. This disposition often results in a nation accumulating substantial debts. Conversely, distancing from a rentier economic model amplifies production capacities and serves as a safeguard against debt-related predicaments. As a result, the management of financial crises becomes more feasible, offering enhanced control over such crises (Majid & Ulina, 2020).

The primary objective of the present study centres around the effective handling of financial crises within the context of Iraq. Positioned as a developing nation, Iraq boasts an upper-middle-income economy. As of 2023, the nation's GDP stands at an estimated \$282.876 billion. In the aftermath of the Covid-19 pandemic's impact and the concomitant decline in oil prices in 2020, Iraq has been progressively recuperating from a profound recessionary phase (Muhammad & Triharyono, 2019). However, in comparison to the preceding year of 2022, the Iraqi economy has displayed signs of attenuation in the ongoing year of 2023. This decline can be attributed to diminished oil production, which has contracted by an annual rate of 2%, a consequence of output curtailments enforced by the OPEC+ consortium and the suspension of crude exports to Turkey since March. Notably, foreign trade continues to languish, marked by an unfavourable balance of trade and balance of payments due to inherent institutional shortcomings (Flayyih, 2016; Kolbari, 2019). Both external and domestic investment are currently facing discouragement. Iraq's economy, which relies heavily on cash transactions, lacks the necessary infrastructure and market stability that underpin a resilient financial framework. The prevailing financial and economic circumstances within Iraq are fraught with challenges. This situation has instilled a sense of apprehension that the nation might potentially encounter a financial crisis in the near future (Meier, Gonzalez, & Kunze, 2021). Consequently, there exists a pressing necessity to direct attention towards effective financial crisis management. The ongoing research, which delves into strategies aimed at enhancing financial crisis management, aptly addresses this imperative for the nation's well-being.

The preceding body of literature pertaining to financial crisis management has left certain gaps that this current article endeavours to address through significant contributions. Notably, there has been an extensive discourse in previous literature concerning financial crises, their management, and the economic context. However, scant attention has been given to the role played by strategic measures such as foreign debt control, reduction in market fluctuations, and the establishment of resilience against a rentier economic model in the sphere of financial crisis management. The present article, which elucidates the impacts of controlling foreign debt, minimizing market volatility, and cultivating resilience against a rentier economy on financial crisis management, effectively bridges this gap in the existing literature. Additionally, the previous literature demonstrates a notable interest among authors in explicating the direct correlation between government support and the effective management of financial crises. Limited attention has been given by a select group of authors to the discussion of how government support might moderate the interplay between foreign debt control, market fluctuation reduction, resilience in the face of a rentier economy, and the management of financial crises. This present study endeavours to probe into this moderating aspect, investigating the extent to which government support acts as a mediator between foreign debt control, market fluctuation reduction, resilience against a rentier economy, and the effective management of financial crises. In this manner, the study not only contributes to the existing literature but also extends its boundaries. Furthermore, the current investigation deviates from the norm by selecting Iraq as a representative case within the Arab Gulf region. Iraq serves as a unique context for analysing the roles played by foreign debt control, market fluctuation reduction, and resilience against a rentier economy in the realm of financial crisis management.

The current article is divided into six distinct sections. The second section entails a comprehensive examination of pertinent literature and the formulation of hypotheses that delineate the connections between the designated variables. The third segment offers an explication of the methodology employed for both data collection and empirical analysis, aimed at assessing the aforementioned hypotheses. Subsequently, the ensuing section entails the execution of data analysis and the subsequent presentation of the obtained results. The ensuing discourse section involves the validation of these results through a contextual lens illuminated by previous literature. Finally, the study reaches its culmination by discussing implications, presenting conclusions drawn from the analysis, and acknowledging any inherent limitations.

LITERATURE REVIEW

Achieving successful financial crisis management, characterized by the attainment of objectives aimed at averting financial crises and mitigating their repercussions on economic conditions, engenders stability in a nation's developmental trajectory. The effectiveness of financial crisis management can be heightened through the adept

implementation of pertinent strategies, including foreign debt control, curbing market fluctuations, and fostering resilience against a rentier economy. Numerous authors have delved into the intricate associations among foreign debt control, market fluctuation reduction, resilience against a rentier economy, and the skilful management of financial crises, each offering unique perspectives. Several of these antecedent studies are referenced below to provide a foundation for the formulation of hypotheses.

Countries often resort to procuring foreign debt, a circumstance that subjects them to external conditions, foreign economic influences, and the weight of debt interest. Consequently, this precipitates economic disparities and engenders the looming spectre of financial crises. Conversely, when countries effectively exercise oversight over their foreign debt, they gain the ability to tailor their economic strategies autonomously, thereby mitigating the perils associated with financial crises. Thus, the management of financial crises is bolstered through the prudent control of foreign debt (Khalid, Okafor, & Shafiullah, 2020). Gyöngyösi and Verner (2022) undertake an inquiry into the efficacy of foreign debt control in the management of financial crises. Their study explores the extent to which this control mechanism remains efficacious as the foreign currency's valuation appreciates. This indebtedness can metamorphose into a detrimental force manifesting as a financial crisis. However, exercising restraint over foreign debts holds the potential to surmount this crisis, thereby enhancing financial crisis management. Therefore, the regulation of foreign debts directly contributes to the enhancement of financial crisis management. A study conducted by Kose, Ohnsorge, Nagle, and Sugawara (2020) sought to delve into the repercussions of foreign debt control on the overall management of financial crises. This study posits that discouraging the accumulation of foreign debt acts as a safeguard, preventing external entities from gaining undue influence and control over a nation's economy. In such a scenario, potential financial crises, arising from poor economic management, can be effectively curtailed. Consequently, the oversight of foreign debt ensures the efficacious management of financial crises. Therefore, it can be hypnotized:

H1: *Control on foreign debt has a positive association with the management of financial crisis.*

Market fluctuation denotes the alteration in the prices of stocks and bonds. When there is an uncertain and erratic oscillation in the value of stocks and bonds, it tends to induce unease among investors, prompting them to reevaluate their investment strategies. Conversely, by curtailing market fluctuation, the restiveness among investors is mitigated, thereby pre-emptively averting the emergence of a financial crisis. Hence, the reduction in market fluctuation substantially facilitates the process of financial crisis management (Choi, 2021). In a distinct research endeavour, Sheikh, Asad, Ahmed, and Mukhtar (2020) delve into the intricate nexus between the reduction in market fluctuation and the efficient management of financial crises. The study contends that when market prices of various forms of stocks undergo frequent and erratic oscillations,

marked by a lack of predictability in stock market conditions, potential investors and lenders are often dissuaded. Conversely, a decrease in market fluctuation can serve to safeguard capitalization within the economy. Consequently, the potential threats of a financial crisis can be mitigated, leading to an enhanced efficacy in financial crisis management. [Shahbaz et al. \(2021\)](#) contend that reducing market fluctuation does not dissuade investment in economic entities via shares. As a result, economic activities thrive, bolstering financial institutions and equipping management to effectively navigate the perils of financial crises. Thus, the reduction in market fluctuation markedly contributes to the augmentation of financial crisis management. Thus,

H2: *Reduction in market fluctuation has a positive association with the management of financial crisis.*

Within a rentier economy, the fulfilment of economic requisites hinges upon the leasing of resources and technologies from foreign nations. This framework results in capital outflows and an ensuing dearth of domestic financial resources. However, should a nation grasp the pernicious implications associated with a rentier economy and actively endeavour to cultivate resilience against its sway, the looming spectre of a financial crisis can be effectively mitigated ([Seccareccia, 2019](#)). [Karakir \(2022\)](#) authored an article with the objective of discerning the correlation between resilience against a rentier economy and the adept management of financial crises. The cultivation of such resilience acts as a safeguard, preventing the economy from being ensnared in a state of subservience to external entities for its essential need. Under these circumstances, economic activity gains momentum, leading to an upsurge in the production of goods and services while circumventing the burden of indebtedness. Consequently, an effective financial crisis management framework takes shape. [Müller, Murray, and Blázquez-Salom \(2021\)](#) embarked on a study aimed at unravelling the intricate interplay between resilience against a rentier economy and the adept management of financial crises. The study elucidates that when a nation becomes entrenched in a rentier economic model and habitually sources its needs externally, it expends financial resources without actively seeking self-sufficiency in the production of these resources. In the context of resilience against a rentier economy, a nation safeguards its financial assets, resulting in an improved capacity for financial crisis management. So,

H3: *Resilience from rentier economy has a positive association with the management of financial crisis.*

The government's role in fostering economic stability is enacted through the provision of support to various economic entities. When the government extends its assistance to particular commercial units, economic growth experiences an upswing, leading to reduced reliance on external borrowings. Consequently, this restraint on foreign debt engenders an environment conducive to more effective financial crisis management. [Lai](#)

and Wong (2020) assert that the availability of government support encourages prudent navigation of external influences and the judicious regulation of foreign debt. Furthermore, a supportive government lends a helping hand to financial crisis management. Hence, government support enhances the interplay between foreign debt control and the adept management of financial crises. Liu, Lee, and Lee (2020) argue that when a government extends its support to the populace, the task of foreign debt control becomes more feasible. Furthermore, governmental backing bestowed upon authorized management teams leads to an augmentation in the capacity for financial crisis management. As a result, the efficacy of foreign debt control is further bolstered, culminating in an improved ability to manage financial crises. Hence,

H4: *Government support is a significant moderator between control on foreign debt and the management of financial crisis.*

Governmental support is extended to medium and large enterprises, fostering their growth and maintaining their reputation. This sustained positive image among investors in the stock market contributes to stabilizing share and bond prices, in turn attracting investment. This virtuous cycle results in diminished market fluctuations. By providing support to the designated team responsible for crisis management, the government equips them with the tools to effectively execute their responsibilities and attain predetermined objectives. Thus, government support acts as a moderating factor in the nexus between reduced market fluctuation and the competent management of financial crises (Wang et al., 2021). A study conducted by Rehman, Hysa, and Mao (2020) undertook an investigation into the intricate relationship connecting government support, market fluctuation reduction, and financial crisis management. The study posits that when the government adopts a supportive stance towards individuals or institutions, a resultant decrease in market fluctuation ensues, concurrently amplifying the effectiveness of financial crisis management. Consequently, the presence of government support enhances the capacity of reduced market fluctuation to play a more pronounced role in the management of financial crises. Similarly, Mieszala (2019) asserts that the availability of government support contributes to the attenuation of market fluctuations, ultimately leading to the improved management of financial crises. Thus,

H5: *Government support is a significant moderator between reduction in market fluctuation and the management of financial crisis.*

A rentier economy casts a shadow of adversity over a nation. It obstructs the path to problem-solving, innovation integration, and self-reliant resource production. Concurrently, it erodes a nation's financial reserves. However, when governments enact supportive policies, they contribute to the development of a self-sufficient production landscape within the economy. By fostering resilience against a rentier economy, additional resources are generated and financial assets are safeguarded. Consequently, the capacity for financial crisis management to mitigate risk exposure is fortified. Evenett (2019) delves into the intricate interplay

involving government support, resilience against a rentier economy, and the adept management of financial crises. The study illuminates that government support plays a pivotal role in cultivating resilience against a rentier economy, thus enhancing the efficacy of financial crisis management. Hence, it bolsters the relationship between resilience against a rentier economy and the management of financial crises. [Maris, Sklias, and Maravegias \(2022\)](#) similarly explore the nexus encompassing government support, resilience against a rentier economy, and the effective management of financial crises. The study explicates that when governments adopt a supportive stance, particularly toward the commercial sector, it fosters resilience against a rentier economy, thus empowering the management of financial crises to perform with heightened effectiveness. Therefore,

H6: *Government support is a significant moderator between resilience from rentier economy and the management of financial crisis.*

RESEARCH METHODS

The study investigates the influence of foreign debt control, reduction in market fluctuation, and resilience against a rentier economy on the management of financial crises. Additionally, it explores the moderating role of government support in the relationship among foreign debt control, market fluctuation reduction, resilience against a rentier economy, and the management of financial crises within the context of Iraq. Data for the study is sourced from the financial crisis department of the Iraqi government through the utilization of questionnaires. The study operationalizes its variables based on established constructs from previous literature. Specifically, foreign debt control is assessed through four items adapted from [Zehri \(2020\)](#), reduction in market fluctuation is gauged using five items from [Demir \(2019\)](#), resilience against a rentier economy is measured via six items sourced from [Faudot and Vercueil \(2021\)](#), government support is represented by three questions derived from [Abate, Christidis, and Purwanto \(2020\)](#), and the management of financial crises is evaluated using eight items taken from [Oskouei and Sureshjani \(2021\)](#). Furthermore, the study opted to engage the financial crisis management team within the Iraqi government as the key participants. The distribution of surveys to this team was executed through in-person visits to government premises. A total of 543 surveys were dispatched, but the study received a total of 290 valid responses, accounting for an approximate response rate of 53.41 percent. Furthermore, the study harnessed the smart-PLS methodology to assess the reliability of measurements and to examine the relationships among variables. This methodology is particularly adept at effectively handling extensive datasets and intricate models.

The study employed three predictive factors, namely control on foreign debts (CFD), reduction in market fluctuation (RMF), and resilience from a rentier economy (RRE). Alongside these, a moderating variable, government support (GS), and a dependent

variable, management of financial crisis (MFC), were also utilized. These variables are illustrated in [Figure 1](#) for visual clarity.

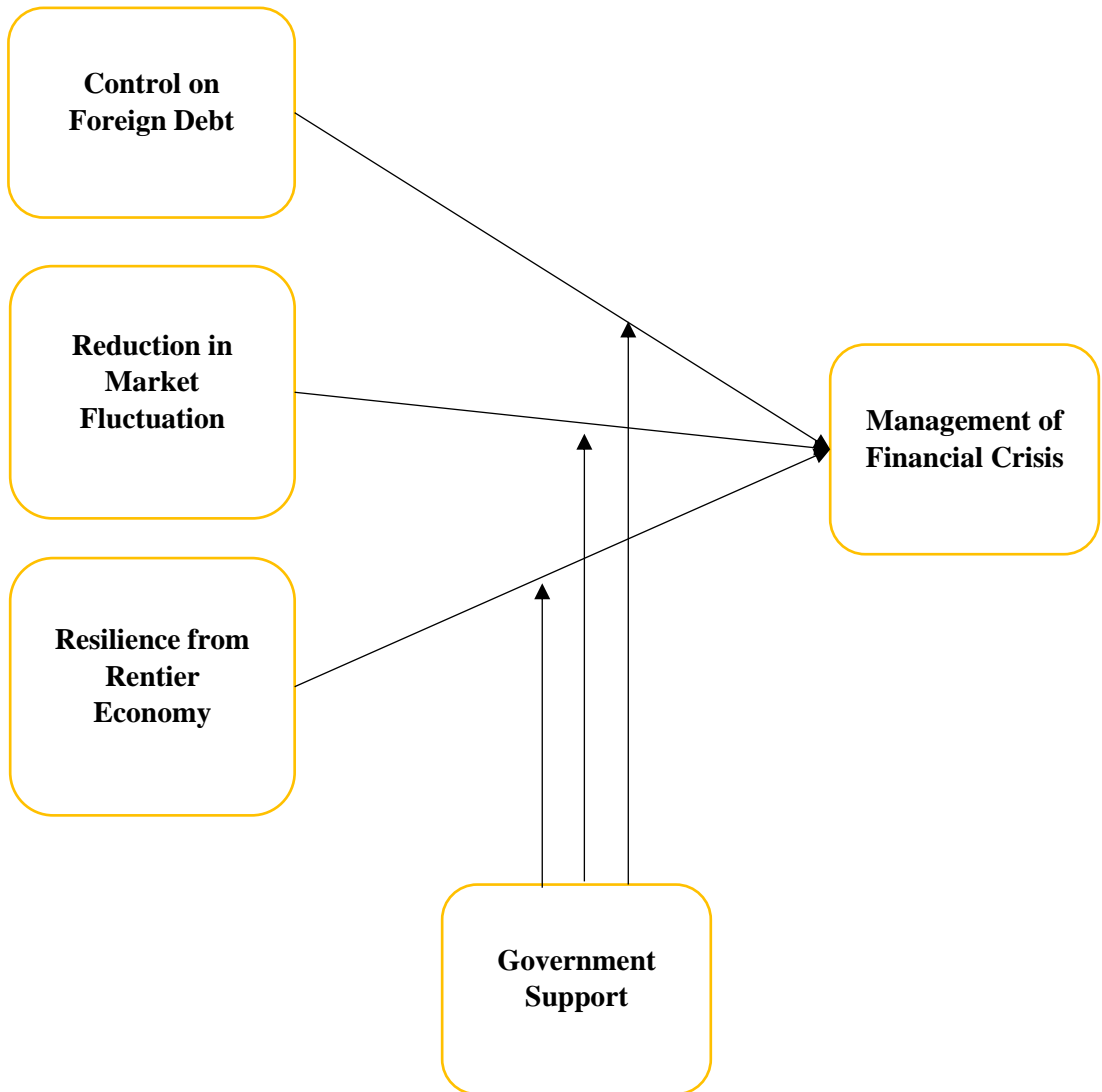


Figure 1: Theoretical model

Research Findings

The findings of the study reveal robust convergent validity, signifying the interrelationship among items. Both the Alpha and composite reliability (CR) values surpass the threshold of 0.70, affirming their reliability. Similarly, the factor loadings and average variance extracted (AVE) values also surpass the 0.50 benchmark, further substantiating the robustness of convergent validity. These substantiated values are presented in [Table 1](#).

Table 1: Convergent validity

Constructs	Items	Loadings	Alpha	CR	AVE
Control Foreign Debt	CFD1	0.935	0.935	0.953	0.836
	CFD2	0.915			
	CFD3	0.898			
	CFD4	0.909			
Government Support	GS1	0.855	0.833	0.899	0.749
	GS2	0.868			
	GS3	0.873			
Management of Financial Crisis	MFC1	0.709	0.853	0.886	0.494
	MFC2	0.802			
	MFC3	0.645			
	MFC4	0.635			
	MFC5	0.750			
	MFC6	0.653			
	MFC7	0.649			
	MFC8	0.757			
Reduction in Market Fluctuation	RMF2	0.929	0.936	0.959	0.887
	RMF3	0.944			
	RMF5	0.952			
Resilience from Rentier Economy	RRE1	0.938	0.904	0.930	0.728
	RRE2	0.855			
	RRE4	0.744			
	RRE5	0.949			
	RRE6	0.756			

The study's findings illustrate robust discriminant validity, indicating the relationships between variables. The Fornell-Larcker criterion and the results of cross-loadings unveil that the values representing the connections with the respective variables are greater than those representing correlations with other variables. This observation strongly supports the validity of discriminant measurement. These corroborative values are displayed in both [Table 2](#) and [Table 3](#).

Table 2: Fornell Larcker

	CFD	GS	MFC	RMF	RRE
CFD	0.914				
GS	0.618	0.865			
MFC	0.426	0.568	0.703		
RMF	0.220	0.412	0.596	0.942	
RRE	0.241	0.398	0.568	0.616	0.853

Table 3: Cross-loadings

	CFD	GS	MFC	RMF	RRE
CFD1	0.935	0.567	0.363	0.151	0.206
CFD2	0.915	0.590	0.429	0.234	0.259
CFD3	0.898	0.557	0.421	0.215	0.223
CFD4	0.909	0.540	0.323	0.193	0.179
GS1	0.452	0.855	0.482	0.392	0.387
GS2	0.544	0.868	0.467	0.351	0.286
GS3	0.605	0.873	0.523	0.330	0.356
MFC1	0.201	0.325	0.709	0.324	0.454
MFC2	0.316	0.389	0.802	0.358	0.295
MFC3	0.312	0.503	0.645	0.565	0.451
MFC4	0.288	0.387	0.635	0.360	0.354
MFC5	0.289	0.372	0.750	0.450	0.389
MFC6	0.333	0.391	0.653	0.477	0.441
MFC7	0.223	0.354	0.649	0.203	0.382
MFC8	0.377	0.410	0.757	0.474	0.383
RMF2	0.197	0.364	0.541	0.929	0.584
RMF3	0.229	0.428	0.569	0.944	0.564
RMF5	0.193	0.372	0.573	0.952	0.593
RRE1	0.140	0.314	0.466	0.497	0.938
RRE2	0.114	0.228	0.369	0.402	0.855
RRE4	0.271	0.410	0.580	0.656	0.744
RRE5	0.170	0.365	0.506	0.523	0.949
RRE6	0.299	0.322	0.429	0.466	0.756

The study's results highlight the presence of discriminant validity by illustrating the correlations among variables. The Heterotrait Monotrait (HTMT) ratio outcomes reveal that the values remain below 0.90, further substantiating the established discriminant validity. These indicative values can be found in [Table 4](#).

Table 4: Heterotrait Monotrait ratio

	CFD	GS	MFC	RMF	RRE
CFD					
GS	0.696				
MFC	0.460	0.660			
RMF	0.232	0.468	0.639		
RRE	0.251	0.443	0.622	0.651	

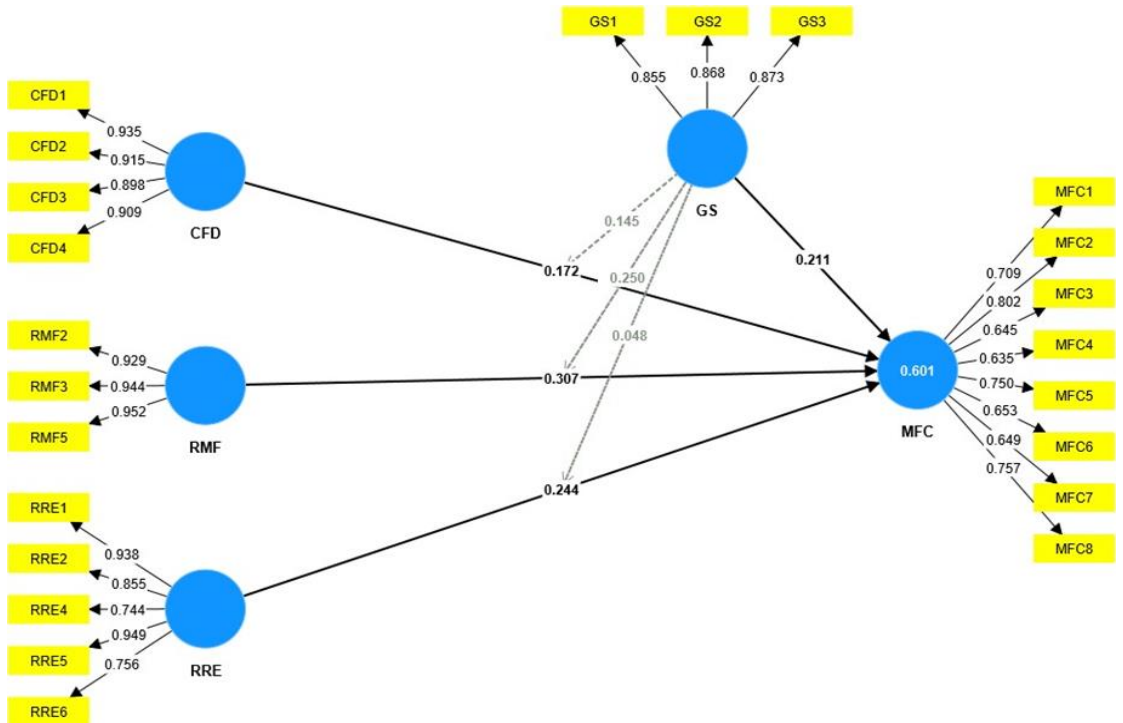


Figure 2: Measurement assessment model

The findings revealed that control over foreign debts, reduction in market fluctuation, and resilience against a rentier economy exhibit a favourable correlation with the management of financial crises in Iraq, thereby confirming the acceptance of hypotheses H1, H2, and H3. Furthermore, the study demonstrated that government support exerts a substantial moderating influence among foreign debt control, market fluctuation reduction, and financial crisis management in Iraq, thereby affirming the validity of hypotheses H4 and H5. A detailed representation of these associations is presented in [Table 5](#).

Table 5: Path analysis

Relationships	Beta	Standard deviation	T statistics	P values
CFD -> MFC	0.172	0.054	3.193	0.001
GS -> MFC	0.211	0.054	3.867	0.000
RMF -> MFC	0.307	0.048	6.348	0.000
RRE -> MFC	0.244	0.046	5.275	0.000
GS x RRE -> MFC	0.048	0.067	0.724	0.469
GS x RMF -> MFC	0.250	0.059	4.232	0.000
GS x CFD -> MFC	0.145	0.045	3.246	0.001

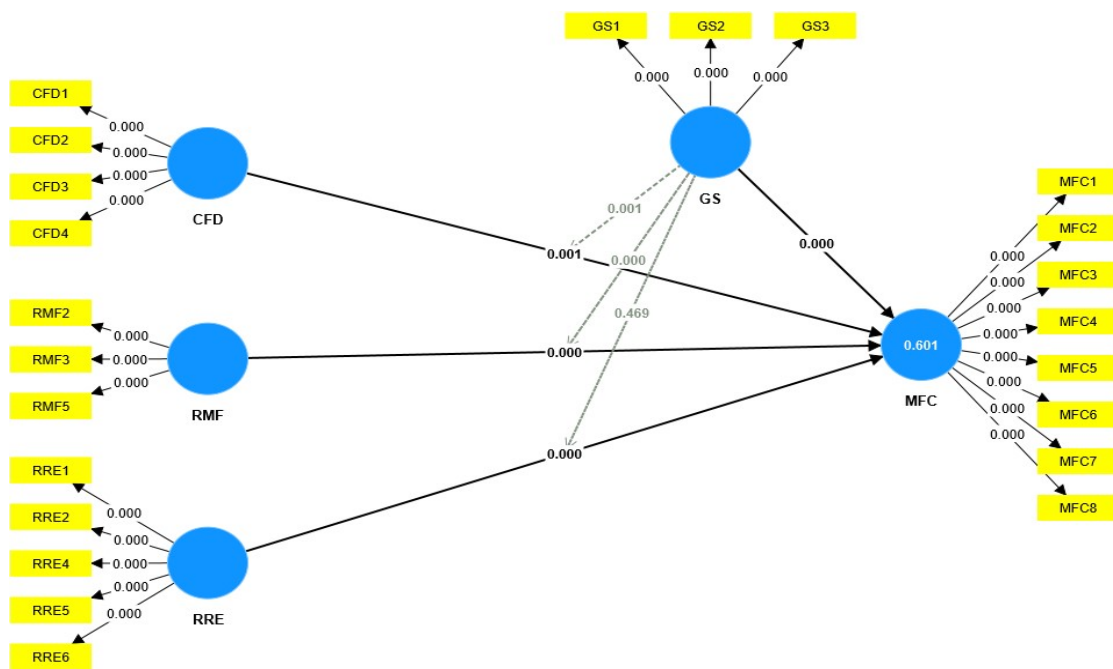


Figure 3: Structural assessment model

DISCUSSIONS

The findings revealed a positive correlation between foreign debt control and the effective management of financial crises. These outcomes align with [Meier, Gonzalez, and Kunze \(2021\)](#), who emphasize that controlling foreign debt mitigates interest burdens and counteracts unfavorable economic conditions. In such contexts, the challenges associated with financial crises are ameliorated, contributing to an improved performance in crisis management. These findings are also congruent with [Dang, Gorton, and Holmström \(2020\)](#), who contend that stringent regulation of foreign debt acquisition, coupled with curbing interest escalation, enhances the efficiency of financial crisis management. Similarly, the results indicated a positive association between reduction in market fluctuation and the adept management of financial crises. This observation finds support in [Morema and Bonga-Bonga \(2020\)](#), where it is proposed that curtailing market volatility fosters economic stability and facilitates the efficient handling of financial crises. This is further corroborated by [Wiß \(2019\)](#), whose research examines the impact of reducing market fluctuation on financial crisis management. The diminished market fluctuation affords authorities responsible for crisis management the capacity to navigate such crises more effectively.

The results also underscored a positive correlation between resilience against a rentier economy and the proficient management of financial crises. This observation is substantiated by [Wei et al. \(2019\)](#), who emphasize that cultivating resilience against a

rentier economy deters the reliance on foreign nations for the procurement of goods, services, or financial resources, thus fostering self-sufficiency within the economy. This, in turn, augments the efficiency of financial crisis management. These outcomes align with the assertions made by [McIver and Kang \(2020\)](#), asserting that an economy fortified with resilience against a rentier economy steers clear of exorbitant external purchases or heavy charges. This strengthening of internal savings facilitates more effective crisis management, ultimately achieving the desired objectives.

Additionally, the results demonstrated that government support acts as a significant moderator in the relationship between foreign debt control and the management of financial crises. This finding is corroborated by [Xiuzhen, Zheng, and Umair \(2022\)](#), who illuminate that government support plays a moderating role in the linkage between foreign debt control and financial crisis management. These outcomes are also in alignment with the claims of [Flammer and Ioannou \(2021\)](#), positing that government support reinforces foreign debt control mechanisms and enhances financial crisis management practices.

The findings underscored the significance of government support as a substantial moderator in the connection between the reduction in market fluctuation and the proficient management of financial crises. These outcomes are fortified by the insights of [Samadi, Owjimehr, and Halafi \(2021\)](#), elucidating that government support functions to curtail market instability and further enhances the attainment of financial crisis objectives. These conclusions align with the research of [Ghadge et al. \(2021\)](#), affirming that government support plays a pivotal role in ensuring the reduction of market fluctuation, consequently augmenting financial crisis management practices. In this manner, it also bolsters the correlation between reduced market fluctuation and the adept management of financial crises.

Moreover, the results highlighted the substantial moderating influence of government support between resilience against a rentier economy and the effective management of financial crises. These observations are bolstered by the work of [Broadstock, Chan, Cheng, and Wang \(2021\)](#), who posit that government support serves as a moderating factor in the relationship between resilience against a rentier economy and financial crisis management, concurrently elevating both aspects. These findings are also congruent with [Ouyang et al. \(2021\)](#), who contend that the presence of government support significantly amplifies the capacity of resilience against a rentier economy to contribute effectively to the management of financial crises.

IMPLICATION

The current study makes a significant contribution to the realm of economic literature, offering valuable insights to researchers and scholars. The investigation

delves into the intricate dynamics involving control over foreign debt, reduction in market fluctuation, and resilience against a rentier economy, as they intersect with the management of financial crises. It also enhances its analysis by introducing the pivotal role of government support as a moderating factor. Importantly, the study provides actionable guidance for policymakers seeking to bolster their financial crisis management strategies. The study's recommendations shed light on the optimal path forward for policy interventions. It underscores the necessity of enacting measures to restrain the accumulation of foreign debts, thereby fortifying financial crisis management. Similarly, the study advocates for proactive measures to curtail market fluctuation, which in turn contributes to the management of financial crises. Additionally, the study emphasizes the importance of fostering resilience against a rentier economy as a means to enhance the efficiency of financial crisis management.

Furthermore, the study advocates for the proactive provision of government support to the public. Such support serves as a means to mitigate reliance on foreign financial institutions and ultimately enhances the efficacy of financial crisis management. The study also underscores the significance of supportive government behaviour in reducing market fluctuation, thereby improving the overall efficiency of financial crisis management. Lastly, the study underscores the importance of supportive government behaviour to amplify the role of resilience against a rentier economy in effective financial crisis management.

In conclusion, the article serves as a guidebook for policymakers, offering them a comprehensive framework to develop policies aimed at effectively managing financial crises. The recommendations centre on harnessing the potential of controlling foreign debts, curbing market fluctuation, and nurturing resilience against a rentier economy.

CONCLUSION

The primary objective of this study is to scrutinize the effects of controlling foreign debt, reducing market fluctuations, and cultivating resilience against a rentier economy on the proficiency of financial crisis management. Furthermore, the study seeks to elucidate the role of government support in mediating the interplay between these aforementioned factors and the overall management of financial crises. To fulfil this purpose, data was procured through questionnaires distributed among the financial crisis management department in Iraq.

The research findings shed light on compelling connections. They reveal that the control of foreign debt, the mitigation of market fluctuations, and the cultivation of resilience against a rentier economy all exhibit positive correlations with the adept

management of financial crises. The outcomes underscore that exerting control over foreign debt effectively counters external interference and internal financial resource wastage. This approach, in turn, empowers the efficient handling and control of financial crises. Moreover, the study's results underscore that curbing market fluctuations does not entail a reduction in economic investment or outcomes. This resilience enables financial crisis management to navigate challenges effectively. Importantly, the study concludes that government support plays a pivotal role as a moderator. When governmental policies and actions are supportive, the trifecta of foreign debt control, market fluctuation reduction, and resilience against a rentier economy can be achieved. This supportive environment in turn bolsters financial crisis management, rendering it more adept and effective.

LIMITATIONS

The present study does carry certain limitations, which may pave the way for further exploration in future academic endeavours. Firstly, the scope of this study encompasses solely three economic strategies: control over foreign debt, reduction in market fluctuation, and resilience against a rentier economy, for the management of financial crises. This approach neglects the consideration of other potential technologies and capabilities that could contribute to effective financial crisis management. Hence, forthcoming researchers are encouraged to undertake a more comprehensive analysis by incorporating these additional factors.

Secondly, it's important to note that the data collection was exclusively confined to Iraq, serving as a representative of Arab Gulf Countries. Relying solely on data from a single nation to validate the study's hypotheses might not render universally applicable results across all economies. To rectify this potential limitation, future scholars are urged to gather data from multiple economies, thereby enhancing the generalizability and robustness of their findings.

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