

**YANGON UNIVERSITY OF ECONOMICS
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**EFFECT OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON EMPLOYEE PERFORMANCE OF
SELECTED PRIVATE BANKS IN YANGON**

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EMBF- 6th BATCH**

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**EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES
ON EMPLOYEE PERFORMANCE OF SELECTED PRIVATE
BANKS IN YANGON**

A thesis submitted as a partial fulfillment towards the requirements for the degree of
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ABSTRACT

This study analyses the effect of Human Resource Management practices on employee performance in the three local private banks in Myanmar. There are two main objectives in this study which are, firstly, to identify the Human Resource Management practices of the selected private banks in Yangon and secondly, to examine the effect of HRM practices on employee performance in these banks. In order to achieve the objectives of the study, the descriptive and analytical research methods are used in this study. Primary data are collected by using structured questionnaires and interviewing to the responsible person of Ayeyarwady Bank, Kanbawza Bank and Co-operative Bank. This study is selected from the population of 150 employees who worked in the head offices of each private banks by using simple random sampling method. Although there are some limitations to obtain the accurate data, it is determined that the data interpret the correlations between the independent and dependent variables. The findings presented the HR practices and employee performance is correlated. Moreover, the study found that among the human resource practices, especially training and development were strongly significant relationship with employee performance. The results of this study in the selected private banks recommended that management of the bank's employees are suggested to create more opportunities for increasing employee's performance and of banking industry in Myanmar.

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LIST OF ABBREVIATIONS

ATM	Automated Teller Machine
AYA	Ayeyarwady Bank
CB	Co-operative Bank
CBM	Central Bank of Myanmar
CV	Curriculum Vitae
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HO	Head Office
HOD	Head Of Department
HRM	Human Resource Management
HR	Human Resource
KfW	KfW Development Bank

CHAPTER 1

INTRODUCTION

The survival of any organization in the competitive society lies in its ability to train its human resource to be creative, innovative, inventive who will invariably enhance performance and increase competitive advantage (Edralin, 2004). Training and development is an aspect of human resource strategies that help to improve the expertise, knowledge and skills of employees that can improve the ability of employees to work more effectively and efficiently. A main objective of every business organization is to improve its performance but it can never be possible without the improvement in the performance of employees.

Human resource management (HRM) is critical to the success of every organization because human capital has certain qualities that make it valuable. In every organization, the quality of its people is the strength of its organization and it is assumed that people are the most important resources in the organization. Moreover, to achieve the objectives of the organization, qualified and skilled personnel play an important role. Hence, human resource management is important in creating organization and helping them survive and, to achieve the goals of an organization, systematic planning of human resource management is crucial in every business sector.

The importance of human resource management is the importance of the organization. Good human resource practices help attract and retain the company's best people. The hiring of the right people in the right roles is essential in order to make use of the latest technology , and this only occurs when management executes the HR task satisfactorily. Furthermore, the performance of the organization depends on the qualities of the people employed. Therefore, to meet the future challenges, human resource development is very much essential in all the business sectors.

HRM helps to achieve the overall organizational goals and objectives quickly in an efficient and effective manner. Good HRM practices help to attract and retain good employees, train people for challenging positions, develop skills, abilities and competencies, promote team spirit, build loyalty and commitment, increase productivity and income (outputs), enhance job satisfaction, improving of living standard and last, but not least, create job opportunities. HRM is considered as an important strategic tool not only because they play an important role in strategy

implementation, but also because they are beginning to be reckoned as sources of sustainable competitive advantage.

As the nature of the banking industry is service-based, the importance of HRM has grown manifold. Thus, in the banking sector, the people handling the day to day affairs in the banks need to keep the customer satisfaction in mind. The people who work at the front office become the bank's face and it is therefore, the HR's responsibility to ensure that there are eligible people working up front. They need to ensure that the applicants chosen in the banks are trained and educated before they start their jobs, so that they are better aware of the complexities of the core banking industry and customer relationship. The HR management needs to think about both the quantity and quality requirements in the banking sector and effectively address the shortage in the sector's skilled labor supply. Therefore, this study presented the effect of HRM practices on employee performance of selected private banks in Yangon.

1.1 Rationale of the Study

Management of human resources for banks is very important because banking is a service industry. Service quality has increasingly been recognized as a key factor assessing any business' level of success. Human input is also the single largest input to the banking industry in the developing countries. Moreover, it is assumed that people are the most important resources in an organization and effective management on them is the key to gain success for an organization. To manage the financial risks that the banks need to take on a regular basis, efficient and skilled workforce is essential. Hence, the Human Resource department is responsible for finding such talented manpower and placing them in right positions in the banks.

In the market economy, the role of banking sector plays an important role. Presently, in the banking industry, the competition was going on sky high. Merely tough competitors can only persist under these prompt changes. Every single bank wanted to confront this situation and emerge victorious, but it wasn't as straightforward as one could imagine. To achieve an organisation's objective, qualified and skilled personnel are required, and this will only be possible if there are efficient and effective Human Resource Practices are applied, which would maximize the value and minimize the cost within the organization. Human Resource Management System that represents core competencies required for the survival and sustainability of that organization.

Therefore, in this present competitive world, management of human resources had been a matter of crucial determination of success for the banking industry as well.

This study will be helpful for the competitive banking industry to improve the performance of employees by implementing the good HRM practices and will also help to optimise the abilities of the employees in their day to day work. By implementing these good HRM practices, banks will be able to achieve its goals and organisational objectives by making an effective and efficient workforce.

1.2 Objective of the Study

The main objectives of the study are:

- (1) To identify the Human Resource Management practices of the local private banks in Myanmar
- (2) To examine the effect of HRM practices (recruitment and selection, training and development, performance appraisal, compensation and rewards) on employee performance in the local private banks in Yangon.

1.3 Scope and Method of the study

The main purpose of conducting this study is to identify the effect of Human Resource Management practices and the employee performances in the local private banks in Yangon. The most relevant HRM practices such as recruitment and selection, training and development, performance appraisal, and compensation and reward system have been selected for the study. This research provides information about the active practices of HRM in the banking sector and their impact on the employee performance.

This study focuses on the three private banks in Yangon which are Ayeyarwady Bank (AYA Bank), Kanbawza Bank (KBZ) and Cooperative Bank (CB Bank). The entire bank has highest market share and highest branches in all of the local private banks. The Head Offices of these banks are based in Yangon and the data will be collected through questionnaires from one hundred and fifty employees by random sampling method from the selected banks.

Descriptive research is applied in this study and to achieve the main objective of this study, both primary and secondary data will be used. Primary data are collected

from the personal interview with the responsible persons of the above private banks in Yangon to observe the HRM practices which are currently in practice. To examine the employees' attitude towards HRM practices in these three private banks, structured questionnaires are prepared and distributed to the respondents. The respondents include both managerial level and non-managerial level of employees in the surveyed banks. Simple random sampling technique is being used in this analysis. The secondary data is used as well such as the employment handbook, reference books, previous research papers, websites and reports of these three local private banks in Yangon, Myanmar.

1.4 Organization of the Study

This study comprises of five chapters. Chapter 1 is an introduction which represents the rationale of the study, scope and method of the study, and the organization of the study. Chapter 2 consists of theoretical background of Human Resource Management. Chapter 3 describes the background information and their HRM practices of the three private banks in Myanmar. Chapter 4 is the effect of analysis on the employee performance on HRM practices of the three private banks. Chapter 5 is the conclusion including findings, suggestions, and the requirements for future research.

CHAPTER 2

THEORETICAL BACKGROUND OF HUMAN RESOURCE MANAGEMENT

This chapter highlights the theoretical background on human resource management including definition of human resource management, role of human resource management and human resource practices such as recruitment and selection, training and development, performance appraisal and, compensation and reward system.

2.1 Human Resource Management

Human resource management (HRM) refers to create and applying hierarchical processes within an organization to ensure that human capital is used effectively and efficiently to achieve the organizational goals. This system includes activities and programs to attract, develop, and maintain a productive workforce. An organization is made up of individuals with officially assigned roles working together to achieve the goals of the organizations. A manager is the person who is responsible for achieving the goals of the organizations by coordinating the efforts of the people of the organizations. Most experts agree that managing involves five functions which are planning, organizing, staffing, leading, and controlling. In total, these functions represent the management process. Among these functions the staffing is known as the personnel management, or human resource management (HRM) function. Management of human resource is the practice of recruiting, training, evaluating and compensating employees, and addressing their concerns regarding labor relations, health and safety, and justice. Effective management of human resource will help ensure that results can get through people.

HRM has been argued to be a substitute of the term personnel management in organizations. In this light, experts such as Armstrong (1987) views HRM as ‘old wine in new bottles’; while Guest (1987) argued that managing human resource is not a replacement but somehow varies from personnel management (Guest, 1987). In fact, Human Resource (HR) roles are primarily concerned with the administrative practices such as recruiting, reward systems, promotions, etc. In addition, Storey (1995)

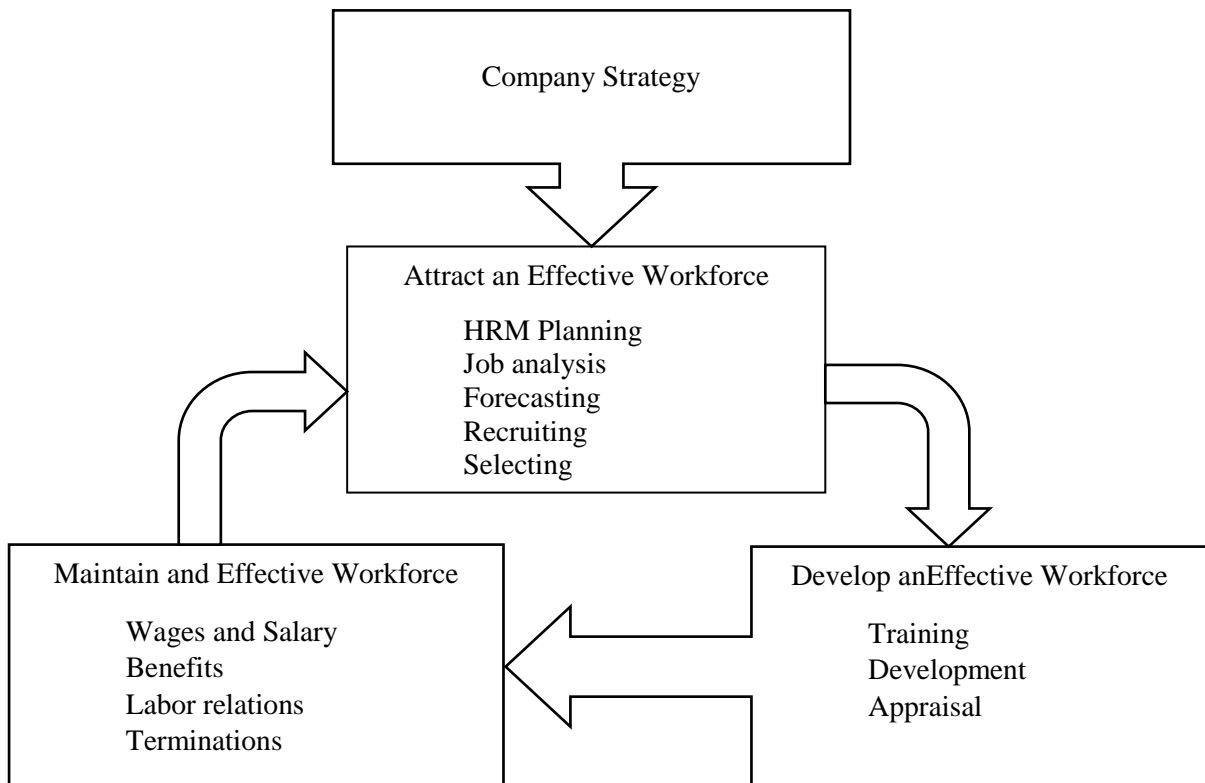
describes HRM as “a distinctive approach to employment management that seeks to achieve competitive advantage by strategically deploying of a highly dedicated and competent workforce, using an integrated array of cultural, structural and personnel techniques”(Storey, 1995); while Byars & Rue (2004) sees HRM as “activities designed to provide for and coordinating the human resources of an organization”(Byars & Rue, 2004). The term anything and everything in the definition illustrate the broader range of issues that include policies such employment contracts and forms in which employees can be involved and engaged in areas that are not directly covered by the employment contract, thereby maintaining an acceptable working life. Furthermore, it goes beyond employment relationships or industrial relationships, which in organizations personnel management would not have been able to render.

2.2 Role of Human Resources Management

HR units may perform many roles depending on the nature and terms of reference provided by the decision makers on one hand; and skills shown earlier in the course of their duties on the other. Torrington et al.,(1992) identified four roles of HR practitioners such as firstly, Human Bureaucrat which develops formal systems of recruitment, selection, appraisal, discipline and grievance management systems, secondly, Consensus Negotiator, which negotiates with unions, creating systems of involvement and participation structures, thirdly, Manpower Analyst Providing a long-term job strategy for employment numbers, together with programmes for skills, competence and career development programs, and last but not least, Organization Man: strategically partnering with top management to build organizational structures and management development systems.

There are three key elements in the strategic approach to HRM. Firstly, all managers are HR managers. Secondly, employees are being viewed as assets and they are not buildings and machinery but give a company its competitive advantage. Thirdly, HRM is a matching method integrating the organization’s strategy and goals with the correct approach to managing the firm’s human capital.

Figure (2.1) Strategic Human Resource Management



Source: Daft and Marcic (2009)

There are three broad HRM goals showed in Figure 2.1. They are firstly, attracting an effective workforce which is finding the right people is human resource planning, in which managers or HRM professionals predict the need for new employees based on the types of vacancies that exist. This includes of HRM planning, job analysis, forecasting, recruiting and selecting. Secondly, developing the workforce to its potential through training, development and appraisal. Thirdly, maintaining the workforce over the long term which is to use recruiting procedures to communicate with potential applicants or potential contributors to the organization which involves wages and salary, benefits, labor relations and terminations. Achieving these strategic HRM goals requires skills in planning, recruiting, training, performance appraisal, wage and salary administration, benefit programs, and even termination.

2.3 Human Resources Management Practices

The appropriate use of HRM practices positive impact on the level of employer and employee commitment (Purcell, 2003). HRM practices such as, training and development, performance evaluation enable the employees to work better in order to improve the organizational performance (Snell and Dean, 1992; Pfeffer, 1998). There are many good HRM practices and among these practices, this study comprises of HRM practices which are recruitment and selection, training and development, performance appraisal and compensation and reward system. The practices used in this study are defined as follows:

2.3.1 Recruitment and Selection

Boudreau and Rynes (1985) defined recruiting as “activities or practices that define the characteristics of applicants to whom selection procedures are ultimately applied”. Megan Santosus (2005) also mentioned that, today, recruiting is sometimes referred to as talent acquisition to reflect the importance of the human factor in the organization’s success. Organization selects the policy of recruitment wisely because of what is reflecting from the overall strategy of the organization. Organization's policy and the vision of the organization can be considered as an indicator to the efforts of the recruitment and it is an example of the internal factors (Nel et al., 2008). As a skilled and professional HR manager, it is vital to have the competency and ability to select appropriate employees and place them in suitable work positions (Marques, 2007). Selection is an important element of HR practices, as the employee selection is closely related and connected with the growth of the organization. Selection is collecting the information about the applicants to decide who is fit and should be employed each work position (Shen & Edwards, 2004).

Recruitment and selection are factors that affect the employee’s performance. Recruiting and selecting an appropriate employee has close relationships and interactions with the organization's development. Several researchers found a positive relationship between recruitment and selection and employee performance. Huselid (1995) stressed that by adopting best practices in recruitment and selection, it allows the good quality of skill in the organization. He which the organizational culture and employee behavior can be aligned to produce positive results (Huselid, 1995). Alnaqabi (2011) identified HR practices and other factors such as job satisfaction, organizational

commitments and leadership practice that affect the performance of UAE employees with focus on public organizations.

2.3.2 Training and Development

Training and Development is an organization's subsystem that emphasizes on the enhancement of the individuals and groups' performance. Training is an instructional process that includes the sharpening skills, principles, changing attitudes and acquiring more knowledge and information to increase the employee performance. Training can be described as an effort to develop additional skills needed today or in future to enhance the performance level of the employee (Jackson and Schuler, 2000). To improve organizational performance, training can be used as a tool to increase efficiency and effectiveness of employees (Cook and Hunsaker, 2001). Moreover, extensive training programs are conducted by employees to improve the performance of employee in order to achieve strategic position over competitors (Brown, 2005).

Most corporate adages indicate that the secret to any successful business activity is people. This emphasis is not empty as it becomes increasingly clear that no human organization can succeed without professionals and knowledgeable human resource development professionals (Goldstein & Ford, 2002). "Training is defined as the systematic acquisition of skills, rules, concepts or attitudes that results in improved performance in another environment (Goldstein & Ford, 2002). Ongoing employee development is critical to any business profit or non-profit's short- and long-term success (Becker, 1962; Pittam, 1987). Over the past three decades, employee training and development has emerged as a major educational enterprise. This increase is associated with a demand in the workforce for employee at all levels to improve performance in their current jobs in order to learn skills and knowledge to do new jobs, and to continue their career progress in an evolving world of work (Armstrong, 2001; Craig, 1987).

Training is very costly and time-consuming process, so it is essential to determine its effectiveness in terms of achievement of specific training objectives (Noe and Colquitt, 2002). The training objectives which Goldstein and Ford (2002) stated are; To increase the knowledge of workers in doing specific jobs; To systematically imparting the human resources with new skills so that they learn quickly; To bring about change in the attitudes of the workers towards fellow workers, supervisor and the

organization; To improve the overall performance of the organization; To ensure that the employees manage materials, machine and equipment efficiently and hence to check wastage of time and resources; To reduce the number of accidents by providing safety training to employees and; To prepare employees for higher jobs by developing advanced skills in them.

2.3.3 Performance Appraisal

Performance appraisal refers to observing and evaluating the performance of the employee, recording the assessment, and providing the employee with feedback. Skillful managers give feedback and support on the appropriate elements of the employee's success, during performance evaluation. They also describe performance areas that need improvement (Draft, 2002). One way in which to review the performance and potential of staff is through a system called performance appraisal. This is a vital personnel role and human resource management practice. There are several potential benefits to both the individual and the organization. Nevertheless, it is crucial that the values and ethics of performance appraisal and the issues to be answered are given careful and thorough consideration. In order to establish an effective appraisal program, careful attention must be paid to several important factors relevant to its adoption and implementation, to the various assessment approaches, and potential problem areas. In general, HRM practitioners focus on two things to make performance appraisal a positive force in their organizations: (1) objective performance assessment through the development and implementation of assessment systems such as rating scales and (2) training managers to efficiently use the performance appraisal interview to allow managers to provide input and feedback that will improve good performance and motivate the development of employees. Current thinking is that there should be regular performance appraisal, not something that is performed only once a year as part of a raise consideration.

2.3.4 Compensation and Reward System

Employee compensation covers all aspects of pay to and from employees. It has two major components, direct financial compensation (salaries, wages, benefits, commissions, and bonuses) and indirect financial payments (such as employer-paid insurance and holidays). There are two simple ways of making direct payments to employees: time-based pay or performance-based rewards. Time-based scheduling is

the cornerstone of compensation policies for most employers. For example, the blue-collar and clerical staff are paid hourly or daily wages. Others, such as managers or web designers, tend to be paid on a weekly, monthly, or annual basis. Paying for performance is the second direct payment option. For example, piece work relates compensation to the worker's quantity of output (or number of pieces). Sales commissions are another reward based on performance (in this case, sales-based) compensation. There are other organizations who are developing compensation systems incorporating time-based pay plus incentives.

Moreover, the term compensation refers to (1) all monetary payments and (2) all goods or commodities used in lieu of money to reward employees (Richard I. Henderson, 1985). An organization's compensation structure includes wages and salaries and benefits such as health insurance, paid vacations, or employee fitness centers. HRM plays an important role in creating an efficient compensation system because it helps to attract and retain talented workers. In addition, a company's compensation system has an impact on strategic performance (L. R. Gomez-Mejia, 1992). Pay and benefits systems are designed by HR managers to suit the organization's strategy and provide equity in compensation.

According to the expectancy theory (Vroom, 1964), it can be expected that, if the company provides rewards desired by the employee, this employee is more likely to perform in a way that will bring him/her the reward. Moreover, Garibaldi P (2006) mentioned that "Choosing an appropriate compensation mechanism is probably the core problem of human resource managers and the heart of personnel economics". Snell & Bohlander (2007) described that "Employee benefits constitute an indirect form of compensation intended to improve the quality of work lives and the personal lives of employees".

2.4 Employee Performance

Employee performance is one of the most factors that affects on the performance of the organization. The successful organization understands the importance of HR as a critical factor directly affects and contributes on the performance (AL-Qudah et al., 2014). Any organization's success depends on the actions and behavior of its employees, although there are many other factors that contribute to that success, such as the size of the organization, the environment in which it operates and

its activities. Human resource management practices are often used to evaluate the employee's performance in the organization, and in the modern age and highly competitive organizational environment between the organizations, the trend to enhance employee performance is by improve HRM practices (Bowra et al., 2012). The employees' performance is use of knowledge, skills, experiences and abilities, to perform the assigned mission required by their managers efficient and effectively (DuBrin, 2006).

According to Mathis & Jackson (2004), the importance of the performance of employees is defined as the performance of the employees is associated with quantity of output, quality of output, timeliness of output, presence/attendance on the job, efficiency of completed work and effectiveness of completed work (Mathis & Jackson, 2009). This can be in form of several points such as, 1) help to considering the cost of the resources used, 2) a measure of the quantity and quality of work done, 3) help to survive and excel between the firms, 4) help to assess and attain of established performance goals , and finally, 5) increase the efficiency of the employee performance helps to make the right decisions.

Furthermore, employees' performance is also the driving force behind an organization's growth and profitability. It is the relationship between output of goods and services of workers of the organization and input of resources, human and non-human, used in the production process. Performance is measured in terms of: productivity, job satisfaction, turnover and absenteeism, according to Gibson (1990).

In addition, Kaplan (2003) clarified the key methods of measuring employee performance basis of: 1) employee attributes that validate the characteristics or qualities important to the firm, 2) employee behaviors that are commonly used for evaluating or describing employee behaviors required to complete a job successfully, and, 3) employee achievements that demonstrate the extent to which specific goals or objectives or aims have been achieved, exceeded, or not achieved.

Recruitment and selection is one of the factor of HR Practice and many studies have found positive relationship between recruitment and selection and employee performance. Tessema and Soeters (2006) presented the extent of HR practices affect performance at the employee level in Eritreal. Since performance is a multi-faceted and complicated concept, HRM results have been used as mediating factors between HR

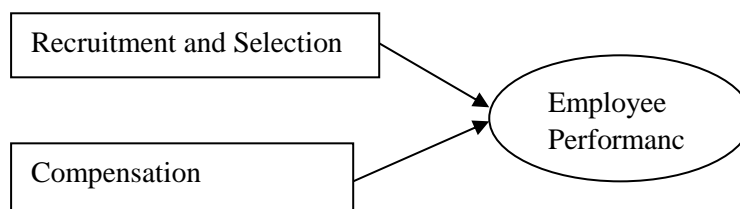
practices and employee performance and the result has been positive with the relationship between employee-level recruitment and selection and performance.

2.5 Previous Study

According to the previous studies, human resource management practices have been applied widely by researchers in diverse industry and organizations to assess employee performance of human resource practices tools. HR practices such as recruitment and selection, training and development, performance appraisal, and compensation and rewards has been measured in a diversity of service industries especially banking industry.

AL-Qudah et al., (2014) presented the Effect of HRM Practices on Employee Performance in Malaysian Skills Institute (MSI). In his research framework, two HRM practices are applied which are recruitment and selection and compensation (Dependent variables) and Employee performance (Independent variable). Moreover, it investigated the factors that affect on recruitment and selection, compensation toward employee performance in MSI. Selected sample size is 60 and the study population, which consisted of employees in the MSI, comprised of 56 respondents. The researcher created and distributed a questionnaire in order to achieve the study goals and collected and analyzed the data using SPSS. The conceptual framework of the study is shown in following figure (2.2).

Figure (2.2) Effect of Human Resources Management Practices on Employee Performance



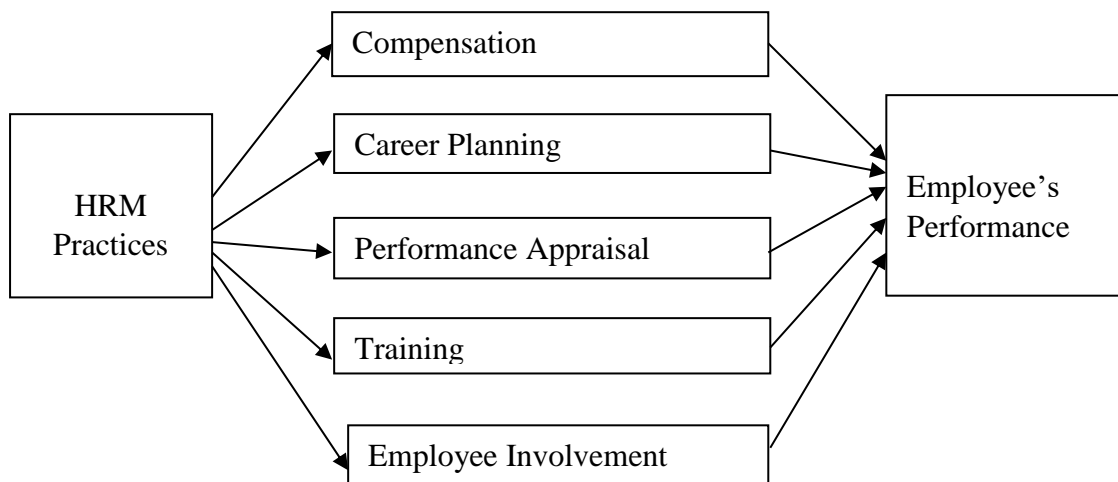
Source: AL-Qudah et al., (2014)

According to the above conceptual framework, the results indicated that recruitment and selection and compensation significantly correlated with the employee performance in MSI.

Moreover, Fahad, et al., (2014) examined HR practices effect on employee performance of banking sector of Pakistan. The questionnaires were sent to 150 employees of different banks in Lahore. The study finds that the employee performance is positively correlated with the reward, recruitment and selection and training. Thus, the reward, recruitment and selection and training are therefore, the strong performance predictors. Reward, recruitment, selection and training are strongly related to the performance of employees.

Saira Hassan (2016) conducted to determine the impact of HRM practices on employee's performance in the Textile industry of Pakistan. Random sampling technique was used to collect data for this research study. In his conceptual framework, it comprises of dependent variables of HR practices which are compensation, career planning, performance appraisal, training and employee involvement. A questionnaire based on 34 items which was distributed among 68 employees of textile industry for data collection. Person's statistical correlation methodology and regression analysis were applied to the data to test the relationship between HRM practices and performance of the employees. The results show that HRM practices including Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a significant impact on performance of employees. Hence, it is proved that independent variables contribute positively towards change in the dependent variable. The conceptual framework is shown in following figure.

Figure (2.3) Impact of HRM Practices on Employee's Performance

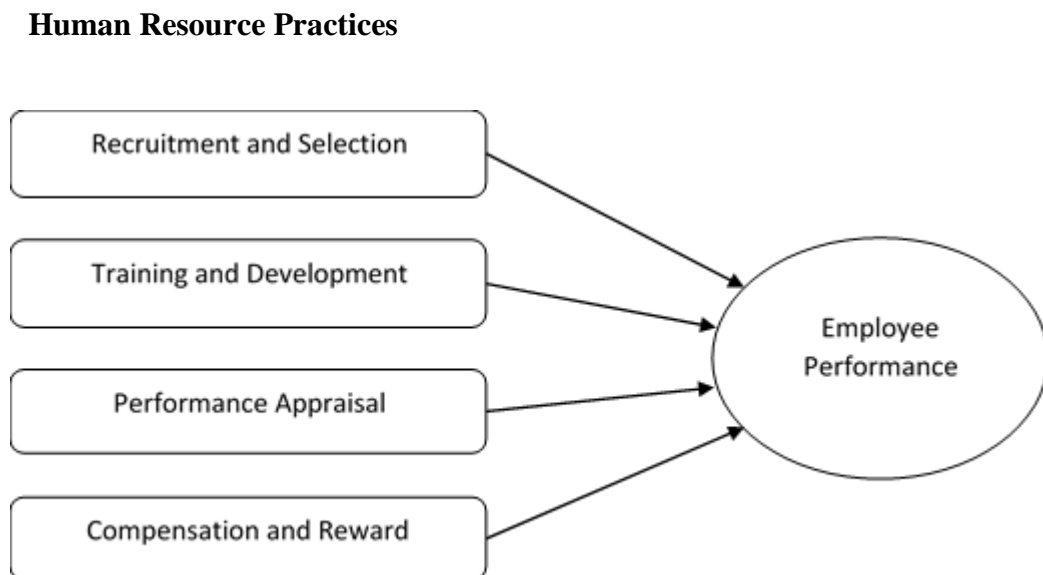


Source: Saira Hassan (2016)

2.6 Conceptual Framework of the Study

To implement the study, the following conceptual framework is drawn based on the previous studies. According to the review of AL-Qudah et al., (2014), human resource practices are effected on employee performance. Regarding to Fahad, et al., (2014) and Saira Hassan (2016), they also mentioned that the impact of HR practices effect on employee performance. Moreover, based on the literatures' review and the HRM practices which are currently in practice in the selected three private banks, the conceptual framework is compiled as follow:

Figure (2.4) Conceptual Framework of HRM practices and Employees Performance



Source: Own Compilation, 2019

In the above figure (2.4), the independent variables consist of human resource practices which are recruitment and selection, training and development, performance appraisal and compensation and reward. On the other hand, the dependent variable consists of the employee performance.

CHAPTER 3

HUMAN RESOURCE MANAGEMENT PRACTICES OF PRIVATE BANKS IN MYANMAR

This chapter discusses the profile of selected private banks in Yangon, Myanmar and human resource practices of these private banks.

3.1 Profiles of Selected Local Private Banks in Myanmar

Out of the 31 private banks currently operating in the Myanmar banking sector, the study has chosen three private banks to examine their human resource practices and employee performance for this. Therefore, this section provides fundamental information related to this study. The fundamental information of the selected private banks are shown in the following.

3.1.1 Ayeyarwady Bank

The Ayeyarwady Bank was established in August 2010. Its assets reached MMK 1200 billion in the FY 2013-2014. It is owned by U Zaw Zaw, the Chairman of Max Myanmar Group of Companies, who is a major conglomerate with interests in timber, gems, rubber, construction and hotel industries, and many more. He also serves as the Myanmar Football Federation's president.

Ayeyarwady Bank has opened (76) branches and 156 ATMs. As of August 2014, Ayeyarwady had employed (3,500) employees. AYA Bank is the best private bank in Myanmar in 2015. The bank has engaged talents with both domestic and international exposures and has made significant investments in training and development as a way to ensure sustainable growth for the business and the society it serves in the long-term.

AYA bank has clearly defined its corporate objectives which are to be executed and understood by the organization to achieve its missions, corporate values and brand promise. The mission of AYA bank is "To be recognized as the leading bank in Myanmar through pursuit of excellence and long-term sustainable growth for the bank and its stakeholders". The brand promise of AYA bank is "the bank of choice for

anyone who is looking for fast, reliable, honest banking relationships at reasonable cost ". AYA bank offers the full range of retail and commercial banking products and services and applies its governance and operations to domestic customers and international standards.

AYA bank has won of Banker of Bank of the Year in Myanmar 2014, Best Banking Group in Myanmar 2013, Myanmar President's Special Excellence Award, Domestic Retail Bank of the Year in Myanmar 2014, Core Banking System Initiative of the Year in Myanmar 2014, the Year award in Asia 2015, Best Commercial Private Bank in Myanmar 2013, 2014 and Best Retail Bank in Myanmar 2014, titles awarded by World Finance (www.ayabank.com.mm. November 2018).

3.1.2 Kanbawza Bank

Kanbawza Bank is the largest commercial bank in Myanmar in terms of assets (MMK 8693 billion as of March 2016). The KBZ belongs to the business conglomerate KBZ Group, chaired by U Aung Ko Win. Initially, it was established as a local bank in Taunggyi (Shan State) in 1994. In 2000, the headquarters was relocated to the former capital Yangon. As of June 2016, the KBZ has 400 branches all over Myanmar with 17,000 employees and wants "to become Myanmar's premier bank with a strong base in the Myanmar's financial market". The product ranges of the KBZ includes savings, current, call and fixed deposits, loans, overdrafts and hire purchase as well as domestic and international remittances.

One of Myanmar's largest and most successful conglomerates, KBZ bank is part of the KBZ Group. As recognized in 2014, when the Myanmar Centre for Responsible Business awarded the KBZ Group of Companies as the most transparent company, the Group has a proven track-record of operating according to industry best practices in the country. Having International Representative Offices in Thailand, Singapore and soon in Malaysia, it is the first Myanmar bank in the history. KBZ Group manages two airlines (Air KBZ and Myanmar Airways International) as well as concessions for jade and gem mining. Inlay Shoe Manufacturing Co., Ltd. and the IKBZ Insurance Company are also owned by the group.

3.1.3 Co-operative Bank

The CB Bank was established with the permission of the Central Bank of Myanmar on 21 August 1992. It started as a small bank with 33 employees and has

around 10000 employees in 2018. The bank has over 200 branches across the country (*www.cbbank.com.mm. Retrieved 14 November 2018*).

In May 2013, CB Bank became the first bank in Myanmar to issue a debit card and permitted the first card-related financial transaction in Myanmar. Mastercard signed an agreement with CB Bank in September 2012 to license cards in the country and this enabled local retailers and ATMs to accept the payment cards. In 2013, CB Bank switched to T24 from Temenos as its core banking system to enhance bank-wide connectivity with the branches in the country. Moreover, the bank named the EASI Banking service to the ATM. The bank has Myanmar's largest network of counters for ATM and Foreign Exchange. In 2017, CB Bank collaborated with Myanmar Post Office to further develop its post mobile agent services.

From 2016, in cooperation with Japanese Government and state-owned Myanmar Insurance, CB Bank and several other banks began offering loans to SMEs. In addition, German KfW bank has chosen CB Bank to provide loans worth 4.45 EUR million for SMEs in Myanmar based on market analysis and due diligence offering to SMEs or loans with or without collateral.

In January 2017, CB Bank signed a system, software and services agreement with Diebold Nixdorf, to expand its cardless cash withdrawal services and P2P self-service banking services in Myanmar. In August 2017, Grab, an online cab aggregator collaborated with CB Bank to provide its drivers with banking services. The drivers have gained access to ATM cards and bank accounts from the system. Moreover, it announced a partnership with telecommunications operator Ooredoo in September 2017 to launch M-Pitesan, a mobile wallet that will provide nationwide money transfer and bill payment services. CB bank also launched the contactless payment system in September 2017 collaboration with payment service providers with Visa and Master card. The service helps users to complete their payments through contactless POS machines for Visa and Master card.

In April 2018, CB Bank signed an agreement with KfW Development Bank (KfW) to expand loans to small and medium-sized companies in Myanmar with \$13.22 million.

Furthermore, in May 2019, CB Bank and Telenor Myanmar formed an agreement on partnership with Visa to launch the CB-Telenor, co-branded Visa credit card which aimed at improving financial services in Myanmar and extending benefits for Telenor Star Platinum users. CB Bank announced in October 2019 that it will launch

its APIX platform innovation center, making it the first bank in the ASEAN region to interact with an open architecture. CB Bank also partnered with England-based professional football team, Manchester United in September 2019, to become Myanmar's official financial services partner. It as well launched the Manchester United branded debit cards, credit cards and prepaid cards in Myanmar (www.cbbank.com.mm. Retrieved 14 November 2018).

3.2 Human Resource Practices of Private Banks

In this section, selected private banks such as AYA, KBZ, and CB banks' human resource practices are presented. These are recruitment and selection, training and development, performance appraisal, and compensation and rewards. According to the result of data collected from questionnaires and details from the HR/Admin Department, all HR functions are under control of Senior General Manager who reports to the managing director through Deputy Managing Director. Senior Manger establish and monitor for the HRM functions.

In banking industry, human resource is important and crucial in every organization. Human Resources Practices elements such as recruitment and selection, training and development, performance appraisal, and compensation and rewards systems are used in all the private banks.

Recruitment is the important for discovering skillful, committed and talented employees and the main purpose of recruiting is to generate a wide range of applicants from various sources to contain the right person for the right place. The selected three private banks provide enough information to the various candidates and use appropriate selection process for the selection of the employees. In this recruitment and selection process, the applicant's CVs and other required supporting documents are evaluated and afterward the candidates are informed for the further interviews for the selection process. Selection process includes initial screening interview, comprehensive interview and background investigation of the applicants. After the recruitment and selection process, it takes about two weeks to reply back to the applicants who are being accepted and rejected.

With regard to the survey data collected, both on the job and off the job training are provided to the staffs. Training and development in these three banks provides not only the banking related training programmes but also for the training of safety and

health and do no harm approach of the employees and the environment. These three private banks also invite and hire external technical consultants and experts for providing training to the employees be more efficient and effective in their respective job and in their daily work. For all of the three private banks, training provided are shown in following table.

Table (3.1) Types of Training Provided in Local Private Banks

No.	Types of Training	Trainees
1.	Basic Banking Training Course (Level 1)	New Staff
2.	Training for Managerial Level	Deputy Manager/Manager/Supervisor
3.	Training for Management competency	Managerial Level
4.	Workshop on Team work development	Officer level
5.	English Proficiency Course	Manager/ Officer/ Staffs
6.	Training or Foreign Banking	Manager/ Supervisory Level
7.	Training for Foreign Currency	Officer/Supervisor/Staffs
8.	General Banking Training Course	Officer (New)
9.	Diploma in Banking	Officer/ Supervisor
10.	Workshop on Effective Customer Service	All Employees

Source: Survey Results of AYA, KBZ and CB, 2019

Regarding to the HR practice of Performance Appraisal system, based on the interviews with the HR/Admin Managers, the performance appraisal is conducted systematically at least once a year in the banks. The annual promotions and bonuses given are based on this performance appraisal and uses different appraisal forms for managers and supervisory staff because for the manager level it is important to know about the decision making and problem solving. All three banks appraisals are performed by the managers/supervisors or branch manager to their inferior and send the appraisal to the head office for the managing director's approval.

Last, but not least, the compensation and reward system which are currently in use by these three private banks are basically the same. The compensation packages such as the basic salary, overtime allowance, transportation allowance and performance bonus allowance are given in these three private banks. Moreover, based on the Labor Law Of Myanmar, employees can entitle annual leave, casual leave, maternity/paternity

leave, medical leave, earned leave and leave without pay. Leaves are also increase 1 day per every two years. Employees can have different types of bonus depending on the performance appraisal. Promotions are based on the performance of the employees.

According to the collected data, Ayeyarwady Bank’s HR practices are shown in Table 3.2.

Table (3.2) Human Resource Practices of Ayeyarwady Bank

HR practices	AYA Bank
Recruitment and Selection	-Advertising on notice board, journals and newspaper, in LinkedIn and Facebook, self-search, and employee referral -First interview screening with HR recruitment officer and relevant Head of Operation -Second interview with HR Recruitment Officer, relevant HOD and functional heads)
Training and Development	-Normally banking functional staffs need to attend basic banking training around 2/3 months -Banking training and Central Bank Banking training courses, Safety and health training -Orientation is made when staffs are on boarding day
Performance Appraisal	-There is performance appraisal every 6 months. -Promotions and bonuses are based on performance appraisals. -Assessment are done based on their actual performance and behavior.
Compensation and Reward	-Basic salary, housing, overtime, transport allowances are provided. Promotions are based on performance appraisal grade -Leaves are according to Labor Law of Myanmar

Source: AYA Bank, 2019

In Myanmar banking industry, KBZ bank has the largest market share, branches, and numbers of employees. Therefore, KBZ banks use the all of the HR practices tools. However, recruitment and selection, training and development, performance appraisal, and compensation and rewards systems are the main HR practices used in KBZ bank. The following Table (3.3) also shows the KBZ bank HR practices which are currently in use.

Table (3.3) Human Resource Practices of Kanbawza Bank

HR practices	KBZ Bank
Recruitment and Selection	<ul style="list-style-type: none"> -Recruitment advertising from KBZ website, Local media such as newspaper and journals, and KBZ Facebook page. -First interview screening with HR recruitment officer and relevant Head of Operation -Second interview with HR Recruitment Officer, relevant Head of Department, functional heads, and Branch Managers. - It always takes two weeks to get back the applicants
Training and Development	<ul style="list-style-type: none"> - Orientation is made when staffs are on boarding day -New staffs attend induction training within six months to start the job. -In house training must attend all employees.
Performance Appraisal	<ul style="list-style-type: none"> -There is performance appraisal two times per Year. -HR and Learning and Development arrange performance appraisal methods.
Compensation and Reward	<ul style="list-style-type: none"> -Promotions are based on performance appraisal grade -End of the year must pay bonus for increasing employee performance. -Leaves are according to Labor Law of Myanmar -Leave are increased 1 day every 2 years

Source: Survey Results of KBZ, 2019

Furthermore, according to the result of data collected from the personnel department of CB bank, CB Bank human resource policies and practices are shown in the table as follow:

Table (3.4) Human Resource Practices of Co-operative Bank

HR practices	CB Bank
Recruitment and Selection	<ul style="list-style-type: none"> -Advertising in notice boards, self searching, employee referral and other social media such as Facebook. -Conduct CV form, initial screening interview with HR recruitment officer and relevant Head of Operation, comprehensive interview with HR Recruitment Officer, relevant HOD and functional heads) - Background investigation first interview screening - It always take two weeks to get back the applicants.
Training and Development	<ul style="list-style-type: none"> -Normally banking functional staffs need to attend basic banking training around 2/3 months -Orientation is made when staffs are on boarding day -Provide both the job and off the job training
Performance Appraisal	<ul style="list-style-type: none"> -There is performance appraisal once a year. -Assessment are done based on their actual performance and behavior. -It is performed by the Managers and supervisors.
Compensation and Reward	<ul style="list-style-type: none"> -Annual bonuses and Promotions are based on performance appraisal grade. -Leaves are according to Labor Law of Myanmar -Leave are increased 1 day every 2 years -Basic salary, housing, transportation, meal, bus, annual bonus, leave bonus are provided. -End of year, retreat trips are arranged.

Source: Survey Results of CB, 2019

CHAPTER 4

THE EFFECT OF ANALYSIS ON HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE PERFORMANCE IN LOCAL PRIVATE BANKS

In this chapter presented the three main parts. Firstly, research design of this thesis. Secondly, demographic characteristics of respondents are performed. Thirdly, analyzing human resource practices and employee performance of private banks is performed.

4.1 Research Design

There are three main parts in research design: population, data analysis, and multiple linear regressions. The following are important for research design and that are strongly effective on analysis of employee performance of private banks. According to Kothari (2004), a research design stands for advance planning of the methods to be followed to collect the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money.

There are two kinds of sampling for selecting from population which are probability sampling method and non – probability sampling method. Probability sampling method intends on random sampling method within larger population. On the other hand, non – probability method is to some extent on the comprehending of the researcher and samples are conveniently used (Banerjee & Chaudhury, 2010). In this study selected the 150 employees by using the simple random sampling method in the selected three private banks such as Ayeyawaddy Bank, Kanbawza bank and Co-operative bank.

The collected data are put into Microsoft excel and SPSS software to figure and analyze the customer satisfaction level. The data analysis is based on the mean and standard deviation, regression, and collection analysis. Moreover, the collected data are based on nominal and interval scale and they are analyzed in order to find the percentages of every answer in the questionnaire. 5-point Likert scale is used to analyze

the collected data of the Likert questions and the results will be presented as mean and standard deviation.

Width of range for the 5-point Likert scale questions is calculated to find the interval

N (Width of the range) = Maximum Level / Minimum Level

$$= 5 - 1 / 5$$

$$= 0.8$$

The levels of agreement for the given statement in the questionnaire are calculated by mean scores and the interval range as follow:

4.21 – 5.00 are measured as Strongly Agree

3.41 – 4.20 are measured as Agree

2.61 – 3.40 are measured as Neutral

1.81 – 2.60 are measured as Disagree

1.00 – 1.80 are measured as Strongly Disagree

The multiple regression analysis was applied to investigate training and development policy, procedure, and practices and employee performance. To explore the training and development policy and procedure was used the independent variable and employee performance indicators of productivity and satisfaction was used dependent variables. The statistical using SPSS Version 23 Windows is used prior to multiple regression analysis.

4.2 Demographic Characteristics of Respondents

The initial phase of analysis is to determine the characteristics of the respondents involved in the study. A profile of the respondents is developed in terms of background information of the personal characteristics relating to employee perception of HR Practices of private banks in Myanmar. Firstly 150 employees profile including general information of the employees such as gender, marital status, age, occupation, income level, and education are identified. Each characteristic has been analyzed in terms of absolute value and percentage, and the summary table of demographic characteristics is used to display these data more clearly. These are show in following Table (4.1).

The sample includes 104 female staff and 46 male staff indicating that the female employees are the majority with the response rate of 69 percentages while the

remaining are male (30%). In marital status, 69 percent of single and remaining are marriage (30%). Age of respondents is divided into four groups such as between 21 and 30 years old, between 31 and 40 years old, between 41 and 50 years old, and above 50 years old. The age level between 21 and 30 years old is largest share (58%) while employees with above 50 years old share are the smallest.

Positions of employees are classified into five groups. Among them, banks' senior staffs and junior staff shares are the largest with 30 percent while manager share the smallest with 8.7 percent.

Income level is classified into five groups. The survey include the customer who have income 500001-1000000kyats for 36.7 percent (the largest), and the customers who have income less than 200000 Kyats for 6.7 percent (the smallest).

In this study, education levels of employee is divided into three groups; doctorate, master degree, graduate, and others. Almost are graduated (87%). The following Table (4.1) shows the summary table of demographic characteristics of private banks in Yangon, Myanmar.

Table (4.1) Demographic Characteristic of Respondents in Private Banks

Gender	Number of Respondents	Percent
Male	46	30.7
Female	104	69.3
Marital Status	Number of Respondents	Percent
Single	104	69.3
Married	46	30.7
Age(Years)	Number of Respondents	Percent
21 - 30 years	87	58.0
31- 40 years	50	33.3
41- 50 years	11	7.3
Over 50 years	2	1.3
Positions	Number of Respondents	Percent
Manager	13	8.7
Supervisor	22	14.7

Senior Staff	46	30.7
Junior Staff	46	30.7
Securities	23	15.3
Income (Kyats)	Number of Respondents	Percent
Less than 200000	10	6.7
200000-500000	41	27.3
500001-1000000	55	36.7
1000001-1500000	33	22.0
Above 1500001	11	7.3
Working Experience(Years)	Number of Respondents	Percent
1 – 4 years	125	31.3
4.1 - 8 years	96	24.0
8.1 - 12 years	141	35.3
Over 12 years	38	9.5
Education	Number of Respondents	Percent
Master	8	5.3
Graduate	131	87.3
High School and Diploma	11	7.3

Source: Survey Results, 2019

4.3 Analyzing HRM practices and Employee Performance of Private Banks

In this section presented the three main parts. Firstly, human resource practices and employee performance is performed. The descriptive statistic of mean, standard deviation, and level of agreement are presented in following tables. Secondly, factors loading of human resource practices and employee performance are presented. Finally, reliability and validity test is shown.

4.3.1 Human Resource Practices and Employee Performance

The following Table (4.2) shows the employee aspect of recruitment and selection on selected private banks in Yangon, Myanmar. Employees rated as agree and strongly agree in this component and details are shown in following table.

Table (4.2) Analysis of Employee Perception on Recruitment and Selection of Private Banks

Sr. No.	Recruitment and Selection	Mean	Std. Deviation	Level of Agreement
1	Job advertisement in the newspaper, journals, job fairs and other medias are conducted by the bank for the recruitment of people.	4.46	.500	Strongly Agree
2	Applicants are fully informed about the responsibilities, tasks and required	4.46	.575	Strongly Agree
3	Applicants undergo structured interviews (job related questions and same questions for all applicants) before being hired.	4.41	.626	Strongly Agree
4	Applicants have to take formal test (written of work sample) for selecting applicants for the	3.89	.901	Agree
5	Recruitment process and practices are systematic.	4.03	.823	Agree
6	Skilled and talented people are chosen for the vacant job.	3.99	.901	Agree
Overall		4.2507	.55475	Strongly Agree

Source; Survey Results, 2019

Above table shows the employee perception of recruitment and selection. Employees rated as agree on all statement and average mean score is more than 4. However, the question of “Applicants have to take formal test for selecting applicants for the vacancies” has lowest mean score 3.89. Job advertisement in the newspaper, journals, job fairs and other medias are conducted by the bank for the recruitment of people is highest mean score 4.46. Overall perception on recruitment and selection of HR practices of private banks in Yangon, Myanmar shows agree with the mean score 4.25 and level of agreement is strongly agree.

The following Table (4.3) shows the employee aspect of training and development on selected private banks in Yangon, Myanmar. Employees rated as agree and strongly agree in this component. Details are shown in following table.

Table (4.3) Analysis of Employee Perception on Training and Development of Private Banks

Sr. No.	Training and Development	Mean	Std. Deviation	Level of Agreement
1	Training needs assessment is important for training and development program.	4.13	.726	Agree
2	The related facilities are provided as a comfortable setting and to meet the international standard of training and	4.07	.808	Agree
3	Well training and development methods are useful and effective for employees in current	4.22	.542	Strongly Agree
4	The schedule for the training provided sufficient time to cover all of the proposed	4.13	.720	Agree
5	In training program, choosing qualified trainers updating is important for trainees.	4.31	.615	Strongly Agree
6	Skills development support to reduce my time consuming.	4.33	.596	Strongly Agree
7	I can increase my competency level after having training.	4.19	.708	Agree
Overall		4.1962	.53798	Agree

Source; Survey Results, 2019

Above table shows the employee perception of training and development. Employees rated as agree on all statement and mean score is more than 4. Skills development support to reduce my time consuming is highest mean score 4.22. Overall perception on training and development of HR practices of private banks in Yangon, Myanmar shows agree with the mean score 4.2 and level agreement is agree.

The following Table (4.4) shows the employee aspect of performance appraisal on selected private banks in Yangon, Myanmar. Employees rated as agree and strongly agree in this component. Details are shown in following table.

Table (4.4) Analysis of Employee Perception on Performance Appraisal of Private Banks

Sr. No.	Performance Appraisal	Mean	Std. Deviation	Level of Agreement
1	The performance appraisal is fair.	4.03	.823	Agree
2	The performance appraisal is based on facts, not on opinion.	3.99	.901	Agree
3	Employees receive a formal evaluation of their performance.	4.51	.501	Strongly Agree
4	My last performance appraisal accurately reflected my performance.	4.41	.545	Strongly Agree
5	My performance evaluation depends on working effectively and efficiently.	4.19	.736	Agree
6	I have achieved my yearly goals and received good feedback from the appraiser.	4.21	.651	Strongly Agree
Overall		4.3756	.37749	Strongly Agree

Source; Survey Results, 2019

Above table shows the employee perception of performance appraisal. Employees rated as agree on all statement and mean score is more than 4. However, the performance appraisal is based on facts, not on opinion is lowest mean score 3.99. Employees receive a formal evaluation of their performance is highest mean score 4.51. Overall perception on performance appraisal of HR practices of private banks in Yangon shows agree with the mean score 4.38 and interpretation of level of agreement is strongly agree.

The following Table (4.5) shows the employee aspect of compensation and rewards on selected private banks in Yangon. Employees rated as strongly agree in all compensation and rewards component. Details are shown in following table.

Table (4.5) Analysis of Employee Perception on Compensation and Rewards of Private Banks

Sr. No.	Compensation and Rewards	Mean	Std. Deviation	Level of Agreement
1	I received compensation leaves for working overtime and OT payments as well.	4.35	.520	Strongly Agree
2	I am being paid fairly and appropriately for my tasks, duties and responsibilities of my job.	4.25	.477	Strongly Agree
3	Employees receive bonuses depending on their performance.	4.36	.495	Strongly Agree
4	Employees are appreciated and recognized for good work performance.	4.37	.485	Strongly Agree
5	Employees are treated with respect regardless	4.53	.501	Strongly
6	I feel valued working under this bank.	4.39	.528	Strongly Agree
Overall		4.2707	.52489	Strongly Agree

Source: Survey Results, 2019

Above table shows the employee perception of compensation and rewards. Employees rated as agree on all statement and mean score is more than 4.2. Employees are treated with respect regardless of their job is highest mean score 4.53. Overall perception on compensation and rewards of HR practices of the selected three private banks in Yangon, Myanmar shows agree with the mean score 4.27 and level agreement is strongly agree.

The following Table (4.6) shows the employee aspect of employee performance on selected private banks in Yangon. Employees rated as agree and strongly agree in employee performance component. Details are shown in following table.

Table (4.6) Analysis of Employee Perception on Employee Performance of Private Banks in Yangon

Sr . No.	Employee Performance	Mean	Std. Deviation	Level of Agreement
1	Job description is clearly spelt out for an employee who improves on their performance.	4.07	.808	Agree
2	All level of employees' selection criteria is same for their positions.	4.22	.542	Strongly Agree
3	I can increase my competency level after having	4.13	.720	Agree
4	I can reduce my absenteeism rate after training.	4.31	.615	Strongly Agree
5	I can handle any problem after having training and development programme.	4.33	.596	Strongly Agree
6	Performance appraisal results are effect on promotion.	4.19	.708	Agree
7	Performance appraisal makes motivate for employee in working environment.	4.13	.726	Agree
8	The compensation which is offered impacts the employee's high performance.	4.46	.563	Strongly Agree
9	The compensation focuses on the employees from all the levels of private banks' employee.	4.29	.608	Strongly Agree
Overall		4.2363	.51319	Strongly Agree

Source; Survey Results, 2019

Above table shows the evaluation of employee perception of employee performance. Employee rated as agree on all statement and mean score is more than 4. Overall perception on employee performance of dimension of HR practices of private banks in Yangon, Myanmar shows strongly agree with the mean score 4.24 and standard deviation is 0.51.

4.3.2 Reliability and Validity Test

The summary results for the reliability and validity test are used and shown in following Table (4.8).

Table (4.7) Reliability and Validity Test

Factors	No. of Items	Items Retained	Cronbach's Alpha	Validity KMO
Recruitment and Selection	6	5	0.850	0.830
Training and Development	7	7	0.901	0.895
Performance Appraisal	6	5	0.852	0.856
Compensation and Rewards	6	6	0.847	0.858
Employee Performance	9	9	0.919	0.903

Source: SPSS Outputs, 2019

According to Table (4.8), reliability test (Cronbach's Alpha value) of HR Practices factors such as recruitment and selection, training and development, performance appraisal, and compensation and rewards are more than 0.8 and employee performance is also more than 0.8. All KMO value are greater than 0.8. Thus, the patterns of correlation are relatively compact and the factor analysis will yield distinct and reliable factors. Bartlett's test is highly significant ($p < 0.001$), and therefore, factor analysis is appropriate.

4.4 Analysis of the Effect of HR Practices on Employee Performance

Multiple regression analysis was performed to observe the relationship between the independent variables and dependent variable. The result of multiple regression analysis is shown in Table 4.9.

To identify the relationship between human resource practices (recruitment and selection, training and development, performance appraisals, compensation and rewards) and employee performance, employee performance is regress with. The results of the relationship between human resource practices (recruitment and selection, training and development, performance appraisals, compensation and rewards) and employee performance are presented in the following table. Before the analysis of multiple regression, firstly analysis the correlation between human resource practice and employee performance. The correlation results are show in following Appendix-2.

Table (4.8) Analysis of the Effect of Human Resource Practices on Employee Performance

Dependent Variable: Employee Performance	Unstandardized Coefficients		t	Sig	VIF
	B	SE			
(Constant)	.152	.079	1.926	.056	
Recruitment and Selection	-.018	.025	-.741	.460	4.911
Training and Development	.927	.019	49.904	.000***	2.619
Performance Appraisals	.035	.026	1.357	.177	4.803
Compensation and Rewards	.028	.019	1.452	.149	1.369
R ²	.979				
Adjusted R ²	.978				
F statistics	1689.113***				

Source: SPSS Output (Appendix-B)

Statistically significant indicate ***at 1%, ** at 5%, * at 10% level respectively

In Table (4.8) the relationship between human resource management practices (recruitment and selection, training and development, performance appraisal, compensation and rewards) and employee performance, employee performance is analyzed with the multiple regressions. In this table, the value of the F test, the overall significance of the model, is highly significant at 1% level. The specified models explain that the variation of employee competencies is predicted by three independent variables as the value of R² is 97.9 %. The multicollinearity statistics by using variance inflation factors (VIF) are also checked, indicating that there are no variables exceeding our “rule of thumb” of 10 for VIF. Moreover, in the above table, the HRM practice, training and development, under t column shows a negative number due to the less sample size and among the various HRM Practices only four HRM practices are selected to research in this study.

CHAPTER 5

CONCLUSION

Based on the results of the data analysis, the last chapter is devoted to draw the conclusion on the results of this study. It provides discussion and recommendations for the future researchers and practitioners such as human resource development professionals, managers, supervisors, and trainers of banking industry to emphasize the importance of human resource management practices theory such as recruitment and selection, training and development, performance appraisal, and compensation and rewards. Moreover, effectiveness of HR practices on employee performance is presented in this study and the specific recommendations are derived based on the overall conclusion.

5.1 Findings and Discussions

Based on the findings of the study and the literature review from similar previous studies, the conclusion and recommendation for this study are made. As it uses the human resource management practices theory, the conclusion will be in four categories as recruitment and selection, training and development, performance appraisal, and compensation and rewards. Regarding the overall conclusion, the main objective of this study is the analysis of the effectiveness of HR Practices on employee performance of selected private banks in Yangon, Myanmar. In the employee of the selected private banks, this study is selected from the population of 150 employees who worked in the head offices of each private banks. The questionnaires with five-point Likert scale items were used to collect the primary data and questionnaire was based on previous literature.

According to the collected data in the characteristics of the respondents' section, the majority of the respondents are female and more than male. The highest number of the respondents took part in the research are 21 – 30 years. Two – thirds of all the respondents are bachelor degree holders and one – fifth are master degree holders. And the respondents whose positions of junior and senior staff are highest.

The HR Practices influencing on “Private Banks in Yangon” was evaluated by utilizing HR Practices including recruitment and selection, training and development, performance appraisal, and compensation and rewards. The employees are improving

performance with all level of agreement as “agree” of HR Practices and employee performance of selected banks such as AYA bank, KBZ, and CB in Yangon.

After analysing the collected data, the results show that the highest mean scores among the human resource practices elements are recruitment and selection, performance appraisal, and compensation and rewards. On the contrary, the lowest mean scores are training and development. However, multiple regressions analysis of effect of human resource management practices elements (recruitment and selection, training and development, performance appraisal, and compensation and rewards) on employee performance, training and development is positively significant on employee performance. Therefore, training and development and employee performance are strongly related.

The discussion of this study, the outcome results are compared with the similar studies and researches. the conclusion of this study is that human resource management practices is important factor to employee performance because it helps them to adapt better and faster changes that are rapidly occurring and leads to improving employee performance. The reasons of human resource management practices are to be ensuring that the skill level of employee is sustainable. According to these effects, the following section discusses the result of each objective.

Firstly, human resource management practices of the selected private banks in the study are explored according the variables such as recruitment and selection, training and development, performance appraisal, compensation and rewards. When analyzing the recruitment and selection of selected private banks, employees are not sure when they faced recruitment process about applicants are fully informed about the responsibilities, tasks and required qualifications, competences and experience. According to the analysis of training schedule of private banks employees, the largest percent of training schedule is annually basis and the lowest percent of training schedule is other training schedule such as base on situation of banks policy, procedures, and practices. Moreover, employees are satisfied with the materials provided in training program such as training facilities and equipment, trainers, food and amenity, time duration and training location. For trainers, the majority of employees are preferred to be trained by professionals.

In banking industry, selected private banks are used the same performance appraisal method base on their training and development program results and customer feedback of service. Most of the private banks' labor turnover rate and performance is

based on compensation and rewards. The compensation and rewards system are not the same the selected private banks such as bonus system. It is concluded that HRM practices can improve the level of performance of the employee that influences the perception of performance by employees.

Moreover, according to regression analysis the value of the F test, the overall significance of the model, is highly significant at 1% level. According to the result, human resource management practices elements (recruitment and selection, training and development, performance appraisal, and compensation and rewards) were strongly provided for performance of employees. From the study (Fahad et al., 2014) there is a strong relationship of human resource practices and employee performance. Saira Hassan (2016) also mentioned the impact of human resource practices on employee performance. The finding from the study of AL-Qudah et al., (2014) also proved that recruitment and selection and compensation effect on performance of employees.

Furthermore, human resource management practices elements (recruitment and selection, training and development, performance appraisal, and compensation and rewards) are positively related to employee performance. In this section presented, finding of the multiple regressions analysis was performed to observe the relationship between the independent variables (HRM practices) and dependent variable (employee performance). According to regression analysis results, three variables in human resource management practices, among them training and development and compensation and rewards has a significant and positive effect on employees' performance. This finding is in line with the precious studies Saira Hassan (2016). In this study, described the training and developments strongly effects on employee performance. As the results, employees of private banks feel that the training and development can improve speed and productivity in processing work, and thus, generally make less mistakes and more productive. It is concluded that HRM practices can enhance the employee's level of performance which influence the perception of employees about performance (AL-Qudah et al., 2014).

5.2 Suggestions and Recommendations

It is clear from the findings that Human Resource Management (HRM) practices has a positive role in increasing the employee's performance. Hence, the organizations should implement these practices to achieve the desired goals. The organizations should use a number of reward and recognition systems to drive high performance behavior. Organization conducts extensive training program for its employees relevant to the changing needs of jobs and business. Job performance should be considered as an important factor in assessing the compensation of employee's performance. Management should value and respect employees' talents and insights and motivates employees to leverage their individual talent to make good and effective decisions. Human resource management practices such as recruitment and selection, performance appraisal, training and development, and compensation and rewards played a crucial role in increasing employee performance. Therefore, the organizations make specific HR policies by keeping in view the above factors in order to attain the targeted goals.

Today, many organizations have also come to the realization of the role of HR practices as it increases the staff efficiency, skills and productivity. In order to achieve the benefits of HR practices, private banks should ensure that the following are instituted at the workplace.

Firstly, identification of employees needs should be done more professionally with line manager as well as the individuals involved together with HR personnel. Secondly, banks should be focusd on planning, human resource management practices as well as recruitment and selection, training and development, performance appraisal, and compensation and rewards for organizational development and survival. Finally, motivation generally seeks to boost employee morale to work hard and thus, increase employee performance.

5.3 Limitations of the Study

During the course of the study, the following limitations are observed for this research. Time frame was limited, and the sample of the study should not reach the size it should be. Moreover, there may be language barriers while filling questionnaire into information and data and on the other hand, some respondents may not read the

questionnaires carefully and read run through the questions and then fill the questionnaires.

In this study, limitations of research is relatively short (cross-sectional). This limitation certainly has a low impact of generalization of research, given the problems faced by employee is relatively complex and dynamic from time to time. This is the one of the limitations of this study. Moreover, this study has major limitations which is the sample collected respondents from banks business community may not be the representative of the general population of the banking industry. The analytical results presented here thus may have limited generalize ability. Furthermore, since this study only considers four human resource practices tools, it is the critical limit of the analysis of Human Resource practices.

5.4 Need for Further Study

This section will attempt to explain the requirements of the further studies for the human resources management practices effect on employee performance. This study could collect data from 150 respondents so as the further study the author would like to conduct larger sample size. Moreover, further research should expand the study on influencing factors and should also try to expand the study on employee performance of others business industry. Further studies may use different sampling methods to collect the data.

Employee performance is most important factor in an organizational success. Therefore, effective human resource approaches need to be implemented that aim to improve employee performance and creates a high performance culture in any organization based on human resource practices. Therefore, further research not only use the HR practices as recruitment and selection, training and development, performance appraisal, and compensation and rewards but also others HR practices tools are used.

Bank business is the one of customer service business and customer service is important in today's business organization. Therefore, future work should examine the customer perception of service business and customer satisfaction, engagement, and loyalty of this service business.

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Appendix- 1

Questionnaire for Employees

Dear Respected Sir/Madam,

I am a master student of Yangon Institute of Economics and conducting a study on “Effectiveness of HRM Practices on Employee Performance in the Local Private Banks in Myanmar”. It would be grateful if you could contribute to this research work by sparing your precious time for filling this questionnaire. I heartily thank you for the contribution you make. Herewith, I assure you that this data will be used only for this academic research purpose and will be kept strictly confidential. Your name will not be mentioned anywhere on the document.

Thank you very much indeed for giving your precious time to answering and helping me implementing the research for my thesis.

Part (A) Background Information

Please fill in and tick (✓) as appropriate:

1. Name of Bank:
2. What is your Gender?
 Male Female
3. What is your Marital Status?
 Single
 Married
4. What is your Age group?
 Under 21 years
 21 – 30 years
 31 – 40 years
 41 – 50 years
 Above 50 years

5. What is your Current Position at your bank?
- Manager
 - Supervisor
 - Senior Staff
 - Junior Staff
 - Securities
6. What is your Highest level of Education?
- High School or Diploma
 - Graduate
 - Master's degree
 - Doctorate Degree
7. What is your Monthly Income?
- Less than MMK 200,000
 - MMK 200,001 - MMK 500,000
 - MMK 500,001 - MMK 1,000,000
 - MMK 1,000,000 - MMK 2,000,000
 - Above MMK 2,000,000
8. How long have you been working for the present bank?
- Less than 1 year
 - 1- 4years
 - 4-8 years
 - 8-11 years
 - More than 11 years

Part (B) Recruitment and Selection

Please choose and tick (√) one cell for each statement:

1- Strongly Disagree, 2- Disagree, 3 – Average, 4- Agree, 5 – Strongly Agree

Sr. No	Statement	Rank				
		1	2	3	4	5
1.	Job advertisement in the newspaper, journals, job fairs and other medias are conducted by the bank for the recruitment of people.					

2.	Applicants are fully informed about the responsibilities, tasks and required qualifications, competences and experience.	1	2	3	4	5
3.	Applicants undergo structured interviews (job related questions and same questions for all applicants) before being hired.	1	2	3	4	5
4.	Applicants have to take formal test (written o work sample) for selecting applicants for the vacancies.	1	2	3	4	5
5.	Recruitment process and practices are systematic.	1	2	3	4	5
6.	Skilled and talented people are chosen for the vacant job.	1	2	3	4	5

Part (C) Training and Development

1. How often are training programs organized in your bank?

- Not regularly
- Monthly
- Quarterly
- Annually

2. Who is usually the trainer for you?

- HR specialist
- Department Manager
- Others

3. Please choose and tick (✓) one cell for each statement:

1- Strongly Disagree, 2- Disagree, 3 – Average, 4- Agree, 5 – Strongly Agree

Sr. No.	Statements	Ranks				
		1	2	3	4	5
1.	Training needs assessment is important for training and development program.	1	2	3	4	5
2.	The related facilities are provided as a comfortable setting and to meet the international standard of training and development program.	1	2	3	4	5

3.	Well training and development methods are useful and effective for employees in current work place.	1	2	3	4	5
4.	The schedule for the training provided sufficient time to cover all of the proposed activities	1	2	3	4	5
5.	In training program, choosing qualified trainers updating is important for trainees.	1	2	3	4	5
6.	Skills development support to reduce my time consuming.	1	2	3	4	5
7.	I can increase my competency level after having training.	1	2	3	4	5

Part (D) Performance Appraisal

1. Who makes your performance appraisal?

- Manager
- Assistant Manager
- Supervisor
- HR Sr. General Manager
- Appraisal Committee

2. How many times the performance appraisal is conducted per year?

- Once a year
- Twice a year
- Others.....

3. Please choose and tick (✓) one cell for each statement:

1- Strongly Disagree, 2- Disagree, 3 – Average, 4- Agree, 5 – Strongly Agree

Sr. No.	Statements	Ranks				
		1	2	3	4	5
1.	The performance appraisal is fair.	1	2	3	4	5
2.	The performance appraisal is based on facts, not on opinion.	1	2	3	4	5
3.	Employees receive a formal evaluation of their performance.	1	2	3	4	5
4.	My last performance appraisal accurately reflected my performance.	1	2	3	4	5

5.	My performance evaluation depends on working effectively and efficiently.	1	2	3	4	5
6.	I have achieved my yearly goals and received good feedback from the appraiser.	1	2	3	4	5

Part (E) Compensation and Reward System

1. Please choose and tick (✓) one cell for each statement:

1- Strongly Disagree, 2- Disagree, 3 – Average, 4- Agree, 5 – Strongly Agree

Part (F) Employee Performance

Sr. No.	Statement	Ranks				
		1	2	3	4	5
1.	I received compensation leaves for working overtime and OT payments as well.	1	2	3	4	5
2.	I am being paid fairly and appropriately for my tasks, duties and responsibilities of my job.	1	2	3	4	5
3.	Employees receive bonuses depending on their performance.	1	2	3	4	5
4.	Employees are appreciated and recognized for good work performance.	1	2	3	4	5
5.	Employees are treated with respect regardless of their job.	1	2	3	4	5
6.	I feel valued working under this bank.	1	2	3	4	5

Please choose and tick (✓) one cell for each statement:

1- Strongly Disagree, 2- Disagree, 3 – Average, 4- Agree, 5 – Strongly Agree

Sr. No.	Statement	Ranks				
		1	2	3	4	5
1.	Job description is clearly spelt out for an employee who improves on their performance.	1	2	3	4	5
2.	All level of employees' selection criteria is same for their positions.	1	2	3	4	5
3.	I can increase my competency level after having training.	1	2	3	4	5
4.	I can reduce my absenteeism rate after training.	1	2	3	4	5
5.	I can handle any problem after having training and development programme.	1	2	3	4	5

6.	Performance appraisal results are effect on promotion.	1	2	3	4	5
7.	Performance appraisal makes motivate for employee in working environment.	1	2	3	4	5
8.	The compensation which is offered impacts the employee`s high performance.	1	2	3	4	5
9.	The compensation focuses on the employees from all the levels of local banks` employee.	1	2	3	4	5

Please give any suggestion that you think your organization can improve better Human Resource Management Practices factors.

.....
.....
.....
.....

.....**Thank You**.....

Appendix_2

(a) Frequencies

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	46	30.7	30.7	30.7
	Female	104	69.3	69.3	100.0
	Total	150	100.0	100.0	

MaritalStatus

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	104	69.3	69.3	69.3
	Married	46	30.7	30.7	100.0
	Total	150	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 21 and 30 years	87	58.0	58.0	58.0
	Between 31 and 40 years	50	33.3	33.3	91.3
	Between 41 and 50 years	11	7.3	7.3	98.7
	Over 50 years	2	1.3	1.3	100.0
	Total	150	100.0	100.0	

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	13	8.7	8.7	8.7
	Supervisor	22	14.7	14.7	23.3
	Senior Staff	46	30.7	30.7	54.0
	Junior Staff	46	30.7	30.7	84.7
	Securities	23	15.3	15.3	100.0
	Total	150	100.0	100.0	

Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 1 and 4 years	42	28.0	28.0	28.0
	Between 4 and 8 years	55	36.7	36.7	64.7
	Between 5 and 10 years	44	29.3	29.3	94.0
	Over 11 years	9	6.0	6.0	100.0
	Total	150	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High school graduate	11	7.3	7.3	7.3
	Bachelor Degree	131	87.3	87.3	94.7
	Master degree	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 200000	10	6.7	6.7	6.7
	200001-500000	41	27.3	27.3	34.0
	500001-1000000	55	36.7	36.7	70.7
	1000001-1500000	33	22.0	22.0	92.7
	1500001 and above	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

(b) Validity Test

Recruitment and Selection

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.830
Bartlett's Test of Sphericity	Approx. Chi-Square	475.842
	df	15
	Sig.	.000

Training and Development

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.895
Bartlett's Test of Sphericity	Approx. Chi-Square	642.626
	df	21
	Sig.	.000

Performance Appraisal

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.856
Bartlett's Test of Sphericity	Approx. Chi-Square	362.238
	df	15
	Sig.	.000

Compensation and Rewards

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.858
Bartlett's Test of Sphericity	Approx. Chi-Square	350.603
	df	15
	Sig.	.000

Employee Performance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.903
Bartlett's Test of Sphericity	Approx. Chi-Square	881.527
	df	36
	Sig.	.000

a. 1 components extracted.

(c) Reliability Test

Recruitment and Selection

Reliability Statistics

Cronbach's Alpha	N of Items
.850	5

Training and Development

Reliability Statistics

Cronbach's Alpha	N of Items
.901	7

Performance Appraisal

Reliability Statistics

Cronbach's Alpha	N of Items
.852	5

Compensation and Rewards

Reliability Statistics

Cronbach's Alpha	N of Items
.847	6

Employee Performance

Reliability Statistics

Cronbach's Alpha	N of Items
.919	9

(d) Regression Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.989 ^a	.979	.978	.07541	1.867

a. Predictors: (Constant), X4_Conpen, X1_R, X2_TD, X3_Per

b. Dependent Variable: Y_Performance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.417	4	9.604	1689.113	.000 ^b
	Residual	.824	145	.006		
	Total	39.242	149			

a. Dependent Variable: Y_Performance

b. Predictors: (Constant), X4_Conpen, X1_R, X2_TD, X3_Per

Coefficients^a

Model	Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics		
	B	Std. Error	Coefficients			Beta	Tolerance	VIF
1 (Constant)	.152	.079		1.926	.056			
X1_R	-.018	.025	-.020	-.741	.460	.204	4.911	
X2_TD	.927	.019	.972	49.904	.000	.382	2.619	
X3_Per	.035	.026	.036	1.357	.177	.208	4.803	
X4_Conpen	.028	.019	.020	1.452	.149	.730	1.369	

a. Dependent Variable: Y_Performance

(e) Correlations

Correlations

		X1_R	X2_TD	X3_Per	X4_Conpen	Y_Performance
X1_R	Pearson Correlation	1	.775**	.855**	.274**	.770**
	Sig. (2-tailed)		.000	.000	.001	.000
	N	150	150	150	150	150
X2_TD	Pearson Correlation	.775**	1	.727**	.300**	.989**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	150	150	150	150	150
X3_Per	Pearson Correlation	.855**	.727**	1	.461**	.735**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
X4_Conpen	Pearson Correlation	.274**	.300**	.461**	1	.323**
	Sig. (2-tailed)	.001	.000	.000		.000
	N	150	150	150	150	150
Y_Performance	Pearson Correlation	.770**	.989**	.735**	.323**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	150	150	150	150	150

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

(f) Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
B_1	150	4	5	4.46	.500
B_2	150	3	5	4.46	.575
B_3	150	3	5	4.41	.626
B_4	150	1	5	3.89	.901
B_5	150	2	5	4.03	.823
B_6	150	1	5	3.99	.901
Valid N (listwise)	150				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
C_1	150	2	5	4.13	.726
C_2	150	1	5	4.07	.808
C_3	150	3	5	4.22	.542
C_4	150	2	5	4.13	.720
C_5	150	3	5	4.31	.615
C_6	150	3	5	4.33	.596
C_7	150	3	5	4.19	.708
Valid N (listwise)	150				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
D_1	150	2	5	4.03	.823
D_2	150	1	5	3.99	.901
D_3	150	4	5	4.51	.501
D_4	150	3	5	4.41	.545
D_5	150	3	5	4.19	.736
D_6	150	2	5	4.21	.651
Valid N (listwise)	150				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
E_1	150	2	5	4.35	.520
E_2	150	3	5	4.25	.477
E_3	150	3	5	4.36	.495
E_4	150	4	5	4.37	.485
E_5	150	4	5	4.53	.501
E_6	150	3	5	4.39	.528
Valid N (listwise)	150				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Performance_1	150	1	5	4.07	.808
Performance_2	150	3	5	4.22	.542
Performance_3	150	2	5	4.13	.720
Performance_4	150	3	5	4.31	.615
Performance_5	150	3	5	4.33	.596
Performance_6	150	3	5	4.19	.708
Performance_7	150	2	5	4.13	.726
Performance_8	150	2	5	4.46	.563
Performance_9	150	2	5	4.29	.608
Valid N (listwise)	150				

Summary Table

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1_R	150	3.20	5.00	4.2507	.55475
X2_TD	150	3.00	5.00	4.1962	.53798
X4_Conpen	150	3.83	5.00	4.3756	.37749
X3_Per	150	3.20	5.00	4.2707	.52489
Y_Performance	150	3.22	5.00	4.2363	.51319
Valid N (listwise)	150				