

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**EMPLOYEE COMMITMENT AND**  
**EMPLOYEE PERFORMANCE**  
**IN NAY KYEL OO CONSTRUCTION CO., LTD.**

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**OMBA-161201**

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**ACADEMIC YEAR (2016-2019)**

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**This thesis is submitted to the Board of Examiners in partial fulfillment  
of the requirements for degree of Master of Business  
Administration (MBA)**

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## ACCEPTANCE

This is to certify that this thesis entitled “Employee Commitment and Employee Performance in Nay Kyel Oo Construction Co., Ltd.” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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DECEMBER, 2019

## **ABSTRACT**

This research aims to identify the influencing Human Resource Management practices on organizational commitment and to analyze the effects of organizational commitment on employee performance in Nay Kyel Oo Construction Co., Ltd. The data are collected with structured questionnaires from 130 employees working in Nay Kyel Oo Construction Co., Ltd. Among the four HRM practices, training, and development, performance appraisal, rewards and benefits practices are found positive significant effect on affective commitment. All HRM practices have a positive impact on continuance and normative commitment. Moreover, affective commitment and continuance commitment has a strong influence on employee performance. The study recommends that in order to improve the organizational commitment and employee performance, management should create clear and realistic job descriptions, management should design rewards system linked to performance levels and the supervisors should encourage the participation of employees in training programs.

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## **LIST OF ABBREVIATIONS**

HRM	Human Resource Management
HR	Human Resource
NKO	Nay Kyel Oo Construction Co., Ltd.
T & D	Training and Development

# **CHAPTER (1)**

## **INTRODUCTION**

Success in today's competitive market is less reliant on the advantages of economies of scale, creativity, patents, but is more derived from corporate human resources and high human resource management practices participation. To order to be more effective it will have skilled and qualified people working for a organization and always seek to keep them.

Company is improving internal capacity to tackle existing or potential issues facing company. Effective HR activities also energize the people employed at the company. Building on strong HR practices, commitment and encouragement can contribute to hard labor. The culture built up in this way will help build a durable and enduring capacity for an enterprise to manage itself and not just cope with external turbulence.

Good employees are expected to have such qualities as high satisfaction with their personal commitment with their employment to the company, high motivation to represent the public and a strong desire to work with passion and devotion to the company. The company has various HRM strategies to follow. HRM practices contribute to the core areas of the enterprise such as recruiting and selection, training and development, performance evaluation, compensation and rewards that should be consistent, coordinated and strategically based. To maintain their employees, companies need to create long-term commitment.

Employee operational efficiency depends on four factors: Integrity, Teamwork, Organizational Commitment and Customer Guidance. Without organizational dedication, that is the readiness to expend significant effort on behalf of the company, it is difficult to achieve individual success and organizational effectiveness. Good HRM practices lead to high organizational commitment of employees and play a very important role in the increased efficiency of employees and organization.

Employee commitment is highly valuable. Commitment has a great impact on the successful performance of an organization. This is because a highly committed employee

will identify with the goals and values of the organization has a stronger desire to belong to the organization and it's willing to display greater organizational citizenship behavior.

## **1.1 Rationale of the Study**

HRM is the key area of performance for any type of organization. For businesses, the relationship between HRM approaches and performance for employees is very important because these are the workers that make organizations effective. The present study will provide useful information and knowledge for the management of construction organizations about the importance of human resource management practices for getting more involved and productive employees with improved performances. HRM is a distinct approach to job management that aims to gain a competitive advantage by using a combination of financial, organizational and personnel approaches to strategically deploy a highly committed and knowledgeable workforce. The organization should have efficient HRM practices for developing good and strong HRM practices.

HRM practices are concerned that management decisions aimed at managing the HR and staff community are used to achieve organizational objectives. HRM practices include a lot of variables that is recruitment and selection, training and development, performance appraisal, reward and benefits. Recruitment and selection involve two interrelated processes; recruitment is the process of generating a pool of capable people to apply for employment in an organization while the selection is the process by which specific instruments are employed to choose from a pool of applicants, persons most suitable for the job taking into consideration management goals and legal requirements. Training is one of the main HR activities in the organization and helps the firm to achieve its goals. Training is an structured process of learning, skills and attitudes leading to an improvement in performance in a given situation.

Performance evaluation is an approach to the objective measurement of the work performance of the employee. A key determinant of organizational performance and competitive advantage in determining and encouraging the employee productivity. Employees join the company, under some levels of pay, bonuses and benefits. Reward and compensation systems as key human resource practices that contribute effectively to individual and organizational outcomes. Employees of every company find the way they

are paid by their firm more important than how the company communicates or announces them. Compensation, bonuses, and social benefits is considered as one of the independent variables to analyze its effect on the performance of workers and organizations.

The relationship between employees and their job performance is becoming increasingly apparent and the value of employee engagement is being addressed by many businesses. Commitment isn't a straightforward concept-it's the end result of a dynamic collection of interpersonal relationships between employer and employee. The effectiveness of the organization depends on the contribution of people and employers. Employee commitment is a positive psychological contract between employer and employee and is fundamental to improving performance. Lack of employee commitment has had a negative effect on corporate success and a business which does not achieve operational goals and objectives is forced to fail. Highly employee commitment can be positively influenced by the job performance of the organization.

NKO Construction Co., Ltd. was established in 2010. It is performing to become an international standard construction company. This company is implementing and construction sound building, roads, and bridges by advanced, beautiful, modernized designs, international standard specifications, together with real catena, correct and exact best services.

This study aims to investigate the positive relationship between HRM practices and organizational success in order to show a positive effect of HR activities in this business. Handling efficiency is a very critical aspect of handling the human capital. The emphasis on it is on the individual and organizational performance aspects of production. In present highly competitive environment, a high degree of skill and commitment is needed to understand the environment and perform accordingly. Therefore, the study on human resources management practices and job performance of NKO Construction Co., Ltd. aims to highlight the HRM practices and committed employees perform on achieving organization's goals.

## **1.2 Objectives of the Study**

In this study, it includes two main objectives:

- (1) To identify the influencing HRM practices on Employee commitment in Nay Kyel Oo Construction Co., Ltd.
- (2) To analyze the effects of employee commitment on employee job performance in Nay Kyel Oo Construction Co., Ltd.

## **1.3 Scope and Method of the Study**

The scope of the study is focused on the HRM practices, organizational commitment and employee performance of the NKO Construction Co., Ltd. In this study, both primary and secondary data are used. The required information for primary data is collected from NKO Construction Co., Ltd. There are 600 employees in the company and simple random sampling method is applied to select 130 out of 600 employees.

Structured questionnaire with 5 points Likert scale method is applied to collect data. Questionnaires are distributed to 130 employees. Descriptive research method is mainly used.

## **1.4 Organization of the Study**

This paper consists of five chapters. Chapter one contains the introduction section which consists of the rational of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two describes the theoretical background. Chapter three presents Profile and HRM practices in NKO Construction Co., Ltd. Chapter four analyses on employee commitment and employee performance in NKO Construction Co., Ltd. The final chapter, chapter five includes the conclusion part which includes findings and discussions, suggestions and recommendations and needs for further research.

## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

This chapter reviews previous studies and key concepts regarding HRM practices, employee commitment and employee job performance. This chapter consists of four parts. The first part contains HRM practices, the second part is about employee commitment and the third part contains employee job performance. The final part is about conceptual framework of the study.

#### **2.1 Human Resource Management Practices**

Regulators, executives, and investors are concerned with how efficiently their costly inputs in a rapidly evolving worldwide market are turned into different goods and services. The transformation is focused on the use of human capital. The research focuses on the effect of human resource management practices on the productivity of employees. The study focuses on the impact that human resource management practices have on employee productivity. Organizations use these practices to influence behaviors, behavior, culture and perception of workers in such a way as to achieve the company's desired results. Specific standards in human resources apply to different organizations. Armstrong (2000) defines HRM as strategic personnel management emphasizing the acquisition, organization and motivation of human resources. In this study, the HRM practices have four major categories such as recruitment and selection, training and development, performance appraisal and rewards and benefits.

##### **2.1.1 Recruitment and Selection**

Recruitment is the method of recruiting individuals to an organization on a timely basis, in adequate numbers and with suitable credentials and encouraging them to apply for jobs. It is incredibly important to find the best way to attract eligible applicants to apply for jobs when a company wants to hire workers and the internet can be a powerful recruitment tool.

One of the top priorities of management is selection of qualified workers. Managers ought to be able to analyze accurate applicant data to make sound selection decisions.

Recruitment and selection are the two phases of the job cycle but in them there is a separate one. The first is the method of looking for applicants to fill vacant positions and motivating them to apply for work within the company. The applicants are screened to find the most suitable people for vacancies. The basic goal of recruiting is to establish a pool of talented applicants to improve the selection of the organization's best candidates by encouraging more and more prospective employees to apply in the organization, while the basic objective of the selection process is to choose the right applicant to fill the different positions in the organization. The recruiting process is then accompanied by the selection process, where the decision and the formal appointment are taken by the final interviewees and decision makers.

Cloete (2007) stated that the purpose of recruiting is to ensure that skilled candidates are available to meet the Government's job needs. Ineffective recruiting eliminates any possibility of successful candidate selection because, when the recruiting is low, a pool of poorly qualified applicants must be chosen. He further opined that the recruitment challenge is to produce a sufficient pool of candidates to ensure that sufficient people are eligible to fill vacancies with the required skills and requirements.

Selection is the second phase in the manpower planning and recruitment cycle. It is the method of finding the best applicant who meets the organization's work requirements. Selection cycle in large companies can be long and broader for manufacturing organizations, and varies from one industry to another depending on the industry's mission and competitiveness. The end result of every selection process is divided into two groups as selected and not selected while the selected will move ahead for placement the later will be rejected.

The essentials and prerequisites for selection include identifying individuals possessing relevant qualifications, matching job requirements with the profile of the candidates, using various methods and techniques to identify the most suitable candidate to achieve job success.

### **2.1.2 Training and Development**

Training and development is the center of an ongoing initiative to enhance employee competency and organizational efficiency. Education gives the learners the information and skills they need for their current work. Examples of training are to teach a worker how to operate a lathe, or a supervisor how to plan regular production. Development, on the other hand, requires learning that goes beyond the work of today and has a longer-term emphasis. It is preparing employees to keep up with the company as it expands and evolves. T&D practices have the potential to match staff of a company with their organizational objectives. Successful organizations realize that well-structured and significant employee T & D programs correlate strongly with long-term success.

Training and development has recently begun to be recognized as a discipline with distinct theories and methodologies, as an integral element of policy, and as a formal role for industry. Even more companies are beginning to embrace continuous learning and other forms of training and development as a way to fuel productivity and provide a highly qualified pool of employees. The importance of the workforce of the company and their ongoing development of skills and profitability through training is increasingly recognized as a key factor in ensuring long-term small business success. Given the ongoing development of new methods, quite a number of traditional training procedures have been shown to be highly successful. When paired with many new approaches, the current learning and growth programs result in an successful training programme (Dirani, 2012).

### **2.1.3 Performance Appraisal**

Performance Evaluation is a systematic method for assessing and analyzing the success of individual or team activities. Although team performance appraisal is important while teams operate in and company, the emphasis of PA remains on the individual employee in most organizations. An successful assessment program assesses results and initiates growth strategies, priorities and objectives.

Performance management consists of all organizational processes which decide how well the organization performs employees, teams and ultimately. To this output all HR roles lead. The method involves human resource planning, recruiting and selection of employees, T & D and compensation. Appraisal of performance is highly important to its

success. Only through the unceasing growth of human resources can companies retain continuing competence. Appraisal of employee performance is a potential mechanism for this development.

Often known as employee assessment, performance ranking, employee assessment, etc. When told about his current results, each person is encouraged and acknowledges what his / her previous mistakes were. Performance appraisal process can be performed annually or monthly as required.

Employees can be made more efficient and dedicated to the organization, using appropriate performance appraisal methods (Brown & Benson, 2003). When success is adequately and accurately assessed and monitored, it will lead the workers to high job satisfaction and dedication to their career.

Performance evaluation can be characterized as a structured formal relationship between a subordinate and supervisor in which the subordinate's job performance is evaluated and addressed with a view to identifying shortcomings and strengths as well as opportunities to enhance and develop skills. Effective, productive and efficient employee performance evaluations are only possible if there is a good and friendly partnership between workers and their super-ordinates as well as ongoing feedback on results throughout the year based on the best HR practice framework.

#### **2.1.4 Rewards and Benefits**

Reward is about how employees are compensated and respected in exchange for their organizational success, which may involve both financial and non-financial incentives and support an organization's strategy, policies, tactics, and incentive layout to ensure a smooth compensation program (Armstrong, 2007). There is a system in which employees are rewarded to motivate them to greater heights. Organizations have to understand and then reciprocate employees' effort, contribution and achievement in the course of his duty (Newman and Sheikh, 2012). This acts as an inspiration to the awarded employee and the entire workforce, which in effect enhances rivalry among the employees and the drive for excellence. The company is the prime winner of the quest for excellence. Previous researches have exposed the link between rewarding hard-work and improvements in employees' performances. Although rewards system depends on other factors such as experience, seniority and qualification, performance remains the

dominating factor. Of this reason, good results are often balanced with better incentives (Alvesson, 2002). Finally, for the system to be successful, every aspect of the incentive plan must be adequately communicated to the employees. Rewards plans are flexible and based on employee and team performance: variable compensation, rewards, profit sharing and stock option.

Benefits applies to the portion of the overall compensation package received by payments from the employer to the employee in full or in portion and does not include the salary for the time spent on work (Milkovich & Newman, 2008). Additionally, benefits are group membership incentives which provide protection for employees and family members. Benefits are a non-compensation payable to employees. Many services, such as social security, unemployment insurance and workplace insurance, are provided by statute. Employee benefits include pension benefits, health insurance, fringe benefits, social benefits and so on (Lee, Hsu & Lien, 2006). Benefits are an integral aspect of the overall compensation plan for an employee. Additionally, incentives may be viewed as reimbursement or entitlement, such as having anything of interest or utility under an insurance policy or an employment arrangement, or a plan of public assistance or more generally. Benefits are non-payment forms of benefits that are offered to the employee in exchange for their commitment to the company, which is to do their job. Benefits offer versatile and sustainable health benefits for the workplace to promote career branding and promote recruitment and retention. Employee benefits provide wage compensation for disability, health benefits, work-life balance (e.g., maternity leave, vacations, jury duty and so on), expenses (e.g., dental, pension, medical, transportation, accommodation, cell phone and so on). The definition for the two benefits components is as follows.

## **2.2 Employee Commitment**

There is a rising trend whereby companies are increasing an interest in fostering employee engagement to take advantage of the resulting increase in employee efficiency as well as reducing employee turnover. Nevertheless, from different quotas many concepts of organizational dedication have arisen. From the varied meanings, employee engagement can be coined to mean the relation between an person and an organization, as well as the interests in the organization's goals, thus making considerable efforts to achieve the organization's goals by being a part of it. Allen and Meyer (1997) published a

study that dominated organizational participation in the academic field. They found in their analysis that commitment can be subdivided into three major components, namely affective participation, commitment to consistency and normative commitment.

### **2.2.1 Affective Commitment**

Jaros (2007) defined affective commitment as a supportive partnership between the workers and the company. It is an employee's deep loyalty to an organization, which is demonstrated by the employee agreeing with the organization's goals and his / her unwavering willingness to be a part of the organization. This forms the portion of "desire" organizational involvement. Affective commitment can be developed by open internal communication, engaging workers in decision-, in particular on matters that specifically impact their areas of expertise and wellbeing and allowing workers to access knowledge about the organization. Human resource management practices are instrumental in contributing to the employees ' sense of security and competence, thereby improving affective commitment among the workforce. Nonetheless, the challenge of this engagement aspect is that it is only possible to see the features of the affective engagement components, but hardly definable.

### **2.2.2 Continuance Commitment**

Continuance Commitment is a sense of commitment among employees to their organization, after considering the potential cost of going away from the company. In an organizational environment, it is the dimension of need among employees. This is distilled when an employee remains loyal and committed to the company because of the high cost of losing membership in the association (Ahmad & Oranye, 2010). In this situation, the expense of corporate participation may entail the loss of such benefits to human resources as employee training and growth, as well as the organization's incentive programs. The side bets the employee may suffer from leaving the organization are the forces that build employee engagement with the organization. The side bet, however, doesn't come all at once but merges with an employee's age and working time. Two aspects serve as the foundation of the Continuance Commitment. The reasons are lack of alternative jobs for the employee and the amount of money that the employee has

ploughed into the company. Leaving the company ignorant of the exit costs, however, does not amount to success on the continuation.

### **2.2.2 Normative Commitment**

The type of commitment is created when, for ethical reasons, the employee feels the desire to work for the organization. The idea of leaving the organization is not in the picture (Meyer and Smith, 2000). Previous work has converged in describing employee moral loyalty as a feeling of an ethical duty to stick to the company (Mowday et al., 2013). The research points to a potential connection between the socialization process before and after joining the business and the care during the organization's tenure of the employee. These human resource activities primarily lead to fostering employee normative participation. An company will spend an immense amount in training its employees. Consequently, the workers would feel morally obliged to return the favor by striving to achieve the organization's goals (Imran and Ahmed, 2012). This form of commitment brings forward the portion ought to encourage employees to work diligently towards attaining the organization's objectives and standards.

From the above discussion, there is the relationship between the human resource practices and the three components of commitment.

### **2.3 Employee Performance**

A concept of job performance would be useful for the broad range of approaches and techniques that may be used by the industrial-organizational psychology sector to enhance human performance in organizations of work. Some of these approaches include recruiting, selection, training and development, or encouragement. Employee job performance is related to everlasting productivity, quality and quantity, job participation, work duration and work reliability. Employee job performance is said to be performing the function on the requirements set by organization or overseer, and it is reviewed on pre-described appropriate standards by using available resources effectively and efficiently in a changing setting. Performance's definition has no concerned with behavior of employees but behaviors only. Performance is related with behavior of employees, it is not about outcomes or what employee generates.

Employee perceived performance indicates the general perception of the employee about the commitment and behavior of organizational success. Employee performance has three factors due to which employee displays good results relative to other factors, motivation, operational awareness and declarative awareness are those determinants. Carlson et al. clarified that four human resource management activities influence the performance of recruiting and selection, training and development, performance evaluation, incentives and benefits that affect the performance of the employee. When performing a job, goals and organizational regulations success is the result.

In addition, performance can be seen as efficiency that shows in terms of job contribution, quality and quantity. High productivity level positively affects the efficiency of the organization. Employee performance shows outcomes of the job in terms of productivity, effectiveness and effectiveness. Previous research on employee productivity identified satisfied employees having a high job output, work retention and job satisfaction. Furthermore, Kinicki and Kreitner (2004) emphasize that the performance of employees in fulfilled and happy workers is higher and the management can easily encourage high performing employees to achieve the goals. Employee commitment has a positive relation with employee's job performance.

## **2.4 Previous Studies**

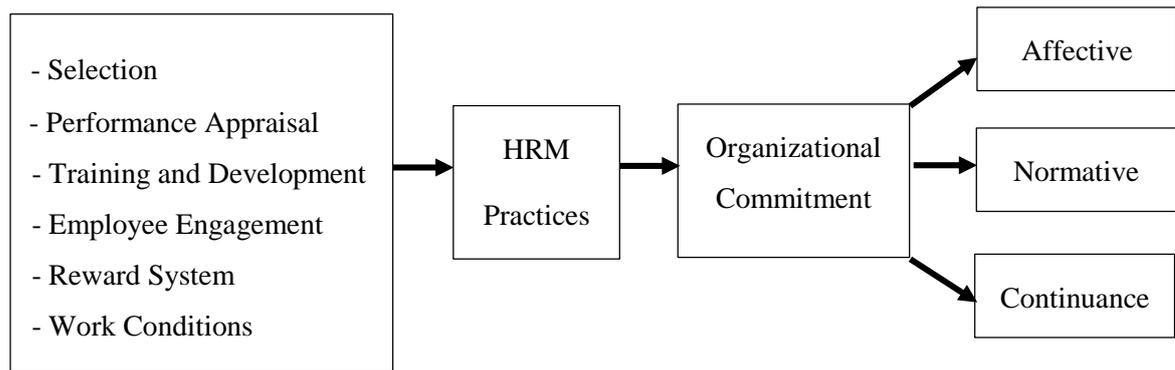
There are many models studying HRM practices and employee commitment and efficiency of the employees. Researchers are studying whether employee commitment has a relationship with employee performance, what factors have a positive relationship with employee performance and what factors have a negative relationship with employee performance. Following are some employee engagement and efficiency templates.

### **2.4.1 Previous Studies on Relationship between HRM Practices and Employee Commitment**

According to previous studies the following are examples of HRM activities and employee commitment. Efficient HR practices may increase employee rates of organizational commitment. Functions such as recruitment and selection, participation to decision making process, training and development, performance evaluation, working

conditions and compensation management can help to improve organizational commitment. Past research studies Browning (2006), Conway E., (2004): Finegold, et al (2002) had stressed on promoting HR practices for enhancing employee motivation and satisfaction which would eventually lead to their commitment towards their organizations.

**Figure (2.1) Conceptual Framework of Umar Mufeed**



Source: Umar Mufeed (2018)

In recent decades, the complex complexity of human resource management has reinforced the need for further research studies on the effect of HR practices on employee organizational commitment. Meyer and Allen (1997) thought that the relationship between HRM activities and employee commitment should be explored in greater depth. The concept of organizational commitment had been investigated and proven to be a consequence of HR practices in many studies, Kumar & Krishnaveni, (2008). Relationship between HRM practices such as recruitment and selection, performance appraisal, training and development, compensation and organizational commitment had received wide considerable attention from the researchers in the recent years, Chang, (2005); Lin & Chang (2005).

#### **2.4.2 Previous Studies on Relationship between Employee Commitment and Employee Performance**

Several literatures suggest a correlation between employee commitment and worker performance. Organizations accomplished their targets when Employees are committed in professional and dedicated work. One of the challenges facing most companies was finding dedicated workers who are knowledgeable and willing to give

their best in achieving the organization's objectives. Sharma and Bajpai (2010) asserted that employees are deemed to be committed to an organization because they find themselves to be committed to an organization because they voluntarily maintain their relationship with the organization and make significant efforts to achieve organizational objectives. The high levels of effort expended by employees with a high level of organizational commitment would contribute to higher levels of individual and organizational performance and productivity. Employee performance was described as the product of behavior attained with the skills of the employee performing in some situation.

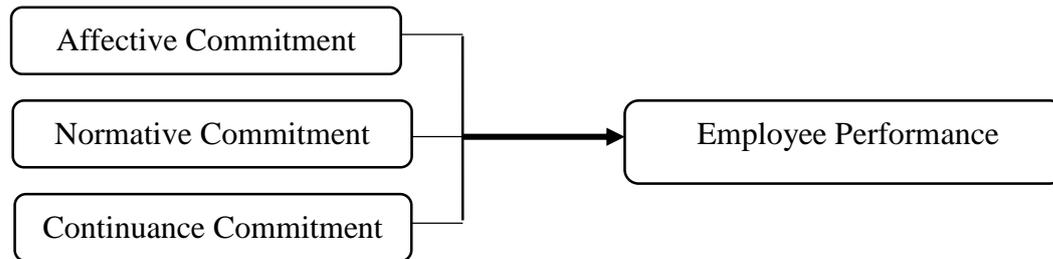
According to Meyer & Allen (1997), commitment was a psychological condition that characterizes the relationship between the employees and the organization, and implies the decision to maintain participation in the organization. Meyer and Allen's Organizational Commitment Model (1997) suggested that affective commitment is affected by factors such as task difficulty, position clarity, mission clarity and target difficulty, management receptivity, peer unity, equity, personal value, input, participation, and dependability. Development of an affective relationship required defining and internalizing.

Meyer and Allen (1997) have described continuance commitment as an understanding of the costs of leaving the organization. This was calculative in nature due to the interpretation or weighting of the individual's costs and risk associated with leaving the current organization. Meyer and Allen (1997) further indicated that if they continue to do so, employees whose primary connection with the company is focused on a continuance commitment remain. Continuance commitment could be seen as an instrumental connection to the company, where the affiliation of the participant with the company was focused on an assessment of the economic benefits received. Organizational leaders established commitment to an organization due to the positive extrinsic incentives that were received through the effort-bargain without engaging with the priorities and values of the organization.

Meyer and Allen (1997) have described normative commitment as a sense of obligation to continue employment. Internalized normative beliefs of responsibility and obligation made individuals obliged to retain organization's membership. Employees with substantive dedication thought they would remain with the organization. The employees stayed as far as the normative aspect is concerned, whether they would do so because it

was the right thing to do. Allen and Meyer (1997) found that employee commitment would improve when they feel associated with the company and when they are accepted as part of the organization by the organization. Recognize them as members of the company. Recognition as part of the corporate success story can increase the degree of commitment and also the efficiency of the individuals and organizations.

**Figure (2.2) Conceptual Framework of Allen, N. J., & Meyer, J. P.**



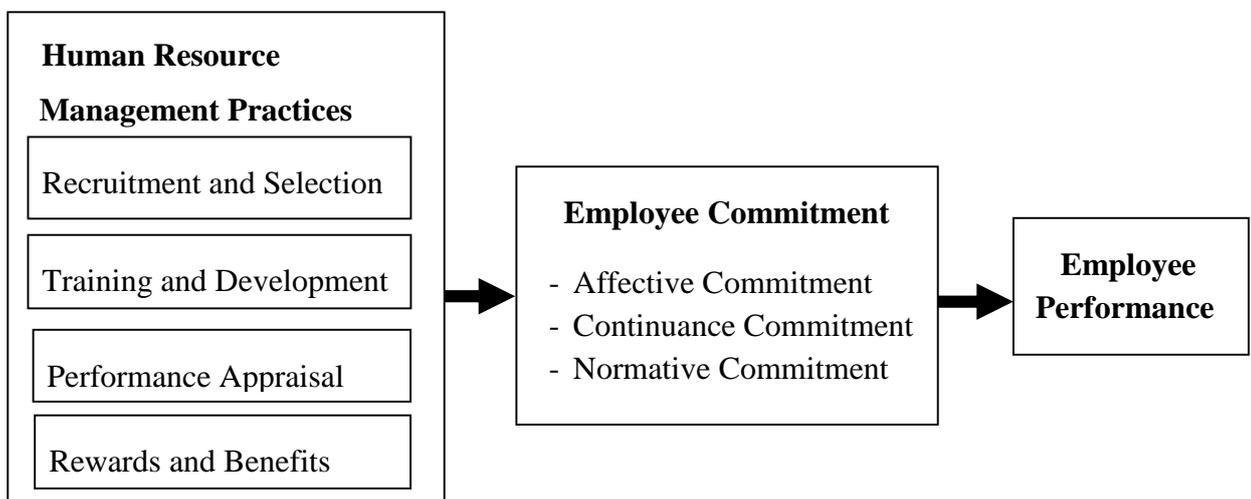
Source: Allen & Meyer (1997)

Cheng, and. Al (2003) who researched the relationship between organizational commitment and employee performance found that the relationship between organizational commitment and job performance was positive. A research indicated that in order to improve operational efficiency, organizations had to increase the commitment of employees to organization.

## 2.5 Conceptual Framework of the Study

The framework for the study was modified from the empirical study described in Figure (2.3). The Figure illustrates the factor influencing HRM practices factor and organizational commitment to employee performance.

**Figure (2.3) Conceptual Framework of the Study**



Source: Own compilation

According to Figure (2.3), the conceptual framework explains the relationship between the independent and the dependent variables in the study. In this study, the independent variables are recruitment and selection, training and development, performance appraisal, rewards and benefits. Organizational commitment variable is regarded both as the independent variable and the dependent variable. The employee performance variable is regarded as the dependent variable. This conceptual framework describes the relationship between the factor influencing on organizational commitment and employee performance.

## **CHAPTER (3)**

### **PROFILE AND HUMAN RESOURCE MANAGEMENT PRACTICES IN NAY KYEL OO CONSTRUCTION CO., LTD.**

This chapter presents profile of NKO, HRM practices and employee perception on human resource management. Human Resource is very important sector in NKO Construction Co., Ltd. They issue rules and regulations and describe training to be in line with standard and procedure and obey all employees. Additionally, recruit new employees and provide appropriate training, organize social security and employee benefits, and plan staff payroll and take required action if wrongdoing has been identified among employees.

#### **3.1 Profile of Nay Kyel Oo Construction Co., Ltd.**

Nay Kyel Oo Construction Co., Ltd is a registered company incorporated with gentleman and Myanmar National advanced graduate youths. It is performing in order to become international standard construction company and also to become a top leading on market in the Republic of the Union of Myanmar by means of getting higher technologies from international. It is situated at No 341, Corner of Banyardala & 148<sup>th</sup> Street, Pyar Yi Gone Ward, Tamwe Township, Yangon.

It was established in 2010. It is obtaining successes within short term due to advices and guidance of inland and foreign construction engineers, architects who have got honored prizes, together with endeavors of qualified architects, engineers, administrative experts, statisticians and financial experts. It is implementing and constructing sound buildings, roads and bridges in accordance with advanced, beautiful, modernized designs, international standard specifications, together with real cetana, correct and exact best services.

The company's aims are to be supported from their side by means of giving best endeavors in all required construction sectors in accordance with objective for development of modernized the Republic of the Union of Myanmar in order to be glorious one across world and to become higher living standard of all Myanmar citizens.

The vision of NKO Construction Co., Ltd is to be internationally recognized company composed of competent and committed employees providing high quality products and services for the development of individuals and organizations in Myanmar.

The mission of NKO Construction Co., Ltd are;

- (1) Continuously challenge ourselves to strive for excellence in the successful operation of the business
- (2) Exceed the customer's expectations by utilizing the best assets
- (3) Promote a team spirit, creativity, transparent communication and fun environment.
- (4) Develop and follow the industry standards for operational excellence
- (5) Get recognition from both local and international communities
- (6) Ensure the prosperity of all stakeholders

**Table (3.1) Workforce of Nay Kyel Oo Construction Co., Ltd.**

<b>No</b>	<b>Department</b>	<b>Number of Staff</b>
1	Engineering Department	70
2	Finance & Account Department	14
3	Procurement Department	8
4	Store Department	12
5	Human Resource Department	4
6	Administration Department	22
	Total	130

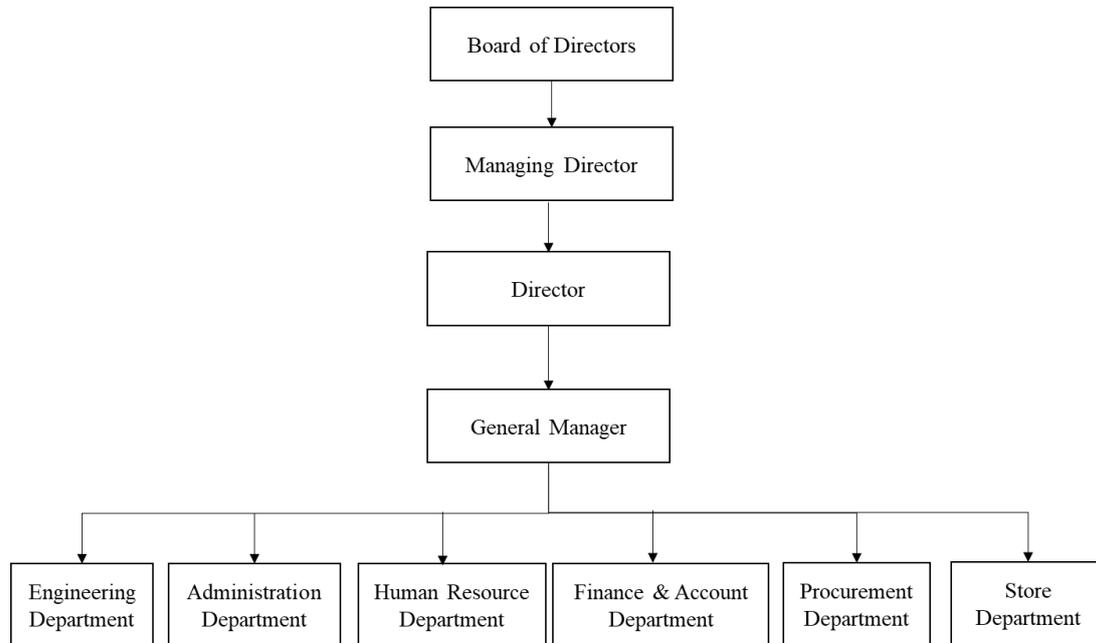
Source: Nay Kyel Oo Construction Co., Ltd Data, 2019

The quality policy of company is;

- (1) To be a leading company in construction industry of Myanmar.
- (2) To provide consistent and superior quality of engineering given exceeded service corporate with high technology right material and modern machinery.
- (3) To maintain excellent quality in engineering service by doing daily quality control and total quality management.
- (4) To enhance continuous customer satisfaction and trust.

Organizational structure of the company is formed to provide the excellent service to their valuable customers. Every department in NKO Construction Co., Ltd. carries out the respective duty and takes part harmoniously in the departmental function. The organizational chart is as shown in Figure (3.1).

**Figure: (3.1) Organization Chart of Nay Kyel Oo Construction Co., Ltd.**



Source: NKO Construction Co., Ltd Data, 2019

As shown in Figure (3.1), there are six departments managed by the Board of Directors. All departments perform their duties and responsibilities by the Standard Operating Procedure (SOP) and respective department rules which are set up by Management.

As shown in Table (3.1), there are six departments in NKO Construction Co., Ltd. providing service to customers. The number of staff in respective departments are (70) staff in Engineering Department, (14) staffs in Finance & Account Department, (8) staffs in Procurement Department, (12) staffs in Store Department, (4) staffs in Human Resource Department and (22) staffs in Administration Department.

## **3.2 Human Resource Management Practices of NKO Construction Co., Ltd.**

NKO Construction Co., Ltd. develops HR strategies in order to develop employee's capacity and the performance. Moreover, the company focuses employee's commitment and performance to the organization. This study covers the four HRM practices of NKO.

### **3.2.1 Recruitment and Selection**

Recruitment is the mechanism by which prospective candidates are identified and encouraged to apply for actual or expected job openings. The management team planned the human resources strategy of the company, and the position criteria to be filled out. The successful method of hiring needs productivity by recommending the workers based on their interest in the company. The screening is usually done by conducting a telephonic/ web-based interview prior to the actual interview process.

NKO Construction Co., Ltd. has a policy of filling up a position above the entry-level through promotion and transfer. The organization will build on the investment it has made in hiring, choosing, training and improving its current employees by filling vacancies in this way. The company needs to go for external recruitment because there are no qualified applicants left in the organization.

Selection is a long process; it begins with the applicant's preliminary interview, and ends with the job offer. To assess their suitability, the applicants who clear the preliminary screening are subjected to various tests. After all the tests have been completed and passed, applicants will be given job document. There is a new trend to give an Appointment letter to the candidates only after joining the organization.

### **3.2.2 Training and Development**

Management Team is evaluating employee training needs. The respective training for their employees was coordinated by training and development. Management Team is designing and implementing the training program for all staff levels. Management Team is responsible for opening the training, developing syllabus and also conducting the lectures. The management Team selected suitable training courses for their staff. In-house training courses are numerous.

Supervisor teaches induction courses as basic level. Training offered to new workers to help them adjust to their new job roles and to help them familiarize themselves with their new work environment and the people around them. The management chooses the in-house training courses required for the introduction of training and growth programs. With regard to the training section courses, thirteen subjects are given to their employees.

**Table (3.2) Types of Training**

No	Training Names	Target Group	Duration
1	General Management Training	Management , Supervisors	One Week
2	Inventory Management Training	Engineers , Store Staffs	One Month
3	Leadership Training	Management , Supervisors	One Month
4	Basic Civil Engineering Training	Engineers	Two Months
5	Communication Training	All Employees	One Week
6	Presentation Skill Training	All Employees	One Week
7	Team Building Training	All Employees	One Week
8	Project Management Training	Engineers	Two Months
9	ISO Awareness Training	All Employees	One Week

Source: Nay Kyel Oo Construction Co., Ltd Data, 2019

These training courses consist of specific subjects that are shown in Table (3.2). In addition, After setting the training targets the management committee chooses the trainers for the training programs. Most trainers are the organization's internal and others are from outside the company. In particular, internal trainers provide information and mutual knowledge and expertise about the organization's functions by lecturing and practical lessons. The external trainers on knowledge, skills and abilities required for the trainees.

### **3.2.3 Performance Appraisal**

NKO Construction Co., Ltd. used 90 Degree performance appraisal method. Typically, they are done annually and superior is evaluating by considering the appraiser's dedication, morale a motivation towards work, evaluating his/her talent, efficiency and responsibility in employee's work, the quantity and quality of output. The Management Team manages to support individual personal development by giving

maximum trainings and workshops. In additions, The Management team instruct all supervisors and above to make actual appraisals in order to make necessary trainings and give incentives. The Management Team arranges the delivery of continuous feedback to employees on their performance and remove the biasness and subjectivity reported on the part of the supervisors.

#### **3.2.4 Rewards and Benefits**

NKO Construction Co., Ltd. provides financial and non-financial rewards based on the performance of the employees. Employees are paid in accordance with the standard pay scale set by top management, determined by rank, job experience, expertise, and skills. The employer requires professional workers that would be higher than the standard salary range, but the employee needs to perform more than two tasks. Salaries of employees who have worked for at minimum twelve months shall be modified annually according to their contract date evaluation of each year. By offering the requisite opportunities for commitment and employee job results, the organization manages. The company typically arranges reward programs based on performance; annual bonus pay is relatively common. This runs such a scheme for employees, where employees receive incentives based on year of service and quality of performance. With regard to non-financial incentives, appreciative feedback from supervisors and superiors also serves as recognition to employees and helps to raise morale. NKO's recognition awards can be cashed or non-cash (e.g. verbal recognition, medals, certificates, etc.) that successfully attract, inspire and maintain the talent needed to achieve the desired business outcome.

In NKO Construction Co., Ltd., it schedules and collaborates the activities in compliance with the follow-up procedure or feedback control system and positively honors them by displaying the gratitude, praising, promoting when doing the high quality work, long-term service award for employees with 3 years and above service.

Regarding the financial incentives, the board of directors provides travel allowance, for the family members of employees. The Management Team arranges leaves in the non-financial incentives according to the revised labor legislation.

### 3.3 Profile of Respondents

In this study, survey data are collected from 130 employees. Table (3.3) shows the demographic factors of 130 randomly selected respondents. According to Table (3.3), the majority of respondents are males. NKO Construction Co., Ltd. appoints more male employees as more suitable for construction workplace.

**Table (3.3) Demographic Factors of Respondents**

Sr. No	Demographic Factors	No of Respondents	Percent (%)
	Total	130	100.0
1.	Gender: Male	76	58.5
	: Female	54	41.5
2.	Age: under 25 years	8	6.2
	26-35 years	92	70.8
	36-45 years	22	16.9
	Over 45 years	8	6.2
3.	Experience: Under 1 year	11	8.5
	1 to 3 years	38	29.2
	4 to 6 years	57	43.8
	Above 7 years	24	18.5
4.	Position: Manager	9	6.9
	Assistant Manager	6	4.6
	Supervisor	32	24.6
	Assistant Supervisor	28	21.5
	Senior Staff	44	33.8
	Junior Staff	11	8.5

Source: Survey Data 2019

Among the respondents, most employees are between 26 and 35 years old because young people can work actively in construction sites and they can work everywhere. The second largest group is 36 and 45 years and many employees are experienced people in construction field. Under 25 years old group and over 45 years old group is the smallest group in the respondents.

**CHAPTER (4)**

**ANALYSIS ON THE EFFECT OF HRM PRACTICES ON  
EMPLOYEE PERFORMANCE OF NAY KYEL OO  
CONSTRUCTION CO., LTD.**

In the analytical section, analysis on the relationship of human resource management practices factors and employee commitment and job performance of the NKO Construction Co., Ltd are included. In this research, linear regression model is used in order to find out the relationship human resource management practices factors on employee commitment and the relationship between employee commitment and job performance by surveying 130 employees from NKO in Myanmar.

**4.1 Employee Perception on Human Resource Management Practices**

In this section, employees' perception towards NKO Construction Co., Ltd. are presented based on the survey results. Structured questionnaire is given to 130 employees and data interpreted by using SPSS Software. In the survey form, 5 point Likert scale is used in order to get more insight data. (5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree).

**4.1.1 Recruitment and Selection**

This section presents performance of employees towards the recruitment and selection factor of NKO Construction Co., Ltd. Recruitment and selection factor is important for organization. This section contains five statements related to recruitment and selection. The mean score of recruitment and selection are shown in Table (4.1). According to Table (4.1), employees are satisfied recruitment and selection. Most respondents feel recruitment and selection process is finding the talent and qualified people according to job description and specification for the respective positions. They feel recruitment is fair and during the interview process, interviewers explain both the positive and negative aspects of the job.

**Table (4.1) Recruitment and Selection**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Defining clearly Job description and role expectations	3.32	.84
2.	Fair recruitment	3.23	.78
3.	Discussion both the positive and the negative aspects of the work	3.28	.85
4.	Involvement of line managers and HR Manager	3.40	.77
5.	Required skills, competencies and attitudes	3.52	.90
	<b>Overall Mean</b>	<b>3.35</b>	

Source: Survey Data 2019

Employees think that line managers participate in recruitment and selection process. In addition, employees got the positive perception that HR department and line managers select the candidates that they desired knowledge, skills and attitudes. According to the overall mean score, employees are moderately satisfied with recruitment and selection process of NKO Construction Co., Ltd.

#### **4.1.2 Training and Development**

This section explores the performance of the employees towards training and development factor of NKO Construction Co., Ltd. Training and development factor is important for the employees. There are five statements in the factor. The mean score of training and development factor are shown in Table (4.2). According to the Table (4.2), employees are satisfied with the job related training programs as the Management Team arranges training for employees based on their duties and responsibilities. NKO supports the orientation training programs for new employees. The training programs are well-prepared and training durations are sufficient.

**Table (4.2) Training and Development**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Orientation program for new recruit	3.32	.84
2.	Well planned training programs	3.23	.78
3.	Sufficient training programs duration	3.28	.85
4.	Useful in job	3.40	.77
5.	Lots of training opportunities	3.52	.90
	<b>Overall Mean</b>	<b>3.35</b>	

Source: Survey Data, 2019

Employees believe trainings are helpful in their work. Employees agree the organization has plenty of incentives for them to practice. Employees are very pleased with the training and development activities according to the average mean ranking.

#### **4.1.3 Performance Appraisal**

This section explores the performance of the employees towards performance appraisal factor of NKO Construction Co., Ltd. and how well the employee performance appraisal factor. Performance appraisal factor based on the working condition could be important for the employees. There are six statement in the factor. The mean score of performance appraisal factor are shown in Table (4.3). According to the Table (4.3), most employees are satisfied with the performance appraisal because Superiors evaluate the appraisal process by 90-degree appraisal methods, and final appraisal process is evaluated by the Management team. Employees know that supervisors explain and discuss the performance appraisal results and the appraisal system is fair. They accept that performance appraisal is reliable. In addition, the Management Team let the employees to know the performance appraisal methods and recognize the employees' achievements so that employees motivate and work hard.

**Table (4.3) Performance Appraisal**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Openly explained and discussed the performance appraisal result	3.52	.94
2.	Fair performance appraisal	3.62	.93
3.	Reliability in performance appraisal system	3.68	.96
4.	Motivate employee due to performance appraisal	3.46	.82
5.	Recognize employee achievement and performance	3.65	.94
6.	Enhance mutual understanding between the supervisor and the subordinate	3.72	.92
	<b>Overall Mean</b>	<b>3.60</b>	

Source: Survey Data, 2019

The appraisal system practices enhance mutual understanding between the supervisor and the employees. According to the overall mean score, employees are moderately satisfied with the performance appraisal provided by NKO.

#### **4.1.4 Rewards and Benefits**

This section explores the performance of the employees towards rewards and benefits and how well the employees perceive the rewards and benefits of NKO Construction Co., Ltd. Rewards and benefits is important for the employees. There are five statements in this section. The mean score of rewards and benefits factor are shown in Table (4.4). According to the highest mean score, employees feels that rewards and benefits practices are motivating and salary is fair for them. The employees perceive that the Board of Directors provide annual bonus, financial and non-financial rewards and benefits based on the organization's achievement.

**Table (4.4) Rewards and Benefits**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Fair Salary	3.43	.88
2.	Salary motivates	3.48	.92
3.	Annual bonus based on the organization's achievement	3.35	.77
4.	Salary and other benefits are comparable in market	3.50	.89
5.	Fairly distribute rewards and benefits	3.72	.96
	<b>Overall Mean</b>	<b>3.50</b>	

Source: Survey Data, 2019

They know that the salary and other benefits can comparable in market. Thus, employees are satisfied rewards and benefits practices.

#### **4.2 Organizational Commitment**

According to Three-Component Model theory, there are three commitments in employee commitment such as affective commitment, continuance commitment and normative commitment. Organizational commitment is essential for every organizational in order to achieve strategic goals.

Organizational commitment scale was developed with the aim of measuring organizational commitment. The organizational commitment questionnaire consists of 15 structured statements measuring affective, continuance and normative dimensions of organizational commitment.

Affective commitment dimension measures employees' emotional attachment to identification with and involvement in the organization. Employees feel as if the organization's problem are their own problem. Employees agree that they don't want to work in other company, and they are happy to spend the rest of their career with in the company. Employees feel that this organization has a great deal of personal meaning. According to the overall mean score, employees are satisfied with HR practices, and they have somewhat affective commitment.

**Table (4.5) Organizational Commitment**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Affective Commitment</b>			
1.	Not want to work in other company	3.34	.94
2.	Company's problems as own specific problems	3.44	.95
3.	Spend the rest of career in company	3.35	.84
4.	Great deal of personal meaning	3.38	.83
5.	Proud to work for team	3.47	.92
<b>Overall Mean</b>		<b>3.4</b>	
<b>Continuance Commitment</b>			
1.	Care for the company future	3.34	.86
2.	Stay in company what other alternative opportunities are available	3.42	.96
3.	Leaving work causes problems in life	3.53	.93
4.	Work for company that provides many training opportunities	3.54	.98
5.	Too few option to leave from company	3.49	.90
<b>Overall Mean</b>		<b>3.46</b>	
<b>Normative Commitment</b>			
1.	Jumping from organization does not seem unethical	3.38	.95
2.	Even getting advantages , don't leave from organization	3.47	.92
3.	Keep working even enough money	3.77	.96
4.	Cares about well-being	3.86	.94
5.	Deserve loyalty	3.97	.92
<b>Overall Mean</b>		<b>3.69</b>	

Source: Survey Data, 2019

The Continuance Dimension measures the contribution of organizational member to the organization based on the costs associated with leaving the organization. Employees whose primary relation to the company is focused on a commitment to consistency remain so because they need to.

According to Table (4.5), most employees are afraid of leaving from the organization. Employees want to care about the future of the company and employee feel that organization provides many training opportunities for them. They feel that they have too few options to consider leaving this organization. According to the overall mean score, employees have continuance commitment to NKO Construction Co., Ltd.

Normative dimension measures the feelings of responsibility on the part of employees to stay with the organization. Normative commitment means leaders remain inside the group because they should. Employees feel responsible for all of the organization's goods and services. Furthermore, employees feel that the intent of the company is their goal and they deserve their loyalty. Employees have loyalty even they have enough money, they would keep working in the company. As the overall mean score, employees have normative commitment to NKO Construction Co., Ltd.

### 4.3 Employee Performance

Employee job performance is important for the organization. There are six statements in this section. The mean score of employee job performance factor are shown in Table (4.6).

**Table (4.6) Employee Performance**

<b>Sr. No</b>	<b>Particular</b>	<b>Mean</b>	<b>Standard Deviation</b>
1.	Knowing how to set right priorities for jobs	3.52	.91
2.	Able to work independently	3.74	.94
3.	Concentrate on accuracy , timeliness and neatness of work	3.92	.86
4.	Achieve high volume of assigned work accomplished	3.52	.91
5.	Able to solve problems immediately	3.75	.93
6.	Take on extra responsibilities	3.91	.90
	<b>Overall Mean</b>	3.70	

Source: Survey Data (2019)

According to the Table (4.6), many employees perform their duties and as offer other job-oriented training programs. Employees can work individually and get accomplished large volume of assigned work. Thus employees feel the production of their results. Therefore, the workers are affectionately connected to the company. According to

the overall performance mean score, most employees are satisfied with their job performance.

#### 4.4 Analysis on Influencing HRM Practices on Organizational Commitment

This study is to analyze on influencing HRM Practices on Organizational Commitment. HRM Practices variable is regarded as the independent variable. The Organizational Commitment is regarded as the dependent variable according to the conceptual framework of the study.

##### 4.4.1 Influencing HRM Practices on Affective Commitment

This study analyzes the relationship between HRM practices and affective commitment of employees. The findings are shown in Table (4.7).

**Table (4.7) Influencing HRM Practices on Affective Commitment**

Variable	Unstandardized		$\beta$	t	Sig
	B	Std Error			
(Constant)	.279	.139		2.014	.046
Recruitment and Selection	.028	.099	.027	.286	.776
Training and Development	.284***	.097	.314	2.939	.004
Performance Appraisal	.342***	.107	.378	3.200	.002
Rewards and Benefits	.220**	.106	.219	2.068	.041
R Square	.823				
Adjusted R Square	.817				
F Value	145.254***				

Source: Survey Data (2019)

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

The value of R<sup>2</sup> is approximately 82 percent according to Table (4.7), so this defined model may clarify the variance of the affective commitment. The model's overall importance, F value, is extremely important at a point of 1 percent. One may assume this model is accurate. The model will describe the variance of the independent variable and dependent variable by 82 percent, since Adjusted R square is .81. Of the four HRM

factors, only three HRM factors have a significant relationship to affective commitment. There is no substantial relationship between selection and recruitment, and normative commitment.

The predicted positive sign of the training and growth component and a meaningful coefficient value at 1 percent level. Positive relationship means that the increase in the factor of training and growth leads to a more affective commitment of the employees according to the outcome of the regression. Many employees are new employees when it comes to employment, and they have more benefits and more skills. Through training and development by one unit increases the employees ' affective commitments by .284 units.

The performance evaluation factor has the positive sign and the variable coefficient is important at the point of 1 percent. The positive relationship means that the rise in performance appraisal contributes to more affective commitment as employees have job opportunities based on their future production. The increase in performance appraisal by 1 unit will increase the affective commitment of the employees by .342 units.

The reward and benefit factor coefficient (Beta) has the value (.219), and the rewards and benefits factor has the positive sign, and the variable coefficient is important at 5 percent. The overall evaluation shows that models explain the variability in understanding of the employees ' affective commitments to the company since the calculation provided predicted signs and relevant coefficients for most variables. The increase in training and development, performance evaluation, and compensation and benefits have beneficial effects on employees ' affective involvement. In summary, the findings show that at 1 percent point, most factors are important. The affective commitment of organizational commitment depends, according to the survey results, on training and development, performance evaluation and rewards. According to the survey findings, training and development is an important factor in increasing employee's commitment. Training and development in organization positively contribute to the affective commitment of the employees. Trainings actually provide the opportunity to raise the development activities in the organization. Organization should continue to train and develop their employees in order to boost the effective commitment of these employees.

The results show that the performance appraisal program is realistic, employees are happy with their work and that is possibly because workers expect the organization to

be realistic in its evaluation. If they are interested in the design of assessment schemes, they feel committed to their organizations. Employees are more dedicated to their companies if employee accept and reward their achievements accordingly. Organization needs to ensure that the degree of dedication of its workers is maintained by promoting more contact between senior management and junior staff, as well as ensuring that results that merit pay raises or bonuses are compensated accordingly. Affective commitment is positively associated with the use of explicit evaluative criteria and openness to discussing the appraisal of employees' performance.

Rewards and benefits had a major impact on affective commitment, according to the survey results. The findings indicate that, when workers earned adequate financial incentives and non-financial benefits, affective commitment was high. Implementing pay scales and workplace benefits greatly increases affective commitment.

#### **4.4.2 Influencing HRM Practices on Continuance Commitment**

This study analyzes the relationship between HRM practices and continuance commitment of employees. The findings as shown in Table (4.8). According to Table (4.8), the R<sup>2</sup> value is approximately 74 percent so this defined model may clarify the variance in HRM strategies on employee continuance commitment. The model's overall importance, F value, is extremely important at a point of 1 per cent. One may assume this model is accurate. The model can explain 74 percent about the variance of the independent variable and dependent variable because Adjusted R square is .729 units.

The predicted positive sign of the variable recruitment and selection is highly important at 5 per cent point. The successful relationship means higher recruiting and selection factor contributes to improved dedication to consistency. Some workers know they have not been able to negotiate, so they would be ample future human resource for their job. The increase in recruitment and selection by 1 unit also raise the continuance commitment by .276 units.

The training and development factor has the positive sign and the variable coefficient is important at a point of 10 per cent. The positive partnership means an improvement in the factor of training and development leads to an increase in the employees' commitment to continuity.

**Table (4.8) Influencing HRM Practices on Continuance Commitment**

Variable	Unstandardized		$\beta$	t	Sig
	B	Std Error			
(Constant)	.372	.174		2.142	.034
Recruitment and Selection	.276**	.124	.257	2.226	.028
Training and Development	.239*	.121	.256	1.974	.051
Performance Appraisal	.248*	.134	.267	1.855	.066
Rewards and Benefits	.119	.133	.115	.890	.375
R Square	.738				
Adjusted R Square	.729				
F Value	87.840 ***				

Source: Survey Data (2019)

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

Most employees have training opportunities because they have a lot of advantages and more skills to gain. When there is an increase of 1 unit in training and growth, that would also lift employee continuance commitments by .239 units.

The performance evaluation factor has the positive sign predicted and the variable coefficient is important at a level of 10 per cent. The management committee routinely arranges performance assessment and plans the organization's professional development plan. Employees may get training in career development based on the performance evaluations. The increase in performance appraisal by 1 unit raise the continuance commitment by .248 units.

In summary, the findings show that at a level of 10 percent two factors are significant value and at a level of 5 percent one factor is significant value. According to survey findings, recruitment and selection, training and development, performance evaluation could significantly increase continuance commitment of the employees.

The findings show that the recruiting and selection program that requires substantial costs and effort transmits a message to the chosen employees that they are respected by the company and committed to taking care of them. Employees are likely to feel motivated by increased responsibility to repay the company. Selective hiring means careful matching between job candidates and the culture of the company, thereby

ensuring that a better organization of the individual suits, which in effect contributes to a greater continuance commitment.

The findings indicate that workers believe that training and development programs are helping them to improve skills needed to perform their daily tasks. Continuance commitment of workers rises after participating in the training programs. Training programs lead to an increased dedication of the workers in their respective organization.

Efficient performance appraisal program, according to the survey results, helps to generate continuance commitment. Fairness and consistency of the appraisal framework is important, resulting in satisfaction, performance enhancement, inspiration, and positive understanding of continuance commitment. Employees who feel inspired, challenged and fulfilled in their jobs are much more likely to be committed in a given work environment.

#### **4.4.3 Influencing HRM Practices on Normative Commitment**

This study finds out which HRM practices have significant relationship with normative commitment of the employees. The findings are presented in the Table (4.9).

According to Table (4.9), the value of R<sup>2</sup> is nearly 86 per cent, so this defined model may explain the variance in HRM practices on employee normative engagement. The model's total significant value, F, is extremely significant at a point of 1 percent. This model can be said valid. The model can describe the variance of the independent variable and dependent variable by 85 percent, since Adjusted R square is .853 units.

The recruitment and selection factor has the positive sign expected and a large coefficient value of 5 percent. The positive relationship means that the rise in recruiting and selection factor leads to an increase in normative participation because most employees believe that their organizations are well recruited as well as new employees who, thanks to the company, have earned support program. The increase in recruitment and selection by 1 unit raise the normative commitment by .214 units.

**Table (4.9) Influencing HRM Practices on Normative Commitment**

Variable	Unstandardized		$\beta$	t	Sig
	B	Std Error			
(Constant)	.156	.136		1.149	.253
Recruitment and Selection	.214**	.097	.187	2.028	.029
Training and Development	.349***	.095	.353	3.688	.000
Performance Appraisal	.252**	.105	.255	2.410	.017
Rewards and Benefits	.186*	.104	.169	1.783	.077
R Square	.858				
Adjusted R Square	.853				
F Value	188.719 ***				

Source: Survey Data (2019)

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

Training and development is very important to ensure that all employees perform their assigned job efficiently. This could increase the trust of workers in their jobs, too. When the workers are able to work more easily, more research is completed. The predicted positive sign for training and growth indicator and a highly important coefficient value at 1 percent level. The positive relationship indicates that there is more job satisfaction from the rise in training and development. The increase in training and development by 1 unit raises the normative commitment by .349 units.

The performance evaluation component has the predicted positive sign and the variable coefficient is important at 5 percent level. The successful relationship means that increasing the performance assessment results in increasing the employees' normative commitment. The executive department designs the organization's performance evaluation program. The appraisal system recognizes achievement and performance of employees. The increase in performance appraisal by 1 unit raise the continuance commitment by .252 units.

The variable rewards and benefits has the predicted positive sign and a large coefficient value of 10 percent. Positive relationship means that the rise in the compensation and benefits component contributes to a rise in employee normative commitment according to the regression result. Employees believe that incentives and benefits are equally distributed and receive annual bonus based on success in the

company. The rise of 1 unit in compensation and benefits raises employee normative commitments by 186 units.

In summary, the findings show that at 5 percent level two variables are important, and preparation and growth are the key determination of normative commitment. Recruitment and selection, training and development, performance assessment and incentives and benefits may substantially increase the employees' normative commitment, according to the survey findings.

The findings show that employees believe they are well recruited by their organizations and new people who thanks to the company for having help program. Most employees realize they have not been able to bargain with the company and there will be ample new human capital available for their position. Employees are likely to feel motivated by increased moral responsibility to pay the company back.

From the results, training and development are an important factor in increasing the commitment of the employees. Organizational training and development positively contribute to the employees' normative commitment. Trainings also offer a chance to boost the organization's growth activities. Organization should continue to train and develop their employees to improve such employees' normative commitment.

According to the survey results, there is consistency in the performance appraisal method, workers are happy with their work and this is possibly because employees have the company's goal of being fair in their evaluation. Employees are more dedicated to their companies if their performances are properly recognized and rewarded. The use of clear evaluative measures and transparency to address the evaluation of employee performance is positively correlated with the normative commitment.

Rewards and incentives have had a major impact on normative commitment, according to the survey results. The findings show that when employees earned adequate financial incentives and non-financial rewards, normative commitment was high. Implementation of compensation systems and benefits for employees greatly strengthens normative commitment.

#### **4.5 Analysis on Effect of Organizational Commitment on Employee Performance**

In this section, the impact of organizational commitment on job performance in NKO Construction Co., Ltd. The standard deviation, percentage and mean scores of employee commitment and employee job performance are presented in the study based on findings. Employee work success is vitally essential for every company. The organization's efficiency could be varied depending on the employees' commitments. In this study, in order to find out the relationship between organizational commitment and employee job performance, linear regression model is used and findings are presented in Table (4.10).

According to Table (4.10), the R<sup>2</sup> value is nearly 79.7 percent, so this defined model may explain the employee job performance variance. The model's overall meaning, F value, is highly significant at a level of 1 percent so this defined model can be assumed to be accurate. Affective commitment factor has the expected positive sign and highly significant coefficient value at 5 percent level. The positive relationship indicates that the rise in affective commitment contributes to more employee success because employees believe they are part of the organization. The improvement in the characteristics of affective commitment by 1 unit improves the job output by .273 units.

Continuance commitment factor has the positive sign predicted and a highly important coefficient value at 1 percent. The successful relationship indicates that improved attention to consistency contributes to better employee job results. Employees believe they have better opportunities, so they will continue to work at the present time and bring a lot of energy into their tasks. This could lead to increase job performance of the employees.

If consistency commitment increases by 1 unit, this will increase the employee's job output by .695 units. The standardized continuance commitment factor coefficient (Beta) has the highest value (.628) among three explanatory variables suggesting that continuance commitment has the greatest contribution to the success of the employee work. The increases in affective and continuance commitment have the positive effects on employee job performance. There is no significant relationship between normative commitment and employee performance.

**Table (4.10) Effect of Organizational Commitment on Employee Performance**

Variable	Unstandardized		$\beta$	t	Sig
	B	Std Error			
(Constant)	-0.42	.177		-.235	.815
Affective Commitment	.273**	.111	.226	2.453	.016
Continuance Commitment	.695***	.107	.628	6.487	.000
Normative Commitment	.079	.98	.066	.804	.423
R Square	.797				
Adjusted R Square	.792				
F Value	164.569***				

Source: Survey Data (2019)

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

In summary, the findings show that two commitments have the employees' significant relationship with employee job performance, and the key criterion of job performance is found to be continuance commitment.

A positive signal from the employees show the employees' commitment and loyalty to the company, according to the survey findings. This is also found that the employees are enthusiastic about expressing their dedication to consistency in their work environment to give their organization full efficiency. The employees' commitment is often underlined by their affective commitment to their organizational goals.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter presents the findings and discussions from analysis, suggestions and recommendations and need for further research. The findings are based on the survey data about the perceptions of the employees towards the HRM practices. In additions, this study explores the commitments and employee job performance. Based on the findings, this study suggests and recommendations in order to get more commitment and raise the employee job performance.

#### **5.1 Findings and Discussions**

This study is thoroughly done by collecting structured questionnaires to 130 employees. For the analysis on HRM practices, organizational commitment and employee performance, an important efficiency score based on influencing factors. The regression analysis is used in seeking to determine the effect of HRM practices and organizational commitment on employee job performance.

Regarding affective commitment, among the four HRM practices, training and development, performance appraisal, rewards and benefits effect mostly on affective commitment. Organization supports training and development programs, according to their roles and obligations and career development. The regression findings result showing that the more potential performance appraisal and promotion for employees, the more affective commitment will be achieved. According to analyzing data of influencing factors on affective commitment, recruitment and selection factors have no significant and no influence on affective commitment. Employees think that recruitment and selection strategies are not effective as the right material and the reasons raised include favoritism and prejudice towards potential employees. Factors such as job experience, academic credentials, interviews and assessments used in recruiting candidates will make the screening and recruitment processes successful in choosing the best for the company.

Regarding continuance commitment, three HRM practices are significant for continuance commitment. Among four HRM practices, recruitment and selection is significant factor that effect on continuance commitment. NKO Construction Co., Ltd has

clear and systematically recruitment and selection system for each department. Thus, many of the employees realize they have not been able to bargain with the company and there will be enough available human capital for their position. The result indicates that the more systematically recruitment and selection take place, the more continuance commitment will be achieved.

Training and Development is the significant factor that effects on continuance commitment. Positive commitment results only identify employees who are pleased with how performance evaluation, preparation and growth is done being indulged in higher commitment and lower turnover intentions. Thus, in order to obtain such positive outcomes, organization should provide a performance appraisal, training and development platform where employees must report satisfaction with HRM practices.

For normative commitment, among four HRM factors, training and development is the most influencing factor on normative commitment since most employees get training opportunities and career development programs based on the performance appraisal. If there is more formal training and development, then more positive participation can be accomplished. Rewards and incentives, on the other hand, have reverse effects on normative engagement. Employees assume that if there are more incentives and benefits, they would have more pressures of duties and obligations which may contribute to less employee normative involvement.

Regarding recruitment and selection, most employees feel their organizations as well recruited them and most new people thank to the organization. This can significantly increase the normative commitment of the employees. If there are more recruitment and selection systematically, the more normative commitment will be achieved.

For the success of the employee's work, it is found that normative commitment has significant reverse impact on performance. If the employees are not dedicated to consistency, they won't work hard for their organization. On the other hand, affective and continuance commitment have strong relationship with the job performance of the employees. Among these two factors, continuance commitments will significantly improve the employee job performance.

## **5.2 Suggestions and Recommendations**

In order to get more commitment and job performance of the employees, it is very important to analyze which factors influence on commitments and job performance of the employees. By analyzing the HRM practices, NKO can adjust their HRM policies according to the perceptions of the employees.

Based on the findings, most employees are satisfied with the recruitment and selection as the whole. NKO Construction Co., Ltd. should give relevant trainings according to the changing environment conditions. In additions, NKO Construction Co., Ltd. should create internal notice system that will present the update recruitment and selection and have to focus the best talents.

Regarding training and development, most employees are satisfied with the trainings they received. But it is found that employees are very tired of much training. Thus, management should carefully prepare the training schedules for most relevant staff so that employees will be convenient.

For performance appraisal, management should make job rotation and job enrichment based on the performance appraisals and interest of employees. In additions, the performance appraisal should reflect mainly on individual performance rather than teamwork performance. As a result, the performance appraisal will cover the current ability of the people and employees will have more satisfaction and commitments towards the organizations. Management should give more transparent feedback concerning performance appraisal. Therefore, employees will accept their performance levels and try hard in order to improve their performance.

Regarding rewards and benefits, management should continue to consider incentives based on a comprehensive analysis of performance evaluations. Management should be careful not to place pressure on the employees because of the bonuses in addition. In addition, management should monitor other organizations ' salaries, bonuses, and benefits to get employee commitments.

Regarding performance appraisal, management should carefully review the performance appraisal by the advanced training in order to evaluate the capacity of the employees. Then, management should announce this result and promotion offer. This will greatly impact on the employees who feel the promotions are not transparent.

Finally, management should monitor the commitments of the employees. Management should mainly focus on affective commitment, continuance commitment, among employees. On the other hand, normative commitment will make less performance of the employees. Thus, management should concentrate mainly on normative commitment with a view to enhancing employee job efficiency by concentrating on HRM practices that might boost regulatory commitments.

### **5.3 Needs for Further Research**

This study considers only four HRM practices (recruitment and selection, training and development, performance appraisal, rewards and benefits) and three component models of commitment and employee performance of NKO Construction Co., Ltd by using structured questions. The sample of respondents is only 130 employees. Therefore, it is suggested that future studies need to collect data from more employees to get more accurate data. Other HRM practices should also be used to get more clear picture of the important performance determinants. For further research, compensation strategies and its comparative analysis may be performed for various companies in different industries. In depth focused studies on further strengthening Organizational Commitment will be an excellent learning for all employees of various companies. Further the impact of HRM practices may be studied on the employee productivity and motivational level.

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# **APPENDIX I**

## **Survey Questionnaires**

### **A STUDY ON HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE PERFORMANCE**

This survey is designed for the master thesis purpose only. Therefore, the data in the survey is fully privacy and confidential.

#### **Part (A) Demographic Factors**

1. Gender:

- Male
- Female

2. Age:

- ≤ 25 years
- 26 – 35 years
- 36 – 45 years
- Over 45 years

3. Experience in current organization:

- Under 1 year
- 1 - 3 years
- 4 - 6 years
- Above 7 years

4. Your Position:

- Manager
- Assistant Manager
- Supervisor
- Assistant Supervisor
- Senior Staff
- Junior Staff

## APPENDIX I

Instruction: How do you feel about each of the following specific matters? (Fill in a single response for each statement below)

Index: 1= Strongly disagreed

2=Disagree

3= Neutral

4=Agreed

5=Strongly Agreed

<b>Recruitment and Selection</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	HR clearly defines the job description and job specifications in the recruitment process .					
2	This company recruitment is fair .					
3	During the company employment process the company explains both the positive and the negative aspects of the job .					
4	In this company , line managers and HR manager participate in selection .					
5	Selection system in the company selects those having the desired knowledge, skills and attitudes .					

<b>Training and Development</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	This company conduct a formal orientation program for each new recruit .					
2	Training programs in this company are well planned .					
3	This company provides training programs with sufficient duration .					
4	The training provided is useful in my job.					
5	There are lots of training opportunities provided for me in this company.					

<b>Performance Appraisal</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The result of the performance appraisal are openly explained and discussed to the employee concerned .					
2	The performance appraisal of the company is fair .					
3	The performance appraisal system is reliable.					
4	The performance appraisal system is designed to motivate employees .					
5	The performance appraisal system recognize employee achievement and performance .					
6	Performance appraisal enhances mutual understanding between the supervisor and the subordinate.					

<b>Rewards and Benefits</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	My salary is fair enough for the work I do and responsibilities I held.					
2	Salary motivates me towards putting more effort in the company .					
3	I receive annual bonus based on the organization's achievements.					
4	Salary and other benefits are comparable to the market in my company.					
5	Rewards and benefits are fairly distributed in my company.					

<b>Affective Commitment</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	I do not want to work in other company.					
2	I quite consider that company's problems as my own specific problems.					
3	I would be very happy to spend the rest of my career with this company					
4	This organization has a great deal of personal meaning for me .					
5	I am proud to work for my team.					

<b>Continuance Commitment</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	I strongly care about the future of the company.					
2	I want to remain/stay in the company no matter what other alternative opportunities are available to me .					
3	Leaving my work in the company causes problems in my life.					
4	I work for my company because it provides me with many training opportunities.					
5	I feel that I have too few options to consider leaving this company					

<b>Normative Commitment</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Jumping from organization to organization does not seem at all unethical to me.					
2	Even if it were to my advantages , I do not feel it would be right to leave my organization now .					
3	I would keep working even if I had enough money.					
4	My employer cares about my well-being					
5	This organization deserves my loyalty .					

<b>Employee Job Performance</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	I know how to set the right priorities for my jobs.					
2	I am able to work independently.					
3	I often concentrate on accuracy , timeliness and neatness of work.					
4	I achieve high volume of assigned work accomplished.					
5	I am able to solve problems immediately to satisfy my manager.					
6	I take on extra responsibilities.					

## Appendix II

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.907 <sup>a</sup>	.823	.817	.30546	.823	145.254	4	125	.000

a. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.214	4	13.553	145.254	.000 <sup>b</sup>
	Residual	11.664	125	.093		
	Total	65.877	129			

a. Dependent Variable: AFFECTIVE COMMITMENT

b. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.279	.139		2.014	.046
	RECRUITMENT AND SELECTION	.028	.099	.027	.286	.776
	TRAINING AND DEVELOPMENT	.284	.097	.314	2.939	.004
	PERFORMANCE APPRAISAL	.342	.107	.378	3.200	.002
	REWARDS AND BENEFITS	.220	.106	.219	2.068	.041

a. Dependent Variable: AFFECTIVE COMMITMENT

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.859 <sup>a</sup>	.738	.729	.38247	.738	87.840	4	125	.000

a. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	51.398	4	12.849	87.840	.000 <sup>b</sup>
Residual	18.285	125	.146		
Total	69.683	129			

a. Dependent Variable: CONTINUANCE COMMITMENT

b. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.372	.174		2.142	.034
	RECRUITMENT AND SELECTION	.276	.124	.257	2.226	.028
	TRAINING AND DEVELOPMENT	.239	.121	.256	1.974	.051
	PERFORMANCE APPRAISAL	.248	.134	.267	1.855	.066
	REWARDS AND BENEFITS	.119	.133	.115	.890	.375

a. Dependent Variable: CONTINUANCE COMMITMENT

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.926 <sup>a</sup>	.858	.853	.29958	.858	188.719	4	125	.000

a. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.747	4	16.937	188.719	.000 <sup>b</sup>
	Residual	11.218	125	.090		
	Total	78.965	129			

a. Dependent Variable: NORMATIVE COMMITMENT

b. Predictors: (Constant), REWARDS AND BENEFITS, TRAINING AND DEVELOPMENT, RECRUITMENT AND SELECTION, PERFORMANCE APPRAISAL

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.156	.136		1.149	.253
	RECRUITMENT AND SELECTION	.214	.097	.187	2.208	.029
	TRAINING AND DEVELOPMENT	.349	.095	.353	3.688	.000
	PERFORMANCE APPRAISAL	.252	.105	.255	2.410	.017
	REWARDS AND BENEFITS	.186	.104	.169	1.783	.077

a. Dependent Variable: NORMATIVE COMMITMENT

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.892 <sup>a</sup>	.797	.792	.40049	.797	162.807	3	126	.000

a. Predictors: (Constant), NORMATIVE COMMITMENT, CONTINUANCE COMMITMENT, AFFECTIVE COMMITMENT

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.338	3	26.113	164.569	.000 <sup>b</sup>
	Residual	20.209	126	.160		
	Total	98.547	129			

a. Dependent Variable: EMPLOYEE JOB PERFORMANCE

b. Predictors: (Constant), NORMATIVE COMMITMENT, CONTINUANCE COMMITMENT, AFFECTIVE COMMITMENT

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.042	.177		-.235	.815
	AFFECTIVE COMMITMENT	.273	.111	.226	2.453	.016
	CONTINUANCE COMMITMENT	.695	.107	.628	6.487	.000
	NORMATIVE COMMITMENT	.079	.98	.066	.804	.423

a. Dependent Variable: EMPLOYEE JOB PERFORMANCE