

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

**THE EFFECT OF HUMAN RESOURCES MANAGEMENT
PRACTICES ON EMPLOYEE SATISFACTION AND
EMPLOYEE LOYALTY OF AERA CLUB, YANGON**

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OMBA

APRIL, 2022

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ACADEMIC YEAR (2016 - 2022)

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A thesis is submitted to the Boards 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 the thesis entitled “**Human Resources Management Practices on Employee Satisfaction and Employee Loyalty of the AERA Club, Yangon**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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APRIL, 2022

ABSTRACT

The main objectives of the study are to examine the effect of human resources management practices on employee satisfaction and to analyze the effect of employee satisfaction on employee loyalty at AERA Yangon. The primary data was collected from 87 employees in AERA by using structured questionnaires. The secondary data was collected from company recorded data, textbooks and related research papers. The study applied linear regression method for analytical purpose. The findings indicated that four practices of human resources management such as recruitment and selection, training and development, performance appraisal, compensation and benefit are the influencing factors on employee satisfaction. The result showed that all the human resource management practices significantly effect on employee satisfaction in AERA. The results found that performance appraisal variable has the most dominant on employee satisfaction. In addition, the results showed that employee satisfaction has the positively effect on employee loyalty. In this regard, AERA Yangon should more emphasize on formulating and implementing strong performance appraisal system and policies that enable the organization strengthening employee loyalty.

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CHAPTER 1

INTRODUCTION

In almost all organizations, there is a report of its mission stating that people are the most valuable resource. To achieve its goal, survive and succeed, any organization should have the right personnel at the right place and at the right time (Oladipo, 2011). Recreational organizations, as well as other types of business organizations, depend largely on the quality and competence of its employees. Therefore, organizations have to pay more attention to their human resources because implementation of human resource practices supports maximizing employees' competences in the organization (Saleem & Khurshid, 2014). Human resource management practices are able to create organizations that are characterized by intelligence, flexibility and competence compared to their rivals. These organizations apply policies and practices of recruiting, selecting, performance appraisal, compensation and benefit, and training skilled employees. These employees in their turn will direct their best efforts toward cooperation within the resource bundle of their organization (Nancy, 2013).

The success of an organization is closely linked to the success of HRM through its practices, such as human resources planning, recruitment, selection, appointment, training, development, performance assessment, retention, and a fair and efficient program of incentives and rewards. HRM ensures that employees are efficiently invested in the organization through clearly defining the nature of their roles and functions, and by developing specific job descriptions and specifications (Pais, Monteiro and Mónico, 2016). Nowadays, many organizations believe that the direct means to achieve its objectives can be achieved through the application of HRM practices, thereby achieving the organization's success and enhancing its competitiveness, as HRM is seen as an effective means of enhancing employee satisfaction and loyalty, in order to improve the effectiveness of the organization (Brewster et al., 2016).

Employee satisfaction is that the general attitude of individual employee towards the work. It is also an employee cognitive and affective evaluation of their job. This is the terminology used to describe whether employees are happy and concentrated and fulfilling their desires and needs at work. Employee satisfaction is an attitude that people have about their jobs and the organizations in which they perform these jobs (Spector,1997). Satisfied employees have a strong sense of understanding concerning

what is expected of them. Employee satisfaction is supremely necessary in an organization as a result of it's what productivity depends on. If employees were satisfied, they might turn out superior quality performance in best time and lead to growing profits. Satisfied employees also are more likely to be creative and innovative and are available up with breakthroughs that allow a corporation to grow and alter positively with time and changing market conditions (Spector,1997).

The success of any organization depends not only on achieving its financial profit objectives, but also on creating loyalty among its employees. Achieving financial objectives is not conclusive proof of the existence of this affiliation and loyalty of organization towards the organization (Gooderham & Mayrhofer, 2016). This may appear if employees leave the organization or company when they have a better chance at another organization. Human Resources Management practices have an important role to play and significantly affect employee behavior directly or indirectly.

Employee loyalty is one of the important issues that have a close connection in deepening and consolidating the spirit of work within organizations. Those who view the reality of employee loyalty in organizations can notice that there is a strong connection between loyal staff on one hand and the development of work within that organization on the other hand (Ibrahim & Falasi, 2014). Employee loyalty leads to conscious conviction of the requirements of work by bosses and subordinates which is reflected in the performance effectively. In other words, increased employee loyalty leads to a reduce employee turnover rate, decreased absenteeism and delayed attendance, increased organizational effectiveness and improved job performance.

It is assumed that the reduction of the cost of employee turnover, absenteeism, low productivity can occur when employees are satisfied as well as well committed to their organization (Mizanur, Mohammad & Mohammad, 2012). Personnel achievements and their working capability are perquisites of their sense of employee satisfaction (Paşaoğlu & Tonus, 2014).

Thereby, for any organization (any organization, here) to attract new competent employees and maintain those existing talented ones, consistent human resource management practices, employee satisfaction and organizational commitment should be considered and be among its priorities (Khera, 2010) and (Mizan et al., 2013).

This thesis focuses on HRM Practices in employee satisfaction and employee loyalty of AERA Club. AERA Club is an association conducts activities primarily for the

benefit and welfare of the employee of the United States Embassy in Yangon, Myanmar and their family members and third country national employees, and host country Nationals. AERA provides facilities service such as tennis, swimming pool, softball, baseball, soccer, volleyball, basketball and GYM including three restaurant, bar and diplomatic retail store. The concept of the study is to improve employee loyalty due to HRM practices that based on the employee satisfaction. This study will examine the effect of HRM practices on employee satisfaction, and the effect of employee satisfaction on employee loyalty.

1.1 Rationale of the Study

As of today, there is no clear understanding between HRM practices and employee satisfaction, and there is also a dearth of data concerning the link between them. Employee satisfaction involves employee's emotions and their feelings. It has a major effect on their work lives and for this reason it also influences their behavior as employees and their loyalty, commitment, teamwork, relationship with other staff attitude and behavior. Employee satisfaction is a central task of organizational management. Managers feel their moral responsibility for maintaining high levels of employee job satisfaction, because of its effect on productivity. It has been recognized by different organizations that a satisfied workforce contributes enormously towards organizational effectiveness and ultimate survival. (Mahmood, 2013).

Nowadays, to manage business managing people is very important. Employees who are the most important source of organization to retain them is indeed very challenging. Employee retention is influenced by many factors such as salary, perquisites, organizational policies, motivation, performance appraisal, benefit schemes and from the work itself. Low employee turnover portrays somewhere satisfaction from work. Retention of highly skilled and loyal employees enables improving the organizational performance that significantly contributes to maintaining its completeness in the market and competitive advantages. Therefore, one of the key aspects of employee retention is improving employee satisfaction for sustaining high organizational performances.

HRM practices of AERA involves better compensation, promotion, career development, better communication with superior, rewards, improvement in work life balance etc. Importance of HRM practices is developing, reinforcing, and changing the culture of an organization. Pay, performance management, training and development,

recruitment and onboarding and reinforcing the values of the business are all essential elements of business culture covered by HR. Employee satisfaction is a broad term used by the HR industry to describe how satisfied or content employees are with elements like their jobs, their employee experience, and the organizations they work for. Employee satisfaction is very importance for employees to remain happy and deliver their level best within organization. Satisfied employees are the ones who are extremely loyal towards their organization and stick to it even in the worst scenario. Employee loyalty is very important in a company because employees who show loyalty will be able to encourage customers to feel loyal towards the company.

Moreover, a satisfied employee is not just a retained employee but an ambassador for the organization internally and externally. They are giving the best services to customers to achieve the organizational as well as personal goals and take pride in their jobs of their teams and their achievements. Thereby, for any organization to attract new competent employees and maintain those existing talented ones, consistent human resource management practices, employee job satisfaction and loyalty should be considered and be among its priorities. AERA is one of the recreational businesses in Yangon, Myanmar. So, it is interesting to examine the HRM practices of AERA and to analyze employee satisfaction towards those practices, thus this study is made on the analysis of the human resources management of the AERA regarding to the effect on their employee's satisfaction level.

1.2 Objectives of the Study

There are two main objectives in this study are as following.

- 1) To examine the effect of HRM practices on employee satisfaction of AERA Club, Yangon.
- 2) To analyze the effect of employee satisfaction on employee loyalty of AERA Club, Yangon.

1.3 Scope and Method of the Study

This study mainly focuses on the effect of HRM practices on employee satisfaction to explore the employee loyalty from the Yangon AERA. This study has only covered on employees who are working under AERA Club in Yangon Myanmar. Sample of 87 respondents are chosen from AERA Club, Yangon by using census method. The

primary data are collected from employees by using structured questionnaire. The secondary data are obtained from company recorded data, textbooks, related research papers, libraries, relevant textbooks and websites to get better understanding of research findings. Descriptive and analytical methods are used in this study.

1.4 Organization of the Study

This study is structured into five chapters. Chapter one is introduction, which includes the rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two covers the theoretical background, which includes human resources management, employee satisfaction, employee loyalty, previous studies and conceptual framework of the study. Chapter three presents profile of AERA Yangon, demographic characteristics of respondents and human resources management practices of AERA Yangon, and Chapter four reveals the analysis on the effect human resources management practices on employee satisfaction, and the effect of employee satisfaction on employee loyalty of AERA Yangon. Eventually, chapter five is the conclusion of the study including findings and discussions, suggestions and recommendations, needs for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter covers relevant literature from a variety of sources with a focus on influence of human resources management practices on job satisfaction. The review begins with a discussion of literature that relates to the various practices of human resources management that contribute to satisfaction of employees. Next is a discussion of how it can contribute to loyalty. The main sections covered in this chapter include theoretical framework, review of empirical previous studies and the conceptual framework of the study.

2.1 Human Resources Management

Human Resource Management (HRM) is an inevitable component of an organization that aims, with an application of a series of activities, to manage people and works towards desired ends (Papalexandri & Bourantas, 2002). The existence of HRM is linked to the beginning and growth of an organization, defined as a formal constitution of people that work together to achieve the organization's goals (Dessler, 2013). While its origins appearance is dated in the 19th century, during the industrialization period in the USA, however its roots are traced in the late medieval period (Deadrick & Stone, 2014) but it had been only in the beginning of the 20th century that had shaped its scope and been introduced in the scientific field. Therefore, the field of HRM initially formed and known as Personnel Management has experienced many transformations through decades (DeNisi et al., 2014), while many theories, approaches and practices have been developed which have set HRM from an important maintenance function to a source of sustained competitive advantage for organizations (Ferris et al., 1999).

The main purpose of HRM is to accomplish the organizational goals through people. In general, its objectives can be categorized as follows (Katou, 2017). They are societal, organizational, functional, and personal. Societal defines HRM attends the legal, societal and ethical frames. This means that it should respect them and act in favor of people and society. Otherwise, society will react and be against of the organization. Organizational defines HRM supports an organization to enrich and increase the sources of competitive advantage, by providing the means to achieve efficiency and effectiveness. Functional defines HRM contributes to the effectiveness of the department itself, so that

the organization's goals will be met. Personal defines HRM empowers people to achieve their personal goals, so that they will be motivated and remain committed. The combination of accomplishing personal and organizational objectives is an important driving force that improves the employees' effectiveness and productivity.

Armstrong (2006) stated that human resource management operates through related systems and is consisted of HR philosophies (guiding principles); strategies (direction); policies (guidelines on values, principles, specific strategies); processes (procedures); practices (informal approaches); and programs that enable the elements to be implemented (Armstrong, 2006). All the above refer to HRM functions organized in four categories (Katou, 2017). In this study recruitment and selection, training and development, performance appraisal, and compensation and benefit are applied as HRM practices of AERA.

a) Recruitment and Selection

Recruitment and selection is a two way process, which means the individual is selecting the employer and the employer is selecting the individual. It is a process where job seekers and those willing to give out jobs meet. It is a practice that involves activities of getting the right person(s) at the right place at the right time. Recruitment and selection in an organization always come with some form of investment (Fening & Amaria, 2011). Bratton and Gold (2012) defined recruitment as the process of generating a pool of capable people to apply for employment to an organization. Recruitment also defined as the applicant pools that provide sources of applicants as well as information that is provided to applicants about the job's requirements and rewards (Heneman & Milanowski, 2007).

The recruitment process is followed by selection (Ekwoaba & Ikeije, 2015). After the right candidates with the right skills and dexterities are identified, it is appropriate to come up with a powerful selection process. This process is characterized by several initiatives that have the potential to deliver positive results. A company can use various strategies during the selection process such as "testing, interviewing, or reference checking" (Nalla & Varalaxmi, 2014). The ultimate goal of this process is to ensure proficient individuals are hired. The competencies of the applicants can be matched with the goals of the organizations. Sultana (2014) encouraged companies to ensure their selection processes are fair and legal.

b) Training and Development

Training and development denotes efforts and strategies by an organization to improve the skills, abilities and knowledge of current employees (Chadwick and Dabu, 2009) suggested that firms should do their best to mitigate feeling so anxiety and uncertainty among ,that is the excitement and enthusiasm of new workers should be built upon and translated into high levels of engagement. This process of “organizational socialization helps newcomers to appreciate the values, abilities, expected behaviors, and social knowledge essential for assuming an organizational role and for participating as an organizational member” (Albrecht et al., 2015).

Training is defined as an organized process through which employees behaviors and feelings are changed in order to increase and improve their effectiveness and performance. Employees training or development means the planned and organized effort by organization to equip employees with specific knowledge, improve their skills and abilities and change their attitudes (Salem, 2010). Training is a process of positive adjustment with a special trend deals with individual behavior of professional or functional terms, in order to acquire individual with knowledge and expertise, and the collection of information that he is missing, and acquire him with behavioral patterns and appropriate skills, attitudes, and habits necessary to raise the individual efficiency, and increase productivity so fulfilled the conditions required to work. (Bosninih & Al-Farsi, 2003).

Training is aimed at improving the behavior and performance of persons. There are different types of training programmes like Orientation training, Job training, Safety training, Promotional training, Refresher training, Remedial training etc.to enhance the skills of employees (Choudhary & Lamba, 2013). Training is one of the activities that raise the capabilities and skills of the current and future workers; training is different from education, so that the training focuses on increasing the capabilities and skills to do a specific job, while education reported on increase in knowledge and perceptions that are not necessarily linked to specific action (Zuelv, 2003).

Nguyenetal (2010) pointed out that training and development leads to the accumulation of knowledge and the development of human capital, which eventually influences the welfare of employees and employee satisfaction. This is because employees can carry out assigned tasks easily and without difficulties. Broadly, employee satisfaction improves the financial and non-financial performance of an organization. As

a result, over the long term, employee job satisfaction creates a competitive advantage for the organization. In this sense, training and development has a significant impact on employee satisfaction, and satisfied employees contribute to competitive advantage. Training and development are often used to close the gap between current performance and expected future performance. Training and development falls under HRD function which has been argued to be an important function of HRM (Weil & Woodall 2005).

Development refers to training programs conducted by top-level managers in an organization or a company. This development training is also referred to as executive development or management. This process of development is quite systematic and ongoing. Through employee development processes, employers aim to improve the employees' conceptual and intellectual knowledge. They also aim to boost worker efficiency and effective functioning at the workplace.

Development involves learning that goes beyond today's job and has a more long-term focus. It prepares employees to keep pace with the organization as it changes and grows. Development is often associated with the concept of careers and career development practices. Development is a more advanced tool which essentially allows the employees to progress along a career plan or path with the skills and knowledge gained over time. It allows employees progress according to the needs of the organization.

Unlike training, development is not a specific task-oriented process. Instead, it is a more holistic process that helps to generate employee personality development on the whole. Elaborating further, development programs are designed to boost the overall growth of individuals, making them capable and strong enough to face the forthcoming challenges. Trainers do this by altering and shaping the approaches and the attitudes of the employees and making them become more competitive in nature (Anuradha, 2016).

The main difference between training and development is that training is the process of learning that allows employees to develop the skills, competencies, and knowledge required for a particular job, while development is the process of education that focuses on the overall growth of the employees.

c) Performance Appraisal

The goal of performance appraisal (PA) is to improve employees' contribution to organizational goals and work performance. The appraisal is also designed to support and improve employee development and eliminate performance barriers (Dusterhoff,

Cunningham & MacGregor, 2014). It helps employers and employees to define, communicate and revise expectations, goals and progression in the achievement of strategic goals (Bacal, 2004); however, appraisers and appraisees only respond favorably to a PA system when they deem it fair and equitable (Brown & Benson, 2005). The reaction of employees affected by a company's performance appraisal system is considered one of the main criteria to evaluate the relevance of this system (Boachie-Mensah & Seidou, 2012).

Generally, in recent years most researchers emphasize on better utilization of performance appraisal results, providing feedback to employees, fairness of appraisals and changing the ways performance appraisals are done and doing it based on transparent and predetermined indices (Rasheed et al., 2011).

If well conducted, the PA can guide and encourage employees to develop their skills and focus on their performance in their efforts to achieve organizational priorities and objectives (Lawler, 1994). Efficient implementation of the performance appraisal process can help the organization in various ways. This process offers the advantage of identifying the employees' skill level and serving the employees' development needs and career ambitions (Khan, 2013).

d) Compensation and Benefit

Compensation, variously called variable pay Curran and Walsworth (2014) and incentive pay Green and Heywood (2008) has become increasingly important for employees satisfaction to perform productively at work (Pendleton et al., 2009). It represents one of the key elements of any HRM practices aimed at achieving sustainable competitive advantage for any organization.

Various types of compensation, including performance-compensation, profit-related compensation and employee share-ownership, are identified as strategic tools for shaping positive employee attitudes such as job satisfaction (Heywood & Wei, 2006), organizational commitment and trust in management (Moriones et al., 2009). These compensation programs provide important incentives that reinforce employees' satisfaction to spread discretionary effort, leading to higher levels of achievement and meaningful work-related goals.

Most managers and researchers would agree that satisfied, productive employees are critical for organizational success, regardless of company size, industry, or corporate

strategy. The question that a lot of studies have discussed is how to satisfy them. Offering employees performance-based compensation is one shared approach, and it usually takes one of two forms: compensations are offered to individuals based on assessments of their performance, or compensations are offered as organization-wide incentives, such as profit-related pay or share ownership (Ogbonnaya et al., 2017)

Compensation includes all financial payments, bonuses and non-financial benefits the organization provides to employees to attract qualified human resources and to maintain what is available in the organization. Compensations are one of the most important factors affecting motivation Individuals to grow, develop and sustain learning, stimulate productivity and strive to improve the overall performance of the Organization (Casio, 2013).

Strategically, compensation is a key element of the organization's ability to attract and retain its most valuable source of sustainable competitive advantage the human capital. (Kang & Yanadori, 2011) The major worldwide trends in compensation systems had increased the enhancement of the pay for abilities, performance, and skills of employees, the transfer of living wage allowances into base pay, the split of bonuses formerly paid semi-annually into more flexible modules, the linking of benefits to employee performance and the conversion of pension into contributory pension plans (Conrad, 2009). In addition to that the usage of contingent pay schemes has undergone a significant change during the last quarter century with a greater probability of collective forms of compensation systems which means that there are a number of combinations for applying these schemes (Bryson et al., 2008). In a general context this is attributed to the changing nature of the work and employment relationships, the new set of expectations of the stakeholders, technological shifts and increase in globalization.

Compensation is defined as the financial remuneration given to employees in return to the services they provide to the organization. On the other hand, benefits are defined as the non-financial forms of rewards given to employees in addition to their cash salary for the services they offer to the organization. Benefits cover employees' indirect pay, things like health insurance and stock options but also social benefits such as parental leave. Compensation managers plan, direct, and coordinate how much an organization pays its employees and how employees are paid. Benefits managers plan, direct, and coordinate retirement plans, health insurance, and other benefits that an organization offers its employees.

2.2 Employee Satisfaction

An employee satisfaction can be defined as the happiness of an employee in an establishment. Employee satisfaction can be assessed as a gratification that is derived from the working conditions pay and reward structures, playing conditions, and how employees are overseen in the system.

Clark (1997) argued that if employees are not satisfied with the task assigned to them, they are not certain about factors such as their rights, working conditions are unsafe, co-workers are not cooperative, supervisor is not giving them respect and they are not considered in the decision making process, resulting them to feel separate from the organization. Furthermore, the author highlighted that in current times, firms cannot afford dissatisfied employees as they will not perform up to the standards or the expectations of their supervisor, they will be fired, resulting firms to bear additional costs for recruiting new staff. Therefore, it is beneficial for firms to provide flexible working environment to employees where they feel their opinions are valued and they are a part of the organization. Employee morale should be high as it will be reflected in their performance because with low morale, they will make lesser efforts to improve.

Many businesses fail to understand the importance of employee satisfaction and thus face a lot of difficulties during their work. Such organizations are internally weak therefore unable to introduce innovative products into the market to outshine their competitors (Aiken, Clarke & Sloane, 2002). Employee is an essential component in the process of achieving the mission and vision of a business. Employees should meet the performance criteria set by the organization to ensure the quality of their work. To meet the standards of organization, employee satisfaction is very important and employees need a working environment that allows them to work safely that may restrain them from performing upon the level of their full potential. Employee satisfaction is often thought to reflect the extent to which a worker likes his or her jobs. Spector (1997) elaborated that if employees realize that the firm considers them important and they satisfy on their organization, they will have high level of commitment, sense of ownership and loyalty for their organization.

2.3 Employee Loyalty

Loyalty is recognized as a virtue, albeit a problematic one. It is constituted centrally by perseverance in an association to which a person has become intrinsically

committed (Kleinig, 2014). Believers give loyalty to the organization and pride oneself and identity from it (Clark, 1972). Loyalty is characterized as a strong desire to maintain membership of an organization, and plays a positive role in retention of members in the organization (Marič et al., 2011).

According to Diem (2016), Loyalty is how much a person have attachment to a particular object, further that object can be anything, a person, a group of persons, an ideal, a particular job, or any causes which makes this person to show devotion. Loyalty has become one among vital concerns for organizations, especially within the context of the economic tensions associated with the psychological contract between employers and employees. Loyalty itself expresses by the persons struggle for doing good things for that particular object, such actions that shows the persons interest in that object (Waqas et al., 2014).

The loyalty of the employees is often viewed as the attitude towards a particular organization. According to Meyer and Allen (1991), loyalty is not such a lot the attitude that is important in organization but the action is of great impact. Solomon (1992) established that the loyalty of employee is the eagerness to remain touched with the organization. Employees' loyalty is an organizational citizenship behavior that reflects the allegiance to the organization to the promotion of its interests and image to the outsiders. (Bettencourt, Gwinner & Meuter, 2001). Employee is loyal to their organization when they show commitment and believe that it is the best option for them to work for the organization (Waqas et al., 2014).

As employee loyalty is the presumed outcome whether or not an employee is satisfied are defined in many ways by numerous researchers. Loyalty as defined by Logan (1984) is the strong relationship that ties employees to their particular organization even when it may not be monetary considerably to stay there. The definition of Elegido (2013) is employee's loyalty deliberately to promote an employer's best interests, even when some characteristic of one's self-interest beyond what would be required beyond by one's legal and other moral obligations.

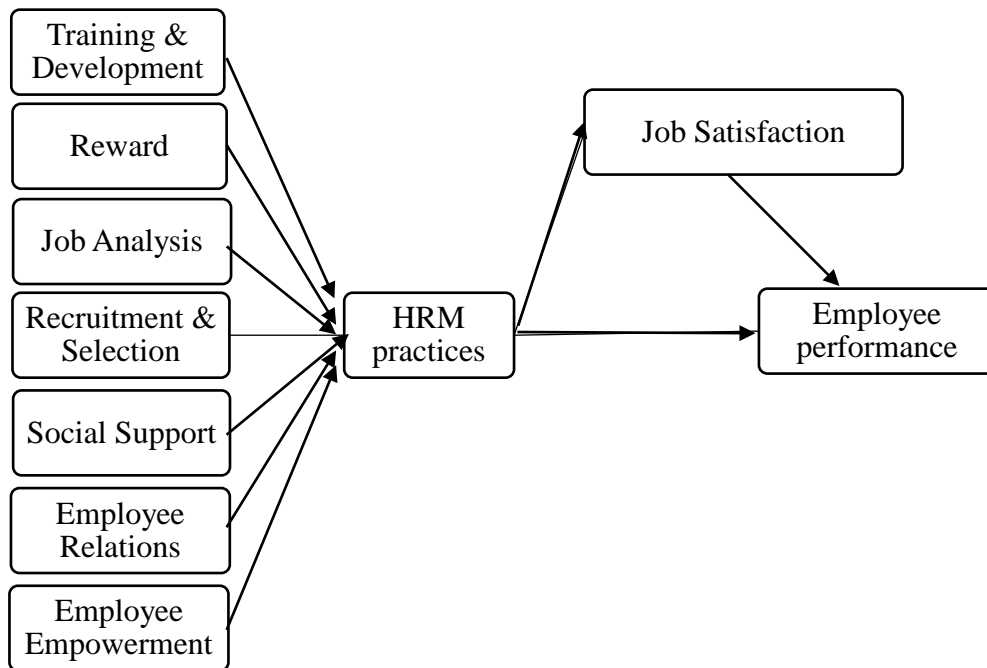
2.4 Previous Studies

This section presents models and findings of some previous researchers' findings on relationships of human resources management practices, employee satisfaction on employee performance.

2.4.1 The Effect of HRM Practices and Employee Job Satisfaction on Employee Performance

According to the study Mira et al., (2019), the relationship between human resource practices such as training & development, reward, job analysis, recruitment & selection, social support, employee empowerment and employee relationships and employee performance through job satisfaction is examined. The literature of human resource practices reconciles the role of human resource practices on employees' performance (Nassazi, 2013). In addition, this is in line with Maslow theory and Adam equity theory that employees are satisfied when their needs are fulfilled (Adams, 1965; Maslow, 1965). The conceptual framework of Mira et al., is shown in Figure (2.1).

Figure 2.1 Conceptual Framework of Mira et al.



Source: Mira et al. (2019)

The study found that, among seven HRM practices factors, training & development, reward, job analysis, recruitment and selection, social support, employee retention and employee empowerment were statistically significant with job satisfaction. The study also indicated that the employee performance was influenced by their satisfaction.

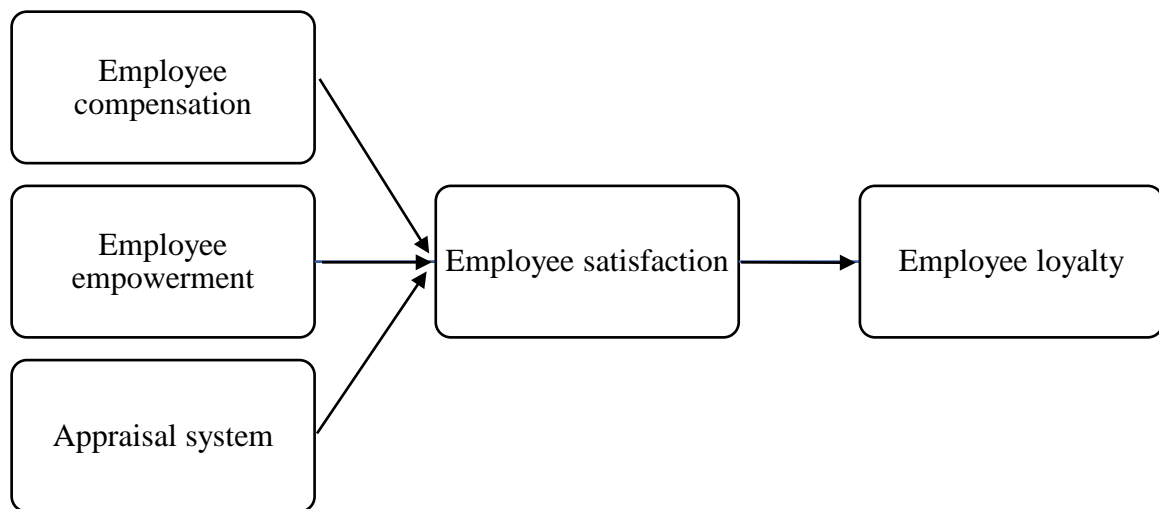
The study investigates the HRM practices affecting job satisfaction on cargo employees in SPA under the Saudi Government (public). The HRM practices include

training & development, reward, job analysis, recruitment and selection, social support, employee retention and employee empowerment whereas the outcome variable is job satisfaction. The link between variables to see the increasing HRM practices to respond to employee needs and expectations were tested.

2.4.2 The Effect of HRM Practices and Employee Job Satisfaction on Employee Performance

As the conceptual framework of this study, the relationship between the employee compensation, employee empowerment, appraisal system, employee satisfaction and employee loyalty are depicted. Correlation analysis was performed to test the relationship among these variables.

Figure 2.2 Conceptual Framework of Hassan



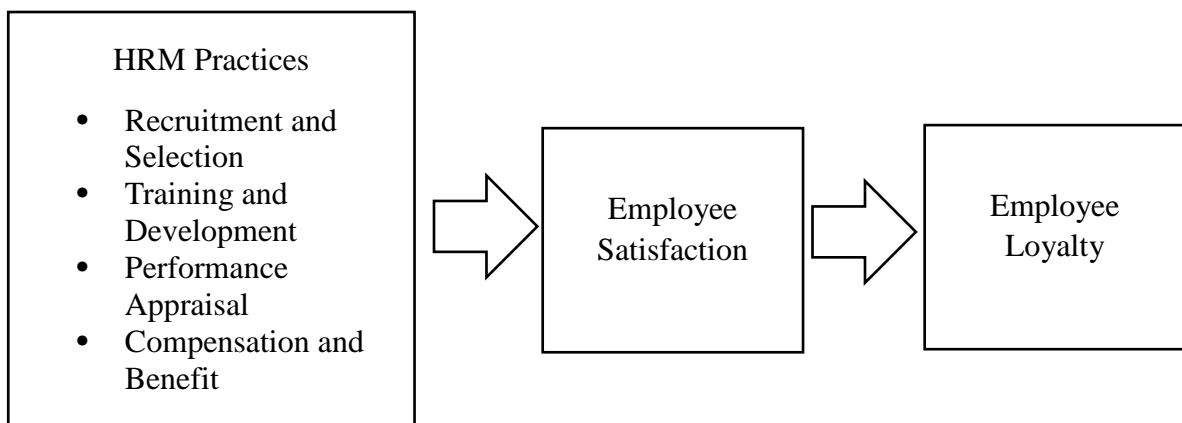
Source: Hassan (2013)

The findings of the study pointed out that there is a positive and significant relationship between compensation and employee satisfaction, between employee empowerment and employee satisfaction, between appraisal system and employee satisfaction. The relationship between employee satisfaction and employee loyalty is positive and significant as well.

2.5 Conceptual Framework of the Study

According to the results from the prior researches, the following conceptual framework is developed for this study. The conceptual framework of this study shows how human resources management practices effect on employee satisfaction and how employee satisfaction effect on employee loyalty of AERA Yangon. Human resources management practices are defined with four factors. The employee loyalty is inclined by employee satisfaction. The conceptual framework of the study is shown in the Figure (2.3).

Figure 2.3 Conceptual Framework of the Study



Source: Own Compilation (2022)

In the conceptual framework of the study, three major sections are involved. They are human resources practices, employee satisfaction and employee loyalty. To measure the level of human resources practices, four factors are used to collect the data. They are recruitment and selection, training and development, performance appraisal and compensation and benefit. Employee satisfaction is measured upon multifactor satisfaction questionnaires. Employee loyalty is measured based on multi-dimensional concept. Although previous studies measured the relationship between the HRM practices and employee performance, the employee satisfaction is explicitly linked to the employee loyalty in this study because of the nature of job of the AERA Yangon. This conceptual framework only explains the connection between employee satisfaction and employee loyalty. This framework describes how HRM practices impact on employee satisfaction and how employee loyalty is affected by employee satisfaction of employees at AERA Yangon.

CHAPTER 3

PROFILE AND HRM PRACTICES OF AERA, YANGON

This chapter involves two sections. This first section presents the profile of AERA, following this the research design, the reliability test, and the demographic profile of the respondents will describe. The last section of this chapter will discuss descriptive explanation of the human resources management (HRM) practices of employees in AERA based on the questionnaire results.

3.1 Profile of AERA

The American Club, officially known as AERA – American Embassy Recreational Association. The American Club is located off Parami Road, just north of the Inya Lake between Pyay and Kaba Aye Pagoda Road: # 27 Dubern Park (Malikha Road) Mayangon Township. Established in the mid-1960, AERA (The American Club) is well known among expatriates from west an east.

The Association conducts activities primarily for the benefits and welfare of the employees of the United States Embassy in Rangoon, Burma, for the benefit and welfare of the families of such employees, and for the benefit and welfare of such other persons as may from time to time be designated by the board of directors of the association.

Management of the Association is vested in a board of directors elected by full members (U.S. Embassy personnel and eligible family members). The Board consists of seven elected members serving one-year terms, an appointed representative of the ambassador, the community liaison coordinator, and general manager of the association. Only the seven elected board members have voting rights. Indeed, membership is not limited to American citizens, and is open to third country diplomats and businessmen. The membership roster of 200 is representative of 10 different nationalities.

Indoor facilities of AERA consist of two restaurants, a bar with a pool table, Darts boards, satellite TV (stocked with a variety of imported beer and liquor at the cheapest prices in town), a commissary with goods imported from USA (open to all diplomats). Outside, there is a swimming-pool (with new changing rooms), two tennis courts, a court of Volleyball/ basketball court, a playground and a softball field. The grounds are large and peaceful, and part of the complex that includes diplomatic residences as well. AERA is also known because non-members can participate in many activities that it is proud to

host throughout the year: The Yangon International Softball League, running from November to March on Sundays. For kids, there is the little league T-ball & Softball on Sundays from November to mid-March. The Monsoon Volleyball Tournament, non-competitive in June & July, and competitive in August & September. The Yangon Soccer League was starting in 1999 on the softball field.

In addition to the facilities and the sports programs, the members can some delicious food and drinks from our newly remodeled restaurant and bar. Take advantage of the beautiful sunny days to play a game of tennis on one of our two courts. Gym is open and ready for work outs!

Enjoy special events Quiz nights, Wine tastings, Luau's, Halloween, Thanksgiving, Kids Tennis Camp, Volleyball and Softball Leagues, Gift Bazaars, Commissary and catering services (from a decorated cake to a full-course sit-down dinner).

3.1.1 Facilities and Services Provided by AERA

Club Bar & Restaurant: Come enjoy a drink in The Peacock Room, have a pool-side meal or sit inside the air-conditioned Atrium Room and enjoy the free WiFi

Leisure & Recreation: From the swimming pool, playground, tennis courts and covered basketball court and volleyball, AERA has a lot to offer. AERA hosts an annual volleyball league and the Yangon International Softball League.

Gym & Fitness Centre: Modern and spacious gym gives members access to free weights, weight machines, treadmills and elliptical trainers. With lots of natural light and a view of the pool, it is a great place to work out.

Retail/Commissary: Craving that unique item which is not available from home. The famous commissary offers a wide variety of duty-free staples. There is an expansive selection of premium wine, beer and liquor and the largest selection of Bourbon in Myanmar.

Special Services: Catering: AERA provides an excellent catering service at reasonable prices. The catering menu offers an array of delectable choices.

Equipment Rental: Having a party with enough tables. Members can arrange for rental of tables, chairs, dinnerware, glassware, flatware, tablecloths, etc.

Birthdays/ Special Events: Celebrate a birthday or other holiday at the American Club. AERA also provides a children's birthday party package as well as other party

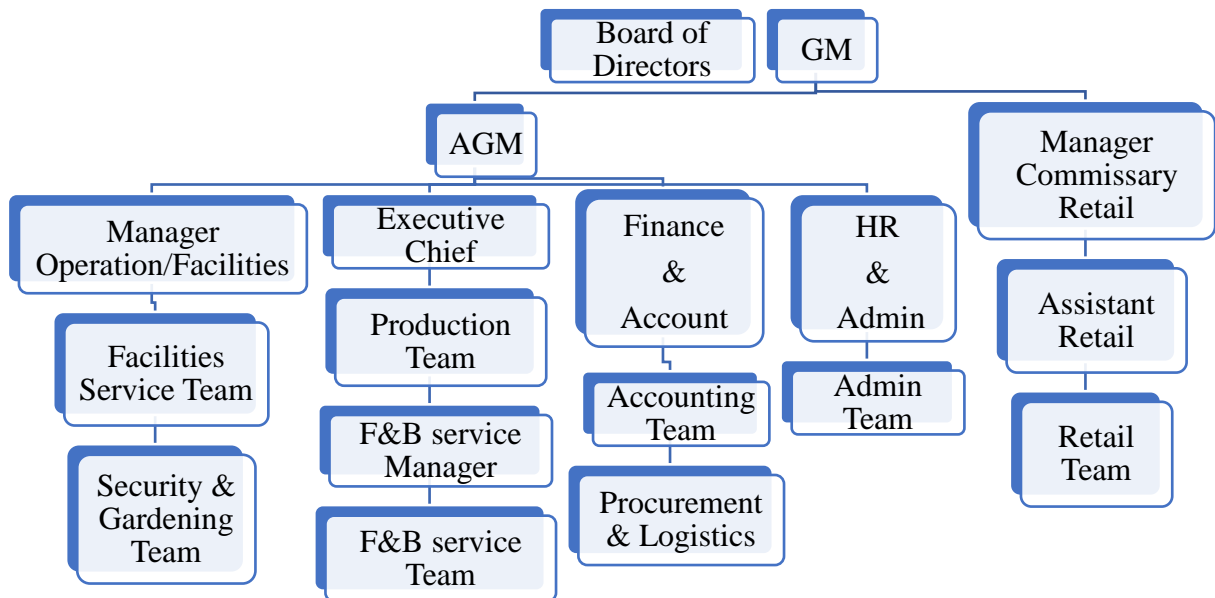
packages. AERA is open to hosting outside business events, lunches, seminars and conferences.

Cafeteria: Serving breakfast and lunch for over 200 employees (Americans and locals) at the embassy and students at the American Center.

3.1.2 Organization Structure of AERA

The following Figure presents the structure of AERA with several departments.

Finger (3.1) Organization structure of AERA



Source: AREA (2022)

Figure (3.1) refers to the main organization chart of AERA. There are seven sections in the AERA and their operation is mentioned as below in Table (3.2).

Table (3.1) Total Employees in the AERA

Sr.	Departments	Total Employees
1	Management Office	3
2	Admin/Human Resource	3
3	Finance and Accounting	8
4	Procurement and logistics	4
5	Facilities and Operation	27
6	Production, Service, Facilities Maintenance and Security	33
7	Retail/ Commissary	9

Source: AREA (2022)

There are total 87 employees in AERA Yangon from general workers to manager level. It is organized with main seven departments to undertake the functions well and smoothly.

3.2 HRM Practices of AERA

AERA has been one of the top employers in recreational business in Yangon with skillful employees and highest number of members in Yangon. According to the successful business operation in recent years, AERA offered competitive salary package for its staffs. AERA have strong human resources policies which are established in line with Government Labor Laws and other related rules and regulations. AERA develops HR strategies in order to develop employee' capacity and the performance of the company. Then, the company focuses employee satisfaction and employee loyalty based on HRM practices to the organization. In order to get these goals, AERA carefully plans how to motivate their employees.

(a) Recruitment and Selection practices of AERA

To be able to get the right candidates for the job, the organization focuses on recruiting activities which includes internal efforts, college hiring fairs, company Facebook page and newspaper advertisements. In the interviewing and screening required tasks, completing an application form, the structured and unstructured interview. Criteria

such as good attitude, honesty, punctuality, experience, skill, ability to learn new skills and knowledge, ability to cooperate with others and having interest in own works are basically evaluated. The hiring manager always directs effort toward the best option for recruiting the right candidates based in the needs of the current openings and forecasts for the future needs.

The applicants are selected on the basis of the following criteria such as education, competence, experience, skills and abilities, personal characteristics. By identifying the specific skills, knowledge and qualities, the company selects the right candidate. Rather than that, the company also conducts necessary the basic qualification of both the position and the company. In addition, following are the standardized steps of the selection process of AERA. They are initial screening, application blank, pre-employment testing, interview, background checks, conditional job offer, drug test/medical exam, final selection decision. Although the contents of the employment interview vary from one organization to another. AERA used to conduct the interview based on following contests. These are occupational experience, academic achievement, interpersonal skills, personal qualities, organizational fit.

The interviews are generally categorized into the following three types by AERA. Unstructured Interview, in unstructured interviews, open-ended questions are asked from the applicant in order to perform probing. It is generally non-directive in nature and the applicant is encouraged to give lengthy answers. Structured Interview, in a structured interview, a list of job-related questions associated with a particular job is asked. Particularly from each applicant in a consistent manner. It is a directive or pattern in nature and includes the following four kinds of questions. They are situational, questions, job knowledge questions, job-sample simulation questions and worker requirement questions. Mixed Interview, it is a special kind of structured interview in which specially designed questions. That are asked from the applicant to probe his past behavior in specific situations. It does not include the self-evaluative and hypothetical questions. Also inhibits to judge the personality of the applicant. The candidates are rated on the basis of their responses in the light of the bench-marked answer of successful employees. The following are the main ways of conducting interviews by AERA, one-on-one interview, group interview, board interview and stress interview.

AERA used to make background check for all candidates who selected. The accuracy of the application form of the candidate is verified through references and

former employer. The educational, criminal record and legal status to work are verified. Personal references of applicants are contacted to confirm the validity. Along with accuracy of the provided information. The effort is made to know the past behavior of the employees. So that the future behavior can be predicted from it. Background checks assist the selection committee in dropping the applicants. In fact that have past insubordination issues, attendance problems, theft, or special behavioral problems. The level of responsibility for the new job directs the intensity of the background investigation.

After going through all the previous steps of the selection process. There comes the most important step of the selection process in which the decision of hiring is made. So the applicant that best meets the requirements of the job is selected. At the start, a conditional job letter is issued which must be followed by a medical exam. When the conditional job letter is issued the next step of the selection process starts. In which the physical/medical examination of the selected candidate is conducted. The medical exam of the candidate is essential to check whether he takes the drugs or not. If he passes the exam, he would be finally selected for the job. After passing the medical exam by the candidate, the final offer for the job is made by AERA board approval. Basically to the candidate by the relative department.

(b) Training and Development

Training and development process is an organizational activity aimed at improving the performance of the individuals and groups of employees in the organizational settings. It is an organized activity for increasing the knowledge and skills of the employees. Training and development refer to educational activities within a company created to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks. AERA organize and design the respective training programs for all level of the staffs. The training and development take responsibility to open the training, to produce syllabus and to deliver the lectures as well. The company provides two types of training courses as in-house training: induction course and second level course.

Induction courses as a basic level is taught by supervisor to above. The board of training and development selects the in-house training courses which are required to implement for training and development program. And employees can have access the portal for the induction training before they start the job and then continue their learning

journey after their induction. AERA provides induction courses like food safety training, first-aid training, life safety training, computerize and software training, and how to use chemical for general cleaning.

As second level training courses, AERA provides the English languages courses so that the language skills of the employees would improve would be able to give service both local and foreigner without any language problem. In additional, AERA management offer oversea trip to attend management and advance management training conferences and workshops for general manager, new manager and chief accountant position annually to improve professional skills and know how to set up outstanding organization structure.

(c) Compensation and Benefit

To motivate the employees to enhance their organizational performance AERA practice the reward system. AERA provides non-financial and financial rewards based on the performance. AERA usually offers performance-based incentive plans, yearly bonus compensation. For non-financial rewards, the company offers programs like: employee of the month, employee of the year. In addition, appreciative feedback from the supervisors, managers and department head also serves as employee recognition which would help to boost their performances. If the employee is working hard, addressing all tasks expected and performing beyond expectations, the employer gives the employees a promotion as a sign of excellence. The promotion may indicate that the employee is ready for more responsibility in the organization and is mature enough to play a larger role in the business. Normal hours of AERA employees are forty (40) hours per five (5) day week; excluding one meal break of 30 minutes per shift per day. In accordance with duty rosters authorized by the General Manager, employees may be required to work rotating shifts and/or split shifts depending on the position and the requirements of the Association. Employee will be paid for actual hours worked. Overtime will be paid for hours exceeding 40 hours in one week. The overtime hourly rate is one and one-half (1 ½) times the regular hourly rate and requires Management's prior approval. Employees' salaries are calculated on a biweekly basis and salary will be based on USD that exchanged to local currency based on current exchanged rate on alternate Thursdays.

Retirement age is sixty (60) years and an employee retires from the Association at the end of the month in which he/she celebrates his/her 60th Birthday. The mandatory

retirement age is 60 years. Upon retirement an Employee will be given a one-time retirement payment based on 8.5% of their current annual salary at time of retirement multiplied by total years of service. (Current annual salary x years of service x 0.085 = retirement payment). The calculation for current annual salary is based on an Employee's monthly base salary (at time of retirement) multiplied by 12 months. Premiums will not be included in the calculation.

Employee will be eligible for severance after completing 6 months of service or more. Once eligibility is established, the Employee will be entitled to a severance payment calculated according to the following Severance Payment Plan. Completed Years of Creditable Service Amount of Payment Service, 6 months to less than 1 year ½ month's pay, 1 year to less than 2 years 1 month's pay, 2 years to less than 3 years 1 and ½ months' pay, 3 years to less than 4 years 3 months' pay, 4 years to less than 6 years 4 months' pay, 6 years to less than 8 years 5 months' pay, 8 years to less than 10 years 6 months' pay, 10 years to less than 20 years 8 months' pay, 20 years to less than 25 years 10 months' pay, 25 years and above 13 months' pay.

Partial years of service will be prorated (reduced) according to the period actually worked and will be included in the computation of service. The month's pay is based on an Employee's last salary (basic rates plus allowances and bonus) for the 12 months prior to termination divided by 12. Premiums will not be included in the calculation. Severance will only be paid if the Employee is made redundant as a result of a reduction in force. An Employee's right to severance pay shall be forfeited if his/her contract is terminated for cause, such as, but not limited to, security reasons, malfeasance, misconduct, unsatisfactory performance of duties, insubordination, theft, fraud, accepting or soliciting favors or gifts or if the Employee voluntarily resigns from their position.

(d) Performance Appraisal Practices

Performance appraisal process of AERA is evaluating the performance of AERA employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives. Effective performance for the organization means that output can be maintained with fewer numbers of employees. Performing effectively is also of crucial importance to the employee because organizations can no longer tolerate poor performance, they (employees) are more likely to be dismissed. The effective

management performance, therefore, is not only vital for the long-term survival of the organizations but is also a moral obligation on the employees.

AERA's performance appraisal provides information for making decisions about various issues such as promotions, pay increases, layoffs, training and development and transfers. It is management's powerful tool in controlling human resource and productivity. Managers can improve an employee's job performance through clarifying expectations and evaluating performance

Before the process of performance appraisal, each department head has responsibility to define job description and way to reach the target. The management of the AERA let the employees know the benefit and rewards they are achieved when they fulfill their responsibility. During the performance appraisal, employees are explained by their main responsibilities and how they are rate by performance appraisal. Employees need to understand the way to do their job easily and the problem that may arise while doing their job. After the performance appraisal, the appraiser makes fair and unbiased result of performance rating and let the employees know their result and discuss with them thereafter.

The employees' performance review conducted to all employees each year consisting of discussions between the supervisor and the staff members and a writing record of the appraisal. Reviewing of the performance of employees, this stage involves documenting performance through observing, recalling, evaluating, written communication, judgment and analysis of data. This is like putting together and appraisal record. After the appraisal feedback session is desirable. This session involves verbal communication, listening, problem solving, negotiating, compromising, conflict resolution and reaching consensus. Finally, after getting all the results, asses the basis of appraisal and feedback results, various decision can be made about giving rewards [e.g. promotion, incentive, etc.] and punishments [e.g. demotion, dismissal, etc.].

The outcome of appraisal system also be used for career development. The last stage of performance appraisal is "development performance", or professional development, by providing opportunities for further study, such opportunities can also act incentive and rewards to employees.

Performance appraisal of the AERA is normally done once a year in January. The performance appraisal period is two weeks and the performance appraisal document have to send back to management office. Annual performance appraisals are designed to

document and summarize feedback that employees have received throughout the year. Feedback through formal performance appraisals is important to employees and can affect various personnel-related actions. When completing a performance appraisal, a supervisor should focus on the employee’s job performance (his or her competence or ability to perform the job) and work-related behavior (the way in which the employee performs the job), using specific language and examples of work performance or behavior observed throughout the evaluative period. Performance and development goals should also be identified for the future.

Rating scales are used in performance management systems to indicate an employee's level of performance or achievement. These scales are commonly used because they provide quantitative assessments, are relatively easy to administer and assist in differentiating between employees. ... Rating scales also may be narrative. The employee’s performance is evaluated based on factors in five performance categories. Each factor should be given a point value based on the employee’s performance, as indicated below;

Table (3.2) Performance Appraisal Rating of AERA

Score	Explanation
O- outstanding (64-49)	Superior performance; all standards met, majority exceeded. Each checkmark is worth 4 points
VG – Very Good (48-33)	Commendable performance; all standards met, some exceeded. Each checkmark is worth 3 points.
G – Good (32-17)	Acceptable performance; most standards met. Each checkmark is worth 2 points.
NI - Needs Improvement (16-1)	Performance below standard; majority of standards not met. Each checkmark is worth 1 point.
U – Unacceptable (Less than 0)	Total performance falls below standard; employment in jeopardy. Each checkmark is worth 0 point.

Source: AERA, 2021

AERA is applying the Graphic Rating Scale performance appraisal method for all AERA employees. Graphic Rating Scale method is a type of performance appraisal

method. In this method traits or behaviors that are important for effective performance are listed out and each employee is rated against these traits. The rating helps employers to quantify the behaviors displayed by its employees. A graphic rating scale lists the traits each employee should have and rates workers on a numbered scale for each trait. The scores are meant to separate employees into tiers of performers, which can play a role in determining promotions and salary adjustments. The method is easy to understand and quite user friendly. It allows behaviors to be quantified making appraisal system much easier. However, the scale has disadvantages that make it difficult to use as an effective management tool. Even with intense training, some evaluators will be too strict. Some will be too lenient, and others may find it hard to screen out their personal agendas. Although it is good at identifying the best and poorest of employees, it does not help while differentiating between the average employees.

The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

AERA set the performance standard one year before appraisal. Normally all employees have individual Job Description, it must be update and align with current department and position, then supervisor are set the key result area for their staff to align with higher level goals. Below is the standard form of AERA Employees' Performance appraisal using by Graphic Rating Scale method.

It is the responsibility of the AERA management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

The most difficult part of the Performance appraisal process of AERA is measuring the actual performance of the employees that is the work done by the

employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employee's work.

AERA is compared the actual performance with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

The result of the appraisal is communicated and discussed with the employees on one-to-one basis in AERA. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus.

The feedback given with a positive attitude as this can have an effect on the employees' future performance. Managers are providing valuable feedback with helpful and positive way to correct mistakes done by the employees and help them to motivate for better performance but not to de-motivate. The manager or supervisor are handled very carefully as it may leads to emotional outburst if it is not handing properly. And also need to prepare before giving them feedback as it may be received positively or negatively depending upon the nature and attitude of employees.

AERA's reward system exists in order to motivate employees to work towards achieving strategic goals which are set by entities. AERA reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility. Management of AERA helps keep employees happy, loyal to the company, and eager to move up the ladder. AERA rewards system, like public recognition and additional pay, motivate employees to work harder. Reward management is important for the following reasons: Creates a healthy work environment. Employee recognition plays an important role in AERA's culture and rewarding staff for their hard work has a number of benefits for both parties. Showing your staff you appreciate them can increase productivity, encourage team work and even help you to attract talented new recruits to your business.

AERA Employees who were promoted based on employees' performance appraisal result in last year shown in Table (3.4)

Table (3.3) Promotion List for Year 2021

Sr.	Department	Number of Promotion
1	Management Office	1
2	Admin/Human Resource	1
3	Finance and Accounting	1
4	Procurement and logistics	1
5	Facilities and Operation	1
6	Production and Service	3
7	Retail/ Commissary	1
	Total	9

Source: AERA, 2021

As per above promotion list.

1. In Management office, Management Assistant promoted as a Management Supervisor
2. In Admin and HR department, Admin Assistant promoted as a Jr. Admin Manager
3. In Accounting department, Billing & Cashier promoted as a General Cashier
4. In Procurement and logistics department, procurement clerk promoted as a Procurement Supervisor
5. In Facilities and Operation department, Operation Assistance promoted as an Operation Supervisor.
6. In Production and Service department, Commis Chef promoted as a Demi Chef, Steward promoted as a Commis and Sr. Bartender promoted as a Bar supervisor.
7. In Retail/ Commissary, department, Retail Clerk promoted as Retail Assistant.

3.3 Demographic Characteristics of Respondents

The demographic factors of respondents from AERA are characteristics of population such as gender, age, marital status, education background and working experiences in the recreational industry. Each characteristic has been analyzed in terms of

absolute value and percentage. The data collected from this survey about respondent's profile is organized in Table (3.2).

Table (3.4) Demographic Data of the Respondents

No.	Statements	Category	No. of Respondents	Percent %
	Total Respondents		87	100.00
1	Gender	Male	66	75.86
		Female	21	24.14
2	Age (Years)	21 to 30 years	42	48.28
		31 to 40 years	27	31.03
		41 to 50 years	17	19.54
		51 to 60 years	1	1.15
2	Marital Status	Single	42	48.28
		Married	45	51.72
4	Level of Education	Under Graduate	45	51.72
		Bachelor Degree	35	40.23
		Master Degree	7	8.05
5	Working Experiences (Years)	Less than 5 year	37	42.53
		6-10 years	37	42.53
		11-15 years	5	5.75
		16-20 years	1	1.15
		More than 20 years	7	8.04

Source: Survey Data (2022)

As shown in Table (3.2), the gender distribution in which 66 of male respondents as a percentage 75.86% from the total sample while 21 of female respondents as a percentage 24.14 from the total sample. Most of the respondents are males. This is because the men are more suitable than women because of the work nature of recreational field. There are 48.28% of the respondents as single and 51.72% is married. According to this data, the recreational industry's respondents prefer the single life and they devoted themselves wholly in their work.

According to the result, the respondent's age group distribution is categorized into four kinds: age under 20 years, 21-30 years, 31-40 years, 41-50 years and 51-60 years respectively. From the result of the analysis on age of the respondents, it is found that the age group between 21-30 years share 42 respondents with 48.28%, the age group of 31 - 40 years answers 27 respondents with 31.03%, the age group of 41-50 year responds 17 respondents with 19.54% and the age group of 51-60 year responds 1 respondent with 1.15% respectively. Therefore, it can be concluded that most of the respondents of age group are between 21 and 30 years. In addition, most of the young people are interested in work nature of AERA.

According to the survey of 87 respondents, the majority of the respondents (51.72%) are the under graduated and (40.23%) are bachelor degree holders, the fewer respondents are the master degree holders. The result found that most of the respondents are employee group who are working under upper middle level position in AERA.

According to the result, the respondent's working experience group distribution is categorized into four kinds: less than 5 years, 6-10 years, 11-15 years, 16-20 years and more than 20 years respectively. The majority of the respondents' working experience may be less than 5 years with 42.53% of the total respondents and between 6 and 10 years with 42.53% respectively. Few of the respondents are 7 respondents with 8.04 and 1 respondents with 1.15 %. It can be assumed that, most of the employees in AERA are experienced under 10 years according to the result data.

3.4 Reliability Test

The Cronbach's alpha test or the reliability coefficient was used to determine the internal consistency between the multiple dimensions of a variable in a questionnaire. Sekaran (2000) defined that all questions of each variable are needed to measure the reliability which may apply Cronbach's coefficient alpha scale. If the result of the calculation of the alpha test is above 0.6 or equal to 0.6, all questions are consistent and reliable to be applied as the research instrument for this study. (Sekaran and Bougie, 2000).

Cronbach's alpha ranges in value from 0 to 1 and is used to describe the reliability of factors of extract from questionnaires. According to Gliem and Gliem (2003), the closer Cronbach's alpha coefficient to 1.0 the greater the internal consistency of the items in the scale (Sekaran, 2000). If alpha is less than 0.6 which means the results are

unreliable. The result 0.6 or 0.7 indicates that the data resulted is reliable. Table (3.5) describes the reliability of the research instruments and the Cronbach’s alpha found in the study of preceding factors on HRM practices, and the relationship between employee satisfaction and employee loyalty.

Table (3.5) Reliability Test

Variable	Alpha Value	No. of Questions
Recruitment and Selection	0.878	10
Training and Development	0.702	10
Compensation and Benefit	0.912	10
Performance Appraisal	0.932	10
Employee Satisfaction	0.939	10
Employee	0.951	10

Source: Survey Data (2022)

The Table (3.5) shows that the values of the reliability analysis which are tested the Cronbach’s alpha outcome. Alpha values for all the variables are more than 0.6, and which indicates all the questions are reliable and suitable to apply as the research instrument for this study.

CHAPTER 4

ANALYSIS ON HRM PRACTICES ON EMPLOYEE SATISFACTION AND EMPLOYEE LOYALTY OF AERA

This chapter includes the three sections. The first section is to identify the human resources management practices in AERA Yangon. The second section is to describe the level of employee satisfaction and employee loyalty. The third section is to examine the effect of human resources management practices on employee satisfaction and the final section is to analyze the effect of employee satisfaction on employee loyalty of AERA Yangon.

4.1 HRM Practices of AERA

In this study, HRM practices factors of recruitment and selection, training and development, performance appraisal, compensation and benefit are analyzed to identify the level of these practices performing by AREA. The results of each HRM practices are presented in Table (4.1), (4.2), (4.3) and (4.4).

4.1.1 Recruitment and Selection

Recruitment and selection is one of the HRM practices. Ten questions are used to measure the employee perception of recruitment and selection practiced by AREA. The mean score of recruitment and selection are shown in Table (4.1)

Table (4.1) Recruitment and Selection

No.	Recruitment and Selection	Mean	Std. Deviation
1	Unstructured interviews to determine the suitability of candidates for a vacant position.	3.43	0.5201
2	Structured interviews to determine the suitability of candidates for a vacant position	3.51	0.5255
3	Selection methods used are important.	3.51	0.6076
4	Recommendation and/or personal acquaintance with the potential candidate are important.	3.63	0.6309
5	Selection criteria based on informal qualifications are important	3.63	0.6309
6	The company attracts high quality employees	3.77	0.6416
7	The company website is constantly updated with the latest vacancies	3.91	0.7870
8	The company recruitment is fair.	3.63	0.5729
9	The company includes the employees in the planning process	3.62	0.5549
10	The company forecasts the human resource needs.	3.66	0.6960
	Overall Mean	3.63	

Source: Survey Data (2022)

According to the Table (4.1), the overall average mean value is 3.63. This value is above the neutral score of 3. It shows that the organization recruitment and selection system is effective. The largest mean value of recruitment and selection is constantly updated company website with the latest vacancies. The least mean score are unstructured and structured interviews to determine the suitability of candidates for a vacant position and selection methods used are important. The second highest mean value points out that the company attracts high quality employees. They are also satisfied about the fair recruitment system and the company forecasts the human resource needs. Overall mean score of employee satisfaction is above agree. Therefore, it can be interpreted that employee of AERA are satisfied on recruitment and selection practices of AERA.

4.1.2 Training and Development

The second component of HRM practices in this study is training and development. To measure the employee perception on training and development practices of AREA, ten questions are used. The mean score of training and development are shown in Table (4.2)

Table (4.2) Training and Development

Sr. No.	Training and Development	Mean	Std. Deviation
1	Concerned about the quality of Training.	3.40	0.6187
2	Adopts continuous training to improve performance	3.55	0.6243
3	Planes ahead for the training programs.	3.94	3.3319
4	Uses advanced technology in training Programs.	3.63	0.7793
5	Has cross-departmental training programs.	3.71	0.7299
6	Uses new approaches for training programs.	3.60	0.7386
7	Encourages team-work seminars.	3.79	0.7646
8	Receive recognition and appreciation for abilities, efficiency and good work done.	3.77	0.7266
9	Given a fair chance, by the head of the concerned department to attend the workshops and training programs.	3.70	0.8086
10	Good opportunities to learn new skills and new jobs	3.97	0.8134
	Overall Mean	3.71	

Source: Survey Data (2022)

According to the survey results shown in Table (4.2), the average mean value of training and development is 3.71. It can be seen that employees believe they are receive training and development opportunities provided by AERA. The study also found that the highest mean value is 3.97. The highest mean value is "employees have good opportunities to learn new skills and new jobs within the organization". It can be assumed that employee of AERA perceive they have good opportunities to learn. The lowest mean value is concerning about the quality of training. Employees of AERA appreciate the

training and development practices although they are concern about the quality of training.

According to second highest mean value, AERA plans ahead for the training programs. AERA used to conduct management and advance management training annually for senior manages and new managers. And food safety training, first-aid training and life safety training biannually for related employees. AERA employee are satisfied about the organization encourages team-work seminars and employees received recognition and appreciation for abilities, efficiency and good work done as well. Overall mean score of employee satisfaction is above agree. Therefore, it can be interpreted that employee of AERA are satisfied on training and development practices of AERA.

4.1.3 Compensation and Benefit

The third component of HRM practices in this study is compensation and benefit. To measure the employee perception on compensation and benefit practices of AREA, ten questions are used. The mean score of compensation and benefit are shown in Table (4.3).

Table (4.3) Compensation and Benefit

Sr. No.	Compensation and Benefit	Mean	Std. Deviation
1	Concerned about employees' needs.	3.49	0.5472
2	Provides employees with the type of benefits they need.	3.53	0.5673
3	Provides benefits that compare favorably in the sector.	3.76	0.6281
4	Uses non-cash compensation alternatives.	3.76	0.6983
5	Uses fair incentive system.	3.84	0.6798
6	Compensation system is reviewed periodically.	3.71	0.6631
7	Provides excellent benefits and welfare facilities	3.85	0.6910
8	All the allowances and advances are provided on time	3.91	0.8016
9	Medical facilities are adequate and provided on time	3.94	0.8121
10	Being paid fairly in comparison to others.	3.97	0.8276
	Overall Mean	3.78	

Source: Survey Data, 2022

According to the survey results shown in Table (4.3), the overall mean value is 3.78. It can be seen that employees assume compensation and benefit provided by AERA is fair and attractive. The study also found that the highest mean value is 3.97. The highest mean value is "employee being paid fairly in comparison to others". This finding indicates that company has fair payroll system and it can compare with other organization, therefore, the employees are content with their compensation. The lowest mean value is concerned about employees' needs. This can be said that employees expect compensation and benefits is match with their needs. Overall mean score of employee satisfaction is above agree. Therefore, it can be interpreted that employee of AERA are satisfied on compensation and benefit practices of AERA.

4.1.4 Performance Appraisal

The last component of HRM practices in this study is performance appraisal. To measure the employee perception on performance appraisal practices of AREA, ten questions are used. The mean score of performance appraisal are shown in Table (4.4).

Table (4.4) Performance Appraisal

Sr. No.	Performance Appraisal	Mean	Std. Deviation
1	The appraisals are read out and known to the concerned employees on time.	3.77	0.5645
2	Good understanding of the appraisal criteria	3.85	0.6910
3	Performance appraisal system is very effective	4.07	0.7323
4	Appraisal outcomes are fair, performance was fairly rated	4.22	0.7986
5	Has a professional appraisal system.	3.63	0.5523
6	Considers employees 'accountable for their work	3.68	0.5602
7	Provides feedback to employees'.	3.86	0.6133
8	Aware of its employees 'opinions.	4.05	0.7762
9	Evaluation system is fair and honest.	4.11	0.7537
10	Supports employees' development.	4.15	0.8145
	Overall Mean	3.94	

Source: Survey Data, 2022

The mean value of each question on performance appraisal is presented in table (4.4). The overall mean is slightly above agreed. It shows that the performance appraisal practices at AERA are moderately good. The three highest mean scores indicate that Appraisal outcomes are fair, performance was fairly rated, evaluation system is fair and honest and company supports employees' development. The rest of mean values illustrate that performance appraisal practices at AERA is well implemented. According to the results, it can be interpreted that performance appraisal practices of AERA is good.

4.2 Employee Satisfaction of AERA

Employee satisfaction of AERA is described based on the mean values in the following Table (4.5). To measure the employee perception on their satisfaction, ten questions are applied in this study. The mean score of employee satisfaction are shown as follow.

Table (4.5) Employee Satisfaction

Sr. No.	Employee Satisfaction	Mean	Std. Deviation
1	Provided with clear instructions and sufficient facilities regarding new assignments.	3.67	0.6036
2	Clearly informed about what exactly is expected of regarding work.	3.67	0.6589
3	Takes good care of the problem of the employees and tries to solve or redress them with proper counseling.	3.87	0.7121
4	Satisfied with their work	3.87	0.6956
5	Feel there are real opportunities for career development.	3.80	0.7900
6	The company cares about them.	3.82	0.7705
7	Recommend the company as a place to work.	3.76	0.7308
8	Use all the skills and abilities on the job.	3.98	0.7621
9	Feel they have job security.	4.11	0.8684
10	Feel the things they do on the job are significant	3.84	0.7132
	Overall Mean	3.84	

Source: Survey Data, 2022

The results show that employees who are working at AERA satisfy concerning clear instruction and sufficient facilities, providing clear information and proper counseling, career opportunities, job security and being job significant. Specifically, they are satisfied with their work since company takes good care of the problem of the employees and tries to solve or redress them with proper counseling.as soon as possible. Moreover, employees feel there are real opportunities for career development and the things they do on the job are significant. Therefore, there is strong employee satisfaction within organization in AERA.

4.3 Employee Loyalty of AERA

Employee loyalty of AERA is explained based on the mean values in the following Table (4.6). To measure the employee perception on their loyalty, ten questions are used in this study. The mean score of employee loyalty are presented as follow.

Table (4.6) Employee Loyalty

Sr. No.	Employee Loyalty	Mean	Std. Deviation
1	Enthusiastic about their job	4.11	0.7537
2	Defends the organization when other employees criticize it	3.97	0.8415
3	Shows pride when representing the organization in public.	4.06	0.8263
4	Actively promotes the organization's products, facilities, and services to potential users	4.08	0.8383
5	Remaining in this company even higher salary.	4.08	0.8789
6	Making a greater effort to success this company.	3.99	0.8421
7	Recommending to others working in this company.	4.03	0.7693
8	Being happy to work at company until retire.	3.80	1.0657
9	Being proud to be an employee in this company	4.11	0.8684
10	Feel loyalty to this company	4.28	0.8851
	Overall Mean	4.05	

Source: Survey Data, 2022

According to the survey results shown in Table (4.6), the overall mean value is 4.05. This can be assumed that employees of AERA feel loyalty to this company and they are being proud to be an employee in this company. The high mean values are concerned with "enthusiastic about their job", "being proud to be an employee in this company" and "feel loyalty to this company". The lowest mean value is being happy to work at company until retire. Based on the results of the studying, it can be generally said that employees of AERA would like to stay with proud and happy in this organization.

4.4 Analysis on the Effect of HRM Practices on Employee Satisfaction of AERA

Multiple regression analysis is used to test the impact of independent variable (recruitment and selection, training and development, compensation and benefit, performance appraisal) on dependent variable (employee satisfaction). The results are shown in the Table (4.7).

Table (4.7) Effect of HRM Practices on Employee Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.491**	.241		-2.035	.045		
Recruitment and Selection	.187**	.086	.136	2.182	.032	.542	1.844
Training and Development	.134**	.053	.149	2.527	.013	.601	1.665
Compensation and Benefit	.284***	.098	.251	2.905	.005	.280	3.569
Performance Appraisal	.529***	.093	.492	5.682	.000	.280	3.571
R	.910 ^a						
R Square	.828						
Adjusted R Square	.820						
Durbin-Watson	2.394						
F Value	98.649***						

Source: Survey Data (2022)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to the Table (4.7), R square is 0.828. and adjusted R square is 0.82. This model can explain 82% about the variation of dependent variable (employee satisfaction) with independent variable (human resources management practices). The value of F test, the overall significance of the model, is highly significant at the 1 percent level. This specified model can be said valid. According to the result, Durbin-Watson value is 2.394 (acceptable level is between 1.5 and 2.5). All the VIFs (Variance Inflation Factor) of independent variables is less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

As shown in Table (4.7), all of the human resources management practices: recruitment and selection, training and development, compensation and benefits and performance appraisal have significantly positive effect on employee satisfaction. Compensation and benefits, and performance appraisal have 1% level statistically significant effect on employee satisfaction. Recruitment and selection, and training and development have 5% level significant effect on employee satisfaction.

A unit increase in practices concerning recruitment and selection, results in 0.187 unit increase in employee satisfaction while all other variables are remained constant. In addition, the study also points out that one unit increase in practices concerning training and development will lead to increase in 0.134 unit increase in employee satisfaction. Moreover, the study mentioned that one unit increase in compensation and benefits will lead to increase in 0.284 unit increase in employee satisfaction. The study also explored that one unit increase in performance appraisal will lead to increase in 0.529 unit increase in employee satisfaction. Based on these results, it can be said that performance appraisal has more significant effect on employee satisfaction that the remaining human resources management practices. This is because, employees are informed about the performance appraisal system since the orientation period. Most of the employees perceived that this performance appraisal system is fair. Moreover, performance appraisal system is linked with their annual award, promotion and salary.

The results indicated that AERA used to practice effective, fair and honest performance appraisal system. AERA management supported employee development based on employee opinions by providing feedback and good understanding of appraisal criteria. AERA provided attractive wage and salary, benefits and awards, incentives and unique opportunities like providing leave, insurance and recognizing the needs of retired employee welfare. It is found that HR practices of AERA make sure the company attracts

and keeps the people it need and develop the effective workforce due to its quite strict and well-defined policy procedures, transparency in recruitment and selection practice and offering equity and fairness to all candidates without any discrimination or restrictions.

HR managers systematically analyzed the training requirements for technical, interpersonal and management skills and employees are also given a right to suggest what kind of training they need. Therefore, its training practices ensure that all positions are occupied by the staff who have the knowledge, skills and experience. It is found that its HRM practices lead to implement their activities in accord with effective performance appraisal system, attractive compensation and benefit plan and their training objectives, and fair policies of recruitment and selection enables to achieve the objectives of AERA. The findings of the study pointed out that there is a positive and significant effect of HRM practices on employee satisfaction.

4.5 Analysis on Effect of Employee Satisfaction on Employee Loyalty

Multiple regression analysis is used to test the impact of independent variable (employee satisfaction) on dependent variable (employee loyalty). The results are shown in the Table (4.8).

Table (4.8) Effect of Employee Satisfaction on Employee Loyalty

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.014	.258		.056	.956		
Employee Satisfaction	1.052***	.066	.864	15.843	.000	1.000	1.000
R	.864 ^a						
R Square	.747						
Adjusted R Square	.744						
Durbin-Watson	1.521						
F Value	251.003						

Source: Survey Data (2022)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to the Table (4.8), R square is 0.747. and adjusted R square is 0.744. This model can explain 74% about the variation of dependent variable (employee loyalty) with independent variable (employee satisfaction). The value of F test, the overall significance of the model, is highly significant at the 1 percent level. This specified model can be said valid. According to the result, Durbin-Watson value is 1.521 (acceptable level is between 1.5 and 2.5). All the VIFs (Variance Inflation Factor) of independent variables is less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

As shown in Table (4.8), employee satisfaction has significantly positive effect on employee loyalty. Employee satisfaction has 1% level statistically significant effect on employee loyalty. Recruitment and selection, and training and development have 5% level significant effect on employee satisfaction.

A unit increase in employee satisfaction, results in 1.052 unit increase in employee loyalty while all other variables are remained constant. More of the employee satisfaction will lead to more of the employee loyalty. By increasing employee satisfaction, AERA can retain the talented and loyal employee. Therefore, the more satisfied the employee is the higher in job performance at workplace.

The result indicates that there is positively and significant effect of employee satisfaction on employee loyalty. According to the survey results, it can be interpreted that the satisfied employees at AERA leads to higher loyalty in the organization. If the employee feels energetic, enthusiastic, inspiration and commitment to their work, they work not only for their own duties and responsibilities but also for their co-workers and organization. Thus, the implication on this study is that the more satisfied employees are there in the organization, the more their loyalty for the organization is. Employee loyalty is explicitly related to the employees' satisfaction on HRM practices of AERA

CHAPTER 5

CONCLUSION

This chapter deals with the findings and discussions upon human resources management practices and the effects of them on the level of employee satisfaction at AERA Yangon. Moreover, the effect of employee satisfaction on the level of employee loyalty is also discussed. Based on these findings and discussions, the suggestions and recommendations for the enhancement of employee satisfaction and employee loyalty are made. Finally, the needs for further research are discussed.

5.1 Findings and Discussions

This study attempts to explore the human resources management practices and to analyze the effect of human resources management practices on employee satisfaction, and to analyze the effect of employee satisfaction on employee loyalty of AERA Yangon.

On the findings of the analysis, overall mean values of recruitment and selection, training and development, compensation and benefits, and performance appraisal are proper condition. It can be assumed that employee perception on HRM practices of AERA Yangon is pretty good.

The findings of the study show that all of these HRM practices have positively significant effect on employee satisfaction. Therefore, human resources management plays an important role to improve employee satisfaction. Among these HRM practices, the highest mean value is concerning with performance appraisal and the two lowest mean values are relating with recruitment and selection, and training and development. Performance appraisal is the most determinant factor because this factor has the highest standardized coefficient beta value.

Employee satisfaction with the performance appraisal plays an essential role in their long-term efficiency. The performance appraisal system cannot be deemed efficient if employees do not see the use of it and its fair and equitable nature. The efficiency of a performance system depends not only on the validity and reliability of the performance appraisal measures but also on the employees' reaction.

According to the findings, employee strongly satisfy with performance appraisal system of AERA. The results indicated that AERA used to practice effective, fair, and honest performance appraisal system. AERA management supported employee

development based on employee opinions by providing feedback and good understanding of appraisal criteria. Therefore, most of the employee are satisfied with performance appraisal system in their organization that effective, fair, honest and efficiency since there are some weaknesses.

Another important of human resource function is compensation and benefit. Regarding to this study, most employees at AERA are fully satisfied with AERA's compensation and benefit system since AERA provided attractive wage and salary, benefits and awards, incentives, and unique opportunities like providing leave, insurance and recognizing the needs of retired employee welfare. Overall, AERA's compensation and benefit system is attractive and comparable to others. So, it can increase employees' satisfaction and loyalty.

It is found that HR practices of AERA make sure the company attracts and keeps the people it need and develop the effective workforce due to its quite strict and well-defined policy procedures, transparency in recruitment and selection practice and offering equity and fairness to all candidates without any discrimination or restrictions. Regarding to this study, most employees at AERA are fully satisfied with AERA's recruitment and selection practices

Training and development programs are meant to add value to employees and improve employee performance. In AERA, defining the training needs is usually done by not only line manager but also employees themselves. HR managers systematically analyze the training requirements for technical, interpersonal and management skills and employees are also given a right to suggest what kind of training they need. Therefore, its training practices ensure that all positions are occupied by the staff who have the knowledge, skills and experience.

According to the analysis, employees are satisfied with HRM practices of AERA that concerned clear instruction and sufficient facilities, providing clear information and proper counseling, career opportunities, job security and being job significant. Specifically, they are satisfied with their work since company takes good care of the problem of the employees and tries to solve, redress them with proper counseling. Moreover, employees feel there are real opportunities for career development and the things they do on the job are significant. Therefore, there is strong employee satisfaction within organization in AERA.

Regarding to the study, employees of AERA feel loyalty to this company and they are being proud to be an employee in this company. The high mean values are concerned with "enthusiastic about their job", "being proud to be an employee in this company" and "feel loyalty to this company".

The finding of the study also points out that there is a positively significant effect of employee satisfaction on employee loyalty. It can be said that to retain talented employees within the organization, employee satisfaction is important. By enhancing the HRM practices such as performance appraisal, compensation and benefit, recruitment and selection, and training and development, the level of employee satisfaction will be increased which in turn will lead to employee loyalty.

Retention of highly skilled and loyal employees enables improving the organizational performance that significantly contributes to maintaining its completeness in the market and competitive advantages. Therefore, one of the key aspects of employee retention is improving employee satisfaction for sustaining high organizational performance.

5.2 Suggestions and Recommendations

According to the findings of the study, the employees perceive that AERA Yangon is performing in a proper manner concerning recruitment and selection, training and development, compensation and benefit, and performance appraisal. Based on the results of the mean values, however, the extent of these HRM practices are not high.

The result of the study shows that all these four HRM practices have positively significant effect on employee satisfaction. Among these HRM practices, performance appraisal is the main determinant factor because this is the highest standardized coefficient beta value. Although the over mean value of performance appraisal is highest, the value is less than four. Therefore, AERA management needs to more focus on performance appraisal system to enhance employee satisfaction. Performance appraisal practices such as having a professional appraisal system, fair employee accountable system, and informing performance feedback in a timely manner should be upgraded by reviewing current appraisal system weaknesses and considered employees accountable for their work and benefit they need.

The two lowest mean values are concerning with recruitment and selection, and training and development. These two HRM practices should be more emphasize because

they also have significant effect on employee satisfaction although the mean values are lower. Concerning recruitment and selection, both of unstructured and structured interviews should be more used to accurately determine the suitability of candidates for a vacant position. In addition, proper selection methods should be more used to choose the right person for a vacant position.

According to results, the organization still need to include the employees in the planning process, review selection method, and determine structured and unstructured interviews for suitable candidates. Regarding to training and development practices of AERA, the organization required to improve quality of training and adopt continuous training to improve performance. In addition, the organization need to use advance technology and new approaches for training programs. However, based on the results, most of the employees feel that they get good opportunities from the organization's training programs.

In addition, the study proves that employee satisfaction is the influencing factor on the employee loyalty. The more employee satisfaction they are loyal to the organization. Moreover, high commitment and full utilization of their skills and expertise in their work enable to excel the organizational performances. In other words, an increase of employee loyalty contributes significantly shaping the image of the organization. With the increase of job satisfaction their intention continuing their work life with the same organization increases and when the organization retains such employees, the performance of the organization improves.

Moreover, organizational ability to maintain and transfer employee knowledge and skills contributes notably for the organizational performance. It can be concluded that discovering and addressing factors influencing in employee satisfaction are essential for the employee retention. In this regard AERA Yangon should formulate and implement sound human resource strategy and policies that enable the organization strengthening employee retention. Therefore, it is found that its HRM practices lead to implement their activities in accord with effective performance appraisal system, attractive compensation and benefit plan and their training objectives, and fair policies of recruitment and selection enables to achieve the objectives of AERA. In this regard AERA should continuously increases standard of HRM practices and strategy policies that employee satisfaction positively effect on employee loyalty.

The study recommended to the top management in AERA to improve their support for the use of human resource management, and to enhance the consultation of experiences to build a strong HRM system. And AERA management need to be more transparent with their recruitment process to the current and potential employees. AERA require to work on the quality of training that AERA provided to their employees and include them in the building process of these program in order to implement programs that increase their thinking and analysis skills. The study recommended the top management to implement a fairer incentives system that provides the employees with the benefits they need other than the basic ones, like health care and other non-cash benefits.

The study recommended to AERA management to be more aware of their employee opinions by having an “open door” policy to their lower-level employees. AERA management should provide constant feedback thus implementing a more fair and honest evaluation system that demands realistic expectation from employees. AERA management need to empower their employees by giving employees the chance to tryout their learned skills on the giving jobs. In additional, management need to help them set realistic goals for performing their work as a result of their training.

5.3 Needs for Further Research

According to the results, this study only focuses on four factors of HRM practices: recruitment and selection, training and development, performance appraisal, and compensation and benefit of AERA Yangon. This study also emphasizes on employee satisfaction and loyalty in AERA.

In terms of other possible future lines of research, it would be suggested three possible studies. Firstly, researchers should consider carrying out other motivators such as pay, salary increase, leave and overtime payment. Secondly, it is important to consider the study and direct effects that workplace safety management on job satisfaction incorporating new and similar organizations. Lastly, there is the possibility of including new variables in the empirical model for contrast, with a view to widening and enriching the different cause-effect relations proposed. Therefore, these studies should be done as the further studies.

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APPENDIX A

SERVEY QUESTIONNAIRES

Section (A): Demographic Profile of the Respondents

No.	Statements	Category
	Respondents	
1	Gender	Male Female
2	Age (Years)	21 to 30 years 31 to 40 years 41 to 50 years 51 to 60 years
2	Marital Status	Single Married
4	Level of Education	Under Graduate Bachelor Degree Master Degree
5	Working Experiences (Years)	Less than 5 year 6-10 years 11-15 years 16-20 years More than 20 years

Source: Survey Data (2022)

APPENDIX A

SERVEY QUESTIONNAIRES

Section (B) HRM practices

Instruction: Please choose one of the following numbers on each line according to the index.

Index: 1 = strongly disagree

2 = disagree

3 = neutral

4 = agree

5 = strongly agree

Recruitment and Selection

No.	Statement	1	2	3	4	5
1.	We use unstructured interviews to determine the suitability of candidates for a vacant position.					
2.	We use structured interviews to determine the suitability of candidates for a vacant position (applicable to formal interviews).					
3.	Within our organization, selection methods used (application forms, assessment centers, psychometric tests, interviews, CV data, references, group interviews) are important.					
4.	Within our organization, recommendation and/or personal acquaintance with the potential candidate are important.					
5.	Within our organization, selection criteria based on informal qualifications are important					
6.	The company attracts high quality employees					
7.	The company's website is constantly updated with the latest vacancies					

8.	The company recruitment is fair.					
9.	The company includes the employees' in the planning process					
10.	The company forecasts the human resource needs.					

Training and Development

No.	Statement	1	2	3	4	5
1.	The company is concerned about the quality of Training.					
2.	The company adopts continuous training to improve performance					
3.	The company planes ahead for the training programs					
4.	The company uses advanced technology in training Programs.					
5	The company has cross-departmental training programs.					
6	The company uses new approaches for training programs.					
7	The company encourages team-work seminars.					
8	Employees receive recognition and appreciation for their abilities, efficiency and good work done.					
9	Every employee is given a fair chance, by the head of the concerned department to attend the workshops and training programs.					
10	We have good opportunities to learn new skills and new jobs					

Compensation and Benefits

No.	Statement	1	2	3	4	5
1.	The company is concerned about employees' needs.					
2.	The company provides employees with the type of benefits they need.					
3.	The company provides benefits that compare favorably in the sector.					
4.	The company uses compensation programs based on performance.					
5.	The company uses fair incentive system.					
6.	The company's compensation system is reviewed periodically.					
7.	The company provides excellent benefits and welfare facilities for the employees and their families.					
8.	All the allowances and advances are provided on time					
9.	Medical facilities are adequate and provided on time					
10.	The economy affects my satisfaction with my current salary level I'm being paid fairly in comparison to others.					

Performance Appraisal

No.	Statement	1	2	3	4	5
1.	The appraisals are read out and known to the concerned employees on time.					
2.	Good understanding of the appraisal criteria					
3.	Performance appraisal system is very effective					
4.	Appraisal outcomes are fair, performance was fairly rated					
5.	The company has a professional appraisal system.					
6.	The company considers employees 'accountable for their work					
7.	The company provides feedback to employees.					
8.	The company is aware of its employees 'opinions.					
9.	The company evaluation system is fair and honest.					
10.	The company supports employees' development.					

Part (C) Employee Satisfaction

No.	Statement	1	2	3	4	5
1.	I am provided with clear instructions and sufficient facilities regarding new assignments.					
2.	I am clearly informed about what exactly is expected of me regarding my work.					
3.	The management takes good care of the problems of the employees and tries to solve or redress them with proper counseling as soon as possible					
4.	You are satisfied with your work					

5.	The employees feel there are real opportunities for career development.					
6.	The employees feel that the company cares about them.					
7.	The employees would recommend the company as a place to work.					
8.	The employees use all their skills and abilities on the job.					
9.	The employees feel they have job security.					
10.	The employees feel the things they do on the job are significant					

Part (D) Employee Loyalty

No.	Statement	1	2	3	4	5
1.	You are enthusiastic about your job					
2.	Defends the organization when other employees criticize it					
3.	Shows pride when representing the organization in public.					
4.	Actively promotes the organization's products, facilities, and services to potential users					
5.	Remaining in this company even higher salary.					
6.	Making a greater effort to success this company.					
7.	Recommending to others working in this company.					
8.	Being happy to work at our company until I retire.					
9.	Being proud to be an employee in this company					
10.	Feel loyalty to this company					

APPENDIX B
STATISTICAL OUTPUTS

(1) Effect of HRM Practices on Employee Satisfaction

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.910 ^a	.828	.820	.25067	2.394

a. Predictors: (Constant), Performance Appraisal Mean, Training and Development Mean, Recruitment and Selection Mean, Compensation and Benefit Mean

b. Dependent Variable: Employee Satisfaction Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.795	4	6.199	98.649	.000 ^b
	Residual	5.153	82	.063		
	Total	29.947	86			

a. Dependent Variable: Employee Satisfaction Mean

b. Predictors: (Constant), Performance Appraisal Mean, Training and Development Mean, Recruitment and Selection Mean, Compensation and Benefit Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.491	.241		-2.035	.045		
Recruitment and Selection Mean	.187**	.086	.136	2.182	.032	.542	1.844
Training and Development Mean	.134**	.053	.149	2.527	.013	.601	1.665
Compensation and Benefit Mean	.284***	.098	.251	2.905	.005	.280	3.569
Performance Appraisal Mean	.529***	.093	.492	5.682	.000	.280	3.571

a. Dependent Variable: Employee Satisfaction Mean

(2) Effect of Employee Satisfaction on Employee Loyalty

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.864 ^a	.747	.744	.36326	1.521

a. Predictors: (Constant), Employee Satisfaction Mean

b. Dependent Variable: Employee Loyalty Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.121	1	33.121	251.003	.000 ^b
	Residual	11.216	85	.132		
	Total	44.337	86			

a. Dependent Variable: Employee Loyalty Mean

b. Predictors: (Constant), Employee Satisfaction Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.014	.258		.056	.956		
	Employee Satisfaction Mean	1.052	.066	.864	15.843	.000	1.000	1.000

a. Dependent Variable: Employee Loyalty Mean

Section (C): Performance Appraisal Form of AERA

PERFORMANCE APPRAISAL

Employee: _____ Title: _____

Period Covered: _____

Instructions for completion:

The employee's performance is evaluated based on factors in five performance categories. Each factor should be given a point value based on the employee's performance, is indicated below:

Productivity:	O	VG	G	NI	U
Performs tasks/assignments efficiently					
Produces high volume of work					
Achieves desired results in work					

Initiative:	O	VG	G	NI	U
Undertakes tasks without being asked					
Requires minimal supervision					
Seeks resources and/or asks questions to improve performance					

Reliability:	O	VG	G	NI	U
Consistently completes tasks on time in a thorough manner					
Comes to work on time: adheres to meal, break, and work schedule					
Follows stated rules and procedures in performing tasks					

Team Orientation:	O	VG	G	NI	U
Cooperates with others to achieve common goals					
Keeps supervisors and peers informed					
Is flexible and able to adjust to meet association needs					

Customer Service:	O	VG	G	NI	U
Asks customers how he/she can help					
Handles customers complains effectively					
Gives customers full attention when assisting them					
Maintains a friendly, positive attitude					

Add up the total number of points in each column to determine the total performance score and final rating: 64 – 49 = Outstanding, 48 – 33 = Excellent, 32 – 17 = Good, 16 – 1 = Needs Improvement, Less than 0 = Unacceptable

Final Rating Score: _____

Performance Goals: (Examples may include action plans, tasks, projects, work assignments, etc. Goals must include timeframe for completion).

Employee's Comments

Signature of Employee: _____ Date: _____

Signature of Supervisor: _____ Date: _____

****Please note, original document should be placed in the employee's personnel file.**

Source: AERA, 2021