THE EFFECT OF JOB SATISFACTION ON EMPLOYEE PERFORMANCE: IN THE CASE OF FAHEM GENERAL TRADING PLC.

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ADDIS ABABA, ETHIOPIA

STATEMENT OF DECLARATION

I certified that the research work entitled **"The Effects of Job satisfaction on Employee Performance: In the case of Fahem General Trading PLC"** is my original work and all material used for the work have been properly acknowledged and fully referenced.

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STATEMENT OF CERTIFICATION

This is to certify that, this project work **"The Effects of Job satisfactions on employee Performance: In the case of Fahem General Trading Plc.**, undertaken by **AMETELAIZIZ MUHAMMED** submitted in partial fulfillment of the requirements for Master of Arts in Human Resource Management at Addis Ababa University School of Commerce. I hereby declare that it has not been previously submitted to any other university or institution for any award of academic qualification.

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ADDIS ABABA UNIVERITY- COLLEGE OF BUSINESS AND ECONOMICS

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The Effect of Job Satisfaction on Employee Performance in Fahem General Trading PLC.

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Abstract

Job satisfaction is a key factor influencing employee performance and organizational productivity. This study examined the effect of job satisfaction on employee performance at Fahem General Trading PLC, a private coffee trading company operating in Addis Ababa and Jimma, Ethiopia. The study was motivated by the limited empirical evidence on job satisfaction within Ethiopia's private coffee trading sector. A quantitative research approach employing descriptive and explanatory research designs was used. From a population of 745 employees, a sample of 260 respondents was determined using Yamane's (1967) formula, and 234 valid questionnaires were collected, yielding a 90% response rate. Primary data were gathered through structured questionnaires and analyzed using descriptive statistics, Pearson correlation, and multiple linear regression analysis with IBM SPSS version 27. The study examined six dimensions of job satisfaction: salary and benefits, working environment, supervision, promotion opportunities, recognition, and work relationships. The regression model was statistically significant ($F = 13.431$, $p < 0.001$) and explained 26.2% of the variation in employee performance ($R^2 = 0.262$). The findings revealed that working environment ($\beta = 0.269$, $p = 0.013$) and recognition ($\beta = 0.297$, $p < 0.001$) had significant positive effects on employee performance, while promotion opportunities had a significant negative effect ($\beta = -0.473$, $p < 0.001$). Salary and benefits, supervision, and work relationships were not statistically significant predictors of employee performance. The study concludes that improving the working environment, strengthening recognition practices, and establishing fair promotion systems can enhance employee performance and organizational effectiveness at Fahem General Trading PLC.

Keywords: ***job satisfaction, employee performance, working environment, recognition, promotion, Fahem General Trading PLC, Ethiopia***

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's business environment, organizations face strong competition and continuous change. To remain successful, they need employees who can effectively support organizational goals and minimize under-performance. Most organizations in Ethiopia rely heavily on labor-intensive operations. Because of this, employee performance has become an important issue across different organizations and industries. Among the factors that affect performance, job satisfaction plays a major role, since employees who are satisfied with their jobs tend to be more motivated, committed and productive (Edwin A. Locke, 1976; Timothy A. Judge et al., 2001).

Job satisfaction is the feeling employees have toward their jobs and the environment in which they work. It is influenced by different factors, including Key dimensions of job satisfaction include **salary and benefits**, which reflect employees' perceptions of fair compensation; the **work environment**, which encompasses physical and psychological working conditions; **supervision**, which relates to the quality of support, guidance, and leadership provided by supervisors; **promotion opportunities**, which concern employees' chances for career growth and advancement; **recognition**, which involves appreciation and acknowledgment of employees' contributions and achievements; and **work relations**, which refer to the quality of interactions and cooperation among coworkers. Edwin A. Locke (1976) explained that job satisfaction comes from the way employees evaluate their job and work experiences. When workers feel fairly treated and supported, it is more likely that they will be willing to work hard, remain committed, and do their work well.

Employee performance refers to the extent to which employees effectively perform their job duties and contribute to organizational goals. It consists of two dimensions: **task performance** and **contextual performance**. Task performance involves activities directly related to an employee's formal job responsibilities, such as completing tasks efficiently, meeting targets, and producing quality work. Contextual performance refers to voluntary behaviors that support the organizational environment, including helping coworkers, cooperating with team members, and demonstrating commitment to the organization. Together, these dimensions reflect employees' overall contribution to organizational effectiveness (Campbell, 1990; Borman & Motowidlo, 1993).

There are different theories developed to explain job satisfaction in organizations. The Two-Factor Theory of Frederick Herzberg which separates motivator factors from hygiene factors is one of the most influential ones. The theory states that achievement, recognition and responsibility are motivators which are linked with satisfaction, whereas hygiene factors like salary, working conditions and organizational policies are more associated with the absence of dissatisfaction. Likewise, Abraham Maslow proposed that human needs are arranged in a hierarchy, with physiological (survival) needs at the bottom, and the more creative and intellectually oriented 'self-actualization' needs at the top. These factors impact the employee's satisfaction in the workplace. In addition, J. Stacy Adams proposed the Equity Theory of motivation, which suggests that employees need to feel that the rewards they receive for their contributions are fair. Importantly, employees also compare their rewards with those received by their peers, and when they perceive that this comparison is unequal or unfair; they feel distressed and become motivated to change the situation in order to restore a sense of fairness. This perception of fairness or unfairness therefore plays a huge role in shaping employee motivation and job satisfaction.

Many scholars in organizational behavior have discussed this relationship from different perspectives. For example, Stephen P. Robbins points out that satisfied employees are more likely to be committed to organizational goals and perform better at work (Robbins & Judge, 2022). Similarly, job satisfaction can strengthen motivation, which encourages employees to put more effort into their tasks (George & Jones, 2012). Campbell (1990) also highlights that psychological factors such as motivation and satisfaction have a clear influence on how employees perform. In practice, employees who are satisfied are usually more cooperative and willing to support others, while dissatisfaction can lead to lower work quality and higher turnover (Judge et al., 2001).

In Ethiopia, the private sector has been expanding, especially in coffee trading, which is one of the country's major export activities. This sector is becoming more competitive, and companies increasingly rely on employee performance to maintain their position in the market. As a result, job satisfaction has become an important issue because it directly affects how well employees perform their duties.

Fahem General Trading PLC is a private business organization operating in Ethiopia, primarily engaged in the coffee trading sector. The company is involved in the collection, processing, and distribution of coffee products within domestic and export markets, contributing to Ethiopia's key agricultural export industry. With operations in locations such as Addis Ababa and Jimma, Fahem General Trading PLC plays a role in connecting coffee producers with buyers while ensuring quality standards in the supply chain. As a labor-intensive organization, its performance largely depends on the effectiveness and satisfaction of its employees. The company relies on human resource management practices such as supervision, compensation, working conditions, promotion opportunities, recognition, and employee relations to maintain productivity and competitiveness in the market.

Most previous studies in Ethiopia focused on public institutions and manufacturing sectors, while limited attention has been given to private coffee trading companies such as Fahem General Trading PLC. There is still limited research on private coffee trading companies in Ethiopia. This creates a clear gap in the literature. Therefore, this study aims to examine the effect of job satisfaction on employee performance at Fahem General Trading PLC.

1.2 Statement of problem

There is stiff competition among organizations operating within a changing world characterized by rapid advancements in technology. For any organization to achieve its objectives and sustain itself in the face of competition, there is a need to have employees who are competent in performing the assigned tasks. Organizational success is highly dependent on the performance, dedication, and productivity of the employees. These characteristics are very crucial in organizations involved in export-oriented sectors, like the coffee industry in Ethiopia, since only efficiency and product quality will enable organizations to compete in the global market (Robbins & Judge, 2022; Armstrong & Taylor, 2020).

In the Ethiopian context, the coffee industry plays a very critical role in contributing to national economic development through foreign exchange earnings, employment creation, and other services related to economic growth. As one of the players involved in trading activities in the coffee industry, Fahem General Trading PLC contributes to sector development. Despite this, achieving high levels of performance among the employees has proven to be very difficult, as the organization faces challenges,

such as motivation, commitment, absenteeism, high turnover and inefficiency in work output.

Among the many factors that influence employee performance, job satisfaction is considered one of the most important. Employees who are satisfied with their jobs are more likely to be motivated, committed, and willing to contribute to organizational objectives. In contrast, employees who are dissatisfied may show poor performance, low morale, and lack of commitment, which can negatively affect organizational productivity and overall performance.

Job satisfaction can be influenced by different aspects of the job, including salary and benefits, working conditions, supervision, promotion opportunities, recognition, and relationships with co-workers. Employees who feel valued and comfortable in their working environment are more likely to perform their duties effectively. For this reason, understanding how job satisfaction affects employee performance is important for organizations seeking to improve productivity and organizational effectiveness.

Although several studies have examined the relationship between job satisfaction and employee performance in different organizational settings, existing studies remain insufficient for several reasons. First, most empirical evidence in Ethiopia has focused on public organizations or banking sectors, with limited attention given to private coffee trading companies like Fahem General Trading PLC. Second, many studies treat employee performance broadly without distinguishing important dimensions such as task and contextual performance in labor-intensive export firms. Third, there is a lack of context-specific evidence that captures the unique working conditions of coffee trading companies, where seasonal workload, field-based operations, and quality-sensitive export processes create different human resource challenges. Therefore, this study is necessary to fill these gaps by examining the effect of job satisfaction on employee performance in the specific context of Fahem General Trading PLC.

1.3 Research Questions

1. What is the effect of Salary and Benefits on employee performance?
2. What is the effect of Physical and psychological work environment on employee performance?
3. What is the effect of Recognition on employee performance?

4. What is the effect of Supervision on employee performance?
5. What is the effect of Promotion opportunities on employee performance?
6. What is the effect of work relation on employee performance?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study is to examine the effect of job satisfaction on employee performance at Fahem General Trading PLC.

1.4.2 Specific Objectives

This study has the following specific objectives:

1. To assess the effect of Salary and Benefits on employee performance.
2. To assess the effect of Physical and psychological Work environment on employee performance.
3. To assess the effect of Recognition on employee performance
4. To assess the effect of Supervision on employee performance
5. To assess the effect of Promotion opportunities on employee performance.
6. To assess the effect of work relation on employee performance.

1.5 Significance of the Study

This study is expected to be beneficial in several ways.

First, it will help Fahem General Trading PLC understand the factors that influence employee job satisfaction and performance within the organization. The findings may enable the management to identify problems related to motivation and compensation practices and take appropriate actions to improve employee commitment and productivity.

Secondly, the research will provide help to the manager and policy makers in coming up with good methods of improving employee satisfaction, eliminating dissatisfactory factors and enhancing organizational performance, especially in coffee trading firms.

Thirdly, the research will be very important as an information source to those who want to conduct further studies on job satisfaction and performances of employees in private companies in Ethiopia. Moreover, it will be important in adding knowledge in the existing literature. Fourth, the study is important to the researcher to fulfill the requirements for obtaining a Master of Arts (MA) degree in Human Resource Management.

Finally, this study will be useful for policymakers and other stakeholders by giving deep insight into challenges related to employee satisfaction and suggesting possible ways to improve it.

1.6 Scope of the study

This study was conducted at **Fahem General Trading PLC**, located in **Addis Ababa and Jimma, Ethiopia**, so its **geographical scope** is limited to this organization only, and the findings cannot be generalized to other firms. Conceptually, the study focuses on the effect of **job satisfaction on employee performance**, where job satisfaction is measured using six dimensions: **salary and benefits, work environment, supervision, promotion opportunities, recognition, and work relations**, while employee performance is measured in terms of **task and contextual performance**. These six dimensions were selected because they are widely used in organizational behavior literature and are considered the most relevant factors influencing employee attitudes and performance in labor-intensive organizations like Fahem General Trading PLC.

Methodologically, the study employed a **quantitative research approach** using a **descriptive and explanatory research design**. Data were collected through structured questionnaires and supported by relevant organizational documents, and analyzed using statistical techniques to examine the relationship between job satisfaction and employee performance. The **time scope** of the study was limited to the 2025/2026 academic year, focusing on current employee conditions and experiences. The study is limited to Fahem General Trading PLC due to constraints of time, cost, and data accessibility.

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1.7 Limitation of the Study

There are some limitations in this study that might influence the findings. The most significant limitation of this study is its scope as it is restricted to only one organization, Fahem General Trading PLC, hence, it cannot be generalized to other organizations within and outside the organization's industry.

Other limitations are the lack of time and financial constraints that limit the amount of data collected as well as the respondents included in this study. The data used for this study came from questionnaires where employees would not give their true picture based on their attitude or personal feeling about the issue at hand.

It should also be noted that there were limited accesses to the company's records thus making it hard to get supporting evidence in this study. In addition, other factors affecting job satisfaction like the organizational culture and leadership styles were excluded in this study despite the significance of these factors.

The study used quantitative data analysis so; it may not fully capture employees' personal experiences, attitudes, and opinions.

1.8 Operational Definition of Terms

1. **Job Satisfaction**

The level of the employee's contentment with their job that was measured through questionnaire items assessing satisfaction with pay, supervision, promotion opportunities, working conditions, job security, and coworker relationships. Job satisfaction is defined as emotional state illustrating employees' positive or negative feelings toward their job and work environment (Locke, 1976; Spector, 1997).

2. **Employee Performance**

The extent to which employees effectively perform assigned duties, measured by self-reported responses on work efficiency, quality of output, timeliness, and achievement of job targets. Employee

performance refers to outcomes of task execution that contribute to organizational objectives (Campbell, 1990; Dessler, 2004).

3. Motivation

The level of encouragement employees receive to exert effort in their work, measured by perceptions of incentives, recognition, training, and career development opportunities. Motivation is defined as the psychological processes that arouse, direct, and sustain goal-directed behavior (Robbins & Judge, 2017).

4. Compensation

The financial and non-financial rewards employees receive for their work, measured by employees' satisfaction with salary, benefits, and pay fairness. Compensation includes all monetary and non-monetary rewards provided in exchange for work performed (Milkovich, Newman & Gerhart, 2014).

5. Supervision

The guidance, support, and leadership provided by supervisors, measured through employees' perceptions of supervisor fairness, communication, and feedback. Supervision refers to managerial behavior that influences subordinate attitudes and performance (Schein, 2010).

6. Working Conditions

The physica and psychological environment in which employees work, measured by responses regarding workplace safety, availability of tools, workload, and comfort. Working conditions include physical surroundings and organizational climate affecting employee well-being (Robbins & Judge, 2017).

7. Promotion Opportunity

Employees' perception of fairness and availability of career advancement, measured through questionnaire items related to growth and promotion prospects. Promotion opportunity refers to the chance for upward movement in an organization, which influences job attitudes (Greenhaus, Callanan & Godshalk, 2010).

1.9 Organization of the Research

This research is organized into five chapters.

Chapter One: Introduction

This chapter presents the background of the study, statement of the problem, objectives of the study (general and specific), research questions, significance of the study, scope of the study, and operational definition of key terms.

Chapter Two: Literature Review

This chapter reviews relevant theoretical and empirical literature related to job satisfaction and employee performance. It discusses concepts and definitions of job satisfaction, theories of job satisfaction, determinants and consequences of job satisfaction, and the relationship between job satisfaction and employee performance.

Chapter Three: Research Methodology

This chapter describes the research methodology employed in the study. It explains the research design, study population, sampling techniques and sample size, sources of data, data collection instruments, and methods of data analysis.

Chapter Four: Data Presentation, Analysis, and Discussion

This chapter presents, analyzes, and discusses the data collected through questionnaires and interviews. The findings are interpreted in line with the research objectives and supported by relevant literature.

Chapter Five: Summary, Conclusions, and Recommendations

This chapter summarizes the major findings of the study, conclusions made from the analysis, and recommendations for Fahem General Trading PLC.and other relevant stakeholders. It also suggests areas for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Job satisfaction and employee performance are of the most important factors for an organization's success. Job satisfaction indicates how positively or negatively employees feel about their work, including aspects such as payments, work environment, supervision, and opportunities for growth (Robbins & Judge, 2017). On the other hand employee performance refers to the degree to which employees fulfill their job responsibilities and contribute to organizational goals (Dessler, 2017).

Human resource management literature proves the existence of a strong connection between job satisfaction and performance. It has been found out that job satisfaction can contribute significantly to the improvement of employees' motivation, engagement, productivity, and commitment to the organization (George & Jones, 2012). Satisfied workers are ready to collaborate with co-workers, offer quality services, and contribute to organizational achievement of the set objectives.

There are also studies that seek to explain how job satisfaction can help to reduce issues like absenteeism, employee turnover, workplace conflict, and low morale, which can have negative impact on organizational performance (Armstrong, 2014).Staffs who feel appreciated, fairly compensated, and supported by management are more likely to do their job effectively and remain committed to the organization for a longer period of time.

On the contrary,dissatisfied employees with their jobs will be frustrated, demotivated, poor work performance, and high intention to leave the organization. For this reason, organizations must take into consideration factors that improve employee job satisfaction since such actions will increase there performance levels. Understanding this relationship is especially useful to organizations that aim to improve productivity, maintain employee commitment, and achieve long-term success.

2.2 Theory of Job Satisfaction

Theories show that job satisfaction is not only influenced by extrinsic (external) factors like salary and working conditions but also by intrinsic (internal) factors such as recognition, achievement, and fairness (Herzberg et al., 1959; Dessler, 2004). Understanding these theories helps organizations design strategies to improve employee satisfaction and, consequently, performance.

The concept of job satisfaction underwent several changes and in course of time several theories were advanced. Theories of models of job satisfaction are numerous. Each of them takes into account one or more of the four main determinants of job satisfaction (personality, values the work situation and socials influence) and specifies in more detail exactly what causes one worker to be satisfied with a job and another worker to be dissatisfied. There are four of the most influential theories, there are:

- Herzberg's Two-Factor Theory
- Maslow's Hierarchy of Needs Theory
- Equity Theory

2.2.1 Herzberg's two factor theory of job satisfaction

Herzberg came up with the concept of Two Factor Theory, or simply the Motivation-Hygiene Theory, which seeks to explain what makes people dissatisfied and satisfied at work. Herzberg explains that job satisfaction and job dissatisfaction are made by two categories of things, which are intrinsic and extrinsic. The motivation or intrinsic is connected to the job content and includes such aspects as achievement, recognition, responsibility, advancement, significance, and growth. The presence of these elements results in high levels of job satisfaction and motivates people.

In contrast to the first factor, hygiene, or extrinsic is linked to the job context. These elements include salary, company policy, supervision, physical surroundings, job security, status, fringe benefits, and interpersonal relations. According to the theory, the lack of hygiene factors results in dissatisfaction among employees, while their presence does not result in employee satisfaction, but prevents dissatisfaction.

It should be emphasized that this theory concentrates on the idea that job satisfaction and job dissatisfaction do not represent the end points in one range. This means that the management should strive not only to prevent dissatisfaction but also promote job satisfaction by providing employees with both types of motivational factors.

Table 2.2.1: Herzberg's two factor theory

Satisfiers / Motivators (Intrinsic) Feeling of achievement	**Dissatisfies / Hygiene Factors (Extrinsic)** Pay and salary
Meaningful and challenging work	Status in the organization
Opportunities for advancement	Job security
Increased responsibility	Physical working conditions
Recognition for good work	Fringe benefits and perks
Opportunities for personal growth	Company policies and procedures
	Interpersonal relations

According to Herzberg if motivator factors are present, then employees will enjoy job satisfaction, however, if they are not present, employees do not necessarily become dissatisfied rather they remain neutral. Conversely , when hygiene factors are not present ,then employees experience dissatisfaction, but the presence of hygiene factors only helps prevent dissatisfaction without creating satisfaction.

Herzberg, in his article published 1959 said that *"job satisfaction rests on one set of conditions, whereas job dissatisfaction depends on a different set of conditions."* This shows satisfaction and dissatisfaction are caused by different factors.

Herzberg's Two-Factor Theory is relevant to this study because it explains the main dimensions of job satisfaction and how they influence employee performance. The theory identifies factors such as salary, supervision, working conditions, promotion, recognition, and work relations, which are also used in this study. It helps to show how these factors affect employee motivation and performance, making it suitable as a theoretical foundation for examining job satisfaction and employee performance at Fahem General Trading PLC.

Herzberg's Two-Factor Theory has several theoretical and empirical criticisms. It assumes that job satisfaction and dissatisfaction are caused by separate factors, although empirical studies show that the same factors (such as pay and supervision) can influence both satisfaction and dissatisfaction. The theory is also criticized for methodological bias, as it was based on the critical incident technique, which relies on self-reported data that may be subjective. Empirically, many studies have failed to consistently replicate Herzberg's findings across different countries, occupations, and cultures, showing that motivators and hygiene factors do not always operate as clearly separate categories. In addition, research has found that factors like salary, working conditions, and supervision can act as both motivators and hygiene factors depending on the context. Therefore, the theory has limited generalizability and does not fully capture the complex relationship between job satisfaction and employee performance.

From a managerial point of view, the theory advocates the importance of job enrichment, which involves designing jobs that are meaningful, challenging, and provide opportunities for growth and recognition. Empirical studies also suggest that job satisfaction plays a significant role in influencing employee performance and turnover intentions.

2.2.2 Maslow's Needs Hierarchy

Abraham Maslow (1954) developed the **Hierarchy of Needs Theory**, which explains human motivation based on a structured progression of needs. The theory suggests that employees are motivated to satisfy different levels of needs, and lower-level needs must be fulfilled before higher-level needs become important.

Maslow categorized human needs into **five hierarchical levels**, which are often represented as a pyramid. Employees reach this level when they are given opportunities to grow, innovate, and ac hive their career goals. Organizations can support this through training, career development, and challenging work assignments.

The hierarchy of needs by Maslow (1954), where he states that an employee would feel motivated and satisfied at work only after the fulfillment of his certain desires. He describes five basic types of needs which exist in a hierarchical order. In accordance with Maslow's hierarchy of needs, lower-level needs must be satisfied first before moving on to higher-level needs (Robbins, 1989). Five hierarchical needs are listed below,

1. **Physiological needs**; such as food, shelter, clothing and sexual satisfaction needs.

According to Maslow's theory, individuals are worried first and foremost with satisfying their basic needs such as food, shelter, water and clothing. An unemployed person who does not have a shelter will be content with any job as long as it offers for these basic needs (Maslow, 1954). This is a primary need and of importance to individuals as it restores the dignity and pride of human beings.

2. **Safety needs**; This refers to the need to feel safe within the environment; it also refers to physical safety. After physiological needs have been met, safety needs would follow as employees focus more on meeting their safety needs. This is a secondary need prior to the basic needs and is of importance to human beings as they should leave in a safe and secured environment. People should feel comfortable and relaxed in the areas where they stay and work. This means that employees will remain satisfied with their jobs only if they believe the working environment is safe (Maslow, 1954). This is also applied construction project site

3. **Social needs**; the need for love, friendship and belonging. Once the basic needs and safety needs have been met, employees will stay satisfied with their jobs only when their social needs have been addressed (Maslow, 1954). In a working environment it involves working with others and feeling needed in the organization when people get along with each other, it will boost their morale,

4. **Esteem Needs**; Esteem needs involve self-respect and recognition from others. These include:

Achievement, Status, Recognition, Confidence

Employees feel motivated and satisfied when their efforts are recognized and valued. Organizations can meet these needs through rewards, promotions, and acknowledgment of performance.

5. **Self-Actualization Needs**; This is the highest level of need, referring to personal growth and fulfillment.

It includes: Creativity, Personal development, Realizing one's full potential

Employees reach this level when they are given opportunities to grow, innovate, and achieve teir career goals. Organizations can support this through training, career development, and challenging work assignments.

2.2.4 Equity theory

According to Equity theory, by Walster et al. as referred to by Dugguh, Dennis (2014), the concept describes the perception of fairness as a person makes his or her judgment about social relationships. The theory suggests that during social interaction, an individual tries to identify input that an individual gains in relation to output as well as effort expended. Based on Adams' (1965) theory, according to Huseman et al. as referred to by Dugguh, Dennis (2014), an individual tends to experience distress or dissatisfaction when he or she perceives an inequity between two social groups or individuals since their input and output are not balanced. Input consists of the quality and quantity of efforts exerted by an employee to perform his or her duties. For instance, John Stacey Adams, the founder of equity theory argued that workers try to balance inputs and outputs. As described by Dugguh, Dennis (2014), examples of inputs include time, hard work, effort, commitment, adaptability, determination, enthusiasm, tolerance, skills, willingness to make personal sacrifices, trust of superiors, support of co-workers, flexibility, and so forth..

On the contrary, output (outcomes) refers to the good and bad outcomes that an individual (employee) experiences because of his interaction with another. Some of the examples of output include job security, esteem, salary, employee benefits, expenses, recognition, reputation, responsibilities, and feelings of accomplishment, praise, appreciation, and stimulation, among others.

As stated by Dugguh & Dennis (2014), the main issue with the equity theory revolves around remuneration hence the main cause of equity and inequity problems in most organizations is the payment. According to Dugguh & Dennis (2014), all the positions in organizations need employees who feel that their efforts, contributions, and performance are rewarded financially. Feeling that one is underpaid will lead him to being unsatisfied. This leads to dissatisfaction, dislike of the job leading to resignation. Equity is multi-dimensional in nature. For instance, equity cannot only depend on input/output ratio. According to Dugguh & Dennis (2014), equity occurs when individuals compare their input/output ratios to those of other individuals. Equity is entirely about the perception of employees since the fairness of inputs and outputs balance depends on the comparison with other individuals.

Therefore, when individuals feel their input/output balance is equitable and fair, then they become satisfied with their work. However, when the inputs and outputs are not equally balanced compared to what their referents have, then they become demotivated about their jobs and organizations. According to Kaila (2007), when individuals feel they receive equal rewards, this will have a positive effect in terms of job satisfaction and performance. Negative impact may occur when individuals feel the reward received is not fair for them. As per Adams (1963),when the individual recognizes this inequity, it produces a certain feeling in him which may take the form of tension „proportional to the magnitude of inequity present".

According to Dugguh, Dennis (2014) Equity theory further identifies four mechanisms for job satisfaction (dissatisfaction) as follows:

a) Employees seek to maximize their outcomes (rewards minus outcomes).
b) Groups can maximize collective rewards by developing accepted systems for equitably apportioning rewards and costs among members. That is, systems of equity will evolve within groups, and members will attempt to induce other members to accept and adhere to these systems.
c) When employees find themselves participating in inequitable relationships, they become dissatisfied or distressed. The theory explains that in this situation, both the person who gets „too much" and the person who gets „too little" feel dissatisfied. The employee who gets too much may feel ashamed or guilt and the employee who gets too little may feel angry or humiliated.
d) Employees who perceive that they are in an inequitable relationship attempts to eliminate their

dissatisfaction by restoring equity. This could be done by either by distorting inputs, outputs, or leaving the organization.

e) Thus the theory has wide-reaching implications for employee morale, efficiency, performance, productivity and turnover. It also shows why employees see themselves the way they are treated in terms of their surrounding environment, teams, systems, etc. collectively and not in isolation and so they should be managed and treated accordingly. In addition, the totals of employee inputs-outputs must be measured including their personal values. Schultz & Schultz (2010) further extended equity theory to include the behavioral responses patterns to situations of equity or inequity. These response patterns are: benevolent (satisfied when they are under paid compared with co-workers), equity sensitive (believe everyone should be fairly rewarded) and entitled (employees believe that everything they receive is their just due). The current study in the effects of job satisfaction on employee turnover intention in the Addis Ababa Housing development project Office used some of these motivation theories so as to assess how the related factors named in the theories influence employees‟ job satisfaction and intention to leave.

2.3 Empirical Literature Review

2.3.1 Empirical Studies

Organizations are established to combine different resources and provide goods or services that satisfy the needs of society. Among all organizational resources, human resources are considered the most important because employees play a major role in determining whether organizational goals are achieved successfully. Employees contribute their knowledge, skills, effort, and time to the organization, while organizations are expected to provide fair treatment, good working conditions, and rewards in return. Because of this relationship, employee attitudes toward their jobs have become an important concern for organizations (Armstrong, 2020).

Empirical research conducted in different countries consistently shows that job satisfaction has a significant positive effect on employee performance. For example, a study in the banking sector showed that employee satisfaction is highly related with performance outcomes, where employees who reported higher satisfaction levels exhibited greater efficiency, effectiveness, and service provision. The study further proved that there are both intrinsic and extrinsic factors such as recognition, compensation, and support from leaders (Mishra et al., 2020)

In our country Ethiopia, studies done in electronics manufacturing firms in Addis Ababa found that job satisfaction has a strong positive effect on employee performance. The result of this study revealed that employees with higher levels of job satisfaction score better performance outcomes. In addition, employee engagement was found to partially mediate the relationship between job sincreased motivation and engagement (Alemu & Tesfaye, 2022).

Similar findings were also in Ethiopian public sector organizations, revealed that job resources such as supervision, working conditions, and organizational support had strong impact job satisfaction but also on employee performance. The study confirmed that job satisfaction has a direct positive effect on performance and also mediates the relationship between organizational resources and employee outcomes (Gebremariam, 2023).

Studies carried out in privet commercial banks also implies that supervision, promotion opportunities, work environment, and job content had considerable effect on job satisfaction and employee performance. Fair treatment and supportive leadership makes Employees to perform better and were more committed to the organization (Mezgebu & Eminent, 2020).

In general,the empirical evidence indicates a consistent and positive relationship between job satisfaction and employee performance regardless of organizational type and country.But the magnitude this relationship depends on many factors, including leadership style, pay structures, working conditions and human resource practice,etc.This creates a contextual gap, particularly in private trading companies such as Fahem General Trading PLC, which this study aims to address.

2.3.2 Concept of Job Satisfaction

Various authors provide different types of definition about Job satisfaction over the years.Although they all seem to revolve around the sentiments held by workers concerning their jobs. According to Vroom (1964), job satisfaction can be defined as the fillings that workers develop concerning the work roles that they undertake at wor ,On the other hand Locke (1976) , defines job satisfaction as positive emotional reaction caused by an individual's assessment of the job. Similarly, Spector (1997) argued that job satisfaction reflects the degree to which employees like or dislike their jobs. Other researchers have focused on the role of work-related rewards. Statt (2004) suggested that workers will fell satisfied when they have the opportunity for personal development through their jobs. Likewise,

Armstrong (2006) and Newstrom (2017) emphasized that positive attitudes toward work indicate a higher level of job satisfaction. Therefore, job satisfaction can be understood as employees' overall evaluation of their jobs, including their feelings about work tasks, rewards, and the working environment.

2.3.3 Measuring Job Satisfaction

Job satisfaction can be measured in different ways. Some researchers measure it as an employee's overall feeling toward the job, while others examine satisfaction with specific parts of the job such as salary, supervision, working conditions, promotion opportunities, and relationships with coworkers.

One of the tools developed to measure overall job satisfaction is the Job in General Scale created by Ironson and his colleagues in 1989. The scale uses a list of job-related adjectives to describe how employees feel about their jobs. Respondents indicate whether each adjective describes their work situation, and the answers are used to determine the employee's overall level of job satisfaction (Bearden & Netemeyer, 1999).

Researchers have also viewed job satisfaction as a multidimensional concept because employees may feel satisfied with some parts of their jobs and dissatisfied with others. According to John Newstrom (2017) and Jennifer George and Gareth Jones (2008), job satisfaction is made up of various facets of work including pay, supervision, co-workers, job itself and working conditions.

One of the most famous theories related to job satisfaction was the two factor theory which came about when Frederick Herzberg in 1959discoverd that some variables contribute towards satisfaction at work. According to Herzberg grouped achievement, recognition, and responsibility as motivating factors because they help employees feel satisfied with their jobs. On the other hand, salary, job security, company policies, and working conditions were described as hygiene factors because they mainly reduce dissatisfaction rather than create satisfaction (Newstrom, 2017).

However, later researchers criticized Herzberg's theory. Dunnette, Campbell, and Hakel (1967) argued that job content as well as the work environment both had effect in causing satisfaction and dissatisfaction. They also found that factors such as achievement and recognition are important in influencing both satisfaction and dissatisfaction. Similarly, Hilton (1968) reported that Herzberg's theory did not fully explain job satisfaction in all situations.

Another model was developed by J. Richard Hackman and Greg Oldham in 1976. Their Job Characteristics Model states that employees are more satisfied when jobs include skill variety, task identity, task significance, autonomy, and feedback. According to the model, these job characteristics improve motivation, performance, and employee satisfaction while reducing absenteeism and turnover.

.Furthermore,another popular tool for measuring job satisfaction waste Minnesota Satisfaction Questionnaire created by Weiss and his colleagues in 1967. This scale measures different aspects of work such as achievement, compensation, supervision, recognition, working conditions, security, and relationships with coworkers (Weiss, Dawis, England & Lofquist, 1967). Subsequently, Paul E. Spector (1997) designed the Job Satisfaction Survey (JSS), which is commonly used in public and service organizations. The JSS measures different dimensions of job satisfaction, including pay, promotion, supervision, rewards, communication, coworkers, and nature of work. The scale allows researchers to understand both overall job satisfaction and satisfaction with specific job aspects.

2.3.6 Factors that Affect Job Satisfaction

Job satisfaction is affected by several factors related to the work environment, personal characteristics, and psychological conditions will have an impact on job satisfaction.

Communication at work place is important factors, employee usually feel more satisfied when supervisors communicate clearly and maintain good relationships with workers. The way managers speak, listen, and interact with employees can influence employees' attitudes toward their jobs. Friendly communication, respect, and support from supervisors help employees feel comfortable and valued at work. On the other hand, poor communication may create misunderstanding, stress, and dissatisfaction among employees.

Employee recognition also plays an important role in job satisfaction. Workers often feel motivated when their efforts and achievements are appreciated by the organization. Recognition may include praise, rewards, promotion opportunities, or simple encouragement from managers. Organizations that value employee contributions are more likely to build employee commitment and reduce absenteeism and turnover.

Personal factors that might influence employee job satisfaction include emotions, attitudes, and personality. Employees who have more positive attitudes and emotions tend to enjoy their work more and maintain better relationships with coworkers. On the other hand, workers who have tendencies of being stressed and frustrated will become dissatisfied with their work.

Psychological and social conditions outside the workplace may also influence employee satisfaction. Family life, personal wellbeing, and community relationships can affect employees' mood and behavior at work. Employees who feel emotionally stable and supported are more likely to develop positive feelings toward their jobs.

Overall, job satisfaction is affected by both organizational and personal factors. Creating a supportive work environment and maintaining good employee relationships can help improve employee satisfaction and organizational performance.

2.3.7 Employee Performance

One of the fundamental concepts in organizational psychology and is widely defined as the extent to which an employee effectively carries out job duties and achieving organizational goals (Campbell, J. P., 1990).Employee performance not only encompasses the quantity and quality of output but also the behaviors and attitudes that support the organizational environment. Employee performance is basically important because it directly influences organizational productivity, efficiency, competitiveness, and long-term sustainability (Armstrong, M., 2009). High levels of performance are associated with improved service delivery, innovation, and employee retention, whereas poor performance can lead to increased costs, low morale, and reduced organizational effectiveness.

An employee's performance can be defined as each employee's contribution to an organization's success and is a multidimensional construct. Employee performance is a combination of three components: task performance, which includes core technical activities, contextual performance, or the voluntary behaviors that are not directly part of the formal job description, such as helping colleagues and organizational citizenship, and adaptive performance, which is represented by an employee's ability to adapt to changing work demands and work environments (Borman, W. C. and Motowidlo, S. J. 1993).

Measuring employee performance is important to understand what form an employee has used to meet his work obligations. It helps in the growth and development of the organization. Employees must be measured on their work performance. The importance of measuring employee performance cannot be overemphasized. Measuring employee performance assists in the development of a healthy organizational environment. There are some common methods of measuring employee performance. First and foremost, supervisor ratings. Employee self-assessment. Peer review and key performance indicators (KPIs) are also some other methods used to measure employee performance. Measuring employee performance is tough because employee performance is not straightforwardly measured by commonly used methods. Job roles and work behaviors differ greatly for each employee to perform based on the organizational requirements. Also, there are various biases and measurement errors when comparing employee performance. The performance is subjective. The factors that influence employee performance, including the performance measurement perspective, are discussed.

Campbell's performance model explains this well. According to Campbell, employee performance is dependent on three parts, declarative knowledge, procedural knowledge and skill and employee motivation. The other model explains employee performance in terms of ability, motivation and the opportunity.

Overall, employee performance is a multifaceted construct that requires an integrated approach to fully understand its definition, importance, dimensions, measurement, and underlying theoretical frameworks. Recognizing and effectively managing these aspects enables organizations to enhance individual and collective performance, thereby achieving strategic objectives and maintaining a competitive advantage.

2.3.8 Dimensions of Job Satisfaction

Job satisfaction is not a unitary construct but consists of different dimensions and employees may be satisfied with some dimensions while dissatisfied with others. For this reason, studying different dimensions of job satisfaction helps to garner a more complete understanding of employees' attitudes towards their job and their perceptions of aspects of the job that influence their level of satisfaction.

Salary and benefits is a dimension of job satisfaction that describes employees' level of satisfaction with the financial rewards associated with their job.

Promotion opportunity is a dimension of job satisfaction that refers to employees' perceptions about possibilities for career advancement within the organization.

Supervision is a facet of job satisfaction that pertains to how satisfied an employee is with the supervision he or she gets from a supervisor or manager.

The coworker relationship is a facet of job satisfaction that indicates how well workers cooperate and how satisfied the workers are with their interactions with their coworkers.

The working environment is a facet of job satisfaction that pertains to how satisfied an employee is with the physical environment where he or she works. Work nature is a facet of job satisfaction that involves the perception of employees on the nature of their jobs.

Work recognition entails the recognition of workers for their achievements and contributions in an organization. Workers who feel that their hard work is appreciated are bound to perform well in an organization since they are motivated.

2.3.9 Relationship Between Job Satisfaction and Employee Performance

Job satisfaction refers to the extent to which employees feel positively about their jobs, based on their evaluation of work experiences such as pay, working conditions, recognition, career opportunities, and job security. Employee performance, on the other hand, reflects how effectively employees carry out their assigned duties and contribute to organizational goals. The relationship between job satisfaction and employee performance has been widely examined in organizational and human resource management research.

Empirical studies consistently show a positive relationship between job satisfaction and employee performance (Robbins, 1996; Fan, 2025). Satisfied employees tend to exhibit higher levels of motivation, commitment, and engagement, enhancing performance (George & Jones, 1999; Cohen & Bailey, 1997). Additionally, high satisfaction reduces absenteeism and turnover intentions while promoting organizational citizenship behaviors (Wosene, 2017; Berhanu W/Tsadik, 2024.)

Furthermore, job satisfaction plays a vital role to reduced absenteeism, lower turnover intentions, and improved psychological well-being, all of which indirectly enhance employee performance (Robbins & Judge, 2017). Satisfied employees are also more likely to display organizational citizenship behaviors, such as helping colleagues and supporting organizational objectives, which further improves overall performance outcomes.

However, research also suggests that the relationship between job satisfaction and employee performance can be work in both direction .Employee who perform well more likely to receive recognition, reward, and promotions, which increase their level of job satisfaction (Vroom, 1964). as a result , a positive cycle may developed in which a higher satisfaction encouraged better performance , This creates a reinforce in which satisfaction and performance mutually influence each other.

Generally speaking, worker dedication, motivation, and productivity are all impacted by employee satisfaction, which raises overall performance and productivity levels within the firm (Pamella, 2018). The relationship among motivation, output, and job happiness at work: An individual who is content with his employment, compensation, and job responsibilities is more likely to perform effectively in the organization. Both internal and external motivation influence work and performance (Obibhunun and Obiekwe, 2020).

2.4 Conceptual Framework

The study examines how job satisfaction affects employee performance at Fahem General Trading It posits job satisfaction as the independent variable and employee performance as the dependent variable. The focus is on exploring the relationship between these two variables.

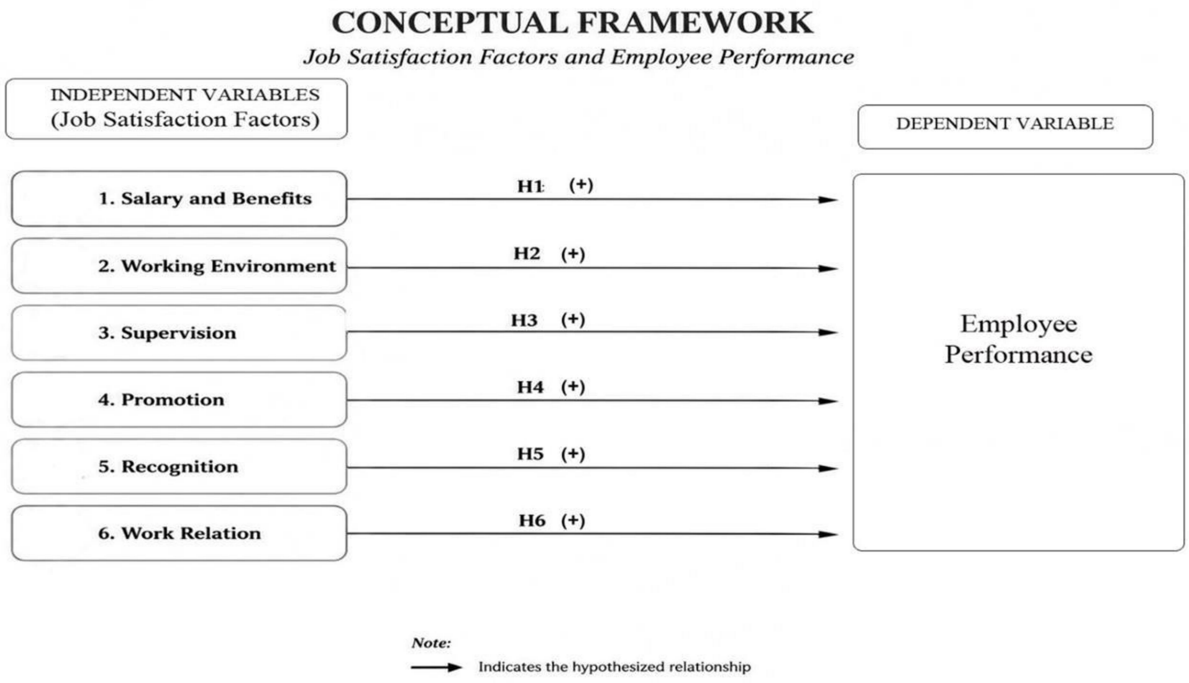


Figure 2.1 Conceptual framework
Source: Adapted from the literature on job satisfaction and employee performance, including Locke (1976), **Timothy A. Judge** et al. (2001), and related empirical studies.

2.4.1 Hypotheses of the Study

Based on the discussion in the previous sections of the related literature review, the following hypotheses are forwarded.

- **H1:** The effect of Salary and Benefits on Employee Performance is statistically significant and Positive.
- **H2:** The Effect of Working environment on Employee Performance is statistically significant and Positive.
- **H3:** The Effect of Supervision on Employee Performance is statistically significant and positive.
- **H4:** The Effect of Promotion opportunities on Employee Performance is statistically significant and positive.
- **H5:** The Effect of Recognition on Employee Performance is statistically significant and positive.
  .
- **H6:** The Effect of Work Relationships on Employee Performance is statistically significant and positive.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology employed to examine the effect of job satisfaction on employee performance at Fahem General Trading PLC. It describes the research design, research approach, target population, sampling techniques, sample size, sources of data, data collection instruments, methods of data analysis, validity and reliability of the research instrument, and ethical considerations. The methodology was designed to ensure the reliability, validity, and credibility of the study findings.

3.2 Research Design

The study employed both descriptive and explanatory research designs. These research designs were considered appropriate because they enabled the researcher to achieve the objectives of the study through empirical investigation.

The descriptive research design was used to assess the current level of job satisfaction and employee performance at Fahem General Trading PLC. It enabled the study to examine key aspects of job satisfaction such as salary and benefits, working environment, supervision, promotion, recognition, work relations, and employee performance within the organization. According to Bryman, Alan (2016), descriptive research helps to understand and explain existing situations and characteristics of a study population.

The researcher used explanatory research design to investigate the cause-and-effect relationship between job satisfaction factors and employee performance at Fahem General Trading PLC. This design was appropriate because it allowed the study to test the proposed hypothesis and determining how independent variables influence employee performance. Creswell, John W. (2014) stated that explanatory research design is suitable for examining relationships among variables and testing hypotheses.

3.3 Research Approach

The study employed a quantitative research approach. Utilizing such an approach becomes ideal for variable measurement, running statistical data analysis, and testing proposed hypotheses (Cohen et al., 2018). Quantitative research approach is selected for this study because it enables making conclusions on objective numerical data, thus enhancing the generalization of the findings. This research only used quantitative data to establish the extent of the relationships between variables, which is appropriate for explanatory research design according to Creswell (2014**).**

3.4 Target population and Sample Size

The target population of the study consisted of all permanent employees of Fahem General Trading PLC. The company operates in both Addis Ababa and Jimma zone, and the total population of the study was 745 employees working in different departments of the organization. Employees from various departments were included because they were directly involved in organizational activities and were capable of providing reliable information regarding job satisfaction and employee performance.

From the total population a sample size was determined using Yamane's (1967) formula, which is commonly applied in business and social science research. From the total population, 260 employees were selected as respondents for the study. Accordingly, 260 questionnaires were distributed to employees of Fahem General Trading PLC. Out of these, 234 questionnaires were properly completed and returned, resulting in a response rate of 90%.

$$n = \frac{N}{1+N(e^2)}$$

Where:

$$n = \frac{745}{1 + 745(0.05)}$$

n = required sample size

$$n = \frac{745}{2.8625}$$

N = total population size

$$n = \frac{745}{1 + 1.8625}$$

e = level of precision (sampling error),

Usually 0.05 for 95% confidence level

$n \approx 260$

3.5 Sampling Technique

A simple random sampling was used in this study to select respondents from employees of Fahem General Trading PLC. Which minimizes selection biases that helps to improve the reliability of the finding by giving equal chance for all employees to be included in the study.

3.6 Data Sources and Collection Methods

The study relied both primary and secondary sources of data. The questionnaire items were adapted from standardized instruments developed by Spector (1997) for job satisfaction and Borman and Motowidlo (1993) for employee performance and modified to fit the objectives .The questionnaires focused on issues related to job satisfaction and employee performance.

Secondary data were obtained from various sources, including books, academic journals, previous research studies, company reports, and other relevant documents .These sources provided background information and helped support the findings of the study

To gather the primary data, structured questionnaires with close-ended questions were distributed to selected employees of Fahem General Trading PLC in Addis Ababa and Jimma. The questionnaire items were prepared using a five-point Likert scale ranging from "strongly disagree" to "strongly agree.". The questionnaire consisted of six dimensions of job satisfaction (salary and benefits, working environment, supervision, promotion opportunities, recognition, and work relations) and one dimension of employee performance. The questionnaire was divided into three sections, **Section A** Demographic Information, Section B, Job Satisfaction Dimensions and Section C Employee Performance. After distribution, the completed questionnaires were collected and used for data analysis.

3.7 Method of Data Analysis

The obtained data through questionnaires were reviewed, coded, and entered into the Statistical Package for Social Sciences (SPSS) version 27 for statistical analysis. In the study, the inferential and descriptive statistical techniques were applied.

The techniques of descriptive statistics such as frequency, percentage, mean, and standard deviation were used to summarize and describe the responses of the participants. Inferential statistics including

correlation and multiple regression analysis were used to examine the relationship between job satisfaction and employee performance. Correlation analysis was used to examine the strength and direction of the relationship between job satisfaction dimensions (salary and benefits, working environment, supervision, promotion opportunities, recognition, and work relations) and employee performance, while multiple regression analysis was employed to determine the individual effect of each dimension on employee performance, test the hypotheses, and assess how well the independent variables explain variations in employee performance.

The analyzed data were presented using tables and figures, while the interpretation and discussion of the findings were presented in Chapter Four of the study. The model used for regression analysis is expressed in the general form as given below:

$$Y=\beta0+\beta1X1+\beta2X2+\beta3X3+\beta4X4+\beta5X5+\beta6X6+\varepsilon$$

Where;

Y = Employee Performance (Dependent Variable)

β0\beta_0β0 = Intercept or constant of the model

β1\beta_1β1 = Coefficient of salary and benefits

β2\beta_2β2 = Coefficient of working environment

β3\beta_3β3 = Coefficient of supervision

β4\beta_4β4 = Coefficient of promotion

β5\beta_5β5 = Coefficient of recognition

β6\beta_6β6 = Coefficient of work relation

X1,X2,X3,X4,X5, and X6 = Salary and benefits, working environment, supervision, promotion, recognition, and work relation respectively

ε\varepsilonε = Error term

This model allows the researcher to analyze the direct effect of job satisfaction factors on employee performance at Fahem General Trading PLC.

3.8 Validity and Reliability

Validity

Content validity of the research instrument is ensured by reviewing relevant literature and aligning questionnaire items with the study objectives and operational definitions. The questionnaire is also reviewed by academic supervisors and experts in human resource management to ensure clarity, Relevance and adequacy.

In this study, construct validity was not assessed, which may limit the extent to which the questionnaire items fully represent the intended constructs of job satisfaction and employee performance.

Reliability Test Result

Reliability and validity are important concepts used to ensure the quality of research instruments. According to John W. Creswell (2018), reliability refers to the consistency of a measurement tool, meaning that it produces stable and consistent results over time, while validity refers to the extent to which the instrument measures what it is intended to measure. In social science research, reliability is commonly tested using Cronbach's Alpha, where a value of 0.70 and above is considered acceptable (Sekaran & Bougie, 2016). Validity, particularly content validity, is often ensured through expert review and consultation with supervisors to confirm that the questionnaire items properly represent the study variables (Cooper & Schindler, 2014).

Cronbach's alpha is a coefficient of reliability and it is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. Hence, according to Lombard (2010), coefficients of .90 or greater are nearly always acceptable, 0.80 or greater is acceptable in most situations, and 0.70 may be appropriate in some exploratory studies for some indices. By tracing this literature, the researcher has tasted the reliability of the items to be presented to respondents. The result demonstrated that all the measurement items have Cronbach's Alpha values greater than 0.70. Thus, the internal consistency is secured. The following table summarizes scale and Cronbach's Alpha values of the variables.

Summary of scales & Cronbach's alpha values

Variables	Cronbach's Alpha	Number of items
Salary and Benefit	.800	4
Working environment	.785	5
Supervision	.849	3
Promotion	.865	3
Recognition	.834	3
Work relation	.844	3
Employee Performance	.931	9
a. Dependent Variable: Employee Performance		
b. Predictors: Salary, Working environment, Supervision, Promotion, Recognition, Work relation		

Table 4.2 Summary of scales & Cronbach's alpha values

The reliability of the measurement items was tested using Cronbach's Alpha to examine internal consistency. As shown in the results, all variables recorded Cronbach's Alpha values above the recommended threshold of 0.70, indicating acceptable reliability for further analysis.

Salary and Benefits showed a Cronbach's Alpha value of 0.800 with four items, indicating good internal consistency. Working environment recorded a value of 0.785 with five items, which also reflects acceptable reliability.

Supervision had a Cronbach's Alpha value of 0.849 (3 items), while promotion recorded 0.865 (3 items). Recognition and work relation showed values of 0.834 and 0.844 respectively, both indicating strong reliability.

Regarding the dependent variable, employee performance recorded the highest reliability value of 0.931 with nine items, indicating excellent internal consistency.

Generally , The findings show that all constructs used in the study acceptable reliability and suitable for further statistical analysis.

3.9 Ethical Consideration

Ethical issues were taken into account during the study. The researcher explained the objective of the research to the respondents before distributing the questionnaires. Participation in the study was voluntary, and respondents were willing to take part in the research.

The respondents were informed that the information collected from them would be used only for academic purposes. Their names and personal information were not included in the questionnaire in order to maintain confidentiality. The researcher also respected the privacy of the respondents and handled the collected data carefully during the research process.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND DISCUSSION

4.1 Introduction

This chapter presents the data collected for the study on the effect of job satisfaction on employee performance at Fahem General Trading PLC. Data were collected from questionnaires completed by the employees. The data were subjected to analysis using IBM SPSS version 27 and tables were used to present results based on the objectives of the study. This chapter contains the respondents' demographic profile, Descriptive statistics, correlation analysis and multiple regression analysis were used to explore the relationship between job satisfaction and employee performance.

4.2 Response rate

The data were collected by way of questionnaires filled by the respondents. A 90 percent response rate was achieved since 234 out of 260 questionnaires were properly filled by respondents and returned to the researcher.

4.3 Demographic Characteristics of Respondents

The demographic characteristics of the respondents were analyzed using frequency and percentage distributions. A total of 234 employees participated in the study. Descriptive statistics such as frequencies and percentages are commonly used to summarize respondents' demographic information in social science research (Alan Bryman, 2016).at male employees constituted a relatively larger proportion of the study participants.

Demographic Variables	Category	Frequency	Percent (%)
Gender	Male	135	57.7
	Female	99	42.3
Age	20–30 years	121	51.7
	31–40 years	78	33.3
	41–50 years	29	12.4
	Above 50 years	6	2.6
Educational Level	Diploma	48	20.5
	Bachelor Degree	133	56.8
	Master Degree	52	22.2
	PhD	1	0.4
Work Experience	0–1 year	32	13.7
	2–5 years	124	53.0
	6–9 years	47	20.1
	Above 10 years	31	13.2
Monthly Income	5,000–10,000	18	7.7
	10,001–15,000	78	33.3

	15,001–20,000	46	19.7
	Above 20,000	92	39.3
Total		**234**	**100**

Table 4.1 Demographic Characteristics of Respondents

Shows the demographic characteristics of the respondents. The majority of respondents were male (57.7%), while females accounted for 42.3%. Most respondents were between the ages of 20–30 years (51.7%). Regarding educational level, the majority held a bachelor's degree (56.8%). In terms of work experience, most respondents had 2–5 years of experience (53.0%). Concerning monthly income, the largest proportion of respondents earned above 20,000 birr (39.3%).

4.4 Descriptive Statistics Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Salary and benefits	234	1.00	4.50	2.9348	.04799	.73411
Working environment	234	1.40	5.00	3.4462	.04315	.66002
supervision	234	1.00	5.00	3.3262	.05434	.83123
promotion	234	1.00	5.00	2.9943	.05692	.87074
recognition	234	1.00	4.67	3.1781	.05152	.78803
Work relation	234	1.67	5.00	3.6453	.04974	.76088
Performance	234	1.00	5.00	3.7683	.04338	.66357
Valid N (list wise)	234					

Table 4.3 Results of Descriptive Statistics

Results of Descriptive Statistics

Descriptive statistics were used to summarize and present the responses collected from the 234 employees who participated in the study. The analysis focused on assessing the level of job satisfaction and employee performance based on the mean score taken from the five-point Likert scale questionnaire. The mean scores are used to determine whether the level of each variable and its dimensions is low, moderate, or high. In this study,

To interpret the results, the study adopted a commonly used guideline in social science research, where a mean score of 1.00–2.49 is considered low, 2.50–3.49 is considered moderate, and 3.50–5.00 is considered high (Creswell, 2018; Sekaran & Bougie, 2016). This framework made it easier to understand employees' perceptions regarding job satisfaction factors and their level of performance within the organization.

The analysis also included the minimum and maximum values, mean scores, and standard deviations for each variable. While the mean explains the average opinion of respondents, the standard deviation shows how similar or different the responses were among employees. The minimum and maximum values indicate that employees' responses varied across the study variables, suggesting differences in perceptions among respondents regarding the measured factors.

Among the independent variables, work relation recorded the highest mean value (M = 3.6453, SD = 0.76088). Suggesting that employees generally experience positive relationship and cooperation with their colleagues. The working environment also received a relatively favorable rating, with a mean score of 3.4462 and a standard deviation of 0.66002, indicating that many respondents were reasonably satisfied with work place condition.

Supervision recorded a mean score of 3.3262 (SD = 0.83123). Indicating a moderate level of satisfaction with the support and guidance receive from managers. In the same way, recognition had a mean value of 3.1781 with a standard deviation of 0.78803, suggests that employees moderately feel that their efforts and achievements were acknowledged by the organization.

On the other hand, promotion opportunities (M = 2.9943, SD = 0.87074) and salary and benefits (M = 2.9348, SD = 0.73411) showed lower mean scores compared to the other variables. This may indicate that employees were not fully satisfied with the organization's promotion system and compensation practices.

The dependent variable, employee performance, had a mean score of 3.7683 and a standard deviation of 0.66357. The result shows that respondents generally viewed their performance positively. Furthermore, since all standard deviation values were below 1, the responses were relatively consistent, suggesting that employees shared fairly similar opinions regarding the variables included in the study.

The descriptive results of this study are consistent with both Ethiopian and international studies. Ethiopian studies (e.g., Deriba et al., 2018; Tekie, 2024) reported that employees generally show moderate job satisfaction, with higher mean scores for working environment and work relations, while salary and promotion opportunities are relatively lower. Similarly, international studies (Judge et al., 2001; Dormann & Zapf, 2001) also found that job satisfaction is typically moderate and more strongly influenced by non-financial factors such as working conditions and interpersonal relations than by financial rewards. Overall, these findings support the present study's results that employees rate non-financial job aspects more positively than financial and career-related factors.

4.5 Correlation Analysis

Correlation analysis is a statistical method used to understand how two variables are related to each other both in terms of strength and directions . It helps to determine whether changes in one variable are associated with changes in another variable. The Pearson correlation coefficient (r) ranges from -1 to +1, where positive values indicate a positive relationship, negative values indicate a negative relationship, and values close to zero indicate no relationship between variables (Field, 2018).

Table 4.4
Pearson Correlation Matrix among Job Satisfaction Dimensions and Employee Performance (N = 234)

Correlations

	Variables		1	2	3	4	5	6	7
1	Salary and benefits	Pearson Correlation	1						
		Sig. (2- tailed)	.000						
2	Working environment	Pearson Correlation	.435**	1					
		Sig. (2-tailed)	.000	.000					
3	supervision	Pearson Correlation	.238**	.711**	1				
		Sig. (2-tailed)	.000	.000	.000				
4	promotion	Pearson Correlation	.468**	.500**	.350**	1			
		Sig. (2-tailed)	.000	.000	.000	,000			
5	recognition	Pearson Correlation	.403**	.637**	.461**	.610**	1		
		Sig. (2-tailed)	.000	.000	.000	.000	.000		
6	Work relation	Pearson Correlation	.146*	.622**	.524**	.142*	.387**	1	
		Sig. (2-tailed)	.025	.000	.000	.030	.000	.000	
7	Performance	Pearson Correlation	-.026	.296**	.275**	-.148*	.218**	.315**	1
		Sig. (2-tailed)	.695	.000	.000	.023	.001	.000	.000

**. Correlation is significant at the 0.01 level (2-tailed). Table 4.4 Correlation Analysis

*. Correlation is significant at the 0.05 level (2-tailed).

N=234

Interpretation of the Correlation Analysis

Table 4.4 presents the Pearson correlation coefficients among the six dimensions of job satisfaction and employee performance. Prior to regression analysis, Pearson's correlation was conducted to examine the direction and strength of the relationships among the study variables and to assess the potential presence of multicollinearity.

The findings indicate that **employee performance** has a **positive and statistically significant** relationship with four dimensions of job satisfaction. Specifically, **working environment** is positively correlated with employee performance ($r = .296$, $p < .001$), suggesting that improvements in the working environment are associated with higher employee performance. Likewise, **supervision** demonstrates a positive and significant relationship with employee performance ($r = .275$, $p < .001$), indicating that supportive and effective supervision contributes to improved employee performance.

Similarly, **recognition** is positively associated with employee performance ($r = .218$, $p < .001$), implying that employees who receive greater recognition tend to perform better. Among all dimensions, **work relations** exhibit the strongest positive association with employee performance ($r = .315$, $p < .001$), highlighting the importance of positive interpersonal relationships and teamwork in enhancing employee performance.

In contrast, **salary and benefits** show a **negative but statistically insignificant** relationship with employee performance ($r = -.026$, $p = .695$), indicating that compensation alone does not significantly influence employee performance in the present study. Furthermore, **promotion** has a **negative and statistically significant** correlation with employee performance ($r = -.148$, $p = .023$), suggesting that employees' perceptions of promotion practices may not necessarily translate into higher performance. This unexpected finding may reflect concerns regarding the fairness, transparency, or implementation of promotion systems within the organization.

The correlation matrix also reveals positive and significant interrelationships among most of the independent variables. The strongest correlation is observed between **working environment and supervision** ($r = .711$, $p < .001$), followed by **working environment and recognition** ($r = .637$, $p < .001$), and **recognition and promotion** ($r = .610$, $p < .001$). Although these correlations are relatively high, none exceed the commonly accepted multicollinearity threshold of **0.80**, indicating that multicollinearity is unlikely to pose a serious concern for the subsequent multiple regression analysis.

Overall, the correlation analysis provides preliminary evidence that several dimensions of job satisfaction are associated with employee performance, thereby supporting the inclusion of these variables in the regression model to further examine their predictive effects.

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4.6 Regression Analysis Results

This study used multiple regression model in which the cause-and-effect relationship between job satisfaction and employee performance is to be tested. In the regression analysis, both the existence of significant effect of leadership behavior on project performance and the direction of effect between these variables are to be tested.

4.6.1 Assumptions and diagnostic tests

Before conducting the regression analysis, diagnostic tests were performed to examine whether the assumptions of regression were satisfied. These tests included normality, multicollinearity, linearity, homoscedasticity, and independence of errors to ensure the validity and reliability of the results (Andy Field, 2018).

4.6.1.1 Multicollinearity Test

Table 4.5 presents the collinearity statistics used to test the presence of multicollinearity among the independent variables. Multicollinearity occurs when independent variables are highly correlated with each other, which may affect the reliability of the regression results. According to Hair et al. (2019), tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values less than 10 indicate the absence of serious multicollinearity problems.

Model	Collinearity Statistics	
	Tolerance	VIF
Salary and benefits	.551	1.816
Working environment	.709	1.410
supervision	.281	3.554
promotion	.478	2.091
recognition	.529	1.889
Work relation	.473	2.112
a. Dependent Variable: Employee Performance		
b. Predictors: Salary, Working environment, Supervision, Promotion, Recognition, Work relation		

Table.4.5: Multicollinearity Test

The results show that all tolerance values range from 0.281 to 0.709, which are above the minimum acceptable threshold of 0.10. Similarly, all VIF values range from 1.410 to 3.554, which are below the maximum acceptable value of 10. Among the variables, supervision has the highest VIF value (3.554), while working environment has the lowest VIF value (1.410).

Therefore, the findings confirm that there is no serious multicollinearity problem among the independent variables included in the regression model, indicating that the variables are suitable for multiple regression analysis.

4.6.1.2 Normality test

Normality test is used to determine whether the error term is normally distributed. Visual inspection is employed here using histogram, normal probability plots and scatterplot. A dataset is considered normally distributed when the data follow a bell-shaped curve and the residual points are approximately aligned along the diagonal line in the Normal P–P plot. .

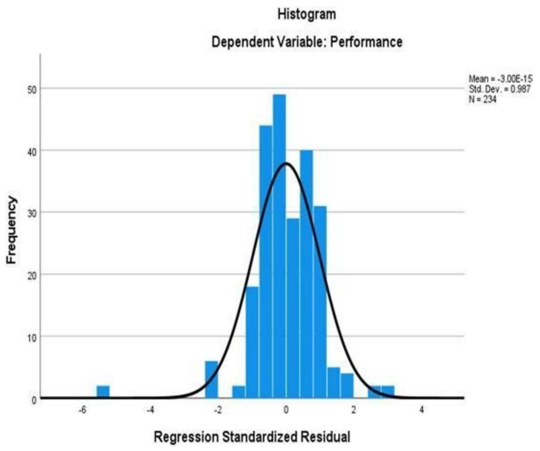


Figure 4.1: Histogram

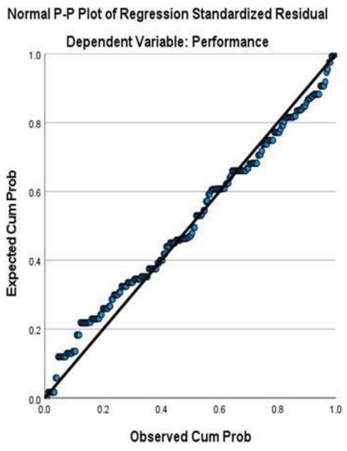


Figure 4.1: Normal probability

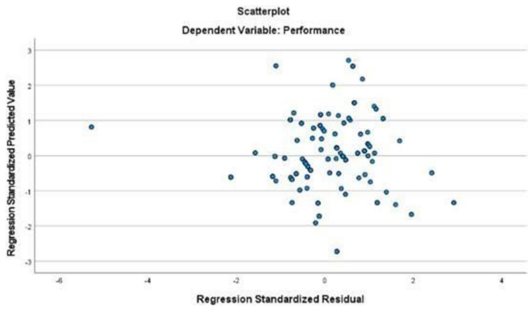


Figure 4.1 Homoscedasticity

The histograms of regression standardized residuals showed on the above figures the residuals were fairly normally distributed. Most of the values were centered around zero, and the histogram roughly followed a bell-shaped patter. Although a few extreme values appeared on both sides, they did not

greatly affect the overall distribution. The scatterplot of standardized residuals and predicted values showed that the points were randomly scattered around the zero line without a clear pattern or funnel shape. The result suggests the assumptions of linearity and homoscedasticity were met. Even though one extreme residual value was observed, still acceptable for conducting regression analysis.

4.6.1.3 Skewness and Kurtosis

Skewness and kurtosis are commonly used statistical measures whether data follow a normal distribution. Skewness shows symmetry in the data, while kurtosis reflects how peaked or flat the distribution is. According to Hair et al. (2019), skewness and kurtosis values between -2 and +2 indicate acceptable normal distribution.

Skewness and Kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Salary and benefits	234	-.459	.159	.055	.317
working environment	234	-.023	.159	.313	.317
supervision	234	.229	.159	-.223	.317
promotion	234	-.105	.159	-1.013	.317
recognition	234	-.171	.159	-.780	.317
work relation	234	-.427	.159	-.155	.317
Performance	234	-.553	.159	1.550	.317
Valid N (list wise)	234				

Table 4.6 Skewness and Kurtosis

The results show that all variables fall within the acceptable range, indicating that the data are approximately normally distributed. The variables of working environment (-0.459), recognition (-0.105), work relation (-0.171), and performance (-0.427) have slight negative skewness, which means the responses are slightly concentrated toward higher values. Supervision (-0.023) is almost perfectly symmetrical. Promotion (0.229) shows a slight positive skewness, indicating a small concentration toward lower values.

Regarding kurtosis, most variables have values close to zero, suggesting a normal distribution shape. Recognition (-1.013) and work relation (-0.780) indicate a relatively flatter.

4.6.2 Multiple Regression Analysis

4.6.2.1 Model fit

The model fit, which refers to the model's ability to predict the dependent variable, was assessed using R Square (R^2). The R^2 value is used to determine the proportion of variation in employee performance (dependent variable) explained by the independent variables, namely salary and benefits, working environment, supervision, promotion, recognition, and work relation.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512[a]	.262	.242	.57754

a. Predictors:(Constant),work relation, promotion, salary and benefits, supervision,recognition,working environment

b. Dependent Variable: Performance

Table 4.7 Model Summary

As the study results presented in the above table shows, the correlation between employee performance and the combined effect of the independent variables (salary and benefits, working

environment, supervision, promotion, recognition, and work relation) is 0.512, as indicated by the multiple R value.

The R^2 value of 0.262 indicates that 26.2% of the variation in employee performance is explained by the independent variables included in the study. The remaining 73.8% of the variation in employee performance is explained by other variables not included in the model. This R^2 value indicates that the independent variables have a moderate explanatory power in predicting employee performance.

The result related to promotion opportunities is particularly unexpected, as it shows a weak negative relationship with employee performance in the correlation analysis and does not appear to strongly enhance the explanatory power of the model. The negative or weak relationship between promotion opportunities and employee performance can be explained by organizational justice theory, which emphasizes that employees' perceptions of fairness in decision-making processes strongly influence their attitudes and performance. Recent studies show that when promotion systems are perceived as unfair, biased, or not transparent, they can reduce employee motivation and performance rather than enhance them (Colquitt et al., 2023; Ahmed et al., 2023). Similarly, recent research indicates that perceived procedural injustice in promotion decisions leads to lower organizational trust, reduced engagement, and weaker performance outcomes (Zhu et al., 2020). In addition, contemporary studies confirm that promotion effectiveness depends not only on availability but also on fairness, transparency, and merit-based implementation within organizations (Lu & Yu, 2025). Therefore, the negative association found in this study may reflect employees' perceptions of unfair or non-merit-based promotion practices.

ANOVA Test for Regression Model

Anova (Analysis of Variance) is a statistical technique used to test whether a regression model is statistically significant. In regression analysis, the ANOVA table examines whether the independent variables, taken together, significantly explain the variation in the dependent variable. The F-statistic and its corresponding significance (Sig.) value are used to determine the overall fitness of the model. If the significance value is less than 0.05, the regression model is considered statistically significant, indicating that the independent variables jointly affect the dependent variable (Field, 2018; Sekaran & Bougie, 2019).

Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.879	6	4.480	13.431	.000[b]
	Residual	75.717	227	.334		
	Total	102.596	233			

a. Dependent Variable: Performance

b. b. Predictors: (Constant), Work Relation, Promotion, Salary and benefits, Supervision, Recognition, Working environment

Table 4.8 ANOVA Test

The ANOVA result shows that the overall regression model was statistically significant. The model produced an F-value of 13.431 with a significance value of 0.000, which is less than 0.05. This indicates that the independent variables (salary and benefits, working environment, supervision, promotion, recognition, and work relation) jointly have a significant effect on employee performance. Therefore, the regression model is appropriate and useful for explaining variations in employee performance at Fahem General Trading PLC.

4.6.2.2 Coefficients of the Multiple Regression Analysis

Multiple linear regression analysis was employed to examine the effect of job satisfaction factors on employee performance at Fahem General Trading PLC. Regression analysis is a statistical technique used to determine the relationship between dependent and independent variables .In this study, salary and benefits, working environment, supervision, promotion, recognition, and work relation were considered as independent variables, while employee performance was treated as the dependent variable. The significance value (Sig.) is used to determine whether the relationship between variables is statistically significant. A significance value less than 0.05 indicates that the observed relationship is statistically significant and unlikely to have occurred by chance, whereas a significance value greater than 0.05 indicates that the relationship is not statistically significant (Field, 2018).

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	Sig
1(Constant)	2.867	.234		.000
Salary and benefits	-.066	.061	-.073	.281
Working environment	.270	.108	.269	.013
supervision	.079	.066	.098	.234
promotion	-.360	.060	-.473	.000
recognition	.250	.070	.297	.000
Work relation	.051	.067	.059	.446
a. Dependent Variable: Performance				

Table 4.9 Regression Coefficients

The regression coefficient results presented in Table 4.9 indicate the effect of each independent variable on employee performance at Fahem General Trading PLC. The analysis was conducted using multiple linear regressions to determine the extent to which salary and benefits, working environment, supervision, promotion, recognition, and work relation predict employee performance.

The effect of working environment had a positive and statistically significant effect on employee performance (β = .269, Sig. = .013). This indicates that improving the working environment increases employee performance. A favorable working environment may help employees feel comfortable, motivated, and satisfied with their jobs, which in turn improves their level of performance. Therefore, the hypothesis stating that working environment significantly affects employee performance was supported.

This finding is consistent with Frederick Herzberg's Two-Factor Theory, which explains that working conditions are important hygiene factors that influence employee satisfaction and performance. Herzberg argued that a healthy and supportive working environment reduces dissatisfaction and creates conditions that enable employees to perform better. The finding also supports the view that organizations with favorable physical and psychological work environments tend to achieve higher employee motivation, commitment, and overall performance.in addition Stephen P. Robbins and Timothy A. Judge, who explained that the working environment plays a significant role in influencing employee attitudes, motivation, job satisfaction, and performance. According to Robbins and Judge, employees who work in favorable physical and psychological environments are more likely to demonstrate higher commitment, greater motivation, and improved job performance. The finding also supports the argument that organizations with supportive working conditions can enhance employee efficiency and overall organizational effectiveness.

Similarly, the effect of recognition on employee performance showed a positive and statistically significant (β = .297, Sig. = .000). This finding suggests that when employees contributions, achievements, and are recognizes enhances their motivation and commitment toward organizational goals. Employees who fell appreciation and recognition are more likely to perform effectively and efficiently. Hence, the hypothesis related to recognition was accepted.

This finding consistent with Frederick Herzberg's Two-Factor Theory, which shows that recognition is an important factor in improving both employee satisfaction and performance. According to Herzberg employees are motivated not only by salary and working conditions but also factors such as things like recognition, achievement, and responsibility. When employees feel that their efforts are appreciated for their work, they are more likely become more motivated and committed, which can positively influence their perform. Overall, this study supports Herzberg's view that employee recognition has a positive effect on performance.

Promotion also showed a statistically significant effect on employee performance; however, the relationship was negative (β = -.473, Sig. = .000).An increase in promotion-related factors was associated with a decrease in employee performance in the organization. The negative relationship may indicate dissatisfaction with the promotion system, there may lack of fairness in promotion practices, or increased pressure and responsibilities after promotion. Therefore, although promotion significantly affected employee performance, the direction of the relationship was inverse.

Accordingly, the hypothesis regarding promotion was supported.

This result is supported by previous studies. The result aligns with John Stacey Adams's Equity Theory, which explains that employees compare their efforts and rewards with those of others, when promotion and reward systems are perceived as unfair,employees may become less reduce motivated and their performance may decline. Similarly, Stephen P. Robbins and Timothy A. Judge (2019) argued that employees who perceive unfair distribution of promotion opportunities are more likely to experience dissatisfaction, reduced motivation, and lower job performance.

Salary and benefits did not show a statistically significant effect on employee performance (β = -.073, Sig. = .281). Although compensation is generally considered important for motivating employees, the result of this study indicates that it was not a major factor influencing employee performance at Fahem General Trading PLC. Employees may give more attention to non-financial factors such as recognition and working environment. Therefore, the hypothesis related to salary and benefits was not supported.

Likewise, supervision did not have a statistically significant effect on employee performance (β = .098, Sig. = .234). This implies that the supervisory practices within the organization were not strong enough to influence employees' performance significantly during the study period. Consequently, the hypothesis concerning supervision was not supported.

In addition, work relation did not show a statistically significant effect on employee performance (β = .059, Sig. = .446). This finding indicates that relationships among employees and coworkers did not significantly contribute to variations in employee performance in the organization. Therefore, the hypothesis related to work relation was rejected. Similarly, supervision and work relation also did not show a statistically significant effect on employee performance because their significance values were greater than 0.05. Therefore, these variables were not significant predictors of employee performance in this study.

4.7 Hypothesis Test

Hypothesis testing was conducted to examine whether the independent variables have a statistically significant effect on employee performance. According to Andy Field (2018), hypothesis testing helps determine whether the observed relationships between variables are statistically significant or occurred by chance.

Hypothesis	Sig.	Decision
H1: The effect of Salary and Benefits on Employee Performance is statistically Significant and Positive.	Not Significant	Not Supported
H2: The Effect of Working environment on Employee Performance is Statistically Significant and Positive.	Significant and positive	Supported
H3: The Effect of Supervision on Employee Performance is Statistically Significant and Positive.	Not significant	Not Supported
H4: The Effect of Promotion opportunities on Employee Performance is Statistically Significant and Positive.	Significant but negative	Supported
H5: The Effect of Recognition on Employee Performance is Statistically Significant and Positive.	Significant and positive	Supported
H6: The Effect of Work Relationships Employee Performance is Statistically Significant and Positive. .	Not significant	Not Supported

Table 4.10 Hypothesis Test

The hypothesis testing results revealed that working environment, promotion opportunities, and recognition had statistically significant effects on employee performance, while salary and benefits, supervision, and work relationships did not show significant effects. In addition, working environment and recognition had positive effects on employee performance, whereas promotion opportunities showed a significant negative effect. Therefore, hypotheses H2, H4, and H5 were supported, while H1, H3, and H6 were not supported.

Modified Regression Model

Based on the regression results, the modified regression model of the study is expressed as follows:

$EP= \beta 0+ \beta 1X1 + \beta_2X_2+ \beta 3X3+ \beta 4X4.+ \beta 5X5+ \beta 6X6... + \acute{\varepsilon}.$

$EP=2.867-0.066SB+0.270WE+0.079SU-0.360PO+0.250RE+0.051WR+\varepsilon$

- EP = Employee Performance (Dependent Variable)
- 2.867 = Constant (Intercept)
- SB = Salary and Benefits
- WE = Working Environment
- SU = Supervision
- PO = Promotion Opportunities
- RE = Recognition
- WR = Work Relation
- −0.066, 0.270, 0.079, −0.360, 0.250, and 0.051 are the coefficients of the independent variables for SB, WE, SU, PO, RE, WR respectively.
- ε = Error term

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

This chapter presents the final part of the study, where the key findings from the descriptive analysis, correlation analysis, and regression results are summarized and interpreted. The study examined the relationship and effects of salary and benefits, working environment, supervision, promotion opportunities, recognition, and work relationships on employee performance. Based on these empirical results, this section provides conclusions drawn from the major findings and offers practical recommendations for management and relevant stakeholders to enhance employee performance within the organization.

5.1 CONCLUSION

- This study examined the effects of salary and benefits, working environment, supervision, promotion opportunities, recognition, and work relationships on employee performance. The findings from descriptive statistics, correlation, and multiple regression analysis, indicates that these factors are related to employee performance ,although their influence varies across the different variables.
- The regression analysis results indicate that the overall model is statistically significant, meaning that the selected independent variables jointly explaining employee performance.
- The **working environment** was found to significant and positive effect on employee performance.This suggests that improving the working environment improve employee performance.
- The effect of **recognition** on employee performance is found to be significant and positive, the result shows that employees perform better when their contributions are acknowledged and appreciated.
- **Promotion opportunities** were found to have a significant but negative effect on employee performance, implying that current promotion practices may not effectively enhance employee performance and may need improvement. The study acknowledges the unexpected negative relationship between promotion opportunities and employee performance, indicating that the current promotion practices may not effectively motivate employees and may instead be perceived as unfair or not merit-based. A key insight from this finding is that promotion alone

does not guarantee improved performance unless it is implemented in a transparent, consistent, and merit-based manner that employees trust.

- The effects of **salary and benefits**, **supervision**, and **work relationships** on employee performance are found to be statistically insignificant, implying that they do not have a strong direct influence on employee performance in the organization.
- Overall, the findings indicate that working environment and recognition are the most important positive determinants of employee performance in the organization.

5.2 RECOMMENDATIONS AND SUGGESTION FOR FURTHER STUDY

The organization should improve the **working environment** by providing better working conditions, adequate facilities, and a supportive workplace atmosphere, since it has a significant positive effect on employee performance.

Management should strengthen **recognition practices** by implementing fair reward systems, appreciation programs, and performance feedback mechanisms to enhance employee motivation and productivity.

The organization should review its **promotion system**, as the results showed a significant but negative relationship with employee performance. This suggests that current promotion practices may not effectively motivate employees and should be made more transparent and fair.

- Although **salary and benefits** did not show a statistically significant effect on employee performance, the management of the organization should continue to provide fair and competitive compensation packages to maintain employee satisfaction and reduce turnover.
- The organization should continue to improve **supervision practices**, even though the effect was not statistically significant, to support employee guidance, coordination, and overall organizational effectiveness.
- Efforts should be made to strengthen **work relationships** among employees to encourage teamwork, cooperation, and a positive working environment.
- For **future research**, recommended that similar studies be conducted in other organizations or sectors to improve the generalizability of the findings and to identify additional factors that may influence employee performance. In addition future research should consider using qualitative methods to explore in depth why promotion opportunities are perceived negatively

and how employees experience and interpret the promotion process with the organization. Finally future research should explore *why* salary and benefits did not show a significant effect on employee performance, as this may be due to factors such as employees placing greater value on non-financial motivators (e.g., working environment and relationships), or because salary levels are perceived as uniform or insufficient to differentiate performance within the organization.

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Appendix I

Questionnaire

Addis Ababa University College of Business & Economics Management

Department of Human Resource Management

Dear Respondent,

Dear Respondents, I am a post graduate student at Addis Ababa University School of commerce, kindly request you to participate on this survey questionnaire. The purpose of this questionnaire is to assess the effect of job satisfaction on employee's performance in Fahem general trading. I want to assure you that the information you provide will be used for academic purpose. No other person will have access to the data to be collected. The completion of the research substantially depends on your cooperation and of the information you give in this questionnaire. Therefore, I kindly request you to respond to each question carefully. Finally, I would like to express my earnest appreciation for your generous time, honest and prompt responses.

- Questionnaire to be filled by employees of Fahem General Trading PLC
- Researcher – Ametelaziz Muhammed
- Contact address – +251911592233
- Email – ametel21@gmail.com

Survey instructions

Please complete all of the items in the survey as soon as possible.

You are not required to write your name in this questionnaire.

Please tick (✓) the appropriate box.

SECTION I: General Information

1. Gender: □ Female □ Male

2. Age: □ 20–30 years □ 31–40 years □ 41–50 years □ Above 50 years

3. Education Level: □ Diploma □ Bachelor's Degree □ Master's Degree □ PhD

4. Work Experience: □ 0–1 year □ 2–5 years □ 6–9 years □ Above 10 years

5. Monthly Income (ETB): □ 5,000–10,000 □ 10,001–15,000 □ 15,001–20,000 □ Above 20,00

Section 2 – JOB SATISFACTION

Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

A. Salary & Benefit

Code	Statement	1	2	3	4	5
SB1	I am satisfied with my salary.					
SB2	My salary is fair compared to my workload.					
SB3	The benefits I receive are satisfactory.					
SB4	My salary is fair compared to others in similar positions.					

B. Working Environment

Code	Statement	1	2	3	4	5
WE1	My workplace is comfortable and safe.					
WE2	I have the resources needed to perform my job.					
WE3	The working environment supports productivity.					
WE4	I feel loyal to this organization.					
WE5	I intend to stay in this organization.					

C. Supervision

Code	Statement	1	2	3	4	5
SV1	My supervisor treats employees fairly.					
SV2	My supervisor supports me in my work.					
SV3	I receive useful feedback from my supervisor.					

D. Promotion Opportunities

Code	Statement	1	2	3	4	5
PO1	Promotion opportunities are fair in the organization.					
PO2	Promotions are based on performance.					
PO3	I am satisfied with career growth opportunities.					

E. Recognition

Code	Statement	1	2	3	4	5
RG1	My work is recognized by management.					
RG2	I receive appreciation for good performance.					
RG3	The organization values employee contributions.					

F. Work Relationships

Code	Statement	1	2	3	4	5
WR1	I have a good relationship with my coworkers.					

Code	Statement	1	2	3	4	5
WR2	Teamwork is encouraged in the organization.					
WR3	Communication among employees is effective.					

Section 2– EMPLOYEE PERFORMANCE

Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Code	Statement	1	2	3	4	5
EP1	I complete my work efficiently.					
EP2	I meet deadlines on time.					
EP3	I perform my duties effectively.					
EP4	I help my coworkers when needed.					
EP5	I contribute to team success.					
EP6	I support organizational goals.					

Code	Statement	1	2	3	4	5
EP7	I adapt to changes in the workplace.					
EP8	I learn new skills to improve my performance.					
EP9	I handle work challenges effectively.					