



# **The Effect of Employee Promotion Practice on Job Satisfaction: The Case of Dashen Bank S.C.**

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Advisor: FessehaAfework(Ass.Professor)

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# The Effect of Employee Promotion Practice on Job Satisfaction: in the Case of Dashen Bank S.C.

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## DECLARATION

I, **AbrehamTadesse**, declare that this thesis entitled “**The Effect of Promotion Practice on Job Satisfaction: In The Case of Dashen Bank Share Company**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, **FessehaAfework (Ass. Professor)**. Any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

**AbrehamTadesse**\_\_\_\_\_

**Signature**

\_\_\_\_\_

**Date**

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## STATEMENT OF CERTIFICATION

This is to certify that **Abreham Tadesse** has carried out his research work entitled “**The Effect of Promotion Practice on Job Satisfaction: in the Case of Dashen Bank Share Company**” for the partial fulfillment of Master of Arts in Human Resource Management at Addis Ababa University School of Commerce. This study is original and is not submitted for any degree in this university or any other universities.

**Confirmation by Advisor:** \_\_\_\_\_

**Fesseha Afework (Ass. Professor)      Signature      Date**

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**Abreham Tadesse**

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## LIST OF ABBREVIATIONS AND ACRONYMS

**DB:**Dashen Bank S.C.

**HR:** Human Resources

**HRM:** Human Resources Management

**S.D.:** Standard Deviation

**SPSS:** Statistical Package for Social Science

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## ABSTRACT

*The success of any organization in the long run depends very much on the satisfaction of its humanresources. This is especially true in the service oriented industry like banks. Among others, promotion is one of the main variables that contribute to satisfaction of employees. The purpose of this thesis therefore was to evaluate the effects of promotion practice on job satisfaction using Dashen Bank S.C. as a case study. The study used both primary and secondary sources of data. Quantitative research approach was implemented and 330 questionnaires were distributed out of which 312 of them were returned. Multi stage sampling method was used first by convenience sampling and then by applying simple random sampling employees was selected from stratum. The data was analyzed by SPSS version 20.0 using explanatory research method and data was analyzed using correlation and regression. The correlation analysis indicates positive relationship between the independent variables (perception of promotion and promotion opportunities) and the dependent variable (Job satisfaction) and negative relationship with the independent variable (Promotion expectation) and dependent variable (Job satisfaction). The result of the regression indicates that the independent variables have accounted for 44.5% of variance on the dependent variable. Based on the findings of the study, the researcher recommends the bank to keep constant review perception of promotion, promotion opportunities and promotion expectation to identify their effects on employee's job satisfaction regularly.*

*Key words: Promotion practice, Job satisfaction. Promotion practice perception, Promotion opportunities, Promotion expectation.*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1. Background of the Study

An important side of an organization is people management; organization with good management would consider its employee as an asset, and the primary source and portal to productivity and financial gains. These organizations give more importance to employees as they give capital. To make sure that their goals are achieved these companies foster an environment of commitment and cooperation with the help of strong policies and practices. If the human resource is satisfied, then employee will be motivated and work with better loyalty and pay back the company with a good productivity and low turnover rates(Alakoç, 2014).

Human resources management is a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives(Armstrong, 2006).

Organizations are now endeavoring to develop a committed and qualified workforce in a climate of trust and comradeship (Gould-Williams,2004). Employee' responses to human resource practices are at the heart of all human resources managementperformance models and the direct link between employee response to the practice and their behavior (Purcell &Kinnie, 2007).

To be successful in the corporate world, companies need to have a highly motivated, loyal and satisfied workforce. This is achieved through a thorough understanding andapplication of all the ingredients necessary for enhancing the satisfaction level of employee. The business of today faces a thread of uncertainty and changes. To overcome the fear of employee's turnover organizations are working hard to retain their valuable employee(Naveed&Bushra, 2011).

Different studies revealed that job satisfaction is the most important and frequently studied and recognized dimension in the organizational behavior field.Job satisfactions and the factors behind it have attracted a number of researchers. Studies on job satisfaction date back to the early 1900's, in which the situations perspective highly dominated. These perspectives states that job satisfaction is determined by a specific characteristics of the job and its environment.This view is reflected in various studies including by Hauser and Taylor andby Cranny, Smith and

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Stone on their various projects at the Western Electric plants in Hawthorne. These studies suggested the basic assumption that when a certain set of job conditions are present, a certain level of job satisfaction will follow.

Jurgensen (as cited in Edwin, 2003) prioritize the sub categories of a job satisfaction and place the work itself as the most important factor. He also agrees that satisfaction with the work itself predicts the overall job satisfaction. He even suggested a management interest should be in understanding what makes employees satisfied with their jobs and focus on the nature of the work (intrinsic job characteristics) as an important point.

One of the important factors that highly enhance the job satisfaction of employee can be a promotion, as indicated by previous researchers perception of employee with regard to their job in terms of higher compensation and benefit, better working condition, higher authority or autonomy, greater responsibility, social status (which may all be a result of promotion) and the like are the source of job satisfaction.

Employees are thought to be satisfied with their work when they consider themselves to be a productive part of the organization. Employee can derive such satisfaction when organizations realize their worth by promoting them to a place of greater authority and control (Naveed et al, 2011).

A number of scholars have studied job satisfaction with various variables but little attention is given to the importance of promotion as a determinant of job satisfaction. To mention a few, a study by Victoria (2014) from Ghana assessed the promotional satisfaction among the workers of Cocoa Marketing Company Limited and found out that majority of staff were somewhat dissatisfied on the implementation of the promotion policy.

Boit (2013) a study made on Moi University Eldoret Municipality in Kenya indicated that; promotion opportunity had a significant relationship with non-teaching staff career change intention. The findings also point out that non-teaching staff considered promotion opportunity as the critical indicator of their perception of job satisfaction. He concludes that promotion opportunity as perceived by non-teaching staff had a higher effect on career change intention.

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In Ethiopia, Helen (2015) has found out that lack of promotion opportunity had a negative and significant effect on job satisfaction. Similarly, Hailu (2013) has also found out that employees were not satisfied with selected human resource practice including the promotion practice and further it was pointed out that promotion is a strong predictor of job satisfaction.

Hence, the purpose of this study is to investigate the effect of employee promotion on job satisfaction using Dashen Bank S.C. and provide suggestions to the bank as how it can improve the employee promotion practice and make its employee satisfied with their job and in turn get the best out of them.

Dashen Bank S.C. is a privately owned company established in 1995 as in accordance with the “Licensing and Supervision of Banking Business” Proclamation No. 84/1994, now suspended by Proclamation No. 592/2008, “A Proclamation to Provide for Banking Business” to undertake commercial banking activities. The Bank obtained its license from the National Bank of Ethiopia (NBE) on 20<sup>th</sup> September 1995 and started normal business activities on the 1<sup>st</sup> January 1996.

The first foundation members were 11-business man and professionals that agreed to combine their financial resources and expertise (Dashen Bank, 2014). Headquartered in Addis Ababa, the Bank is one of the biggest private Banks in Ethiopia. It operates through a network of 235 branches, 10 dedicated For-ex bureaus, 220 ATMs (Automatic Tellers Machines) and 957 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 462 banks covering 70 countries and 170 cities across the world Dashen Bank (2016, December) *2015-2016 20<sup>th</sup> Annual Report*.

Dashen Bank S.C. is established with a vision of “In as much as mount Dashen excels all other mountains in Ethiopia, Dashen Bank continues to prove unparalleled in the banking services.” Likewise it has a mission of “Providing efficient and customer focused domestic and international banking services, overcoming the continuous challenges for excellence through the application of appropriate technology” (Dashen Bank, 2016).

Dashen Bank S.C. provides various banking services in Ethiopia. The company offers deposit products, including current, savings, hybrid, saving plus, youth, student, interest plus, and salary accounts; loan products, such as overdraft, term loans, letter of credit facility, advance on import bills, revolving overdraft, merchandise loans, trade bills discounted, export credit guarantee

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schemes, and letter of guarantee, as well as agriculture, manufacturing, import/export, trade and services, building and construction, and transport loans.(Bloomberg business week, 2016).

## 1.2. Statement of the Problem

Job satisfaction in a simple definition is how people feel about their job or the conclusion they draw from their job by summing up part of their job characteristics. It ranges from satisfaction to dissatisfaction. Because of these feelings, employee will make the decision to leave or stay. When employee belong and remain as member of an organization, it concerns an individual's attendance and longevity at work and the decision to perform well that is, to work hard in pursuit of high levels of performance. Employers can benefit as well, from satisfied employee as they are more likely to profit from lower staff turnover and higher productivity when their employee experience a high level of job satisfaction (John & John R. H, 2010).

Organization has always given high priority to attain high level performance through productivity and efficiency. In order to do this highly satisfied workforce is an absolutely necessity for achieving a high level of performance advancement of an organization (Pushpakumari, 2008).

Among the factors, promotion can be the major one that highly influences the job satisfaction of employee because of its direct tie with higher benefits and greater responsibilities or powers. Lack of effective promotion practices lead to high turnover (which denotes lack of talent, additional recruitment and training costs), de-motivation, and lack of commitment. Hence, every company needs to have an improved, effective, clear and transparent employee promotion practice that answers the employee expectations and requirements as much as possible.

Given all of the dimensions in which promotions can affect workers' careers and compensation, first, relatively little attention has been paid to the importance of promotions as a determinant of job satisfaction, second promotion benefits companies in reducing employee turnover and in getting best performance out of employee and finally promotion is a base for employee welfares and has a direct link with employee's benefit because most benefits are associated with promotion i.e. salary, authority, allowances, discretions powers, recognition, decision making, job content and etc. [Alam, Sameena, and Puja \(2012\)](#). Consequently employee also give much attention to promotion, as a result, the concept of promotion as a determinant of job satisfaction

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requires constant study and it is important for companies to find out what satisfies employees with relation to promotion so that they can plan a suitable promotion practice and gain better results.

To identify if job dissatisfaction with the promotion practice is indeed a problem in Dashen Bank S.C. and that if it is a subject worth studying, the researcher conducted a preliminary investigation through discussion with nine different staffs who are currently working on head office and branches who have more than one year experiences; and three management members from human resource management department of the bank, and found out that there is a discontentment regarding the promotion practice of the bank which is denoted by its merely based on seniority, lack of sufficient promotion opportunities or chances and the perceived unfairness and inequity of the promotion practice. As a result, as per the human resource record report which employees stated the reason of leaving as “better positions” & “dissatisfied” were 55 on 2014/15 fiscal year, 71 on 2015/2016 fiscal year and 45 up to January 2017, turnovers have been observed over the past and it is a major source of dissatisfaction for many current employees. (Dashen Bank, 2017)

The aforementioned problems initiated the researcher to further explore the effect of employee promotional practice on job satisfaction in terms of commitment, motivation and retention in the Bank. Hence, this research's findings is going to help by trying to bridge the stated gap and displaying how promotion practice affects job satisfaction so that corrective measures can be taken and the management of the bank can create the needed level of satisfaction in terms of employee promotion for the better achievements of its goals.

The study also tries to address the issue of what possible relationship exists between employee promotion practice and job satisfaction. Because effective implementation of promotional practice not only helps the organization in selecting the best talent from the pool but also guarantees a positive relationship with the employee. Moreover, it enhances the employee's commitment and motivation with the reduction of turnover.

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### **1.3. Research Questions**

The main intention of this study was to give answers for the following questions.

1. How do the employees perceive the current promotion practice of the bank?
2. What is the reaction of employees towards the promotion opportunities in the bank?
3. How does expecting of promotion affect job satisfaction?
4. What is the relationship between promotion practice and job satisfaction?

### **1.4. Research Objectives**

#### *1.4.1. Main Objective*

The main objective of the research was to assess the effect of employee promotion practice on job satisfaction.

#### *1.4.2. Specific Objectives*

In addition to the aforementioned main objective, this research entails the following specific objectives:

1. To assess the perception of employees towards the current promotion practice of the bank.
2. To find out the reaction of employees on promotional opportunities available in Dashen Bank.
3. To assess how expecting promotion affects job satisfaction.
4. To evaluate the relationship between promotion practice and job satisfaction.

### **1.5. Significance of the Study**

The basic significances of the study are:

1. To find out the effect of employee promotion practice on job satisfaction.
2. The results of the study may help the bank to re-examine the current employee promotion practices. Moreover, it is expected to equip the human resource manager and decision makers in the bank with the right information concerning the promotion practices to

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improve formulation of human resource policies especially on promotion decisions and improve performance.

3. To contribute to the existing body of knowledge in the Ethiopian context and suggest recommendation for problems with regard to promotion practice and job satisfaction.
4. For those who conduct further investigation on this subject area it serves as a secondary data and add to the existing literature and may serve as a source of reference.

### **1.6. Scope of the Study**

The scope of the study of this research is delimited only to employee of the bank located in Addis Ababa city. The location Addis Ababa is only selected due to the researcher believed that the data which is gathered by the questionnaire is going to be identical or homogeneous for both Addis Ababa employees and outlying branches. The research has only covered employees who are permanent and being clerical, or professional or line managers and who also have one or more years of experience in the bank, so that employees who have less than one year experience and middle managements and top managements don't affect the reliability of the research, and as non-clerical positions are outsourced and promotion is not implemented for temporary workers.

### **1.7. Limitation of the Study**

The study of this research is delimited only to employees in Dashen Bank S.C. The study would have been more comprehensive if other commercial banks were included but due to the time and other constraints the research mainly will focus on Dashen Bank S.C. as target population.

### **1.8. Organization of the Study**

This study is organized into five chapters. The first chapter discusses the background information of the study, background information of the organization, statement of the problem, research questions, the research objectives, significance of the study, scope of the study, limitation of the study, definition of terms, and organization of the study. Chapter two is concerned with the various literatures reviewed in order to enhance the knowledge about the area and the conceptual framework. Chapter three discusses the research design and methodology adopted for the study with relevant justifications. Chapter four presents the findings, results and analysis on the

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effect of employee promotion practice on job satisfaction in Dashen Bank S.C. Chapter five comprises the summary of findings, conclusion and recommendation and future research areas.

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## CHAPTER TWO

### REVIEW OF RELATED LITERATURES

#### 2.1. Overview of Promotion

Promotion is a shifting of employee for a job of higher significance and higher compensation. The movement of an employee upward in the hierarchy of the organization, typically that leads to enhancement of responsibility and rank and an improved compensation package (McCausland, Pouliakas, &Theodossiou, 2005).

A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal. It is usually symbolized with a change of job and title. It can be attached with an increase in pay, power, and responsibility. Or, it can also include an increase in freedom or independence, or a decrease in danger or discomfort. It may mean less inconvenience in terms of hours or location for some employee (Curley, Kalesh, &Stefanov,2007).

Promotion is said to be happened when an employee makes a shift in the upward direction in organizational hierarchy and moves to a place of greater responsibility (Dessler, 2008).

Promotion can make a significant increase in the salary of an employee as well as in the span of authority and control. It will help the competitors to identify the most productive employee in the business world at the same time the employee is being recognized by their own organization. The employees themselves feel to be an effective contributor and thus will be more satisfied with their job (Naveedet al, 2011).

Promotions provide opportunities for personal growth, increased responsibility, and increased social status (Robbins & Judge, 2007).

Armstrong (2009) maintains that a promotion policy could state the organization's intention to promote from within wherever this is appropriate as a means of satisfying its requirements for high quality staff. The policy could, however, recognize that there will be occasions when the organization's present and future needs can only be met by recruitment from outside.

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Torrington & Taylor (2008) asserts that giving preference to internal recruits, particularly as far as promotion are concerned, has the great advantage of providing existing employee with an incentive to work hard, demonstrate their commitment and stay with the organization when they might otherwise consider looking for alternative employment. In addition, the practice provides a powerful signal from management to show that existing employees are valued and that attractive career development opportunities are available to them. Failing to recruit internally may thus serve to put off good candidates with potential from applying for the more junior positions in an organization.

Promotions and career advancement are an important aspect of a worker's career and life, affecting other facets of the work experience. They constitute an important aspect of workers labor mobility, most often carrying substantial wage increases (Blau; Cobb-Clark 2001; DeVaro 2007; Francesconi 2001: & Kosteas 2011) and can have a significant impact on other job characteristics such as responsibilities and subsequent job attachment.

Organizations can use promotions as a reward for highly productive workers, creating an incentive for workers to exert greater effort. Promotions are the only effective mechanism for eliciting greater effort if workers place significant value on the promotion itself. Nevertheless the use of pay increase can induce employee to give off their best.

There can be a constellation of effects that a promotion triggers. A promotion may serve as a formal method to increase wages and responsibilities or may be a mechanism by which workers move along their wage-tenure profiles and firms increase their workers' job attachment. Not all wage increases are necessarily promotions. Francesconi (2001) advocated that there must be something about a promotion that makes it different from a wage gain. Furthermore, a promotion may have an impact on other aspects of the job, such as training opportunities, career development, and supervisory responsibilities.

### *2.1.1. Importance and Benefits of Employee Promotion*

A promotion is not only a way to add more responsibilities to an employee but is a major form of boosting employee motivation and morale. This results in high productivity and prevents company from losing its valuable and important employee. There are many benefits and

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advantages of promoting employee regularly for their efforts, and the following are some of the main ones:

1. **Recognizes and improves employee performance, ambition, and hard work:** One of the most important benefits of employee promotion is that it helps organizations to recognize and acknowledge the performance and hard work of employee and thus makes them feel valued. When an employee's efforts are valued, he/she tends to work harder and tries to improve his/her performance further which in turn works for the business. A promotion also improves the ambition of employee and boosts their passion for reaching their goals as well as the objectives of the organization.
2. **Boosts motivation and increases loyalty of employee:** An employee who gets promoted tends to feel more inspired and motivated to continue doing the good work, and this is yet another reason why promotions are so important. This increase in motivation which leads to better productivity and performance that in turn works in the favor of the organization. Moreover, a promotion also improves and increases loyalty among the employee since they tend to feel a sense of belonging in the workplace and start thinking in its favor.
3. **Encourages retention:** When the right talent is identified by the management and timely promotion is practiced, the deserving and skilled employee may not be forced to leave the workplace. This improves the retention of the skilled and talented employee and thus benefits the workplace even further. By retaining top level workers and employee, organization prevents the need for hiring new talent and then grooming them all over again, thus saving time and money.
4. **Develops competitive spirit at the workplace:** When the better team person gets promoted, the other team members may be charged and motivated to perform better than them, and this helps to develop a healthy competitive spirit at the workplace. This kind of a spirit is good for an organization since it promises good performances all around and hence an overall improved productivity.
5. **Grooms leaders for the future:** Once the management decides to promote employee for their hard work, they are basically recognizing talent and finding future leaders. This identification of future leaders enables them to groom employee for the future and makes them explore their skills and talent further. Grooming leaders for the future is beneficial for the organization and helps to improve the overall productivity.

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6. **Reduces employee resistance and discontent:** If employees go on working hard without any appreciation, praise or appraisal, a sense of discontent and resistance may crop up, and this may not be good for the organization. This can even make their performance go down, hence proving negative for the company. But internal promotion can help to reduce employee resistance and discontent. (work.chron.2016)

### *2.1.2. Models and Bases of Promotion*

Promotion is not just the upward or forward reassignment of an employee but is a properly structured process that must remain within the bounds of the organization's hierarchy. Hence, a proper process of promotion of employee must be followed which is fair for all and biased for none.

There are several different schemes and models of promotions. Every organization either chooses one of these methods or applies a combination of one or more such models to promote their employee.

#### **1. Noncompetitive Model of Promotion**

Promotions that are based on the standard set of achievements and accomplishments of employee are known as noncompetitive promotions. In such promotions, employees are promoted once they reach a certain milestone in their career journey, irrespective of variable features like performance and dedication, etc. These types of promotions work seamlessly for all the employees, and there is no scope for a bias or unfair appraisal.

1. **Time scale promotion (Based merely on seniority)** – A time scale promotion is a kind of a noncompetitive promotion which takes place after the person has spent a standard or fixed number of years working for the organization or working at a particular position in the organization.
2. **Accretion of duties** – In the case when a person has to be promoted due to an increase in his/her workload or duties is also a noncompetitive method of promotion.
3. **Adhocism** – In some cases, an organization may have to promote someone without following any policy but just to meet the needs of crucial or urgent times or situations.

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## 2. Competitive Model of Promotion

A competitive model of promotion is a method in which employees have to prove their worth to employers in order to be promoted to a higher rank or position. Unlike the noncompetitive method, this method takes into account employee performance, productivity, skills, experience, knowledge and other such factors. There is a comparison of employees on the basis of their hard work and performance in this model.

1. **Seniority as a basis:** It implies relative length of service in the same organization. The advantages include it is relatively easy to measure, simple to understand and operate, reduces labor turnover and provides sense of satisfaction to senior employees. It has also certain disadvantages which include beyond a certain age a person may not learn, performance and potential of an employee is not recognized, it kills ambition and enthusiasm to improve performance.
2. **Merit as a basis:** Merit implies the knowledge, skills and performance record of an employee. The advantages are it motivates competent employees to work hard, helps to maintain efficiency by recognizing talent and performance. It also suffers from certain disadvantages like difficulty in judging merit, merit indicates past achievement, may not denote future potential and old employees may feel insecure.

Figure 2.1 Basis for promotion

Seniority	Merit
1. Seniority means length of recognized service in an organization.	1. Merit means ability to work.
2. Seniority means the calculation of time from when an employee has joined the company and served for how many years in the company.	2. It denotes an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past record
3. The senior most person in the lower grade shall be promoted as and when there is an opening in the higher position	3. If the merit is adopted as basis of promotion then the person in the lower grade, no matter his junior most in the company, shall be promoted.
4. Seniority is suggested as the criteria for promotion on the plea that there is a positive correlation between length of the service and talent	4. It encourage all employee to improve their efficiency

[www.learnto.com](http://www.learnto.com) (2016)

3. **Seniority-cum-Merit as basis:** As both seniority and merit as basis suffer from certain limitations, therefore, a sound promotion policy should be based on a combination of both seniority and merit. A proper balance between the two can be maintained by different ways that includes minimum length of service may be prescribed, relative weight may be assigned to seniority and merit and employee with a minimum performance record and qualifications are treated eligible for promotion; seniority is used to choose from the eligible candidates. (Account learning, 2016)

### 2.1.3. Promotion Practices

According to Armstrong (2009) the aims of the promotion procedures of a company should be, first, to enable management to obtain the best talent available within the company to fill more senior posts and, second, to provide employee with the opportunity to advance their careers within

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the company, in accordance with the opportunities available (taking into account equal opportunity policies) and their own abilities.

#### *2.1.4. Perception of Promotion Practice*

Perception of promotion practice refers to employees' feelings towards the fairness and unbiasedness of the practice. The issue of promotion is very sensitive in any organization and, as such, it is expected that it should be treated with the high standard of professionalism by those who have the responsibility to either confer or not-to-confer promotion onto a candidate. Promotion or advancement would have taken place if an employee advances or progresses to a higher position in an organization (Garbers, 2001).

However, in most cases, employees are regularly evaluated through internal processes by their superiors or assessors before any advancement or progression could transpire.

With regard to applicants applying externally, the promotion exercise may not be too problematic. However, with regard to internal promotion, this may be problematic for various reasons. An internal applicant for promotion is already an employee of the company and must have been involved in various issues that would probably impact on whether he should be promoted or not. Being an insider, the applicant is already contaminated in one way or another. If there is more than one applicant vying for a single position in the organization, the race and competition become more tedious and sometimes full of suspicions. In most cases, whoever succeeds in being promoted may face a lot of challenges at the end of the day from those who were not promoted.

Therefore, the task of those administering promotion is thus to see and ensure that there is fairness and justice in the exercises. However, the issue of fairness is also subjective. What is considered fair to one person might be perceived as unfair by the other. The issue of fairness is very significant at the workplace. An aggrieved person who ought to be promoted but denied will not only consider the procedure and the processes unfair, but can only take further steps by approaching an appropriate court to seek redress and damages.

A lot of issues usually arise regarding promotion in the workplace, especially if it is perceived that there have been unfair practices during the promotion process or procedure. Undoubtedly, this will definitely affect the employee who is aggrieved with the process and may also impact

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the workplace environment by making people to be disgruntled and not want to put in their best because of the perception that, when it comes to upliftment, the employer might act unfairly.

Similarly, the issue of perception of fairness and in particular, procedural fairness has shown that this impact on the psychological experiences and behaviors of employees shown to affect a wide assortment of people's psychological experiences and behaviors (Brockner, De Cremer, Fishman, & Spiegel, 2008). When the selection procedure used was fair, people perceived it as credible and therefore reacted positively to the outcome of the selection processes. In case of malicious grievance against such decision, people will react by supporting the company on the basis that the processes were transparent and devoid of suppression of views. In most cases, if the processes were challenged for one reason or another, the employer will likely get the support of other employees to provide credible evidence in case of any dispute (Brockner et al. 2008).

The study conducted by Harel, Tzafirir and, Baruch (2003) revealed that fairness in promotion could be a motivating factor for high performance to an applicant who was selected during the promotion. It enhances confidence and self-esteem, and confirms that, through healthy competition, the person selected deserved to be selected to the position because he met all the requirements of the selection processes.

The study conducted by Adebayo (2005) showed that when fairness is observed in a workplace by the leadership, employees are motivated by this, and where it is the contrary, employees are least motivated. Applying this finding, if promotion is based on fairness to all concerns and the procedures are diligently followed, no matter the outcome, the other employees would be satisfied and be motivated to work harder with the hope that when such an opportunity arises, if they apply, they stand the chance of being selected. If the processes are not fair, they become a source of disincentive and can lead to disillusionment and complacency whereby employees might start thinking that no matter how hard working or qualified for the job one is, if the opportunity arises, one may not get it.

In any organization where there are frequent promotional moves and where promotion arrangements cause problems, it is advisable to have a promotion policy and procedure which is known to both management and employee and this procedure should take full account of equal opportunity policies (it is often incorporated unequal opportunity policy statements). The basic points that should be included in such a procedure to have a better perception of employees are:

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1. It should be considered the sense that policy should be applied uniformly to all employee irrespective of the background of the persons,
  2. It should be fair and impartial. In other words it should not give room for nepotism, favoritism etc.,
  3. Systematic line of promotion channel should be incorporated
  4. It should provide equal opportunities for promotion in all categories of jobs, departments, and regions of an organization
  5. It should insure open policy in the sense that every eligible employee should be considered for promotion rather than a closed system which consider only a class of employee
  6. It should contain clear cut norms and criteria for judging merit, length or service, potentiality etc.
  7. Appropriate authority should be entrusted with the task of making final decision
  8. It should contain promotional counseling, encouragement, guidance and follow-up regarding promotional opportunity, job requirement and acquiring the required skills, knowledge etc. it should also contain reinforcing the future chances in the mind of rejected candidates and a provision for challenging the management's decision and action by employee or union within the limits of promotion policy.
  9. Promotion vacancies should be notified by the HR department to all.
  10. Vacancies should be advertised internally.
  11. Departmental managers should not be allowed to refuse promotions within a reasonable time unless the individual has been in the department for less than, say, one year, or the department has recently suffered heavy losses through promotions or transfers.
  12. Promotion opportunities should be open to all, irrespective of race, creed, sex or marital status.(Accountlearning, 2016)

#### *2.1.5. Promotion Opportunities*

Employee promotion opportunities refer to the chances for upward trajectory of an individual's career. It can mean growth in a single occupation, for example from an entry-level job to a management position, which comes after gaining experience, completing additional training or earning certification.

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Promotion opportunities help organizations avoid the dangers of an obsolescent, unacceptable workforce. Zheng and Kleiner (2001) also asserted that career development provides a future orientation to human resource development activities. As the employees of an organization grow and change, the kinds of work they may want to do may also change as well. If employers can assist their employees in making decisions about future work, they can better prepare employees to be effective when they take on new positions. When employers understand how their employees make decisions about future work, they can do a better job of planning for their human resource needs.

Miller and Wheeler (1992) found that employees' intention to stay is significantly affected by the presence of meaningful work and opportunities for promotion. Other than opportunities for promotion, the evaluation criteria used in the promotion and reward system also had significant effects on employees' turnover intentions. Employees who feel that they are contributing to the organization will be more engaged with their job, and thus, will be less likely to leave the organization. Likewise, employees who feel that they have higher chances of promotion are more likely to stay with the organization, rather than leave the organization. Importantly, promotion opportunities not only give the employees a sense of appreciation and gratitude, but also will influence their decision on retention or resignation.

Pergamit and Veum (1999) and Francesconi (2001) find that larger firms provide better promotion prospects. They argue that large firms comprise workers' movements that would otherwise take place between smaller firms. In larger organizations, the existence of an internal labor market allows for career development within the firm, where individuals progress to higher level jobs through promotions

A promotion opportunity is one of the most important elements for employee satisfaction and retention at a company. Along with increased advancement, people typically earn more income and have greater authority in new positions. The greater an employee's role in an organization, the more influence he/she has in the direction of a department or the organization as a whole.

The path to advancement varies by organization and industry; however, employees must normally develop skills and abilities for the next-level position they want. In some cases, a person may have to go back to school and get a certification or degree to get promoted. Often, though, gaining skills that fill the gap between the current level and desired promotion is the key

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to career advancement. Building leadership skills and demonstrating decision-making abilities can also help for advancement. Promotions opportunities almost always occur within the same organization and they signify more formal steps or progression for employees.

Promotion opportunities could bring increased authority; an increase in job duties and responsibilities is typical for promotion opportunity that is why employees give a lot of attention to it. In many cases, organizations which have more career advancement opportunities tend to have attracted a lot of talent to their human resource pool. (Accountlearning, 2016)

Alepin (2009) emphasizes that one of the important aspects of promotion opportunities is that it opens up professional chances, and is frequently used by those who seek to climb the corporate ladder. Doing so should prove to an employer that they are willing to go an extra mile to improve their skills.

#### *2.1.6. Promotion Expectation*

Besides money, employees value greatly career prospects offered by their organizations, as it ensures a certain degree of job security and stability. More importantly, is how they perceive these prospects of promotion. Normally employees expect promotion often and how well it corresponds to the reality is one of the main reasons for looking this. Factors related to these expectations in regards to promotion and its implications for the individual and the organization is very high. More highly educated workers have greater expectations and are therefore more likely to be disappointed, if their expectations are not met. Overall expected promotion time may differ from person to person; in addition it will incorporate qualification, job position and years of experience.

A closer look at the predicted promotion times, employees at the lowest level of an organization will require highest number of years for a promotion and as the organizational ladder moves up, the predicted promotion time decrease accordingly. To that extent, employees assuming higher organizational positions have higher expectations regarding their promotion. Nonetheless, majority of employees expect to be promoted within a short time.

Despite of the apparent high expectations of promotion, the predicted times for promotion alone do not indicate the extent to which it is realistic or unrealistic. Potentially, when promotion

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expectations are too optimistic, employees are less likely to stay in an organization, tend to perceive promotion as more unfair, and overestimate their work performance. Naveed et al (2011).

Employee's expectation fulfillment is the responsibilities of the management. Therefore, the manager should know what the expectation of the employees are; and then should evaluate their legitimate and finally provide opportunities for their attainment. The first task before the management is to discover the present expectation of an employee. Such needs may vary in intensity with which they are expressed. Survey of a workers' interest and response patterns may reveal the expectation of each worker. Personal conversations with the employees may also reveal these needs. Sometimes, non-directive interviewing, or open-ended invitations to express the expectation, interests, goals, etc. may also give an idea about their expectation. Having known the needs, the management is required to take some decision as to how these needs can be fulfilled. In so doing, the cost involved (in money, in time, and in human efforts) are taken into consideration; and it is to be decided whether the organization can bear the cost involved. Again, the effects of workers' behavior, as a result of expectation fulfillment must also have to consider

The issue of promotion expectation is what any reasonable person can see and should be able to take a stand on whether expectation is met or not. By evaluating the decision, process, procedure and all ancillary issues related to the decision, one should be able to compare expectation with the outcome.

The management can help to develop a feeling of competency by properly assessing the capabilities of each employee and giving the worker job assignments within boundaries of his ability to perform. Necessary training, communication, and material assistance, and feedback for successful performance can also be provided.

The reputation expectation need is often fulfilled by giving praise for the work done well. Promotion and salary increases based upon merit or techniques such as employee of the week-awards, the giving of some prizes for services rendered, are other forms of management response to the needs of workers for esteem and recognition (Okere and Ezeanyej, 2014)

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Holland (1959) is seconded by Burton (1991) and Hughes (2004) who state that, indeed, people whose expectations are met in jobs that are personally suitable and fulfilling, are more likely to be motivated and economically productive workers.

The area of career expectations encompasses a wide range of topics, from promotion opportunities, to control over career directions, to the variety and frequency of career moves. As career expectations change across the generations, so too have employee relationships with their employers. Increasingly, employers are faced with the challenge of proactively managing career expectations, specifically promotional opportunities. Employees want control over their careers, and whether they are actually experiencing a desirable level of control in their current position.

Understanding and responding to employees' career expectations requires a focus on being responsive and partnering. By helping employees to navigate their careers employers can strengthen their employment relationship and demonstrate a commitment to creating a win-win employment relationship. To create a workplace culture that supports employees in owning their own careers, it is important to consider how employees clearly identify their career options within the organization, how employees direct their own learning and skill development, how proactively understand their career expectations, how the organization enhance the current human resources practices (recruitment, retention, learning and development, promotionetc.) to address employee expectations.([www.ngenperformance.com](http://www.ngenperformance.com))

Since the manager-employee relationship is most critical to long-term retention, it is imperative that managers create a culture that supports and promotes employees' career development in order to help managers to be most effective.

## **2.2. Overview of Job Satisfaction**

Job satisfaction, despite having drawn the attention of a number of researchers and interests both the people who work for and associated with the organization, it doesn't have one precise definition. However, it is common to see in most of the definition the word attitudes to explain job satisfaction.

Job satisfaction is also explained as a function of values. This definition contains three important phrases the first being value which is what one desires to obtain either consciously or unconsciously and are more subjective requirement. The second being importance of those

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values which means that people give different rate for different values which at the end affect how this value contribute to their job satisfaction. The third component being perception which plays a role no less than the two components on how people perceive situation and later on reflected by how people are satisfied with that situation. Dail,(as cited in John & John R. H, 2010).

Job satisfaction is a pleasurable or positive emotional state, resulting from the appraisal of one's job experiences. It means that optimistic feeling about work and environment around job lead someone towards satisfaction. It is the extent to which employee want or like to perform work (Cadsby et al 2007).

The origin of interest in the topic of job satisfaction is traced back with the birth of industrial revolution. Hawthorne Studies conducted by Elton Mayo started in 1927 and continued till 1932 arose several questions that if lightening had very little effect on the productivity then there is a need to trace the factors which are actually responsible for the performance of employee in any workplace (Bruce & Blackburn, 1992).Even after centuries of research on this topic, researchers emphasized a need of continuous research on the issue of job satisfaction.

A satisfied employee is more committed and can be retained on the organization for a longer period, thus enhancing the productivity of the company (Bravendam, 2002).

More the number of motivated and satisfied employees in an organization better are the chances of the organization to achieve its goal and attain ultimate profitability (Saari& Judge, 2004).

Job satisfaction has been defined as a function of the perceived relationship between what one wants from one's job and what one perceives it as offering (Rad & Yarmohammadian, 2003).

### *2.2.1. Theories of Job Satisfaction*

There are many theories or models of job satisfaction. Each of them takes into account one or more of the four main determinants of job satisfaction (personality, values, the work situation, and social influence) and specifies, in more detail, exactly what causes one employee to be satisfied with a job and another employee to be dissatisfied. According to Jennifer and Gareth, (2012) these are the four of the most influential theories: The facet model, Herzberg's motivator-hygiene theory, the discrepancy model, and the steady-state theory. These different theoretical

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approaches to job satisfaction are complementary. Each helps us understand the various aspects of job satisfaction by highlighting the factors and issues managers need to consider in order for enhancing the satisfaction levels of their subordinates.

### **1. The Facet Model of Job Satisfaction**

The facet model of job satisfaction focuses primarily on work situation factors by breaking a job into its component elements, or job facets, and looking at how satisfied employees are with each facet. An employee's overall job satisfaction is determined by summing his or her satisfaction with each facet of the job. Employees can take into account numerous aspects of their jobs when thinking about their levels of job satisfaction. The facet model is useful because it forces managers and researchers to recognize that jobs affect employees in multiple ways.

However, managers who use this model to evaluate the work situation's effect on job satisfaction always need to be aware that, for any particular job, they might inadvertently exclude an important facet that strongly influences an employee's job satisfaction.

Figure 2.2 Job Facets That Play a Part in Determining Job Satisfaction

Job Facet	Description
Ability utilization	The extent to which the job allows one to use one's abilities
Achievement	The extent to which an employee gets a feeling of accomplishment from the job
Activity	Being able to keep busy on the job
Advancement	Having promotion opportunities
Authority	Having control over others
Company policies and practices	The extent to which they are pleasing to an employee
Compensation	The pay an employee receives for the job
Coworkers	How well one gets along with others in the workplace
Creativity	Being free to come up with new ideas
Independence	Being able to work alone
Moral values	Not having to do things that go against one's conscience
Recognition	Praise for doing a good job
Responsibility	Being accountable for decisions and actions
Security	Having a secure or steady job
Social service	Being able to do things for other people
Social status	The recognition in the wider community that goes along with the job
Human relations supervision	The interpersonal skills of one's boss
Technical supervision	The work-related skills of one's boss
Variety	Doing different things on the job
Working conditions	Working hours, temperature, furnishings, office location and layout, and so forth

Source: Jennifer & Gareth (2012)

## 2. Herzberg's Motivator-Hygiene Theory of Job Satisfaction

Developed by Frederick Herzberg (1959) this theory is considered as one of the earliest theories of job satisfaction that focuses on the effects of certain types of job facets on job satisfaction. Herzberg's theory proposes that every employee has two requirements: motivator needs and hygiene needs. The Motivator needs are associated with the actual work itself and how challenging it is. Job facets such as how interesting the work is, autonomy on the job, and the responsibility it affords satisfy motivator needs. Hygiene needs are associated with the physical and psychological context in which the work is performed. Job facets such as the physical working conditions (for example, the temperature and pleasantness of the surroundings), the nature of supervision, amount of pay, and job security satisfy hygiene needs.

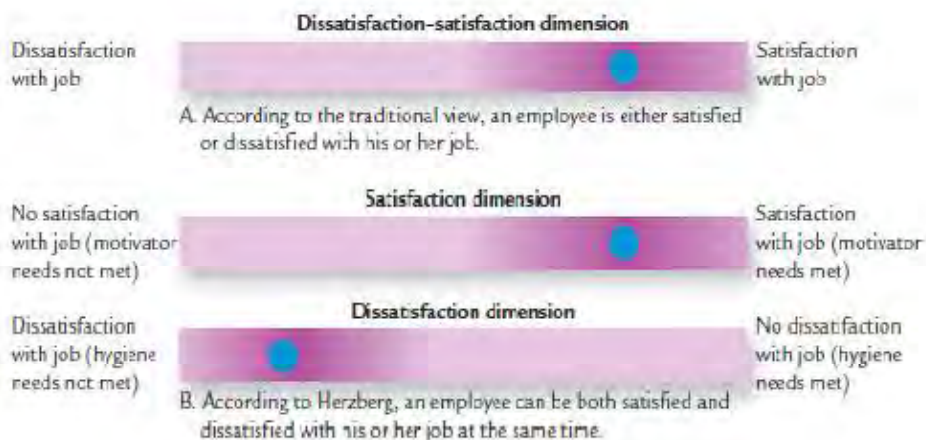
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Herzberg even proposed the following theoretical relationships between motivator needs, hygiene needs, and job satisfaction:

1. When motivator needs are met, employee will be satisfied; when these needs are not met, employee will not be satisfied.
2. When hygiene needs are met, employee will release from dissatisfaction; when these needs are not met, employee will be dissatisfied.

According to Herzberg, an employee could experience job satisfaction and job dissatisfaction at the same time. An employee could be satisfied because motivator needs are being met. For example, the employee might find the work interesting and challenging yet be dissatisfied because his or her hygiene needs are not being met. According to the traditional view of job satisfaction, satisfaction and dissatisfaction are at opposite ends of a single continuum, and employees are either satisfied or dissatisfied with their jobs.

*Figure 2.3. Two Views of Job Satisfaction*



Source: Jennifer & Gareth (2012)

### 3. The Discrepancy Model of Job Satisfaction

The discrepancy model of job satisfaction is based on a simple idea: to determine how satisfied they are with their jobs, employees compare their job to some ideal job. This ideal job could be what one thinks the job should be like, what one expected the job to be like, what one

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wants from a job, or what one's former job was like. According to the discrepancy model of job satisfaction, when employee's expectations about their ideal job are high, and when these expectations are not met, employee will be dissatisfied.

Discrepancy models are useful because they take into account that people often take a comparative approach to evaluation. It is not so much the presence or absence of job facets that is important but rather how a job stacks up against an employee's "ideal job". Managers need to recognize this comparative approach and should ask employee what they want their jobs to be like. This information can help them make meaningful changes to increase the level of job satisfaction their subordinates are experiencing.

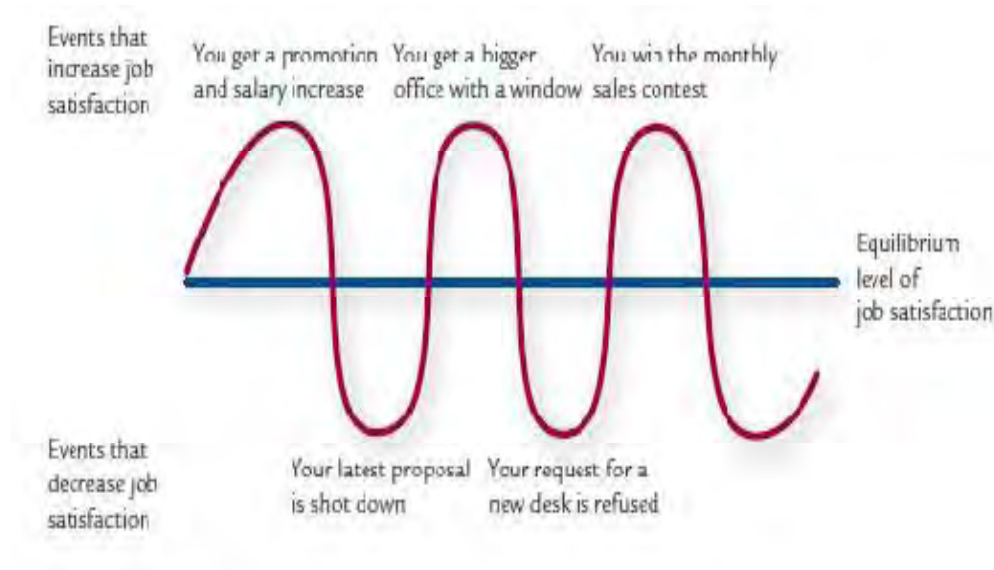
#### **4. The Steady-State Theory of Job Satisfaction:**

This theory suggests that each employee has a typical, or characteristic, level of job satisfaction, called the steady state or equilibrium level. Different situational factors or events at work may move an employee temporarily from this steady state, but the employee will return eventually to his or her equilibrium level. For instance, when managers make changes in the work situation in an effort to enhance job-satisfaction levels, they need to determine whether the resulting increases in satisfaction are temporary or long lasting.

Some researchers have found, for example, that when changes are made in the nature of the work itself (such as making jobs more interesting), levels of job satisfaction increase temporarily (e.g., for six months) but then return to their former levels. To decide on the most effective ways to sustain an increase in job satisfaction, it is also important for managers to determine how long it takes employee to return to their equilibrium levels. Changes in some job facets, for example, may lead to longer-lasting changes in job satisfaction than changes in other facets.

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Figure 2.4 Job satisfaction as a steady state



Source: Jennifer & Gareth (2012)

### 2.2.2. Factors Affecting of Job Satisfaction

Job satisfaction can be influenced by factors like the nature of work, salary, promotion opportunities, management, work groups, work conditions and others. These different factors can be categorized as personality, values, social influence and work situation. Among these four factors work situation is the most important (Jennifer and Gareth. 2012). These factors can be further categorized in to two. Factor related to job and factor related to individual. Armstrong, (2011) state these factors as those intrinsic to the work itself and those extrinsic to the job (extrinsic motivators or hygiene factors) such as pay and working conditions. Therefore, this is why this study has selected promotion from factors related to the job to investigate its effect on job satisfaction.

#### 1. Factors Related to the Job

Factor like pay, wages and salaries that helps personnel attain their basic needs but also instrumental in providing upper-level needs satisfaction. The work itself is the other variable that can influence job satisfaction. Workplace is critical to the success and increases the profitability of the organization for having competitive advantage Kelley (as cited by Jenifer et al,

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2012).Supervision or the behavior of the supervisor plays an important role with regard to employee reactions to a problematic event.

Promotion or its possibilities involve the availability of advancement opportunities. If people think that they will not have much promotion possibilities, they may be affected adversely. Interaction with peers is an important factor in job satisfaction. Working conditions providing good physical working conditions (e.g. cleanliness of the working place, lightening, adequate tools and equipment) enables employee to carry out their jobs easily, comfortably and efficiently. Working conditions such as flexible time, job sharing and shorter workweeks are quite valued by employee because they can facilitate valued off the job activities such as perusing hobbies Luthans(as cited in Sinem, 2011).

Kalesh (2007) adds recognition, beside the above point, which is an act of notice, praise, or blame supplied by one or more superior, peer, colleague, management person, client, and/or the general public. Recognition is also a factor of motivation in Hertzberg's two factor theory and policy administration or events in which some or all aspects of the organization were related to job satisfaction.

## **2. Factors Related to Individual**

These factors are the one that are to do with the individual him/herself and make a difference between employees on a similar job ladder. Among this for instance:

1. **Individual's Loyalty to the company:** If individuals are satisfied with their job, they remain in their profession longer. Some individual want to stay in the organization due to his/her normative commitment, referring to an employee's desire to stay with the organization based on a sense of duty, loyalty or more obligations. Job satisfaction had a positive influence on normative commitment (Clugston, 2000).
2. **Experience:**Experiences have profound effects on the individual employee. Individual's respond favorably or unfavorably toward many things, and work. Their response stems from a number of factors like work experiences.
3. **Age and Gender:**Age is one of the individual factors affecting job satisfaction. It is concluded that elder workers are more satisfied (Kaya, 1995). It is also found that a

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meaningful relation between age and job satisfaction. Gender is one of the individual factors affecting job satisfaction.

4. **Education:** According to the study of Dold and Duff ( as cited by Sinem, 2011), it was observed that graduates of career oriented disciplines were more satisfied with their jobs than other graduates (Sinem, 2011)

### *2.2.3. Job Satisfaction Measurements*

From the above literatures it can be said that job satisfaction is an important subject. This section therefore, reviews literature regarding the different methods used to measure job satisfaction.

Job satisfaction can be measured directly through questionnaires that contain questions or statements about a company and a specific job, etc. It can also be measured indirectly by means of statistical summaries of absenteeism. One of the oldest approaches to measure job satisfaction is the degree of facial expressions presented by Kunin (1995) refers as the face scale, Perhaps this is the simplest form of job satisfaction measurement. In fact according to this approach several facial expressions are presented to the employee and they will put a check underneath the expression that describes their feeling and opinion.

As stated in Stephen, (2001) there are two approach to measure the level of job satisfaction the first method is called single global rating which is a response to one question which respondent circle a number between 1-5 that corresponds to answers from highly satisfied to highly dissatisfied. The second method is the sum of job fact; it is a sophisticated method where it identifies key element of job such as nature of work, pay, promotion opportunities and relation with supervisors and co-workers.

Among the many available job satisfaction questionnaires that have been used over the years, two popular ones are the Minnesota Satisfaction Questionnaire (MSQ) and the Job Descriptive Index (JDI). Both address aspects of satisfaction with which good managers should be concerned for the people reporting to them (John.R et al., 2002).

The Minnesota Satisfaction Questionnaire designed by Weiss, Davis, England and Lofquist (1967) is a paper-pencil type of a questionnaire and can be implemented both individual and in group. This questionnaire has one short form and two long forms that date from 1967 and 1977.

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In fact 20 work features in five levels are measured with this questionnaire. The 1967 version of the Minnesota Satisfaction Questionnaire uses the following response categories such as: Not satisfied, somewhat satisfied, Satisfied, Very satisfied and extremely satisfied. The 1977 version of the Minnesota Satisfaction Questionnaire uses the following response categories: “Very satisfied”, “satisfied”, “neither satisfied nor dissatisfied”, “dissatisfied” and “very dissatisfied” following aspects of job.

The factors considered by the job description index are: The nature of work, compensation and benefits, attitudes toward supervisors, relations with co-workers and opportunities for promotion. Descriptors on each of the five factors can be evaluated with three potential options by the employee: 1 means that the description is relevant, 2 means that the description is not relevant and 3 means that the employee does not have an opinion (Jennifer & Gareth 2012).

### **2.3. Relationship of Promotion and Job Satisfaction**

Given all of the dimensions in which promotions can affect workers' careers and compensation, relatively little attention has been paid to the importance of promotions as a determinant of job satisfaction. Francesconi (2001) opined that while several studies have investigated the determinants of job satisfaction, relatively little attention has been paid to the role of promotions on satisfaction.

In relation of job satisfaction with worker's sense of achievement and success on the job and the general perception that it is directly linked to productivity as well as to personal well-being, it has been implied that job satisfaction indicates doing a job one enjoys, doing it well and being rewarded for one's efforts. In addition it implies enthusiasm and happiness with one's work and it is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment Kaliski,(as cited in Pallavi.K, 2013)

De Souza,(as cited in the study of Naveed et al 2011) claims that in relation to job satisfaction, the employee satisfaction is determined by satisfaction with promotion. When employees perceive that there are golden chances for promotion they feel satisfied for the respective place in the organization.

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Many workers experience satisfaction when they believe that their future prospects are bright and good and this may according to Bull (2005) “translate into opportunities for advancement and growth in their current workplace, or enhance the chance of finding alternative employment”. It was stressed further that if people feel they have limited opportunities or chance for career advancement in any organization, their job satisfaction may decrease which consequently may lead to career change.

Boit, Matelong, & Tallam, Tuwei (2013) affirm those employees are more committed to their jobs when they believe that the organization they work for pursues a promotion from within policy. If they believe a promotion from within policy is not exercised, they would feel less uncertain regarding the future of their career in the organization, becoming more motivated to consider career change. Overall, employees often feel satisfied with these incentives and stimulated to perform better in the new job. They are motivated to increase their knowledge or skill and to gear for higher levels of productivity. With better jobs, employee may decline any opportunities at other organizations. Hence, promotions can increase employee’ loyalty to the organization and reduce intention to change careers at lower level.

#### **2.4. Empirical Evidences**

There are only a few papers estimating the impact of promotions on overall job satisfaction. Empirical evidence between the relation of promotion and job satisfaction is described below.

In the study of job satisfaction and promotion, Kosteas (2011) after controlling for wages and other firm and individual characteristics found that a promotion has approximately the same impact on job satisfaction as a sixty-seven percent wage increase. This finding indicates that workers value the promotion itself, above and beyond the wage increase that normally accompanies a promotion. Thus, promotions may be a relatively effective mechanism for keeping workers happy. Kosteas also found that promotion expectations also affect job satisfaction; workers who believe a promotion is possible in the next two years report higher job satisfaction.

Furthermore, past promotions continue to have an impact on job satisfaction; however, the effect fades over time. Kosteas (2011) again reported that promotion receipt has a larger effect on job satisfaction for workers who do not believe another promotion is possible in the next two years

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compared with those who do believe a promotion is possible. The positive correlation between job satisfaction and both promotions and promotion belief persist even when controlling for other job amenities and characteristics such as supervisory status and responsibilities.

Francesconi (2001) analyzes the effects of promotions on changes in job satisfaction using British household data. In another study using British household data, Clark (1996) includes a dummy variable indicating whether the respondent believes she/he has opportunities for promotion as an explanatory variable and found that promotion has an effect on job satisfaction.

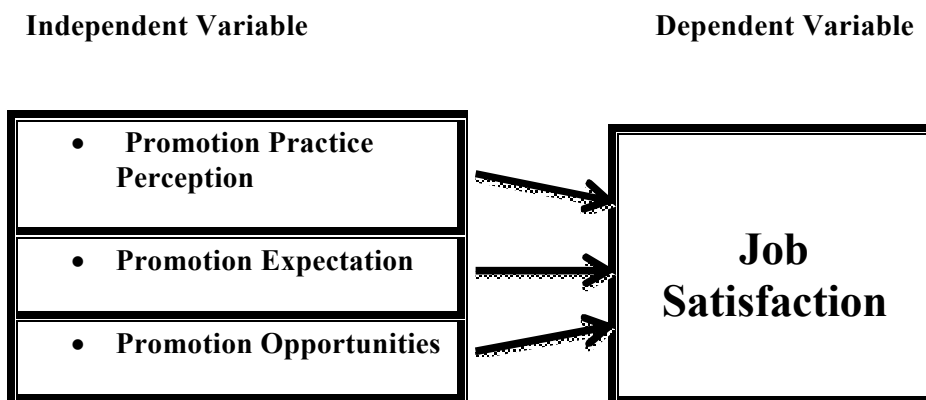
De Souza (2002) estimated the effect of promotions on worker satisfaction, focusing on promotion satisfaction in a small sample of managers. De Souza finds that managers who received a promotion are more satisfied with promotion opportunities and have greater promotion expectations for the future.

## 2.5. Conceptual Framework

The following conceptual framework for the study has been used. Promotion (Promotion practice perception, promotion opportunities, and expectation of promotion) are the independent variables and job satisfaction is the dependent variable.

Thus, the conceptual framework was formulated to show the association between the independent and dependent variables.

*Figure 2.5 Conceptual Framework of the Research*



Source: Naveed (2011) Adopted and Modified

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## CHAPTER THREE

### METHODOLOGY

#### 3.1. Description of the Study Area

Dashen bank S.C. is selected for this specific study. The bank is chosen because it is one of the biggest and stronger private financial institutions in the country; it has more than twenty years of experience in the industry and its well recognition in the market. It has so many loyal customers and the bank has a history of introducing several technological advancements to the banking market like ATM (Automatic Teller Machine), WAN (Wide Area Network) and the like.

Moreover, Dashen Bank S.C. has a reputation of attracting new employee and has numerous employee, as a result; it is workable to measure the employee's job satisfaction with regard to promotion in the bank.

#### 3.2. Research Approach and Design

This study used explanatory design to examine the study; it explains and interprets relationship between two or more variables. In addition a quantitative research approach is used which helps the researcher to test the relationships between variables. Quantitative methods involve the processes of collecting, analyzing, interpreting, and writing the results of a study (Creswell, 2009). It also helps in examining and describing a cause and effect interactions among variables.

A quantitative research design was deployed to collect data. Based on the empirical data collected, results are interpreted. With this respect, the main target of the study was to investigate the effects of promotion practice on employee job satisfaction. Therefore, correlation analysis was used to assess the relationship that exists between the two variables.

#### 3.3. Population and Sample

The total population was Dashen Bank S.C employees who are at the head office as well as at city and up country branches.

The target population of the study were those employees of Dashen Bank S.C. who are working at head office and city branches who have more than 1 (one) year experience. The study of the

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total population is not possible and it is also impracticable. The practical limitation: cost, time and other factors which are usually operative in the situation stand in the way of studying the total population (Singh, 2006).

As per the data from human resource department of Dashen Bank S.C., total number of employees in Addis Ababa city having more than one year experiences and being permanent and clerical are 1,569. (Dashen Bank, 2016).

Multi stage sampling technique is used to get more representative sample from the target population. Stratification leads to reduced sampling error because it can ensure that all relevant portions of the population are included in the sample. The researcher implemented this technique to select 320 respondents as a sample out of the target population of 1,569 employees excluding, non-clerical employees, temporary workers, employees who have less than one year experience and higher management staffs. The sample size has been determined by applying the formula adopted from Krejcie and Morgan's (1970), to find 320 as representative sample size using 1,569 as target population (N) and 0.05 as acceptable error (e).

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

$$n = 320, N = 1569, e = 0.05$$

Where: N = Target population

n = Sample size

e = acceptable error

Using multi stage sampling method the researcher first applied convenience sampling method to select employees who are working only in Addis Ababa region, as the researcher believed the result would be same with outlying branches. Second by applying stratified sampling technique method the researcher selected employees from each stratum branches. In Dashen Bank S.C. the branches are divided into seven grades (Sub branch, Grade I branch, Grade II branch, Grade III branch, Grade IV branch, Special branch and Premium branch). Therefore not to leave out any group, the researcher used the branches and the head office as a stratum. Then estimate the numbers of samples for each by using total number of clerical staff of each stratum divided by

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the target population multiplied by the sample size. Then from each stratum respondents were selected through random sampling method.

*Table 3.1 Sample Size*

Type	Total Number of Staff	Sample Size
Head Office	689	141
Premium Branch	12	2
Special Branch	16	3
Grade IV Branch	79	16
Grade III Branch	72	15
Grade II Branch	94	19
Grade I Branch	225	46
Sub Branch	382	78
<b>Total</b>	<b>1,569</b>	<b>320</b>

Source: DashenBank, 2016

### **3.4. Data Source and Types**

The main sources of the data used were from primary in order to determine the effect of promotion on employee job satisfaction, and meet the study objectives.

Primarily data was gathered using questionnaire from respondents. The questionnaire incorporated both closed and open-ended questions.

According to Armstrong (2006) the level of job satisfaction can be measured by using attitude survey, methods like structured questionnaire, interview or a combination of questionnaire and focus group.

In addition supplementary data was collected using the bank's human resources policy and procedures, annual reports, published and unpublished information about the study area, books and journals from library and internet.

### **3.5. Data Collection Procedure**

First, the study has investigated the Human Resource Department of Dashen Bank S.C. where promotion takes place. Second, data was collected from head office and selected branches staffs using questionnaire. The questionnaire (likert scale type, since it is easier to generate statistical

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analysis on a larger number of participants using a 5 (five) points) has been self-designed with reference of different literatures and reliability of the measurement was tested and taking into account from different standard job satisfaction questionnaire and customized to fit the current study. In addition closed ended questions were used. Due to the time and financial constraints discussed above, the study only concentrated on head office staffs and selected branches at Addis Ababa city. The specific subjects were only clerical staffs who are permanent employee of the Bank; non-clerical employees were not included because all non-clerical positions of the bank are out sourced.

### **3.6. Data Analysis**

To analyze the information and the data collected, mixed type of analysis was used; quantitative type of descriptive analysis method was used to present the association between the variables. These variables are in the form of dependent (effect) and independent (cause). The job satisfaction of employees was the effect factor and the promotion of the Bank was the independent or cause variable. Mean and standard deviation was used to describe the data obtained from the independent variables (promotion) and the dependent variable (job satisfaction). Moreover opinions of respondents for open ended questions were presented.

Data collected was analyzed using quantitative type of explanatory analysis method. Data is presented in the form of statements and tables. For quantitative data descriptive statistics was used to summarize data by using Statistical Package for the Social Sciences (SPSS) software version 20.0.

Statistics including mean, frequency and standard deviation, were used to analyze the data. Inferential statistics was also been used in order to allow the researcher to present the data obtained in the research in statistical format, to facilitate the identification of important patterns and to make data analysis more meaningful. The Information that was gained by the questionnaire was described. The finding of the study has been presented by using graphs charts and tables.

The finding was presented as follows first, demographic information about the participants in this study was reported; it included the frequency distribution of all demographic variables in this study such as gender, age, position, service year, education, length of service year, etc. Second,

Cronbach's alphas were calculated for testing the reliability of the scales used in this study for each variable. Third, descriptive statistics were calculated to get information about the means for each of the variables of interest. Fourth, to answer the research questions, correlation analysis and regression analysis were conducted. Through the correlation analysis, the researcher tried to give answer for the research questions. Correlation analysis was interpreted through checking the direction and magnitude of each variable in terms of the 'r' value. Doing multiple regressions helped the researcher to further understand the relationship among variables. Regression analysis was used to measure the relative strength of independent variables on dependent variable.

### 3.7. Instrument Validity and Reliability

Validity concerns the degree to which a question measures what it was intended to measure. To assure the validity of the study, the researcher discussed with the advisor and other management staffs about the questionnaires before it was distributed. It was also developed on the basis of previous studies and review of related literature and standard questions. In addition, the researcher has provided explanations concerning on the questions to the respondents before they give answer.

As per Khotari (2004), reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. The researcher has used Cronbach's alpha to calculate the internal consistency of the instrument.

*Table 3.2 Cronbach's Alpha Reliability Analysis*

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
Perception of Promotion	.941	10
Promotion Opportunities	.991	9
Expectation of Promotion	.799	6
Job Satisfaction	.817	6
<b>Over all</b>	<b>.842</b>	<b>31</b>

*Source: Own Survey, 2017*

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### **3.8. Ethical Consideration**

The study was conducted by considering ethical responsibility. This includes providing information to the respondents about the purpose of the study and the use of the information as well.

Information obtained was held in strict confidentiality by the researcher. Respondents' anonymity was kept so that participants would feel free and safe to express their ideas. Issues regarding employee' personal data, policies and strategies of the Bank and other highly classified information that need to be kept confidential were done same.

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## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. Introduction

As indicated in the preceding chapters, this research study attempted to examine the effect of promotion practice on job satisfaction in Dashen Bank. Under this chapter data gathered through survey is analyzed and interpreted. Furthermore, methodology part of this thesis explained, for 1,569 populations 320 sample size was taken and questionnaire was distributed to 330 employees to increase the probability of margin of return. However, out of 330 questionnaires distributed, 312 usable questionnaires were collected and used for further analysis which makes the response rate of 94.5%. 12 of the questionnaires were not returned and 6 questionnaires were not usable because they were not filled properly. The data analysis was made with the help of Statistical Package for Social Science (SPSS) version 20.0.

#### 4.2. Respondents Profile

In this section the respondents profile is presented. It includes gender, age group, highest qualification, and work experience in the bank, current position experience, position classification, current location, promotion frequency and opinions of what should be the base for promotion in the bank.

*Table 4.1 Profile of Respondents I*

S.N	Variables	Type	Frequency	Percent	Cumulative %
1	Gender	Male	209	67.0	67
		Female	103	33.0	100
Total			312	100	
2	Age Group	20-30 Years	188	60.2	60.2
		31-40 Years	116	37.2	97.4
		41-50 Years	8	2.6	100
Total			312	100	
3	Highest Qualification	College Diploma	10	3.2	3.2
		BA/BSC Degree	270	86.5	89.7
		MA/MSC Degree	32	10.3	100

Total			312	100	
S.N	Variables	Type	Frequency	Percent	Cumulative %
4	Work Experience in DB	1-5 Years	95	30.4	30.4
		6-10 Years	207	66.2	96.6
		11-16 Years	7	2.4	99.0
		16-20 Years	3	1.0	100
<b>Total</b>			<b>312</b>	<b>100</b>	

Source: Own Survey, 2017

Referring the above table (Table 4.1) from a total of 312 respondents, 209(67%) were male while 103(33%) were female. we can also see that out of the total respondents that 188 respondents (60.2%) were in the age group of 20-30 years. 116 (37.2%) were between the age group of 31-40 years. The rest 8 (2.6%) were between the age of 41-50 years. As a result, it is possible to say that more than half of respondent are between the age group of 20-40 years.

With respect to the respondent's highest level of qualification, 10(3.2%) respondents were College Diploma holders, 270(86.5%) respondents have BA/BSC Degree and 32(10.3%) respondents have MA/MSc degree. Therefore, in Dashen Bank the majority of the respondents are educated to a level of BA/BSC degree.

The above table also depicts work experience that respondents have in the bank. From the total respondents, 95 (30.4%) have been working in the bank between one to five years, 207 (66.2%) have between six to ten years' experience, 7(2.4%) have between eleven to fifteen years' experience, and finally 3 respondents (1%) have between sixteen to twenty years' experience in the bank. Thus, majority of respondents have six to ten years' length of service. On the other hand a small percent of employees i.e. 10 (3.4%) have eleven to twenty years' length of service.

Table 4.2 Profile of Respondents II

S.N	Variables	Type	Frequency	Percent	Cumulative %
5	Current position Experience	1-5 Years	218	69.9	69.9
		6-10 Years	94	30.1	100
<b>Total</b>			<b>312</b>	<b>100</b>	
6	Position Classification	Clerical	140	44.9	44.9
		Professional	147	47.1	92.0
		Line Manager	25	8.0	100
<b>Total</b>			<b>312</b>	<b>100</b>	
7	Current Location	Head Office	129	41.3	41.3
		Branch	183	58.7	100
<b>Total</b>			<b>312</b>	<b>100</b>	
8	Promotion Frequency	Once	113	36.2	36.2
		Twice	30	9.6	45.8
		More than Twice	5	1.6	47.4
		Never	164	52.6	100
<b>Total</b>			<b>312</b>	<b>100</b>	

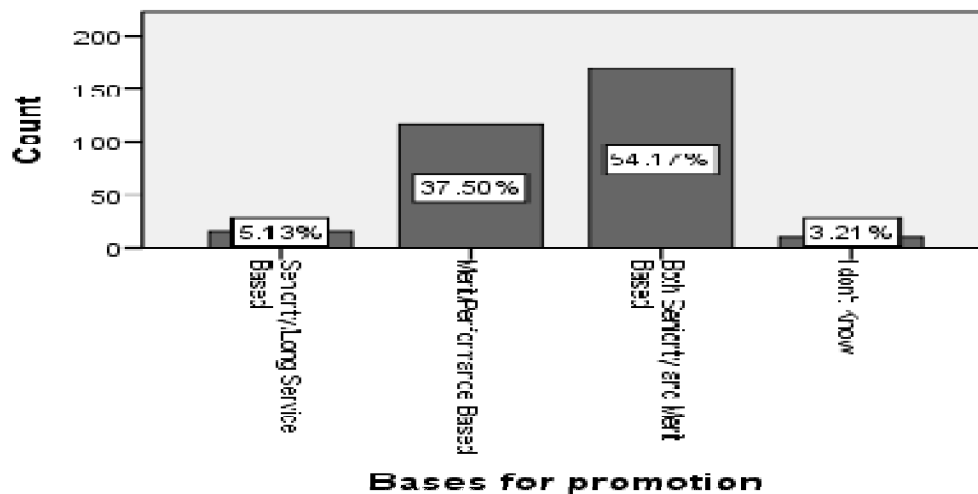
Source: Own Survey, 2017

The above table (Table 4.2) portrays the distribution of current position experience of the respondents in the bank, 218 (69.9%) have been in the current position from one to five years and 94 (30.1%) have been in the same position for over six to ten years. With regard to position classification of the respondents which were clerical, professional and line manager, 140 (44.9%) were clerical, 147 (47.1%) were professional, and 25 (8%) were line managers, this entails that majority of the respondents were professional and clerical employees.

Further, the above table also shows that location of work of the respondents, 129 (41.3%) are currently working at Head Office and the rest 183 (58.7%) are currently working at Branch's. It is clear that great numbers of the bank employees are working at branch.

Looking the promotion frequency that the respondents received in the bank, 113 (36.2%) received promotion once in their stay, 30 (9.6%) got promotion twice, 5 (1.6%) received it more than twice and finally 164 (52.6%) have never received promotion in their stay in the bank. This brings about that majority of the respondents are in the same position without having promotion.

Figure 4.1 Respondent opinions for Bases of Promotion in DB



Source: Own Survey, 2017

Figure 4.1 indicates opinions of the respondents with regard to what should be the bases for employee promotion in the bank, 16 (5.1%) said that seniority should be the base for promotion, 117 (37.5%) said merit should be the base for promotion, 169 (54.2%) said both seniority and merit should be the base and 10 (3.2%) said that they don't know what should be the base. Therefore, majority of the respondents believe that both seniority and merit should be considered as a base for promotion.

### 4.3. Perception of Respondents towards the Current Promotion Practice of the Bank

This part of the paper describes the finding of the respondent's perception towards the current promotion practice of the bank. Descriptive statistics is done in the form of mean and standard deviation for ten dimensions and it is presented in the following table.

*Table 4.3 Mean and standard deviation for Measures of respondent's Perception of Promotion Practice*

<b>I</b>	<b>Variables</b>	<b>Mean</b>	<b>S.D.</b>
1	The promotion practice of the bank is fair and impartial.	2.21	1.25
2	The promotion practice of the bank is clear to employees.	2.07	1.25
3	The bases or selection criteria that the bank uses for promotion are suitable.	2.38	1.11
4	The promotion practice of the bank takes into account employee's skills and abilities.	2.39	1.22
5	The promotion practice of the bank considers employee's performance.	3.01	1.0
6	There is adequate promotion grievance handling mechanisms in the bank.	1.98	0.97
7	The implementation of the Bank's promotional policies and procedures are uniform.	2.09	1.08
8	I believe that the promotion practice of the bank is transparent.	2.06	1.14
9	The assessment process for promotion is rigorous to ensure that the best candidate for the role is chosen.	2.17	1.06
10	The bank reviews regularly its promotion practice.	2.00	1.27
Over all mean and Std. deviation for perception of respondents towards the promotion practice of the bank		2.15	1.09

Cronbach's Alpha=0.941

*Source: Own Survey Questionnaire, 2017*

Referring the above table the mean amount shows 2.21 for the promotion practice of the bank as being fair and impartial. This implies that majority of respondents have reservation on the promotion practice of the bank as being fair and impartial.

The mean of respondents showed 2.07 when employees were asked about the promotion practice of the bank as being clear to employees. This revealed the respondents are not clear with the bank's promotion practice.

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With regard to the respondent's agreement with bases that bank currently uses for promotion selection, the mean showed a point of 2.38. This implies that majority of the respondents doesn't agree with the criteria that the bank currently uses for promotion.

As to the promotion practice of the bank takes into account employee's skills and abilities the mean result showed 2.39. This indicates a large number of respondents' belief their skills and abilities are not considered in the promotion practice of the bank.

Similarly, when employees were asked about employee's performance is considered in the promotion practice of the bank the result of mean showed 3.01. Likewise to employee's skill and abilities majority of the respondent have reservation when it comes to the inclusion of employee performance in the promotion practice of the bank.

When asked about the availability of promotion grievance handling mechanisms in the bank, the respondents mean showed 1.98. This shows the inadequacy of promotion grievance handling mechanisms in the bank.

The respondents mean showed 2.09 point for the implementation of the bank's promotional policies and procedures uniformity. This implies majority of the respondent believe that promotion policies and procedures are not implemented uniformly.

From the respondents mean we can see that the bank's promotion practice is not transparent, with the mean values of 2.06. In addition, when asked about the assessment process for promotion is rigorous to ensure that the best candidate for the role is chosen respondents showed with a mean of 2.17. This shows majority don't believe the banks promotion practice is not transparent and most feel that it doesn't ensure that the best candidate is chosen.

The final dimension with regard to the perception of employees was opinions on the bank's regularly reviewing its promotion practice. Accordingly a mean value of 2.00 is showed. It is to mean that a considerable amount of respondents believe that the bank doesn't review its promotion practice regularly.

The total perception of employees towards the promotion practice of the bank shows a mean of 2.15, which brings about the majority of the respondents have reservation towards the promotion practice of the bank.

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#### 4.4. Reaction of Respondents towards the Promotional Opportunities available in the Bank

Table 4.4 Mean and Standard deviation of respondents for Promotion opportunities in the Bank

IV	Variables	Mean	S.D.
1	There are several promotion opportunities for advancement in my career.	2.52	0.93
2	There are frequent promotion opportunities in the bank.	2.49	0.94
3	The promotion opportunities in the bank fit my skills and knowledge.	2.52	0.95
4	My present job is as per my qualification and experience.	2.53	0.95
5	Qualifications (specifications) requirements of the bank to be eligible for promotion are reasonable.	2.55	0.91
6	Experiences (specifications) requirement of the bank to be eligible for promotion are reasonable.	2.51	0.88
7	My career growth and development needs are being met in the bank.	2.51	0.95
8	All job openings in the bank are communicated to all eligible employees.	2.60	0.93
9	There are career opportunities oriented toward advancement up the organizational ladder in the bank.	2.52	0.89
Total mean and Std. deviation of respondents reactions about the promotion opportunities in the bank		2.53	0.89

Cronbach's Alpha=0.991

Source: Own Survey, 2017

When we see the reaction of the respondent's using the above table for existence of several opportunities for advancement in one's job, a mean result of 2.52 is showed. Therefore, it is possible to say that most of them don't believe in presence of enough jobs opening for advancement in their job.

With regard to the presence of frequent promotion opportunities, the mean showed 2.49 value. This suggests that there are far and few promotion opportunities in the bank.

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In relation to the promotion opportunities in the bank fitting the skills and knowledge of employees, the mean revealed a point of 2.52. This indicates job opening doesn't fit employee's skills and knowledge.

When asked respondents about present jobs as being in their qualification and experience, the mean showed 2.53. It is possible to say that employees are expecting higher posts which match with their qualification and experience.

From the above table it is clear to see that both qualification and experience (specifications) requirement of the bank to be eligible for promotion are responded similarity. Thus, the mean value of 2.55 is shown. According to the respondents whenever there are vacancies in the bank, the minimum requirements that are set are not reasonable.

Table 4.4 also shows that respondent's reaction as to the communication of job opening to all, in this regard the mean result showed a value of 2.6. Therefore, majority of the respondents feel that the information about vacancies is not properly transferred to all employees.

When asked about the career opportunities orientation towards advancement up the organizational ladder in the bank the respondent's mean showed 2.52 point. Hence, a great deal of the respondents doesn't agree that career opportunities orientation towards advancement up the organizational ladder in the bank.

The total mean for all dimensions under promotion opportunity shows a mean of 2.53, which shows above average number of respondents are not pleased the promotion opportunity in the bank.

#### **4.5. Response of Respondents towards their Promotion Expectation in the Bank**

*Table 4.5 Mean and Standard deviation for Measures of Promotion Expectation*

<b>V</b>	<b>Variables</b>	<b>Mean</b>	<b>S.D.</b>
1	I get disappointed if I genuinely anticipate a promotion and not get that promotion.	3.63	0.86
2	I get disappointed if my current promotional expectations are not met.	3.63	0.84

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3	I will be frustrated if I get a delayed promotion.	3.85	0.61
4	I will be dissatisfied if somebody else got the promotion that I expect without sufficient explanation.	3.87	0.58
5	I believe the promotion assessing system of the bank is not satisfactory.	4.04	0.69
6	The bank doesn't provide support for all candidates once a decision had been made, to ensure that the successful candidate performs well in his or her new role and the unsuccessful candidates remain motivated	4.04	0.64
Over all respondents mean and standard deviation about their promotion expectation in the bank		3.84	0.50

Cronbach's Alpha=0.857

*Source: Own Survey, 2017*

Respondents were asked if they genuinely anticipate promotion and not get same will they be dissatisfied and whether current promotional expectation are not met and found out a mean of 3.63. Accordingly, it is clear here to see that promotion expectation plays a major role in employee's job satisfaction.

With regard to questions whether respondents will be frustrated if they get a delayed promotion, the respondent's mean showed a value of 3.85. Hence, a great deal of the respondents agrees that delayed promotion frustrates them.

Looking the above table respondents were asked will they be dissatisfied if somebody else got the promotion that they expect without sufficient explanation and responded with a mean of 3.87. So, their expectation in getting what they anticipated matters to them greatly as far as the promotion is concerned.

Table 4.5 also depicts respondents reaction on promotion assessing system of the bank as being not satisfactory, consequently their mean showed 4.04. This implies that the majority of the respondent believes the promotion assessing system of the bank is not satisfactory. When asked about the non-availability of support for all candidates once a decision had been made, to ensure that the successful candidate performs well in his or her new role and the unsuccessful candidates remain motivated, the mean result showed 4.04 value. This shows the support does not exist.

The total mean for all dimensions under promotion expectation shows a mean of 3.84, which shows above average number of respondents impression is that the promotion expectation plays a major role in their job satisfaction.

#### 4.6. Reaction of Respondents towards their Job satisfaction in the Bank

Table 4.6 Mean and standard deviation of measurement of the satisfaction level of respondents with the promotion practice of the bank

VI	Variables	Mean	S.D.
1	Promotion practice of the bank has no impact on my motivation.	1.78	0.71
2	Promotion practice doesn't affect my commitment.	1.77	0.70
3	Promotion practice of the bank has no impact on my decision to stay or leave the Bank.	1.74	0.76
4	The current promotion practice of the bank secures my career development needs.	1.97	0.79
5	I have been promoted timely during my stay in the bank	2.14	0.98
6	I am satisfied with the overall promotion practice of the bank.	2.14	0.88
Overall mean and standard deviation with regard to job satisfaction		1.92	0.58

Cronbach's Alpha=0.869

Source: Own Survey Questionnaire, 2017

In respect to whether promotion practice of the bank has no impact on their motivation, a mean result of 1.78 is shown; this suggests that promotion practice of the bank has an impact on the respondent's motivation.

In the same way respondents were asked if promotion practice of the bank doesn't affect their commitment, the mean result revealed a value of 1.77, this suggests that promotion practice of the bank affects the respondent's commitment.

Respondents replied to whether promotion practice has no impact on their decision to stay or leave the bank, in line with this a mean result of 1.74 shown. That is to say that majority of the respondents consider promotion practice in their decision to stay or leave the bank.

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The mean value of 1.97 is shown when respondents asked about the promotion practice of the bank don't secure their career development needs. This showed, the majority of the respondent feels the promotion practice of the bank doesn't secure their career development needs.

Respondents mean value 2.14 is shown for their timely promotion in their stay in the bank. Hence, a large number of respondent were not promoted timely in their stay in the bank.

Finally, respondents were asked whether they are satisfied with the overall promotion practice of the bank, in line with this the mean value of 2.14 showed below average satisfactions.

The total mean for all dimensions under job satisfaction shows a mean of 1.92, which shows the satisfaction level of respondents as being below average.

#### **4.8. Correlation Analysis**

Correlation analysis was applied to test the “interdependency” of the variables. In this section, the direction and degree of the strength of the relationship among the variables were determined; it is possible to examine the correlation among all dimensions of the independent variables (perception, opportunity and expectation) and the dependent variables (Job satisfaction). The correlation results provide initial evidences for further analysis.

Using The Pearson's Product Moment Correlation Coefficient ( $r$ ) the degree of association between the independent variables (Perception of employees towards the promotion practice, Promotion opportunities in the bank and promotion expectation of employees) and the dependent variable (Job satisfaction) were computed to determine the strength, direction and statistical significance of the relationships as shown in table 4.12.

Correlation analysis is useful way of exploiting relation (association) among variables. The value of the coefficient ( $r$ ) ranges from -1 up to +1. The value of coefficient of correlation ( $r$ ) indicates both the strength and direction of the relationship. If  $r = -1$  there is perfectly negative correlation between the variable. If  $r = 0$  there is no relationship between the variable and if  $r = +1$  there is perfectly positive relationship between the variables. For values of  $r$  between +1 and 0 or between 0 and -1, different scholars have proposed different interpretation with slight difference. For this study diction rule given by Bartz (1999) was used to describe the strength of association among the variables as follows.

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Table 4.7 Interpretation of *r* value

<b>Value of r</b>	<b>Description</b>
0.80 or higher	Very High
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.20 or lower	Very Low

Source; Bartz (1999)

Based on the above table (4.11) assumption, all basic constructs were included into the correlation analysis. Figures with the symbol “\*\*\*” indicate that each of the variables are significantly correlated with each other at a significance level of  $p < 0.01$ .

Moreover, from the table (4.12) correlation analysis, it can be observed that there exist a positive moderate and statistically strong relationship between perception of promotion and job satisfaction ( $r=0.601$ ,  $p < 0.01$ ) similar to the finding made by Victoria on 2014. In addition, the table also shows that there exists a very low statistically positive relationship between promotion opportunities and job satisfaction ( $r=0.181$ ,  $p < 0.01$ ) which was also found out by Boit on 2013 and Helen on 2015. Lastly, there is also a negative verylow and statistically significant relationship between promotion expectation and job satisfaction ( $r=-.343$ ,  $p < 0.01$ ) which was in alignment with the findings of Kosteaon 2011. Based on the results, one can argue that promotion has an effect on job satisfaction.

Table 4.8. Pearson Correlation Analysis for independent and dependent variables

		<b>Correlations</b>			
		Perception	Promotion Opportunity	Expectation	Job Satisfaction
Perception	Pearson Correlation	1	-.037	-.161**	.601**
	Sig. (2-tailed)		.510	.004	.000
	N	312	312	312	312
Promotion Opportunity	Pearson Correlation	-.037	1	-.231**	.181**
	Sig. (2-tailed)	.510		.000	.001
	N	312	312	312	312
Expectation	Pearson Correlation	-.161**	-.231**	1	-.343**
	Sig. (2-tailed)	.004	.000		.000
	N	312	312	312	312
Job Satisfaction	Pearson Correlation	.601**	.181**	-.343**	1
	Sig. (2-tailed)	.000	.001	.000	
	N	312	312	312	312

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

Source: Own survey, 2017

#### 4.9. Regression Analysis

Regressions analysis helps in order to measure the relative strength of independent variables i.e. determine the effect of promotion practice on job satisfaction of Dashen Bank employees as depicted in table 4.13 below, the result revealed  $R^2$  value of .445. This indicates that 44.5% of variance that explained the job satisfaction of Dashen Bank employees in terms of perception of promotion, promotion opportunities and promotion expectation.

Table 4.9 Regression analysis

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667 <sup>a</sup>	.445	.440	.43795

a. Predictors: (Constant), Promotion Expectation, Perception of Promotion, Promotion Opportunity

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

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	47.407	3	15.802	82.388	.000 <sup>b</sup>
Residual	59.076	308	.192		
Total	106.483	311			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Expectation of Promotion, Perception of Promotion, Promotion Opportunities

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

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.975	.241		8.188	.000
Perception of Promotion	.306	.023	.572	13.256	.000
Promotion Opportunities	.100	.029	.153	3.495	.001
Expectation of Promotion	-.250	.051	-.216	-4.867	.000

a. Dependent Variable: Job Satisfaction

Source: Own survey, 2017

Inherently, this is a measure of how good a prediction of the dependent variable we can make by knowing independent variables. This implies that 44.5% of the variance in the dependent variable (job satisfaction) is explained by the independent variables (promotion practice perception, opportunities and expectations) in the model. The model also indicates that, the remaining 55.5% of the variance can be explained by other variables out of this model and indicates that further research might be needed for this.

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The F-ratio describes whether the results of the regression model could have occurred by chance. Large F value and a small significance level (sig.) (typically smaller than 0.05 or 0.01) indicate that the results probably are not due to random chance. Accordingly, as can be seen from the table below the F value is 82.39 and is significant at 0.000. Hence, the researcher can assertively say that the regression model adopted in this study has not occurred by chance and is considered highly significant.

The beta value is a measure of how strongly predictor variable influences the criterion variable. Similarly, the beta value of this study is as indicated in the table above, if we take one as a demonstration, perception of promotion has a 0.572 value which indicates that a change of one standard deviation in the predictor variable i.e. perception of promotion factors resulted in a change of 57.2 standard deviations in the criterion variable i.e. job satisfaction therefore, there is a higher effect of perception of promotion on job satisfaction. The other factor that affects job satisfaction is promotion opportunity with a coefficient ( $\beta=0.153$ ). On the other hand promotion expectation has an inverse effect on job satisfaction with a coefficient ( $\beta=-.216$ ), this is to say that whenever the promotion expectation is decreasing there will not be a job satisfaction.

#### **4.10. Multicollinearity Test**

Multicollinearity is a problem that occurs with regression analysis when there is a high correlation of at least one independent variable with a combination of the other independent variables. As variables are highly correlated in a multiple regression analysis, it is difficult to identify the unique contribution of each variable in predicting the dependent variable because the highly correlated variables are predicting the same variance in the dependent variable. (Marczyk, Dematteo & Festinger, 2005).

In this situation, the “overall” p-value may be significant but the p-value for each predictor may not be significant. Multicollinearity exists when Tolerance is below .1; and VIF (Variance Inflation Factor) is greater than 10 or an average much greater than 1. A VIF of greater than 5 is generally considered evidence of multicollinearity (Marczyk, Dematteo & Festinger, 2005). Accordingly, as we can see from Table 4.14 below there is no multicollinearity in this case since the VIF values for all are below 0.5. Further normality test was done to verify the distribution of the data and found out the data was normally distributed.

Table 4.10 Multicollinearity Test

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.975	.241		8.188	.000		
	Perception of Promotion	.306	.023	.572	13.256	.000	.968	1.033
	Promotion Opportunity	.100	.029	.153	3.495	.001	.941	1.063
	Expectation of Promotion	-.250	.051	-.216	-4.867	.000	.918	1.089

a. Dependent Variable: Job Satisfaction

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#### 4.11. Summary of Open-ended Questions

The following part of the paper summarizes the main points that the respondent's replied about the promotion practice of the bank which was asked on open ended questions.

1. The promotion practice of the bank should be revised.
2. The structure of the bank should accommodate employees expectation
3. The policies and procedures must be transparent and uniform
4. The Bank must consider mainly employee performance when promoting employees rather than experience
5. The promotion process and practice shall be clearly defined and communicated to all employees.
6. Practical exams and interviews must be conducted to evaluate eligibility for promotion
7. The promotional practice of the bank dissatisfying
8. There must be grievance handling system in relation to promotion
9. It is better if the bank has clear career development ladder.
10. Dashen Bank has to minimize the time gap that it takes to promote employees
11. The management of the bank shall integrate the promotion practice with performance management system.

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## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1. Summary

This part of the study aims to summarize the findings and results that have emerged from the data analysis presented in chapter four. The general objective of this study was to examine the effect of promotion practice on job satisfaction in the case of Dashen Bank S.C. From the study the following particular findings were observed:

1. The overall perception of respondents towards the promotion practice of the bank in terms of being fair, impartial, transparency and uniformity shows that the majority of the respondents have displeasure in their perception towards the promotion practice of the bank.
2. The reaction of the respondents towards the promotion opportunities in the bank entails that the majority of the employees feel that they are not happy with the current promotion opportunities.
3. In the study above average number of respondents impression is that the promotion expectation plays a major role in their job satisfaction.
4. The study also indicated for all dimensions under job satisfaction a mean of 1.92, which shows the satisfaction level of respondents as being below average with the promotion practice of the bank.
5. Outcomes from correlation analysis pointed out that there exists a positive moderate and statistically strong relationship between perception of promotion and job satisfaction. In addition, it shows that there exists a very low statistically positive relationship between promotion opportunities and job satisfaction. Lastly, there is also exists a negative low and statistically significant relationship between promotion expectation and job satisfaction. Based on the results, one can argue that promotion has an effect on job satisfaction.
6. Results from regression analysis indicates that 44.5% of variance that explained the job satisfaction of Dashen Bank employees is in terms of the independent variables i.e. perception of promotion practice, promotion opportunities and promotion expectation.

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7. The multicollinearity test revealed that there is no multicollinearity (problem that occurs with regression analysis, where there is a high correlation of at least one independent variable with a combination of the other independent variables) in this case since the VIF values for all is below 0.5.

## 5.2. Conclusion

Based on the finding the following conclusions are made. The aim of the study was to explore the effect of promotion practice on job satisfaction. For any organizations to be successful, having of satisfied employees has a paramount importance. Because organizations will be efficient if and only if their employees are satisfied and this can happen among others through having an efficient promotion practice system that always considers and meets employee's expectations to get the best out of employees.

The finding showed that the total assessment of perception of employees towards the promotion practice of the bank as being irregular and dissatisfying. Likewise the results revealed that employees were not satisfied with the current promotion opportunities in the bank.

The analysis also has shown that there exists a positive moderate and statistically strong relationship between perception of promotion and job satisfaction. In addition, it showed that there exists a very low statistically positive relationship between promotion opportunities and job satisfaction. Lastly, there is also exists a negative low and statistically significant relationship between promotion expectation and job satisfaction and it is also supported by the results of regression analysis.

Furthermore, the result of this study suggests that promotion practice is very important factors that the bank needs to focus on to keep employee more satisfied. Neglecting this factor could causes to build demotivated employees which are subject to lower performance, lower commitment, and lower motivation or even worse to leave the bank. In conclusion, the major findings of this research show that promotion practice has an effect on job satisfaction in Dashen bank.

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### 5.3. Recommendation

Based on the findings and conclusions the researcher recommends the following which will be helpful for the organization.

1. The promotion practice of the bank should be considerate of its employee's perception. It is important to identify their say and incorporate their suggestions in the promotion practice of the bank. It helps the bank to know whether employees are comfortable with their job, and the bank's practice. HR departments should design a sound promotion policy and procedure which is fair, impartial, that enjoys consistency and also ensures its full implementation.
2. In order to tackle employee's requirement of better promotion opportunities in the bank and to have higher level of job satisfaction, the bank should have career development programs to exploit the potential of employees and provide an opportunity to develop their abilities. Besides, it is expected to enable employees to have more option to develop their skill and abilities using job rotations, job enrichment, training and developments and see their future career paths in the bank.
3. The bank must play a great role in matching employee's expectation with its reality, its job openings and organization structure. It is also recommended to try to accommodate employee's anticipation, avoid delayed promotion to employees and instituting transparency. This is also another important factor to sustain the human capital.
4. In pursuant of improving the employee's job satisfaction with the promotion practice of the bank, Human resources department should contain promotional counseling, encouragement, grievance handling mechanism, guidance and follow-up taking in to account employees promotion perception, promotion opportunities, and promotion expectation of employees.

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#### 5.4. Other Research Implications

The aim of this study was to find out the effect of promotion practice on job satisfaction. The study only focused on promotion variables of perception of promotion, promotion opportunities and promotion expectation. It did not include all the possible variables; therefore, there is a scope for other researchers to study the other types and their effects on job satisfaction on the same or different sectors. Further research can also be carried out to identify other factors that may affect job satisfaction which are not studied before.

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# APPENDICES

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## I. Questionnaire

### ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

#### GRADUATE STUDIES

#### MASTER OF ARTS PROGRAM IN HUMAN RESOURCE MANAGEMENT SURVEY QUESTIONNAIRE

**Dear Respondent:**

This questionnaire has been designed to solicit information for purely academic purpose which is to collect data on: THE EFFECT OF EMPLOYEE PROMOTION PRACTICE ON JOB SATISFACTION IN DASHEN BANK S.C.

**NB.** All information given would be treated with utmost confidentiality and no need to write your name. For any clarification needed please contact me through +251911671992.

**Thank you in Advance!**

**Part one: General Information**

**Instruction:** This Part of the questionnaire enquires you about your personal and job related information. Please answer by putting “√” or “X” in the boxes and typing on the space provided.

1. Gender

1) Male       2) Female

2. In which age group are you?

1) 20-30 Years     2) 31-40 Years     3) 41-50 Years

4) 51-60 Years     5) 61 Years & above

3. What is your highest educational qualification?

1) College Diploma     2) BA/BSC Degree     3) MA/MSC Degree

4) Above Masters     5) Other (Specify) \_\_\_\_\_

4. How long have you been working in Dashen Bank S.C.?

1) 1-5 Years     2) 6-10 Years     3) 11-15 Years     4) 16-20 Years

5) Above 20 Years

5. How long have you been in the current position?

1) 1-5 Years     2) 6-10 Years     3) 11-15 Years     4) 16-20 Years

5) Above 20 Years

6. What is your current position classification in Dashen Bank S.C.?

1) Clerical  2) Professional  3) Line Manager

7. Where is your current location of work place?

1) Head Office  2) Branch

8. How many times have you been promoted in Dashen Bank S.C?

1) Once  2) Twice  3) More than twice (specify)\_\_\_\_\_ 4) Never

9. In your opinion what should be the bases for employee promotion in Dashen Bank S.C.?

1) Seniority (long service years) based  2) Merit (performance) based

3) Both Seniority and merit based  4) I don't know

**Part two: Perception of employees towards the promotion practice of the bank**

**Instruction:** Please indicate your level of agreement/disagreement with the respective statements by putting “√” or “X” in the boxes.

I	Statements to measure the perception of employees towards the promotion practice of the bank	Scales				
		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
10	The promotion practice of the bank is fair and impartial.					
11	The promotion practice of the bank is clear to employees.					
12	The bases or selection criteria that the bank uses for promotion are suitable.					
13	The promotion practice of the bank takes into account employee's skills and abilities.					
14	The promotion practice of the bank considers employee's performance.					
15	There is adequate promotion grievance handling mechanisms in the bank.					
16	The implementation of the Bank's promotional policies and procedures are uniform.					
17	I believe that the promotion practice of					

	the bank is transparent.					
18	The assessment process for promotion is rigorous to ensure that the best candidate for the role is chosen.					
19	The bank reviews regularly its promotion practice.					

II	Statements to measure the response of employees towards the promotion opportunities in the bank	Scales				
		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
20	There are several promotion opportunities for advancement in my career.					
21	There are frequent promotion opportunities in the bank.					
22	The promotion opportunities in the bank fit my skills and knowledge.					
23	My present job is as per my qualification and experience.					
24	Qualifications (specifications) requirements of the bank to be eligible for promotion are reasonable.					
25	Experiences (specifications) requirement of the bank to be eligible for promotion are reasonable.					
26	My career growth and development needs are being met in the bank.					
27	All job openings in the bank are communicated to all eligible employees.					
28	There are career opportunities oriented toward advancement up the organizational ladder in the bank.					

III	Statements to measure the impact of Promotion Expectation	Scales				
		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
29	I get disappointed if I genuinely anticipate a promotion and not get that promotion.					
30	I get disappointed if my current promotional expectations are not met.					

31	I will be frustrated if I get a delayed promotion.					
32	I will be dissatisfied if somebody else got the promotion that I expect without sufficient explanation.					
33	I believe the promotion assessing system of the bank is not satisfactory.					
34	The bank doesn't provide support for all candidates once a decision had been made, to ensure that the successful candidate performs well in his or her new role and the unsuccessful candidates remain motivated					

IV	Statements to attest the relationship between Promotion Practice and Job Satisfaction	Scales				
		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
35	Promotion practice of the bank has no impact on my motivation.					
36	Promotion practice doesn't affect my commitment.					
37	Promotion practice of the bank has no impact on my decision to stay or leave the Bank.					
38	The current promotion practice of the bank secures my career development needs.					
39	I have been promoted timely during my stay in the bank					
40	I am satisfied with the overall promotion practice of the bank.					

**Part Three: Open ended questions**

**Instruction: Please fill the following questions on the space provided**

41. What do you suggest to improve the promotion practice of the bank?

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42. Any other comments regarding the promotion practice of the bank?

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**THANK YOU VERY MUCH!**