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THE EFFECT OF PROMOTION POLICY ON EMPLOYEE'S JOB SATISFACTION: IN THE CASE OF ADDIS ABABA CITY ADMINISTRATION REVENUE BUREAU LIDETA BRANCH OFFICE

A Thesis Submitted to the Office of Graduate Studies in Partial Fulfillment of the Requirements for the Masters of Arts in Human Resource Management

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COLLEGE OF BUSINESS AND ECONOMICS

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DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

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THESIS SUBMITTED TO PARTIAL FULFILLMENT OF MA DEGREE ON A RESEARCH THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, SCHOOL OF COMMERCE DEPARTMENT OF HUMAN RESOURCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR DEGREE OF MASTER OF HUMAN RESOURCE MANAGEMENT

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Statement of Declaration

I, Biniam Abay Bishaw, hereby declare that this thesis entitled “The Effect of Promotion Policy on Employee's Job Satisfaction: In the case of Addis Ababa City Administration Revenue Bureau/Lideta Branch Office.” Submitted by me for the award of the degree of Master of art in Human Resource Management was my original work and it has never been presented in any university. All sources and materials used for this thesis have been duly acknowledged.

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STATEMENT OF CERTIFICATION

This was to certify that, the thesis entitled, “The Effect of Promotion Policy on Employee's Job Satisfaction: In the case of Addis Ababa City Administration Revenue Bureau/Lideta Branch Office (LBO).” was carried out by Biniam Abay Bishaw under the supervision of Dr. Seifu M. (PhD), submitted in partial fulfillment of the requirements for the degree of Master of art in Human Resource Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

_____

Seifu Mamo (PhD)

Research advisor

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
HUMAN RESOURCE MANAGEMENT PROGRAM

The Effect of Promotion Policy on Employee's Job Satisfaction: In the Case of Addis Ababa City Administration Revenue Bureau/Lideta Branch Office

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Abstract

The strategic success of any institution depends on the job satisfaction of its Human Resources. This was especially true in the taxation industry. The primary aim of this study was to look over the effect promotion policies on employee's job satisfaction at Addis Ababa City Administration Revenue Bureau/Lideta Branch Office (LBO). While it was a fact that promotion policies play a key role in the retention and motivation of staff. Public institutions still run on seniority based systems which in turn may not pay attention to talented junior members. This research looks at the issue of what we have in traditional practices which favor length of service over merit based promotion that we see today. We also look at how employees see the issue of fairness and transparency in present policies and also to what extent do these policies play a role in overall job satisfaction. To do this we used a descriptive and explanatory research design. From a target population was 410, 32 employees from Addis Ababa City Administration Revenue Bureau and 378 in Lideta Branch Office (LBO). We got a sample size of 202 respondents. The research used a quantitative research approach. Data was collected using primary data collection method by structured questionnaires used the 5-point Likert scale. We looked at job satisfaction across key dimensions which include the nature of the work, and promotion prospects' in relation to current institutional policies. We present two main results from this study. First the empirical input for management of AACARB/LBO and also contribute to researchers available on Human Resource practices in Ethiopian public sector. Second, it addresses the limitations of the excessive focus on seniority based promoting that has on transparency, competency, advancement based. The study offers practical recommendations for policy improvements. Ultimately, this study contribute to the development of a fair and transparent promotion policy enhances employee job satisfaction, improve the services quality provided for taxpayers, and helps reduce employee turnover in AACARB/LBO.

Keywords: *Promotion, Satisfaction, Seniority-based Promotion, AACARB/LBO.*

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List of ABBREVIATIONS

HR – Human Resource

HRM - Human Resource Management

MoR - Ministry of Revenue

ERCA - Ethiopian Revenues and Customs Authority

AACARB - Addis Ababa City Administration Revenue Bureau

LSSTBO/LBO - Lideta Sub-city Small Taxpayers' Branch Office

SD – Standard deviation

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CHAPTER ONE

INTRODUCTION

This chapter deals with the background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope of the study, limitation of the study, operational definition of terms, and organization of the research.

1.1. Background of the Study

The human resource was one of the dominant and driver of the rest of the resources (i.e. financial, material, technology) with less attention of utilization. In general, among the great economical and political failure was the utilization of man power. This pushes me to continue my second degree in HRM to know well what the science says about the proper utilization of man power in an organization. The proper use helps for enhancing both HR and the wider organizational outcomes. Researchers identify that the role of HR and its utilization in maximizing organizational performance (Malik, M. S., & Aslam, L., 2020).

Currently, attracting qualified employees were not the only challenge faced by public organizations; retaining competent and high-performing employees has become equally critical. One of the key mechanisms for employee retention in public institutions was promotion.

According to Sackett, Zhang, Berry, and Lievens (2022), job-related (directly relevant) work experience enhances employee performance because it enables the direct transfer of job-specific skills, knowledge, and competencies to similar work contexts. Work experience was also categorize to direct relevant work experience and indirect relevant work experience "direct relevant work experience" means work experience that was directly related to the workplace in which the employee wants to compete.

According to Dessler, G. (2020) the experience gained in different roles or industries may still be valuable if it develops transferable skills that contribute to performance in another workplace. And the “Implicitly relevant work experience" refers to the experience of work that was implicitly connected to the workplace in which the employee wishes to compete (The Ethiopian Revenue and Customs Authority's progressive performance Directive No. 108/2007)

The promotion policy criteria include performance evaluation based on the Balanced Scorecard (BSC) conducted on a semi-annual basis; written, practical, oral, or integrated examinations, relevant educational level, work experience, personnel file (record) quality, and closer position

alignment. In practice, when candidates obtain similar scores across these criteria, seniority was often used as the decisive factor. This approach was a disadvantage for junior employee's high-potential and may not effectively identify the most suitable candidates to meet the institution's current operational needs. Such losses reflect broader systemic failures to retain talented essential for institutional modernization (Malik, M. S., & Aslam, L., 2020).

Understanding the influence of promotion policies on employee's job satisfaction at AACARB/LBO was provide valuable input for management and human resource professionals improving and strengthening promotion policies. Whereas, the importance of establishing competency assurance evaluation system of civil servants, establish system substantially responsive to the need and enquires of the public by ensuring fair, efficient, accessible service and improve administration of civil servants that increase productivity as well as to retain existing civil servant (Addis Negari Gazeta No. 87/2025). An effective promotion policy enhances employee job satisfaction, morale, loyalty, and organizational commitment while improving AACARB/LBO performance and service delivery to taxpayers.

However, empirical evidence on the effect of promotion policy in AACARB/LBO was limited. Most exists studies focus on commercial Banks or large public institutions, overlooking revenue offices that operate under distinct work conditions, including field inspections, taxpayer relations, and revenue performance targets. Addressing this research gap was support evidence-based policy improvement and strengthens operational effectiveness within the branch office.

Abraham Tadesse, (2017) research titled "*the Effect of Employee Promotion Practice on Job Satisfaction: in Dashen Bank S.C.*" oncluded that "The correlation analysis reveals a significant positive relationship between the independent variables (perception of promotion and promotion opportunities) and the dependent variable (job satisfaction). Conversely, a negative relationship was observed between promotion expectation and job satisfaction, He suggested that higher unmet expectations may lead to decreased satisfaction levels."

Kusa Wakgari, (2021) also conducted a research on *"Assessing the Impact of employee promotion policy for job satisfaction: In case of Commercial Bank of Ethiopia, Dire Dawa Branch,"* Dire Dawa University. He conclude that the *Bank* has its promotion its employees based on promotion policy mainly focused on seniority and merit system this has strong contribution for job satisfaction.

Employees expect the promotion process to be fair and transparent, but if the process was vague, inconsistent, or unfair it dissatisfied employee, decrease productivity and likely to leave the branch. Public institutions are often characterized as largely based on seniority-based promotion. These mismatch employees' expectations and actual institutional practices; this adversely affects overall employee's job satisfaction.

The promotion policy was guided by civil service regulations based on seniority, performance appraisal, and appoint politically for positions above branch vice manager. So the position below has no chance to promote as a branch vice manager and above if he/she was not party member. The branch operates in a challenging public service environment that requires employees to be competent, motivated, and satisfied in order to meet taxpayers' service expectations. Given the high workload, intensive public interaction, and the need for accuracy and accountability, an effective promotion practice was essential for sustaining employee morale and enhancing job performance.

It assesses employees' perceptions of the existing promotion policy, measure using standard dimensions, namely the work itself, pay, supervision, promotion opportunities, and co-workers. It also analyzes the relationship between promotion policy components and overall job satisfaction, with the aim of providing practical policy-oriented recommendations for AACARB/LBO and other similar public tax institutions.

Based on the background of the study, the research was further investigate the role of promotion policy in enhancing employee's job satisfaction and its contribution to the institutional sustainability and effectiveness of the branch, with particular reference to the AACARB/LBO.

Table 1.1. Promotion policy Criterion

No.	Criterion	Point Bridge	
		Exams are administered	non-exams are administered
1	Score based planning performance assessment score	40	40
2	Qualification test (written/practical/verbal)	20	-
3	Relevant education level	10	20
4	Work experience	15	25
5	Archive resolution	10	10
6	Step closer	5	5
Total		**100**	**100**

Source: *AARB, (2022) Promotion Implementation Directive No. 87_2025 Section 3 Article 11, Sub-article 2.*

1.2. Statement of the Problem

Promotion policy is not merely a routine administrative tool; it is the primary mechanism that shapes the daily lived experiences, motivation, and professional dignity of employees within an organization. When executed through a structured, merit-based, and transparent framework, a promotion policy serves as a powerful validation of an individual's hard work, directly elevating job satisfaction and inspiring deeper institutional commitment (Mutisya & Makhamara, 2025). Transparent career process assure employees their daily contributions are noticed, valued, and fairly rewarded, aligning their personal aspirations with the broader strategic goals of the institution (Adams & Clarke, 2024). Ultimately, workplace satisfaction is a fragile, human sentiment heavily influenced by a combination of professional recognition, financial security, and authentic opportunities for career growth (Kitole & Mwita, 2025). When promotional systems break down or become clouded by ambiguity, the human capital of an institution quickly erodes into widespread disillusionment.

Despite the proven benefits of performance-driven advancement, a stark and damaging reality persists across many public institutions. These environments remain paralyzed by rigid structural hierarchies and a deep-seated cultural overreliance on seniority-based frameworks. Under this traditional mindset, long-tenured employees are automatically funneled into management roles regardless of their actual leadership capacity, emotional intelligence, or technical competence (Smith & Jones, 2024). This structural neglect of individual capability suppresses innovation, creates severe mismatches in vital leadership roles, and ignores modern specialized skillsets (Fuentes, 2023). When years of service are prioritized over actual merit, high-performing individuals are effectively left invisible, eroding public trust in state administrations and rendering public agencies sluggish and resistant to progress.

Broad human resource components such as general staffing, training, and rewards influence baseline employee satisfaction fail to capture the intense, high-pressure realities of specialized public agencies (Elrehail et al., 2019; Reyna et al., 2022). There is a critical shortage of localized contextual, and specific evidence exploring the conflict arise between seniority and merit-based models within AACARB/LBO. The barriers that prevent the bureaus from executing transparent, performance-based promotions were remaining poorly documented. Furthermore, existing research overlooks how employees perceive fairness across various departments, leaving a

significant understanding gap of how these perceptions predict destructive behaviors of chronic absenteeism, turnover, and compromised service delivery.

Without clear, data-driven local evidence, public organizations continue to implement superficial, cosmetic reforms that fail to dismantle favoritism, structural stagnation, and a pervasive culture of mistrust (Dela Cruz & Lim, 2025).

Currently, the bureau relies on length of service as its promotional benchmark. This practice created demoralized environment for the new generation of highly competent, well-educated, and ambitious young professionals who find their career progression artificially capped by rigid, time-bound barriers. In practice because of someone else has been there longer, hard-working employees are left watching their dedication and fresh ideas get completely sidelined. This isn't an administrative oversight it turned the situation to office-wide crisis of employee's morale. It manifests several operational demotivation, employee absenteeism, and collapse of psychological commitment to the bureau. Most alarmingly, it has triggered a massive turnover risk, forcing high-potential junior staff to abandon the bureau entirely out of professional frustration. This continuous loss of talent will permanently weaken the bureau's core capacity. It will lead to chronic delays in tax processing, destabilize strategic financial targets, and cause a severe decline in taxpayer service delivery standards ultimately damaging the economic relationship between the AACARB/LBO and the taxpayer it serves.

Therefore, this research provides the empirical evidence needed to replace outdated habits with a transparent, merit-driven promotional matrix transforming the bureau into a place where professional excellence is recognized and retained.

1.3. Research Questions

The main aim of this study was to answers the following questions.

1. How does promotion criterion affect employee job satisfaction in AACARB/LBO?
2. To what extent does transparency affect employee job satisfaction in AACARB/LBO?
3. What is the effect of fairness on employee job satisfaction in AACARB/LBO?
4. How does frequency affect employee job satisfaction in AACARB/LBO?
5. In what ways does communication affect employee job satisfaction in AACARB/LBO?

1.4. Objective of the Study

1.4.1. General Objective

The objective of the research was to examine the effect of promotion policy on employees' job satisfaction at AACARB/LBO.

1.4.2. Specific Objectives

- To identify and examine the relationship between promotion policy and employee's job satisfaction.
- To emphasis the drawbacks of seniority-based promotion that based on tenure on employee motivation, performance, and organizational effectiveness.
- To assess employees' perceptions of fairness and transparency in the existing promotion policy of the branch office.
- To provide recommendations for improving promotion policy to enhance employee's job satisfaction and organizational performance.

1.5. Significance of the Study

The significance of the study was to provide valuable information and empirical evidence to design fair and transparent. This allows employees to share their views on promotion's policy contributes to increase trust and motivation. It also helps to be competency and performance-based to improve employee's job satisfaction. Researchers can track the influence not only on employee's job satisfaction but also on taxpayer service satisfaction.

Finally, this study was contribute significantly to the limited literature on promotion policy and employee's job satisfaction in Ethiopian's public institution as well as serve as a reference for future research.

1.6. Scope of the Study

The scope of the study was delimited in terms of time (From Nov, 2025 - June 2026 Fiscal year), conceptual (on independent variables (PC, TR, FA, FR, and COMM) and dependent variable (EJS)), geography (limited to ACARB/LBO in Addis Ababa), and methodological (Descriptive and explanatory research design and quantitative research approach were applied. Primary data were collected using structured questionnaire. Sample was selected using stratified random

sample and the sample size was calculated by Yamane's (1967) formula and number of respondents was 202) to maintain the effect of promotion policy on employee's job satisfaction. Therefore, the findings were specific to the limitedness on time, concept, geography, and methodology this may not be generalized other public organizations.

1.7. Limitations of the Study

This study has some limitations despite its contributions,. The research was conducted only on AACARB/LBO. Therefore, the findings may not fully represent other public institutions operating under different contexts. In addition, the study relied on employees' self-reported perceptions collected through questionnaires, which may be influenced by individual opinions and experiences. Furthermore, although the study focused on the effect of promotion policy on employee job satisfaction, other factors such as work ethics, salary, leadership practices, organizational culture, and working conditions may also affect employees' levels of satisfaction and were not examined in this study.

1.8. Operational Definition of Terms

Promotion was a formal organizational progression that comes with an increase in responsibilities, power, as well as pay and it was critical tool for motivation (Iqbal et al., 2023).

Promotion was moving up to a higher position to obtained highest score among those whose suitability compute for vacant positions in the office has been validated. (Addis Negari Gazeta No. 87/2025)

Promotion was the advancement of an employee to a higher position used to recognize performance, increase motivation, and support employee retention.. (Aloufi, N. T., el. al., (2025).

Promotion policy was an organizational rule-set that guides management to select and advance the best available professional employees within the organization; ensuring promotions reward performance, clarify career paths, and support retention (Shifa, H., 2024).

Job satisfaction was about performing a job that one enjoys, doing it well, and feeling satisfied for one's efforts were the criteria for job satisfaction (Mteteleka, 2017).

Job satisfaction was a measure of how much employees enjoy their job (Agho, 2017).

Job satisfaction was reflected in positive and favorable attitudes towards the work. Employee's degree of job satisfaction was determined by their position (Qasim, Cheema, & Syed, 2019).

Employee satisfaction including motivation as reported by the staff and outcomes associated with satisfaction like absenteeism, turnover, and commitment (Gachie, 2016).

Employee's job satisfaction was important at RBA since failure to achieve this could lead to the failure of an organization to achieve the set goals and targets (Adedeyo, 2019).

1.9. Organization of the Research

The research has five chapters. Chapter one was have introduction, which includes background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope of the study, limitation of the study, operational definition of terms, and organization of the research. Chapter two contain review of related literature, theoretical review of related literature, empirical review of related literature, and conceptual frameworks related to promotion policy and job satisfaction. Chapter three has research methodology, describing the research design, population, sampling techniques, data collection instruments, and methods of data analysis. Chapter four was data presentation, analysis, and interpretation. Chapter five was summary of findings, conclusions, recommendations, and suggestions for further research.

CHAPTER 2

REVIEW OF THE LITERATURE

2.1. Introduction

This chapter reviews the literature related to promotion policy and employee job satisfaction. The review provides the theoretical and empirical foundation for examining the effect of promotion policy on employee job satisfaction AACARB/LBO.

According to Flipo (as cited in Hasibuan, 2018), promotion was a move to a higher position has includes an increase in salary, wages, higher status, and responsibility although this was not always the case. It was transferring employees from the current positions to higher levels of service within an institution.

The chapter discusses relevant theories, including Organizational Justice Theory and Herzberg's Two-Factor Theory, and reviews previous empirical studies conducted in different organizational contexts.

According to Ardana et al. (2012), states that basics in job promotions include seniority, job performance, loyalty level, and honesty. Employee's job satisfaction was a state of mind resulted from balancing and compiling a great deal of specific positive and negative experiences related to the job. It also presents the conceptual framework that illustrates the relationship between promotion policy dimensions promotion criteria, transparency, fairness, frequency, and communication and employee job satisfaction. The literature review helps identify existing knowledge, research gaps, and the basis for the study hypothesis.

2.2. Theoretical Literature Review

As human resource management was important for the existence of any organization well organized and implemented promotion policy. Also it has a great significance for satisfying employees. The factors resulted satisfaction and dissatisfaction of employees in the work place due to the promotion policy were discussed below.

This study was grounded in two key theoretical frameworks: Organizational Justice Theory and Herzberg two factor theory.

I. Organizational Justice Theory

This progress in organizational justice theory reflects the growing recognition of workplace fairness extends far beyond simple resource allocation It encompassing complex processes, procedures, and interpersonal dynamics that collectively shape employee experiences and organizational culture.

Organizational justice theory provides a lens through which to understand how employees' perceptions of fairness within an organization influence their attitudes, behaviors, and various work-related outcomes (Kessy AT, 2023).

According to Pieters, W. R. (2018), employees' thoughts, feelings, and actions are shaped by how much fair they perceive the organization's policies, procedures, and interpersonal treatment. The theory identifies three primary dimensions of justice: procedural, distributive, and interactional justice (Ye P, Liu L, Tan J. 2023). Procedural justice concerns the fairness and consistency of processes used in decision-making (Liu L, Visher CA, O'Connell DJ., 2020). Distributive justice perceived fairness of resource allocation while interactional or relational justice pertains to the quality of interpersonal treatment employees receive from supervisors and colleagues (Dawud et al., 2019). When employees perceive inequities in procedures, resource distribution, or interpersonal treatment, it can undermine their trust in the organization and significantly reduce their level of job satisfaction.

Applying the tenets of organizational justice theory in this research on promotion policy viewed as organizational practices that can trigger varied perceptions among employees. If such policies are perceived as transparent, consistently applied, and equitable, they are likely to foster positive outcomes such as job satisfaction and organizational commitment. Conversely, when promotion policies appear in the favor of certain individuals or groups were inconsistently applied. These lead employees might feel marginalized or demotivated, dissatisfaction and, disengagement. Fair HR policies and honest promotions shape how people feel and act, deeply impacting their commitment and daily performance.

II. Frederick Herzberg's Two-Factor Theory

The F. Herzberg's Two Factor Theory developed in 1959 by Frederick Herzberg. This theory explains the factors resulting in satisfaction and dissatisfaction in the workplace. This theory states that there are two most important determinants of employee engagement and satisfaction

“motivators” and “hygiene factors”. When employees score high level on both of these factors, they’re more likely to have high levels of engagement and motivation in their work place and thus who score low on both Hygiene Factors and Motivators may have lower levels of engagement, dissatisfaction, and a higher likelihood of leaving the company. He also argues that the majority of employees was never be contented with lower-order needs such as salary and condition of the workplace, but they was much satisfied by psychological needs of the highest level. The composition of the great level of psychological needs encompasses advancement recognition, success, education and advancement.

This theory tends to give a distinction between motivators and hygiene factors. Recognition by the management as well as their supervisors would make employees feel appreciated for their input and therefore, help the organization to achieve their goals (Mwingirwa et al., 2024).

Even though they do not result in dissatisfaction contrary, hygienic factors such as job security, fringe benefits, working conditions, vacation and payment of salary and insurance do not result in higher motivation of employees. Some of the strategies used to elimination dissatisfaction are reasonable payment, maintaining job security, and formation of a conducive working environment. Moreover, motivating factors are essential when it comes to the improvement of employees’ performance in an organization.

The theory of Herzberg's motivation-hygiene was indicate how the promotion of employees in terms of fair job promotion, change in responsibilities, change of facilities and change of positions leads to employee’s job satisfaction hence resulting in employee retention and thus reducing turnover. It also shows how compensation in terms of salaries and wages, performance bonuses, allowances and insurance affects employee satisfaction. Hence this theory supports compensation policy. In addition to the above Herzberg’s motivation hygiene theory, several theories explain the relationship between promotion policy and employee’s job satisfaction.

2.3. Empirical Literature Review

Yet, limited empirical work has been done in the specific context of promotion policy in public sector. This study aims to fill the gap by investigating the existing promotion policy, identifying the impact on branch performance, and providing actionable recommendations to strengthen the process. It was not only contributes to the literature on HRM in tax administration but also offers

practical insights for policymakers and public administrators aiming to foster a meritocratic working environment.

Promotion served as a means to upgrade employees from lower tier positions to higher ones, often accompanied by high level role. improve in compensation, and broadening job responsibilities. This enhancet motivation, job satisfaction, and drive employee engagement. Promotion is the fundamental aspect of career development that serves as recognition of an employee's effectiveness, skills, and accomplishments.

Recent findings of empirical evidences confirmed that the correlation between promotion policy and employee's job satisfaction that are published previously by different scholars.

Kitole, F.A., & Mwita, K.M. (2025) are conducted a study that *"assessing the impacts of organizational promotion policies on job satisfaction across public and private institutions in Tanzania"* The study found that aspects of promotion policies such as promotion frequency, transparency, and satisfaction with the promotion process were significant predictors of job satisfaction among employees. Specially, transparent and timely promotions were linked to higher satisfaction levels, while prolonged waiting periods for promotion were associated with lower satisfaction. This emphasizes fair and visible promotion criteria was important in fostering positive employee attitudes. When these policies are perceived as fair, consistent, and transparent, employees are more likely to experience enhanced job satisfaction, greater organizational commitment, and reduced turnover intentions (Kitole & Mwita, 2025).

Mohammed Jemal Feto (2024) conducted a research on *the effect of employee promotion practices on job satisfaction in the Cooperative Bank of Oromia,* Ethiopia. The research was reported a positive relationship between promotion practices and job satisfaction. Employees who perceived the promotional opportunities as supportive, equitable, and aligned with merit criteria exhibited higher satisfaction. This highlights how promotion practices influence employee morale and engagement in Ethiopian organizational contexts similar to your own.

Yishak Mahder (2017), was conducted a research on the a*ssessment of Employee Promotion Practices at Commercial Bank of Ethiopia (CBE).*The finding of the research shows that the major problems of employee promotion practice are lack of clear and transparency of promotion practice, fail to consider personal merit or competency and focused on service experience in other words unable to pay attention for those both qualified and experienced employees, poor employees data management, the problem related to the time of service year like most of the

time those who are customer service officer and want to apply for other positions they must serve the AACARB/LBO about four years and those who are junior customer service they must serve the AACARB/LBO about one year to become customer service officer, unable to show exam result for those candidate employees, employees think that the management trainee position that are employed from outside the AACARB/LBO are affected to the internal employee promotion practices, the exclusion of performance and educational based promotion, the right person was not assigned at the right place, lack of uniformity and information gap about employees history and finally employees document was not checked properly.

Safitri, K., Zunaidah, et al., (2018). Conducted a study on *the influence of job promotion on job satisfaction in PT Pupuk Sriwidjaja Palembang*, Sriwijaya University, Indonesia. They conclude that the employee was motivated to do a better work in order to fulfill the requirements to get the job promotion. The company should give more recognition to the employee in order to make the satisfaction rate of the employee was go higher.

Abdulkadir, (2014) conducted a study on employee satisfaction and promotion policies in Golis Company branches in Dhahar, Puntland, Somalia. A descriptive correlation study design was used in the investigation. In using this approach, the researcher conducted interviews and used both structured and unstructured questionnaires. The participants' responses indicated that Golis's promotion policies were subpar. While improvements have been made in some areas related to promotion, the researcher discovered that a few obstacles continue to hinder employee performance. Consequently, there has been a persistently low level of employee satisfaction. Additionally, it was shown that there was a correlation 0.419 on the Pearson Correlation scale, indicating a positive and average relationship between the promotion policies and employees' satisfaction. The study's methodology used both structured and unstructured questionnaires to examine employee satisfaction and promotion policies in Golis Company branches in Dhahar, Puntland, Somalia.

John Stacey Adams (1963), Rahman et al. (2015), and Rahmah (2019), common concept shared was the relationship between fairness and employee's job satisfaction. They conclude that fairness as an important factor influencing employee's job satisfaction, although their findings showed varying results depending on the context.

2.4. Conceptual Literature Review

This is study is mainly concerned about the vertical promotion and the related policies that were implemented and still at work. The advancement or upgrading of to the management or supervisory position an accompanied by increasing in compensation and responsibilities in AACARB/LBO. Promotion policy and job satisfaction are intimately connected in human resource management theory and empirical studies. Promotion policies provide career pathways and reward structures that signal to employees that their contributions and competencies are valued. Key mechanisms through which promotion policies influence job satisfaction include:

Recognition of employee effort and performance reinforces a sense of worth and achievement. Clear career progression pathways, which reduce uncertainty and motivate employees to invest in long-term organizational goals.

Fairness and transparency influence employees' perceptions of organizational justice and affect overall satisfaction. Alignment with employee expectations and aspirations, which enhances intrinsic motivation and emotional attachment to the job.

Additional studies underscore that promotion practices that are closely tied to performance evaluation and employee development nurture both career progression and psychological fulfillment, key drivers of job satisfaction.

Previous studies have found that effective promotion policies significantly improve employee job satisfaction. Promotion frequency, transparency, and satisfaction are strong predictors of employee's job satisfaction and that merit-based practices enhance workplace morale (Kumari, N. (2025).

Promoting reinforces organization values, performance, merit, and commitment. When employees see their peers advancing based on clear, objective criteria, it fosters a culture of motivation, fairness, and engagement. This creates a virtuous cycle promotions drive retention, retention fuels performance, and enhanced performance strengthens the company's culture.

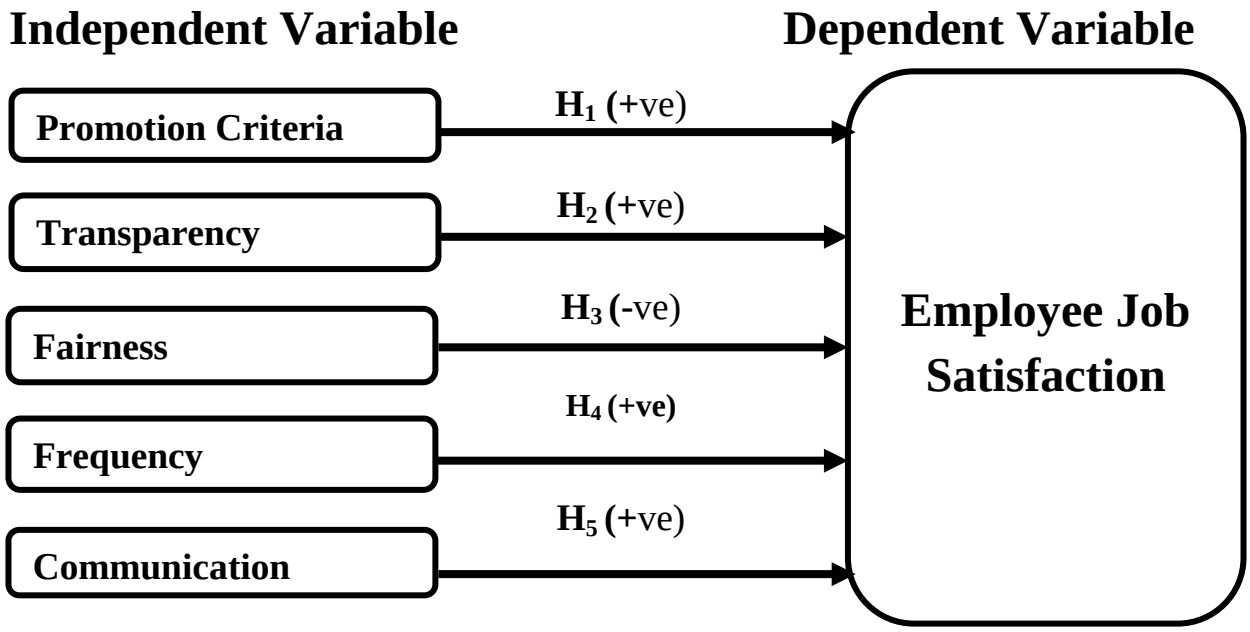
Promotion policy and employee job satisfaction are closely interconnected, as fair and transparent promotion practices significantly influence employees' attitudes toward their jobs. Empirical studies show positive and significant relationship between fair, transparent promotion policies influences employee's job satisfaction.

In organizational behavior promotion policy was widely recognized as a critical human resource practice that influences how employees view their value, opportunities, and future within an

organization. Promotion policy refers not only to the availability of advancement opportunities, but also to how fairly, transparently, and consistently these opportunities are administered. When employees perceive promotion policies as just and equitable, their job satisfaction tends to increase because they feel recognized, fairly treated, and confident in the organization's ability to support their career growth. Conversely, unclear and biased promotion procedures can lead to frustration, disengagement, and reduced satisfaction.

Finally, this conceptual framework helps to show the relationship between the Promotion policy (Independent and employee's job satisfaction (dependent variable). Hence, the figure below represented the study's conceptual framework that explain the relationship between the two variables that make-up the basis of the study.

Figure 1.1: The Conceptual Frame Work



CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter explains the objectives of the research method to achieve the study. It explained the research approach, the research design, sample design, target population and sample techniques and size, the sampling methods, the data collection methods that was applied, and how the data will have analyzed to produce the required information for the study

Research methodology was systematic planning of research steps from problem formulation through data collection and analysis, designed to support credibility and validity of findings (Adeoye, M. A., 2024).

3.2. Description of the study Area

On January 2011, ERCA took over the administration of all taxes offices in Addis Ababa. LSSTBO was under ERCA until December, 2019. On December, 2019 an agreement was signed between ERCA and Addis Ababa City Administration Revenue Authority (Later changed its name to Addis Ababa City Administration Revenue Bureau (AACARB)) was split from ERCA. LSSTBO is one of the seventeen branch offices operating under the Bureau.

3.3. Research Design

The research used descriptive and explanatory research design. The descriptive research design was aimed to assess the effect of promotion policy on employee's job satisfaction in AACARB/LBO. Explanatory research design was set to test the cause and effect relationship between promotion policy and employees' job satisfaction. Detailed background information is gained from descriptive research which helps to understand existing conditions (Bryman, 2016).

The causal relationships between promotion policy dimensions and employee's job satisfaction investigate by explanatory design. Explanatory research design is suitable for hypothesis testing and for determining why and how certain variables interact (Creswell, 2014).

3.4. Research Approach

This research adopted quantitative approach to ensure how effect of promotion policies on employee's job satisfaction. It provides data and better understands to the research problem and gives valuable and reliable findings. Approach becomes ideal for variable measurement, running statistical data analysis, and testing proposed hypotheses (Cohen et al., 2018).

Quantitative research approach enables to make conclusions with numerical data to enhance the generalization of the findings.

3.4.1 Description of study variables

The independent variable in this study was promotion policy of employee's job satisfaction at AACARB/LBO. Promotion policy is typically assessed using structured questionnaires with validated items. (Creswell & Creswell, 2018)

1. **Promotion Policy:** According to Creswell & Creswell, (2018), Promotion policy refers to the rules, procedures, and criteria used by an organization to advance employees to higher positions based on merit, experience, performance, or other organizational standards. It determines how fairly and transparently employees are promoted within the organization. Variables such as promotion policy are typically defined and measured using structured and validated instruments to ensure consistency and accuracy of data collection.
2. **Employee's job satisfaction:** Employee's job satisfaction refers to the extent to which employees feel positively or negatively about their jobs, including their attitudes toward work tasks, compensation, supervision, promotion opportunities, and the overall work environment. It reflects an individual's emotional response to their job and how well their expectations are met within the organization (Robbins & Judge, 2017). Employee's job satisfaction is a positive feeling about a job resulted from an evaluation in AACARB/LBO. This may not limit to the employee's job satisfaction it was also use full for the taxpayer's satisfaction too. Moreover, this research on employee's job satisfaction is set to be a single higher order observable variable without even these dimensions.

3.5. Target Population, Sample Size, and Sampling technique

3.5.1. Target population

The target population was 410 from management team and employees. Among them 32 (20 “F” and 12 “M”) were from AACARB and 378 (227 “F” and 151 “M”) from LBO. A census sampling approach was used for this study.

3.5.2. Sample Size

To ensure the sample size accurately represents the target population of 410 personnel at the bureau, the study determined the required sample size using Yamane's (1967) formula at a 95% confidence level and a 5% level of precision. This mathematical calculation yielded an exact required sample size of 202 respondents that satisfies institutional representation requirements.

$$n = \frac{N}{1 + Ne^2}$$

Where: -

n - Was the sample size and, N - was population size,

e - Was the level of precision error = (5%) Sample size of customer respondents

n = 410/(1+ 410 (0.05)2) = n = 410/2.025

n = 202

Therefore, the sample size was 202 (121 female and 81 male) 32 employees from AACARB and 278 employees from LBO were employed. 8 questionnaires was not returned, 10 questionnaires were wrongly filled or invalid filling. The researcher had been use 35 questionnaires in its pilot survey.

3.5.3. Sampling technique

This study employed stratified random sampling technique. Since the management team and employee population across different levels in AACARG/LBO was not proportionally distributed, the population was divided into strata, and a simple random sampling technique was used to select samples from each stratum.

3.6. Sources of Data and Collection Methods

The researcher used a questionnaire as the primary source of data. Management team and employees of AACARB/LBO was served as respondents of the study. The researchers utilize the five-point, Likert scale, self-administered, close-ended questionnaire to quantitatively measure the perception of the respondents on the promotion policy and employee's job satisfaction.

3.7. Reliability and Validity analysis

3.7.1. Reliability Analysis

Reliability measures the internal consistency, stability, and dependability of a research instrument. The reliability of the study was verified by means of a pilot test, which was analyzed using Cronbach's alpha to assess the internal consistency of the instrument. This procedure was primarily executed to determine whether the scale items consistently measure the same underlying construct, thereby quantifying the instrument's stability on a standardized scale ranging from 0 to 1. Mathematically zero indicates that there was no correlation between the items at all and that they are entirely independent while one indicates that they are perfectly correlated. The result of the Cronbach's alpha analysis was .746, indicating good reliability.

3.7.2. Validity Analysis

According to Cui et al. (2024), validity refers to the extent to which survey measurements accurately capture what they purport to measure, whereas reliability pertains to the fundamental consistency of those measurements. In this study, validity verified the correctness and authenticity of the questionnaires, ensuring the research instrument accurately captured the empirical reality of the variables under study. Concurrently, Lee Cronbach's alpha coefficient originally developed in 1951 was employed to verify the internal consistency of the instrument. This coefficient remains the most widely accepted metric for assessing reliability in quantitative research. Empirically, the questionnaire yielded a Cronbach's alpha of .746, demonstrating that the measurement scales are highly dependable, stable, and free from significant random error.

3.8. Methods of Data Analysis

Data analysis is the process of making sense the collected data. The collected quantitative data was analyzed through descriptive statistics, correlation statistics, and regression analysis to find out the effect of promotion policy dimensions on employee's job satisfaction.

According to Peck et al. (2015), data analysis is a process that begins with careful planning, followed by data collection, data description using graphical and numerical summaries, data analysis, and finally interpretation of results. Data was analyzed using IBM Package for Social Sciences (SPSS) Statistical 27.0.

According to Saunders, Lewis, and Thornhill (2023), the quantitative data analysis process consists of comprehensive data examination, categorization, tabulation, and the testing and recombining of empirical evidence to produce meaningful findings and reach logical conclusions.

$$\mathbf{Y = \beta 0 + \beta 1(X1) + \beta 2(X2) + \beta 3(X3) + \beta 4(X4) + \beta 5(X5) + e}$$

- Y is the dependent variable (Employee's job satisfaction)
- X1 - the coefficient of promotion criteria
- X2 - the coefficient of transparency
- X3 - the coefficient of fairness
- X4 - the coefficient of frequency
- X5 - the coefficient of communication
- β0, β1, β2... βn are the coefficients that represent the relationship between the independent and dependent variables.
- ε is the error term.

This model allows analyzing the effect of promotion policy on employee's job satisfaction.

3.9. Ethical Considerations

Ethical principles were strictly observed throughout the study. Prior to data collection, all participants were informed about the purpose of the research and assured that their participation was entirely voluntary. To protect their privacy, complete confidentiality and anonymity were guaranteed. The collected data was utilized exclusively for academic purposes. Furthermore, academic integrity was maintained by ensuring all reference materials were acknowledged with proper citations.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1. Introduction

This chapter presents, analyzes, and interprets the data and findings on how promotion policy affects employee's job satisfaction in AACARB/LBO.

According to Xia and Gong, (2015) in today's business world, data analysis plays a role in making decisions more scientific and helping businesses operate more effectively. Relationship among variables examined by quantitative measurement and statistical analysis (Bryman, 2020). Generally, this chapter presented descriptive statistics of respondents, demographic profile and the major variables. It also used correlation analysis, multiple linear regression analysis to examine the relationship between the independent variables and dependent variable.

4.2. Respondents rate

This research was designed to test the effect of promotion policy on employee's job satisfaction in AACARB/LBO. Response rate is the total number of respondents who participated in this study. And 202 questionnaires were distributed to management team and employees of AACARB/LBO. Out of this 8 questionnaires were not collected, and 10 questionnaires were excluded due to filling error. Consequently, 184 valid questionnaires were retained for further statistical analysis. This response rate was 91.09%.

According to Lee, Chen, and Weng, (2024) suggested that 60% response rate is sufficient for adequacy in data analysis and for generalizing to the entire population.

4.3. Demographic Profile of Respondents

The important data for the research was obtained from 184 management team and employees respondents working in AACARB/LBO.

The section shows the data demographic profile of respondents including their sex, age, education, position, work experience, and promotion frequency. The data was presented as follows.

Table 4.1. Demographic profile of respondents

Respondents Characteristics	Categories	Frequency	Percent
Sex	Male	82	44.6
	Female	102	55.4
	Total	184	100
Age	20-29	81	44
	30-39	101	54.9
	50-59	2	1.1
	Total	184	100
Education	MBA	31	16.8
	BA	76	41.3
	Dip	39	21.2
	HS	38	20.7
	Total	184	100
Position	Management	65	35.33
	Employee	119	64.67
	Total	184	100
Work Experience	<2	30	16.3
	2 - 3	55	29.9
	3 - 4	8	4.3
	4 - 5	13	7.1
	>5	78	42.4
	Total	184	100
Promotion Frequency	Once	83	45.1
	Twice	37	20.1
	Not	64	34.8
	Total	184	100

Source: SPSS output survey data, 2027

As illustrated in Table 4.3., shows the sex composition of the respondents were 102 (55.4%), females, and 82 (44.6%) were male. This suggests the majority of management team and employee in AACARB/LBO was female.

The age distribution of the respondents result indicates most of the respondents were in the age group ranges from 30-39 year 101 (54.9%). followed by the age group of 20-29 years 81 (44.0%), then followed by the age group 50-59 age 2 (1.1%). Notably, there were no respondents on the age group of 40-49 and 60 years of age. Therefore majority of AACARB/LBO

Management team and employees were middle aged who expected improvement on the experience based promotion policy. This ensures that they can easily understand the content questionnaire, assessing their working environment, and providing mature, accurate responses that form a credible basis for further analysis. (Refer table 4.1.)

In terms of educational background 31 (16.8%) respondents MBA holders, 76 (41.3%) of the respondents was first degree holders, 39 (21.2%) had Diploma, and 38 (20.7%) of them were high school graduate who accounts of the total sample. Furthermore, while no participants was in the non-formal education category. The finding demonstrates that the management team and employees at the AACARG/LBO were highly educated who held a bachelor's degree. This sample possesses critical literacy and comprehension skills required to accurately respond the questionnaire. This minimizes response bias due to misunderstanding, ensures data validity, and provides a solid, dependable foundation for advanced statistical analysis and decision-making.

Concerning the position 119 (64.67%) of the respondents were staff-level employees, while 65 (35.33%) held management positions. Since the majority of the respondents were staff-level employees aiming for higher positions. Their feedback was clear and view how the promotion process impacts everyday team members. This study's findings reflect the day-to-day experiences of staff-level employees. It was a realistic picture of how promotion policy affects employees' morale and career growth.

Regarding the work experience of the participants, the largest single segment of respondents consisted of highly experienced personnel, with 78 (42.4%) respondents having served the organization for more than 5 years. Conversely, employees with mid-level tenure were distributed between for 4–5 years of service 13 (7.1%), for 3–4 years of service 8 (4.3\%), and for 2–3 years of service 55 (29.9\%). Lastly, respondents with less than 2 years of service accounted for 30 (16.3\%) of the total sample. Cumulatively, a notable 85 (46.2\%) of the workforce possesses less than 3 years of service. This implies seniority-based promotion policy affected respondents career path and make their effort was meaningless. Finally, this leads them to turnover and leave to where merit, performance, competency and, agility are more equitably rewarded.

Finally, the frequency of promotion of respondents were received a single promotion 83 (45.1%). while only 37 (20.1%) were respond there was promotion twice a year. Conversely, a notable 64

(34.8%) of respondents reported there were no promotion during the year. When a policy prioritizes years of service over performance, the frequency of advancement inevitably slows.

For a professional, highly educated workforce of AACARB/LBO, this slow frequency of promotion advancement creates a psychological and moral effect. Respondents realize that good performance cannot accelerate their careers forward; rather it erodes their job satisfaction.

4.3.1. Summary of Scale and Cronbach's Alpha Values

Table 4.2. Summary of Scale and Cronbach's Alpha Values

Variables	Cronbach's Alpha	Number of Items
Promotion Criteria	.864	5
Transparency	.724	5
Fairness	.673	5
Frequency	.735	5
Communication	.733	5
Over all	**.746**	**25**

Source: Own Survey, 2026

Table 4.2., evaluate the internal consistency of the research instrument. A Cronbach's alpha (α) reliability analysis was conducted across the five sub-scales and the overall 25-item instrument. The analysis shows all variables met acceptable thresholds for reliability in social science research. Promotion Criteria demonstrated the highest internal consistency (α = .864), followed by Frequency (α = .735), Communication (α = .733), and Transparency (α = .724), all comfortably exceeding the standard .70 benchmark for good reliability. While the Fairness sub-scale yielded a slightly lower alpha of .673, it remains statistically acceptable given the brief, 5-item nature of the sub-scale and the subjective complexity of measuring human perceptions of fairness. Ultimately, the Overall scale achieved a solid Cronbach's alpha of .746, confirming that the instrument as a whole is valid and reliable for further statistical analysis.

4.4. Descriptive Statistics: Participants Response on Promotion Policy

This study relies on descriptive statistics to assess how promotion policies actually affect employee's job satisfaction was based on mean and standard deviation. Thus, evaluating these means scores using the original 5-point Likert scale to interpret where employee agreement actually lands. Some researchers prefer using equal 1.33 intervals, which sets a high agreement threshold from 3.67 to 5.00 (Pimentel, 2024). However, this study uses a traditional five-tier

interval system to categorize the feedback more granularly (South et al., 2022). The mean scores are interpreted using the following ranges:1.00 to 1.80 Strongly Disagree, 1.81 to 2.60 – Disagree, 2.61 to 3.40 Neutral, 3.41 to 4.20 Agree, 4.21 to 5.00 Strongly Agree. Alongside these averages, the standard deviation is crucial because it measures response variance. This tells us whether employees generally agree with the clustered scores or if their opinions are deeply divided widely split scores. The specific descriptive statistics for the independent variables are shown in the table below.

Table 4.3. Results of Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Promotion Criteria	184	5	22	2.32	3.45
Transparency	184	7	23	2.93	3.42
Fairness	184	10	24	3.19	4.16
Frequency	184	8	20	2.81	3.26
Communication	184	10	21	3.19	3.19
EJS (Employee's job satisfaction)	184	4	17	2.84	2.57
Grand mean = 2.89					

Source: SPSS output survey data, 2027

Table 4.3., shows that the respondent's sentiment toward the overall promotion policy was moderate, as evidenced by a grand mean of 2.89. Promotion criteria has a mean value of 2.32 (SD=3.45) and Frequency has a mean value of 2.81 (SD=3.26), this indicates that respondents generally disagree and strongly disagree with this variable, This implies concerning thus variables the employees job satisfaction is slightly lower at AACARB/LBO. Transparency has a mean value of 2.93 (SD=3.42) this shows that respondents generally neither agree nor disagree with this the promotion transparency, this implies promotion policy moderately transparent employees job satisfaction is moderate at AACARB/LBO. Fairness has a mean value of 3.19 (SD=4.16), and Communication has a mean value of 3.19 (SD=3.19), scored slightly above neutral above the grand mean. These higher mean scores suggest that respondents who agree and strongly agree perceive the fairness and communicability of the promotion policy and promotion-related information more favorably than other aspects of the policy.

In general, the above table indicates the promotion policy has a weak positive effect on job satisfaction. Employees appreciate the fairness and communication aspect of the policy more

than these other policy. The fundamental dissatisfaction with the promotions criteria and frequency keeps the overall job satisfaction at a low level.

4.5. Correlations Statistics

Correlation analysis was employed to determine the strength and direction of the relationship between promotion policy and employee's job satisfaction, the researcher applied Pearson correlation analysis. This let me test five specific parts of the policy promotion criteria, transparency, fairness, frequency, and communication against overall job satisfaction scores. The resulting correlation coefficients (r) fall somewhere between -1.00 and +1.00 telling us both how strong the links are and which way they move. Where values close to −1 indicate a strong negative relationship, +1 indicates a strong positive relationship, and values close to 0 indicate little or no relationship. A positive score means that when a promotion policy improves (like clearer communication or fairer rules), job satisfaction climbs right along with it. A negative score, on the other hand, would mean they move in opposite directions, where higher scores in a promotion variable link to lower satisfaction.

Table 4.4. Correlation Statistics

Correlations

		PC	TR	FA	FR	COM	EJS
PC	Pearson Correlation	1					
	Sig. (2-tailed)	.000					
	N	184					
TR	Pearson Correlation	.256**	1				
	Sig. (2-tailed)	.000					
	N	184					
FA	Pearson Correlation	.205**	.678**	1			
	Sig. (2-tailed)	.005	.000				
	N	184	184				
FR	Pearson Correlation	.100	.465**	.703**	1		
	Sig. (2-tailed)	.177	.000	.000			
	N	184	184	184	184		
COM	Pearson Correlation	.066	.559**	.673**	.623**	1	
	Sig. (2-tailed)	.376	.000	.000	.000		
	N	184	184	184	184	184	
EJS	Pearson Correlation	.328**	.586**	.637**	.653**	.718**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	184	184	184	184	184	184

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

1. Promotion criteria (PC) is correlated with Employee's Job Satisfaction (EJS) (r = .328, p= .001) because .328 is a positive number and falls between -1 and +1. It means there was a low positive correlation.

2. Transparency (TR) correlated with Employee's Job Satisfaction (EJS) (r = .586, p= .001) because .586 is a positive number and falls between +1 and -1. It means there was a moderate positive correlation between the variables.

3. Fairness (FA) correlated with Employee's Job Satisfaction (EJS) (r = .637) as .637 is a positive number and falls between -1 and +1, this means there was a strong positive correlation between the variables.

4. Frequency (FR) was correlated with Employee's Job Satisfaction (EJS) (r = .653) because .653 is a positive number and falls between -1 and +1, this indicates a strong positive correlation between the variables.

5. COM correlated with Employee's Job Satisfaction (EJS) (r = .718) because .718 is a positive number and falls between -1 and +1, it shows there was a strong positive correlation between the variables.

Finally, it reveals the relationship between the five promotion policies namely promotion criteria, transparency, fairness, frequency, and communication and employee's job satisfaction is significant and a strong positive. These results proved the direction of relationship between this Promotion policies and employee's job satisfaction is to be tested in the following section using regression analysis.

4.6. Results Regression Analysis

In this study multiple regression models was employed to examine the cause-and-effect relationship between the dimensions of promotion policy and employee's job satisfaction. Using mathematical equations, this method models and predicts the value of the dependent variable based on the identified independent variables (Field, 2023). In this study, regression analysis is utilized to test both the existence of a significant effect of promotion policy on job satisfaction and the specific direction of that relationship.

4.6.1. Tests of Assumption Regression Analysis

Before conducting multiple regression analysis the study assessed whether the collected data satisfied multiple regression model assumptions or not.

According to Dhakal (2018) stated that the validity of a multiple regression model depends on meeting several assumptions, including linearity between the dependent and

independent variables, the absence of multicollinearity among predictor variables, and the normal distribution of residuals. The tested assumptions are shown as follows:

4.6.1.1. Normality Tests

Normal and linear assumptions must be properly established during the analysis for the analysis to be valid. The next section discusses these assumptions in detail: The histogram was tested on Skeweness and Kurtosis test method was used in this study to see if the data were normally distributed. The normal distribution of data may be examined graphically by reviewing the histogram graph or Q-Q plots and statistically by referring to the Skeweness and Kurtosis test.

Skeweness and Kurtosis Test

Table 4.5. Skeweness and Kurtosis Test

Skeweness and Kurtosis Test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
PC	184	0.082	0.179	-0.506	0.356
TR	184	0.130	0.179	0.090	0.356
FA	184	0.456	0.179	-0.756	0.356
FR	184	0.080	0.179	-0.737	0.356
COM	184	-0.227	0.179	-1.226	0.356
EJS	184	-0.303	0.179	0.011	0.356
Valid N (listwise)	184				

Source: SPSS output survey data, 2027

According to Bulmer (1979), skewness values between -1 and +1 indicate that the distribution is highly symmetrical. As the researchers findings shows the value was ranged from -.303 to .456. Therefore, there is no problem with outliers pulling the data too far to the left or to the right. Respondents provided a balanced range of answers.

Kurtosis values between -2 and +2 are considered acceptable to prove a normal distribution. In this study, the kurtosis values ranged from -1.226 to .011, which falls well within these parameters (George and Mallery, 2010),

Figure 4.1: Histogram and P-P plot

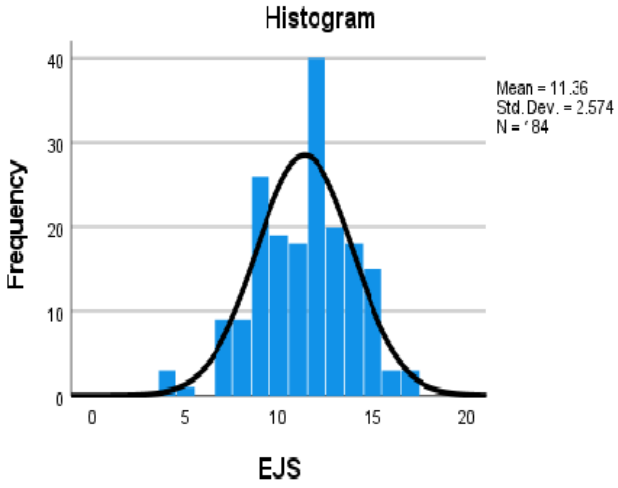
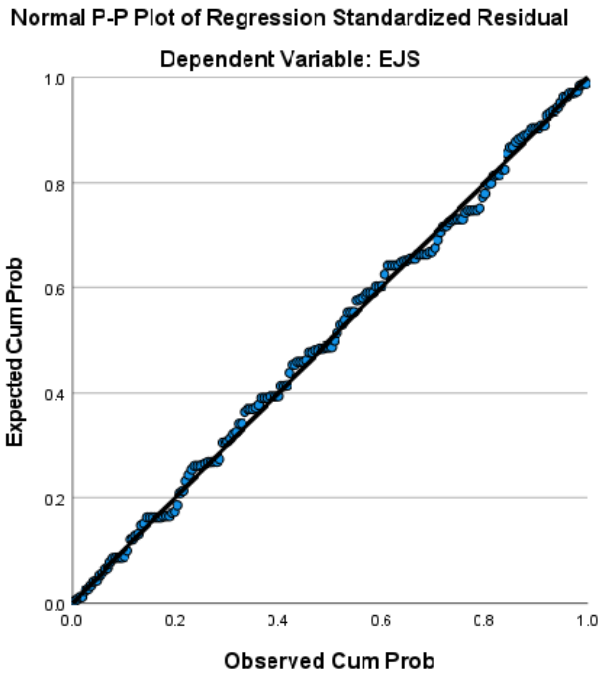


Figure 4.2: Scatter diagram of two variables



Source: SPSS output survey data, 2027

The histogram Figure 4.1, presents the normality assumption of the residuals were approximately normally distributed, as evidenced by the bell-shaped pattern. The bars in the histogram generally follow the shape of the normal curve. This suggests that the distribution of Employee's job satisfaction (EJS) scores among the respondents is close to normal.

Most of the respondents' scores were concentrated around the center of the distribution, while relatively few observations appear at the lower and upper extremes. In addition, the histogram reveals no serious skewness or extreme outliers in the data distribution. The distribution appears reasonably symmetric and bell-shaped, which indicates that the assumption of normality is satisfied.

Therefore, there was no violation of the normality assumption for the distributed error term. This implies that the Employee's job satisfaction (EJS) data are appropriate for further parametric statistical analyses, including correlation analysis, regression analysis, and hypothesis testing.

Overall, the histogram confirms that the Employee's job satisfaction (EJS) variable is normally distributed and suitable for inferential statistical analysis in this study.

The Figure 4.2., above illustrated the Normal Probability Plot (P-P Plot) was observed cumulative probabilities of the residuals closely align with the expected cumulative probabilities.

The data points were distributed along the diagonal straight line without significant deviation. This graphical representation further confirms that the residuals follow a normal distribution, satisfying the normality assumption required for the multiple regression models."

To conclude that both the Histogram and the P-P Plot provided proof the data's quality. The Histogram provides visual check of the overall shape and frequency of errors. And the P-P Plot provides a more precise look at how the errors follow the theoretical normal line. These figures used to test for the Normality of the data were reliable and ready for interpretation in the final analysis.

4.6.1.2. Multi-Collinearity Test

Multi-collinearity refers to a situation in which two or more explanatory variables in a multiple regression model are highly linearly related. This assumes that independent variables are not highly correlated with each other. The assumption is tested by Variance Inflation Factor (VIF) statics as follows:

Table.4.6: Multi-Collinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	PC	.915	1.092
	TR	.501	1.997
	FA	.320	3.122
	FR	.461	2.169
	COM	.475	2.107

a. Dependent Variable: EJS
b. predictors: promotion criteria, transparency, fairness, frequency, and communication

Source: SPSS output survey data, 2027

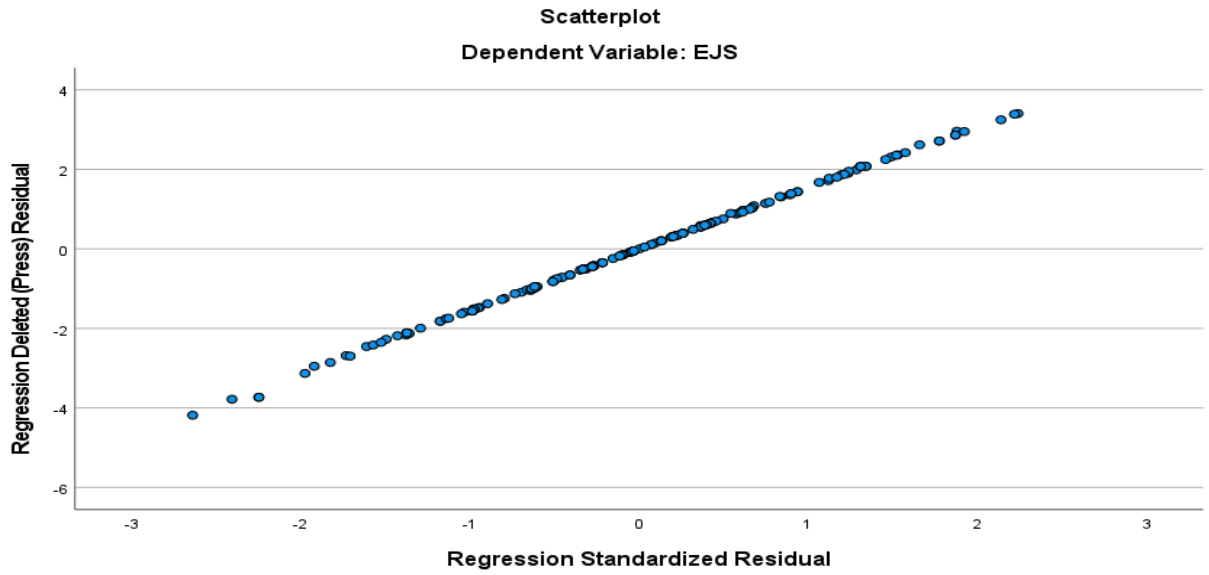
The Multi-Collinearity statistics Table.4.6., above shows that all VIF values remain safely below 10 and tolerance values stand well above 0.20. Therefore, it is safe to conclude that there is no problematic Multicollinearity among the independent variables in this study.

According to Hair et al. (2019), Multicollinearity becomes a severe issue when the Variance Inflation Factor (VIF) exceeds 10 or when the tolerance level drops below 0.20.

4.6.2. Linearity

The linearity test is used to determine how consistently employee's job performance (dependent variable) varies with changes in the knowledge management dimensions (knowledge creation, knowledge sharing, knowledge application, and knowledge retention) and the moderating effect of employee engagement.

Table.4.7: Linearity Test



Source: SPSS output survey data, 2027

If a scatter plot has a linear trend in the predictors against response plot, the points are lined up very nearly in the straight line. So the assumption of linearity test was made. If the points in a Residuals vs. Fitted Values Plot appear randomly around the zero line, then the linear regression model is considered fit.

The researcher used IBM SPSS Statistics 27.0 software to plot the regression residuals in order to assess whether a linear relationship exists between employee's job satisfaction and the independent variables. When the residuals display linear pattern with the predicted values of employee's job satisfaction, linearity is considered satisfied.

A. Model Summary

This model fit enable as to predict the outcome variables in the study that assessed through R^2. The R^2 was used to assess the variance in the Employee's job satisfaction (dependent variable) accounted to promotion policy (independent variables).

Table 4.8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.817[a]	.667	.657	1.506
a. Predictors: (Constant), PC, TR, FA ,FR, COM				

Source: SPSS output survey data, 2027

As presented in Table 4.20., shows that the five independent variables (communication, promotion criteria, transparency, frequency, and fairness) explain (r^2 = .667) 66.7% of the variance in Employee's job satisfaction (EJS). These explaining two-thirds of the variance has a strong result. This is also a significant finding for the study, as it implies that 66.7% of the variance in Employee's job satisfaction at AACARB/LBO is explained by the five promotion policy dimensions variables.

According to the thresholds established by Hair et al. (2010), an R^2 value exceeding 0.60 (60%) is considered substantial in social science research.

Finally, the Standard Error of the Estimate (1.506) is relatively low, further confirming the model's accuracy in predicting employee responses.

B. ANOVA

The analysis of variance (ANOVA) would test if the factor (the independent variable) was related to performance and if that relationship is statistically significant, using an F-test and significance levels (Tharenou et al., 2007).

An F-test is a statistical test used to determine if the variances of two populations are equal or to compare multiple population means simultaneously (Rayarao, 2025).

Table 4.9. Anova

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	808.420	5	161.684	71.254	.000[b]
	Residual	403.906	178	2.269		
	Total	1212.326	183			

a. Dependent Variable: EJS

b. Predictors: (Constant), COM, PC, TR, FR, FA

Source: SPSS output survey data, 2027

As illustrated in Table 4.26., regression model was statistically significant in predicting employee's job satisfaction. Regression model show the F-value of 71.254 with a significance value of $p < .001$, which was less than the conventional threshold of 0.05. This demonstrates the independent variables (PC, TR, FA, FR, and COM) jointly made a significant contribution to the prediction of employee's job satisfaction (EJS).

The regression's sum of squares was 808.420, and residual sum of squares was 403.906, indicated substantial proportion of variation in EJS was explained by the model. The mean

square value for regression was 161.684 compared to the residual mean square of 2.269, further confirming the strength of the model.

Finally, the findings suggest that the regression model was appropriate and effective in explaining variations in EJS, at least one of the predictor variables significantly influenced the dependent variable. Highly statistically significant ($p < .001$). This proves that the combination of your predictor variables predicts job satisfaction significantly better than a random guess model.

4.6.3. Coefficients of the Multiple Regression Analysis

Multiple regression analysis calculates multiple correlation coefficients and R-square. The contribution of independent variables towards dependent variable is measured by Beta value and can be explained on bases of p or t values. This study employed linear regression models in examining the effect of promotion policy dimensions on employee's job satisfaction.

In multiple regression analysis, the coefficients are numerical values that represent the relationship between each independent variable (predictor) and the dependent variable (outcome). They quantify the "weight" or influence that each predictor has on the target variable (Baždarić et al., 2021).

4.6.4. Coefficients of the regression model

According to Dhakal (2018) unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant.

Table 4.10. Coefficients of the regression model

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	-1.190	.697		.090
	PC	.175	.034	.234	.000
	TR	.117	.046	.155	.012
	FA	-.016	.047	-.027	.729
	FR	.233	.050	.296	.000
	COM	.362	.051	.450	.000

a. Dependent Variable: EJS

Source: SPSS output survey data, 2027

The coefficients analysis in Table 4 shows that the effect of promotion criteria on employee's job satisfaction found to be significant (Sig. = .001), and positive (β = .234). This implies that the more promotion criteria are merit-based, the more employees become satisfied. This finding is consistent with existing literature and reinforces the validity of the research. Studies by Abraham Tadesse (2017), Kusa Wakgari (2021), Imran et al. (2015), Abdulkadir (2014), Safitri, Zunaidah, and Bakri (2018), Yishak Mahder (2017), Azad Jammu and Kashmir (2025), Mohammed Jemal Feto (2024), Bedeian, Ferris, and Kacmar (1992), Alshammari (2024), and Soeprapto (2024) and Kitole F.A. and Mwita K.M. (2025) provide substantial evidence that fair and clear promotion criteria are important in fostering employee's job satisfaction. Therefore, the hypothesis proposing a significant and positive effect of promotion criteria on employee's job satisfaction is supported.

The effect of transparency on employee's job satisfaction found to be significant (Sig. = .012), strong, and positive (β = .155). This implies that the more transparent the more employees are satisfied. Therefore, the hypothesis proposing a significant and positive effect of promotion criteria on employee's job satisfaction is supported. Findings by Lawler (1966), Day (2012), Schnackenberg et al. (2021), and Guo (2022) provide substantial evidence that the effect of transparency on employee's job satisfaction is found to be significant and positive. This implies that the more transparent an organization or leader is in sharing information, the higher the level of job satisfaction among employees will be. Therefore, the hypothesis which was proposed as a significant and positive effect of transparency on employee's job satisfaction is supported.

The effect of fairness on employee's job satisfaction was found to be statistically not significant (Sig. value = .729) and negative (β = −.027), indicating that Fairness had a weak negative relationship with employee's job satisfaction. If the p-value is much greater than .05**,** the relationship is statistically non-significant. It means you fail to reject the null hypothesis, and the observed effect could easily be due to random chance (Thiese et al., 2016).

This suggests that an increase in fairness was associated with a slight decrease in employee's job satisfaction; however, the relationship was not statistically significant. Stephen P. Schappe. (1998), Totawar, A. K., & Nambudiri, R. (2014), Yuan, G., Jia, L., & Zhao, J. (2016). Otaye, L., & Wong, W. (2013) suggested that the negative and non-significant relationship between fairness and employee's job satisfaction may indicate that fairness alone was insufficient to improve employee attitudes in the organization. Employees may have been more concerned with

practical outcomes such as rewards, promotion opportunities, communication, and working conditions than with perceptions of fairness itself.”.

This finding suggests that FA does not play an important role in enhancing employees’ level of job satisfaction within the AACARB/LBO, instead demonstrating a weak and non-significant negative relationship with the dependent variable.

Therefore, the hypothesis proposing a significant positive effect of FA on employee’s job satisfaction is not supported.

The effect of promotion frequency on employee’s job satisfaction (EJS) is found to be significant (Sig value = .000) and positive (β = .296). This implies that the more frequent the promotion opportunities within an organization are, the higher the employee’s job satisfaction will be. This finding is well-supported by existing literature. Studies by Pergamit and Veum (1999), Kosteas (2011), Shields and Ward (2001), and Blau and DeVaro (2007) provide substantial evidence that frequent promotions enhance organizational commitment, improve morale, and directly elevate job satisfaction levels. These studies collectively affirm that the hypothesis proposing a significant and positive effect of promotion frequency on employee’s job satisfaction is supported, reinforcing the validity of the current research findings.

Therefore, the hypothesis which was proposed as a significant and positive effect of promotion frequency on employee’s job satisfaction is supported.

The effect of communication on employee’s job satisfaction was found to be significant (Sig. value = .000, $p < .001$) and positive (β = .450), this implies that effective communication within the organization contributes to employee’s job satisfaction. This finding is well-supported by existing literature. Studies in the field provide substantial evidence that enhancing core communication channels directly boosts employee’s job satisfaction. This finding is well-supported by Clampitt and Downs (1993), Jacobs et al. (2016), Paksoy et al. (2017), and Santos et al. (2024) provide substantial evidence that robust internal communication channels, clear managerial feedback, and transparent communication frameworks directly enhance clarity, eliminate role ambiguity, and significantly boost employee’s job satisfaction (EJS). Effective communication enhances understanding, strengthens interpersonal relationships, reduces ambiguity, and fosters employee engagement, all of which contribute to higher job satisfaction.

This result is supported by studies in the past. Therefore, the hypothesis which was proposed as significant and positive effect of communication (COM) on employee's job satisfaction is supported.

4.6.5. Summary of hypotheses Test

Table 4.11. Summary of hypotheses Test

No.	Hypothesis	Results	Decision
H_1	The effect of Promotion Criteria on employee's job satisfaction is statistically significant and positive.	Significant and positive (β = .234, Sig. = .001)	Hypothesis supported
H_2	The effect of Transparency on employee's job satisfaction is statistically significant and positive.	Significant and positive (β = .155, Sig. = .012),	Hypothesis supported
H_3	The effect of Fairness on employee's job satisfaction is statistically significant and positive.	Not significant and negative (β = −.027, Sig. = .729)	Hypothesis not supported
H_4	The effect of Promotion Frequency on employee's job satisfaction is statistically significant and positive.	Significant and positive (β = .296, Sig. = .000)	Hypothesis supported
H_5	The effect of Communication on employee's job satisfaction is statistically significant and positive.	Significant and positive (β = .450, Sig. = .000)	Hypothesis supported

Regression Model

Based on the results, the regression model used in this study is rewritten as follows;

EJS = -1.190PC + .175 TR+ .117FR + -.016FR + .233COM + ε.

Where;

EJS = Employee's Job Satisfaction (Dependent variable)

-1.190 is the intercept

PC is Promotion Criteria,

TR is Transparency,

FR is Fairness,

FR is Frequency,

COM is Communication.

-1.190, .175, 117, -.016, 233, are coefficients of the independent variables of PC, TR, FR, FR, and COM respectively.

4.7. Discussion on the Results

The results from this current study indicated that promotion criteria have a statistically significant and positive effect on employee's job satisfaction in AACARB/LBO, ($r = .328$, $\beta = .234$, Sig. = .001, $p < 0.05$). This outcome closely aligns with the empirical evidence presented by Dardar et al., 2012, who determined that transparent advancement pathways yield a modest but statistically significant increase in overall workplace contentment. This is highly consistent with a study conducted by Al-Mansoori (2023), which concluded that clearly defined merit-based promotion policy act as a steady, positive driver of employee's job satisfaction. This positive directional relationship is highly consistent with the statistical documentation of Lestari et al. (2023), who deployed quantitative correlation matrices to demonstrate that clearly structured position promotion pathways directly generate a positive, significant impact on employee morale, growth realization, and overall workplace satisfaction. Previous studies such as Bedeian, Ferris, and Kacmar (1992), Alshammari (2024), and Soeprapto (2024), their studies provide substantial evidence proposed the significant and positive effect of tenure-based promotion criteria on job satisfaction is supported. All management team and employees are looking for the next position to be promoted. This study was focusing on the improvements of promotion criteria that exist to be improved. As we have seen in the above data as the promotion criteria is significant correlated with employee's satisfaction and it is positive when there is improvement in the promotion criteria also the satisfaction of employee's increases.

The outcomes from this study also specified that transparency have a statistically significant and positive effect on employee's job satisfaction in AACARB/LBO, ($r = .586$, $\beta = .155$, Sig. = .012, $p < 0.05$). It means there was a moderate positive correlation between the variables. This positive directional outcome strongly aligns with the empirical evidence presented by Wang (2020), who conducted a structural survey of corporate employees and verified that a high level of perceived transparent communication from an organization directly increases employees' internal relational satisfaction and organizational trust. As Lawler (1966), et al. provides substantial evidence that the effect of transparency on employee's job satisfaction is found to be significant and positive. This implies that the more transparent in sharing information, the higher the level of job satisfaction among employees will be. As Azad Jammu and Kashmir, (2025) showed that transparent and equitable promotion practices positively influence job satisfaction. The finding by Yishak Mahder, (2017), shows that the major problems of employee promotion practice are

lack of clear and transparency of promotion practice. This positive relationship is highly consistent with the empirical evidence presented by Burkhard (2024), verified that transparency across human resource practices acts as a strong statistically significant positive effect on employee's job satisfaction. In the study conducted by Kitole, F.A., & Mwita, K.M. (2025) found that aspects of promotion policies such as frequency and satisfaction with the promotion process were significant predictors of job satisfaction among employees. Earlier studies of Lawler (1966), Day (2012), Schnackenberg et al. (2021), and Guo (2022) provide substantial evidence that the effect of transparency on employee's job satisfaction is found to be significant and positive. This implies that the more transparent an organization or leader is in sharing information, the higher the level of job satisfaction among employees will be.

The study showed the relation of the independent variable with dependent is positively correlated. One of the parameters for good working environment is that promotion policy is transparent to all management and employees.

Concerning the fairness, the finding of this study shows that fairness on employee's job satisfaction has a statistically significant and positive relationship, yet it is not significant and negative in AACARB/LBO during regression analysis ($r = .637$, $\beta = -.027$, Sig. $= .729$, $p < 0.05$)

This structural phenomenon is highly consistent with the quantitative findings of Mendoza (2023), whose thesis analysis on workplace justice scales verified that when multi-collinear variables such as fairness gets fully absorbed, resulting in an artificial negative regression slope that fails to meet the significance threshold. This distinctive divergence between correlation matrix trends and final regression modeling directly mirrors the institutional framework established by Abdirahman, (2018), whose localized case study on public administration branches proved that although baseline fairness is perceived positively by staff, it loses its unique direct predictive significance within localized regression equations once overarching hygiene factors like actual promotion outputs are factored into the model. John Stacey Adams (1963), Rahman et al. (2015), and Rahmah (2019), conclude that fairness as an important factor influencing employee's job satisfaction, although their findings showed varying results depending on the context. This variable has positive relationship like the other independent variables. But the negative coefficient tells us fairness goes in the opposite direction that pulls employee's job satisfaction in AACARB/LBO down.

For many individuals, frequency has statistically significant and positive effect on employee's job satisfaction in AACARB/LBO. (r =.653, β = .296, Sig. = .000, p < 0.05). This strong directional outcome is highly consistent with the localized empirical documentation of Yimer (2024), whose thesis on public sector administrative structures verified that an employee's with regular cadence and availability of upward mobility tracks functions as a highly significant predictor of their overall workplace engagement and job satisfaction. This positive relationship directly mirrors the structural equation modeling published by Fozia, (2022), who evaluated career progression proved that executing timely, regularized, and predictable frequent promotion intervals yields a distinct, statistically significant positive correlation with worker retention and job satisfaction. Specially Kitole, F.A., & Mwita, K.M. (2025) emphasized that, transparent and timely promotions were linked to higher satisfaction levels, while prolonged waiting periods for promotion were associated with lower satisfaction. These fostering positive employee attitudes. As it was mentioned in the above data most respondents agreed there was promotion once a year. This hinders the expectation of management team and employees to upgrade or add a value on them. With this institutions will lose talent employees if they don't promote them periodically. From the previous data what the researcher concludes like promotion criteria frequency is also important to employee's job satisfaction. It has strong positive correlation, significant positive predictor but its unique/direct effect is moderate ($\boldsymbol{\beta}$ = .296) and highly statistically significant. These enable the variable to have similar direction with the dependent variable.

The finding from this study indicated that communication also has a statistically significant positive effect on employee's job satisfaction in AACARB/LBO (r = .718, β = .450, p < .001). As Everson's, (2022), quantitative results revealed that the assertive communication style was positively correlated with employee's job satisfaction ($r = 0.63, p < .001$), while passive, manipulative, and passive-aggressive styles were negatively correlated. Regression confirmed the assertive communication style significantly predicted higher employee satisfaction ($\beta = 0.35, p < .01$). These results mirror your finding, establishing that effective managerial communication contributes positively and significantly to job satisfaction. Also Curado, C., et al Using qualitative comparative analysis on service-sector data, the study discovered that employee satisfaction arises when effective communication occurs simultaneously at organizational, leader, and peer levels. Findings by Jacobs et al., (2016), findings shows empirically demonstrates that robust internal communication directly drives employee

satisfaction. The study showed that there is positive relationship between communication and employee's job satisfaction. The result highlighted that promotion policy was well communicated at AACARB/LBO.

Finally, this discussion shows the relationship between the promotion policy and employee's job satisfaction. Their significance, correlation and regression analysis was used to test the cause and effect among variables was supported and evidenced by previous literatures.

CHAPTER FIVE
SUMMARY OF FINDING, CONCLUSION, AND RECOMMENDATION

5.1. INTRODUCTION

This study examined the effect of promotion policy on employee's job satisfaction in Addis Ababa City Administration Revenue Bureau/Lideta Branch Office (AACARB/LBO). The study specifically focused on five major dimensions of promotion policy, promotion criteria, transparency, fairness, promotion frequency, and communication.

5.2. SUMMARY OF THE FINDINGS

This research analyzed the effect of promotion policy on employee's job satisfaction. It was carried out by computing the five promotion policy dimensions and employee's job satisfaction. The raw data was analyzed using Statistics Package for Social Science (SPSS) version 27.0. Tables and figures were used to interpret the outcome of the data. The major findings of the study are summarized as follows.

- The analyzed data shows there was female majority. A significant majority of respondents were age of less than forty and their educational status was held first or second degree, so most of the staff members were highly educated young generation. Concerning position most of the respondents were in the officers and clerk level. Over half of the respondents had less than four years of experience. Significant number of respondents agreed that promotions were carried only once a year.
- Cronbach's Alpha value that was used to analyzed the internal consistency of independent variables was (.746). This shows the collected data was valid and reliable for further research..
- Descriptive statistics was measured using means and standard deviations, were employed to interpret the responses obtained from the 5-point Likert scale. The analysis independent variables was resulted a grand mean of 2.89. Fairness and communication had highest value this shows the promotion policy was fair and communicable. Promotion criteria had the lowest mean this also implies there was critical problem with criterion experience based and

so on, FR, and TR have followed by a mean value of bellow average this shows need for improvement.

- Correlation coefficient (r) resulted that promotion criteria had a statistically significant, moderate, and positively correlated with employee's job satisfaction. Transparency had also statistically significant, moderate, and positively correlated with employee's job satisfaction. Fairness had a statistically significant, positively correlated with employee's job satisfaction. Frequency had a statistically significant, strongly positively correlated with contrast with employee's job satisfaction. Communication had a statistically significant, strongly positively correlated with employee's job satisfaction.
- To ensure for normality tests and linearity were systematically conducted before the main analysis have started. Both graphical and linearity methods (histograms and Q-Q plots) statistical measures (Skewness and Kurtosis) were confirmed that the data distribution was satisfied the assumption of normality.
- Regression analysis was employed for testing the effect of independent variables on dependent variable. The effect of Promotion Criteria and transparency shows a significant weak positive effect on job satisfaction, the effect of Communication (COM) on employee job shows a significant strongly positive effect on job satisfaction. This result revealed that communication was the strongest predictor of job satisfaction; the effect of Fairness on employee job satisfaction was found no significant relation with employee job satisfaction. This mathematical no significance does not imply that it has negative effect on employee job satisfaction. Instead, it indicates that fairness does not uniquely drive variance when competing alongside high-performing operational variables like clear communication and explicit criteria. The effect of Frequency (FR) on employee job satisfaction indicated a significant moderate positive effect.
- Based on the result of the Beta value the hypothesis result of the effect of promotion criteria, transparency, frequency, and communication was statistically significant and positive and has a similar direction with employee's job satisfaction and hypothesis supported. The effect of fairness on employee's job satisfaction was statistically significant and positive, but the Beta value was negative it has opposite direction with employee's job satisfaction and hypothesis was not supported.

5.3. CONCLUSION

- In AACARB/LBO the respondents were young with relatively short years of service. This indicates the promotion opportunities are highly significant. As the descriptive data proved that employees were not satisfied with the existing promotion criteria that used seniority based criteria as arbitrary had the lowest mean score among the dimensions.
- The correlation analysis further concluded that all promotion policy dimensions are positively correlated with employee's job satisfaction. Communication and frequency were highly correlated employee's job satisfaction in compare to the other dimensions. However, the study concluded that fairness show a statistically not significant, positive effect on employee's job satisfaction, despite having a positive correlation in the earlier analysis.
- The data analyzed using regression analysis confirms promotion criteria, transparency, frequency, and communication had strong positive effect on employee's job satisfaction. Employees prefer promotion policy to be open, objective, and merit based to improves employee morale and enhances job satisfaction.
- The regression analysis result of fairness was statistically non-significant, negative, and week effect on employee's job satisfaction. This may suggest that employees have mixed perceptions regarding the fairness of promotion practices or that fairness alone may not directly improve satisfaction unless it is supported by proper communication, transparency, and clear implementation procedures. One possible explanation is that employees may have become accustomed to perceived unfair practices, reducing the influence of fairness perceptions on their job satisfaction. Therefore, the AACARB/LBO should give greater attention to strengthening transparent communication channel, improving clarity of promotion criteria, and ensuring regular promotion opportunities to and analyze the existing promotion policy to enhance employee's job satisfaction.
- The study provides empirical evidence from AACARB/LBO by examining the effects of promotion criteria, promotion procedures, promotion opportunities, and promotion fairness on employee job satisfaction, which had not previously been investigated in this organizational context.
- The hypothetical effect of fairness on employee's job satisfaction was statistically significant and positive, but the Beta value was negative. It was in opposite direction with employee's job satisfaction and was not supported.

5.4. Recommendations

- AACARB/LBO need to establish and implement clear merit and competency based promotion criteria rather than assigning for higher positions. Employees should clearly understand qualifications, competencies, and performance standards renquired for future career advancementnt.
- AACARB/LBO ought to be communicated promotion procedures openly to strengthen transparent promotion policy. This help to reduce employee's uncertainty, suspicion, and increase satisfaction
- AACARB/LBO should develop internal communication channels regarding promotion opportunity and career promotion program. Policy makers, management and supervisors have to provide on time feedback and regularly updates concerning promotion related issues to ensure management team and employees.
- AACARB/LBO should create more regular and accessible promotion opportunity for management team and employees. Delayed promotion practices are reduce employee morale this leads to frustration, low service providing, and high rate of employee turnover. To enhances commitment, encourage, and create better work performance periodic promotion opportunities must be applied
- AACARB/LBO need to review and improve fair practices in the promotion policy to ensure equal opportnity for the management team and employees during promotion process by minimizing favoritism, bias, and personal influence. Fair and objective evaluation mechanisms should be implemented consistently across all departments.
- AACARB/LBO must provide training and capacity building programs for managers and HR personnel to ensure that promotion policies are implemented professionally, consistently, and ethically. Even if frequency had a strong positive effect on employee's job satisfaction, it was conducted once a year. This indicates it was less frequent: promotion opportunities must be improved to satisfy, motivate, and retain employees.
- AACARB/LBO should continuously monitor employee perceptions regarding promotion policy and job satisfaction through regular assessments and feedback systems. This can help management identify problems early and improve organizational practices accordingly.

5.5. Suggestions for Future Research

Based on the above findings the researchers forward the following suggestions for future researcher on the effect of promotion policy on employee's satisfaction in the public sector.

• The existing promotion policy demonstrated was established used the previously rules and regulation changing updating thus policies improve AACARB/LBO's performance as well as taxpayer's expectation. Policy makers and researchers need to explore for policy change that based on seniority based promotion policy.

• This scope of the research and the findings was reflected only AACARB/LBO. Therefore, future studies shall include more public institutions in Ethiopia with larger target population and sample size to determine the effect of promotion policy on employee's job satisfaction.

• Future researchers may also examine more variables such as leadership skills, work ethics, reward systems, effect employee's job satisfaction.

• In the hypothesis result shows fairness has statistically non-significant, negative, and extremely weak effect on employee's job satisfaction. However, the empirical findings showed that there is significant moderating effect in the relationship between fairness and employee's job satisfaction. Therefore, the relationship between fairness and employee's job satisfaction requires further study.

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Appendices

Appendix A: Questionnaire



ADDIS ABABA UNIVERSITY
College of Business and Economics
School of Commerce

Title: - ***"The Effect of Promotion Policy on Employee's job satisfaction: In the Case of Addis Ababa City Administration Revenue Bureau/LBO"***

Dear respondents,

I, Biniam Abay Bishaw, a candidate graduate of Addis Ababa University Degree of Masters of Human Resource Management (MAHRM). First of all, I would like to say you "Thank you." in advance for your wasness to response the questionnaire. The purpose of this questionnaire was to collect data from management and employee respondent for academic purpose that help to write a thesis for a partial fulfillment of the requirements for the research entitle *"**The Effects of Promotion Policy on Employee's job satisfaction: In the case of Addis Ababa City Administration Revenue Bureau/LBO"*** The quality of this research paper highly relies on the data you provide. Thus, your ideas and comments are highly honored and keep confidential. Your frank response and valuable support in responding to the questions raise was paramount important to the success of the study. Therefore, I request you to fill the questionnaire carefully and at your best knowledge in all regard. You can choose the answer that you think it was correct according to your understanding. To create a secure environment for your free and genuine responses, you are not requiring writing your name.

Thank you in advance for your cooperation.

SECTION A. GENERAL INFORMATION.

Please put a "Circle" from the alternatives below:

Sex	Age	Level of Education	Current position	Work Experience
a. Male b. Female	a. 20-29 b. 30-39 c. 40-49 d. 50-59 e. 60 and above	a. Masters/PhD b. Bachelors c. Diploma d. High school e. No formal education	a. Management b. Employee	a. Less than 2 b. 2 - 3 c. 3 - 4 d. 4 - 5 e. 5 Years and above

Section B - General Question

1. How frequently do promotion done in the branch office in a year?

Once a year ☐ Twice a year ☐ 3 times ☐ 4 times ☐ Not in a year ☐

Section C – Promotion policy on Employee's job satisfaction

2. Please mark with **(√)** for your level of satisfaction from the following scale for each service dimensions.

Very Satisfied = 5, Satisfied = 4, Neutral = 3, Dissatisfied =2 and, Very Dissatisfied =1

No.	INDEPENDENT VARIABLES	Scale				
1.	Promotion Criteria	1	2	3	4	5
1	I am satisfied with the clarity and documentation of the promotion criteria.					
2	Academic qualifications and relevant work experience are the primary factors in promotion decisions.					
3	The current promotion criteria are directly related to the actual tasks I perform in my job.					
4	I believe the benchmarks for moving to a higher position are achievable and realistic.					
5	The weights assigned to different performance indicators (e.g., efficiency, discipline) are appropriate.					
2	**Transparency**	1	2	3	4	5
6	AACARB/LBO provides access to information regarding vacant positions and promotion opportunities.					
7	I understand exactly how the promotion committee evaluates candidates.					
8	The steps involved in the promotion process are well-known to all staff members.					
9	AACARB/LBO openly shares the results and justifications for the promotion decisions.					
10	There are no "hidden" requirements or processes when it comes to career advancement in this office.					

3	Fairness	1	2	3	4	5
11	The merit-based nature of the promotion process increases my overall job satisfaction.					
12	Employees are given an equal opportunity to compete for higher positions.					
13	The promotion committee remains objective and unbiased from free from race, religion, and cultural constraints during the selection process.					
14	Employees with similar performance levels are arbitrary by their experience.					
15	Most deserving candidates are ultimately getting promoted.					
4	**Frequency**	1	2	3	4	5
16	Promotion opportunities in the AACARB/LBO occur at regular and predictable intervals.					
17	The pace of career advancement here makes me satisfied with my long-term prospects.					
18	There are enough higher-level vacancies created to allow for consistent career growth.					
19	AACARB/LBO conducts promotion cycles frequently enough to keep staff motivated.					
20	The time it takes to move from one grade to the next was reasonable compared to other public sectors.					
5	**Communication**					
21	Promotion announcements are communicated through the notice board in a timely manner.					
22	The HR Office provides clear explanations regarding any changes to the promotion policy.					
23	I appreciate the constructive feedback system, as it satisfy and makes me feel valued even when not promoted.					
24	I feel comfort to approaching HRM to discuss my promotion prospects.					
25	The language used in promotion processes was easy to understand and leaves no room for ambiguity.					

4. Please rate the promotion policy's that need to be improved by the branch office based on their importance to ensure employee's job satisfaction based on important scale (1 = Not Important at all, 2 = Slightly important, 3 = Moderately important, 4 = Very important, 5 = Extremely important)

No.	Service Factor	Rank needed to improve				
		1st	2nd	3rd	4th	5th

26	Refining **Promotion criteria** - upgrading the current promotion criteria ensures merit-based promotion policy and laid on relevant specific tasks of the branch					
27	Enhancing procedural **Transparency** – makes the selection process, including committee scoring and meeting minutes, more visible and open to all employees.					
28	Guaranteeing selection **Fairness** - implementing strict checks to eliminate favoritism and ensure every employee has equal chance of being promoted.					
29	Optimizing promotion **Frequency** - increasing the regularity and number of promotion cycles to prevent employees turnover and feeling stagnant in their current position.					
30	Strengthening post-decision **Communication** - developing a formal system to provide detailed, constructive feedback to unsuccessful candidates to help them improve for future promotion.					

Thank You for your participation.