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ASSESSING THE CONTRBUTION OF PROMOTION POLICY ON JOB SATISFACTION

(THE CASE OF COMMERCIAL BANK OF ETHIOPIA IN WOLKITE BRANCH)

A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF MANAGEMENT IN PARTIAL FULFILLMENT FOR REQUIREMENT OF THE DEGREE OF BACHELORS OF ART IN MANAGEMENT

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ABSTRACT

The research deals with assessing the contribution of employee promotion policy for job satisfaction in case of Commercial Bank of Ethiopia, Wolkite Branch. It also assesses the implementation of promotion policy. The method used to collect data from employees is census. The primary data was the main type of data used collected through the questionnaire and interview in this research secondary data was collected From published, unpublished articles of the organization and internets used to the study. To conduct this research all employees of the organization are fully participated in the study, The finding of the study includes that the bank has its own promotion policy, it gives promotion to its employees within short period of time, the bank applies seniority and merit system to promote its employees and there is a strong contribution of promotion for job satisfaction.

ACRONYMS/ABRVEATION

- ✓ HRM-Human resource management
- ✓ ATM-Automatic teller machines

CHAPTER ONE

INTRODUCTION

1.1 BACK GROUND OF THE STUDY

It is no longer new that job satisfaction anchors employee performance. One of the most important goals of an organization is to maximize employee performance in order to accomplish those goals (Butler & Rose, 2011). In doing this, the organization needs not only highly motivated but also satisfied and psychologically balanced employees to increase performance and productivity in the organization. Employee satisfaction, performance and retention have always been very important issues in employee management literature and among human resource management practitioners especially in developing countries. According to Scott and Clothier "A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status". According to Pigors and Charles " Promotion is advancement of an employee to a better job - better in terms of greater responsibility, prestige or status, greater skill and especially increased rate of pay or salary. Promotion systems affect almost all aspects of organizational lives. This is particularly evident from studies of human resource management (HRM) (Fuller and Huber, 1998) and internal labor markets (Baker and Holmstrom, 1995; Barron and Loewenstein, 1985), to name a few. Given the importance of promotion systems in organizations, it is surprising that few studies have attempted to examine the role of various environmental organizational and job factors on the effectiveness of promotion systems (Allen, 1997; Ferris et al., 1992). It follows that in order to analyze the systems firms use to motivate employees, it is essential to fully understand the incentive effects of promotions. Promotions have generated a great deal of theoretical interest, especially in the context of tournament models (Lazear& Rosen, 1981). However, this literature is still incomplete and somewhat stylized, making it difficult to link the theories to empirical work. This paper fills in some of the gaps, answering some remaining theoretical questions and making the theory more amenable to empirical testing. The efficiency viewpoint is consistent with *contingency theory* that argues that one best practice does not fit all. Organizations must continually adapt their practices to environmental realities to improve performance (Lawrence and Lorsch, 1967). Contingency theory goes beyond the economist's quest for understanding in seeking to provide normative

guidance for managers on how to adjust organizational parameters to cope with changing environmental conditions.

1. 2. STATEMENT OF THE PROBLEM

Promotions appear to be the most important form of pay for performance in most organizations, especially in hierarchical, white-collar firms. They are the primary means by which workers can increase their long-run compensation (McCue, 2017; Lazear, 2018). They are usually given to the best performers (Medoff& Abraham 2015, 2016; Gibbs, 2018). Therefore, promotions should generate substantial motivation in many settings. Moreover, there often does not seem to be strong pay for performance within jobs, which only increases the apparent importance of promotions for organizational incentives (Hedström, 2016).

According to the proposal of Daneshfard (jul,2015,) some of the causes that the proposal experienced are long work days, starting from Monday up to Saturday, does not share employees idea for judgments, unwanted over time which is paid or unpaid or without interest of the employee and without regular time more on Saturday and Sunday, inability (failure) to achieve goals with available time resources because of interruption to other work given additionally, difficulty in taking vacation time. The proposal observes and experiences some situation, today, employees has less interest in extra hours, attendance and punctuality, knowing that how to motivate will help to eliminate or reduce the performance problems. In order to achieve the organization goal organization used promotional activity. Like bonuses, allowance and training to their employee's effective promotion policy are satisfied.

There is some problem related to promotion policy in most governmental and non-governmental organization. This is; unclear promotion policy which can create conflict and high turnover rate among employees who do not understand why co-worker received promotion instead of them, problem may not end there if vague promotion procedure appears discriminatory and promotion policy also creates vacancy. So the researcher will try to solve the above issue.

1.3. RESEARCH QUESTIONS

The following questions are what this study attempts to address in relation to the research topic.

1. How are the practices of employee promotion in case of commercial of Ethiopia Wolkite branch?
2. To what extent promotion benefit employees of the organization?
3. How efficient are the bases for employee promotion in the case organization?
4. What are the problems faced when implementing promotion policy?

1.4. OBJECTIVE OF THE STUDY

1.4.1. GENERAL OBJECTIVES

The overall objective of the study is to assess the contribution of promotion policy for job satisfaction (in case of commercial bank of Ethiopia, Wolkite branch)

1.4.2. SPECIFIC OBJECTIVES

Specific objective of the study were;

- To evaluate the practices of employee promotion in case of commercial Bank of Ethiopia Wolkite branch.
- To examine the extent of promotion benefit employees
- To evaluate the bases for employee promotion in the organization.
- To identify the problem faced when implementing promotion policy.

1.5. SIGNIFICANCE OF THE STUDY

The major significance of this study is to provide valuable information about the contribution of employee promotion policy for job satisfaction. This research can have significance for other researcher to know more positive impact of promotion on customer satisfaction. It also helps the government to formulate different policy and strategies on promotion of commercial bank and other private bank of Ethiopia.

1.6. SCOPE OF THE STUDY

This study was delimited to commercial bank of Ethiopian, on main branch, located to Wolkite town and theoretically on the issues of promotion and its importance in satisfying employees on their jobs.

1.7. LIMITATION OF THE STUDY

- Some respondents were not voluntary to respond properly for the questions they were asked.
- Some respondents filled the provided questionnaires carelessly.
- One the biggest limitation is sampling techniques. Stratified sampling method is that the most complicated and expensive due to if passes through first homogenous group is determined in the entire population and after that it divided in two set of strata (sub population groups).

CHAPTER TWO

LITREATURE REVIEW

2.1 INTRODUCTION

This chapter reviews existing literature on the concept of job promotions, job promotion decision-making processes, and determinants of job promotion. It also reviews job satisfactions concept, theories of job satisfaction and empirical study on job satisfaction. It finally reviews the empirical literature on the relationship between job promotion and job satisfaction.

2.2 CONCEPT AND DEFINITION OF JOB PROMOTION

Job promotion is the advancement of an employee's rank or position in an organizational hierarchy system (Goblar et. al., 2002). Goblaret. al., 2002, further allude that, promotion may be an employee's reward for good performance that is, positive appraisal. Before a company promotes an employee to a particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on-the job experience.

It is usually symbolized with a change of job and title. It can be attached with an increase in pay, power, and responsibility. Or, it can also include an increase in freedom or independence, or a decrease in danger or discomfort. It may mean less inconvenience in terms of hours or location for some employees (Kalesh et. al., 2007)Based on the above discussion, employees often feel satisfied with these incentives and stimulated to perform better in the new job. They are motivated to increase their knowledge or skill and to gear for higher levels of productivity. With better jobs, employees may decline any opportunities at other companies. Hence, promotions can increase employees‟ loyalty to the company and reduce career change intention at lower levels. Employee‟s opportunities for promotion are also likely to exert an influence on job satisfaction (Landy, 1989; Moorhead &Griffen, 1992). Robbins (1998) maintains that promotions provide opportunities for personal growth, increased responsibility, and increased social status (Robbins & Judge, 2007). Drafke and Kossen (2002) was of the opinion that many workers experience satisfaction when they believe that their future prospects are bright and good and this may according to Bull (2005) “translate into opportunities for advancement and growth in their current workplace, or enhance the chance of finding alternative employment”. It was stressed

further that if people feel they have limited opportunities or chance for career advancement in any organization, their job satisfaction may decrease which consequently may lead to career change.

According to McCormick and Ilgen (1985), employees‟ satisfaction with promotional opportunities will depend on a number of factors, including the probability that employees will be promoted, as well as the basis and the fairness of such promotions. Moreover, not all employees wish to be promoted. The reason therefore is related to the fact that promotion entails greater responsibility and tasks of a more complex nature, for which the individuals may consider themselves unprepared. If employees perceive the promotion policy as unfair, but do not desire to be promoted, they may still be satisfied. A promotion is the prize that is allocated to the worker who ranks higher than all other workers in a group of new hires over a given period. The probability of winning depends on the workers' productivity, and the winners are moved to positions that involve higher responsibility and higher earnings. Promotions may take a variety of different forms and are generally accompanied by different rewards (Luthans, 1992). Equally, promotional opportunities therefore have differential effects on career intention, and it is essential that this be taken into account in cases where promotion policies are designed to enhance employee satisfaction. Tuwei*et al*. (2013) affirm that employees are more committed to their jobs when they believe that the organization they work for pursues a promotion from within policy. If they believe a promotion from within policy is not exercised, they would feel less uncertain regarding the future of their career in the organization, becoming more motivated to consider career change. Overall, employees often feel satisfied with these incentives and stimulated to perform better in the new job. They are motivated to increase their knowledge or skill and to gear for higher levels of productivity. With better jobs, employees may decline any opportunities at other organizations. Hence, promotions can increase employees‟ loyalty to the organization and reduce intention to change careers at lower level (Gaertner&Nollen, 1989). 11

2.3. MODELS OF JOB PROMOTION

There are a number of theoretical frameworks that explain job promotion within firms. For example, the models developed by Lazear and Rosen (1981) and Rosen (1986) view a promotion as a tournament. Because the new hires know that not all of them will receive a promotion, the probability of promotion provides an incentive to exert effort without the need for any formal

contract between workers and firm. Landers, Rebitzer and Taylor (1996) argue that the income sharing typical of professional employment relationships with adverse selection (e.g., large law firms) creates incentives to promote those with greatest propensity to work hard. Since this propensity is unobservable, firms will use indicators of it (such as, hours of work or overtime hours) for the purpose of selecting workers for promotion. While tournament theory largely ignores the fact that external labor markets also provide incentives for workers (and firms), other models emphasize the strategic role played by promotion, which makes the firm's knowledge about the worker available to the public. Waldman (1984) and Bemhardt and Scoones (1993) show that, if a worker's ability can only be observed by the worker's employer, competing firms can only infer the employee's ability level indirectly from his/her curriculum vitae (e.g., past positions, education, training). Since it is optimal to promote only the relatively able workers, competing employers must be revised upward their expectations of a worker's ability upon promotion. The magnitude of the associated wage increase may either encourage other firms to compete for that worker or discourage them from doing soon the other hand; a firm has an incentive to exploit its private information about an able worker by not promoting the worker as quickly or often as is socially optimal. Furthermore, in cases where multi-tasking concerns matter, firms (and typically, but not exclusively, large firms) may want to use subjective measures of performance to evaluate their workers, whereby pay is at the discretion of the impressions of a superior or supervisor (Prendergast and Topel 1996). In these cases, a promotion may be a means of constraining favoritism or rent-seeking activities.

Lazear and Rosen (1990) presented another model of the promotion process in which the receipt of promotions and training is based on the individual's revealed ability at the job. While men and women are assumed to have similar labor market abilities, women are assumed to have greater nonmarket abilities and opportunities, and consequently they are more likely than men to depart the firm. Since job leaving among those promoted imposes a cost on the firm, the employer will have a higher promotion standard for women and be less likely to promote women than men.

Promotions may also be the result of human capital investments. The human capital model suggests that workers often receive training specific to a particular job, which makes them more valuable to the employer providing the training (Mincer, 1974). The accumulation of firm-specific human capital usually involves joint investment by both the employer and the employee,

so that both parties have an incentive to maintain a long-term relationship (Becker, 1975). A promotion ladder that is, a process by which jobs are assigned by seniority and wages are attached to jobs in a fixed distribution of prizes-may lead to firm-specific human capital investment and efficient turnover (Carmichael, 1983).Individuals acquire skills and experience in one job that are transferable to a higher-level job along the worker's career. Job match theory indicates that information about the quality of a job match reveals itself over time (Jovanovich, 1979). A promotion may be the firm's optimal response after learning about the worker's productivity. Furthermore, the longer a worker's tenure, the more specific human capital accumulated, and the more costly it would be for the firm to find another external candidate who could outperform the internal worker (Chan 1996).

2.4. DETERMINANT OF JOB PROMOTION

Firms‟ promotion policies are a means of increasing productivity within an organization by increasing human capital acquisition, increasing effort, of inducing separating equilibrium in terms of worker types (Chang and Wang, 1995), or even of constraining favoritism (Prendergast and Topel, 1996). Firms may backload compensation to elicit higher levels of effort, where effort may be peroxide by hours of overtime work (Landers et al., 1996). If women are constrained by family factors from working long hours, this may lead to gender differences in promotion rates. Any change in the determinants of promotion, as one move up the organizational ladder, would reveal how an individual's ultimate occupational achievement is patterned by particular background variables. For example, while race and gender may have little impact on advancement prospects in low salary grades, it has been suggested (e.g., Auster 1988, p. 138 cited in Spilerman&Lunde, 1991) that these personal attributes are significant factors in promotion decisions at higher levels. Booth and Francesconi (2000) opined that there may also be gender differences in the way family responsibilities affect promotion and mobility; if women are more likely to quit, firms will be less likely to train and promote them. On the other hand, if women view promotion as unlikely due to discriminatory promotion practices, they may be less prone to put themselves forward for training programmers at the firm. At the instance of opening of a suitable position in the firm, a promotion is likely to occur when the employer holds a combination of positive beliefs about the worker. In the study of Job Mobility in 1990s, Booth and Francesconi (2000) suggested that job promotion in an organization may be influenced by tenure in the current job, labor market experience, highest educational qualification, usual hours

of overtime work, marital status, number of children by three age groups (aged 0 to 4; 5 to 11; and 12 to 16), union coverage, working in the public sector, establishment size, occupation of origin, cohort of entry into the labor market, and local unemployment rate. The probability of promotion for women in managerial professions increases by 8.5 percentage points as compared to women in semi-skilled and unskilled professions. In the study of Spilerman&Lunde (1991), they indicated that if credentials matter in job promotion, it is the academic degree most relevant to job performance in a particular grade that will have the greatest impact on advancement prospects from that rank. Francesconi (2001) found that men and women in managerial occupations face, respectively, 7.6 and 8.5 higher percentage points of promotion than semi-skilled and unskilled workers. Professionals and skilled non-manual workers have 3-5 greater promotion probabilities than workers in the base category. His result suggests that workers in high-level occupations are promoted more often than workers in low-level occupations. That is, workers in high-level occupations either have better outside opportunities or face longer career ladders, or both (Sicherman and Galor 1990; Landers, Rebitzer and Taylor 1996).

2.5. CONSEQUENCES OF PROMOTIONS

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

2.6. CONTEXT OF JOB SATISFACTION

In traditional neo-classical economics, work is presented as a source of disutility, with income earned through work treated as compensation for leisure time forgone. Work, however, need not necessarily be a disutility. Some individuals in some circumstances may derive degrees of satisfaction from the working situation, for example when it is viewed as a “potential source of personal achievement and self-fulfilment” (Spencer, 2009, p. 3). In the context of this latter perspective, job satisfaction may be thought of as a utility function (Clark and Oswald, 1994), presented in the following form:

Where U; is the utility from work; y the income; h the hours; i the set of individual characteristics; and j the set of job-specific characteristics or job aspects. Job satisfaction is what Freeman (1978) describes as a "subjective variable", measuring "what people say" rather than "what people do" (p. 135). Locke (1976) describes job satisfaction as a "self-reported positive emotional state resulting from the appraisal of one's job or from job experiences". Based on his review of empirical studies on job satisfaction, Locke determined that seven work issues are typically associated with job satisfaction. These include: mentally challenging work, personal interest in the specific job, work that is not too physically tiring, perceived equitable rewards, appropriate working conditions, employee self-esteem, management assistance in managing the workplace by minimizing conflict and ensuring that work is interesting and good pay/promotions are available. Results of several other studies provide additional characteristics associated with job satisfaction. Hackman and Lawler"s (1971) study results indicate that when jobs are high on four core dimensions (job variety, autonomy, task identity, and feedback), employees who want higher order need satisfaction are likely more motivated and more satisfied with their jobs than workers whose jobs are not high on these four core dimensions. The Hackman and Oldham (1976) model explains how job characteristics and individual worker differences interact to impact on job satisfaction, motivation and productivity of workers. Results also indicate that workers who have jobs with high skill variety, task identity, task significance, autonomy, and feedback are more motivated, satisfied and productive than workers whose jobs do not have these characteristics. Traditional studies of the determinants of job satisfaction (e.g. Gazioglu and Tansel, 2006; Idson, 1990; Jones et al., 2009; Schmidt, 2007) conclude that job satisfaction relates to personal characteristics such as gender, age and education and to job characteristics such as promotion prospects, hours worked, training provided and establishment size. Males, individuals in their 30s, with higher levels of education, working in larger establishments, with no promotion prospects, who have received no training and who work long hours tend to have relatively lower levels of job satisfaction.

Job satisfaction is a very important attribute which is frequently measured by organizations. According to Mitchell and Lasan, (1987), it is generally recognized in the organizational behavior field that job satisfaction is the most important and frequently studied attitude.

Job satisfaction is so important in that its absence often leads to lethargy and reduced organizational commitment (Levinson, 1997; Moser, 1997). Lack of job satisfaction is a predictor of quitting a job (Jamal, 1997). Sometimes workers may quit from public to the private sector and vice versa. At the other times the movement is from one profession to another that is considered a greener pasture. This later is common in countries grappling with dwindling economy and its concomitant such as poor conditions of service and late payment of salaries (Nwagwu, 1997). In such countries, people tend to migrate to better and consistently paying jobs (Fafunwa, 1971).

Job Satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviours such as organizational citizenship (Organ & Ryan, 1995), absenteeism (Weggeret „al, 2007) and turnover (Saari& Judge, 2007). Further, job satisfaction can partially mediate the relationship of personality variables and deviant work behaviors (Mount and Johnson, 2007). One common research finding is that job satisfaction is correlated with life satisfaction (Rain & Steiner, 1991). This correlation is reciprocal, meaning people who are satisfied with life tend to be satisfied with their job and people who are satisfied with their job tend to be satisfied with life. However, some research has found that job satisfaction is not significantly related to life satisfaction when other variables such as non-work satisfaction and core self-evaluations are taken into account (Rode, 2004). Job satisfaction has received significant attention from researches and practitioners in recent years. Part of the interest in job satisfaction is due to the correlation between satisfaction and employee behavior. More satisfied workers are less likely to leave their employer (Clark, 2001; Shields and Ward, 2001), have lower rates of absenteeism (Clegg, 1983) and have higher productivity (Mangione and Quinn, 1975 as quoted by Kosteas, 2008).

2.7. THEORIES OF JOB SATISFACTION: THE DUAL FACTOR THEORY.

Herzberg *et al.* (1959) expounded the dual factor theory of job satisfaction which states that there are two groups of factors which determine job satisfaction or job dissatisfaction. Herzberg‟s(1966) two-factor theory suggests that only job content-related facets (e.g. achievement, responsibility, the work itself) lead to satisfaction. On the other hand, job context-related factors (e.g. pay, security, working conditions) lead to job dissatisfaction but not to satisfaction. As pointed out by (King, 2003), the two-factor theory is not entirely clear, and there

are, at least, five possible interpretations of the theory (1970, pp. 18- 19). Indeed, several reviews of the Herzberg-related literature have cast serious doubt about the validity of his theory (House and Wigdor, 1967).

2.7.1 SITUATIONAL OCCURENCES THEORY

Quarstein*et al.* (1992) also posit the situational occurrences theory of job satisfaction which contends that job satisfaction is determined by two factors as does Herzberg‟s theory. However, as the authors indicate, this is the only similarity between the two theories. The situational occurrence theory argues that job satisfaction is a function of situational occurrences and situational characteristics and that any given factor, e.g. pay or recognition, can result in either job satisfaction or dissatisfaction. It does not distinguish between job content or job context-related factors. Rather, it posits that overall job satisfaction could be predicted from a combination of situational occurrences (which can be positive e.g. coffee/tea breaks or negative e.g. insufficient paper towels in rest rooms), and situational characteristics (which are stable such as pay, and working conditions) than by either situation alone.

2.7.2 EQUITY THEORY

Adams (1965) articulated a construct of equity theory on job motivation and job satisfaction in 1965. The theory stated that the way individuals are treated at work affects their behavior and attitude to work. According to Kannan (2005), equity theory is founded on the assumption that workers expect justice, fair play, or equity in treatment by their employers. An employee seek a fair balance between what he or she puts into the job and what he or she gets out of it. Adams (1965) calls these inputs and outputs. Individuals form perceptions of what constitutes a fair balance or trade of inputs and outputs by comparing their own situation with other “referents” (reference points or examples) in the workplace. According to Adams, colleagues, friends, and partners also influence establishment of these benchmarks and their own responses to them in relation to their ratio of inputs to outputs. If people feel their inputs are fairly and adequately rewarded by outputs (the fairness benchmark being subjectively perceived from market norms and other comparable references), then according to equity theory they are happy in their work and motivated to continue their inputs at the same level. Research by Adams (1965) and others confirms equity theory as one of the most useful frameworks for understanding work motivation, job satisfaction, and pay fairness.

2.7. FACTORS INFLUENCING JOB SATISFACTION

Following is a review of the relationship between demographic factors and job satisfaction; relationship between psychological/genetic influences on job satisfaction; and company operation influences on job satisfaction.

2.8.1 RELATIONSHIP BETWEEN DEMOGRAPHIC FACORS AND JOB SATISFACTION

Several studies have been conducted to better understand the relationship between demographic factors and job satisfaction. Results of a 1957 study of age issues and job satisfaction (Herzberg et al., 1957) provide evidence that job satisfaction decreases initially and then increases as workers become older. Hulin and Smith (1965) suggest that job satisfaction increases with age. However, Carrell and Elbert (1974) note that job satisfaction increases with age until a time near retirement when job satisfaction significantly declines. Lee and Wilbur (1985) conclude that older employees are more satisfied with extrinsic factors while younger employees are more dissatisfied with intrinsic factors. A number of researchers have found gender differences in job satisfaction (Quinn et al., 1974; Murray and Atkinson, 1981; Golding et al., 1983). Voydanoff‟s (1980) study of differences in job satisfaction among men and women showed that intrinsic and extrinsic job characteristics are important for both women and men. He found that women believe “role strain” (unclear job scope, too little authority, lack of information needed to complete a job, unclear expectations from managers) is more important than men and men are more concerned about financial rewards and promotions than women. Martin and Hanson (1985) noted that any differences in job satisfaction for men and women depend on whether the person is the primary wage earner for the family.

Chui (1998) reviewed ten research studies measuring job satisfaction for attorneys and found that for six of the studies, women had lower satisfaction than men. When asked about their job satisfaction, Chui noted lower job satisfaction for women in two areas: opportunities for influence/promotion and financial rewards. Weaver (1978) and Hodson (1989) found no real differences in job satisfaction for men and women.

2.8.2 PSYCHOLOGICAL AND GENTIC INFLUENCES ON JOB SATISFACTION

Some researchers have studied psychological and genetic influences on job satisfaction. Arvey et al. (1989) concludes that about 30 percent of the variance in job satisfaction is due to genetic factors. Staw and Ross (1985) note that temperament influences job attitudes and that environmental aspect of jobs are less important. According to Gerhart (1987), both temperament and environmental factors are related to job satisfaction. Other researchers (Staw et al., 1986) noted that temperament is important, but they do not suggest whether genetic or social forces are more important or how other external factors might influence temperament. House et al. (1996) and Motowidlo (1996) found evidence that differences in job satisfaction among workers can be traced to measures of affective temperament. Researchers Judge et al. (1997) proposed that how workers assess their self-worth is related to their levels of job satisfaction.

However, Judge et al. (1998) and Judge et al. (2000) concluded that workers who have positive self-worth are more likely to be satisfied with their jobs than workers who have less positive feelings of self-worth. According to Abraham (1998), emotional dissonance has direct consequences on job dissatisfaction by increasing job tension and negative emotions for employees. Managers should consider both emotions and job attitudes in their efforts to manage employee withdrawal–absenteeism or turnover (Pelled and Xin, 1999).

2.8.3 COMPANY OPERATIONS INFLUENCES ON JOB SATISFACTION

Company policies certainly have an impact on levels of job satisfaction. Researchers found that job satisfaction and satisfaction with work-family balance are determined by job related factors (Saltzstein et al., 2001). According to Hicks-Clarke and Iles (2000), job satisfaction of managers is higher when there is support for diversity in the workplace. Specifically, these researchers found that both career satisfaction and organization commitment are positively impacted when diversity is recognized in the 24 company. In addition, the company grievance system's support of procedural and distributive justice is a strong predictor of satisfaction with management.

The amount of control/autonomy employees have in the workplace also impacts job satisfaction. For example, type A employees who perceive they have control have greater job satisfaction and better performance than those who perceive low control (Lee et al., 1990). Savery and Luks (2001) found that employees who have autonomy in decision making have the highest levels of

job satisfaction and lower job stress than other employees. While Wagner (1994) proposed that participation significantly affects performance and satisfaction, he found the average size of these effects to be small. Research also shows that employees in less organized work environments (more work variety and more job autonomy) are more satisfied than employees in very bureaucratic organizations (Finlay et al., 1995). Whether the organization is public or private may have some impact on job satisfaction. In a study by DeSantis and Durst (1996), results indicated that both public and private sector employees‟ job satisfaction is dependent on several work-related factors: having meaningful work, a good physical work environment, friendly co-workers, and being assigned work where the employees can excel. In addition to these factors that affect job satisfaction, public sector employees also need to believe in the competence of their supervisor. In a study of state government employees Emmert and Taher (1992) found that job satisfaction for blue collar workers is higher than for professional employees, but work motivation is no higher for professional employees.

2.9 RELATIONSHIP BETWEEN JOB PROMOTIONS AND JOB SATISFACTION

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

Furthermore, past promotions continue to have an impact on job satisfaction; however, the effect fades over time. Kosteas (2011) again reported that promotion receipt has a larger effect on job satisfaction for workers who do not believe another promotion is possible in the next two years compared with those who do believe a promotion is possible. The positive correlation between job satisfaction and both promotions and promotion belief persist even when controlling for other job amenities and characteristics such as supervisory status and responsibilities. Koteas (2011) further found that men have greater promotion expectations. The rate at which men report a promotion is possible is 62.6 percent, as opposed to 53.7 percent for women. However, men and women are equally likely to report having received a promotion. Thus, men are more likely

to have unfulfilled expectations regarding promotions. As an indirect measure of the link between job satisfaction and future quits, some studies have also investigated the importance of satisfaction with advancement opportunities on future job attachment, with mixed results. Clark (2001) finds that both satisfaction with pay and job security are the most important job satisfaction categories for determining future quits, while satisfaction with promotion opportunities is not a significant factor. Using cross-sectional data on British nurses, Shields and Ward (2001) find that dissatisfaction with promotion and training opportunities have a stronger effect on intentions to quit than dissatisfaction with workload or pay. Shields and Ward also find that nurses who report promotion prospects as the most important work characteristic do not have significantly different job satisfaction than those who report other employment characteristics as most important. Using data from the 1989 and 1990 waves of the National Longitudinal Survey of Youth (NLSY), Pergamit and Veum (1989) find a positive correlation between promotions and job satisfaction. However, their empirical model only controls for promotions and the type of job change. De Souza (2002) estimates the effect of promotions on worker satisfaction, focusing on promotion satisfaction in a small sample of managers. De Souza finds that managers who received a promotion are more satisfied with promotion opportunities and have greater promotion expectations for the future. De Souza also considers other aspects of employee satisfactions

CHAPTER THREE

RESEARCH METHODOLOGY

This section consists of research design, population of the study, data source, Data collection instrument and Data analysis tools.

3.1 RESEARCH DESIGN

The research design used in this study was descriptive research. This method is selected since it can describe the current situation or the current standard of the company and the demographic characteristics of the organization or group of employees (kotari, 2006).The researcher can apply descriptive type of research. "Descriptive type of research was commonly conducted to detail description of existing phenomena with the intent of employing data to justify current condition and whenever possible to draw conclusion from the fact discovered" (Kothari, 2004). Descriptive research can helps to find out what aspects of the problem and what are relevant and to describe those more thoroughly. So, descriptive research is more suitable for this research. Surveys provide quick, inexpensive, efficient information about the population and accurate means of assessing information about the population (Zikmund, 2003).Thus, a survey technique research chose for data collection because survey technique helps to gather relevant data from sample of respondents by use of questionnaire and interview

3.2 POPULATION STUDY

The target populations of this study were 32 employees of the organization (employees of commercial bank of Ethiopia in Wolkite branch). The number of employees might manageable. So, the researcher used census to conduct the study. The aim of choosing these techniques makes the study more reliable and representative.

3.3. RESEARCH DESIGN

The research design for this study both the quantitative and qualitative approach can be applied. The quantitative approach can deployed in terms of quantifying primary data in the form of descriptive analysis of tabulations. The qualitative approach is deployed to interpret and analyze data attempting to uncover the deeper meaning and significance of respondent's reflection.

3.4 DATA SOURCE

The sources of data for the study were primary and secondary source of data.

3.5. DATA COLLECTION INSTRUMENT

The primary data gathered by using both questionnaire and interview. Questions in the questionnaires were both open and closed ended form. For open ended questions the respondent were asked to suggest that own judgment and for closed ended ones respondents would ask to select their own responds from list of provided questions. The second instrument that the researcher would use structured type of interview. Secondary data would collect from manual document of the organization, books and internet.

IINSTRUMENT

To have valuable research output the way of collecting data is be vital, because inappropriate utilization of instruments of data collection would lead to unreliable conclusion. The researcher would collected and review relevant documents and information from both primary and secondary data sources. The study would using questionnaire and interview

QUESTIONNAIRE

Questionnaire –the study highly depends on primary data, the data require for the study was collected through questionnaire. The questionnaire is designed to address the objectives of the study and the research questions rose in the study. Closed- ended and open- ended questions would arranged in the questionnaire for the sample respondents. The open-ended question helps the researcher to obtain information about the feelings and intentions of respondents

INTERVIEW

Interview- to achieve the objectives of the study structured interview would held with branch manager. Personal interviews have several benefits like provide opportunity for feedback, probing complex answers, length of interview, complete questionnaires, props and visual aids and high participation (Zikmund, 2003). Interview questions would include only open- ended questions. The open-ended question helps the researcher to obtain information about the feelings and intentions of respondents. In addition, it helps to acquire detail and necessary information from managers

3.6 DATA PROCESSING AND ANALYSIS

After the relevant data was collected through questionnaires and interviews, the next step was careful processing and analyzing of the data. Tables, frequency and percentages are used to organize and present the analyzed data. Based on the analyzed data the researcher would develop appropriate interpretation that lead to drawing informed conclusions. Data processing is an important part of the whole survey operation. It includes manual editing, coding, data entry, data cleaning and consistence checking. The researcher makes all these activities of data processing. In order to attain the objective of the study and draw important conclusion, the data can be analyzed by descriptive statistical tools such as percentage and the data was present via tabulation.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This section is concerned with analysis and interpretation of data gathered via primary source. These data mainly analyzed and interpreted in the tabular form .The questionnaires were distributed for 32 Employees from the total population, so data analysis and interpretation were depending on 32 Employees.

4.1 DEMOGRAPHIC CHARACTERISTICS

TABLE 4.1.1 DEMOGRAPHIC CHARACTERISTICS

No	*Item*	*No of respondent*	*Percentage*
1	Sex		
	Male	25	78.12%
	Female	7	21.88%
	Total	32	100%
2	Age		
	18-25	6	18.75%
	26-35	22	68.75%
	36-45	4	12.5
	46 an above	-	-
	Total	32	100%
3	Educational level		
	Bachelor degree	29	90.62%
	Masters	3	9.38%
	Total	32	100%
4	Year of service		
	Less than one year	2	6.25%
	1-5	12	37.5%
	6-10	18	56.25%
	11-15	-	-
	16 and above	-	-
	Total	32	100%

Source: survey questionnaire 2013(2020)

As indicated in table 4.1 of item number1: 25(78.12%) of employees who are participated in the questionnaire are males and the remaining 7(21.88%) of the employees are females. So, the gathered facts points that there is less involvement of women in the organization.

As indicated in table 4.1 of item number 2; 6(18.75%) of the respondent are found between 18-25 years old, 22(68.75%) are found between 26-35 years old, 0 are found between the range 36-45 years old, the remaining of 4(12.5) of employees are found in the range of 36-45 years old and no employees found above 46 So it is obvious from the above table the majority of the employees are between the ages of 26-35 years old, it was young and more productive age.

As indicated in the item number 3 of table 4.1; 29(90.32) respondents have bachelor degree and 3(9.38%) respondents have master. Therefore the above figure shows that the majority of commercial bank employees have first degree the bank should also strive to upgrade the knowledge of other employees.

As shown in the item number 4 of table 4.1; 2(6.25) respondents are less than one year, 12(37.5%) of the respondents ranges from 1-5 years of service and, 18(56.25%) of respondents ranges from 6-10 years of service and 11-15 and above 16 year there is no respondents.

4.2 IMPORTANCE OF PROMOTION

Promotion is an extremely useful morale creating device. It is usefully conserving proved skill, training and ambition and also it is useful in attracting suitable and competent workers. The table below shows the answer of employees about the importance of promotion.

TABLE 4.2.2 IMPORTANCE OF PROMOTION

No	*Item*	*No of respondent*	*Percentage*
1	Do you think that promotion policy is important?		
	Very important	15	46.87%
	Important	17	53.13%
	Less important	-	-
	No important	-	-
	Total	32	100%

2	Does your organization follow any promotion policy?		
	Yes	25	78.12%
	No	5	15.62%
	I don't know	2	6.26%
	Total	32	100%

Source: survey questionnaire 2013(2020)

The above table 4.2 of item number 1 shows that from the total respondents 15(46.87%) of the respondents respond that promotion policy is very important, 17(53.13%) of the respondents respond that promotion policy is important.

Regarding question Number 2: 25(78.12) of respondents replied "Yes", 5(15.62) of respondents replied "No" and the remaining 2(6.26) of respondents have no idea on the issue at all. From the above data we can conclude majority agreed on the presence promotion policy.

4.3PROBLEM OF IMPLEMENTING PROMOTION POLICY

No	Item	No of respondent	Percentage
1	Do you think that in general problems are created when implementing promotion policy?		
	Yes	19	59.38%
	No	13	40.62%
	Total	32	100%

Source; survey questionnaire 2020(2020)

According to the above table 4.3 item number 1; 19(59.38%) of the respondents respond that problems are created when implementing promotion policy like problems of clear demarcation/boundaries of criteria's and in some situation there is a bias and 13(40.62%) of the

respondents respond that problems are not created when implementing promotion policy. The above data show that there is problem with regard to implementing promotion.

4.4 TIME OF GETTING PROMOTION

TABLE 4.4.3 TIME SPAN FOR GETTING PROMOTION

No	*Item*	*No of respondent*	*Percentage*
1	How often promotion is given to you?		
	Within 2 years	10	31.26%
	Between 2-3 years	17	53.12%
	Between 4-5 years	5	15.62%
	Between 6-10 years	-	-
	Not at all	-	-
	Total	32	100%

Source: survey questionnaire 2013(2020)

According to the above table: 10(31.26%) of the respondents replied that they get promotion within two years, 17(53.12%) of the respondents get promotion in arrange of two to three years, and the remaining of 5(15.62%) of the respondents replied that they get promotion between four to five years, and no responded replied getting promotion between six to ten years and not at all The finding shows the majority of the respondents get promotion to higher position within two up to three years.

4.5 EXTENT OF EMPLOYEE INTEREST TO GET PROMOTION

One of the most important sources of job satisfaction is promotion. The following table presents opinion of employees regarding this fact.

TABLE 4.5.4 EXTENT OF EMPLOYEE INTEREST TO GET PROMOTION

No	*Item*	*No of respondent*	*Percentage*
1	What is the extent of your interest for promotion?		
	Very high	7	21.88%
	High	20	62.5%
	Moderate	5	15.62%
	Low	-	_
	Very low	_	-
	Total	32	100%

Source: survey questionnaire 2013(2020)

According to the above table; 7(21.88%) the respondents have very high interest to get promotion, 20(62%) of the respondent have high interest to get promotion, 5(15.62%) of the respondent have moderate extent of interest for getting promotion and no respondents replied very low and low. Thus it can be said that most employees of the organization have a high interest to get promotion.

4.6 EXPECTATION OF EMPLOYEES TO GET PROMOTION IN THE FUTURE

Table 4.6.5 expectation of employee to get promotion

No	*Item*	*No of respondent*	*Percentage*
1	Does your organization have well developed promotion policy?		
	Yes	17	53.12%
	No	15	46.88%
	I didn't know	-	-
	Total	32	100%

Source: survey questionnaire 2013(2020)

According to the above table, 17(53.12%) of the respondents replied 'yes' and 15(46.88%) of the respondents replied 'No' it can generally be said that most of the employees agreed on presence promotion policy but there is question with regard to existence of clear promotion policy.

4.7 EMPLOYEE JOB SATISFACTION WITH CURRENT JOB

TABLE 4.7.6 EMPLOYEE JOB SATISFACTIONS

No	*Item*	*No of respondent*	*Percentage*
1	Are you satisfied with your current job?		
	Yes	14	43.75%
	No	18	56.25%
	Total	32	100%

Source: survey questionnaire 2013(2020)

According to the above table, 14(43.75%) of the total respondents are satisfied with their current job, whereas 18(56.25%) of the total respondent are not satisfied with their current job. According to the response of the workers, the researchers conclude that the bank is striving to satisfy most of its workers, but more than half of the employees are not satisfied with the promotion policy of the bank. So it should also consider these workers and try to satisfy the organization.

TABLE 4.7.7 EMPLOYEE OPINIONS ABOUT LACK OF PROMOTION PRACTICE

No	*Item*	*No of respondent*	*Percentage*
1	Do you think that lack of employee promotion has negative contribution on your job satisfaction?		
	Yes	24	75%
	No	8	25%
	Total	32	100%

Source: survey questionnaire 2013(2020)

The data in table 4.8: 24(75%) of the respondents respond lack of promotion has negative contribution on their job satisfaction. When they set their major reason to say these are:-

- There is lack of promotion in the organization employees are not motivated to work hard.
- It increases employee turn over
- It decreases individual and organizational effectiveness.

8(25%) of the respondents don't agree by the negative contribution of promotion on job satisfaction. This indicates that there is another additional factor which leads employees to satisfy on their job.

ANALYSIS OF INTERVIEW

The interview made to the branch manager revealed the following facts:

For the question one "why does your organization give promotion to employees? The following responses were given:-

- ✓ To motivate employees of the organization.
- ✓ To give them a better employee benefit
- ✓ To give them more responsibility

The second question posed to the respondent was "what kind of problem do you face when implementing promotion policy?" the following feedback was obtained:

- ✓ Absence of well qualified and experienced work force
- ✓ Existence of knowledge without experience
- ✓ Existence of experience without knowledge

From this response, it can generally be said that there is a problem to fully implement promotion policy.

The third question was "What do you recommend about the employee promotion policy of your organization in general?" the interviewee forwarded the following opinion: The practice of the organization is more or less good but it has to be flexible to cope up with existing environment. That means the interest of workers is changing day to day so we have to be flexible to overcome this problem.

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDING

The following point can be drawn as summery to the study conducted based on the data collected.

- Majority of the respondents, 28(78.12%) are males.
- The majority of the respondents, 29(90.62%) are bachelor degree holder whereas the remaining, 17(40%) are master.
- Most respondents, 18(56.25%) were between the range of 6-10 year of service.
- Majority of the respondents, 22(52%), answered that the organization have well developed promotion policy.
- Majority of the respondents, 19(59.38%), suggested that problems are created when implementing promotion policy.
- The majority of the respondents, 17(53.12%), replied that they get promotion within two up to three years
- Majority of the respondents, 18(56.25%) of the respondents are not satisfied with their current job. Whereas 14(43.74%), are satisfied with their current job.
- Majority of the respondents, 7(21.88%), replied that promotional interest of the employees rated as very high, 20(62.5%) of the respondents said that the promotional interest of the employees rated as high, 5(15.62%) of the respondents rated as moderate.

5.2 CONCLUSION

Based on the finding of the research and the above summary the following conclusions are made.

- The organizations have a well-developed promotion practice because it is a base for employees to motivate working hard.
- Employee promotion has a benefit for job satisfaction. Promoted employees are striving for quality, change and upgrade knowledge and experience.

- The organization use criteria for promotion based on length of service, ability to do many tasks and by level of education. The results of these criteria add value to the employees. Most of the organization employees are satisfied by the criteria's of promotion but few employees are not satisfied by the criteria of promotion. This indicates there are not enough criteria to promote employees.
- The employees of the organization have created a problem when implementing promotion policy. These are bias to give promotion and existence of experience without knowledge.

5.3 RECOMMENDATION.

- ✓ The bank better try to balance the female employees with that of males.
- ✓ Majority of commercial bank employees have first degree, so the bank should strive to upgrade the knowledge of other employees.
- ✓ The bank should maintain hiring experienced employees. The result of this is higher productivity of employees.
- ✓ The bank might give, in addition to promotion practice, proper training and development to the employees so that the employees can get promotion to a better position.
- ✓ The promotion policy of the bank better try to give benefit to all employees of the organization.
- ✓ The bank might maintain the criteria to promote employees. Because it is a base for promotion.
- ✓ The bank better use the criteria for promotion by balancing/integrating one criterion to another.
- ✓ The bank might reduce the problems when implementing promotion policy by eliminate bias, hire qualified employees. Due to the fact that promoted employees have good commitment to the organization and perform their job accordingly, the organization should give the chance of promotion to employees fairly and equitably

Since dissatisfaction of employee's leads to turnover which has adverse effect on productivity of the organization, so the organization should satisfy those who are dissatisfied through rewards, bonus, fringe benefits and other promotional activities.

- ✓ The bank should use promotion for employees in the future because there is a strong relation between promotion and job satisfaction.

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APPENDIX 1

A QUESTIONER TO BE FILLED EMPLOYEES OF COMMERCIAL BANK OF ETHIOPIA WOLKITE BRANCH

Dear respondents

The researcher name is Fedlisa Sebsib, student at college of business and economics, department of Management. This questionnaire is developed to assess the contribution of employee promotion policy for job satisfaction, your information will used for research purpose only and it will kept confidentially.

Dear respondent , respond to the following questions by putting [x] mark in the box provided and write any necessary information on the space provided.

NB: no need of writing your name in any page of this questionnaire. The researcher thank very much for your active cooperation in advance.

Part one personal profile

1. Sex A. Male ☐ B. Female ☐
2. Age category A.18-25 ☐ B. 26-35 ☐ C.36-45 ☐ D.46&above ☐
3. Level of Education A. Bachelor degree. ☐ Master degree ☐
4. How long have you been in the organization?

A. less than one year ☐ B. 1-5 years ☐ C. 6-10 years ☐ D. 11-15 years ☐

E. 16 & above years ☐

Part two questions related with Employee Promotion Policy for job satisfaction

5. Do you raise a complain when implementing promotion policy in your organization?

A. yes ☐ B. no ☐

6. Do you think that in general problems are faced when implementing promotion policy in your organization?

A. yes ☐ B. no ☐

7. If you say yes for question number 6, what are the problems created? ----------

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8. Do you think that promotion policy is important?

A. very important ☐ B. important ☐ C. not important ☐

D. less important ☐

9. Does your organization have well developed promotion policy?

A. yes ☐ B. no ☐ C. I didn't know ☐

10. How often promotion is given to you?

A. with &2 years ☐ B. between 2-3 years ☐

C. between 4-5 years ☐ D. between 6-10 years ☐

E. above 10 years ☐ F. not at all ☐

11. What is the extent of your interest for promotion?

A. very high ☐ B. high ☐ C. moderate ☐ D. low ☐

E. very low ☐

12. Are you satisfied with the current employee promotion?

A. yes ☐ B. no ☐

13. If your answer for question number 12 is yes what is the reason for your satisfaction? ---------

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4. Do you think that lack of employee promotion practice has negative contribution for your job satisfaction?

A. yes ☐ B. no ☐

15. If your answer for question number 14 is yes what are its major problems? It is possible to choose more than one answer.

A. It doesn't motivate to employee to work ☐ B. It increase employee turnover ☐ ☐

C. It decrease individual & organizational effectiveness ☐ D. If any other----------

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What are the practices of employee's promotion policy in your organization?

17. Can you list challenges of implementing promotion policy?

APPENDIX 2

Interview question to the manager of the organization

1. What are the bases to give promotion in your organization?
2. Does employee promotion have any benefit? If your answer is yes what is the benefit?
3. What kind of problem do you face when you are implementing promotion policy?