



**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF EMPLOYEE SATISFACTION ON JOB  
PERFORMANCE - THE CASE OF ZEMEN BANK S.C**

**BY**  
**TSEDEY AKLILU**

**FEBRUARY 2022**

**ADDIS ABABA, ETHIOPIA**

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**ATHESIS SUBMITTED TO ST. MARY'S UNIVERSITY,  
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## DECLARATION

I, Tsedey Aklilu have carried out this thesis entitled “The Effect of Employees Satisfaction on Job Performance: a case of Zemen Bank S.C.” independently in partial fulfillment of the requirement of the Masters of Business Administration with the guidance and support of the research advisor, Zemenu Aynadis (PhD).

I, also declare that this thesis is my original work and that all sources of materials used for the thesis has duly acknowledged.

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Name

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**St. Mary’s University, Addis Ababa**

**February 2022**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's university, school of graduate studies for examination with my approval as a university advisor.

Zemenu Aynadis (Ass.prof.)

Advisor

\_\_\_\_\_ signature

**St. Mary's University, Addis Ababa**

**February 2022**

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## **LIST OF ACRONYMS**

**ANOVA:** Analysis of Variance

**SPSS:** Statistical Packages for Social Scientists

**S.C:** Share Company

**PEC:** Performance Evaluation Criteria

**IBD:** International Banking Department

**CIB:** Corporate and Investment Banking

## ABSTRACT

*The study aimed to investigate the effect of employee satisfaction on job performance in Zemen Bank S.C. Data were collected through structured close and open ended questionnaires from the sample of 276 permanent employees through simple random method of sampling selected from head office, main branch and other branches of Zemen Bank S.C located in Addis Ababa. Data were analyzed using descriptive and inferential statistics with the aid of Statistical Packages for Social Scientists (SPSS) version 20. Multiple regression analysis technique were used to explain the nature of the relationship between employee's satisfaction dimensions (salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics) and job performance. The reliability coefficient of 0.984 computed using Cronbach Alpha formula to measure the internal consistency of the questionnaire items. The result suggest that there is significant relationship between the independent variables i.e. salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics with job performance. Regression analysis result indicated that 93.5% of the variation on job performance of the bank could be explain by the sum up measure of salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics. The response of employees revealed that most of them are unsatisfied with the bank payment structure, performance evaluation criteria, supervision, working environment, training and development, promotion and job characteristics. Based on this, the researcher recommended that, in order to enhance employee performance the bank should effectively implement the dimensions of employee's satisfaction namely salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics.*

**Key words: Employee satisfaction, Job performance**

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the Study

Organizations can achieve strategic goals through workforce efforts. It is widely believed that employees are the company's most valuable assets. (Javid, 2014). Also, emphasized that the key to business success is its ability to retain the loyalty of its stakeholders, which include not only their customers but also the employees who run the business activities. Organization's performance depends among others the performance of its workforce and this has bearing with employee's job satisfaction. Satisfied employees create and deliver value of other organizational resources(Judge, 1993).

Employee satisfaction is the expressions used to describe whether employees are happy, contented and fulfilling their desires and needs at work. Many measures support that employee satisfaction is a factor in employee motivation, employee goal achievement and positive employee morale in the work place. Employee satisfaction is a measure of how happy workers are with their job and working environment. According to Allen and Wilburn, (2002) "employee satisfaction influenced employee productivity, absenteeism and retention, and the success of any organization is directly link to the satisfaction of the employees who embody that organization, and that retaining talented people is critical to the success of any organization." While satisfied employees are not necessarily loyal or loyal ones always satisfied, it cannot denied that job satisfaction fuels loyalty. After all its been rightly said that, the more satisfied an employee is regarding his or her working conditions, the more likely is he or she to develop a psychological attachment or commitment to the organization (Sageer & Rafat, 2012).

As cited in (Laosebikan, 2018), Employee performance generally refers to whether a person performs his/her job well or not. Job performance is the way employees execute their work. Employee's performance is critical to the success of the organization. Organizations should therefore endeavor to invest resources into programmes in order to increase job satisfaction and

their employee's performance. Where there is employee job satisfaction, the tendency is to have low turnover, employee commitment and loyalty. The turnover intention is the degree to which the employees leave the organization

The banking industry is a major component in developing business, industries and countries. They serve as a pivot of economic growth and development. Currently, the environment of the sector is extensive with high competition with global financial markets, urging successful banks perception of employee's resources, who are critical capabilities to the organizations rather than merely individuals that provide banking services.

Satisfied employees are one of the key elements to the success of banking sector. Banks should be concerned with the constructs of job satisfaction and its impact on job performance. The factors that may affect or influence employee's job satisfaction are among others employee's immediate supervisor, employee's personal characteristics, employee personal practices, employee pay package, working conditions, job security factors etc. (Thomas,2009) states that when employees have high levels of psychological well-being and job satisfaction, they perform better and are less likely to leave their jobs. Satisfied bank employees would be loyal to the bank and end doing business for the bank.

The banking sector in Ethiopia seems left their employees in providing job satisfaction to enhance performance to achieve their enterprise objectives and goals, but it is not as what we think. It is in the light of this that this study will be undertaken to examine impact of employee satisfaction on job performance of Ethiopian banking sector specifically on Zemen Bank S.C.

The study provided to Zemen Bank S.C the basis and the need to ensure employee job satisfaction to promote their job performance. As organization performance depends on employee performance, the study will assist the bank in designing, developing and implementing strategies that can bring about employee job satisfaction. It will also assist in overcoming their challenges on employee job satisfaction. Moreover, it will contribute to existing knowledge in employee job satisfaction and employee performance. The study mainly

focuses on the impact of employee satisfaction on job performance in the case of Zemen Bank S.C.

## **1.2 Statement of the Problem**

Employee satisfaction regarded as a function of the harmony between rewards given by the work environment and the desire of the individual for these rewards. Employee satisfaction describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace. Employee satisfaction, while generally a positive in an organization, can also be a downer if mediocre employees stay because they are satisfied with the work environment. Factors contributing to employee satisfaction include treating employees with respect, providing regular employee recognition, empowering employees, offering above industry-average benefits and compensation, providing employee perks and company activities, and positive management within a success framework of goals, measurements, and expectations(Scarpello, 1992).

Highly satisfied work force is an absolutely necessity for achieving a high level of performance advancement of an organization. Every organization places a considerable reliance on their individual employee performance to gain high productivity in the organization. Employee effort is an important factor that determines an individual performance will be. When an employee feels a satisfaction about the job, he/she is motivated to do grater effort to the job performance. Then it tends to increase the overall performance of the organization. In other words, a satisfied individual employee and his effort and commitment are crucial for the successfulness of the organization(Lim, 2008)

Banking service as the main center of commercial activities have a large market share in delivering various levels of services qualitatively and quantitatively to various levels of external customers (individual and companies). Today the industry is operating under new; more complex atmosphere resulted from the major changes in the economic and political conditions. Most major banks have realized that improving service quality and creating customer relationships that deliver value beyond the provided core product itself is the key for fighting



competition and driving performance (El-Tabie, 2014), This will be achieved through having satisfied employee's.

There are different empirical study conducted on the effect of job satisfaction on job performance and on related issues in countries and disciplines. In the foreign states i.e. (Vrinda N N, 2015) studied the impact of job satisfaction on job performance and (PUSHPAKUMARI) on the impact of career satisfaction on job performance in accounting firms in the same year. Also in our country AssefaWorkneh, had study factor affecting employees satisfaction at Zemen Bank S.C and(Yesu, 2018) on determinants of job satisfaction of employees in Ethiopian private commercial banks in Addis Ababa city. Also,many other researcher analysis and finding revealed that there exists positive correlation between job satisfaction and performance of employees. Hence, many scholars use job satisfaction and employee satisfaction interchangeably, those findings also used to link this study with the broader literatures.

As one of the most famous private bank in Ethiopia, Zemen Bank S.C., have most potential customers and more than 1500 employees working within the organization. To provide quality service to this potential customer is the satisfaction of employees largely should be first concern of the managers of the bank because only a satisfied employee will provide continuously quality of service to the external customers of the organization.

Unfortunately, even there are many studies and the key for success of an organization in the long-term is employee's consistent performance, the bank cannot work much on it. There are high levels of dissatisfaction with compensation-related elements of the job (fringe benefits, pay,), performance evaluation criteria, promotion, job characteristics, and relation with supervisor. Salary and other material benefits satisfaction appear as an important dimension of satisfaction in almost all studies exploring employee satisfaction (e.g. (Hackman J. a., 1975); (Chacko, 1983); (Jenkins, 1993); (Judge, 1993) and (Tang, 1999). However, the point that must be kept in mind here is the relationship between satisfaction and people's financial needs because many consider that financial pressure seriously influences employee behavior and attitude and thereby the general satisfaction level (Brett, 1995).The others stated variables of

satisfaction also leads to employees satisfaction. Therefore, the main objective of this study is to discuss the effect of employee satisfaction on job performance of Zemen Bank S.C.

### **1.3 Research Question**

This research intended to answer the following research questions;

- What is the effect of salary and benefit on job performance of Zemen Bank S.C.?
- What is the effect of performance evaluation criteria on job performance of Zemen Bank S.C?
- What is the association between relation with supervisor and job performance of Zemen Bank S.C?
- What is the effect of working environment on job performance of Zemen Bank S.C?
- What is the influence of training and development on job performance of Zemen Bank S.C?
- How does promotion influence the job performance of employees in Zemen Bank S.C?
- What is the relationship between job characteristics and job performance of Zemen Bank S.C?

### **1.4 Objectives of the Study**

#### **1.4.1 General Objective**

The general objective of the research is to analysis the effect of employee's satisfaction on job performance in the case of Zemen Bank S.C.

#### **1.4.2 Specific objective**

To guide the study toward achieving the main objective the specific objective are formulated as;

- To determine the effect of salary and benefit on job performance
- To investigate the effect of performance evaluation criteria on job performance
- To examine the effect of relation with supervisor on job performance
- To assess the effect of working environment on job performance
- To analysis the effect of training and development on job performance

- To examine the effect of promotion on job performance
- To explore the effect of job characteristics on job performance

### **1.5 Research Hypothesis**

The purpose of this study were to assess factors affecting employee's satisfaction and their effect on job performance of Zemen Bank S.C. The empirical studies made previously shows that, there is a positive and significant relation between employee's satisfaction and job performance. Thus, in line with the above stated specific objectives hypothesis are developed, to test the significant relationship between employee's satisfaction and the job performance in Zemen Bank S.C.

**H<sub>1</sub>:** Salary and benefit has a positive and significant effect on job performance

**H<sub>2</sub>:** Performance evaluation criteria has a positive and significant effect on job performance

**H<sub>3</sub>:** Relation with supervisor has a positive and significant effect on job performance

**H<sub>4</sub>:** Working environment has a positive and significant effect on job performance

**H<sub>5</sub>:** Training and development has a positive and significant effect on job performance

**H<sub>6</sub>:** Promotion has a Positive and significant effect on job performance

**H<sub>7</sub>:** Job characteristics has a positive and significant effect on job performance

### **1.6 Significance of the Study**

“You don't build a business. You build people and people build the business.” Stated by (ZigZiglar, 1926-2012). This Quote makes us to understand what employee's means for a business. Therefore, much study need to conduct on issues that make employees satisfied and then makes to have a success full, long time existence, profitable and achievement of performance of the business. This study will also use to Zemen Bank S.C to know the dimensions of employee's satisfaction and to fill the gap that exist in the bank. In addition, the finding of the study will reveal the extent or levels of employee's satisfaction effect do have on the performance of the bank.

### **1.7 Scope of the study**

This paper address the effect of employee satisfaction on job performance in the case of Zemen Bank S.C. Even if the bank has branch on other regions, in order to make the research

manageable and to minimize scarcity of time during analysis, head office, main branch and other branches found in Addis Ababa would be included in the study. There are different dimensions of employee's satisfaction. However, this study use salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion, Service quality and Job characteristics dimensions of employee's satisfaction and investigate the effects of this dimensions on job performance of the bank.

### **1.8 Limitation of the Study**

Every study has a limitation. The major limitation of the study is failure to include other employees who are working at regional states and most often emphasized satisfaction dimensions only from the organization side were included for this study. In addition, it was difficult to get back the completely distributed questionnaire and respondent might simply rate without reading the concept of the items. Lack of enough time also limit the researcher in completing this study.

### **1.9 Organization of the Research**

This study organizes in to five chapters. The first chapter provides background of the study, problems of the statement, objectives, scope and limitation. Chapter two devote to review of related literature on the concept of employee's satisfaction and job performance. The third one, present the methodology part of the study i.e. research design, research approach, sources of data, sampling techniques, methods of data analysis and ethical considerations. The fourth chapter deals with data presentation, analysis and interpretations. Finally, on chapter five summarizing the investigation based upon the findings obtained, the conclusion drawn and the recommendation of the researcher were forward. Lists of references and appendix attached at the end of the paper.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITRATURE**

This chapter gives a detailed explanation on the basic definitions, concepts, dimensions of employee's satisfaction, job performance theories and empirical evidences on the relationship between employee's satisfaction and job performance. The literature review would have three parts i.e. theoretical, empirical reviews and conceptual framework. Detail of each part present here below.

#### **2.1 Theoretical Review**

##### **2.1.1 Concepts of Employees Satisfaction and Performance**

Organizations can achieve strategic goals through workforce efforts. It is widely believed that employees are the company's most valuable assets (Javid, 2014). Emphasized that the key to business success is its ability to retain the loyalty of its stakeholders, which include not only their customers but also the employees who run the business activities. Organization's performance depends among others the performance of its workforce and this has bearing with employee job satisfaction. Satisfied employees create and deliver value out of other organizational resources.

As cited on (Laosebikan, 2018), Attainment of a high-level performance through productivity and efficiency has always been an organizational goal of high priority. In order to do that highly satisfied work force is an absolutely necessity for achieving a high level of performance advancement of an organization. Satisfied worker leads to extend more effort to job performance, then works harder and better. Thus, every organization tries to create a satisfied work force to operate the well- being of the organization. However, the total organizational performance depends on efficient and effective performance of individual employees of the organization. Therefore, every organization places a considerable reliance on their individual employee performance to gain high productivity in the organization. Employee effort is an

important factor that determines an individual performance will be. When an employee feels a satisfaction about the job, he/she is motivated to do greater effort to the job performance. Then it tends to increase the overall performance of the organization. In other words, a satisfied individual employee and his effort and commitment are crucial for the successfulness of the organization.

(Locke, 1976) States that job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. This implies that, satisfied employees have positive attitude toward job, which leads to high performance level whereas dissatisfied employees have negative attitude toward work, which yields low performance result. Job performance on the other hand, comprises apparent behaviors that people observe in their job that are important in achieving organizational goals and these behaviors must be pertinent to the goals of the organization (Rotundo, 2002).

(Lawler, 1997) Suggest that satisfaction affects employee effort. They explained that increased satisfaction from performance possibility helps to increase expectations of performance leading to reward. Satisfaction and productivity have critical links to affect each other. Efforts leads to effective performance which eventually leads to satisfaction but the kind of reward system under which employees operate ultimately affects satisfaction and performance (David, 1990). (Currall, 2005) Also, found that the output and productivity of an organization has evaluated against the performance of its employees and therefore, better performance of employees demands high level of job satisfaction. (Nanda, 1997) After examining employee's performance indicators at the hiring stage found that employee's level of satisfaction and motivation affects their level of performance. In line with this argument, (Meyer, 1999) confirmed that low level of job satisfaction negatively affects employee's commitment which eventually hinders achievement of organizational objectives and performance. Therefore, to retain higher performers require attractive packages and today's competitive world demands that organizations maintain higher performance to stay competitive in the market (Frye, Equity-based compensation for employees. Firm performance and determinants., 2004).

### **2.1.2 Dimensions of Employee's Satisfaction**

The satisfaction level of employees is a concept reflecting the degree to which the individual's needs and desires are met and the extent to which perceived by other employees. Although different researchers have different definitions of employee satisfaction, it is usually perceived as "the scope of the work and all the positive attitudes regarding the work environment" (Staples, 1998) and can only be attained if the parties regard one another as customers they have to satisfy.

A number of researchers working in different disciplines have used satisfaction dimensions related to the objectives of their research subjects in different ways. Employee's satisfaction classified into organizational and personal variables. For the purpose of the study, the most often emphasized satisfaction dimensions from the organization side would be discussed and are explain in this section below.

**Management Satisfaction/Relation with supervisor:** Many studies dealing with employee satisfaction emphasize the importance of superiors on general satisfaction, especially because of their role in the employee's performance and career(Wall, 1973). In these studies, dimensions of satisfaction with higher management investigated such as understanding of employees' problems and needs, considering employees' suggestions when taking decisions, showing the necessary concern for employees' problems, and being accessible by the employees. Nonetheless, these studies have mainly dealt with first-degree superiors in whom the superior-subordinate relationship is much more intensive.

The need theories (Maslow, 1943), show that man is a social animal. One of the most important needs is love, both giving and receiving. Relationship with managers play an important role in job satisfaction for two reasons: first, good relationship improves people's interest in staying at work which can maintain high job satisfaction and secondly, good employee-manager relationship leads to a positive intervention, which is proved to be the social information people rely on to form their attitudes towards jobs.

A good working relationship with your supervisor is essential since, at every stage, you need his or her professional input, constructive criticism, and general understanding. This paper recognizes the following points under this group: (i) Relationship with immediate supervisor (ii) Communication between employees and superior (iii) Management (iv) Treatment to employee.

**Physical Environment Satisfaction:** No matter how motivated and efficient people are in their jobs, various physical characteristics of the environment they work in seriously affect the success and productivity they would like to attain. Therefore, the conditions of the physical environment (e.g. computer facilities, work area, canteen conditions) often emphasized in studies dealing with employee satisfaction (Wall, 1973).

Although convenient workplace conditions are requirements for improving productivity and quality of outcomes, working conditions in many organizations may present lack of safety, health and comfort issues such as improper lightening and ventilation, excessive noise and emergency excess. People working under inconvenient conditions may end up with low performance and face occupational health diseases causing high absenteeism and turnover. There are many organizations in which employees encounter with working conditions problems and physical factors.

Other studies have examined the effect of work environment on workers job satisfaction, performance, and health. For example (Scott, 2000) reported that working conditions associates with employees, job involvement and job satisfaction. (Strong, 1999)In a study observed that social, organizational and physical context serve as the impetus for tasks and activities, and considerably influence worker's performance. Researches on quality of work life have also established the importance of safe and healthy working conditions in determining employee's job performance.

**Performance evaluation criteria or system:** The HRM is said to be a central nervous system of any organization. Organization's success determined by its qualified employees not by the technology they have or the buildings they acquire. Of course both are an important input for



every organization but technology and building can be easily imitate and copied by others with in short period of time. Whereas, employees are the most important asset of the organization because it takes a long time to imitate one's knowledge and skill (David A. and Stephen P. 2005). Therefore, human resource management is the most important function of the business because it manages the organizations most important asset. Achieving effective performance of human resources is primary goal of every organization. In this regard, performance management practice of human resource management provides the sound basis of evaluating and developing employee in order to enhance organizational success. Likewise, quality service of employees cannot be achieved without continuous assessment and improvement of employee's performance.

Clinton (2002) notes that formal performance evaluation programs sometimes yield disappointing results. The primary reasons include, lack of top management information and support, unclear performance standards, rater bias, too many forms to complete, and use of the system for conflicting purposes. If the support of top management is lacking, the evaluation program will not be successful. To underscore the importance of this responsibility, top management should announce that effectiveness in evaluating subordinates is a standard by which the supervisor themselves will be evaluated. Also if the evaluation program is used for salary review and at the same time to motivate employees the administrative and development purpose will be in conflict. This might have little influence on the employees' future job performance. The content of performance evaluation influences employee performance and satisfaction specifically, performance and employee's satisfaction are increased when the evaluation is based on behavioral, result oriented criteria when career issues are discussed and when the employee has the opportunity to participate in evaluation. To avoid such drawbacks in performance evaluation processes and ensure its effective implementation, the following factors that the system should positively reinforce.

- **Effective Communication:** Employees at all levels should have a clear understanding of their roles, responsibilities and what is expected of them. Feedback on performance must be given on a continuous basis.
- **Objectivity:** Assessments should be made against agreed, clearly stated targets.

- **Transparency:** There should be no “surprises”. Evaluations and decisions should be based on evidence drawn from well-documented processes that can stand scrutiny.
- **Fairness:** Decisions and actions should be made and taken with due regard to changing circumstances and environment as they relate to the achievement of objectives.
- **Equitable Treatment:** All employees should be treated equally and must have equal and appropriate access to benefits, training and resources to achieve targets.
- **Mutual Respect and Trust:** Discussions about performance should be conducted with due regard to accepted principles of courtesy, respect and an understanding of each other’s roles and responsibilities.

**Training and development:** One of the main functions of human resource management is training and development. This function is believed to be the most important function, which enhances employee performance in the organization. For example, (Armstrong, A Handbook of Human Resource Management Practice, 2009) compared training to other Human resource functions, training and development is not very time-consuming but quite important as it will also help to contribute to enhance employee’s performance.

A number of scholars have defined training among which(Noe, 1999), shows that as training refers to a planned effort by a company to facilitate employees’ learning of job-related competencies. These competencies include knowledge, skills, or behaviors that are critical for successful job performance. He also added that, the goal of training is for employees to master the knowledge, skill, and behaviors emphasized in training programs and to apply them to their day-to-day activities. In this competitive world, training plays an important role in the competent and challenging format of business (Kulkarni, 2013). Training is designed to provide learners with the knowledge and skills needed for their present job, because only few people come to the job with the complete knowledge and experience necessary to perform their assigned job (Fitzgerald, 1992).(Nassazi, 2013)Stated that training and development has an impact on the performance of employees regards to their jobs.

Training and development deals with systematic approaches to improve employee skills and performance. It is the ongoing acquisition or refinement of skills and knowledge, including job mastery and professional development, coupled with career planning activities.

**Work characteristics:** The job characteristics approach assumes that the nature of individual's work or the characteristics of organization is a predominant determinant of employee's job satisfaction (Jex, 2002). According to (Hackman, 1980), job characteristic is facet of a job that causes a rise in level of motivation, satisfaction and performance. They suggest five features of a job for which all jobs have in common including skill variety, task identity, task significance, autonomy and feedback. Again, they define four personal work outcomes such as internal work motivation, growth satisfaction, general satisfaction and work effectiveness. These job features have been fused together with the most common aspect of job satisfaction assessment which includes promotional opportunities, supervision, work itself and co-worker relations (Smith, 1983).

A general principle in study of the outcome of job characteristics on job satisfaction is that individual assess job satisfaction by comparing benefits they are currently receiving from their jobs with what they believe they should receive. Therefore, satisfaction will be achieved if individual's expectation from the job is fulfilled. Contrary, dissatisfaction sets in if expectations are far exceeding what is being received. Variation in satisfaction is as a result of individual differences and expectation levels. Therefore, in keeping with this, individuals would compare aspect of a job such as skill level, promotional opportunities, seniority, supervision, work recognition, salaries and incentives, autonomy, nature of work, etc. to determining their level of satisfaction in an organization.

**Promotion:** Promotion is a device used by management to reward employees for better performance to increase their morale and job responsibility. Better performance of employees is attributed in part to good promotional practices (Tessema, 2006).

Promotion can be reciprocated as a significant achievement in the life. It promises and delivers more pay, responsibility, authority, independence and status. So, the opportunity for promotion determines the degree of satisfaction to the employee. This paper recognizes the following

points under this group: (i) Opportunity for promotion. (ii) Equal opportunity to grow despite being male or female (iii) Training program. (iv) Opportunity for use skills and abilities.

**Compensation/pay/reward:** Every employee aims to achieve certain economic and social objectives. Employee satisfaction relates to the level of compensation system in the organization, because level of payment strategies cannot be relegated. An efficient compensation system results in organizational growth and expansion and exhibits a positive relationship between employee satisfaction and performance (Lai, 2011). Pay is highly considered as the most important determinant of job satisfaction relative to the other factors in order to attract and retain expert labor force (Frye, 2004).

This is one of the most essential variables for employee satisfaction. Compensation described as the quantity of reward that workers anticipate from the job. Employees should be satisfied with competitive salary packages and they should be satisfied with it when comparing their pay packets with those of the outsiders who are working in the same industry. A feeling of satisfaction is felt by attaining reasonable and equitable rewards.

Reward is clearly central to the employment relationship. While there are plenty of people, who enjoy working and who claim that they would not stop working even if they were to win a large sum in a lottery, most of us work in large part because it is the only means of earning the money. Total reward is the combination of financial and non-financial rewards available to employees. A total reward approach is holistic; reliance is not placed on one or two reward mechanisms operating in isolation, account is taken of every way in which people can be rewarded and obtain satisfaction through their work (Armstrong, 2009).

Benefit plans have changed remarkably in recent times as companies move away from traditional pension plans, seeking out account balance plan alternatives designed to attract and motivate a 21st-century workforce, which is generally older and has shorter service expectations (Chingo, 2002). A benefit is an indirect reward, such as health insurance, vacation pay, retirement pensions, sick pay, insurance cover and company cars given to an employee or group of employees as a part of organizational membership (Armstrong, 2009). Most are fixed

and there is a strong movement towards harmonizing most benefits throughout an organization rather than separate schemes for different groups of employees (Stredwick, 2005).

According to Torrington et al. (2008), here incentive described as an element of payment linked to the working performance of an individual or working group, because of prior arrangement. This includes most of the payment-by-results schemes produced by work-study, as well as commission payments to salespeople, skills-based pay schemes and performance-related pay schemes based on the achievement of agreed objectives. The distinguishing feature is that the employee knows what has to be done to earn the payment, though he or she may feel very dependent on other people, or on external circumstances, to receive it.

Non-financial rewards present a large range of desirable extras for organizations. These do not directly increase the employee's financial position, but rather add attraction to life on the job (DeCenzo, 2005). Rewards which do not involve any direct payments and often arise from the work itself, for example, achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high quality leadership (Armstrong, Handbook for Human Resource Management, 2009).

### **2.1.3 Factors that can enhance employee's Job Satisfaction**

Employee attitudes naturally reflect the moral of the organization. In areas of client service and sales, happy employees are exceedingly important because they represent the organization to the public. Contentment, however, is not linked exclusively to compensation. Sure, a raise or benefits will probably improve employee contentment, at least momentarily, but small, inexpensive changes can have a long-term impact. While employees cannot scrawny their lifestyle to improve happiness, employers can also make minute changes to the seven categories. A little bit of effort can lead to happy, efficient, and loyal employees.

Steps organizations can do to increase employee satisfaction and loyalty thus increasing business" revenue and profit are discussed as follows (Sageer & Rafat, 2012):

- **Clear, Concise and constant Communication:** In many organizations, worker does not know what is mission, vision, objects. Building a corporate culture that requires

employees to be an integral part of the organization can be an effective way of getting the most from the talents or competencies brought to the organization by each employee. Organizations should keep employees informed on the company's position, growth made, issues/challenges, and how they directly contribute to the success of the business.

- Getting to Know Your Employees and Create a Team: This can be prepared by the hiring right employee for right job and clearly defined and communicated employee expectations. Every organization should spend time for trust and accountability, laying out clear challenges, creates new advantage, and propels the business to greater success.
- Training and Other Enhancement Programs: Provide necessary education, training and coaching that increases employees' skills and shows the employee that you are interested in their success and readiness for new responsibility.
- Empower Employees Across the Organization: Step up suitable levels of new accountability across the company. Push appropriate decision-making and allow people close to the issue to make the call. Make sure your employee knows that you trust them to do their job to the best of their ability.
- Work Itself: We can increase employee satisfaction by making job rotation, job enlargement like knowledge enlargement and task enlargement as well as job enrichment. Target should be accessible for employee.
- Fair Compensation and Benefits: Policies of compensation and benefits are most important part of organization. But you should build your policies at "suitability" not "the best".
- Opportunity for Promotion and Career Development: Develop programs to promote all titles in the organization and build programs for career development of each title. Organization should give opportunity to every employee for using their abilities, skills and creativeness.
- Monitor Performance and Reward for Contribution: People naturally keep score. Utilize this as advantage to monitoring positive contribution and behaviour, rewarding as appropriate. Motivate others to reach new performance levels by knowing how they measure up to expectation. Managers should build the proper evaluation and fair and persuade employees to perform work.

- Provide Regular, Honest Feedback: Do not wait for a crisis to give feedback. Instead, give regular constructive input into the employee's performance across a wide variety of issues, build loyalty, challenge to new levels of performance and keep it real.
- Build Corporate Culture: This focuses on building proper communication channel, good and supportive relationship with co-workers and with supervisor. Employee satisfaction can be increased by demonstrating respect for everyone in the organization or company.
- Provide Best apparatus and Safe Working Condition: Invest in workforce by ensuring that their tools and equipment do not keep them from being successful. Give them the very best tools to deliver the most excellent performance to the organization clients and the marketplace. Organizations should build occupational health and safety program.
- Use of Information Technology: Creating a work environment in which employees are productive is crucial to enhance employee productivity, their satisfaction as well as profits for any organization, corporation or small business. There is no scarcity of information on ways to stimulate employees, but more and more companies are realizing that there is a strong correlation between flexibility in the workplace and employee satisfaction and productivity. The concept of telecommuting is certainly new in Nigerian organizations. With an Internet connected computer, employees can securely access centralized data, collaborate with remote team members and host interactive web meetings and presentations. The rise of cloud computing technology and Wi-Fi availability has enabled access to remote servers via a combination of portable hardware and software. Telecommuting offers benefits to communities, employers, and employees.

## **2.2 Empirical Review**

### **2.2.1 The Effect of Employees Satisfaction on Job Performance**

Employees are the most valuable asset to an organization and they play an important role in preserving the successful image of an organization. Employee performance is the main factor in ensuring organization run smoothly and successfully. Good employee performance will improve the organization performance. However, some organizations lack consistency in doing their employee satisfied due to many organizational related problems. To find and solve such problem much researches were conducted.

#### **2.2.1.1 The Effect of Salary and Benefit on Job Performance**

(Ezeanyim, 2019) Did a research titled: The Impact of Job Satisfaction on Employee Performance in Selected Public Enterprise in Awka, Anambra State. The obtained result shows that there is a linear relationship between job satisfaction (Job reward/Pay, Promotion, job safety/ security and working condition) and employee's performance proxy, which is employee's morale. Also they state when employees feel dissatisfied with the nature of job they do, their level of commitment could be deliberately reduced and since employees are the engine room of an organization, their dissatisfaction with the nature of job they do could also pose a threat to the overall performance of the organization.

(Kadir, 2019), studied the effect of Compensation and benefits towards Employee performance at XYZ College, Malaysia. Based on the result, it is found that there is a positive correlation between compensation and employee performance. Employees are one of the organization valuable resources because an organization cannot be operating if there is no human being to manage and handle the whole operation process. Compensation and benefit plays a significant role for the organization that aims to accomplish their objectives and goals. The poor compensation and benefits will lead to low satisfaction; low performance level and increase absenteeism in employee and the outcome will decrease.

**H<sub>1</sub>:** Salary and benefit has a positive relation and significant effect on job performance



### **2.2.1.2 The Effect of Performance Evaluation Criteria on Job Performance**

A research done by (Yemsrach, 2015) on The Effectiveness of Performance Evaluation system in the cases of part Ethiopia and the objective of the study was to assess the Effectiveness of Performance Management with the major themes of the study being performance planning, execution, assessment and the uses of the evaluation results. Revising the purpose of the performance evaluation in light of its practical use, improving the objectivity and measurability of the criteria and giving emphasis for the utilization of the performance evaluation results for staff development and administrative decisions in a timely and consistent manner. With respect to the rating accuracy though some elements of personal biases are inevitable, other problems may result from misunderstanding of the evaluation procedures, purposes and inappropriate timing of the evaluation. She recommends that as much as possible the departments should make the evaluation criteria very objective and conduct the evaluation at the right time. Staffs must be oriented to the evaluation instruments and its components. Such conditions will clarify the procedures and thereby enable employees to develop a sense of ownership of the evaluation system that in return enhance the employee job performance.

In this issue (Belay, 2015) revealed that for employees to have a positive perception and to be satisfied by the performance appraisal system their organization needs to ensure that there should be formal system of performance appraisal system. In addition, the performance appraisal dimension should be highly relevant and conducted frequently. Managers should have high job knowledge of their subordinate and a system to appeal about appraisal results that can be remedy for dealing with current system weakness and the environment of the organization should be cooperative. Accordingly, job satisfaction affected by many reasons and ineffective appraisal system is one of among many reasons if the system not based on effective performance measurement it will reduce the job satisfaction level of an employee and this will gradually leads to lower performance and effectiveness of the whole organization.

**H<sub>2</sub>:** Performance evaluation criteria has a positive relation and significant effect with job performance

### **2.2.1.3 The Effect of Relation with supervisor on Job Performance**

The result of (Azman, 2009) ,asserted that supervisor role as a vital aspect of the organizational system in the ability to provide sufficient support and implement good communication lead to induced positive attitudinal and behavioral outcomes (satisfaction, commitment, trust, good working ethics and performance).

Correspondingly, the study on Determinants of Employees' Job Satisfaction: in the case of Debre-Markos town Administration Public Sector by (Getachew, 2020) in which the Data were analyzed using descriptive and inferential statistics with the aid of Statistical Packages for Social Scientists (SPSS) version 23.0. Multiple regression analysis technique used to explain the nature of the relationship between employees' job satisfaction and (working environment, payment, promotion opportunity, supervision, nature of job) that affect it. In the study, the reliability coefficient of 0.877 was computed using Cronbach Alpha formula to measure the internal consistency of the questionnaire items. The result suggest that there is significant relationship with working environment, payment, Promotion opportunities, supervision and nature of job with employees' job satisfaction.

(Alemnew, 2014) , also investigates the relationship and impact of job satisfaction on employee job performance at Development Bank of Ethiopia. Descriptive statistics, correlation and regression analysis were used to analyze the study. Pay, promotional opportunities, co-workers, supervisor and work itself are considered as variables that affect job satisfaction of employee. The study finding conclude that job satisfaction have a strong positive impact on job performance. In addition, there was a moderately positive correlation between pay, promotional opportunities, co-workers, work itself and job performance and a strong correlation between supervisor and job performance.

**H<sub>3</sub>:** Relation with supervisor has a Positive and significant effect with job performance

#### **2.2.1.4 The Effect of Working Environment on Job Performance**

(Fadlallah, 2015) Found that whenever there are better work condition, pay and promotion, and work relationships there is a higher job satisfaction.

(Yesu, 2018) On his study: Determinants of job satisfaction of employees in Ethiopian private commercial banks in Addis Ababa city. The study investigated the nature of work, workplace environment, recognition, motivation, promotion opportunities and benefit packages as the antecedents of job satisfaction. This research is cross-sectional survey and the research approach applied for this study was quantitative approach in nature. A self-administered questionnaire was used for data collection from the employees of selected private commercial banks in Addis Ababa area using convenient sampling technique. Correlation analysis and multiple linear regressions were used to analyze the gathered data with SPSS software. The results showed significant positive association between the nature of work, workplace environment, recognition, motivation, promotion and benefits and job satisfaction.

**H<sub>4</sub>:** Working environment has a positive and significant effect on job performance

#### **2.2.1.5 The Effect Training and Development on Job Performance**

According to (Benjamin, 2014) studied on, “Assessment of Job Satisfaction and Its Effect on Employees’ Performance: A case of Mining Companies in the Bibiani, Western Region”, revealed that inadequate training was a major challenge to the job satisfaction of the mineworkers. Based on the finding the researcher recommended the management should attach important to training and development to enhance job satisfaction and performance to achieve target.

(Buckly, 2009), argued that training is the process through which skills are developed, information is provided, and attributes are nurtured, in order to help individuals who work on organizations to become more effective and efficient in their work.

Also, (Tahir, 2014) who suggested training and development is an important aspect HRM. It is important for an organization to get skilled and capable employees for better performance, and

employees will be competent when they have the knowledge and skill of doing the task. Proper training and development would provide opportunities to the employees to make a better career life and get better position in organization.

According to (Amsino, 2009), employee performance related to numerous factors within the workplace, such as overall job satisfaction, knowledge, and management. However, there is also definite relationship between training and performance, as training programs can address numerous problems that relate to poor performance.

In line with the above finding,(KASSIE, 2017) also studied on the effect of training and development on job performance at Ministry of Public Service and Human Resource Development. Based on the analysis, the researcher recommended that the top management and other training coordinators should apply systematic and authentic training and development practices to have sound and effective training and development practices and that can enhance improvement of job performance.

(Tsegay, 2015) Had studied The Effect of Training and Development on Employee Performance a case of Bunna International Bank S.C. revealed the practice of training in any organization is continuous process to improving the caliber of employees. It is an attempt to improve their performance, it is also an effort made by the employer to provide opportunity for the employee to acquire enhanced job interrelated knowledge, skill and abilities. The result of the study also signifies that there is a positive and significant relationship between training and employee performance of the bank.

**H<sub>5</sub>:** Training and development has a positive and significant effect on job performance

#### **2.2.1.6 The Effect of Promotion on Job Performance.**

According to(Saharuddin, 2016), on his research show, that one would be satisfied if there were no difference between the desired and reality because the desired minimum limit has been met. Employees will be working harder, if employees have a feeling of satisfaction in his/her work. In addition to this, problem on job satisfaction and productivity found issues regarding

promotion and compensation, issues the promotion can be seen from the less-fair promotions practiced by the organization, where the employee who deserved to be promoted do not received promotion while employees that should not be promoted are promoted. In appropriate promotions with the skill and ability of the employees will affect job satisfaction that in turn affects the level of the labor productivity of an employee.

According to (Dr. Prasasa Rao, 2014) found that highly satisfied employees are highly perform and to achieve this condition high level of good promotion system, reasonable pay system, appropriate work itself and high working condition needed.

(Alamdard Hussain Khan, 2012) Studied on the Impact of Job Satisfaction on Employee Performance: An empirical study of autonomous medical institutions of Pakistan, revealed that facets such as: pay, promotion, job safety and security, working conditions, job autonomy, relation with supervisor and nature of work affects job satisfaction and performance. The researcher was agreed with the most researchers finding. (Nguyen R, 2003) Conclude that job satisfaction is the result of promotion opportunities in the organization. (Tessema, 2006) Also found that there is positive relationship between promotion practices and perceived performance of employee and (Dawson, 1987) .

**H<sub>6</sub>:** Promotion has a positive and significant effect with job performance

### **2.2.1.7 The Effect of Job Characteristics on Job Performance**

(Bakan, 2014), investigated the Effects of Job satisfaction on Job Performance and Occupational Commitment among academicians in the universities, Turkey. The result of regression analysis indicated that job satisfaction has a positive impact on job performance. From the dimensions employed in the study, work itself satisfaction was the most effective factor on job performance of academicians.

Accordingly,(Hussein, 2020) aimed to describe the level of job characteristics and job performance and to examine the relationship between job characteristics and job performance

among employees in general TV channels Syria. The study used five dimensions of work. The first one is skill variety, which introduce the task as a developed process that enriched the mental capabilities of employee by learning from the diversification of skills. Secondly, Task identity; carrying out several tasks that eventually fit together to make a complete job. Third, Task significance; seeking to increase job performance by providing social cues to reframe employees' perception of task significance. Fourth, Autonomy ;role expectations ,organization culture, opportunities for independent decision making and opportunities to influence work life factors and finally used feedback;continuously appraise employees through both formal and informal feedback channels on their performance level and what must be done to enhance performance). In addition, the finding indicated that there is a significant relationship between all job dimensions and performance.

**H<sub>7</sub>:** Job characteristics has a positive and significant effect with job performance

### **2.3 Conceptual Framework**

In Conceptual, literature researcher link the theoretical knowledge with the study or operationalization of theoretical knowledge to fit into a research context. The conceptual framework is the researcher's view of the network of association of the several factors that are identified as important to the problem (Dionco – Adetayo, 2011). It also links the research question with existing body of knowledge and presented in diagram or figure called conceptual framework. To show the effect of employee's satisfaction on job performance the following conceptual model is developed.

#### **Variables**

A variable refers to a characteristics or attributes of situation, individuals or an organization that can be measured quantitatively and which the measure varies across the people or organization being studied(Creswell, 2009).

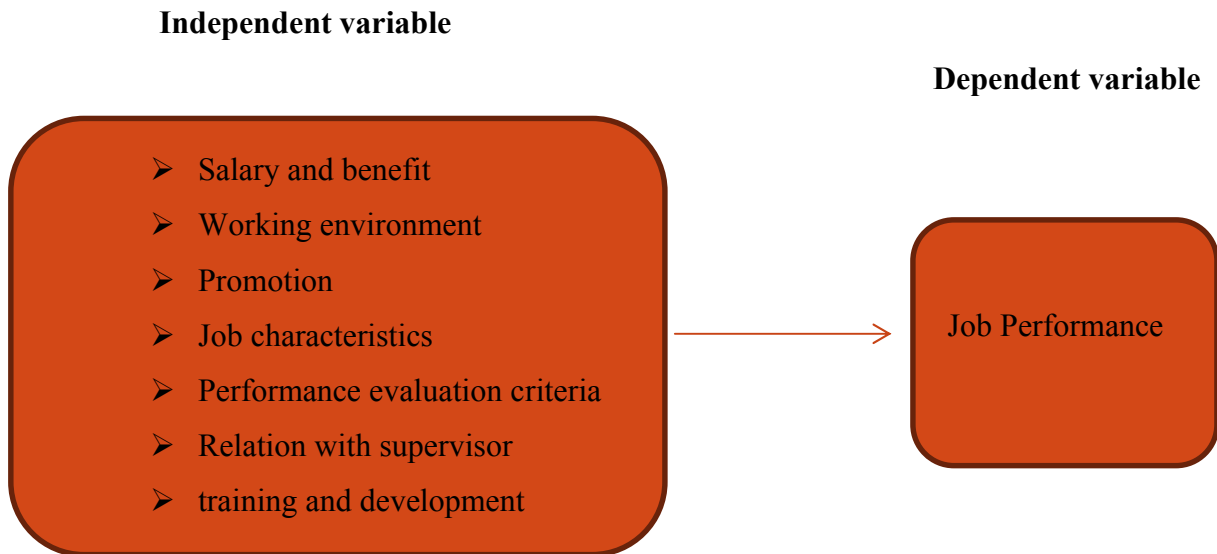
#### **Independent variables**

A variable that is precedent, antecedent, explanatory or cause variable that affect outcomes. They also called treatment or manipulated variables.

## Dependent variables

Variables that depend on the predictor variable: they are the outcomes or effect of the influence of the independent variables and called criterion, outcome, and effect variables.

In this study, employees satisfaction is consider as independent variable and job performance as dependent variable. Within independent variables are salary and benefit, working environment, promotion, Job characteristics, performance evaluation criteria, relation with supervisor and training and development.



Source: (De Beer, 1987)

Figure 1 Conceptual Frameworks

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The methodology is the philosophical foundation of our path to reality, the way we understand reality and the base or foundation for the claim on reality. This chapter focuses on the research methodology use in the investigation of employee's satisfaction effect on job performance and includes research design, source and instrument of data collection, sample size, sampling methods, reliability and validity test, methods of data analysis and finally ethical consideration of the research.

#### **3.2 Research Approach**

Research approach is the methodological approach that a researcher follows to understand and address the statement of the problem. There are three type of research approach: qualitative research approach, mixed method research approach and quantitative research approach. The qualitative approach deal with multiplicity of reality and use content analysis, but quantitative research approach states reality is single and objective. Mixed research approach employ both research approaches in which reality is context based and pragmatism.

This study is a quantitative in nature as it examine the effect of independent variables on dependent variable. The findings and conclusion of the study will depend on the utilization of statistical data collected and analyzed using SPSS version 20.

#### **3.3 Research Design**

This study adopts an explanatory research design which non-experimental research design. Explanatory research design is an in-depth investigation, which shows cause-effect relationship between or among variables (anything that can be measured quantitatively). The purpose of the study is to investigate the main determinants of employee's satisfaction and their effect on job performance. (Creswell, 2009) Assert that explanatory research is useful for identifying the type of association, explaining complex relationships of multiple factors that explain an



outcome, and predicting an outcome from one or more predictors. It is also helping to determine how events occur and which ones may influence particular outcomes. (Algozzine, 2006).

### **3.4 Source of Data**

Data can be primary and secondary. This paper used both types of data. The Primary data is gathered through distribution of questionnaires which contain essential questions that is organized and prepared by the researcher in order to obtain the relevant data about the independent variables of employees' satisfaction. The questionnaire contained open and closed ended questions with 5 Likert Scale from "Strongly Disagree" =1 to "Strongly Agree" =5 and it is administered by the researcher. Employees of the bank were taken to serve as the main source of primary data. Moreover, the questionnaire filled by employees of Addis Ababa city branches, Head office, and main branch staffs selected for the study. Secondary sources of data also use from related researches, books, journals, the bank manual and desk reviews conducted from the bank relevant offices.

### **3.5 Method of Data Collection**

Questionnaire is used as a method to help for measuring employee's satisfaction or independent variables. This questionnaire produces numerical data, which is a quantitative approach. The numbers, which possess specific characteristics, basis for further analysis and recommendations are useful for analytical purposes. Such approach "conveys a sense of solid, objective research" (Denscombe, 2001).

### **3.6 Target population, sampling size determination and sampling technique**

#### **3.6.1 Target Population**

The total number of population based on the scope of the study is around 982 employees assigned in head office, main branch and other branches of Zemen Bank S.C located in Addis Ababa. The bank has 46 functional branches in Addis Ababa. In each branch, there are 15 employees except for department of IBD, CIB, finance, and credit. Also from branches; main branch, Arada and bole branch there are 40 number of employees. For the mentioned

departmentseach have nearly 45 employees.However, from, the internal management information around 97 employees left out from the bank in the year 2021.

### **3.6.2 Sample size determination**

There are several reasons for selecting sample from the population. Taking information from the population is difficult because of financial time and capacity limitation. When the population is homogenous, taking sample is as accurate as the information collected from the population.

To determine the size of the sample in quantitative study sampling formula is mandatory. For this purpose (Kothari C. , 2004) formula will be used for this study and states that the desired sample size is a function of the target population and the maximum acceptable margin of error (also known as the sampling error) and it expressed mathematically as below:

$$n = \frac{z^2pqN}{e^2(N - 1) + Z^2pq}$$

Where N=size of population

n= required sample size

z= confidence level at 95 % (standard value of 0.05)

p= standard deviation of population (0.5)

q= 1-p (1-0.5=0.5)

e= margin of error at 5% (standard value of 0.05)

Based on the sample size formula this paper would used 276 sample of the total population.

### **3.7 Sampling Technique**

Sampling techniques are sampling instruments used for selection of representative samples from the population. The research apply probabilistic sampling technique specifically random sampling methods, in which the selection of sample is randomized rather than based on the researcher own judgment.

### **3.8 Data Analysis Method**

Data from questionnaires is through both descriptive and inferential statistics using SPSS software version 20 (Statistical Package for Social Science). The SPSS is used to analyze data obtained from primary sources. Descriptive statistics describe the phenomena of interest, used to analyze data for classifying and summarizing numerical data, and includes frequency distribution, percentile, minimum, maximum, mean and standard deviation. The mean and standard deviation will use to describe data obtain from the independent variables; component of employees satisfaction and the dependent variable of job performance. According to (Kothari C. , 2002), inferential statistics is employed when generalizations from a sample to population are made and help to make data analysis more meaningful by presenting the data obtained in statistical format. In this study specifically, descriptive statistics (mean, standard and deviation) and inferential statistics (correlation and regression analysis) would be employ.

### **3.9 Reliability and Validity Test**

Reliability - refers to the degree of dependability, consistency or stability of scores on a measure (either predictors or criteria) used in selection research. Thus, the reliability of a measuring instrument indicates the extent to which a measure contains variable errors.

Validity - Often-called construct validity refers to the extent to which a measure adequately represents the underlying construct that it supposed to measure.

The researcher tried to address construct validity through the review of literature, adapting instruments used in previous research and collect data to demonstrate that the empirical representation of the independent variable produces the expected outcome. In addition, its draft given to my first advisor, Dr. Asfaw Yilma, who is expert in the field and help in providing adjustment over the questionnaire.

Cronbach-alpha method as (Kothari C. , 2004) stated, it used to test the reliability of the instrument. This study also used Cronbach alpha to measure or tests each variable in the questionnaire by collecting data from pilot test of participant's response to draw conclusions about the consistency of measuring instrument. Cronbach alpha greater than 0.7 considered as

adequate to determine reliability of the instruments. In addition, to ensure the reliability of the data, the entire questionnaires used in the research would be uniform to all respondents.

**Table 1 Cronbach’s Alpha Reliability Statistics**

No.	Variables	No of Items	Cronbach’s alpha
1	Salary and benefit	6	0.800
2	Performance evaluation criteria	7	0.778
3	Relation with supervisor	8	0.762
4	Working environment	5	0.833
5	Training and development	7	0.972
6	Promotion	6	0.900
7	Job Characteristics	5	0.833
8	Job performance	9	0.844
Overall items		53	0.984

Source: SPSS output, 2021

According to Table 1, Cronbach alpha of this study is greater than 0.7, so the questionnaire is reliable.

### **3.10 Ethical Consideration**

The study takes ethical considerations while utilizing data from primary and secondary sources. Ethical concerns included the following: voluntary participation, no harm intended to participants, anonymity and confidentiality of participants ensured, and conveyance of purpose and sponsors of the study. This study also provides information to the respondents about the purpose of the study and the use of the information as well. Information was held in strict confidentiality by the researcher. Respondent anonymity would be kept so that participants feel free and safe to express their ideas.

## **CHAPTER FOUR**

### **4.DATA ANALYSIS AND DISCUSSION**

This chapter focuses on the results of analysis and findings both using descriptive and inferential statistics based on the responses that were received from the distributed questionnaires.

#### **4.1 Response Rate**

During the survey a total of two hundred seventy six (276) questionnaires were distributed to the respondents, out of this two hundred twenty six (226) giving 82% complete response rate were returned. So, the analysis is made based on 226 successfully responded questionnaires and done in line with the research objectives.

#### **4.2 Demographic Information of Respondents**

In order to observe the profile of sample respondent a set of basic questions were asked. Frequencies were used to determine how often respondents made a certain response in answering the respective questions, and these gave background information about the sample respondents general characteristics. The demographic factors used in this research were Gender, age, educational background, work experience, and position were analyzed and discussed.

**Table 2 Demographic information of respondents**

		Frequency	Percent	Valid Percent
Sex	Male	138	61.1	61.1
	Female	88	38.9	38.9
Age	18-25	75	33.2	33.2
	26-30	117	51.8	51.8
	31-35	18	8	8
	36-40	14	6.2	6.2
	>40	2	9	9
Education	Diploma	5	2.2	2.2
	Degree	169	74.8	74.8
	Master	52	23	23
Work experience	1-2	54	23.9	23.9
	3-5	128	56.6	56.6
	6-10	38	16.8	16.8
	>10	6	2.7	2.7
Position	CSO	139	61.5	61.5
	SCSO	66	29.2	29.2
	Auditor	12	5.3	5.3
	Supervisor	9	4	4

Source: Own survey, 2021

Where, **CSO** stands for Customer service officer and **SCSO** stands for Senior Customer Service Officer.

As shown in Table 2 above, Gender composition of respondents described the majorities 138(61.1%) of the respondents were male and the remaining 88(38.9%) of the respondents were female. Thus, the study comprises both male and female employees of Zemen Bank S.C based on the scope of the study.

When we see the age information, the largest share of respondents were in the age group of 25-30 years (51.8%) followed by age group below 25 years 75(33.2%), from 31-35 years old were

18(8%), 14(6.2%) respondents were with the age category of 36-40 years and only 2(9%) were above 40 years old. This implies that most of the employees of Zemen Bank S.C are young and adult, which helps to ease communication, having capable, and powerful staffs that leads to achievement of objectives.

Respondents were also requested to indicate their educational level. The result in the Table 2 showed that 5(2.2%) of the respondents have college diploma, 169(74.8%) first-degree holders, and 52(23%) have a second degree. This result indicates that Zemen Bank S.C mostly run by employees with first-degree holders. Here, to make it clear employees with diploma holder are more experienced and able to understand English version of the study questionnaire. Concerning the banking experience of employees, majority of the respondents 128(56.6%), have been working from 2-5 years and 54(23.9%) working below 2 years .Within 6-10 years of range, 38(16.8%) of respondents have been working in the bank. Only 6(2.7%) of employees work experience is above 10 years. This indicates that majority of respondents have experience in the sector and capable skill about the operation as the bank start it operation about 14 years ago.

The result in the above Table 2 also indicates position of employees in the bank. 139(61.5%) of the respondents are customer service officer, 66(29.2%) are senior customer service officer while 12(5.3%) are auditor and only 9(4%) are foreign trade supervisor. The result indicates that majority of respondents are in position of customer service officer.

### 4.3 Descriptive Statistics

The main objective of the study is to investigate determinants of employee's satisfaction and their effects on job performance in Zemen Bank S.C. To meet this objective, the respondents were asked to state the extent of their agreement based on Likert five scale points and setting up a cut-off point three score or neutral (Likert, 1932). Accordingly, the findings are presented using descriptive statistics include the mean for central tendency and standard deviation (SD) for variability.

#### 4.3.1 Salary and Benefit Dimension

The respondents sought to disclose their level of agreement in related with salary and benefit associated with the bank remuneration.

**Table 3 Salary and Benefit Dimension**

Items	Mean	SD
The bank has a fair amount of pay for the work you do.	2.69	1.245
You feel appreciated whenever you think the bank pay you.	2.84	1.230
The payment system of the bank is flexible with the market conditions and makes reasonable and periodical increment of salary.	2.64	1.197
The bank has a strong movement toward harmonizing most benefit throughout the organization rather than different scheme for some group.	2.62	1.198
The bank provides you with different benefit package that are essential for you.	2.70	1.188
The payment and remuneration structure of the bank makes you happy.	2.48	1.144
Average	2.66	1.200

Sources: own survey, 2021



From the findings, the total mean of salary and benefit scored a mean of 2.66. It is evident that the average employee reports to be dissatisfied but possibly deviate from disagree to neutral. This implies the bank is not providing better salary and benefit for its employees.

#### 4.3.2 Performance Evaluation Criteria Dimensions

The respondents sought to disclose their level of agreement with performance evaluation criteria of the bank.

**Table 4 performance evaluation criteria dimension**

Items	Mean	SD
Evaluation criteria are appropriate, uniform and performance based.	2.62	1.161
The criteria for evaluation based on observable and measured characteristics.	2.96	1.207
There is a clear performance standard.	3.32	1.410
You have the opportunity to participate in evaluation.	2.50	1.113
Feedback on performance given on a continuous basis.	2.74	1.261
There is the chance of revising individual evaluation result if any dissatisfaction exists from the employee's side.	2.27	1.101
You are satisfied with performance evaluation criteria of the bank.	2.32	1.191
Average	2.67	8.444

Sources: own survey, 2021

As revealed in table 4 above regarding PEC dimension, the respondent are asked to respond on five point Likret scale: Thus, the result of the aggregate mean valuefor performance evaluation criteria items possiblyshowed a disagreement response by a score of 2.67 but possibility of deviation between disagree and neutral. However, according toopen end questionthe performance evaluation criteria of the bank revealedthat the bank has unclear measure of performance associated with job requirements, does not open opportunity for employees for advance preparation and involvement in evaluation process, it has attention to characteristics

that have nothing to do with the job and are difficult to measure. Generally, employees are not satisfied with the performance evaluation criteria of the bank.

### 4.3.3 Relation with Supervisor

The respondents sought to disclose their level of agreement in related with relation with supervisor aspect of Zemen bank S.C.

**Table 5 relation with supervisor dimension**

Items	Mean	SD
The supervisor accepts and respects your idea in different issue.	2.53	1.193
Supervisor has the willingness to spend time with subordinate and explaining how their effort affects the company objectives.	2.63	1.283
You feel like a part of the organization because your idea considered as valuable by the management.	2.77	1.426
Your supervisor act as a representative of you in both bad/good situations.	2.38	1.168
Your supervisor tries to make the working environment smooth and harmony.	2.74	1.263
Branch manager treats employees friendly rather than act like bosses of you.	2.50	1.136
Your supervisor understands employees as a valuable asset of the company and treats you as internal customer.	2.61	1.158
Supervisor is unbiased and free from religion, nation, and other related discriminations.	2.84	1.212
Average	2.62	1.228

Sources: own survey, 2021

The overall result of the average value for relation with supervisor is 2.62(52.4%) indicated that respondents were between agree and neutral. Accordingly, employee revealed that they consider supervision as most important factor that can foster job satisfaction. In the open-ended question, they also indicates that a good supervisor act to help with job related problem, aware employee difficulties, and good communication and provide regular feedback about the

performance so employees know where they stand. However, relationship in the bank is not as much as they expect that need to be exist between supervisor and employees of the company.

#### 4.3.4 Working Environment Dimension

The respondents sought to disclose their level of agreement in related with working environment issues and which is presented in the table below.

**Table 6 working environment dimension**

Items	Mean	SD
The bank has safe and healthy working environment.	3.26	1.238
Colleagues are with the same level of age, attitude that make easy to communicate each other.	3.23	1.232
The bank provides flexible work hours to accommodate your personal needs.	2.20	1.313
There is a habit of recognition from nearby supervisor of what you do, that make you satisfied with the existing working environment.	1.92	1.064
You perceive working environment matters most in developing someone job performance.	2.32	1.225
Average	2.58	1.214

Sources: own survey, 2021

In Table 6, respondents asked to rate whether the bank provide a good environment and their attitude toward working environment in improving their job performance. As it can be seen the habit of recognition from nearby supervisor what employees have been done has lowest mean (1.92) which has high contribution to the total average mean of employees response about working environment to become disagreed as mean score is 2.58.

#### 4.3.5 Training and Development Dimension

The respondents sought to disclose their level of agreement in related with working environment issues and which is presented in the table below.

**Table 7 training and development dimension**

Items	Mean	SD
The bank system helps in develop employee's career.	2.56	1.232
The training provide to you has direct relation with the position of work you engage.	2.77	1.188
Training Provides you to a better knowledge about the customer services offering	3.22	1.384
The bank provides you a dynamic and continuous training related with your position.	2.46	1.185
The training and program is clearly directed toward organizational performance and productivity.	2.77	1.304
The bank views the development of knowledge and skills as investment rather than a cost.	2.14	1.072
There is continues follow up after the training in order to measure the levels of importance of the training and correct if any inappropriate exist for the next time.	2.2	1.125
Average	2.58	1.212

Sources: own survey, 2021

The result in Table 7 indicated the overall mean for the dimension of training and development is 2.58(56.6%), this revealed that employees of Zemen Bank S.C have a disagreement perception on the bank ways of training and development in developing their job performance.

#### **4.3.6 Promotion Dimension**

The respondents sought to disclose their level of agreement in related with working environment issues and presented in the table below.

**Table 8 promotion dimension**

Items	Mean	SD
You are satisfied with the chance of being promoted to better position of the bank.	2.51	1.248
Promotion is uniform and based on performance.	2.71	1.244
The length of being you promote to the next level fit with what you expect.	2.48	1.212

Once you got the chance and have the potential to work on the next level, you will be in that position as promised by the bank, no probability of faller.	2.53	1.251
Promotion in the bank is fair and fast.	2.65	1.253
The bank has good promotion scheme if you resign with some reason your current position in the bank gives you the same chance to join others.	2.45	1.192
Average	2.55	1.233

Sources: own survey, 2021

As indicated in Table 8, the average mean of promotion dimension of employees satisfaction scored a mean of 2.55(51%) indicated employees were disagreed with the above depicted items of promotion.

#### 4.3.7 Job Characteristics Dimensions

The respondents sought to disclose their level of agreement in related with working environment issues and which is presented in the table below.

**Table 9 job characteristics dimension**

Items	Mean	SD
The job makes you to have a variety of skill.	2.06	1.065
When comparing benefits you are currently receiving from your jobs with what you believe you should receive is very different.	3.50	1.186
The job has high risk whenever fault happen, so there are times you think to change your job.	3.58	1.213
The job is routine which create on you internal work motivation to know new thing every day and increase general satisfaction.	1.75	0.986
The job allows you to make your own judgment, being independent and confident.	1.89	1.042
Average	2.55	1.098

Sources: own survey, 2021

Among the items in Table 9, respondent scored minimum mean for the job is routine (Mean=1.75) and whether it allow them to make own judgment, being independent and confident (Mean=1.89). In addition, employees replied that the job generally has less in skill variety (diversification of skill), lack of opportunities for independent (most part of the job need authorization), there is no clear feedback (continuously appraise employees through both formal and informal feedback channels on their performance). Finally, total average mean of items for job characteristics dimension scored a mean score of 2.55(51%), indicates respondents are disagreed with the above depicted items of job characteristics of the bank and which in turn affect their job performance.

#### 4.3.8 Employees Performance

The respondents sought to disclose their level of agreement in related with working environment issues and which is presented in the table below.

**Table 10 Employees' performance**

Items	Mean	SD
You have a clear knowledge about the job you do.	2.87	1.075
You have a clear knowledge of how your work related with the overall goals of the bank.	2.88	1.019
You can help other, cooperate with supervisors and make suggestions about organizational processes.	2.29	0.945
You have satisfactory benefit, pay and professional growth that motivate your job performance.	1.62	0.715
Branch supervisor evaluates you based on standard and free from bias.	1.93	0.854
You are satisfied with the bank, which makes being loyal and end doing good businesses for the bank.	1.82	0.893
You are strictly following the bank rule and regulation.	2.85	0.937
You are using effectively and efficiently the working material and resources of the bank.	2.85	1.120
The bank provides you with a good working environment in the physical	2.15	1.103

surrounding and by hiring experienced supervisor.		
Average	2.36	0.962

Sources: own survey, 2021

As indicated in Table 10, the aggregate average mean of job performance has the lowest mean score (2.36) from all the independent variables depicted earlier. This implies that the bank needs high concern in improving its employee performance.

#### 4.4 Correlation Analysis

Correlations measure the direction and association between two variables. The correlation coefficient, which ranges from +1 to -1; a correlation coefficient of +1 describes a perfect positive relationship, a correlation of -1 describes a perfect negative relationship, a correlation of 0 describes a situation in which a change in one variable is not associated with any particular change in other variable Cohn's (1988). A positive relationship means when scores increase (or decrease) in one variable, they increase (or decrease) in the other variable—thus, scores change in the same direction. A negative relationship means the scores change in the opposite direction. In order to determine the relationship among sub division of employees satisfaction and job performance, the following table depicts researcher Cohn's (1988) classification of the strength of relationship.

**Table 11 Correlational Strength Determination**

Correlation	Positive values	Negative values
Small	$r = .10$ to $.29$	$r = -.10$ to $-.29$
Medium	$r = .30$ to $.49$	$r = -.30$ to $-.49$
Large	$r = .50$ to $1.0$	$r = -.50$ to $-1.0$

Source: Cohn 1988

Having the above ideas in mind, the relation between employees' satisfaction and job performance analyzed hereunder below.

Where, **SB** Stands for Salary and Benefit, **PEC** for Performance Evaluation Criteria, **RS** for Relation with Supervisor, **WE** for Working Environment, **TD** for Training and Development, **P** for Promotion, **JC** for Job Characteristics and **JP** for Job Performance.

**Table 12 Relationship between Employees Satisfaction and Job Performance**

		SB	PEC	RS	WE	TD	P	JC	JP
SB	Correlation Coefficient	1.000							
	Sig. (2-tailed)	.							
	N	226							
PEC	Correlation Coefficient	.576**	1.000						
	Sig. (2-tailed)	.000	.						
	N	226	226						
RS	Correlation Coefficient	.459**	.478**	1.000					
	Sig. (2-tailed)	.000	.000	.					
	N	226	226	226					
WE	Correlation Coefficient	.651**	.619**	.585**	1.000				
	Sig. (2-tailed)	.000	.000	.000	.				
	N	226	226	226	226				
TD	Correlation Coefficient	.626**	.649**	.585**	.689**	1.000			
	Sig. (2-tailed)	.000	.000	.000	.000	.			
	N	226	226	226	226	226			
P	Correlation Coefficient	.603**	.604**	.581**	.749**	.695**	1.000		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.		
	N	226	226	226	226	226	226		
JC	Correlation Coefficient	.635**	.635**	.606**	.774**	.721**	.771**	1.000	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.	
	N	226	226	226	226	226	226	226	
JP	Correlation Coefficient	.689**	.663**	.665**	.820**	.768**	.843**	.858*	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.
	N	226	226	226	226	226	226	226	226

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

Sources: SPSS Output, 2021



As shown in Table 12, Pearson correlation coefficient indicates salary and benefit is statistically significant and has a strong positive relationship with job performance of Zemen Bank S.C. ( $r = .689, p < .05$ ). This entails that increase or decrease in salary and benefit reduce or improve job performance in Zemen Bank S.C.

Concomitantly, job performance evaluation criteria has a strong positive and significant association with Zemen bank S.C job performance at  $r = .663, p < 0.05$  which when performance evaluation criteria gets better then job performance in the bank move to the same dimension.

The correlation coefficient ( $r$ ) for relation with supervisor is 0.665. This revealed that there is strong positive and significant correlation between job performance and relation with supervisor at ( $p < 0.05$ ). This means that if relationship with supervisor is smooth and harmony then performance of employees will increase.

Importantly, there is a strong positive significant relationship between working environment and Zemen Bank S.C job performance with coefficient of 0.820 at  $p = 0.000$ . These indicate that better work environment has a contribution for job performance in Zemen Bank S.C.

In addition, there is positive and significant relationship between training and development and job performance in Zemen Bank S.C. with coefficient value of 0.768 at the acceptable value 5 % level of significance. This means increases or decreases in training and development leads to increase or decrease the improvement of job performance in Zemen Bank S.C.

The correlation result above show that promotion has a significant and strong positive relation with job performance in Zemen bank S.C with  $r = 0.843$  and  $p < 0.05$ . The results show that there is a direct impact between job promotions on employees' work productivity through job satisfaction and promotion is evidence of recognition of employee performance. In addition, there is strong positive and significant relationship ( $r = .858, p < 0.05$ ) between job characteristics and job performance of Zemen bank S.C. Generally, all dimensions of employees' satisfaction correlated positively and significantly with job performance of Zemen Bank S.C.

## **4.5 Regression Analysis**

Regression is a measure of association between two quantitative variables. In this research, a multiple regression model is used to predict job performance in Zemen bank S.C using independent variables; salary and benefit, performance evaluation criteria, working environment, relation with supervisor, training and development, promotion and job characteristic. Accordingly, there are different kinds of assumption for multiple regression analysis to become valid.

### **4.5.1 Tests of Assumptions**

At the outset the econometrics analysis, it is required to check the basic assumptions of classical linear regression model (CLRM). In this research, the basic assumptions of classical linear regression model such as of linear relationship, homoscedasticity, multicollinearity, and normality of the data tests presented as follows.

#### **4.5.1.1 Linearity Test**

In this study, the linearity of associations between the dependent and independent variables tested by looking at the P-P plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exist linear relationship between the dependent and independent variables.

### Normal P-P Plot of Regression Standardized Residual

Dependent Variable: JOBPERFORM

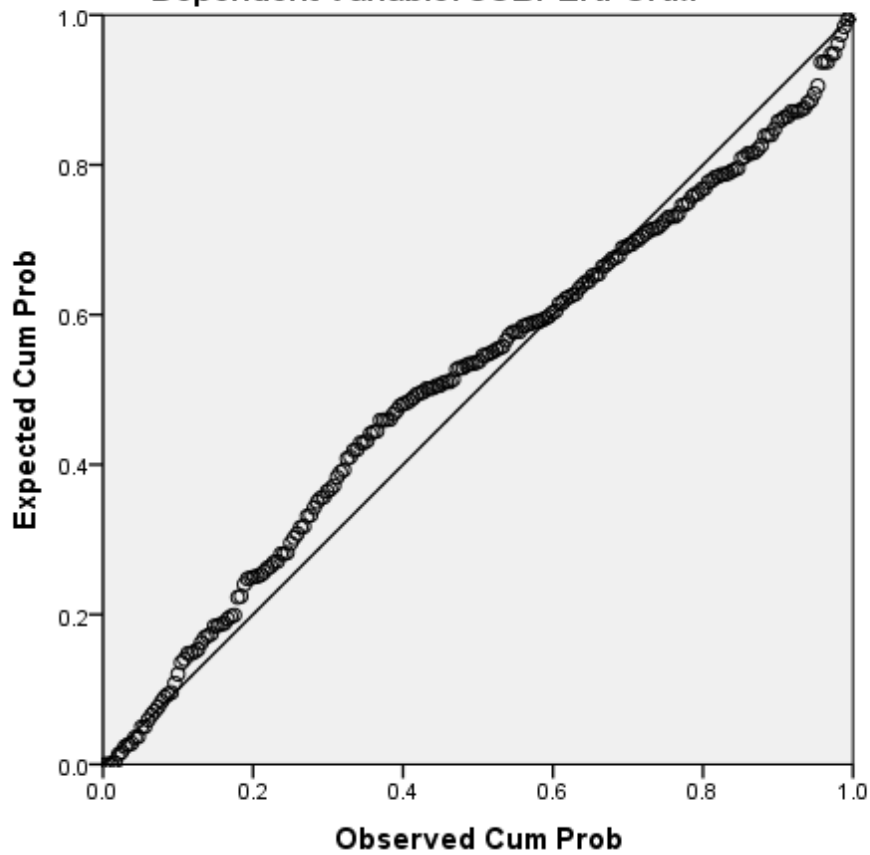
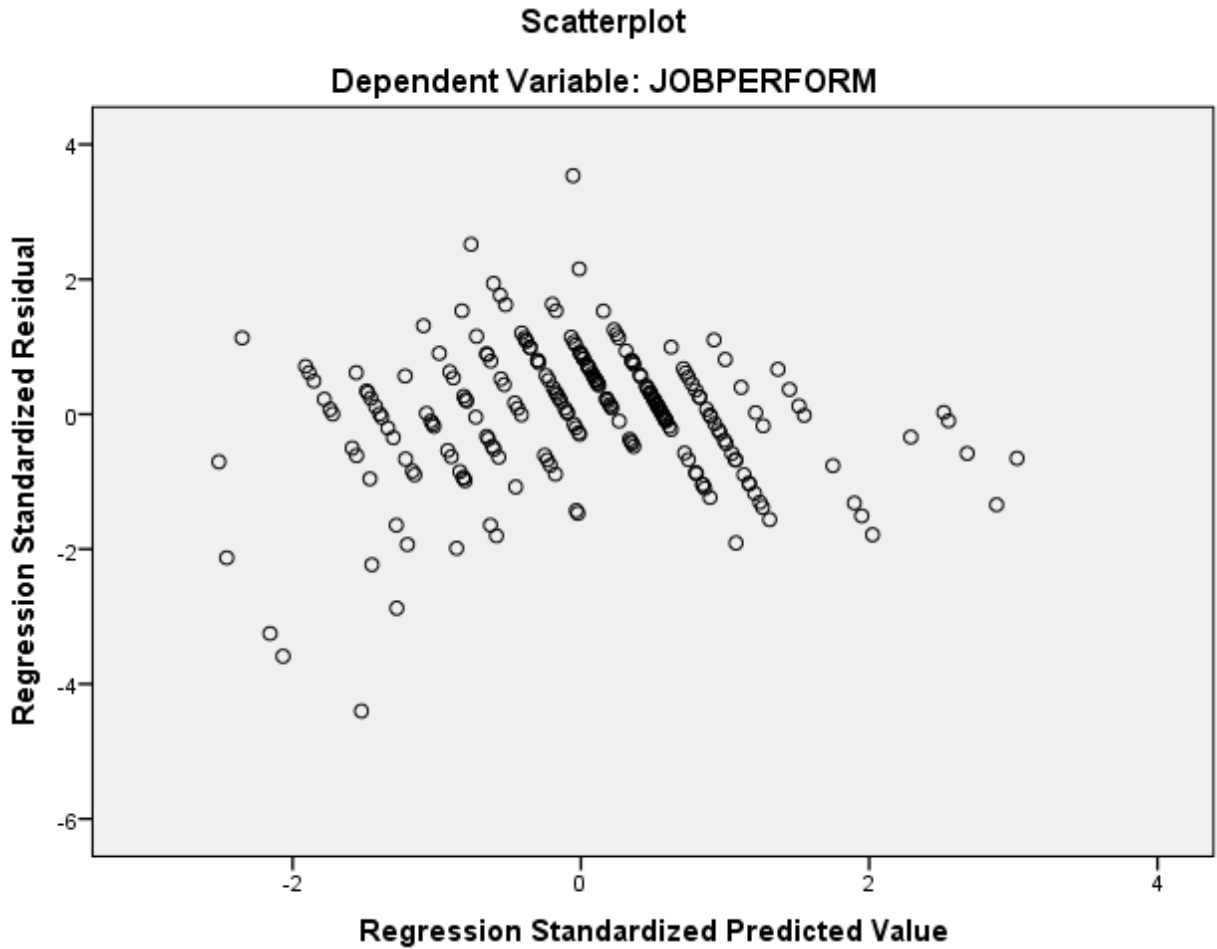


Figure 2 p-p plot of Regression Standardized Residual

#### 4.5.1.2 Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity is checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in Figure 2 shows that the standardized residuals in this research are distributed evenly, which shows that there is no serious violation of homoscedasticity.



**Figure 3 Scatterplot of standardized residuals**

Independence of errors refers to the assumption that errors are independent of one another implying that subjects are responding independently Stevens (2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent. This statistic can vary from 0 to 4. For this assumption to be met, the Durbin- Watson value needs to be close to 2 (Field, 2006). Values below 1 and above 3 are problematic and causes for concern. To check this assumption we need to look at the Model Summary box presented here below.

As Table 13 reveals, that errors are responding independently, and Autocorrelation is not a concern with the Durbin-Watson value of 1.810. Therefore, it is possible to say the auto-correlation test has met.

**Table 13 Durbin Watson statistics**

<b>Model Summary</b>		
Model	Std. Error of the Estimate	Durbin-Watson
1	.09104	1.810
a. Predictors: (Constant), JB, RS, PEV, SB, TD, WE, P		
b. Dependent Variable: JOBPERFORMANCE		

#### **4.5.1.3 Multicollinearity Test**

Multicollinearity will occur if some or all of the independent variables are highly correlated with one another (Brooks; 2008). If multicollinearity problem is too serious in a model, either additional important variable should be added or unimportant independent variable should be dropped.

The presence of multicollinearity in the model detected by using Variance Inflation Factor (VIF), which is a measure of the reciprocal of the complement of the inter-correlation among the independent variables. If variance inflation factor exactly or exceeds 10 then there is a problem of multicollinearity. Tolerance (TOL) is a statistical used to show the variability of the specified independent variable is not explain by another independent variable in the model and used to check degree of collinearity. The decision rule for tolerance is a variable whose TOL value is less than 0.1 shows the possible existence of a multicollinearity problem.

As shown in the table 14 below, the output of VIF showed that a value of less 10 for all of the independent variables and all tolerance (T) is greater than 0.1, therefore, this study has no multi-collinearity problem.

**Table 14 Multi-collinearly test of the independent variable**

Model	Collinearity Statistics	
	Tolerance	VIF
SB	.333	3.005
PEC	.358	2.796
RS	.508	1.969
WE	.234	4.275
TD	.265	3.776
P	.206	4.844
JC	.211	4.742

a. Dependent Variable: JOBPERFORMANCE

#### **4.5.1.4 Normality Test**

Frequency distribution comes in many different shapes and sizes. Therefore, it is quite important to have some general description for common types of distribution. In an ideal world our data were distributed symmetrically around the center of all scores, As such this is known as a normal distribution and is characterized by bell-shaped curve. This shape implies that the majority of scores lie around the center of the distribution. The normal distribution graph below show that the assumption of normality has been meet.

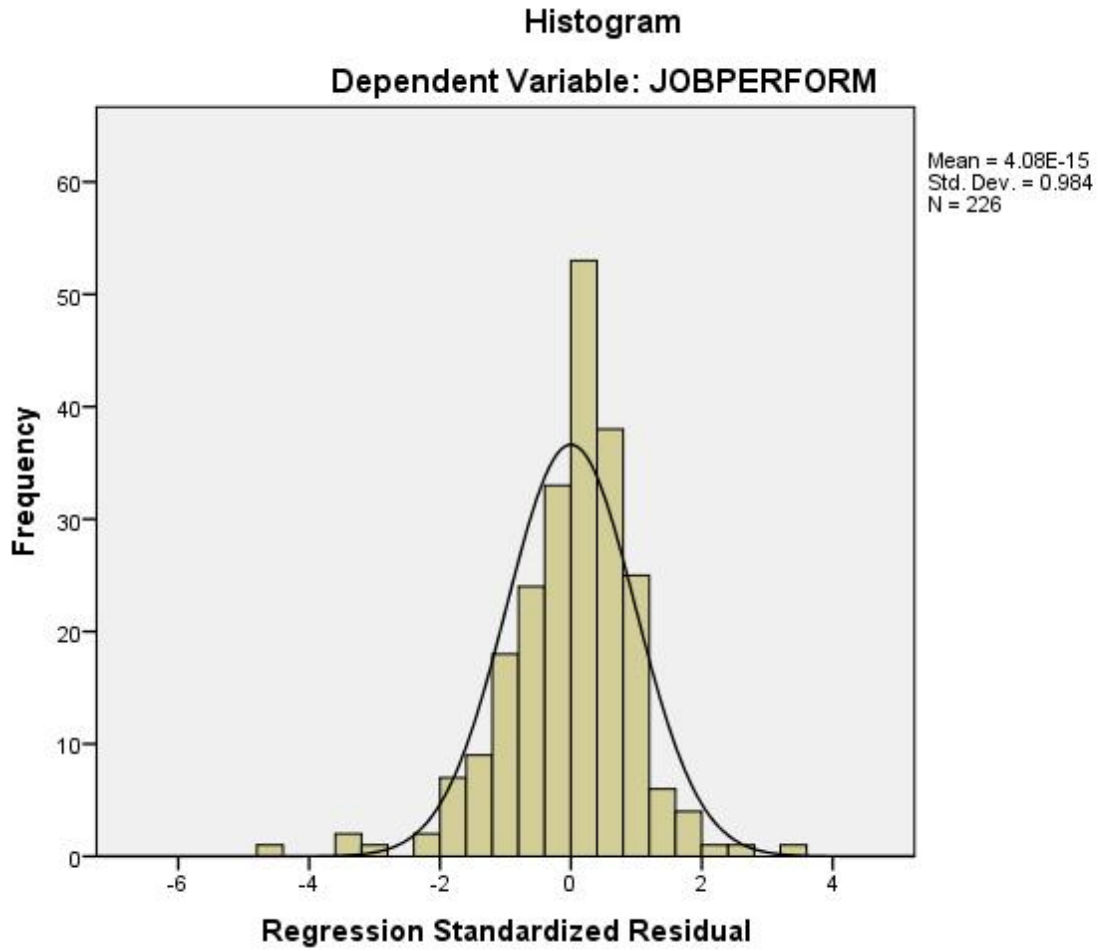


Figure 4 Normality

#### 4.6 Regression Analysis Results: Hypothesis Testing

In the multiple regression analysis, coefficient of determination which is the contribution of the independent variables on the dependent variable, the significance of the model, and the regression coefficients result analysis presented and interpreted as follow below.

**Table 15 Model Summary**

M	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.967 <sup>a</sup>	.935	.933	.09104

Source SPSS output, 2021

As showed in the table 15 above, the coefficient of determination in this model is given by R-squared of 0.935 which means 93.5% variability of the dependent variable, job performance, can be explained by the independent variables; salary and benefit, performance evaluation criteria, working environment, relation with supervisor, training and development, promotion and job characteristic. In addition, 6.5% (100% - 93.5%) of the variation is caused by factors other than the predictors included in this model.



**Table 16 ANOVA Test**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	26.052	7	3.722	449.007	.000 <sup>b</sup>
Residual	1.807	218	.008		
Total	27.858	225			

Dependent Variable: JOBPERFORMANCE

b. Predictors: (Constant), JB, RS, PEC, SB, TD, WE, P.

ANOVA test in the above table 16, demonstrated that, the F- statistics tests of this regression model is 449.007 with p-value of 0.000. This indicates strong statistical significance that the variables jointly predict job performance in Zemen bank S.C. In this model, independent factors i.e. salary and benefit, performance evaluation criteria, working environment, relation with supervisor, training and development, promotion and job characteristics are statistically significant determinant of Zemen Bank S.C job performance at 5% critical value.

**Table 17 Regression Coefficient**

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.534	.055		-9.666	.000		
SB	.128	.032	.118	3.936	.000	.333	3.005
PEC	.061	.030	.059	2.028	.044	.358	2.796
RS	.078	.022	.085	3.529	.001	.508	1.969
WE	.162	.035	.164	4.609	.000	.234	4.275
TD	.130	.036	.122	3.628	.000	.265	3.776
P	.341	.040	.327	8.608	.000	.206	4.844
JC	.219	.040	.206	5.477	.000	.211	4.742

a. Dependent Variable: JOBPERFORMANCE

Multiple regression is a technique used to investigate the effect of one or more predictor variables on an outcome variable. This allows us to make statements about how well one or more independent variables will predict the value of a dependent variable.

In the above table 17, the variables under employee’s satisfaction entered into regression analysis to determine their relative importance in contributing to the overall job performance of Zemen bank S.C. The promising explanations for each significant independent variable presented as follows.

**Salary and benefit:** found to be a positive and significant determinant of job performance in Zemen bank S.C. It shows that a one percentage raises in salary and benefit will improve employee's job performance by 0.128 percentages. This means if the bank has a fair amount of pay that is flexible with the market conditions, makes reasonable/periodical increment of salary and provides different benefit package that are essential for employees then job performance will increase.

Individuals view their remuneration as an indication of their value to the organization. They compare their inputs to received outputs relevant to that of others(Dr. Prasasa Rao, 2014). In line with the studyfindings of (Sisay Addis, 2018) and(Laosebikan, 2018)confirmed that there is a positive and statistical significant relationship exists between salary and benefit and job performance. Good compensation found to be one of the policies that organizations can adopt to increase their workers performance and thereby increase the organization's productivity. The area of acceptance within which the employee will accept authority of any organization depends certainly on the nature of the incentives or bonuses the organization offers. In other word, employee's performance towards the achievement of organization goals depends on the incentives of the organization. A successful strategic employee compensation plan allows a business to compete in the market for the best employees in the existing industry. Therefore, the hypothesis, salary and benefit is positively and significantly determines job performance in Zemen Bank S.C is accepted.

**Performance evaluation criteria:** At 5% level of significance performance evaluation criteria has significant and positive relationships with job performance in Zemen bank S.C. at p-value of 0.044 and 0.061-coefficient value. This revealed that keeping other things at constant one could deduce that a percentage increase in quality of performance evaluation criteria; makes to have appropriate, uniform, measured, observable and standard based criteria, and create a way for employees to participate in evaluation that makes them satisfied. This is in line with the expectation of the study, as the finding of the study implies thatimprovement in quality of performance evaluation criteria is one way to create a favorable environment. Besides, the result is consistent with previous studies of(Armstrong, A Handbook of Human Resource Management Practice, 2009)stated that performance planning as the process of agreeing

objectives and competence requirements and producing performance agreements and performance improvement and personal development plans. This is one component of PMS and affects employee's satisfaction. In our country (Yemsrach, 2015) and (Belay, Effect of Performance Appraisal on Employee Job Satisfaction: Fana Broadcasting Cooperative, 2015) also investigated on same issues. Therefore, the researcher accepted the hypothesis, performance evaluation criteria dimension is positively and significantly determining job performance in Zemen Bank S.C.

**Relation with supervisor:** positively, and significantly determine job performance in Zemen bank S.C at 5% critical value. For one percentage increase or decrease in relation with supervisor dimension there will be an increase or decrease in the bank job performance by 0.078 percent. That means a percentage raises in relation with supervisor dimensions like supervisors willingness to spend time with their subordinate, treat employees as friendly, unbiased and free from religion, nation, and other related discriminations, give employees ideas attention and consider as valuable then job performance in Zemen Bank increased by 0.078.

Accordingly, empirical evidence of many previous researches i.e. (Laosebikan, 2018) In addition (Alamdar Hussain Khan, 2012) established that employees immediate supervisor factors will increase employees job satisfaction and employees job performance had a positive relationship with job satisfaction. Supervision can be defined as how the supervisor treat the employee in terms of praises, the employee good work, seeking the advice from the employee, understanding the nature of the employee's work as well as giving the employee enough supervision and at the same time portraying good example to the workers. Therefore, the hypothesis, relation with supervisor dimension is positively and significantly determining job performance in Zemen Bank S.C is accepted.

**Working environment-** the regression analysis result indicated that, a unit increase in working environment would lead to 0.162 increase in employee performances. This dimension is positive and statistically significant ( $p < 0.05$ ) to determine employee performance.

The result of this study is consistent with the literature indicating the worker would rather desire working conditions that will result in greater comfort and convenience. The absence of such working conditions, amongst other things, can influence the worker's mental and physical well-being (Baron and Greenberg, 2003). Robbins (2001) advocates that working conditions will influence job satisfaction, as employees are concerned with a comfortable work environment. In turn this will render a more positive level of job satisfaction.

(Ruth, 2020) Study the effect of motivation on job satisfaction and employees performance; in case of commercial bank of Ethiopia. In the study, Motivational factors (Salary and Benefit, Promotion, Recognition, Work content and working condition) are assessed in order to find motivation effect on job satisfaction. The result of the study indicated that job satisfaction is highly lead to employees performance in other word job satisfaction is a significant and strong mediator between motivation and job performance. In addition to this, (Dr. Prasasa Rao, 2014) and (Alamdor Hussain Khan, 2012) finding implied that working environment has significant and positive effect on job performance. Therefore, the researcher Accept the hypothesis- working environment has positive and significant relation with job performance in Zemen bank S.C.

**Training and development:** the beta value of the independent variable training and development (0.130) showed that as an improvement on training and development of the bank can improve the performance of job by 13%. Also, many other theoretical and empirical evidences: (Melese, 2015) and (Tsegay, 2015) signifies that there is a positive and significant relationship between training and employee performance. (Guest, 1997) Mentioned in his study that training and development programs as one of the vital human resource management practice, positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. This relation ultimately contributes to supreme organizational performance.

In addition, (Rue, 2000) agreed that training is a "learning experience" and asserted that learning is a process by which the organization can acquire skill, concepts, rules or attitude to increase the performance of employees. Training is a planned effort of the organization to

enable employees' to obtain job related skill, knowledge, abilities and attitudes with the goal of applying these to the job (Noe A.R, 2010).

Employees' development defined as enhancing the capabilities and abilities of employees to increase their performance. Development is process that support employees to progress from their current state of understanding and capability they hold to a future state which requires employees to acquire higher level of skill, abilities, knowledge and competence (Armstrong, Handbook for Human Resource Management, 2009). Therefore, the researcher Accept the hypothesis training and development has positive and significant relation with job performance in Zemen bank S.C.

**Promotion** – As it was expected the coefficient of promotion has positive value of 0.341 and statistically significant at  $p < 0.05$  level. This suggested that when other things remain constant and that the Promotion dimension increases by one percent then job performance in Zemen bank S.C rise by 0.327 percent. This means promotion with fair and fast, uniform, performance based and has good promotion scheme leads to a change in performance of employees by 0.327 percent.

(Alemnew, Impact of Job Satisfaction On Employee Job Performance at Development Bank of Ethiopia, 2014) Study finding indicted that job satisfaction (pay, promotional opportunities, co-workers, supervisor and work itself) have a strong positive impact on job performance in Development Bank of Ethiopia. Also, (Dr. Prasasa Rao, 2014) and (Alamdar Hussain Khan, 2012) investigation show the same result of highly satisfied employees are highly performers. Therefore, the hypothesis, promotion is positively and significantly determining job performance in Zemen Bank S.C is accepted.

**Job characteristics:** from multiple regression analysis, job characteristics found to be a positive and significant determinant of job performance in Zemen Bank S.C. The result shows that a one percentage raises in job characteristics will improve job performance by 0.219. This means if the bank able to update its way of operation for employees to have a variety of skill and to create internal work motivation, minimize work stress, allows them to make their own judgment, being independent and confident then job performance of Zemen bank S.C will be improved.

Consistent with this findings, studies of (Alamdar Hussain Khan, 2012), (Hussin, 2011), (Getachew, 2020) and (Yesu, 2018) also suggested that there is significant relationship with nature of job (characteristics) with employees job satisfaction and there by job performance. Therefore, the researcher Accept the hypothesis-job characteristics has positive and significant relation with job performance in Zemen bank S.C.

Therefore, in general, multiple regression result confirmed that salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics have positive effect on job performance. Further, their expected respective positive sign coincides with the research hypothesis at 1% and 5% critical level.

**Table 18 Summary of Hypothesis Testing**

Developed Hypothesis	Coefficient ( $\beta$ )	Significance ( $P < 0.05$ )	Test Result
<b>H<sub>1</sub></b> : Salary and benefit has a positive and significant effect on job performance	0.128	0.000	Accepted
<b>H<sub>2</sub></b> : Performance evaluation criteria has a positive and significant effect on job performance	0.061	0.044	Accepted
<b>H<sub>3</sub></b> : Relation with supervisor has a positive and significant effect on job performance	0.078	0.001	Accepted
<b>H<sub>4</sub></b> : Working environment has a positive and significant effect on job performance	0.162	0.000	Accepted
<b>H<sub>5</sub></b> : Training and development has a positive and significant effect on job performance	0.130	0.000	Accepted
<b>H<sub>6</sub></b> : Promotion has a Positive and significant effect on job performance	0.341	0.000	Accepted
<b>H<sub>7</sub></b> : Job characteristics has a Positive and significant effect on job performance	0.219	0.000	Accepted

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of three sections, which include summary of the findings, conclusion and recommendations.

#### 5.1 Summary of Research Findings

This research intended to analysis the effect of employees satisfaction on job performance in Zemen bank S.C. head office and branches located in Addis Ababa. Accordingly, the following findings were reached.

Descriptive statistics revealed the mean values for salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics. These are salary and benefit (2.66), PEC (2.67), Relation with supervisor (2.64), Working environment (2.58), training and development (2.83), promotion (2.55) and job characteristics (2.55). All mean values are nearly with same range but training and development has a high average mean compared with others dimension followed by PEC. Hence, the researcher understood from employee's response majority of they are unsatisfied with the bank lists of those independent variables.

Correlation coefficient computed for determining the relationship between independent (predictors) and dependent variables (job performance of the bank). There was a positive and statistically significant relationship between independent and dependent variables. Salary and benefit has Pearson correlation of  $r=0.689$  and  $p<0.01$ , PEChas  $r=0.663$ ,  $p<0.01$  and relation with supervisor has  $r=0.665$ ,  $p<0.01$ . Indicates, these dimension has nearly similar positive relation with job performance of the bank. In addition, working environment has  $r=0.820$ ,  $p<0.01$ , training and development has  $r=0.768$ ,  $p<0.01$ , promotion has  $r=0.843$ ,  $p<0.01$  and job characteristics has a correlation a coefficient of  $r= 0.858$  and  $p<0.01$ . Revealed these components of employee's satisfaction have more positive relation with job performance of the bank than other dimensions.



The regression analysis done to ascertain the extent to which the variables mentioned explain the variance in job performance. The findings show that all the independent variables i.e. salary and benefit (Beta=0.128, Sig=0.000), working environment (Beta=0.162, Sig=0.000), training and development (Beta= 0.130, Sig=0.000), promotion (Beta=0.341, Sig=0.000) and job characteristics (Beta=0.219, Sig=0.000) have positive and perfectly significant effect on job performance. Finally, The values of R square is 0.935, which indicates 93.5% variance on job performance of Zemen bank S.C. is explained by the variables salary and benefit, performance evaluation criteria, relation with supervisor, working environment, training and development, promotion and job characteristics.

## 5.2 Conclusions

Generally, from the finding of the study the bank has limitation on salary and benefit, performance evaluation criteria, relation with supervisor, training and development, working environment, promotion and job characteristics dimensions. From this, we can conclude that it is atime the bank needs to concern more about its performance rather than mainly considering its profit. An organization should consider earning of consecutive years profit does not give guarantee for long time existence or performance, otherwise the company unable to compete with the current technological based market. This in turn affects the economy of the country.

As expressed earlier, organization performance depends among others, the performance of its workforce and this has bearing with employee job satisfaction. Employee performance is essential to the success of an organization. Although, the implication of this study show that job performance of the bank increased by employee's satisfaction.

From the statistical analysis, salary and benefit has significant and positive relationship with and as well as significant positive effect on employee's job performance of the bank. Based on this, we can say the bank has the opportunity to improve its level of employee performance as it has better contribution on independent variables used in this study.

Performance evaluation criterion has a positive relationship and significant effect on job performance in the bank. Therefore, we can conclude that a positive change in evaluation criteria can result improvement on employee job performance.

Moreover, relation with supervisor has a positive relationship and significant effect on job performance in the bank. In this regard, relation with supervisor can bring positive change in job performance of the bank. Additionally, working environment, training and development also convey a positive change on job performance in the bank. Finally, promotion and job characteristics have positive effect on job performance and better contribution than the other internal factors in this study.

### 5.3 Recommendation

The following recommendations were made from the findings and conclusion of the study: based on this the top-level management of the bank highly recommended to improve the working condition and in return to increase overall performance of the bank.

- The bank should have a payment structure, which is value-added, equitable and competitive with the market. In addition, it is better to practice fairness in internal equity or pay relationship among jobs within the organization by job analysis, job evaluation, and performance appraisal.
- Feedback from employees should be collected before and after training processes i.e. on trainings, training methods and trainer's capacity. This will enable the bank to improve their current and future training programs and to gauge its effect.
- To provide effective training and development, it is better to allocate enough budget to make consistent, develop a clear performance measurement system before and after training programs to know effectiveness, properly follow the training process and accordingly follow the policy and give a chance for employees and supervisors to involve in decision-making regarding training and other related issues.
- In order to increase productivity, competitiveness, generate strong revenues and healthy profits, the development and continuous improvement of the performance measurement system is essential.
- Supervisor should provide the necessary resources that facilitate the employee to perform his/her responsibilities and create the opportunities to involve employees in developmental activities.
- Performance evaluation should emphasize only those functions under the control of the employee, evaluation must take place at a regular interval and moments.

- The issue of performance appraisal should be consistent and using the outcome of performance management system for employee development, rather than only at the end of the fiscal period when annual increment and bonus issues are raised.
- Individuals who perceive that promotion decisions are made in a fair and just manner are likely to experience satisfaction from their jobs, considering this; the bank should assess employees' attitudes toward the organization promotion policies, practices, and takes appropriate remedies.
- Supervisor need to assist staff employees in meeting their personal and professional goals within the environment of the division and the institution to generate employee satisfaction and result in high performance.
- The bank should provide comfortable work environment, work instrument, organization policy and organizational rules, as employees are concerned about working conditions.
- It is advisable to use job enlargement where more variety is included into an employee's job by combining specialized tasks of comparable difficulties, this stimulate their mind through diversity of challenges and engage the employee's creative instincts and improve their job performance.
- Finally, it is better to the bank effectively implementing all dimensions of employee's satisfaction. If not, then by giving priority based on the level of effect components have on job performance i.e. as promotion, job characteristics, working environment, training and development, salary and benefit, relation with supervisor and performance evaluation criteria respectively for improvement of employee's satisfaction and thereby job performance of Zemen Bank S.C.

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# APPENDICES

## APPENDIX I: DATA INSTRUMENT



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDY

MASTERS OF BUSSINESS ADMINSTRATION

QUESTIONNAIRE CONDUCTED ON EMPLOYEES SATISFACTION OF ZEMEN  
BANK S.C.

Dear employees,

First of all, I would like to say thank you in advance for your support and scarifying valuable time in replying this questionnaire. The questionnaire is design to request purely for academic purpose of masters of business administration in St. Mary's University, which help the researcher to complete a thesis on the topic **“The Effect of Employees Satisfaction on Job Performance”** in case of Zemen Bank S.C.

Please answer each statement as carefully and frankly as you can. Your responses will be accorded the utmost confidentiality they need. Your maximum cooperation is highly solicited.

### Notes

- Put “√” mark whenever needed.
- Your honest and unbiased response will greatly contribute for the research to achieve its objective and there is no need to write your name.

Thank you very much, again in advance, for your sincere cooperation.

If you have any comment and questions, you can contact me through the following address.  
TsedeyAklilu (+251-935014318) and mail (mafu123tsedey@gmail.com)

### Part I: Respondents' Profile

1. Gender: Male  Female

2. Age:

Below 25  25-30   
31-35  36-40  above 40

3. Educational level

High school  College diploma   
Degree  Masters and above

Others, please specify \_\_\_\_\_

4. Years worked in the bank

1 year and below  2-5 years   
6-10 years  11-15 years

Other, please specify \_\_\_\_\_

5. Your current position in the bank

Customer service officer  senior customer service officer   
 Auditor  Fore ade supervisor

**PART TWO: Effect of Employees Satisfaction on Job Performance of the Bank**

Please look at the following statements carefully and show the extent of your agreement by putting ‘√’ mark in relation to your organization in accordance with the scale alongside of the question below.

The following questions are presented on a five point Likert scale.

1. **Strongly Disagree (SDA)** 2. **Disagree (DA)** 3. **Neutral (N)** 4. **Agree (A)**  
 5. **Strongly Agree (SA)**

Constructs and items	Extent of agreement on the statements				
	SDA	DA	N	A	SA
<b>Salary and Benefit</b>					
The bank has a fair amount of pay for the work you do.					
You feel appreciated whenever you think the bank pay you.					
The payment system of the bank is flexible with the market conditions and makes reasonable and periodical increment of salary.					
The bank has a strong movement toward harmonizing most benefit throughout the organization rather than different scheme for some group.					
The bank provides you with different benefit package that are essential for you.					
The payment and remuneration structure of the bank makes you happy.					
	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>

<b>Performance Evaluation Criteria</b>					
Evaluation criteria are appropriate, uniform and performance based.					
The criteria for evaluation based on observable and measured characteristics.					
There is a clear performance standard.					
You have the opportunity to participate in evaluation.					
Feedback on performance given on a continuous basis.					
There is the chance of revising individual evaluation result if any dissatisfaction exists from the employee's side.					
You are satisfied with the bank performance evaluation criteria.					
<b>Relation with Supervisor</b>	<b>SDA</b>	<b>SA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The supervisor accepts and respects your idea in different issue.					
Supervisor has the willingness to spend time with their subordinate, explaining company objective and how their effort affects the objectives.					
You feel like a part of the organization because your ideas are given attention and considered valuable by the management.					
Your supervisor act as a representative of you in both bad/good situations.					
Your supervisor tries to make the working environment smooth and harmony.					
Branch manager treats employees friendly rather than act like bosses of you.					
Your supervisor understands employees as a valuable asset of the company and treats you					



as internal customer.					
Supervisor is unbiased and free from religion, nation, and other related discriminations.					
<b>Working Environment</b>	<b>SDA</b>	<b>SA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The bank has safe and healthy working environment.					
Colleagues are with the same level of age, attitude which make easy to communicate each other.					
The bank provides flexible work hours to accommodate your personal needs.					
There is a habit of recognition from nearby supervisor of what you do, that make you satisfied with the existing working environment.					
You perceive working environment matters most in developing someone job performance.					
<b>Training and Development</b>	<b>SDA</b>	<b>SA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The bank system helps in develop employees career.					
The training provide to you has direct relation with the position of work you engage.					
Training Provides you to a better knowledge about the customer services offering					
The bank provides you a dynamic and continuous training related with your position.					
The training and program is clearly directed toward organizational performance and productivity.					
The bank views the development of knowledge and skills as investment rather than a cost.					
There is continues follow up after the training					

in order to measure the levels of importance of the training and correct if any inappropriate exist for the next time.					
<b>Promotion</b>	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
You are satisfied with the chance of being promoted to better position of the bank.					
Promotion is uniform and based on performance.					
The length of being you promote to the next level fit with what you expect.					
Once you got the chance and have the potential to work on the next level, you will be in that position as promised by the bank, no probability of faller.					
Promotion in the bank is fair and fast.					
The bank has good promotion scheme if you resign with some reason your current position in the bank gives you the same chance to join others.					
<b>Job Characteristics</b>	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The job makes you to have a variety of skill.					
When comparing benefits you are currently receiving from your jobs with what you believe you should receive is very different.					
The job has high risk whenever fault happen, so there are times you think to change your job.					
The job isroutine which create on you internal work motivation to know new thing every day and increase general satisfaction.					
The job allows you to make your own judgment, being independent and confident.					
<b>Job Performance</b>	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>

You have a clear knowledge about the job you do.					
You have a clear knowledge of how your work related with the overall goals of the bank.					
You can help other, cooperate with supervisors and make suggestions about organizational processes.					
You have satisfactory benefit, pay and professional growth that motivate your job performance.					
Branch supervisor evaluates you based on standard and free from bias.					
You are satisfied with the bank that makes being loyal and end doing good businesses for the bank.					
You are strictly following the bank rule and regulation.					
You are using effectively and efficiently the working material and resources of the bank.					
The bank provides you with a good working environment in the physical surrounding and by hiring experienced supervisor.					

**PART III. Open-ended questionnaire**

Please explain if there is other related factors or untouched ideas you want to express related with job satisfaction of Zemen Bank S.C.

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**Thank you for your co-operation.**

**APPENDIX II: RESULT OF DATA CHARACTERISTICS**

**Frequency Table**

**Statistics**

		SEX	AGE	EDUCATION	YEARS	POSITION
N	Valid	226	226	226	226	226
	Missing	0	0	0	0	0

**Gender of the Respondents**

		Frequency	Percent	Valid Percent
Valid	male	138	61.1	61.1
	female	88	38.9	38.9
	Total	226	100.0	100.0

**Age of the Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BELOW 25	75	33.2	33.2	33.2
	25-30	117	51.8	51.8	85.0
	31-35	18	8.0	8.0	92.9
	36-40	14	6.2	6.2	99.1
	ABOVE 40	2	.9	.9	100.0

Total	226	100.0	100.0
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**Education Level**

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid COLLEGE DIPLOMA	5	2.2	2.2	2.2
DEREE	169	74.8	74.8	77.0
MASTERS DGREE	52	23.0	23.0	100.0
Total	226	100.0	100.0	

**Years Served**

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid 1-2YEARS	54	23.9	23.9	23.9
2-5Y EARS	128	56.6	56.6	80.5
6-10 YEARS	38	16.8	16.8	97.3
11-15 YEARS	6	2.7	2.7	100.0
Total	226	100.0	100.0	

**Position**

	Frequency	Percent	Valid Percent
CUSTOMER SERVICE OFFICER	139	61.5	61.5
SENIOR CUSTOMER SERVICE OFFICER	66	29.2	29.2
AUDITOR	12	5.3	5.3
FOREIGN TRADE SUPERVISOR	9	4.0	4.0
Total	226	100.0	100.0

Valid