INVESTIGATING THE INFLUENCE OF JOB ROTATION ON PERFORMANCE BY CONSIDERING SKILL VARIATION AND JOB SATISFACTION OF BANK EMPLOYEES

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Nowadays, optimal performance of organizations requires human resource development policies. Since human resources are considered as the most valuable factor of production, the most important capital and a major source of competitive advantage and essential competencies of organizations, the most effective means to achieve competitive advantage in the current environment is to improve efficiency of employees. Job rotation is the most important approach of job design as well as human capital development policies which has the potential to improve job satisfaction and increase capabilities in employees. Thus, present study attempts to study the effects of job rotation patterns on the performance of employees in Keshavarzi Banks of Gilan considering the skill diversity and job satisfaction and providing effective guidelines to enable managers to lead the organization toward a better future by desired policies. Statistical population consists of 218 employees from 30 branches of Keshavarzi Bank in three south, centre, and east and west districts. The sample size was 137 estimated by Cochran formula. Hence, LISREL software was used to test the relationship between job rotation and performance by mediating the role of skill variation and job satisfaction by modelling structure equations. The results show that job performance is not directly influenced by job rotation. Job rotation positively influences job performance mediated by job satisfaction and skill variation.

Keywords: job rotation, job satisfaction, job performance, skill variation, job design

1 Introduction

In modern world, skilled human capital is considered more than a production input but as the most important and deterministic factor of a country’s development. In the human based productive view, human resource developing processes are as important as technical efficiency. Today, upgrading the knowledge and skills of workers, equipping workers with the latest and specific efficiency. Today, upgrading the knowledge and skills of workers, equipping workers with the latest and specific skills, improving productivity and value-added operations, preventing workers skills from becoming obsolete and enhancing the training culture among the workers, are the most important goals at some developing countries [29]. Producing multi-skilled workers advocates of motivational approaches believe that beforehand human resource developing programs which are core of job design process, jobs must be designed so that satisfaction and motivation to do jobs increase. Thus, based on activation theories in job design, workers must be more activated by work variety [1]. Job rotation is a job design method which is able to enhance motivation; to develop views and double productivity in humanized resources and to improve organization performance in organizational and individual levels by multi-skilled workers, well applied available capacities and providing new horizons for attitude, thought, capabilities and skills of workers [2]. According to conducted studies, job rotation as a job design method is related to organizational consequences including: job satisfaction, quality, productivity, decreased costs and achieved competitive advantage. Therefore in recent decades, job design approaches which are advocates of human development processes, have gained an important position among evaluating methods of organizational performances [3]. Present study attempts to introduce job rotation as well as to study its effects on employee performances considering the mediating role of job satisfaction and skill variation in Keshavarzi Banks of Gilan.

1.1 Literature review

2 Job Rotation

2.1 Job Rotation

In competitive world, considering new methods is inevitable for creation of efficiency in organizations. New methods of job design encourage managers to adapt environmental, technological changes and better responsibility to beneficiaries needs and to increase work motivation of employees. One of the most effective methods for developing the horizon of employees is job rotation, especially human resource empowerment. Job rotation is considered as a method of job design by which employees learn job skills from different parts and relieve exhaustion due to repeated tasks by changing those [4]. Job rotation can be defined as working in different positions or in different situations at time periods which
are classified based on a range of individual knowledge, skill and capability of employees [5]. Job rotation is a planned replacement of employees among jobs in a period of time for one or more goals of earning skills and job independence; increasing motivation, job performance and productivity [6]. Job rotation is a process by which employees laterally mobilize and serve their tasks in different organizational levels; when an individual experiences different posts and responsibilities in an organization, ability increases to evaluate his capabilities in the organization [7]. The job rotation applications are significant not only for production workers but also for employees considered as manager candidates. In US and Japanese firms, qualified workers who are expected to be promoted as managers are required to have a broad view of the entire firm. The workers have experienced various production segments by rotating through different jobs, effectively learning many aspects of the company from a manager point of view [30].

Job rotation is called service training in some documents. Thus, an employee working in a unit can train different job skills in a certain time period. Job rotation is considered a functional method for enrichment and development of jobs. Rotation in jobs results in increased individual knowledge and experience and decreased burnout and exhaustion; this leads to intellectual development and innovation [8]. The main objective of job rotation is regularly shifting employees from a job to another in order to increase their motivation and enthusiasm. Job rotation is a very effective training method since worker serves in different jobs and can earn more job skills. Thus shifting employees to new jobs is along with more flexibility. Job rotation improves management and supervision in an organization; it can effectively avoid organizational corruption. Job rotation can help form an interactive control mechanism in the organization; moreover, members of these special networks can rely on and support each other under certain circumstances. Improving employees’ professional levels, this approach enables them to reach scientific skills in different situations and get familiar to their job, all of which helps improve general quality. A regular rotation system can help validate decisions and decrease unnecessary operational errors; therefore decisions are made based on rich information with minimum error. Furthermore, performing regular job rotation could create a mutual trust between the staff and help them to improve their job [9].

2.2 Job rotation and performance

In modern era, organizations gain a competitive advantage depending on human resources productivity, learning system development and developing intellectual capital and independent personal and functional identities. Investment on organizational human assets reveals its latent productivity and leads to profitability of human resources. The foundation of enhanced human resource productivity lies in development of their different abilities. Thus, organizational optimal performance depends on human resource attempts in order to develop organizational capabilities of employees [10]. Performance is considered as behaviour or a method which operates based on the organizations, groups and individuals. In other words, performance is behaviour by determined indicators which can be evaluated positively or negatively for employees [11]. Furthermore, Orlig and Pagani [12] consider job rotation system as an effective operational system to improve human capital performance and productivity, they claim that it is an effective option in order to facilitate and accelerate operations, save time and resources. Sullivan and Au [13] define job rotation as systematic replacement of employees from a job to another or a project to another within the organization to train qualified human resources for competitive advantage [13]. Thus, job rotation system causes enhancing productivity of human resources and improves organizational performance in both organization and individual level by training multi-skilled employees, creating a logical efficient interaction between skill and motivation and providing practical participation for employees whose greatest advantage is increased job satisfaction of employees. Therefore, job design methods are extremely important, including: job rotation in order to achieve maximum efficiency and effectiveness and the highest levels in performance. Moving from one position to another for set periods results in mobility, new skills, a new working environment, new social dialogue, new experiences, new professional fields, removes the employee from going through the same motions for long periods of time and increases morale and motivation [31]. Job rotation system results in increased production and improved productivity of human resources by promoting work performance of employees, providing opportunities for operational team work, decreasing job stresses; increasing intellectual power and innovation, and increasing hours of effective work [2]. Thus, the first hypothesis of the study is stated as follows:

H1: There is a significant relationship between job rotation and employees performance in Keshavarzi Banks of Gilan.

2.3 Job rotation, job satisfaction and job performance

Job satisfaction is the most important element in management and organization area, in general, and in organizational behaviour area, in particular. Job satisfaction is known as a part of organizational commitments; it is defined as a kind of pleasure resulting in adopting an individual values for a certain job. Job satisfaction can be defined as the collection of feelings and beliefs in a current job, as a positive attitude that is believed leads to high performance or as a reflection of an employee’s feelings about various aspects of a work [32]. To study job satisfaction two aspects are notable: first, human aspect that it is worthy to treat employees fairly and respectfully; second, behavioural aspect that considering job satisfaction can lead the behaviour of employees so that it influences organizational functions and tasks and results in positive organizational behaviours [14].

Many researchers have tried to identify various dimensions of job satisfaction; therefore to measure each dimension of job satisfaction and its effect on staff productivity is considerably important [15]. Job satisfaction is a result of many factors including
individual needs and interests; motivations; attitudes and personality in one hand and job coordinates such as organizational environment and culture as well as management, on the other hand. If these factors confirm each other this causes a condition in which an individual feels satisfaction [16]. Various and sometimes conflicting concepts about job satisfaction have been formed and developed. Some scholars like Herzberg believe that job satisfaction has two dimensions. One dimension is factors and conditions the lack of which leads to dissatisfaction, including staff attitudes and perceptions, administrative practices, organizational policies, the nature and extent of supervision; job security, working conditions, job position, payment level, establishment of mutual interaction between managers, peers, subordinates, and personal life of employees. Herzberg calls them hygiene or influencing factors on maintaining the status quo or survival factors. He believes that lack of these factors makes employees dissatisfied so that they leave the organization and threaten its entity. The other is effective factors on motivation, the existence of which results in motivation and personal satisfaction and the lack of which leads to weak dissatisfaction. According to Herzberg, effective factors on motivation include job achievements, understanding and appreciation of people and their work, job development, personal growth, nature of work and duties [17].

According to Jans and Frazer-Jans [11], job satisfaction is created as a result of the employees’ perception of how to provide their important expectations by their job. Also, Davies et al. [18] represent job satisfaction as the most important factor for succeeding organizational behaviour. Scholars claim job satisfaction can result in productivity and organizational commitment [19]. Moreover, Jorgensen et al. [4] believe that job satisfaction and learning skills are consequences of job rotation and play effective role of deterministic variables on performance. Zare [20] defines job rotation as a way to achieve human resource goals, increased quality, job satisfaction of employees and productivity. Finally, Cosgel and Miceli [21] reported job rotation as the best method to increase efficiency and job satisfaction. Thus, second hypothesis of the study is represented as follows:

\[ H2: \text{There is a relationship between job rotation and performance of employees in Keshavarzi Banks of Gilan mediated by job satisfaction.} \]

2.4 Job rotation, skill variation and job performance

Developing and improving skills is a prerequisite for organizational dynamics and productivity. Without this principle, inspiration and development of organizational capabilities, creating human relationships with others and coping with conflicting situations is difficult. In human resource management, skills are defined as an individual’s unique capital; they are studied in three groups: technical, acquired and job skills. Importance of recognition and acquisition job skills in behaviour management accelerates internal mutations and mental dynamics of organization and facilitates achieving goals. Disregarding some negative psychological effects, job and occupational status result in relief and decreased stress among employees [22, 23]. While job independence is the result of some organizational limitations it creates a kind of job structure or content which causes tension and uniformity in practitioners of a profession [24]. Thus, it is necessary to have job diversity as a spectrum of human capital capabilities which allows goal-oriented actions of organizational members at both technical and contextual levels. These two skill levels are interdependent; ignoring one result in dysfunction of human resource performance. The concept of variety simultaneously refers to avoiding technical bias toward skills and emphasizes synergic effects of these dimensions. According to the present study, soft skills refer to a series of capabilities in social communications or coactions with other employees and managers where individual skills in social interactions and innovation in service are considered as the most important skills. Fig. 1 shows the conceptual model in this paper.

\[ \text{Figure 1 Conceptual model} \]

Specialized skills refer to a combination of skills and abilities in task areas of a job along with desired achievement of organizational goals which are expected from an employee [25]. In a job rotation system, improving intellectual capital and innovation, particularly skill diversion can be considered due to previous and present skills of employees. In this regard, learning is influenced by both aspects of passed courses to perform daily work processes and experiences. Learning results in better formed awareness, skills and capabilities and provides opportunities for staff by job rotation compared to other learning methods. Thus, Olorunsola [26] defines job rotation as a strategy to achieve skill diversity by objective organizational learning. Implementing job rotation, diversifying job skills, minimizing monotony and thus increasing motivation result in employees’ personal achievement, higher output, decreased absence rate and higher level of acceptance [27]. Optimal implementation of job rotation followed by motivational payments based on learning skills by employees not only increases human capital but also drives out the organization from inactivity and monotony and results in satisfaction and as a result, increased efficiency and effectiveness. Thus, the importance of multi-lateral consideration toward skill diversity, in terms of improving intellectual capital and motivation, greatly influences final performance of employees in an organization. Therefore, third, fourth and fifth hypotheses are presented as follows:

\[ H3: \text{There is a relationship between job rotation and performance of employees in Keshavarzi Banks of Gilan mediated by skill diversity.} \]
H4: There is a relationship between job rotation and performance of employees in Keshavarzi Banks of Gilan mediated by technical skills.

H5: There is a relationship between job rotation and performance of employees in Keshavarzi Banks of Gilan mediated by soft skills.

3 Research methodology

This research was based on applied in terms of purpose, and a descriptive survey method was used to gather data. In general, it is considered as a field study in which variables are causally related. A survey methodology is used whose most important advantage is generalizable results. Studied variables include: job rotation and performance as dependent variables and job satisfaction and skill diversity as mediator variables. Studied statistical population included 218 employees in 30 branches of Keshavarzi Bank who according to conducted researches had experienced job rotation. A cluster random sampling was used. Sample size was estimated to be almost 137 based on limited population formula. Totally 137 questionnaires were distributed and finally 133 were collected. The main instrument for data gathering was a questionnaire. Content validity was used to test the validity of questions. Primary questionnaire was distributed among experts to validate its content followed by resolving defects and modifying questionnaire. Cronbach’s alpha coefficient was estimated as 0.732 for job rotation with 5 items, 0.715 for performance with 5 items, 0.763 for job satisfaction with 5 items and 0.878 for skill variety with 2 items. The causal relationship between dependent and independent variables was tested using structural equation modelling by LISREL in order to test hypotheses. Table 1 shows goodness of fit indices for the estimated conceptual model. As it can be seen from Tab. 1, $\chi^2/df$ score is 1.546 which lies within the acceptable range. Additionally, RMSEA score is 0.064, which is lower than 0.08, thus has acceptable range [33]. Scores for GFI, AGFI, NFI, and NNFI, which are 0.90; 0.85; 0.90 and 0.86 respectively, indicate good fitness of the model. As Fig. 2 and 3 indicate, the influence of job rotation is significant on job satisfaction and skill diversity; thus, hypotheses 2, 3 and 4 are confirmed. But, the effect of job rotation is not significant on performance directly without mediated variables, thus hypothesis 1 is rejected.

Table 1 The measures of model fit

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<tr>
<th>Model</th>
<th>$\chi^2/df$</th>
<th>RMSEA</th>
<th>GFI</th>
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<tr>
<td>Scores</td>
<td>1.546</td>
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Figure 2 Modelling structural equations (standardized coefficients)

4 Discussion and Conclusion

Job rotation is a very effective policy to develop employee horizons and empower them which is considered as the most important effective factor mediated by job satisfaction and skill diversity on performance and effectiveness of organizations. According to questionnaires of studied organization, there is no directly positive and significant relationship between job rotation and performance (by standard coefficient – 0.28) indicating that first, job rotation is indirectly related to performance, second, this relationship is significant in –1.24 which shows exogenous latent variable (job rotation) is causally of weak influence on indigenous latent variable (performance). Thus, in the first hypothesis, assumption of H0 is confirmed and H1 is rejected. Moreover, results of the study are completely consistent with Delpasand et al. [8] in Tehran and Kuijer et al. [28] in Netherlands. This statistical finding indicates that implementing job rotation policy would weakly act if mediated factors are neglected. A reasonable strategy for this lies in the next hypotheses. There is a
positive significant relationship between job rotation and job satisfaction (standard coefficient 0.54) indicating a direct relationship between job rotation and satisfaction. Also, this relationship is significant in 3.78 which shows that exogenous latent variable (job rotation) is causally weakly effective on indigenous latent variable (job satisfaction).

Thus confirming the second hypothesis indicates that there is a statistically significant relationship between job rotation and performance mediated by job satisfaction. Thus job rotation can result in increased job satisfaction and motivation of employees in job enrichment and job design guidelines; job rotation can increase commitment to organizational goals among employees and improve performance in the organization. Moreover, the findings of the study are consistent with Kaymaz [1] in Turkey. There is a positive significant relationship between job rotation and skill diversity including technical and soft skills (standard coefficient 0.49) indicating a direct relationship between job rotation and satisfaction. Also, this relationship is significant in 3.61 which shows that exogenous latent variable (job rotation) is causally weakly effective on indigenous latent variable (skill diversity). Confirming hypotheses 3, 4 and 5 indicates that there is a statistically significant relationship between job rotation and performance mediated by skill diversity. This finding indicates that positive consequences of job rotation including decreased job stresses, help improving employee interactions; social interaction along with sharing information improve their morale to perform team activities. On the other hand, job rotation system and its effects on training multi-skilled employees result in integrity and modulation of employee capabilities and indirectly increased productivity in labour force. Besides, Kaymaz [1] in Turkey showed that job rotation results in improved performance, increased yields, and trained talents and achieved essential capabilities to maintain organizational balance in a dynamic and variable atmosphere and achieve predetermined goals by increasing job skills and decreasing burnout among employees. Therefore, the following recommendations are provided for optimal application of this approach in an organization, since job rotation results in increased production and improved performance productivity, managers need to provide practical participation of employees in job rotation and develop a comprehensive program for its effectiveness. These instructions are specialized for any bank system and it is defined based on human capital qualities. They need to consider an appropriate weight for job rotation in performance evaluation programs as a crucial executive indicator. Managers need to provide opportunities for increasing job satisfaction and motivation; decreasing absenteeism and job quitting; promoting tendency to participate and learn and finally increasing commitment to goals providing opportunities for team operational work and help improving productivity in the organization. Thus, optimal motivational systems need to be determined for implementing job rotation policy, payment processes need to be performed based on performance and particularly learning diverse skills in motivational systems. Managers should consider motivation promoting programs including motivational payments; assignment of responsibility and authority to employees while executing the process. The objective of this is increasing motives of human resources; because job rotation is not able to influence performance without job satisfaction. Also, in implementing job rotation policies a systematic plan is designed to evaluate job performance of employees during rotation where especially great attention is devoted to skill diversity of staff; because job rotation cannot influence performance without diversity of skills. Accordingly, the managers need to prepare an environment for employees which lead to social interaction coupled with exchange of knowledge in an
organizational framework to boost staff morale for group activities. Managers understand the positive results of friendly and warm atmosphere in the department, they balance the job behaviours, decrease job stresses and as a result increase productivity in labour force.

5 References


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