

## **Impact of Job Rotation on Employee Performance: The Case of Pakistani Banking Industry**

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### **ABSTRACT**

**Employee performance is essential for each and every company and therefore company adopts different strategies to improve the performance of their employees. Job rotation is regarded as one of those strategies which help in the improvement of performance of employees. This study focused on investigating the impact of job satisfaction on the motivational level, commitment level, and involvement level of employees in banking sector of Pakistan. Samples selected for this study were the hundred employees of different banks of Pakistan. The study incorporated primary data collection method and with the help of survey questionnaire, it was able to identify that the job rotation has significant relation with employees' motivation, commitment and involvement.**

*Keywords: Employees development, Job skills, Job satisfaction.*

### **INTRODUCTION**

#### ***Problem Background***

Banking is considered as the most significant and integral component, in context to financial services in Pakistan. The banking sector approaches the phenomenal development and growth, from the past two to three decades, by means of accounting 95% of the financial sector in the country (Mohsan, Nawaz and Khan, 2012). It is demonstrated as the most established framework based on well structured systems, comprising of Central Bank and the range of commercial banks, including number of foreign banks and specialized financial intermediaries.

With the advancements of technology and increased customer focus on quality services, in the current era of globalization and competition, it has become significantly important for the employers and businessmen, to demonstrate the true implication of desired results and outcomes. Here, the performance factors are considered as an important concern, in terms of obtaining the maximum benefits from the employees and workforce in any organizational framework (Eriksson and Ortega, 2006). It is

thus, required to keep them self-motivated, self-committed, involved and satisfied based on achieving personal growth, which in effect serves to obtain the desired goals and objectives for the long terms success. However, with the passage of time, the performance factors have become challenging and demanding in context to contemporary organizational framework, due to increased competition and uncertain nature of the corporate sector, especially in the banking sector.

According to Achieng, Ochieng and Owuor (2014), job rotation is one way, to obtain the desired performance among the employees, for their personal growth and self development that ultimately result for the business success in the banking sector. It is demonstrated as assigning variety of job tasks to employees based on periodic shifts in terms of identifying and exploring their skills and capabilities (Honglei, 2012). The significance of job rotation is fundamental to recognize its effect on employee's performance, in terms of motivation, commitment and involvement, as it entails to generate more flexible and creative workforce, which served to obtain the competitive edge,

required for the continuous growth and success of banking sector in Pakistan. Therefore, the basic aim of this study is to investigate the impact of job rotation on employee performance in the banking sector of Pakistan, by means of studying its effects particularly on employee motivation, commitment and involvement.

### ***Problem Statement***

The importance of performance factors and measures are fundamental for the success of service based businesses, such as banking sector in Pakistan, due to increased customer awareness based on quality services and advancements in corporate regulations. It has become essentially important for the banking sector, to evaluate performance factors, in context to their motivation, commitment and involvement, by formulating job rotations among employees, in their strategic business operations.

### ***Research Objectives***

1. To identify the basic factors and components of employee performance in the banking industry.
2. To determine the relationship between job rotation and employee performance in the banking industry.
3. To evaluate the effect of job rotation on employee motivation.
4. To investigate the effect of job rotation on employee commitment.
5. To assess the effect of job rotation on employee involvement.

### ***Hypotheses***

Following are the research objectives of this study:

H<sub>O1</sub>: There is no relationship between job rotation and employee motivation.

H<sub>A1</sub>: There is relationship between job rotation and employee motivation.

H<sub>O2</sub>: There is no relationship between job rotation and employee commitment.

H<sub>A2</sub>: There is relationship between job rotation and employee commitment.

H<sub>O3</sub>: There is no relationship between job rotation and employee involvement.

H<sub>A3</sub>: There is relationship between job rotation and employee involvement.

### ***Significance and Scope of the Study***

Since, the banking sector is one of the most integral parts of Pakistan's economy, therefore, the study is based on designing a proper organizational framework, by identifying and implementing basic attributes of job rotation during business operation. The implications will significantly help the Pakistan banking sector, to achieve long term business goals and quality customer services by means of satisfied employee performance.

### ***Research Limitations of the Study***

The limitation based on this research correspond to limited time and shortage of resources and budgets in order to investigate the broader prospect of implications of job rotation strategies in terms of increased and satisfied employee performance. The limitations in the availability of required data and information also serve to be major constraint in the study.

## **LITERATURE REVIEW**

In this age of globalization and competition, organizations nowadays are investing large sum of money on managerial training and personal development of the employees, which contribute to obtaining higher organizational performances. According to Ortega (2001), job rotation as a part of training is considered as assigning number of different task to the employees, by means of shifting their positions

from one place to another through planned intervals. It contributes majorly to the personal development of employees, which increases the level of job satisfaction and job involvement among the employees (Casad, 2012). In today's competitive environment, the rotation of tasks among employees provides with multiple opportunities to enhance their skill and identify their potentials based on increased job interests and involvement, which ultimately correspond to enhanced organizational performances. The dynamic nature of work procedure and organizational operations now implement various job rotation programs that involve the formal interrogations to know about their career aspirations in context to identify their interests towards career satisfaction, which results in more committed and loyal workforce as indicated by Parker (2014).

Today, in context to many financial institutions such as banks, it is compelled to introduce number of job rotation programs, which enable them to allow all the employees to learn new skills and identify their potentials by means of task involvement, identity and significance (Asensio-Cuesta, et. al., 2012). Job rotation is considered as one of the most important and excellent predictors of empowering employees towards enhanced motivation, commitment and job involvement that is pre-requisite for effective organizational performances as demonstrated by Syed and Yan (2012). It is attributed to reduce fatigue and weariness among the workforce towards their job, which enhances their motivation in terms of diversified tasks based on promoting creativity and inspiration that is considered as the basis of dynamic and vibrant corporate environment.

Humans, Machines, Materials and the Money are considered to be the resources for any organization. The Human resource is very essential for any organizational operations that utilize other resources such as machine,

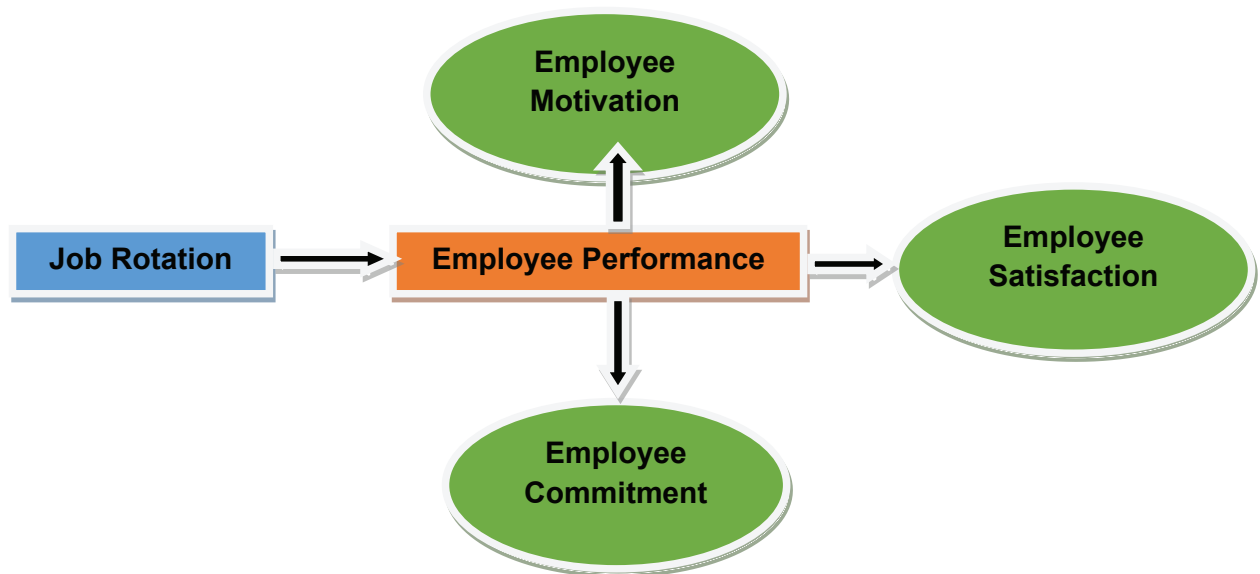
materials and money as emphasized by Azizi, Zolfaghari and Liang (2010). The Human resources play a pivotal role and forms the basis of significance based on quality services and production. It is attributed by Eriksson and Ortega (2006) that technological advancement and machinery operations are not the only basis of desired change and growth in context to economic stability and empowerment but the human work force is pre-requisite for complete utilization of production and resources.

All the organizations including financial institutions are established based on certain organizational goals and objectives. The basis to achieve these goals and objective is dependent on the utilization of organizational resources such as machines and materials (Parker, 2014) With the drastic change in business environment, the factors such as social, cultural, politico-economical and technological factors, demands the diversity and constant change in the organizational operations as stated by Mohsan, Nawaz and Khan (2012). Thus, the organizations that achieve maximum workforce potential and talent based on their dedications are likely to obtain competitive advantage over their competitors in the market. It is thoroughly emphasized on the contribution of employees in terms of their interest and concentration towards organizational duties as the basis of business excellence. The employee performance is thus, the mere indicator of complete implementation of organizational strategies and plans, to achieve the desired goals and objectives (Asensio-Cuesta, et. al., 2012). The employee performance subject to close coordination based on different job duties and tasks correspond to the success of each organizational unit as acknowledged by Honglei (2012). The inter-related activities when performed by employees properly, significantly impact the total sales, production, profit and market position of an organization which is further demonstrated by Parker (2014).

The employee performance level is indicated in context of its motivation, commitments and involvement that are enhanced based on training, welfare, encouragement and fringe benefits. It is also emphasized by Kavita (2013) that organizations must correspond to employee performances in order to obtain their job satisfaction, involvement, sense of commitment, good will and dedications towards organizational objectives.

Job rotation at one side considered to enhance employee's potential and capacities, in order to explore number of different career paths, and perhaps significantly preventing stagnation, fatigue and job boredom in completing their job tasks (Lanier, Jackson and Lanier, 2010) Job rotation specifically turns out to produce number of advantages and effects on employee's personal development, which directly impact their job performances and capabilities. According to Mohsan, Nawaz and Khan (2012), enhanced employee's performance is attributed to be a result of effective human and workforce strategies in the business operations of an organization. Employee's performance is measured as a result of trait-based, behaviour-based and result based objectives as indicated by Parker (2014). Overall, the trait-based characteristics are based on subjective

analysis of an employee that includes his/her attitude and creativity. The behavior-based characteristics demonstrate the performance evaluation of an employee in context to job itself. Similarly, the result based characteristics demands the overall performance of an employee based on its accomplishments and achievements (Lanier, Jackson and Lanier, 2010). It is demonstrated by Azizi, Zolfaghari and Liang (2010) that job rotation compliments to employee learning in number of ways by providing them with a wider range of exposure and experience. it is basis of enhance efficiency in job performances and promote growth measures among the employees. This is one of the reasons that job rotation is considered as the career development strategy, based on assign variety of tasks and job duties within the organization. Job rotation is effective on employee's performance in terms of providing more flexible working tasks and contributes to better resource development as stated by Casad (2012). From an employee's perspective, it is considered to demonstrate job generalization instead of specifications by which, the performance efficiency is achieved, at all levels of position in the organization (Syed and Yan, 2012). The concept of job rotation prevails not only with the perspective of employer but in the contemporary design of organizational



framework, it has become significantly important with the perspective of employees, in terms of learning and maximizing their true potentials and capabilities.

population of which the Head Offices are selected, based on their difference of policies and regulation in their organization and business framework.

**METHODOLOGY**

***Research Design and Approach***

The research type for this study is Descriptive based on Quantitative analysis. The quantitative research of data evaluates the information obtained by means of questionnaires and hypothesis design, which later are analyzed in terms of research objectives.

***Data Collection Method***

The data for this study is collected by means of Primary sources. The primary data is collected by means of designed questionnaire. The questionnaire comprises of 20 closed ended questions based on each variable to be tested in this study.

***Research Sample***

The sample for this research consists of employees working in the banking sector of Pakistan. The employees of each United, Habib and Allied Private Banks are taken as a sample

***Sampling Technique and Size***

The ‘Random Sampling’ technique is used for the selection of sample population in this research that provides the basis of easy and prompt availability and access of information for the required objectives. The size of the sample is taken as 100 employees from each bank.

**DATA ANALYSIS**

The data gathered with the help of survey questionnaire has been analyzed through SPSS below in this chapter. This chapter has been divided into three different sections: Demographic Characteristics, Descriptive Analysis of survey questionnaire, and Hypotheses testing.

***Demographic Characteristics***

A total of 100 respondents were asked to fill out the survey for this research, out of which 60% respondents were Male and 40% were female.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	60	60.0	60.0	60.0
	Female	40	40.0	40.0	100.0
	Total	100	100.0	100.0	

The age groups of the participants were as follows: 31 to 35 years of age (36%), 35 to 40 years of age (35%), and 25 to 30 years of age (29%).

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	29	29.0	29.0	29.0
	31-35	36	36.0	36.0	65.0
	35-40	35	35.0	35.0	100.0
	Total	100	100.0	100.0	

Majority of the respondents of this study were at “Assistant” post (42%), Manager (25%), Senior

Manager or Executives (19%), and Other positions (14%).

What is your designation in bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assistant	42	42.0	42.0	42.0
	Manager	25	25.0	25.0	67.0
	Senior Manager/ Executive	19	19.0	19.0	86.0
	Other (Please specify)	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

The average household incomes of the respondents were 20k to 30k (39%), more than 50k (25%), 40 to 50k (22%), and less than 20k (14%).

What is your approximate average household income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 20K	14	14.0	14.0	14.0
	20K-30K	39	39.0	39.0	53.0
	40K-50K	22	22.0	22.0	75.0
	More than 50K	25	25.0	25.0	100.0
	Total	100	100.0	100.0	

Majority of the participants of this survey were married (57%) and remaining 43% respondents were single.

Which of the following best describes your current relationship status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	43	43.0	43.0	43.0
	Married	57	57.0	57.0	100.0
	Total	100	100.0	100.0	

**Descriptive Analysis of survey questionnaire**

Below table represents the descriptive statistics of the survey questions related to Job Rotation. The mean of less than 3 determines that they disagree with the statement and more than 3 determines that they agree with the statement. Last column depicts the standard deviation of the responses chosen by the respondents. Highest mean of 3.5 was for the statement “There is significant relationship between job rotation and improved employee performance

in terms of satisfaction”, which means that most of the respondents agreed that job rotation and employee satisfaction are interrelated and have significant relationship and the lowest mean of 2.1 was for the statement “Job rotation significantly enhances and broadens the knowledge/learning of an employee”, which means that majority of respondents disagree that job rotation helps in enhancing employees’ knowledge.

**Descriptive Statistics**

	N	Mean	Std. Deviation
Job rotation significantly enhances and broadens the knowledge/ learning of an employee	100	2.1	1.29
Job rotation is believed to enhance the employee’s performance at all levels	100	2.7	1.05
Job rotation provides an opportunity to perform variety of task that significantly increases job interest	100	3.1	1.06
Job rotation demonstrate the application of career development	100	3.1	1.09
Job rotation demonstrate an opportunity of personal growth	100	3.2	1.15
There is significant relationship between job rotation and improved employee performance in terms of satisfaction	100	3.5	1.19
Job rotation compels to develop employee motivation for specified tasks	100	3.4	1.01
Effective job rotation programs in banking sector compels to develop employee motivation towards specified tasks	100	3.3	1.18
Effective job rotation programs in banking sector compels to develop employee commitment towards specified tasks	100	3.2	1.08
Effective job rotation programs in banking sector compels to develop employee commitment towards specified tasks	100	3.0	1.31
Do you agree that the banking sector must implement job rotation program effectively	100	2.8	1.20

Below table represents the descriptive statistics of the survey questions related to Employee performance, motivation, commitment, and involvement. All the statements had a mean value of greater than 3. Highest mean of 3.6 was for the statements “The employee’s performance level is demonstrated in terms

of satisfaction towards job duties’ and “Motivation is significantly important for enhanced employee performance”, which means that most of the respondents agreed that job rotation and employee commitment and employee performance are interrelated and have significant relationship.

**Descriptive Statistics**

	N	Mean	Std. Deviation
The employee’s performance level is demonstrated in terms of satisfaction towards job duties	100	3.2	1.24
Motivation is significantly important for enhanced employee performance	100	3.3	1.01
Commitment and interests toward job duties is enhanced by means of job rotations	100	3.6	.97
Enhanced employee performance is encouraged by means of effective job involvement strategies	100	3.6	1.15

**Hypotheses Testing**

This study has used regression analysis method for the testing of the developed hypotheses and the significance level is to be tested at 0.05. The equation of regression is represented as:

$$Y = \alpha + \beta X$$

Where,

Y = dependent variable

$\alpha$  = intercept

$\beta$  = Slope

X = independent variable

**H1. There is no relationship between job rotation and employee motivation.**

The below model summary table represents the R-square value of 0.122 which determines that almost 12% of the data was utilized for this analysis.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.349a	.122	.113	.95021

a. Predictors: (Constant), Job Rotation

Below Anova table shows that the overall model of regression was good-fit as significance value was less than 0.005.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.266	1	12.266	13.585	.000a
	Residual	88.484	98	.903		
	Total	100.750	99			

a. predictors: (constant), Job Rotation

b. Dependent Variable: Motivation

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.081	.245		16.674	.000
	Job Rotation	-.294	.080	-.349	-3.686	.000

a. Dependent Variable: Motivation

Regression Equation formed for the first hypothesis from the above coefficients table is:

$$Y = \alpha + \beta X$$

$$\text{Employees' Motivation} = \alpha + \beta * (\text{Job Rotation})$$

$$\text{Employees' Motivation} = 4.081 - 0.294 (\text{Job Rotation})$$

The above coefficient table shows that the relationship as there significance value is less than 0.05. Moreover, negative beta value



determines the negative effect of around 0.294 times the job rotation on the motivation of employees. The employee motivation level would be around 4.081 if there isn't job rotation in the organization. Therefore, the first

hypothesis is rejected which means there is a significant relationship between job rotation and employee motivation.

H2. There is no **relationship** between job rotation and employee commitment.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.264a	.070	.060	.94238

a. Predictors: (Constant), Job Rotation

The above model summary table represents the R-square value of 0.07 which determines that almost 7% of the data was utilized for this analysis.

Below Anova table shows that the overall model of regression was good-fit as significance value was less than 0.005.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.529	1	6.529	7.352	.008a
	Residual	87.031	98	.888		
	Total	93.560	99			

a. Predictors: (Constant), Job Rotation

b. Dependent Variable: Commitment

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.227	.243		17.411	.000
	Job Rotation	-.214	.079	-.264	-2.711	.008

a. Dependent Variable: Commitment

Regression Equation formed for the second hypothesis from the above coefficients table is:

$$Y = \alpha + \beta X$$

$$\text{Employees' Commitment} = \alpha + \beta * (\text{Job Rotation})$$

$$\text{Employees' Commitment} = 4.227 - 0.214 (\text{Job Rotation})$$

From the above coefficient table it is concluded that the employees' commitment or interest and job rotation has a significant relationship as there significance value is less than 0.05. Moreover, negative beta value determines the

negative effect of around 0.214 times the job rotation on the commitment of employees. The employee commitment level would be around -0.214 if there isn't job rotation in the organization. Therefore, the second hypothesis

is rejected which means there is a significant relationship between job rotation and employees' commitment.

rotation and employee involvement.

The below model summary table represents the R-square value of 0.14 which determines that almost 14% of the data was utilized for this analysis.

H3. There is no relationship between job

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.375a	.140	.132	1.06861

a. Predictors: (Constant), Job Rotation

Below Anova table shows that the overall model of regression was good-fit as significance value was less than 0.005.

**ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	18.281	1	18.281	16.009	.000a
	Residual	111.909	98	1.142		
	Total	130.190	99			

a. Predictors: (Constant), Job Rotation

b. Dependent Variable: Employees' involvement

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.605	.275		16.729	.000
	Job Rotation	-.359	.090	-.375	-4.001	.000

a. Dependent Variable: Employees' involvement

Regression Equation formed for the third hypothesis from the above coefficients table is:

$$Y = \alpha + \beta X$$

$$\text{Employees' Involvement} = \alpha + \beta^*(\text{Job Rotation})$$

$$\text{Employees' Involvement} = 4.605 - 0.359 (\text{Job Rotation})$$

From the above coefficient table it is concluded that the employees' involvement and job rotation has a significant relationship as there significance value is less than 0.05. Moreover, negative beta value determines the negative effect of around 0.359 times the job rotation

on the involvement level of employees. The employee involvement level would be around 4.605 if there isn't job rotation in the organization. Therefore, the third hypothesis is also rejected which means there is a significant relationship between job rotation and

employees' involvement level.

### CONCLUSION

Shortcomings in implementation and evaluation of job rotation may partially explain the inconsistent effects on the performance of employees be it their motivational levels, commitment levels and involvement levels. Therefore, this study investigated the impact of job rotation on employee performance in the banking sector of Pakistan, by means of studying the effects of job rotation particularly on employee motivation, commitment and involvement. From the above results and findings it was concluded that all the three hypotheses developed for this study were all rejected as the results showed significant relationship between job rotation and motivation, commitment, and involvement level of employees of banks of Pakistan.

Dissatisfaction amongst human resources is undesirable and dangerous in any profession. Committed and satisfied employees in any organization plays a significant role in the improvement of overall performance of the organization. Moreover, the banks are perceived as backbone of any economy and therefore, these institutions need higher number of satisfied employees so that they could help in the growth of overall economy of the nation. Job rotation will help the employees from the boredom caused due to working as usual for longer term period in same position and on same work station. But it should also be kept in mind that frequent job rotation may affect the performance level of the employees as they may not fully utilize their gained knowledge and their commitment towards the work may lose. From the findings of this study it was observed that most of the participants agreed that job rotation helps them gain career opportunities but they disagreed that they can enhance their leaning with the help of job rotation.

### RECOMMENDATIONS

On the basis of findings of this study, following recommendations are made:

1. Job rotation of employees should be a continuous process of learning, improvement and action.
2. Banks today should actively look forward to fulfill employee's expectations and thus, create an impact on the performance of employee, which directly affects the organization's performance.
3. HR managers of the bank or other organizations should employ right person for the right job and also might rotate them to different positions in order to keep the commitment and involvement level of the employees intact.

#### *Future Aspects*

1. Numerous studies regarding the job rotation are available in literature but the data on this topic in banking sector of Pakistan is very scarce. Therefore, more research should be done with this variable in Pakistani banking industry.
2. Secondly, the focus of job rotation can also be diversified into different sectors of Pakistan.
3. This study has seen the impact of job rotation only on the motivation, commitment, and involvement of employees, there are many more variables of measuring employee performance, such as employee engagement, which can be selected to investigate this impact.

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