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THE IMPACT OF JOB ROTATION AND EMPLOYEE ENGAGEMENT ON EMPLOYEE PERFORMANCE: EVIDENCE FROM THE BANKING SECTOR

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ABSTRACT
This study aims to analyze the effect of job rotation and employee engagement on employee performance in the banking industry. The sample consisted of 50 employees selected using purposive sampling. Data were collected through a Likert-scale questionnaire and analyzed using multiple linear regression with SPSS version 26. Descriptive statistics were used to describe variable profiles, while classical assumption tests included the Kolmogorov–Smirnov normality test, multicollinearity through VIF values, and heteroscedasticity using the Glejser test and scatterplot of residuals versus predicted values. The normality test indicated that the data were normally distributed (sig. 0.200 > 0.05), with no multicollinearity (VIF = 1.090 < 10) and no heteroscedasticity (sig. > 0.05). The regression results showed an R^2 value of 0.856, meaning job rotation and employee engagement explained 85.6% of the variance in employee performance. The F-test confirmed that both independent variables simultaneously had a significant effect on performance (F = 139.258; sig. = 0.000). However, the t-test revealed that job rotation had no significant effect (t = -0.468; sig. = 0.642), while employee engagement had a strong positive significant effect on employee performance (t = 16.110; sig. = 0.000). These findings highlight employee engagement as the dominant factor in enhancing banking employee performance, while job rotation requires more strategic management to yield positive outcomes.

Key words: job rotation; employee engagement; employee performance; banking industry; HRM

INTRODUCTION

The banking industry is one of the sectors that plays a vital role in sustaining economic stability, providing financial services, and driving national development. In the era of globalization and digitalization, this sector faces challenges such as increasingly intense competition, the rapid advancement of financial technology (fintech), and rising customer expectations regarding service quality. These conditions require banks to develop human resources that are not only competent but also adaptive, innovative, and highly committed to their work (Khan et al., 2023). Consequently, human resource management (HRM) becomes a key factor in enhancing competitiveness and ensuring business sustainability within banking organizations.

One of the most widely implemented HRM strategies in organizations is job rotation. Job rotation is defined as the systematic and planned transfer of employees from one position or function to another, with the aim of broadening skills, reducing monotony, and improving flexibility and productivity (Dewi & Sumiati, 2024). This strategy is believed to enhance employee experience, cross-functional knowledge, and adaptability to various job demands. However, previous studies have reported mixed findings regarding the impact of job rotation on performance. Majd et al. (2024) found that job rotation may negatively affect performance if not supported by appropriate HR development strategies. Conversely, other studies in Indonesia indicate that well-planned job rotation can improve employee motivation and performance (Arfiono et al., 2022; Farsedo & Sumiati, 2025). These contrasting results highlight the complexity of job rotation implementation and the necessity of a contextual approach.

In addition to job rotation, another factor significantly influencing employee performance is employee engagement. This concept refers to the emotional, cognitive, and behavioral involvement of employees in their work and organization (Prawinda & Yulianti, 2022). Engaged employees tend to exhibit vigor, dedication, and strong attachment to their tasks, which translates into higher productivity, improved service quality, and greater loyalty (Suhery et al., 2023). Numerous studies emphasize that employee engagement is a critical determinant of performance, particularly in the service sector including banking because engaged employees are more likely to deliver high-quality services to customers (Nga et al., 2024; Nugraha et al., 2023).

Employee performance itself can be measured through effectiveness, efficiency, work quality, and individual contribution to organizational goals (Barkah et al., 2022). In the banking sector, employee performance serves as an important indicator that directly affects service quality, customer satisfaction, and customer loyalty. Thus, understanding the factors that drive performance improvement, including job rotation and employee engagement, is crucial for HRM practices in banking institutions.

A review of the literature reveals a research gap. Previous studies have predominantly examined either job rotation or employee engagement in isolation, with inconsistent results. Limited research has simultaneously tested these two variables in the Indonesian banking context, leaving unanswered the question of which factor exerts a stronger influence on employee performance. This underscores the urgency of conducting this study to provide more comprehensive empirical evidence.

Accordingly, the purpose of this study is to analyze the effects of job rotation and employee engagement on employee performance in the banking sector. Theoretically, this study aims to enrich the HRM literature, particularly regarding employee development strategies and engagement in service industries. Practically, the findings are expected to assist banking management in designing more effective HRM strategies to enhance organizational performance.

METHOD

This This study applied a quantitative approach with a causal research design to examine the effects of job rotation and employee engagement on employee performance. The population comprised all permanent employees of PT. ABC, and a sample of 50 respondents was selected using purposive sampling based on specific criteria, namely employees with a minimum of one year of service, direct involvement in banking operations, and willingness to complete the questionnaire. Data were collected through a five-point Likert-scale questionnaire, consisting of three dimensions: job rotation (measured by rotation system, transfer frequency, and position relevance), employee engagement (measured by vigor, dedication, and absorption), and employee performance (measured by effectiveness, efficiency, quality, and contribution to organizational goals).

The hypotheses of this study propose that job rotation and employee engagement have both partial and simultaneous effects on employee performance. Data analysis was conducted using SPSS version 26, involving descriptive statistics, classical assumption tests (normality, multicollinearity, and heteroscedasticity), multiple linear regression, coefficient of determination (R^2), F-test, and t-test. These procedures ensured that the regression model met statistical assumptions, thus allowing valid and scientifically reliable conclusions to be drawn.

RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive analysis was conducted to present the research data profile, consisting of job rotation, employee engagement, and employee performance variables. A summary of the descriptive statistics is presented in Table 1.

Table 1. Descriptive Statistics of Research Variables

Variable	Minimum	Maximum	Mean	Std. Deviation
Job Rotation	37	50	44.06	3.99
Employee Engagement	29	40	36.26	3.26
Employee Performance	21	30	27.1	2.75

(Source: SPSS Output, 2025)

The results indicate that the job rotation variable has a minimum score of 37 and a maximum of 50, with a mean of 44.06 and a standard deviation of 3.99. This suggests that job rotation at PT. ABC is consistently implemented at a relatively high level, with small variation across employees. This reflects a uniform policy application, where employees' rotation experiences do not differ significantly.

Employee engagement recorded a minimum score of 29 and a maximum of 40, with a mean of 36.26 and a standard deviation of 3.26. The mean score approaching the maximum indicates that most employees demonstrate a strong level of engagement with their work and organization. The relatively low standard deviation further confirms that engagement levels are generally homogeneous, suggesting that employees are motivated, dedicated, and absorbed in their work.

Employee performance showed a minimum score of 21 and a maximum of 30, with a mean of 27.10 and a standard deviation of 2.75. The mean close to the maximum suggests that employee performance at PT. ABC is high. The low variation indicates that differences in performance across employees are relatively small, showing that most employees are able to meet the performance standards expected by the company.

Overall, the descriptive findings demonstrate that PT. ABC employees experience consistent job rotation, exhibit strong engagement, and achieve high performance. These patterns provide an initial indication that employee engagement may be a more dominant factor in explaining performance variation compared to job rotation, which although consistently implemented does not significantly differentiate employee outcomes.

Classical Assumption Tests

Normality Test

Residual normality was assessed using the Kolmogorov–Smirnov (K-S) test and the Normal P–P Plot. The K-S test produced a significance value of 0.200 ($p > 0.05$), indicating normally distributed residuals. This result is supported by the P–P Plot (Figure 1), which shows residual points distributed around the diagonal line, confirming that the normality assumption is satisfied.

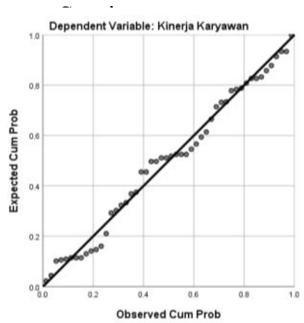

Figure 1. Normal P-P Plot of Regression Standardized Residual

Multicollinearity Test

The multicollinearity test showed that job rotation and employee engagement had Tolerance values of 0.917 (>0.10) and VIF values of 1.090 (< 10). These results confirm the absence of multicollinearity, meaning that the independent variables do not exhibit high correlations and can independently explain the dependent variable.

Heteroscedasticity Test

Heteroscedasticity was tested using scatterplots and the Glejser test. The scatterplot (Figure 2) shows residual points randomly dispersed above and below zero without forming a specific pattern, suggesting no heteroscedasticity. This is supported by the Glejser test, which produced significance values of 0.357 for job rotation and 0.273 for employee engagement ($p > 0.05$). These findings indicate that the independent variables do not affect the absolute value of residuals, thereby meeting the homoscedasticity assumption.

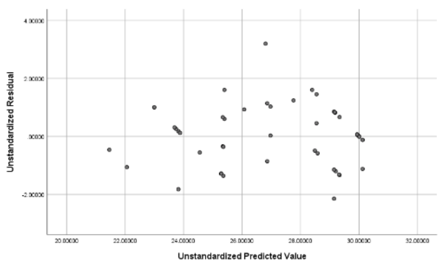

Figure 2. Scatterplot of Unstandardized Residual vs Unstandardized Predictive

Multiple Linear Regression Analysis

To examine the influence of job rotation and employee engagement on employee performance, multiple linear regression was conducted using SPSS version 26. The results are summarized in Tables 2 and 3.

The coefficient of determination (R^2) is 0.856, meaning that job rotation and employee engagement jointly explain 85.6% of the variance in employee performance, while the remaining 14.4% is explained by other factors not included in the model. The adjusted R^2 value of 0.849 indicates that the regression model is robust and stable.

Table 2. ANOVA (F-test)

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	317.005	2	158.503	139.258	0
Residual	53.495	47	1.138		
Total	370.5	49			

(Source: SPSS Output, 2025)

The F-test result ($F = 139.258$, $p < 0.05$) indicates that job rotation and employee engagement simultaneously have a significant effect on employee performance, confirming the suitability of the regression model.

Table 3. Coefficients and t-test results

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	-0.626	2.112		-0.296	0.768
Job Rotation	-0.019	0.04	-0.027	-0.468	0.642
Employee Engagement	0.787	0.049	0.932	16.11	0

(Source: SPSS Output, 2025)

The t-test results show that job rotation ($t = -0.468$, $p = 0.642$) has no significant effect on employee performance. In contrast, employee engagement ($t = 16.110$, $p < 0.05$) has a positive and significant effect. The regression equation derived from the analysis is:

$$Y = -0.626 - 0.019X1 + 0.787X2$$

Where:
- Y = Employee Performance
- $X1$ = Job Rotation
- $X2$= Employee Engagement

These results imply:
- Job rotation has no significant effect on employee performance ($\beta = -0.019$, $p > 0.05$), suggesting that changes in job rotation neither improve nor reduce performance.
- Employee engagement has a strong positive effect ($\beta = 0.787$, $p < 0.05$), indicating that higher engagement leads to higher employee performance.

Discussion

The findings reveal that employee engagement significantly influences employee performance, whereas job rotation does not. This underscores that employees' cognitive, emotional, and behavioral involvement in their work is a stronger determinant of performance outcomes than structural adjustments such as job rotation. Engaged employees are more likely to demonstrate commitment, initiative, and responsibility in achieving organizational goals. These results align with Kahn (1990), who emphasized that full employee engagement is critical for optimal performance, and are consistent with prior research by Saks (2006) and Bakker and Demerouti (2008), which highlighted engagement as a driver of motivation, productivity, and long-term performance sustainability.

In contrast, job rotation was found to have no significant effect on performance. This may be because the company's rotation practices are primarily administrative rather than developmental, offering limited opportunities for skill enhancement or new challenges. Without sufficient preparation and organizational support, job rotation may even create discomfort among employees, reducing its potential to improve performance. This finding supports Campion et al. (1994), who argued that the effectiveness of job rotation depends heavily on program design, individual readiness, and organizational culture.

Overall, this study highlights that psychological factors such as employee engagement exert a greater impact on performance compared to structural factors like job rotation. The implication for banking institutions is the need to prioritize initiatives that strengthen engagement, such as creating a supportive work environment, offering recognition, providing career development opportunities, and involving employees in decision-making. Such practices ensure that employees are not only physically present but also emotionally and cognitively invested in achieving organizational objectives.

CONCLUSION

This study concludes that both job rotation and employee engagement significantly affect employee performance in the banking sector, with employee engagement emerging as the most dominant factor. While systematic job rotation can enhance employee skills and adaptability, high levels of engagement drive motivation and dedication, ultimately improving performance. These findings confirm the research objective, emphasizing that effective HRM practices should combine well-designed job rotation with robust engagement strategies to maintain organizational competitiveness.

Future research is recommended to incorporate mediating or moderating variables such as organizational culture or leadership style, in order to provide a more comprehensive understanding of the dynamics influencing employee performance.

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