

## **The Role of Job Characteristics in Group Effectiveness of Employees of Insurance Companies**

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### **Abstract**

*The aim of the present study is to examine the role of job characteristics on group effectiveness of employees of insurance companies and for this purpose 286 employees in supervisory department in insurance companies in Tehran were selected by using simple random sampling method and responded to research questionnaire. Content validity of this questionnaire was confirmed by a number of experts in this field and its reliability also was confirmed with the help of Cronbach's alpha test, which is large than 70% for all the dimensions. In the end, data collected from research questionnaire were analyzed by using structural equation modeling test and results indicated that job characteristics are effective on group effectiveness of employees in insurance companies. Also, among the five dimensions of job characteristics, the dimensions of skill variety, job significance, autonomy, feedback are effective on employees' group effectiveness and that, only the dimension of job identity is not effective on employees' group effectiveness.*

**Keywords:** Job characteristics, job characteristic, group effectiveness of employees, insurance companies.

## **Introduction**

Job enrichment is term which is used so much today in so many organizations, companies and institutes. Fredrick Herzberg , the founder of human relations school, introduced this term so that in the light of it, he can remove ossification and stagnation from the body of organizations and institutes. Also, it is a way with which organizations can free themselves and their employees from captivity (Nasri, 2012).

Herzberg with his wisdom has found that the minor damages that organizations incur on themselves and their employees, snatches dynamism from them and also causes strong disorders in their employees (Khanifar et al., 2009).

Major damages, causes deeper problems and difficulties for organizations and their employees. Herzberg, in addition to introducing this term - job enrichment - also show organizations how to escape from captivity, so that organizations can become dynamic and their employees will deal with less disorders. In his view, there are two ways for breaking free from captivity. These two ways are the biggest opportunity for job enrichment (Ghanbari, 2012).

- To free themselves and employees from the captivity of figures and numbers.
- To get engaged in creative development of the role of their employees.

Today's organizations incur wrenching pain on their employees in order to make organizational performance appear bright and to decorate long lists of figures and numbers with charts and tables. Heavy costs are spent for binding, copying, stylish packaging and dispatching in order to make the performance reports available to higher rank individuals or relevant institutes (Hamuzadeh et al., 2011).

Herzberg's second recommendation for breaking free from captivity, is the creative development of employees role. It appears that most of the institutes and organizations like their employees to perform those roles for which they have been initially recruited. Without any doubt, performing initial roles and repeated the same set of tasks, does not require making new changes. Employees do not have new expectations from the organization and managers also with their previous performance are driving the organization forward. Employees with repeating the same set of tasks over and over will feel bored, however, gradually, they will get used to this situation (Monavarrian, 2011). This is while, for passing from boring situations, it is necessary to place job enrichment on employees' agendas (Izadi Yazdan Abadi and Noushevar, 2009). Empowered employees will have higher and more expectations from the organization and they will evaluate managers on a whole new situation. On the other hand, today, organizational growth and development and following that societies is subjected to correct use of manpower and their

effectiveness and the key role of human resources has created a very intense competition between organizations for recruiting qualified employees. Paying attention to mental abilities of employees and their creativity can help management in obtaining organizational goals and realization of high effectiveness and efficiency. Therefore, management should always consider individual characteristics of these valuable and transformative resources and to create the necessary contexts for optimized production and service delivery with identifying their talents and capabilities and participating them (Hariri and Mohammadpour, 2012).

In order to make employees' activities as effective as possible, it is necessary to identify and pay special attention to job enrichment of manpower and considering the importance of job characteristics and employees' effectiveness in organizations; the present study seeks to explore the relationship between job characteristics with group effectiveness of employees in insurance companies. In this study, job characteristics based on Hackman & Oldham's (1975) model is considered as independent variable and employees' effectiveness based on Miller's (2006) model is considered as dependent variable. Therefore, the aim of the present study is to determine the effect of job characteristics on group effectiveness of employees and to this end, the main research hypothesis is presented as below:

Job characteristics are effective on group effectiveness of employees in insurance companies.

In a similar stream with the present study, Ghanbari (2013), in a study have studied the effective factors on job enrichment of employees in central prison of Hamedan and have concluded that there is a significant relationship between job enrichment with job security and satisfaction of employees. Also, Nasri (2012), in a study have explored the status of effective factors on job enrichment of employees of department of technical education and vocational of Ilam province and has found that the variable of job identity has the highest positive and direct effect on job enrichment and that indirectly and negatively affects job enrichment through optimization of processes, defining knowledge information, job skills and goals and responsibilities. Among the studies conducted outside of Iran, also, we can refer to the study conducted by Charles et al. (2013), with the title of evaluating ways to gain job enrichment in employees. Charles and colleagues in their study have found that participatory management and formation of work teams are considered as the main ways for job enrichment. Yang et al. (2013), also, in a study have explore the role of managerial strategies in job enrichment of employees and have found that among managerial strategies, the factor of resource procurement has the highest effect and the factor of structure has the lowest effect on employees' job enrichment.

As we can see from the above arguments, studies indicate that so far no coherent study has been conducted regarding the role of job characteristics on group effectiveness of employees in

insurance companies which is being studied in the present study. To this end, in the following sections, research method, findings and conclusion are presented.

### **Methodology**

The present study is an applied study in terms of goal. Since, the present study has used that group of data collection tools that their aim is to describe the condition or phenomenon under study, hence, it is a descriptive study and since, data required for this study are collected by bibliographical studies and a questionnaire, it can be considered as a survey study.

### ***Research population and sample***

Research population of this study, includes all employees in supervisory department of insurance companies in Tehran and according to the statistics of the central insurance, the number of these employees is equal to 1125 individuals. For determining the number of individuals for research sample, simple random sampling method was used and 286 individuals were selected as research sample by using this method.

### ***Data collection method and tools***

In general, data collection methods are divided into two categories:

- A) Bibliographical methods: In this study, for collecting the necessary data and information, bibliographical methods including books, theses, scientific - research articles and journals and internet sites.
- B) Field methods: In this study, Hackman & Oldham's (1975) standard scale of job characteristics and Hersey & Blanchard's (1998) group effectiveness with closed questions were used for obtaining the employees' perspectives of supervisory department of insurance companies in Tehran.

### ***Data analysis***

Research descriptive findings indicated that 71.3% of respondents are male and the other 28.7% are female. Among these respondent, the highest frequency is related to the age group of 31-35 years old with a frequency of 26.6% and after that, the highest frequency is related to the age group of 36-40 years old with a frequency of 26.2%. The lowest frequency is related to the age group below 25 years old and the frequency percentage of 3.5%. 71.7% of the employees have bachelor degree, 26.2% have master degree and 2.1% have PhD degree. In terms of employment also, 37.4% of the participants have governmental employment , 50% have semi-governmental

employment, 11.5% have private employment and 1% have other types of employment. In the following section, descriptive statistics of research variables are presented:

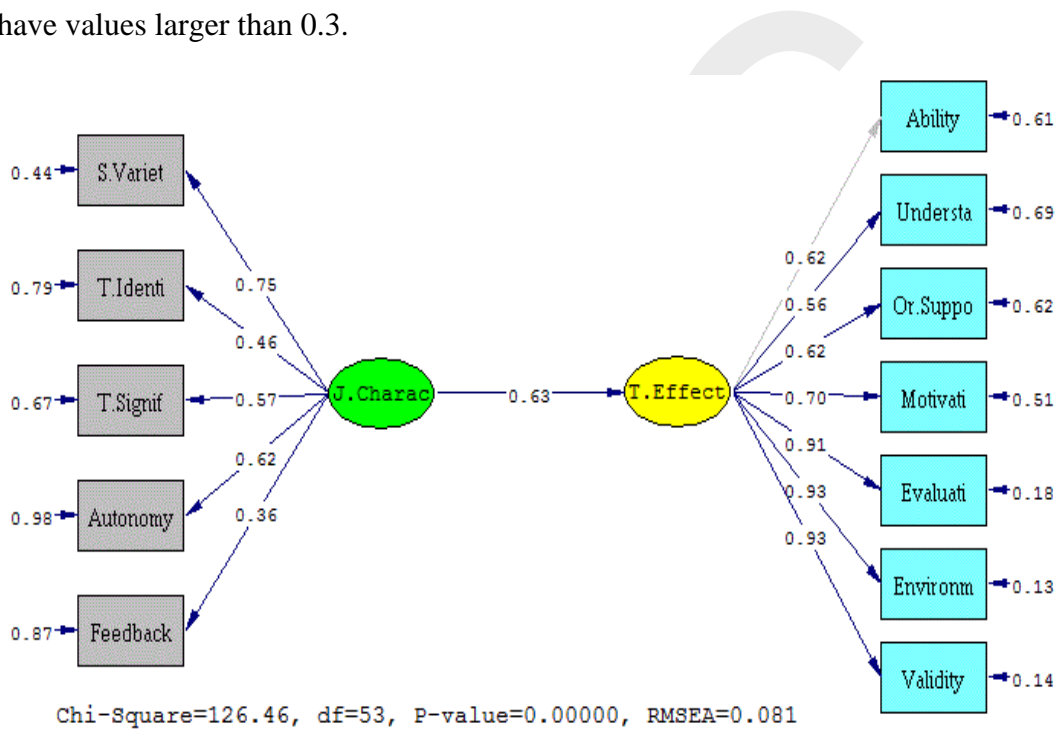
**Table 1.** Descriptive statistics of research variables

Main variables	Dimensions (or secondary variables)	Quantity	Min.	Max.	Average	Standard deviation	Variance
Job characteristics	Skill variety	286	1	4	2.66	0.59	0.35
	Job identity	286	1	4.75	2.17	0.52	0.27
	Job significance	286	1	4	2.94	0.68	0.46
	Autonomy	286	1.67	8	3.47	0.73	0.54
	Feedback	286	1	3.83	1.89	0.66	0.44
	Job characteristics	286	1.45	3.47	2.63	0.38	0.15
Employees' group effectiveness	Ability to perform job	286	1	5	2.58	1.03	1.05
	Role clarity	286	1	5	2.94	0.95	0.91
	Organizational support	286	1	5	2.57	0.89	0.79
	Motivation	286	1	5	2.83	0.93	0.86
	Appraisal	286	1	5	2.51	0.97	0.93
	Environmental proportion	286	1	4	2.55	0.97	0.94
	Employees' credibility	286	1	5	2.54	0.99	0.97
	Employees' group effectiveness	286	1	4.57	2.65	0.78	0.61

Considering obtained results, we can see that among the variables, the highest average is related to the variable of autonomy (3.47) and the lowest average is related to the variable of feedback (1.89). Also, the highest and lowest dispersion are related to the variables of ability to perform a

task (1.05) and job identity (0.27), respectively. In the following, the inferential results of research hypotheses are presented:

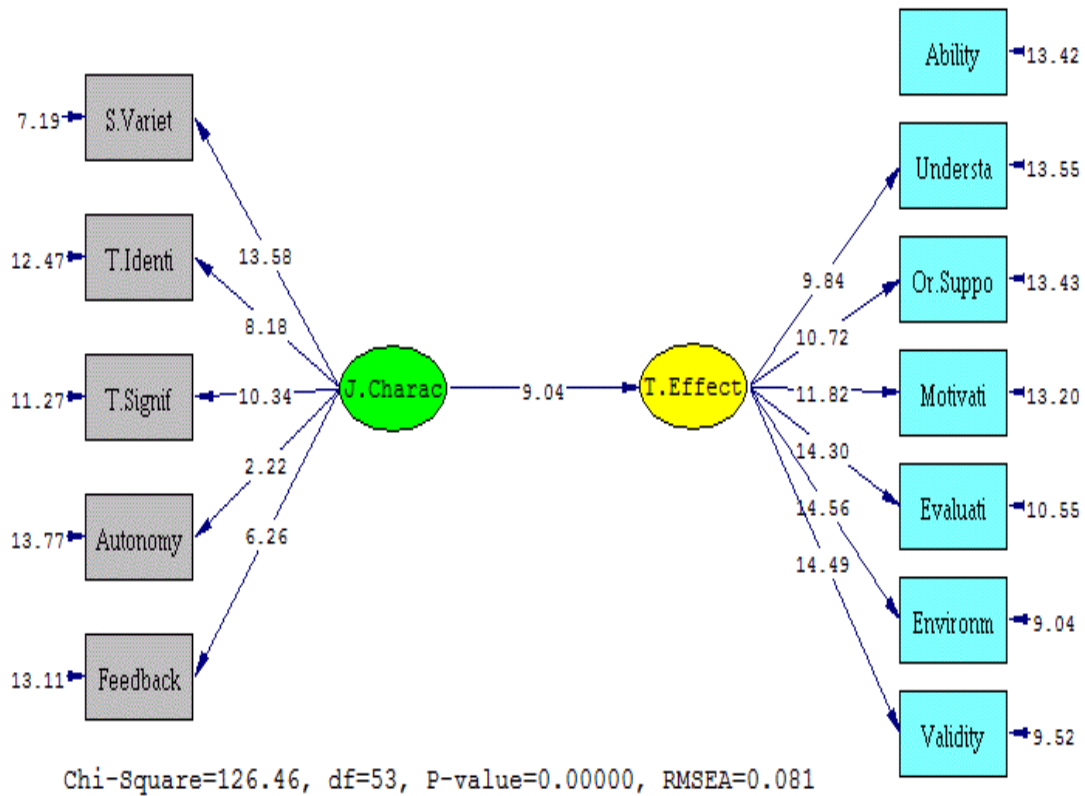
Below, the output of standardized estimation of structural equation modeling for conceptual model of the present study including the main research hypothesis are presented which include the independent variable of job characteristics and dependent variable of employees' group effectiveness. As we can see from the obtained results in the figure, all factor loadings of the model have values larger than 0.3.



**Figure 1.** Standard estimation model based on pair-wise correlation coefficients related to conceptual research model including the main research hypothesis

**The correlation coefficients related to each of the path coefficients**

In figure 2, the relevant model of significance values is presented. This model, indicated that all the significant values in the present model are larger than 1.96 and therefore, all the existing factor loadings and path coefficients in the model are significant.



**Figure 2 .** Results of significance values of the conceptual model including the main research hypothesis

**The goodness of fit indices of the conceptual model**

For studying the research model, before confirming the structural relationships, we should assure that that model is proper and have a desirable goodness of fit. Measuring indicators related to goodness of fit, together with the their calculated values for the presented model, are presented in table 3, which indicated that the model has a desirable goodness of fit.

**Table 3 .** The goodness of fit indicators of the conceptual model including the main research hypothesis

Fitting result	Research values	Ideal values	Appropriate values	Fitting indexes
Good fitness	2.38	$2 \geq$	$3 \geq$	$\chi^2/df$



Good fitness	0.081	0.08 $\geq$	0.1 $\geq$	Rmsea
Good fitness	0.92	0.95 $\leq$	0.9 $\leq$	Nfi
Good fitness	0.90	0.95 $\leq$	0.9 $\leq$	Nnfi
Good fitness	0.91	0.95 $\leq$	0.9 $\leq$	Cfi
Good fitness	0.91	0.95 $\leq$	0.9 $\leq$	Ifi
Good fitness	0.93	0.95 $\leq$	0.9 $\leq$	Gfi
Good fitness	0.85	0.9 $\leq$	0.8 $\leq$	Agfi
Good fitness	0.062	0.05 $\geq$	0.08 $\geq$	Rmr
Good fitness	0.073	0.05 $\geq$	0.08 $\geq$	Srmr

After reporting the standardized coefficients, significant coefficients as well as fitting model indexes which indicated to a desirable goodness of fit for the model, results of conceptual model hypothesis testing were studied. Final result of main research hypothesis testing is presented in table 4.

**Table 4 .** Results of studying the main research hypothesis

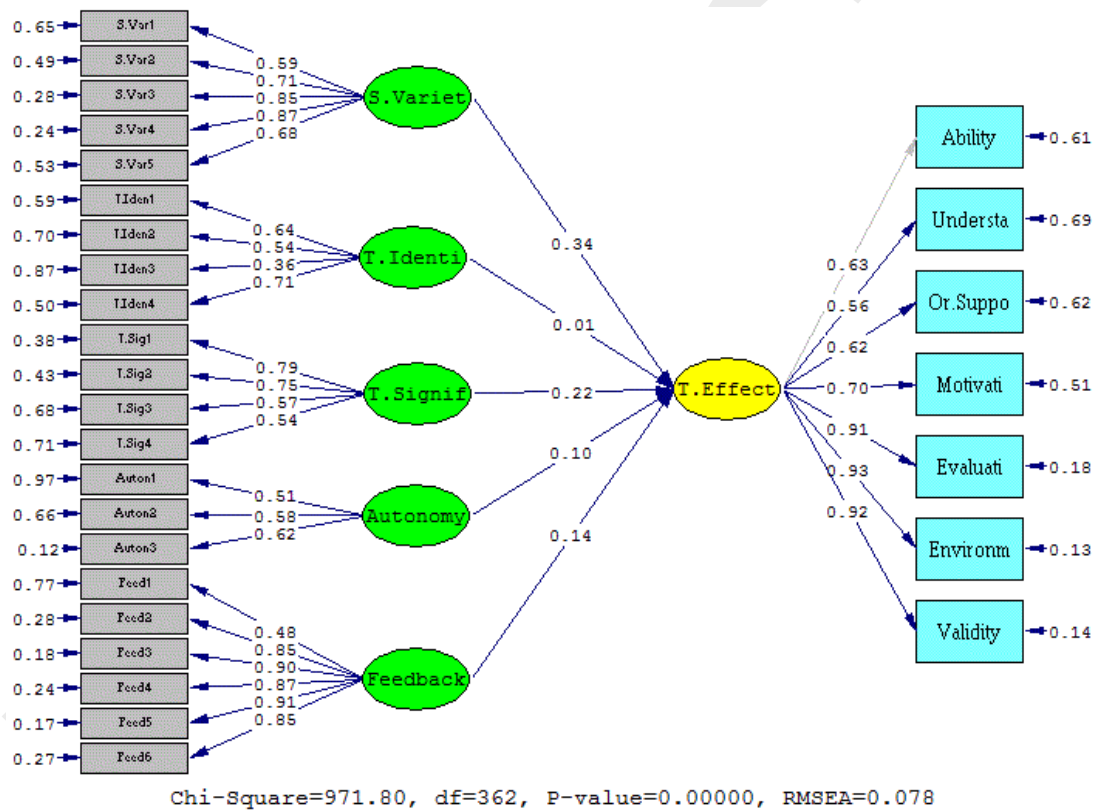
Hypothesis	Hypotheses path	Path coefficient (significance)	Result
H1	Job characteristics is effective on group effectiveness of employees in insurance companies.	0.63*** (9.04)	confirmed

Ns = nonsignificant.\* p <.05.\*\* p <.01.\*\*\* p <.001



**The results of the secondary research hypotheses**

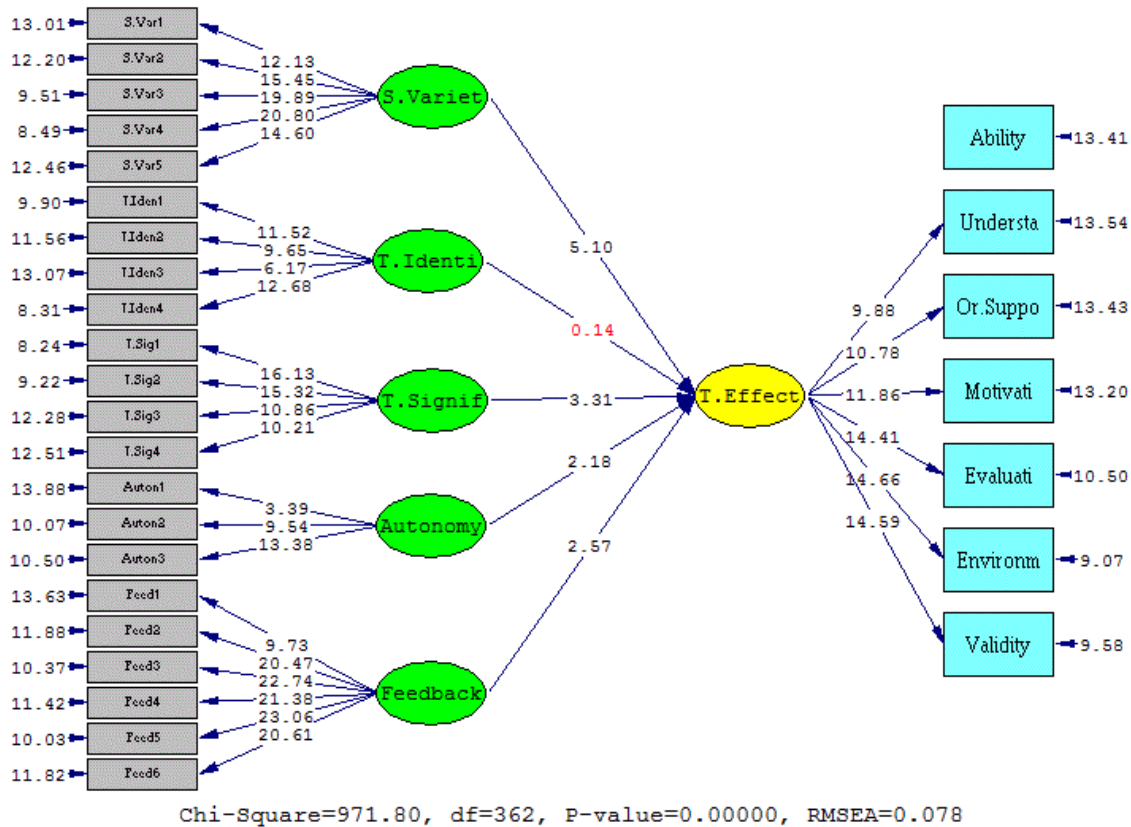
Below, the output of standardized estimation of structural equation modeling are presented for research conceptual model including the secondary research hypotheses, which is consisted of 5 independent variables (skill variety, job identity, job significance, feedback, autonomy) which are the dimensions of the variable of job characteristics and the dependent variable of employees' group effectiveness. As it is seen from results in the figure, all model's factor loading have a value larger than 0.3.



**Figure 3.** Standard estimated model based on pair-wise correlation coefficients related to research conceptual model including research secondary hypotheses

**The correlation coefficients related to each of the path coefficients**

In figure 4 above, the relevant significance values are presented. This model, indicated that all the significance values related to the factor loadings of the present model are larger than 1.96, however, two of the paths of the structural modeling are not significant.



**Figure 4.** Results of significance values of the conceptual model including main research hypothesis

For studying the research model, before confirming structural relationships it should be assured that the model is proper and has a desirable goodness of fit. Measuring indexes related to goodness of fit are presented in table 5 together with their calculated values for the model, which indicated to the desirable goodness of fit for the research model.

**Table 5.** The goodness of fit indexes of the conceptual model

Fitting indexes	Appropriate values	Ideal values	Research values	Result of fitting
$\chi^2/df$	$3 \geq$	$2 \geq$	2.68	Good fitness
Rmse	$0.1 \geq$	$0.08 \geq$	0.078	Good fitness
Nfi	$0.9 \leq$	$0.95 \leq$	0.92	Good fitness

Nnfi	0.9 $\leq$	0.95 $\leq$	0.95	Ideal fitness
Cfi	0.9 $\leq$	0.95 $\leq$	0.93	Good fitness
Ifi	0.9 $\leq$	0.95 $\leq$	0.95	Ideal fitness
Gfi	0.9 $\leq$	0.95 $\leq$	0.94	Good fitness
Agfi	0.8 $\leq$	0.9 $\leq$	0.85	Good fitness
Rmr	0.08 $\geq$	0.05 $\geq$	0.065	Good fitness
Srmr	0.08 $\geq$	0.05 $\geq$	0.076	Good fitness

After reporting the standardized coefficients, significance coefficients as well as fitting model indexes which indicated to a desirable goodness of fit for the model, results of hypothesis testing of the conceptual model was studied. Final results about the conformation or rejection of secondary research hypotheses are presented in table 6.

**Table 6.** Results of secondary research hypothesis testing

Hypothesis	Hypothesis path	Path coefficient (significance)	Result
H <sub>2</sub>	Skill variety is effective on group effectiveness of employees.	(5.1)*** 0.34	Confirmed
H <sub>3</sub>	Job identity is effective on group effectiveness of employees.	(0.14) <sup>ns</sup> 0.01	Rejected
H <sub>4</sub>	Job significance is effective on group effectiveness of employees.	(3.31)** 0.22	Confirmed
H <sub>5</sub>	Job autonomy is effective on group effectiveness of employees.	(2.18)* 0.10	Confirmed
H <sub>6</sub>	Feedback from job is effective on group effectiveness of employees.	(2.57)** 0.14	Confirmed

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Ns = nonsignificant.\* p <.05.\*\* p <.01.\*\*\*

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## Conclusion

In the present study, the role of job characteristics of employees on the level of group effectiveness was explored. In this study, job characteristics were measured based on the model of Hackman and Oldham (1975). This model states that job characteristics such as skill variety (the extent to which a job requires a variety of activities for performing tasks), job significance (the extent to which the individuals' job affects their life and the job of other individuals), job identity (the extent to which the employees perform a task completely), autonomy in job (the extent to which a job can provide employees with freedom, independence and choice at the time of planning tasks and determining the relevant procedures for performing them) and feedback (the extent to which job results are obtained through direct and clear information about the effectiveness of job activities) are related to job motivation and satisfaction. The first three dimensions cause job to be significant (making it meaningful), the 4<sup>th</sup> dimension is about the results of the job and the last dimensions is related to awareness of actual results of job activities which are all summarized in the motivating potential formula (Parker et al., 2006). Motivating potential is the result of the average multiplication of the first three dimensions (skill variety, job identity and job significance) in autonomy in job and job feedback. This model states that the more the motivating potential of individuals' job will have a higher level, job satisfaction and motivation increases (Moeller & Fitzgerald, 1985). According to Hackman and Oldham, perceptions related to the working environment and job tasks conditions, employees' attitudes in the area of behavior, affects emotion and cognition. Job characteristics model of these researchers is focused on job motivating characteristics. Considering the importance that this subject has in organizational field, studying the role of job characteristics on employees' group effectiveness of insurance companies is necessary and to this end, in the present study the role of job characteristics on employees' group effectiveness in insurance companies was studied and results indicated that job characteristics are effective on group effectiveness of the employees of insurance companies. Also, among the 5 dimensions of job characteristic, the dimensions of skill variety, job significance, job autonomy, feedback from work are effective on the level of employees' group effectiveness and only the dimension of job identity is not effective on employees' group effectiveness. Based on the research results, the following practical recommendations are presented:

- Insurance companies are recommended to implement a knowledge management system for achieving learning ability for gaining a complete advantage.

- Insurance companies are recommended to try to create a common and similar perception of organizational goals among all employees through accurately defining job and organizational goals.
- Insurance companies should try to provide a working environment in which there are opportunities to exploit all the abilities and skills of employees.
- Insurance companies are recommended to establish a exhortative-supportive system for promoting participatory spirit among the employees, specially for participating them in decision-making process without causing any criticizing and opposing environment with their opinions and recommendations.
- Insurance companies are recommended to hold briefing seminars and training courses specially for top management levels for creating long-term and strategic attitude.
- Insurance companies are recommended to have creative and innovative managers who are constantly seeking to use new working methods and who are trying to provide a content for employee creativity.
- Insurance companies are recommended to promote the meritocracy spirit at various levels with an approach to create job and employee proportion for increasing productivity as much as possible.
- It is recommended to insurance companies to establish an appraisal system and a comprehensive reward and punishment system in which learning capability of employees and implementing this learning are considered as a key factor.
- Establishing and launching a practical incentive system for improving all the dimensions of employee motivation is recommended.
- Holding efficient on-the-job-training courses which can be strongly effective in improving commitment to learning in employees is recommended.
- It is recommended to design a suggestions system which increases the attention and sensitivity of employees for work processes and increases their participation in the organization and to reward creative employees who are using new methods for performing their jobs (for example, for motivating employees and creating a competitive environment, each month an employees can be selected as the best employee in terms of their creativity and they can be rewarded).

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