

Person-Organization Fit and Turnover Intention: The Mediating Role of Employee Engagement

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Abstract

Purpose: The congruence between the values employees hold and the culture of an organization (person-organization fit) is important in influencing employee turnover. Generally, studies have shown that the person-organization fit is negatively related to turnover intention. Nevertheless, several meta-analytical studies have reported weaker relationships between the two constructs. In addition, minimal effort has been made to study the actual mechanism through which the person-organization fit is likely to influence an individual's intent to quit. The purpose of the present paper is to highlight the need for an intermediary link between the person-organization fit and turnover intention, and to propose the integration of employee engagement as a potential mediating factor.

Design: The social exchange theory and Lewin's field theory were adopted for the development of theoretical linkages among the person-organization fit, employee engagement and turnover intention.

Findings: It is postulated that employment engagement will mediate the relationship between the person-organization fit and turnover intention. The person-organization fit (in terms of value and goal congruence) will provide greater meaningfulness and psychological attachment, which will then lead individuals to a higher level of employee engagement. In the long run, individuals with a higher level of employee engagement would be less likely to leave the organization.

Originality/value: This paper contributes to the person-organization fit, employee engagement and turnover literature by proposing a mediating conceptual model to better explain the causal relationship among the constructs.

Keywords: Person-organization fit; Employee engagement; Turnover intention

Paper Type: Conceptual Paper

Introduction

Employees constitute the most powerful resource for an organization to sustain long-term competitive advantage (Huselid, Jackson, & Schuler, 1997). Organizations that attract, develop, and retain top talent will thrive while those that do not will struggle to remain competitive (Holtom, Mitchell, Lee, & Inderrieden, 2005, p. 337). However, the issue of employee turnover, which is described as the unplanned loss of workers who voluntarily leave despite their employers' preference to keep them (Finnegan, Frank, & Taylor, 2004), exists in most organizations throughout the world (Memon, Salleh, Harun, Rashid, & Zurina Abu Bakar, 2014; Tariq, Ramzan, & Raiz, 2013).

The U.S. Bureau of Statistics reported that an average of 25 million employees were involved in voluntary turnover, an increase of 6.1% from 2010 to 2011 (Hathaway, 2013). In Southeast Asia, Hewitt (2011) reported that the average employee turnover in the Philippines was 14.8%, followed by Malaysia (14.4%), Singapore (14.1%), Thailand (10.5%), and Indonesia (9.8%). These findings highlight that high voluntary turnover is an issue not only in the developed world, but also in developing countries including the Asian region. Hence, it is not surprising that this topic has attracted the interest of both academics and practitioners (Memon et al., 2014; Salleh, Nair, & Harun, 2012).

Both academic researchers and practitioners agree that turnover is very costly since it requires an organization to invest a significant amount of its resources to recruit, interview and train new employees (Griffeth & Hom, 2001; Mobley, 1982). According to Fitz-enz (1997), an organization loses approximately \$1 million (direct and indirect costs) to replace ten professional employees. Other consequences of high voluntary turnover include lower morale of the remaining employees (Rainey, 2003), loss of organizational memory (Huber, 1991), and low productivity (Johnson, 1995). For these reasons, it is essential that organizations understand the factors that influence turnover, which, consequently, can help to reduce such occurrences.

Among other factors, the person-organization (P-O) fit has been seen as a predictor of employee turnover (Arthur, Bell, Villado, & Doverspike, 2006). Scholars in the field of human resource management and organizational behaviour have shown great interest in the P-O fit due to its negative relationship with turnover intention (Cable & DeRue, 2002; Hoffman & Woehr, 2006; Schneider, 1987; Verquer, Beehr, & Wagner, 2003) and several other individual and organizational level outcomes, such as organizational commitment, job satisfaction (Biswas & Bhatnagar, 2013; Kim, Aryee, Loi, & Kim, 2013; Resick, Baltes, & Shantz, 2007) organizational citizenship behaviour, organizational identification (Cable & DeRue, 2002) and job performance (Kim et al., 2013). Although studies have found negative relationships between the P-O fit and turnover intention, such links were not sufficiently substantiated (Kristof-Brown et al., 2005, Johnson, 2005; Verquer et al., 2003). One possible explanation for this weak meta-analytic relationship may be because past studies investigated the direct link between the P-O fit and turnover, thus confirming the need for an intermediary construct through which the process occurs.

Furthermore, empirical evidence has indicated that a higher level of employee engagement (EE) reduces employee turnover (Maslach, Schaufeli, & Leiter, 2001; Saks, 2006; Schaufeli & Bakker, 2004). EE has been an area of interest among practitioners (Saks, 2006), particularly in understanding its influencing factors. Notably, although EE has been relatively less discussed in the academic field (Saks, 2006), numerous studies have explored EE as a mediator between a number of antecedents and outcome variables (e.g., Alfes, Shantz, Truss, & Soane, 2013; Andrew & Sofian, 2012; Saks, 2006; Schaufeli & Bakker, 2004).

More recently, Biswas and Bhatnagar (2013) investigated EE as a mediator between the P-O fit and organizational outcomes, such as organizational commitment and job satisfaction. However, while little has been discussed about EE as a mediator between the P-O fit and turnover intention in the published literature, it is postulated that EE can be a vital intermediary construct that can explain the actual mechanism between the P-O fit and turnover intention. When an individual's norms and values fit with the values of the organization, he or she might become more engaged in their job and organization, which, ultimately, could increase their intention to stay in the organization. Based on these hypothetical assumptions, a conceptual model integrating EE as a potential mediator between P-O fit and turnover intention is proposed.

Literature Review

Employee Turnover and P-O fit

Employee turnover is generally referred to as the "departure of an employee from the formally defined organization" (March & Simon, 1958, p. 99). There are two types of turnover: voluntary (initiated by employees themselves) and involuntary (controlled by the organization). Employee turnover has received extensive attention from scholars, indicating its significance in the field of management, human resource management and organizational behaviour. An analysis by (Holtom, Mitchell, Lee, & Eberly, 2008), for example, found more than 1500 studies, and several meta-analyses have been conducted on employee turnover. Turnover intention, which is the individual's willingness or perceived probability of voluntary permanent withdrawal from an organization (Price, 2001), has widely been found to be positively linked with actual turnover (Bluedorn, 1982). Thus, turnover intention is often regarded as a prominent predictor of actual employee turnover (Bigliardi, Petroni, & Dormio, 2005).

The P-O fit is the "compatibility between people and the organizations in which they work for" (Kristof-Brown, 1996, p. 1). Studies concerning the P-O fit have indicated that the individual and organization "fit" increases the likelihood of the individual's willingness to stay with the organization. The P-O fit has often been conceptualized in terms of value congruence and goal congruence (Kristof-Brown, 1996; Muchinsky & Monahan, 1987). Value congruence refers to the similarity of values of both the employee and the organization (Hoffman & Woehr, 2006; Kristof-Brown, 1996). An individual whose values are congruent with those of his organization, would generate a favourable attitude towards the organization (Arthur et al., 2006) and would have the tendency to remain in the organization (Kim et al., 2013; Schneider, 1987). Goal congruence, on the other hand, refers to the extent of similarity between a person's own goals as compared to the goals of the organization (Verquer et al., 2003). A similarity of goals attracts individuals towards an organization whose goals are instrumental in meeting those of the individual.

Previous studies have demonstrated a negative association between the P-O fit and turnover intention. (Verquer et al., 2003), for example, who conducted a meta-analysis of 21 studies, found that the P-O fit was negatively associated with the intention to quit. In addition, another meta-analysis of 121 studies (1967-2003) by Hoffman and Woehr (2006) revealed that the P-O fit was related to turnover. A similar result was found in a study of deluxe hotels in Korea by (Jung & Yoon, 2013). In general, these findings have consistently showed that individuals with a P-O fit tend to stay longer in an organization.

Mediating Role of Employee Engagement

EE is described as “the harnessing of organization members’ selves to their work roles, in engagement, people employ and express themselves physically, cognitively and emotionally during role performances” (Kahn, 1990, p. 694). Another scholar, Rothbard (2001, p. 656) defined EE as a psychological presence that has two critical components: attention (cognitive availability and the amount of time one spends thinking about a role) and absorption (being engrossed in a role and refers to the intensity of one’s focus on a role). (Saks, 2006) pointed out that every member of an organization has two main roles, namely, work role and role as an organizational member. In his pioneer study of the multidimensional model, (Saks, 2006) was the first to introduce and empirically investigate EE using two different facets: job and organization engagement. In other words, EE is not only limited to an individual’s psychological presence and cognitive interpretation of in-role activities, but covers one’s affective and psychological attachment to his job and organization (Biswas & Bhatnagar, 2013; Kahn, 1990; Saks, 2006). O’Reilly and Chatman (1986) defined psychological attachment as a psychological bond linking the individual and the organization.

According to fit theories, both the person and organizational environment can significantly affect an individual’s behaviours and organizational outcomes (Chatman, 1991). In a recent study, Biswas and Bhatnagar (2013) examined the mediating role of EE between P-O fit and organizational outcomes, such as job satisfaction and organizational commitment among employees in north-central India. The findings indicated that the P-O fit predicted job satisfaction and organizational commitment, which was mediated by EE.

Moreover, Lewin (1951) field theory explains that the interaction between a person and an organization’s environment can lead to various behaviours. For instance, when individuals experience a positive and meaningful environment, they tend to demonstrate positive outcomes in return. In other words, when employees find a good fit with their job and organization, this will encourage them from being engaged with their job and organization. The social exchange theory (SET) explains that in a reciprocal relationship, when an individual finds a fit between his norms and values with that of his organization, he will become more engaged with his job and organization. This suggests that individuals who fulfil their obligation to the organization will be more engaged and tend to stay longer. Supporting this, several studies have found that highly engaged employees are less likely to be involved in voluntary turnover (Juhdi, Pa’wan, & Hansaram, 2013; Saks, 2006; Society for Human Resource Management, 2006).

Conceptual Framework

This paper aims to conceptualize the mediating effect of EE between the P-O fit and turnover intention. Drawing on the earlier work of (Kristof-Brown, 1996) concerning the person-environment fit, the two sub-dimensions of the P-O fit, namely, value congruence and goal congruence, were used. The SET and Lewin’s field theory were adopted to develop the theoretical linkages among the constructs. It is postulated that EE will mediate the relationship between the P-O fit and turnover intention. The P-O fit (value and goal congruence) will provide greater meaningfulness and psychological attachment that will then lead individuals to a higher level of EE. In the long run, individuals with a higher level of EE would be less likely to leave the organization. Figure 1 shows the conceptual framework of the study.

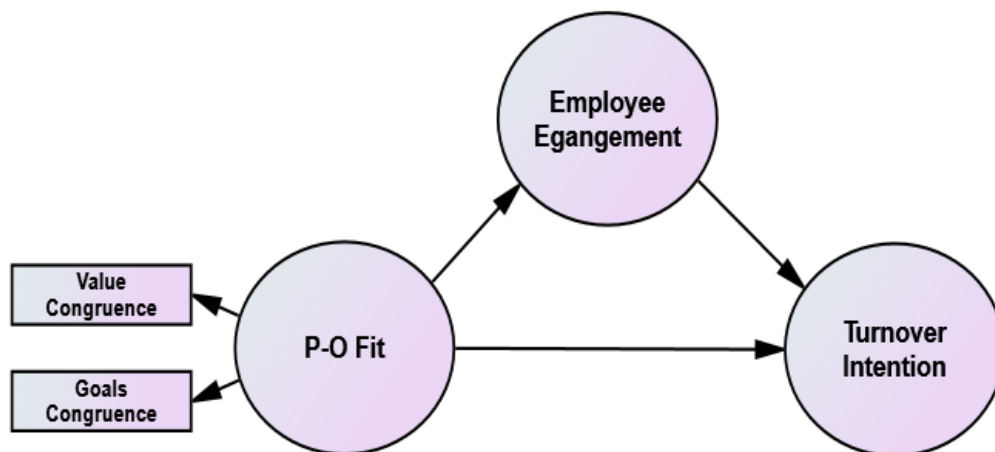


Figure 1: Proposed Conceptual Framework

Conclusion

Based on previous studies and two main theories, a framework that integrates the P-O fit, EE and turnover intention into a single model is proposed. Although, generally, the relationship of the P-O fit and turnover intention has been discussed, meta-analytical findings revealed a weaker relationship between both the constructs. Moreover, studies that could explain the way in which the P-O fit actually affects the turnover intention are lacking. Drawing on the SET and Lewin's field theory, it has been suggested that the fit (in terms of value and goal congruence) between an individual and an organization may generate the feeling of meaningful workplace that would lead individuals towards a high level of engagement with their jobs and organizations. It was further anticipated that engaged individuals are less likely to be involved in voluntary terminations. The proposed model may provide a new insight into understanding the integration between the P-O fit, turnover intention and EE. In doing so, this paper contributes to the P-O fit, EE and turnover literature by proposing a mediating conceptual model to better explain the causal ties among the constructs. It is proposed that future research could empirically examine the proposed model by testing it in different areas, sectors and regions. Given that the present study has proposed a mediating model, advanced statistical techniques, such as structural equation modelling, are recommended to achieve more reliable results compared to other conventional statistical methods. Moreover, future studies may include other behavioural constructs, such as organizational citizenship behaviour, to extend and verify the proposed framework.

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