

## **Studying the Relationship Between Person–Organisation Fit and Organisational Performance**

Patrick Nelson  
*The Open University*

### **ABSTRACT**

This developmental paper outlines the problems that a study analysing the impact of person–organisation (PO) fit on organisational performance might be expected to encounter. We first provide a short overview of the PO fit literature drawing out some key unresolved issues. Paramount amongst these is the link between PO fit and organisational performance, which has not attracted the attention of researchers despite being a critical question that divides PO fit researchers. Following this section, we explore some of the issues that researchers might face in studying the impact of PO fit on organisational performance.

### **PAPER**

The topic of Person–Organisation (PO) fit is attracting increasing interest. This was demonstrated by a recent meta-analysis by Kristof-Brown, Zimmerman and Johnson (2005) who cited 172 studies, most of which had been conducted in the past ten years. The main idea underpinning this area of research is the interaction between people (P) and the organisations (O) they work in. A long history argues that the best predictor of human behaviour is the interaction between a person and the environment he or she inhabits (e.g. Bowers, 1973). This is demonstrated in the finding that those people who do not fit their organisations tend to look for work elsewhere (Kristof-Brown et al, 2005). However, despite findings such as these, there is a divide in the literature between those who look at the behaviour of individuals and those who consider the behaviour of organisations.

Studies of the impact of PO fit on individuals finds powerful correlations between PO fit and greater levels of job satisfaction, organisational commitment, organisational citizenship behaviours, and tenure. We also know that people want to work in organisations where they believe they will fit in (Judge and Cable, 1997) and that, by and large, organisations want to recruit people who will fit in (Bowen, Ledford and Nathan, 1991). For these researchers, PO fit is generally seen as positive thing that helps employees function effectively.

However, on the other side of the coin, there are a group of researchers who take an opposing view. They fear that high levels of PO fit will be dysfunctional for organisations. This is encapsulated in Schneider's (1987) seminal paper on fit that feared high levels of PO fit because they would lead to organisational cloning and the recruitment of 'right types' who would cause the organisation to occupy an increasingly narrow ecological niche. In a follow-up empirical paper, Schneider, Smith, Taylor and Fleenor (1998) demonstrated that mature organisations can be distinguished by the profile of personalities they contain. This, they argue, shows that

over time, through a process of attraction, selection and socialisation, organisations become increasingly homogeneous in the range of personalities they contain.

These contrasting approaches present us with a very different perspective on PO fit. On the one hand, PO fit is a positive attribute that is to be promoted. On the other hand, it presents dangers to the organisation. I argue that the main reason why this theoretical bifurcation exists is that there has been no research exploring the impact of PO fit on organisational performance. I hope that by empirically exploring the impact of PO fit on organisational performance to find common ground between two warring factions.

### **Methodological Issues**

One of the major problems researching PO fit is the multiple ways in which researchers have conceptualised it. Muchinsky and Monahan (1987) drew attention to the two distinct conceptualizations of the construct: complementary fit and supplementary fit. Complementary fit is about one thing making another thing complete. For example, does someone have the skills that the organisation requires? Supplementary fit is about the similarity between two things. For example, are the values of two workers similar? Often this is termed congruence.

Kristof (1996) employed these ideas in the organisational field. In particular, she refined complementary fit into two forms. She identified the need to consider complementary fit from the perspectives of the employee and the employer. Employee-focused fit was termed Needs–Supplies (NS) fit. For example, does the organisation supply the work/life balance that the employee needs? Employer-focused fit was termed Demands–Abilities (DA) fit. For example, does the employee possess the abilities that the organisation requires them to have?

In addition to these different definitions and forms of fit, researchers have developed different methodologies to capture the construct. The methods used include card sorts, interviews, questionnaires, cognitive maps, and projective devices. This variety includes direct and indirect methods, ipsative and normative approaches, and these are driven by the different conceptualisations of fit. Researchers also vary in the currency of fit that they capture. These include values, perceptions, goals, and personality.

Another complication in the field concerns the ‘O’ in the PO fit equation. Whereas the ‘P’ is static being the individual worker, the ‘O’ can be differentiated in many ways. Kristof-Brown (2005) considers a person’s fit to the organisation, jobs, vocations, teams and supervisors. Billsberry, Ambrosini, Marsh, Moss-Jones, J. and van Meurs (2005) discovered sixteen domains influencing employee’s sense of fit.

Given all these variations of approach, PO fit researchers have many choices to make. What should the focus be on? Are any of these forms of fit more important than others? Are some related to organisational performance and others not? In this conference I hope to explore these issues in more depth.

Finding ways to measure organisational performance adds further complication to the concerns of the methodology. Measurements of performance can be divided into two categories, which offer distinct advantages and disadvantages.

The first category consists of the objective measures. There is a wide variety of objective measures, such as Tobin's  $q$ , gross rate return on capital, productivity as a logarithm of sales per employee, profit, ROCE, turnover and market share (e.g. Huselid, 1995; Delaney & Huselid, 1996). When objective measures are employed, typically two or more specific measures are used to assess overall organisational performance. Whereas the required specific data may be available for organisations that are quoted on the stock exchange, this is not always the case for organisations that are not quoted. In these cases the specific data is often inextricably interwoven with overall organization data (Dess & Robinson, 1984).

Subjective measures are easier to come by through interviewing senior managers within organizations and ask them to rate their organisation's performance. This method of gathering data has the advantage of being more cost effective than gathering objective data. Moreover, research has suggested that the range of independent variables were equivalent between subjective and objective measures, therefore indicating construct validity (Wall, et al. 2004). In situations when senior managers are not available for comment, difficulties may arise as the validity for using subjective measures of individuals below senior management level has not been verified so far.

In addition, there are other practical issues to consider with cross-levels research. Is it possible that an individual-level psychological construct such as fit might have an impact on the performance of an organisation? Can you aggregate people's sense of fit, or other psychological construct? How can causality be attributed to the psychological construct? In what sorts of organisations might exhibit the effect? What would constitute convincing evidence? How do we capture levels of fit across large numbers of people?

## **Conclusion**

My goal is to use this presentation to discuss some of these methodological issues. I hope to spark a discussion on cross-levels research which is at the heart of my study. How does a researcher look at the impact of individual-level influences on organisational performance?

## References

- Billsberry, J., Ambrosini, V., Marsh, P.J.G., Moss-Jones, J. and van Meurs, N. (2005) Towards a composite map of organisational person–environment fit. Paper presented at the British Academy of Management annual conference, Oxford.
- Bowen, D. E., Ledford, G. E., & Nathan, B. R. (1991) Hiring for the organization, not the job. *Academy of Management Executive*, **5**, 35–50.
- Chatman, J. (1989) Improving interactional organizational research: A model of person-organization fit. *Academy of Management Review*, **14**, 333–349.
- Delaney, J. T., & Huselid, M. A. (1996) The impact of human resource management on perceptions of organizational performance. *Academy of Management Journal*, **39**, 919-969.
- Dess, G. G., & Robinson, R. B. (1984) Measuring organizational performance in the absence of objective measures: The case of the privately-held firm and conglomerate Business Unit. *Strategic Management Journal*, **5**, 265-273.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, **38**, 635-672.
- Judge, T. A., & Cable, D. M. (1997) Applicant personality, organizational culture, and organization attraction. *Personnel Psychology*, **50**, 359–394.
- Kristof, A. L. (1996) Person-organization fit: An integrative review of its conceptualisations, measurement, and implications. *Personnel Psychology*, **49**, 1–49.
- Kristof-Brown, A.L., Zimmerman, R.D. and Johnson, E.C. (2005) Consequences of individuals' fit at work: A meta-analysis of person–job, person–organization, person–group, and person–supervisor fit. *Personnel Psychology*, **58**, 281-342.
- Muchinsky, P. M., & Monahan, C. J. (1987) What is person-environment congruence? Supplementary versus complementary models of fit. *Journal of Vocational behaviour*, **31**, 268-277.
- Schneider, B. (1987) The people make the place. *Personnel Psychology*, **40**, 437-453.
- Schneider, B., Smith, D. B., Taylor, S., & Fleenor, J. (1998) Personality and organizations: A test of the homogeneity of personality hypothesis. *Journal of Applied Psychology*, **83**, 462–470.
- Wall, T. D., Michie, J., Patterson, M., Wood, S. J., Sheehan, M., Clegg, C. W., & West, M. (2004) On the validity of subjective measures of company performance. *Personnel Psychology*, **57**, 95-118.