CHAPTER 2: LITERATURE REVIEW

In this chapter, a number of literature reviews on the independent variables will be presented first, and followed by the dependent variables. It presents the theories and the previous studies on the constructs as well as the conceptualization of the research framework.

2.1 Definition of Person-Environment fit (Independent Variables)

Both Practitioner and researcher are interested in the PE fit between the relationship fit and employee attitudes and behavior. According to previous researches, it has shown there is positive relationship between PE fit and organizational commitment.

The theories of Person Environment Fit (PE) fit have been exist in management literature almost 100 years, it become one of the more honorable line of psychological theorizing. More emphasis are placed the match people interest and those on vocation.

PE fit is broadly defined as the compatibility between an individual (abilities & values) and work environment (demands, supplies) that occurs when their characteristic are matched (Jeffrey R.E & Cary L.C, 1990). Most often, P-E fit is use as umbrella term for various types of fits.

Previous research stated that PE fit of an employee able to predict from the performance appraisal assessment, as the perception of system satisfaction & fairness of employee able to be measure (Hal, J.W. et al., 2007). Mismatch between person-environment, would create stress for employees. However, stress handling will depend on the personality trait of employees (Gerard, J.F & Anthony, M.M., 2003)

Strategies to measuring fit are very wide, it could directly asking individual to report their perceived fit, or indirectly by environment as assessed by individual or object environment

determine by other sources. Fit has been alternatively defined as, need-satisfaction and demand-ability matches (Amy, L.K, 2005).

2.1.1 Types of Person-Environment Fit

With refer to the interaction psychology, it is obvious that people being differently compatible with jobs, group, organization and vocation. There is multiple levels of fit have been defined: Person-Vocation (PV) fit, Person-Organization (PO) Fit, Person-Group (PG) Fit, Person-Supervisor (PS) Fit and Person-Person (PP) Fit (Tiffany, M.G. 2008; Tomoki, S. 2006).

The broadest level of environment fit is Person-Vocation Fit, it is the compatibility between an individual with their profession. Other type of fit such as individual compatibility with supervisor is emerged as important research domain too. But presently, there are little attention has been paid to person-group fit or the related topics of such person-supervisory fit. Although conceptually, there are overlap between all levels of PE fit, but the conceptual and empirical study provides the support of levels of differentiation. In this study, the focus of involves study of two fits, the PO and PG fit (Michael, K, 2005; Amy, L.K, 2005).

2.1.2 Person- Organization (PO) Fit

PO fit generally defined as the compatibility between people and organization, when at least one of entity provides what other need or they similar fundamental basis. Using broad definition, PO fit has focused on three areas: organizational entry, socialization processes and outcomes of existing employees.

With the increase of complexity of business world led the organizational to include PO fit in recruitment process (Quinetta, M.R. et. al., 2005). Due to organizational restructuring and

downsizing, organizational leaders became interested in workforce that adaptive inside the organization. Employee who can perform in more than on business unit is more desirable than who can function in single business unit only.

Organizational values and characteristics are likely to be more stable than specific KSA required for specific position. Because job task are likely to change over time compared to the value of organization (Amy, L.K., 2000).

Thereafter, during organization selecting candidates, it will base on the shared values of the organization undergo with major changes (restructuring). Hence, the PO fit is critical factor to select employee to improve long-term commitment for employees. The concept of PO fit is important for HR practitioner during recruiting, as an individual who fit to the organization will attracted to it. A good P-O fit suggests that individual are satisfied and the organization requirement are met. But, if an individual expectation is not met, they may be considered to leave the organization (Janet, C. et. al. 2008).

Person–Organization fit seems to be positive related in producing high commitment, job satisfaction and lower intention to leave. Special attention is given to PO fit to predict how the employee will commit in the future (Elena, M.PV, 2009, Tiffany, M.G., 2008). For those organizations which able to select employee fit with theirs organization appear to have strategic advantage (Edwin, J.T., 2007). In another side coin, serious job applicants also apply the PO fit while choosing appropriate organization (Micheal, J.M., 2007).

Research suggests that individual will be most successful in organization that shares their personalities. The individual and organizational similarities become the root of PO fit (Amy, L.K. et al. 2005).

2.1.3 Person-Job (PJ) Fit

It has identified as "the task a person is expected to accomplish in exchange for employment, as well as characteristics of those tasks". It commonly considered relative to the tasks of the job, and not the value and goals of the organization.

During World War I, it gets the attention when US army used cognitive ability tests to select soldiers in position. A good PJ fit exists when an individual's need are met a job and individual possesses the abilities need to perform the tasks effectively (Michael K, 2005).

And PJ fit is the fit between individual's capabilities with the individual desires and attributes of the job. PJ fit is more commonly considered with the task of the organization. An individual could be considered relative with the task, but not share the same goals and values with the organization. For example, an individual may posses with the Knowledge, Skill and Abilities for the job, but not share the same values, objective with the organization. (Micheal, K, 2005).

Some research stated, the person-job fit is closely related to person-vocation fit (the studies of individual matching with theirs interest), but it defined more narrow down between the person characteristics and task or job performed in the work place.

Firstly, it is the demand abilities fit, where the employees' knowledge, skills and abilities are match with the job requirement. Secondly, is the employee's need, desire or preferences is met with the job their performed. Misfit of person-job fit would be when it is underemployment, over qualification, role overload, and relative deprivation (Amy, L.K. et al. 2005).

2.1.4 Person-Group (PG) Fit

Person-Group Fit is the compatibility between individual and theirs work-groups. Sometime it is known as Person Team Fit. Most of the researches in PG Fit are concentrating of compatibility of personality traits between team members, and also the fit of the goal & values for a team. Research found that, group level of organization goal congruence was positively (Tiffany, M.G, 2008). PG Fit is likely to increase the organizational effectiveness through encouraging group corporation and synergy (James, D.W & Danny, J.J., 2001)

There are little research emphasize on how the co-workers influence individual in group setting. Demography assesses a person's similarity to group member to predict individual level of income (Amy, L.K. et al. 2005). However, PG fit could be difficult measure when group experienced with high turnover rate. As group dynamics are change, it will affect the stability of group membership too (James, D.W., et. al. 2001).

2.1.5 Comparison between fits

Sometimes organization need to trade between the PO fit and PJ fit during employee selection. In hiring employee for transactional contracts, the PJ Fit will be more important than the PO fit. These types of employees tend to have more standardized job description, sometimes with same additional task modification.

On the other side of coin, the PO fit will be more important to hire long term workers, for build the human capital. As long term, the organization will expects commitment beyond the assigned tasks, where certain ad hoc task couldn't categorize as standard code in job description.

Research also discovered that, organization that with self-motivated and commitment employees, tend to select the employee who should include PO fit and PJ fit in selection.

However, organization might able to find a person who is perfect fit. Person who is high in PJ fit and PO fit are not always able to find, as job applicants pool might not huge for the selection. Communicating on aspect of PG Fit during interview is important, as newcomer may have different perception and group norms (James, D.W & Danny J.J., 2001).

It common for an organization today hires different types of employees, with professional workers and mixture of full time and part time employees. As organization different mixture of workers, the weight PE fit for selection criteria (Tomoki, S, 2007). A part from organization perceive, research also indicant that job seeker needs to evaluate information about the organization to ensure it is good fit (Alan, M.S, 1997).

2.2 Definition of Personality (Moderating Factor)

Personality has been defined as the "dynamic and organized set of characteristic of a person that uniquely influences his/her cognition, motivations, and behaviors". This concept represents behavioral and cognitive prototypes that have been proven stable through time and in different settings. Thus, we can rationally anticipate that personality traits manipulate personal attitudes and values, as most current pragmatic studies have confirmed.

There are many types of personality traits measurement; two of the most accepted personality traits are Myers-Briggs Type Indicator (MBTI) and the Big Five personality trait.

Personality trait becomes popular recently to explain individual reaction. It helps individual to identify the reason of individual different reaction in similar situation. The big five model are strong predict of work behavior across cultures, but cultures is not include this study (Colin, S., 2004).

The traits are presented in a model termed the Five-Factor-Model that describes the human personality. It comprises with following traits: Agreeableness, Extroversion, Emotional Stability, Conscientiousness, and Openness to Experience (Silva, K e. al. 2009). However,

the emphasis of this research will on three personality traits, the emotional stability, agreeableness and conscientiousness.

2.2.1 The Big Five

The five factor of model provides meaningful of studying individual personality. Research indicates that, there are five factor model is importance source of performance motivation.

2.2.2 Agreeableness

This dimension demonstrates how individuals can relate to others and how considerate are they of others' opinions and feelings. Without agreeableness, individuals tend to be cold, disagreeable, and aggressive. Highly agreeable individuals are warm, trusting, and cooperative.

Agreeableness, which describes the humane aspects of people, such as altruism, nurturance, caring, and emotional support at one end and hostility, indifference to others, self-centeredness, spitefulness, and jealousy (Nina, S., 2006). It's associated with this factor include being courteous, good-natured, co-operative, soft-hearted, and tolerant. A person who has high score in agreeableness will be easier to get along with others. When implement people management, it require people to work in team. Employees who have high agreeableness will able to demonstrate theirs skills to enhance team effectiveness through interpersonal skill (Peter A.R., 2008; Chou, SY).

2.2.3 Extroversion

This trait relates to one's ease with relationships. Extroversion/Introversion dimension and the typical behavioral tendencies associated with it include being assertive, talkative, and

sociable. Extroverts are more likely to be friendly, sociable, confident, and outgoing, while introverts are reserved, quiet, shy, and distant.

2.2.4 Emotional Stability

Frequently known by its opposite, neuroticism, signifies an individual's ability to resist stress. Neuroticism/Emotional Stability represents individual differences in the tendency to experience distress and the typical behaviors that are associated with it include being anxious, depressed, emotional, worried, and insecure.

Individuals having high emotional stability are more likely to be secure, calm, and self-confident. On the other hand, individuals scoring low on emotional stability are more likely to be worried, nervous, depressed, and unconfident. For individual low in emotional stability will unlikely to try new experience, such as self-efficacy and self esteems issue.

Both the Extroversion and Neuroticism also represent the big two, which firstly describes by Eysenck.

2.2.5 Conscientiousness

The third factor is Conscientiousness, which has been argued to reflect volition and dependability; that is, being careful, thorough, responsible, and planful. It also includes include being hardworking, achievement-oriented, and persevering.

This trait is a determinant of reliability. A highly conscientious person is persistent, rule follower, organized, dependable, and responsible. Low conscientious individuals are distracted easily, unreliable, and disorganized. This dimension able to predicts job consistent of performance. Employee who are high in Conscientiousness are predicted to perform better in work (Tomoki, S. 2007; Peter, A.R et. al 2008)

2.2.6 Openness to experience

The last factor is called Openness to Experience, and is related to scientific and artistic creativity, divergent thinking, and political liberalism. The core of this dimension is openness to feelings and new ideas, flexibility of thought, and a readiness to indulge in fantasy. It includes being imaginative, cultured, curious, intelligent, and artistically sensitive (Mo, W. & Jesse, E, 2007). Openness to experience deals with one's attraction and interests with new things. Highly open individuals are sensitive, imaginative, inquisitive, and creative, they will interest to seek new strategies, comfortable in complex environment and willing to accept new ideas. For those have low score on openness to experience are conservative and are more comfortable with familiar environments. They seek to implement ideas, uncomfortable with complex environment and reluctant in new idea (Silva, K et al. 2009; Ramesh, K. et al, 2009).

2.3 Organizational Commitment (Dependent Variables)

Organizational Commitment was widely research topic by many researchers in the past. Many researchers have attempted to define this term; it is now a well received by the researchers.

2.3.1 Definition of Commitment

It refers to an employee's belief in the organization's goals and values, desire to remain a member of the organization and loyalty to the organization
It is a construct that seeks to explain consistencies involving attitudes, beliefs and behavior and "involves behavioral choices and implies a rejection of feasible alternative courses of action. Commitment has received substation attention in past research due to its significant

impact on work attitudes such as job satisfaction, performance, absenteeism, and turnover intentions (Lok, P & Crawford, J. 2001). Among forms of commitment, organizational commitment has received the most attention.

Porter et al. (1974) has developed the three-parts of organizational commitment definition:

A strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of organization, and a strong desire to remain in the organization (Lina, L et al. 2007).

And Allen and Meyer (1990) conceptualized a model of organizational commitment and identified into three components: **affective, continuance, and normative commitment.** The three dimensional construct is defined as follow:-

The affective component of organizational commitment . . . refers to the employee's emotional attachment to, identification with, and involvement in the organization. The continuance component refers to commitment based on the costs that the employee associates with leaving the organization. Finally, the normative component refers to the employee's feelings of obligation to remain with the organization.

The organizational commitment has tested in various forms, where using dependent variables such as age, educational level to predict various outcomes as job satisfaction, absenteeism and performance. In Lina, L et. al (2007) research, it discovered that the more educated employees will be less committed to the organization than the lower educated group.

2.3.2 Affective Commitment

The affective component of organizational commitment refers to the employee's emotional attachment to identification with, and involvement in the organization. Garry A.G. et al. (2006) pointed out that affective commitment will be higher in nation which with low levels of unemployment and economic activity.

2.3.3 Continuance Commitment

The continuance component refers to commitment based on the costs that employees associate with leaving the organization. Employee who perceived the cost of leaving is greater than the cost of staying on the organization, will remain staying with the organization

2.3.4 Normative commitment

The normative component refers to the employee's feeling of obligation to remain with the organization. Employees with high levels of normative commitment stay with the organization because they feel belongings.

Every organization has employees incurs costs because employees make mistakes on job and employees quit. Engendering organizational commitment among employees is one way to reduce mistakes and absenteeism (C. Jeffrey, M, 2003).

With the increase speed of organizational change, managers are seeking the ways to gains higher commitment from employee for organizational competitive advantage. The three commitment constructs are likely to be conceptually and functionally similar across cultures, but there might need to refine the measures of cross cultural research (Lina, L. et al. 2007).

2.4 The relationship of Person-Environment Fit and Organizational Commitment

Organizational Commitment is strongly related to turnover, organizational citizenship behavior and reduced absenteeism. As employees' intention to quit is inversely related to the organizational commitment, this will result to lower levels of turnover when there are with higher level of organizational commitment.

The concept of P–O fit is important to organizations because it suggests that if people fit well with an organization, they are likely to exhibit more positive attitudes and behaviors. This relation is supported by the literature, and many studies have found relations between P–O fit and work-related attitudes and behaviors.

In the earlier research that using Canadian nurses as sample data, it found that PO fit were directly related to both affective commitment and normative commitment of Organizational Commitment (Simone, A., 2008). Similar research have conducted for graduates, and discovered the PO fit is directly related to Affective Commitment (Thomas, G.N., 2007).

2.5 The relationship between Person-Environment fit and Organizational Commitment with the moderating effect of personality traits

Previous research concludes that the five-factor model has relationship with the organizational commitment. Especially the Extroversion is the most consistent predictor for all three forms of commitment (Jesse, E. et. al. 2006).

The relationship of personality traits to job performance has generated hundred articles. A part from Big Five, another broad personality trait has been shown job performance. Core self-evaluation is a higher-order factor representing the fundamental evaluations of people makes them. Core self-evaluation is indicated by at least 4 specific traits (self-esteem, locus of control, emotional stability & generalized self-efficacy).

Research found extroversion was significantly to various aspects of commitment. Neuroticism, conscientiousness, and openness were related to continuance commitment, while agreeableness was related to normative commitment. However, some researcher stated even the personality trait is good for predict the job performance, however in practical there are still low application in personnel selection. If a company is selecting employee based on the scores of personality test result, the applicants might faked theirs scores.

Furthermore, there are evidences that the score of personality can be changing over time, for example: an individual can be more conscientious or less open over time (Timothy, A. et al, 2008). Organizational are intended to have more high commitment workforce, because research shown that organization commitment will lead to high motivation, lower staff turnover and with higher organizational support. So, they could increase the level of commitment, for the return of job satisfaction and job performance.

Numerous organizational theorists believe a good between organization and person is important. In Colin's research, it believes that the organizational culture has impact toward the Person Organization Fit and Performance (Colin, S. 2004). Same type of result concluded in Middle East context, where it stated this Western, American theories could apply in Middle East too (Mohamed, H.B, 2009).

Some research argues that, demographic difference could influence the organizational commitment. Zhang Yan et. al. research pointed that, gender has no inference in both personal traits and organizational commitment.

In Jesse E. et al. (2006) research, it discovered Emotional Stability has positive relationship with both continuance commitment and normative commitment. And conscientiousness is positively related to continuance commitment. In Brent W. R et al. research (2004), it mentioned that the increase of PE fit level in an individual will has lower agreeableness.

It seems clear that, both PE fit and personality traits are likely to predict an employee's organizational commitment.