



Examining the Relationship between P-O fit and Turnover Intentions

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ABSTRACT

According to Arthur et al., (2006), the fit between the individual and the environment is a predictor of specified outcomes, which indicates that the POF is a predictor of job performance and turnover. In a sense, the efficacy of the POF is predicated on the congruence between an organization and the individual's values, interests, beliefs, and needs in terms of the outcome of personal interest (Arthur et al., (2006). The current study examined the impact of P-O fit on employee turnover intentions. A total of 140 bank employees participated in this study. Validated scales were used for data collection. The results revealed a significant influence of P-O fit on turnover intentions among bank employees.

Keywords : Person-Organization Fit, Turnover Intentions

INTRODUCTION

Human resources are the only live and animate asset in the world comparing with other production resources. The goal of every organization is to make profits. The goals can only be achieved through employees' efforts and contributions. Identifying and recruiting workers who not only possess the right sets of knowledge and skills but also embrace values similar to those of the organization are critical for organizations to succeed in achieving their goals (Judge and Ferris, 1993; Kristof, 1996). P-O fit is defined as "the compatibility between people and organizations that occurs when at least one entity provides what the other needs or they share similar fundamental characteristics or both" (Kristof, 1996). In other words, P-O fit is the "congruency between patterns of organizational values and patterns of individual values" (Chatman, 1989) emphasizing the extent to which a person and the organization share similar characteristics and meet each other's needs (Sekiguchi, 2004). Previous literature about fit construct suggests that congruence of the employee and any aspect of the environment such as organization, vocation, group, or job bring out positive outcomes for both people and organization. Person-organization fit is the phenomenon has considerable impact upon attitudes to enhance the organizational performance. Similarly, the fit between the employee and the organization has been related to various attitudes and behavioral outcome. Such as job satisfaction, job commitment, employee performance and organizational performance (Wheeler, et al., 2007, Hoffman and Woehr, 2006). Sufficient empirical support is there for the notion that person-organization fit is vital predictor of attitudes and performance (Brown, et al, 2005).

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan & Nick 2002). Therefore, managers must recognize that employees as major contributors to the efficient achievement of the organization's success (Abbasi & Hollman 2000). Managers should control employee turnover for the benefit of the organization success. Turnover intention or intention to quit or leave (as used interchangeably in literature) is an individual desire or willingness to quit or leave employer organisation (Tett & Mayer, 1993; Elangovan, 2001). The reason so much attention has been paid to the issue of turnover is because turno-

ver has some significant effects on organizations (DeMicco & Giridharan 1987; Dyke & Strick 1990; Cantrell & Saranakhsh 1991; Denvir & McMahon 1992). Many researchers argue that high turnover rates might have negative effects on the profitability of organizations if not managed properly (Hogan 1992; Wasmuth & Davis 1993; Barrows 1990). Turnover occurs for many different reasons. Sometimes new job attracts employees and pull them to leave the old one. In contrary employee also pushed to leave job due to the dissatisfaction in their present workplace or there is absence of value congruence. A poor relationship with the management can be an important reason for the employees to leave their jobs. For the steady productivity of an organization it is essential to maintain its skilled workforce. But most of the times it is very difficult to control the turnover rate within organizations. There are so many factors that affect turnover. According to the theoretical discussion and the case studies many solutions to reduce turnover has been discussed. First of all, obviously satisfactory salary structure helps to reduce turnover though job security also an important issue too. But it is not the only and always the solution for the authority. A person does not stay in an organization only for salary but he/she may stay for many other reasons such as, rearranging employees, good stream relation, better working environment, preferable job location, value congruence etc.

RATIONALE

Banking sector depends mainly on human resources. Success of human resources is very vital for the growth of banking industry. The banking sector is very important as it plays a dominant role in the economic growth. Today banking industry is faced with serious problems in retaining their workforce in order to achieve their goals effectively. In developing an effective workforce, it is necessary that this workforce should be available and ready for work for a long period, that is, person-organization fit concepts is vital in reducing labor turnover and enhance organizational performance. The prime objective of this study is to empirically examine the association between P-O fit and turnover intentions. The study is set on the following hypothesis:

H1: There is a significant inverse relationship between person-organisation fit and employee turnover.

H2: P-O fit is a significant determinant of employee retention.

METHODOLOGY

The theoretical foundation of this research study is based on a review of relevant literature. This literature review focused on scholarly literature including textbooks, empirical studies, and articles associated with person-organization fit and employee turnover. The population of this research is 140 employees working in banking sector. The respondents were asked to answer the questions based on a five point Likert scale format, which made all of the independent and dependent variable continuous for statistical analysis. P-O fit was measured by using five item scale that is adopted from previous researches (Edwards, 1991; Valentine, Godkin, & Lucero, 2002) having alpha reliability = .91. Respondent turnover intention was measured using the scale adopted from seashore & Cammann (1982) having alpha reliability = .90. Pearson Correlation Coefficient (r) was conducted to determine whether a relationship exists between the dependent variable Turnover Intentions and Independent variable P-O fit. In addition, regression analysis was conducted.

FINDINGS

Data was analyzed by SPSS-16.0. Parametric tests such as Pearson Correlation Coefficient and regression were calculated to analyze the data. Table-1 shows the correlation among P-O fit and turnover intentions. P-O fit (r = -.741) has significant negative correlation with turnover intentions. Therefore, this strong negative correlation among the variables confirms our H1.

Table-1: Correlations

		Person-Organization Fit	Turnover Intentions
Person-Organization Fit	Pearson Correlation	1	
	Sig. (2-tailed)		
Turnover Intentions	Pearson Correlation	-.741**	1
	Sig. (2-tailed)	.000	
		140	140

** . Correlation is significant at the 0.01 level (2-tailed).

REGRESSION

The coefficient of determination (Table-2) R² is .549 implying thereby that 54% of the variation in turnover intentions (dependent variable) is defined by P-O fit (independent variable). Thus, the findings of this study provide enough support to accept H2.

Table-2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 ^a	.549	.545	.99250

a. Predictors: (Constant), person organization fit

The model analysis includes the independent variable (P-O fit) and dependent variable (turnover intentions). The linear combination of the independent variable was significantly related to the dependent variable, R=.741, adjusted R square=.549, F=128.914 (p=0.000). An estimated 54% of variance of the predictor, i.e., P-O fit on the dependent variable Turnover Intentions.

Table-3: ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	126.987	1	126.987	128.914	.000 ^a
Residual	104.416	138	.985		
Total	231.403	139			

a. Predictors: (Constant), person organization fit

b. Dependent Variable: turnover intentions

CONCLUSION

The findings of this study contribute to improve P-o fit with reference to the banking sector. This study concludes that employees' fit with the organization in terms of good stream relations, better working environment, preferable job location, value congruence enhances employees' relation with the organization and acts as a retention tool. However, the independent variable in model analysis explained 54% of the variance (R square=0.549) in the dependent variable of turnover intentions. The 54% negative change in the level of turnover intentions in the banking sector investigated could be interpreted as resulting from increased Person-Organization fit. Human resource department should pay more attention to the design of a recruitment and selection mechanism in order to identify the best candidate for a specific job. The decision making process of selecting the best employee to fill a vacancy is also related to the previous experience, interests, needs, preferences, and personality of potential candidates. Therefore, person-organization fit concept is very important for fill the vacancies to enhance organizational performance in banking sector.

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