Person-Organization Fit as a Significant Factor of Creating Company’s Value – Implications for Human Capital Measurement

Agnieszka Wojtczuk-Turek

Department of Human Capital Development, Warsaw School of Economics

Human capital is generally assumed to be the most significant element of the intellectual capital, which brings special contribution in building company value. Thus, managers are interested in gaining and maintaining the personnel that has a significant competence potential (knowledge, skills, attitudes, motivation). Therefore, when attempting to establish factors that allow to create value in an organization on the basis of human capital, it becomes necessary to account for the examination of organizational context itself. However, such research should not only focus on the organizational context as such, separately, but examine organizational context in its relation to professional functioning of the employees. One of the perspectives of approaching this aspect of organizational context is the measurement of employee-organization fit.

Keywords: human capital, person-organization fit, qualitative features of human capital, human capital measurement.

Introduction

Creation of economic value by modern organizations relies, to a notable extent, on non-material resources, and human capital plays a special role in this process, because value generation is a function of employees’ competences, attitudes and intellectual abilities (Bontis, Fitz-enz, 2002; Rastogi, 2002; Namasivayam, Denizci, 2006; Kianto, Hurmelinna-Laukkanen, Ritala, 2010). The special generative potential of human capital lies in its ability to create knowledge (“embodied”, for instance, within products and services) which becomes a source of organizational innovation.
Human capital is generally assumed to be the most significant element of the Intellectual Capital (IC), and it comprises knowledge, skills, capabilities, and potential to develop and introduce innovations, demonstrated by employees of a given company (Baron, Armstrong, 2008). Its components also include abilities and aptitudes, attitudes, motivation at work, values, and health (physical fitness and a sense of psychological well-being). It needs stressing that the above mentioned features and characteristics, embodied in the members of the organization, possess specific value and constitute a source of future income for both the employees and the organization which employs them (Król, 2006).

It is implicitly assumed that high quality of human capital – expressed in its qualitative attributes, e.g., in the competences or commitment – will contribute to value creation in an organization and will help it to achieve a long-term competitive advantage. Thus, the management of companies is interested in gaining and maintaining the personnel which possesses a significant potential of knowledge and skills, together who a high motivation at work – measured with appropriate indicators. Yet, the knowledge regarding the influence of organizational factors (e.g., organizational culture, leadership styles or motivators employed) on the individual performance suggests a necessity to consider, while measuring human capital, the interactive influence of organizational context which may act as a variable of both stimulating and inhibiting character. (Inhibiting character denotes “barriers” which prevent employees from fulfilling their potential to create value.) Therefore, when attempting to establish the factors enabling creation of value in an organization on the basis of human capital, it becomes necessary to account for the examination of organizational context itself. However, such research should not be concerned with organizational context as such, in isolation, but examine organizational context in its relation to professional functioning of the employees.

One of the perspectives of approaching this aspect of organizational context is the measurement of employee-organization fit. It will create a possibility to determine the predictors of employee productivity from an interactive perspective – both individual and organizational. On such a basis, it might become possible to design appropriate activities within human capital management, directed at the increase of various types of individual fit at work. One of the ways to reach this goal might be to create such organizational conditions which would allow for the fulfillment and optimal use of employees’ potential, so as to translate high quality of this potential into value creation within organization. This is why the measurement of person-professional environment fit should be accounted for in the diagnosis of human capital in the context of gaining knowledge about employees’ professional functioning – about how they adapt their competences
to professional tasks they perform, about their compliance with the organization concerning the needs and values which are appreciated within it, their motivation at work and adjustment to the social environment.

1. Person-organization fit

The idea of person-organization fit (Kristof-Braun, Zimmerman, Johnson, 2005; Kristof, 1996), which in its theoretical aspect refers to the relation of a man and his environment (person-environment fit), assumes compatibility between an employee’s individual profile and the conditions of work environment. It is expressed though two main dimensions: 1) a fit between goals, values and needs of the persons employed and the organization’s possibilities for their implementation, and 2) a fit between the competences of the employees and the requirements of a job. Fit denotes an evaluation, expressed through effective and cognitive reactions, and related to the degree to which the job performed is beneficial or non-beneficial (Terelak, Jankowska, 2009). Fit also refers to the degree of similarity or compatibility between individual and situational characteristics (Livingstone, Nelson, Barr, 1997). Moreover, it should be stressed that the term “fit” may be understood in two different ways, when it refers to one of the two different aspects: supplementary fit – which points out to similarities, and complementary fit – which stresses the differences (which, at the same time, complement one another) (Muchinsky i Monahan, 1987). Consequently, in the context of employee-organization fit, it is possible to discuss both the similarity, e.g., from the point of view of goals, values, and convictions, and the congruence, understood as a complementary exchange of resources – “needs-resources”, “expectations-capabilities” (Czarnota-Bojarska, 2010). Naturally, these two perspectives do not have to be mutually exclusive within a description of fit, which is demonstrated in the model proposed by A. Kristof (1996) and combining the supplementary and complementary perspective.

A lack of fit may result in a situation in which even those employees who possess a very high potential to generate company value will not be able to achieve the intended results, although such a situation will not be caused by lack of possibilities to undertake productive professional activities. It needs noting that the said situation would concern not only the issues of the employee’s task efficiency and the realization of the company’s business goals. An optimal level of person-organization fit – according to research – is related to satisfaction (Kristof-Braun, Zimmerman, Johnson, 2005), which establishes this type of fit as an important element of shaping a sense of psychological well-being of the employee.
The literature discusses fit in several contexts, which allows us to distinguish several types of fit:

- person-job;
- person-organization;
- person-work group;
- person-supervisor.

Person-job fit denotes a conformity between individual predispositions (which condition capabilities) to fulfill certain professional tasks (specific requirements). Predispositions related to professional effectiveness may concern cognitive abilities as well as knowledge, experience or motivation. Naturally, for the employee’s productivity – especially in the case of persons with a high potential to create value in organization – the interaction of individual factors (cognitive abilities, intellect, as well as personality traits such as resistance to stress, self-efficacy, optimism, conscientiousness, and other aspects of psychological functioning) and environmental factors (organizational context) will be also highly significant. From the point of view of the employees, a positive evaluation of person-job fit, springing from the sense that their skills and professional knowledge allow them to manage the tasks with which they are presented in a given job, becomes a source of satisfaction and a factor which stimulates innovation.

Creation of conditions which support occurrence of person-job fit in an organization will, as a result, not only enable the employees to satisfy a highly significant need (i.e., the need for competence), but it will also provide them with a tool to shape their sense of self-efficacy – an important determinant for undertaking innovative behaviors (Wojtczuk-Turek, 2012). It becomes particularly important in the case of companies geared towards innovative activities, where some jobs are characterized by a high demand for creativity at work. A lack of fit can, from this point of view, result in a situation where the designated goals may not be reached. Even in the case of the optimal employee-creative task fit – when an individual possesses potential necessary to implement goals – the fulfillment of said goals is related to various costs. These costs include: a significant intellectual effort related to solving a problem (especially in the case of highly complex problems), overcoming difficulties and one’s own mental limitations, a long-term, significant cognitive commitment, activation of self-regulatory mechanisms and initiation of autonomous motivation, a necessity for postponing gratification and for inspiring determination for goal implementation, flexibility in one’s modus operandi, a necessity to modify the working environment. When there is a lack of fit with regard to the requirement to be creative at a workplace, the employees may display lowered efficiency, a sense of frustration, and even willingness to leave the organization.
To extend the scope of the term “job fit” beyond the factors related to the tasks within the aspect of intellectual capabilities indispensable for performing them, it is also possible to examine the extent to which a person’s job is characterized by emotional overload (stress) versus emotional deficiency (boredom, monotony, groove).

It is stressed that person-job fit forms a basis for building person-organization fit (Czarnota-Bojarska, 2010, p. 31). Such a type of fit concerns the whole issue of how an employee functions at a workplace and it covers various elements (Kristof, 1996, p. 4):

a) supplementary fit
   • attributes of an organization: culture/climate, values, goals, norms;
   • profile of an individual: personality, values, goals, attitudes;

b) complementary fit
   • organizational and personal demands and supplies: e.g., resources and opportunities.

The characteristics mentioned above cover factors which go beyond the regulations contained in a formal contract of employment, such as remuneration; they are also related to the aspects which fall into the scope of psychological contract, e.g., the needs. A mutual exchange of resources takes place between an employee and an organization¹: on the one hand, e.g., there is commitment or loyalty on the part of the employee, and on the other – economic or social benefits provided by the employer. Fulfillment of such mutual requirements will condition the occurrence of person-organization fit.

Social relations form another important element of environmental aspect, which significantly influences employee behavior. Their analysis on the level of fit will be concerned with the interaction between individuals and their work groups (person-group fit, person-team fit) and person-supervisor fit. Interpersonal compatibility between employees and their work groups is mostly concerned with compatibility of goals and values, of convictions and norms; however, the researchers have also examined similarities of personality traits (Kristof-Braun, Zimmerman, Johnson, 2005). Such similarity among team members forms an important element for building group cohesion, which results in a good co-operation, enabling to achieve the results planned. Moreover, it appears that a particular role in creating employee effectiveness efficiency is played by person-supervisor fit. In this case, the congruency of the values, goals and personality traits is also involved.

¹ The theory of social exchange specifies the manner in which resources are reciprocated (Blau, 1964).
It is stressed that the exchange of resources also takes place between the leader and the subordinate – which is described by the Leader-Member Exchange theory (LMX) (Dansereau, Graen, Haga, 1975) – and a higher quality of such an exchange (a closer exchange relation) is connected with providing the employees with higher level of autonomy, support and independence in the decision making process. Such an exchange is of mutual character – the employee completes the tasks with increased commitment and the superior increases financial rewards and facilitates promotion.

It might be stated, then, that organization fit contains the three types of fit described above. The measurement of all those types should be accounted for in the context of the measurement of qualitative attributes of human capital.

2. Measurement of qualitative attributes of human capital and of person-organization fit

One of the ways to diagnose the value of human capital and to estimate its contribution to creating organizational value is to measure its qualitative features – competences, attitudes, personality predispositions. The focus on specific aspects mentioned above is based on the assumption that these features – commitment, loyalty, and ability to create new knowledge (e.g., via innovation), among others – play a key role in creating a company’s success. Thus, individual productivity translates into organizational productivity/efficiency.

Unfortunately, the measurement of qualitative attributes of intangible assets presents the scholars with numerous ontological and epistemological issues. From the point of view of ontological problems, it needs stressing that the nature of human capital is not of observational character; rather, it is characterized by a theoretical (general) mode, and thus does not pose a phenomenon which can be subject to direct observation and measurement (Juchnowicz, Mazurek-Kucharska, Turek, 2013). Consequently, when determining the quality of human capital, it is necessary to adapt specific dimensions and indicators (with the use of the language of operationalization of the examined variables).

Another problematic issue of epistemological character is related to the degree to which human capital is “cognizable” and to the use of adequate indicators. The model indicators which are adopted in order to measure the qualitative features of human capital – e.g., competences – are organizational behaviors of the employees. They are perceived as predictors of organizational effectiveness – and their diagnosis forms a basis for forecasting the occurrence of certain activities/reactions/actions of the employee, which are supposed to lead towards reaching desired
results/effects. However, it seems that this relationship is not characterized by simple dependencies and is not as obvious as it might appear, or that it might even not exist at all – as stated by Montag et al. (2012). The authors invalidate the claim that creative performance behaviors influence the outcomes of such creative activities and they postulate a need to delineate creative behaviors from creative outcomes, as, in their view, a creative behavior does not have to result in a creative outcome. Creative behaviors form a set of mutually interdependent observable and unobservable activities/actions, which occur as a reaction to non-algorithmic tasks and projects and constitute the creative process, preceding the creative outcomes: e.g., as an idea, a prototype, or a product assessed as novel and useful. While occurrences of creative behaviors are controlled by the employees, there are numerous environmental factors which remain outside the employees’ control, although they can assist in an improvement of effectiveness of performance.

Therefore, the scholars point out the fact that a need to differentiate between task performance and contextual performance arises (Borman, Motowidlo, 1993; Campbell, 1994; Pulakos, Borman, Hough, 1988, from: Organ, Podsakoff, MacKenzie, 2006). Predictors of task performance are competences (knowledge, skills), which are related to person-job fit, while contextual performance to a higher degree determines person-organization fit (including person-work group fit and person-supervisor fit). It appears that particular importance is observable in the second aspect – contextual performance defined as employee’s participation in maintaining the ethos of co-operation and interpersonal support within a group, and concerned with those individual results which are related to maintenance and improvement of social relations and psychological climate, all of which support technical task performance.

It might be concluded, then, that the measurement of personality as a component of human capital allows to achieve higher credibility when predicting employees’ contribution to the social and psychological context of organizational functioning – within which an individual gains/achieves specific task performance – and not solely his contribution to productivity as such. It forms, therefore, a specific mediator of the influence of contextual performance on the results achieved. Contextual performance may assume the form of interpersonal facilita-

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2 The scholars present a variety of positions on the subject of explanation of the obtained results. One of the approaches is to stress the importance of personality – as a variable which significantly influences undertaking of organizational behaviors, and thus, the results achieved. However, there is a number of empirical studies, which contradict the view that a measurement of one or more personality traits may allow to predict employee efficiency (Borman, Motowidlo, 1993).

3 In the American perspective, it is included into competences, together with knowledge, skills and attitudes (Boyatzis, 2008).
tion, expressed via friendliness and readiness to assist (thereby becoming related to person-work group fit) or of involvement into work.

Apart from stricte social context, the optimal use of high quality/value human capital will be conditioned by a congruence within the scope of employee attitudes towards work, values, goals, needs, norms and convictions – i.e., by person-organization fit.

In the view of these findings it seems indispensable to seek and interactively study the factors which condition employee productivity (i.e., which influence the value of human capital), on the assumption that they show an optimal complementary fit. Moreover, from the point of view of human capital and organizational fit measurement, its other attributes are also significant (i.e., other than susceptibility to external influences), such as, e.g., variability in time (progressive and regressive changes) and development potential. The changes concern not only the competences (in a situation in which the employees gain new skills and/or knowledge, or when their skills/knowledge becomes outdated), but also attitudes towards work, which are determined by a number of variables of a subjective character, but remain extremely vulnerable to organizational factors (especially, the personnel policy), e.g., a sense of appreciation, but also of the meaning and value of one’s individual work, or the perceived organizational support, the sense of organizational justice/fairness, and job satisfaction.

On the other hand, changes occur with respect to organizational conditions and requirements, e.g., the requirement for creative work or types of overload, which influence person-job fit or its lack. For HR departments, it indicates a need to conduct periodic measurements of qualitative attributes of human capital, in order to account for the dynamics of changes in the level of supplementary fit and complementary fit, and it suggests that it is not enough to diagnose it only during recruitment phase. What seems interesting, J. Czarnota-Bojarska (2010, p. 29), drawing on the studies of Saks and Ashforth (1997), points out that persons applying for a job and showing a higher level of person-organization fit at the moment of employment, will remain in the organization even when their sense of person-work fit is not high, although they will not display high satisfaction and involvement. In the light of such findings, the activities in the sphere of human capital management appear to be significant – it seems important to eliminate incompatibilities with regard to person-job fit through organizational changes (conditions and content of work) and/or providing the employee with adequate competences.

It is also worthwhile, when considering the measurement of human capital and fit at work, to address the issue of the extent to which employees themselves undertake activities aimed at an increase in the degree of fit, and whether such
activities can be characterized as proactive or, rather, reactive. Flexibility, which might be treated as one of the indicators of human capital’s high quality, may condition – in combination with organizational changes – both person-organization fit and a significant potential for generating value for the company.

3. The needs integrated human capital measurement takes into account the diagnosis of person-organization fit

Proposal of human capital measurement including fit should be integrative. It does not mean, that researches have to measure all possible organizational and individual variables. We should select the key qualitative features of human capital, which are the most strongly connected with professional effectiveness. It is obvious as well that the concept of measurement with using adequate diagnostic tools should be preceded by the theoretical concept, confirmed in empirical research. In the reference literature there are many models of fit, but most of them are based on the Kristof (1996) model. One of the interesting ideas of diagnosis of person-organization fit, which relates to the Kristof model is the model presented by J.W. Westerman and L.A. Cyr (2004). The authors using supplementary fit (measured by needs and personality congruence) and needs-supplies fit congruence (measured by work environment congruence), indicate three dimensions of congruence: values congruence, personality congruence⁴ and work environment. Simultaneously, the authors indicate the influence of congruencies on employee’s attitudes, which are job satisfaction and organizational commitment. Both these factors determine the intention to remain in organization. These influence is direct – in the case of value and personality fit, whereas it is indirect (by influence on job satisfaction and organizational commitment) in relation to the organizational environment. Taking into account that organizational attitudes are very susceptible to influence of human resources policy, particularly their measurement should be repeated. The initial proposal concerning conceptualization of integrated person organization fit and qualitative features of human capital should include the following elements:

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⁴ It concerns both the assessment of employee personality and a “prototype” personality of an ideal member of organization.
Figure 1. Proposal concerning conceptualization of integrated person-organization fit and qualitative features of human capital

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>HUMAN CAPITAL</th>
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<tbody>
<tr>
<td><strong>Organizational culture</strong></td>
<td><strong>Individual characteristics</strong></td>
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<td>• value</td>
<td>• value</td>
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<td>• goals</td>
<td>• goals</td>
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<tr>
<td>• norms</td>
<td>• personality</td>
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<tr>
<td><strong>Work environment demands</strong></td>
<td><strong>Individual supplies</strong></td>
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<tr>
<td>• professional demands</td>
<td>• qualification/competences</td>
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<tr>
<td>• job characteristic</td>
<td>• work experience</td>
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<tr>
<td>• type of overload</td>
<td>• abilities</td>
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<tr>
<td>• work conditions</td>
<td>• psychological capital</td>
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<tr>
<td><strong>Social environment</strong></td>
<td><strong>Perceived social climate</strong></td>
</tr>
<tr>
<td>• relation with supervisor</td>
<td>• perceived organizational support</td>
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<tr>
<td>• relation with colleagues</td>
<td>• organizational justice</td>
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<td>• organizational role</td>
<td>• sense of appreciation</td>
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<td>• behaviors</td>
<td>• trust</td>
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<tr>
<td><strong>HRM practices</strong></td>
<td><strong>Attitudes and needs</strong></td>
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<tr>
<td>• encouragement</td>
<td>• motivation</td>
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<td>• building commitment</td>
<td>• commitment</td>
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<td>• competences development</td>
<td>• job satisfaction</td>
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<td></td>
<td>• psychological needs</td>
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INTEGRATED MEASUREMENT OF QUALITY OF HUMAN CAPITAL

Source: Own.

Looking at these combinations of suggested variables for measurement of qualitative features of human capital goes beyond those variables, which are usually assessed, i.e. education or professional competences. However, it turns out that there are many individual and organizational factors, which influence task performance. Organization-fit and qualitative features of human capital will be some elements of its quality assessment.

Moreover, there is another significant issue – that the measurement should be objective and not based on subjective employee’s views. Perhaps measurement
of qualitative features of human capital and human capital-organization fit using quantitative diagnostic tools will allow to build more complete and reliable model explaining factors (their direct and indirect influence).

Additionally, taking into account the following changes, it is important that the measurement is not only interactive but also dynamic (repetitive) in the organizational area and in human capital. It will create an opportunity to adopt human capital management activities in real time in order to use all changes in organization for creating values, i.e. increase in human capital quality and creation of value of organization (innovations).

Summary

In the age of knowledge economy, human capital is considered to be a significant factor of building companies’ value. What is more, that creation of value has changed, which depends on information and ideas (Namasivayam, Denizci, 2006). Hence, it is assumed that high quality of human capital is an essential condition of companies’ success. This assumption is true, provided that the organization uses competence potential of its employees in optimal manner in order to generate new value. This in turn is determined by opportunities-requirements congruence (fit work) and congruence of the individual and the social environment in terms of attitudes, goals, norms – organization fit.

Therefore, the most important recommendation for people, who manage human capital is to take into account the measurement diagnosis of various types of fit. The results of this measure will be a significant premise to design specific actions aimed at enhancing the contribution of human capital in creating company values.

There are many specific problems – which are partly indicated in this article – problems of theoretical, definition and methodological nature, the overcoming of which might allow to work out guidelines for interactive measurement. This would lead to indicate index of human capital fit – which may be one of important indicators used for diagnosis of intangible organizational assets.

References


Резюме

Гармоничность системы человек – организация как существенный фактор формирования ценностей предприятия – предпосылки для измерения человеческого капитала

Человеческий капитал считается значимым элементом интеллектуального капитала предприятия, который вносит особый вклад в формирование ценностей предприятия. Поэтому менеджеры заинтересованы в привлечении и удержании людей, обладающих значимым высоким потенциалом компетенций (знания, умения, установки, мотивация). Однако одного потенциала недостаточно, так как его оптимальное использование обусловливают организационные факторы, напр. организационная культура, лидерство. Поэтому для ответа на вопрос о том, что дает возможность формировать ценности в организации, опираясь на человеческий капитал, важным становится учет изучения организационного контекста, однако не как такового (в изоляции), но в связи с профессиональным функционированием сотрудников. Одной из призм восприятия этого аспекта является измерение степени адаптированности человека к организации, которое должно составлять существенный элемент оценки качества человеческого капитала.

Ключевые слова: человеческий капитал, гармоничность системы человек – организация, качественные характеристики человеческого капитала, измерение человеческого капитала.
Agnieszka Wojtczuk-Turek, Ph.D.

Ph.D. in humanities in the field of psychology. She is an Assistant professor at the Department of Human Capital Development at the Warsaw School of Economics. In her scientific work she focuses on the topic of personal competences, employees’ attitudes, innovative work behavior, coaching, human capital management and development. Expert on psychological and social aspects of innovation (projects commissioned by the Polish Agency of Entrepreneurship Development). She participated in research projects regarding among others, social-psychological competences of managers, leadership, social determinants of innovation. She is the author of numerous scientific publications in the area of social and psychological aspect of human capital management.