

# The Mediating Effect of Person-Environment Fit on the Relationship between Organisational Culture and Job Satisfaction

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## Abstract

Whereas previous research tends to look at Person-Environment (P-E) fit as a predictor of employee outcomes, this is one of the first studies to provide evidence of P-E fit as a mediator of the relationship between organisational culture and the employee outcome of job satisfaction. Data were obtained from full-time employees who were working in private and public sectors from various organisations in Malaysia (n = 204). Person-environment fit was a significant mediator of the relationship between organisational culture and job satisfaction. This has wide-ranging implications for organisational development consultants who intend to shape the culture of various organisations, on the assumption that certain organisational cultures will lead to certain desirable employee outcomes. Managers need to pay attention to not only their organisational culture such as training, rewards, teamwork and communication but to also ensure that there is a fit between individuals and their work environment.

**Keywords:** Organisational culture, Person-environment fit, Job satisfaction

## 1. Introduction

Organisational culture has been consistently an important theme in management and business research for the past few decades due to its potential to affect organisationally and individually desired outcomes. For instance, there are many studies that looked at how organisational culture was a predictor of such work-related outcomes such as performance (Ritchie, 2000), job satisfaction (Chow, Harrison, McKinnon, & Wu, 2001). Most people, especially younger employees understand and accept that loyalty towards their organisation is largely a losing proposition, and they are no longer willing to be dependent on their employers or accepting of organisational policies, practices and decisions that do not meet their needs or career aspirations (Ooi & Arumugam, 2006). There are also many studies that found that the fit between the person and the environment (i.e., P-E fit) was an important predictor of work-related outcomes such as job satisfaction (Cable & Judge, 1996; Kristof, 1996; KristofZimmerman, & Johnson, 2005). In fact, from the various studies, cited in Kristof (1996), Kristof et al. (2005) and Verquer, Beehr, and Wagner (2003), P-E fit was popularly viewed in the past, as a predictor or an independent variable affecting the dependent variable of employee outcomes.

However, more recent research have begun to look beyond the simple bivariate relationships between P-E fit and job outcomes, and begun to discover the mediating and moderating variables that exist within this relationship (Jelinek&Ahearne, 2010; DaSilva, 2010). Yet, despite the current trend, according to our search in the Web of Science database, there was not a single empirical study that looked at how P-E fit was a mediating variable in the relationship between organisational culture (communication, teamwork, training and rewards) and job satisfaction. This is the research's primary or main objective.

Studies cited in the literature review are mainly from Western perspectives. However, Ahmad and Khairuddin (2003) have already shown that P-E fit theory can be applicable to a developing country such as Malaysia. This study can provide more evidence of such a contention.

## 2. Literature Review

### 2.1 Organisational Culture

Organisational culture is generally seen as a set of key values, assumptions, understandings, and norms that is shared by members of an organisation and taught to new members as correct (Daft, 2005). It was argued that organisational culture may be the critical key that managers can use to direct the course of their firms (Smircich, 1983). The study on organisational culture can take on a multitude of aspects, including levels (visible, expressed values, and underlying assumptions), strength (strong or weak), and adaptiveness (adaptive or unadaptive). Culture can also be categorized as adaptability, achievement, clan, orbureaucratic (Daft, 2005); clan, adhocracy, hierarchy, or market (Cameron & Freeman, 1991; Quinn & Cameron, 1983; Quinn & Rohrbaugh, 1983); and communal, fragmented, networked, or mercenary (Goffee & Jones, 1998).

According to Wallach (1983), an organisation's culture can be a combination of three categories—bureaucratic, innovative or supportive. Rashid, Sambasivan, and Johari (2003), found that companies listed in the Kuala Lumpur Stock Exchange were predominantly competitive, risk-taking, set demanding goals, and that many manufacturers in the country had mercenary cultures that emphasised on strategy and winning in the marketplace. On the other hand, there were other companies that emphasised on tradition, loyalty, teamwork and personal commitment, which are among some of the values prevalent in Malaysian companies (Rashid, Sambasivan, & Johari, 2003). Cooke and Rousseau (1998) stated that training, rewards, teamwork and organisational commitment are important aspects of culture, and it would be interesting to investigate whether they affect employee work-related outcomes, either directly or indirectly. With the indirect relationship, the relationship between organisational culture and job satisfaction, could be mediated by another variable. What makes this study unique is that the mediator chosen for this study, is a variable that has been commonly viewed as an independent variable and a predictor of employee outcomes, rather than a mediator. This variable is the person-environment fit, and is explained later in the literature review.

### 2.2 Job Satisfaction

Job satisfaction represents a constellation of a person's attitudes toward or about a job as a whole. According to Porter (1962), the larger the discrepancy between the amount of such characteristics that is present and the amount that is desired, the lower the reported job satisfaction. Job satisfaction has been shown to be an outcome of many person-environment fit studies such as Ambrose, Arnaud, and Schminke (2008); Cools, Broeck, and Bouckenoghe (2009); Erdogan and Bauer (2005); Huang, Cheng, and Chou (2005); Liu, Liu, and Hu (2010); Resick, Baltes, and Shantz (2007); and Yang, Che, and Spector (2008).

### 2.3 Person-Environment Fit (P-E Fit)

Parsons' (1909) seminal work appears to be the first to have stressed the importance of both person and environment variables in vocational choice. There is an abundance of research that examined the degree of fit between the person and the environment, i.e., person-environment fit or P-E fit, and how that is associated with satisfaction. Buboltz, Ebberwein, Watkins, and Savickas (1995) discovered that in the last 20 years preceding their article, a total of 229 articles on P-E fit appeared in the *Journal of Vocational Behavior*, and 75 articles on it appeared in the *Career Development Quarterly*. They also noted that, about 63 of the 229 articles on P-E fit in the *Journal of Vocational Behavior* and 22 out of the 75 in the *Career Development Quarterly* appeared during the last five years preceding their article. Kristof et al. (2005) has given one of the most up-to-date and comprehensive review of the previous studies on P-E fit. So have Piasentin and Chapman (2006) and Verquer, Beehr, and Wagner (2003) when they conducted a meta-analytic review of 46 and 21 studies of P-E fit respectively. It still remains a current area of research interest (Ahmad, 2010; Bardi, Guerra, & Ramdeny, 2009; Lyons & O' Brien, 2006; Edwards, Cable, Williamson, Lambert, & Shipp, 2006; Kristof et al., 2005; Caldwell, Herold, & Fedor, 2004). The concept of P-E fit has been described as, "so pervasive as to be one of, if not the dominant conceptual forces in the field" (Schneider, 2001, p. 142). This constitutes evidence that the subject matter of P-E fit has not only been well established and extensively researched, but also remains a current area of interest (Kristof et al., 2005).

P-E fit was summarised by Edwards (1996, p. 292) as follows: "In essence, P-E fit embodies the premise that attitudes, behaviour and other individual level outcomes result not from the person or environment separately, but rather from the relationship between the two (Lewin, 1951; Murray, 1938; Pervin, 1989)". P-E fit is also of

practical importance to managers. The environmental-demands and person-abilities fit underlie most models of personnel selection, in which the generally accepted paradigm is to analyse job demands, define abilities required to meet these demands and hire individuals with the requisite abilities (Schneider, 1978). Osipow (1987) summarised the issues associated with person-environment fit in the following three main questions: 1) How do we assess people? 2) How do we measure their environment? 3) How do we compare the two regarding degree and quality of fit?

Muchinsky and Monahan (1987, p. 268) explained that complementary fit, occurs when there is a “match between an individual’s talents and the corresponding needs of the environment”. By complementary, they meant that the “characteristics of an individual serve to make whole or complement the characteristics of an environment. The environment is seen as either deficient in or requiring a certain type of person in order to be effective” (Muchinsky & Monahan, 1987, p. 271). Supplementary fit, on the other hand, was said to exist when “a person fits into some environmental context because he or she supplements or embellishes or possesses characteristics which are similar to other individuals in this environment” (Muchinsky & Monahan, 1987, p. 268). However, Muchinsky and Monahan’s (1987) categorisation is still incomplete. They defined complementary fit as comprising only the environment demand and personal abilities fit (i.e., D-A fit). Kristof (1996) expanded on Muchinsky and Monahan’s (1987) definition to include S-V fit. In her article, she stated that it is important to be aware that there are two components of complementary fit. They are the Supply-Value fit (S-V fit) and the Demand-Abilities fit (D-A fit). From the S-V fit perspective, organisations supply financial, physical and psychological resources as well as the task-related, interpersonal and growth opportunities demanded and valued by employees (French, Caplan & Harrison, 1982; Livingstone, Nelson & Barr, 1997). Fit occurs when an organisation satisfies individuals’ needs, desires or preferences (Kristof, 1996). From the D-A fit perspective, organisations demand contributions from their employees in terms of their time, effort, commitment, knowledge, skills and abilities (French et al., 1982; Livingstone et al., 1997). Fit occurs when an individual has the abilities required to meet organisation demands (Kristof, 1996). In short, D-A fit focuses primarily on meeting the needs of others, while S-V fit focuses primarily on meeting one’s own needs (Caplan, 1987; Livingstone et al., 1997).

Apart from categorizing P-E fit in terms of S-V or D-A fit, it is arguably more important to realise that P-E fit also operates simultaneously at three different levels: person-job fit (P-J fit), person-group fit (P-G fit) and person-organisation fit (P-O fit), and the cumulative effect of all three levels should be examined (Kristof, 1996; and Kristof et al., 2005). P-J fit relates to how the person is suited to the type of job he is currently holding, P-G fit is about how well the person gets along with his team members or colleagues, and P-O fit relates to how well the person’s values and behaviour fit with the organisation’s culture.

As mentioned earlier in the introduction section, there are many studies that looked at how P-E fit was a predictor of such work-related outcomes. For example, Vigoda and Cohen (2002), Verquer (2002), Lutrick and Moriarty (2002), Cable and Judge (1996) and many other studies cited in Verquer, Beehr, and Wagner (2003), all viewed P-E fit as a predictor of job satisfaction. Vogel and Feldman (2009), and Lyons and O’Brien (2006), both treated P-E fit as a predictor of turnover intentions. Kieffer, Schinka, and Curtis (2004) found that P-E fit was a predictor of job performance and work quality. P-E fit was even viewed as a dependent variable i.e., an outcome of change, in a study by Caldwell, Herold, and Fedor (2004).

However, none of these studies have looked at how P-E fit could be a mediator of the relationship between commitment and a common organisational predictor such as organisational culture. DelCampo (2006) published a conceptual paper, but failed to conduct empirical research on this matter. There is a strong likelihood of support for such mediating relationship, based on similar research conducted by others. For instance, in various empirical studies, the fit between the person and the organisation (P-O fit) was found to be a mediator of the relationship between human resource policies and employee outcomes (Boon, Hartog, Boselie, & Paauwe, 2011), between CEO charismatic leadership and organisational commitment (Huang, Cheng and Chou, 2005) and between communication and organisational citizenship behaviour (Peng & Chiu, 2010). With the exception of Boon et al. (2011), the other studies mentioned in this paragraph, examined only P-O fit and not other forms of fit.

This research on the other hand examines P-E fit from a combination of all three perspectives, P-J, PG and P-O, as Edwards and Billsberry (2010) stressed that P-E fit is a multidimensional concept, and should be treated as such. In the current research, it could be argued that workers would achieve greater fit with their jobs (P-J fit), colleagues (P-G fit) and the organisation as a whole (P-O fit), when exposed to training that helps reduce that gap. Workers would clearly achieve greater P-G fit when exposed to teambuilding training. It can be theorised that improved organisational communication, would improve the fit between the worker and his/her organisation (P-O fit), and this will also spill-over into the other areas of fit such as the fit between the worker and his/her

colleagues (P-G fit), and between the worker and his/her job (P-J fit). Similarly, it can be theorised that improved rewards and recognition will result in the worker perceiving himself/herself as fitting into the work environment as a whole, and this in turn will lead to positive work outcomes.

From the literature review, the following hypotheses were derived:

#### Hypotheses

H1: Organisational culture has a significant and positive relationship with employees' job satisfaction.

H2: Person-environment fit has a significant mediating influence on the relationship between organisational culture and job satisfaction.

Figure 1 shows the conceptual framework and the hypothesised relationship between the variables.

Insert Figure 1 Here

### 3. Research Methodology

Person-environment fit was measured by a total of twelve statements concerning P-O fit, P-G fit and P-J fit. Four items measured P-O fit and another four items measured P-J fit. All the said eight items were adapted from Cable and DeRue (2002). Examples of items are "The things that I value in life are very similar to the things that my organisation values" (person-organisation fit), and "There is a good fit between what my job offers me and what I am looking for in a job" (person-job fit). The remaining four items measured P-G fit, and these were adapted from Vogel and Feldman (2009). A sample item is "Working with other people in my group is one of the best parts of this job."

Respondents perception towards their organisation culture was collected via a total of fifteen statements pertaining to training and development (3-items), rewards and recognition (5-items), teamwork (4-items) and organisational communication (3-items), all taken from Cooke and Rousseau (1998). Examples of items include "Employees are encouraged to accept education and training within the organisation" (training and development); "The organisation's compensation system encourages team and individual contributions" (reward and recognition); "I am more comfortable working in a team rather than individually" (teamwork); and "I am satisfied with the way my organisation provides me with feedback" (communication).

Job satisfaction was measured by three items from Cammann, Fichman, Jenkins, and Klesh (1979). Sample items are "All in all, I am satisfied with my job", "In general, I like working here" and "In general, I do not like my job". This questionnaire was chosen for its simplicity. All the questions pertaining to person-environment fit, organisational culture and job satisfaction were measured using seven-point scales. Finally, demographic variables such as age, gender, marital status, ethnicity, job designation, highest level of education, tenure in the current organisation and organisation type were also collected.

Data was collected over a two-week period in the month of March 2010 using self-administered questionnaires. The target population of this study was full-time employees who were working in private and public sectors from various organisations in Malaysia. Three hundred questionnaires were distributed, either personally or by email, to Malaysian employees in administration, supervisory, managerial, professional and technical positions. Two hundred and thirteen questionnaires were returned on time. However, nine were incomplete, and only 204 questionnaires were usable yielding a response rate of 68%. This research complies with Sekaran's (2005) rule of thumb that says that sample sizes larger than 30 and less than 500 are appropriate for most research.

### 4. Results

Details of the demographics of the sample are given in Table 1.

Insert Table 1 Here

As depicted in Table 1, there were slightly more female respondents (54.4%) than male respondents (45.6%). There were slightly more single respondents (52.9%) than married ones (46.1). Most of the respondents fell into the 20 to 29 years old age group (52%), followed closely by respondents aged 30-39 years (41.2%). Chinese formed the major ethnic group (42.2%) followed by Malays (35.3%) and Indians (22.5%). Most of the respondents were degree holders (82.8%), held middle-management positions (69.1%), and were from the services sector (68.1%). In terms of tenure, 32.4% of the respondents served less than 2 years, 37.7% served between 2-5 years, 24% served between 6-10 years and only 5.9% served more than 10 years.

Reliability tests were conducted, and results showed that all the instruments used in this study have cronbach alpha figures above 0.7, and can be considered to be reliable (Nunnally, 1978). The reliability scores are displayed in Table 2.

Insert Table 2 Here

According to Kaiser (1974), the KMO measure of sampling adequacy should be more than 0.6. Bartlett's (1954) test of sphericity is significant when  $p < 0.001$ . It can be seen from Table 3 that both these requirements are met by all the main variables in this study.

Insert Table 3 Here

Correlation analyses were conducted, and results showed that organisational culture was significantly negatively related with job satisfaction ( $r = .242, p < 0.01$ ). Results are displayed in Table 4.

The technique of testing for mediating effects was adopted from Baron and Kenny (1986). One of the most recent using of the said technique is Malik, Waheed, and Malik (2010). Mediation hypothesis generally assumes that the effect of the independent variable on the dependent variable is mediated by a mediating variable. Baron and Kenny (1986) prescribe the following equations with respect to the independent variable (IV), mediating variable (M) and dependent variable (DV).

A variable functions as a mediator when it meets the following

- 1) The IV must be related to the M.
- 2) The IV must be related to the DV.
- 3) M must be related to the DV.
- 4) The strength of the relationship in equation 3 must be less than equation 2

Perfect mediation occurs when IV is not related to DV, when M is controlled. Preacher and Hayes (2004) also concurred by stating that there is evidence for complete mediation when the effect of IV on DV with the inclusion of M is insignificant i.e., not significantly different from zero. However, when the effect of IV on DV with the inclusion of M is reduced in magnitude, but remains significant, there is evidence for partial mediation (Preacher & Hayes, 2004). Partial mediation is more realistic than complete mediation, in social studies, because of the many causes of behaviour (Baron & Kenny, 1986). Another way of examining this is to check the  $R^2$  between IV and DV, without M, and with M (Ismail, Mohamed, Sulaiman, Mohamad, & Yusof, 2011).

Insert Table 4 Here

Table 4 shows the results of the regression analyses. In equation 1, a simple regression analysis was conducted between the independent variable of organisational culture and the mediating variable of P-E fit. Results showed that organisational culture was significantly related with P-E fit ( $r = .334, \beta = .603, p < .01$ ). In equation 2, IV (organisational culture) is positively related with DV (job satisfaction;  $r = .242, \beta = .167, p < .01$ ), thus supporting H1.

In equation 3, a simple regression analysis was conducted, and results showed that the M (P-E fit) was significantly related with DV (job satisfaction;  $r = .223, \beta = .110, p < .01$ ). Table 4 shows the results. Regarding the 4<sup>th</sup> criteria, it can be observed that the strength of the relationship in equation 3 ( $r = .223, \beta = .110$ ) is less than in equation 2 ( $r = .242, \beta = .167$ ).

Finally, a regression analysis was conducted with the IV and the DV only at first, and then with M included in the equation. Table 5 shows the results. The  $\beta$  value was 0.11 when M was not included in the equation, but then dropped to 0.006 when M was included in the equation. Thus, there is no evidence of full mediation, but rather a partial mediation effect. Also the  $R^2$  between IV and DV was 0.059 without the M, and it increased to 0.11 when M was introduced into the equation as an additional independent variable. Therefore the incremental change in  $R^2$  was only 0.051 giving evidence of a partial mediating effect of M (P-E fit), thus supporting H2.

Insert Table 5 here

## 5. Summary of Research Results

Two hypotheses were tested and supported. Research results show that organisational culture has a significant and positive relationship with employees' job satisfaction (H1). Person-environment fit has a significant mediating influence on the relationship between organisational culture and job satisfaction (H2).

## 6. Implications for Research and Practice

Whereas previous research looked at person-environment fit as a predictor of job outcomes such as job satisfaction, this research, on the other hand, looked at person-environment fit as a mediator of the relationship between organisational culture and job satisfaction. This has wide-ranging implications for organisational development consultants who intend to shape the culture of various organisations, on the assumption that certain

organisational cultures lead to certain desirable employee outcomes. Results of this research suggest that the relationship between organisational culture and job satisfaction is not direct, but rather it is mediated by another variable, the person-environment fit. This means that aspects of organisational culture such as training, rewards, teamwork and communication, must be aimed at improving overall person-environment fit, and this in turn will lead to job satisfaction. As mentioned in the literature review, several studies cited by Verquer, Beehr, and Wagner (2003), suggested that P-E fit is a predictor of job satisfaction, and the current research supports this. The contribution of the current research is that organisational culture, is an antecedent of person-environment fit, and the practical implication is that organisational development consultants should attend to the relevant aspects of organisational culture such as training, rewards, teamwork and communication, with the purpose of improving overall person-environment fit. This will then increase the chances of improving job satisfaction of the workers.

## 7. Limitations

This study is cross-sectional and no conclusions can be drawn about the direction of causality in this research. Another limitation of this research is the relatively small sample size of 204 respondents from the city of Kuala Lumpur, Malaysia. This may not be representative of the rural areas found in other parts of Peninsular Malaysia. The respondents in the sample were selected using convenience sampling and were also mostly young executives from the services sector. Future research should cover other industry sectors and also civil servants. Thus, findings of this study cannot be generalised to the general Malaysian population. On a positive note however, even though most of the studies cited in the literature review are from western perspectives, it is refreshing to note that a similar perspective can be applied to this limited sample in Malaysia.

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Table 1. Demographics

Characteristics	Frequency	Percentage (%)
Age		
20-29	106	52.0
30-39	84	41.2
40-49	9	4.4
50 and above	5	2.5
Gender		
Male	93	45.6
Female	111	54.4
Marital status		
Single	108	52.9
Married	94	46.1
Divorced/widowed	2	1.0
Ethnicity		
Malay	72	35.3
Chinese	86	42.2
Indian	46	22.5
Education		
Secondary	3	1.5
Cert/Diploma	5	2.5
Degree	169	82.8
Post Graduate	27	13.2
Job Position		
Top Management	6	2.9
Middle Management	141	69.1
Technical Employee	12	5.9
Non Management	6	2.9
Skilled Professional	34	16.7
Others	5	2.5
Tenure		
Less than 2 years	66	32.4
2-5 years	77	37.7
6-10 years	49	24.0
More than 10 years	12	5.9
Organisation type		
Services	139	68.1
Manufacturing	22	10.8
Property	4	2.0
Construction	4	2.0
Government	10	4.9
Others	25	12.3

Table 2. Reliability scores

Reliability Test			
Variable	Mean	Std Deviation	Cronbach Alpha
Person-environment Fit	4.29	.079	.075
Training and development	4.77	.97	.77
Rewards and recognition	4.22	.99	.71
Teamwork	5.01	.82	.74
Job Satisfaction	4.42	.75	.93

Table 3. KMO measures of sampling adequacy and Bartlett's Test

	KMO Measure of Sampling Adequacy	Bartlett's Test of Sphericity (sig)
Organisational culture	0.847	0.000
Person-Environment Fit	0.798	0.000
Job Satisfaction	0.750	0.000

Table 4. r and  $\beta$  values

	OC	PE
Organisational culture (OC)	1	
Person Environment Fit (PE)	r = .334** $\beta$ = .603 (equation 1)	1
Job Satisfaction (T)	r = .242** $\beta$ = .167 (equation 2)	r = .223** $\beta$ = .110 (equation 3)

\*\*Correlation is significant at the 0.01 level (1 tailed)

\*Correlation is significant at the 0.05 level (1 tailed)

Note: Equation 3 must be less than equation 2

Table 5. Tests of direct and mediating relationships

Variables	Job Satisfaction (JS)	
	Direct Effect (OC on JS)	Mediated Effect of P-E Fit (OC & P-E on JS)
Organisational Culture	$\beta = .11$ $r = .242^{**}$	$\beta = .006$ $r = -.568^{**}$
$r^2$	0.059**	0.11**
$\Delta r^2$		0.051
f	100.624**	64.579**

\*\*\* Significant at the 0.01 level (1-tailed)

Table 6. Regression results testing organisational culture and P-E fit

Variable Organisational Culture	Person-Environment Fit
$\beta$	0.603**
$R^2$	0.297
F	112.272**

\*\* Correlation is significant at the 0.01 level (1-tailed)

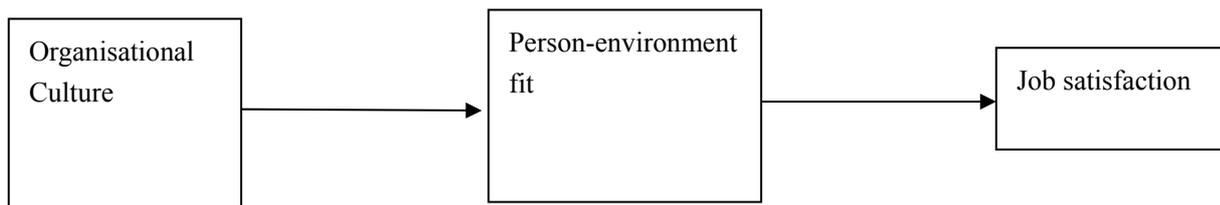


Figure 1. Conceptual framework