

EFFECTS OF PERSON-ORGANIZATION FIT ON OCB: A STUDY OF INDIAN FINANCIAL INSTITUTIONS

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ABSTRACT

The current study examines the congruence between person-organization fit and organizational citizenship behavior. Proposed hypothesis is tested with a sample of 405 employees working in Indian financial institutions. Analysis revealed that person-organization fit has a significant and positive influence on organizational citizenship behavior. Managerial implications are also discussed.

Keywords : OCB, Indian Financial Institutions, Person-Organization fit

Introduction

Due to the competitive business environment, human resources are viewed as a vital element of human resource management. With the abundant changes in the worldwide economy, the focus shifted towards the selection of personnel (Budhwar & Boyne, 2004), while the selection process largely depends upon fit with the culture (i.e. person-job fit and person-organization fit) and the goal of the organization (Farzaneh et al., 2014). Person-organization fit is a key part of the selection process (Kristof, 1996) that makes the congruence between person and organization (Netemeyer et al., 1997; O'Reilly et al., 1991) or congruence between the individual and corporate goal (Kristof, 1996; Vancouver et al., 1994). Evidences show that people work for those organizations which best utilize their capabilities (Kristof, 1996). Organizational behavior research is linked to understanding and predicting the employees' behavior with organizational scenery (Chatman, 1989). OCB is a key variable in psychology and management (Podsakoff et al., 2000). The positive discretionary work behavior is labeled as OCB (Organ, 1988). The positive work-related attitudes and behaviors among employees reciprocate the discretionary behavior (Organ, 1988). The triumph of the organizations can be measured with the employees' roles and duties beyond the management expectation (DiPaola & Tschannen-Moran, 2014).

Numerous researches have studied the OCB (Organ, 1988; Podsakoff et al., 2000) but the person-organization fit which is an important research paradigm in academics has underpinned in the current scenario (Resick et al., 2007; Kim et al., 2013). Only a little research have been conducted in USA (Kristof-Brown et al., 2005) and South Korea (Kim et al., 2013) that explains the relationship between person-organization fit and OCB, which had been unaddressed among Indian

practitioners. Therefore, we thus selected the Indian setting to conduct this research to cross-validate the results. This drift perceived by HR practitioner warrants ongoing research to explore the underlying mechanism of person-organization fit and OCB. Our current study adds to the literature in many contexts. Based on the social exchange theory (Blau, 1964) and leader-member exchange theory the relationship between person-organization fit and OCB is examined. This paper examines how person-organization fit (P-O fit) adds organizational citizenship behavior (OCB).

Review of Literature and Hypothesis Formulation

The phenomenal growth in the service industry demands person-organization fit. Person-organization fit kindles the discretionary behavior and stretches the connections with the organization (Chatman, 1989). Evidence shows that people work for those organizations which best utilize their capabilities in terms of skills and education (Kristof, 1996). Person-organization fit had been drawn in the organizational behavior in the 1950s (Muthusamy, 2009). In line with the social exchange theory (Blau, 1964) the person-organization fit endorses the OCB among the minds of employees. Thus, the organizational support reciprocates the OCB (Blau, 1964). Arthur et al. (2006) stipulated that person-organization fit stimulates the behavioral outcome i.e. OCB.

OCB is a voluntary and constructive behavior of the employees (Newland, 2012), which is an important research paradigm among researchers and practitioners. Eisenberger et al. (1986) have postulated the social exchanges in such a manner that the more the level of contribution by the organizations for employees' well-being, more the employees feel obligated to reciprocate with positive work-related outcomes. OCB is a behavioral outcome variable that shrinks the intention to leave (Kundu & Gahlawat, 2016) and endorses

efficiency in organizations (Organ, 1988; Chatman, 1989). When emotional connections are formed between individual and organization the organizational efficiency improves (Wei, 2013). Based on the sample of 262 financial specialists it stipulates that the time perspective has a moderated relationship between person-organization fit and OCB (Wei, 2013). P-O fit has a positive and significant influence over OCB (Kim et al., 2013; Wei, 2013; Farzaneh et al., 2014). OCB aids ample benefits in terms of lower costs, increased efficiency, and effectiveness in organization operations (Podsakoff et al., 2000). Person-organization fit is positively related to organizational citizenship behavior. The employee, who is well allied with the organization, generates extra-role behavior (Mayfield & Taber, 2010). Various studies have proved the direct relationship of person-organization fit and OCB (O'Reilly & Chatman, 1986; Mayfield & Taber, 2010; Kim et al., 2013; Wei, 2013). Thus, the following hypothesis can be proposed:

Hypothesis 1: Person-organization fit is positively related to organizational citizenship behavior.

Research Methodology

Sample

Primary data based on 405 respondents from 55 financial organizations were gathered and analyzed. The distribution of the sample can be seen in table 1. Out of 405, 71.9% were males and the rest of them were females. 54.6% were from private organizations and the rest of them were from public organizations. 75.3% were from Indian organizations and the rest of them were MNCs. In terms of education, 62.2% were postgraduates and 37.8% were undergraduates. The average age of employees was 32.75 years. Average experience shared by the employees was 2.80 years.

Table 1 : Distribution and characteristics of sample

	Variables	Categories	Number	%	Average
1.	Gender	Female	114	28.1	
		Male	291	71.9	
		Total	405	100.0	
2.	Sector	Private	221	54.6	
		Public(Government)	184	45.4	
		Total	405	100.0	
3.	Ownership	Indian	305	75.3	
		MNC/Collaborate	100	24.7	
		Total	405	100.0	
4.	Education	PG	252	62.2	
		UG	153	37.8	
		Total	405	100.0	

5.	Age	Under 25 years	98	24.2	
		26-30 years	147	36.3	
		31-40 years	89	22.0	32.75
		41-50 years	40	9.9	
		51-60 years	31	7.7	
		Total	405	100.0	
6.	Work experience	Less than 1 year	65	16	
		1-3 year	114	28.1	
		3-5 year	63	15.6	2.80
		More than 5 year	163	40.2	

Notes: MNC, -multinational companies

Number of organizations- 55

Source: Primary data

Measures

For the primary survey, a questionnaire was divided into two sections. Section A contained the general information about respondents, whereas section B represented the variables regarding person-organization fit and organizational citizenship behavior. A brief description about measurement scale was shown in table 2. All these items were measured and assessed on a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree".

Person-organization fit (independent variable).

Person-organization fit was adapted from Ghosh & Sahney (2011) study. Cronbach α for the full scale was 0.767 showing acceptable reliability (Hair et al., 2006).

Organizational citizenship behavior (dependent variable).

Organizational citizenship behavior was adapted from MacKenzie et al. (1991) study. Cronbach α for the full scale was 0.813 showing acceptable reliability (Hair et al., 2006).

Control variables.

Grounded in the prior study by Hasani et al. (2013) gender, age, education, and work experience were treated as control variables. Coding for these variables were as follows: gender (1= male, 0=female), age (1=upto 25 years, 2=25-30 years, 3=31- 40 years, 4=41-50 years, 5=51-60 years, and 6=above 60 years), education (1=undergraduates, 0= postgraduates), and work experience (1 = up to 1 year, 2= 1-3 years, 3 = 3-5 years, 4= more than 5 years).

Statistical tools applied

For the current study, means, standard deviations, correlations, factor analysis, and regression analysis were used using SPSS 18.0 version. Cronbach alpha was also calculated to check the internal consistency of the questionnaire items.

Common method variance

Since the data collected from a single source i.e. self-administered questionnaire. So, common method variance

might occur. Therefore, to check the magnitude of common method variance, Harman's one-factor test was applied to all the variables. If one factor represents the majority of the covariance among the variable, then a common method might occur (Podsakoff et al., 2003). The principal component analysis produced a two-factor solution explaining 58.458 % of the variance, whereas the first factor accounted for only 29.465% of the total variance. Thus, common method variance was not a serious concern in our study (Podsakoff et al., 2003).

Results and discussion

Factor analysis

The two latent constructs were subjected to exploratory factor analysis. A principal component analysis (PCA) was conducted on the 9 items with varimax rotation. Kaiser (1974) recommends a minimum of 0.5 as an acceptable limit for KMO statistics. To gauge the adequacy of the sample, Kaiser–Meyer–Olkin (KMO) test was also applied. KMO for the study variables was 0.777 (“good” according to Hutcheson&Sofroniou, 1999), indicating that sample size was adequate for the concerned study. Exploratory factor analysis produced two components had eigenvalues over Kaiser's criterion of 1, explaining 58.458 % of the variance. The amount of variance explained by the retained factors was represented by the commonalities. The value of commonalities ranged from 0.323 to 0.726. Table 2 shows the factor loadings after rotation. The two retained factors were considered as sub-scales and used for further analysis. The first factor named as “person-organization fit”, explaining 29.465 % of the variance loaded significantly with five practices having an eigenvalue of 3.656. The second factor was described as “organizational citizenship behavior”, explaining 28.993% of the variance loaded significantly with four practices having an eigenvalue of 1.605. Composite reliability for the factors was 0.504 and 0.620 providing acceptable convergent validity (Zhao & Cavusgil, 2006).

Table 2 : Results of factor analysis

Factors	Variance (%)	EFA Loadings	Cronbach Alpha	Composite reliability
Person-organization fit	29.465	0.837	0.767	0.504
People from one department discuss with people in other departments how the quality of their work affects others.		0.788		
Members in one department discuss with people in other departments how the quality of others' work affects them.		0.700		
Achievement and competence are more important than hierarchical status.		0.669		
Each department knows enough about other related departments within the organization.		0.512		
Individual differences (e.g. gender, race, physical disabledness, social background, etc.) are respected in the organization.		*		
Organizational citizenship behavior	28.993	0.838	0.813	0.6201
willingly give of my time to help others out who have work-related problems.		0.810		
I attend and actively participate in organization meetings.		0.778		
I attend functions that are not required but help the organization's image.		0.719		
I am willing to take time out of my busy schedule to help with recruiting or training new employees.		*		

Notes:

These two latent variables accounted for 58.458% of the variance as a result of exploratory factor analysis.

All the loadings related to EFA were significant at 0.05 level.

Source: Primary Data

Descriptive statistics

Table 3 represents the scale as well as means and standard deviation. These correlations supported the hypothesized linkage between person-organization fit and OCB. As high correlation has been found among independent variables (see table 3), a predictor of multicollinearity problems might occur (Malhotra & Dash, 2010). Variance inflation factors (VIFs) and tolerance statistics were used as an indicator of

multicollinearity. VIF statistics found within the range of 1.021- 2.034. A value less than 10 comes under the acceptable criteria (Kennedy, 1992). The tolerance values associated with the predictors were found within the range of 0.4-0.979. The value of 0.10 is recommended as the minimum level of tolerance (Tabachnick & Fidell, 2001). Hence, the concerned study did not create a multicollinearity problem. Hence the regression model did not give biased results.

Table 3 : Means, standard deviations and correlations

	Variables	No. of items	Mean	SD	1	2	3	4	5	6
1.	Gender	-	0.72	0.450	-					
2.	Age	-	2.40	1.177	0.174					
3.	Education	-	0.38	0.485	0.284	-0.203				
4.	Work experience	-	6.580	7.232	0.142	0.712	-0.124			
5.	Person-organization fit	5	3.787	0.605	-0.064	-0.055	0.102	-0.059		
6.	Organizational Citizenship behavior	4	3.777	0.758	-0.005	-0.051	0.049	-0.192	0.406	-

Notes: ***pd” .001, ** pd” .01, * pd” .05

Source: Primary Data

Regression analysis

The multiple regression analysis was used, as shown in table 4. Table 4 reveals a statistically significant positive relationship between person-organization fit and OCB. Model 1 was taken as the base model that included the control variables. Control variables (age, gender, education, and work experience) used in this study did not show any significant effect on organizational citizenship behavior. Model 2 highlighted the effects of the independent variable (person-organization fit) on the dependent variable (OCB). According to the direct effect model, organizational citizenship behavior was significantly and positively related to the person-organization fit ($\beta=0.401, p \leq 0.001$). Thus, hypothesis 1 was supported.

Table 4 : Results of multiple regression analysis

Independent variable	Dependent Variable Organizational Citizenship Behavior	
	Model 1	Model 2
Gender	-0.006	0.033
Age	0.186	0.179
Education	0.049	-0.002
Work experience	-0.318	-0.301
Person-organization fit	-	0.401***
R ²	0.054	0.211
Adjusted R ²	0.045	0.202
F Statistic	5.709***	21.396***
N	405	405

Notes: ****pd*” .001, ***pd*” .01, **pd*” .05

Source: Primary Data

Discussion

This study is pursued to examine the relationship between person-organization fit and organizational citizenship behavior in the service organization. The study found that the person-organization fit has a positive effect on OCB. Based on the findings, it can be concluded that higher the fit with the organization, higher will be the level of OCB. The results are in line with the previous study (O'Reilly & Chatman, 1986; Mayfield & Taber, 2010; Kim et al., 2013; Wei, 2013; Farzaneh et al., 2014). The current study is consistent with social exchange theory that stimulates the extra role behavior (Blau, 1964). It is highlighted that an employee who perceives the organizational support is more likely to remain with the organization (Kundu&Lata, 2017) and stimulates the organizational commitment (Rhoades et al., 2001). Due to rapid growth in the service sector, the organizations need to cope-up with the diversified needs of customers. Thus, organizations should revise their selection process so that person-organization fit is developed in the organization. If the congruence between people and organization is balanced, then extra role behavior is developed among employees. Another implication of this study, organizations should align their values with the values of employees because it is expected that employee will like to work beyond their duties if they are

valued. Therefore, the organization should develop their values and the culture, according to the employees. If employees are well suited to the organization, then the behavioral outcome i.e. OCB develops. Therefore, the HR manager must be aware of the changing needs of the employees. The current study elucidates that person-organization fit stimulates the OCB. Therefore, the HR manager should work proactively toward creating congruence between people and organization.

Limitations

Despite the significance of the present study, it has some limitations. Since the data collected were cross-sectional in nature, the future study might be incorporated with longitudinal data for more applicability of the results. Next, the data collected from a single industry, i.e. the service industry. The result might be different for other industries. So, the future study might be done with other industries too, i.e. telecommunication, hospitality, education etc. Next, we relied on a self-administered questionnaire, thus, common method bias might occur. Therefore, future studies might be done after considering the procedural and remedial measures to avoid common method bias (Podsakoff et al., 2003). Future studies might explore the mediating variable like empowerment and work-life balance to explore the relationship between the person-organization fit and OCB. Future research might be conducted across India, for more generalizations of the results.

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