A Contingency Perspective on the Importance of P-J Fit and P-O fit in Employee Selection

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ABSTRACT

This paper proposes a contingency perspective that describes the relative importance of person-job (P-J) fit and person-organization (P-O) fit in employee selection. Drawing on the theories of psychological contracts, human capital, and cosmopolitan-local perspective, propositions are developed regarding the relative importance of P-J fit and P-O fit when organizations hire different types of employees. Implications for research and practice are discussed.
INTRODUCTION

The concept of fit in employee selection has received growing attention in recent years. The overarching concept of fit in this field stems from person-environment congruence or person-environment (P-E) fit in the interactionalist theory of behavior (e.g., Lewin, 1951). Among various forms of P-E fit, employee selection researchers extensively studied person-job (P-J) fit and person-organization (P-O) fit (Adkins, Russell & Werbel, 1994; Cable & Judge, 1996; Edwards, 1991; Kristof, 1996; Kristof-Brown, 2000; Werbel & Gilliland, 1999). Although emerging body of research considers two or more types of fit at the same time (e.g., Kristof-Brown, Jansen & Culbert, 2002), there is still a lack of theoretical framework regarding the relative importance of different types of fit when organizations hire new employees. The purpose of this paper is to provide a contingency perspective on the relative importance of P-J fit and P-O fit in employee selection.

Researchers have developed several conceptualizations of P-J fit and P-O fit. For example, Edwards (1991) mentions that P-J fit has both demands-supplies relationship (i.e., demands of the job and abilities of the person) and needs-supplies relationship (i.e., needs of the person and supplies from the job). Kristof (1996) summarizes several conceptualizations of P-O fit including supplementary P-O fit (i.e., fit as similarity) and complementary P-O fit (i.e., fit between demands and supplies). A recent paper by Cable and DeRue (2002) uses the three dimensions of fit perception: person–organization fit, demands–abilities fit, and needs–supplies fit. In this paper, P-J fit is defined as the match between knowledge, skills, and abilities (KSAs) possessed by a job applicant and the requirements of that job. P-O fit is defined as the similarity between a job applicant and an organization in terms of their goals and values. In short, P-J fit refers to the demands-abilities relationship regarding the job opening, and P-O fit refers to the
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While traditional selection research has been focusing on P-J fit as the major selection criteria in hiring employees, a growing number of practitioners and researchers advocate that it is not enough (Montgomery, 1996; Bowen, Ledford, & Nathan, 1991; Kristof, 1996; Werbel & Gilliland, 1999). For example, Bowen, and his colleagues (1991) argue that excellent organizations select employees based on P-O fit as well as P-J fit. Werbel and Gilliland (1999) propose that employee selection should include P-O fit and person-group (P-G) fit as well as P-J fit. Other researches suggest that P-O fit has already been included in actual employee selection practices (Chatman, 1989; Freeis & Judge, 1991; Judge & Ferris, 1992; Rynes & Gerhart, 1990).

With regard to the simultaneous considerations of different types of fit in employee selection, Werbel and Gilliland (1991) suggest that relative importance of fit is contingent on the work context. However, little research has further examined such work context that affects the importance of each type of fit.

This paper focuses on the characteristics of different types of employees and employment relationships that influence the relative importance of P-J fit and P-O fit in selection. In today’s world, hiring and managing diverse workforce appear to be the key to gain the competitive advantage of an organization. For example, there has been a gradual movement away from full-time and on-going employment arrangements toward an increased use of contingent workers (McLean Parks, Kidder, & Gallagher, 1998; Kalleberg, 2000). Another trend is that the number
of professionals such as lawyers, doctors and engineers who work in organizations has dramatically increased these days (Barley, 1996). Therefore, it is now common for many organizations to hire different types of employees such as permanent employees, contingent employees, and professional employees. In such a situation, organizations should use different weights of P-J fit and P-O fit as selection criteria for different types of employees, because the effect of each type of fit on various employee and organizational outcomes may differ according to the type of employees or employment relationship.

In light of these discussions, this paper focuses on P-J fit and P-O fit and develops the contingency propositions regarding the relative importance of fit as selection criteria. In developing the propositions, this paper uses the theories of psychological contracts, human capital, and cosmopolitan-local perspective, which are critical in discussing the employment relationships between organizations and employees.

**PSYCHOLOGICAL CONTRACTS**

Psychological contracts are defined as an individual belief in mutual obligations between that person and another party such as an employer (Rousseau, 1995). Researchers commonly differentiate between transactional and relational psychological contracts (e.g., Hulin & Glomb, 1999; McLean Parks, Kidder &Gallagher, 1998; Rousseau, 1989). In transactional psychological contracts, job requirements and expectations are likely to be clear and specified in advance, allowing individuals to assess personal costs and benefits associated with the exchange and calibrate their contributions accordingly. In relational psychological contracts, the details of the exchange are not likely to be specified in advance, and monitoring inducements and contributions is less relevant. Instead, relational trust leads individuals in social exchange relationships (Rousseau, Sitken, Burt, & Camerer, 1998).
An example of the transactional psychological contracts is the employment relationship with contingent employees. Typical psychological contracts between contingent workers and organizations are, "You tell me specifically what tasks you want done in what period and I will do them. Don't expect me to go beyond those tasks. I will not expect you to go beyond what is spelled out in the contract." (Hulin & Glomb, 1999). Therefore, contingent workers are likely to carry out their assigned work tasks with few modifications. On the other hand, relational psychological contracts are likely to occur in the long-term employment relationships such as a life-long employment practice. The relational psychological contracts are likely to be more complex in terms of both what are expected from the employees and what are expected from organizations. They are based more on social exchange and reciprocity in employment relationships. Organizations expect commitment beyond the simple execution of assigned tasks, including citizenship duties that are necessary for organizations to function smoothly but that cannot reasonably codified and standardized (Organ, 1988). Individual employees may expect that organizations “owe” them for their loyalty and commitment to non-job tasks. Such debts may be paid in a number of non-financial ways, such as advanced training courses or informal flextime arrangements (Hulin & Glomb, 1999).

The importance of P-J fit and P-O fit in selecting employees may differ according to the type of psychological contracts between employees and organizations. When organizations hire employees with transactional psychological contracts, the jobs which employees will be assigned are likely to be clearly defined with the detailed specifications of KSAs to do the job. Therefore, P-J fit will play the major role in selecting such employees. Transactional psychological contracts do not assume a deep social exchange relationship that requires citizenship behaviors that go beyond the simple execution of the assigned tasks. Because P-O fit plays an important
role when organizations require employees to conduct such citizenship behaviors that are aligned with organizational values, P-O fit may be less important in selecting employees with transactional psychological contracts.

*Proposition 1a: When organizations hire employees with transactional psychological contracts, the importance of P-J fit will be higher than that of P-O fit.*

When organizations hire employees with relational psychological contracts, the details of the exchange are not likely to be specified in advance, which suggests that job requirements are kept broad and flexible without the detailed specifications of KSAs. Employees with relational psychological contracts may be expected to adapt changes in their tasks and to obtain the new KSAs if they are necessary through their long-term employment relationship. Therefore, the P-J fit approach that is specific to the employee's immediate job may be less important at the time of hiring. On the other hand, the importance of P-O fit will be higher when selecting such employees. As discussed previously, P-O fit plays an important role when organizations require employees to conduct citizenship behaviors in order for organizations to function smoothly. Empirical research has demonstrated that a high level of P-O fit is positively related to citizenship behaviors (Goodman & Svyantek, 1999; O'Reilly & Chatman, 1986). In general, a high level of P-O fit will contribute to the long-term good relationship between employees and organizations because value congruence and similarity increase the mutual understanding and trust between employees and organizations.

*Proposition 1b: When organizations hire employees with relational psychological contracts, the importance of P-O fit will be higher than that of P-J fit.*
HUMAN CAPITAL THEORY

According to the human capital theory, there are mainly two types of human capital: firm-specific human capital and general human capital (e.g., Becker, 1964). Firm-specific human capital is associated with KSAs that can only be applied at a specific firm and are not easily transferred to outside of the firm. General human capital is associated with KSAs that are applicable to a broad range of jobs across organizations. This typology is relevant to the organizations’ “make or buy” decisions about their human capital (Lepak & Snell, 1999). The more firm-specific the human capital is, the less likely it is to be available on the external market. In this case, organizations will “make” their own human capital by developing it internally thorough company sponsored trainings. On the other hand, the more general the human capital is, the easier it is to obtain it from the external market. In this case, organizations will “buy” their human capital through employment externalization (e.g., use of contingent workforce).

Employees who are expected to acquire firm-specific human capital will not need to have specific KSAs at the time of organizational entry. Because such KSAs are firm specific, job applicants have little chance to obtain them in advance. They will obtain the firm-specific KSAs after they are hired through company-sponsored training. Therefore, the P-J fit approach that focuses on the applicant’s current KSAs will be less important in selecting such employees. On the other hand, the importance of P-O fit may be higher when hiring employees for firm-specific human capital. In order to maximize the return on investment through extensive training and development, organizations need to motivate employees to obtain and utilize the firm-specific KSAs, and retain these employees for a long time. Employees’ commitment and royalty to the organization and their understanding of the organization’s goals, values, and strategy are critical for their motivation to obtain the firm-specific KSAs and the use of such KSAs in an appropriate
manner. Empirical evidence suggests that a high level of P-O fit increases employees’ organizational commitment (Bretz & Judge, 1994; Chatman, 1991; O’Reilly, Chatman, & Caldwell, 1991). A high level of P-O fit was also found to reduce employees’ intention to quit and actual turnover (Chatman, 1991; O’Reilly et al., 1991; Vancouver, Millsap & Peters, 1994). Although employees who have obtained firm-specific KSAs are less likely to leave because such KSAs are not easily applicable outside of the company, P-O fit will have an additional effect on retaining employees (Mitchell, Holtom, Lee, et al., 2001). These discussions suggest that the importance of P-O fit is greater than that of P-J fit in selecting employees for firm-specific human capital.

*Proposition 2a: When organizations hire employees for firm-specific human capital, the importance of P-O fit will be higher than that of P-J fit.*

Contrary to the arguments on the firm-specific human capital, organizations may opt to “buy” human capital from the external market if it is more general. Some kinds of general human capital are so easy to purchase from the market that they can be treated essentially as commodities (Lepak & Snell, 1999). In this case, job applicants usually have obtained necessary KSAs in advance through general training and experience such as schooling. Because a wide variety of general human capital may be flowing on the external labor market, organizations are able to choose specific KSAs that meet their task demands. Also, it is relatively easy to calculate the market value of such specific KSAs, which enables organizations to obtain them with fair prices. Therefore, it will be effective to focus on P-J fit in selecting employees for general human capital. On the other hand, P-O fit may be less important in selecting such employees. Because general human capital is easily applicable in other organizations, employees with such KSAs are more likely to leave organizations than those with firm-specific human capital are,
because they can “sell” their KSAs relatively easily in the external market (Lepak & Snell, 1999). From employers’ point of view, organizations may use “just-in-time” employment relationship for general human capital through flexibility in hiring and firing (Tsui, Pearce, Porter & Hite, 1995). Therefore, organizations may be able to manage such employees without their strong organizational attachment (e.g., organizational commitment and retention) to which P-O fit is relevant. These discussions suggest that the importance of P-J fit will be stronger than that of P-O fit in hiring employees for general human capital.

Proposition 2b: When organizations hire employees for general human capital, the importance of P-J fit will be higher than that of P-O fit.

COSMOPOLITAN-LOCAL PERSPECTIVE

The cosmopolitan-local perspective is originally proposed by Gouldner (1957), and this perspective is closely related to the professional-bureaucratic conflict (Hall, 1968) and the professional-manager dichotomy (Golden, Dukerich & Fabian, 2000; Kerr, Von Glinow, & Schriesheim, 1977; Wallace, 1995). Gouldner (1957) made the distinction between “cosmopolitans”, who represent the interest of the occupation and who have little loyalty to the organization, and “locals” who are expected to represent the often conflicting interests of the organization. Professionals such as lawyers and engineers who are employed by organizations are often seen as cosmopolitans, while executives and managers of the organizations are usually considered to be locals (Golden et al., 2000). In a similar vein, the professional-bureaucratic conflict model suggests that there is an inherent tension between professional and bureaucratic goals and values. Professional value system is believed to emphasize values such as professional autonomy, conformity to professional standards and ethics, collegial authority, and client orientation and loyalty. In contract, bureaucratic value system is said to emphasize hierarchical
authority and control, conformity to organizational norms and regulations, and organizational loyalty (Hall, 1968; Wallace, 1993). Because interests and values of cosmopolitans and locals often differ significantly, organizations that hire both groups of employees may have to use different employment practices to manage them effectively. This perspective suggests that the distinction between cosmopolitans and locals will be related to the importance of P-J fit and P-O fit in selecting employees.

Cosmopolitans, like many salaried professionals, usually share the values such as occupational autonomy, conformity to occupational standards and ethics, collegial authority, and client orientation and loyalty. They tend to devote years of study to learn the technical idiosyncrasies of their discipline (Raelin, 1994). Therefore, their KSAs are often highly standardized within occupational societies. Hiring such type of employees may require the descriptions of necessary KSAs that are consistent with their occupational standards and norms. Organizations may also need to provide such employees with collegiality, autonomy, and discretion after their organizational entry in order to satisfy their needs (Wallace, 1995). P-J fit will play the major role in selecting such employees because existing professional or occupational groups usually evolved around specific KSAs, and focusing on P-J fit is associated with the assessment of the applicant’s professional qualifications. On the other hand, relative importance of P-O fit in selecting such employees may be less important. Cosmopolitans tend to seek fit with their occupation rather than their employers. Therefore, a high level of person-vocation (P-V) fit (i.e., the match between individual and vocational characteristics) may be more important for various employee outcomes than P-O fit will be (Kristof, 1996). Even if the level of P-O fit is not high, organizations can structure the jobs in a way that they can maximize their professional value systems (e.g. maintain their professional autonomy by creating an
independent department), which may positively affect their satisfaction and performance. Thus, the importance of P-J fit will be greater than that of P-O fit in selecting cosmopolitans.

*Proposition 3a: When organizations hire employees who are categorized as cosmopolitans, the importance of P-J fit will be higher than that of P-O fit.*

Corporate executives and managers are typical examples of locals as opposed to cosmopolitans. Contrary to the cosmopolitans, locals are generally more dependent on and accountable to their employing organization than their occupations (Zajac, Golden & Shortell, 1991). Tasks of locals are often deeply embedded in the organizational context. For example, the essential task of corporate executive is to devise strategies and formulate policies to ensure that organizations’ specific goals and objectives are met (U.S. Department of Labor, Bureau of Labor Statistics, 2002). Managers’ major function is to plan, organize, command, coordinate, and control in order to attain organizational goals (Fayol, 1916). Managers’ interpersonal, informational, and decisional roles, as the major set of roles concluded by Mintzberg (1973), may be deeply embedded in the organizational context. Managers should also resolve conflicts with cosmopolitans in order to protect the interest of the organization. A high level of P-O fit in terms of value and goal congruence is essential for such kinds of tasks and roles.

Considering the original meaning of the cosmopolitan-local construct, non-managers can also be locals if they identify strongly with their employing organizations rather than their occupation. In general, behaviors that are consistent with organizational goals, values and strategies are especially critical for locals to be effective. Thus, P-O fit will be important in selecting employees who are likely to be locals. On the other hand, P-J fit as a selection criterion appears to be narrow considering the tasks and roles of employees who are locals in organizations. Because their tasks and roles are deeply embedded in the organizational context,
they need to obtain knowledge on organizational context to perform their tasks and roles effectively. In this sense, the essential nature of the locals’ job may be broad and ambiguous, which suggests that the specific P-J fit approach is less meaningful. This argument might be especially true when organizations need to be adaptive and responsive to the rapid technological, economic, and social changes (Carson & Stewart, 1996). These discussions suggest that the relative importance of P-O fit in selecting locals are greater than that of P-J fit.

*Proposition 3b: When organizations hire employees who are likely to become locals, the importance of P-O fit will be higher than that of P-J fit.*

**DISCUSSION**

The major contribution of this paper is that it provides the theoretical bases for a contingency perspective regarding the relative importance of fit in employee selection. Little research has explicitly theorized the role of fit in employee selection from a contingency perspective. This paper is the first attempt to consider the different types of employees and employment relationships that influence the importance of P-J fit and P-O fit in selecting employees.

*Implications for research.* The contingency perspective proposed in this paper has implications for research on fit. First, the contingency perspective focusing on the relative importance of fit implicitly assumes that there may be a trade-off between P-J fit and P-O fit in actual hiring situations. The statement that P-J fit and P-O fit are equally important for employees to be successful is intuitively appealing. However, organizations may not always be able to find the person who is a “perfect fit.” The job applicant pool may not be large enough to find job candidates who are high in both P-J fit and P-O fit: Some applicants may be high in one type of fit but not high enough in another type of fit. It might also be costly in some situations to
attract a large number of job applicants and spend a long time in the selection process to find a perfect fit candidate. In such cases, it is not only necessary but also efficient and effective for organizations to weigh particular type of fit more than other types in hiring decisions. Past research did not fully consider this kind of trade-off in developing models and hypotheses about applicant fit. The contingency perspective considering the relative importance of fit may be a realistic approach in theorizing fit issues in employee selection.

Second, the contingency perspective proposed in this paper is based on the view that, in order to manage human resources effectively, organizations should have combinations of different employment practices for different groups of employees (Lepak & Snell, 1999; Osterman, 1987; Sonnenfeld & Peiperl, 1988). Changing the relative weights of P-J fit and P-O fit as selection criteria according to the type of employees is consistent with this view. Past literature on fit in selection appears to assume only the case of hiring traditional (e.g., full-time or permanent) employees, and the majority of empirical studies are conducted using such kind of the selection contexts (e.g., Brez, Rynes, & Gerhart, 1993; Cable & Judge, 1997; Kristof-Brown, 2000; Rynes & Gerhart, 1990). While these studies are valuable, considering different types of employees or employment relationship as contingency factors would contribute to the development of more elaborated theories of fit.

Third, the contingency perspective was developed applying theoretical concepts from different field of management. Psychological contracts primarily focus on the perceived psychological relationship between two parties. It is closely related to trust and mutual understanding between individuals and organizations. Human capital theory was originally developed in economics and a unit of analysis is often at the firm level. It is sometimes applied in the macro-level human resource management research (e.g., strategic human resource
management) to analyze the competitive advantage through people (e.g., Lepak & Snell, 1999). Cosmopolitan-local perspective has been traditionally discussed in sociology of profession. It also illustrates the inherent conflict between cosmopolitans and locals within organizations that is to be managed. The use of these different theoretical concepts enables us to see fit issues from a variety of perspectives. A large amount of past research on fit has focused on the conceptualizations and validations of various forms of fit and their relationship between antecedents and consequences. For this reason, it seems that fit research in general has not yet been theoretically elaborated. I hope that the contingency perspective developed in this paper will contribute to the theoretical enrichment of the fit research.

Implications for practice. The contingency perspective proposed in this paper also has implications for employee selection practice. This perspective suggests that organizations should carefully examine what type of employees they will hire or what type of employment relationship they will develop before determining the appropriate criteria for selection. The three theoretical perspectives, namely, psychological contracts, human capital, and cosmopolitan-local perspective, may often lead to the same conclusions regarding the importance of P-J fit and P-O fit. For example, when organizations hire contingent employees, they usually develop transactional psychological contracts with such employees. Also, contingent employees are likely to be general human capital for organizations. In this case, it is clear that organizations should weigh P-J fit more on P-O fit in selecting such employees because Proposition 1a and Proposition 2b consistently states that P-J fit is more important than P-O fit.

Even though the different perspectives used in this paper often lead to the same conclusions, it would still be meaningful to carefully examine each theoretical perspective independently before determining the relative importance of fit. For example, organizations may
want to develop relational psychological contracts with professional employees. In this case, Proposition 1a suggests that P-O fit will be more important than P-J fit because the psychological contracts are relational. However, Proposition 3a suggests that P-J fit will be more important than P-O because typical professionals are cosmopolitans. Another example is that organizations may want to hire a temporal or interim manager for some reasons. In this case, the manager is a contingent worker with a short-term contract, and the psychological contract with such a worker may be transactional rather than relational. Proposition 1b states that P-J fit will be more important than P-O fit in this case. However, organizations may expect such a temporary manager as locals rather than cosmopolitans. In this sense, Proposition 3b suggests that P-O fit will be more important than P-J fit. These examples suggest that different perspectives may sometimes lead to different conclusions. It would be important to examine which of the contingency factors have stronger effects regarding the relationship between different types of fit and employee and organizational outcomes.

**Future research agenda.** The contingency perspective proposed in this paper should be empirically validated in the future. A couple of points should be noted for this issue. First, empirical examinations of the propositions should be conducted both from prescriptive and descriptive approaches. A prescriptive approach is aimed at establishing the arguments about what organizations should do in order to select the right job applicant. Thus, the prescriptive approach will focus primarily on the criterion-related validity between different types of fit as predictor variables and various employee and organizational outcomes. That is, research should examine which type of fit is more important than the other in terms of employee and organizational outcomes for different types of employees or employment relationship. On the other hand, a descriptive approach is used when researchers are interested in what organizations
actually do in employee selection practice. In this sense, the descriptive studies will examine whether the importance of P-J fit and P-O fit in actual hiring practices is consistent with the propositions. If the findings from the prescriptive and the descriptive approaches diverge, the reasons should be explored. In such a case, there might be problems on criterion-related validity of P-J fit and P-O fit, or selection practices conducted by organizations might not be effective.

Second, special care should be made in operationalizing and measuring P-J fit and P-O fit. For example, we should consider the distinction between actual fit, which involves objective comparisons of the two characteristics, and perceived fit, which refers to the judgment or perception of fit between the two (Kristof, 1996). This distinction was not discussed in developing propositions, but it may be important when researchers conduct empirical studies on applicant fit. Empirical research suggests that actual fit partially predicts perceived fit, and that perceived fit is the best predictors of recruiters’ hiring recommendations (Cable & Judge, 1997). As for the post-hire outcomes, actual fit might have stronger effects on process and performance outcomes (e.g., communication, group functioning, and job performance) and perceived fit might have stronger effects on attitudinal outcomes (e.g., satisfaction and commitment) (Kristof, 1996). It is desirable that both actual and perceived fit will be included in empirical studies, and the mediating or moderating role of one type of fit will be examined. Another issue is about the discriminant validity of P-J fit and P-O fit. In order to test the propositions, P-J fit and P-O fit should be operationalized and measured as clearly distinctive constructs. Empirical findings generally support the discriminant validity or the two-factor solution of P-J fit and P-O fit. However, while some studies reported low correlations between the two (e.g., Lauver & Kristof-Brown, 2001, O'Reilly et al., 1991), other studies reported relatively high correlations (e.g., Kristof-Brown, 2000; Saks & Ashforth, 1997). It would become difficult to assess the relative
weights when the different types of fit are highly correlated. This problem could be solved through the use of policy-capturing methodology (for example, see Kristof-Brown et al., 2002) in which several fit cues can be manipulated independently.

Finally, further theoretical development of fit from contingency perspective may also be needed. For example, the contingency perspective could be extended to cover the process of organizational entry as a whole (e.g., applicant self-selection, recruitment and selection, socialization practice, and subsequent employee training). Contingency factors could also be expanded to include industry, organizational, or cultural characteristics. These theoretical works would contribute to the comprehensive understanding of the relative importance of fit in employment practice.
REFERENCES


