

## **The Relationship between Person-job Fit and Job Performance: A Study among the Employees of the Service Sector SMEs in Malaysia**

**Sethela June**

College of Business  
Universiti Utara Malaysia  
06010 UUM Sintok  
Kedah, Malaysia

**Rosli Mahmood**

College of Business  
Universiti Utara Malaysia  
06010 UUM Sintok  
Kedah, Malaysia

### **Abstract**

*This study was conducted to examine the relationship between person-job fit and the job performance of employees in the service sector of the small and medium size enterprises (SMEs). It was previously reported that person-job fit to have a significant relationship with the job performance of employees in various business sector. In view of the importance of the SMEs in the economic development of Malaysia, hence the focus of this study is to discover whether similar relationships exist among the employees of the service sector SMEs. A quantitative method was employed and data were collected using mail survey. There were 1500 questionnaires distributed and 300 returned survey were deemed usable for further analysis resulted in 20 percent response rate. The result revealed significant relationships exist between person-job fit with the job performance of employees. Discussions of the results and its implication are discussed.*

**Keywords:** SMEs, Service sector SMEs, Job performance, Person-job fit.

### **1. Introduction**

Job performance of employees plays a crucial factor in determining an organisation performance. Highly performing individuals will be able to assist organisation to achieve its strategic aims thus sustaining the organisation competitive advantage (Lado & Wilson, 1994; Dessler, 2011). Thus, labour force will have to be well equipped with the right skills and prepared to ensure businesses do not lose out due to lack of ability to compete both nationally and internationally (Tomaka, 2001). SMEs in this context would not be alienated from the similar circumstances. With regards to SMEs in Malaysia, the Census on Establishments and Enterprises 2005 had revealed that 99.2 % or 518,996 of the business Establishments in Malaysia were made up of the SMEs (Department of Statistics, 2006). In addition, the service sector forms the largest sector of the SMEs establishments with 86.5% of the total SMEs Establishments (Department of Statistics, 2006). It generally includes the services, primary agriculture, information, and communication Technology (ICT). In general the service sector has been gaining more importance in the world economy. The services sector in Malaysia contributed approximately 55 percent to the GDP in year 2008 with approximately 48 percent are from the non-government services (Chan, 2009). The figure increased to 58 percent for year 2010 and predicted to reach 61.1 percent by year 2015, as the services sector would continue to be the engine of economic growth (SME Annual Report, 2009/2010).

### **2. Problem statement**

Past studies had highlighted that problems faced by Malaysian SMEs in general will lead the sector to appear less competitive (Salleh & Ndubisi, 2006) and act as hindrances that prevent good performance (Stuti, 2005; Moha, 1999; Hall, 2002).

One of the problems of the SMEs is related to low productivity among the employees, which in turns dampened the progress of SMEs in Malaysia (SMIDEC, 2002; Wang, 2003; Ting, 2004; UPS, 2005; Salleh & Ndubisi, 2006). The service sector SMEs has the highest employment, nevertheless statistics shows that the labour productivity of employees from the manufacturing sector (RM64,089) over took those from the service sector SMEs (RM47,151) (SME Annual Report, 2007). Job performance of employees in the service sector SMEs tend to be low due to lack of right skills (Salleh & Ndubisi, 2006) thus may affect the ability of the employees to deliver expected standard of job performance (Aris, 2007). At the same time research by most organisational behaviour theorist had also shown that the existence of a good fit between employees and their job as important (Kristof-Brown, Zimmerman & Johnson, 2005) because the presence of a good job fit will ensure the effective completion of a job (Edward, 1991). The problem of low labour productivity among the employees of the SMEs sector triggered the needs to investigate whether the issue of incompatibility between the job holder and the job are the reasons behind the labour productivity problems. This is because person-job fit is directly related to the compatibility between a person and a specific job (Zheng, Kaur, & Zhi, 2010) while past research had shown the degree of fit that exists between a person and the job could influence both the productivity and employee commitment (Rousseau & McLean Parks, 1992). Therefore the aim of this study is to investigate whether there is a relationship between person-job fit and the job performance of the employees in the service sector SMEs in Malaysia.

### **3. Literature review**

#### **3.1 Job performance: conceptualization and empirical review**

Since different stages of job as well the complexity of a job can affect the overall performance of the job holder (Murphy, 1989; Ackerman, 1997), this could mean that job performance as a construct can be defined in different ways. In general it has been associated with the ability of the individual employees realizing their respective work goals, fulfilling expectations as well as attaining job targets and/or accomplishing a standard that are set by their organisations (Eysenck, 1998; Maathis & Jackson, 2000; Bohlander, Snell & Sherman, 2001). According to the theory of performance, performance is defined as “synonymous with behaviour which is something that people actually does and can be observed” (Campbell, McCloy, Oppler & Sager, 1993, p. 40). Performance is what the organization hires one to do, and do well (Campbell, 1990). The field of psychology view job performance from the multidimensional construct perspective (Borman, Hanson, & Hedge, 1997; Avery & Murphy, 1998; Schmitt & Chan, 1998; Campbell, 1999; Hough & Oswald, 2000; Viswesvaran & Ones, 2000). Even though there were many attempts to introduce various frameworks of performance, Campbell’s definition of performance has been acceptable as the basic definition for performance (Borman et al., 1997; Motowidlo et al., 1997; Schmitt & Chan, 1998).

Past researches had found a stream of factors that can influence employees’ job performance. For instance, employees’ commitment had found to affect job performance (Jaramilloa, Mulki & Marshal, 2005; AlAhmadi, 2009). Besides that, job satisfaction was also found to have a significant relationship with the employees’ job performance (Gu & Chi, 2009). In terms of the effect of education on employees’ job performance, Sarmiento and Beale (2007) and AlAhmadi (2009) found a negative relationship between education and job performance which was contradicting with the findings of Ng and Feldman (2009) in which education was found to be positively related to the employee job performance. Job performance was also found to be positively influenced by employee self-efficacy (Karatepea, Uludagb, Menevisc, Hadzimehmedagic & Baddar, 2006; D’Amato & Zijlstra, 2008) and role ambiguity (Knight, Kim & Crutsinger, 2007).

#### **3.2 Person-job fit: conceptualization and empirical review**

Many past literatures of psychology placed strong interests in the employee fit concept (Porter 1962; Locke, 1969; Schletzer, 1966; Beer, 1996). Conceptualization of fit can be explained based on either the supplementary versus complementary view or demands-abilities versus needs-supplies view, which is also known as supplies-values fit (Kilchyk, 2009). Muchinsky and Monahan (1987) had also delineated that work fit can be described from two dimensions which, the first one is the supplementary versus complementary while the second one is the demand-abilities versus needs-supplies. A supplementary fit is a condition in which the characteristics of a person are similar to the environment of an organisation or with other people (Sekiguchi, 2003). On the other hand, complementary fit occurs when the characteristics of an individual fills up a void/space of the organisation thus complementing and making the organisation more complete (Muchinsky & Monahan, 1987).

Since the focus of supplementary fit which described by Muchinsky and Monahan (1987), is looking at the fit between a person and the environment not the job, thus it does not apply to person-job fit (Sekiguchi, 2004). Therefore it is common to see past literatures on person-job-fit were explained using the conceptualization of complementary fit (Kristof-Brown et al., 2005).

Kristoff (1996) defined fit from an overall perspective in which provides fit's definition by using the terms person-organisation fit which inculcate all viewpoints in considerations. Kristoff (1996) explained that the person-organisation fit definition can represent other types of components in which it "*organisation*" can be replaced by other types of fit interest such as job, environment, peers etc. In fact, the person-organisation fit is a concept that is related to Lewin's (1935) fundamental concept of person-environment fit that states that individual behaviour is a combined function of the individual and his (her) environment.

Edwards (1991) mentioned that most empirical researches on person-job fit had focused on the fit between employees' desires (employee related) and demand (job related). Collectively research by Caldwell and O'Reilly (1990), Edwards (1996), and Saks and Ashforth (1997) had found person-job fit to be linked with various variables such as commitment (Behery, 2009; Kristoff - Brown et al., 2005), personality (Erdogan & Bauer, 2005), job satisfaction (Erdogan & Bauer, 2005; Kristoff - Brown et al., 2005) and performance (Kristoff - Brown et al., 2005)

### **3.3 Person-job Fit and Job Performance Link**

Person-job fit can be a reasonable predictor of job performance because individuals with high person-job fit had found to have positive work outcome (Edwards, 1991). Furthermore, the theory of congruence by Barrett (1978) as cited by Lawrence (2004) explained that person-job fit as the fit that may exists between individual preferences and the job requirements or the knowledge skills and ability (KSAs). Thus when congruency exists between one's preference and the KSAs, it will lead to motivational outcome (Edwards, 1991; Barrett, 1978) and this is eminent in order to have greater job performance. Furthermore a large number of empirical researches have established that person-job fit is important for work outcome. Person-job fit had found to be positively related to job satisfaction, organisational commitment, task performance and contextual performance, acceptance of job offer, tension reduction as well as intention to leave (e.g. Lauver & Kristof-Brown, 2001; Cable & DeRue, 2002; Saks & Ashforth, 2002; Cable & Edwards, 2004; Shin, 2004; Kristof-Brown et al., 2005; Greguras & Diefendorff, 2009). Hecht and Allen (2003) found person-job fit with respect to polychronicity does affect job performance as well as the well-being of employees while Caldwell and O'Reilly (1990) established that fit was positively associated with satisfaction and performance. Additionally person-job-fit found to be associated with satisfaction, turnover and performance (O'Reilly III, Caldwell & Mirable, 1992).

In a separate studies, person-job fit found to be related to productivity and commitment (Rousseau & Mc Lean Parks, 1992), job performance (Greenberg, 2002) and having positive effects on performance, job satisfaction, and reduction in job stress, motivation, attendance and retention (Edwards, 1991). Interestingly Kristoff et al. (2005) found that when person-job fit and person-organisation fit were tested on job performance, the relationship tend to have a modest correlations which contradicts with the findings by Li and Hung (2010) where person-job fit found to be highly correlated with job performance. Nevertheless, in relations to other attitudinal outcome, person-job fit is still demonstrating higher correlation than person-organisation fit (Kristoff-Brown, Jansen & Colbert, 2002; Saks & Ashforth, 1997). Even though studies had found that person-job fit can have influence on job performance, the amount of research is still limited (Mosley, 2002). In addition given the variations in results on the relationship between person-job fit and job performance (Edwards, 1991), studies on the relationship between person-job fit and job performance has therefore yet to come to similar agreement (Taylor, Locke, Lee, & Gist, 1984; Conte, Rizzutto & Steiner, 1999). Similarly past studies on the link between person-job fit and performance have contained mixed results (Lauver and Kristof-Brown, 2001; Cable and DeRue, 2002; Greguras and Diefendorff, 2009), thus there is a need to carry out further investigation in order to further explore the relationship that may exist between person-job fit and the job performance of those employees who are currently working in the service sector SMEs in Malaysia.

## **4. Methodology**

### **4.1 Design of Study**

A mail survey was carried out in order to collect data from employees who are currently working the service sector SMEs who forms the unit of analysis for this research.

Each variable was measured using previously developed instrument as follows with a 7-point Likert scale for all the measurements used ranging from (1) - strongly disagree to (7)-strongly agree. Job performance was adopted from William and Anderson (1991) with 6 items and person-job fit was adopted from Lauver and Kristof-Brown (2001) with 6 items. The reported reliability for these instruments comprised of 0.91 for job performance and 0.79 for person-job fit surpassed the threshold value Cronbach's alpha of 0.7 as suggested by Nunnally (1978). Pre-test of the measurements was conducted among 30 respondents working in the service sector SMEs in order to determine the reliability of adopted measurement. The Cronbach's alpha value for job performance (after deletion of 2 items) was 0.865 and 0.910 respectively for person-job fit.

#### **4.2 Population and Sampling**

This study will be carried out mainly on the service sector SMEs in entirety, thus making no distinction within the sub-sectors in the services' component. This is because many SMEs found in each industry type (manufacturing or service) are mostly very tiny in size thus their numbers may not indicate much about their relative importance by type of business (Hashim, 2000). Consequently many past researches on SMEs in Malaysia (e.g. Deros, Yusof & Salleh, 2006; Alam & Ahsan, 2007; Che Rose, Kumar & Lim, 2006; Lai, 2006) focused on either the manufacturing, service sector SMEs or the entire sector as whole. There were 1500 questionnaires distributed to the respondents in their workplace using the systematic random sampling technique where a sample is chosen by selecting a random starting point and then picking every  $K^{\text{th}}$  element in succession from the sampling frame (Hair et al., 2006). Total elements for the entire population were based on the sampling frame obtained from the SME business directory ([www.smeinfo.com.my](http://www.smeinfo.com.my)). This amounted to 27635 employees, based on the definition given by the central bank of Malaysia in which a service SME will have a minimum of 5 to a maximum of 50 employees (Bank Negara Malaysia, 2005). Based on the minimum required sample size as suggested by Krejcie and Morgan (1970), with a population of  $N = 27635$ , the required samples were 379. The total number of service SMEs available in Malaysia is shown in Table 1.

#### **5. Data analysis**

Out of the 324 responses that were obtained, only 300 responses deemed to be usable resulting in 20 percent response rate which is considered as reasonable since most of the survey done in Malaysia generated a response rate that falls between 10 percent to 20 percent (Ramayah, Yan & Sulaiman, 2005) with Lai (2006) obtained 17.5 percent, Ramayah et al. (2005) recorded 27 percent while Ainin, Kamarulzaman, Farinda & Azmi (2010) obtained a total of 15 percent of response rate.

All collected responses were properly examined before they were coded into SPSS version 18.0. Since the number of returned survey was less than 379 and also there were differences in the wave of collecting the data, a non-response bias test is therefore necessary as based on the assumption by Armstrong and Overton (1977). The result of t-test for equality of means analysis showed there was no significant difference between those responses that were obtained from the first wave (180 responses) with those that were obtained from the second wave (120 responses). Thus data from both waves of responses were deemed free from bias. Through the outlier test, the Mahalanobis  $D^2$  scores suggested five respondents to be treated as outliers, thus to be omitted. Hence, 295 respondents were valid to be used for further analysis.

In order to test the construct validity of the measurements for this study, factor analysis was utilized. In testing whether factor analysis is suitable for testing the construct validity, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett's Test of Sphericity were used. Therefore, if the KMO values is greater than 0.6 (Coakes, Steed & Ong, 2009), and the Bartlett's test of sphericity is large and significant ( $p < 0.05$ ) (Hair, Black, Babin, Anderson & Tatham, 2006) factorability is then considered as possible. Once factor analysis was carried out, items with factor loading that is greater than 0.3 will be used to represent a factor since it is regarded as the threshold to meet the minimal level for interpretation of structure (Hair et al., 2006).

Table 2 shows the result for factor analysis of job performance. According to Kline (1994), when factor loading is greater than 0.6, it can be considered as high while any factor loading that is greater than 0.3 are regarded as moderately high. Thus, job performance had all four questions loaded onto a single factor with eigenvalue more than 1.0. The single factor extracted 71.13 percent of the total variance in response. The result is shown in Table 2. At the same time, a scree plot had also proposed a single factor solution (see Figure 1). The factor loading had all found to be greater than 0.6 indicating good correlation between the items and the factor grouping they belong to. Meanwhile person-job fit had all six questions loaded onto a single factor with eigenvalue more than 1.0.

The single factor extracted 62.97 percent of the total variance in response. The result is shown in Table 3. The scree plot for person-job fit had also suggested a single factor solution (see Figure 2).

## 6. Findings

Table 4 shows the distribution of the respondents according to their profiles. Majority of them were females (53.6%) compared to males (46.4%). Most of them were aged between 19 to 30 years old (46.2%) and between 31 to 40 years old (30.5%). More than a half was Chinese (58.0%), compared to Malay (20.3%) and Indian (14.9%). The rest were other races, including *Bumiputera*<sup>1</sup> from Sabah and Sarawak. The respondents were attached to various business sectors. Most of them were from education sector (14.9%), restaurant (14.6%) and professional services (14.2%). Only 11.2 percent of the respondents had work less than 1 year. Majority of the respondents were also found to finish their tertiary education from diploma (21.7%), bachelor degree (30.5%) and post graduate (9.8%). Table 5 indicated that person-job fit is positively correlated with job performance ( $r = 0.478$ ,  $p < 0.01$ ). Hence it is concluded that there is a significant relationship between job performance and person-job fit. According to Davis (1971), this relationship is strong when the 'r' was ranged from 0.50 to 0.69 and the 'r' ranged between  $\pm 0.30$  to  $\pm 0.49$ , it shows moderately strong relation among the variables. Thus the result revealed a moderate significant relationship between person-job fit and job performance.

## 7. Conclusions

This study revealed that there is a significant positive relationship between person-job fit and job performance (see Table 5). Thus the findings of this study suggested that when fit exists between employees and the job that they are doing, they tend to exert more effort in carrying out their duties which may lead to greater job performance. Demonstration of such behaviour is in accordance to Lewin's Field theory as cited by Hamid and Yahya (2011) in which individuals will engage in good working behaviour if they are able to interact well their job environment. This finding further supported the fact that person-job fit is a good source of motivation to employee job performance as explained by Barrett's congruence theory (1978) as cited by Lawrence (2004) that the congruence that exist between one's preference and the KSAs leads to motivational outcome.

Since the nature of the service setting requires one constantly if not all the time to have engage in face to face contact with customers, the level of motivation would certainly be an important factor in determining the quality of service delivery. Hence if a person does not possess the right attitude toward the job, the possibility of rendering a good service is potentially minimal. Accordingly this study had shown that there person-job fit is a significant predictor to job performance, hence it would be necessary for owners and managers of the service sector SMEs to consider person-job fit in their attempt to hire employees. This study was able to fill in the disparity of research in relation to service sector SMEs in Malaysia. Although there were many research interest on the determinants of job performance (e.g. Muczyk & Gable, 1987; Motowildo & Van Scotter, 1994; Delery & Doty, 1996; Van Scotter & Motovildo, 1996; Harrison, Rainer, Hochwarter & Thompson, 1997; Hertz & Donovan, 2000; Canty, 2005; Messer, 2007; Sommer-Krause, 2007), most of them were conducted in abroad thus very little evidence exist to understand the job performance of employees in the Malaysian context especially those working in the service sector SMEs. Furthermore most past studies on SMEs tend to focus on the manufacturing SMEs; this study thus contributes to the current literatures on service SMEs which are generally quite limited.

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<sup>1</sup> Bumiputera is a term comes from the Sanskrit word Bhumiputra, which can be translated literally as "son of earth" (bhumi =earth, putra=son). It is widely used in Malaysia, embracing ethnic Malays, and the tribal peoples in Sabah and Sarawak. (Siddique & Suryadinata, 1981-1982).

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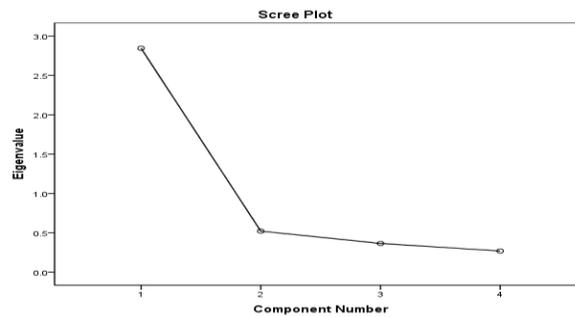
**Table 1: Number of services SMEs (including ICT) in Malaysia as of March 2011**

States	Number of service SMEs (including ICT)
Perlis	24
Kedah	205
Perak	267
Penang	351
Kelantan	115
Terengganu	142
Pahang	178
Selangor	1686
Wilayah Persekutuan KL	1248
Wilayah Persekutuan Putrajaya	24
Wilayah Persekutuan Labuan	20
Melaka	163
Negeri Sembilan	156
Johor	467
Sabah	243
Sarawak	238
<b>Total</b>	<b>5527</b>

Source: SME Business Directory (2011)

**Table 2: Summary of factor loading for job performance**

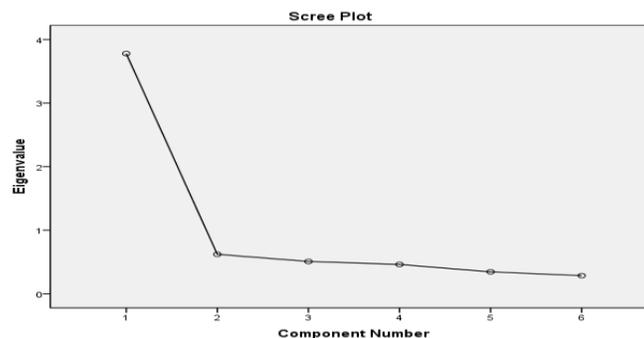
Question	Component
	1
JP1 completes assigned duties	0.868
JP2 fulfil responsibilities according to job descriptions	0.878
JP3 able to perform as expected	0.853
JP4 meet the formal performance standards	0.770
Eigenvalues	2.845
Percentage of variance explained = 71.13 %	
KMO =0.814	
Bartlett's Test of Sphericity:	
Approx. Chi-Square = 562.505	
df= 6	
Sig =.000	



**Figure 1: Scree plot for job performance**

**Table 3: Summary of factor loadings for person-job fit**

Questions	Component
	1
PJ1 goof fit bet job and what being looked for	0.747
PJ2 attributes looked for fulfilled by present job	0.829
PJ3 job gives everything that is expected	0.779
PJ4good match between job demand and skills	0.796
PJ5 abilities & training fit with job requirement	0.77
PJ6 personal abilities & edu match with job demand	0.837
Eigenvalues	3.778
Percentage of variance explained = 62.97 %	
KMO =0.876	
Bartlett's Test of sphericity:	
Approx. Chi-Square = 848.23	
df=15	
Sig =.000	



**Figure 2: Scree plot for person-job fit**

**Table 4: Background of the respondents**

	Frequency	Percentage
<b>Gender</b>		
Male	137	46.4
Female	158	53.6
<b>Age</b>		
Under 19	15	5.1
19 to 30	145	49.2
31 to 40	90	30.5
41 to 50	33	11.2
Above 50	12	4.1
<b>Ethnic</b>		
Malay	60	20.3
Chinese	171	58.0
Indian	44	14.9
Bumiputera Sabah or Sarawak	6	2.0
Others	14	4.7
<b>Business Sector</b>		
Retailers	28	9.5
Wholesaler	12	4.1
Transport & equipment	12	4.1
Professional service	42	14.2
Consultancy services	17	5.8
Education	44	14.9
Hotel	11	3.7
Computer services and communication	31	10.5
Restaurants	43	14.6
Selected services	21	7.1
Financial services	11	3.7
Real estate activities	11	3.7
Health	12	4.1
<b>Working experience</b>		
< 1 year	33	11.2
1 to 5 years	120	40.7
6 to 10 years	70	23.7
> 10 years	72	24.4
<b>Education</b>		
SRP/PMR or below	35	11.9
SPM/MCE/O-Level	52	17.6
STPM/HSC/A-Level	25	8.5
Diploma Level	64	21.7
First Degree	90	30.5
Postgraduate	29	9.8

**Table 5: Correlation matrix of the variables**

		1	2
1. Job performance	Pearson Correlation	1	.478**
	Sig. (2-tailed)		0
	N	295	295
2. Person-job fit	Pearson Correlation	.478**	1
	Sig. (2-tailed)	0	
	N	295	295

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