

# The Effect of Person-Organization Fit on Turnover Intentions of Employees in Steel Companies

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**Abstract:** Turnover intention can be effectively used to predict the actual turnover behavior of employees (Zhang, X. et al., 2020). Employers and policymakers can provide intervention if employees' turnover intentions can be correctly predicted, thus prevent actual turnover behavior from occurring (Matilde, L. et al., 2022). One of the main reasons employees leave their jobs is the mismatch between the individual and the organization. Kristof defined person-organization fit as compatibility between an individual and an organization that includes congruence and complementarity, where congruence is a consistent match between the individual and the organization's characteristics, and complementarity includes demand-supply fit and demand-ability fit (Kristof-Brown, A. et al., 2023). Study shows that individual-organizational fit is negatively associated with employees' willingness to leave (Kakar et al., 2019; Bernardo, A. L. et al., 2023). However, further research is necessary to confirm whether the finding is valid for different companies and to what extent is the effect, if there is. A study on the steel industry, having a big labor force may be considered as focus of the study.

**Keywords:** Person-Organization Fit; Turnover Intention; Steel Companies.

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## 1. Introduction

In recent years, the steel industry has accelerated its transformation towards intelligence, greening and high-end, and having a reasonably structured and relatively stable workforce of high quality, including managerial talents, professional and technical personnel and frontline workers, is crucial to the development of the companies (Qu, W., 2020). However, with the booming of digital industry and the accelerated adjustment of industrial structure, the employee turnover rate of traditional manufacturing industries represented by the steel industry has been increasing (Zhang, Y., 2023). High employee turnover can indicate that the steel company is ineffective and causes the company to experience a decline in performance (Ardyputri, A. F. & Ariyanto, E., 2023). Therefore, the ability to retain employees is one of the key factors in the success of an organization (Aman-Ullah, A., 2020). High turnover intention tends to produce high turnover behavior, and high turnover intention can have a bad effect on the company. In particular, it will affect the performance of the company and the stability and healthy development of the company (Setyanto, S. H. & Hermawan, 2018). Therefore, it is one of the key issues for the good functioning of steel companies to reduce the turnover rate by studying the turnover intention of employees and the related influencing factors.

Previous studies by scholars have validated the role of person-organization fit in employees' work attitudes (Park, S. et al., 2018), turnover intention (Berisha, G. & Lajçi, R., 2020), job stress (Junaedi, M. & Wulani, F., 2021), job performance (Rifqi, M.F. & Ningsih, L.S.R., 2022; Kusaeni, N., 2023) and managerial value in terms of organizational commitment (Pattnaik, L., Mishra, S., & Tripathy, S. K., 2023). However, among the above outcome variables, the main outcome variable of person-organization fit is employees' intention to leave. Therefore, a study that will focus on the relationship between person-organization fit and turnover intention is deemed important. It is hoped that through the research and

analysis, enterprises can understand the deep-rooted reasons that lead to the departure of employees, reduce the departure rate of employees, maintain the stability of the development of the enterprise, and then improve the business performance of the enterprise and promote the long-term development of the enterprise.

## 2. Main body of Review Paper

### 2.1. Person-organization Fit

Person-organization fit has been widely studied by scholars, but scholars have not reached a unanimous opinion about the concept of person-organization fit until now. Over the years, scholars have mainly explored the compatibility relationship between people and jobs or organizations. Most scholars have endorsed the view that person-organization fit is defined as a state of mutual adaptation, and integration between individuals and organizations (Kristof-Brown, A. et al., 2023).

There are two main categories of mainstream views: the first is the unidimensional definition. The first category considers person-organization fit to be unidimensional. Person-organization fit is congruence fit, which is the congruence of individual characteristics and attributes (e.g., personality values, goals, attitudes, abilities, etc.) with organizational characteristics or attributes (e.g., organizational culture, structure, values, goals, etc.) (Kristof-Brown, A. et al., 2023). As early as the beginning of the 20th century, Taylor had already put forward the idea of matching people to jobs, arguing that companies should select employees whose abilities, qualities, and personalities match those of the job according to the needs of the job (Dong, H.C., 2021). According to the ASA (attraction-selection-attrition) cycle model, organizations attract similar talent by selecting people who share the same values or characteristics as the organization, and those who do not share the organization's values or characteristics will be dismissed or resign (Chang H. T. et al., 2019). Researchers (Yeon Hee Kim et al., 2023) have argued that person-organization fit involves aspects of

people's job-related qualifications (e.g., skills, knowledge, and abilities), while person-organization fit focuses on how well an individual fits with the organization in terms of values, organizational culture, and goals. For example, a good personal-organizational fit implies that personal values are closely aligned with organizational goals. If people perceive themselves to be a good fit with the organization, they tend to see themselves as part of the organization and are more likely to join "psycho-groups" within the organization. Understanding person-organization fit helps companies select employees who match the values and ideals of the company, improve person-organization fit in practice, and create a loyal workforce (Cowan, R.L. et al., 2021).

The second category is the two-dimensional definition. This category includes person-organization fit in two parts: congruence fit and complementarity fit. The ideas of congruence fit and complementarity fit allow for a broader range of elements to be covered by person-organization fit. Complementarity fit refers to a relationship in which an individual and an organization are complementary in terms of personality traits and satisfaction with each other's needs (Kristof-Brown, A. et al. 2023). Complementarity fit is further subdivided by Cable and DeRue into demand-supply fit and demand-ability fit (Xiong, B. et al., 2023). Demand-supply fit (also called resource-opportunity fit) is achieved when the organization provides resources and opportunities to satisfy the needs, wants, and preferences of individuals. Alternatively, demand-supply fit is when an organization meets an individual's needs or wants and in doing so rewards or responds to an employee's service. Demand-ability fit means that the individual and the organization are matched when the individual consumes time, effort, commitment, and experience to complete the work task to satisfy the organization's needs (Guoqiang Li & Zhiyuan Li, 2021; Muzhou Li & Sixin Zeng, 2024). Individuals and organizations achieve this consistent match if the organization can meet the needs of employees (Jin M.H. et al., 2018).

Kristof integrates these two perspectives and proposes a more complete model of interpersonal matching. He defines interpersonal matching as employee-organization compatibility under three conditions: the individual or the organization has at least one party that can provide the other party with the resources it needs; the individual and the organization are similar in some basic characteristics; and both conditions are present (Kristof-Brown, A. et al., 2023). The model provides a more comprehensive overview and analysis of congruent versus complementary matching, the demand-supply view, and the demand-ability view in integrating different matching levels and approaches.

In recent years, the connotation of person-organization fit has been continuously enriched and improved, and the research on person-organization fit has made a lot of achievements. However, different researchers focus on different points according to different research purposes. Through the organization of the literature, it can be found that most scholars pay more attention to the study of consistency, and more mainly focus on the study of values.

## 2.2. Turnover Intention

Scholars have found, after much research, that the propensity to leave can effectively predict employees' actual leaving behavior (Kin Fai Ellick Wong & Cecilia Cheng., 2020; Chun Yu Lin et al., 2022; Gu, H. et al., 2024). Most of the scholars predicted employees' turnover behavior through

turnover intention (Zhang, X. et al., 2020). If employees have turnover intention, they will be less responsible for their work, exhibit behaviors that violate company rules, such as absenteeism, or even oppose or protest against the orders of their superiors (Cowan, R.L. et al., 2021). Therefore, turnover intention of employees to leave their jobs in an organization or company is always an important element of human resource management in a company (Pratama, N.E. et al., 2020). Correctly predicting employees' turnover intentions could allow both employers and policymakers to intervene and thus prevent actual turnover behavior from occurring (Matilde, L. et al., 2022).

Many factors influence turnover intention, and those that have been empirically proven or argumentatively endorsed include compensation (Hikmah Perkasa, D., et al., 2023), organizational equity (Mulang, H., 2022), career development (Dewi, R. S., & Nurhayati, M., 2021), burnout (Esthi, R. B., & Panjaitan, S., 2023), person-organization fit (Utami, A. F. et al., 2023), job stress (Dodanwala, T. C. & Santoso, D.S., 2022), job satisfaction (Mohyi, A., 2021; Ariawan, J. et al., 2023), organizational commitment (Guzeller, C.O. & Celiker, N., 2020), and others. Generally, there are three main categories of reasons that affect turnover intention, namely, individual employee reasons, organizational reasons, and external reasons. Based on the different focuses of different studies, there are many antecedent variables of turnover intention identified by researchers, but most are job satisfaction and organizational commitment, and the traditional variables studied in the issue of turnover intention are not able to comprehensively and objectively explain the employee's turnover behavior, so in this paper, person-organization fit is selected as the antecedent variable to measure turnover intention.

## 2.3. Relationship between Person-Organization Fit and Turnover Intention

Researchers have argued that employees with a high person-organization fit are more likely to be committed to and integrated into their work, and therefore less likely to leave the organization (Ngo-Henha, 2018; Maloba, M.N. & Pillay-Naidoo, D., 2022). Researchers generally agree that the moderating variable of person-organization fit has a significant effect on employees' turnover intentions (Rostiana, R., 2017). The higher the person-organization fit, the lower the turnover intention (Bernardo, A. L. et al., 2023). A good person-organization fit can be responsible for maximizing the benefits to both the employee and the organization, and if the fit is weak about job fit, the organization may experience high turnover rates, absenteeism, and a decrease in employee morale and productivity (Shah & Ayub, 2021). Researchers in the field of employee retention studies (Kakar, A.S. et al., 2019) have provided strong empirical evidence supporting the negative relationship between person-organization fit and turnover intentions. This negative correlation implies that when the fit between an individual and the organization is high, the turnover intention decreases (Kooij & Boon 2018). Jin M.H. et al. (2018) argued that when an employee's values and beliefs are aligned with the organization, there is a positive psychological connection between the individual and the organization, which reduces turnover intention.

Recently, a few scholars (Abdalla, A. et al., 2018; Bharadwaj, S. 2023) have made initial attempts to apply various sub-variables of person-organization fit, such as values, goals, demand-supply, and demand-ability, to explain

employees' turnover intention. Through empirical analysis, Zang, L. and Chen, Y. (2022) concluded that all three dimensions of person-organization fit are negatively correlated with turnover intention, but the negative correlation between demand-supply fit and turnover intention is stronger than that of values fit and demand competence fit. On the contrary, the study of Kakar, A.S. et al. (2023) came to a different conclusion. They concluded that demand-supply fit and person-organization fit have a negative and direct effect on the turnover intention, whereas demand- ability fit has a non-significant effect on the turnover intention.

### 3. Conclusion

In summary, the vast majority of researchers believe that person-organization fit has a significant effect on the turnover intention, and the higher the fit between the individual and the organization, the lower the turnover intention, which means that person-organization fit is a good predictor of employees' turnover intention (Pawestri, D. A., & Dewi, Y. E. P., 2023). However, there is still controversy about the extent to which each of the dimensions of person-organization fit (values fit, demand-supply fit, and demand-ability fit) affects turnover intention. But in any case, these results suggest that business managers can take active measures in the area of person-organization fit to reduce employees' turnover intention. However, limited research has been conducted to date on the relationship between person-organization fit and turnover intention. Whether the hypothesis that person-organization fit has a significant effect on turnover intention is valid for each particular group, including employees in steel companies, and the extent of the effect has not yet been confirmed.

### 4. Future Research Perspectives

Previous literature states that scholars have taken person-organization fit as the starting point of their research, and have deeply analyzed the impact of person-organization fit on the turnover intention in multiple industries and occupations. Due to the different definitions of personal-organizational fit, most scholars' studies mainly focus on value fit, with fewer studies on demand-supply and demand- ability fit. Only a few scholars have carried out person-organization fit research by integrating the three matching dimensions such as consistency matching of person-organizational characteristics, demand-supply fit and demand-ability fit. The research on the relationship between the three matching dimensions, as well as the influence mechanism, needs to be further deepened. Meanwhile, steel companies are labor-intensive enterprises with high employee mobility, and it is also of great interest to study the impact of person-organization fit on turnover intention in steel companies.

### 5. Study Paradigm

The literature review shows that there are more research results on person-organization fit and turnover intention, fewer in-depth studies on the relationship between person-organization fit theory and turnover intention, and there is a gap on empirical research for the steel industry. The use of empirical analysis to verify whether the research results of scholars on the impact of person-organization fit on turnover intention are also applicable to steel companies can make up for the shortcomings in the field of research. Meanwhile, fewer results comprehensively study the impact of person-organization fit on turnover intention from the dimensions of

demand-supply fit and demand-ability fit. Taking employees of steel companies as the respondents, the internal mechanism of the influence of the dimensions of person-organization fit on the turnover intention of employees in steel companies can be explored and the influence of the dimensions of person-organization fit on turnover intention will be analyzed. It may be able to construct a systematic model of the relationship between person-organization fit and turnover intention, and put forward targeted countermeasure suggestions for enterprise human resource managers. This will help human resource managers in steel companies to understand the causes of employees turnover and take positive and effective countermeasures to stabilize the workforce and promote the sustainability of the company.

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