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## AN INVESTIGATION OF FITS AND INTRINSIC MOTIVATION ON EMPLOYEE'S PERFORMANCE : A CASE STUDY OF FMCG ORGANIZATIONS IN THAILAND

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### ABSTRACT

The Fast Moving Consumer Goods (FMCG) industry is one of the biggest industries in the world in which most are multinational corporations. There are many FMCG multinational corporations in Thailand. Core activities of FMCG corporations are supply chain operations in which lots of business activities are relating to many tiers of suppliers and customers. As the cooperation among parties is human activities, the firm performance would certainly rely on the quality of the employees. The employee's perception of fits towards organizational environment is relevant to the level of efforts in performance. This research aims to study the relationship between perceived fits of employees in various dimensions and their working performances. In order to understand such relationship in depth, intrinsic motivation is incorporated into the model as mediating factors. Self-determination theory and work meaningfulness are emphasized as intrinsic motivating factors. The questionnaire survey was used and 210 sets of data were collected from Thai employees who work in FMCG firms. Structural Equation Modeling was used to analyze survey data. The significant relationship between fits, intrinsic motivation, and performance of employees were found.

**Key words:** Intrinsic Motivation, Performance, Self-determination Theory, Work Meaningfulness

### INTRODUCTION

Organizations challengingly encounter with complex business environment nowadays because of the impact of borderless global market. Most organizations seek for new market in order to capture more demands of customers. The number of multinational corporations (MNCs) has been increased continuously in Thailand especially in Fast Moving Consumer Goods (FMCG) industry. These organizations have to compete with their great responsibility to succeed in global market. Performance of organization is an indicator of success and performance of organization is mostly driven by performance of employee. Moreover, FMCG firms need a large number of employees in performing supply chain operations in which lots of core activities are relating to many tiers of suppliers and customers. Performance of employee has been consistently an important work-related outcome of quality of employees. It is an important theme in business and management research due to its critical impact to both organizational level outcome and individual level outcome (Morrison, 1994; Lado & Wilson, 1994). Many studies have investigated the antecedents of performance at individual level and person-environment fit is an interesting concept as an antecedent of performance recently (Adkins, Ravlin & Meglino, 1996; Kristof, 1996). Employees who fit well with organizational environment would perform better than those employees who do not. Various dimensions of person-environment fit were introduced in many studies with the aim of prediction of employee's performance but some found insignificant relationship of fits and performance. Therefore, this study aims to study the relationship between perceived fits of employees in various dimensions and their performances by having intrinsic motivation as mediator.

### LITERATURE REVIEW

#### **2.1 Person-environment Fit**

Person-environment fit is an interesting concept of understanding attitude and behavior of employee in particular organizational environment because it is referred to the congruence and compatibility between the

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two such as person and organization (Chatman, 1989). Person-environment fit consists of various dimensions that can explain entire impact of organizational environment to performance of employee. Dimensions of person-environment fit are person-organization fit, person-job fit, person-group fit, and person-supervisor fit (Adkins & Caldwell, 2004; Kristof, 1996; Kristof-Brown, Zimmerman & Johnson, 2005). Person-organization fit explains the congruence between employee and organization in terms of value, goal, and norm (Chatman, 1989; Cable & Judge, 1995). Person-job fit is about the congruence between qualification of employee and demand of job (Edwards, 1991; Kristof-Brown, 2000). Person-group fit refers to the compatibility between employee and colleagues or work groups (Adkins & Caldwell, 2004; Werbel & Gilliland, 1999). Person-supervisor fit explains the compatibility between employee and immediate supervisor (Kristof-Brown et al., 2005). These dimensions of person-environment fit were simultaneously investigated in previous studies by hypothesizing relationship between fit and performance of employee but some studies found no relationship. They emphasized on each dimension of person-environment fit and investigated separately that might not explain the entire impact of organizational environment to performance of employee.

### **2.2 Intrinsic Motivation**

Intrinsic motivation is the motivation that arises when an individual has performed activity in order to experience pleasant. The importance of intrinsic motivation that may explain why person-environment fit relates to performances was rarely emphasized in previous studies. Such that, two theories of intrinsic motivations are reviewed in this study which are self-determination theory (SDT) and work meaningfulness. Self-determination theory (SDT) explains the innate psychological needs of people and consists of three dimensions that are fulfilment of need for autonomy, fulfilment of need for relatedness, and fulfilment of need for competence (Deci, Connell & Ryan, 1989). Three dimensions are explained in working circumstance because they refer to autonomy at work, good relationship with others, and desire for achievement. Self-determination theory with its three dimensions was examined in many previous studies with the emphasis of employee's fulfilment of needs and performance but few studies explained relationship between person-environment fit and performance of employees by having self-determination theory as mediator (Baard, Deci & Ryan, 2004; Gagne & Deci, 2005). Another intrinsic motivation is work meaningfulness, it is a psychological state of employee who experience meaningfulness at work by facilitating personal growth and work motivation (May, Gilson & Harter, 2004). Work meaningfulness concept is categorized into three dimensions which are positive meaning, meaning-making through work, and greater good motivation. Three dimensions explain a meaningful workplace where employee is encouraged and supported to achieve the integrated wholeness of life. Meaningfulness at work usually occurs from a particular job when an individual understands how work or job contributes to meaning of life (Vuori, San & Kira, 2012). Regarding to this, these two intrinsic motivation theories are incorporated into research model of this study.

### **2.3 Performance**

Performance of employee has gained the attention in business and management research because performance of employee directly relates to organizational performance (Morrison, 1994). Performance refers to activities that are required and described in formal job description. Organization seeks for employee who performs at high level of effort and employee is effectively utilized in performing job. Performance is applied in earlier studies as a consequence of person-environment fit and they emphasized on quantity, quality and efficiency of performing job (Tsui, Pearce, Porter & Tripoli, 1997). But there are still inconclusive findings of relationship between person-environment fit and performance of employees, therefore, performance is investigated in this study as work-related outcome. From the literature review, the hypotheses were derived as following:

**H1:** Person-environment fit is positively related to self-determination theory and work meaningfulness.

**H1a:** Person-organization fit is positively related to self-determination theory and work meaningfulness.

- H1b:** Person-job fit is positively related to self-determination theory and work meaningfulness.  
**H1c:** Person-group fit is positively related to self-determination theory and work meaningfulness.  
**H1d:** Person-supervisor fit is positively related to self-determination theory and work meaningfulness.  
**H2:** Self-determination theory is positively related to performance.  
**H3:** Work meaningfulness is positively related to performance.  
**H4:** Self-determination theory is positively related to work meaningfulness.

#### METHODS

Thai employees who are currently working in FMCG industry in Thailand was selected as research samples. Non-probability sampling and convenience sampling technique were applied in collection of data. Data was collected by using questionnaire survey and 250 sets of questionnaire were distributed. Two hundred and ten questionnaires were returned which were yielded a response rate of 84%. Each variable was measured by previously developed questions with 6-point Likert scale which were ranged from (1) – strongly disagree to (6) – strongly agree. Moreover, dyadic method was used to accurately collect data from focal employees and their supervisors. Supervisors answered questions about performance of their subordinates in questionnaire set A and employees answered questions about person-environment fit, self-determination theory and work meaningfulness in another set of questionnaire that was questionnaire set B.

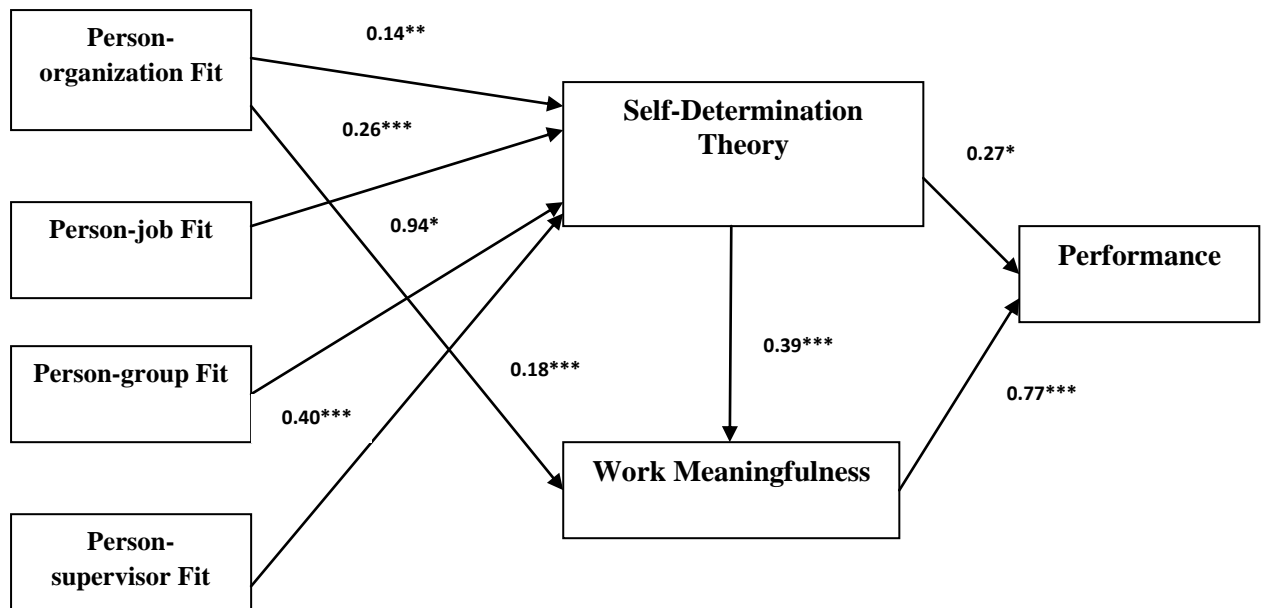
Person-environment fit with twenty measurement items concerning person-organization fit, person-job fit, person-group fit and person-supervisor fit was adopted from Cable and Judge (1996), Lauver and Kristof-Brown (2001), Cable and DeRue (2002), and Scandura, Graen and Novak (1986). Examples of items are “The things that you value in life are very similar to the things that your organization values”, “There is a good fit between what your job offers you and what you are looking for in a job”, “Your personal values match your work group member’s value”, and “Your working relationship with your manager is extremely effective”. Self-determination theory was measured by fourteen items from Van den Broeck and associates (2008). Examples of items are “At work you feel that you work what you want to”, “At work you can talk to other about what really matters to you”, and “You have mastered the tasks at work well”. Work meaningfulness was measured by ten items from Steger, Dik and Duffy (2012). Examples of items are “You have found a meaningful career”, “You view your work as contributing to your personal growth”, and “You know your work makes a positive difference in the world”. Performance was measured by ten items from William and Anderson (1991). Example of items is “Employee’s quality of work is higher than average”.

#### RESULTS

The exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were performed to determine the degree of model fit as well as the sufficiency in the factor loadings. The results of these analyses were at satisfactory level and structural equation modeling (SEM) was proceeded to test hypotheses. The hypothesized model with distinct dimensions of person-environment fit showed a good fit to the data. The results were;  $\chi^2/df = 2.772$ ,  $p < 0.001$ ; GFI = 0.931, RMSEA = 0.92, NFI = 0.966, RFI = 0.941, IFI = 0.978, TLI = 0.961 and CFI = 0.978. Consequently, the standardized path coefficients of this model supported almost all of the proposed hypotheses. As shown in Figure 1, the results supported hypothesis 1a. The relationship between person-organization fit and self-determination theory is positive and significant ( $\beta = 0.14$ ,  $p < 0.01$ ). Similarly, the relationship between person-organization fit and work meaningfulness is positive and significant ( $\beta = 0.18$ ,  $p < 0.001$ ). The results also showed that another three dimensions of person-environment fit that are person-job fit, person-group fit, and person-supervisor fit were positively and significantly related to self-determination theory ( $\beta = 0.26$ ,  $p < 0.001$ ;  $\beta = 0.09$ ,  $p < 0.01$  and  $\beta = 0.40$ ,  $p < 0.001$ ), supporting part of H1b, H1c and H1d. But these three dimensions of person-environment fit were not significantly related to work meaningfulness. Both self-determination theory and work meaningfulness are positively related to

performance of employee ( $\beta = 0.27, p < 0.05$  and  $\beta = 0.77, p < 0.001$ ), supporting H2 and H3. Moreover, the relationship between self-determination theory and work meaningfulness is positive and significant ( $\beta = 0.39, p < 0.001$ ), supporting H4.

**Figure 1**  
**Structural Model of Person-Environment Fit**



Note: \* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

**CONCLUSION AND FUTURE WORK**

This study revealed the multidimensional construct of person-environment fit that there is a significant and positive relationship with performance of employee by having intrinsic motivation which are self-determination theory and work meaningfulness as mediating effects. It showed that dimensions of person-environment fit should be integrated and investigated together in order to better explain the entire organizational environment and performance of employee. The findings also suggested that when employees perceive that they are compatible with organizational environment such as organization, job, work group, and supervisor, their fulfilment of need for autonomy, relatedness, and competence will be met together with their lives will become meaningful. Accordingly, the level of quality, quantity and efficiency of their performances will increase. Some dimensions of person-environment fit which are person-job fit, person-group fit, and person-supervisor fit were not found to be related to work meaningfulness but person-organization fit showed the significant relationship to work meaningfulness. Employees may feel that their lives are more meaningful when employees perceive that they are congruence with organization in the sense of values, norms and goals. Moreover, fulfilment of need for autonomy, relatedness, and competence are the predictors of work meaningfulness of employees. However, future study should incorporate additional consequences of fit such as organizational citizenship behaviour and organizational commitment because fits may result to other work-related outcomes and this would greatly contribute to this area of research and understand behaviour of employee better.

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