Chapter 3

Decision Making Approach to Employee Selection: Achieving Strategic Person–Job–Organization Fit Among Organizations in Malaysia

Maniam Kaliannan
University of Nottingham – Malaysia, Malaysia

ABSTRACT

Strategic Human Resource Management is focused on the human capital as a strategic resource in achieving sustainable competitive advantage. Recruitment and selection may just be a stage in the HR function for an organization, but the potential significance of manifestation on an organization’s performance, effectiveness and productivity is undeniable. Performance is clearly depicted as dependent upon selection, appraisal, rewards and development, in achieving person-job-organization fit (PJO Fit). The purpose of this research is to examine the approaches to selection or assessment methods being employed by companies in Malaysia, specifically among multi-national companies and small medium enterprises as a basis in their decision-making process. The findings of this research suggest that the majority of Malaysian organizations neither wholeheartedly accept nor reject an analytic approach but favors a hybridization approach to selection where there is a blending of both analytic and intuitive model which provides an acceptably holistic approach in their hiring judgment.

INTRODUCTION

Part of the strategic role of Human Resource Management (HRM) today, has been the calling to see people of an organization as a strategic resource in achieving sustainable competitive advantage. In its simplest form, the term strategic HRM (SHRM) means the alignment of internal HRM practices in building employees’ knowledge, skills and abilities (KSA) or competencies as part of the competitive strategy to achieve business objectives (Becker & Huselid, 2006), that can be seen as human capital. This is in line with the resource-based view (RBV) that represents an inside-out approach, which uses (people) resources as a starting point and the ability to leverage this as a ‘core competences’ is critical.

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for any organization to compete in the face of changing competition. These core competencies are often seen as a tacit resource as they are difficult to imitate and thus distinct the organization in its industry.

Recruitment and selection may just be a stage in the HR function for an organization, but the potential significance of manifestation on an organization’s performance, effectiveness and productivity is undeniable. In the Michigan model (see Figure 1), performance is clearly depicted as dependent upon selection, appraisal, rewards and development, in achieving a fit between person-environment (PE) such as: person-job (PJ) fit, person-group (PG) fit and person-organization (PO) fit, to create both horizontal and vertical linkages that integrates practices among HRM functions (see Figure 2).

**LITERATURE REVIEW**

In the selection process, it is a series of steps that represents the methods or tools of selection, which applicants passes through. Figure 3 provides a typical set of selection steps (the sequence of the steps may vary among firms or take place simultaneously), where applicants goes through the funnel of selection process in determining successful candidates and eliminate those who does not fit the role. Within each step, there are multiple approaches in determining candidates KSA and non-competency-related issues in predicting future job performance.

Before embarking into the actual selection process in detail below, it is important to note that certain organizations internal and external factors can influence the success of the selection decision-making and obstacle involved throughout the selection process. The external factors that influence selection are such as employment legislation and the nature of the labor market; whilst the internal factors are such as the size and type of the organization which will determine the level of formality and approaches of the selection process, speed in decision-making, the availability of applicant pool, and selection methods (i.e. factors affecting the choice of selection methods depends on: the interviewer’s experience, preference for individual or group decision-making, the complexity of the selection administration, tests or assessment, cost of selection method choice).

*Figure 1. The Michigan approach: the human resource cycle*
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