Investigation of the effect of bank heads personality traits on the performance of bank branches using McCrae and Costa Five-Factor theory of personality (case study: presidents of SADERAT bank branches of yazd province)

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Abstract: Main purpose of this paper is to investigate the relationship between personality traits and job performance of the heads of SADERAT Bank. McCrae and Costa’s Five-Factor Model of personality traits including conscientiousness (loyalty), neuroticism and openness to experience were obtained. Moreover, four financial dimensions including customer satisfaction, internal processes, and innovation and improvement (learning and growth) are considered in the performance analysis. Job performance and NEO personality questionnaires were used to measure each of these variables. Heads of SADERAT bank branches in Yazd province was considered as statistical population. Following transmission of questionnaires, information about 80 of them was collected. Regression analysis was used to determine the relationship between personality traits and job performance. Results suggest that there is a significant relationship between personality traits of neuroticism and openness to experience and financial dimension of performance. There is also a significant relationship found between trait of neuroticism and dimension of customer satisfaction.

Key words: Conscientiousness; Neuroticism; Openness to experience; Performance; Customer satisfaction; Internal process

1. Introduction

Banks, by evaluation of the branches heads while identifying and selecting the most appropriate work forces, can decide about the relocation, transfer and end of services of the bank heads. On the other hand, by identifying the latent talent of heads of branches it would be possible to take necessary steps for promotion, advancement and appointment of higher posts. Thereby the concept of meritocracy and selecting qualified people can be fulfilled as the surest way to achieve a sustainable and stable competitive advantage in the market. So far many methods have been proposed for evaluating the performance of banks most of which consider financial aspects of performance without paying attention to qualitative and intangible aspects of performance such as quality of services and the ability of managers. In this regard, it is noteworthy that traditional banks mostly focus on the bank's profitability index in evaluating the performance (Ayaranzadh and Barghi, 2009). Therefore an emphasis on assessing the performance of branches should be based on information for prospective management not retrospective ones (Raees Safari, 2005). However, due to various regulations and other inhibiting conditions, profitability may not be solely and absolutely considered as a fair criterion to evaluate the performance of banks. Accordingly, it is necessary to study other factors such as traits of the managers along with the mentioned index in today's competitive organizations, only organizations are able to survive that pay attention to their staff. Consequently, perception of the staff about their organization, called organizational climate, is important (Edmonton, 2002).

The purpose of this study is provide a model for evaluating the performance of heads of branches of banks based on individual, personality, leadership traits and selecting the most qualified persons to manage frontline services in banking, i.e. bank branches. In order to assess the heads of bank branches, a comprehensive model has been proposed containing the main advantages of the three trends (personality traits, behavioral traits and results orientation). Considering changing quality traits to quantitative measures, the proposed model is completely objective and accurate in administrative areas. Assessment of individual, personality and management abilities is a suitable method for evaluating the performance and the guidance and training of branch managers in order to eliminate weaknesses and enhance strengths, and ultimately, customer satisfaction along with access more share of the market. Given the inconsistency in the presented research findings, the limited studies on predictive factors of personality and job performance in Iran and no available study on the impact of bank heads traits on the performance of
the branches, the main objective of this paper is seek to answer the question whether there is a relationship between various aspects of personality and job performance of bank heads? If there is a relationship, which personality trait can explain the variance in variable of job performance? In order to achieve the main goal of this study, following main hypothesis can be tested:

H: There is a significant positive relationship between manager's traits and performance of SADERAT Bank branches in Yazd province

2. Theoretical Foundations and Hypotheses Development

Job performance is what a person does and is visible and consists of those activities that are related to the goals of the organization and can be measured with specialized terms of each person (Muchincky, 2000). Job performance is defined as organizational values and behaviors of employees in different times and job positions. Value of an organization has been defined as estimation of organization about activities and services for its employees, such as doing a good job or a working relationship with other employees (Borman et al, 2003; Motowidlo et al, 1997). Performance evaluation of the organization is one of the management tasks called as concept of performance management that is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams (Armstrong, 2000). Performance measurement can be defined as the process of quantifying the efficiency and effectiveness of actions. A performance index can be described as a benchmark to quantify the efficiency and effectiveness of a defined activity. Accordingly, it is a system for measuring the performance of a set of criteria used to quantify the efficiency and effectiveness of activities (Neely et al, 1995). In this paper, performance of bank heads is calculated using four financial dimensions, customer satisfaction, internal processes, and innovation and improvement (learning and growth). There have been different theories from long past to the present on individual differences and personality. It is therefore rational and logical that person's personality traits influence his values, attitudes, feelings and behaviors (Olver and Moradin, 2003). The field of personality, however, found a dominant form during the past two decades by the five-factor model of personality (FFM) (Robert McCrae and Paul Costa, 1999). Result of many studies conducted using factor analysis based on personality traits was introducing the five-factor model of personality. In this way, Costa and McCrae using the factor analysis found that five major aspects can be considered between individual differences and personality traits (Shokri, Kadivar, Daneshvarpoor, 2006). Robert McCrae and Paul Costa, working at "Gerontological Research Center of National Health Institute, Baltimore, Maryland," used a plan to identify five-factor personality model known as the “five great factors” or “big five”. They identified five super traits at the top of the personality pyramid each of which had six special traits with a total of 30 personality traits (Figure 1) (Huczynski and Buchanan, 2000). Recent studies show that the five dimensions of personality are a basis for other personality traits (Kaplan, 2003).

![Fig. 1: Hierarchy of Personality (George ND Jones, 199)](image)

Many psychologists believe that the main construction of human personality is by five main personality traits as follows: 1- Extroversion 2- Agreeableness 3- Conscientiousness 4- Emotional stability (Neuroticism) 5- Openness. These traits form in people partly due to the tendency to the inherent traits and partly as a result of growing in a particular environment. Learn about the five main personality traits is important for the psychology of business because all these traits influence job performance. Interpretation and implications of these personality factors cause special attention to the important areas. Although some of these traits...
are inherited, most people can improve "personal growth" of these traits in them.

2.1. Conscientiousness, conscience or compassion

This dimension is a measure of reliability. A person who is high in conscientious is competent, disciplined, dutiful, goal seeking, self-discipline, punctual and reliable (Consultant). Conscientiousness in many organizational situations is considered useful and important as an appropriate indicator for predicting performance in many jobs. This is because these people more tend to achieve success (ozionelos, 2003). Considering dimensions of performance and these personality traits; the following hypotheses can be expressed:

H1: There is a significant relationship between conscientiousness and financial dimension of the branches.
H2: There is a significant relationship between conscientiousness and customer dimension (customer satisfaction) of the branches.
H3: There is a significant relationship between conscientiousness and internal process dimension of the branches.
H4: There is a significant relationship between conscientiousness and learning dimension of the branches.

Neuroticism or emotional stability

This dimension involves a person's ability to tolerate stress. A person with neuroticism is low in emotional stability. These people are anxious, nervous, frustrated and disappointed, stressed, embarrassed, vulnerable and hurried. Neurotic individuals usually have negative mood in the work environment and generally have negative attitude towards their work. They may have a sobering influence on the group decision through expression of negative aspects (George, Jones, 1999). So it can be said that:

H5: There is a significant relationship between neuroticism and financial dimension of the branches.
H6: There is a significant relationship between neuroticism and customer dimension (customer satisfaction) of the branches.
H7: There is a significant relationship between neuroticism and internal process dimension of the branches.
H8: There is a significant relationship between neuroticism and learning dimension of the branches.

2.2. Openness to experience, gain experience or openness

This dimension represents person's interest toward new things and experience. People with these traits have imagination power, interest in artistic expression, curious about the ideas of others, open to feelings, ideas and action-oriented. People who have openness to experience can be useful for jobs in which too many changes occur or require innovation or substantial risk. For example, entrepreneurs, architects, organizational change agents, artists, scientists and theorist generally have high personality trait of openness to experience (Huczynski, Buchanan, 2000). Therefore, it can be said that:

H9: There is a significant relationship between openness to experience and financial dimension of the branches.
H10: There is a significant relationship between openness to experience and customer dimension (customer satisfaction) of the branches.
H11: There is a significant relationship between openness to experience and internal process dimension of the branches.
H12: There is a significant relationship between openness to experience and learning dimension of the branches.

Each of the five personality factors identified above can be important to success in a business or occupation. As previously mentioned, the responsibility or conscientiousness is considered important to fulfil many jobs. Another important research result is that extroversion is correlated with success of managers and sales representatives. To justify the result of the study, it should be acknowledged management and sales require deep engagement with people (Saatchi, 2007). Figure 2 clearly shows conceptual model of the relationship between the study variables in the form of hypotheses.
3. Research design and methodology

This study is aimed at using scientific research methods after identifying the research problem and formulating hypotheses in order to collect data needed to test the hypotheses. The study tested data are analyzed after performing the appropriate tests. This study is a correlation study in terms of methodology which investigates the relationship between variables. Questionnaire survey method is used for data collection. Two methods of library and field research methods were used to collect data for literature review and testing of hypotheses, respectively. Comments of bank's heads in connection with their traits in 3 dimensions and performance of branches in 4 dimensions (from the perspective of the scorecard) were collected in a real environment. Next, the impact of indicators related to personality traits on the performance of the branches was examined. Related data for 88 individuals were collected through a questionnaire of statistical population including all branches Saderat Bank for the period of 2012-2013. Sample size was determined using simple random sampling method in Morgan table for 80 individuals. To assess the performance of branches, financial variables, customers, internal process, learning and growth were used. Also personality traits (conscientiousness, neuroticism and openness to experience) are independent variables. In this study, international standard package questionnaire extracted from the scientific and research papers was used that is confirmed by a large number of scholars and experts at international level. To collect data two questionnaires were used as follows:

3.1. NEO Personality Questionnaire

20 Point questionnaire of NEO - FFI is designed for short and rapid evaluation of five major factors of personality (emotional instability or neuroticism, extraversion, openness to experience, conscientiousness and agreeableness) in which each factor includes 3, 3, 4, 5, 5 articles respectively. In this study, the three factors have been used.

Performance questionnaire (BSC model)
Questions in the questionnaire regarding the BSC model in 4 indices consisted of 17 questions were designed based on a five-item Likert scale considered as one of the most common measurement scales. Questionnaire was reviewed and evaluated by bank experts. Therefore, it has a good reliability. Cronbach's alpha coefficient was used to assess the reliability of the questionnaire. The reliability value is above 7.0 and at an acceptable level. Cronbach's alpha coefficient for each variable is presented in the form of table 1.

4. Results and Findings

Each of the study hypotheses were tested and analyzed using correlation coefficients and multiple regression equations. In interpreting the results of the output statistics of SPSS software, F Statistics at its corresponding significant level (probability) represents the significant or insignificant regression model. Durbin-watson statistics confirms or rejects the non-autocorrelation of error terms (relative independence of data).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conscientiousness</td>
<td>76%</td>
</tr>
<tr>
<td>Neuroticism</td>
<td>82%</td>
</tr>
<tr>
<td>Openness to experience</td>
<td>84%</td>
</tr>
<tr>
<td>Financial</td>
<td>83%</td>
</tr>
<tr>
<td>Customer</td>
<td>89%</td>
</tr>
</tbody>
</table>
The adjusted coefficient of determination of the model also reflects the fact that a percentage of variations of dependent variable can be explained by the model. T Statistics and its corresponding probability indicate the significant variables at different confidence levels (here, 99%). It also help to confirm or reject the hypothesis. Table 2 suggests a summary of statistical results and software output for each hypothesis.

5. Discussion and Conclusion

In an investigation of relationship between financial dimension of the branches and personality traits it indicated that there is a significant relationship between financial dimension, openness to experience and neuroticism. However, there was no significant relationship between the branches' financial dimension and conscientiousness. In examining the relationship between the branches' customer dimension and personality traits, it was found that there is a significant relationship between branches' customer dimension and neuroticism. However, there was no significant relationship between the branches' customer dimension, openness to experience and conscientiousness. With regard to dimension of internal process, there was no significant relationship between this trait of the branches, openness to experience, conscientiousness and neuroticism. In examining the relationship between growth and learning dimension with personality traits it was found that there is no significant relationship between openness to experience, conscientiousness and neuroticism.

Conscientiousness is a measure of reliability. A person who is high in conscientious is competent, disciplined, dutiful, goal seeking, self-discipline, punctual and reliable (Consultant). Conscientiousness in many organizational situations is considered useful and important as an appropriate indicator for predicting performance in many jobs. This is because these people more tend to achieve success.

Table 2: Summary of hypotheses testing results and its corresponding statistics

<table>
<thead>
<tr>
<th>Significant level</th>
<th>Possibility</th>
<th>T-Statistics</th>
<th>Coefficient</th>
<th>Descriptive variable</th>
<th>Durbin - Watson Statistics</th>
<th>(SIG) Possibility</th>
<th>F</th>
<th>Adjusted coefficient of determination</th>
<th>The coefficient of determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>99%</td>
<td>0.000</td>
<td>4489</td>
<td>1.736</td>
<td>Width From Source</td>
<td>1.552</td>
<td>0.001</td>
<td>11.276</td>
<td>0.175</td>
<td>0.190</td>
</tr>
<tr>
<td>99%</td>
<td>0.001</td>
<td>3589</td>
<td>426</td>
<td>Conscientiousness</td>
<td></td>
<td></td>
<td></td>
<td>.426</td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.013</td>
<td>2569</td>
<td>1.136</td>
<td>Width From Source Conscientiousness</td>
<td>1.737</td>
<td>0.000</td>
<td>19.502</td>
<td>0.248</td>
<td>.262</td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>4416</td>
<td>599</td>
<td>Conscientiousness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>3787</td>
<td>1.323</td>
<td>Width From Source Conscientiousness</td>
<td>1.879</td>
<td>0.000</td>
<td>25.926</td>
<td>.308</td>
<td>.320</td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>5092</td>
<td>546</td>
<td>Conscientiousness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>5407</td>
<td>2.255</td>
<td>Width From Source Conscientiousness</td>
<td>1.737</td>
<td>0.032</td>
<td>4.816</td>
<td>.064</td>
<td>.081</td>
</tr>
<tr>
<td>99%</td>
<td>0.032</td>
<td>2194</td>
<td>281</td>
<td>Conscientiousness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>5201</td>
<td>1.612</td>
<td>Width From Source Conscientiousness</td>
<td>1.288</td>
<td>0.000</td>
<td>24.311</td>
<td>.294</td>
<td>.307</td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>4931</td>
<td>518</td>
<td>Neurotic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.013</td>
<td>2582</td>
<td>833</td>
<td>Width From Source Neurotic</td>
<td>1.835</td>
<td>0.000</td>
<td>50.037</td>
<td>.467</td>
<td>.476</td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>7074</td>
<td>773</td>
<td>Neurotic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>4486</td>
<td>1.103</td>
<td>Width From Source Neurotic</td>
<td>2.147</td>
<td>0.000</td>
<td>67.418</td>
<td>.543</td>
<td>.551</td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>8211</td>
<td>684</td>
<td>Neurotic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>0.000</td>
<td>6427</td>
<td>2.298</td>
<td>Width From Source Neurotic</td>
<td>1.759</td>
<td>0.017</td>
<td>6.029</td>
<td>.082</td>
<td>.099</td>
</tr>
</tbody>
</table>
Since the main part of all organizations is the management component, in this regard we can refer to the crucial role of bank heads in the growth, development process and the branches material (profitability) and spiritual promotion (customer satisfaction).

In other words, the efficiency and performance of any organization largely depends on management of the organization while committed, motivated, and skilled and servant management plays important and strategic role in the success of organization. In most cases, among the various factors affecting the quantity or accident, one factor may have effective influence partially. Also according to fact that conscientiousness like other aspects of personality can be grown, recommendations can be made in this field for bank heads. In this regard, it is important to mention that conscientiousness grow only by qualified individuals such as professional psychologists.

6. Study-based Recommendations

The results showed that among personality traits, a neuroticism trait has the greatest impact on performance. Neurotic refers to tendency of people to experience anxious, nervous, frustrated and disappointed, stressed, embarrassed, vulnerable and hurried. Neurotic individuals usually have negative mood in the work environment and generally have negative attitude towards their work. They may have a sobering influence on the group decision through expression of negative aspects. Therefore, according to the acquisition of a substantial portion of the skills, bank can consider a special position in strengthening this type of skill. Moreover, it can use formal and informal training to take steps to improve personal, behavioral skills of the bank heads. Also it can be said that personality traits are among important factors affecting the performance. Consequently, this criterion can be used for decision making about selection and appointment of the heads with respect to their activities, determining the necessary training and selection criteria for evaluating the task performance of the bank heads. Finally, it will be effective to enhance the effectiveness and efficiency of the organization.

References


