THE RELATIONSHIP BETWEEN PERSONALITY TRAITS AND ORGANIZATIONAL BEHAVIOUR OF MANAGERS

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ABSTRACT

Nowadays, companies and their managers are increasingly pressured to achieve certain results and levels of performance in order to ensure the financial sustainability of their companies and to remain competitive in the markets. Sometimes these goals are somewhat ambitious and difficult to achieve, which means that decision-makers must have certain personality traits in order to show resistance in dealing with obstacles and strengthen their capacity to solve problems. This research proposal assumes that the personality traits of managers, namely extroversion, pleasantness, neuroticism, conscientiousness, and openness to experience, will have a relevant impact on decision making, which will be reflected in the company's performance. In another perspective, this research proposal also aims to analyze what characteristics of managers are underlying to the organizational behavior. More attention has been given to the study of managers' behaviors and how their attitudes and decision-making can define the achievement of the strategic objectives of organizations. Following this point of view, this research proposal links two scientific areas, namely Management and Psychology, and presents itself as an extremely innovative approach, providing a new line of research that is expected to be extremely useful for the knowledge of the performance of companies and the decision-making process. Regarding the methodology, the data will be collected through the application of a questionnaire to evaluate the different dimensions of the proposed conceptual model. In the treatment of quantitative data, a structural equations model will be used, to investigate the possible relations between the different dimensions incorporated in the model.

Keywords: Company's performance, Decision-making process, Managers behaviors, Organizational behaviour, Personality traits.
1. INTRODUCTION

Nowadays, companies, and more precisely their managers, are increasingly pressured to achieve certain results and levels of performance to ensure the financial sustainability of their companies and to remain competitive in the markets, which are increasingly aggressive and complex. Sometimes these goals are somewhat ambitious and difficult to achieve, which means that decision-makers must have certain characteristics in terms of their personality traits to show resistance and resilience to deal with the obstacles and problem-solving abilities in the day-to-day business adversities, considering both the internal and external constraints inherent in the business world.

In view of this framework, this research proposal assumes that the five main personality traits of managers, namely extroversion, pleasantness, neuroticism, conscientiousness, and openness to experience, will have a relevant impact on the decision-making process, which will be reflected in the company's performance and the objectives achieved. Personality traits are characteristics of individual behavior that allow for a better understanding of why people act differently in similar situations (Nga & Shamuganathan, 2010). These characteristics are decisive in achieving the defined objectives, and among the several examples, we can highlight innovation capacity, proactive personality, generalized self-efficacy, self-control and attitude towards risk.

In another perspective, in addition to analyzing these cause-and-effect relationships with organizations' performance, this research model also proposes to analyze what characteristics are underlying to the various leadership styles, on the one hand, and on the other, their relation to the adoption of innovative strategies. Considering that innovative strategies always reflect some implicit risk, since the concept of innovation implies a more disruptive attitude to what is already known, both in terms of new products or services provided by companies and the way in which organizations operate, at the level of their processes. For example, a risk-averse
manager may have more difficulty in making decisions that involve innovative strategies, because he or she will have more difficulty in dealing with the consequences of the unknown.

In this way, this research proposal aims to relate two areas of enormous relevance, one of which is Management Accounting, focusing on business performance affected by leadership styles, and innovation strategies, and the other major area, Psychology, in relation to the behaviors, defined by the personality traits and styles of emotional leadership adopted by the managers of the companies. In methodological terms, it is envisaged to carry out a qualitative study using quantitative techniques. The data will be obtained through the application of a questionnaire elaborated by the authors to evaluate the different dimensions of the proposed conceptual model.

2. THEORETICAL FRAMEWORK

2.1. Relevance of the research

In organizations, people experience a wide range of affective states, and this applies also to managers (Huy, 2002). In several academic researches, personality traits have become a topic of great interest, especially when analyzing the relationships between the characteristics of managers and their behavior and attitudes in a professional environment. Effective leaders promote effective organizational functioning, allowing individuals, teams, and organizations to perform well (Bass, 1990).

In several investigations, the relationship between personality traits and behaviors, attitudes and performance in the workplace has been highlighted (Matzler et al., 2011). According to the study by Kumar and Bakhshi (2010), the personality of individuals was associated with commitment. In the conclusions of Bakker et al. (2002), personality traits were associated with burnout. On the other hand, Matzler et al. (2011) found an association with knowledge sharing.
Evidence was also found in relation to performance motivations, such as goal setting, expectancy, and motivation for self-efficacy (Judge et al., 2002), and academic performance (Chamorro-Premuzic & Furnham, 2003). However, the greatest evidence was obtained in relation to performance (Kumar & Bakhshi 2010).

Personality refers to how the individual reacts, perceives, thinks, acts or behaves like a person in their environment. Personality can be defined as a dynamic or set of characteristics held by a person that influence cognition, motivation, and behavior in a variety of situations. For Robins (2003), personality is a combination of psychological traits of an individual. Following other perspectives, personality asserts itself as the relatively stable pattern of consistent internal behaviors and states that explain a person's behavioral tendencies (McShane & Von Glinow, 2000). Personality traits also influence performance and career directions (Hough & Furnham, 2003).

According to Harbour (2008), organizational performance can be measured through the implementation of a series of measures that represent the result of the organization’s activity. Other authors, namely Peterson et al. (2003), defined organizational performance as the ability of organizations to use their resources efficiently to produce results consistent with their strategic objectives. Other studies have considered organizational performance as something that allows to evaluate the success of organizations and to achieve their success (Antunes et al., 2018; Antunes et al., 2019).

Although there are several models that focus on the study of personality traits, the Big Five Model (McCrae, 1992) has been the most widely used to analyze the individual personality differences (Berglund et al., 2015). This model consists of five personality traits which are Extraversion, Neuroticism, Agreeableness, Conscientiousness, and Openness to Experience.
Extraversion represents assertiveness, sociability, energy, and positive emotions (Band et al., 2014). Extroverted people are communicative, affectionate, active, and enthusiastic (Paramanandam & Radhamani, 2014), also self-confident, dominant, and exciting, and able to develop an interpersonal relationship with others and externalize their emotions.

According to Camps et al. (2016), neuroticism contrasts emotional stability and captures the tendency to experience a variety of disruptive thoughts and emotions. On the other hand, neuroticism can be characterized as the degree of some negative personality traits, such as unhappiness, impulsivity, aggressiveness and anxiety (Berglund et al., 2015), since neurotic people tend to be unhappy and they feel insecure about their life circumstances. Individuals who are characterized as neurotic are insecure, anxious, and more susceptible to stress (Costa & McCrae, 1992), as they are likely to interpret common situations as threatening.

Agreeableness includes such characteristics as altruism, trust, and humility (John & Srivastava, 1999). In the evidence of Costa and McCrae (1995), people with this characteristic are more trustworthy than people who do not reveal this distinctive aspect, and these people turn out to be manipulative, pessimistic, and selfish. Kind people also strive to build and maintain harmony and prefer to use compromising strategies to deal with any conflict (Camps et al., 2016).

Conscientiousness identifies directed, planned, and organized task behavior, such as thinking before acting, following norms, and prioritizing tasks (Oliver & Srivastava, 1999). Highly conscious people are self-disciplined, trustworthy, ambitious, and efficient (Berglund et al., 2015). Other authors, such as Costa et al. (1991) associate conscientiousness with self-discipline, to the conquest of efforts, obedience, and competence, since their persistence and self-discipline characteristics, enables them to accomplish tasks or achieve goals in a successful way.
Finally, openness to experience is characterized by receptivity to new ideas and flexibility. This characteristic indicates the degree of intellectual curiosity, creativity and the individual tendency to learn, try new things, and consider new ideas. Individuals who reveal this personality trait in a prominent way are imaginative, open-minded, without prejudice, and curious (Berglund et al., 2015). Consequently, the Big Five Personality Traits have very important effects, especially in terms of decision-making and leadership styles.

### 2.2. Big Five Personality Traits and Leadership Styles

Effective leadership promotes effective organizational functioning, leading employees, teams, and organizations to perform well. In this way, it is essential to analyze the factors that can influence the performance of managers (Dirks & Ferrin, 2002). Researches on this topic has revealed that personality traits decisively influence people's motivations, behaviors, and perceptions, including their values, social behavior, and organizational behavior (Krueger et al., 2002; Fischer & Boer, 2015).

The definition of leadership focuses on two different perspectives. These perspectives consist of transactional leadership and transformational leadership (Harm & Credé, 2010). Essentially, transactional leadership is a style of leadership more based on the goals and objectives of the organization itself, whereas transformational leadership is more geared more toward challenging work teams and reaching common goals (Harm & Credé, 2010).

Burns (1978) and Bass (1990) introduced the concept of transformational leadership as part of full-scope leadership theory. This theory includes three styles of leadership, namely, transformational leadership, transactional leadership, and the laissez-faire concept. Transactional leadership consists of three dimensions, which are contingent rewards, active management by exception, and passive management by exception. Although the concept of laissez-faire has some characteristics in common with passive-by-exception management, it has
been argued that laissez-faire leadership must be treated differently from transactional leadership, since in its essence this represents the absence of leadership (Bass, 1998; Judge & Piccolo, 2004). Therefore, it is important to analyze the relationship between the different personality traits, and their relationship with leadership styles.

One of these traits is extroversion, that is a characteristic marked by a pronounced involvement with the outside world and is related to the level of sociability of the individual. It includes features such as affectivity, enthusiasm, persistence, reliability, rigor, and responsibility. Extroverted individuals tend to be enthusiastic, they are action-oriented, they like to talk and assert themselves, that is, the traits of activity and level of energy, sociability, and emotional expressiveness are strongly emphasized. On the other hand, introverted individuals tend to be calm, discrete, and less dependent on the social world and simply need less stimulation than an extrovert individual (Costa & McCrae, 1995). Extroverted leaders are socially dominant (Depue & Collins, 1999) and highly expressive in their social interactions (McCrae & Costa, 1987).

People who are more extroverted are probably more comfortable setting goals and as a result are more likely to be considered as references or role models (Watson & Clark, 1997), as well as to create motivation inspiring. Moreover, extroversion may be positively linked to intellectual stimulation, since extroverted people are more receptive to change (Bono & Judge, 2004).

Another personality trait is conscientiousness, which measures the degree to which an individual is oriented to the duty and responsibility and encompasses impulse control and goal-directed behavior. It includes the preferences of the individual to follow rules and schedules and to what extent individuals are diligent, organized, self-disciplined, achievement-oriented. Salgado (1997) identified conscientiousness as a strong predictor of success and his research showed that conscientiousness was positively correlated with work proficiency, proficiency training, and high academic achievement. This is one of the most commonly investigated traits.
at work and organizational psychology (Bono & Judge, 2004). Individuals with a high level of conscientiousness tend to work hard and have a great sense of self-discipline (Costa & McCrae, 1992). People who have a relatively high score on conscientiousness are highly structured and linear in their way of working, which helps them to avoid deviations and to spend more time than necessary in solving problems.

Regarding pleasantness, this dimension concerns the degree of sympathy, courtesy, good nature, cooperation, consideration, forgiveness, altruism, reliability, help, and trust that an individual has. Pleasantness reflects the tendency for the person to be warm, generous and gentle, as well as being also confident and modest and avoiding conflicts (Graziano et al., 1996). Nice leaders are friendly, kind and want the best for their followers. They are therefore likely to care about the needs and interests of others. This personality trait also denotes the degree to which people believe that others they deal with have good intentions. People who are appreciated by others for their sympathy, similarity, or kindness have a greater influence on their followers than people who are not seen as friendly (Hinkin & Schriesheim, 1989). Pleasant leaders show these positive traits, and it is therefore likely that followers will be more attracted to these leaders and more likely to accept them as exemplary role models. In addition, highly pleasant people can express positive visions because of their kindness, that is, show inspirational motivation (Bono & Judge, 2004).

Neuroticism is the tendency for negative emotional experience and expresses the degree to which the individual demonstrates anger, anxiety, or depression rather than calm, self-confident, and security. Digman (1990) reported that individuals with neuroticism looked upon danger and suffered more because of their own anxiety, fear, and imagination. High scores regarding personality trait neuroticism can also be troubling in many risk environments (Fenton-O'Creevy et al., 2007). Neuroticism and its opposite pole, emotional stability, reflect the tendency to emotional adjustment. Individuals with high levels of neuroticism have a strong
predisposition to experience emotional instability, including feelings of fear, sadness, self-defense, insecurity, and guilt, while emotionally stable people are relaxed and temperate (Costa & McCrae, 1992). Northouse (2016) argued that self-confidence is a prerequisite for leadership behavior. In this way, highly neurotic individuals are likely to avoid responsibilities and leadership roles and are less likely to engage in the efforts of their followers and their needs (Bono & Judge, 2004).

Finally, openness to experience is related to intellectual curiosity, as well as a predisposition to experiment with different activities or to consider unconventional ideas. People who are open to experience can be described as creative, autonomous, unconventional, curious, flexible, and thoughtful. It includes the breadth, complexity, and depth of an individual's life (McCrae & Costa, 1997). Individuals with a high degree of openness to experience are usually creative and will try different or innovative approaches to their professional activity. There are people with a high tolerance for uncertainty and the search for change, and for this reason, this dimension is characteristic of the tendency to search for sensations and predisposition to take risks (McCrae & Costa, 1997). Having an open mindset can lead individuals to perceive more individual differences in other people, leading to less restrictive and unprejudiced treatment (Flynn, 2005). Based on the theoretical framework of these subjects, five research hypotheses are defined with the aim to respond to the possible relationship between the five personality traits with leadership styles adopted by managers.

H1: "Extroversion" influences the leadership style adopted by managers.

H2: "Conscientiousness" influences the leadership style adopted by managers.

H3: “Pleasantness" influences the leadership style adopted by managers.

H4: “Neuroticism" influences the leadership style adopted by managers.

H5: “Openness to experience" influences the leadership style adopted by managers.
2.3. Big Five Personality Traits and Innovative Strategies

Innovation is an introduction of new products, processes or services and the application of distinct administrative systems that influence business performance (Bulut & Yilmaz, 2008). Innovative performance can be defined as a company's tendency to present novelties in the product and production process, to support new ideas, and to explore a creative solution to issues that are more complex (Raghuvanshi & Garg, 2018). In another perspective, innovation performance comprises introducing new products, looking for unique methods and work techniques, exploring new ideas to solve complex problems, identifying performance gaps, mobilizing foundations for innovative ideas and turning innovative ideas into useful actions (Yeoh & Mahmood, 2013).

Several studies have focused on the role and importance of innovation in the success of organizations (Martins & Terblanche, 2003). Several authors, such as Calantone et al. (2002), Salaman and Storey (2002), and Thornhill (2006) identified innovation as the main determinant of organizational success and competitiveness. Today, organizations pay more attention to their human resources, encouraging them to adopt innovative behaviors, as the innovations that are developed and implemented in organizations derive from the ideas developed by individuals in the workplace. In this way, the behavior of each employee based on an innovative attitude is considered by most companies as a great pillar for a good performance of organizations (Carmeli et al., 2006).

In any case, studies that show how the characteristics of managers affect company innovation are still scarce (Rauch & Frese, 2007). Innovation is influenced by certain characteristics of the manager, such as risk appetite, optimism, logical mind, higher education, past professional experience and field experience. Kickul and Gundry (2002) have shown that proactive personality, that is, the ability to identify opportunities, take initiatives, and act along with a
strategic orientation, allow the identification of opportunities for the development of new products or markets. These characteristics also facilitate the company's growth and success through changes and transformations within organizational structures and ultimately will promote economic growth (Mucharreira & Antunes, 2015).

Brandstätter (2011) argues that the entrepreneurial role is strongly influenced by the personality of managers, as it shows that emotional stability has an impact on the creation of new ventures. On the other hand, openness to experience allows managers to find new opportunities and ways of structuring and developing companies. Also, the achievement motivation, that is, a component of conscientiousness, which allows managers to work hard and be persistent in pursuit of their goal. Extroversion is fundamental in the establishment of a social network, and, finally, the propensity to risk, that is, a combination of emotional stability, openness, and extraversion, which allows the risk of failure.

In this context, it is important to highlight some evidence found in the literature on the relationship between personality traits and innovative strategies. Starting with neuroticism, individuals with a high incidence in this personality trait lack self-confidence and self-esteem, and they hardly want to take responsibility, since they are more likely to be anxious, fearful, depressed and moody (Zhao et al., 2010). Managers who reveal a pessimistic attitude and negative thoughts may compromise performance and success in their decision making and may even reveal difficulties in relationships that facilitate the organization's long-term success (Ciavarella et al., 2004).

In the case of extroversion, it manifests itself in the tendency to be self-confident, dominant, active and exciting. Extroverts reflect positive emotions, a greater frequency, and intensity of personal interactions, and a greater need for stimulation (Bakker et al., 2002), and this is of relevance because to innovate, individuals need to relate to and interact with other individuals,
whether within or outside the organization or in other contexts, hence the importance of communication skills, articulation, and social networks. According to Batey and Furnham (2006), extroversion is a good predictor of creativity and innovation. People with a high level of extroversion are dominant in social situations, optimistic and inspire positive feelings (Brandstätter, 2011).

Another personality trait is openness to experience, manifested by intelligence and curiosity (Bakker et al., 2002). These authors observed that people with a great openness to experience reflect a more flexible, imaginative and intellectually curious approach in situations characterized by stress. These authors also noted that openness to experience is the most salient personality dimension to predict the propensity for innovation. According to Chang et al. (2014), openness to experience represents the tendency of the individual to be creative, imaginative, intelligent, and perceptive. People with a high level of openness tend to be unconventional and have new ethical, social, and political ideas (Rothmann & Coetzer, 2003).

Pleasantness is the tendency to be kind, selfless, confident and modest (Zhao et al., 2010). Pleasantness involves living with others in pleasant and satisfying relationships (Matzler et al., 2011). A pleasant person demonstrates sympathy, cares about the needs of others, and attempts to restore peace in the event of disputes (Rothmann & Coetzer, 2003). Many authors argue that this personality trait is negatively related to business performance because managers must be able to benefit from unique opportunities, think first in their own interests and manipulate situations to allow the survival and growth of their company (Zhao et al., 2010). However, Ciavarella et al. (2004) show another perspective, saying that managers who have good relationships of trust, show flexibility and courtesy to customers and their employees, provide greater profitability to their organization.
Finally, it is important to mention the fifth personality trait, conscientiousness. Individuals with great conscientiousness are trustworthy, responsible, organized, work-oriented, and achievement-oriented (Barrick & Mount, 1991). Matzler et al. (2011) argued that people with great conscientiousness commit themselves in the effort to share their knowledge with others and contribute to organizational success. On the other hand, Kumar and Bakhshi (2010) have stated that conscientiousness reflects a strong sense of purpose, self-discipline, obedience, obligation, and persistence, leading to hard work. The main characteristics of the managers that reveal this personality trait are dedication focused on the accomplishment of their tasks, orientation towards the objectives to be achieved and perseverance in their actions (Zhao et al., 2010). This allows the manager to obtain greater productivity, benefiting the company of greater efficiency and effectiveness (Ciavarella et al., 2004).

Based on the several researches carried out on these subjects, five research hypotheses are now presented with the aim to respond to the possible relationship between the five personality and innovative strategies.

*H6:* "Extroversion" influences the strategies of innovation adopted by managers.

*H7:* "Conscientiousness" influences the strategies of innovation adopted by managers.

*H8:* "Pleasantness" influences the strategies of innovation adopted by managers.

*H9:* "Neuroticism" influences the strategies of innovation adopted by managers.

*H10:* "Openness to experience" influences the strategies of innovation adopted by managers.

Completed the description of the fundamentals that led to the construction of the initial issues based on literature review, it is now presented to the proposed research model as illustrated in the Figure 1:
3. METHODOLOGY

Regarding to methodology, this research is of a qualitative nature, although using quantitative techniques, being the data obtained through the application of a survey elaborated by the authors to evaluate the different dimensions of the proposed conceptual model. The sample will consist of managers of Portuguese corporations, in different sectors and activities. In the treatment of quantitative data, a model of structural equations (SEM) will be used, to investigate the possible relations between the different dimensions incorporated in the model. The questionnaire will be designed with closed questions, using a Likert scale of five points for the evaluation of the opinions of respondents about the considered dimensions. For the characterization of the respondents and organizations, nominal and ordinal scales will be used.

4. FINAL CONSIDERATIONS

This research, that is still in development, is of great relevance because it assumes a combination of two important areas of knowledge, namely, Management and Psychology,
which is an innovative approach, since there are only a few references in the literature that link these two areas of expertise.

Although there are many factors to consider when it is intended to study the viability and the success of organizations in highly competitive markets, the effects of decision-making by managers, determined by their personality traits and the human behavior, cannot be ignored at all. In the same way, also the emotional states of managers will have a determining effect on the results achieved by their organizations. An individual's personality refers to the way he or she reacts, perceives, thinks, and behaves as a single person and an individual in his or her environment. So, the way managers deal with and solve problems, how they make their decisions, or even how they deal with adversity, will undoubtedly contribute to determining the organization's success.

Following a corporate approach, we think that this field of study will bring a great enrichment for the knowledge of organizations behavior, because, increasingly, the behavioral and cognitive component cannot be neglected in the analysis of the results of the companies, because the managers are the people who make the decisions and have to constantly seek to develop their capacities of resistance, resilience and look for the best strategies to solve problems.

This research is justified by the observation of a reality still relatively little studied at the level of organizational behavior, particularly about the perspective of personality traits and emotional states of managers and how these dynamics might have influence on making decisions and their attitudes and, consequently, what kind of relationship can we find between this psychology perspective and corporate performance. It is intended also to analyze these dimensions with innovative strategies and leadership styles because we believe that some evidence might be found between these dimensions.
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