Efect of Personality on Job Performance of Employees: Empirical Evidence from Banking Sector of Pakistan

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Abstract: After globalization and privatization phase of banking sector of Pakistan, culture of banks have been transformed into performance based culture so it is highly important for the HRM department of banking sector to hire those employees who can perform at their full potential. This study is investigating that how the personality affects the job performance of employees so that through their personality analysis best performing workforce could be hired for banking sector of Pakistan. Results of the research confirm the hypothesis that personality is a good predictor of performance. Extraversion, Conscientiousness, Agreeableness and Openness to Experience has positive and significant effect on Job Performance of employees while neuroticism has negative effect on task and contextual performance of Employees.

Key words: Big Five Personality Model • Task Performance • Contextual Performance • Banking Sector of Pakistan

INTRODUCTION

This study is an attempt to lay some guidelines to Recruitment department of HRM of Organizations for selecting best performing workforce. In the past literature few evidences are found that indicate that through the personality of an individual his performance potential at job can be predicted. So to affirm these evidences, this study is initiated because few studies have also declared personality as unrelated to performance. After perceiving the idea about this research, the next question arises how to measure the personality. There are number of theories surrounding the personality as Psychoanalytical Theories, Humanistic Theories, Social Cognitive Theories, Biological or Genetic Theories and Trait Theories. Trait Theories are considered most important for measuring the personality because personality can be measured by voluntary behavior of employees for the effectiveness of organization. This model is tested on the banking sector of Pakistan because the important of banking sector in financial industry of Pakistan cannot be denied. Due to entrance of number of foreign and private banks after globalization and privation of banking sector, culture of experience [7, 9, 10]. Extraversion refers to the degree to which an individual is Social, Ambitious, Energetic and Active [9, 11, 12, 13]. Agreeableness refers to the degree to which an individual is responsible, organized, reliable, orderly [9, 14]. Neuroticism or Emotional Stability measures the ability of an individual to deal with stress [15]. The last trait of personality, openness to experience refers to the level of one’s imagination, fascination, curiosity, creativity and innovative abilities [14]. Effect of these five personality traits is investigated on two classes of job performance. The first class of job performance is task performance which refers to the activities appear in the Job Description of Employees while the second class of job performance is contextual performance which refer voluntary behavior of employees for the effectiveness of organization [16].

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the banks have been transformed into performance based culture. Moreover due to attractive salary packages, a huge pool of candidates prefer to go in banking sector so it lays a heavy responsibility on the recruitment and selection department of banks to choose the best performing employees out of available pool. Therefore, this study will provide the banking organizations with few guidelines regarding hiring of workforce.

As a whole, this research can be divided into two sections. The first section is on the literature review that explains what previous studies state about the chosen topic and second chapter proves the stated hypothesis through empirical evidence from banking sector of Pakistan.

**Literature Review:** Extensive literature is available on the relationship of personality and performance. Through the in-depth analysis of literature, these studies can be divided into two regimes[17]. The first era consists of studies from 1900 to 1990 while the second regime is from 1990 to onward. In the first era the relationship of personality and performance couldn’t be proved significantly [18-23]. While, in the second era it is concluded by number of studies that personality is a significant predictor of job performance of employees [24, 25, 26]. So considering the recent efforts on this relationship, this study has hypothesized that personality is a significant predictor of job performance of employees.

First trait of personality, extraversion has proven a significant and positive predictor of job performance of employees especially in the jobs where interpersonal interactions are high e.g. jobs of sales persons and managerial personnel, moreover in number of different studies extraversion is proved a significant predictor of performance in jobs of civil servant e.g. among police and army officers because these nature of job requires activeness, assertiveness, social-ability traits among individuals that are the core of extraversion trait of personality [27, 28, 29, 30, 9].

The next personality trait conscientiousness must be directly related to the job performance of employees because of the nature attributes it possess e.g. responsible, organized, well-Planned, disciplined and goal achiever. There Barrick and Mount (1991) found conscientiousness trait of personality can predict performance of employees in number of different nature of jobs. With few exceptions, majority of the studies confirm that conscientiousness is valid predictor of performance [9, 27, 28, 31, 32, 33]. The third trait of personality neuroticism is composed of few negative attributes as stressed, nervous and anxious personality. It is expected that person with these attributes will bitterly perform at job as compare to emotionally stable person [34, 32, 35, 31, 33]. But there are few evidences that have proved, employees with greater stress level perform better as compare to other because these individuals work more hard and careful to avoid more unpleasant and stressful consequences and control and cybernetic theories support this claim [36, 37, 38, 39]. So this study will be important in this aspect that how neurotic individuals perform in work environment of banking sector of Pakistan.

Personality trait agreeableness can best predict the performance of employees of the jobs of sales personnel and managerial level because agreeableness trait contains attributes as cooperative, tolerant and courteous with others [9]. Judge, Higgins, Thoresen and Barrick (1999) concluded that agreeableness trait is a good predictor of employees’ performance of the jobs require teamwork and these findings are also confirmed by Neuman and Wright (1999) [40, 41]. So overall researchers are on consensus that agreeableness can positively and significantly predict the job performance of employees [29, 28, 42, 32].

Now coming towards last personality trait, which is openness to experience. This trait refers to personality characteristics as curious, creative, broad minded, intelligent and imaginative. These characteristics lead individuals toward active participation in learning opportunities as training development programs [9, 34] [43] [34, 32, 44]. Few researchers are on opinion that openness to experience can predict the performance in jobs where communications and interactions are high among the employees [45, 46]. So there is abundance of literature that confirms a positive and significant relationship in openness to experience and job performance of employees [40, 29, 47].

**Hypothesis of Study:** So, from the above discussion it can be hypothesized that personality is a valid predictor of job performance. Following hypothesis can be extracted from the literature review:

**H1:** Extraversion Personality Trait Positively relates to task performance of employees.

**H2:** Extraversion Personality Trait Positively relates to contextual performance of employees.

**H3:** Conscientiousness Personality Trait Positively relates to task performance of employees.
**H4:** Conscientiousness Personality Trait Positively relates contextual performance of employees.

**H5:** Neuroticism Personality Trait Negatively relates to task performance of employees.

**H6:** Neuroticism Personality Trait Negatively relates to contextual performance of employees.

**H7:** Agreeableness Personality Trait Positively relates to task performance of employees.

**H8:** Agreeableness Personality Trait Positively relates to contextual performance of employees.

**H9:** Openness to Experience Personality Trait Positively relates to task performance of employees.

**H10:** Openness to Experience Personality Trait Positively relates to contextual performance of employees.

### MATERIALS AND METHODS

Target population of this study is banking sector employees of Pakistan. Questionnaires were distributed among 700 employees of 10 cities of Punjab and Sindh Province of Pakistan because 84% of the bank branches are in these two provinces. Total 384 accurate and complete questionnaires were received back. Multistage sampling technique is utilized for data collection. In first stage, banks are divided into 4 different strata according to their nature of products and these strata are Public Banks, Private Banks, Islamic Banks and Foreign Banks. Then employees were chosen randomly from the bank branches of defined strata.

As far as the designing of questionnaire is concerned, personality is measured through BFI-44 scale of John, Donahue, & Kentle(1990); John, Naumann, & Soto, (2008) [48, 49]. The first category of job performance, task performance is measured by the scale defined by Motowidlo & Van Scotter (1994) and contextual performance is measured through scale of contextual performance given by Borman & Motowidlo (1993) [16, 50]. Reliability and Validity of the instrument is ensured through Cronbach Alpha Test and Confirmatory Factor Analysis using AMOS 20 version. Data is also analyzed using Path Analysis in AMOS 20.

### Data Analysis: In the AMOS software below give model is drawn to calculate estimates.

Error term is attached with each dependent variable and correlational relationship is drawn among the independent variables for meeting the requirements of software.

### Table 1: Regression Weights

<table>
<thead>
<tr>
<th>Variables</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>TaskPerformance &lt;--- Agreeableness</td>
<td>.272</td>
<td>.048</td>
<td>5.617</td>
<td>***</td>
</tr>
<tr>
<td>TaskPerformance &lt;--- Conscientiousness</td>
<td>.404</td>
<td>.062</td>
<td>6.566</td>
<td>***</td>
</tr>
<tr>
<td>ContextualPerformance &lt;--- Conscientiousness</td>
<td>.408</td>
<td>.062</td>
<td>6.555</td>
<td>***</td>
</tr>
<tr>
<td>ContextualPerformance &lt;--- Agreeableness</td>
<td>.179</td>
<td>.049</td>
<td>3.674</td>
<td>***</td>
</tr>
<tr>
<td>TaskPerformance &lt;--- Extraversion</td>
<td>.095</td>
<td>.050</td>
<td>1.876</td>
<td>.061</td>
</tr>
<tr>
<td>ContextualPerformance &lt;--- Extraversion</td>
<td>.129</td>
<td>.051</td>
<td>2.537</td>
<td>.011</td>
</tr>
<tr>
<td>TaskPerformance &lt;--- Neuroticism</td>
<td>.060</td>
<td>.043</td>
<td>1.400</td>
<td>.161</td>
</tr>
<tr>
<td>ContextualPerformance &lt;--- Neuroticism</td>
<td>.067</td>
<td>.043</td>
<td>1.561</td>
<td>.119</td>
</tr>
<tr>
<td>TaskPerformance &lt;--- Openness</td>
<td>.142</td>
<td>.057</td>
<td>2.496</td>
<td>.013</td>
</tr>
<tr>
<td>ContextualPerformance &lt;--- Openness</td>
<td>.204</td>
<td>.058</td>
<td>3.543</td>
<td>***</td>
</tr>
</tbody>
</table>

### Table 2: Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Task Performance</th>
<th>Contextual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraversion</td>
<td>.345**</td>
<td>.396**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>.534**</td>
<td>.471**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>.601**</td>
<td>.591**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Neuroticism</td>
<td>-.304**</td>
<td>-.299**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Openness</td>
<td>.483**</td>
<td>.524**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at 0.01 Significance level (two tailed)**

Estimates are run on the Figure 1. Figure 2 shows the output of estimates. Values in figure 2 show the regression weights between independent and dependent variables.

Detail of the regression Weights and significance level can be seen in Table 1.

Table shows that all the relationships are found significant at 0.10 significance level except relationship of neuroticism and job performance. To further analyze relationship among independent and dependent variables, correlation analysis is run because through correlation analysis one to one relationship among variables can be observed without considering effect of other variables. In Table 2, values of Pearson Correlation among the big five personality trait and job performance classes have been stated.
CONCLUSION

To obtain a best performing workforce is the ultimate objective of Human Resource Management Department of every organization. But how the performance of an employee can be predicted in advance? To answer this question, intensive literature is reviewed on the predictors of job performance. One of the most important predictors found in previous studies, is personality of employees. But in the literature, there are too many inconsistencies on the results of this relationship. Few studies have indicated personality as an important and significant predictor of performance while other authors disagree with this claim. To affirm or deny previous claims, this research was initiated. Results of this study confirm that personality is a significant predictor of employees’ performance [24, 25, 26]. From the review of previous studies it can be said that due to the absence of measuring taxonomy of personality, insignificant results were coming out of empirical studies till 1990. After the advent of big five personality model, numbers of studies have empirically proven a significant relationship of personality traits and contextual performance as in case of personality traits and task performance relationship.

On the basis of findings of the study, it is recommended to HRM Department of organization to undertake a proper personality analysis of candidates before hiring them. Because this study has empirically proven that personality of employee is an important predictor of their performance at the job.

Moreover, prospective researchers can test the same model on other sub sector of service sector to enhance the generalizability of findings. A longitudinal analysis can be run by the academicians through which overall performance of organization and employees can be tested before and after including personality analysis in recruitment interviews that will increase the authenticity of findings.

REFERENCES


