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Major Professor

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DO PERSONALITY TRAITS OF ACCOUNTANTS AFFECT THEIR
PERFORMANCE AND ETHICAL JUDGMENT?

by

Shahriar Mohammad Saadullah

A Dissertation

Submitted in Partial Fulfillment of the

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Major: Business Administration

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DEDICATION

This dissertation is dedicated to my dad Mohammad Saadullah, who kept the news of his terminal cancer from me so I could focus on my dissertation. I was accidentally exposed to the information a week prior to my final dissertation defense.

ACKNOWLEDGEMENTS

ABSTRACT

Saadullah, Shahriar Mohammad. Ph.D. The University of Memphis. August 2011. Do Personality Traits of Accountants affect their Performance and Ethical Judgment? Major Professor: Charles D. Bailey.

Performance has received much attention in accounting studies. Accounting academics are interested in explaining and predicting performance at the industry, organization, and individual levels. This three-paper dissertation attempts to explain three aspects of accountants' job performance and ethical judgment with reference to their personality traits.

Past literature show the effect of personality on performance. The first study adds to this line of research by testing the mediating effects of task selection on the performance of accountants as predicted by personality. Specifically I hypothesize task-selection mediates the positive effects of Conscientiousness and the negative effects of Extraversion on performance of staff accountants. As a whole the hypotheses are not supported. However, I find that Extraversion negatively affects task-selection and performance, Conscientiousness positively affects performance, and expressed preferences for technical tasks negatively affect performance.

Past literature show the effect of supervisor support, abuse, and feedback on subordinate's performance. In the second study I hypothesize that Openness and Agreeableness positively affect support, Neuroticism positively affects abuse, and Extraversion and Conscientiousness positively affect feedback. I find that Agreeableness positively affects support, Neuroticism positively affects the supervisor's abuse and Extraversion and Conscientiousness positively affect feedback. Additionally I find Extraversion and Conscientiousness positively affect support, Agreeableness and

Conscientiousness negatively affect abuse, and Agreeableness positively affects feedback.

In the third study, I test the effects of two of the Big Five personality traits, Conscientiousness and Agreeableness, on the ethical decision-making process of accountants. I posit that accountants high in Conscientiousness will tend to form a commitment to act ethically (confront their superior) despite pressure in an ethical dilemma. I also posit that accountants high in Agreeableness will tend to give in to such pressure. Both Conscientiousness and Agreeableness show the hypothesized effects on intention to act ethically, subject to the elimination of responses from those who express certainty that they would confront the superior. Some complexities of observing the effects of Agreeableness in an experiment are revealed.

The results of these studies can benefit accounting firms in hiring and positioning the right accountants for the right jobs. It also adds to our understanding of the ethical decision making process.

PREFACE

This dissertation includes three related studies testing the relationship between the Big Five Personality Traits and job performance and ethical decision making of accountants. The three studies are written in a manner that makes them independent and convenient for the reader. As a result there is repetition of some information in all three of the studies.

The three studies were done based on a single web-based questionnaire given to 155 accountants in a participating firm located in the southeastern region of the United States. Of the 155 accountants invited to participate 115 completed the questionnaire with usable data.

The general conclusion at the end ties the three studies together. The implications of each study also are discussed in a conclusion section at the end of each study.

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CHAPTER 1

INTRODUCTION

Both performance and ethical judgment-and-decision-making (JDM) have received a lot of attention in accounting literature. Most accounting studies have attempted to identify the drivers of performances at individual, organizational, or market level. Psychology and management literature have explained individual performance based in part on personality traits. This dissertation attempts to address aspects of individual performance and ethical JDM in an accounting setting using the Big Five personality traits, namely Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism.

This dissertation is a combination of three separate studies based on a web-based questionnaire completed by 115 accountants at a regional public accounting firm in the southeastern part of the United States. With the help of the participating firm I invited 155 accountants to participate, and 115 completed the questionnaires.

The first study addresses the question whether long-term job performance of staff accountants is driven by the Conscientiousness and Extraversion through mediating effects of task-selection. Task-selection is a construct introduced in this study for the first time in a business management setting to the best of my knowledge. Task-selection is the process of selecting the next task a worker is to perform. I posit that, given the choice, the task-selection will be driven by the personality of the individual and the tasks selected and performed over a long-period of time will drive the long-term performance of that individual. The details of the study, results, and implications are discussed in chapter 2.

The second study investigates the drivers of the support, abuse, and feedback a supervisor provides to his or her subordinate. I posit that the support from the supervisor is driven by the supervisor's Openness and Agreeableness, the abuse is driver by the supervisor's Neuroticism, and the feedback is driven by the supervisor's Conscientiousness and Extraversion. The details of the study, results, and implications are discussed in chapter 3.

The third study investigates intention formation using Rest's (1986) four component model. Specifically, I posit that the intention formation of accountants in an ethical dilemma is positively affected by Conscientiousness and negatively affected by Agreeableness. The first and the second components in Rest's (1986) four component model have been extensively studied in the prior literature. However, the third and the fourth components have not been studied to a great extent. This study is one of the pioneering studies that test the third component, namely intention formation, as explained by the personality traits of individual. The details of the study, results, and implications are discussed in chapter 4.

The results of the three studies together will further our understanding of the drivers of performance, effective supervision, and ethical judgment and decision making. The rest of the dissertation is organized in the following manner. In chapters 2, 3, and 4, I detail the first, second, and the third studies. In chapter 5, I provide general conclusions tying the three studies and their implications.

REFERENCES

Rest, J. R. 1986. *Moral Development: Advances in Research and Theory*. New York: Praeger.

CHAPTER 2

DOES TASK SELECTION MEDIATE THE RELATIONSHIP BETWEEN PERSONALITY TRAITS AND JOB PERFORMANCE?

ABSTRACT: The effect of personality on performance is evident from past literature (Guha 1965; Anand 1977; Furnham and Zacherl 1986; Barrick and Mount 1991; Judge et al. 1997, 1999, and 2002; Feist 1998; Hochwarter et al. 2000; LePine and Dyne 2001; Seibert and Kraimer 2001; Barrick et al. 2002; Ilies and Judge 2002; Lim and Ployhart 2004). This study adds a new dimension to this line of research by testing the mediating effects of task selection on the performance of staff accountants (the first three levels, namely staff, senior staff, and supervisors) as predicted by personality. Specifically, I hypothesize that Conscientiousness positively affects performance at the staff accountant level through mediating effects of task selection, and Extraversion negatively affects performance at the staff accountant level through mediating effects of task selection. As a whole, neither of the hypotheses are supported. However, I find that Extraversion negatively affects task selection as well as performance, and Conscientiousness positively affects performance. I also find that task selection negatively affects performance. Implications are discussed.

INTRODUCTION

Accounting studies (most if not all of them) seek to address the drivers of performance. The research method could be archival, experimental, or theoretical, and the performance could be at individual, firm, or market level but the question, "What drives performance?" attracts accounting researchers. All the drivers of performance at the individual level can be classified into two broad categories: personal variables such as abilities, knowledge, motivation, and experience (Bonner and Lewis 1990; Pincus 1991; Bonner et al. 1992); and environmental or situational variables such as monetary incentives, accountability, and time pressure (Ashton 1990; Bailey et al. 1998; DeZoort et al. 2006). Of course, personal and situational variables can interact in affecting performance. The present study adds to the stream of literature that explains and predicts performance using personal variables.
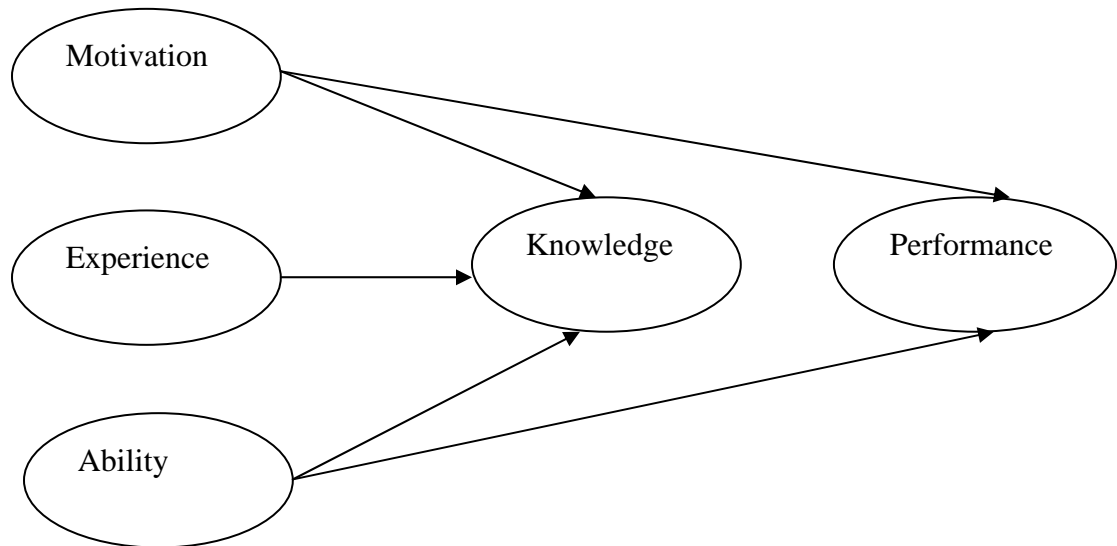
Figure 2.1   General Determinants of Performance used in Accounting Studies (Ashton and Roberts Forthcoming; Libby 1995)

The general determinants of performance in this line of literature are ability, experience, knowledge and motivation (Ashton and Roberts forthcoming; Libby 1995) (Figure 2.1). In a recent study, Ashton and Roberts (forthcoming) add dispositional motivation as a factor that affects performance directly and through acquiring of knowledge. Dispositional motivation is a sub-trait of Conscientiousness (one of the Big Five traits). In this study I attempt to move forward this stream of research by adding the Big Five personality traits as factors that also affect the performance of accountants.

Goldberg (1993) argues that intellectually able individuals falter on the job when their personality traits are not congruent with task requirements and that research on the relations between personality traits and job performance is of crucial importance for the optimal deployment of human resources. A large body of psychology literature explains and predicts job performance using the Big Five categories of personality traits, namely Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism (Guha 1965; Anand 1977; Furnham and Zacherl 1986; Barrick and Mount 1991; Judge et al. 1997, 1999, and 2002; Feist 1998; Hochwarter et al. 2000; LePine and Dyne 2001; Seibert and Kraimer 2001; Barrick et al. 2002; Ilies and Judge 2002; Lim and Ployhart 2004). The subjects of these studies include airline baggage handlers, artists, attorneys, computer personnel, doctors, engineers, telephone operators, truck drivers, and others (See Table 2.1 for a complete list). The job aspects found to be related to the personality traits were absence from work, accomplishment striving, extrinsic and intrinsic career successes, satisfaction, mood, promotions, salary level, status striving, task performance, training proficiency, transformational leadership, and others.

Table 2.1
List of Subjects used in Prior studies

Airline Baggage Handlers	Medical Assistants
Architects	Ministers
Artists	Nurses' Aides
Assemblers	Orderlies
Attorneys	Police
Computer Personnel	Production Workers
Doctors	Sales Representatives
Engineers	Scientists
Executives	Shoe Company Workers
Farmers	Teachers
Flight Attendants	Telephone Operators
Grocery Clerks	Truck Drivers
Managers	Others

In this study, using 114 accountants from a top-100 US accounting firm (*Accounting Today* 2010 Top 100), I want to extend the existing literature that explains job performance by personality traits. This paper adds three different aspects to this line of literature as discussed below. First, instead of using one aspect of job or task performance over a short period of time, I use overall long-term performance based on three different proxies. Those are (1) salary, (2) productivity data, and (3) overall annual performance rating (explained further in the hypothesis development and research design sections). All of these proxies have been used in prior studies that relate performance with personality traits (Barrick and Mount 1991).

Second, I use task selection as a mediator between personality traits and job performance (Figure 2.2). Most if not all of the studies in this line of research relate personality traits with job performance but do not explain how that relationship is

established. The present study undertakes to use task selection during average work-days

to explain job performance, while task selection is a function of the personality traits of

individuals. To my knowledge, task selection has not received any attention in the

business management literature. Pattipati et al. (1983) developed a dynamic-decision

model (DDM) useful in an environment where multiple tasks come simultaneously to the

person who makes a decision on which task to process. This particular model is useful in

an environment such as air-traffic controlling or multiple remotely piloted vehicle

control. The environment in which accountants work is different. They have the option to

select from a list of tasks that do not timeout quickly like the tasks of an air-traffic

controller. Therefore, to my knowledge this is the first study that uses task selection in a

business management setting.
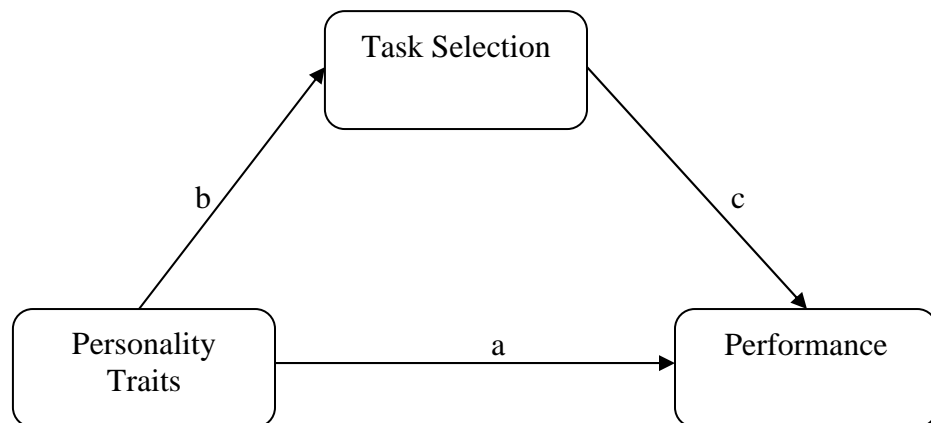
Figure 2.2 Performance affected by Traits through Task Selection

In this study I define task selection as *a process of selecting the next task to be performed.* Not all individuals may have short- or long-term goals or consciously prioritize tasks before acting. However, during the work-day some task has to be performed at all times. Therefore, every individual must select the next task to be performed at the end of the current task. I posit that this task selection is driven partially by the personality traits of individuals. The work-day is comprised of all the selected tasks an individual performs. These tasks are either *within* or *outside of* the list of job duties and responsibilities of the performer. If the performer selects the crucial tasks from the list of duties, then the choice pattern will result in high performance, and vice versa.

Third, I use specific job duties of accountants at staff, senior staff, and supervisor levels and compare the actual tasks selected by them against this benchmark. This aspect of my study is specific to accountants, and the outcome of the study is likely to be particularly relevant for the profession of accounting. I expect, however, that certain aspects of the study will be of general interest and not specific to accountants.

Accountants have been classified into a specific category in performance and occupation related studies. For example Barrick and Mount (1991) classified accountants in the skilled/semi-skilled category in their analysis. Holland (1997), using his theory of vocational choices, classified accountants as being the "conventional" type having clerical aptitude and preferring repetitive or continuous processes and communication of data versus activities with things. However, not all accountants are equal. Their job duties and responsibilities are not equal and expectations of them are not equal. The tasks accountants at different stations in their careers (Staff through Partner) are expected to perform range from technical to entrepreneurial and from marketing to administrative.

Therefore, in order to analyze the performance of accountants, we have to look at accountants from every possible angle and at every station in their careers. I take a step in that direction by looking at the duties and responsibilities of staff, senior staff, and supervisors in public accounting firms.

The results of this study, I hope, will help the public accounting firms find the best fit for each of their members and maximize their performance. The high performance in turn is likely to reduce turnover, creating better financial results for the firm. On the individual level, each accountant working for the firm that actively adopts this practice will enjoy his or her work and be a productive and contributing team member.

THEORY AND BACKGROUND

In this section, I describe four items. First, I introduce the Big Five traits to provide some background. Second, I discuss the theory I base my study on. Third, I detail the relationships between aspects of job performance and different traits found in prior literature. Fourth, I summarize the relationships of the aspects of job performance with the traits.

Big Five Personality Traits

The Dictionary of Psychology defines a personality trait as, "A relatively stable and consistent behavior pattern which is considered to be a characteristic component of an individual's personality" (Corsini 2002, 713). Gordon Allport (1937) described personality traits as organized mental structures, varying from person to person, which

initiate and guide behavior. There are five broad categories of personality traits known as the Big Five. Those categories, initially labeled by Norman (1963), are as follows:

1. Openness
2. Conscientiousness
3. Extraversion
4. Agreeableness
5. Neuroticism

The first letters of the five traits form the acronym OCEAN. As compiled (based on prior literature) by John and Srivastava (2001, 30), the descriptions of the five traits are as follows:

> Briefly, ***Extraversion*** implies an <u>energetic approach</u> toward the social and material world and includes traits such as sociability, activity, assertiveness, and positive emotionality. ***Agreeableness*** contrasts a <u>prosocial and communal orientation</u> towards others with antagonism and includes traits such as altruism, tender-mindedness, trust, and modesty. ***Conscientiousness*** describes <u>socially prescribed impulse control</u> that facilitates task- and goal-directed behavior, such as thinking before acting, delaying gratification, following norms and rules, and planning, organizing, and prioritizing tasks. ***Neuroticism*** contrasts emotional stability and even-temperedness with <u>negative emotionality</u>, such as feeling anxious, nervous, sad, and tense. Finally, ***Openness*** to Experience (vs. closed-mindedness) describes the breadth, depth, originality, and complexity of an individual's <u>mental and experiential life</u>.

Theory

It is well accepted that the conduct of a mature person is guided through characteristics, dispositions or traits (Allport 1937; others). Carr and Kingsbury (1938) discussed the core issues of trait psychology at a conceptual level. They solidified the predictive nature of traits and distinguished between "trait" and "ability." The concepts

"trait" and "ability" are related, but differ in that "ability" refers to the individual's efficiency in attaining ends, whereas "trait" refers to the way one behaves in attaining those ends (Carr and Kingsbury 1938). It is possible to manipulate the behavior of a person through situations, and such manipulations become important where situations are brief with little or no choice of the individual; but traits become important where duration is extensive with considerable choice of the individual (Buss 1989). In the present study I draw a relationship between accountants' *long-term* performance and their personality traits mediated through task selection. The accountants have the choice to select and perform certain tasks over others on a daily basis. If traits control behavior and become important in lengthy periods of time while the possessor of the traits has choice (i.e., "weak situations" [Mischel 1977]), then the accountants' traits should guide their behavior in selecting their tasks. I base this study on this argument drawn based on prior findings (Allport 1937; Carr and Kingsbury 1938; Buss 1989).

At every level in the firm, the accountants are expected to perform certain tasks specific to that level, but as professionals they have more latitude in exactly what to do and when to do it than clerks or factory workers. If the accountants do not select the right tasks, then they will likely fail to accomplish the goals that their role (staff, manager, etc.) demands; and if they do select the right tasks they likely will succeed. Therefore, task selection will mediate the long-term performance of accountants.

There are a number of reasons why I chose the Big Five above other measures, such as core self-evaluations (Judge and Bono 2001), positive psychology (Seligman and Csikszentmihalyi 2000), The Sixteen Personality Factor (16PF: Cattell et al. 1970), 16PF5 (Conn and Rieke 1994), California Psychology Inventory (Gough 1987; Gough

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and Bradly 1996), and others, to explain the performance of accountants. The measures such as core self-evaluations or positive psychology do not encompass all the traits of an individual but focus on certain selected traits. For instance core self-evaluations do not address Agreeableness and Openness, and positive psychology addresses the degree of positive traits. The presence of a mild or moderate amount of a negative trait (e.g., Neuroticism) might affect the job performance at a particular level (e.g., partner) while it might not at another level (e.g., staff). Among the measures of personality traits, the Big Five model has acquired the status of a reference model and its five main constructs capture much of the subject matter of personality psychology (Costa and McCrae 1993; De Raad and Perugini 2002). Also, the validity of the measurement of Big Five has been demonstrated through self-, observer- and peer-ratings (Fiske 1949; Norman 1963; Smith 1967; Goldberg 1990). Based on these and other reasons, many studies (Guha 1965; Anand 1977; Furnham and Zacherl 1986; Barrick and Mount 1991; Judge et al. 1997, 1999, 2002; Feist 1998; Hochwarter et al. 2000; LePine and Dyne 2001; Seibert and Kraimer 2001; Barrick et al. 2002; Ilies and Judge 2002; Lim and Ployhart 2004) have been conducted to explain job performance using the Big Five personality traits. My study follows this line of literature and is based on the reasons explained above.

Some literature suggest that personality becomes important in weak situations but does not play a big role in strong situations (Mischel 1977). Also, the situationist critique of Mischel (1968) and others claim that traits could neither predict nor be inferred from individual situations. However, "…trait theorists such as Allport (1961) and Cattell (1983) have stated explicitly that any given trait may fail to predict behavior in a single situation; it is only by behavioral aggregation that we can make trait claims" (Matthews

et al. 2003, 40). In this study I do not observe participants in any specific situation. I study the *long-term* behavior of accountants in selecting certain tasks over others. Over time the task selections aggregate into good or bad performance. In lengthy durations traits become more important, and in short durations manipulations/situations become more important (Buss 1989).

Prior Studies Relating Big Five to Performance

Each of the Big Five traits includes many sub-traits, but all those traits can be reduced (through factor analysis) into one of the broad categories of traits identified by the psychology literature. These Big Five traits have been used to explain job performance in the psychology literature. Below is a summary of the findings organized by personality traits. The mixed results are discussed after the list of findings.

Openness

Openness is the opposite of closed-mindedness. Individuals who possess Openness have breadth, depth, originality, and complexity of mental and experiential life (John and Srivastava 2001; others). Openness has been found to be positively related to training proficiency (Barrick and Mount 1991) and negatively related to salary levels (Seibert and Kraimer 2001). Creative people (scientists/artists) have been found to be higher on Openness (Feist 1998).

Conscientiousness

Conscientiousness describes socially prescribed impulse control that facilitates task- and goal-oriented behavior, such as thinking before acting, delaying gratification, following norms and rules, and planning, organizing, and prioritizing tasks (John and Srivastava 2001; others). Conscientiousness has been found to be positively related to the following:

1. Accomplishment striving (Barrick et al. 2002),

2. Both extrinsic and intrinsic career successes (Judge et al. 1999),

3. Job performance (Barrick and Mount 1991; Hochwarter et al. 2000),

4. Job satisfaction (Judge et al. 2002), and

5. Task performance (LePine and Dyne 2001).

Conscientiousness has been found to be negatively related to the following:

1. Absence from work (Judge et al. 1997),

2. Intrinsic career success of executives (Boudreau et al. 2001),

3. Job performance of those perceiving low levels of organizational politics (Hochwarter et al. 2000), and

4. Perceptions of developmental environment and organizational deviance (Colbert et al. 2004).

Conscientiousness has been found unrelated to extrinsic career success of executives (Boudreau et al. 2001). Creative people (scientists/artists) have been found to be lower in Conscientiousness (Feist 1998).

The above list of relationships show some mixed or contingent results. Judge et al. (1999) found both extrinsic and intrinsic career successes to be positively related to

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Conscientiousness. However, Boudreau et al. (2001) found that in the case of executives, Conscientiousness was negatively related to intrinsic career success and unrelated to extrinsic career success. Also, Barrick and Mount (1991) and Hochwarter et al. (2000) found job performance to be positively related to Conscientiousness but Hochwarter et al. (2000) found job performance of those perceiving low levels of organizational politics to be negatively related to Conscientiousness.

Extraversion

Extraversion implies an energetic approach toward the social and material world, and includes trait such as sociability, activity, assertiveness, and positive emotionality (John and Srivastava 2001; others). Extraversion has been found to be positively related to the following:

1. Absence from work (Judge et al. 1997),

2. Career satisfaction (Seibert and Kraimer 2001),

3. Intrinsic career success (Boudreau et al. 2001),

4. Job satisfaction (Guha 1965; Anand 1977; Furnham and Zacherl 1986; Judge et al. 2002),

5. Mood (which has been found to be positively related to job satisfaction) (Ilies and Judge 2002),

6. Promotions and salary levels (Seibert and Kraimer 2001),

7. Status striving (Barrick et al. 2002),

8. Task performance (LePine and Dyne 2001), and

9. Training proficiency (Barrick and Mount 1991).

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Agreeableness

Agreeableness contrasts a prosocial and communal orientation towards others with antagonism, and includes traits such as altruism, tender-mindedness, trust, and modesty. Agreeableness has been found to be positively related to job satisfaction (Judge et al. 2002), but has been found to be negatively related to the following:

1. Career satisfaction (Seibert and Kraimer 2001),

2. Extrinsic career success of executives (Boudreau et al. 2001),

3. Perceptions of developmental environment and organizational deviance (Colbert et al. 2004),

4. Salary level in people-oriented occupations (Seibert and Kraimer 2001),

5. Task performance (LePine and Dyne 2001), and

6. Transformational leadership (Lim and Ployhart 2004).

Neuroticism

Neuroticism contrasts emotional stability and even-temperedness with negative emotionality, such as feeling anxious, nervous, sad, and tense. Neuroticism has been found to be negatively related to the following:

1. Career satisfaction (Seibert and Kraimer 2001),

2. Extrinsic career success (Judge et al. 1999),

3. Intrinsic career success (Boudreau et al. 2001),

4. Job satisfaction (Guha 1965; Anand 1977; Furnham and Zacherl 1986; Judge et al. 2002),

5. Mood (mood has been found to be positively related to job satisfaction) (Ilies and Judge 2002), and

6. Transformational leadership (Lim and Ployhart 2004).

Summary

To summarize past findings we can see that the traits Conscientiousness and Extraversion are positively related to the largest number of job-performance-related attributes such as accomplishment and status striving, task performance, promotions, and salary. Openness is positively related to certain aspects such as training proficiency. Agreeableness and Neuroticism, each for a different reason, are negatively related to aspects such as salary levels, career satisfaction, task performance, and transformational leadership.

HYPOTHESIS DEVELOPMENT

The relationship I test in this study is between job performance and personality traits, mediated partially by task selection (Figure 2.2). In the previous section I introduced the personality traits and reviewed prior literature that found relationships between the personality traits and different aspects of jobs. In this section I discuss three issues. First, I discuss the task selection process relating it to personality traits. Second, I detail the proxies I use to measure performance. Third, I lay out my hypotheses.

Task Selection

Task selection is the process of selecting a task to perform over other tasks, given the choice. To my knowledge this is the first study to use the task selection process in a business management setting using professionals.

In the present study I argue that the personality traits of accountants affect the tasks they select and perform during a given workday. For example, an accountant with high degree of Extraversion is likely to prefer a task that requires communication with others (e.g., calling or visiting a client) over a technical task (e.g., work paper review). This preference might or might not be in line with the prescribed tasks at that accountant's job level. An accumulation of such preferences over a long period of time will either make the accountant an effective performer or cause him or her to perform duties that are not in the to-do list at their level, leaving or delaying the more important to-dos. Therefore, the task selection, which I argue is a function of personality traits, will affect the job performance.

Like most firms, the participant firm has a prescribed set of duties for accountants at each level. For the purpose of this study I classified the responsibilities of the accountants in the participating firm into one of the following twelve categories:

1. Administrative
2. Advisory
3. Communication
4. Entrepreneurial
5. Human Resource (HR)
6. Leadership

7. Learning (Training)
8. Marketing
9. Mentoring
10. Supervisory
11. Teaching (Training)
12. Technical

Four partners in the participating firm approved the above classification based on the job duties of prescribed by the firm. The personality traits of individuals have been found to affect performance in prior studies. In the present study, I posit that the personality traits of accountants will cause them to select and perform certain tasks over the others. When those task selections match the prescribed tasks at the accountant's level, the accountant will tend to perform well. However, when those task selections do not match the prescribed tasks at the accountant's level, the accountant will not perform as well.

This study is concerned with the accountants at staff, senior staff, and supervisor levels (hereafter referred to as staff member). I reviewed the list of duties (furnished by the participating firm) that the staff members are responsible for and narrowed their primary duties into two of the twelve categories listed above: technical and learning (training). I discussed my conclusion with four of the partners at the participating firm and they validated my conclusion. In this study I test whether personality traits of staff members guide them to select tasks that make them better or worse performers. Because a personality trait is "A relatively stable and consistent behavior pattern which is considered to be a characteristic component of an individual's personality" (Corsini 2002), I expect personality traits of accountants will initiate and guide their behavior in selecting a particular task over other tasks, which in turn will affect their performance at their levels.

Performance

I use three proxies to measure performance: (1) Salary, (2) Productivity data, and (3) Performance Rating. A meta-analysis, done by Barrick and Mount (1991), of studies that relate personality dimensions with performance criteria shows that all the above proxies have been used to measure performance.

Salary

The individual's current annual compensation is the measure for this proxy. In addition to the annual rating of individuals, salary is an indication of the performance of staff. The salary is a good indicator of performance as it is generally confidential and theoretically has no scale or limit like the performance rating.

Productivity Data

The staff members at the firm enter their daily time into chargeable and non-chargeable categories. The higher the total chargeable hours, the better the performance of the staff member is likely to be. The participants reported their chargeable hours from the last reporting period in the research questionnaire.

Performance Rating

Each year at the participating firm every staff member sets his or her goals under the guidance of an assigned mentor. The goals are quantitative and agreed upon by both the staff member and the mentor. There are informal quarterly reviews of the goals and a formal semi-annual review to make sure the staff member is on track. During these

sessions the mentor provides the staff member with feedback. Modifications to the goals, if needed, are also made during the reviews. At the end of the year, three to eight peers, subordinates, and superiors of the staff members rate the staff member on his or her performance as they see it. These ratings range from 1 to 5 as listed below. The people providing the ratings also have the opportunity to comment on the staff member's performance. The ratings and the comments are confidential and anonymous; however the people chosen are known to the staff member and are mostly selected from a list of people proposed by the staff member. The mentor takes into consideration the peer ratings subjectively while deciding on the final rating of the staff member.

The overall annual rating provided by the mentor in the participating firm includes two measures: (1) Multi-rater feedback (includes feedback from peers, subordinates, and superiors) from three to eight co-workers, and (2) Accomplishment of agreed-upon annual goals set at the beginning of the year. The ratings range from 1 to 5 and denote the following:

1 = Unacceptable

2 = Needs improvement

3 = Meets expectation

4 = Exceeds expectation

5 = Continuously exceeds expectation in all aspects

This use of performance rating as a measure of performance of accountants is consistent with that of Harrell and Stahl (1984).

Hypothesis Development

As a prelude to the hypothesis development, I have summarized in Table 2.2 the descriptions of the Big Five traits and the relationships found in prior studies between the traits and the relevant job aspects. My hypotheses are based on prior empirical findings and the nature of the traits summarized in Table 2.2.

The staff members are heavily focused on technical work. Individuals with high Conscientiousness display task- and goal-oriented behavior, follow the norms and rules, plan/organize, and prioritize tasks (John and Srivastava 2001). Conscientiousness is positively related to job performance (Barrick and Mount 1991; Hochwarter et al. 2000; others) and task performance (LePine and Dine 2001; others). Therefore, the staff members with high Conscientiousness will tend to be high performers as they will select the technical tasks over other tasks. This task selection will cause them to be high performers. Stated in the form of a hypothesis (Figure 2.3).

Table 2.2
Summary of Descriptions and Prior Relationships of the "Big Five" traits

	Description	Job Aspect	Relationships	Study
Openness	Opposite of Close-mindedness	Training Proficiency	+	Barrick and Mount 1991
	Breadth	Salary Level	-	Seibert and Kraimer 2001
	Depth			
	Originality			
Conscientiousness	Task- and goal-oriented behavior	Accomplishment Striving	+	Barrick et al. 2002
	Following norms and rules	Extrinsic and Intrinsic Success	+	Judge et al. 1999
	Planning/Organizing	Job Performance	+	Barrick and Mount 1991; Hochwarter et al. 2000
	Prioritizing Tasks	Task Performance	+	LePine and Dyne 2001
Extraversion	Sociability	Promotions	+	Seibert and Kraimer 2001
	Activity	Status Striving	+	Barrick et al. 2002
	Assertiveness	Salary Level	+	Seibert and Kraimer 2001
	Positive Emotionality	Task Performance	+	LePine and Dyne 2001
Agreeableness	Altruism	Career Satisfaction	-	Seibert and Kraimer 2001
	Tender mindedness	Extrinsic Career Success	-	Boudreau et al. 2001
	Trust	Task Performance	-	LePine and Dyne 2001
	Modesty	Transformational Leadership	-	Lim and Ployhart 2004
Neuroticism	Emotional Instability	Career Satisfaction	-	Seibert and Kraimer 2001
	Uneven-temperedness	Extrinsic and Intrinsic Success	-	Judge et al. 1999; Boudreau et al. 2001
	Anxiousness	Mood	-	Illies and Judge 2002
	Tense	Transformational Leadership	-	Lim and Ployhart 2004
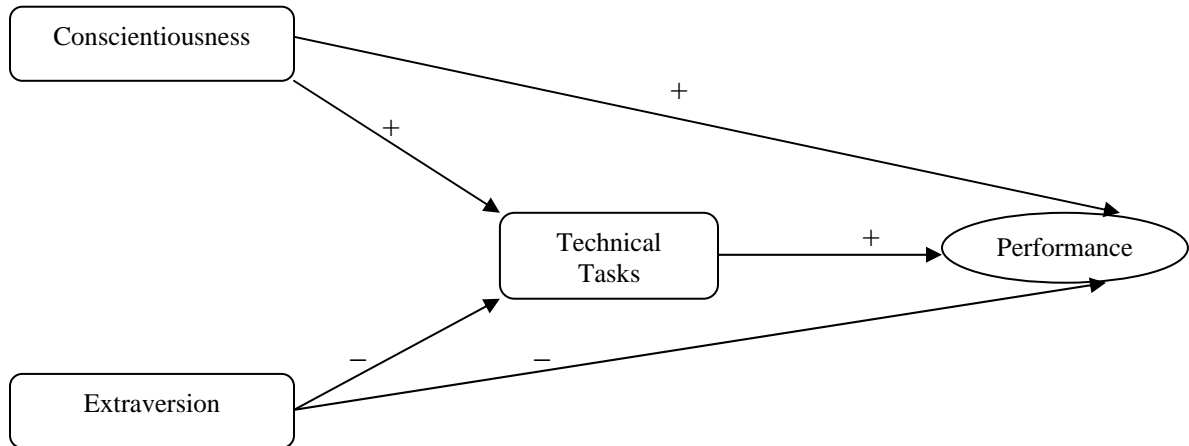
Figure 2.3 Depiction of the relationships hypothesized

H 1:   *Technical task selection mediates the positive relationship*

between Conscientiousness and job performance at the staff

level.

In other words, staff members who are high in Conscientiousness will select more technical tasks and as a result will perform better at their jobs.

Individuals with high Extraversion are more social (John and Srivastava 2001). Staff members' duties do not involve a lot of interaction with others (e.g., client communication, training staff, marketing the firm) but consist largely of technical work. The staff members with low Extraversion will spend less time socializing or making phone calls and more time doing technical work. Stated in the form of a hypothesis (Figure 2.3):

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H 2:   *Technical task selection mediates the negative relationship*

between Extraversion and job performance at the staff level.

RESEARCH METHOD

Participants

I conducted a web-based study with 115 accountants from a top-100 US accounting firm (*Accounting Today* 2010 Top 100). A total of 155 accountants received an e-mail message from the managing partner asking them to go to the prescribed website and fill out an instrument requiring about fifteen minutes, which included the following:

1. Demographic information

2. Experience

3. Education

4. Certification

5. Salary

6. Productivity data (chargeable hours)

7. Performance rating

8. Information on daily task selection

9. International Personality Item Pool (IPIP) developed based on Goldberg (1999) found in public domain at http://ipip.ori.org/ (Appendix 2.1)

At the same time, packages containing a request letter and a $20 gift card were distributed to those individuals. Participation was voluntary and anonymous. Three formal requests were sent by the managing partner of the firm in a ten-day interval. In a

two week window I received 115 completed responses (a 74% response rate). One of the responses turned out to be an extreme outlier and I discarded that response and the final sample included 114 responses.

Measuring Task Selection

Task selection is the process of selecting and performing certain tasks over other tasks given the choice. To the best of my knowledge no other study has used this construct in the same way I use it in this study. Therefore, there are no standard instruments to measure this construct. What I attempt to capture is the amount of time accountants spend doing certain tasks during average workdays. I developed a questionnaire (Appendix 2.2) to measure the construct task selection by asking the accountants to select a task from each of the seven-sets of three tasks. In each set there is a technical task and the other tasks fall into one of the following categories: administrative, advisory, communication, marketing, teaching, or learning.

The reason for asking participants their preference and not what they actually do is to avoid getting the professionally acceptable answer. In other words, if the accountants were asked which of the following tasks *do* you or *should* you do first, then they might select what they are supposed to do. However, by asking them their task preference, I am able to get their natural preference, which would drive their long-term task selection. Thus, task preference serves as a surrogate for long-term task selection.

RESULTS

Descriptive Statistics

The participants included 50 males and 64 females, with 35 being Staff, 39 Senior Staff, and 40 Supervisors. Of the participants 46 had undergraduate degrees, 16 took some graduate classes, and 52 had graduate degrees; 40 were CPAs and 72 had other certifications; 25 were between the ages 20 and 25, 47 were between the ages 26 and 30, and 42 were above 30. Some other descriptive statistics are provided in Table 2.3.

Table 2.3:
Descriptive Statistics of Response Variables (n = 114)

Variable	Mean	SD	Variance
Gender	0.44	0.50	0.25
Age	2.15	0.76	0.57
Education	2.05	0.93	0.86
CPA	0.36	0.48	0.23
Rank	2.04	0.81	0.66
Experience	3.98	3.02	0.10
Salary	53,509.35	9,568.44	91,554,970.96
Chargeable Hours	4.64	2.68	7.19
Performance Rating	3.71	0.84	0.70
Task Selection	2.42	1.65	2.72
Extraversion	31.39	7.90	62.40
Agreeablness	39.89	6.03	36.38
Conscientiousness	38.30	5.91	34.97
Neuroticism	26.16	7.11	50.59
Openness	35.71	5.93	35.16

Reliability

The IPIP instrument based on Goldberg (1999) I used to collect the personality trait information of the participants includes five factors and ten items in each factor. The internal consistency of each of the factors was acceptable and the Cronbach's alphas for all factors exceeded .80.

Model and Results

In this study I test the relationship between personality traits and performance as mediated by task performance (Figure 2.2). The four steps for testing the effect of the mediator as discussed by Baron and Kenny (1986) and Judd and Kenny (1981) are well accepted and used. I use those four steps, employing regression analysis, as explained below.

Step 1: Testing path 'a' (Figure 2.2)

The first step is to show that the initial variable is correlated with the outcome. In this study those variables are personality traits and performance. I use the following model to test that relationship:

Performance = f (Personality Traits and Control Variables)

As explained in details in the previous section, I use three separate proxies to measure performance:

(1) <u>Salary</u>: Annual compensation received in dollars.

(2) <u>Productivity data</u>: Chargeable hours worked.

(3) <u>Performance Rating</u>: A rating of between 1 and 5 provided by the mentor based on criteria explained in the previous section.

Instead of creating a score with the combination of the three measures, I estimate three separate regressions to see the effect of personality in each type of performance. As Table 2.4 shows, there is a significant positive correlation between salary and chargeable hours as expected. However, the correlations between the other performance measures are not significant. This may be explained by the fact that salary is a long-term measure and performance rating is the most recent, short-term metric. Also, performance rating could be based on more than just the number of chargeable hours. All of the three measures I use have been used in prior studies (Barrick and Mount 1991) and are likely to capture one or more aspects of performance.

The personality traits variables are the Big Five: Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. They are all continuous variables. The control variables I use are gender (Female = 0, Male = 1), Age (between 20 and 25 = 1, between 26 and 30 = 2, and above 30 = 3), education (Undergraduate = 1, Some Graduate Classes = 2, and Graduate degree = 3), CPA (No = 0, Yes = 1), rank (staff = 1, senior staff = 2, and supervisor = 3), and experience (number or years). The effects of most of these variables have been noted in prior studies (Bonner 2008).

Table 2.4

Table 2.4
Pearson Correlations between Variables (n = 114)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Gender														
2 Age	-0.105													
3 Education	0.007	-0.339**												
4 CPA	0.185*	-0.367**	0.431**											
5 Rank	0.018	0.364**	-0.015	0.095										
6 Experience	-0.166	0.417**	-0.129	-0.038	0.592**									
7 Salary	0.110	0.245**	-0.018	-0.001	0.359	0.155								
8 Chargeable Hours	0.238*	0.118	0.011	-0.077	0.161	-0.013	0.285**							
9 Performance Rating	-0.032	-0.127	-0.196*	0.019	0.045	0.159	-0.003	0.146						
10 Task Selection	0.042	0.148	-0.009	-0.125	0.045	0.169	-0.281**	-0.183	-0.103					
11 Extraversion	-0.003	-0.195*	0.215*	0.100	0.008	-0.078	0.038	-0.099	-0.027	-0.222*				
12 Agreeablness	-0.302**	-0.026	0.063	-0.300	-0.215*	-0.079	-0.109	-0.064	0.074	-0.021	0.097			
13 Conscientiousness	-0.192*	-0.008	-0.030	-0.280**	-0.281**	-0.137	0.046	0.027	0.030	0.020	-0.032	0.451		
14 Neuroticism	-0.067	0.043	-0.142	-0.110	0.061	-0.019	0.084	0.033	-0.016	-0.048	0.087	-0.224	-0.219*	
15 Openness	0.031	-0.063	-0.090	-0.180	-0.227*	-0.221*	0.041	-0.022	0.086	0.032	0.424**	0.145	0.041	0.166

*. Correlation is Significant at the 0.05 level

**. Correlation is Significant at the 0.01 level

Table 2.5 shows the regression results. Conscientiousness is positively related to performance as measured by salary, which satisfies step 1 for H1. However, Extraversion is not significantly related to any of the performance measures, which does not satisfies step 1 for H2. Age is positively related to salary and negatively related to performance rating. Rank is positively related to salary and chargeable hours, which seems reasonable.

Step 2: Testing path 'b' (Figure 2.2)

The second step is to show that the initial variable is correlated with the mediator. Those variables are personality traits and task selection. Although the hypothesized relationships only include Conscientiousness and Extraversion, the analysis include the other three traits to test their effect on task selection since this is an early study that uses task selection as a construct. I use the following model to test that relationship:

Task Selection = *f* (Personality Traits)

At the staff, senior staff, and supervisor level the most crucial tasks are of technical (e.g., preparing tax returns, reviewing general ledger, confirming accounts receivable) in nature as validated by four partners at the participating firm. The instrument I use in measuring task selection (Appendix 2.2) asked the participants to select a task from a set of tasks seven different times. Each time a participant selected a technical task the score was 1 and when he or she selected any other type of task the score was 0. Of course the participants did not see the labels for each kind of tasks (the type of task is described in parenthesis for the reader). Thus, the score in task selection for each participant is between 0 and 7.

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Table 2.5
Testing Path 'a' using Regression (n = 114)

Step 1 (Barron and Kinney 1986)

Model: *Performance = f(Personality Traits and Controls)*

	Pred. Sign	Salary	Chargeable Hours	Performance Rating
			Dependent Variables (Proxy for Performance)	
Regression R Square		0.223***	0.142	0.171**
Extraversion	-	0.005	-0.121	-0.094
Agreeableness		-0.080	-0.014	0.118
Conscientiousness	+	0.241**	0.115	0.038
Neuroticism		0.085	0.060	-0.014
Openness		0.123	0.030	0.156
Gender		0.123	0.264***	-0.006
Age		0.185*	0.079	-0.322***
Education		0.050	0.119	-0.294***
CPA		0.056	-0.125	0.114
Rank		0.404***	0.250**	0.065
Experience		-0.076	-0.126	0.262**

* Significant at the 0.10 level

**Significant at the 0.05 level

***Significant at the 0.01 level

Table 2.6 shows the results of the regression. Extraversion is negatively related to task selection, which satisfies step 2 for H2 but since step 1 for H2 is not satisfied regardless of the findings in the following steps H2 will not have support as a whole.

There is no significant relationship between Conscientiousness and task selection, which does not satisfy step 2 for H1. This means that regardless of the findings in the following steps H1 will not have support as a whole.

Table 2.6
Testing Path 'b' using Regression (n = 114)

Step 2 (Barron and Kinney 1986)

Model: *Task Selection = f(Personality Traits)*

	Pred. Sign	Task Selection
Regression R Square		0.072
Extraversion	**-**	-0.284***
Agreeableness		-0.033
Conscientiousness	**+**	0.006
Neuroticism		-0.057
Openness		0.166

* Significant at the 0.10 level
**Significant at the 0.05 level
***Significant at the 0.01 level

Step 3: Testing path 'c' (Figure 2.2)

The third step is to show that the mediator (task selection) affects the outcome variable (performance). I use the following model to test that relationship:

Performance = *f* (Task Selection)

Table 2.7 shows that task selection is negatively related to salary and chargeable hours, which is contrary to the hypothesized relationships.

Step 4: Testing paths 'a' and 'c' together (Figure 2.2)

The fourth step is to show that the effect of the initial predictor variable (Personality Traits) on the outcome variable (Performance) is reduced when controlled for the mediator (Task selection). Although the results in steps 1 and 2 indicate that the

Table 2.7
Testing Path 'c' using Regression (n = 114)

Step 3 (Barron and Kinney 1986)

Model: *Performance = f(Task Selection)*

		Dependent Variables (Proxy for Performance)		
	Pred. Sign	**Salary**	**Chargeable Hrs**	**Performance Rating**
Regression R Sq		0.079***	0.034*	0.011
Task Selection	+	-0.281***	-0.183*	-0.103

* Significant at the 0.10 level

**Significant at the 0.05 level

***Significant at the 0.01 level

Table 2.8
Testing Paths 'a' and 'c' using Regression (n = 114)

Step 4 (Barron and Kinney 1986)

Model: *Performance = f(Task Selection, Personality Traits and Controls)*

Dependent Variables (Proxy for Performance)

	Pred. Sign	Salary	Chargeable Hours	Performance Rating
Regression R Square		0.309***	0.173***	0.179**
Task Selection	+	-0.349***	-0.253***	-0.144
Extraversion	-	-0.076	-0.199*	-0.122
Agreeableness		-0.143	0.019	0.077
Conscientiousness	+	0.226**	0.146	0.015
Neuroticism		0.029	0.063	-0.032
Openness		0.190	0.095	0.166
Gender		N/A	0.279***	N/A
Age		0.146	N/A	-0.331***
Education		N/A	N/A	-0.235**
Rank		0.397***	0.232*	N/A
Experience		N/A	N/A	0.325***

* Significant at the 0.10 level
**Significant at the 0.05 level
***Significant at the 0.01 level

Note: Gender, Age, Education, Rank, and Experience were only used in the above regressions
if they were significant in step 1.

predicted mediated relationship could not be confirmed, I use the following model for

step to test the relationships:

Performance = *f* (Personality Traits, Task Selection, and Control Variables)

Table 2.8 shows that Conscientiousness is positively related to one of

performance measures, salary, which confirms findings from the prior studies.

Extraversion is negatively related to another of the performance measures, chargeable

hours, which is contrary to prior findings (discussed further in conclusion). Task selection appears to be negatively related to two of the three performance measures, namely salary and chargeable hours. Task selection does not mediate the relationships between either one of the traits (Extraversion; Conscientiousness) and performance.

CONCLUSION

The purpose of this study is to test the effect of personality traits on performance through mediating effects of task selection. In H1, I hypothesize that Conscientiousness positively affects performance through mediating effects of task selection. I do not find support for H1 as a whole. However, I find that Conscientiousness positively affects performance but does not affect task selection, task selection negatively affects performance. Task selection does not mediate the relationships between either one of the traits (Extraversion; Conscientiousness) and performance. One of the reasons for not finding the predicted results could be the weakness in the instrument used to test task selection. The questionnaire asks the participants to select the tasks they would prefer to do. However, Conscientious individuals may not necessarily do the tasks they prefer to do as they are driven to do the right thing (John and Srivastava 2001). Therefore, this relationship could be further tested using an experiment where the task selection of Conscientious individuals is observed empirically rather than by a questionnaire.

In H2, I hypothesize that Extraversion negatively affects performance through mediating effects of task selection. I do not find support for H2 as a whole. However, I find that Extraversion negatively affects task selection and performance, and task selection negatively affects performance. While Extraversion negatively affects

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performance at the staff level it is likely to have a positive affect at the partner level. The future partners will be drawn from the pool of staff accountants, and the high Extraversion is likely to positively affect their performance once the staff accountants are promoted. This is consistent with prior literature that finds Extraversion to be positively related to promotions, salary levels, status striving etc. (Barrick and Mount 1991; LePine and Dyne 2001; Seibert and Kraimer 2001; Barrick et al. 2002).

Personality traits of individuals guide and predict behavior (Allport 1937; Norman 1963; John and Srivastava 2001). Task selection is the process of selecting the next task to be performed and a series of tasks at work make up work days. In this study I posit that certain personality traits guide individuals to select certain tasks over others continually. If the tasks selected are among the primary duties of an individual, then the long-term performance (quality and quantity) will be good due to repetition. However, if the tasks selected are not among the primary duties of an individual, then the performance will suffer. To my knowledge this is the first time task selection has been introduced into the business management setting, and a new instrument was used. Parts of the hypothesized relationships were supported and others were not. Further testing with refined instruments is needed to better understand the process of task selection and its effect on performance.

If the theory of task-selection is supported upon further testing, then it will have practical implications at work places. Task-selection is driven either by personal or situational or both variables. What a person will do next at work can depend on strong situational demand (e.g., taking the pizza out of the oven before it burns) or personal preference (e.g., returning a client phone call or working on a half-done tax return or responding to personal emails). In either case a task must be selected. Work days consist

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of a series or tasks performed. The performance of the worker is driven by quality and quantity of the performed tasks that are included in his or her job duties. Therefore, task-selection is a crucial issue for performance. If the task-selection is driven by personality, then it behooves us to know which personality trait drives which type of task-selection. This will have practical implications in selecting the right individual for the right jobs.

The results did not support either of the hypotheses. The reason for the lack of support could be attributed partly to the measurement of task-selection. Since no standard instrument was available I created an instrument that measured task-preference, and task preference may not have been a good surrogate for the latent variable task-selection. Another reason for lack of support could be the nature of the study. The data were self-reported, and that in itself is a limitation. Perhaps an experiment could be conducted to test the relationship between personality traits and task-selection.

This study was conducted in an accounting setting and is likely to be more helpful in understanding the performance of accountants. However, the process of task selection and its effect on performance has general implications to other professions also.

The "Personality" questionnaire (IPIP based on Goldberg 1999):

How Accurately Can You Describe Yourself?

Describe yourself as you generally are now, not as you wish to be in the future. Describe yourself as you honestly see yourself, in relation to other people you know of the same sex as you are, and roughly your same age. So that you can describe yourself in an honest manner, your responses will be kept in absolute confidence. Indicate for each statement whether it is 1. Very Inaccurate, 2. Moderately Inaccurate, 3. Neither Accurate Nor Inaccurate, 4. Moderately Accurate, or 5. Very Accurate as a description of you.

[The response scale appeared at right on the screen. There are 10 items/factor, with factor identification not shown here. Factor items are interspersed, and some are reverse-coded.]

1 Am the life of the party.	26 Have little to say.
2 Feel little concern for others.	27 Have a soft heart.
3 Am always prepared.	28 Often forget to put things back in their proper place.
4 Get stressed out easily.	29 Get upset easily.
5 Have a rich vocabulary.	30 Do not have a good imagination.
6 Don't talk a lot.	31 Talk to a lot of different people at parties.
7 Am interested in people.	32 Am not really interested in others.
8 Leave my belongings around.	33 Like order.
9 Am relaxed most of the time.	34 Change my mood a lot.
10 Have difficulty understanding abstract ideas.	35 Am quick to understand things.
11 Feel comfortable around people.	36 Don't like to draw attention to myself.
12 Insult people.	37 Take time out for others.
13 Pay attention to details.	38 Shirk my duties.
14 Worry about things.	39 Have frequent mood swings.
15 Have a vivid imagination.	40 Use difficult words.
16 Keep in the background.	41 Don't mind being the center of attention.
17 Sympathize with others' feelings.	42 Feel others' emotions.
18 Make a mess of things.	43 Follow a schedule.
19 Seldom feel blue.	44 Get irritated easily.
20 Am not interested in abstract ideas.	45 Spend time reflecting on things.
21 Start conversations.	46 Am quiet around strangers.
22 Am not interested in other people's problems.	47 Make people feel at ease.
23 Get chores done right away.	48 Am exacting in my work.
24 Am easily disturbed.	49 Often feel blue.
25 Have excellent ideas.	50 Am full of ideas.

APPENDIX 2.2

Questionnaire for Measuring Task Selection

Given the choice, which task would you rather do first in each set of three tasks?

• Return a client call (Communication)
• Pick the CPE classes you would like to go to next year (Admin)
• Finish a half done tax return (Technical)

• Assist your supervisor with assigning tax returns to staff members (Advisory)
• Balance an unbalanced bank reconciliation (Technical)
• Introduce a new co-worker to the staff in your office (Admin/Communication)

• Search for an error in a General Ledger (Technical)
• Show a new staff member how to enter time (Teaching/Admin)
• Prepare for the upcoming career fair (Marketing)

• Complete an on-line CPE that lasts for two hours (Learning)
• E-mail the office-staff the details of the upcoming office lunch (Communication)
• Prepare a depreciation schedule for a client (Technical)

• Search the web for a good deal on promotional goods for your office (Marketing)
• Prepare a property tax return (Technical)
• Complete an annual feedback form for a co-worker (Admin)

• Visit a client site to deliver a tax return or a report (Communication)
• Assist your supervisor with billing clients (Admin)
• Prepare a multi-state sales tax return (Technical)

• Give feedback to your partner-in-charge regarding the needed improvements in your office (Advisory)
• Review a prior year return and respond to a tax notice (Technical)
• Take an optional on-line survey sent to you by the firm (Admin)

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CHAPTER 3

DOES SUPERVISOR'S PERSONALITY AFFECT THE SUPPORT, ABUSE, AND FEEDBACK ACCOUNTANTS RECEIVE?

ABSTRACT: Past literature suggest that the performance and turnover of the subordinate is affected by the support, abuse, and feedback provided by the supervisor (Harris et al. 2007; Sparr and Sonnentag 2008; Pazy and Ganzach 2009). In this study I posit that the support, abuse, and feedback provided by the supervisor are affected by his or her personality. More specifically I hypothesize that Openness and Agreeableness positively affect support, Neuroticism positively affects abuse, and Extraversion and Conscientiousness positively affect feedback. Among the hypothesized relationships, I find that Agreeableness positively affects support, Neuroticism positively affects abuse and Extraversion and Conscientiousness positively affect feedback. Additionally, I find Extraversion and Conscientiousness positively affect support, Agreeableness and Conscientiousness, and the interaction between Neuroticism and Extraversion negatively affect abuse, and Agreeableness positively affects feedback. The implications and limitations are discussed.

INTRODUCTION

The purpose of this paper is to test whether the personality of the supervisor affects the support, abuse, and feedback provided to accountants. I posit that supervisors high in Openness or Agreeableness are supportive; supervisors high in Neuroticism are abusive; and supervisors high in Conscientiousness and Extraversion provide constructive feedback (see Figure 3.1).

Supervisor Traits   **Supervisor Behavior**

Openness

+

+
Agreeableness   Support

+
Neuroticism   Abuse

+
Conscientiousness   Feedback

+
Extraversion
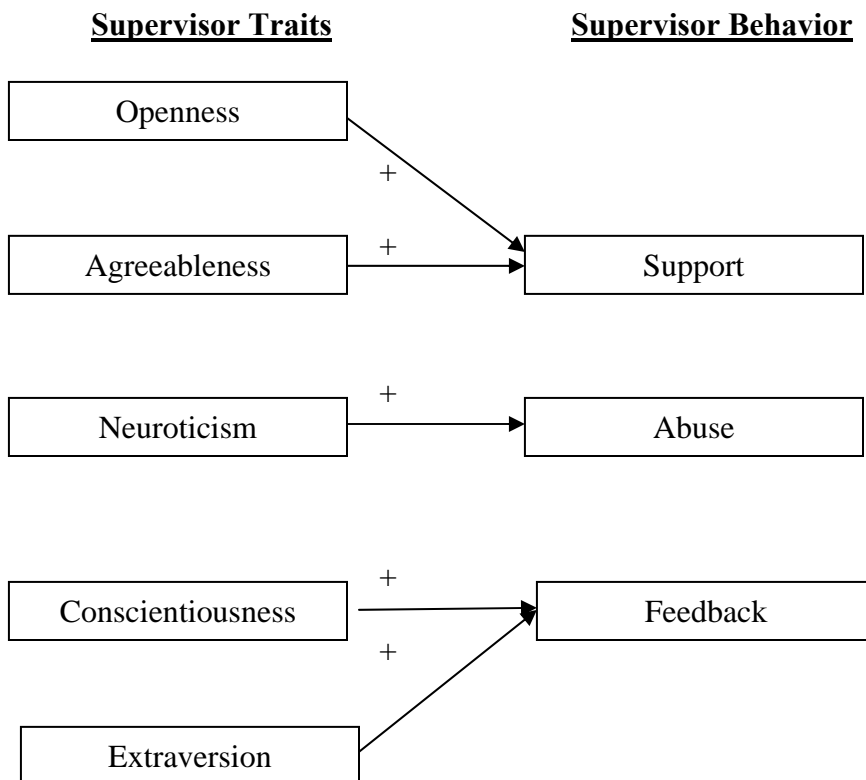
Figure 3.1 Overall Relationships posited between Supervisors' Big Five Traits and Support, Abuse, and Feedback

The organizational literature explains and predicts job performance and turnover of the subordinate through the support, abuse, and feedback provided by the supervisor (Harris et al. 2007; Sparr and Sonnentag 2008; Pazy and Ganzach 2009). The present study adds a new dimension to this line of literature by showing the effect of the supervisor's personality traits on the behavior of the supervisor.

The participants in this study were 115 accountants from one of the top 100 US accounting firms (*Accounting Today* 2010 Top 100). In a web-based study, they provided demographic information and answered questions to determine the personality traits of their supervisors. In addition, they rated the behavior of their supervisors that lead to support, abuse, and feedback using established instruments (discussed in a subsequent section) that have been used in prior studies.

The results may be useful to public accounting firms in assigning the right supervisors to manage the staff. Some accountants may be sound in doing technical work but success at technical tasks does not necessarily imply that those same accountants can manage others. Putting the right supervisors in place is likely to improve performance and retention of the subordinates.

THEORY AND BACKGROUND

In this section, I describe two aspects of the literature on personality and supervisor behavior. First, I introduce the Big Five traits to provide some background. Second, I define supervisors support, abuse, and feedback for the purposes of this study. Third, I provide some background on the relationships found between support, abuse, and feedback from a supervisor and the performance and turnover of subordinates.

Introduction to Personality Traits

The Dictionary of Psychology defines a personality trait as, "A relatively stable and consistent behavior pattern which is considered to be a characteristic component of an individual's personality" (Corsini 2002, 713). Gordon Allport (1937) described personality traits as organized mental structures, varying from person to person, which initiate and guide behavior. There are five broad categories of personality traits known as the "Big Five." Those categories, initially labeled by Norman (1963), are as follows:

1. Openness

2. Conscientiousness

3. Extraversion

4. Agreeableness

5. Neuroticism

The first letters of the five traits form the acronym OCEAN. As compiled (based on prior literature) by John and Srivastava (2001, 30), the descriptions of the five traits are as follows:

> Briefly, ***Extraversion*** implies an <u>energetic approach</u> toward the social and material world and includes traits such as sociability, activity, assertiveness, and positive emotionality. ***Agreeableness*** contrasts a <u>prosocial and communal orientation</u> towards others with antagonism and includes traits such as altruism, tender-mindedness, trust, and modesty. ***Conscientiousness*** describes <u>socially prescribed impulse control</u> that facilitates task- and goal-directed behavior, such as thinking before acting, delaying gratification, following norms and rules, and planning, organizing, and prioritizing tasks. ***Neuroticism*** contrasts emotional stability and even-temperedness with <u>negative emotionality</u>, such as feeling anxious, nervous, sad, and tense. Finally, ***Openness*** to Experience (vs. closed-mindedness) describes the breadth, depth, originality, and complexity of an individual's <u>mental and experiential life</u>.

Definitions of Support, Abuse, and Feedback

I adopted the definitions of supervisor support, abuse, and feedback from Karasek et al. (1982), Tepper (2000), and Steelman (2004) respectively as I used their questionnaires to capture those constructs. A supportive supervisor is one who is tolerant, attentive, and instrumental in providing support. A tolerant supervisor is one who lets the subordinates set their own pace and leaves them alone unless they seek help. An attentive supervisor is one who pays attention to what the subordinates are saying and are willing to listen to job-related problems. A supervisor who is instrumental in providing support is one who encourages new ways of doing things, assist in improving performance, encourages team work, offers new ideas, and encourages the exchange of opinions and ideas (Karasek 1982). Abusive supervision refers to subordinates' perception of the extent to which supervisors engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical abuse (Tepper 2000). The feedback recipient receives positive and negative feedback that upon reflection is believed to accurately reflect performance (Steelman et al. 2004).

The Effect of Supervisor Support, Abuse, and Feedback on Subordinate Performance and Turnover

The organizational behavior literature is rich with studies that relate organizational support, supervisor support and feedback to performance and turnover. Using social exchange theory, Pazy and Ganzach (2009) find that performance is affected by perceived supervisor support, and commitment is affected by perceived organizational support. Based on the leader-member exchange theory (LMX) Sparr and Sonnentag

(2008) find that perceived fairness of feedback is positively related to job satisfaction and feeling of control at work, and negatively related to job depression and turnover intentions. Harris et al. (2007) find abusive supervision to be negatively related to job performance.

The commitment of the subordinate to the supervisor has a direct effect on job performance (Vandenberghe et al. 2004). Commitment to the supervisor is likely to be based on the relationship with the supervisor, which is manifested through degrees of supervisory support, feedback, and abuse. Furthermore, mentoring of the subordinate by the supervisor affects the job satisfaction, turnover intentions, and organizational commitment of the subordinate (Raabe and Beehr 2003).

High quality LMX provides the subordinates with ample resources, premier assignments, emotional support, and cooperative interactions with the supervisor (Liden and Graen 1980). The quality of the communication (feedback and support versus abuse) logically should drive the above relationships between the supervisor and the subordinate leading to the performance of the subordinate.

According to social exchange theory, parties provide valuable assets to each other in a high-quality exchange (Blau 1964). When subordinates observe that they receive support, trust, and other benefits from their leaders, they feel obliged to reciprocate (Gouldner 1960). Therefore, subordinates in a high-quality exchange are likely to display better performance (Erdogan and Enders 2007). A high-quality exchange has to entail support and constructive feedback and absence of abuse from the supervisor, which will lead to high performance from the subordinate.

Based on the above selected studies and other literature in organizational behavior (Harackiewicz and Larson 1986; Aquino et al. 1997; Gerstner and Day 1997; Brown et al. 2002; Eisenberger et al. 2002; Rhoades and Eisenberger 2002; Becker and Kernan 2003; Maertz et al. 2007) it can be concluded that the ***performance*** of subordinates is positively related to supervisor ***support*** and ***feedback*** and negatively related to ***abuse***.

HYPOTHESIS DEVELOPMENT

The relationship I intend to test in this study is between supervisor's personality traits and support, abuse, and feedback provided to the subordinate (Figure 3.1). In the previous section I introduced the personality traits and provided some background on the relationships found between support, abuse, and feedback from supervisor and performance of subordinates. In this section I lay out my hypotheses.

I posit that the personality traits of the supervisor affect the support, abuse, and feedback provided to subordinates. In order to study this relationship I look at traits and social behavior. I primarily draw from the Matthews et al.'s (2003) summarization (discussed below) of prior literature on traits and social behavior to establish my hypotheses.

The transaction between the supervisor and the subordinate is a social exchange and its quality depends on the actions of the two parties (Gouldner 1960; Blau 1964; Erogan and Enders 2007). Actions or behavior of individuals are guided by personality traits of individual (Allport 1937; Corsini 2002). Trait theorists have also explained differences in social behavior of individuals based on personality traits (Furnham and

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Heaven 1999). Therefore, the behavior of the supervisor towards the subordinate is likely to be guided by the personality traits of the supervisor.

The supervisors who are high in certain personality traits are more inclined toward positive behavior such as support compared to those who are low in those traits. For instance, individuals high in *Openness* have qualities of interpersonal social interactions such as understanding and adapting to others' perspectives (Matthews et al. 2003). Individuals high in Openness are open-minded and original, and have breadth and depth of intellect (John and Srivastava 2001). Also, individuals high in *Agreeableness* have social qualities such as kindness and truthfulness (Matthews et al. 2003). Agreeable individuals are tender minded and modest (John and Srivastava 2001). Supervisors who are high in Openness and/or Agreeableness are likely to be supportive of their subordinates. Therefore, I posit that supervisors high in Openness and/or Agreeableness will provide support to their subordinates. Stated in the form of substantive hypotheses:

> *H 1(a):*   *Supervisors high in Openness provide support to their*
> *subordinates.*
> *H 1(b):*   *Supervisors high in Agreeableness provide support to their*
> *subordinates.*

The supervisors who are high in certain personality traits are inclined toward certain negative behavior such as abuse compared to those who are low in those traits. For instance, *Neurotic* individuals display social traits such as guilt, shame, and embarrassment (Matthews et al. 2003). Neuroticism is expressed in anxiousness, sadness,

tenseness, negative emotionality, and uneven-temperedness (John and Srivastava 2001). Neuroticism is found to predict under-socialization (Levine and Jackson 2004). High Neuroticism is also positively related to spousal abuse by females (Sommer et al. 1992). Following the descriptions of Neuroticism and prior findings, I posit that Supervisor who are high in Neuroticism are likely to display abusive behavior toward their subordinates. Stated in the form of a hypothesis:

H 2: **Supervisors high in Neuroticism abuse their subordinates.**

Neuroticism causes uneven-temperedness or mood swings (John and Srivastava 2001). The relationship between mood and the interaction between Neuroticism and Extraversion has received attention in the psychology literature. McFatter (1994) discusses the prior findings and adds to this line of literature by testing the effect of interaction between Neuroticism and Extraversion, and mood (namely positive and negative affect). The adjectives such as excited, active, elated, enthusiastic, peppy, and strong are used to describe positive affect, while adjectives such as distressed, fearful, jittery, nervous, hostile, and scornful are used to describe negative affect (Watson and Tellegen 1985). McFatter (1994) finds that Neurotic-Extraverted individuals report more positive affect while Neurotic-Introverted individuals report more negative affect. While I do not hypothesize the direction of the effect of the interaction between Neuroticism and Extraversion, I add this interaction in my model to test its effect on supervisor-abuse.

Supervisors who are high in certain personality traits provide frequent and positive communication with their subordinates. For instance, *Extraverted* individuals are

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typically more sociable, gregarious, and assertive. They joke more and ask more questions (Matthews et al. 2003). Extraverts are active and characterized by positive emotionality (John and Srivastava 2001). This aspect of the supervisors' personality will guide the supervisors to provide frequent and positive feedback. Also, Conscientious individuals are driven to do the right thing (Matthews et al. 2003). In a supervisor-staff relationship in a public accounting setting, the supervisor is often charged with reviewing the work (e.g., tax returns; work papers) of the staff. The goal is to improve the work of the staff and train him or her to eventually be a reviewer. Conscientious supervisors will likely provide the necessary feedback to improve the work of the staff members as that would be the right thing to do. Conscientious individuals are also task- and goal-oriented, follow norms and rules, plan, organize, and prioritize (John and Srivastava 2001), which should also guide their behavior in this aspect. Therefore, I posit that supervisors high in Conscientiousness or Extraversion will provide constructive feedback to their subordinates. Stated in the form of substantive hypotheses:

> *H 3(a):*   *Supervisors high in Conscientiousness provide positive feedback to their subordinates.*
>
> *H 3(b):*   *Supervisors high in Extraversion provide positive feedback to their subordinates.*

RESULTS

Participants

I conducted a web-based study with 115 accountants from a top 100 US accounting firms (*Accounting Today* 2010 Top 100). A total of 155 accountants received an e-mail message from the managing partner asking them to go to the prescribed website and fill out an instrument requiring about fifteen minutes, which included the following:

1. Demographic information

2. Experience

3. Education

4. Certification

5. Rammstedt and John's (2007) personality trait instrument (to measure supervisor's personality)

6. Questionnaire to measure supervisor support (Karasek et al. 1982)

7. Questionnaire to measure supervisor abuse (Tepper 2000)

8. Questionnaire to measure feedback from supervisor (Steelman et al. 2004)

At the same time, packages containing a request letter and a $20 gift card were distributed to those individuals. Participation was voluntary and anonymous. In a two week window I received 115 completed responses (a 74% response rate).

Descriptive Statistics

The participants included 50 males and 65 females, of which were 36 Staff, 39 Senior Staff, and 40 Supervisors. Of the participants 46 had undergraduate degrees, 17 took some graduate classes, and 52 had graduate degrees; 41 were CPAs and 72 had other

certifications; 25 were between the ages 20 and 25, 47 were between the ages 26 and 30, and 43 were above 30.

Reliability

The internal consistency of all but two of the factors I used to measure supervisor's personality (Rammstedt and John's 2007), support (Karasek et al. 1982), abuse (Tepper 2000), and feedback (Steelman et al. 2004) were acceptable and the Cronbach's alphas for all but two factors exceeded .78. The Cronbach's alphas for Supervisor Extraversion was .49 and Supervisor Openness was .34.

To test the discriminant validity of the constructs used in the hypotheses I performed principal component analysis. For the constructs Support, Agreeableness, and Openness (tested in H1a and H1b) the factors loaded into three components with Eigenvalues of 3.757, 1.287, and 1.142. The factor loadings are shown in Table 3.1.

For the constructs Abuse and Neuroticism (tested in H2) the factors loaded into two components with Eigenvalues of 4.091 and 1.262. The factor loadings are shown in Table 3.2.

Table 3.1
Principal Component Analysis - Oblique Rotation

	Component		
	<u>1</u>	<u>2</u>	<u>3</u>
Support 1	0.769		
Support 2	0.860		
Support 3	0.825		
Support 4	0.601		
Support 5	0.663		
SuperAgree1		-0.862	
SuperAgree2		-0.867	
SuperOpen1			0.866
SuperOpen 2			0.661

Table 3.2
Principal Component Analysis - Oblique Rotation

	Component	
	<u>1</u>	<u>2</u>
Abuse 1	0.842	
Abuse 2	0.921	
Abuse 3	0.913	
Abuse 4	0.785	
Abuse 5	0.805	
SuperNeuro1		0.846
SuperNeuro2		0.945

For the constructs Feedback, Conscientiousness, and Extraversion (tested in H2a and H2b) the factors loaded into two components with Eigenvalues of 3.913 and 1.478. The factor loadings are shown in Table 3.3.

Table 3.3
Principal Component Analysis - Oblique Rotation

	Component	
	1	2
Feedback 1	0.779	
Feedback 2	0.853	
Feedback 3	0.808	
Feedback 4	0.815	
Feedback 5	0.601	
SuperCons1		-0.583
SuperCons2		-0.627
SuperExtra1		0.717
SuperExtra2	0.506	

However, after specifying three components for extractions the factor loaded in three different components with Eigenvalues of 3.913, 1.478, and .952. The factor loadings are shown in Table 3.4.

Table 3.4
Principal Component Analysis - Oblique Rotation

	Component		
	1	2	3
Feedback 1	0.670		
Feedback 2	0.895		
Feedback 3	0.957		
Feedback 3	0.861		
Feedback 4	0.336		
SuperCons1			0.928
SuperCons2			0.911
SuperExtra1		0.844	
SuperExtra2		0.750	

Based on the above results the only two factors that seem to have low discriminant validity are Feedback and Supervisor's Conscientiousness. Otherwise the discriminant validity is satisfactory.

Model and Results

Given that Big-Five personality factors other than the ones hypothesized may affect supervisor behaviors, it is important that they be included in the model. Thus any effect of the hypothesized variables will reflect the explained variance after considering all other variables in the model. To test the hypotheses I used linear regression with the following models:

Supervisor Support $= f$ **(Supervisor Personality Traits)**

Supervisor Abuse $= f$ **(Supervisor Personality Traits)**

Supervisor Feedback $= f$ **(Supervisor Personality Traits)**

Table 3.5 shows the descriptive statistics of the responses. In the sample the mean score of the negative trait Neuroticism (SuperNeuro) is lower (4.44) compared to the other four traits. A reason for this could be that the selection process of the supervisor weeds out individuals with high Neuroticism, which sometimes could be apparent from the individuals' behaviors and attitudes.

The correlations among the variables are provided in Table 3.6. The model R^2's for the first (testing hypotheses 1(a) and 1(b)), second (testing hypothesis 2), and third

regressions (testing hypotheses 3(a) and 3(b)) were .533, .429, and .345. Table 3.7 shows

the regression results.

Table 3.5
Descriptive Statistics of Response Variables (n=115)

	Range	Min	Max	Mean	Std. Dev.	Var.	Skewness	Kurtosis
SuperExtra	7.00	3.00	10.00	7.44	1.89	3.57	-0.36	-0.67
SuperAgree	8.00	2.00	10.00	7.41	2.13	4.52	-0.70	-0.31
SuperCons	8.00	2.00	10.00	8.76	1.81	3.27	-1.58	1.90
SuperNeuro	7.00	2.00	9.00	4.44	2.02	4.09	0.57	-0.59
SuperOpen	7.00	3.00	10.00	6.46	1.52	2.30	0.34	0.16
SuperSupport	16.00	9.00	25.00	21.01	3.65	13.34	-9.15	0.62
SuperAbuse	18.00	5.00	23.00	8.06	4.51	20.30	1.56	1.64
SuperFeedback	15.00	10.00	25.00	21.23	3.55	12.59	-0.87	0.10

Table 3.6
Pearson Correlations between Variables (n=115)

	1	**2**	**3**	**4**	**5**	**6**	**7**
1 SuperExtra							
2 SuperAgree	-0.013						
3 SuperCons	-0.022	0.347**					
4 SuperNeuro	-0.038	-0.644**	-0.330**				
5 SuperOpen	0.179*	0.050	0.207*	-0.056			
6 SuperSupport	0.170*	0.456**	0.656**	-0.434**	0.148		
7 SuperAbuse	-0.090	-0.591**	-0.450**	0.407**	-0.070	0.394**	
8 SuperFeedback	0.259**	0.386**	-0.457	0.342**	0.107	0.680**	-0.511**

*. Correlation is Significant at the 0.05 level
**. Correlation is Significant at the 0.01 level

Hypothesis 1(a) states that supervisors higher in Openness provide support to

their subordinates, but the lack of a significant coefficient (Table 3.7: Panel A) fails to

support Hypothesis 1(a). Supervisor's Agreeableness (SuperAgree) is positively related to supervisor-support (SuperSupport) (Table 3.7: Panel A), which supports Hypothesis 1(b). Additionally supervisor's Extraversion and Conscientiousness are positively related to supervisor-support. Although this finding was not hypothesized it adds interesting insight. Conscientious individuals are driven to do the right thing (Matthews 2003), and Extraverted individuals are more social (Matthews 2003) and have positive emotionality (John and Srivastava 2001). Therefore, it is plausible that individuals higher in these two traits would provide their subordinates with support at work.

Supervisor's Neuroticism (SuperNeuro) is positively related to supervisor-abuse (SuperAbuse) (Table 3.7: Panel B), which supports Hypothesis 2. Additionally the regression results show that the interaction between Neuroticism and Extraversion (NxE), Agreeableness, and Conscientiousness of the supervisor are negatively related to supervisor abuse. McFatter (1994) finds that N X E is positively related to positive affect and negative related to negative affect. McFatter's (1994) interpretation is that Neurotic individuals who are high in Extraversion are influenced more by their high Extraversion and are more positive and sociable. This study confirms that effect as NxE is negatively related to supervisor abuse. The nature of the interaction is plotted in Figure 3.2. The plot of the interaction shows that when Extraversion is low, Neuroticism is positively related to abuse, but when Extraversion is high, Neuroticism is negatively related to abuse. This indicates that high Extraversion is likely to reduce the effect of high Neuroticism on abuse.
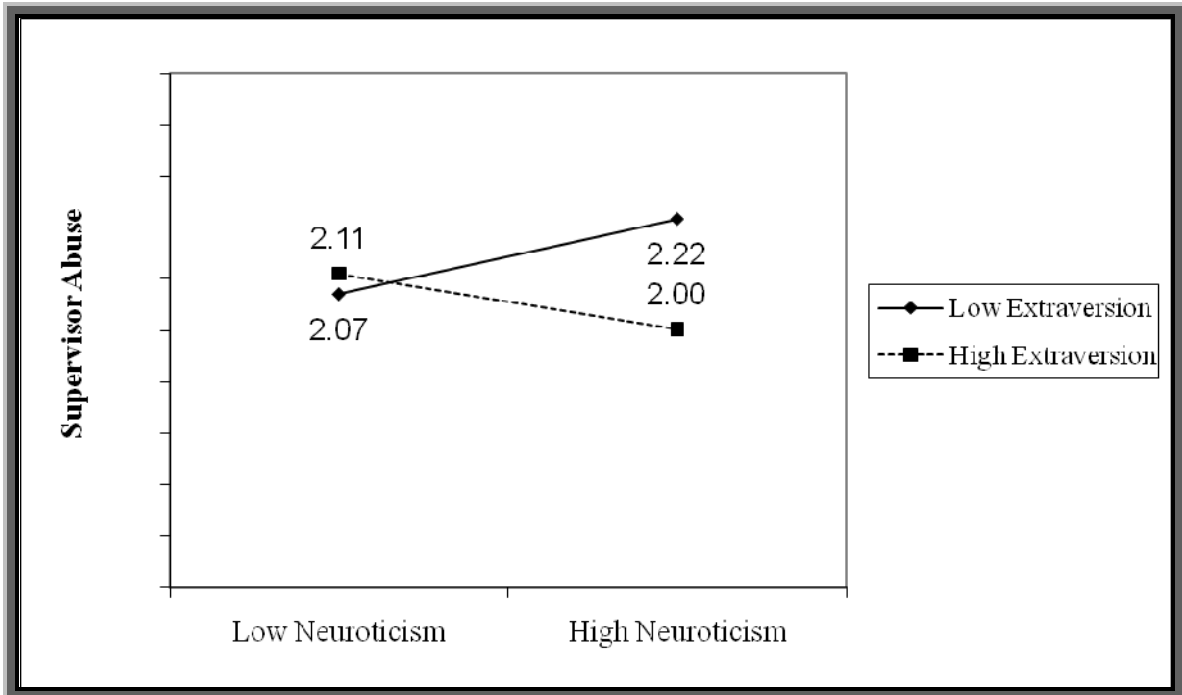
Figure 3.2 Plot of the Interaction between Neuroticism and Extraversion

(The above plot shows that high Extraversion reduces (from 2.11 to 2.00) the

abusive behavior among supervisors who are high in Neuroticism.)

The correlations (Table 3.6) show that both Agreeableness (-.644 at 0.01 level)

and Conscientiousness (-.330 at 0.01 level) are negatively correlated with Neuroticism.

As mentioned earlier, in the sample tested the mean score of Neuroticism (4.44) is lower

compared to the other traits. The mean scores of Conscientiousness is 8.76 and

Agreeableness is 7.41. While not hypothesized the negative relationship of

Conscientiousness and Agreeableness with abuse can be reasonably explained. The

individuals who are Agreeable are tender-minded and prosocial while individuals who

are Conscientiousness possess socially prescribed impulse control (John and Srivastava

2001). Therefore, it is reasonable that these two traits would negatively affect abuse.

Table 3.7
Regression Results (n=115)

Panel A: Hypotheses 1(a) and 1(b)
Model: Supervisor Support = f(Supervisor Personality Traits)

	Predicted Sign	**Supervisor Support**
Regression R Square		0.533***
Supervisor Extraversion		0.183***
Supervisor Agreeableness	+	0.184**
Supervisor Conscientiousness		0.558***
Supervisor Neuroticism		-0.125
Supervisor Openness	+	-0.017

Panel B: Hypothesis 2
Model: Supervisor Support = f(Supervisor Personality Traits)

	Predicted Sign	**Supervisor Abuse**
Regression R Square		0.450***
Supervisor Extraversion		0.212
Supervisor Agreeableness		-0.489***
Supervisor Conscientiousness		-0.284***
Supervisor Neuroticism	+	0.575*
Supervisor Openness		0.048
SuperNeuroXSuperExtra		-0.667**

Panel C: Hypotheses 3(a) and 3(b)
Model: Supervisor Feedback = f(Supervisor Personality Traits)

	Predicted Sign	**Supervisor Abuse**
Regression R Square		0.345***
Supervisor Extraversion	+	0.274***
Supervisor Agreeableness		0.215**
Supervisor Conscientiousness	+	0.372***
Supervisor Neuroticism		-0.073
Supervisor Openness		-0.034

* Significant at the 0.10 level

**Significant at the 0.05 level

***Significant at the 0.01 level

Supervisor's Conscientiousness and Extraversion (SuperCons and SuperExtra) are positively related to supervisor-feedback (SuperFeedback) (Table 3.7: Panel C), which supports Hypotheses 3(a) and 3(b). Additionally supervisor's Agreeableness is found to be positively related to supervisor-feedback. As Agreeable individuals have a communal orientation towards others and posses altruism (John and Srivastava 2001), the positive relationship between supervisor's Agreeableness and supervisor-feedback makes sense. The implications and limitations are discussed in the next section.

CONCLUSION

The purpose of this study is to show the effects of the Big Five personality traits of the supervisor on support, abuse, and feedback provided to accountants. I posit that the supervisors high in Openness and Agreeableness are supportive to their subordinates, supervisors high in Neuroticism are abusive to their subordinates, and supervisors high in Extraversion and Conscientiousness provide positive feedback to their subordinates. The results support all the hypotheses except one. I fail to find any relationship between the Openness of supervisors and the support they provide to their subordinates. Additionally I find that Agreeableness is positively related to supervisor-feedback and negatively related to supervisor-abuse, Conscientiousness is positively related to supervisor-support and negatively related to supervisor-abuse, and Extraversion is positively related to supervisor-support. In testing the interaction effect between Neuroticism and Extraversion, I find that the combination of high Neuroticism and low Extraversion is positively related to abuse but the combination of high Neuroticism and high Extraversion is negatively related to abuse.

Studies in organizational science discuss the effect of supervisor support, abuse, and feedback on the performance of the subordinates. Specifically supervisor support and feedback positively, and supervisor abuse negatively, affect the performance of subordinates (Harris et al. 2007; Sparr and Sonnentag 2008; Pazy and Ganzach 2009). Based on the theory of personality traits the psychology literature indicates that personality traits guide and explain behavior of individuals (John and Srivastava 2001). In this study I attempt to create a bridge between the the findings in the organizational and psychology literature by testing the relationship between the personality of superviors and their behavior towards their subordinates.

The first and primary limitation of this study is the common method used in determining both the supervisor personality and the support, abuse, and feedback provided to the subordinates. In both cases I used self-report by the subordinates. The implications of Common Method Variance (CMV) and Common Method Bias (CMB) have been discussed widely in the literature (Podsakoff et al. 2003). The implication of CMV is that it might inflate correlations among variables. The threat that CMV poses to the validity of a study has been classified as trivial by Spector (2006), small by Crampton and Wagner (1994), and significant by Cote and Buckley (1989). In summarizing prior findings, Spector (2006) suggests that self-report methodology does not guarantee significant correlations between constructs even in large samples.

One of the ways to overcome the CMV and CMB that is caused by self-report is to get the information from different sources. However, as Podsakoff et al. (2003) argue,

> Despite the obvious advantages of this approach, it is not feasible in all
> cases. For example, researchers examining the relationship between two or
> more employee job attitudes cannot obtain measures of these constructs

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from alternative sources. Similarly, it may not be possible to obtain archival data or to obtain archival data that adequately represent one of the constructs of interest. Another problem is that because the data come from different sources, it must be linked together. This requires an identifying variable (e.g., such as the supervisor's and subordinate's names) that could compromise the anonymity of the respondents and reduce their willingness to participate or change the nature of their responses. In addition, it can also result in the loss of information when data on both the predictor and criterion variables are not obtained. Another disadvantage is that the use of this remedy may require considerably more time, effort, and/or cost on the part of the researcher.

In this study accountants were asked to provide the observed and perceived behaviors of supervisors and all the information gathered were self-reported by the accountants. While getting the supervisors' personality information from the supervisor's themselves could have overcome the CMV and CMB issues, the honesty in the responses of the subordinates might have been compromised as the supervisors and subordinates had to be matched.

To measure supervisor's personality based on the observer ratings from the subordinates I used Rammstedt and John's (2007) personality trait instrument (see Appendix 3.1). An argument could be made that had the supervisors themselves filled out this instrument, then the outcome could have been different. However, personality trait literature suggests that there is a high correlation between self- and observer-ratings (Mount et al. 1994). Also, the instruments (Karasek et al. 1982; Tepper 2000; Steelman et al. 2004)(see Appendix 3.2) used in determining support, abuse, and feedback have been used in past literature and the rating was provided by the subordinates. Moreover, to test the Common Method Variance I used Harman's Single Factor Test of CMV and found

Table 3.8
Harman's Single Factor Test Results of Common Method Variance

	Abuse		Feedback		Support	
	Original Model	Single Factor	Original Model	Single Factor	Original Model	Single Factor
Chi-Square	63.01	111.66	61.43	129.43	44.59	87.88
Degree of Freedom	13	14	24	27	24	27
Comparative Fit Index (CFI)	0.90	0.80	0.91	0.76	0.94	0.82
Incremental Fit Index (IFI)	0.90	0.81	0.91	0.76	0.94	0.82
Normed Fit Index (NIF)	0.88	0.79	0.87	0.72	0.88	0.76
Relative Fit Index (RFI)	0.80	0.68	0.80	0.63	0.82	0.69

that the model deteriorates for all three sets of hypotheses (Table 3.8). The chi-square increases significantly in all three cases when I forced all the items into a single factor. Other FIT indices also deteriorate when forced into a single factor model. Therefore, Common Method Variance is not a threat in this study.

The second limitation of this study is that the personality instrument of Rammstedt and John (2007) has only ten items compared to some other instruments that have 50 or more items. While the shorter instrument is a limitation of the study the instrument used can provide acceptable results (Rammstedt and John 2007).

The third limitation of this study is the low reliabilities of Extraversion (Cronbach's alpha = .478) and Openness (Cronbach's alpha = .336). Among the hypothesized relationships I find that Extraversion is positively related to supervisor feedback. Due to the low reliability of Extraversion, this relationship needs to be tested further in future studies to be confirmed as a valid relationship. As for Openness, I do not find support my hypothesis predicting a positive relationship between Openness and supervisor support. This relationship also needs further attention in future studies.

The theory and the results of this study have practical implications in a public accounting setting. During the first few years the staff accountants do technical work and become proficient at it. The ones who do better in the technical work are eventually promoted to supervisors. However, the ability to do technical work and the ability to supervise others who do technical work are different to say the least. The skills needed to effectively manage others and provide a healthy environment involve nurturing and support of the subordinates. The results of this study indicate that the personalities of the supervisors affect the supervisors' ability to provide support and feedback, and a certain

aspect of the personality causes abusive behavior from supervisors. The accounting firms can use the results of this study in screening accountants before promoting them to supervisory roles. Of course, further investigation should be done in future studies to confirm the findings from this study given the limitations of it as discussed above.

Despite its limitations, this is one of the first studies that explain supervisor support, abuse, and feedback using personality traits. As the effects of Big Five personality factors on the support, abuse, and feedback of supervisors has not been tested in any prior studies, the implications of this study are likely to go beyond an accounting setting.

Instrument Used to Determine Supervisor's Personality

Mark the right box with an "x".

Your supervisor is someone who…

	Disagree strongly	Disagree a little	Neither agree nor disagree	Agree a little	Agree strongly
… is reserved					
… is generally trusting of others					
… tends to be lazy					
… is relaxed, handles stress well					
… has few artistic interests					
… is outgoing and sociable					
… tends to finds fault with others					
… does a thorough job					
… gets nervous easily					
… has an active imagination					

Rammstedt and John (2007)

APPENDIX 3.2

Questionnaire Used to Determine Supervisor's Support, Abuse, and Feedback

My supervisor…	Disagree Strongly	Disagree a little	Neither agree nor disagree	Agree a little	Agree strongly	
… encourages new ways of doing things						Support (Karasek et al. 1982)
… pays attention to my work						
… shows me how to improve my work						
… listens to job problems						
… exchanges opinions and ideas						
… puts me down in front of others						Abuse (Tepper 2000)
… invades my privacy						
… reminds me of my past mistakes and failures						
… doesn't give me credit for jobs requiring a lot of effort						
… blames me to save himself/herself embarrassment						
… is generally familiar with my performance on the job						Feedback (Steelman et al. 2004)
… gives me useful feedback about my job						
… is supportive when giving me feedback						
… praises me when I do a good job						
… lets me know when I make a mistake						

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CHAPTER 4

DO PERSONALITY TRAITS AFFECT INTENTION FORMATION OF

ACCOUNTANTS IN AN ETHICAL DILEMMA?

ABSTRACT: In this study, I test the effects of two of the Big Five personality traits, Conscientiousness and Agreeableness, on the ethical decision-making process of accountants. Within the framework of Rest's (1986) Four-Component Model of Ethical Behavior, I posit that accountants high in Conscientiousness will tend to form a commitment to act ethically (confront their superior) despite pressure in an ethical dilemma. I also posit that accountants high in Agreeableness will tend to give in to such pressure. Both Conscientiousness and Agreeableness show the hypothesized effects on intention to act ethically, subject to the elimination of responses from those who express certainty that they would confront the superior. Some complexities of observing the effects of Agreeableness in an experiment are revealed.

INTRODUCTION

The purpose of this study is to investigate the effects of two of the Big Five personality traits, Conscientiousness and Agreeableness, on the ethical decision-making process of accountants. I posit that the degrees of Conscientiousness and Agreeableness affect the ethical judgment and decision making process of accountants when there is pressure to give in from the supervisor. Specifically, I expect that accountants high in Conscientiousness will tend to form a commitment to act ethically when faced with such an ethical dilemma. I also posit that accountants high in Agreeableness will not tend to make such a commitment.

The context is to observe accountants' intention formation to act once they have reached an ethical judgment. In other words, once an accountant decides the ethically correct action, what does he or she intend to do? As discussed below, this concerns Component III of Rest's Four-Component Model of ethical behavior.

The effects of both situational factors and individual differences on various aspects of ethical decision-making have been reported in the literature, but individual-difference factors have received more attention in past empirical research (Ford and Richardson 1994). Among these factors are nationality, gender, age, personality, attitudes, values, education, religion, and type and length of employment (Ford and Richardson 1994; Loe et al. 2000; O'Fallon and Butterfield 2005). Because this study is concerned with the particular intention-formation component, it is unclear whether some or all of these factors will affect the decision. Nonetheless, I undertake to minimize the variance of two of these factors, nationality and employment, by sampling accountants of a U.S. regional accounting firm.

I discuss the personality traits in detail in the next section. Briefly, however, individuals high in Conscientiousness follow rules and norms, and are thorough, responsible, and reliable (John and Srivastava 2001). On the other hand, individuals high in Agreeableness are soft-hearted, gentle, friendly and cooperative (John and Srivastava 2001). Cawley et al. (2000) show that virtue is a function of personality rather than a function of moral reasoning and cognitive development, and they particularly emphasize the effects of Conscientiousness and Agreeableness on virtues. Thus I focus on explaining ethical behavior using these two of the Big Five personality traits. To my knowledge, neither the accounting literature nor the broader literature has studied intention formation using differences in Big Five personality traits.

The participants in this study were 114 staff, senior staff, and supervisors from one of the top 100 U.S. accounting firms (*Accounting Today* 2010 Top 100). In a web-based study, they provided demographic information, and answered questions to determine their personality traits using an established instrument. Then, in a tax-based ethical scenario, they formed an ethical judgment and expressed their intention to act, in terms of a probability of challenging their boss.

I find that accountants high in Conscientiousness tend to form a commitment to act ethically when faced with pressure to give in from a supervisor in an ethical dilemma. I also find that accountants high in Agreeableness tend to give in to such pressure, but only if I delete the responses that express absolute certainty—a finding that requires some interpretation. I also find some indication that accountants high in Openness tend to form a commitment to act ethically under these conditions.

The results from this study are expected to help understand the intention formation of accountants on ethical issues based on personality traits, which will help accounting firms and others understand a crucial link in overall ethical behavior. While an individual who forms the intention to act ethically may fail to carry through, one who never forms the intention will not act ethically even if an employer encourages ethical actions, e.g., by offering a fraud hotline. As the ethical intention formation of accountants apparently has not been tested in any prior studies, the implications of this study are likely to go beyond the tax setting used in the study. Further, the effects of personality on the ethical intention formation of any professional group appear to be absent from the broader literature. Therefore, I hope this study will contribute to the broader literature as well.

THEORY AND BACKGROUND

In this section, I describe two theoretical models and review prior literature. First, I discuss Rest's (1986) Four Component Model and how this study fits into the current stream of literature on ethical judgment and decision making. Second, I introduce the Big Five traits to provide some background. Third, I provide a brief description of the relationships found in prior literature between personality traits and ethics, and discuss how this study adds another dimension to the stream of personality research.

Rest's (1986) Four Component Model of Ethical Behavior

Rest's (1986) Four Component Model is well known, and Bailey et al. (2010)

suggest a framework for future research within the model. Rest (1986) posits in his model

that moral functioning is composed of four sets of processes:

> Component I: moral sensitivity—processes that involve the recognition of the
> moral dimension within context;
>
> Component II: moral judgment—processes in which the individual identifies the
> morally ideal action;
>
> Component III: moral motivation—processes by which the individual prioritizes
> the moral action above other competing claims and forms an
> intention; and
>
> Component IV: moral character—processes that support the implementation of a
> particular action within a concrete situation.

That is, to act in the moral way an individual has to identify the moral dimension

within the context of the situation, determine the morally ideal outcome, be motivated to

take the ideal action (and formulate a plan of action), and finally have the moral character

to follow through in the face of competing forces. Failing to act will be due to failure in

one or more of the components.[1]

Among the accounting and business studies that address Component I are Shaub

et al. (1993), Karcher (1996), and Yetmar and Eastman (2000). Shaub et al. (1993) find

that the ability of CPAs to recognize situations having ethical content is influenced by

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[1] Although both Components III and IV concern carrying out one's ethically-judged decision, considering the two components separately is important. For example, two employees of the same company may be aware of fraudulent accounting, and both may judge it to be wrong. One employee makes a determination to act, but the other is unwilling to do so because they value personal relations or economic benefits over justice concerns. Both appear identical to the observer. The first, however, may follow through (in Component IV) if the company facilitates action by a hotline, etc., but the second will never do so.

cultural environment, personal experiences, industry environment, and organization environment. Karcher (1996) finds that majority of accountants generally are sensitive to potential problems but vary in assigning degrees of importance: tax evasion was rated of high importance by 94.3%, independence by 72.7%, and plant relocation by 43.2%. Yetmar and Eastman (2000) find that role conflict negatively influences tax practitioners' ethical sensitivity and that job satisfaction positively affects it.

According to Bailey et al. (2010), accounting studies involving ethical judgment and decision making overwhelmingly deal with Component II of Rest's model, using the Defining Issues Test (DIT) to measure the judgment formation. The literature on judgment formation is extensive, and the reader is referred to Bailey et al. (2010). Component III, the focus of the current study, has received little attention. This study focuses on personality traits as a determinant of intention formation, Component III.

Libby and Thorne (2004, 2007) address moral motivation and character that relate to Components III and IV respectively. They note that intention to act in a virtuous manner is associated with the list of virtues that are classified as "mandatory" virtues in the code of professional conduct, such as sincerity and truthfulness, and not associated with "non-mandatory" virtues such as sensitivity and helpfulness. Cawley et al. (2000) show that virtues, although not part of mainstream personality theory, are related to Big Five personality traits.

Personality Traits

The Dictionary of Psychology (Corsini 2002, 713) defines personality trait as, "A relatively stable and consistent behavior pattern which is considered to be a characteristic

component of an individual's personality." Allport (1937) described personality traits as organized mental structures, varying from person to person, which initiate and guide behavior. There are five broad categories of personality traits known as the "Big Five." Those categories, as initially labeled by Norman (1963), are as follows:

- <u>Openness</u> (or Intellect)

- <u>Conscientiousness</u>

- <u>Extraversion</u>

- <u>Agreeableness</u>

- <u>Neuroticism</u> (or Emotional Stability)

The first letters of the five traits form the acronym OCEAN. As compiled (based on prior literature) by John and Srivastava (2001, 30), brief descriptions of the five traits are as follows:

> Briefly, ***Extraversion*** implies an <u>energetic approach</u> toward the social and material world and includes traits such as sociability, activity, assertiveness, and positive emotionality. ***Agreeableness*** contrasts a <u>prosocial and communal orientation</u> towards others with antagonism and includes traits such as altruism, tender-mindedness, trust, and modesty. ***Conscientiousness*** describes <u>socially prescribed impulse control</u> that facilitates task- and goal-directed behavior, such as thinking before acting, delaying gratification, following norms and rules, and planning, organizing, and prioritizing tasks. ***Neuroticism*** contrasts emotional stability and even-temperedness with <u>negative emotionality</u>, such as feeling anxious, nervous, sad, and tense. Finally, ***Openness*** to Experience (vs. closed-mindedness) describes the breadth, depth, originality, and complexity of an individual's <u>mental and experiential life</u> [emphasis in the original].

Personality Traits and Ethics

Is ethical decision making driven by the person or the situation? Doris (1998) discusses two schools of thought on the relationship between traits and ethics. The school

of thought that believes traits can explain and predict ethical behavior argues, "…the person of good character will behave appropriately, even in situations with substantial pressures to moral failure…" (506). However, the situationist school of thought argues, " … behavioral variation among individuals often owes more to distinct circumstances than distinct personalities; the differences between the person who behaves honestly and the one who fails to do so, for example, may be more a function of situation than character" (509).

Some literature suggests that personality becomes important in "weak" situations where one has much latitude and it does not play a big role in "strong" situations (Mischel 1977). However, Cooper and Withey (2009, 70) argue:

> Anecdotal evidence about individuals such as Gandhi and Nelson Mandela points to the possibility that only the most trying situations permit the display of great character. Indeed, there is empirical evidence supporting the notion that strong situations are precisely the ones in which personality matters most (Caspi and Moffit 1993). Individual differences in courage, for example, are manifested only in extreme situations (Rachman 1990). Hence, correlations between certain elements of personality and behavior may actually be higher in extreme situations than in any less demanding situation.

Also, the situationist critique of Mischel (1968) and others claims that traits could neither predict nor be inferred from individual situations. However, "…trait theorists such as Allport (1961) and Cattell (1983) have stated explicitly that any given trait may fail to predict behavior in a single situation; it is only by behavioral aggregation that I can make trait claims" (Matthews et al. 2003, 40). The purpose of this study is to test whether differences in personality affect the ethical judgment and decision making, specifically intention formation, of accountants. The situation where an accountant has to make an

ethical judgment followed by an intention to act against the supervisor's judgment can be considered a strong situation. Prior research provides mixed argument (Caspi and Moffit 1993; Cooper and Withey 2009; Mischel 1977; Rachman 1990) regarding the role of personality in strong situations. I hypothesize that personality traits will affect ethical intention formation even in a strong situation.

HYPOTHESIS DEVELOPMENT

Having reviewed Rest's (1986) Four Component Model, introduced the personality traits, and reviewed prior literature on personality traits and ethics, I now lay out the hypotheses with respect to the intention formation of accountants in ethical decision making. I posit that two personality traits, Conscientiousness and Agreeableness, influence the intention formation of accountants in ethical situations.

In their review of pressure effects in accounting, DeZoort and Lord (1997) discuss the pressure created due to the influence that individuals have over one another within the firm. One of those pressures, as discussed by them, is compliance pressure, which is the pressure to go along with explicit requests from individuals at any level. Among other things, the result of that pressure is affected by characteristics of the individuals under pressure (DeZoort and Lord 1997). In this paper I intend to test the effect of Conscientiousness and Agreeableness of individuals on their intention formation under pressure for compliance.

In the personality literature I find that *Conscientious* individuals accept social values such as dutifulness and orderliness (Matthews et al. 2003). Conscientious individuals are task- and goal-oriented, follow norms and rules, plan, organize, and

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prioritize (John and Srivastava 2001). Conscientious individuals are governed by conscience or diligence (McCrae and John 1992). *Agreeableness* is manifested in social qualities such as kindness (Matthews et al. 2003). Agreeable individuals are tender minded, cooperative, trustful and modest (John and Srivastava 2001). An alternative descriptor for the factor Agreeableness is "Friendly Compliance versus Hostile Noncompliance" (Digman and Takemoto-Chock 1981). In other words, individuals high in Agreeableness tend to compromise based on the situation. McCrae and John (1992) characterized individuals high in Conscientiousness as "strong-willed" and individuals high in Agreeableness as "weak-willed" individuals. Among the Big Five personality factors, existing research indicates that Openness, Neuroticism and Extroversion show no significant relationship to ethical behavior (Hegarty and Sims 1978, 1979; Cawley et al. 2000).

Based on the discussion presented thus far, I posit that accountants high in Conscientiousness will tend to decide to act according to their best judgment in ethical decision making when faced with pressure to give in from a supervisor. I also posit that accountants high in Agreeableness will be less likely to make such determination and more likely to compromise in a conflict involving ethical judgment and decision making. Stated in the form of hypotheses:

> **H1:**   *Accountants higher in Conscientiousness are more likely to form an intention to act in accordance with their ethical judgment when faced with pressure to act unethically.*

H2:   *Accountants higher in Agreeableness are less likely to form an*

intention to act in accordance with their ethical judgment when

faced with pressure to act unethically.

I have hypothesized relationships between Intention to Act and traits of Conscientiousness and Agreeableness. However, I test the effect of all of the Big Five factors for potentially interesting observations, as well as to control for important omitted variables.

Design of the Study

In this study accountants are given a clearly unethical tax scenario (see Appendix 4.2) based on one of the top twelve tax scams as indentified by the IRS (2008) and, after confirming their own judgment about the ethicality of the case, are asked how they intend to act. The scenario used in this study is in a tax setting. While working on a large and important client, the accountant in the scenario discovers that the client has been using a charitable (not-for-profit) organization to hide income and claim false donations. The accountant also realizes that his or her boss has been aware and tolerant of this act of the client. The first question posed to accountant is whether he or she finds this situation to be unethical. Although the answer may seem obvious, it is important to establish that the participant is thinking in an ethical framework, operating at Component III of Rest's model, and is not viewing the problem in strictly economic terms, for example. Once the

accountant answers yes,[2] he or she is asked to state the probability (a number between 0 and 100) of confronting the boss. Thus intention formation, my dependent variable, is based on the stated probability.

Participants

I recruited 114 accountants at staff, senior-staff, and supervisors from a top 100 US accounting firms (*Accounting Today* 2010 Top 100). A total of 155 accountants received an e-mail message from the managing partner asking them to go to the prescribed website and fill out an instrument requiring about fifteen minutes, which included the following:[3]

1. Demographic information

2. Experience

3. Education

4. Certification

5. International Personality Item Pool (IPIP) developed based on Goldberg (1999) found in public domain at http://ipip.ori.org/ (Appendix 4.1)

6. An ethical dilemma in which the accountant has to decide how to act (see Appendix 4.2).

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[2] Only one respondent answered initially that the situation described was *not* unethical. After being directed to an explanation that this is one of the IRS's top twelve tax scams, the individual revised their opinion. It seems likely that this person simply had clicked the wrong button.

[3] The participants also responded to questions related to a separate study, concerning job performance and their professional environment.

At the same time, packages containing a request letter and a $20 restaurant gift card were distributed to those individuals. Participation was voluntary and anonymous. The managing partner sent three reminder messages, and in a two week window I received 114 completed responses (a 74% response rate).

RESULTS

Descriptive Statistics

The participants included 50 males and 64 females, of whom 35 were Staff, 39 Senior Staff, and 40 Supervisors. Forty-six had undergraduate degrees, 16 had taken some graduate classes, and 52 had graduate degrees; 40 were CPAs and 72 had other certifications; 24 were between the ages 20 and 25, 47 were between the ages 26 and 30, and 43 were above 30.

Reliability

The IPIP instrument used based on Goldberg (1999) to gather the personality trait information of the participants includes five factors with ten items in each factor. The internal consistency of each of the factors was acceptable and the Cronbach's alphas for all factors exceeded .80.

Model and Results

To test the hypotheses I use linear regression with the following model:[4]

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[4] Gender, which has often been a significant factor in ethical behavior and judgment, showed no significance here, and is omitted from the analysis.

Intention to Act = $\alpha + \beta_1$ **Extraversion** $+ \beta_2$ **Agreeableness** $+ \beta_3$ **Conscientiousness**

$+ \beta_4$ **Neuroticism** $+ \beta_5$ **Openness** $+ \varepsilon$

Where:

Intention to Act = Stated Probability of Confronting the Supervisor (0–100%)

Extraversion = Score on Extraversion

Agreeableness = Score on Agreeableness

Conscientiousness = Score on Conscientiousness

Neuroticism = Score on Neuroticism

Openness = Score on Openness

Scores of all of the Big Five factors can range between 5 and 50.

Table 4.1 shows the means and the standard deviations of the responses. Of the

114 participants, 37 responded "100," expressing certainty that they would confront their

boss. The responses are not normally distributed, but an arcsin transformation improved

Table 4.1
Descriptive Statistics of Response Variables (n=114)

Variable	Min	Max	Mean	SD	Skewness	Kurtosis
Extraversion	11.00	48.00	31.43	7.94	-0.14	-0.47
Agreeableness	21.00	49.00	39.96	6.08	-0.74	0.24
Conscientiousness	20.00	50.00	38.25	5.85	-0.24	-0.11
Neuroticism	11.00	43.00	25.90	6.95	0.22	-0.39
Intention to Act	0.00	100.00	81.66	22.64	-1.81	3.43
arcsin (Intention/100)	0.00	1.57	1.10	0.42	-0.51	-0.35

the normality of the dependent variable, as well as the normality of the error terms in the

regression analysis. The correlations among the variables appear in Table 4.2.

Table 4.2
Correlations between Variables(n=114)

	1	**2**	**3**	**4**	**5**
1 arcsin(Intention/100)					
2 Agreeableness	-0.130				
3 Conscientiousness	0.153	0.542			
4 Neuroticism	-0.114	-0.236	-0.369		
5 Openness	0.042	0.269	-0.013	0.086	
6 Extraversion	0.013	-0.036	-0.153	0.019	0.449

The regression analysis appears in Table 4.3. A regression including all

observations yields an R^2 of .125. The coefficient of Conscientiousness is significant and

positive, supporting Hypothesis 1, but the coefficient of Agreeableness, although in the

hypothesized negative direction, is not significant. Openness, however, is positively

related and significantly related to intention to act, and neither Extraversion nor

Neuroticism is significant.

A response of 100 indicates certainty of confronting. These responses are

questionable because they represent a sizeable subsample with no variability. They also

may be driven by experimenter demands—that is, they may not be an honest or

disingenuous representations, for who can be 100% certain that they would confront their

Table 4.3
Regression Results

Panel A: All 114 observations included (n=114)

	Predicted Sign	arcsinIntent
Regression R Square		0.125
Agreeableness	-	-0.084
Conscientiousness	+	0.255**
Neuroticism		-0.097
Openness		0.265***
Extraversion		-0.126

Panel B: Excluding 37 respondents claiming certainty of confronting their boss (n=77)

	Predicted Sign	arcsinIntent
Regression R Square		0.114
Agreeableness	-	-0.369**
Conscientiousness	+	0.314**
Neuroticism		-0.098
Openness		0.164
Extraversion		-0.024

* Significant at the 0.10 level

**Significant at the 0.05 level

***Significant at the 0.01 level

boss in this threatening situation? Thus, I excluded these responses and re-ran the

regression. The results appear in Panel B of Table 4.3. With a sample size of 77, the R^2 is

.114. Both coefficients of the two variables of interest are significant at < 0.05,

supporting both H1 and H2. Openness no longer is significant.

An apparent explanation for the discrepancy between the findings in Panels A and

B of Table 4.3 is that the individuals who responded "100%" as their intention tended to

be those who were *higher* in Agreeableness (significant in a simple regression at p = 0.05), although the general trend is for those higher in Agreeableness to be *lower* in intention to confront. This observation is borne out by fitting a curve to the relationship between Agreeableness and intention; the best fitting curve is in fact a U-shaped quadratic function. Thus, it appears that, for some participants, their Agreeableness was expressed by agreeing with the perceived demands of the experiment, or of society's expectations, and answering as they "should" answer. Others, who were more introspective, may have followed my instructions to think of past experiences and consider how they truly would act.[5]

CONCLUSION

The purpose of this study is to investigate the effects of two of the Big Five personality traits, Conscientiousness and Agreeableness, on the ethical decision-making process of accountants. I posit that the degrees of Conscientiousness and Agreeableness affect the ethical judgment and decision making process of accountants when there is pressure to give in from the supervisor. Specifically, in the first hypothesis I posit that accountants high in Conscientiousness will tend to form a commitment to act ethically when faced with pressure to give in from a supervisor in an ethical dilemma. In the second hypothesis I posit that accountants high in Agreeableness will tend to give in to such pressure.

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[5] In a pilot study using students in a classroom setting, Agreeableness had a significant *positive* effect that might be attributable to an especially strong bias to please the experimenter (who was present in the room). The bias may have persisted in a diminished form in the web-based study of professionals.

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I find support for both hypotheses, although the finding concerning Agreeableness is contingent on deleting responses that express 100% certainty of acting ethically. In addition, I find Openness to be positively related to intention to confront the supervisor when including all data, but not significant at conventional levels with the reduced sample. Nonetheless, this gives a hint that Openness may play a part, and this is reasonable given the association between Openness and intelligence. Individuals high in openness are open-minded and they have breadth, depth, originality, and complexity of mental and experiential life (John and Srivastava 2001), and may recognize the impact of ethical violations (such as tax evasion in my case) upon society. This possibility suggests a need for further research.

One limitation of this study is that the intention formations of accountants were self-reported. The nature of intention formation is such that it cannot be observed. Another limitation is that the intention formation was captured using only one scenario in a tax setting. Further investigation is needed in other setting such as audit and corporate accounting to increase our knowledge of intention formation in ethical dilemmas.

The results from this study may help understand how the intention formation of accountants on ethical issues is driven by personality traits. Ethics in general is a sensitive issue to be addressed at work, and to suggest that ethical performance can be enhanced by personnel screening based on personality tests is premature—although such testing already is common. However, accountants involved in taxation are faced with ethical dilemmas on a regular basis. While keeping the clients happy is essential for survival of the firm public accountants have a responsibility to report income and calculate taxes according to the code laid out by the Internal Revenue Service. If personal

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differences such as being high or low on certain personality traits affect the ethical

judgment and decision making process of tax accountants, then it is important that we

understand those differences. The results of this study indicate that being high on

Conscientiousness is positively related to intention formation in an ethical dilemma. If

this relationship is indeed valid, then having more conscientious accountant in the

positions that require ethical judgment should minimize unethical behavior in tax setting.

Conscientiousness has been found to be favorable in many work-related settings.

Agreeableness, while a favorable trait in many settings, may also be an influential factor

that can discourage difficult ethical decisions. As the effect of Big Five personality

factors on the ethical intention formation of accountants and indeed other professionals

apparently has not been tested in any prior studies, the implications of this study are

likely to go beyond a tax or accounting setting.

APPENDIX 4.1

The "Personality" questionnaire (IPIP based on Goldberg 1999):

How Accurately Can You Describe Yourself?

Describe yourself as you generally are now, not as you wish to be in the future. Describe yourself as you honestly see yourself, in relation to other people you know of the same sex as you are, and roughly your same age. So that you can describe yourself in an honest manner, your responses will be kept in absolute confidence. Indicate for each statement whether it is 1. Very Inaccurate, 2. Moderately Inaccurate, 3. Neither Accurate Nor Inaccurate, 4. Moderately Accurate, or 5. Very Accurate as a description of you.

[The response scale appeared at right on the screen. There are 10 items/factor, with factor identification not shown here. Factor items are interspersed, and some are reverse-coded.]

1	Am the life of the party.	26	Have little to say.
2	Feel little concern for others.	27	Have a soft heart.
3	Am always prepared.	28	Often forget to put things back in their proper place.
4	Get stressed out easily.	29	Get upset easily.
5	Have a rich vocabulary.	30	Do not have a good imagination.
6	Don't talk a lot.	31	Talk to a lot of different people at parties.
7	Am interested in people.	32	Am not really interested in others.
8	Leave my belongings around.	33	Like order.
9	Am relaxed most of the time.	34	Change my mood a lot.
10	Have difficulty understanding abstract ideas.	35	Am quick to understand things.
11	Feel comfortable around people.	36	Don't like to draw attention to myself.
12	Insult people.	37	Take time out for others.
13	Pay attention to details.	38	Shirk my duties.
14	Worry about things.	39	Have frequent mood swings.
15	Have a vivid imagination.	40	Use difficult words.
16	Keep in the background.	41	Don't mind being the center of attention.
17	Sympathize with others' feelings.	42	Feel others' emotions.
18	Make a mess of things.	43	Follow a schedule.
19	Seldom feel blue.	44	Get irritated easily.
20	Am not interested in abstract ideas.	45	Spend time reflecting on things.
21	Start conversations.	46	Am quiet around strangers.
22	Am not interested in other people's problems.	47	Make people feel at ease.
23	Get chores done right away.	48	Am exacting in my work.
24	Am easily disturbed.	49	Often feel blue.
25	Have excellent ideas.	50	Am full of ideas.

An Ethical Dilemma in Tax Setting

Once the participants completed demographic information and personality

questionnaires, they were directed to the following screen.

Only one participant selected "Yes" and was directed to the following screen.

After reading the information presented the individual recognized that it is unethical and

was directed to the final screen (shown on the following page).

Dissertation Study

Tax Scenario

Abuse of charitable organizations and deductions has been classified as one of the top twelve tax scams by the IRS in 2008. The IRS actively looks for this type of fraud.

Does this information lead you to believe that it would be unethical to tolerate this form of tax reporting?

○ Yes, I believe it is unethical.

○ No, allowing this tax reporting is not unethical.

Prev   Next

The other 113 participants selected 'No' as their answers in the first screen and were directed immediately to the following screen.

Dissertation Study

Tax Scenario

Having recognized your boss's unethical behavior—and the clear expectation that you go along with it—you face a dilemma. On one hand, you are not directly responsible for signing the tax return. You have a promising career at your firm, and the job market is weak. On the other hand, your ethical judgment clearly tells you that participating in this action is wrong.

How likely are you to approach your boss and argue that the firm should no longer allow the client to use the charitable organization as a shield to hide income and claim false donations?

While you may not have encountered the exact situation as this one, please think back to similar situations you have faced in the past and answer in accordance with how you usually acted.

What is the probability that you will confront your boss?

Enter a number between 0 (definitely will not) and 100 (definitely will).

[   ]

Prev   Next

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CHAPTER 5

CONCLUSION

Performance and ethics have been researched in accounting and other studies to a great extent. The psychology literature has used the Big Five personality traits, namely Openness, Conscientiousness, Extraversion, Agreeablness, and Neuroticism, in explaining various aspects of individual performance. The purpose of this dissertation is to add to the existing literature through three studies. The first study investigates the relationship beteen job performance of accountants and their personality traits as mediated through task selection. The second study investigates the effect of personality on the support, abuse, and feedback supervisors provide to their subordinates. The third study investigates the relationship between intention formation in an ethical dilemma and the personality of the individual in that dilemma.

The results from the studies are mixed. Some of the hypothesized relationships are supported while others need further investigation in order for those to be considered as valid. Broadly speaking, Conscientiousness is found to be positively related to job performance, support and feedback provided to subordinates, and intention formation to act ethically. Conscinetiousness is negatively related to abusive behavior towards subordinates. These findings regarding Conscientiousness confirm prior findings (Barrick and Mount 1991; Judge et al. 1999; Hockwarter et al. 2000; LePine and Dyne 2001; Barrick et al. 2002). In general high Concientiousness in individuals make them better performers and more ethical. They should be considered for supervisory positions and positions that require ethical judgment and decision making.

Extraversion is negatively related to task selection and job performance at staff accountant level. This finding is contrary to general findings in the literature. Prior literature finds positive relationships between Extraversion and performance (LePine and Dyne 2001; Seibert and Kraimer 2001; Barrick et al. 2002). The reason for the hypothesized negative relationship between Extraversion and performance at staff level is due to the nature of the day-to-day tasks involved. The staff accountants are required to do more technical tasks such as tax preparation and general ledger review. The individuals who are highly extraverted are more inclined towards socializing with others and doing tasks that involve interactions with others. As a result, the performance of the highly extraverted staff accountant suffers while he or she is at the staff level.

Extraversion is positively related to feedback and support provided to subordinates and negatively related to abusive behavior towards subordinates. Extraversion causes individuals to have positive emotionality and sociability (John and Srivastava 2001). The findings from this study confirm these positive traits. In accounting firms, along with technical ability, Extraversion should be taken into consideration in promotion decisions.

Neuroticism is positively related to abusive behavior towards subordinates. In general, prior literature finds negative relationships between Neuroticism and various aspects of job performance and behavior (Judge et al. 1999; Boudreau et al. 2001; Seibert and Kraimer 2001; Illies and Judge 2002; Lim and Ployhart 2004). This study adds another negative effect of Neuroticism. Accounting firms should attempt to keep individuals with high Neuroticism away from supervising others.

Openness is positively related to ethical intention formation. While this relationship was not hypothesized, this finding adds to our knowledge. Openness is also known as intellect among personality trait researchers. Individuals with high Openness have mental breadth, depth, and originality (John and Srivastava 2001). In an effort to minimize unethical behavior, individuals with high Openness should be considered for positions where ethical judgment and decision making are important.

Agreeableness is positively related to support and feedback provided to subordinates and negatively related to abusive behavior towards subordinates. Individuals with high Agreeableness are trusting and tender minded (John and Srivastava 2001). Therefore, it is easy to understand why they would show support and provide feedback to their subordinates and refrain from abusing them. Individuals with high Agreeableness should be considered for supervisory positions along with other needed qualities as set forth by firms.

Taken together the findings from this disseration adds to our understanding of individual performance, behavior towards subordinates, and ethical judgment and decision making as explained by the Big Five personality traits.

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