

Personality traits  
conscientiousness  
agreeableness



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## **CHAPTER 3**

### **3. 1 Introduction**

Under this study, Personality Traits (Conscientiousness, Agreeableness) will be examined. Organizational Climate (Social Norm of a company) will be studied as the moderator to find out the relationship between Personality Traits' (Conscientiousness, Agreeableness) on ethical decision making. This section also reports the research methodology including research design, analytical techniques and operation of constructs.

### **3. 2 Research Model and Hypothesis**

This study aims to focus on the determinants of ethical decision making. Jones (1991) study has provided the evidence of personality traits as antecedents of ethical decision making of employees. This also supported by Pimintel, Kuntz and Elenkov (2008) where there is agreement that employees' personality traits, works experience, organizational characteristic are the important factors that will influence the ethical decision making especially is business industry.

Ford and Richardson (1994), also support that there are some individual that will affect on the ethical decision making of employees in organization which they mention that nationality, religion, gender and age, level of education, working experience, value, belief and personality will affect ethical behavior and decision making of the employees in the organization. Several studies have proposed that a relationship exists between the ethical climate of an organization and the personality traits of the employees (Deshpande, 1996; Deshpande et al., 2000; Fritzsche, 2000; Wimbush and Shepard, 1994).

In Hegarty and Sims' (1978 and 1979) paper they included the Neuroticism and Extraversion, Conscientiousness as the factors that will influence the ethical decision making of employees in organization. This paper show a result that by using the Eysenck measure for the neuroticism and extroversion, there is no significant relationship to the ethical decision making of the employees (Hegarty and Sims, 1978 and 1979).

Previous ethical decision research implies that employees might be moderated by Cultural Intelligence (Rose, Ramali and Uli 2010), Cultural dimension of and employee (Pan, Song, Goldschmidt and French 2010), organizational forms (Skinner 1988) and culture (Svensson and Wood 2003); (Horvath 1995), peer influence (Zey - Ferrell et al., 1979), Corporate Governance Mechanism (O'Leary and Stewart 2007), Hofstede Cultural Dimension (Tse at El., 1988 and Vitell et al., 1993) and (Zey - Ferrell and Ferrell, 1982), or job position and managerial value (Alder 1997) during the period that they were making decision for an activity or organization. Therefore, in this study, scholar will include the organizational climate as one of the moderating effect toward ethical decision making.

### **3. 2. 1 The Influence of Personality Trait's Agreeableness on Ethical Decision – Making**

Agreeableness is defined by McCrae and Costa (2003) as being trusting, sympathetic, straightforward and selfless. Agreeableness is categorized by a high degree of trust in others and by others. It also can be described as a high degree of altruism, a strong desire to commiserate and aid others Costa and McCrae (1992). Finally, a high degree of compliance, or a willingness to defer to others, is observed with this trait Costa and McCrae (1992).

### **3. 2. 2 The Influence of Personality Trait's Conscientiousness on Ethical Decision – Making**

In Korzaan and Boswell (2008) paper, Conscientiousness is defined using terms such as rational, ordered, and informed. Conscientious individuals tend to deliberate issues, analyzing and eventually determining a course of action or adopting an opinion. They gather whatever information is needed to make these informed decisions.

Ones et al. (1993) conducted a large-scale comprehensive meta-analysis of integrity test validities. Upon examination of the item content of these tests, these authors suggested that the general construct being measured was conscientiousness, one of the five personality dimensions theorized in the Big Five theory of personality (Barrick and Mount, 1991). Conscientiousness reflects characteristics such as responsibility, carefulness, and dependability.

Those high in conscientiousness exhibit the capacity to function or develop in generally productive ways and they show a preference for meaningful arrangement within the environment Olson and Suls (1998). Additionally, Olson and Suls (1998) also mention that highly conscientious people are motivated by a sense of duty and by a need for achievement and inner growth.

Engagement in the regulation of oneself for the sake of improvement and the thoughtful consideration of possible outcomes before decision or action are also hallmarks of this personality factor (Costa and McCrea, 1992). Ones et al. (1993) observed that, in the integrity testing literature, this construct

appears to have been viewed and measured from its negative pole (e. g., irresponsibility, carelessness, and violation of rules).

The Big Five personality traits are the most commonly accepted taxonomy of personality in current personality literature Oswald et al., (2004). Of these five global traits, conscientiousness has shown the strongest positive relationship to overall work performance like able to make ethical decision (Barrick and Mount, 1991; Ones et al., 1993; Tett et al., 1991) and strongest negative relationship to counterproductive workplace behaviors (Ones et al., 1993) and to disinhibition and psychoticism Watson and Clark (1993).

In Manley et al., (2007) paper, the finding in that paper shows initial support for the hypotheses where conscientiousness has significant variance on the ethical decision making. Conscientiousness was assessed by the NEO-Personality Inventory-Revised (NEO; Costa and McCrae, 1992), which is a widely-used measure of the Big Five. Item scores were averaged to form scale scores ranging from 1 to 5, with high scores indicating high conscientiousness.

Hypothesis 2: Conscientiousness has a significant positive relationship with ethical decision making.

### **3. 3 Moderating Relationship**

An implicit assumption of the Jones (1991) model is that applies equally well to all bank employees. With many theories that include factors that moderating the ethical decision making of employees like Cultural Intelligence (Rose, Ramali and Uli 2010), Cultural dimension of and employee (Pan, Song, Goldschmidt and French 2010), organizational forms (Skinner

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1988) and culture (Svensson and Wood 2003); (Horvath 1995), peer influence (Zey - Ferrell et al., 1979) and (Zey - Ferrell and Ferrell, 1982), or job position and managerial value (Alder 1997). However it is likely that some of the factors like organizational climate that will influence the employees decision making as mentioned by Barnett and Vaicys (2000).

### **3. 3. 1 Organizational Climate**

An organizational climate can be defined as the shared perception of what behaviors of those employees are expected and rewarded inside the organization which this is stated by Zohar and Luria (2005) In Hunt and Vitell (1991 and 1986) papers, they have mention that organizational climate or environment are factor that will also influence on the employees attitudes, belief and behavior for making decision in organization. There also agreement like Trevin (1986) and Ferrell and Gresham (1985) on this moderating factor which will give some moderate effect towards the ethical decision making of employees in organization.

A number of models of ethical decision making suggest that organizational climate play an important role in influencing ethical behavior in marketing decision making among the employees in organization which has mention in the study like (Bartels, 1967; Ferrell and Gresham, 1985; Hunt and Vitell, 1986). Knowledge of the impact of organizational climate on marketing decisions making improves a firm's ability to design effective competitive strategies, negotiate international sales and, particularly in the case of multinationals, coordinate internal activities which is mention in (Tse et al., 1988).

Barnett and Vaicys (2000) has mentioned that organizational climate which include with rules or code of ethics has some expected moderating effect on ethical decision making of an employees and there are also show positive relationship of the organizational climate and the ethical decision making which it albeit a marginally significant result of that test. Given that Organizational Climate such as the organizational factors are considered to be important determinants of ethical decisions making in business ethics theories as most of the study that has include organizational climate in the study are like (e. g. Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Trevino, 1986; Jones, 1991) is also supported by Singhapakdi, Kleyn and Rao (1999) that organizational climate as one of the important variable that use for investigating in a cross-cultural study as well.

Hypothesis 3a: Organizational Climate will moderate the relationship between agreeableness and ethical decision - making.

Hypothesis 3b: Organizational Climate will moderate the relationship between conscientiousness and ethical decision - making.

The research model on the factors personality traits (Agreeableness and Conscientiousness) influence on the ethical decision making of the bank employees in Kota Kianablu, Sabah is shown in Figure 3. 1

Figure 3. 1 Research Framework on the influence of personality traits (Agreeableness and Conscientiousness) on bank employee's ethical decision - making in Kota Kinabalu, Sabah.

## **AGREEABLENESS**

## **CONSCIENTIOUSNESS**

## **ETHICAL DECISION – MAKING**

## **ORGANIZATIONAL CLIMATE**

### **3. 4 Research Design**

The data relevant to this study were obtained through primary and secondary data. Primary data was collected using the survey method.

Secondary data regarding to personality traits' definition and explanation was obtained from Costa and McCrae (1992) paper. Two personality component was included in this research are Agreeableness and Conscientiousness.

#### **3. 4. 1 Sampling Frame**

Questionnaire was distributed through email and by hand. The participants in the study were the bank employees that is currently work in the area of Kota Kinabalu Sabah. Most of the respondents are come from the bank in Kota Kinabalu area like the Public Bank Berhad, Hong Leong Bank Berhad, CIMB Bank Berhad, Standard Chartered Bank, Hong Kong and Shanghai Bank Corporation (HSBC), United Oversea Bank (UOB), Oversea Chinese Banking Corporation Bank (OCBC), Rashid Hussein Bank (RHB), Bank Rakyat Malaysia, Bank Simpanan Nasional (BSN), and Agrobank Berhad. Kuwait Finance House (Malaysia) Berhad will not include in this study as this branch just started to operate since 1st of April 2011 and most of their employees is new to their working environment and it may not suitable to use the employees from that Kuwait Finance House (Malaysi) Berhad as the respondents.



### **3. 4. 2 Survey Instrument**

### **3. 4. 3 Survey Implementation**

A Pilot test was conducted one week before the questionnaires were sent out. About five employees from CIMB Bank Berhad were selected to participate in the pilot test. The purpose of the pilot test is to ensure the clarity of the questionnaire statements and to detect the possible weaknesses in the questionnaire. Feedbacks received from the pilot study were used to revise the questionnaire. All of these items were closed - end questions that could be answered within approximately 15 minutes. Each individual questionnaire is accompanied by a cover letter. The questionnaire will be in English only.

A total of 200 sets of questionnaire were delivered by hand or sent through email during the survey period which is from 27th April 2011 until 20th May 2011. Respondents were given 3 weeks to complete and return back. Follow - up email or phone calls were made after the final questionnaires were distributed.

### **3. 5 Analytical Technique**

Data were analyzed using the Statistical Package for the Social Science (SPSS) software. The data is tested for its normality and linearity. This is done to fulfill the two assumptions of inferential statistic usage and to avoid Type I and Type II error in hypothesis testing. In this case, the Kolmogorov - Smirnov test is executed for the normality test as it can detect non - normality distributed data better than any other test for a small sample size. There are few statistical tests were conducted to analyzed the data obtained. Each of the tests will briefly discuss in the following sections.

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### **3. 5. 1 Descriptive Statistic Analysis**

To start analyzing the data, descriptive statistic is performed to provide data analysis on the profiles of the responding participants using frequency analysis. Under this study, the frequency distribution of descriptive statistic analysis for the demographic variables was conducted. Through this analysis, the demographic variables can be explained into more detail in the form of table. Furthermore, mean, variance and standard deviation of the data were found to describe the characteristics of the population in this study.

### **3. 5. 2 Correlation Analysis**

Correlation analysis is used to describe the strength and direction of the linear relationship between 2 variables. A correlation values were neither an absolute value of 0 nor 1. It should range between 0 and 1 where the higher the value, the higher the relationship between the variables.

### **3. 5. 3 Factor Analysis**

According to Coakes, Steed nad Ong (2009), factors analysis is a data reduction technique used to reduce large number of variables to smaller set which summarize the essential information contained in the variables. The analysis is used to reduce the item in Section???? into a certain amount of the factors.

### **3. 5. 4 Multiple Regressions**

Finally, multiple regression analysis is conducted to test the hypothesis. There analyses are used to measure the relationship between determinants that influence ethical decision making of bank employees in Kota Kinabalu,

Sabah. The positive or negative relationship between these two variables will be examined.

### **3. 5. 5 Hierarchical Regressions**

In hierarchical regression, the order of the entry of the independent variable is based on the theoretical knowledge. In this study, the moderator – organizational climate is examined between Personality Trait (Agreeableness, Conscientiousness) towards ethical decision – making.

## **3. 6 Operation of Constructs**

### **3. 6. 1 Measure of Dependent Variable**

Ethical decision making can be define as the process of ethical deliberation usually utilizing various models considering such elements as the ethical problem, guidelines, choices, and consequences, and continued evaluation of the process Cottone & Tarvydas, (2003).

### **3. 6. 2 Measure of Independent Variable**

The Personality traits can be define as the represents a broad range of structure of personality traits. Comprised of Neuroticism, Extraversion, Openness to experience, Agreeableness, and Conscientiousness; these domains subsume more distinct and specific characteristics Larson (2001).

### **3. 6. 3 Measure of Moderator**

## **3. 7 Summary**

This chapter presents the research framework and methodology used under this dissertation. Cross sectional study was carried out and questionnaire is

the only instrument. The research design, analytical techniques and operation of constructs are outlined in this study.