

Study of multiple relation of personality characteristics with financial – behavioral knowledge components in principals of primary schools of the Isfahan city

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Abstract: Nowadays, researches related to factors influencing the decision taking of directors have opened a new perspective for the institutions and organizations. One of the factors effective on decisions and behaviors of directors is personality traits and their financial and behavioral knowledge. Therefore, the present study was performed on principals of primary schools of primary schools of the Isfahan city with the objective of studying the multiple relation of their personality characteristics with their financial – behavioral characteristics. This research is of the descriptive – correlative type to conduct which the random cluster, multiple stage method was employed. Amongst the primary school principals of the Isfahan city in the scholar year 2013-2014, 205 individuals who met the research criteria were selected. Data collection tools included the Neo personality questionnaire and the financial behavioral questionnaire. For statistical analysis of data, the Pearson statistical analysis of data, the Pearson statistical analysis and multiple regressions was used. Data analysis indicated that there is a significant relation at the 0.05 error level between the neuroticism and the two components of cognitive and perceptive bias and also the experiment compliance. While the multiple regression analysis showed that none of the personality features enjoy the prediction potential of the financial – behavioral knowledge of the school principals.

Key words: Personality features; Financial – behavioral knowledge; School principals

1. Introduction

The twenty first century has been called the management century since speed, precision of action, and abundance of human and industrial products needs a coordinating, thinker and wise power called management. Existence of manager for proportion sustaining and development and effectiveness and fertility of today's complex foundations and organizations is an inevitable requirement. Since survival and growth of institutions and efficiency and effectiveness of administrative and educational systems depend on the quality of management (Musavi – Zahed, 2011).

Type of performance of managers within the institution, determine the functioning of that institution at the community level and performance of institutions of each community and nation; provides the basis for survival and progress or fall and decline of that society. On one hand, management plays the most important role in each institution and meanwhile the role of manager in education and instruction organizations is an "approach" one since all objectives, programs and factors and inputs of this is situation is humane and the process happening in it concerns conversion of an uneducated, raw, undeveloped human being to an evolved and perfect, self-conscious, creative initiated being (Golparvar and Nady, 2011).

One of the important factors effective on management methods of managers, is their personality characteristics.

Since personality characteristics of individuals functions as a factor for determining their behavior. Through identification of these characteristics, it is both possible to select efficient managers and also assist the managers for selection of individuals in various organizational positions (Larson and Buss, 2008).

Personality characteristics in everyday life, goes back to sustained traits during the time which have not much charged from one situation to another and point to the individual's essence nature. Generally, our behaviors are influenced by cognitive and emotional characteristics and potentials that to predict behavior, such characteristic should be scrutinized (Haghshenas, 2009).

Therefore, personality is a set of traits which are found in an individual with relative stability and allows other to be able to partially predict his/her behavior and identify his/her difference from other (Gangi, 1999).

As a whole, each individual has a series of characteristics that causes him/her to regularly and continuously show a particular behavioral manner. Such characteristics which are originated from the individual's personality play an undeniable role in the managerial and interactive process of the individuals (Yuna, 1997). In a similar spirit, almost all the behavioral sciences authorities unanimously agree that the behavior of human beings is rooted in

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their personality and that, through identification of individuals' personality it is possible to predict their behaviors (Eskandar, 2012; Kaviani, 2007).

Amongst other crucial factors influencing individuals' management which is a newly-emerged phenomenon as well, is the "financial – behavioral" knowledge which is generally referred to in psychology as the financial knowledge, which attempts to propound the psychological cognitive relation, personality characteristics, "behavioral economy" and "the cognitive sciences" and "the experimental economics" (Pompain, 2004). The financial behavioral knowledge attempt to show the application of psychological decision taking processes in identification (cognition) and predication of financial output, or the financial – behavioral knowledge attempts to identify the human psychological phenomena in the whole market and at the society level and learns from it and instructs other (Pompain and Long, 2004).

In relation with the present research, scarce studies have been done. Barberries and Thaler in a research entitled "New financial – behavioral paradigm in financial markets" showed that in some of the behavioral models, representatives (agents) cannot correctly update their opinions and make choices that are questionable and do not agree with the expected utility desirability. Also, Shefrin (2007) in a research appropriate to the present one, has indicated that there is a stronger relation between conception of investor toward affirmative aspects of the past events rather than negative events and promotion of excessive optimism to the mark (narrated from Holden, 2014).

In surveying the financial – behavioral knowledge believes that there is a relation between behavioral biases of individuals and their decisions which result from some of their psychological characteristics. Finally Felner (2004) in results of his research has shown that, when individuals are exposed to potential concept bias (one of the subscales of cognitive bias in the financial – behavioral knowledge), lend to feel that they can have control over their environment more than what is really possible. One of the reasons showing necessity of the present research is that considering that conducting the society's route towards welfare or wickedness is in the hands of the society's managers especially education and instruction administrators, therefore characteristics of these individuals from the conceptual and spiritual, psychological and emotional dimensions should be considered. Because school principals too like other members of the society have individual differences, various potentials, motivations, interests and tendencies particular to themselves and enjoy different attitude, knowledge and value systems, such individual and personality differences will be effective on their functioning paradigm and behavior (Barker, 1948; narrated by Ehteshami, 2010). Therefore, the aim of the present research is to study the multiple relations of personality characteristics with the

financial – behavioral knowledge in primary school principals.

2. Research method

The present research is descriptive – correlative. Statistical universe of this research was composed of all the male and female principals employed in primary schools of Isfahan in 2014 constituting a population of 530 individuals. Based on the chart of proportion of sample volume with the statistical universe volume, 205 individuals were selected as the sample volume for participation in this research. The number of individuals for the sample volume of the research was determined through the cluster, multi-stage cluster random sampling such that first amongst the six education and instruction districts of Isfahan, two districts were randomly chosen, then the list of primary schools in these districts were prepared amongst which randomly 205 schools (there is only one principal in each school) totaling 205 female and male principals were tested. Following collection of questionnaires, 55 questionnaires (25%) due defective response were eliminated from the research therefore the sample group was reduced to 150 individuals.

In this research, to gather data the following tools were employed:

2.1. NEO personality questionnaire, short form (NEO-FFI)

The new pent factorial personality questionnaire and its modified form is one of the personality questionnaires prepared by Mc Crae. Its original version was published in 1985 and its present version was published in 1992 (Mollazadeh, 2002). Costa and Mc Crae (2001) using the factor analysis concluded that employing these five dimensions, it is possible to include individual differences in the personality characteristics being:

Neuroticism (N), Flexibility (O), agreeability (A), dutifulness (C). The alpha coefficient reported by Costa and Mc Crae was ranged between 0.74 to 0.89 with a mean of 0.81. While in the Blanjard et al. research this coefficient was 0.68 for flexibility, 0.69 for agreeability, and 0.79 for dutifulness (Purshahbazi, and Fahoodiyan, 2011). Validity estimations of Costa and Mc Crae for structure of this tool in 2005 has been 0.1192 (Atashppor et al., 2008). In this research the 60-question of this questionnaire has been used.

2.2. The Behavioral – Financial Questionnaire

The above said questionnaire was made by Michelle, Pompain and Longo in 2008. Main dimensions of the behavioral financial questionnaire generally referred to as the psychology application in the financial knowledge from the viewpoint of Pompain and Longo are: Cognitive biases and sensory biases which includes 23. Validity of tis

questionnaire has been calculated by Pompain and Lango (2007) to be 0.76%. Regarding its reliability, Sedghi Khorasgani (2008) in his research narrated from Depriot (1987) that essentially such questionnaires as biases one usually from the performance – assessing types therefore for these questionnaire no reliability is computed.

For observing research ethics the following measures were observed:

- The anonymity condition will be observed for each of the respondents to prevent probable negative complications for each of them.
- Obtaining agreement of school principals and personal interest of all members of the sample for participation in the research.
- Confidentiality of data extracted from the research questionnaires and their application only in line with the research objectives and hypotheses.

2.3. Method employed for data statistical analysis

At the descriptive level the central tendency indices and at the inferential level to the Pearson correlation coefficient and its significance tests and the hierarchical regression analysis was used.

3. Findings

In this section, the research data have been analyzed at the descriptive and inferential levels using the spss21 software.

First mean and standard deviation of the research variables has been presented and then for the hypothesis study the Pearson correlation coefficient has been used.

Table 1: Descriptive indices of the personality characteristics and the financial- behavioral knowledge

Variables		Mean	SD
Personality Characteristics	Neuroticism	31.7	5.8
	Extraversion	43.9	6.1
	Experience acceptance	36.3	3.8
	Agreement acceptance	43.6	4.6
	Dutifulness	49.2	5.7
Financial behavioral knowledge	Cognitive bias	18.9	4.1
	Sensory bias	16.7	4.3

For inferential study of data, first the relation of personality characteristics with financial- behavioral knowledge components was presented as the correlation matrix and then, in order to study

prediction of the personality characteristics in the financial – behavioral knowledge the multiple regression analysis was used.

Table 2: Correlation matrix of the research variables

Variables		Correlation Coefficient	Significance level
Neuroticism	Cognitive bias	-0.16	0.04
	perceptive bias	0.17	0.03
Extroversion	Total Score of financial – behavioral Knowledge	0.01	0.89
	Cognitive bias	-0.07	0.41
	Perceptive bias	-0.06	0.50
Experience acceptance	Total score of financial – behavioral knowledge	-0.09	0.28
	Cognitive bias	0.17	0.04
	Perceptive bias	0.01	0.92
Agreement acceptance	Total score of financial – behavioral knowledge	0.12	0.13
	Cognitive bias	-0.03	0.70
	Perceptive bias	0.12	0.13
Dutifulness	Total score of financial – behavioral knowledge	0.07	0.40
	Cognitive bias	-0.08	0.30
	Perceptive bias	0.01	0.95
	Total score of financial – behavioral knowledge	-0.06	0.50

As depicts the above table, there is a significant relation at the 0.05 error level between neuroticism and the other two cognitive and perceptive components and also experience acceptance and the cognitive bias. Meanwhile, none of the five personality characteristics had a significant relationship with the total score of the financial – behavioral knowledge. Now to study the predictive power of the personality characteristics in financial –

behavioral knowledge of principals the regression analysis tables are studied.

Based on the above table, F value is not significant. Therefore, the predictor variables have not been able to provide a significant forecast of the criterion. It means that the personality characteristics do not possess the power to predict the financial knowledge behavior

Table 3: Summary of the regression model variance analysis of principal's financial – behavioral knowledge on personality characteristics

Sources of changes	Sum of squares	Freedom degree	Mean squares	F value	Significance level	Multiple regression coefficient	Explanation coefficient
Regression	178349	5	35.69	1	0.40	0.18	0.034
Remainder	4997.3	144	34.70				
Total	5175.79	149					

4. Discussion and conclusion

The present research was performed with the objective of studying the relationship between the five big personality factors (neuroticism, extraversion, agreement acceptance, experience acceptance, and dutifulness) with two other components of financial – behavioral knowledge (cognitive bias and perceptive bias). Obtained results revealed that although neuroticism has a significant relationship with the dual financial – behavioral components however, this relationship with total of the two scales has not been statistically significant. It is necessary to pay attention to this point that the relationship observed between neuroticism and cognitive and perceptive bias was statistically significant. Findings regarding this hypothesis correspond with those of Kammann and Turensky (1982) (Fernandes et al., 2009) who showed that a manager of investor is reviewing background of individuals selected for work, can commit important errors. Because in the opinion of these researchers, managers and / or investors in some cases, consider the quantitative performance of individuals based on insufficient statistical data and conclude that, good performance, is the result of choice and skillful wisdom of manager or investor. This Nomo laterality is evident in definition of psychoneurotic individuals, who experience at least one of the emotional states of anxiety, remorse or illogical decisions. On the other hand the obtained results are also ipsilateral with investigations conducted by Lutje and Menkhoff (2004). Because these investigators have reported in their research results that remorse avoiding bias as subscale of perceptive bias, causes that investors underestimate themselves less than the medium level and take decision instantaneously and without reasoning, since the individuals from the viewpoint of self-confidence probably have problems. Also, the finding of this hypothesis indicated that the relationship between extraversion with none of the financial – behavioral knowledge components and also with the total score of this scale has no statistically significant relation and the observed weak relationship is considered as a random sampling error. Based on another part of this research, relationship of experience acceptance with the cognitive bias subscale is statistically significant.

Results of this section correspond with those of Gadarwski (2001), Edwin and Barberies (2002) Santa-clara and Valkanow (2013) entitled "All glimmering things". As they showed in results of their research, individual unconsciously are inclined

towards accessible concepts, ideas and experiences and do not emphasis on long term results, since experience acceptance has a positive relationship with induction of negative emotional states and has a negative relationship with induction of positive emotion at states. This ipsilaterality indicates that existence of exercise in rational decisions through considering the long term results and consultations with experts can make from experience acceptance, a mutational stimulus so that managers with thinking and predicting results of decisions, achieve better results.

On the one hand, the relationship of experience acceptance with the subscale of perceptive bias and with the total score of financial behavioral knowledge is statistically random and non-significant.

On the other side results indicate lack of a significant relationship between agreement acceptance and the financial – behavioral knowledge component and also with the total score of this scale and the weak relation observed in the sample is considered as the random sample error. The last finding of this research showed that the dutifulness relation with none of the financial – behavioral knowledge components neither with the total score of this scale is statistically significant and is random. Finding of this research does not correspond with those of Pompain and Longo (2007) entitled "Aregender and personality types effective on incidence of the known behavioral biases?" and is ipsilateral with its results indicating that many of the personality types in both sexes are differently subjected to biases. This disparity can be due to the sample error and/or the selection of individuals for various positions should be reviewed.

From the limitations of this research the following should be mentioned:

- This research was conducted on principals of primary schools of Isfahan. Therefore one should be cautions in generalizing results of this research to other sectors and cities.
- The method used in this research was of correlation type, this fore no causative inference can be deduced of the obtained relations.

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