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Chapter 6

Major Conclusions and Implications for Theory and Practice

In chapter 1 we discussed the nature of the Proactive Personality and its relation to the Big Five personality questionnaire. Proactiveness was defined as "a dispositional construct that identifies differences among people in the extent to which they take action to influence their environments" (Bateman & Crant, 1993, p.103). Crant (2000) described the Proactive Personality as: "Taking initiative in improving current circumstances or creating new ones; it involves challenging the status quo rather than passively adapting to present conditions." (p.436). From previous studies it is known that Proactiveness is linked to innovation (Parker, 1998). Becherer and Mauer (1999) describe proactive people as entrepreneurs who engage in 'Organizational Creation' and 'Innovation'. Past studies showed that Proactiveness is significantly related to dimensions of the Big Five, being Conscientiousness and Extraversion; a relationship with Openness and Neuroticism was found in two studies, a relation with Agreeableness in none (Bateman & Crant, 1993; Crant, 1995; Crant & Bateman, 2000; Major et al., 2006). We (partly) replicated a study of Major et al. (2006) by regressing Proactive Personality on the facets of the Big Five. We concluded that the overlap between Proactive Personality and the significant facets of the Big Five is between adjusted $R = .50$ and adjusted $R = .57$. The strongest relation was with Extraversion, followed by Conscientiousness. Subsequently we studied the overlap between Proactive Personality and the Big Five at an item level in five samples from the Netherlands, India, USA, Romania and Brazil. Based on the correlations with the short version of the Big Five the common denominators seem quite positive for both the organization and the individual. Characteristics such as: Energetic, Imaginative, Intellectual, Complex, Creative, have no clear downside. This is different for the facets of the Big Five, for which we found correlations in study 1: lack of 'Vulnerability', combined with a high level of 'Self-Confidence', 'Dominance' and 'Assertiveness'. We suggested that proactive employees might not only have positive impact on an organization.

In chapter 2 we studied the incremental validity of Proactive Personality on different measures of Performance over and above Conscientiousness and Extraversion in the Netherlands and India. The results of our study indicated that indeed Proactiveness was related to Bonus, Appraisal and Self-Opinion even when we controlled for Extraversion and Conscientiousness. This finding is consistent with previous studies that found that Proactiveness had incremental validity over the same Big Five dimensions in predicting Performance (Chan, 2006; Crant, 1995; Thompson, 2005). However, for Manager's Opinion, Proactiveness had no incremental validity (in one case it was negatively related). Additionally, Proactive Personality had incremental validity in predicting Bonuses and Appraisals after controlling for the opinion of the manager with respect to the employee's Performance as such. Based on the latter we discussed the possible explanations for this discrepancy. Clearly being proactive is beneficial for the employee as it generates better pay-related performance, but when asked confidentially the manager does not acknowledge the benefits of being proactive to the same degree.

In chapter 3 the impact of Proactive Personality on different measures of Exhaustion and Positive Mood was studied, in the Netherlands and India. We found that Proactive Personality predicts different measures of Exhaustion and Positive Mood over and above the Big Five personality dimensions. Partly replicating Parker and Sprigg (1999) we hypothesized a three-way interaction between Proactive Personality, Work Pressure and Autonomy when predicting Exhaustion and Positive Mood. Only in the Indian sample did we find a significant effect of the three-way interaction between Proactiveness, Work Pressure and Autonomy on General Exhaustion (in the Netherlands this variable was not included). The results on the alternative model in which proactive employees create an environment which is less stressful, were more promising. We found a mediating path between Proactive Personality, Autonomy and Exhaustion (and Positive Mood). However we have to note that in four of the five equations, the effect of Proactiveness remained significant in the presence of Autonomy as a mediator. Hence, we conclude that in our study, Autonomy only partly mediated the relationship between Proactive Personality and Exhaustion and Positive Mood. This could mean that proactive employees have more positive affect towards the workplace, partly because they create their own environment. This model fits in the interactionist tradition in which workers are differently disposed in the extent to which they change working conditions (Bandura, 1986; Hirschman, 1970). The finding that proactive employees tend to report higher levels of Autonomy, which mediates the relation with Exhaustion and Positive Mood, was a clear benefit of our study. In this respect being proactive is clearly beneficial for both the employee and for the employer, as lower levels of Exhaustion and higher levels of Positive Mood have been found to have a positive effect on the workplace, and life in general.

In chapter 4 we found that Proactiveness is related to OCB and Work Satisfaction, also after controlling for the Big Five personality traits. Past studies on the relationship between Proactiveness and Work Satisfaction have been rather inconsistent, as only some did find a relation between the two. We tested whether or not the Proactiveness – Work Satisfaction relationship was moderated by the level of Autonomy in the job. We did not find a significant effect of Autonomy as a moderator. We had asked ourselves a research question on the possible relationship between Proactive Personality and Turnover Intention. We did not find a significant zero-order correlation between Proactive Personality and Turnover Intention in both samples. Lastly, we also asked ourselves whether the relation between Proactive Personality and Turnover Intention is mediated by Work Satisfaction. In both samples we rejected the possibility of mediation in an early stage as there was no significant direct effect between Proactiveness and Turnover Intention. However, we did find an indirect effect via Work Satisfaction. This implies that more proactive employees do not have a tendency to leave more often than less proactive employees. Conversely, the fact that they feel more joy in their work makes them less likely to leave.

Chapter 5 partly replicated and combined the major findings of chapter 2, 3 and 4, and introduced a model to study the direct and indirect impact of Proactiveness on different measures of Performance. We did not find a significant positive direct effect of Proactiveness on Manager's Opinion. However, we did find support for the incremental validity of Proactive Personality over and above OCB, Positive Mood, Exhaustion, Work Satisfaction and Manager's Opinion in predicting the Appraisal. Additionally, Proactive Personality predicted Self-Opinion over and above OCB, Positive Mood, Exhaustion and Work Satisfaction. Besides the direct effects of Proactiveness on different measures of Performance we found evidence that there is some indirect effect via OCB, Positive Mood, Exhaustion and Work Satisfaction. We have found that Proactive Personality is positively related to OCB, Positive Mood and Work Satisfaction, and negatively to Exhaustion.

6.1 Implications for Theory

Our study adds to the current understanding of Proactive Personality in multiple ways. We replicated the finding that Proactive Personality is more than a composite of the Big Five personality dimensions. We found almost the same amount of overlap between the Big Five and Proactive Personality as Major et al. (2006). No past studies had linked the Proactiveness scale to items of the Big Five. Claes et al. (2005) found unidimensionality across three countries (Belgium, Finland and Spain). We have added new countries to this list, additionally the items used differed slightly from their items. Our study gave additional support for the intercultural use of a short version of the Proactive Personality Scale. We also found that the factorstructure of the 40-item Big Five adjectives of Goldman (Saucier, 1994) was poor, although a multi-group CFA revealed that on an item level we were able to use the instrument interculturally as the poor fit was common across samples.

We found a strong relationship between Proactiveness and OCB, which had not been studied before. Crant (2000) mentioned OCB as an opportunity for future research and predicted that it would be likely that proactive behavior would be relevant in this context. Our study indeed found a strong relationship in all samples. In addition, we have studied the 'altruism' dimension of OCB, which gives a more balanced image of proactive employees: they are not only guided by self-interest but are willing to help colleagues if necessary. Another criterion which had not yet been studied with Proactiveness was Positive Mood. We found strong relationships in all samples between both variables. Past research (Lyubomirsky et al., 2005) has shown the benefits of a Positive Mood for various aspects of work and life in general. Our study gives reason to believe that being proactive might have positive consequences for many aspects in life beyond the workplace. We found modest negative correlations between Proactiveness and Exhaustion which was in line with previous research (Cunningham & De La Rosa, 2008; Harvey et al., 2006; Parker and Sprigg, 1999). Also in line with previous research were the correlations we found between Proactiveness and Autonomy, which past research has found to be substantial (e.g. Parker, 1998; Parker et al., 2006; Parker & Sprigg, 1999). Regarding the relation between Proactive Personality and Turnover Intention, past research found a non-significant zero order correlation (Allen et al., 2005). We also did not find a significant relationship in both samples. We did add a new possibility, which is an indirect relation. We did find evidence that more proactive employees feel more joy in their work which makes them less likely to leave. From the employer's point of view, this makes Proactiveness a desirable disposition. So far studies on the relationship between Proactiveness and Work Satisfaction have been rather inconsistent (Chan, 2006; Cunningham & De La Rosa, 2008; Harvey et al., 2006; Seibert et al., 1999; Seibert et al., 2001). In our study we found incremental validity of Proactive Personality in predicting Work Satisfaction over and above the Big Five, and we excluded the possibility that the relationship between the latter two is moderated by Autonomy.

The most important adding value of this study is on the relationship between Proactive Personality and the different measures of Performance. For the first time we have linked Proactiveness to a self rating of Performance. Clearly in all samples we found a strong relationship between the two. Also new was the fact that we have linked Proactiveness to reward, for which we found a relatively strong relationship. The relationship between the opinion of the manager was less eminent, not direct, nor indirect via OCB, Positive Mood, Work Satisfaction and Exhaustion. We gave a new perspective to the discussion on the relationship between Proactive personality and Performance, as it turned out that the impact of Proactiveness differed substantially for different measures of Performance.

Lastly, although not the core of this study, we also gave some insight in the validity to OCB, Positive Mood, Work Satisfaction and Exhaustion in predicting different measures of Performance.

6.2 The Advantages and Disadvantages of an Entrepreneurial Disposition in the Financial Industry

The subtitle of this study is: The advantages and disadvantages of an entrepreneurial disposition in the financial industry. There are two perspectives to summarize our findings: from the point of view of the employee and from the point of view of the financial institute.

From the employee's perspective our results are one-dimensional: being disposed with a Proactive Personality is advantageous. Experiencing more Positive Mood, OCB and Work Satisfaction and less Exhaustion is a clear advantage for any human being. Moreover, proactive employees value their own Performance higher and have a bigger chance of being better appraised and rewarded, even if this is not justified by what the manager truly thinks.

Past research shows that if the employee is self-employed being proactive is a clear advantage. For example Crant (1996) showed that undergraduate and MBA students demonstrated more entrepreneurial intentions over and above gender, education and entrepreneurial parents. In a sample of 215 small company presidents, Becherer and Mauer (1999) found that the president's level of Proactiveness was positively and significantly related to company sales and with an aggressive entrepreneurial posture. They concluded that a Proactive Personality disposition is related to entrepreneurship and that proactive self-employed presidents create an organization that scans for opportunities and a bold and aggressive approach towards the market. Even when taking risks of selling aggressively, the goals of the company and of the president will be aligned, as a failure of the business will impact the owner.

When the employer is a big company, like in the case of the financial institution where this research was done, the advantages and disadvantages are more complex. A significant difference between entrepreneurs and employees is what Campbell (2000) calls the 'initiative paradox' for a company. In today's workplace job descriptions are unlikely to capture all work situations, hence the organizations need proactive employees who make their own judgment when something unplanned happens. At the same time, the organization desires predictable outcomes: they also expect the employees' diagnostics and actions to mirror their own. This leads to the 'initiative paradox': employees are expected to use independent judgment and initiative and simultaneously they are expected to think and act like their bosses. "... truly substantive problems associated with the initiative paradox really are not caused by the enterprising qualities, but by a misalignment of the organization's and the individual's goals and interests. Thus the resolution of the paradox is to keep the various parties' interests and goals aligned. Given the complexities of organizational environments, its resolution is often easier to suggest than to accomplish." (p.59).

This brings us to one of the underlying problems when answering the question whether or not having proactive employees is advantageous for an organization: the discussion on performance management. In a meta-analysis of studies containing both objective and subjective ratings of employee performance Bommer et al. (1995) found a corrected mean correlation of .39. Indicating that objective and subjective performance measures should not be used interchangeably and they suggest that there is a lack of convergent validity. This gives a different perspective to some past

studies regarding Proactiveness in organizations. Crant (1995) showed that more proactive real estate agents scored higher on a Job Performance Index which was computed for each agent from archival records of the number of houses sold, number of listings obtained, and commission income over a 9-month period. If indeed more proactive employees sell more products, it is not a surprise that they receive higher Appraisals and hence value their Performance higher. In chapter 2 and 5 we also found a positive impact of Proactiveness on the Appraisal and the Bonus, however, when the manager was asked to give an opinion for research purposes the value of being proactive decreased to a non significant level.

Bateman and Crant (1999), noted in a discussion paper that misguided Proactiveness can be dysfunctional. Campbell (2000) pointed out the possibility of proactive persons receiving negative reactions from the organization. "Are employees' enterprising qualities truly universally desirable, or do particular job and organizational circumstances make them relatively more or less valuable?" (p.57). Bateman and Crant (1999), Campbell (2000), and Frese and Fay (2001) theorized about the conditions under which Proactiveness would be more positively related to outcomes. In their discussions, the alignment of proactive actions and organizational goals emerges as a recurrent theme. Where the alignment for a self-employed entrepreneur is clear, the alignment in a complex organization is less eminent.

As for the employee there are advantages for the employer to have more proactive staff. For example, higher levels of OCB, Positive Mood, and Work Satisfaction and less Exhaustion are from an ethical point of view desirable. However, when it comes to the impact on Performance, we have to be more cautious. The impact of Proactiveness on the Manager's Opinion was not found whereas Proactive Personality predicted the Appraisal over and above OCB, Positive Mood, Work Satisfaction, Exhaustion and the Manager's Opinion.

In the discussion of chapter 5 we already indicated that there are more interpretations possible of the latter finding. It could be that proactive employees are better at influencing their manager in order to receive a better Appraisal. On that same note Seibert et al. (1999) discuss this mechanism when they state about proactive employees: "They may alter their own work methods, procedures, and task assignments and even exert influence over decisions affecting their pay, promotions, and the distribution of other organizational rewards." (p.417). Alternatively it could be that proactive employees are better at making the numbers. In itself there is nothing wrong with employees who make their numbers. However, this gives an extra dimension for managers when managing their proactive staff. When not guided properly, proactive employees might be better at making the numbers, while disregarding other important factors for a sustainable business. In his classic article where the title tells the whole story - 'On the folly of rewarding A, while hoping for B' - Kerr (1995) has insightfully analyzed numerous examples of situations where the firm's reward system has created or contributed to the misalignment of individual and organizational objectives (see also Thierry & de Jong, 1979). He states that managers have a fascination with objective criterions. "Many managers seek to establish simple, quantifiable standards against which to measure and reward performance. Such efforts may be successful in highly predictable areas within an organization, but are likely to cause goal displacement when applied anywhere else" (p.12). It is possible that proactive employees might be better at 'making the numbers', however in a complex environment like a bank, there might be more to Performance than just 'making the numbers'. According to a meta-analysis of Jenkins, Mitra, Gupta, and Shaw (1998) financial incentives are not related to Performance quality but had a corrected correlation of .34 ($p < .01$) with Performance quantity. Moreover, the quantitative objectives of an individual employee generate an element of

competition in the workplace: in order to gain more, a salesperson needs to acquire as many clients as possible, which often will lead to internal competition. In experimental settings, social psychology has shown that the sheer fact that one is brought in a competitive environment can cause people to share less information or even false information in order to 'win' (Stapel&Koomen, 2005). In other words, making the numbers, which leads to reward, might in the long run be disadvantageous. The difference in the opinion of a manager and his Appraisal of Performance could be influenced by this discrepancy.

6.3 Putting the Possible Disadvantages into Context

The discussion on 'who gets rewarded for what?' in the financial industry should be put into the context of the current financial crisis.

Cools (2005) shows that making the numbers can have a negative impact on organizations. He makes a comparison between organizations with a recent fraud scandal and similar companies without such a scandal. He concludes that the explanation for fraud should not be found in the number of rules and regulations, power of the audit department or number of financial specialists in the top of the organization. He states that, a) non realistic high targets, combined with b) huge financial gain if the targets are met, c) extravagant behavior of the managing directors, predict fraud much better. A relevant risk in variable pay systems like in the organization where this research was done, is 'bonus-blindness'. Bonus-blindness occurs when the employee only focuses on the objectives in order to receive a higher reward. What happens in the case of bonus-blindness is that employees start focusing on 'making the numbers', which we saw earlier is a quality that proactive people possess (Becherer & Mauer, 1999), regardless of other relevant indicators. Bonus-blindness could also partly be an explanation of the credit crisis: account managers of banks who were given incentives to sell products to clients, while the risks were enormous for the often low-educated customers. Another even more extreme risk that Cools (2005) describes, is 'gaming', which implies changing the results of an organization in such a way that the result looks better. In fact the line between 'gaming' and fraud is a thin one.

Performance management is in daily practice being made even more difficult by the fact that in a business environment we are often 'fooled by randomness': a 'good decision' might just come from the sheer fact that we are lucky (Taleb, 2004). Big commercial successes like the Internet, the computer, SMS, were found coincidentally. Taleb (2007) calls these 'black swans': events that, a) are unlikely to happen, b) have a big impact, and c) were in hindsight easy to explain. It is the latter attribute which is crucial in this context as it could be that those who are able to attribute success to themselves (even if this is unjustified) have an advantage in getting rewarded.

Taleb (2004) makes a distinction between "those skills that are visible (like the ability of a dentist) and those that present more difficulty in nailing down (...). The degree of randomness in such an activity and our ability to isolate the contribution of the individual determine the visibility of the skills content" (p.254). Also, in the organization where this research has been done many variables that influence the Performance are not controllable by the employee, and are in fact subject to randomness, e.g. the credit crisis in 2008 was not foreseen when the objectives were set at the beginning of the year. This makes the judgment at the end of the year more difficult, and will give the employee a possibility to negotiate. Objective criteria are a part of the annual target setting. In the personal objectives that are set at the beginning of the year, the financial targets of the company, the division and (if applicable) the employee, are given almost half the weighting. In practice,

employees (and possibly especially the proactive ones) will give a positive explanation to the figures (e.g. “unlike the company I did a good job by keeping the losses to a minimum”). Many numbers such as the profit of the organization are however not influenced by the employee, but influenced by randomness. This makes the evaluation much more difficult at the end of the year. Taleb (2007) describes a class of employees in organizations called “empty suits” who are good at convincing others that they are good, without any tangible better outcome of their work. “What they have is skill in getting promoted within a company rather than pure skills in making optimal decisions – we call that ‘corporate political skill’” (p.256). The perspective that Taleb (2004, 2007) adds, is that some of the dimensions that influence Performance derive from randomness, and that some employees are better than others in convincing the people around them that their Performance comes from their well developed skills. The ‘corporate political skill’ that he describes resembles the Proactive Personality. Indeed, Proactive Personality has been found to have a positive influence on career outcomes (Seibert et al., 1999; Seibert et al., 2001). If we take into consideration that proactive employees are better at influencing their social network (Thompson, 2005), we leave the possibility open that receiving better evaluations and climbing the hierarchical ladder, might be easier for proactive people because they are better able to attribute random success to themselves.

This study was done in a financial institute and while gathering the data, and making the analysis, the (financial) world changed dramatically. We found that there are clear upsides of being proactive in a financial institution as higher levels of Positive Mood, OCB and Work Satisfaction and less Exhaustion are clear upsides for the organization and the employee. However, the finding that Proactiveness does have a direct effect on the reward related Appraisal, but not on the Manager’s Opinion in particular should be researched in the light of the context described. Future research should give more insight in the way Proactive employees are able to receive higher rewards. Is it the networking, political skills and impression management? Or are they able to benefit from imperfect performance management? In any case, the current state of the financial industry makes entrepreneurial behavior an important subject to study.

