Financial Service Representatives Research Findings

STUDY 969

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HOGAN

Introduction

Hogan recently collaborated with a Fortune 100 financial planning company to identify characteristics associated with successful performance in the Financial Service Representatives (Agents) job. The goal of this project was to develop a valid selection assessment solution to evaluate candidates for the Agent role. Hogan sought to enhance the selection process using the Hogan Personality Inventory (HPI; a measure of day-to-day behavioral characteristics) and Motives, Values, Preferences Inventory (MVPI; a measure of key motives and drivers). We designed the screening process to identify applicants possessing the personal characteristics and values associated with optimal job performance for Agents.

The process for creating predictive selection profiles consisted of a number of steps. The research study began with a job analysis to collect data from high-performing Agents. Hogan collected information from focus groups, job descriptions, and Hogan's Job Evaluation Tool (JET). Next, we aligned this information with predictor scales on the HPI and MVPI. We then used validity generalization strategies, including job family meta-analysis, transport validity, and synthetic/job component validity, to identify the HPI scales most predictive of performance.

Hogan also conducted local validation with Agents. First, 174 Agents across geographical locations and functions within the job completed the HPI and MVPI. Hogan then collaborated with the financial planning company to create an online performance rating form based on job analysis results and expert judgment. This form included 5 items that assessed overall performance and 11 that assessed specific competencies and job requirements. Supervisors provided performance ratings through an online format for 97 of the Agents that completed the assessments. We also examined yearly total sales commission gathered within the company from the past three years for 55 of the Agents who completed the assessments. Finally, Hogan examined relationships between performance ratings and assessment results to create a selection profile comprised of individual characteristics most predictive of Agent performance.

Results

Hogan Personality Inventory Results

Managers tended to rate Agents who possess the following characteristics as higher performers:

- Operate with a sense of urgency and are open to feedback

- Driven and goal-oriented

- Skilled at building relationships and communicating with others

- Quick to act, flexible, and open to change

- Hands-on and practical

Motives, Values, Preferences Inventory Results

Managers rated Agents whose values align with the financial planning company's culture as higher performers. The key values that were critical for Agent success were the following:

- Focused on achieving high-impact results

- Motivated by commission-based structures

- Enjoy taking risks and tolerate ambiguity and uncertainty

Based on the research findings, Hogan developed a profile to select applicants into the Agent role who were more likely to be high performers. This profile will identify candidates who are reasonably stress tolerant, but able to show a sense of urgency (lower Adjustment), have a high drive to succeed (higher Ambition), enjoy social interaction (higher Sociability), possess a good degree of tact and perceptiveness (higher Interpersonal Sensitivity), are flexible and tolerant of ambiguity (lower Prudence), tactical and a strong implementer (lower Inquisitive), possess a desire for success (higher Power), focus on the bottom line (higher Commerce), and are risk-takers (lower Security).

Profile Performance

Overall Performance

Profile results related to a variety of performance variables (see Table 1). Furthermore, results indicated that current Agents identified as high fits:
- Achieved higher overall performance ratings
- Were identified as individuals that new employees should model their behavior after
- Were rated as highly driven to accomplish goals and complete tasks

Table 1. Correlations between Hogan Profile and Performance Variables

	Corrected
Overall Performance	.34*
Model Behavior	.28*
Achievement Orientation	.35*

Note. N = 97; * p < .05; Corrected = correction for unreliability in the criterion measure.

In addition, high fit Agents were 3 times more likely to have their manager rate them as a strong overall performer when compared to their low/moderate fit counterparts (see Figure 1) across all performance metrics. Figure 1 also shows the high fit Agents are 2.4 times more likely to have higher commission numbers as compared to low/moderate fit Agents.

Figure 1. Application of **High** Fit Profile on **Performance Variables**
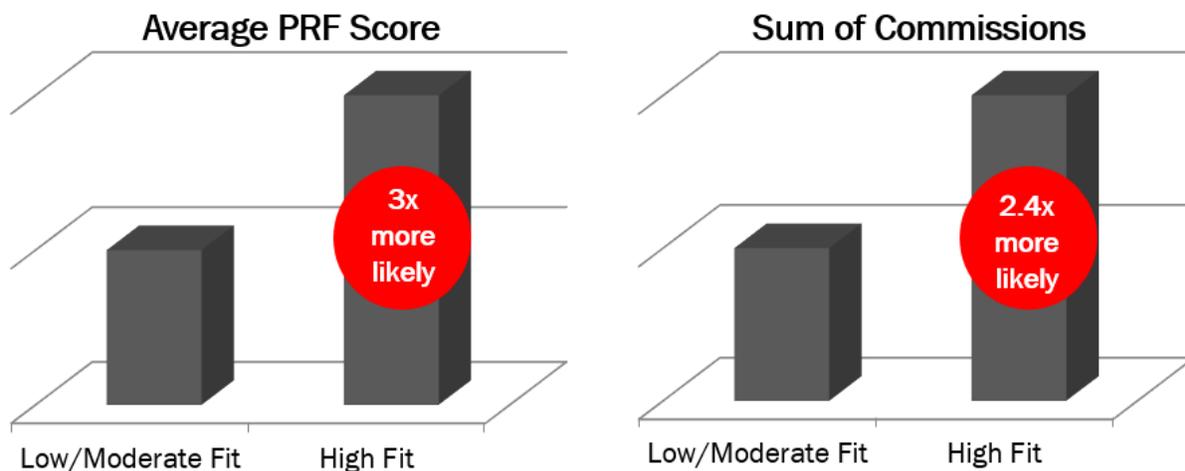
Return on Investment

Finally, Hogan used the yearly total sales commission to examine the financial impact of replacing low fit Agents with high fit Agents. Figure 2 presents the average commission per year for low-, moderate-, and high fit Agents. Using these group averages, we computed potential return-on-investment for the financial planning company by calculating various commission scenarios. For example, assuming an average commission of 40%, replacing low fit Agents with moderate fit Agents, each year the financial planning company would gain an additional **$34,325 per Agent**; replacing low fit Agents with high fit Agents, each year the financial planning company would gain an additional **$63,224 per Agent**.

Figure 2. Average Yearly Commission of Low, Moderate, and High Fit Agents

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