HOGAN

Sales Representative Turnover

Banking & Financial Services Industry

Abstract

Purpose – To demonstrate how call centers can improve ROI through the alignment of employee values and company culture.

Approach – Hogan conducted a job analysis, developed a selection profile, and conducted a research study analyzing the impact its Values profile had on eventual employee turnover.

Value –The company found that implementing a Values assessment as part of their call center selection process allowed for significant improvements to the company's bottom-line, as seen with retention improvements and decreases in employee turnover.

Introduction

Understanding organizational culture helps improve the selection and performance of leaders. It can also improve selection and performance of individual contributors by aligning the culture of leadership with the individual's values. Schein (1990) identifies values as a critical component of organizational culture and suggests that a misalignment between values and underlying assumptions (i.e. deep-rooted organizational values) can create serious conflicts within an organization.

Values are a deeply ingrained part of our personality. They are the core goals, interests, and beliefs that inform what we desire, what motivates us, and what we strive to attain.

Unconscious biases are a product of values and develop when leaders or individual contributors project their values onto others. These unconscious biases become influential in the socialization of new members entering an organization (Schein, 1990).

Within organizations, many leaders are unaware of the values they hold and how their values impact corporate culture and their subordinates. For example, a leader whose values align with the Motives, Values, Preferences Inventory (MVPI) Power scale may create a call center work environment that is achievement-oriented and pragmatic in nature, preferring a "results-oriented culture" where meeting goals and surpassing sales metrics are all that matter. This could lead to missed opportunities and frustration for employees with different values. High performing call center employees who value getting along with their co-workers and following orders (low Power) might leave their organization to join one that aligns more with their values.

Although unconscious biases aren't always counterproductive, they are always impactful, especially when they come from a position of leadership. Values and unconscious biases govern decision-making, determine leadership style, and drive organizational culture. For these reasons, an organization may seek to identify key cultural values in order to detect potential misalignments between leaders and the rest of the organization.

Call Center Cultural Issues

A global financial services company staffed sales representatives as part of a call center for their inbound client and customer division. Their sales representatives were responsible for providing responsive customer service and assisting clients with their immediate financial needs. Given the entry-level nature of this position and the fact that they received nearly 100 calls per day during their shift, the company historically had high turnover with employees in this position. Employee engagement surveys showed low levels of job satisfaction and revealed that the current call center work culture was challenging for sales representatives to navigate and remain successful long-term. Company management set high expectations in terms of sales metrics and pushed hard for results rather than caring about their employees' well-being and overall job satisfaction.

To improve morale and keep employees in the job longer, the company looked for ways to improve the employee-job fit within the call center. One approach involved improving the sales representative selection process to better align the employee with the organizational values already embedded within the call center work environment. By bringing in employees who are motivated by the same drivers that the leadership team values, the more likely new employees will want to stay engaged and continue working at the call center.

Culture Research Project

The financial services company retained Hogan Assessment Systems ('Hogan') to conduct a selection research study. Hogan is best known for its personality assessments, specifically the Hogan Personality Inventory (HPI: Hogan & Hogan, 2007; a well-established measure of normal personality) and the Hogan Development Survey (HDS: Hogan & Hogan, 2009; a dark-side personality measure of derailing tendencies). However, for this research study, Hogan recommended a job analysis and focused their attention on the cultural aspects of the company and how these relate to the sales representative job under study. Hogan completed a content review of the sales representative job description, facilitated focus groups with subject matter experts (SMEs) highly familiar with the call center job, and received 50 SME surveys identifying the critical job requirements in terms of environmental characteristics needed for effective job performance. Hogan designed this job analysis survey to align with its cultural fit measure – the Motives, Values, Preferences Inventory (MVPI: Hogan & Hogan, 2010).

MVPI Assessment

The MVPI serves two distinct purposes. First, it allows for an evaluation of fit between an individual and an organization, an important index given that greater similarity between individual and organizational values facilitates successful person-organization fit. Person-organization fit is important because, no matter how talented and hard-working a person may be, if the individual's values are incompatible with those of the larger culture, then he or she will not be as effective as his or her talent might predict. Second, the MVPI is a direct reflection of those areas that serve as motivators for an individual. Such information can be beneficial in a variety of organizational functions (e.g., placing individuals, building teams, designing reward systems, etc.).

The MVPI is comprised of 10 scales with items derived rationally from hypotheses about the likes, dislikes, and aversions of the "ideal" exemplar of each motive.

MVPI scales represent dimensions with a historic presence in the literature on motivation (i.e. Spranger, 1928; Allport, Vernon, & Lindzey, 1960; Holland, 1985). Each scale is composed of five themes: (a) Lifestyles, which concern the manner in which a person would like to live; (b) Beliefs, which involve "shoulds", ideals, and ultimate life goals; (c) Occupational Preferences, which include the work an individual would like to do, what constitutes a good job, and preferred work materials; (d) Aversions, which reflect attitudes and behaviors that are either disliked or distressing; and (e) Preferred Associates, which include the kind of persons desired as coworkers and friends.

The 10 scales are defined as follows:

Aesthetics: creative and artistic self-expression

Affiliation: frequent and varied social interaction

Altruistic: actively helping others and improving society

Commerce: business activity, money, and financial gain

Hedonism: fun, good company, and good times

Power: competition, achievement, and being influential

Recognition: fame, visibility, and publicity

Science: ideas, technology, and rational problem solving

Security: certainty, predictability, and risk-free environments

Tradition: history, rituals, and old-fashioned virtues

Current Study

Based on the content validity from the job analysis, Hogan created a sales representative selection profile built on three MVPI scales: Power, Affiliation, and Altruistic. Not surprising, SMEs rated Power as a critical component of the call center's culture given the leadership's focus on achieving results, setting ambitious sales goals, and competing at the highest level. But two other critical pieces of the organization's culture – a need for interaction and the desire to help others – surfaced as part of the research study's findings and had rarely been considered during the hiring process at the call center.

> *Hogan found that employees motivated by social interaction, as well as wanting to help clients resolve their issues by the end of the call, would result in more effective performers on the job.*

To test this new selection profile, Hogan administered the MVPI to all incoming applicants and scored these potential sales representative candidates against the three scales that formed the final profile. Employees with better scores on all three MVPI scales (i.e., Power, Affiliation, and Altruistic) passed the profile and moved on to the next stage of the company's hiring process.

Return on Investment

The company then employed an evidence-based study design, meaning that to assess the effectiveness of the hiring intervention, they compared the results from two groups – one set of applicants who did not take the MVPI and another set of applications who did complete the MVPI. Given the pilot nature of this selection intervention as well as the staged roll-out across the multiple call center locations, the company collected information from both groups during the same period (over the course of a calendar year).

Turnover Rates

34%
Pre-MVPI Implementation

27%
Post-MVPI Implementation
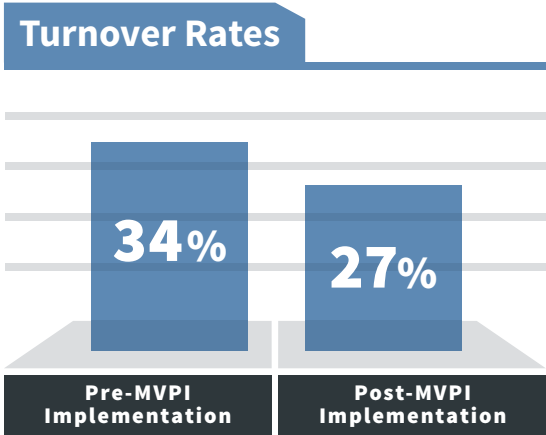
Under this framework, the company's primary goal focused on whether there was any improvement in turnover with application of the MVPI. They defined turnover from a short-term perspective (< 1 year) as the longer the time period, the more factors come into play and affect the outcome beyond the initial hiring process. The company settled on the first six months as the final time metric for comparing both groups against eventual turnover. Group 1 included sales representatives hired pre-MVPI implementation (N = 177) whereas Group 2 included sales representative hired post-MVPI implementation (N = 93). The company reported a significant decrease in their first six-month turnover rate, which dropped from 34.4% to 26.6%.

To translate the nearly 8% decrease in sales representative turnover to something more tangible, the company provided utility estimates that allowed for net savings calculations. The company estimated that they spend at least $15,000 to select and onboard new employees in the call center. They also hire approximately 1,000 employees each year. Not only did the reduction in turnover within the first six months help the company retain their more effective employees, but it also saved the organization over $1 Million in costs associated with replacing these sales representatives.

Net Cost Savings Due to Reduced Turnover

80 x 15K = 1.2M

EMPLOYEES RETAINED	USD ONBOARDING COST PER EMPLOYEE	USD NET SAVINGS ON REPLACEMENT COSTS

Value

The culture-based assessment tool worked for the call center because it aligned incoming employees with the critical values needed to successfully navigate the work environment and perform the work to the level required from management. The change in the selection process brought forth employees who were still driven to produce results (Power), yet also were good corporate citizens who enjoy interacting with people (Affiliation) and want to help customers resolve their issues in a timely manner (Altruistic). The profile change in these new employees had a dramatic impact on the company's culture, evidenced by more employees sticking around with longer tenure at the call center.

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