# CURRENT RESEARCH IN SOCIAL PSYCHOLOGY

## ASSESSING VOLUNTARY TURNOVER LIKELIHOOD USING PERSONALITY TRAITS MEASURED DURING PRE-EMPLOYMENT SELECTION

C. Alan Parks
Georgia Southwestern State University

Douglas Waldo
University of Sarasota

[135]

--------------

[136]

## ABSTRACT

*A sample of 470 insurance agents was used to determine the influence of one's personality on the likelihood of voluntarily terminating employment within one year of job tenure. Discriminant function analysis was used to determine if a combination of personality measures could effectively classify agents into the active or voluntarily terminated groups.*

*The personality variables, when analyzed with performance levels, contributed to effective classification of agents as actively employed or voluntarily terminated. Agents who demonstrated higher levels of performance in terms of commissions and higher levels of Assertiveness and Emotional Intensity were more likely to remain actively employed.*

## LITERATURE REVIEW

Turnover of insurance sales agents continues to be a problem for insurance companies, with three-year retention rates of only 25 percent (Berube, 1996). A number of factors associated with turnover have been identified, including job satisfaction (Cotton & Tuttle, 1986, Pitt & Rameseshan, 1995), job stress (Jones, et al., 1996), performance (Sheridan, 1992) and person-organization fit (Bretz & Judge, 1994). Additionally, behavioral and personality factors have been linked to turnover, including anxiety level (Bernardin, 1977) and personality type (Fox & Markham, 1990).

Also, studies conducted by Futrell and Parauraman (1984) and McNeilly and Russ (1992) found that higher performing salespersons value promotions and recognition more than satisfaction with the job itself. In addition, work experience has been linked to improved performance of salespersons (Quinones, et al., 1995; Darmon, 1993), providing additional support for the importance of retaining employees.

Behavioral and personality factors have been linked to turnover as well (Bernardin, 1977; Rasche & Harrell, 1990; Fox & Markham, 1990). For example, Rasche and Harrell (1990) found a negative association between Type A behavior and turnover of accounting professionals. However, high levels of anxiety were associated with turnover in a study of salespersons (Bernardin, 1977).

Fox and Markham (1990) suggest that personality factors may be related to turnover in jobs that require extremes of personality. In insurance sales, then, with high levels of ego drive, ego strength, emotional intensity, need for recognition, demands for empathy, assertiveness and a sense of urgency all being associated with successful performance, these factors may be related to turnover.

Many of the factors associated with turnover are either difficult to assess as a practical matter (e.g., job satisfaction) or are inappropriate for use in employee selection (e.g., gender, age). Accordingly, the purpose of this research was to assess the impact of certain personality variables (Assertiveness, Emotional Intensity and Recognition Motivation), as well as performance data, on turnover of insurance sales agents.

Personality theories take a number of approaches to explaining individual behavior. Trait theories, which attempt to identify individual differences in basic dimensions of personality, are most often associated with employment selection and personality testing (Scoggins, 1985). For a number of reasons, the use of personality testing for employee selection has increased in recent years. O'Meara (1994) estimates that 5,000 to 6,000 employers now use personality testing as part of their hiring processes. Personality tests are used primarily to predict success in particular jobs, such as sales and management positions.

Research in the seventies and early eighties generally found little relationship between personality and job performance (Barrick & Mount, 1991). Barrick and Mount (1991) have indicated that the development of new models for classifying personality traits has enhanced the prospects for establishing meaningful relationships between personality constructs and job performance. More specifically, conscientiousness and extroversion were found to be positively correlated with sales performance. Tett, Jackson, and Rothstein (1991) also have noted that job analysis contributed to the improved accuracy of personality tests as predictors of job performance.

**METHOD**

The personality traits, measured by a pre-employment tool known as the Comprehensive Personality Profile Questionnaire (CPP), were incorporated into a discriminant model in order to determine if these variables could be used to discriminate between groups of actively employed and voluntarily terminated individuals. The CPP is an 88 question factor-analytically derived instrument designed to assess adult personality (CraftSystems, Inc., 1998). The CPP is widely used in insurance agent selection (Panko, 1987) with over 100,000 administrations per year. The CPP's Emotional Intensity and Assertiveness traits were included as indicators of anxiety level, and its Recognition Motivation trait was included to assess possible associations between this dimension and turnover of higher performing salespersons. The Emotional Intensity trait has also been associated with energy level (Martin & Lehnen, 1992) and sense of urgency (Greenberg, et al., 1996a), both of which have been shown to be indicative of sales success. The Assertiveness trait is an indicator of high ego drive, also suggested as a requisite characteristic for insurance sales success (Greenberg, et al., 1996a).

**Sample**
A sample of 470 insurance sales agents was used to test the hypothesis that the predictor variables could discriminate between actively employed and voluntarily terminated agents. With the exception of the performance variable, the predictor variables were obtained during the employment selection process. The instrument used in surveying these variables, the CPP Questionnaire, does not require that participants provide any potentially discriminatory information. Therefore, no data was available to determine the age or ethnic composition of the sample.

The sample was split into two sub-samples, one used to develop the discriminant equation (n = 237), and one used as a holdout sample for cross-validation (n = 233). Results of the statistical analysis were significant, and the discriminant function correctly classified individuals in the holdout sample significantly better than chance.

[138]
---------------
[139]

**RESULTS**

The discriminant equation accounted for approximately 24.1% of the variance between the actively employed agents and voluntarily terminated groups. Analyses of the structure coefficients indicated that 82.6% of the variance in the discriminant function was accounted for by the performance variable (Average Weekly Sales Commissions), 8.0% of the variance by the Assertiveness trait, as well as 7.0% of the variance by the Emotional Intensity variable. Less than 1.0% of the variance in the discriminant function was accounted for by the Recognition Motivation variable.

It can be concluded that the performance variable was by far the most important variable in discriminating between the actively employed agents and voluntarily terminated groups, as one would expect. Although the individuals in the sample who terminated did so voluntarily, the

difference between the group performance means was statistically significant, with those who remained employed earning almost twice as much in commissions as did those who departed.

The actively employed and voluntarily terminated agents were also differentiated by the Assertiveness and Emotional Intensity variables. The difference between group means on the Assertiveness variable was significant at .016, with the actively employed group having a mean score of 71.8 versus 64.6 for the voluntarily terminated group. This is indicative of the importance of assertiveness and ego drive in successful salespersons. The difference between group means on the Emotional Intensity variable was significant at .023, with the actively employed group having a mean score of 59.0 versus 51.8 for the voluntary terminations group. This supports the assertion that individuals who have higher energy levels and a greater sense of urgency are less likely to leave insurance sales employment.

[139]
---------------
[140]

## DISCUSSION

The classification results, based upon the discriminant function provided much better outcomes than would have been achieved by assigning individuals to active employment or voluntary termination based upon chance. The most significant result of the classification procedure is the percentage of individuals correctly classified into the voluntarily terminated group. The discriminant function correctly classified 84.7% and 74.0% of voluntary terminations in the classification and holdout samples respectively. The ability to correctly identify those in the voluntarily terminated group is an especially important result, in that the ability to predict turnover using the Average Weekly Sales Commissions, Assertiveness, Emotional Intensity and Recognition Motivation variables is valuable to insurance companies due to the high costs associated with turnover.

Another significant insight was provided by the results of the post hoc test of the Recognition Motivation scores of those who had voluntarily terminated employment. The t-test conducted indicated that of those who voluntarily terminated employment, individuals who had higher sales commissions also had higher scores on this trait. At least in this group, the association between better sales performance and the need for recognition and promotions suggested by the findings of Futrell and Parasuraman (1984) and McNeilly and Russ (1992) appears to be supported.

The fact that the top performers among the voluntarily terminated agents demonstrated a significantly higher need for recognition suggests the possibility of improving retention through increased recognition efforts, such as providing promotions, awards, or other forms of praise. An alternative means for retaining these high performers might be revision of the compensation structure to allow these individuals to gain more experience (and typically enhance performance) while worrying less about making ends meet. Retention of these employees is especially important. Not only are these individuals contributing to the organization, but they also are more likely to have job alternatives; turnover of these individuals is almost certainly dysfunctional.

[140]
---------------
[141]

The discriminant function derived in this research accounted for 24.1% of the variance between the actively employed group and the voluntarily terminated group. Although this compares to 75.9% of variance unaccounted for, the statistical significance of this discriminant function indicates that these factors could be used to improve prediction consistently (Polit, 1996).

**Implications for Practice**
The importance of the energy level and sense of urgency assessed by the Emotional Intensity trait appears to be important not only to sales performance but to retention as well. Also, the presence of a higher level of ego drive, as measured by the Assertiveness trait, appears to contribute to agent retention. These findings are important to insurance companies in that various components of these traits can be readily assessed through personality testing. In addition, training in sales techniques could help agents who are not as assertive as some of their colleagues become more successful.

**Implications for Research**
In addition to exploring the 75.9% of variance in turnover not accounted for by this study, researchers could seek to determine with more specificity the impact of the Assertiveness, Emotional Intensity and Recognition Motivation dimensions (or components thereof) on turnover. Also, although the level of performance was clearly indicative of those who remained versus those who left, a number of individuals who terminated clearly were better than marginal performers. Of the group that terminated, higher performers generally demonstrated a greater need for recognition. Future research could assess differences in turnover rates based upon experimental designs including providing higher levels of recognition to one group and assessing differences in turnover rates. Alternatively, qualitative data obtained from exit interviews could be compiled to further clarify the results presented in this study.

Another possible approach for future research could involve a comparison of the personality dimensions of salespersons with those of their immediate supervisors. For example, comparison of the Recognition Motivation scores of salespersons and supervisors might provide insights that could be addressed through additional training. Also, researchers could address other situational factors related to supervision, agent training, company image and organizational climate as possible contributors to turnover.

[141]
---------------
[142]

**Recommendations**
The purpose of this study was to examine possible relationships between personality dimensions, performance, and subsequent voluntary turnover of a sample of insurance sales agents. The statistical analysis indicated that approximately 24.1% of the variance in turnover for this sample could be accounted for by the interaction of performance data (Average Weekly Sales Commissions), and the Emotional Intensity, Recognition Motivation, and Assertiveness dimensions. The performance data was particularly important in discriminating between those actively employed and those who voluntarily left employment, as could be expected.

The Assertiveness and Emotional Intensity dimensions contributed significantly, but to a much smaller degree, to the classification of active and terminated employees. This supports the idea that individuals having higher ego drives, more intense activity levels and a greater sense of urgency are more likely to remain in their insurance sales jobs. The need for recognition did not contribute significantly to classification of active and voluntarily terminated employees.

While the need for recognition, as measured by the personality test, added little in discriminating between those who remained actively employed and those who left, differences in this variable were evident within the group of individuals who voluntarily left employment. Specifically, of those who voluntarily left during the period under review, individuals who performed better in terms of sales commissions also displayed a higher need for recognition. This suggests improving recognition and rewards for "at-risk" agents as a potential retention strategy.

The discriminant model developed in this research was effective in predicting group membership as actively employed or voluntarily terminated. Voluntary turnover is especially important to the insurance industry, since it is very costly to companies (these individuals leave of their own accord when they might have a chance to make it). Accordingly, replication and refinement of this research might add additional insights to insurance companies with respect to agent selection and the strategic management of agent turnover.

## REFERENCES

Barrick, M. R. & Mount, M.K. (1991). "The big five personality dimensions and job performance: A meta-analysis." *Personnel Psychology*, 44:1-26.

Bernardin, H. J. (1977). "The relationship of personality variables to organizational withdrawal." *Personnel Psychology*, 30:17-27.

Berube, E. M. (1996). "Mentoring is one approach to agent retention issue." *Best's Review / Life-Health Edition*, 96:82.

Bretz, R. R. & Judge, T. A. (1994, February). "Person-organization fit and the Theory of Work Adjustment: Implications for satisfaction, tenure, and career success." *Journal of Vocational Behavior*, 44:32-54.

Cotton, J. L. & Tuttle, J. M. (1986). "Employee turnover: A meta-analysis and review with implications for research." *Academy of Management Review*, 11:55-70.

CraftSystems, Inc. (1998). *Users Manual: The Comprehensive Personality Profile (CPP)*. Bradenton, FL: Wonderlic Personnel Test, Inc.

Darmon, R. Y. (1993). "Where do the best sales force profit producers come from?" *Journal of Personal Selling and Sales Management*, 13:17-29.

Fox, J. & Markham, S. (1990). *Performance, tenure and personality: A field study.* San Diego: Proceedings of the Annual Meeting - Decision Sciences Institute.

Futrell, C. M. & Parasuraman, A. (1984). "The relationship of Satisfaction and performance to salesforce turnover." *Journal of Marketing*, 48:33-40.

Greenberg, H. M., Weistein, H. P. & Sidler, G. (1996a). "Finding the right agent can stop the revolving door." *Best's Review / Property-Casualty Edition*, 97:44-48.

[143]
---------------
[144]

Jones, E., Kantak, D. M., Futrell, C. M. & Johnston, M. W. (1996). "Leader behavior, work attitudes, and turnover of salespeople: An integrative study." *Journal of Personal Selling and Sales Management*, 16:13-23.

Martin, S. L. & Lehnen, L. P. (1992). "Select the right employees through testing." *Personnel Journal*, 71:46-51.

McNeilly, K. M. & Russ, F. A. (1992). "The moderating effect of sales force performance on relationships involving antecedents of turnover." *Journal of Personal Selling and Sales Management*, 12:9-20.

O'Meara, D. P. (1994). "Personality tests raise questions of legality and effectiveness." *HR Magazine*, 39:97-100.

Panko, R. (1997). "Getting testy about sales screening tests." *Best's Review - Life/Health Edition*, 98:67-70.

Pitt, L. F. & Ramaseshan, B. (1995). "Realistic job information and Salesforce turnover: An investigative study." *Journal of Managerial Psychology*, 10:29-36.

Polit, D. F. (1996). *Data analysis and statistics for nursing research*. Stamford, CT: Appleton & Lange.

Quinones, M. A., Ford, K. J., & Teachout, M. S. (1995). "The relationship between work experience and job performance: A conceptual and meta-analytic review." *Personnel Psychology*, 48:887-910.

Rasche, R. A. & Harrell, A. (1990). "The impact of personal characteristics on turnover behavior of accounting professionals." *Auditing: A Journal of Theory and Practice*, 9:90-102.

[144]
---------------
[145]

Scoggins, J. R. (1985). *Key Ideas in Personality Theory*. West Publishing Company: St. Paul, MN.

Sheridan, J. E. (1992). "Organizational culture and employee retention." *Academy of Management Journal*, 35:1,036-1,056.

Tett, R. P., Jackson, D. N., & Rothstein, M. (1991). "Personality measures as predictors of job performance." *Personnel Psychology*, 44:703-742.

**AUTHOR BIOGRAPHIES**

Dr. Alan Parks is the Vice President of Business and Finance at Georgia Southwestern State University. He can be reached at aparks@canes.gsw.edu. Together, Dr. Douglas Waldo, he has published numerous studies dealing with personality and job performance as well as a recent book, Finders Keepers: Selecting, Motivating and Retaining Peak Performers. In recent years, this work has been utilized by several of the nation's largest employers to better understand the importance of personality in assessing job compatibility and reducing turnover.

Dr. Douglas Waldo is an Assistant Professor of Organizational Behavior at the University of Sarasota. He can be reached at drdwaldo@aol.com.

.