Financial Services Company Identifies Higher Quality Employees

DEGARMO

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The Company

The company is a financial services provider with more than 6,000 employees and eight contact center locations worldwide.

The Challenge

The project was organized to study the effectiveness of DeGarmo's assessment solutions for predicting various aspects of representatives' job performance across the company's webchat and telephone customer care operations.

Assessment Strategy

DeGarmo implemented the **DeGarmo Personality Inventory (DPI)** assessment to incumbent representatives with varying lengths of job tenure. The DPI is a structured web-based inventory designed to assess 14 work styles, each weighted for importance relative to particular job demands. Certain combinations of these work styles are especially relevant to job performance, as well as other work-related outcomes such as job satisfaction, work withdrawal, and turnover.

The overall assessment strategy was to implement a multiple-hurdle selection approach to systematically identify candidates who did not align well with the demands of the Customer Service or Webchat positions. However, only the results for the DPI are reported here.

"In the past, if you were a warm body and could read and write, you got hired. But they weren't the right fit, so we kept rehiring. The tests pay for themselves because recruiting and training costs are so high, which come right out of our pocket."

Vice President of Operations Improvement

Study Design

A total of 124 Customer Care Agents and 129 Webchat Representatives were administered the DPI. The DPI data was collected during a two week period in November, 2013. The length of employment for the Customer Care Agents was from 443 days (1.2 years) to 4105 days (11.2 years), with an average of <u>three years</u>. For the duration of employment, various performance metrics and evaluations were compiled and provided by the client company. In addition, incumbent self-reports of job attitudes and performance were collected specifically for this validation research.

The performance criterion metrics provided by the client for Customer Care Agents included a number of different indices of agent performance including problem resolution rates, customer satisfaction ratings, transfer rates to another agent, adherence rates, ratings of attendance, and a composite overall performance rating.

Assessment Impact

Correlation analyses revealed a variety of significant DPI-criterion relations, indicating that DPI scores are statistically and practically significant predictors of job performance. In addition, various DPI scores were significantly related to employees' job attitudes and withdrawal intentions, as well as self-reports of various aspects of performance.

The DPI's predictive effectiveness is reflected in the correlations between the DPI total score and the various performance metrics. The client company reported that Agent resolution rate was the most important performance metric to them. The highly significant correlation between DPI and resolution rate was **r = .26** for the total sample of Customer Care Agents. We then explored whether the DPI was a better predictor of this aspect of performance for agents with longer time on the job. These concurrent validation indices increased systematically as length of time on the job increased. For those agents who had been on the job for more than two years, **r = .32**. The DPI also predicted a separate client-provided metric reflecting rate of resolution failure, **r = -.30**. The DPI total score also significantly predicted other performance metrics such as customer satisfaction, call transfer rates, and ratings of attendance.

The DPI's predictive effectiveness is further demonstrated by correlations between various combinations of DPI work style scores and the various performance metrics. Various work style combinations were shown to predict every performance metric to some degree, and these statistically significant **R values ranged from .21 to as high as .52**, depending on the specific work styles, performance metrics, and agent's length of time on the job.

An alternative way to express the predictive results described above is to compute predictive risk ratios, which clearly show how different DPI scores are associated with different performance rates. In the table below are the results showing that when those Customer Care Agents who scored below and above average, respectively, on the DPI are compared in terms of their resolution rates, a clear difference results.

The risk ratio for these data is 1.5, meaning that **Customer Care Agents with a below average DPI Total score are one and a half times more likely to have below average resolution rates compared to agents with above average DPI scores**. Among agents who have worked more than two years, that likelihood climbs to almost twice as much.

Table 1

DPI Total Score Groups	Agent Resolution Rates	
	Below Average	Above Average
Below average	35	26
Above Average	23	37

These results are graphically portrayed in the bar chart below.

Bar Chart
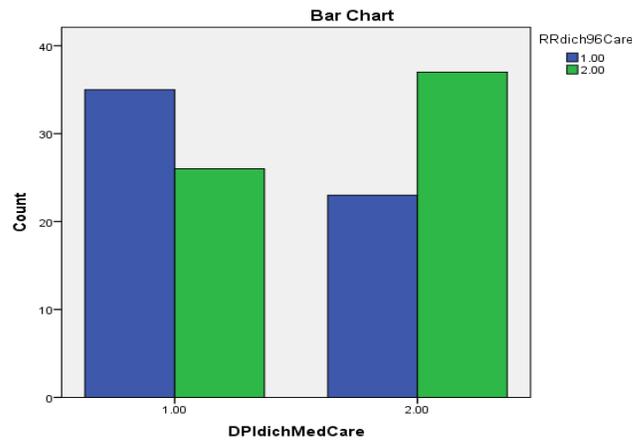
It is very important to emphasize that **these results are conservative estimates** of the DPI's effectiveness because of the nature of the concurrent validation sample available for analysis. Because the sample comprised incumbent agents who had been working for at least a year, the poor performers had been screened from the sample, thus restricting the variability in DPI scores as well as the performance metrics. This dampens the statistical differences between groups and causes underestimates of operational effectiveness. In other words, if the DPI is used for screening, these predictive relationships can be expected to be even larger, **indicating greater effectiveness in screening out less effective Customer Care Agents**.

Predicting Customer Care Agent Job Attitudes

The DPI assesses work styles that are known to be predictive of not only job performance, but also various reactions to work. The Customer Care Agents were surveyed for a variety of job attitudes that have been shown to be precursors to various forms of workplace withdrawal and turnover. Specifically, we assessed agents' job satisfaction, organizational commitment, job engagement, intentions to quit, and self-reported absenteeism. The DPI's relationships with these job attitudes are summarized in Table 2 below.

	DPI Total Score
Job Satisfaction	.14
Organizational Commitment	**.19**
Job Engagement	**.45**
Intentions to Quit	**-.16**
Absenteeism	**-.27**

These statistically significant relationships between the DPI and various employee attitudes, especially in the case of job engagement, are very large by predictive standards, indicating that the DPI could be very effective in identifying job applicants who are most likely to voluntarily terminate employment. Therefore, the DPI could be used to significantly reduce voluntary turnover, in addition to predicting various aspects of customer service job performance.

About DeGarmo

DeGarmo develops and distributes innovative talent assessment and development solutions to help clients maximize revenue growth, productivity, and workforce stability. Our award-winning pre-employment assessments, leadership assessments, and training solutions have been delivered to millions of job candidates worldwide through our talent platform, or through integrations with major applicant tracking system (ATS) providers. More than 10,000 HR professionals have received HRCI or SHRM certification credits through DeGarmo's webinars on critical HR topics such as talent assessment, interviewing, leadership, turnover reduction, and culture fit.

Contact Information

Contact DeGarmo for more information on this case study or our talent assessment solutions toll-free at (866) 4-DEGARMO, or at sales@degarmo.com. Visit us online at www.degarmo.com.