

DOES THE PERSONALITY MATTER – TALENT MANAGEMENT IN LIFE INSURANCE ORGANIZATIONS – FUTURE PERSPECTIVES

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Abstract

The aim of this article is to show the empirical relation between the insurance agents' specified personality traits and the efficiency of life insurance companies in context of future perspectives of development, basis on meta – analysis proceed in the three domestic and one international scientific projects in years 2007-2012¹. In this paper it is also shown the motivators of most efficient insurance agents and opportunities / threats related to provision driven rewarding system and its consequences.

Keywords: *agents, effectiveness, insurance, management, personality, provision*

1.INSURANCE IN THE CONTEXT OF BUSINESS ACTIVITY

Every economic activity in present reality operates in conditions of uncertainty which cause various random events. These mentioned conditions are consequence of existing threats, including risks, which organization is unable to avoid and foresee in the strategy schedule. However there is the possibility of protection oneself before financially negative results of realization such events. In present social-market relations, particularly these leaning on market mechanism, there are two ways of possible conducts: to accumulate financial means on covering financial losses caused with realization of risks or transfer on specialized, qualified company.

The part of society at an unproductive age, cannot rely on desirable financial protection from the government, so they purchase insurance policies, first of all life and pension ones, therefore insurance business become unusually important social device, enabling solution for many problems of the aging societies. There is high probability, according to existing demographic prognoses, that the situation mentioned above, in the coming years relates to Poland. In references to the necessity of executing the operating activity by insurance companies driving through the mediators, from which clients on Polish insurance market, require higher and higher competencies. That causes many problems to gain over the men's cooperation with desirable competencies.

1.1. The insurance mediation

The insurance mediation depends on executing by mediator for reward of actual actions or the legal connected form including actions or the realizing the contracts of insurance. Insurance mediation can be realized by insurance agents exclusively or insurance brokers understood as economic activity in the articles of law. Insurance mediator realizes: the action on behalf of insurance company, named "agency actions", including: the logging the customers, doing the preparatory aiming to the contracts of insurance actions, the contracts of insurance as well as the participation in managing and realizing the contracts of insurance, also in matters about

¹ Scientific projects: „Identification of talent management dissemination level in life insurance companies”, “Identification of competency management dissemination level in life insurance companies”, “Identification of efficiency ratios implemented in level in life insurance companies”.

damages, and also on organizing, the supervising of the agency actions; the action on behalf of the customer looking for the insurance protection, called "the broker's actions", including: containing or the bringing to inclusion of insurance contracts, doing the preparatory actions to inclusion of insurance contracts as well as the participation in management and the realizing the contracts of insurance also in matters about damages.

The executing on basis of the agency included contract agency, activity from institution of insurances company is the insurance agent written to the insurance agents' register. Agency actions can be realized by the natural person exclusively, who fulfils requirements defined by law regulations, on the contrary, insurance agent it is a undertaker in Poland with all the situational issues.

1.2. Distribution channels using by life insurance companies

The insurance companies must sell their services with the following channels of distribution: the direct sales², agency sales³, brokerage⁴.

Tab. 1. The number of registered agents

The registered insurance agents	31.12.05	31.12.06	31.12.07	31.12.08	31.12.09	31.12.10	21.12.11
Exclusive agents	22900	23000	24600	23300	23400	22700	20900
Multi agents	12700	13800	14700	15300	16400	15100	14500
Agents Total	35600	36800	39300	38600	39800	37800	35400

Ref.: Committees of Supervision Insurances and Pension Funds - www.knf.gov.pl

The direct sale by workers of insurance companies, although it characterizes the considerable quantitative volume, does not reflect the efficiency of sales - the actions of mediation is realized by - except the people working for insurance companies - bank employees, travel agents, and even the postmen. However, that channel of distribution, will stay the least expensive source of gaining over sale of insurances⁵, insurance agents' part of the whole distribution of life insurance products is very high⁶.

2. THE SIGNIFICANCE OF PERSONALITY THEORIES FOR INSURANCE COMPANIES' EFFECTIVENESS

The Aristotle [Locke, 1824] understood the personality as a potential of human being. Many years later, in 1912, F. Allport [Allport, 1912: pp. 6-40], during his searching for the „personality” definition attempts noticed, that this term is very difficult to define in the quantitative context. According to his opinion, the only suitable criteria were qualitative ones, and, what is particularly important, related to human environmental activity. The similar assumptions were identified in the works of the M. May and H. Hartshorne [May, Hartshorne, 1928: pp. 395-411], also G. Manson [Manson, 1926: p. 72] or A. Roback [Roback, 1927: p. 128]. Although the term of personality is used in many different meanings, it seems to be authorized to divide

² Provided by "fulltime workers"

³ Sales by insurance agents

⁴ The sales provided by insurance brokers

⁵ The agent should be paid commission, even 90% of the first year premium

⁶ Economization is important when running an insurance business, particularly when it is life insurance. According to statutory provisions, insurance companies, in order to distribute products, are obliged to use the services of insurance brokers. So it is the quality of the agents' work, stemming from their competences, that constitutes the chief effectiveness factor for life insurance companies, seen both in economic and social terms. Therefore the factors conditioning the effectiveness of actions conducted as part of operational activity of life insurance companies may be factors which are a set of elements constituting economy's potential and its organizational efficiency, as well as psychosocial factors.

them in two categories [Hall, Lindzey, 2006: pp.8-10]: skills and dexterity in relations with other people in social contacts⁷, or the most clear impression one makes on the others⁸. In the relation of interpreting difficulties, the number of personality definitions arose. In 1937, G. Allport in his literature review [Allport, 1937] identified over 50 different definitions, which were categorized in two notion types, biographic and biosocial approaches⁹. According to the other approach it is postulated to construct one common cumulative definition that described personality in the context of quantitative ratios¹⁰. The next ones focused on integrating or organizational personality function [Watson, 1927: pp. 73-87] and suggested that the personality it is the main factor that puts in order and coherence all the individual human activities. C. Dowd claims the significance of personality in the process of one's adaptation to the external environment, shows these individual characteristics that differ an individual from others.

2.1. Personality trait perspective

Taking into consideration fact, that all the scenarios for personality evaluations¹¹, actually evaluate personality traits it should be proceeded the more precise analysis. The researchers opinions related to trans - situational behavior compatibility [Mischel, 1968: p. 46], trait measurement tool accuracy [Fiske, 1974: p. 1-11], and even their objective existence [Schweder, 1975: pp. 455-484], caused, in 70-ties of XX century the crisis of trait approach confidence, but the spectacular process in 50 years and Big Five model implementation made possible the understanding of numerous specific personality traits [Costa, McCrae, 1980: pp. 65-102]¹². As the result, many theoreticians changed their opinions and positions complying empirical conducted research data.

2.2. BIG Five Model

Many of personality theories there were results of the explanation attempts driven to clinical phenomena such as hysteria [Breuer, Freud, 1955: p. 172] or adaptation issues [Rogers, 1951: p. 166], this is why the assumption of personality traits constancy, proclaimed by R. McCrae and P. Costa [McCrae, Costa, 1996: p. 51-87] was met the incredulity¹³. This observation became the foundation for two new theories¹⁴ - D. McAdams [McAdams, 1992: p. 299-313] claimed, that personality should be understood as threefold structure¹⁵. He admitted, traits were mostly constant, but simultaneously noticed that personal involvements¹⁶ and life histories¹⁷, were under changes in the context of situation and life cycle¹⁸, P. Costa and R. McCrae [McCrae, Costa, 1994: pp. 21-40] proposed the different model, which implemented differen-

⁷ The individual personality is evaluated under circumstances of one's ability to create positive reactions to others in different occasions

⁸ „Aggressive personality”, „indulge” or „anxiety”. In each of examples the observer chooses the trait or preference which is highly characteristic for an individual and which is probably the important part of overall impression. The personality is reflected in that.

⁹ The bio-social definitions are close to current understanding „personality”. An individual has only personality that reflects in other people reactions. Allport stood at opposition against this proposition and claims that the biophysical are suitable, where the personality has a strong background in traits and preferences of an individual. Referring to mentioned definitions, the personality consists of both organic and perceived aspects and can be related to specified individual preferences, which are possible to describe and measure

¹⁰ In this application the term of personality includes all the traits assigned to an individual by the evaluator, enumerated terms, which are the most important in the description and claims that the personality consists of them

¹¹ Despite of its theoretical background

¹² The developmental psychology of full life cycle showed the specific resonance throughout exhibition the real meaning and existence of solid disposals, so the changes took place in the area of theory and research

¹³ According to the authors' opinion, the main difference lays in the personality definition, where traits were differ from relations, habits, selfestimations etc.

¹⁴ Presented in 1992 during the symposium of American Psychological Association „Is personality possible to change?”

¹⁵ Traits as disposals, personal involvements, life histories

¹⁶ Current goals, plans, etc.

¹⁷ Self estimation

¹⁸ McAdams claims that these levels are independent each other. Each of them should be perceived independently [McAdams, 1992: p. 302]

tiation between constant and changing personality elements. Finally, these elements were treated as related personality system components [Mayer, 1995: pp. 819-878]¹⁹.

In FFT model the biological foundations in external influences there are „entries” which represent common interactions of personality, organism and environment. The objective biography it is „the exit” – all the one’s activities, thoughts, feelings for whole life²⁰. Three central components are:

- basic tendencies,
- characteristic adaptations,
- self estimation²¹.

The significance of the model there is differentiation between basic tendencies and characteristic adaptations, enabling the explanation of personality constancy. The basic tendencies there are one’s abstract abilities and predispositions, on the contrary, characteristic adaptations there are specific acquired structures²². The basic tendencies mentioned above can be constant but characteristic adaptations cannot [McAdams, 1992: p. 303]²³.

2.3. Trait origins

The postulate of FFT institutes the trait existence as endogenic, basic tendencies but excludes any environmental influence [McCrae, Costa, 2000: pp. 173-186]. The basis of this assumption there is a personality constancy. Taking into consideration that traits can be modified with environment, they should change with time, but the authors noticed small ones so - it is unproved so far.

2.4. Genetic background of personality

The human resource management science has at disposal the huge set of data related to genetic factors of personality traits, from adoption research [Loehlin, 1992: p. 142], through twins in the same family examples [Jang, 1996: pp. 575-591], and finally the twins severed after their birth [Bouchard, 1990: pp. 263-292]. All mentioned research are characterized with high fidelity. The lack of common environment, perceived as a determinant that created personality was underlined by the behavioral geneticians in eighties of last century [Plomin, 1987: pp. 1-16]. There were undertaken efforts driven to negative verification explanation [Pike, 2000: p. 96-114], yet, the results did not enable to proper inference. It was assumed that if the half of the variance is explained in genetic background of human being and common environment influence meet almost zero, the mentioned situations can be determined by other factor²⁴. J. Harris [Harris, 1998: p. 42] even suggests, the family influence does lesser effect the peers’ activities. Although it is a hypothesis, the positive verification probability is very high, there are problems to evaluate it.

Additionally there is one more interpretation of specific environment compatible to FFT – all the personality measurements include the certain level of random errors, which is reflected in reality²⁵ of the test. Moreover, the mentioned measurements include systematic errors, which

¹⁹ The authors claimed the set of postulates describing common relations of these elements. The whole structure has been called five element personality theory (FFT), because of its empirical origins, similar to five factor model. At the same time J. Mayer has constructed personality model based on system theories

²⁰ Of course, it differs from a narrative life history, which is subjective so it can be inaccurate and selective

²¹ The self estimation is included in characteristic adaptation but it is the different sociological subject

²² Which are created in the results of one’s interaction with environment

²³ Although FFT is focused on personality traits, the basic tendencies include cognitive abilities, artistic talents, sexual orientation and also the whole organization of human being, based on studying, perception and other psychical functions. All the learned skills there are characteristic adaptations, like habits, interests, attitudes, convictions and internal psychical aspects. Some of characteristic adaptations, such as the language, can last very long, other, as personal involvement, which McAdams placed the second, can be fading

²⁴ In the technical sense, the mentioned determinant is called the specific environment and some of the researchers interpret it as all the formative events, which differ one child from other within the same family

²⁵ Or its lack

can lead to incorrect data interpretation [McCrae, Jang, 2001:pp. 511-535]. The other approach is claimed by C. Finch and T. Kirkwood [Finch, Kirkwood, 2000: p. 132]. In their opinion the coincidence takes the significant role in human biology²⁶. Genes construct the strategy but in the process of real development²⁷ this strategy is not strictly fulfilled. Mutations, hormones [Resnick, 1993: pp. 323-329] and other factors make an effect on final product. This is why „identical”²⁸ twins never are completely identical²⁹. C. Finch and T. Kirkwood underline, there is no reason to think, this relation is different in The context of personality traits.

2.5. Personality traits in the context of organizational effectiveness – FFM implications

Till 90-ties of the last century, the utility of personality tests was perceived rather negatively³⁰, probably as the result of R. Guiona and R. Gottier’s conclusions and their quantitative conclusions [Guion, 1965: pp. 135-164]. The similar opinion was claimed by N. Schmitt, R. Gooding, R. Noe and M. Kirsch [Schmitt, Gooding, Noe, Kirsch, 1984: pp. 407-422]. They proved that personality tests used for employee selection had very low utility to evaluate future efficiency and suitability of workers³¹. But, in the next years it was possible to notice more optimistic opinions [Behling, 1998: pp. 77-86]. The authors say that the real predictive value of personality tests was not considered because the lack of common organizational trait structure [Barrick, Mount, 1991: pp. 1-26] - the researchers, in early 90-ties began to create and adapt the FFT rules to selection oriented ones [Dunn, Mount, Barrick, 1995: p. 500-509]. The successive research indicated that, in the managers’ opinions, the significance of personality traits are equally important as overall intelligence. Additionally, the great number of meta-analysis [Barrick, Mount, 2001: pp. 9-30] helped to understand the theoretical and empirical nature of personality composition relations³², and job efficiency. The FFM implementation enabled to give the precise explanations, referring to the nature of personality processes, identified on the basis of log term accumulated data. The meta-analysis proved the authenticity of positive correlation of two model traits³³, as predictors of future occupational success of employees. The mentioned traits describe the availability of an individual to follow the management instructions or increase the efforts to goal achievement³⁴, as well as the ability to relocate resources i to accomplish tasks³⁵. As a consequence, these two traits can be used as motivation at work ratios [Schmidt, Hunter, 1998: p. 262-274].

The mentioned research showed the applicability of the remaining traits³⁶ as job efficiency predictors, but this thesis is suitable only particular kinds of work³⁷. The author demonstrated the existence of the relation between the level of extroversion and efficiency in these jobs, which are focused on client influence or power and status oriented ones [Barrick, Mount, 2005: pp. 359-372]³⁸. On the contrary the high level of agreeableness is particularly important in the jobs, where the human interaction intensification is crucial³⁹. In that case – the agreeableness can be the most representative ratio of work success [Barrick, Mount, 1998: pp. 145-

²⁶ Ibidem

²⁷ Particularly in embryon’s growth

²⁸ Monozygotic

²⁹ Even in the context of purely physical attributes, such as: height, fingerprints

³⁰ Employment, promotion

³¹ Ibidem, p. 420

³² Particularly traits in Big Five Model

³³ Conscientiousnes and emotional stability

³⁴ Conscientiousnes

³⁵ Emotional stability

³⁶ Extrovertism, agreeableness, openness to experience

³⁷ M. Barrick, 2001

³⁸ In majority in management and sales, being social, assertive, energetic, and abitious there is the main criterion of job efficiency

³⁹ Under the circumstances tat the job needs cooperation with others

166]. Finally, the openness to experience is the basis of efficiency in the jobs, which require the creativity and change adaptation [George, Zhou, 2000: pp. 563-593].

The researches focused on work efficiency problems proved, the one's personality determines many work related behaviors and results important both for organization and management [Johnson, 2003: pp. 83-120]. It was noticed that there was a relation between the personality traits and unproductive behaviors, such as: absence, sluggishness, job satisfaction, safety and effectiveness [Barrick, Mitchell, 2003: pp. 362-364]. K. DeNeve and H. Cooper also proved that a similar relationship there is between personality traits and individual life quality, marriage happiness and length of life, what could be the ultimate criterion. What is additionally important, the similar relations were not be proved in the intellectual capability area [Friedman, Tucker, 1993: pp. 176-185]. Yet, these skills may determine the perception level of information and knowledge [Zimbardo, 2006: p. 239].

3. THE EFFECTIVENESS OF THE MOST TALENTED INSURANCE AGENTS – RESEARCH RESULTS

In life insurance industry, according to the complexity of life insurance product, the role of first contact personnel is crucial as well as in the rest of service sector. Therefore, the result of insurance company success can be determined by the insurance agents' traits [Rogoziński, 200: p. 19].

Referring to scientific projects 2007-2011 it is authorized to claim that there is a strong relation between intermediary's traits and job efficiency, although this influence is different in the context of particular trait. The openness to experience, distinguished in the FFT model is not seen at the same extent in all insurance companies' coworkers.

Tab 2. Openness to experience - dispersal

Insurance company	Openness to experience			Amount
	Below standard	standard	Above standard	
CU	31 13,42%	161 69,70%	39 16,88%	231 100%
AIG	12 19,05%	39 61,90%	12 19,05%	63 100%
NN	7 14,29%	35 71,43%	7 14,29%	49 100%
PZU	26 29,55%	62 70,45%	0 0,00%	88 100%
	18,64%	65,23%	16,13%	100%
Razem	128 18,03%	479 67,46%	103 14,51%	710 100%

Ref.: Own research

Nobody of PZU agents reached results above the standard and in the rest of companies, the percentage is accordingly from 14,29% (NN) to 19,05% (AIG). However, in the context of results „below standards” the PZU agents are „leaders” – with the score of 29,55%, where, in other conducted companies from 13,42% (CU) to 19,05% (AIG). In this part of research PZU agents has reached the scores which are statistically different from other companies.

This analysis, according to results of agency work efficiency, perceived as the number of appointments before the finishing the life insurance contract⁴⁰, allows unambiguously to confirm that the openness to experience defined by R. McCrae and P. Costa, determines the insurance service effectiveness.

⁴⁰ This ratio reflects in market shares practically, year premium per one agent, the number of active agents

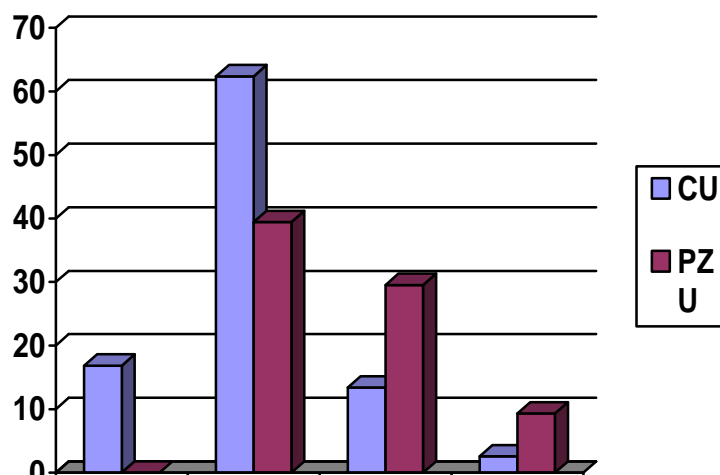
Tab. 3. The number of appointments before dealing the contract – dependence research

Insurance Company	The number of appointments				Amount
	1	2	3	>=4	
CU	194 62,38%	89 28,62%	20 6,43%	8 2,57%	311 100%
AIG	4 6,45%	38 61,29%	18 29,03%	2 3,23%	62 100%
NN	39 27,08%	78 54,17%	12 8,33%	15 10,42%	144 100%
PZU	110 39,43%	91 32,62%	52 18,64%	26 9,32%	279 100%
Amount	347 43,59%	296 37,19%	102 12,81%	51 6,41%	796 100%

Ref.: Own research

Agents of Commercial Union, where the „openness to experience” trait was identified most rarely below the standard, usually close their insurance contract during the first appointment and the percentage of agents’ who need more than four appointments to sell insurance policy was the lowest - 2,57%.

Graph. 1. Relation „openness to experience” trait and 1-st and 4-th appointment contract sales



Ref.: Own research

The „openness to experience” trait was not seen in PZU agents population at above standard level, yet „below standard” one was reaches twice as much as in the Commercial Union population. The percentage of one appointment deal was lower than in CU and fourth deal was almost twice higher than in CU.

Therefore the efficiency as the one of market oriented functions of insurance companies is determined with „openness to experience” at the level, which is perceived as average in organizations.

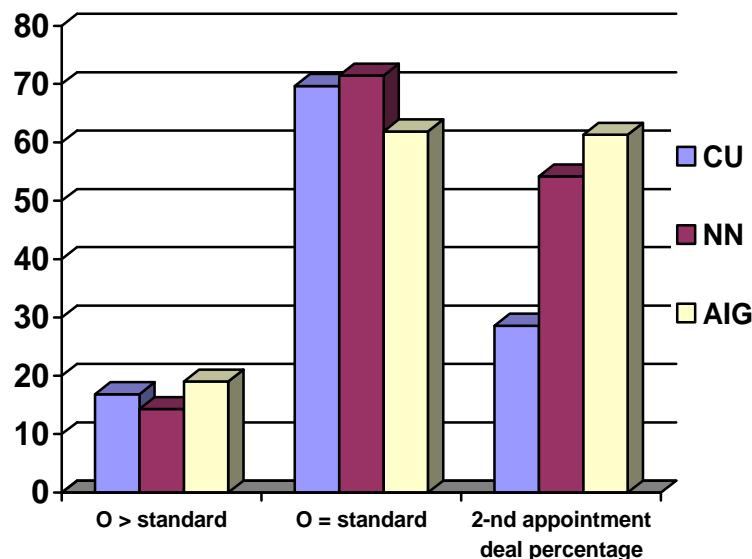
Tab. 4 Trait „O” – variance analysis

Insurance company	Openness to experience					
	average	average bias	Q25	median	Q75	number
CU	44,77	19,48	30	47	53	231
AIG	41,48	19,91	30	41	59	63
NN	42,78	19,63	30	41	59	49
PZU	31,27	14,35	20	35	41	88
Amount	41,40	19,31	30	41	53	431
Levene's Test variance analysis	0,0654					
	0,0000					

Ref.: Own research

The projects' results additionally imply that „openness to experience” trait in average quantities in organizations involved in life insurance sales is very significant too. It enables the goal achievement at the extent similar to „openness to experience” highest level institutions.

Graph 2. The relation between „O” trait and the percentage of 2-nd appointment deals

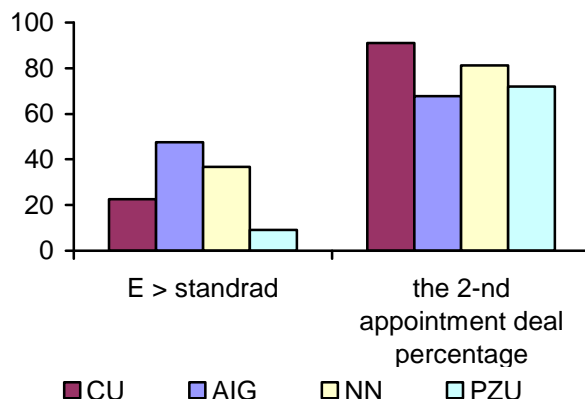


Ref.: Own research

Both AIG and NN companies, in which the openness to experience is very high, insurance agents fulfill the organizational goals during the second appointments, however the efficiency of CU is much higher. On the contrary, the „openness to experience” trait has the lowest value in PZU.

There is the similar situation in the context of extraversion according to the organizational effectiveness.

Graph 3. The relation between the extraversion and efficiency



Ref.: Own research

The sales organizations, in which the extraversion among agents is widely seen, reach the higher level of efficiency in the opposition of introversion predominated ones. Yet, it was noticed that there is possibility of negative extraversion results existence in life insurance companies.

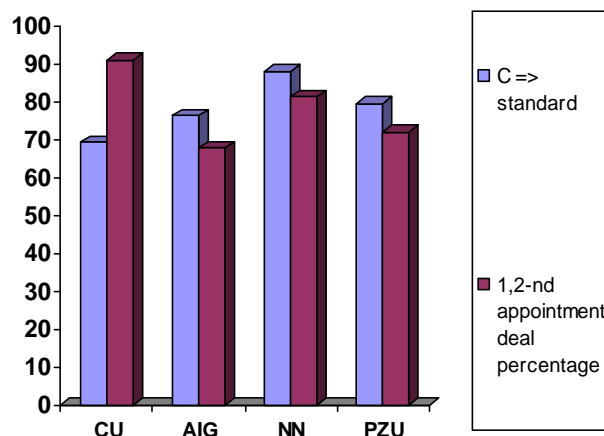
Tab. 5 „E” trait – variance analysis

Insurance company	Extraversion					
	average	standard bias	Q25	median	Q75	number
CU	59,53	20,16	42	59	79	231
AIG	71,71	21,78	70	74	86	63
NN	69,51	16,27	53	70	86	49
PZU	55,43	17,28	42	59	64	88
amount	61,77	19,68	48	64	79	431
Levene's test	0,0400					
Variance analysis	0,0000					

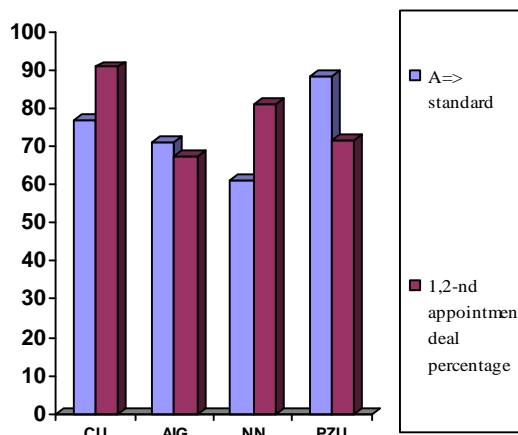
Ref.: Own research

Referring the research results in the context of AIG agents, the variation of social actions quality, when exceed 21,5%, causes effectiveness negatively – the agents need more appointments to deal the life insurance contract. Further analysis implies, the growth both consciousness and agreeableness, neuroticalness, are usually the next factor of efficiency decreasing.

Graph 4. Relation „C” and „A” traits and 1,2-nd appointment deals



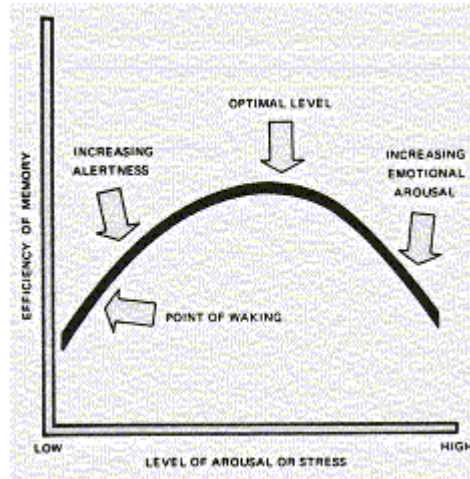
Graph 5. Relation “A” trait and 1,2-nd appointment deals



Ref.: Own research

This differentiation is probably the derivative of the phenomenon described by Yerkes and Dodson, according which the more increasing of motivation the higher efficiency. This situation continues till achieves a certain point. After crossing that, the relation becomes invert [Hurtz, Donovan, 2000: pp. 869-879]⁴¹.

Graph 6. Yerkes-Dodson law



Ref.: [Yerkes, Dodson, 1908: pp. 459-482]

Assuming the research results it seems authorized to claim that there is directly proportional between the insurance agents' efficiency and the personality traits such as "openness to experience" and extraversion. Yet, the mentioned relation according to the "consciousness", agreeableness and neuroticism is valid only in a specific range. After exceeding the efficiency collapses. In that way, it is possible to make an impact on individual competencies.

4. THE ROLE OF COMPETENCIES IN ORGANIZATIONAL STRATEGIES

The individual competencies and key organizational ones are closely related each other: the organizational competencies form through integration and coordination of individual competencies⁴².

Organizational competencies as well as individual ones, there are relations between knowledge, abilities and individual virtues. Therefore, this is very important for organization to manage individual competencies effectively, both present and potential. If the competencies are the employee virtue, they generate profits for whole organization that hired him. This matter is widely discuss by strategic management specialists⁴³.

⁴¹ Arousal is a major aspect of many learning theories and is closely related to other concepts, such as anxiety, attention, agitation, stress, and motivation. The arousal level can be thought of as how much capacity you have available to work with. One finding with respect to arousal is the Yerkes-Dodson law (first observed by Robert M. Yerkes and John D. Dodson [Yerkes, Dodson, 1908: pp. 459-482]). It predicts an inverted U-shaped function between arousal and performance. A certain amount of arousal can be a motivator toward change (with change in this discussion being learning). Too much or too little change will certainly work against the learner. You want some mid-level of arousal to provide the motivation to change (learn). Too little arousal has an inert affect on the learner, while too much has a hyperactive affect. Also, there are optimal levels of arousal for each task to be learned. The optimal level of arousal is normally: lower for more difficult or cognitive tasks (the learners need to concentrate on the material), higher for tasks requiring endurance and persistence (the learners need more motivation)

⁴² The organizational competencies are defined as knowledge, abilities, team skills on the organizational level [McLagan, 1997: p. 40-47]

⁴³ "...The fact, that management does efforts to financial asset division instead of individual competency management, which are the key organizational competencies" [Pralahad, Hamel, 1990: p.79-91]

Despite of competencies, necessary for organizational operation, that is also important to possess “distinctive competencies”, enable to reach a competitive advantage⁴⁴. These competencies are the “competency organizational weapon” [Itami, 1987: pp. 78]. The same opinion like H. Itami, have G. Stalk [Stalk, Evans, Shulman, 1992: pp. 57-69], E. Lawler [Lawler, Mohrman, Benson, 2001: pp. 146]. The authors underline that the distinctive competencies will be the main part of competitiveness process in a future.

There is also popular the argumentation, that, in a view of organizational effectiveness, this is very important to focus on development of these competencies, which lead to new products and services creation [Hamel, Prahalad, 1994: pp. 122-128]. In United States of America, there was the first attempt to define notion of competency, during sketching the „competent” manager profile, basis on research sample of 2000 managers for American management Association⁴⁵. The research results indicate, that the “American notion” of competency is very wide⁴⁶. The competency express the difference between an average and most efficient contractor –it is a profile of the individual, who does his job effectively⁴⁷.

In the opposition to American approach, the British one proposes to define competency as the set of precisely specified characteristics of an individual comparing to empiric standards, assigned during conducted research⁴⁸.

This approach identifies the existence the competencies and activities relations relation, showed as particular results. These results were grouped as a formal system of National Management Standards for specified management levels.

Tab. 6. The definition differences of competencies – British and American approach

	American approach	British approach
Requirements in skills and behavior	General	Particular
Competency definition	Wide	Narrow
Establishing the level of competency	The difference between average and most efficient employee	Based on empirical established standards

Ref.: own study basis on [Boyatzis, 1982: pp. 16]

Both approaches – American and British are based on similar assumptions. They underline efficiency aspect. The difference is that American approach defines skills and attitudes in general sense, but there should be positively correlated with high productivity. In the British one there were specified requirements in higher level of precision in the context of skills and attitudes⁴⁹.

The profit oriented organizations try to develop or maintain the key competencies usually⁵⁰. They undertake the activities⁵¹, which increase their market value. Other activities are sup-

⁴⁴ For example: market share, number of clients

⁴⁵ The duty of managers it was to write, which, in their opinion, characteristics distinguish the most effective managers [Boyatzis, 1982: pp. 14]

⁴⁶ It includes such formulation as: trait, sill, imaginary aspect, social role and individual knowledge

⁴⁷ The specified job position competency, this is „a set of traits, to let the individual accomplish effectively tasks related to her job [Klemp, 1980]. “Competencies, according to realized job, which consists of such elements as: motivation, personality traits, skills, self-estimation, and using knowledge” [Boyatzis, 1982: pp. 16]. The similar sense of competency is in A. Gick i M. Tarczyńska’s paper. The authors define competency as knowledge, skills, behaviors, virtues, attitudes characterized these, who do their job property and efficiently. The competent employee does his job very well, and his skills are crucial for result achieving [Gick, Traczyńska, 1999: pp. 45]

⁴⁸ Conducted in National Research Project. According to the definition used in this program, the competency is perceived as an ability to accomplish job or function, according to requested standards. A competency is defined as an ability to transfer skills and knowledge to new situations, referring to practicing job.

⁴⁹ The notion of competency is positively correlated with some of aspects of possessed knowledge, required to accomplish desired effects, in the context of established Job situation. Yet, the competencies implicate a new type of employee. According to homo economicus of Taylor, there was widely accepted opinion, that occupational activity is determined with his will to maximize his salary. The interpersonal relation theory created homo sociabilis – the employee, who is emotional. Temporary, in management literature, it is possible to find the term - homo competens – the individual, who is motivated with the extension if his competency list [Alaluf, Stroobants, 1994: pp. 12-24]

⁵⁰ The key competencies of organization are „what an organization can do best”, key competencies related to job position are the most important to accomplish organizational goals, employee key competencies are identical with his strenghtenes, used in his work [Delamare Le Deist, Winterton, 2005: pp. 27]. In the beginnings of 90-ties there were begin to use the term of “core competencies” [Prahalad, Hamel,

ported with external resources or give the unprofitable areas up. The firms develop these kind of competency portfolios, that drive to the biggest profits or market shares. However these activities cause threats – all the market participants⁵² want to maximize their profits. At that time it is very probable to face collision of interests and further activity become more difficult. Moreover, the possibility of losing profits gets higher⁵³.

The latest competitive analyses emphasize the role of key competencies in the global economy, characterized with technological progress velocity [Porter, 1990: pp. 69-129].

The organizational competency has to consist of three components:

- enables to enter the different markets,
- assures the cooperation with clients,
- be difficult to copy [K. Prahalad, G. Hamel, 1990].

A.H. Church [Church, 1995: pp. 63-74] adds, these priorities are simultaneously difficult to follow and very important, when the extremely long economical crisis and increasing competition, produce limitations of employment and deep restructuring processes. These changes, related to human resources are justified with the will to decrease costs, but do not take into consideration competency inactivation and its consequences. That also explains, why decreasing the number of employed doesn't produce expected positive results in the area of productivity and workability of organizations⁵⁴. R. Reed and R. DeFilippi [Reed, DeFilippi, 1990: pp. 32-46] claim, the actual economical and technical conditions focus on individual competencies. Therefore, organizational strategies are the more efficient, the more focus on strong relations of three aspects: individual competencies, knowledge and technical skills and organizational management culture [Klein, Edge, Kass, 1991: pp. 1-15]. There is the exact correlation between conditions mentioned above. As a consequence, the individual competencies can be described through repertoire of „go on” procedures in economical activity, yet, the organizational ones express themselves in efficiency and trade results⁵⁵. But, the individual competencies management it is the major aspect of human resources management, which are the priority to organizational management. It is clearly confirmed by P. Herriot and C. Pemberton [P. Herriot, C. Pemberton: 1995, pp. 74], who claim, that the organizational existence depends on the ability to create knowledge and skills and ability to use them, what constitute the human beings – because only humans are able to predict the future and create it. The organization manages its human resources – it consists of them⁵⁶.

4.1. Insurance talents' competencies – research results

As mentioned above, an insurance agent there is one-person institution in Poland. The insurance company only supports the product, so there are limited possibilities to control one's action, especially if the sales is being proceed at client's home without any third party involvement. In 2003 there began the law suits against the life insurance companies and numerous resignations, as a results of unethical activities of insurance agents. On the contrary the insurance companies which paid commission to their agents have reached the largest market share and highest level of effectiveness. PZU Życie is still the largest player on the polish life

1990: pp. 79-91]). These competencies are determined with the set of skills and technology, which enable organization to deliver special advantages to clients, and more efficiently compete.

⁵¹ The elements of value chain

⁵² Competitors

⁵³ Demand/Supply assumptions

⁵⁴ Ibidem

⁵⁵ The individual competencies are identified with the behavior analyses, organizational ones – through market analyses method and project evaluations method. Individual competencies diagnoses can establish the added value, collected by the member of organization to accomplish his mission. The organizational competencies establishing enables to identify the market segment, which an organizational activity can be effective in short and long run. The individual competencies are the characteristic preferences of a human, organizational ones are commonly develop by organizational members but they are the property of an organization.

⁵⁶ Ibidem

insurance market, yet its market share fall down from 100% in 1990 to 29,6% in 2010. The other life insurance companies reached the result, as follow:

- TUnŻ Europa – 12,5%,
- TUnŻ WARTA – 8,0%
- TUnŻ ING – 6,4%
- TUnŻ Nordea Polska – 6,2%
- TUnŻ AVIVA⁵⁷ - 6,1%.

The six biggest life insurance companies have collected near 70% of whole market – the concentration level is very high – according to the conducted research it seems to be authorized to claim, that the result of mentioned situation is the approach to competency management. But even implementing this process will not guarantee avoiding problems - the main, competency based problem, there is both misselling and asymmetry of client and agent knowledge [[Janowski, 2008: pp. 295-302] and causes a lot of billion dollars damages in United States of America. Additionally, the insurance agent, as an entrepreneur prefers the bigger provision for his successful sales, so perceives the strategy of represented insurance company selectively. Referring to research results, the level of management orders executing⁵⁸ differs in studied insurance companies.

Tab. 7. Strategy acceptance –agents’ opinions

Insurance company	Strategy acceptance				Total
	None	selected	Most	All	
Commercial Union	42 18,18%	156 67,53%	24 10,39%	9 3,90%	231 100%
AIG Amplico Life	9 14,29%	47 74,60%	7 11,11%	0 0%	63 100%
Nationale Netherlanden	8 16,33%	35 71,43%	4 8,16%	2 4,08%	49 100%
PZU Życie	18 20,45%	68 77,27%	2 2,27%	0 0%	88 100%
Total	87 12,25%	369 51,97%	147 20,70%	107 15,07%	710 100%

Ref.: own research

PZU agents more often ignore all the strategy directives that the others. The research results show the significant differences between PZU agents and other companies ones. The selective acceptance there is a result of provision system rewarding⁵⁹. For insurance companies, the first two years of insurance policy are unprofitable⁶⁰ – so they prefer, in the context of effectiveness to life insurance policy last longer than mentioned period, when both the costs of risk and mediation are low. Yet, the agents are not financially interested to maintain the relations with clients over two years⁶¹.

This situation is confirmed in the field of insurance agents motivators – who have to cover all the activity related expenses⁶², and, additionally proceed the high uncertainty level job in the area of future income.

⁵⁷ Former Commercial Union

⁵⁸ Strategy acceptance

⁵⁹ For successful sales the insurance agent receives very high, even reached 120% of first – year premium provision. In following years the payment is smaller (from 12,5% to 2% of premium)

⁶⁰ The most of collected premium they have to pay as a provision to agents

⁶¹ In AIG and PZU, after 6 years of the insurance agreement, the agents do not gain a provision

⁶² The principal insurance company doesn't participate

Tab. 8. The most effective insurance agent motivators

Motivator	losing job possibility	new challenge	personal development	money
Percentage	9,8%	18%	16%	48%

Ref.: own research

The insurance agents claim the lack of provision system transparency and the numerous changes of their contracts. This is why they are „short-seeing”.

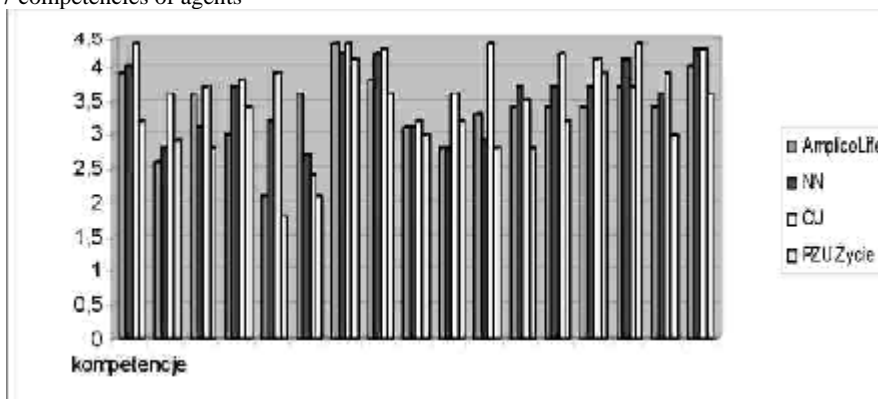
4.2. Insurance agents’ competencies in the context of life insurance sales efficiency

Weber’s approach to competencies, where it is claimed that competencies mean authority only, had stopped competency driven activities. Yet, the competency management is in constant progress, particularly in life insurance companies, which perceive competencies as the derivatives of skills, which are determined with personality traits, attitudes and knowledge. The latter it is the reflection of qualifications and experience [Rakowska, Lutek, 2000: p. 17]. It is underlined that the competency management fulfils 18 of 21 human resource management functions [Oleksyn, 2006: p. 188] - the main expectation of competency management system it is to increase both organizational effectiveness and employees’ satisfaction. According to the life insurance sector development, the competency management it is the process of acceleration overall development. Is it authorized to claim that the degree of mentioned acceleration is not the same, depends on the kind of the service. It is particularly seen in life insurance organizations.

5. COMPETENCY MANAGEMENT IN LIFE INSURANCE COMPANIES – OPPORTUNITIES AND THREATS

As the result of conducted research of the insurance agent's competencies [Irons K.: 1997], there is affirmed existence of positive correlation of insurance agent competencies profile and his efficacy. In A. Janowski opinion [Janowski A.: 2006], the difference of assimilating the individual competencies between agents reaches even 46%.

Tab. 9. Profile 17 competencies of agents



Ref.: own research

This was the legal interdiction for operating activity through foreign life insurance companies in Poland till the year 1990 – that is probably the reason of PZU Życie S.A. superiority. The data analysis from 1991-2011 as well as the results of conducted investigations, implies the conclusion that the loss of 77% shares of life insurances market in considered period by PZU Życie S. A. on behalf other – new on polish insurance market companies, seems to be the derivative of lacks of competencies both institution and the agents. Therefore the competency management, according research results, will be the main criterion of gaining the competitive

advantage for life insurance companies in the future. Although the mentioned assumption, in the context of other unpredictable circumstances, cannot be completely certain, the lacks in the competency management area will be an axiom of company economical disorder. In opinion of B. Balewski [Balewski, 2011: pp. 67], this situation is also characteristic for other business branches.

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