

The Career and Work Attitudes of Financial Professionals

— *Survey of Financial Professionals (Part 3)*

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1. Introduction

In Parts 1 and 2 of our *Survey of Financial Professionals* conducted in May and June 1999, which targeted human resources managers at Japanese and foreign financial institutions, we reported that despite the growing demand for money management professionals, more aggressive mid-career hiring, and efforts to revise evaluation and compensation systems, Japanese financial institutions still lag behind in the treatment of professionals.

Part 3 analyzes individual responses collected from 340 financial professionals. We found that while professionals have a high self-esteem for their expertise and feel that the company evaluates them highly, professionals at Japanese firms in particular are less satisfied about the connection between performance or expertise and treatment.

These findings point out major issues in the future of HRM systems and treatment as the employment market becomes increasingly fluid.

2. Evaluation of Competence

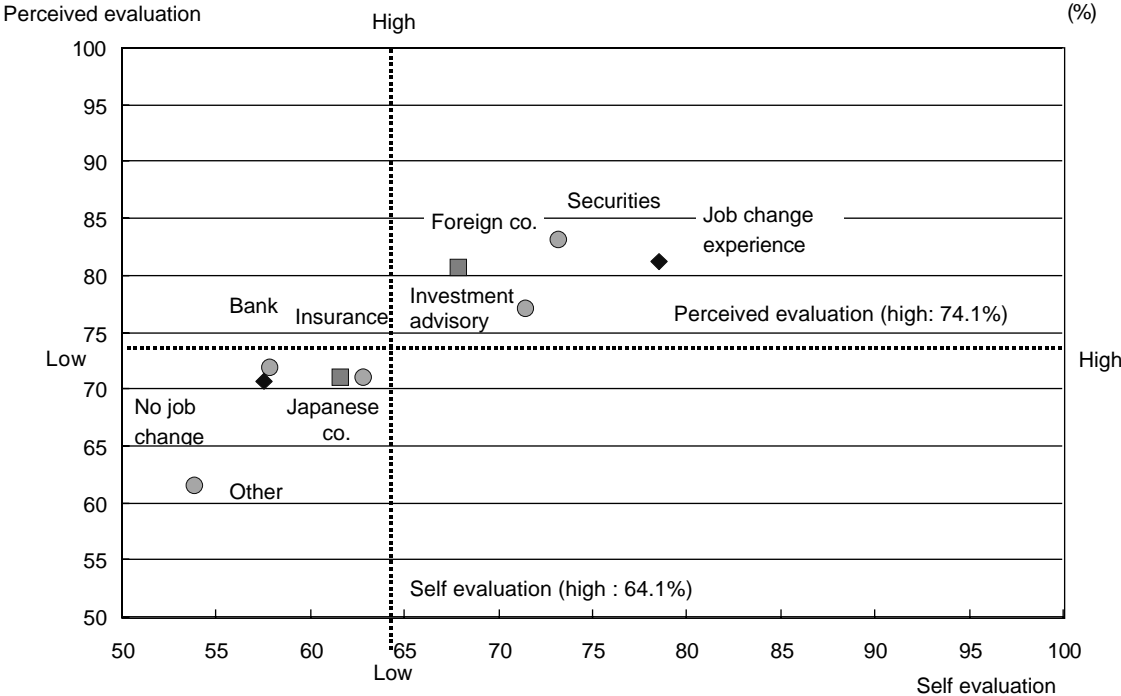
(1) Self-Evaluation and Perceived Evaluation are High at Foreign Firms, Securities Companies, and Among Job Changers

In assessing their own professional competence, over 60% of respondents express confidence in their abilities, including 10% who feel extremely confident. With respect to how they perceive their company assesses them, over 70% feel that the assessment is positive, including over 10% who feel it is very positive.

The survey findings below are broken down by capital affiliation (Japanese or foreign), industry, and whether respondents have changed jobs in the past. As Figure 1 shows, respondents

whose self-evaluations and perceived evaluations of their company are both high tend to be experienced at changing jobs, and work for a foreign company in the securities or investment advisory industry. On the other hand, respondents whose own and perceived evaluations are relatively low tend to have no experience changing jobs, and work at a Japanese firm in the banking or insurance industry.

**Figure 1 Own Evaluation and Perceived Evaluation of Competence
(by capital affiliation, industry, and job changing experience)**



(2) Improving Competence through Work Experience and Own Effort

Below we look at what professionals feel are the most useful ways to acquire competence.

The methods cited as being most useful are work experience, followed by self education. No significant differences are found according to affiliation, industry, or experience changing jobs. In addition, overseas work experience, temporary transfers to other institutions, study abroad, and acquisition of public certifications are also regarded as useful. On the other hand, in-house training & development programs are poorly evaluated, and domestic university education is considered the worst (Table 1).

Table 1 Methods Considered Useful to Improve Professional Competence

	Sample (n)	Work experience	Co. T&D	Outside T&D	Training from superior	Self education	Public certification	Domest. univ.	Domest. grad. school	Loan to other co.	Study abroad	Work exper. abroad
Total	340	99.7	66.0	82.7	85.4	98.0	86.1	44.0	48.5	89.3	87.7	94.9
Affiliation												
Japanese	224	100.0	62.4	84.8	83.8	98.1	88.3	44.1	42.9	90.5	88.0	97.3
Foreign	109	99.0	74.3	78.2	89.7	97.7	82.0	42.7	54.5	81.3	86.8	94.7

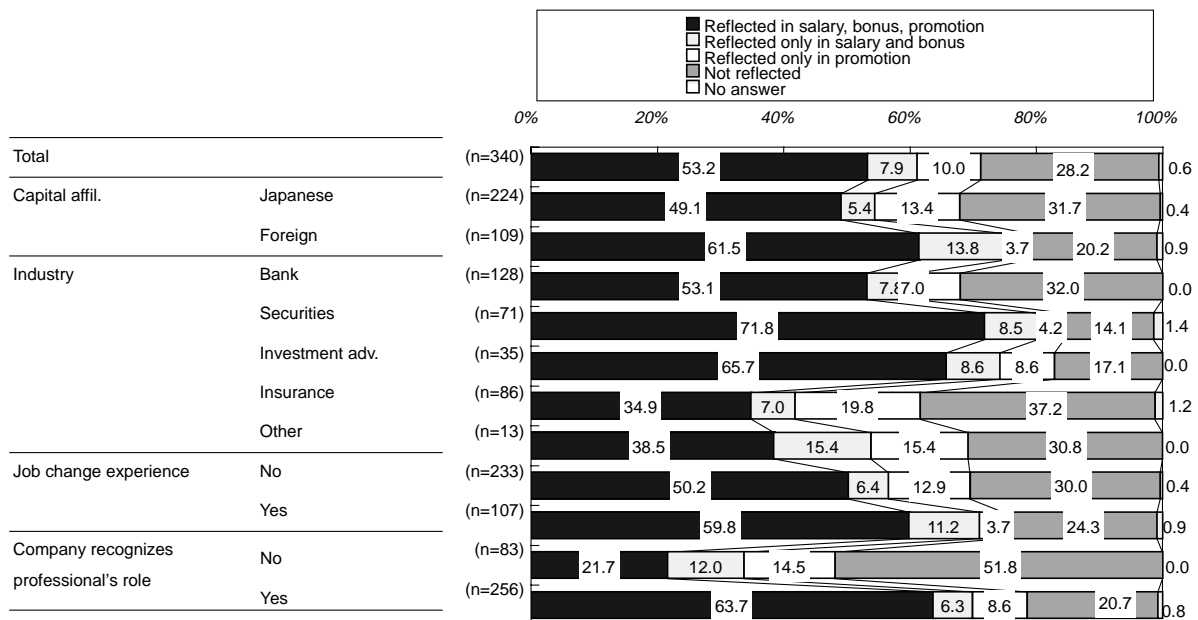
Note: Numbers in bold indicate top scores in each category.

3. Treatment and Rotation of Professionals

Regarding whether treatment reflects their performance, over half of respondents (53.2%) said job performance (results) is reflected in salary, bonus, and promotion, while 28.2% said it is not.

The proportion of affirmative responses is high at foreign firms (61.5%), securities firms (71.8%), investment advisories (65.7%), and among persons with experience changing jobs (59.8%). Moreover, affirmative responses are high among professionals who feel that their company values professionals, suggesting a close relationship between the company's treatment of professionals and its attitude toward professional human resources. On the other hand, a large proportion of professionals at Japanese companies, banks, and insurance companies responded that performance is not reflected in salary, bonus, or promotion (Figure 2).

Figure 2 Is Performance Reflected in Treatment? (salary, bonus, & promotion)



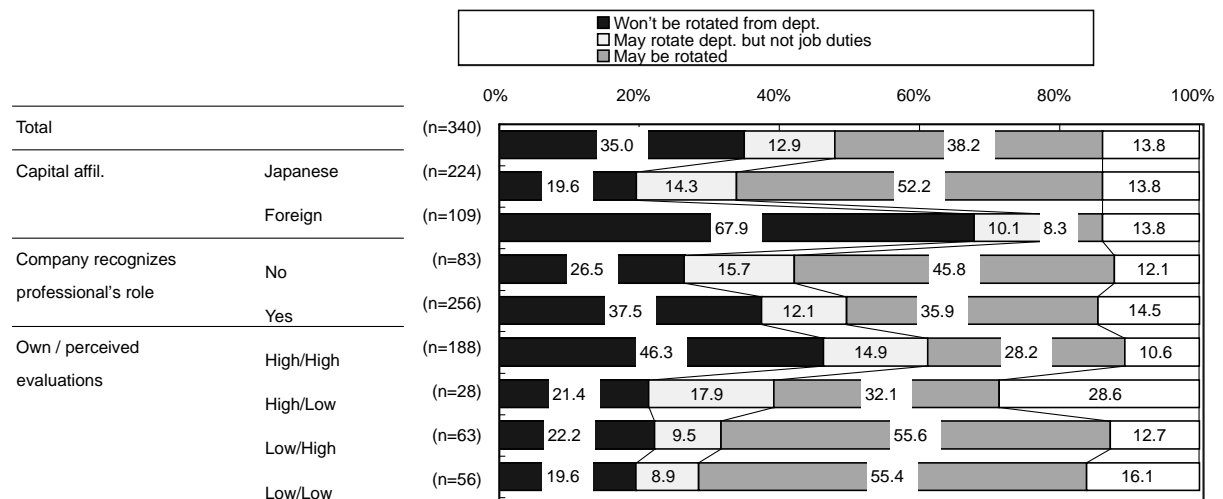
(2) Possibility of Job Rotation is Higher at Japanese Firms

In general, the frequent and detailed rotation practices characteristic of Japanese companies are recognized as an obstacle to the development of professional human resources. Asked about the possibility of being rotated to a different department or job responsibility, slightly less than half expect to avoid rotation to some extent, including those who expect to stay in their present department (35.0%), and those who may change departments but not job responsibilities (12.9%). On the other hand, 38.2% think that their department or job responsibilities could change due to rotation.

The difference is substantial by capital affiliation: the majority of respondents at Japanese companies feel they could be subject to rotation (52.2%), while most respondents at foreign firms (67.9%) do not expect to be rotated. By industry, a high proportion at investment advisories (62.9%) and securities firms (49.3%) perceives little possibility of rotation to another department. A significant difference also appears with job changing experience: twice as many with job changing experience (58.9%) as without (24.0%) expect to remain in their present department.

Furthermore, among respondents whose self-evaluations and perceived evaluations of their company are both high, expectations overwhelmingly rule out departmental rotation (Figure 3).

Figure 3 Perceived Possibility of Job / Department Rotation



(3) Low Satisfaction with Evaluation System, Compensation System, and Compensation Level

Over 70% are satisfied to some extent with their company and work in general, including 17.4% who are satisfied, and another 53.8% who are somewhat satisfied. No significant difference appears between Japanese and foreign firms, but by industry, investment advisories tended to have the highest satisfaction levels.

As for satisfaction with work and treatment items, satisfaction is relatively high for present job responsibilities and interpersonal relationships. On the other hand, the lowest satisfaction levels relate to the treatment categories of evaluation system (52.1%), followed by compensation system (57.1%) and compensation level (57.6%).

Professionals at Japanese companies tend to be dissatisfied with the compensation system, work hours, and compensation level, while those at foreign companies are dissatisfied with improving competence on the job, evaluation system, and compensation level. By industry, low satisfaction levels are seen for improving competence on the job at banks, work hours at securities firms, evaluation system at investment advisories, and compensation system at insurance companies (Table 2).

Table 2 Satisfaction with Work and Treatment (satisfied and somewhat satisfied responses)

	Sample size n	Present job duties	Upgrading job expertise	Compensation system	Compensation level	Status in organiz.	Evaluation system	Work hours	Freedom at work	Work relationships
Total	340	81.2	61.2	57.1	57.6	71.8	<u>52.1</u>	58.5	63.2	81.2
Affiliation										
Japanese	224	81.7	64.7	53.1	56.3	73.7	<u>50.4</u>	55.4	57.6	83.5
Foreign	109	81.7	<u>53.2</u>	65.1	61.5	68.8	54.1	64.2	74.3	76.1
Industry										
Bank	128	78.1	<u>55.5</u>	63.3	60.9	70.3	56.3	64.8	63.3	83.6
Securities	71	81.7	60.6	62	54.9	76.1	54.9	<u>50.7</u>	69	73.2
Invest. advis.	35	91.4	80	60	68.6	71.4	<u>48.6</u>	57.1	71.4	88.6
Insurance	86	81.4	61.6	<u>43</u>	53.5	72.1	44.2	57	55.8	81.4
Other	13	92.3	61.5	53.8	<u>46.2</u>	69.2	<u>46.2</u>	<u>46.2</u>	53.8	76.9

Note: Low scores for each item are underlined.

(4) Strong Commitment to Work

While the common image of financial professionals is that they move from job to job in search of better conditions, what employment conditions do they actually emphasize most? The most common response is present job responsibilities (29.7%), followed by on-the-job improvement of competence (25.6%). This suggests a strong commitment to the job itself and to improving competence, and less emphasis on treatment. On the other hand, less emphasis is placed on status in the organization, work hours, and flexible work rules. In addition, no significant differences are observed in these tendencies by capital affiliation and industry (Table 3).

Table 3 Conditions of Work and Treatment Most Emphasized

Rank	Working conditions
1	Present job duties (29.7%)
2	Upgrading expertise on the job (25.6%)
3	Compensation level (10.6%)
4	Relationship with coworkers (10.0%)
5	Evaluation system (7.9%)
6	Compensation system (6.2%)
7	Work hours (2.9%)
7	Freedom on the job (2.9%)
9	Status within organization (0.9%)

4. Desires Regarding Future Professional Development and Treatment

Asked where they felt improvement is most needed at the company (workplace) going forward, the most frequent response is greater regard for competence (44.7%), followed by performance-based treatment and IT systems.

By capital affiliation, the most common item cited at Japanese firms is regard for competence (52.7%) and T&D programs at foreign firms (42.2%). By industry, regard for competence led at banks (39.8%), securities firms (33.8%), and insurance companies (61.6%), and performance-based treatment at investment advisories (51.4%; Tble 4).

Table 4 Desired Future Areas of Improvement

	Sample size n	Regard for competence	Result oriented pay/promo.	T&D program	IT system	External database	Flexible work system	None
Total	340	44.7	37.1	29.4	34.1	15.3	27.9	5.9
Japanese	224	52.7	42.9	23.2	35.3	16.1	29.9	4.5
Foreign	109	27.5	24.8	42.2	33	13.8	22	9.2

Note: Numbers in bold indicate top scores in each category.

(2) Enhancement Desired in Evaluation System and Labor Mobility

Moreover, to enhance the development and hiring of professionals, professionals at Japanese firms say that the most important measures companies must take are to establish evaluation systems, followed by promoting labor mobility and exchanging trainees with financial institutions abroad (Table 5).

Table 5 Important Measures for Future Professional Development and Hiring

	Sample size n	More practical univ. education	Improved academic/business collab.	Enhanced inhouse T&D program	Intern foreign exchange program	Establish prof. evaluation system	Promote mobility of human resources
Total	340	20.3	17.1	22.4	28.5	57.1	36.8
Japanese	224	23.7	17.4	24.6	27.2	56.3	36.6
Foreign	109	12.8	16.5	18.3	32.1	57.8	38.5

5. Signs of Job Mobility at Japanese Firms

(1) Job Changers Seek Higher Income, Particularly at Foreign Firms and Securities Firms

Among persons who have changed jobs, 66.4% reported an increase in income after changing jobs: 30.8% had a substantial increase in income, and another 35.5% had some increase. By capital affiliation, the difference is significant — 13.8% at Japanese firms and 36.8% at foreign firms. By industry, the response at securities firms is significantly higher than the rest at 59.4% (Figure 4).

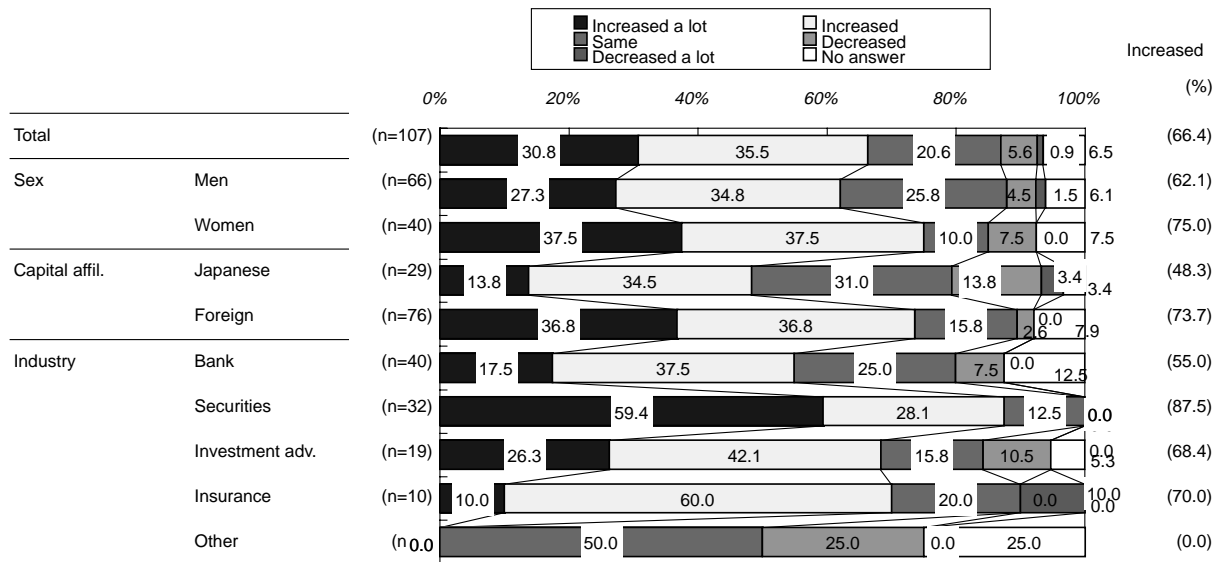


Figure 4 Change in Annual Income After Job Change

(2) Over Half Expect to Change Jobs in the Future

Over half of respondents said they might change jobs in the future (53.5%, including those seeking better compensation and better professional opportunities), compared to 31.8% who intend to remain at their present company.

The proportion inclined to change jobs exceeds 50% at both Japanese firms (50.9%) and foreign firms (59.6%), while by industry, is particularly high in securities and investment advisories industries (Figure 5).

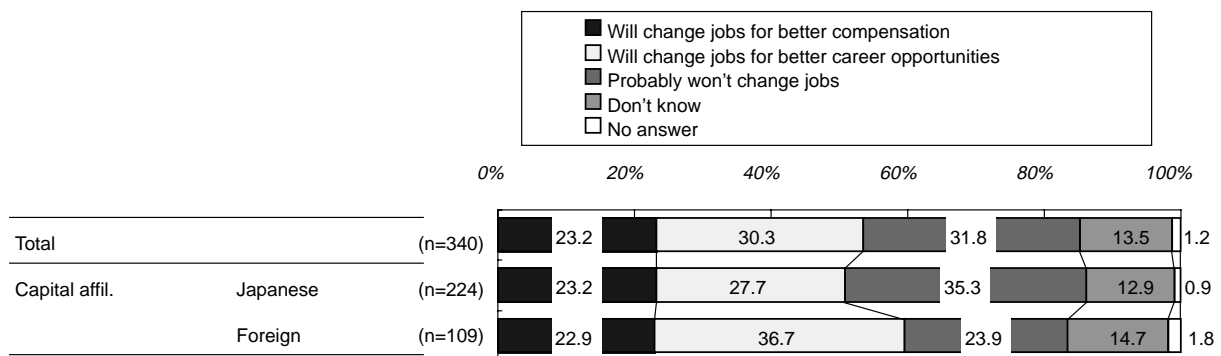
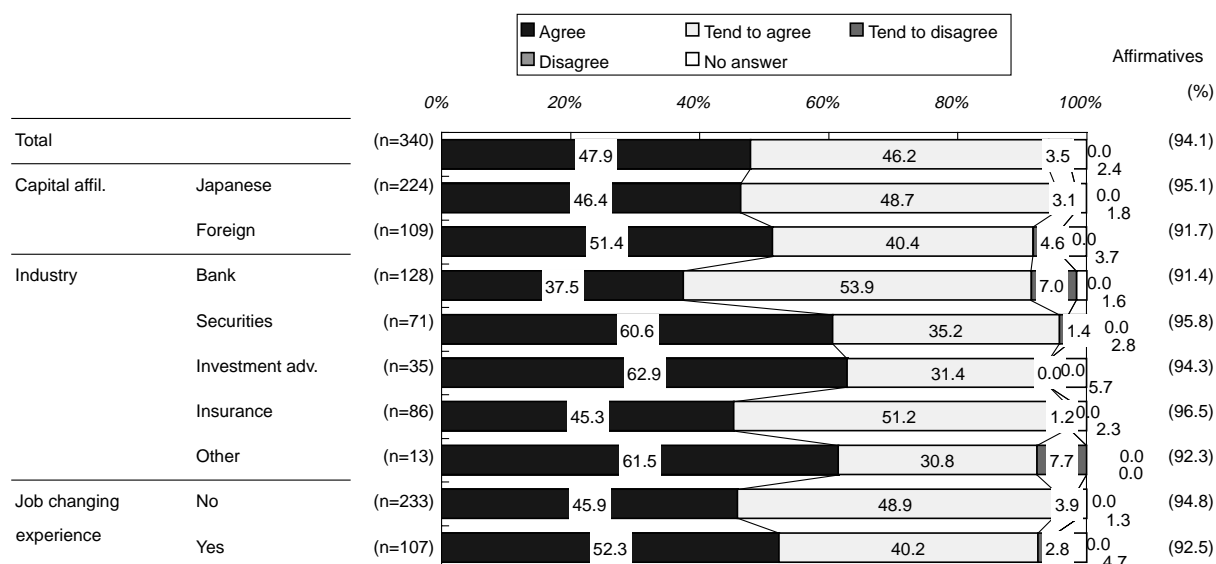


Figure 5 Inclination to Change Jobs

(3) Professionals Predict Increased Labor Mobility at Financial Institutions

Asked if they predicted an increase in labor mobility at financial institutions in Japan, 91.4% agreed either strongly (47.9%) or otherwise (46.2%). While results are similar regardless of capital affiliation and industry, the proportion agreeing strongly exceeds 60% in the securities and investment advisory industries (Figure 6).

Figure 6 Prediction for Labor Mobility



Our survey of individual financial professionals revealed a strong desire to improve competence, and a stronger commitment to the job than to the pursuit of better income and treatment. However, particularly among Japanese firms, we found dissatisfaction over the employment system with respect to performance-based compensation and promotion, and the company's regard for professional competence and performance.

On the other hand, employment systems at foreign firms already link performance to salary, bonus, and promotion, while the possibility of rotation is perceived to be low. However, since professionals are hired for their existing competence, we noted dissatisfaction with respect to opportunities to enhance competence on the job, as well as a strong demand for training & development.

Furthermore, as labor mobility increases, changing jobs will serve to let the market value people's work experience and professional competence, thus allowing them to increase their incomes, confidence, and market value.

As the Financial Big Bang brings about restructuring and consolidation throughout the industry, competition for professional human resources continues to intensify.

Given the trend toward greater labor mobility, companies need to rebuild their entire employment system to address key issues such as retention of human resources, job assignment tailored to abilities, career development, rotation, and treatment.

Outline of the Survey of Financial Professionals – Individual Survey

Survey sample: Financial professionals employed at major Japanese and foreign financial institutions based in Japan.

Survey method: Questionnaires were sent to human resources management departments of the companies in question, who were asked to distribute them to individuals, and collected directly from individuals. As a supplement, questionnaires were also distributed separately to professionals satisfying the above description.

Survey period: May to June 1999

Number of valid responses: 340

Breakdown of respondents:

Capital affiliation – Japanese 65.9% Foreign 32.1% No answer 2.1%

Industry – Bank 37.6% Insurance 25.3% Securities 20.9% Investment advisory 10.8%
Other 3.1% No answer 2.1%