The Effects of Financial License on Job Performance

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ABSTRACT

During the rapid development of economic miracle, the financial and banking industry has been playing an important role in Taiwan. However, the key performance indicator (KPI) of being a successful financial institution is professional service quality. After reviewing previous researches and literatures, the researcher found that the foundation of professional service quality is based on the professional training and financial license. In order to obtain advantages in the competitive market, financial license is strongly related to job performance in financial and banking industry.

Keywords: Financial and banking industry, service quality, financial license, job performance

INTRODUCTION

According to Gramm-Leach-Bliley Act of the late 1990s, the term “financial services” became more prevalent in the United States, which enabled different types of companies operating in the U.S. financial services industry at that time to merge. Hinton (2010) states that the financial services industry includes firms that deal with the management, investment, transfer, and lending of money. Though every company handles money in the course of doing business, financial institutions actually make money their business; rather than selling a line of physical products, they offer customers their fiscal expertise. The industry itself is very large, encompassing everything from small, local banks to the multinational investment banks regularly featured in news headlines.

An occupational license is any form of regulation that restricts entry to an occupation or profession to people who meet competency-related requirements stipulated by a regulatory authority. This includes any physical or implied license, registration, certification, approval or permit required by someone to gain employment, including self-employment. Anderson (1993) clearly demonstrated that a license is usually conferred by the government organizations and it proves someone who has the basic knowledge, skill, which a certain job or filed requires. A certificate, on the other hand, is usually conferred by a professional institution and proves someone who is qualified or passes a certain standard which a professional organization defines. An accreditation to individuals is a proof that someone who has the basic knowledge and is qualified for working in a certain field or for a job.

This study is going to discuss the professional license system to job performance. The researcher will focus on the staffs with licenses to prove if they meet the professional standards of basic knowledge and competency of this field. In another word, establishing a certificate or license system can prove the license owner has passed the critical evaluation from the professional organization and will has better job performance.
Government organizations or professional associations usually take into account the professional knowledge and competency that a certain filed requires when setting up the standard of obtaining the license. In another word, only when one can meet the requirement, he or she can get the license of this filed; which implies that not everyone in the same filed can pass the exam or obtain the license of that field. For example, not every student majoring in civil engineer, accounting, or architecture can get the license of their majoring field. So we know that establishing license system can increase self-confidence (Hsieh, 2010).

License system is not only used for personnel quality control which ensure the staffs have certain level of professional knowledge and are qualified for the job (Shanker, 1996), but it will inspire the staffs to learn new technology and enhance their ability since some licenses are not for tenure; license holder must upgrade or renew the license every certain period of time. Through upgrading and renewal process, this system will enhance professional development.

Function of financial license

A financial planner with license or personal financial planner with license is a practicing professional who helps people deal with various personal financial issues through proper planning, which includes: cash flow management, education planning, retirement planning, investment planning, risk management and insurance planning, tax planning, estate planning and business succession planning (for business owners). (Famspear, 2007)

The work engaged in by this professional is commonly known as personal financial planning. In carrying out the planning function, he is guided by the financial planning process to create a financial plan; a detailed strategy tailored to a client's specific situation, for meeting a client's specific goals. The key defining aspect of what the financial planner does is that he considers all questions, information and advice as it impacts and is impacted by the entire financial and life situation of the client. (Famspear, 2007)

Objective of financial license

People enlist the help of a financial planner with license because of the complexity of performing the following: (Famspear, 2007)
1. Finding direction and meaning in one’s financial decisions;
2. Understanding how each financial decision affects other areas of finance;
3. Adapting to life changes to feel more financially secure.

The best results of working with a comprehensive financial planner with license, from an individual client or family’s perspective are: (Famspear, 2007)
1. To create the greatest probability that all financial goals (anything requiring both money and planning to achieve) are accomplished by the target date,
2. To have a frequently-updated sensible plan that is proactive enough to accommodate any major unexpected financial event that could negatively affect the plan,
3. To make intelligent financial choices along the way (whether to “buy or lease” whether to “refinance or pay-off” etc.).
JOB PERFORMANCE

Definition of job performance

In 1970s Kane (1976) defined job performance is the accomplishment or a work record of employees during a specific period. Later, French & Seward (1983) defined job performance is an action plan related to the level of task finished. Job performance is the contribution, work quantity & quality, and the productivities. Chakravarthy (1986) defined job performance including short term economic achievements, sustain every related party’s needs, company’s capability of dealing future events. Campbell (1990) defined job performance is an individual’s behavior while working on the task to reach organization’s expectation or policy, or formalize the role required.

In 1990s Byars & Rue (1991) defined job performance was a reflection of employees’ working status and it was related to the level of employees’ achievement. It means performance is an index of employees’ productivity. Boman and Motowidlo (1993) defined job performance as individual’s behavior related to organization goal and this behavior can be evaluated by the individual’s contribution on organization’s achievement. Schermerhorn, Hunt, & Osborn (2000) defined job performance as the quantity and quality of the achievement that an individual or a group contributes to the organization.

The practical application of job performance

Korman(1977) suggested there were three factors that would affect on employees’ job performance which were job motive, skill and ability, and the role consciousness. Katz, & Kahn (1978) classified performance into the categories of in-role behavior and extra-role behavior. In-role behavior is defined formally in the system of the organization. Employees must follow the organization rules and job description while working; the performance evaluation is also based on that. The meaning of extra-role behavior is much more extended, it is usually considered as a commitment from the employee voluntarily.

Dalton, Todor, Spendolin, Fielding, & Poto, (1980) thinks that organization performance can be divided by hard performance and soft performance. Hard performance indicates the sales amount, net profit, productivity, commission and service provided. It is more of the evaluation of quantity. Soft performance indicates the supervisor’s evaluation, self consciousness, and some other evaluation related to quality performance. Blumberg, & Pringle (1982) suggested that former scholars neglected the effects of environmental factors on job performance and their studies were not able to explain the complicated job performance situation in the working field. They suggested a model of three factors which explained how the combination of capability, willingness, and opportunity effects on job performance.

Venkatraman & Ramanujam (1986) also suggested three different achievements including financial performance, business performance, and organization performance. Robbins (1998) grouped working performance into employee’s achievement, employees’ working behavior, and employee’s characteristic. He also thought that the essences of performance are efficiency and effectiveness (Robbins, 2001).
CONCLUSIONS

Conclusions

Establishing occupational regulation and license system are very important tasks for culturing future professionals. Other than culturing skilled manpower and stimulate industry upgrading, license system can also help building correct occupational concept, increasing the quality of service, ensuring public safety, enhance equal employment opportunity, strengthening the importance of occupational education and training, and accumulating the competitive power.

Government can set up the scope and standard of an exam to test people who are willing to be certified in a certain filed. Through this process, the qualified examinees can be certificated and get the advantage when seeking a job. Furthermore, some licenses grant the right of running certain business or doing certain jobs. Financial organizations also can help government to promote the idea of financial license system and work on the education training and personnel evaluation. It can integrate the whole society’s resource and enhance the quality of service.
REFERENCES


