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Financial planners in Australia: an evaluation of gaps in technical and behavioral skills

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Abstract

Industry based studies in Australia have highlighted the gap that exists between client expectation and skills of financial planners. The objective of this study is to investigate the importance of technical and behavioral skills required of financial planners and the level of perceived skill gaps exhibited by recently qualified planners. The results suggest that there is a need to more effectively incorporate specific behavioral skills such as listening and questioning skills in financial planning educational programs. Overall, the findings have implications for curriculum development, monitoring of professional standards and provision of continuing professional development programs to maximize the quality of financial planning advice.

JEL classifications: I21; I22

Keywords: Education of financial planners; Generic skills; Technical skills; Professional development; Expectation gap

1. Introduction

The Australian financial services sector is experiencing a period of sustained growth. In the 10 years since September 1995, the assets of approved deposit taking institutions have grown by nearly 300% (Reserve Bank of Australia, 2006). A major determinant in this growth has been the introduction of compulsory superannuation in the early 1990s. With 9% of an employee's salary [for those earning more than AUD 450 (USD 350 per month)]

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invested in superannuation, Australia has superannuation assets in excess of AUD 596 billion (USD $472 billion) (ABS, 2006). The creation of compulsory superannuation has created a savings pool within Australia that is significant relative to the size of its economy. In 2005, Australia ranked as the world's fifteenth largest economy, however, had the world's fourth largest pool of savings in managed funds (Axiss Australia, 2006).

In addressing the changing financial needs of Australians, a new sector of the finance industry has evolved. Formed in 1992 to develop financial planning as a profession, the Financial Planning Association (FPA) today has 12,000 members who manage the financial affairs of more than five million Australian investors whose combined investments total almost AUD650 billion (USD $505 billion) (FPA, 2006a).

The FPA's goal is to improve the standards of financial advice through education, continuing professional development and by developing and enforcing high standards of ethical and professional behavior. FPA practitioner members must be licensed to provide financial planning advice and are required to abide by a Code of Ethics and rules of professional conduct (FPA, 2007). Based on the educational model of the profession in the United States, financial planning education in Australia has grown significantly during the past decade and it continues to grow rapidly (FPSB, 2006). A more comprehensive study of the historical development of financial planning education in Australia is provided by Cowen, Blair, and Taylor (2006). Their study highlighted the need for further research in financial planning and the importance of education in the process of professionalization.

Despite the developments in the industry in recent times the FPA as the industry body representing financial advisors, has received criticism regarding the quality of professional advice offered to clients in devising financial plans related to investment options. In particular, the Australian Securities and Investments Commission (ASIC) and the Australian Consumers Association (ACA) have conducted surveys on the quality of advice offered by financial planners (ASIC, 2003; ASIC, 2006). These surveys have been critical of the standard of advice in the financial planning industry when compared with good practice standards, consumer expectations, and regulatory obligations.

Given the importance of the financial planning industry to the Australian economy and in particular the increased proportion of Australians that will be dependent upon effective and efficient investment in the future, the objective of this study is to examine the professional skills that are considered to be the most important for effective operation as a financial planner. A second objective is to report on an assessment of the perceptions of financial planners of the technical and behavioral skills of recently qualified financial planners recruited in the past three years.[1]

2. Significance of the study

This research adds to the body of research in financial planning, which is relatively underdeveloped in many parts of the world, despite the rapid growth in the industry. The paper makes use of the theoretical framework of technical and behavioral skills for financial planning developed by Birkett (1996) as a means of identifying the essential areas of competency required by a financial planner to be considered professionally competent. In

this way, this study also adds to the sparse body of academic literature on the assessment of competencies of financial planners (Black, Ciccotello, & Skipper, 2002).

Prior studies of financial planning, particularly in an Australian context, have been undertaken by professional and regulatory bodies (ASIC, 2003; ASIC, 2006) with an emphasis on the immediate outcomes for consumers. Other more recent Australian studies have addressed the historical development of financial planning education (Cowen, et al., 2006) and the financial literacy of consumers of financial planning services (Worthington, 2006). The present study examines the importance placed on technical and behavioral skills by financial planning practitioners. The study aims to provide insights for the further development of educational programs that prepare planners for work in this rapidly growing industry. Given that a university degree will be mandatory for entry to the CFP Certification program from 2007, this study therefore makes an important contribution in identifying the skills considered important for success in this area. These findings also contribute to the discussion about the curriculum for education as a financial planner and financial planning as an emerging profession.

Our key results suggest that there are possible areas of deficiency in behavioral skills in the preparation of financial planners that need to be addressed to satisfy the demands of today's financial environment. In most areas of technical skill, the results of this study show that financial planners were satisfied with the level of competency displayed by recently recruited financial planners.[2] However, the level of behavioral skills, in particular listening and questioning skills were clearly areas of perceived deficiency. The ways of addressing these gaps in skills warrants examination by the industry working in close cooperation with all partners to the educational process.

This paper is divided into five further sections. The next section examines the background to the educational requirements for financial planners, followed by a section on the evaluation of skills of financial planners including those deemed important by stakeholders in the industry. The next section that follows provides the research questions and a description of the empirical analysis used to explore the data. The final sections encapsulate a discussion of the results and implications of findings for the industry and its educators, including the limitations of the study.

3. Background to the educational requirements of financial planning

3.1. Pathways to and features of CFP certification

Investor confidence is considered to be an important element to the successful function of the financial market and ensuring adequate competency levels of financial intermediaries is a key feature of maintaining this confidence (Lauritsen, 2003). The education of financial planners has a number of elements in today's financial environment. The qualification of Certified Financial Planner (CFP) is the highest professional certification that can be awarded to a financial planner. The CFP qualification is administered by the Financial Planning Standards Board (FPSB) in the United States and it has several international affiliates, of which the FPA in Australia is one. To become a CFP, practitioners have to complete rigorous

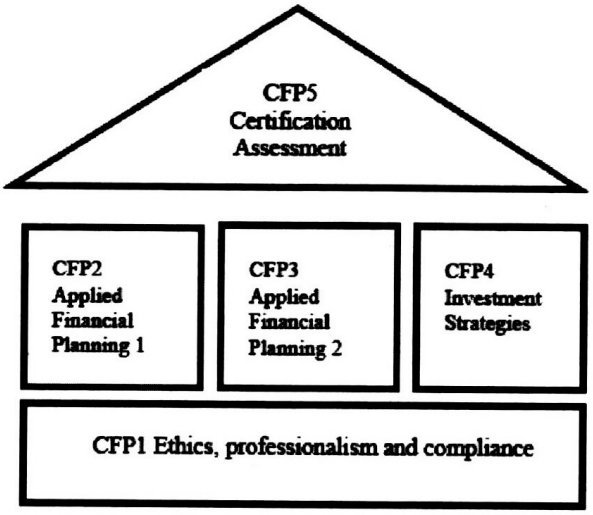

Fig. 1. CFP certification program.

study in financial planning, have extensive industry experience, and in the case of Australia, abide by the *FPA Code of Ethics and Rules of Professional Conduct* (FPA, 2006b).

At present there are various entry pathways for the CFP program in Australia including completion of a Diploma/Advanced Diploma in Financial Services (Financial Planning), a bachelor's degree, approved post-graduate studies, and professional accounting qualifications including financial planning specializations. It should be noted, however, that from 2007, a bachelor's degree is required for entry into the CFP Certification Program.

The CFP Certification Program consists of five units. The first compulsory unit forms the foundation of professional practice addressing ethics, professionalism, and compliance and is studied regardless of advanced standing arrangements. CFP 2 to CFP 4 address technical skill development and exemptions may be granted for equivalent post-graduate studies in financial planning. The capstone unit (CFP 5) comprises three components including a financial plan case study, oral presentation of the financial plan, and a multiple choice examination covering a range of discipline related areas (insurance, investment planning, taxation, retirement planning, estate planning, licensing, and regulatory requirements). The multiple-choice examination is designed to measure critical thinking, analytical and evaluative skills. The case study and oral presentation address technical and related financial planning discipline skills as well as oral and written communication skills. This capstone unit is not an education unit as such, with set learning materials, but a unit designed to ensure that candidates are able to demonstrate a breadth and depth of knowledge of technical skills as well as ability to analyze and present findings in an oral report from a financial planning case study. In addition to the educational requirements, candidates need to meet a minimum of three years appropriate professional/practical experience. The CFP program is shown in Fig. 1.

Having acquired professional and academic qualifications, financial planners are expected to possess both technical and behavioral skills. The specific development of these skills is considered in the next part of this section.

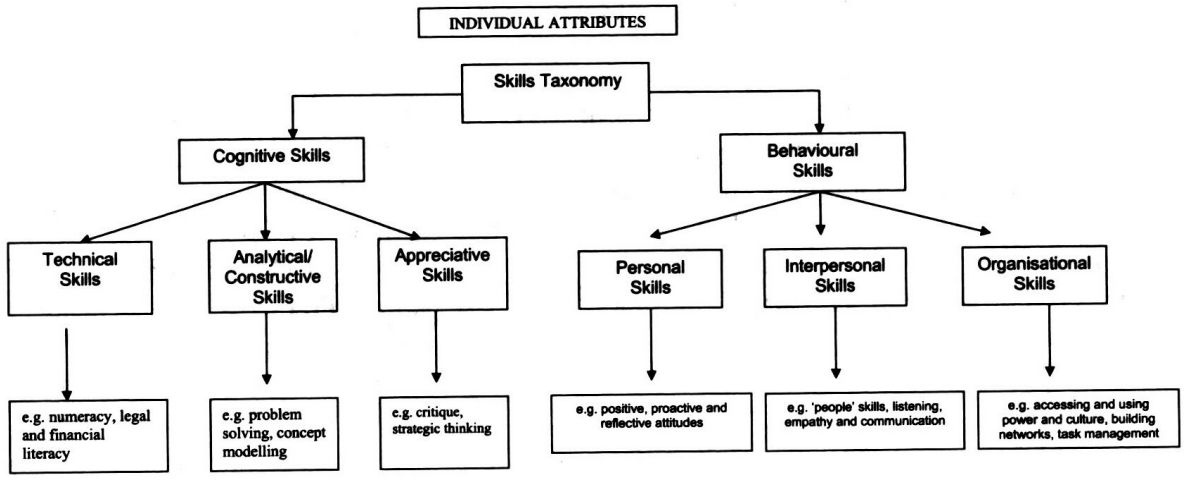

Fig. 2. Individual attributes; a skills taxonomy. [Adapted from Birkett, W. P. (1996), *Competency Standards for Financial Planning in Australia and New Zealand,* Financial Planning Association of Australia Ltd., p. 10.]

3.2. *Competency standards for financial planners*

The development of a professional set of competencies can be viewed as providing a benchmark of best practice, a resource for organizational evaluation, and as a framework for exploring relationships between practice, education and training (Birkett, 1996). Birkett indicated that competencies cannot be observed but can be inferred from task performance through personal attributes (Birkett, 1996). More specifically, he indicated that competency is a relational notion in that individual attributes (knowledge, skills, attributes) are drawn on in performing tasks in a particular work context. Thus, competency is realized in performance, but relies on a capacity to display a set of skills including both technical and behavioral skills.

As shown in Fig. 2, Birkett's skills taxonomy of individual attributes is divided into two categories: cognitive and behavioral, with three subcategories of cognitive skills and three subcategories of behavioral skills.

The cognitive skills include technical skills, in terms of defined mastery of tasks related to the financial planning industry, analytic skills (including problem identification and structuring of solutions) and appreciative skills (including making complex and creative judgments). These skills more generally represent the skills that are acquired from a formal educational qualification. Technical skills relate to computer literacy, legal literacy, and financial literacy and are closely linked to the various discipline areas of law, information technology, accounting, and business management.

The competency standards developed by Birkett (1996) that related to behavioral skills included personal skills (handling oneself in situations of stress, conflict, time pressure, and change) interpersonal skills (people skills, listening, communication, and empathy) as well as organizational skills. *Personal skills* include aspects of morality, balance, flexibility, and direction. *Interpersonal skills* incorporate communication, people skills, and negotiation. *Organizational skills* relate to task management.

3.3. Developing skills in educational settings

Although the financial planning industry requires cognitive and behavioral skills it appears that these skills are not necessarily acquired in structured educational programs at university or within professionally accredited programs. Harvey (2000) has argued that although undergraduate courses emphasize behavioral (generic) skill development, work-based placements are necessary and a worthwhile way of developing attributes. The review of pathways to CFP courses provides evidence that it is likely that behavioral skills in particular, are expected to be acquired as part of the practical experience requirements. The decision to require a bachelor's degree also conforms to the FPSB education standard (FPA, 2006c). Furthermore, by mandating a bachelor's degree entry from 2007 the FPA in Australia believes that it will confirm their priority in developing professionalism across the industry and will align financial planning with other professions such as accounting and law.

The requirement of a bachelor's degree in Australia serves to strengthen the financial planning industry's placement in society as a profession in terms of elevated occupational status that a degree requirement imposes (Yee & West, 2006). Various studies have more generally attempted to differentiate between professions and other occupations (West, 1998, 2003), indicating that "specialized knowledge" is offered foremost as a distinguishing characteristic of a profession.

Goetz, Tombs, and Hampton (2005) indicate that financial planning requires a wide array of skills, some of which are difficult to teach within the formal classroom structure. The "soft skills" or behavioral (generic) skills are an important aspect of the skilled financial planner (Christiansen & DeVaney, 1998), yet there is a lack of evidence to indicate that these skills can be taught and assessed within the educational processes to qualification. Evidence from the U.S. indicates that communication skills are particularly poor for finance graduates and as such various techniques should be incorporated in university programs to improve and promote development of behavioral skills (Graham & Krueger, 1996; Cudd & Tanner, 2002; Crebert, Bates, Bell, Patrick & Cragnolini, 2004; Goetz et al., 2005). For example, Goetz et al. (2005) recommend a range of techniques that bring the classroom into the profession, such as work experience in the financial planning industry, internships, practica, and cooperative programs. Similarly, Crebert et al. (2004) found that graduates recognized the contribution university studies had made to their generic skill development. In particular, graduates greatly valued opportunities to experience learning during work placement while undertaking undergraduate studies.

In contrast, others have argued at a more general level, that it is unrealistic for universities to guarantee that graduates will possess the necessary generic skills to meet the demands of employers from a range of disciplines (Clanchy & Ballard, 1995; Cranmer, 2006). More specifically Clanchy and Ballard argue that at best universities should only guarantee that students have the opportunity to learn and develop generic skills and abilities during undergraduate study. Cranmer argues that academic efforts to teach employable skills are at best producing mixed results and therefore resources would be better utilized in increasing employment-based training and experience for recent graduates.

Clinebell (2002) notes that although written and oral communication skills are considered critical in today's business world and especially for financial planning they are not elements

included in the requirements for registration with the FPSB. It is implied that these generic skills will be acquired through different curriculum design techniques dependent on the type of program offered. Financial planners completing university studies may well be expected to have developed generic skills during their undergraduate studies while others would by implication, be expected to acquire these skills as part of their industry experience requirements for CFP certification.

3.4. Measuring skill levels

One difficulty that arises in affirming an appropriate level of competence in both technical and behavioral (generic) skills is that if these skills are acquired 'off the job' then they must be affirmed 'on the job'. To address this issue in the financial services sector of the Australian economy, the Commonwealth Government introduced the Financial Services Reform Act (FSRA, 2001). The primary goal of the FSRA is to protect the 54% of Australians who are retail investors from ill-informed or ill-intended providers of financial services (Lauritsen, 2003). The FSRA aims to regulate where a client is unable to determine the competency of a financial intermediary because of lack of information or expertise. This regulation has had wide arching implications for training in the financial services industry with amendments to the Corporations Act (2001) and particularly with the introduction of Policy Statement 146 (PS 146) (ASIC, 2005).

3.4.1. The impact of PS 146 as a standard of professional performance

PS 146 (ASIC, 2005) established minimum training standards for people providing financial product advice to customers. The implementation of PS 146 represents a shift from self-regulation by professional associations and standards set in industry silos such as the FPA for Financial Planners, and the Australian Financial Markets Association for financial markets, to a more generic set of skills and specific technical skills directly attributable to financial products.

One of the features of PS 146 is the distinction between retail and wholesale customers, with the focus in the policy statement on the interests of retail customers who are deemed to require greater protection from providers of financial services than wholesale customers. The Financial Services Education Agency of Australia (FSEAA, 2006) has documented these standards in a format to provide accreditation for training packages relating to the provision of financial services.

ASIC as the regulator for financial services distribution, believes that Continuing Professional Development (CPD) forms an integral part of lifelong learning for financial advisers and requires licensees under PS 146 to ensure their advisers maintain and update their skills appropriate to their responsibilities (CPA Australia, 2003). However, neither the ASIC requirements nor the FPA requirements for CPD appear to directly specify a need to develop, review or monitor behavioral skills, deemed to be an important element of the profession (Goetz et al., 2005; Warschauer, 2002). In Australia, it appears that despite the introduction of PS 146, to a large extent behavioral skills are deemed to be acquired as part of the practical experience requirements for CFP certification.

4. Evaluations of the skills of financial planners

Evaluation of the adequacy of the skill set of financial planners has been received from 'shadow shopping' studies conducted by ASIC in conjunction with the Australian Consumer Association (ACA). For instance, in the ASIC/ACA survey of the quality of financial planning advice (ASIC, 2003), there was some evidence that those giving financial advice were poorly equipped in terms of *cognitive* skills. Recommendations to clients were criticized because more cost-effective options were frequently overlooked, for example, low cost superannuation funds and salary sacrifice options were substituted for plans that provided commission-based remuneration and achievement of management sales targets (ASIC, 2003). However, the failure to make adequate recommendations to clients on 'technical' type content was in some instances attributed to non impartial advice, given that some planners were involved in 'commission-driven product selling' (ASIC, 2003). A panel of experts assessed 29% of the plans as technically poor (ASIC, 2003).

The survey conducted by ASIC in 2003 about the quality of financial planning advice also highlighted weaknesses in *behavioral skills* of financial planners. In particular, the results of the survey showed that the quality of communication remains an important issue for the industry. The average score out of 10 for 'explanation of investment risks' was 4.9 and 34% of plans were rated as poor on this criterion (ASIC, 2003). In contrast, only 18% of plans were ranked as good or excellent in terms of the ease of comprehension of the plan and only 6% provided a clear justification of client/product nexus (ASIC, 2003). The failure to display 'listening skills' was also highlighted in the ASIC report as there was evidence that planners ignored key client requirements and failed to explain why these requirements were ignored in the financial plans developed.

Given the rapid growth of the financial planning industry, the changes in the regulatory environment for the provision of financial advice, together with the criticism of the ASIC study (ASIC, 2003) it is important to determine the skills most valued by the industry to assist in developing a more comprehensive educational framework. This study therefore investigates the skills set of financial planners and the extent to which their demonstrated behavior matches the importance attributed to those skills. The study seeks to answer the following research questions:

RQ1: From the behavioral and cognitive skills identified for competency as a financial planner by Birkett (1996), which skills are perceived as the most important for career success by financial planners?

RQ2: How do financial planners rate the standard of technical and behavioral (generic) skill acquisition of recently qualified financial planners recruited in the past three years?

5. Research approach

To answer these research questions, a mail-out survey of Australian financial planners was undertaken in May to July 2005.

Table 1 Distribution of survey responses by State

State	Frequency	Percent
New South Wales	47	29.0
Northern Territory	7	4.3
Queensland	19	11.7
South Australia	12	7.4
Tasmania	8	4.9
Victoria	57	35.2
Western Australia	10	6.2
Total	160	98.8
State not specified	2	1.2
Grand total	162	100.0

5.1. The questionnaire

The questionnaire sought to gain a profile of the participants in the study including their geographic location (by postcode/zip code), size of firm, number of employees including number of financial planners. The assessment of the importance of behavioral and cognitive skills as outlined in Birkett's (1996) taxonomy was addressed by requesting respondents to rank the importance of various skills deemed important for the profession. Additionally, the questionnaire sought feedback on the perceived gaps in skills of recently qualified financial planners recruited in the past three years as a means of assessing the adequacy of their preparation for work within the industry. It was acknowledged that financial planners achieve their qualifications via a range of pathways [Diploma/Advanced Diploma of Financial Services (Financial Planning), undergraduate degree, post-graduate study] and as such, respondents were requested to indicate the number of planners recruited via each of the different pathways.

5.2. Sample

To capture perceptions of skills emphasized in the education of financial planners a sample was drawn from the database of registered members of FPA listed on the FPA website. The initial mail out to 1,242 financial planning firms was directed to financial planners and a reminder letter was mailed three weeks later to all non-respondents. A total of 162 usable responses were received, giving a response rate of 13%.[3] This level of response is typically seen as acceptable when employing a survey method with an industry based survey (Zikmund, 2000). It is acknowledged, however, that the results of this study may be biased by the fact that the survey was only administered to members of the FPA listed on the FPA Website and as such, the study did not more broadly canvas views from other parts of the financial planning industry in Australia.

Table 1 shows the details of the geographic composition of the sample. Responses were received from all States in Australia however most of the responses were from two of the six States, Victoria, and NSW, with 35.2 and 29.0%, respectively. Further analysis indicated that

Table 2 Distribution of survey respondents by number of employees

Number of employees per firm	Frequency	Percent
5 or less	71	43.8
6 to 50	73	45.1
51 to 500	13	8.0
Greater than 500	5	3.1
Total	162	100.0

the responses were generally representative of the distribution of the Australian population as a whole in terms of distribution among the states and by the urban/rural split. Given the sampling techniques employed, the survey was considered to have wide enough coverage of the registered members of FPA in Australia to be considered representative of this group within the industry.

Respondents were asked to identify the relative size of their organization by nominating whether the firm had five or less employees, between six and 50 employees, between 51 and 500, or in excess of 500 employees. The results in Table 2 show that the majority of the firms responding to the survey had between six and 10 employees (45.1% of respondents) or five or less employees (43.8% of respondents).

The questionnaire defined a financial planner as 'a professionally qualified individual interviewing customers, analyzing their needs, and developing recommendations with an objective of helping them realize their financial goals' (Beal & McKeown, 2003). Given this definition, respondents were then asked to indicate the number of financial planners working within their organization. The results shown in Table 3 indicate that the vast majority of organizations (78.4%) employed five or less financial planners. This result is to be expected given that most of the organizations represented in the responses had less than 10 employees.

5.3. Measurement variables

The self-report questionnaire had been pre-tested with a small sample of FPA registered members. As a result, minor amendments were made to clarify the wording of some questions. The final version of the questionnaire consisted of thirteen questions that addressed organizational background, importance of behavioral skills, ranking of competencies as well as an open-ended question on education and CPD. One question asked respondents to rank a series of behavioral skills required of financial planners in order of importance,

Table 3 Distribution of survey respondents by number of financial planners

Number of financial planners	Frequency	Percent
5 or less	127	78.4
6 to 10	15	9.3
11 to 25	8	4.9
Greater than 25	12	7.4
Total	162	100.0

from '1' being most important to '10' the least important. The list of behavioral skills was derived in part from Birkett's (1996) *Competency Standards for Financial Planning in Australia and New Zealand.*

In assessing the skill level of financial planners, a further question required respondents to indicate the level of importance of various skills required of recently employed financial planners within the organization. A recently employed financial planner was defined in the questionnaire as a person who had been employed in the previous three years. A recently graduated financial planner was defined in the questionnaire as one who had graduated from their financial planning course within the prior 12 months (included in the options for qualification were DFP, undergraduate degree, other diploma, or post-graduate studies).

Respondents were asked to indicate the level of competence exhibited by these recently employed/recently qualified financial planners thus making it possible to make some assessment of perceived gaps in skills emphasis in the education and preparation of financial planners. The items were based on the 'skills set' devised from the ASIC PS 146 standards and related to technical skills such as estate planning, knowledge of taxation and social security issues, interpersonal skills and analytical skills. Respondents were required to indicate their perceptions of importance on a five-point Likert scale, anchored from 1 'unimportant' to 5 'extremely important' and standard exhibited from 1 'very poor' to 5 'excellent'. Questions related to behavioral skills, together with technical skills and analytical skills were based in part on the taxonomy of skills developed by Birkett (1996).

6. Results

6.1. Ranking of behavioral and cognitive skills (RQ1)

The responses from the question on behavioral and cognitive skills asked respondents to rank 10 skills listed from 'most important' to 'least important'. The scored responses were reversed to provide a more meaningful display of the results. All the responses were analyzed using SPSS 14.

The results shown in Table 4 clearly indicate that aspects of communication skills were rated as the most important, with 'listening skills' by far the highest rating (mean = 8.53 out of a possible score of 10) and 'oral communication skills' rated the second most important with a mean of 7.22. This finding is consistent with similar research by Gitman and Vandenberg (2003) that showed communication skills as one of the greatest skills of importance for future practitioners. This finding is also consistent with studies in other discipline areas, for example, the accounting discipline, where practitioners, graduates, and professional groups consider communication skills to be one of the most important skills for an entry-level graduate to possess (Albin & Crockett, 1991; De Lange, Jackling & Gut, 2006; Hock, 1994; LaFrancois, 1992; Morgan, 1997).

In terms of the ranking of skills, cognitive skills such as problem solving and logical thinking were rated fourth and fifth, respectively, in terms of importance with mean scores of 6.43 for resolving financial problems and 6.15 for logical thinking.

Respondents ranked 'awareness of social and ethical problems' as the least important skill

Table 4 Importance of behavioral and technical skills: financial planners

Behavioral and technical skills	*N**	Mean	Standard deviation
Listening	153	8.53	2.33
Oral communication	149	7.22	2.57
Questioning technique	150	6.46	2.91
Resolve financial problems	138	6.43	3.03
Logical thinking	147	6.15	2.62
Written communication	138	4.41	2.51
Presentation skills	139	4.38	2.65
Quantitative skills	145	4.10	2.45
Time management	150	3.44	2.43
Awareness social ethical problems	156	2.53	2.58

**Note:* Differences in responses for each variable due to missing values.

with a mean of 2.53. This finding is somewhat disturbing as financial planners of the future will need to recognize that awareness of social and ethical problems is vital for the future of business and of professionalism in their occupation. 'Time management,' 'written communication,' and 'quantitative skills,' were also relatively lowly ranked, indicating that these skills were considered to be of less significance than the skills required to directly deal with clients, such as listening and questioning skills.

6.2. Perceptions of deficiency in the emphasis on skills (RQ2)

To assess whether respondents perceived a deficiency in the emphasis on the skills in the set, they were also asked to provide ratings on the importance of skills and the standard of the skill exhibited by recently employed financial planners. This question was only completed by respondents who had in any 1 of the previous 3 years recruited a recently qualified financial planner. As a result, there were 82 responses to this question.

Before the analysis of skills emphasis, the 18 competencies listed in the questionnaire were placed into broad categories based on Birkett's (1996) individual attributes and the ASIC competencies. Therefore, skills were first categorized as either behavioral or cognitive based on the individual attributes model depicted in Fig. 2. Further classification of the cognitive skills into 'technical' and 'investment strategy skills,' was in part linked to the ASIC competencies, particularly components related to principles of investment, superannuation, planning, and knowledge of financial markets.

A series of paired-sample *t*-tests were carried out to assess whether the mean ratings for the level of importance and for the level of skill exhibited differed significantly for each of the 18 competencies. The discussion of the analysis below addresses items within each of the categories shown in Table 5. Additionally, Table 5 displays the mean emphasis ratings for 'importance' and 'standard exhibited' in order of extent of difference between means including significance in differences based on *t* test results.

Table 5 Differences between mean emphasis ratings for behavioral and cognitive skills

Skills	Mean importance	Mean standard exhibited	Mean differences	t	Significance
Behavioral skills					
Interpersonal					
Oral communication	4.49	3.79	0.70	6.20	0.000
Listening skills	4.63	3.66	0.97	8.89	0.000
Written communication	3.98	3.71	0.27	2.69	0.000
Personal skills					
Questioning technique	4.39	3.49	0.90	8.26	0.000
Presentation skills	4.09	3.60	0.49	4.63	0.000
Organizational skills					
Time management skills	3.74	2.95	0.79	5.77	0.000
Cognitive skills					
Analytic/problem solving skills					
Resolving financial problems	4.38	3.80	0.58	5.58	0.000
Appreciative skills					
Logical thinking	4.09	3.77	0.32	3.53	0.001
Technical skills					
Quantitative/numerical	3.88	3.82	0.06	.61	0.545
Knowledge of FSRA	3.96	3.61	0.35	3.11	0.003
Social security	3.89	3.49	0.40	3.66	0.000
Insurance and risk management	3.96	3.42	0.54	5.64	0.000
Estate planning	3.83	3.26	0.57	5.55	0.000
Investment strategy skills					
Principles of investment	4.31	3.95	0.36	3.97	0.000
Taxation principles	4.15	3.79	0.36	3.97	0.000
Superannuation/retirement	4.51	3.80	0.71	6.84	0.000
Financial Markets	4.09	3.7	0.39	3.87	0.000
Awareness social/ethical problems	2.84	3.15	−0.31	−2.94	0.004

6.3. Behavioral skills

According to the mean differences (deficiencies) calculated in the paired-sample t-tests, the biggest disparity shown in Table 5 relates to the level of emphasis placed on the interpersonal skill 'listening skills' with a difference in importance and standard exhibited by recently qualified planners as 0.97. The result suggests that for this sample, the single most important behavioral skill for financial planners is 'listening skills' as well as being the skill area of greatest deficiency. Similarly, oral communication skills were highly ranked with a difference in means between importance and standard exhibited of 0.70. Although the standard of skill exhibited was ranked as acceptable (mean of 3.79 out of possible 5), the respondents ranked the importance of oral communication skill considerably higher at 4.49.

The two items addressed within the category Personal skills had significant differences between the means of importance and standard exhibited. The gap between 'importance' and 'standard exhibited' was far greater for 'questioning technique' than for 'presentation skills' with a difference in means of 0.90. This finding supports the prior literature particularly from the United States that has highlighted deficiencies in communication skills in the financial service industry (Cudd & Tanner, 2002; Gitman & Vandenberg, 2003; Goetz et al., 2005;

Graham & Krueger, 1996). Based on these results further investigation of the development of personal and interpersonal skills with the use of work experience, internships, practica, and cooperative programs are warranted.

The results shown in Table 5 indicate that within the category Organizational skills, 'time management skills' showed significant differences in level of importance and standard of skill exhibited for this sample. Of particular interest is the standard of time management skills exhibited by newly qualified planners with a mean score of 2.95 that was the lowest rated skill exhibited of the 18 listed. This finding suggests that in the firms surveyed, newly employed financial planners have not developed appropriate time management skills as part of their preparation for work. However, it may be argued that these skills develop more fully as planners become familiar with the tasks required of the positions within their respective organizations.

There are three categories of skill shown in Table 5 related to cognitive skills. The first two skill areas replicate in part the cognitive skill categories identified by Birkett, whereas the third category, 'investment strategy skills,' is linked to ASIC skills required of financial planners.

In Table 5 within the category of 'analytic/problem solving skills,' for the item 'resolving financial problems' there was a significant difference in the means in terms of 'importance' and 'standard exhibited' by recently qualified financial planners. The gap between the two means for this item (0.58) was the second highest among the cognitive skills behind the investment strategy skill 'superannuation/retirement planning,' although in total this skill was ranked as the sixth most important by respondents.

Surprisingly, it appears that in this sample, recently qualified financial planners were perceived by their employers to be adequately prepared in terms of quantitative and numerical skills, given the mean importance of 3.88 and also the insignificant difference between the two means for importance and level of skill displayed shown in Table 5. However, the other technical skills all showed significant differences between the mean exhibited and the mean level of importance, in particular, 'insurance and risk management' as well as 'estate planning' showed gaps in terms of expected skill levels, with mean differences of 0.54 and 0.57, respectively.

Four of the five investment strategy skills have a mean ranking for importance above 4 out of a possible score of 5 and are obviously seen as the basic technical requirements of recently qualified planners. The standard of skill exhibited is ranked significantly differently in each instance, although the ranking for each item in this category is above 3.5 suggesting that the standard has been ranked as at least acceptable. Of particular interest is the importance placed on 'knowledge of superannuation/retirement income streams' with a mean of 4.51 for importance. This result from the study reflects the nature of emphasis in the work of the financial planning industry with the focus on the investment and income needs of intending and/or existing retirees.

The 'awareness of social and ethical investments' skill was the only aspect of 'investment strategy skills' category not ranked as important by respondents with a mean score of 2.84. Additionally, the results shown in Table 5 suggest that recently qualified planners are more than adequately prepared as the standard of skill exhibited was ranked at 3.15, as this was

the only one of the 18 skills where the standard of skill exhibited was greater than its perceived importance by respondents.

This result can be interpreted in various ways. In one sense, it may be viewed that knowledge of social and ethical investments is not particularly important for the industry and this may be indicative of the 'era' of senior managers within the industry. In contrast, the recently qualified planners may have had greater exposure to social and ethical issues during their studies that would possibly account for their greater awareness. However, if the financial planning industry is to gain recognition as a profession there is a need to recognize that there will be an increasing requirement for social and ethical behavior educational requirements.

The results outlined in this section need to be interpreted in the light of the limitations of the study. For instance, the study was restricted to a sample of registered members of the FPA listed on the association's Website that may have biased the results. Furthermore, the questionnaire did not seek detailed information about the background of respondents. For example, whether the respondents held an Australian Financial Services License (AFSL), or were authorized representatives. In addition, a richer picture of the perceptions of levels of competency would have been obtained had the data been capable of being analyzed in greater depth. For example, if the questionnaire had sought information on the type of firm respondents' were employed by, for example, accounting, bank, insurance, superannuation, managed fund, etc. The results of the study, however, provide a general overview of the importance of behavioral and cognitive skills required for the industry without focusing on issues specific to industry groupings.

7. Summary and future directions

The two research questions posed in this paper aimed to address the importance of various behavioral and cognitive skills of financial planners. The first research question addressed the ranking of skills considered important by financial planners. Listening skills were clearly ranked as the most important skill, while other skills such as 'oral communication' and 'questioning skills' were also ranked highly. The second research question addressed the perceived gaps in behavioral and cognitive skills of recently qualified planners. Listening and questioning skills were perceived to be the major areas of deficiency in behavioral skills, whereas 'Investment strategy' skills in superannuation and retirement planning were clearly the area of greatest deficiency in cognitive skills.

In summary, the findings of this study suggest that greater emphasis on behavioral skill development would be beneficial in courses that prepare financial planners. This view is supported by prior evidence that these skills are not being taught and assessed adequately within the educational processes to qualification (Christiansen & DeVaney, 1998) and that more needs to be done to promote communication skills (Cudd & Tanner, 2002; Crebert et al., 2004; Goetz et al., 2005; Graham & Krueger, 1996).

Given there is an expectation that newly qualified financial planners have well-developed oral and written communication skills, further investigation of the experiential programs such as those proposed by Goetz et al. (2005), in finance and more generally by Crebert et

al. (2004) in undergraduate degrees, is worthy of attention. These studies have emphasized that principles of situated learning, work-based placements or learning context, provide opportunities to utilize discipline specific knowledge, and 'generic skills and personal attributes' in a context closer to that likely to be encountered after graduation (Atkins, 1999).

The development of listening skills has been identified by other professions and in particular the medical profession, as an important attribute of an effective professional. For instance, active listening skills are viewed by Robertson (2005) as an extension of generic communication skills and as a means of decreasing litigation for the medical profession. Robertson claims that although active listening skills are incorporated within communication skills courses at both undergraduate and post-graduate level in medical training, these skills are most effectively learned experientially.

Similar to medicine, accounting, and law, financial planning may be viewed as an applied profession (Goetz et al., 2005). The results of this study and prior evaluation of the effectiveness of financial planners (ASIC, 2003) demonstrates that there is a need for a strongly developed planner or client relationship, similar to the doctor or patient relationship, incorporating highly developed listening skills. Formal academic training in the development of this behavioral skill warrants further investigation by financial planning educators and the industry, as a means of addressing the skill gap identified in this study.

Efforts need to be directed towards setting out a common body of knowledge for financial planning education that provides a useful framework for educators, the profession, accreditation bodies, and regulators. There is possibly a need to more fully develop links between curriculum, the monitoring of professional standards, and the maintenance of effective CPD that goes beyond technical competence. Structured work experience and employer involvement in degree course design and delivery (Cranmer, 2006) are some of the ways that should be investigated in a collaborative fashion to further develop the skills of financial planners.

As Warschauer (2002) states, despite "enormous progress of the profession in the last 40 years much needs [to be done] to improve the quality of advice through research and education." There is a need for academics and professionals to cooperate to improve financial planning education. The issues that face the industry in Australia are not unique. Studies in the United States such as those of Warschauer (2002), Clinebell (2002), and Tombs and Hampton (2005) demonstrate that professional bodies and academics need to work collaboratively to address ways of ensuring professional financial planners are adequately prepared in terms of technical and behavioral skills to be able to provide competent advice to their clients.

Notes

1. The term 'behavioral skills' is often referred to in the literature interchangeably as generic skills, soft skills and employability skills.
2. In this study, a recently recruited financial planner is described as a planner that graduated from their course within the prior 12 months.
3. Although the mail out was determined from registered planners on the FPA website,

a number of planners had moved location, resulting in the researchers receiving 249 "return to sender" responses.

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