

## **Chapter Five**

### **Research methodology**

#### **5.1 INTRODUCTION**

In chapters one to four a comprehensive literature investigation was conducted to gain the necessary background to support the empirical part of this study. Different opinions and studies were presented and evaluated, which led to the identification of a general business life cycle model as well as a number of problems and marketing mix solutions that could potentially occur in each life cycle stage. These possible problems and strategies were summarised in Table 4.5.

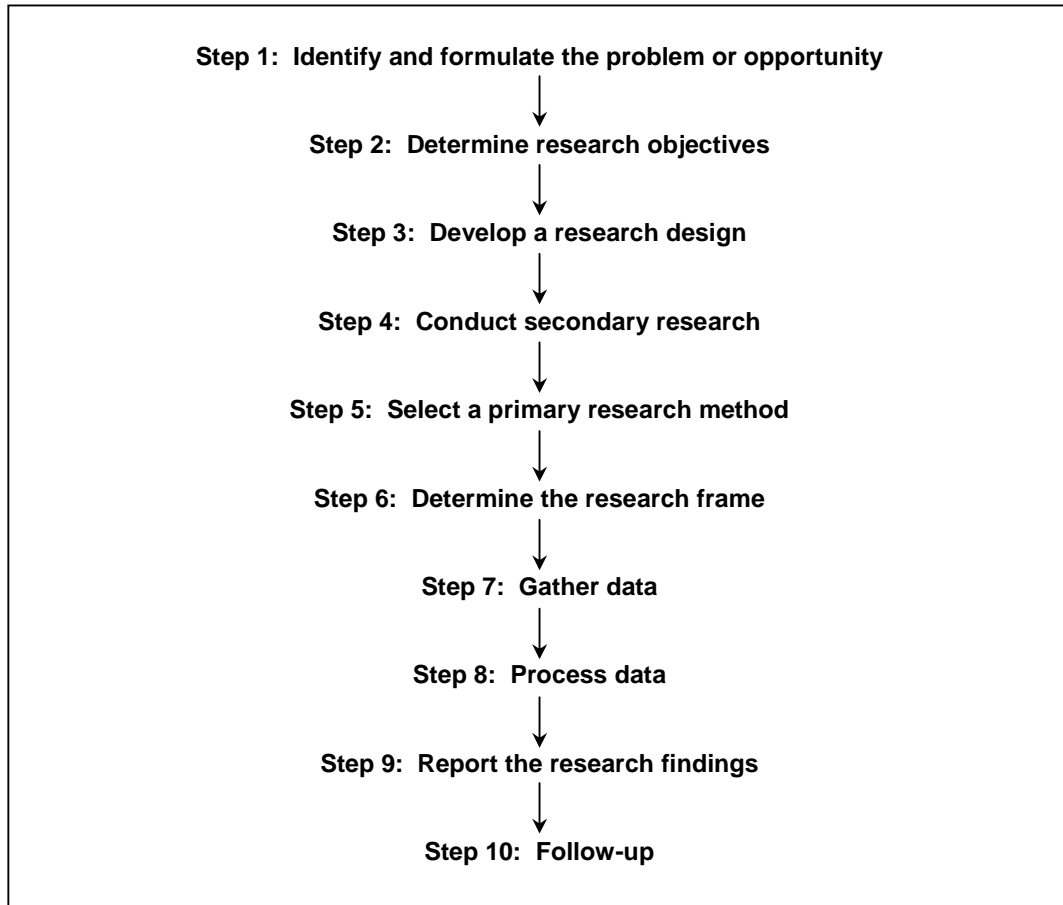
In Section 1.4 it was stated that the empirical part of this study would further investigate these literature findings, to assist in proposing a marketing mix framework for business survival and sales growth.

This chapter aims to provide more insight into the research path that the remaining part of this study follows to address the research problem. The research methodology is discussed with special reference to the data collection and analysis methods, as well as the sample and questionnaire design that were used. A detailed explanation of the construction of the questions for the measurement instruments is also provided.

#### **5.2 THE RESEARCH DESIGN**

According to Wilson (2003:20), a research process in the marketing concept refers to a series of activities and events that need to be addressed if a marketing research project is to provide information that is beneficial to the marketing decision-maker. Cant, Gerber-Nel, Nel and Kotze (2003:27) define a research process as a series of steps in the methodical collection and analysis of marketing data. These steps are displayed in Figure 5.1 below (Cant *et al.*, 2003:36):

**Figure 5.1:** The research process



Source: Cant *et al.* (2003:36)

The first step in the research process (according to Figure 5.1) involves the identification and formulation of the research problem or opportunity. The research problem of this study was explained in Section 1.2. It was pointed out that to date, no formal research study in South Africa has proposed a framework for independent financial advisers operating small businesses to provide guidelines for business survival and sales growth in their business life cycle. It was decided that this study would propose such a framework to offer additional assistance to independent financial advisers operating small businesses in an environment governed by strict legislation.

The formal research objectives of this study were formulated in Section 1.5. (Consequently, step two in the research process, as depicted in Figure 5.1, was then completed.)

According to Figure 5.1, the research design needs to receive attention in step three of the research process. Churchill (1991:1045) explains that a research design is a framework for a study, which directs the gathering and analysis of the data.

This investigation presents the first formal attempt to empirically examine the problems and strategies that independent financial advisers in Johannesburg experience and implement in their business life cycle. The exploratory type of research design, allowing for a broad understanding of an issue (Kent, 2007:17; McDaniel & Gates, 2006:G2), therefore applies to this study.

The descriptive research approach that is concerned with the evaluation of sizes, quantities or frequencies of characteristics (such as the demographic data of the respondents) (Aaker, Kumar & Day, 2001:73; Kent, 2007:18), however, was also relevant in this study. In Section 2.2, the organisational life cycle models of five authors were studied to identify the general life cycle stages that businesses progress through. Although all five authors identified more or less the same organisational life cycle stages, each one of them used a different research approach.

The research approach that was used by Ferreira (2000) in particular is worth noting. Ferreira collected the demographic data of the respondents, such as the age of their businesses, number of organisational levels, number of specialised functions, employee growth and sales growth, and then grouped the respondents based on the similarities that they displayed. Hanks *et al.* (1993) also made use of this approach in their investigation of the small business life cycle. They believe that “by employing this methodology to multiple samples, patterns of life-cycle stages can be systematically explored”. McMahon (1998) favours the use of this approach since it represents a reputable empirically based method to determine the life cycle stages of a small business.

Accordingly, this study followed the research approach of Ferreira and also collected the demographic data of the respondents to attempt to classify them into the general life cycle stages (as described in Section 2.2).

The following section provides an overview of the data collection methods used in this study to collect the descriptive and exploratory data required.

### **5.3 THE DATA COLLECTION METHODS AND FORMS**

According to Stevens, Wrenn, Sherwood and Ruddick (2006:90), data in general can be categorised as either primary or secondary data. Secondary data analysis involves consulting sources such as trade literature and published articles to gain background information on a particular situation (Cant *et al.*, 2003:29). Kent (2007:80) explains that the objective of secondary data analysis is to draw new insights from the existing data.

Figure 5.1 highlights the collection of secondary data as the fourth step in the research process. An extensive literature study was conducted as part of the secondary data phase. Several authors' viewpoints were investigated. The validity of the research sources used was established before they were included in the literature study. The secondary data sources available, however, could not sufficiently answer the research objectives of this study.

According to Churchill (1996:54), if data particular to a research topic is not available or suitable for the problem, primary data collection methods should be used. Cant *et al.* (2003:74) substantiate this by indicating that once the phase has been reached where secondary data is insufficient to address all the problems identified in the research process, primary data must be gathered. (Primary data refers to the data that is gathered to attend to a specific research objective (Aaker *et al.*, 2001:739).)

Step five in the research process, as depicted in Figure 5.1, entails the selection of a primary research method.

**Telephone interviews (involving phoning a sample of respondents selected from an eligible population and asking them a number of**

**questions (Dillon, Madden & Firtle, 1990:187)) were used in the first phase of the field study to collect the demographic data of the respondents.**

This method was chosen, because it offers the following benefits:

- Interviewers can probe questions (Stevens *et al.*, 2006:122) and refer back to them (Aaker *et al.*, 2001:241). *More accurate information about the demographic data of the respondents could therefore be obtained.*
- The data collection period is shorter (Aaker *et al.*, 2001:251; Barnes, 1991:239). *It was possible to obtain the required information fairly quickly and continue with the second phase of the field study.*
- Respondents are more likely to participate than with mail surveys (Aaker *et al.*, 2001:251; Stevens *et al.*, 2006:123). *It was therefore easier to reach the required sample size for the first phase of the field study.*
- Respondents who do not answer their phones can be called back (Blankenship & Breen, 1993:140). *This helped to increase the response rate of the study.*

The telephone interview technique, however, also has a number of limitations, which could not be ignored:

- Visual aids cannot be used (Aaker *et al.*, 2001:251; Stevens *et al.*, 2006:122).
- Interviewer bias may occur (Stevens *et al.*, 2006:123).
- Call-backs can increase cost (Bagozzi, 1994:127).
- It is not always possible to phone respondents during cheap-rate call times (Cant *et al.*, 2003:84).

Professional interviewers were hired to avoid interviewer bias. A fixed cost per completed telephone questionnaire was also arranged with the interviewers to address the high cost associated with call-backs and phone calls during peak times. Since the purpose of the telephone interview was mainly to determine the demographic profiles of the respondents, no visual aids were needed in this phase to explain difficult concepts to respondents. Therefore, a lack of visual aids is not viewed as a limitation in this study.

Once the demographic data of the respondents had been collected and more clarity about their life cycle stages could be obtained, personal interviews (face-to-face interviews with the respondents (Blankenship & Breen, 1993:130)) were used to gather information on the problems they experienced and strategies they implemented in their businesses.

This approach was effective for the following reasons:

- Visual aids and explanations could be provided to the respondents.
- The interviewers were able to probe for adequate answers.
- Respondents could be motivated to answer difficult questions.
- It was possible to conduct longer interviews in person.

Stevens *et al.* (2006:121, 123), Wilson (2003:121–122) and Aaker *et al.* (2001:251) are in agreement that the four statements listed above are benefits of the personal interview technique.

Personal interviews, however, are expensive (Aaker *et al.*, 2001:251; Wilson, 2003:122), a trained interviewer is needed (Aaker *et al.*, 2001:251), they can be lengthy (Aaker *et al.*, 2001:251; Stevens *et al.*, 2006:122) and if a meeting has not been arranged in advance, the interviewer may spend many hours in a waiting room hoping for a session (Blankenship & Breen, 1993:137).

Professional interviewers were hired to conduct the personal interviews. A fixed cost per completed questionnaire was arranged with the interviewers to address the high cost associated with personal interviews. Finally, a meeting was also arranged with each respondent in advance to avoid spending many unnecessary hours in a waiting room hoping for an interview.

**The researcher further had to decide whether to use a qualitative or a quantitative research approach.** *Quantitative research* entails a structured research approach (relating to interviewing procedures where the questions and potential answers to the questions are pre-determined and fixed) and the results can be quantified (Dillon, Madden & Firtle, 1993:134; Wilson, 2003:120). Analysis of quantitative studies tends to be statistical in nature and will commonly be undertaken through computer programs (Wilson, 2003:121).

*Qualitative research* is used where short answers to questions are not sufficient enough to explore a topic at length (Barnes, 1991:315–316). Qualitative research is more flexible and deeper and more penetrating insights can be obtained into the research subject than would be the scenario if a more structured interview were used (Wilson, 2003:93). Although the sampling process may lack the statistical rigour of more representative studies, the sample of respondents is selected carefully, owing to the time and energy that will be spent on researching their views (Wilson, 2003:93). Open-ended questions are normally used in qualitative research (Webb, 1992:113). The results produced are not quantifiable or statistically valid. The purpose of qualitative research, though, is not to provide numbers and hard facts (Barnes, 1991:316). It is concerned with understanding matters rather than measuring them (Wilson, 2003:93).

Trochim (2006), however, holds a different view regarding the application of qualitative and quantitative research. He says that all qualitative data, for example, can be quantitatively coded in many different ways. The value of the qualitative information is not affected by coding, and various judgemental syntheses or analyses can still be done. Furthermore, since all numerical information requires various judgements regarding the meaning of the numbers, all quantitative data is based on qualitative judgement.

Trochim (2006) states that the core of the quantitative-qualitative debate is philosophical and not methodological and that quantitative and qualitative data are, to some degree, almost inseparable. Neither of these techniques exists in a vacuum, nor can be considered completely independent of the other. Furthermore, both qualitative and quantitative research can be of great worth. In almost every applied social research project there is merit in consciously combining both qualitative and quantitative techniques in what is known as the mixed method approach (Trochim, 2006).

In the light of these findings, the study used both qualitative and quantitative techniques to benefit from the mixed method approach.

Cant *et al.* (2003:118) assert that along with determining the most appropriate primary data collection method, the questionnaire design also needs to receive attention in step five of the marketing research process.

The following section now provides an overview of the procedures that were followed to design the telephone and personal interview questionnaires. This discussion provides more insight into the combination of qualitative and quantitative research techniques that were employed in this study.

### 5.3.1 Questionnaire design

#### a) Question response formats and measurement levels

- **Open-ended questions and fixed-alternative questions**

*Open-ended questions* (normally used in qualitative research as indicated in the previous discussion) were used in this study to test concepts that could have a broad range of answers. This approach was based on Cant *et al.*'s statement (2003:107) that open-ended questions are suitable when the researcher is not familiar with all the possible responses to questions.

With an open-ended response format, respondents are required to respond to a certain question or statement in their own words (Cant *et al.*, 2003:107; McDaniel & Gates, 2006:264). Open-ended questions can be presented in a probed format as well as an unprobed format. In a probed format, the researcher will probe for a more comprehensive answer from the respondent (Cant *et al.*, 2003:108) by asking, for example, if there is anything else that the respondent would like to mention (McDaniel & Gates, 2006:264). In an unprobed format, the researcher will not investigate the respondent's answer any further (Cant *et al.*, 2003:108). The interviewers were instructed to probe the answers from the respondents in an endeavour to investigate the concepts comprehensively.

In the beginning of Section 5.3 the use of *fixed-alternative questions* was associated with quantitative research. There are two basic forms



of fixed-alternative questions. In the first type of format the respondent is required to make one or more choices from a list of possible responses. The second type of format involves the use of a rating scale where the respondent is given a range of labelled categories that represents the response options available (Aaker *et al.*, 2001:307).

**Dichotomous questions** (portraying only two potential answers, such as “yes” and “no” (Cant *et al.*, 2003:108)) and **multiple category fixed-alternative questions** (offering the respondents more than two response alternatives (Cant *et al.*, 2003:108; Wilson, 2003:152)) were used in this study to gain more insight into the respondents’ demographic profiles as well as the problems they experienced and strategies they implemented.

McDaniel and Gates (2006:239) postulate that with the Likert scale the respondent is asked to evaluate only one statement at a time, where the scale would then range from one extreme point to the other. Kline (2005:69) further indicates that there are two types of Likert scales that can be used, namely intensity scales and frequency scales. Intensity types of Likert scales normally test levels of agreement, liking or satisfaction. Frequency scales measure how often a respondent performed a specific action. This study also used the **frequency type of Likert scale** to measure how often the respondents applied certain motivational strategies.

- **Measurement levels**

Measurement is “the procedure (the rules) used to assign numbers that reflect the amount of an attribute possessed by an object, a person, an institution, a state, or an event” (Dillon *et al.*, 1990:330–331). Stated differently, measurement entails using certain predefined rules and assigning numbers or symbols to certain characteristics of the objects of interest (Aaker *et al.*, 2001:274).

There are four basic types of measurement levels, namely nominal measurement, ordinal measurement, interval measurement and ratio measurement (Dillon *et al.*, 1990:333–337). Table 5.1 below provides a summary of each level of measurement.

**Table 5.1:** Levels of measurement

Level of measurement	Description
Nominal	The respondents normally have to choose a description and one response is not more valid than another.
Ordinal	Order is given to the potential responses and the respondents, for example, have to choose one brand above the other. Since absolute quantities are not measured, the interval between the different answers is not known.
Interval	The interval between the different answers is known and equal. Respondents, for example, are asked to rate a product from one to ten. There is, however, no definite point of zero.
Ratio	There is a definite point of zero. Typical response options will include number of purchases made, number of children and sales.

Source: Cant *et al.* (2003:108–110)

The various fixed-alternative questions that allowed the respondents to choose between a number of response alternatives produced nominal data. The frequency type of Likert scale that provided order to the responses, but with no definite interval or point of zero, offered ordinal data.

The open-ended questions used to determine the demographic profiles of the respondents provided nominal, interval and ratio data. The remaining open-ended questions in the study that provided information on the problems experienced and strategies implemented by the respondents produced nominal data.

#### **b) Question sequence, content, phrasing and layout**

In addition to the question response formats and measurement levels, the researcher also had to pay attention to the sequence of the questions being asked as well as the question content, phrasing and layout. The researcher

implemented the recommendations that are described in this section to ensure that the correct procedures were followed.

▪ **Question sequence and content**

Aaker *et al.* (2001:316) present the following basic guidelines that can be applied for *sequencing a questionnaire*:

- The interview should commence with an easy non-threatening question. This approach will help to build the confidence of the respondents in their ability to answer the questions.
- The questionnaire should further flow smoothly from one subject to the next.
- Broad questions should be presented first, followed by more specific questions.
- Sensitive questions regarding, for example, income can be placed at the end of the questionnaire.

It is also important that all the questions specific to a topic be asked before the next topic is investigated (Webb, 1992:106). Skip patterns entail asking respondents different numbers of questions in different sequences. Should this approach be used in a questionnaire, the skip patterns must be straightforward, to avoid any confusion among interviewers (Wilson, 2003:168).

Webb (1992:93) suggests that with regard to *question content*, the respondent should have the relevant data to provide and should agree to disclose the data. Double-barrelled questions, involving two questions in one, should not be used (Cant *et al.*, 2003:119). Webb (1992:93) says that a question should be asked only if the answer would assist with the objectives of the study. Cant *et al.* (2003:119) substantiate this statement and state that all the information collected in a questionnaire should be applicable to the study.

▪ **Question phrasing**

According to Tull and Hawkins (1993:345), the concept of question phrasing refers to the translation of the desired content into words and phrases, which the respondents will be able to grasp easily.

Leading questions should be avoided. Cant *et al.* (2003:121) warn that if a question suggests a certain response, the respondent is likely to present the particular answer. Tull and Hawkins (1993:345) further note that the wording used in question phrasing must not be biased and should be understandable to the respondent. All the alternatives provided in the question and assumptions implied should also be clearly stipulated. Several criteria can be used to evaluate the question and prevent ambiguous mistakes. The question can be assessed to determine whether it has another meaning. Simpler wording or phrasing can also be sought (Webb, 1992:97).

#### ▪ Questionnaire layout

The level of care and attention an interviewer will give to recording the answers of the respondents is likely to be influenced by the layout and appearance of the questionnaire (Wilson, 2003:169).

According to Wilson (2003:169–170), the following key elements should be taken into consideration when designing the layout of the questionnaire:

- **Spacing:** sufficient space should be provided between questions and for answers to open-ended questions.
- **Quality of production:** high quality printing and a good quality of paper can enhance the professional appearance of the questionnaire.
- **Coding/analysis requirements:** the individuals involved in the coding and analysis of the questionnaires should also be consulted regarding the best layout and design requirements to ensure that the data can be processed effectively.

The instructions given in a questionnaire should also be clear (Webb, 1992:107). Cant *et al.* (2003:122) concur by indicating that understandable instructions should be given to the interviewer on how to complete the questionnaire to avoid any uncertainty. Finally, each question should be numbered and questions should not be broken up across pages (Sudman & Blair, 1998:294).

### c) Pre-testing

Pre-testing (also known as pilot testing) involves interviewing a small number of respondents with the drafted questionnaire in order to identify and correct design flaws. Attention should be given to faults in the format and nature of questions, the respondent's reaction to the questionnaire, the duration of the interview and the overall suitability of the questionnaire to the target population (Wilson, 2003:170–171). After the pre-test has been conducted, each question should be evaluated once again and its place in the questionnaire should be justified (Aaker *et al.*, 2001:321).

The telephone and personal interview questionnaires designed were pre-tested among a small number of independent financial advisers with characteristics similar to those of the respondents of this study. Based on their responses, the necessary corrections were made to ensure that the questions were phrased clearly and that it would be possible to obtain the data required.

The following section provides an overview of the final questionnaires that were used.

## 5.3.2 Overview of final questionnaires

### a) Telephone interview questionnaire

The final telephone questionnaire consisted of nine questions and can be seen in Annexure A.

#### ▪ Questions 1, 2 and 3

Questions 1, 2 and 3 assisted in ensuring that the correct types of respondents were interviewed. Only independent financial advisers who operate small businesses and give advice on and sell financial products in their businesses could participate in the study.

#### ▪ Question 4

Question 4 measured the age of the small business.

- **Questions 5 and 6**

Questions 5 and 6 were used to measure the employee growth of the small business.

- **Question 7**

Question 7 determined the number of organisational levels and specialised functions in the business. This question also provided insight into the types of employees employed in the respondents' small businesses.

- **Question 8**

Question 8 evaluated which methods the independent financial advisers of this study used to motivate their employees.

- **Questions 9 and 10**

Questions 9 and 10 were devoted to determining whether the respondents experienced any commission growth in their businesses.

- **Question 11**

Question 11 tested whether the respondents were willing to participate in the personal interviews that were conducted in the second part of the field study.

Questions 4 to 7 as well as 9 and 10 are based on five of the criteria that Ferreira (2000) used to investigate the life cycle stages of a small business. The researcher focused specifically on these five criteria (which were also highlighted in Section 5.2), since they were easy to investigate by means of a telephone interview and would provide a good indication of whether the respondents of this study could be classified into the general life cycle stages of a business.

It is, however, important to note that Ferreira measured the sales growth of the small businesses. Independent financial advisers earn their income on the sale of financial products in the form of commission. The sale of a

manufactured product and the commission earned from a policy, though, can both be viewed as a business owner's source of income from which overheads must be paid and profit must be taken. Consequently, the sales criterion of Ferreira is measured in questions 9 and 10 as commission growth.

Furthermore, due to the exploratory nature of this study, the researcher also decided to follow Ferreira's example and predominantly concentrated on the business activities that occurred in the respondents' businesses over only a one-year period. A longitudinal research study in future could then further explore this study's findings in more depth.

Finally, the types of employees employed in the small business (tested in question 7) as well as the methods used to motivate them (measured in question 8) provide insight into the business strategies implemented by the respondents. Although the business strategies implemented by the independent financial advisers of this study were assessed mostly in the personal interview questionnaire, all the questions relating to the employees of the small businesses were grouped together in the telephone interview questionnaire.

#### **b) Personal interview questionnaire**

A letter of consent accompanied the questionnaire. This letter assisted the interviewers to position the study for the respondents and also to obtain the respondents' permission to conduct the interview. (An example of this letter can be seen in Annexure B.)

The final personal interview questionnaire consisted of eight questions and is shown in Annexure C.

The respondents who participated in the personal interviews were asked to think about the history of their businesses over the past 12 months only (this period being 1 August 2006 to 31 July 2007). This technique assisted the interviewers to capture the problems experienced and strategies implemented by the respondents in their latest business phase.



A pack of cards was provided to the interviewers (see Annexure D). Each card presented one business problem and the business strategies identified in chapter three that could possibly be implemented to solve the particular business problem. Based on these cards, the following questions were asked:

▪ **Question 1**

Question 1 assessed whether the independent financial advisers of this study experienced the business problems presented on each card. The business problems that were listed on each card were identified in Section 2.3.

▪ **Question 2**

If the respondents experienced the problems in their businesses, question 2 evaluated whether they implemented the strategies listed on the card or any other strategy to address their problems. The strategies that were listed on each card were identified in chapter three.

▪ **Question 3**

Question 3 measured whether the business strategies, identified in chapter three and listed on each card, were plans the respondents had implemented in their businesses that seemed to have contributed to sales growth.

(The interviewers explained to the respondents that this question related to the strategies they implemented that helped them to sell more financial products and consequently earn more commission.)

▪ **Question 4**

Question 4 assessed the problems the respondents experienced when they implemented the business strategies identified in chapter three that seemed to have contributed to sales growth in their businesses.

▪ **Question 5**

Question 5 determined the counterstrategies the independent financial advisers of this study implemented to address the problems they highlighted in question 4.

▪ **Questions 6 to 8**

Questions 6 to 8 were devoted to gaining deeper insight into some of the business strategies implemented by the independent financial advisers of this study.

The interviewers noted the respondents' answers on the questionnaire in the space provided.

Table 5.2 below provides a summary of the link between the research objectives, research propositions and the research questions that were used in the telephone and personal interview questionnaires:

**Table 5.2:** Link between research objectives, research propositions and research questions

Secondary research objectives	Research propositions	Telephone interview questions	Personal interview questions
To determine the <b>problems</b> actually posing a threat to the business survival of independent financial advisers in their organisational life cycle.	The independent financial advisers of this study experience the potential problems in the life cycle stages discussed in the literature review and depicted in Table 4.5.		1
To gain insight into confirmed <b>marketing mix solutions</b> that can assist in overcoming the actual problems posing a threat and hindering sales growth in their organisational life cycle.	The independent financial advisers of this study use the possible solutions to overcome the various potential problems in the life cycle stages discussed in the literature review and depicted in Table 4.5.	7, 8	2, 6–8
To establish confirmed <b>marketing mix strategies</b> in their organisational life cycle that are likely to engender sales growth.	The potential solutions depicted in Table 4.5 are also marketing mix strategies implemented by the independent financial advisers of this study and seem to enhance sales growth.	7, 8	3, 6–8
To investigate the <b>internal and external environmental factors</b> that are actually posing a hindrance to the implementation of the confirmed marketing mix strategies	When implementing the marketing mix strategies, the independent financial advisers of this study experience the barriers to implementation discussed in the literature		4

Secondary research objectives	Research propositions	Telephone interview questions	Personal interview questions
in their organisational life cycle.	review and depicted in Table 4.5.		
To determine confirmed <b>strategies</b> that can be employed to counter the environmental factors actually posing a hindrance in their organisational life cycle.	When experiencing the barriers to implementation, the independent financial advisers of this study use the counterstrategies as discussed in the literature review and depicted in Table 4.5.		5
To obtain clarity on the <b>business phases</b> of independent financial advisers.	The independent financial advisers of this study do progress through the birth, growth, maturity and revival life cycle stages that were identified in chapter two.	4 –7, 9 and 10	
<b>Criteria to qualify respondent for an interview</b>		1, 2, 3 and 11	

According to Figure 5.1, the next step in the research process is to determine the research frame.

## 5.4 THE RESEARCH FRAME

Cant *et al.* (2003:124) note that in step six of the marketing research process, a researcher should determine who will be included in the research. Therefore, the research frame should be clarified. A research frame refers to all the elements from which information can be collected to address a marketing problem or opportunity (Cant *et al.*, 2003:47). In most instances, however, it is impossible to collect the information from every individual who is influenced by the research. For this reason, only a representative group of respondents is chosen, by using a process known as sampling (Cant *et al.*, 2003:124).

The sampling process consists of the following five steps (Cant *et al.*, 2003:124):

- **Step 1:** Determine the target population.
- **Step 2:** Define the sample frame.
- **Step 3:** Decide on a sample technique.
- **Step 4:** Establish the sample size.
- **Step 5:** Implement the sampling process.

The following section provides an overview of these five steps as well as the actions that were taken to select the independent financial advisers operating small businesses in Johannesburg that were interviewed in this study.

#### 5.4.1 Determine the target population

Wilson (2003:177) defines the target population as the total group of individuals that the researcher wishes to examine, study or collect information from. Tull and Hawkins (1993:537) explain that to be complete, a population should be described in terms of the elements, sampling units, extent and time. The element refers to the body from which information will be collected. The extent involves the geographical boundaries within which the research will be conducted. The means by which access will be gained to the element is known as the sample unit (Webb, 1992:50). Tull and Hawkins (1993:537–538) indicate that the time component refers to the period in which a specific act was performed by the respondents.

Using the definitions provided by Webb (1992:50), the population of this study was specified as follows:

Independent financial advisers (**the element**) in Johannesburg (**the extent**) operating small businesses (**the sample unit**) that advised on and sold financial products during the past 12 months (**the time component**).

#### 5.4.2 Define the sample frame

Once the target population has been determined, the next step in the sampling process is to define the sample frame. A sample frame is a record of the population of interest from which the researcher selects the respondents to be included in the research. The record can consist of a list of names and telephone numbers for telephone surveys, a list of addresses for mail or personal interviews, or a map showing local housing (Wilson, 2003:178).

Barnes (1991:348) notes that in practice it is often impossible to find a suitable sample frame that will measure up to the population exactly. In this type of scenario it is necessary to work with the best available frame.

At the time of the field study, a list of independent financial advisers operating small businesses in Johannesburg was not available in South Africa. A list was therefore obtained from the Financial Services Board of the names and contact details of the 1 024 independent financial advisers in Johannesburg registered with them and who had taken on the business form of a natural person. As indicated in Section 5.3.2 (a), questions 1 to 3 of the telephone interview then verified whether each respondent on the list contacted was in fact an independent financial adviser operating a small business that advised on and sold financial products.

The third step in the sampling process involves deciding on a sample technique (Cant *et al.*, 2003:124).

### **5.4.3 Decide on a sample technique**

The initial consideration in the selection of a sample is whether to use a probability or nonprobability sampling procedure (Stevens *et al.*, 2006:185). In a nonprobability sampling procedure the chance of selecting any particular element in the sample is not known (Dillon *et al.*, 1993:229). Cant *et al.* (2003:126) postulate that with probability sampling the sample elements are chosen by chance. Each element has a known, nonzero chance of being selected (Sudman & Blair, 1998:348). Probability sampling is used when the entire population can be identified (Webb, 1992:53).

As was indicated in Section 5.4.2, the sample frame selected consisted of 1 024 independent financial advisers in Johannesburg that had taken on the business form of a natural person. This list, however, did not include all the independent financial advisers operating small businesses in Johannesburg. Some independent financial advisers operating small businesses in Johannesburg might have taken on another business form, such as a close corporation, or only have registered with the Financial Services Board after the list was obtained.

Consequently, the entire population was not known and nonprobability sampling had to be used in this study.

Stevens *et al.* (2006:188) and Cant *et al.* (2003:135) point out that compared to judgement sampling, quota sampling and snowball sampling, the nonprobability convenience sampling method is the least costly and time-consuming technique.

A number of field managers in South Africa indicated that their full-time experienced interviewers normally struggle to obtain participation from financial advisers. These interviewers were only prepared to assist with this study's telephone interviews at a very high rate per questionnaire.

**Therefore, owing to time and budget constraints as well as the type of respondent to be interviewed, the convenience sampling technique was the most adequate technique that could be used to select the sample of respondents for the telephone interviews.**

It is, however, important to note that when using the convenience sampling technique (contacting the most approachable members of the population of interest (Wilson, 2003:185)), it is not possible to know whether the sample interviewed is representative of the target population (Stevens *et al.*, 2006:188). As a result, generalisations from the sample to the target population cannot be made with a high level of confidence. Furthermore, since the convenience sampling technique does not follow any predesigned method, the sample error cannot be determined. This study, however, is exploratory in nature and no scientifically representative conclusions would be made. The limitations of the convenience sampling method, as highlighted by Stevens *et al.* (2006:188), would therefore not affect the research objectives of this study.

Since the purpose of this study is to propose a framework for business survival and sales growth and it was decided in Section 2.2.2 that businesses in the decline stage would not be further investigated, only the financial advisers who experienced commission growth were interviewed in the second phase of the field study.

In an attempt to obtain a more comprehensive overview of the problems they experienced and the strategies they implemented, the researcher invited all the

financial advisers who experienced commission growth to participate in the personal interviews.

Step four in the sampling process is determining the sample size (Cant *et al.*, 2003:124).

#### **5.4.4 Establish the sample size**

Owing to budgetary constraints, it was not possible to contact all 1 024 independent financial advisers that were registered with the Financial Services Board at the time of the study and who had taken the business form of a natural person for a telephone interview. Consequently, a sample size needed to be determined.

According to Stevens *et al.* (2006:191), if the chance of any element of the population being selected for the sample is not known, the principles of normal distribution and the central limit theory cannot be used. Therefore, this study did not use the statistical formulae normally used in probability sampling to determine the sample size for the telephone interviews.

Stevens *et al.* (2006:191–192) present the following guidelines that can be used to determine the sample size if a nonprobability sampling method is used:

- A sample size should never be smaller than 40 respondents.
- An adequate sample size is about 10% of the population.
- Budgetary constraints should be taken into account when determining the sample size.

**Based on the points highlighted above, the researcher decided that only every second person on the list provided by the Financial Services Board would be contacted for a telephone interview. This sample size of 512 respondents (1 024/2) was affordable and also in accordance with the guidelines presented by Stevens *et al.* (2006:191–192).**

Finally, as explained in Section 5.4.3, since all the respondents who experienced commission growth would be invited to participate in the personal

interviews, it was not necessary to calculate a specific sample size for the personal interviews.

#### **5.4.5 Implement the sampling process**

According to Cant *et al.* (2003:125), the final step in the sampling process is to implement the sampling process.

All the decisions made above regarding the selection of this study's sample were implemented when the field study was conducted.

### **5.5 DATA ANALYSIS**

Figure 5.1 indicates that after the research frame has been designed, step seven in the research process is to gather the data. A professional field manager who has managed various projects for the Bureau of Market Research and Markinor was used to assist with the collection of the primary data.

According to Figure 5.1, in step eight of the research process the data collected should then be processed. Data processing entails preparation and analysis of the results obtained (Cant *et al.*, 2003:50).

#### **5.5.1 Data preparation**

Data editing and coding are two major techniques that can be implemented to prepare the data (Aaker *et al.*, 2001:423).

##### **a) Data editing**

McDaniel and Gates (2006:355) explain editing as checking for interviewer and respondent errors. Kent (2007:287) describes it as the process of examining completed questionnaires and taking whatever corrective action is necessary to ensure that the data are of high quality. The purpose of data editing is to identify omissions, ambiguities and errors in the respondents' answers (Aaker *et al.*, 2001:423). *Omissions* can occur if the respondent does not answer a specific question. A response may be *ambiguous* if the answer is unclear or not legible. A typical *error* that can



occur involves selecting more than one answer, if only one answer is allowed (Crask, Fox & Stout, 1995:228).

The telephone and personal interview questionnaires were edited and checked for completeness and accuracy. Where possible, errors as well as incomplete and ambiguous answers were verified with the respondents and corrected.

## **b) Data coding**

After the raw data had been edited, they were coded. Churchill and Iacobucci (2002:575) describe coding as “the technical procedure by which raw data are transformed into symbols”. More specifically, Cant *et al.* (2003:153) and Kent (2007:288–289) indicate that the rationale for the coding process is to transform the respondents’ answers into codes that can be entered into and read by a statistical analysis software program.

The answers to the closed questions of the telephone and personal interview questionnaires were classified according to their sequence of appearance, for example the first answer to the question was coded 1, the second answer 2 and so forth.

The following process, as suggested by McDaniel and Gates (2006:360–361), was employed to code the answers to the open-ended questions of the telephone and personal interview questionnaires:

A list was compiled of all the answers given to each open-ended question. All the responses per question that were similar were then grouped into a category. Once all the categories had been identified, a numerical code was assigned to each category.

The various coded answers from the respondents were captured and processed by the Department of Statistics (Unit for Research Support) at the University of Pretoria.

Following this process, the SPSS statistical package of the SAS software was then used to perform the data analysis.

## 5.5.2 Data analysis procedures used

In the first part of the data analysis procedure, tables and descriptive statistics were used to summarise the data obtained from the field.

### a) Tabulation of survey results

The researcher used *one-way frequency tables*, as they could help to provide an indication in absolute (simple counts) or relative terms (percentages) how often the values of the variables were included in the sample (Diamantopoulos & Schlegelmilch, 2000:74; McDaniel & Gates, 2006:365). To ensure that the data would be displayed correctly, the researcher followed the recommendations provided by Diamantopoulos and Schlegelmilch (2000:74) and made certain that the frequencies displayed did not have negative values, the aggregate of the absolute frequencies were equal to the number of observations and the aggregate of the relative frequencies were equal to 100%.

*Cross-tabulations* (an extension of the frequency of distribution technique (Dillon *et al.*, 1993:379)) were also used, since these could help to examine the answers to one question relative to the answers to one or more other questions (Wilson, 2003:206).

### b) Descriptive statistics

Diamantopoulos and Schlegelmilch (2000:73) describe the purposes of descriptive analyses as follows:

- To offer insight into the nature of responses obtained.
- To assist in providing a means for presenting the results in a digestible manner, through tables and graphs.
- To provide summary measures of typical behaviour, as well as the level of variation in the answers for a given variable.

The most frequently used descriptive statistics are measures of central tendency (mean, mode and median) and measures of variability (range, interquartile range and standard deviation) (Wilson, 2003:207).

- **The mean**

The mean (which is normally referred to as the average (McDaniel & Gates, 2006:310; Taylor, 2007:37)) was used to make comparisons between the responses obtained. The sample mean was calculated by dividing the sum of the responses to a question by the number of respondents that answered the particular question (Aaker *et al.*, 2001:429).

- **The mode**

The mode descriptive technique (which can be calculated with any type of data (Wilson, 2003:207)) was used, since it could help to determine the values that occurred most frequently (Kent, 2007:311; Taylor, 2007:36).

- **The median**

The median value was included in the data analysis of some questions, as it is able to verify the value at or below which 50% of the responses occur (Crask *et al.*, 1995:133; McDaniel & Gates, 2006:374). The researcher applied the rule provided by Taylor (2007:36): for an odd number of values, the median value was selected as the middle value and for an even set of values, the median value was selected as the average of the middle two numbers.

- **Range**

The range provides an indication of the total width of a spread of data (Taylor, 2007:41) and can be calculated by determining the difference between the largest and the smallest value in the data (Wilson, 2003:208). This technique was used to gain more perspective on the demographic figures of the respondents.

- **Interquartile range**

The interquartile range (which is the difference between the 75th and the 25th percentile (Wilson, 2003:208)) provides a description of the

middle half of the data (Taylor, 2007:41). This calculation was used, since it can assist in reducing the impact that extreme values may have on the results (Wilson, 2003:208).

- **The standard deviation**

The standard deviation provides an indication of the average distance that the values in a data set are away from the mean (Wilson, 2003:207–208). Dillon *et al.* (1990:465) as well as Sudman and Blair (1998:459) note that the smaller the standard deviation, the more the observations will be grouped around the mean, indicating little variability among the responses. The standard deviation was also used to gain more insight into the demographic data of the respondents.

In addition to cross-tabulations and descriptive statistics, a number of advanced statistical analyses could also be calculated. Advanced statistical analyses hold a number of benefits for a study: They can assist in reducing the uncertainty of management decisions (Stevens *et al.*, 2006:225) and can help to evaluate the data at a more detailed level and understand the strategic messages contained within them (Birchall, 2008).

According to Fitzpatrick and Wallace (2006:124), though, all statistical tests are based on the assumption that a random sample was used. Statistical inferences cannot be made if the data were obtained from a nonrandom sample (Seale, 1999:136). Since this study's sample was selected on a nonrandom basis, it appears then that it would not have been correct to conduct statistical tests for this study.

However, Seale (1999:136), from another perspective, indicates that a researcher using a nonrandom sample can still benefit from performing statistical analyses. Statistical tests have been found useful in exploring the data obtained from a nonrandom sample and identifying suggestive patterns for further analysis.

The following section provides an overview of the advanced statistical tests that were used in this study.

c) **Advanced statistical tests employed**

▪ **Chi-square test of independence and Fisher's exact test**

The **chi-square test of independence** was used, since it could establish whether two variables were independent or related (Aaker *et al.*, 2001:450; Lehmkuhl, 1996). (This information was necessary to help determine if the respondents could be grouped into the different general life cycle stages, based on their demographic characteristics.)

The following formula (as noted by Taylor (2007:217)) was used to estimate the chi-square value:

$$\text{Test statistic} = \sum \frac{(O-E)^2}{E}$$

Where:

**O** = Observed frequency

**E** = Expected frequency

*The observed frequencies represent the actual answers obtained from the respondents. They are recorded in a contingency table, after which the row, column and grand totals are calculated (Aaker *et al.*, 2001:451). Based on these totals, the expected frequency for each cell is then determined by multiplying on a cell-by-cell basis the row total by column total and then dividing it by the grand total (Taylor, 2007:216). After the chi-square value is calculated, it is compared with a critical value that is obtained from a chi-square table. An association between the variables investigated will exist if the chi-square value (test statistic) is greater than the critical value (Taylor, 2007:217).*

This approach, however, does not indicate the exact probability of obtaining a computed test statistic that is for the most part due to chance (McDaniel & Gates, 2006:388).

For this reason, a probability value was also calculated to obtain more certainty. The probability (p-value) “measures consistency between the results actually obtained in the trial and the ‘pure chance’ explanation for those results” (Thisted, 1998). The smaller the p-value, the smaller the probability will be that the findings noted occurred by chance (McDaniel & Gates, 2006:388). The cut-off value is conventionally viewed as 0.05 (Hart, 2001:88–99). Consequently, if a probability value of less than 0.05 was obtained, it was noted that the findings did not occur by chance and that a connection does exist between the two variables investigated.

However, if the expected frequency within any group were less than 5, the chi-square test would become invalid (Aaker *et al.*, 2001:453; Baumgardner, 1997:555). In this type of scenario, the researcher then applied Fisher’s exact test (as recommended by Baumgardner (1997:555)).

When using Fisher’s exact test, the  $p$ -value is calculated directly and a table of chi-square values is therefore not needed. More specifically, the formula involves determining the  $p$ -value for the observations in the study and then adding this  $p$ -value to the  $p$ -values of all the other potential combinations that will have lower  $p$ -values (Damani, 2003:50).

(This methodology used has merit. Pedersen (1996) indicates that the significance values obtained using Fisher’s exact test can be viewed as reliable regardless of the manner in which the sample data is distributed.)

- **T-test for two independent samples**

The t-test for two independent samples is calculated to determine whether the means obtained from two independent samples are significantly different (Cant *et al.*, 2003:183; Dillon *et al.*, 1993:431–433). (This calculation was also used to help determine if the

respondents could be grouped into the different general life cycle stages, based on their demographic characteristics.)

The following formula was used to calculate the t-value (as noted by Dillon *et al.* (1993:432–433)):

$$t = \frac{(\text{Mean value from sample 1}) - (\text{Mean value from sample 2})}{\sqrt{\frac{(\text{Standard error for sample 1})^2}{\text{Size of sample 1}} + \frac{(\text{Standard error for sample 2})^2}{\text{Size of sample 2}}}}$$

*Once the t-value is calculated, it is also compared with a critical value. A t-distribution table must be used to determine the critical value (Dillon et al., 1993:433). If the t-value calculated is larger than the critical value, it can generally be concluded that the means of the two samples is significantly different (Cant et al., 2003:183).*

However, to obtain more certainty about the results, the *p*-value was also studied when conducting the t-test. If the *p*-value was less than 0.05, the researcher followed the guidelines provided by Cant *et al.* (2003:183–184) and noted that the means of the two samples were significantly different.

#### ▪ **Kruskal-Wallis one-way analysis of variance**

The Kruskal-Wallis one-way analysis of variance was the fourth statistical technique performed on the demographic data of the respondents to investigate if they could be divided into the different general life cycle stages.

The Kruskal-Wallis one-way analysis of variance is a nonparametric test that does not rely on the assumption that the data are normally distributed (School of Mathematics & Statistics, n.d). According to O'Connor and Robertson (2006), the test can be used to examine potential differences between groups and is based on the rank orders of the data obtained.

The data being analysed are first ranked from 1 (lowest) to N (highest). Should tied values occur, they are given the average of the ranks involved. After then calculating the rank sum for each sample, the test statistic is determined (School of Mathematics & Statistics, n.d).

According to Tull and Hawkins (1993:651), the following formula is used to determine the test statistic:

$$H = \frac{12}{N(N+1)} \sum_{j=1}^k \frac{R_j^2}{n_j} - 3(N+1)$$

Where:

**k** = number of samples

**n<sub>j</sub>** = size of sample j

**N** = total number of observations in all samples

**R<sub>j</sub>** = sum of ranks in the jth sample

The results are then compared with a tabled value for the H statistic. There is a difference between the groups examined if the test statistic is larger than the tabled value (Chan & Walmsley, 1997:1759).

However, to obtain more certainty about the results, the *p*-value was also studied when the Kruskal-Wallis one-way analysis of variance test was conducted. If a *p*-value of less than 0.05 was obtained, the researcher followed the guidelines provided by Taylor (2007:177–178) and noted that there was a difference between the samples investigated.

- **Cluster analysis based on Ward's minimum variance method (1963)**

Cluster analysis based on Ward's minimum variance method was the last statistical technique employed to obtain more clarity on the life cycle stages of the respondents. According to Aaker *et al.* (2001:566), cluster analysis involves the grouping of people or objects into groups that are not known. The number of groups and the characteristics of



each group become known only after the analysis has been conducted. Cluster analysis is helpful to discover structures in data, but cannot provide an explanation of why they exist (Statsoft, 2008).

Aaker *et al.* (2001:566–567) warn that the following points should be considered when conducting cluster analysis:

- Most cluster analysis techniques are fairly simple procedures that normally are not sustained by a comprehensive body of statistical reasoning.
- Cluster analysis techniques have developed from many disciplines, and the inbred biases of these disciplines can vary considerably.
- Different clustering techniques can and do produce different solutions to the same data set.

According to Munoz-Diaz and Rodrigo (2004), “Ward’s method calculates the distance between two clusters as the sum of squares between the two clusters added up over all the variables. At each generation, the within-cluster sum of squares is minimised over all partitions obtainable by merging two clusters from the previous generation”. In short, this technique forms hierarchical clusters that have little difference within groups and maximum variance between groups (Davis, 2005:66).

Because an analysis of variance approach is used to determine the distance between the clusters, this method is distinct from all other cluster techniques (Statsoft, 2008).

- Ferreira (2000) and Hanks *et al.* (1993) favour Ward’s minimum variance method, because studies of multiple algorithms found this method to be one of the more reliable cluster techniques. Statsoft (2008) as well as Munoz-Diaz and Rodrigo (2004) also indicate that Ward’s method is regarded in the field as a very efficient method to conduct cluster analysis.

According to Figure 5.1, step nine in the research process is to report the findings. The findings of this study are presented in chapter seven. Conclusions regarding the objectives that were established in Section 1.5 are made, as well as recommendations for future research on this topic.

As a final point, Cant *et al.* (2003:52) indicate that, once the research findings have been implemented in step ten of the research process, new ideas or problems may be identified in the marketing environment. Accordingly, the use of this study's proposed framework by independent financial advisers operating small businesses in Johannesburg could lead to the identification of further ideas or problems that can be researched in future.

## 5.6 SUMMARY

This chapter provided more clarity on the research path that the remaining part of this study followed to address the research problem.

Since the secondary data sources available (that were investigated in chapters two to four) could not sufficiently answer the research objectives of this study, telephone interviews were used in the first phase of the field study to collect the demographic data of the respondents. Professional interviewers were hired to avoid interviewer bias. A fixed cost per completed telephone questionnaire was also arranged with the interviewers to address the high cost associated with call-backs and phone calls during peak times.

Once the demographic data of the respondents had been collected and more clarity about their life cycle stages could be obtained, personal interviews were conducted to gather information on the problems they experienced and strategies they implemented in their businesses.

This approach was effective since visual aids and explanations could be provided to the respondents, the interviewers were able to probe for adequate answers, the respondents could be motivated to answer difficult questions and it was possible to conduct longer interviews in person. Professional interviewers

were also hired to conduct the personal interviews and a fixed cost per completed questionnaire was arranged with them.

The procedures that were followed to design the telephone and personal interview questionnaires were discussed in Section 5.3.1, and Section 5.3.2 provided a short overview of the final questionnaires that were used.

It was further indicated in this chapter that the population of this study consisted of independent financial advisers in Johannesburg operating small businesses that advised on and sold financial products during the past 12 months.

Because a database of these respondents was not available, a list was obtained from the Financial Services Board of the names and contact details of the 1 024 independent financial advisers in Johannesburg that are registered with them and who had taken on the business form of a natural person. Questions 1 to 3 of the telephone interview then helped to verify whether each respondent on the list contacted did in fact form part of the population of this study and could therefore be interviewed further.

Owing to time and budgetary constraints as well as the type of respondent to be interviewed, it was decided that the convenience sampling technique would be used and only every second respondent on the list provided by the Financial Service Board would be contacted for a telephone interview. This sample size of 512 respondents was affordable and also in accordance with the guidelines presented by Stevens *et al.* (2006:191–192).

Since the purpose of this study is to propose a framework for business survival and sales growth, the second phase of the field study focused exclusively on the financial advisers who experienced commission growth. In an attempt to obtain a more comprehensive overview of the problems they experienced and the strategies they implemented, the researcher invited all the financial advisers who experienced commission growth to participate in the personal interviews.

The collected data were edited and coded, after which they were analysed. Frequency of distribution tables, cross-tables, descriptive statistics, the chi-square test of independence, Fisher's exact test, the t-test for two independent



samples, the Kruskal-Wallis one-way analysis of variance test and Ward's minimum variance method were used to analyse the data. Special attention was given to the probability value calculated for each test statistic.

Chapter six contains a discussion and interpretation of the research results that were obtained from the field study.

## **Chapter Six**

### **Research results and interpretation**

#### **6.1 INTRODUCTION**

Chapter five contained a detailed discussion of the research methodology that was followed in the empirical part of the study. In chapter six the findings obtained from the field study are presented and analysed.

Section 6.2 commences with a summary of the number of respondents that participated in the field study and whose data could be further explored. After the telephone interview results are reviewed in Section 6.3, Section 6.4 determines whether the life cycle clusters established with Ward's minimum variance test method (1963) can be accepted as a valid representation of the business phases of the respondents. Secondary to this discussion, the possibility of a single life cycle stage is also investigated.

In Section 6.5, the results obtained from the personal interviews are disclosed and analysed to provide more insight into the business obstacles and strategies that the advisers who experienced commission growth have encountered and implemented before in their business life cycle.

Section 6.6 ends with a detailed discussion of the various measures that were implemented in this study to ensure that the findings obtained from the field were valid and reliable.

#### **6.2 RESPONSE RATE**

The fieldwork was conducted in Johannesburg from September 2007 to November 2007. Table 6.1 below provides a comprehensive summary of the number of respondents contacted as well as the response rate that was obtained in each phase of the fieldwork.

**Table 6.1:** Respondents contacted and response rates obtained

Number of independent financial advisers in Johannesburg that were registered with the Financial Services Board and who had taken on the business form of a natural person	1 024
<b>Total number of respondents contacted from the list for a telephone interview in phase one</b>	<b>512</b>
Wrong number	15
Respondent not eligible for interview	7
No answer, busy, not in the office	339
Respondent refusal	18
Number of telephone interviews completed with independent financial advisers from the list who operated small businesses and advised on and sold financial products in their businesses	133
<b>Response rate phase 1: <math>133/(339 + 18 + 133) \times 100</math></b>	<b>27.14%</b>
<b>Total number of respondents contacted for a personal interview in phase two</b>	<b>76</b>
Respondent refusal	26
Number of personal interviews that were completed	44
Number of telephone interviews that were completed owing to the respondents' extremely busy schedules	6
Total number of interviews that were completed in phase two	50
<b>Response rate phase 2: <math>(44 + 6)/(44 + 6 + 26) \times 100</math></b>	<b>65.79%</b>

The Financial Services Board provided a list of the 1 024 independent financial advisers in Johannesburg that were registered with them at the time of the study and who had taken on the business form of a natural person.

As indicated in Table 6.1, a total of 512 respondents were contacted for a telephone interview. However, only 133 telephone interviews could be conducted successfully.

Based on the number of financial advisers contacted and the number of interviews that were completed in the first phase of the field study, a response rate of 27.14% was obtained.

The reasons for the response rate can be explained as follows:

- Fifteen of the listed telephone numbers contacted were incorrect.
- Seven of the respondents contacted were not independent financial advisers who operated small businesses and advised on and sold financial products. As a result, these respondents were not eligible to be interviewed.

- A total of 339 respondents, when contacted, either did not answer their telephones, had an engaged number or were not in the office.
- Eighteen financial advisers refused to be interviewed. A lack of time and too many researchers contacting them for an interview were given as the main reasons for refusal.

A total of 76 respondents interviewed in phase one indicated that they earned more commission over the past 12 months than the previous year. (It was explained to the respondents that the concept “the past 12 months” referred to the period 1 August 2006 to 31 July 2007.) All 76 respondents were contacted for a personal interview. However, as pointed out in Table 6.1, only 50 of these respondents were willing to discuss the business obstacles that they experienced and the strategies they implemented in their businesses. Forty-four of the interviews were conducted in person. The other six respondents had extremely busy schedules and were only willing to be interviewed by telephone. These six respondents were asked the same questions that were intended for the personal interviews and great care was taken to ensure that the respondents understood the questions properly and that the answers were probed in full. Based on the number of financial advisers contacted and the number of interviews that were completed, the response rate for the second phase of the field study was 65.79%.

Finally, although only 50 respondents participated in the second phase of the field study, the use of this relatively small sample size for analysis can be justified:

- Stevens *et al.* (2006:190–191) point out that in practice numerous research institutions use a typical sample size of 50 to 200 respondents when conducting research among business respondents that are region specific, and null to four subgroups are involved. The sample of 50 interviews in the second phase of the field study matches the lower end of this range.
- Moreover, this study is also exploratory in nature and involves mainly the investigation of business obstacles experienced and strategies employed by

independent financial advisers. This study does not propose any scientifically representative conclusions.

## **6.3 EXAMINATION OF TELEPHONE INTERVIEW DATA**

A total of 133 respondents were interviewed by telephone successfully. The results of the telephone questionnaire are presented and interpreted on a question-by-question basis for the total sample. Where possible, a comparison is also made between the answers of the respondents who experienced commission growth and those who did not experience any commission growth in their businesses. This information provides additional insight into the demographic profiles of the respondents.

Tables, descriptive analyses of frequencies and advanced statistics are used to assist with the analyses of the results. (The application of these techniques was discussed in detail in Section 5.5.)

### **6.3.1 Commission growth**

The purpose of questions 9 and 10 of the telephone questionnaire was to determine whether the respondents had experienced any commission growth in their businesses. (This information was required to gain more insight into the organisational life cycle stages of the respondents' businesses.) Owing to the sensitive nature of these questions, they were placed at the end of the questionnaire.

However, knowledge about the commission levels of the respondents is needed for the planned comparisons of the answers of the respondents who experienced commission growth and those who did not. For this reason the investigation of the results on a question-by-question basis commences with questions 9 and 10.

#### **a) Question 9**

***Which one of the following statements is most applicable to you?***



**Table 6.2:** Commission earned over the past 12 months compared to the previous year

Level of commission earned	Frequency	Per cent	Cumulative frequency	Cumulative per cent
I earned more commission over the past 12 months than the previous	76	57.58%	76	57.58%
I earned the same amount of commission over the past 12 months than the previous year	38	28.79%	114	86.36%
I earned less commission over the past 12 months than the previous year	18	13.64%	132*	100.00%

\* Although 133 advisers were interviewed by telephone, only 132 of them answered this question.

It can be observed from Table 6.2 that, of the 132 respondents who answered this question, 57.58% earned more commission over the past 12 months than the previous year. Thirty-eight respondents (28.79%) earned the same amount of commission and only 18 respondents (13.64%) earned less commission over the past 12 months than the previous year.

### 6.3(1)

**The main finding that can be derived from Table 6.2 is that the majority of the respondents (57.58%) earned more commission over the past 12 months than the previous year.**

#### b) Question 10

If the respondents selected the first option in question 9, the following question was asked:

***How much more commission have you earned over the past 12 months. Please provide a percentage?***

**Table 6.3:** Level of commission growth experienced by the respondents

Level of commission growth percentage	Frequency	Per cent	Cumulative frequency	Cumulative per cent
2%	1	1.33%	1	1.33%
5%	4	5.33%	5	6.67%
6%	2	2.67%	7	9.33%
8%	5	6.67%	12	16.00%
10%	18	24.00%	30	40.00%

Level of commission growth percentage	Frequency	Per cent	Cumulative frequency	Cumulative per cent
12%	1	1.33%	31	41.33%
13%	2	2.67%	33	44.00%
14%	1	1.33%	34	45.33%
15%	6	8.00%	40	53.33%
18%	1	1.33%	41	54.67%
20%	12	16.00%	53	70.67%
25%	4	5.33%	57	76.00%
30%	6	8.00%	63	84.00%
35%	1	1.33%	64	85.33%
40%	2	2.67%	66	88.00%
45%	1	1.33%	67	89.33%
50%	4	5.33%	71	94.67%
60%	1	1.33%	72	96.00%
75%	1	1.33%	73	97.33%
100%	1	1.33%	74	98.67%
150%	1	1.33%	75*	100.00%
<b>Range = 148%</b> <b>Average percentage increase = 22.4%</b> <b>Standard deviation = 22.6%</b> <b>Median value = 15%</b> <b>Interquartile range = 15%</b> <b>Mode value = 10%</b>				

\* Although 76 respondents indicated in question 9 that they earned more commission over the past 12 months, only 75 of them were willing to disclose the increase in the amount of commission they earned.

The largest increase in the amount of commission earned was 150% and was achieved by only one respondent (1.33%). The difference between the largest and the smallest amount of commission increase experienced (range) is 148%. Table 6.3, though, further indicates that only 5.32% of the respondents experienced commission growth of 60% or more. Further statistical calculations reveal that the average percentage increase in the amount of commission earned is 22.4% and the standard deviation is 22.6%. The median value is 15% and the interquartile range of the results is also 15%. (The 75th percentile is 25% and the 25th percentile is 10%.) The mode value is 10%.

The following main findings can therefore be derived from the results obtained:

### 6.3(2)

The largest increase in the amount of commission earned was 150% and the smallest was 2%. The frequency percentage for both the largest and the smallest amount of commission increase experienced is 1.33%.

### 6.3(3)

Only 5.32% of the respondents experienced commission growth of 60% or more. The average percentage increase in the amount of commission earned is 22.4% and the standard deviation is 22.6%.

### 6.3(4)

Half of the respondents' businesses experienced a commission increase of between 10% and 25%.

## 6.3.2 Respondent qualification

The purpose of questions 1, 2 and 3 of the telephone interviews was to ensure that the correct types of respondents were interviewed. Only independent financial advisers who operated small businesses and advised on and sold financial products in their businesses could participate in the study.

### a) Question 1

***Are you an independent financial adviser?***

**Table 6.4:** Respondents' occupation

Independent financial adviser	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	133	100%	133	100%
No	0	0%	0	0%

A total of 133 respondents answered this question. Table 6.4 shows that 100% of the respondents who answered this question were independent financial advisers.

### 6.3(5)

The main finding is that 100% of the respondents who participated in the telephone interviews were independent financial advisers.

**b) Question 2**

***Are you a small business owner?***

**Table 6.5:** Indication of small business ownership

Small business owner	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	133	100%	133	100%
No	0	0%	0	0%

Table 6.5 shows that 100% of the respondents who answered this question were small business owners.

**6.3(6)**

**The main finding is that 100% of the respondents who participated in the telephone interviews were small business owners.**

**c) Question 3**

***What types of products do you advise on and sell in your business?***

**Table 6.6:** Types of products advised on and sold in the respondents' businesses

Product types	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Life insurance	97	35.14%	97	35.14%
Investments	89	32.25%	186	67.39%
Medical aid funds	44	15.94%	230	83.33%
Short-term insurance	33	11.96%	263	95.29%
Auditing	2	0.72%	265	96.02%
Tax	2	0.72%	267	96.75%
Accounting	1	0.36%	268	97.11%
Funeral policies	4	1.45%	272	98.56%
Buying shares	1	0.36%	273	98.92%
Setting up a trust	1	0.36%	274	99.28%
Drafting wills	1	0.36%	275	99.64%
Employee benefits	1	0.36%	276*	100.00%

\* The total cumulative frequency reflects more than the total sample because of multiple mentions.

The following insights can be derived from Table 6.6:

Life insurance, with a frequency percentage of 35.14%, was the most popular product advised on and sold by the financial advisers surveyed, followed by investments (32.25%), medical aid funds (15.94%) and short-term insurance (11.96%). The remaining products listed in Table 6.6 were not sold by many of the financial advisers: auditing (0.72%), tax (0.72%), accounting (0.36%), funeral policies (1.45%), buying shares (0.36%), setting up a trust (0.36%), drafting wills (0.36%) and employee benefits (0.36%).

### **6.3(7)**

**The main finding, therefore, is that life insurance (35.14%) and investments (32.25%) were the most popular products advised on and sold by the financial advisers surveyed. Accounting (0.36%), buying shares (0.36%), setting up a trust (0.36%), drafting wills (0.36%) and employee benefits (0.36%) were the products least sold by the financial advisers.**

The results obtained from the respondents were then further analysed to determine the specific blend of products each adviser advised on and sold in his or her business. The findings are shown in Table 6.7 below.



**Table 6.7:** Blend of products advised on and sold in each respondent's small business

Life insurance	Investments	Medical aid funds	Short-term insurance	Auditing	Tax	Accounting	Funeral policies	Buying shares	Setting up a trust	Drafting wills	Employee benefits	Frequency	Per cent	Cumulative frequency	Cumulative per cent
			■									16	12.03%	16	12.03%
		■										3	2.26%	19	14.29%
		■	■									3	2.26%	22	16.54%
		■					■					1	0.75%	23	17.29%
	■											6	4.51%	29	21.8%
	■			■	■							1	0.75%	30	22.56%
	■			■	■	■						1	0.75%	31	23.31%
	■						■					2	1.50%	33	24.81%
	■							■				1	0.75%	34	25.56%
	■								■			1	0.75%	35	26.32%
	■	■	■									1	0.75%	36	27.07%
■												13	9.77%	49	36.84%
■			■									5	3.76%	54	40.60%
■							■					1	0.75%	55	41.35%
■		■										2	1.50%	57	42.86%
■	■											38	28.57%	95	71.43%
■	■		■									3	2.26%	98	73.68%
■	■									■		1	0.75%	99	74.44%
■	■	■										28	21.05%	127	95.49%
■	■	■									■	1	0.75%	128	96.24%
■	■	■	■									5	3.76%	133	100.00%

Table 6.7 shows that the life insurance and investments group has the highest frequency of percentage (28.57%), followed by the life insurance, investments and medical aid funds group (21.05%), the short-term insurance group (12.03%) and the life insurance group (9.77%). Only a small number of respondents mentioned the remaining blend of products listed in Table 6.7 and meaningful interpretations about these responses therefore cannot be made.

### 6.3(8)

**The main finding is that life insurance and investments (28.57%) was the most popular blend of products advised on and sold by the respondents, followed by life insurance, investments and medical aid funds (21.05%), only short-term insurance (12.03%) and only life insurance (9.77%).**

Table 6.8 below provides a further comparison of the types of products advised on and sold by the respondents who experienced commission growth versus those who did not experience any commission growth in their businesses.

**Table 6.8:** Comparison of types of products advised on and sold by respondents who experienced commission growth and those who did not

Product types	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=76* respondents	Percentage n=132 responses	Number n=56* respondents	Percentage n=132 responses	Number	Percentage
At least life insurance and investments	47 (61.84%)	35.61%	28 (50.00%)	21.21%	75	56.82%
At least life insurance and no investments	10 (13.16%)	7.58%	11 (19.64%)	8.33%	21	15.91%
At least investments and no life insurance	5 (6.58%)	3.79%	8 (14.29%)	6.06%	13	9.85%
No life insurance or investments (only one or more of the remaining types of products listed in Table 6.7)	14 (18.42%)	10.61%	9 (16.07%)	6.82%	23	17.42%
<b>Total</b>	<b>76</b>	<b>57.58%</b>	<b>56</b>	<b>42.42%</b>	<b>132</b>	<b>100.00%</b>
Chi-square value = 3.6947 Associated p-value = 0.2964						

\* Table 6.8 only reflects the answers of the 132 respondents who commented on their commission growth in question 9.

Table 6.7 reveals that the life insurance and investments combination was the most popular blend of products advised on and sold by the respondents. Table 6.8 indicates that of the 76 respondents who experienced commission growth, 47 (61.84%) advised on and sold at least life insurance and investment products in their businesses. Fourteen respondents (18.42%), though, did not advise on and sell life insurance or investment products in their businesses (only one or more of the remaining types of products listed in Table 6.7), 10 respondents (13.16%) advised on and sold at least life insurance and no investment products and 5 respondents (6.58%) advised on and sold at least investments and no life insurance products in their businesses.

Table 6.8 reveals that of the 56 respondents who experienced no commission growth in their businesses, 28 (50%) advised on and sold at least life insurance and investment products, followed by 11 respondents (19.64%) who advised on and sold at least life insurance and no investment products, 9 respondents (16.07%) who advised on and sold no life insurance or investments (only one or more of the remaining types of products listed in Table 6.7) and 8 respondents (14.29%) who advised on and sold at least investments and no life insurance products in their businesses.

The chi-square value for the results shown in Table 6.8 is 3.6947 and the associated  $p$ -value is 0.2964. Since the expected frequency in each cell is more than 5, it was not necessary to perform Fisher's exact test. The associated  $p$ -value is greater than 0.05, indicating that there is no connection between the types of products advised on and sold by the respondents and the commission growth they experienced.

The following main findings can be derived from the results obtained:

### **6.3(9)**

**The majority of the respondents who experienced commission growth in their businesses (61.84%) advised on and sold at least life insurance and investment products in their businesses. Only half of**



the respondents who did not experience any commission growth in their businesses (50%) advised on and sold at least life insurance and investment products in their businesses.

### 6.3(10)

**There is no connection between the types of products advised on and sold by the respondents and the commission growth they experienced.**

The final observation that can be made in Section 6.3.2 is that the results depicted in Tables 6.4 to 6.8 provide evidence that all 133 respondents interviewed by telephone did qualify as respondents for this study.

The following main finding can therefore also be derived:

### 6.3(11)

**Only independent financial advisers who operated small businesses and advised on and sold financial products in their businesses were interviewed in phase one of the fieldwork.**

## 6.3.3 Business age

The purpose of question 4 was to measure the age of the respondents' small businesses. (The age of the respondents' businesses also had to be determined to help clarify their organisational life cycle stages.)

### Question 4

***In what year was your business founded?***

**Table 6.9:** Year in which respondents' businesses were founded and age of business

Year founded	Age of business (2007 – Year founded)	Frequency	Per cent	Cumulative frequency	Cumulative per cent
1963	44	1	0.75%	1	0.75%
1965	42	1	0.75%	2	1.50%
1970	37	2	1.50%	4	3.01%
1972	35	2	1.50%	6	4.51%
1973	34	2	1.50%	8	6.02%
1975	32	1	0.75%	9	6.77%
1976	31	2	1.50%	11	8.27%



Year founded	Age of business (2007 – Year founded)	Frequency	Per cent	Cumulative frequency	Cumulative per cent
1977	30	1	0.75%	12	9.02%
1978	29	1	0.75%	13	9.77%
1980	27	1	0.75%	14	10.53%
1981	26	1	0.75%	15	11.28%
1982	25	5	3.76%	20	15.04%
1983	24	1	0.75%	21	15.79%
1984	23	3	2.26%	24	18.05%
1985	22	2	1.50%	26	19.55%
1986	21	2	1.50%	28	21.05%
1987	20	2	1.50%	30	22.56%
1988	19	5	3.76%	35	26.32%
1989	18	5	3.76%	40	30.08%
1990	17	2	1.50%	42	31.58%
1991	16	3	2.26%	45	33.83%
1992	15	7	5.26%	52	39.10%
1993	14	2	1.50%	54	40.60%
1994	13	5	3.76%	59	44.36%
1995	12	5	3.76%	64	48.12%
1996	11	5	3.76%	69	51.88%
1997	10	11	8.27%	80	60.15%
1998	9	9	6.77%	89	66.92%
1999	8	8	6.02%	97	72.93%
2000	7	9	6.77%	106	79.70%
2001	6	5	3.76%	111	83.46%
2002	5	5	3.76%	116	87.22%
2003	4	8	6.02%	124	93.23%
2004	3	2	1.50%	126	94.74%
2005	2	4	3.01%	130	97.74%
2006	1	2	1.50%	132	99.25%
2007	Less than 1 year	1	0.75%	133	100.00%
<b>Range = 44 years</b> <b>Median value = 11 years</b> <b>Interquartile range = 12 years</b> <b>Mode value = 10 years</b> <b>Average age = 13.9 years</b> <b>Standard deviation = 9.4 years</b>					

Table 6.9 shows 133 responses that were captured. Similar to the approach that was followed by Ferreira (2000), the age of the respondents' businesses

was determined by subtracting the year in which the business was founded from 2007 (the year in which the fieldwork was conducted). The oldest business was 44 years old and the youngest was less than 1 year old. Both these age groups have a frequency percentage of 0.75%. The difference between the oldest and the youngest business (range) is therefore 44 years. The median value is 11 years and the interquartile range of the results is 12 years. (The 75th percentile is 19 years and the 25th percentile is 7 years.)

Furthermore, the 10-year age group has the highest frequency of percentage (8.27%), explaining the mode value of 10 years. The 9- and 7-year age groups have the second highest frequency of percentage (6.77%).

The average business age of all the respondents is 13.9 years and the standard deviation is 9.4 years. The average business age of the respondents who experienced commission growth is 14.25 years (standard deviation is 9.66) and the average business age of the respondents who did not experience any commission growth in their businesses is 13.68 years (standard deviation is 9.03). A t-test was conducted to determine if there was a significant difference between the mean business ages of the two groups. The t-value is 0.35 and the associated *p*-value is 0.7278. Since the associated *p*-value is greater than 0.05, there is no significant difference between the mean business age of the respondents who experienced commission growth and those who did not experience any.

The following main findings can therefore be derived from the results obtained:

**6.3(12)**

**The oldest business examined in this study was more than four decades old (44 years) and the youngest was less than 1 year old. Both these age groups have a frequency percentage of 0.75%.**

**6.3(13)**

**Half of the respondents' businesses were between 7 and 19 years old.**

**6.3(14)**

**The average age of the small businesses is 13.9 years.**

### 6.3(15)

There is no significant difference between the mean business age of the respondents who experienced commission growth and those who did not experience any.

### 6.3(16)

The highest frequency was obtained from the 10-year age group (8.27%).

## 6.3.4 Employee growth

Questions 5 and 6 were included in the telephone interview to establish if the respondents experienced any employment growth in their businesses. (This information was also required to gain more insight into the organisational life cycle stages of the respondents.)

The results obtained from questions 5 and 6 are presented first. An overview is then given of the level of employee growth in the respondents' small businesses.

### a) Question 5

***How many employees employed in your business from 1 August 2005 to 31 July 2006. (Full time and part time.)***

**Table 6.10:** Number of employees in business from 1 August 2005 to 31 July 2006

Number of employees	Frequency	Per cent	Cumulative frequency	Cumulative per cent
0	84	63.16%	84	63.16%
1	25	18.80%	109	81.96%
2	16	12.03%	125	93.99%
3	4	3.01%	129	97.00%
4	2	1.50%	131	98.50%
5	1	0.75%	132	99.25%
8	1	0.75%	133	100.00%
Average number of employees = 0.68 employees				
Mode value = 0 employees				

The mean score for the results obtained in question 5 is 0.68 employees. However, Table 6.10 indicates that of the 133 respondents who answered this question, 63.16% had no employees from 1 August 2005 to 31 July

2006. This explains the mode value of 0 employees. Twenty-five financial advisers (18.80%) had 1 employee and 16 financial advisers (12.03%) employed 2 employees. Only a few respondents employed either 3 employees (3.01%), 4 employees (1.50%), 5 employees (0.75%) or 8 employees (0.75%).

### 6.3(17)

The main finding that can be derived from question 5 is therefore that the majority of the respondents who participated in the telephone interviews (63.16%) had no employees in their business from 1 August 2005 to 31 July 2006.

#### b) Question 6

*How many employees employed in your business from 1 August 2006 to 31 July 2007. (Full time and part time.)*

**Table 6.11:** Number of employees in business from 1 August 2006 to 31 July 2007

Number of employees	Frequency	Per cent	Cumulative frequency	Cumulative per cent
0	83	62.41%	83	62.41%
1	29	21.80%	112	84.21%
2	13	9.77%	125	93.99%
3	4	3.01%	129	97.00%
4	2	1.50%	131	98.50%
5	1	0.75%	132	99.25%
8	1	0.75%	133	100.00%
Average number of employees = 0.66 employees				
Mode value = 0 employees				

The mean score for the results obtained in question 6 is 0.66 employees. Table 6.11, though, indicates that of the 133 respondents who answered this question, 62.41% had no employees from 1 August 2006 to 31 July 2007, explaining the mode value of 0 employees. Twenty-nine financial advisers (21.80%) had 1 employee and 13 financial advisers (9.77%) employed 2 employees. Only a few respondents employed either 3

employees (3.01%), 4 employees (1.50%), 5 employees (0.75%) or 8 employees (0.75%).

### 6.3(18)

**The main finding that can be derived from question 6 is that most of the respondents who participated in the telephone interviews (62.41%) had no employees in their business from 1 August 2006 to 31 July 2007.**

Based on the results obtained from questions 5 and 6, the level of employment growth present in each respondent's small business was determined. The following formula was applied:

$$\frac{(\text{Total employees from 1 August 2006 to 31 July 2007}) - (\text{Total employees from 1 August 2006 to 31 July 2006}) \times 100}{(\text{Total employees from 1 August 2006 to 31 July 2006})}$$

(Ferreira (2000) also used this formula in his research study when he examined the level of employment growth in the respondents' small businesses.)

Table 6.12 below provides a summary of the results obtained.

**Table 6.12:** Level of employment growth in respondents' small businesses

Employee growth percentage experienced	Frequency	Per cent	Cumulative frequency	Cumulative per cent
-100%	7	5.26%	7	5.26%
-50%	1	0.75%	8	6.01%
0%	119	89.47%	127	95.48%
33%	1	0.75%	128	96.23%
50%	2	1.50%	130	97.73%
100%	3	2.26%	133	100.00%

The following insights can be derived from Table 6.12:

- Of the 133 respondents who participated in the telephone interviews, 89.47% had no employee growth in their businesses in the relevant period.
- Eight of the respondents (6.01%) experienced negative employee growth in their businesses in the relevant period.

- Six respondents (4.51%) encountered positive employee growth in their businesses in the relevant period.

### 6.3(19)

The main finding is that the majority of the respondents who participated in the telephone interviews (89.47%) did not experience any employee growth in their businesses in the relevant period.

### 6.3.5 Number of organisational levels, specialised functions and types of employees

Question 7 was asked to determine the number of organisational levels, number of specialised functions and types of employees employed in each respondent's small business. (This information was also needed to gain more insight into the organisational life cycle stages of the respondents' businesses.)

#### Question 7

The respondents were asked one of the following two questions:

*If, according to question 6, the respondent had only one employee, they were asked the following:*

***The following question relates to the one employee that you have employed in your business from 1 August 2006 to 31 July 2007. Please provide a brief description of what your employee's duties were during that time and to whom your employee reported to.***

*If, according to question 6, the respondent had two or more employees, they were asked the following:*

***The following question relates to the (mention number of employees employed) employees that you have employed in your business from 1 August 2006 to 31 July 2007. Please provide a brief description of what each employee's duties were during that time and to whom each employee reported to.***

Tables 6.13 to 6.17 show the results obtained.

**Table 6.13:** Number of organisational levels in respondents' small businesses

Number of organisational levels	Frequency	Per cent	Cumulative frequency	Cumulative per cent
1 level	83	62.41%	83	62.41%
2 levels	50	37.59%	133	100.00%

The reporting structures of the respondents' businesses were studied to identify the number of organisational levels. The small business owner was always counted as the first organisational level. Therefore, if the small business owner had no employees, the business would have one organisational level. Table 6.13 depicts that, of the 133 respondents who answered this question, 62.41% had 1 organisational level in their small businesses and 37.59% had 2.

Two main findings can be derived from Table 6.13:

### 6.3(20)

**All the respondents who participated in the telephone interviews had either one or two organisational levels in their small businesses.**

### 6.3(21)

**The majority of the respondents (62.41%) indicated that they had only one organisational level in their small businesses.**

Table 6.14 below provides a further comparison of the number of organisational levels in the businesses of the respondents who experienced commission growth and those who did not.

**Table 6.14:** Comparison of number of organisational levels between respondents' businesses that experienced commission growth and those that did not

Number of organisational levels	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=76* respondents	Percentage n=132 responses	Number n=56* respondents	Percentage n=132 responses	Number	Percentage
1 level	42 (55.26%)	31.82%	40 (71.43%)	30.30%	82	62.12%
2 levels	34 (44.74%)	25.76%	16 (28.57%)	12.12%	50	37.88%
<b>Total</b>	<b>76</b>	<b>57.58%</b>	<b>56</b>	<b>42.42%</b>	<b>132</b>	<b>100.00%</b>
Chi-square value = 3.5807 Associated p-value = 0.0585						

\* Table 6.14 only reflects the answers of the 132 respondents who commented on their commission growth in question 9.



Table 6.14 indicates that of the 76 respondents who experienced commission growth, 42 (55.26%) had only 1 organisational level in their small businesses and the remaining 34 respondents (44.74%) had 2. Table 6.14 further reveals that of the 56 respondents who did not experience any commission growth in their businesses, 40 (71.43%) had only 1 organisational level in their small businesses and the remaining 16 respondents (28.57%) had 2.

The chi-square value for the results shown in Table 6.14 is 3.5807 and the associated  $p$ -value is 0.0585. Since the expected frequency in each cell is more than 5, it was not necessary to perform Fisher's exact test. The associated  $p$ -value is greater than 0.05, indicating that there is no connection between the number of organisational levels in the respondents' businesses and the commission growth they experienced (although Table 6.14 did indicate that 34 of the respondents who experienced commission growth had 2 organisational levels versus only 16 of the respondents who did not experience commission growth).

The following main findings can be derived from the results obtained:

**6.3(22)**

**The majority of the respondents who experienced commission growth (55.26%) had only one organisational level in their small businesses.**

**6.3(23)**

**The majority of the respondents who did not experience any commission growth (71.43%) had only one organisational level in their small businesses.**

**6.3(24)**

**There is no connection between the number of organisational levels in the respondents' businesses and the commission growth they experienced.**

**6.3(25)**

**The number of respondents who experienced commission growth and had two organisational levels (34 respondents) are more than twice the**

**number of respondents who did not experience commission growth and who had two organisational levels (16 respondents).**

**Table 6.15:** Number of specialised functions in respondents' small businesses

Number of specialised functions	Frequency	Per cent	Cumulative frequency	Cumulative per cent
0 specialisation functions	90	67.67%	90	67.67%
1 specialisation function	34	25.56%	124	93.23%
2 specialisation functions	5	3.76%	129	96.99%
3 specialisation functions	4	3.01%	133	100.00%

The duties of each employee were studied to determine the number of specialised functions in the business. If the employee, for example, performed an administration role only, it was regarded as a specialised function. It can be observed from Table 6.15 that, of the 133 respondents who answered this question, 90 (67.67%) had no specialised function in their small businesses. (Although only 83 respondents did not have any employees in their businesses (Table 6.11), the employees of 7 of the respondents also performed more general functions.) Thirty-four respondents (25.56%) had 1 specialised function, 5 respondents (3.76%) had 2 specialised functions and 4 respondents (3.01%) had 3.

The following two main findings can be derived from Table 6.15:

### **6.3(26)**

**The independent financial advisers who participated in this study had a maximum of three specialised functions in their small businesses.**

### **6.3(27)**

**The majority of the respondents (67.67%) indicated that they had no specialised functions in their small businesses.**

Table 6.16 below provides a further comparison of the number of specialised functions in the businesses of the respondents who experienced commission growth and those who did not.

**Table 6.16:** Comparison of the number of specialised functions in respondents' businesses that experienced commission growth and those that did not

Number of specialised functions	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=76* respondents	Percentage n=132 responses	Number n=56* respondents	Percentage n=132 responses	Number	Percentage
0 specialisation functions	45 (59.21%)	34.09%	44 (78.57%)	33.33%	89	67.42%
1 specialisation function	24 (31.58%)	18.18%	10 (17.86%)	7.58%	34	25.76%
2 specialisation functions	4 (5.26%)	3.03%	1 (1.79%)	0.76%	5	3.79%
3 specialisation functions	3 (3.95%)	2.27%	1 (1.79%)	0.76%	4	3.03%
<b>Total</b>	<b>76</b>	<b>57.58%</b>	<b>56</b>	<b>42.42%</b>	<b>132</b>	<b>100.00%</b>
<p>Chi-square value = 5.6759            Associated p-value = 0.1285            Associated p-value for Fisher's exact test = 0.1295</p>						

\* Table 6.16 only reflects the answers of the 132 respondents who commented on their commission growth in question 9.

Table 6.16 indicates that of the 76 respondents who experienced commission growth, a total of 31 (40.79%) had one or more specialised functions in their small businesses and the remaining 45 respondents (59.21%) had none. Table 6.16 further reveals that of the 56 respondents who did not experience any commission growth in their businesses, a total of 12 (21.43%) had one or more specialised functions in their small businesses and the remaining 44 (78.57%) had none.

The chi-square value for the results shown in Table 6.16 is 5.6759 and the associated  $p$ -value is 0.1285. Since the expected frequency in some of the cells is less than 5, Fisher's exact test was performed and a  $p$ -value of 0.1295 was obtained. This  $p$ -value is greater than 0.05, indicating that there is no connection between the number of specialised functions in the respondents' businesses and the commission growth they experienced (although a total of 31 of the respondents who experienced commission growth had one or more specialised functions in their businesses versus only 12 who did not experience commission growth).

The following main findings can be derived from the results obtained:

### 6.3(28)

Although more than half of the respondents who experienced commission growth (59.21%) had no specialised functions in their small businesses, there was still a large number of this group (40.79%) that did seem to have one or more specialised functions in their small businesses.

### 6.3(29)

Most of the respondents who did not experience any commission growth (78.57%) had no specialised functions in their small businesses and only 21.43% had one or more specialised functions.

### 6.3(30)

There is no connection between the number of specialised functions in the respondents' businesses and the commission growth they experienced.

Table 6.17: Types of employees in small businesses

Types of employees	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number	Percentage n=68 responses	Number	Percentage n=68 responses	Number	Percentage
Administration worker	31	45.59%	9	13.24%	40	58.82%
Perform more than one role, such as doing books, attending to clients' needs, seeking new business, administration duties, marketing and sales	3	4.41%	4	5.88%	7	10.29%
Consultant	3	4.41%	2	2.94%	5	7.35%
Typist	0	0.00%	1	1.47%	1	1.47%
Agents who seek new business	1	1.47%	2	2.94%	3	4.41%
Bookkeeper	2	2.94%	0	0.00%	2	2.94%
Tax consultant	1	1.47%	0	0.00%	1	1.47%
Public relations and marketing officer	2	2.94%	0	0.00%	2	2.94%
Receptionist	2	2.94%	1	1.47%	3	4.41%
Person who makes appointments and resolves queries	1	1.47%	0	0.00%	1	1.47%
Office manager and tax consultant	1	1.47%	0	0.00%	1	1.47%
Telesales assistant	1	1.47%	0	0.00%	1	1.47%
Telesales and administration worker	1	1.47%	0	0.00%	1	1.47%
<b>Total</b>	<b>49</b>	<b>72.05%</b>	<b>19</b>	<b>27.94%</b>	<b>68*</b>	<b>100.00%</b>

\* Reflects total number of responses. Multiple mentions were allowed.

Table 6.11 indicates that a total of 50 advisers had one or more employees in their businesses from 1 August 2006 to 31 July 2007. Between these advisers, a total of 88 employees were employed. Table 6.17 provides more insight into the types of roles these employees performed. **(Some financial advisers had more than one employee performing the same role, explaining the difference between the total number of responses shown in Table 6.17 and the total number of employees.)**

An administration worker was the type of employee most employed by financial advisers (58.82%). Thirty-one of the respondents who experienced commission growth and 9 of the respondents who did not experience commission growth had an administration worker in their businesses. A total of 7 respondents (10.29%) employed workers that performed more general duties (3 of the respondents who experienced commission growth and 4 of the respondents who did not). A total of 5 respondents (7.35%) employed consultants (3 of the respondents who experienced commission growth and 2 of the respondents who did not).

The total percentage column in Table 6.17 further indicates that the remaining types of employees listed were not used by many of the financial advisers surveyed: typist (1.47%), agents who seek new business (4.41%), bookkeeper (2.94%), tax consultant (1.47%), public relations and marketing officer (2.94%), receptionist (4.41%), person who makes appointments and resolves queries (1.47%), office manager and tax consultant (1.47%), telesales assistant (1.47%), telesales and administration worker (1.47%). Excluding the typist, agents who seek new business and receptionist roles, these types of workers were primarily employed by the financial advisers who did experience commission growth in their businesses.

The following important additional observations can be made:

- The types of employees that were employed (as listed in Table 6.17) did not have an impact on the number of organisational levels in the respondents' businesses. Table 6.13 indicates that the respondents of this study had either one or two organisational levels. The small business owner was

counted as the first organisational level and all the employees in each business reported directly to the business's owner.

- Table 6.16 indicates that both the respondents who experienced commission growth and those who did not had a maximum of three specialised functions in their businesses. Collectively a total of 56 specialised roles were performed in the businesses of the respondents. These 56 specialised roles, however, can also be grouped according to the type of role performed in the business. Table 6.17 assists with this classification, through the description of the roles performed by the employees as well as the number of respondents who used each role in their businesses.

(All the employee roles listed in Table 6.17 can be regarded as specialised functions, except the following five employee descriptions that were given: perform more than one role, such as doing books, attending to clients' needs, seeking new business, administration duties, marketing and sales; public relations and marketing officer; person who makes appointments and resolves queries; office manager and tax consultant as well as telesales and administration worker.)

Based on this observation, an administration worker (mentioned by 31 respondents who experienced commission growth and 9 respondents who did not) was the most popular type of specialised role in the businesses of the respondents.

### 6.3(31)

**The first main finding is that an administration worker was the type of employee most employed by the respondents and also the most popular type of specialised role performed in the businesses of the respondents. A total percentage of 58.82% was obtained.**

### 6.3(32)

**The second main finding is that the following types of employees were mainly employed by independent financial advisers who experienced commission growth: bookkeeper (2.94%), tax consultant (1.47%), public relations and marketing officer (2.94%), person who makes appointments and resolves queries (1.47%), office manager and tax consultant (1.47%), telesales assistant (1.47%), telesales and administration worker (1.47%).**

### 6.3(33)

The third main finding is that the types of employees that were employed (as listed in Table 6.17) did not have an impact on the number of organisational levels in the respondents' businesses.

### 6.3.6 Motivational techniques employed

A number of motivational techniques were identified in the literature review as part of the discussion on potential strategies independent financial advisers can implement. Consequently, question 8 was asked to gain more insight into the techniques the independent financial advisers of this study used to motivate their employees.

The results of this question are revealed in Tables 6.18 to 6.21 below. **(It is, however, important to note that not all 50 of the respondents who had employees in their businesses answered this question.)**

#### a) Question 8

***How often do you make use of the following methods in your business to motive your employees?***

The first method is modifying employee responsibilities to expand and add challenges to the tasks required.

**Table 6.18:** Modifying employee responsibilities

Frequency of use	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=32 respondents	Percentage n=48 responses	Number n=16 respondents	Percentage n=48 responses	Number	Percentage
At least once a month	15 (46.88%)	31.25%	6 (37.50%)	12.50%	21	43.75%
Less often than once a month	15 (46.88%)	31.25%	5 (31.25%)	10.42%	20	41.67%
Never	2 (6.25%)	4.17%	5 (31.25%)	10.42%	7	14.58%
<b>Total</b>	<b>32</b>	<b>66.67%</b>	<b>16</b>	<b>33.33%</b>	<b>48</b>	<b>100.00%</b>
Chi-square value = 5.4107 Associated p-value = 0.0668 Associated p-value for Fisher's exact test = 0.0877						

Table 6.18 indicates that 48 respondents commented on the first motivational strategy. A total of 21 respondents (43.75%) modified their employees' responsibilities to expand and add challenges to the tasks required at least once a month (15 of the respondents who experienced commission growth and 6 of the respondents who did not). Twenty respondents (41.67%) used this strategy less often than once a month (15 of the respondents who experienced commission growth and 5 of the respondents who did not). The remaining 7 respondents (14.58%) never used this strategy.

The chi-square value for the results obtained is 5.4107 and the associated  $p$ -value is 0.0668. Since the expected frequency in some of the cells is less than 5, Fisher's exact test was performed and a  $p$ -value of 0.0877 was obtained. This  $p$ -value is greater than 0.05, indicating that there is no connection between the first motivational strategy and the commission growth the respondents experienced.

The following main findings can be derived from the results obtained:

**6.3(34)**

**An equal number of respondents who experienced commission growth modified their employees' responsibilities to expand and add challenges to the tasks required at least once a month (15 respondents) and less often than once a month (15 respondents). Almost an equal number of respondents who did not experience commission growth modified their employees' responsibilities to expand and add challenges to the tasks required at least once a month (6 respondents) and less often than once a month (5 respondents). Based on these ratios, an approximate equal total frequency percentage was obtained for the option at least once a month (43.75%) and less often than once a month (41.67%).**

**6.3(35)**

**There is no connection between the first motivational strategy and the commission growth the respondents experienced.**



The second motivational method is acknowledging employee achievements.

**Table 6.19:** Acknowledgement of employee achievements

Frequency of use	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=32 respondents	Percentage n=48 responses	Number n=16 respondents	Percentage n=48 responses	Number	Percentage
At least once a month	24 (75.00%)	50.00%	10 (62.50%)	20.83%	34	70.83%
Less often than once a month	7 (21.88%)	14.58%	6 (37.50%)	12.50%	13	27.08%
Never	1 (3.13%)	2.08%	0 (0.00%)	0.00%	1	2.08%
<b>Total</b>	<b>32</b>	<b>66.67%</b>	<b>16</b>	<b>33.33%</b>	<b>48</b>	<b>100.00%</b>
Chi-square value = 1.6968 Associated <i>p</i> -value = 0.4281 Associated <i>p</i> -value for Fisher's exact test = 0.5451						

Table 6.19 indicates that 48 respondents commented on the second motivational strategy. Thirty-four respondents (70.83%) acknowledged their employees' achievements at least once a month (24 of the respondents who experienced commission growth and 10 of the respondents who did not). Thirteen respondents (27.08%) used this strategy less often than once a month (7 of the respondents who experienced commission growth and 6 of the respondents who did not). Only 1 respondent (2.08%) never used this strategy.

The chi-square value for the results obtained is 1.6968 and the associated *p*-value is 0.4281. Since the expected frequency in some of the cells is less than 5, Fisher's exact test was performed and a *p*-value of 0.5451 was obtained. This *p*-value is greater than 0.05, indicating that there is no connection between the second motivational strategy and the commission growth the respondents experienced.

The following main findings can be derived from the results obtained:

### 6.3(36)

**The majority of the respondents who experienced commission growth and who commented on the second motivational strategy (24**

respondents) acknowledged their employees' achievements at least once a month. The majority of the respondents who did not experience any commission growth and who commented on the second motivational strategy (10 respondents) also acknowledged their employees' achievements at least once a month.

### 6.3(37)

There is no connection between the second motivational strategy and the commission growth the respondents experienced.

The third motivational method is ensuring that employees felt that they were being paid equally compared to their fellow workers.

**Table 6.20:** Ensuring that employees felt they were being paid equally compared to fellow workers

Frequency of use	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=15 respondents	Percentage n=21 responses	Number n=6 respondents	Percentage n=21 responses	Number	Percentage
At least once a month	8 (53.33%)	38.10%	2 (33.33%)	9.52%	10	47.62%
Less often than once a month	5 (33.33%)	23.81%	4 (66.67%)	19.05%	9	42.86%
Never	2 (13.33%)	9.52%	0 (0.00%)	0.00%	2	9.52%
<b>Total</b>	<b>15</b>	<b>71.43%</b>	<b>6</b>	<b>28.57%</b>	<b>21</b>	<b>100.00%</b>
Chi-square value = 2.2711 Associated p-value = 0.3212 Associated p-value for Fisher's exact test = 0.3764						

Table 6.20 indicates that 21 respondents commented on the third motivational strategy. Ten respondents (47.62%) ensured that their employees felt they were being paid equally compared to their fellow workers at least once a month (8 of the respondents who experienced commission growth and 2 of the respondents who did not). Nine respondents (42.86%) used this strategy less often than once a month (5 of the respondents who experienced commission growth and 4 of the respondents who did not). Two respondents (9.52%) never used this strategy.

The chi-square value for the results obtained is 2.2711 and the associated  $p$ -value is 0.3212. Since the expected frequency in some of the cells is less than 5, Fisher's exact test was performed and a  $p$ -value of 0.3764 was obtained. This  $p$ -value is greater than 0.05, indicating that there is no connection between the third motivational strategy and the commission growth the respondents experienced.

The following main findings can be derived from the results obtained:

### **6.3(38)**

**The majority of the respondents who experienced commission growth and who commented on the third motivational strategy (eight respondents) ensured that their employees felt that they were being paid equally compared to their fellow workers at least once a month. The majority of the respondents who did not experience any commission growth and who commented on the third motivational strategy (four respondents) ensured that their employees felt that they were being paid equally compared to their fellow workers less often than once a month. The at least once a month option received the highest total frequency of percentage (47.62%) and the less often than once a month option received the second highest total frequency of percentage (42.86%).**

### **6.3(39)**

**There is no connection between the third motivational strategy and the commission growth the respondents experienced.**

The fourth motivational method is ensuring that the salaries of employees were enough to provide them with the basic necessities for themselves and their families.

*(The interviewer asked the respondents to answer this question based on whether they received any special salary requests from their employees, for example an advance payment on their salary. Although this question is not entirely adequate, it still provided some indication of whether the respondents' employees were remunerated sufficiently.)*

**Table 6.21:** Ensuring that the salaries of employees are sufficient to provide basic necessities

Frequency of use	Frequency					
	Commission growth experienced		No commission growth experienced		Total	
	Number n=32 respondents	Percentage n=47 responses	Number n=15 respondents	Percentage n=47 responses	Number	Percentage
At least once a month	15 (46.88%)	31.91%	5 (33.33%)	10.64%	20	42.55%
Less often than once a month	14 (43.75%)	29.79%	8 (53.33%)	17.02%	22	46.81%
Never	3 (9.38%)	6.38%	2 (13.33%)	4.26%	5	10.64%
<b>Total</b>	<b>32</b>	<b>68.09%</b>	<b>15</b>	<b>31.91%</b>	<b>47</b>	<b>100.00%</b>
Chi-square value = 0.7909 Associated $p$ -value = 0.6734 Associated $p$ -value for Fisher's exact test = 0.6647						

Table 6.21 indicates that 47 respondents commented on the fourth motivational strategy. Twenty-two respondents (46.81%) ensured that the salaries of their employees were enough to provide them with the basic necessities for themselves and their families less often than once a month (14 of the respondents who experienced commission growth and 8 of the respondents who did not). Twenty respondents (42.55%) used this strategy at least once a month (15 of the respondents who experienced commission growth and 5 of the respondents who did not). Only 5 respondents (10.64%) never used this strategy.

The chi-square value for the results obtained is 0.7909 and the associated  $p$ -value is 0.6734. Since the expected frequency in some of the cells is less than 5, Fisher's exact test was performed and a  $p$ -value of 0.6647 was obtained. This  $p$ -value is greater than 0.05, indicating that there is no connection between the fourth motivational strategy and the commission growth the respondents experienced.

### 6.3(40)

**Almost an equal number of respondents who experienced commission growth ensured that the salaries of their employees were enough to**

provide them with the basic necessities for themselves and their families at least once a month (15 respondents) and less often than once a month (14 respondents). The majority of the respondents who did not experience any commission growth and who commented on the fourth motivational strategy (8 respondents) ensured that the salaries of their employees were sufficient to provide them with the basic necessities for themselves and their families less often than once a month. Accordingly, the less often than once a month option received the highest total frequency of percentage (46.81%) and the at least once a month option received the second highest total frequency of percentage (42.55%).

### 6.3(41)

There is no connection between the fourth motivational strategy and the commission growth the respondents experienced.

### 6.3.7 Willingness to participate in further interviews

The purpose of question 11 was to test whether the respondents would be willing to participate in further personal interviews, should they be selected.

#### Question 11

*Should we need further information may we contact you again?*

**Table 6.22:** Willingness of respondents to be contacted again for further information

Permission granted	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	111	83.46%	111	83.46%
No	22	16.54%	133	100.00%

It can be observed from Table 6.22 that, of the 133 respondents who answered this question, 83.46% granted permission to be contacted again for further information. Only 22 respondents (16.54%) did not want to be contacted again for further information.

In Section 5.4.3 it was indicated that since the purpose of this study is to propose a framework for business survival and sales growth, the second phase of the field study would only investigate the problems experienced and

strategies implemented by the independent financial advisers who experienced commission growth. Before disclosing the results obtained from the personal interviews, the following section evaluates if the five life cycle clusters established with Ward's minimum variance test method (1963) can be accepted as a valid representation of the business phases of these advisers. Secondary to this discussion, the possibility of a single life cycle stage is also examined.

## 6.4 ORGANISATIONAL LIFE CYCLE ANALYSIS

### 6.4.1 Life cycle stages identified with Ward's minimum variance clustering method (1963)

Following Ferreira's example (2000), this study also made use of Ward's minimum variance clustering method to attempt to group the respondents who experienced commission growth into different life cycle stages. (Section 5.5.2(c) indicated that Ferreira as well as Hanks *et al.* (1993) favour this approach, because studies of multiple algorithms found this method to be one of the more reliable clustering techniques.)

The cluster analysis pointed towards five potential clusters. Table 6.23 below provides a summary of the characteristics of each cluster identified.

**Table 6.23:** Characteristics of each cluster identified

Characteristics	Mean	Range	25th percentile	75th percentile	Median	Standard deviation
<b>Cluster 1</b>						
Business age (years)	10.73	1–23	8	13	10	5.07
Commission growth per annum (%)	22.64	15–30	20	25	20	4.88
Number of organisational levels (levels)	1.41	1–2	1	2	1	0.50
Number of specialised functions (functions)	0.64	0–3	0	1	0	0.95
<b>Total number of respondents: 22</b>						
<b>Cluster 2</b>						
Business age (years)	11.57	4–20	8	15	10	4.92
Commission growth per annum (%)	9.63	5–15	8	10	10	2.77
Number of organisational levels (levels)	1.43	1–2	1	2	1	0.50
Number of specialised functions (functions)	0.47	0–2	0	1	0	0.63
<b>Total number of respondents: 30</b>						



Characteristics	Mean	Range	25th percentile	75th percentile	Median	Standard deviation
<b>Cluster 3</b>						
Business age (years)	32.08	25–44	26	36	31	6.50
Commission growth per annum (%)	15.17	2–35	10	20	12	9.68
Number of organisational levels (levels)	1.33	1–2	1	2	1	0.49
Number of specialised functions (functions)	0.42	0–2	0	1	0	0.67
<b>Total number of respondents: 12</b>						
<b>Cluster 4</b>						
Business age (years)	6.67	2–14	4	7	7	4.06
Commission growth per annum (%)	51.11	40–75	45	50	50	10.83
Number of organisational levels	1.67	1–2	1	2	2	0.50
Number of specialised functions	0.78	0–3	0	1	1	0.97
<b>Total number of respondents: 9</b>						
<b>Cluster 5</b>						
Business age (years)	11.50	11–12	11	12	11.50	0.71
Commission growth per annum (%)	125.00	100–150	100	150	125	35.36
Number of organisational levels (levels)	1.50	1–2	1	2	1.50	0.71
Number of specialised functions (functions)	0	0	0	0	0	0
<b>Total number of respondents: 2</b>						

\* The answers to questions 4, 7 as well as 9 and 10 of the telephone interviews were used to perform the cluster analysis. (These questions were based on four of the criteria that Ferreira considered in the investigation of the organisational life cycle stages of his respondents.)

\*\* Although it was initially planned to also incorporate the employee growth of the respondents into the cluster analysis (the fifth criterion considered by Ferreira), Table 6.12 indicated that more than 89% of the respondents who participated in the telephone interviews did not experience any employee growth in their businesses. Hence, these data were at first excluded from the analysis to determine if mutually exclusive clusters could be identified.

\*\*\* Thirdly, in Section 6.3.1(b) it was stipulated that while 76 respondents earned more commission over the past 12 months than the previous year, only 75 of these respondents were willing to disclose the increase in the amount of commission they earned. Consequently, cluster analysis could only be done on the results obtained from the 75 respondents who disclosed their commission growth.

The following insights can be drawn from the findings in Table 6.23:

- **Average business age**

According to Table 6.23, the average business age of cluster 1 is 10.73 years. This is close to the average business age of cluster 2 (11.57 years) and cluster 5 (11.50 years). Cluster 1 has a standard deviation of 5.07

years and cluster 2 has a standard deviation of 4.92 years. The median value for both clusters 1 and 2 is 10 years, and for cluster 5 is 11.50 years.

In addition, the business age range for clusters 1 and 2 is very similar. The business age range for cluster 1 is 1–23 years and that for cluster 2 is 4–20 years. The business age of 50% of the respondents in cluster 1 is between 8 and 13 years and that of 50% of the respondents in cluster 2 is between 8 and 15 years. Cluster 2 has the highest number of respondents. Thirty respondents were grouped into cluster 2.

Table 6.23 further highlights that the businesses grouped into cluster 3 are older than the businesses in the other clusters. The minimum business age in cluster 3 is 25 years and the maximum business age is 44 years. The median value is 31 years and the business age of 50% of the respondents in cluster 3 is between 26 and 36 years. Cluster 3 has the highest average business age (32.08 years) and the standard deviation is 6.50 years.

The business age range of cluster 4 is 2–14 years. This range overlaps that of clusters 1 and 2. The median value is 7 years and the business age of 50% of the respondents in cluster 4 is between 4 and 7 years. Cluster 4 has the lowest average business age (6.67 years) and the standard deviation is 4.06 years.

Cluster 5 has the smallest business age range (11–12 years), explaining why the business age of 50% of the respondents in cluster 5 is between 11 and 12 years and the standard deviation is 0.71 years. Only two respondents, however, were grouped into cluster 5.

The Kruskal-Wallis one-way analysis of variance test statistic (for age) was determined as 35.14 and the associated  $p$ -value as 0.0000 (the actual  $p$ -value calculated was very small and was then rounded off by the SAS software package to four zeros after the decimal). Although the above discussion highlighted a few similarities, the results of the  $p$ -test suggest that there is a significant difference between the mean business ages of the five clusters.



- **Average commission growth per annum**

According to Table 6.23, cluster 2 has the lowest average commission growth (9.63%) and the lowest standard deviation (2.77%). The commission range is 5–15% and 50% of the respondents in cluster 2 experienced between 8% and 10% commission growth. The average commission growth for cluster 1, which almost has the same business age range as cluster 2, is 22.64% and the standard deviation is 4.88%. The commission range is 15–30% and 50% of the respondents in cluster 1 experienced between 20% and 25% commission growth. The median commission growth value for cluster 1 is 20%, while the median commission growth value for cluster 2 is 10%.

Table 6.23 further indicates that the average commission growth for cluster 3 is 15.17% and the standard deviation is 9.68%. The commission range for cluster 3 is 2–35%. This range overlaps with that of clusters 1 and 2. The median commission growth value for cluster 3 is 12% and is close to the median commission value of cluster 2. Fifty per cent of the respondents in cluster 3, though, experienced commission growth between 10% and 20%.

The average commission growth for cluster 4, which overlaps in business age range with clusters 1 and 2, is 51.11%. This is more than double the commission growth indicated for cluster 1 and more than five times the commission growth indicated for cluster 2. Cluster 4 also has a larger standard deviation than clusters 1 and 2 (10.83%). The commission growth range for cluster 4 is 40–75% and 50% of the respondents in cluster 4 experienced commission growth between 45% and 50%. The median commission growth value is 50%.

According to Table 6.23, cluster 5 has the largest average commission growth (125%) and also the largest standard deviation (35.36%). However, only two respondents were grouped into cluster 5. The commission growth of the first respondent was 100% and that of the second respondent was 150%, explaining the commission growth range of 100–150%. The median value was calculated as 125%.

The Kruskal-Wallis one-way analysis of variance test statistic (for commission growth) was determined as 55.56 and the associated  $p$ -value as 0.0000 (actual small  $p$ -value was also rounded off by the computer package to four zeros after the decimal). Despite the fact that the discussion above highlighted a few similarities, the results of the  $p$ -test suggest that there is a significant difference between the mean commission growth of the clusters identified.

- **Mean number of organisational levels**

Table 6.14 indicates that all the respondents who experienced commission growth had either one or two organisational levels in their businesses. This explains why, for each cluster listed in Table 6.23, the organisational level range is one to two organisational levels, the 25th percentile is one organisational level and the 75th percentile is two organisational levels.

Table 6.23 further indicates that the median value for clusters 1, 2 and 3 is 1 organisational level. Cluster 1 has an average of 1.41 organisational levels. This is close to the mean number of organisational levels for cluster 2 (1.43). Clusters 1 and 2 also have the same standard deviation value (0.50 organisational levels). The standard deviation for cluster 3 (0.49 organisational levels) is close to the standard deviation of clusters 1 and 2. Cluster 3 has an average of 1.33 organisational levels.

Cluster 4 has the highest average number of organisational levels (1.67 organisational levels). Cluster 4 has the same standard deviation value as clusters 1 and 2 (0.50 organisational levels). The median value for cluster 4 is 2 organisational levels. Cluster 5 has the second highest average number of organisational levels (1.50 organisational levels). Cluster 5 has the highest standard deviation (0.71 organisational levels). The median value for cluster 5 is 1.50 organisational levels.

The Kruskal-Wallis one-way analysis of variance test statistic (for organisational levels) was calculated as 2.52 and the associated  $p$ -value as 0.6417. Consistent with the above discussion, these findings also indicate

that there is no significant difference between the mean number of organisational levels of the different clusters.

- **Mean number of specialised functions**

According to Table 6.23, the average number of specialised functions for cluster 1 is 0.64 functions (standard deviation 0.95 functions). This is slightly lower than the average number of specialised functions identified for cluster 4 (0.78 functions with a standard deviation of 0.97 functions). The median number of specialised functions for cluster 1 is 0 functions and for cluster 4 is 1 function. The number of specialised functions range for both clusters 1 and 4 is 0–3 functions.

Table 6.23 further reveals that the mean number of specialised functions for cluster 2 is 0.47 functions (standard deviation is 0.63 functions). This is close to the mean number of specialised functions for cluster 3 (0.42 functions with a standard deviation of 0.67 functions). Clusters 2 and 3 have the same median number of specialised functions (0 functions) and also the same number of specialised functions range (0–2 functions).

Fifty per cent of the respondents in clusters 1, 2, 3 and 4 have between 0 and 1 specialised functions in their businesses.

The average number of specialised functions for cluster 5 is 0 functions. No additional descriptive statistics could therefore be calculated for cluster 5.

The findings of the Kruskal-Wallis one-way analysis of variance test (for specialised functions) also suggest that there is no significant difference between the mean number of specialised functions of the different clusters. The test statistic was calculated as 2.40 and the associated *p*-value as 0.6627.

In view of the discussion above, it seems that it was not possible to identify a series of mutually exclusive clusters, using Ward's minimum variance method. Although the Kruskal-Wallis one-way analysis of variance test for age and commission growth did indicate that there is a significant difference between the mean business age and mean commission growth of the five

proposed clusters, there are also a large number of similarities between the groups which cannot be ignored. This study therefore cannot accept the five proposed clusters established with Ward's minimum variance test as a valid representation of the individual business phases of the respondents who experienced commission growth.

The first main finding that can then be derived from Section 6.4 is as follows:

#### **6.4(1)**

**The five proposed clusters established with Ward's minimum variance test (1963) cannot be accepted as a valid representation of the individual business phases of the respondents who experienced commission growth.**

#### **6.4.2 The possibility of a single life cycle stage**

**Given the number of similarities between the different clusters, it might appear that the independent financial advisers who experienced commission growth could perhaps be grouped into a single business life cycle stage.**

More specifically, each of the five proposed clusters listed in Table 6.23 represents a segment of the commission growth experienced by the respondents and together constitute the entire commission growth range (2–150%) and business age range (1–44 years) of the respondents who experienced commission growth. Within each cluster the range of organisational levels is 1–2 levels and the range of specialised functions is 0, 0–2 functions or 0–3 functions. Consequently, advisers who experienced a small amount of commission growth and/or were relatively young had about the same number of organisational levels and specialised functions as advisers who experienced more commission growth and/or were relatively older.

These findings are in accordance with the statistical results presented in Section 6.3 which indicate that there is no connection between the number of

organisational levels or the number of specialised functions present in the respondents' businesses and the level of commission growth they experienced.

**Further to this discussion it can then be argued that the respondents who did not experience any commission growth were in the same business phase as the respondents who did experience commission growth.** The advisers who did not experience any commission growth also had either one or two organisational levels (Table 6.14), a maximum of three specialisation functions (Table 6.16) and did not really show employee growth (Table 6.12). It was also indicated in Section 6.3.3 that there is no significant difference between the mean business age of the respondents who experienced commission growth and those who did not.

**Thirdly, it is also tempting to claim that all the independent financial advisers who participated in this study had the features of the birth general life cycle stage.** Similar to the structural characteristics of this stage (listed in Table 2.2), the independent financial advisers also had a simple organisational structure and directly supervised their employees.

These viewpoints, however, might not be completely valid, since there is a possibility that independent financial advisers in general only have a more simple organisational structure and could still be grouped into the other general business life cycle stages, based on the remaining six factors listed in Table 2.2. Consequently, even though the respondents investigated in this study have a number of structural characteristics in common, it will not be claimed that their businesses are all still in the same organisational life cycle stage.

#### **6.4(2)**

**The second main finding that can then be derived from Section 6.4 is that, although it appears that all the advisers interviewed have a simple organisational structure, they might not all be in the same organisational life cycle stage.**

In the following section, the results obtained from the personal interviews are now disclosed and examined. (Given the fact that it was not possible to cluster the respondents who experienced commission growth into different life cycle

stages, the data obtained from the field could not be grouped and is mainly presented as problems and strategies, which these advisers have experienced and implemented before in their businesses.)

## 6.5 EXAMINATION OF PERSONAL INTERVIEW DATA

Only 50 of the respondents who experienced commission growth were willing to be interviewed in the second phase of the field study. As has been mentioned in Section 5.3.2(b), these respondents were provided with a pack of interview cards, which presented the business problems as well as potential marketing mix strategies that could be implemented to solve each particular business problem. Based on these cards, the respondents were then asked a series of questions.

In the following subsections, the responses obtained from the 18 interview cards are now disclosed and analysed on an individual basis.

Each subsection is dedicated to the results obtained from one interview card and commences with an indication of the number of respondents who experienced the specific business problem that was displayed on the card. Following this discussion a summary is then provided of the number of respondents that applied the proposed marketing mix strategies listed on the card to solve the specific business problem, as well as the number of financial advisers who indicated that the implementation of these strategies seemed to have helped them generate sales growth in their businesses.

**It is, however, important to note that in some subsections the number of respondents who indicated that they applied a specific marketing mix strategy listed on the card to solve the problem does not always equal the number of respondents who believed that the particular marketing mix strategy had helped them to generate sales growth. This is because some respondents used the marketing mix strategies as solutions to the business problem and to help generate sales growth. Other respondents used certain marketing mix strategies only to help generate sales growth and did not approach them as solutions to the business problem.**

The balance of the tables in each subsection then provides an overview of the types of problems that the financial advisers experienced when they implemented the marketing mix strategies listed on the interview card, as well as the types of solutions (if any) which they used to address these problems.

### ▪ Main findings

Along with the above discussion, a number of main findings are also recorded in each subsection. These main findings are then used in chapter seven to form the conclusions, implications and recommendations of this study and also to compile the proposed framework for independent financial advisers.

It was decided that the following guidelines would be followed, to ensure that all the problems experienced and strategies implemented by the advisers were evaluated on a consistent basis and that the main findings recorded in each subsection were dependable and meaningful:

	Type of business problem*	Type of solution**	Type of strategy for sales growth***
Range	(Measured in terms of number of respondents interviewed who experienced the specific business problem)	(Measured in terms of number of respondents who experienced the business problem <u>and</u> made use of the specific solution)	(Measured in terms of number of respondents interviewed who indicated that the specific strategy had contributed to their sales (commission) growth)
0%–33.33%	Problem only needs consideration	Unfavourable solution	Unfavourable marketing mix strategy for sales growth
33.34%–66.67%	Important problem	Popular solution	Popular marketing mix strategy for sales growth
66.68%–100%	Critical problem	Highly popular solution	Highly popular marketing mix strategy for sales growth
<p><b>Barrier experienced on implementation of the marketing mix strategy for sales growth</b> Viewed as an important threat if experienced by more than 30% of the respondents who indicated that the specific marketing mix strategy seemed to have contributed to their sales growth.</p> <p><b>Counterstrategy implemented to address the barrier experienced</b> Viewed as insufficient if the solution implemented by the adviser was unpractical and/or would not really add value to the business.</p>			

#### Examples of interpretation

\* If a total of 54% of the respondents interviewed experienced a **business problem**, then the specific business problem was classified as an important problem in the businesses of the advisers, since it was encountered by between 33.34% and 66.67% of the respondents interviewed.



\*\* If a total of 28% of the respondents who experienced the business problem used the **solution** presented on the interview card, then the specific solution was classified as an unfavourable solution, since it was implemented by between 0% and 33.33% of the respondents who experienced the business problem.

\*\*\* If a total of 84% of the respondents interviewed, for example, indicated that a marketing **mix strategy seemed to have contributed to their sales (commission) growth**, then the specific marketing mix strategy was classified as a highly popular strategy for sales growth, since between 66.68% and 100% of the respondents interviewed indicated that the strategy seemed to have helped them grow their sales.

## 6.5.1 Interview card 1

### Business problem presented on interview card 1

I have too many responsibilities and, therefore, struggle to meet deadlines.

### Marketing mix strategy presented on interview card 1

I recruited more employees and motivated them through various measures to perform.

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Table 6.24 below indicates the number of respondents who experienced the business problem presented on interview card 1.

**Table 6.24:** Respondents' ability to meet deadlines with number of responsibilities involved

Have too many responsibilities and therefore struggle to meet deadlines	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	27	54.00%	27	54.00%
No	23	46.00%	50	100.00%

The following main finding can be derived from Table 6.24:

### 6.5(1)

**More than half of the respondents who participated in the personal interviews (54%) agreed with the statement that they had too many responsibilities and therefore struggled to meet deadlines. This problem can be regarded as an important problem, since it was experienced by between 33.34% and 66.67% of the respondents interviewed.**

To address the problem, two respondents reorganised their workflow and time management and another respondent simply worked longer hours.



According to Table 6.25 below, 15 respondents also applied the marketing mix strategy that was presented on interview card 1 and recruited more employees and motivated them through various measures to perform to help them meet their deadlines. (This most often mentioned solution was implemented by 55.56% (15/27) of the respondents who experienced the business problem presented on interview card 1.)

### 6.5(2)

The second main finding that can be derived from interview card 1 is that the solution that was mentioned most by the respondents was to recruit more employees and motivate them through various measures to perform. It can be regarded as a popular solution, since it was implemented by between 33.34% and 66.67% of the respondents who experienced the business problem.

### 6.5(3)

Sixteen respondents (32% of the respondents personally interviewed) also stated that the marketing mix strategy seemed to have contributed to their sales (commission) growth. This strategy can be viewed as an unfavourable strategy for sales growth, since it was implemented by between 0% and 33.33% of the respondents interviewed.

### 6.5(4)

The respondents used a total of three solutions to address the problem that was proposed on interview card 1.

**Table 6.25:** Respondents' application and perception of marketing mix strategy presented on interview card 1

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I recruited more employees and motivated them through various measures to perform	15	16

\* Reflects the number of responses obtained. One respondent applied the marketing mix strategy only to help generate sales growth and did not approach it as a solution to the business problem.

*(Although Table 6.12 indicates that only six respondents experienced employee growth, the results in Table 6.25 are still possible. Some respondents might*

have lost employees during the period 1 August 2005 to 31 July 2006 and then recruited the same number of new employees during the period 1 August 2006 to 31 July 2007. These respondents would then not have had any employee growth in their businesses, but would have been able to implement the marketing mix strategy listed in Table 6.25.)

**Table 6.26:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 1, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=13 responses	Counterstrategies employed	Frequency
Difficult to find the right person to employ	4	30.77%	Used a registered employment agency	1
			Searched for employees with experience in the insurance industry	1
			Asked insurance companies for employee referrals	1
			Replaced the poorly performing employees	1
New staff needed training in administration duties	1	7.69%	No solution	1
New staff needed training in product and sales skills	3	23.08%	Used insurance underwriters	1
			Trained employees while they performed their job functions	2
The training of new employees took time	3	23.08%	Allocated a specific time per week for training	1
			Encouraged training after hours	2
			Used consultants to train staff	1*
It was expensive to recruit more employees	2	15.38%	Provided employees with a partial basic salary until commission accumulated	1
			Started focusing on higher income clients to achieve a higher turnover	1
<b>Total</b>	<b>13**</b>	<b>100.00%</b>		<b>14</b>

\* One respondent provided two solutions.

\*\* Multiple mentions were allowed.

### 6.5(5)

**Finding the right person to employ was the problem most mentioned by the respondents (30.77% or almost one-third of the total responses obtained). This problem does not seem too important, since it was only experienced by one-fourth (4/16) of the respondents who indicated that their use of the marketing mix strategy presented on interview card 1 seemed to have helped them grow their sales (commission).**

#### 6.5(6)

There are a large number of problems that can hinder the implementation of the marketing mix strategy presented on interview card 1 and could have contributed to making the strategy less effective. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

#### 6.5(7)

It seems that solutions exist to all the problems listed in Table 6.26 (except for new staff that need training in administration duties). The solutions implemented also appear to be adequate for the problems experienced, except for the replacement of poorly performing employees, which was not really a solution to having difficulty finding the right person to employ.

### 6.5.2 Interview card 2

#### **Business problem presented on interview card 2**

I do not know all my competitors that have entered into the market.

#### **Marketing mix strategies presented on interview card 2**

- I provided easy access to the business building to promote the business.
- My small business focussed on controlling the quality of the service provided to impress clients.
- I provided new services that were aligned to my clients' needs and expectations.
- I made use of the customer-based pricing method involving, for example, offering high quality services at lower prices.
- I made use of one or more of the following methods to help me produce persuasive messages to clients:
  - advertising
  - personal selling
  - sales promotion (for example, providing gifts such as pens)

*(The interviewer explained to the respondents that the marketing mix strategies presented on interview card 2 represented different approaches they could have followed to build a competitive advantage and therefore address the potential threat of unknown competitors.)*

**Table 6.27:** Respondents' competitor knowledge

Do not know all the competitors that have entered the market	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	2	4.00%	2	4.00%
No	48	96.00%	50	100.00%

### 6.5(8)

**Only 4% of the respondents who participated in the personal interviews did not know all their competitors that had entered the market. This problem can be viewed as one that needs consideration but that is not too important in the businesses of independent financial advisers (experienced by between 0% and 33.33% of the respondents interviewed).**

Table 6.28 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 2.

**Table 6.28:** Respondents' application and perception of marketing mix strategies presented on interview card 2

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I provided easy access to the business building to promote the business	0	6
My small business focussed on controlling the quality of the service provided to impress clients	1	42
I provided new services that were aligned to my clients' needs and expectations	0	22



Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I made use of the customer-based pricing method involving, for example, offering high quality services at lower prices	1	11
<b>I made use of one or more of the following methods to help me produce persuasive messages to clients:</b>		
Advertising	1	4
Personal selling	0	37
Sales promotion (for example, providing gifts such as pens)	0	12
<b>Total</b>	<b>3</b>	<b>134</b>

\* Reflects number of responses obtained. One respondent used two marketing mix strategies to address the business problem and also indicated that they seemed to have helped generate sales growth. Other respondents applied certain marketing mix strategies only to help generate sales growth and did not approach them as solutions to the business problem.

#### 6.5(9)

Only three of the business strategies listed in Table 6.28 were implemented as solutions (to create a competitive advantage and address the potential threat of unknown competitors) and can therefore be regarded for this study's proposed framework. Since only two respondents experienced the business problem and one respondent used one solution and the other respondent used the two other solutions, the response rate for all three solutions is 50% (1/2 respondents per solution). These solutions can then be viewed as popular solutions (implemented by between 33.34% and 66.67% of the respondents who experienced the business problem).

#### 6.5(10)

Focusing on controlling the quality of the service provided to impress clients seemed to have helped 42 respondents (84% of the respondents personally interviewed) grow their sales (commission). Of all the strategies listed in Table 6.28 that seemed to have contributed to the sales (commission) growth of the respondents, this strategy was selected most often. It can further be viewed as a highly popular strategy for sales

growth (implemented by between 66.68% and 100% of the respondents interviewed).

#### 6.5(11)

The strategies of providing easy access to the business's building to promote the business (6/50); using the customer-based pricing method (11/50); using advertising to produce persuasive messages to clients (4/50) and using sales promotion to produce sales messages to clients (12/50) can be labelled as unfavourable strategies for sales growth, since they were implemented by between 0% and 33.33% of the respondents interviewed.

#### 6.5(12)

The strategy of providing new services aligned with the clients' needs and expectations (22/50) can be regarded as a popular strategy for sales growth, since it was implemented by between 33.34% and 66.67% of the respondents interviewed.

#### 6.5(13)

The strategy of using personal selling to produce persuasive messages to clients can be viewed as a highly popular strategy for sales growth (37/50), since it was implemented by between 66.68% and 100% of the respondents interviewed.

#### 6.5(14)

All the strategies that were listed on interview card 2 seemed to have contributed to the sales growth of the respondents. Some strategies, however, were more popular than others.

The respondents did not experience any problems when they focused on providing easy access to the business building to create a competitive advantage.

Table 6.29 below provides an overview of the types of problems that confronted the financial advisers when they focused on controlling the quality of the service

provided, as well as the range of solutions they used to address these problems.

**Table 6.29:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 2, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=18 responses	Counterstrategies employed	Frequency
Took time to control quality	5	27.78%	Created standard letter templates	1
			Hired an additional staff member	1
			Got up early in the morning and worked over weekends	1
			No solution	2
Some clients expected the adviser to complete the application form for them	1	5.56%	No solution	1
Difficult to find the appropriate software system	1	5.56%	Assistant was very computer literate and helped to develop a system	1
Not enough time in the week to catch up on administration and sales	1	5.56%	Worked over weekends	1
Difficult to convince the staff to share the same vision of excellence and quality	1	5.56%	Made employees realise that they could lose their jobs	1
Employees did not do the work as requested	1	5.56%	A financial incentive system for performance was introduced	1
It is difficult to recruit good staff	1	5.56%	Focused on hiring staff with industry experience	1
Insurance administrator did not process claims quickly enough	1	5.56%	Bypassed the administrator and dealt directly with the insurance company	1
Quality control had to be enforced, as the administration lady made too many private calls	1	5.56%	Deducted the cost of private calls from her salary	1
Time had to be spent upgrading the new software (Spotlight Data Application)	1	5.56%	No solution	1
Staff got into a comfort zone and the quality of the work dropped occasionally	1	5.56%	Introduced a new incentive-based system	1
Too much time was spent pleasing clients and not enough time selling products	1	5.56%	Preferred to offer quality service at the expense of doing more business	1
Mistakes that the product provider made had to be corrected constantly	1	5.56%	Changed product providers	1

Barriers experienced	Frequency	Per cent n=18 responses	Counterstrategies employed	Frequency
People become used to and expect a high level of service. It was difficult to provide the same quality of service as the client base grew.	1	5.56%	No solution	1
<b>Total</b>	<b>18*</b>	<b>100.00%</b>		<b>18*</b>

\* Multiple mentions were allowed.

### 6.5(15)

The obstacle that posed the biggest threat was that it took time to control quality (almost one-third of the responses obtained (27.78%)). This problem was not experienced by the majority of the respondents who indicated that the use of the strategy seemed to have contributed to their sales (commission) growth (11.90% or 5/42) and therefore does not seem too important.

### 6.5(16)

Although focusing on controlling the quality of the service provided to impress clients was rated as a highly popular strategy for sales growth (main finding 6.5(10)), there are at least 14 barriers that have to be overcome, making the marketing mix strategy more difficult to implement. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

### 6.5(17)

The independent financial advisers did not have appropriate solutions for all 14 of the obstacles experienced. For example, hiring an additional staff member to control quality might not always help, since the effectiveness of this function will depend on the performance of the staff member. Working longer hours to control quality and catch up on administration and sales could cause fatigue, which will then affect the performance levels of the adviser. The respondents did not have solutions to three of the problems experienced either.



Table 6.30 below provides an indication of the types of obstacles which the financial advisers had to deal with when they provided new services to clients (aligned with their expectations to build a competitive advantage), as well as the range of solutions they used to address these problems.

**Table 6.30:** Barriers experienced on implementation of the third marketing mix strategy presented on interview card 2, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
Difficult to explain the new generation of products to older clients	1	16.67%	Found a simple way to explain the product to clients	1
Time-consuming to look at different product options	2	33.33%	Consulted adviser colleagues to see which products they were offering	1
			Outsourced non-core functions, such as personal income tax	1
A financial needs analysis needed to be done in order to address all the client's financial needs. This was time-consuming.	1	16.67%	Emailed information to the client to save on travel time	1
The service providers that had to assist with the related service did not provide a good service	1	16.67%	Replaced the contractors	1
New sources of information had to be found to learn about the service the clients wanted	1	16.67%	Friend helped with non-core business services	1
<b>Total</b>	<b>6*</b>	<b>100.00%</b>		<b>6*</b>

\* Multiple mentions were allowed.

### 6.5(18)

The problem that posed the biggest threat was that it was time-consuming to look at different product options (one-third of the responses obtained). This problem was not experienced by the majority of the respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth (9.09% or 2/22), and is therefore not viewed as important.

### 6.5(19)

There are at least five barriers that can make the popular strategy of providing new services to clients that are aligned with their needs and expectations strategy (main finding 6.5(12)) more complicated to

implement. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

#### 6.5(20)

Finally, it seems that solutions exist to all the problems listed in Table 6.30 and the solutions implemented also appear to be adequate for the problems experienced.

Table 6.31 below outlines the types of obstacles that confronted the financial advisers when they applied the customer-based pricing method, as well as the range of solutions they implemented to address these problems.

**Table 6.31:** Barriers experienced on implementation of the fourth marketing mix strategy presented on interview card 2, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
Commission reduced	4	66.67%	No solution	4
A lot of paperwork was involved in gathering the information	1	16.67%	No solution	1
Underwriters had to be played off against each other for the best prices for clients	1	16.67%	Viewed this strategy as part of the job	1
<b>Total</b>	<b>6*</b>	<b>100.00%</b>		<b>6*</b>

\* Multiple mentions were allowed.

#### 6.5(21)

Only three problems were identified that can affect the implementation of the customer-based pricing strategy. The problem that poses the biggest threat is a reduction in commission (two-thirds of the responses obtained). This problem was experienced by 36.36% (4/11) of the respondents who indicated that the customer-based pricing strategy seemed to have contributed to their sales (commission) growth, and can therefore be regarded as an important threat.

#### 6.5(22)

Based on Table 6.31 it seems that the respondents did not have adequate solutions to two of the problems experienced.

Table 6.32 below provides a summary of the types of obstacles which the financial advisers experienced when they used advertising to produce persuasive messages to clients, as well as the range of solutions they implemented to address these problems.

**Table 6.32:** Barriers experienced on implementation of the fifth marketing mix strategy presented on interview card 2, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
Unable to react to the high volume of responses received	1	50.00%	No solution	1
Time-consuming to organise the advertising	1	50.00%	Got assistance from external sources	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(23)

**Only two problems were identified that can affect the use of advertising to produce persuasive messages to clients. The response rate for each problem is 25% (or 1/4 of the total respondents who indicated that the use of the advertising strategy seemed to have contributed to their sales growth). It consequently seems that there is no major barrier that can affect the implementation of the advertising strategy.**

### 6.5(24)

**Based on Table 6.32, though, it appears that the respondents did not have adequate solutions to the problems experienced. There is no solution to address the problem of a high volume, and hiring additional sources to help organise the advertising can be costly. This might be one of the reasons why the advertising strategy was not implemented by more respondents. It is therefore regarded as an unfavourable strategy for sales growth.**

Table 6.33 below provides an overview of the types of problems that confronted the financial advisers when they used personal selling to produce persuasive messages to clients, as well as the range of solutions they implemented to address these problems.

**Table 6.33:** Barriers experienced on implementation of the sixth marketing mix strategy presented on interview card 2, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=16 responses	Counterstrategies employed	Frequency
Clients were unwilling to give referrals	3	18.75%	Obtained leads by presenting financial educational seminars	1
			Made use of voluntary referrals	1
			No solution	1
The strategy was time-consuming. Several trips had to be made to close the deal.	5	31.25%	Asked clients to prepare a few documents before the visit	1
			If a big client did not buy the product, charged him a fee for the needs analysis	1
			Got up earlier in the morning	1
			Used telemarketing	1
			Paid more attention to important clients	1
Had to develop credibility with the client	1	6.25%	Put the clients' interests first	1
Had to face rejection	2	12.50%	Overcame the fear of rejection by realising the benefit of canvassing	1
			No solution	1
It was time-consuming to source leads	1	6.25%	No solution	1
Advisor had to motivate himself	2	12.50%	Solved the problem by visualising success	1
			No solution	1
Difficult to get people to try something new	1	6.25%	No solution	1
If a problem was experienced with a client, the adviser could lose all the clients referred to the adviser by that client	1	6.25%	Ensured that clients were getting good service	1
<b>Total</b>	<b>16*</b>	<b>100.00%</b>		<b>16*</b>

\* Multiple mentions were allowed.

## 6.5(25)

**The obstacle that posed the biggest threat was that the strategy was time-consuming to implement. The respondents indicated that several trips had to be made to the clients to close the deal (one-third of the responses obtained). This problem, however, was only experienced by 13.51% (5/37)**

of the respondents who indicated that the use of personal selling seemed to have contributed to their sales growth. It therefore does not seem too important.

#### **6.5(26)**

There are at least eight problems that can affect the use of personal selling to produce persuasive messages to clients. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

#### **6.5(27)**

Although personal selling is regarded as a highly popular strategy for sales growth, it seems that the advisers did not manage the large number of barriers experienced effectively. For example, five respondents indicated that they did not have solutions to the problems. Voluntary referrals were also not really an effective solution to solve the problem of clients who did not want to give referrals.

Only two respondents complained that the provision of gifts was expensive. They did not have any solution to the problem.

#### **6.5(28)**

It seems that there is no major barrier to the use of sales promotions. Only one problem was experienced and only 16.67% (2/12) of the respondents who indicated that the use of sales promotions seemed to have contributed to their sales growth experienced this problem.

#### **6.5(29)**

A solution could not be identified to address the cost implication. This could be one of the reasons why the sales promotion strategy was not implemented by more respondents, and it is therefore regarded as an unfavourable strategy.

### 6.5.3 Interview card 3

#### Business problem presented on interview card 3

I sometimes have difficulty in delivering the service to my clients on time.

#### Marketing mix strategy presented on interview card 3

I made use of the Internet.

*(The interviewer explained to the respondents that while they in general might have difficulty in delivering the services to their clients, this interview card specifically tested whether they had trouble in delivering the service to their clients on time.)*

**Table 6.34:** Respondents' ability to deliver the service to clients on time

Have difficulty in delivering the service to clients on time	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	24	48.00%	24	48.00%
No	26	52.00%	50	100.00%

### 6.5(30)

**Forty-eight per cent of the respondents had difficulty in delivering the service to their clients on time. This problem can therefore be viewed as an important one (experienced by between 33.34% and 66.67% of the respondents interviewed).**

Two solutions were implemented to address this problem. One respondent revealed that his client base was at the police station. He made sure he saw a number of clients during one visit. Nineteen respondents also applied the marketing mix strategy that was presented on interview card 3 (Table 6.35 below).

**Table 6.35:** Respondents' application and perception of marketing mix strategy presented on interview card 3

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I made use of the Internet	19	26

\* Reflects number of responses obtained. Some respondents used the Internet only to help generate sales growth and did not approach the strategy as a solution to the business problem.

### 6.5(31)

The Internet strategy was implemented by 79.17% of the respondents who experienced the business problem (19/24) and can therefore be regarded as a highly popular solution.

### 6.5(32)

According to Table 6.35, 26 respondents (52% of the respondents interviewed) also stated that their use of the Internet seemed to have contributed to their sales (commission) growth. The use of the Internet can thus be viewed as a popular strategy for sales growth (implemented by between 33.34% and 66.67% of the respondents interviewed).

### 6.5(33)

The respondents used a total of two solutions to address the problem that was proposed on interview card 3.

**Table 6.36:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 3, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=17 responses	Counterstrategies employed	Frequency
Corporate clients suffered from email spam and did not read adviser's emails.	1	5.88%	Sent reminders to clients about their annual financial needs analysis earlier than necessary and also followed up with telephone calls and left messages with colleagues	1
Had to learn how to use the Internet	3	17.65%	Son taught adviser	1
			Assistant taught adviser	1
			Adviser trained himself	1
The Internet service providers were sometimes offline	2	11.76%	Faxed information to clients	1
			Accessed the information earlier than needed	1
Had to explain a lot of information in writing and could say more in five minutes than could write	1	5.88%	Made sure had competent staff	1
Administrator that had to send client information took too long	1	5.88%	Got another administrator	1



Barriers experienced	Frequency	Per cent n=17 responses	Counterstrategies employed	Frequency
Some clients changed their addresses	1	5.88%	Phoned the clients to confirm their new addresses	1
It took too long to get connected to the service provider (± 2 minutes)	1	5.88%	Made use of a wireless application	1
Software and hardware had to be upgraded, which cost money	5	29.41%	Children helped to install all the necessary software programs	1
			No solution	4
Adviser and assistant had to learn how to use the software provided by the Financial Services Board	1	5.88%	No solution	1
The product providers took a while to grant access to their systems	1	5.88%	Followed up with the product provider on a continuous basis	1
<b>Total</b>	<b>17*</b>	<b>100.00%</b>		<b>17*</b>

\* Multiple mentions were allowed.

#### 6.5(34)

The biggest threat to the implementation of the Internet strategy was the cost involved in upgrading software and hardware (29.41% or almost one-third of the responses obtained). Only 19.23% (5/26) of the respondents who indicated that the Internet seemed to contribute to their sales growth experienced this problem, and it therefore does not seem to be an important threat.

#### 6.5(35)

There are at least ten problems that can be experienced on implementation of the Internet strategy. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

#### 6.5(36)

The biggest threat to the implementation of the Internet strategy could not be countered effectively. There are adequate solutions to all the problems, except for the cost involved in the hardware and software (the solution listed cannot be accepted as a general solution, since not all the advisers' children will have access to computer programs) as well as the obstacle where the adviser and the assistant had to learn how to use the



software offered by the Financial Services Board (no solution was presented).

#### 6.5.4 Interview card 4

##### Business problem presented on interview card 4

I have not made strategic plans for the business, because I concentrated primarily on the operational side of the business.

##### Marketing mix strategy presented on interview card 4

My business engaged in continuous service developments, aligned with an appropriate business process that ties in with the needs of the markets.

*(The marketing mix strategy displayed on interview card 4 presented an approach which the adviser could have followed to become more strategically orientated.)*

**Table 6.37:** Whether respondents made strategic plans for the business

Have not made strategic plans for the business, because I concentrated primarily on the operational side of the business	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	22	44.00%	22	44.00%
No	28	56.00%	50	100.00%

#### 6.5(37)

**A total of 44% of the respondents did not make strategic plans for their businesses because they concentrated primarily on the operational side of the business. This can be regarded as an important problem, as it was experienced by between 33.34% and 66.67% of the respondents interviewed.**

To address this problem, one respondent decided to do a cost analysis once a month and 13 respondents started to engage in continuous service developments, aligned with an appropriate business process that tied in with the needs of the markets (Table 6.38 below).

**Table 6.38:** Respondents' application and perception of marketing mix strategy presented on interview card 4

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
My business engaged in continuous service developments, aligned with an appropriate business process that ties in with the needs of the markets	13	21

\* Reflects number of responses obtained. Some respondents applied this strategy only to help generate sales growth and did not approach it as a solution to the business problem.

### 6.5(38)

A total of 59.09% of the respondents who experienced the business problem (13/22) applied the marketing mix strategy presented on interview card 4 as a solution. This most often mentioned solution can therefore be viewed as a popular approach to become more strategically orientated.

### 6.5(39)

Engaging in continuous service developments can also be regarded as a popular strategy for sales growth, since a total of 42% of the respondents interviewed indicated that this strategy seemed to have contributed to their sales (commission) growth.

### 6.5(40)

The respondents used a total of two solutions to address the problem that was proposed on interview card 4.

**Table 6.39:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 4, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=8 responses	Counterstrategies employed	Frequency
The strategy took too much time to implement	5	62.50%	Employed competent staff	1
			Held strategic sessions on Saturdays	1
			Held strategic sessions on Monday mornings	1
			No solution	2
Sometimes the strategy did not work	1	12.50%	Gained experience, which helped to implement more successful strategies	1

Barriers experienced	Frequency	Per cent n=8 responses	Counterstrategies employed	Frequency
Owing to the workload, it was difficult to hold strategic meetings	1	12.50%	Staff occasionally had meetings without the adviser	1
There was no structured strategic plan. This prevented the adviser from achieving his goal.	1	12.50%	The adviser created a structured plan for the next year	1
<b>Total</b>	<b>8*</b>	<b>100.00%</b>		<b>8*</b>

\* Multiple mentions were allowed.

### 6.5(41)

Based on Table 6.39, it seems that the biggest hindrance that had to be addressed on implementation of the marketing mix strategy was that it took a large amount of time to implement (62.50% or almost two-thirds of the responses obtained). This problem does not seem too important if viewed in relation to the number of respondents who indicated that the strategy seemed to have contributed to their sales growth (5/21 respondents or 23.81%).

### 6.5(42)

The respondents did not have effective solutions to all the problems experienced. For example, having strategic sessions on a Monday would not make the strategy less time-consuming to implement. Two respondents did not have a solution to the problem that poses the biggest threat. Furthermore, learning by experience to make the strategy work takes time, which would then delay the benefits that can be gained from the implementation of the marketing mix strategy. One respondent also did not take his strategic leadership role seriously and allowed his staff to have strategic meetings without him.

### 6.5.5 Interview card 5

#### Business problem presented on interview card 5

My business is struggling with inadequate management of business expenses that does not keep up with the business growth.

#### Marketing mix strategy presented on interview card 5

I made use of creative discount measures.

*(The interviewer explained to the respondents that the business problem displayed on the interview card referred to a situation where the business has grown rapidly and where the adviser was not able to find all the necessary financial resources quickly enough to fund the expenses.)*

*(Creative discount measures as a solution (such as charging a lower adviser fee) could then help to sell a larger number of policies, generate additional income and therefore fund the expenses.)*

**Table 6.40:** Whether respondents are struggling with inadequate management of business expenses

Struggling with inadequate management of business expenses that do not keep up with the business growth	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	6	12.00%	6	12.00%
No	44	88.00%	50	100.00%

### 6.5(43)

**Twelve per cent of the respondents interviewed indicated that they struggled in their businesses with inadequate management of business expenses that did not keep up with the business growth. This problem can therefore be regarded as a problem that needs consideration but that is not too important in the businesses of the advisers.**

A number of strategies were implemented to address this problem. One respondent specifically indicated that he offered smaller discounts to clients to increase his level of income. A second respondent moved his office to his house. A third respondent applied the marketing mix strategy that was listed on interview card 5 and offered creative discounts to clients (Table 6.41 below).

**Table 6.41:** Respondents' application and perception of marketing mix strategy presented on interview card 5

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I made use of creative discount measures	1	2

\* Reflects number of responses obtained. One respondent applied this strategy only to help generate sales growth and did not approach it as a solution to the business problem.

#### **6.5(44)**

Only one respondent (16.67% of the respondents who experienced the business problem or 1/6) made use of creative discount measures as a solution. Creative discount measures can therefore be regarded as an unfavourable solution. Furthermore, since the other solutions were also mentioned by only one respondent each, it seems that they were not popular solutions to address the business problem presented on interview card 5.

#### **6.5(45)**

Only 4% of the respondents interviewed (2/50) indicated that their use of creative discount measures seemed to have contributed to their sales (commission) growth. The use of creative discount measures can consequently also be regarded as an unfavourable strategy for sales growth.

#### **6.5(46)**

The respondents used a total of three solutions to address the problem that was proposed on interview card 5.

The only problem that was encountered with the implementation of this strategy was that people tended to resist change and new systems and processes implemented (one respondent). As a solution, the respondent explained to clients the rationale for the new system.

#### **6.5(47)**

Given the fact that only one problem was experienced on implementation and it was adequately addressed, it appears that the respondents did not encounter any major threat to the use of creative discount measures.

### **6.5.6 Interview card 6**

#### **Business problem presented on interview card 6**

I sometimes struggle to close a business deal on time with new and existing clients.

## Marketing mix strategy presented on interview card 6

My business made use of Internet communication.

**Table 6.42:** Respondents' ability to close a business deal with clients on time

Sometimes struggle to close a business deal with new and existing clients on time	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	17	34.00%	17	34.00%
No	33	66.00%	50	100.00%

*(The interviewer explained the question to the respondents and gave them the option to indicate if they experienced the problem with new or existing clients. The 17 respondents that experienced the problem said that they struggled to close deals on time irrespective of whether it was a new or an existing client.)*

### 6.5(48)

**Since this problem was experienced by a total of 34% of the respondents interviewed, it can be regarded as an important problem.**

**Table 6.43:** Respondents' application and perception of marketing mix strategy presented on interview card 6

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
My business made use of Internet communication	9	13

\* Reflects number of responses obtained. Some respondents used this strategy only to help generate sales growth and did not approach it as a solution to the business problem.

Table 6.43 indicates that, as a solution, nine respondents used Internet communication to close a business deal on time. Other solutions included making personal calls (one respondent), outsourcing the business to associates (one respondent), focusing on pushing the deal through and learning about the correct processes and procedures (one respondent) and continuing to question the slow service from insurance companies (one respondent). One respondent also indicated that if he did not close a deal, he would review his actions to see what he did wrong.

### 6.5(49)

The solution that was implemented most often to solve the business problem was to use the Internet. This solution can be classified as a popular solution, since it was implemented by a total of 52.94% (9/17) of the respondents who experienced the business problem.

### 6.5(50)

Since only 26% of the respondents interviewed indicated that the use of Internet communication seemed to have helped them grow their sales (commission), this strategy should be classified as an unfavourable strategy for sales growth. However, based on the number of responses that were obtained from interview card 3, main finding 6.5(32) indicates that the use of the Internet should be viewed as a popular strategy for sales growth. It therefore appears that all the respondents who commented on interview card 3 did not indicate again that this strategy seemed to have help them grow their sales (commission).

### 6.5(51)

The respondents used a total of six solutions to address the problem that was proposed on interview card 6.

**Table 6.44:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 6, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=8 responses	Counterstrategies employed	Frequency
The Internet website suppliers were slow to update their websites	1	12.50%	Asked the product suppliers to fax the information	1
Had to train staff on how to use the Internet	1	12.50%	No solution	1
Had to rely on external sources to provide confirmation that the client had cover. This took too long.	1	12.50%	Questioned the service levels	1
Software and hardware had to be upgraded, which cost money	3	37.50%	No solution	3
It took a while for product providers to give access to their systems	1	12.50%	Followed up with the product providers on a continuous basis	1

Barriers experienced	Frequency	Per cent n=8 responses	Counterstrategies employed	Frequency
The Internet service provider was offline sometimes	1	12.50%	No solution	1
<b>Total</b>	<b>8*</b>	<b>100.00%</b>		<b>8*</b>

\* Multiple mentions were allowed.

### 6.5(52)

Similar to interview card 3, the cost involved in upgrading software and hardware was again the problem most mentioned by the respondents (37.50% of the responses obtained or 23.08% (3/13) of the respondents who indicated that the use of the Internet seemed to have helped them grow their sales (commission)). This problem (although not important) would therefore need to be addressed adequately to reap the benefits of the Internet strategy.

### 6.5(53)

Table 6.44 listed six problems that can be experienced on implementation of the Internet strategy. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

### 6.5(54)

The respondents did not have solutions to the problem that posed the biggest threat or for two of the other obstacles that were experienced. It appears that guidance is needed to help the advisers implement the Internet strategy effectively.

## 6.5.7 Interview card 7

### Business problem presented on interview card 7

I do not have access to external networks (such as the Financial Planning Institute) that can help me grow my business.

### Marketing mix strategies presented on interview card 7



- I focussed on meeting with my competitors occasionally to benefit from their experience.
- I focussed on building relationships with one or more of the following parties:
  - Clients
  - Employees
  - Suppliers
  - Support networks (such as the Financial Planning Institute)

**Table 6.45:** Respondents' access to external networks

Do not have access to external networks (such as the Financial Planning Institute) that can help grow my business	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	3	6.00%	3	6.00%
No	47	94.00%	50	100.00%

### 6.5(55)

**Only 6% of the respondents interviewed indicated that they did not have access to external networks (such as the Financial Planning Institute) that could help them grow their businesses. This is therefore not an important problem in the businesses of the advisers, but still needs consideration.**

Table 6.46 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 7.

**Table 6.46:** Respondents' application and perception of marketing mix strategies presented on interview card 7

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I focussed on meeting with my competitors occasionally to benefit from their experience	2	18
<b>I focussed on building relationships with one or more of the following parties:</b>		
Clients	1	42
Employees	0	14

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
Suppliers	0	34
Support networks (such as the Financial Planning Institute)	0	8
<b>Total</b>	<b>3</b>	<b>116</b>

\* Reflects number of responses obtained. Some respondents used the marketing mix strategies as solutions to the business problem and to help generate sales growth. Other respondents applied certain marketing mix strategies only to help generate sales growth and did not approach them as solutions to the business problem.

### 6.5(56)

Only two of the five marketing mix strategies listed in Table 6.46 were implemented as solutions to address the problem of a lack of external networks, and can consequently be regarded for this study's proposed framework. Two of the three respondents who experienced the business problem (66.67%) met with competitors occasionally and the other respondent (33.33% of the respondents who experienced the business problem) focused on building relationships with clients. Meeting with competitors can therefore be classified as a popular solution and building relationships with clients as an unfavourable solution.

### 6.5(57)

Focusing on building relationships with clients seemed to have helped 84% of the respondents personally interviewed grow their sales (commission). Of all the strategies listed in Table 6.46 which seemed to have contributed to the sales (commission) growth of the respondents, this strategy was selected most often. This strategy can be viewed as a highly popular strategy for sales growth (implemented by between 66.68% and 100% of the respondents interviewed).

### 6.5(58)

Using suppliers can also be viewed as a highly popular strategy for sales growth (a total of 68% of the respondents interviewed indicated that this strategy seemed to have helped them grow their sales (commission)).

**6.5(59)**

**Meeting with competitors occasionally can be regarded as a popular strategy for sales growth (a total of 36% of the respondents interviewed indicated that this strategy seemed to have helped them grow their sales (commission)).**

**6.5(60)**

**Only 28% of the respondents personally interviewed indicated that meeting with employees seemed to have helped them grow their sales (commission). Only 16% of the respondents interviewed said that the use of support networks seemed to have helped them grow their sales (commission). Both these two strategies should therefore be regarded as unfavourable strategies for sales growth. However, only 34 of the respondents who experienced commission growth had employees (Table 6.14 – all the employees reported to the owner and two organisational levels indicated that the owner had employees). In addition, a total of 41.18% (14/34) indicated that they built relationships with their employees and it seemed to have contributed to sales (commission) growth. It might therefore be more correct to classify the employee strategy as a popular strategy for sales growth.**

**6.5(61)**

**All the strategies that were listed on interview card 7 seemed to have contributed to the sales growth of the respondents. Some strategies, however, were more popular than others.**

Tables 6.47 to 6.51 below outline the types of problems which the financial advisers experienced when they implemented the various marketing mix strategies listed in Table 6.46.

**Table 6.47:** Barriers experienced on implementation of the first marketing mix strategy presented on interview card 7, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
The adviser had to change his thinking process	1	33.33%	Adviser took short holidays and then returned to work with a new perspective	1
People were not always willing to share their success strategies	1	33.33%	Adviser tried to win the competitors' trust and showed them that he was not a threat to their businesses	1
It was time-consuming to meet with competitors	1	33.33%	Developed a structured programme for the new year	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(62)

Only three problems were experienced when the respondents met with their competitors occasionally. In relation to the 18 respondents who indicated that this strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 5.56%. It therefore appears that there is no major threat to the strategy of building relationships with competitors.

### 6.5(63)

It further appears that adequate solutions were implemented for all the problems experienced.

**Table 6.48:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 7, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=10 responses	Counterstrategies employed	Frequency
Took time to develop a trusting relationship with clients	4	40.00%	Presented financial seminars to build trust with clients	1
			No solution	3
Had to commute to meetings and had to pay petrol expenses	1	10.00%	No solution	1
Clients became friends and this complicated the business decisions	1	10.00%	No solution	1
Clients did not keep appointments, which wasted petrol and time	1	10.00%	No solution	1



Barriers experienced	Frequency	Per cent n=10 responses	Counterstrategies employed	Frequency
Most of the adviser's clients were also his friends and they visited for too long and wasted his time	1	10.00%	The adviser told the clients that he had a meeting	1
It was expensive to pay for lunches	1	10.00%	No solution	1
Cultural differences in business lunches needed to be considered	1	10.00%	No solution	1
<b>Total</b>	<b>10*</b>	<b>100.00%</b>		<b>10*</b>

\* Multiple mentions were allowed.

### 6.5(64)

According to Table 6.48, the obstacle that was highlighted most was that it took time to develop a trusting relationship with clients (40% of the responses obtained). This problem does not seem too important if viewed in relation to the number of respondents who indicated that building relationships with clients seemed to have contributed to their sales (commission) growth (9.52% or 4/42).

### 6.5(65)

Table 6.48 listed seven problems that can be experienced on implementation of the Internet strategy. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

### 6.5(66)

Only two solutions to the problems experienced were mentioned. It consequently appears that the respondents need more guidance to help them overcome the obstacles listed in Table 6.48.

**Table 6.49:** Barriers experienced on implementation of the third marketing mix strategy presented on interview card 7, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
It takes time to train employees	1	50.00%	Motivated the employees with financial incentives	1
An older employee had to report to a new employee, who was younger	1	50.00%	Reassured the older employee that her job was secure and the new employee tried to build a relationship with the older employee	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(67)

According to Table 6.49, only two problems were experienced on implementation. In relation to the 14 respondents who indicated that this strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 7.14%. It therefore appears that there is no major threat to the strategy of building relationships with employees.

### 6.5(68)

It further seems that the advisers used adequate solutions to address the problems experienced.

**Table 6.50:** Barriers experienced on implementation of the fourth marketing mix strategy presented on interview card 7, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=5 responses	Counterstrategies employed	Frequency
The supplier did not always cooperate with the financial adviser	2	40.00%	Spoke to the supplier and asked to be notified immediately when a client cancels a policy	1
			Became sensitive to cultural differences and tried to build a relationship with staff (employed at the supplier)	1
It was time-consuming to build relationships with suppliers	1	20.00%	No solution	1
Had a high staff turnover and felt that new employees needed to build new relationships with suppliers	1	20.00%	No solution	1

Barriers experienced	Frequency	Per cent n=5 responses	Counterstrategies employed	Frequency
Some suppliers became too familiar and no longer tried to provide good service	1	20.00%	Continuously followed up on outstanding cases to show the supplier that they were in a professional relationship	1
<b>Total</b>	<b>5*</b>	<b>100.00%</b>		<b>5*</b>

\* Multiple mentions were allowed.

### 6.5(69)

According to Table 6.50, the problem that was experienced most by the respondents was that the supplier did not always cooperate with the financial adviser (40% of the responses obtained). This problem does not seem too important if viewed in relation to the number of respondents who indicated that building relationships with suppliers seemed to have contributed to their sales (commission) growth (5.88% or 2/34). There are also only three other problems listed in Table 6.50. It therefore seems that the strategy of building relationships with suppliers is not too difficult to implement.

### 6.5(70)

It further appears that the respondents need more guidance to address the problems concerning time and staff turnover.

**Table 6.51:** Barriers experienced on implementation of the fifth marketing mix strategy presented on interview card 7, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Small suppliers were slow to respond to information	2	66.67%	Adviser made the supplier aware that he was their client and that they were underperforming	1
			No solution	1
Complained that the financial service provider charged an annual fee and that another fee had to be paid when attending a seminar	1	33.33%	No solution	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(71)

Table 6.51 indicates that the problem that was mentioned most by the respondents was that the small suppliers (support networks) were slow to respond to information (two-thirds of the responses obtained). This problem does not seem too important if viewed in relation to the number of respondents who indicated that building relationships with support networks seemed to have contributed to their sales (commission) growth (25% or 2/8). There are also only one other problem listed in Table 6.51. It therefore seems that the strategy of building relationships with support networks is not too difficult to implement.

### 6.5(72)

Only one solution could be identified to the problems listed in Table 6.51. It therefore appears that the respondents also need more guidance to help them address the problems listed in Table 6.51.

### 6.5.8 Interview card 8

#### Business problem presented on interview card 8

I attempt to perform all the business activities myself.

#### Marketing mix strategy presented on interview card 8

I refrained from following an autocratic management style to manage employees who strive for achievement and was more inclined to entrust power and control to the employees in my business.

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**Table 6.52:** Whether respondents attempted to perform all the business activities themselves

Attempt to perform all the business activities myself	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	31	62.00%	31	62.00%
No	19	38.00%	50	100.00%



### 6.5(73)

**Thirty-one respondents (62% of the respondents interviewed) indicated that they attempted to perform all the business activities themselves. This can therefore be regarded as an important problem in the businesses of the advisers.**

*(It is further important to note that it is possible that not all 19 respondents who did not attempt to perform all the business activities themselves delegated their work to their employees to help them. Some of these respondents could have made use of external resources. This was not specifically tested in the question. Furthermore, some respondents might also have felt that they could not delegate, since they did not have any employees in the business.)*

As a solution to the problem, one respondent outsourced some of his non-core business functions. Twenty respondents also started refraining from following an autocratic management style to manage employees who strive for achievement and became more inclined to entrust power and control to the employees in their businesses (Table 6.53 below).

**Table 6.53:** Respondents' application and perception of marketing mix strategy presented on interview card 8

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I refrained from following an autocratic management style to manage employees who strive for achievement and was more inclined to entrust power and control to the employees in my business	20	20

\* Reflects number of responses obtained.

### 6.5(74)

**A total of 64.52% (20/31) of the respondents who experienced the business problem applied the marketing mix strategy presented on interview card 8. This strategy can consequently be regarded as a popular solution.**

*(If all 19 respondents listed in Table 6.52 who did not experience the business problem used their employees to help them do their work, then the maximum number of respondents who would have been able to apply the marketing mix strategy presented on interview card 8 as a solution would have been 15. (A total of 34 respondents who experienced commission growth had employees.) However, since it was possible that some or all 19 respondents listed in Table 6.52 could have outsourced some of their functions, the data in Table 6.53 are correct; 20 respondents could have changed their approach and started delegating power and authority to their employees.)*

### 6.5(75)

**A total of 58.82% (20/34) of the respondents who had employees delegated their responsibilities to their employees and indicated that it seemed to have contributed to their sales (commission) growth. This strategy can therefore be regarded as a popular strategy for sales growth.**

### 6.5(76)

**The respondents used a total of two solutions to address the problem that was proposed on interview card 8.**

**Table 6.54:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 8, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=19 responses	Counterstrategies employed	Frequency
Training took time	8	42.11%	Motivated staff to study at home	1
			No solution	7
Found it difficult to let go of control	1	5.26%	Adviser realised that he had to have faith in his system and staff and that he could fix a problem	1
Had to convince staff that they could perform	1	5.26%	Showed staff that they could do the job through mentoring	1
Had to recruit effective staff	2	10.53%	No solution	1
			Headhunted staff with experience	1
Experienced resistance from staff to work differently	1	5.26%	Insisted that the staff use proven methods	1
Staff made errors	3	15.79%	Had to drop service levels to meet their abilities	1
			Monitored employees' work	2

Barriers experienced	Frequency	Per cent n=19 responses	Counterstrategies employed	Frequency
Was unsure whether the task delegated was done	1	5.26%	Trained staff properly and tried to make sure they shared the same passion for service excellence	1
A new business system had to be developed	1	5.26%	Headhunted staff with experience	1
The work done by staff had to be checked continually. This was time-consuming.	1	5.26%	No solution	1
<b>Total</b>	<b>19*</b>	<b>100.00%</b>		<b>19*</b>

\* Multiple mentions were allowed.

### 6.5(77)

The amount of time involved in training employees was the problem that posed the biggest threat to the implementation of the marketing mix strategy presented on interview card 8 (42.11% of the responses obtained). This problem appears to be important as it was experienced by 40% (8/20) of the respondents, who indicated that the delegation of power and control to employees seemed to have helped them grow their sales (commission) growth.

### 6.5(78)

There are eight other barriers listed in Table 6.54 that could make the marketing mix strategy presented on interview card 8 more difficult to implement. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

### 6.5(79)

Seven of the respondents who experienced the problem that posed the biggest threat did not know how to solve the problem. The respondent who experienced the last barrier listed in Table 6.54 did not have a solution to this problem either. It therefore appears that the respondents need more guidance to help them overcome the obstacles and delegate power and control to their employees more effectively.

### 6.5.9 Interview card 9

#### Business problem presented on interview card 9

I have lost customers who experienced unsatisfactory service from my business.

#### Marketing mix strategies presented on interview card 9

- I adapted my service according to the client's needs.
- I motivated my younger employees with one or more of the following to deliver a positive service experience:
  - Financial rewards
  - Recognition
  - Respect
  - A sense of accomplishment
- I motivated my older employees with one or more of the following to deliver a positive service experience:
  - Financial rewards
  - Recognition
  - Respect
  - A sense of accomplishment

*(Although the problem presented on interview card 9 might have appeared to be a sensitive obstacle to test, the interviewer reassured the respondents that their answers would be kept confidential and that their experiences would help to provide the necessary guidelines to improve the level of services offered in the insurance industry.)*

**Table 6.55:** Whether respondents lost customers through unsatisfactory service provided

Lost customers who experienced unsatisfactory service from my business	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	16	32.00%	16	32.00%
No	34	68.00%	50	100.00%

### 6.5(80)

A total of 32% of the respondents who participated in the personal interviews lost customers who experienced unsatisfactory service from their businesses. This can consequently be regarded as a problem that needs consideration but that is not too important in the businesses of the advisers.

Table 6.56 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 9.

**Table 6.56:** Respondents' application and perception of marketing mix strategies presented on interview card 9

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I adapted my service according to the client's needs	12	29
<b>I motivated my younger employees with one or more of the following to deliver a positive service experience:</b>		
Financial rewards	5	11
Recognition	5	13
Respect	5	10
A sense of accomplishment	5	10
<b>I motivated my older employees with one or more of the following to deliver a positive service experience:</b>		
Financial rewards	2	13
Recognition	4	14
Respect	5	12
A sense of accomplishment	4	11
<b>Total</b>	<b>47</b>	<b>123</b>

\*Reflects number of responses obtained. Some respondents used the marketing mix strategies as solutions to the business problem and to help generate sales growth. Other respondents applied certain marketing mix strategies only to help generate sales growth and did not approach them as solutions to the business problem.

### 6.5(81)

All the marketing mix strategies listed in Table 6.56 were implemented as solutions to address the problem of a loss in customers who experienced

unsatisfactory service from the business. They can therefore be regarded for this study's proposed framework.

#### **6.5(82)**

Compared to the 16 respondents who experienced the business problem, the individual response rate for adapting the service according to the client's needs is 75% (12/16), motivating younger employees with financial rewards, recognition, respect or a sense of accomplishment is 31.25% each (5/16), motivating older employees with financial rewards is 12.50% (2/16), motivating older employees with recognition or a sense of accomplishment is 25% (4/16) each and motivating older employees with respect is 31.25% (5/16). Adapting the service according to the client's needs can therefore be regarded as a highly popular solution and the remaining strategies as unfavourable solutions.

#### **6.5(83)**

A total of 58% of the respondents interviewed indicated that adapting the service according to the client's needs seemed to have contributed to their sales (commission) growth. This strategy can consequently be regarded as a popular strategy for sales growth. Technically, the remaining strategies listed in Table 6.56 should all be classified as unfavourable strategies for sales growth, since for each strategy, less than 33.34% of the respondents interviewed indicated that it seemed to have contributed to their sales (commission) growth. However, in relation to the 34 respondents who had employees in their businesses, the response rate for each strategy is as follows:

**Motivated younger employees with:**

- Financial rewards (32.35%)
- Recognition (38.24%)
- Respect (29.41%)
- A sense of accomplishment (29.41%)

**Motivated older employees with:**



- **Financial rewards (38.24%)**
- **Recognition (41.18%)**

- **Respect (35.29%)**
- **A sense of accomplishment (32.35%)**

**In the light of these ratios, motivating younger employees with recognition and older employees with financial rewards, recognition and respect should rather be classified as popular strategies for sales growth.**

#### **6.5(84)**

**All the marketing mix strategies that were listed on interview card 9 seemed to have contributed to the sales growth of the respondents. Some strategies, however, were more successful than others.**

Tables 6.57 to 6.63 below provide an indication of the types of obstacles which the financial advisers had to deal with when they applied the marketing mix strategies listed in Table 6.56.

**Table 6.57:** Barriers experienced on implementation of the first marketing mix strategy presented on interview card 9, as well as counterstrategies employed

<b>Barriers experienced</b>	<b>Frequency</b>	<b>Per cent n=10 responses</b>	<b>Counterstrategies employed</b>	<b>Frequency</b>
It was time-consuming to track clients' needs	1	10.00%	Through experience, the adviser learned shorter routes to monitor the clients' needs	1
Clients who were asked for information to assess their needs delayed in providing the information	1	10.00%	Continuously called the clients and offered to sit with them and help them	1
It was not easy to contact a client who cancelled a policy	1	10.00%	The adviser allowed the client to explain the reason for cancellation and did not defend himself	1
Had to become aware of clients' needs	1	10.00%	Started using a complaints register and tried to solve the problems	1
Providing an extra service was not the core business	1	10.00%	Implemented fee-based billing	1
Business strategy had to be changed in order to retain relationships with clients	1	10.00%	Asked the office to schedule regular meetings to maintain existing clients	1
The more clients the adviser had, the more difficult it was to meet and know all their needs	1	10.00%	Adviser tried to keep in touch with clients as often as possible	1



Barriers experienced	Frequency	Per cent n=10 responses	Counterstrategies employed	Frequency
The underwriter and administrator were not interested in the client's problem and were too slow	1	10.00%	Considered changing suppliers	1
The adviser had to work twice as hard to convince the client he lost that he had changed his strategy to meet their needs	1	10.00%	The adviser told the client that where he was previously unable to help the client, he could do so now	1
The adviser could not save some of his clients owing to the bad service from the administration staff	1	10.00%	Visited the clients to solve the problems that were caused by the administration staff and convinced them to stay	1
<b>Total</b>	<b>10*</b>	<b>100.00%</b>		<b>10*</b>

\* Multiple mentions were allowed.

### 6.5(85)

According to Table 6.57, ten individual problems were experienced when the advisers adapted their services according to the clients' needs. These problems do not seem too important if viewed in relation to the 29 respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth. The response rate for each problem is then only 3.45% (1/29). However, these problems would still need consideration in the businesses of independent financial advisers.

### 6.5(86)

It appears that adequate solutions were implemented to address the ten problems experienced.

**Table 6.58:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=4 responses	Counterstrategies employed	Frequency
The employees had a tendency to focus more on sales and did not take into account that administration work had to be done	1	25.00%	No solution	1
The incentive-based staff started coming into the office later and later	1	25.00%	No solution	1

Barriers experienced	Frequency	Per cent n=4 responses	Counterstrategies employed	Frequency
The sales staff became overeager and tried to push clients into a deal	1	25.00%	Reminded the salespeople of their obligation to clients	1
A reward was expected but not earned	1	25.00%	Reminded staff that the reward was outcomes based	1
<b>Total</b>	<b>4*</b>	<b>100.00%</b>		<b>4*</b>

\* Multiple mentions were allowed.

### 6.5(87)

Only four individual problems were experienced when the financial advisers motivated younger employees with financial rewards. Again, these problems do not seem too important if viewed in relation to the 11 respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth. The response rate for each problem is then only 9.09% (1/11). It therefore appears that there is no major threat to the use of financial rewards to motivate younger employees.

### 6.5(88)

It seems, however, that the respondents need more guidance to address two of the problems listed in Table 6.58 (no solutions presented).

**Table 6.59:** Barriers experienced on implementation of the third marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
The employees become complacent and the reward lost its effect over time	1	50.00%	No solution	1
People wanted financial rewards more than recognition	1	50.00%	Praised the staff on a continual basis	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(89)

Only two types of problems were experienced when the respondents motivated younger employees with recognition. In relation to the 13

respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is 7.69% (1/13). It therefore appears that there is also no major threat to the motivation of younger employees with recognition.

#### 6.5(90)

It seems, however, that the respondents need more guidance to address these problems. A solution could not be identified for the first problem and it is not sufficient to continue praising staff when they prefer financial rewards (the second problem).

Only one respondent experienced a problem when he motivated his younger employees with respect. He had to control himself and not show disappointment. The respondent did not have a solution to this problem.

#### 6.5(91)

It seems that there is no major threat to motivating younger employees with respect. Guidance, however, is needed to help respondents address this problem.

Only one respondent experienced a problem when he motivated his younger employees with a sense of accomplishment. He realised that he must be less autocratic and lead in a pleasant way. The respondent waited until he was less emotional about the situation and then reconsidered it.

#### 6.5(92)

It appears that there is also no major threat to motivating younger employees with a sense of accomplishment and that the problem experienced was addressed adequately.

**Table 6.60:** Barriers experienced on implementation of the sixth marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Employees had a tendency to focus more on sales and did not take into account that administration work had to be done	1	33.33%	No solution	1



Incentive-based staff started coming into the office later and later	1	33.33%	No solution	1
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Barriers experienced			Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
A reward was expected but not earned	1	33.33%	Reminded staff that the reward was outcomes based		1	
<b>Total</b>	<b>3*</b>	<b>100.00%</b>			<b>3*</b>	

\* Multiple mentions were allowed.

### 6.5(93)

Only three problems were experienced when the respondents motivated older staff with financial rewards. In relation to the 13 respondents who indicated that this strategy seemed to have contributed to their sales growth, the response rate for each problem is 7.69% (1/13). There is therefore no major threat to the use of financial rewards to motivate older employees.

### 6.5(94)

It further appears that the respondents need more guidance to address two of the three problems experienced (no solutions were presented).

### 6.5(95)

Three of the problems that were experienced when motivating younger staff with financial rewards were also experienced when older staff were motivated with financial rewards. The same type of solution was used for younger and older staff to address the scenario where a reward was expected but not earned.

**Table 6.61:** Barriers experienced on implementation of the seventh marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Recognition given to one employee can demotivate other staff	1	33.33%	No solution	1
People expected recognition when they thought they deserved it. When they did not get it, they got upset.	1	33.33%	Realised must be sensitive to give recognition when needed	1
The staff got accustomed to praise, and it no longer meant anything	1	33.33%	No solution	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(96)

Only three problems were experienced when the respondents motivated older employees with recognition. In relation to the 14 respondents that indicated that the use of the strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 7.14%. There is therefore no major threat to the use of recognition to motivate older employees.

### 6.5(97)

However, the respondents need more guidance to address these problems. There were no solutions to two of the problems.

### 6.5(98)

More problems were experienced when recognition was given to older staff.

### 6.5(99)

The problem of staff that got accustomed to praise was experienced with both younger and older staff. Neither scenario had a solution to address this problem.

**Table 6.62:** Barriers experienced on implementation of the eighth marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=5 responses	Counterstrategies employed	Frequency
Adviser had to remind himself to focus on this	1	20.00%	Tried to remember to motivate older employees with respect	1
Adviser had to control himself and not show disappointment	1	20.00%	No solution	1
Too much respect given resulted in employees losing their respect for adviser	1	20.00%	Decided to stay professional	1
Staff tried to see how far they could push the adviser	1	20.00%	Set boundaries for staff	1
Older staff did not respect the adviser	1	20.00%	No solution	1
<b>Total</b>	<b>5*</b>	<b>100.00%</b>		<b>5*</b>

\* Multiple mentions were allowed.

### 6.5(100)

Five individual problems were experienced when older staff were motivated with respect. In relation to the 12 respondents who indicated that the use of this strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 8.33% (1/12). It consequently seems that there is no major threat to the use of respect to motivate older employees.

### 6.5(101)

However, since there are at least five types of problems that can be encountered, providing recognition to older staff cannot be viewed as a simple approach.

### 6.5(102)

It further seems that the advisers need more guidance to help them address two of the problems experienced (no solutions were identified).

### 6.5(103)

More problems were experienced when older staff were motivated with respect.

### 6.5(104)

The problem where the adviser had to control himself and not show disappointment was experienced with both younger and older staff. Neither scenario had a solution to address this problem.

**Table 6.63:** Barriers experienced on implementation of the ninth marketing mix strategy presented on interview card 9, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Adviser had to set a realistic target and decide how to measure their accomplishments	1	33.33%	Negotiated goals with staff	1
Adviser had to be less autocratic and lead in a pleasant way	1	33.33%	Adviser waited until he was less emotional about the situation and then reconsidered it	1

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Adviser forgot that his staff expected him to motivate them. They got upset.	1	33.33%	Decided to be sensitive and use this method when deserved	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(105)

Only three types of problems were experienced when the respondents motivated older staff with a sense of accomplishment. In relation to the 11 respondents who indicated that the use of this strategy seem to have contributed to their sales (commission) growth, the response rate for each problem is only 9.09% (1/11). It therefore appears that there is no important problem to motivating older employees with a sense of accomplishment.

### 6.5(106)

It further seems that all three problems that were experienced were addressed adequately.

### 6.5(107)

More problems were experienced when older staff were motivated with a sense of accomplishment

### 6.5(108)

The problem where the adviser realised that he had to be less autocratic and lead in a pleasant way was experienced with both younger and older staff. In both scenarios the adviser waited until he was less emotional about the situation and then reconsidered it.

## 6.5.10 Interview card 10

### Business problem presented on interview card 10

My business commission has reduced, as I could not meet the high demand of the market for my business' service.



## Marketing mix strategy presented on interview card 10

I trained my employees to perform different job functions at peak periods.

**Table 6.64:** Whether respondents' commission was reduced by the demand for their services

Commission reduced, as I could not meet the high demand for my service	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	2	4.00%	2	4.00%
No	48	96.00%	50	100.00%

### 6.5(109)

**Table 6.64** indicates that the business commission of 4% of the respondents who participated in the personal interviews was reduced, as they could not meet the high demand of the market for their business's services. This problem consequently needs consideration but is not too important in the businesses of the advisers.

To address this problem two respondents trained their employees to perform different job functions at peak periods (Table 6.65 below).

**Table 6.65:** Respondents' application and perception of marketing mix strategy presented on interview card 10

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I trained my employees to perform different job functions at peak periods	2	8

\*Reflects number of responses obtained. Some respondents applied the marketing mix strategy only to help generate sales growth and did not approach it as a solution to the business problem.

### 6.5(110)

**Both the respondents who experienced the business problem trained their employees to perform different job functions as a solution. This can be viewed as a highly popular solution.**

### 6.5(111)

**A total of 16% of the respondents interviewed indicated that this strategy seemed to have contributed to their sales growth. In relation to the 34**

respondents who experienced commission growth and who had employees, the response rate for this strategy is 23.53% (8/34). Training employees to perform different job functions at peak periods can therefore be regarded as an unfavourable strategy to sales growth. However, the strategy might have been more favourable if more than 34 advisers who experienced commission growth had had employees. This factor will be taken in consideration when the recommendations are made in the next chapter.

**Table 6.66:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 10, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=5 responses	Counterstrategies employed	Frequency
The employees initially resisted learning new things	2	40.00%	The adviser decided to rather do the job himself	1
			Tried to explain to employees that this would help to increase sales (commission) growth	1
It took time to train employees	1	20.00%	Encouraged the employees to study at home	1
The employees had to identify the correct priorities in peak periods	2	40.00%	Trained staff to be able to identify the correct priorities in peak periods	1
			Tried to have patience	1
<b>Total</b>	<b>5*</b>	<b>100.00%</b>		<b>5*</b>

\* Multiple mentions were allowed.

### 6.5(112)

Only three types of problems were experienced with the implementation of the marketing mix strategy presented on interview card 10. The first and the last problem listed have the same number of responses (40% each). In relation to the 8 respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 25% (2/8). It therefore appears that there is no major threat to training employees to perform different job functions at peak periods.

### 6.5(113)

It seems that the problem where the employees initially resisted learning new things was not addressed adequately. Taking over the employee's task simply creates more work for the adviser and is not a viable solution in the long term.

## 6.5.11 Interview card 11

### Business problem presented on interview card 11

My business commission has reduced, due to the unexpected activities of my competitors.

### Marketing mix strategies presented on interview card 11

- My business strategy took into account competitor knowledge gained from:
  - Making use of Porter's (1985) five competitor forces
  - Published resources, such as formal business information guides, the Internet, journal articles, market studies and client expenditures
  - Competitive market surveys
  - Trade associations
  - Employees
  - Consulting firms
  - Networking

**Table 6.67:** Whether respondents' commission reduced through unexpected activities of competitors

Commission has reduced through the unexpected activities of my competitors	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	3	6.00%	3	6.00%
No	47	94.00%	50	100.00%

### 6.5(114)

**Only 6% of the respondents who participated in the personal interviews indicated that their commission had reduced through the unexpected activities of their competitors. This can therefore be regarded as a problem that needs consideration but that is not too important in the businesses of the advisers.**

Table 6.68 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 11.

**Table 6.68:** Respondents' application and perception of marketing mix strategies presented on interview card 11

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
<b>My business strategy took into account competitor knowledge gained from:</b>		
Making use of Porter's (1995) five competitor forces	0	0
Published resources, such as formal business information guides, the Internet, journal articles, market studies and client expenditures	0	2
Competitive market surveys	0	1
Trade associations	0	2
Employees	0	0
Consulting firms	0	0
Networking	1	3
<b>Total</b>	<b>1</b>	<b>8</b>

\*Reflects number of responses obtained. Some respondents applied certain marketing mix strategies only to help generate sales growth and did not approach them as solutions to the business problem.

### 6.5(115)

Only networking was implemented as a solution to address the problem presented on interview card 11. Compared to the three respondents who experienced the problem, the response rate for the networking solution is 33.33% (1/3). Although this was the only solution selected, it can still be regarded as an unfavourable solution for the business.

### 6.5(116)

Only four of the seven marketing mix strategies listed in Table 6.68 seemed to have contributed to the sales (commission) growth of the respondents. Compared to the number of respondents interviewed, the response rate for each strategy is as follows: taking into account competitor knowledge from published resources (4%); competitive market surveys (2%); trade associations (4%) and networking (6% – the highest response). These four strategies seem to be helpful in generating sales growth, but were not used by many respondents and should therefore be regarded as unfavourable strategies for sales (commission) growth.

**6.5(117)**

No respondents used Porter's five competitor forces when they designed their business strategies.

**6.5(118)**

No respondents took into account competitor knowledge gained from employees when they designed their business strategies. (This scenario might have been different if more respondents had had employees.)

**6.5(119)**

No respondents took into account competitor knowledge gained from consulting firms when they designed their business strategies.

**6.5(120)**

The respondents did not encounter any problems when they took into account competitor knowledge gained from published sources, such as formal business information guides, the Internet, journal articles, market studies and client expenditures.

**6.5(121)**

The respondents also did not encounter any problems when they took into account competitor knowledge gained from competitive market surveys or trade associations.

**6.5(122)**

Two respondents complained that taking into account competitor knowledge gained from networking was time-consuming. The respondents did not have a solution to the problem. It therefore appears that additional guidance is needed to help the respondents address this problem.

## **6.5.12 Interview card 12**

### **Business problem presented on interview card 12**

My business commission has reduced due to offshore competition.

### Marketing mix strategies presented on interview card 12

- I reinforced the current image of my business.
- I developed a new image for my business.
- I repositioned the image of the competition.
- I made use of a service blueprint (a diagram of all the processes in the business) to obtain the benefit of being able to identify ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement

*(The interviewer explained to the respondents that the marketing mix strategies presented on interview card 12 represented different approaches they could have followed to gain a competitive advantage and therefore counter the threat of offshore competitors.)*

**Table 6.69:** Whether respondents' business commission reduced through offshore competition

Business commission reduced through offshore competition	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	0	0.00	0	0.00%
No	50	100.00%	50	100.00%

#### 6.5(123)

**According to Table 6.69, no respondents who participated in the personal interviews indicated that their business commission had reduced through offshore competition. This problem therefore does not need immediate consideration in the businesses of the advisers. The possibility of offshore competition in future might, however, still need to be kept in mind.**

Table 6.70 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 12.

**Table 6.70:** Respondents' application and perception of marketing mix strategies presented on interview card 12

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I reinforced the current image of my business	0	17
I developed a new image for my business	0	8
I repositioned the image of the competition	0	5
I made use of a service blueprint (a diagram of all the processes in the business) to obtain the benefit of being able to identify ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement	0	17
<b>Total</b>	<b>0</b>	<b>47</b>

\*Reflects number of responses obtained.

#### 6.5(124)

Since the respondents did not experience the problem presented on interview card 12, no respondent applied any of the marketing mix strategies listed as a solution.

#### 6.5(125)

A total of 34% of the respondents interviewed reinforced the current image of the business. Similarly, a total of 34% of the respondents interviewed also used a service blueprint. These two most often selected strategies consequently appear to be popular strategies for sales growth.

#### 6.5(126)

Only 16% of the respondents interviewed indicated that they developed a new image for the business and only 10% of the respondents repositioned the image of the competition. These two strategies therefore appear to be unfavourable strategies for sales growth.

*(The interviewer explained to the respondents that repositioning the image of the competition would mean taking measures to make the competitor look less competent. The respondent, for example, could have told the clients that their financial needs analysis done by the competitor adviser was incorrect and that the respondent as a qualified adviser would be able to help the client.)*

**Table 6.71:** Barriers experienced on implementation of the first marketing mix strategy presented on interview card 12, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
The strategy was time-consuming	1	50.00%	Decided to send letters to clients only every second month	1
Made regular visits and did not always close a deal	1	50.00%	No solution	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(127)

Only two types of problems were experienced when the respondents reinforced the current image of their businesses. In relation to the 17 respondents who indicated that this strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is 5.88% (1/17). It therefore seems that there is no major obstacle to the reinforcement of the current image of the business.

### 6.5(128)

It further seems that the respondents need more guidance to address the problem of making regular visits to clients where a deal is not closed (no solution presented).

**Table 6.72:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 12, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
The competitors tried to steal the adviser's new business	1	16.67%	Countered the competitors by providing good service	1
Had to move away from the image of a one-man operation to a professional practice	2	33.33%	Identified what had to be done to accomplish this objective. For example, decided to use the supplier's legal department as a resource.	1
			Developed a high level of financial competence	1



Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
Changing the work image was difficult. Adviser derived confidence from his old image.	1	16.67%	The adviser evaluated how his established clients viewed him in his new image	1
It was time-consuming to develop a new strategy	1	16.67%	No solution	1
The advertising costs were high	1	16.67%	No solution	1
<b>Total</b>	<b>6*</b>	<b>100.00%</b>		<b>6*</b>

\* Multiple mentions were allowed.

### 6.5(129)

**Moving away from the image of a one-man operation to a professional practice was the problem most highlighted by the respondents (two-thirds of the responses obtained). This problem does not seem too important, since it was only experienced by 25% (2/8) of the respondents who indicated that the development of a new image seemed to have contributed to their sales (commission) growth.**

### 6.5(130)

**There are a total of five problems that can hinder the development of a new image for the business. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.**

### 6.5(131)

**It seems that there are adequate solutions to all the problems experienced, except for the problem of time and the high costs associated with advertising (no solution presented).**

**Table 6.73:** Barriers experienced on implementation of the third marketing mix strategy presented on interview card 12, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
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Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
The adviser's tie and jacket image intimidated clients who dressed more casually	1	50.00%	Focused on making clients friends	1
Joined a high profile supplier but had to achieve a higher target for this supplier	1	50.00%	To achieve targets, focused on selling more of the products of the high profile supplier	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(132)

Only two types of problems were experienced when the image of the competition was repositioned. In relation to the five respondents who indicated that the use of this strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is 20%. There is therefore no major obstacle to repositioning the image of the competition.

### 6.5(133)

It seems that adequate solutions were implemented to address the two problems experienced.

**Table 6.74:** Barriers experienced on implementation of the fourth marketing mix strategy presented on interview card 12, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=9 responses	Counterstrategies employed	Frequency
This strategy took time to implement	6	66.67%	No solution	1
			Worked longer hours	1
			Learned with experience to do this process faster	2
			Made strategic plans while on holiday	1
			A business consultant showed the adviser what to do	1
Administrators and suppliers gave service preference to bigger advisers	1	11.11%	No solution	1
The adviser had to develop a system to monitor himself. It took time and cost money.	1	11.11%	No solution	1



Operational efficiency had to be married with the long-term objectives	1	11.11%	No solution	1
<b>Total</b>	<b>9*</b>	<b>100.00%</b>		<b>9*</b>

\* Multiple mentions were allowed.

### 6.5(134)

Only four problems were experienced when the respondents used a service blueprint. The problem that was mentioned most by the respondents was that the strategy took time to implement (two-thirds of the responses obtained). In relation to the 17 respondents who indicated that the use of this strategy seemed to have contributed to their sales (commission) growth, the response rate for this problem is 35.29% (6/17). This can therefore be viewed as an important problem that needs to be addressed to reap the benefits of the service blueprint strategy.

### 6.5(135)

It seems that the respondents need more guidance to address the problems listed in Table 6.74. Solutions could not be identified for three of the problems experienced. One respondent also did not know how to address the problem that poses the biggest threat to the strategy.

### 6.5.13 Interview card 13

#### Business problem presented on interview card 13

There is sometimes a lack of teamwork for a “greater purpose” in my business.

#### Marketing mix strategy presented on interview card 13

I ensured every employee is aware of the essential role they play in the final delivery of quality service and as a result enabled the employee to deliver excellent service.

**Table 6.75:** Lack of teamwork in the respondents' businesses

Experienced a lack of teamwork for a “greater purpose”	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	12	24.00%	12	24.00%
No	38	76.00%	50	100.00%

### 6.5(136)

**Of the 50 respondents who participated in the personal interviews, 24% experienced a lack of teamwork for a “greater purpose” in their businesses. This is therefore a problem that needs consideration but it is not too important in the businesses of the respondents.**

Table 6.76 below highlights that as a solution to the problem, 11 respondents ensured that every employee was aware of the essential role they played in the final delivery of quality service and, as a result, enabled the employees to deliver excellent service.

**Table 6.76:** Respondents’ application and perception of marketing mix strategy presented on interview card 13

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I ensured every employee is aware of the essential role they play in the final delivery of quality service and as a result enabled the employee to deliver excellent service	11	17

\* Reflects number of responses obtained. Some respondents applied the marketing mix strategy only to help generate sales growth and did not approach it as a solution to the business problem.

### 6.5(137)

**The marketing mix strategy listed in Table 6.76 can be viewed as a highly popular solution, since 11 of the 12 respondents (91.67%) who experienced the business problem made use of this strategy.**

### 6.5(138)

**A total of 34% of the respondents interviewed indicated that the strategy seemed to have contributed to their sales (commission) growth. This is 50% (17/34) of the respondents who had employees in their businesses. The strategy can consequently be regarded a popular strategy for sales growth. (This strategy might have been more popular if more than only 34 of the respondents interviewed had had employees in their businesses. This factor will be taken into consideration when the recommendations are made in the next chapter.)**

**Table 6.77:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 13, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
Staff were too proud to accept constructive criticism	1	50.00%	No solution	1
Family members constituted some of the staff	1	50.00%	Had to use an external agency with an objective view	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(139)

Only two types of problems were experienced when the respondents ensured that every employee was aware of the essential role they played. In relation to the 17 respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is only 5.88% (1/17). It therefore seems that there is no major obstacle to the implementation of the marketing mix strategy listed on interview card 13.

### 6.5(140)

It further seems that the respondents need more guidance to address the problem of staff that are too proud to accept constructive criticism.

## 6.5.14 Interview card 14

### Business problem presented on interview card 14

My business partner(s) and I are sometimes in conflict over control of the business.

### Marketing mix strategies presented on interview card 14

- I used creativity
- I generated consensus
- I shared information
- I facilitated discussion regarding problems

- I blended ideas
- I avoided becoming protective when other people disagreed with my views

*(The interviewer explained to the respondents that the marketing mix strategies listed on interview card 14 represented different approaches they could have followed to solve the conflict situation.)*

**Table 6.78:** Whether respondents were sometimes in conflict with business partners over business control

Sometimes in conflict with business partners over business control	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	1	2.00%	1	2.00%
No	49	98.00%	50	100.00%

### 6.5(141)

**Table 6.78 indicates that only one of the respondents who participated in the personal interviews (2%) was sometimes in conflict with his partners over the control of the business. This can consequently be viewed as a problem that needs consideration but that is not too important in the businesses of the advisers. (Only one of the respondents interviewed had a business partner.)**

Table 6.79 below provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 14.

**Table 6.79:** Respondents' application and perception of marketing mix strategies presented on interview card 14

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I used creativity	0	1
I generated consensus	0	0
I shared information	0	0
I facilitated discussion regarding problems	1	0
I blended ideas	1	0



Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I avoided becoming protective when other people disagreed with my views	0	0
<b>Total</b>	<b>2</b>	<b>1</b>

\* Reflects number of responses obtained.

### 6.5(142)

The one respondent who had a business partner applied only the strategies of facilitating discussion regarding problems and blending ideas to address the conflict that he experienced with his partner. Only these two strategies can therefore be regarded for this study's proposed framework.

### 6.5(143)

These two strategies can both be classified as highly popular solutions, since 100% of the respondents who experienced the problem used them.

### 6.5(144)

Only 2% of the respondents interviewed indicated that their use of creativity seemed to have contributed to their sales (commission) growth. Consequently, this strategy can be regarded as an unfavourable strategy for sales growth.

### 6.5(145)

The respondents did not experience any problem when they used creativity.

### 6.5(146)

None of the remaining strategies listed in Table 6.79 seemed to have contributed to the sales (commission) growth of the respondents. These strategies can therefore be regarded as unfavourable strategies for sales growth.

### 6.5.15 Interview card 15

#### Business problem presented on interview card 15

My business is struggling with inadequate financial resources.

#### Marketing mix strategy presented on interview card 15

I worked from home, which helped to reduce overhead expenses and create competitive pricing.

**Table 6.80:** Whether respondents' businesses were struggling with inadequate financial resources

Business is struggling with inadequate financial resources	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	13	26.00%	13	26.00%
No	37	74.00%	50	100.00%

### 6.5(147)

**A total of 26% of the respondents who participated in the personal interviews indicated that their businesses were struggling with inadequate financial resources. This problem therefore needs consideration, but is not too important in the businesses of the advisers.**

A number of solutions were implemented to address this problem. One respondent got a new office to create a more professional image. He also delegated some of his responsibilities to his staff to have more time for marketing and to seek new business. A second respondent tried to save on telephone costs to reduce his overhead expenses. A third respondent supported his business financially with a second business. Table 6.81 below indicates that as a solution seven respondents also worked from home, which helped to reduce their overhead expenses and create competitive pricing.



**Table 6.81:** Respondents' application and perception of marketing mix strategy presented on interview card 15

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I worked from home, which helped to reduce overhead expenses and create competitive pricing	7	17

\* Reflects number of responses obtained. Some respondents applied the marketing mix strategy only to help generate sales growth and did not approach it as a solution to the business problem.

### 6.5(148)

Working from home can be viewed as a popular solution, since 7 of the 13 respondents (53.85%) who experienced the problem applied this strategy. Working from home was also the solution most often implemented by the respondents.

### 6.5(149)

The marketing mix strategy presented on interview card 15 can further be viewed as a popular strategy for sales growth, since a total of 34% of the respondents personally interviewed indicated that it seemed to have helped them grow their sales (commission).

### 6.5(150)

The respondents used a total of five solutions to address the problem that was proposed on interview card 15.

**Table 6.82:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 15, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
Got lonely working from home	2	33.33%	The adviser motivated himself that one day he would get a big account and would be able to afford big premises	1
			Phoned friends occasionally	1
Friends and family visited during office hours	1	16.67%	Asked them to visit after hours	1
There is no privacy at the house	1	16.67%	Created a separate kitchen facility for the home and office section	1
Always being at the office	1	16.67%	Started planning time to spend with the	1



Barriers experienced	Frequency	Per cent n=6 responses	Counterstrategies employed	Frequency
caused family conflict			family	
Realised that it took discipline to focus on work	1	16.67%	Tried to be more disciplined	1
<b>Total</b>	<b>6*</b>	<b>100.00%</b>		<b>6*</b>

\* Multiple mentions were allowed.

### 6.5(151)

The strategy that was mentioned most was that it got lonely working from home (one-third of the responses obtained). In relation to the 17 respondents who indicated that this strategy seemed to have contributed to their sales growth, this problem does not seem too important (11.76% or 2/17).

### 6.5(152)

A total of five problems were experienced when the respondents worked from home. These problems were not experienced by many respondents but would still need consideration in the businesses of independent financial advisers.

### 6.5(153)

It seems that adequate solutions were implemented to address all the problems experienced.

## 6.5.16 Interview card 16

### Business problem presented on interview card 16

There were no new product and service developments in my business over the last 12 months.

### Marketing mix strategy presented on interview card 16

I allowed my employees to make suggestions on new developments.

**Table 6.83:** Whether respondents had new product and service developments in business over the last 12 months

No new product and service developments in business over the last 12 months	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	2	4.00%	2	4.00%
No	48	96.00%	50	100.00%

### 6.5(154)

Only 4% of the respondents who participated in the personal interviews had no new product and service developments in their businesses over the last 12 months. It therefore seems that this is a problem that needs consideration but that is not too important in the businesses of the advisers.

**Table 6.84:** Respondents' application and perception of marketing mix strategy presented on interview card 16

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I allowed my employees to make suggestions on new developments	0	6

\* Reflects number of responses obtained.

### 6.5(155)

No respondents allowed their employees to make suggestions on new developments as a solution to the problem that was presented on interview card 16. This can therefore be viewed as an unfavourable solution.

### 6.5(156)

A total of 12% of the respondents personally interviewed indicated that this strategy seemed to have contributed to their sales (commission) growth. This is 17.65% (6/34) of the respondents who experienced commission growth and had employees in their businesses. Allowing employees to make suggestions on new developments can therefore be viewed as an unfavourable strategy for sales growth. (This strategy might have been more popular if more of the respondents personally interviewed had

had employees in their businesses. This factor will also be taken into consideration when the recommendations are made in chapter seven.)

### 6.5(157)

It appears that the two respondents who experienced the business problem presented on interview card 16 did not have faith in the abilities of their employees to assist with new product suggestions. (The two employees who experienced the business problem presented on interview card 16 did have employees in their businesses.)

**Table 6.85:** Barriers experienced on implementation of the marketing mix strategy presented on interview card 16, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
The providers did not listen to the adviser	1	33.33%	No solution	1
Employees had to be encouraged to make suggestions to improve business processes and products	1	33.33%	Decided to give employees recognition for suggestions	1
There was not enough time to evaluate the success of the new development	1	33.33%	No solution	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(158)

Only three types of problems were experienced on implementation of the marketing mix strategy presented on interview card 16. In relation to the six respondents who indicated that the strategy seemed to have contributed to their sales (commission) growth, the response rate for each problem is 16.67% (1/6). It consequently appears that there is no major threat to the strategy of allowing employees to make suggestions on new developments.

### 6.5(159)

It seems that the respondents could not address two of the problems listed in Table 6.85.

### 6.5.17 Interview card 17

#### Business problem presented on interview card 17

In the market, my business had to deal with an exhausted business opportunity that produced very low profits and return on investment for the business.

#### Marketing mix strategies presented on interview card 17

- I made use of client suggestions to formulate new ideas.
- I made use of on or more of the following to revitalise sales:
  - Gifts (such as pens)
  - Publicity
  - Trade shows
- I made use of on or more of the following to retain existing clients:
  - Gifts (such as pens)
  - Publicity
  - Trade shows
- I made use of the Internet, which assisted in creating competitive prices
- I provided guarantees

**Table 6.86:** Whether respondents had to deal with an exhausted business opportunity

Dealt with an exhausted business opportunity that produced very low profits and return on investment for the business	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	4	8.00%	4	8.00%
No	46	92.00%	50	100.00%

### 6.5(160)

Table 6.86 indicates that 8% of the respondents who participated in the personal interviews had to deal with an exhausted business opportunity that produced very low profits and return on investment for the business. This is therefore a problem that needs consideration but that is not too important in the businesses of the advisers.

As a solution to the problem, one respondent told the service providers that they were not providing the products needed. Table 6.87 below further provides an overview of the respondents' application and perception of the marketing mix strategies presented on interview card 17.

**Table 6.87:** Respondents' application and perception of marketing mix strategies presented on interview card 17

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I made use of client suggestions to formulate new ideas	0	7
I made use of one or more of the following to revitalise sales:		
Gifts (such as pens)	0	5
Publicity	0	9
Trade shows	0	0
I made use of one or more of the following to retain existing clients:		
Gifts (such as pens)	1	14
Publicity	0	4
Trade shows	0	0
I made use of the Internet, which assisted in creating competitive prices	0	8
I provided guarantees	0	2
<b>Total</b>	<b>1</b>	<b>49</b>

\*Reflects number of responses obtained.

### 6.5(161)

**Only one of the marketing mix strategies listed in Table 6.87 was implemented as a solution to address the problem presented on interview card 17 and can consequently be regarded for this study's proposed framework.**

### 6.5(162)

**Only one of the four respondents (25%) who experienced the business problem used gifts (such as pens) to retain existing clients and address the problem of an exhausted business opportunity. This strategy can therefore be regarded as an unfavourable solution.**

**6.5(163)**

All the strategies listed in Table 6.87 seemed to have contributed to the sales (commission) growth of the respondents except trade shows.

**6.5(164)**

All the strategies listed in Table 6.87 that seemed to have contributed to the sales growth of the respondents can be classified as unfavourable strategies for sales growth. In relation to the 50 respondents personally interviewed, the response rate for each strategy is as follows: client suggestions to formulate new ideas (14%), gifts to revitalise sales (10%), publicity to revitalise sales (18%), gifts to retain existing clients (28% – strategy selected most often), publicity to retain existing clients (8%), Internet to create competitive prices (16%) and guarantees (4%).

**6.5(165)**

More respondents used gifts to retain existing clients (14 respondents) than to revitalise sales (5 respondents).

**6.5(166)**

More respondents used publicity to revitalise sales (9 respondents) than to retain existing clients (4 respondents).

**6.5(167)**

The marketing mix strategies that were listed on interview card 17 cannot be included in this study’s proposed framework as strategies for sales growth, due to their low response rate.

**Table 6.88:** Barriers experienced on implementation of the first marketing mix strategy presented on interview card 17, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=4 responses	Counterstrategies employed	Frequency
The supplier resisted new ideas	2	50.00%	Spoke to influential people at the supplier	1
			Insisted that the supplier listen	1
The new ideas presented were not always practical to implement	1	25.00%	No solution	1

Barriers experienced	Frequency	Per cent n=4 responses	Counterstrategies employed	Frequency
Companies needed to be approached to change product formulations or adapt products	1	25.00%	Talked to management and reminded them	1
<b>Total</b>	<b>4*</b>	<b>100.00%</b>		<b>4*</b>

\* Multiple mentions were allowed.

### 6.5(168)

Only three problems were experienced when the respondents made use of client suggestions to formulate new ideas. The obstacle that was most mentioned by the respondents was that the supplier resisted new ideas (50% of the responses obtained). This problem does not seem to be too important since it was experienced by only 28.57% (2/7) of the respondents who indicated that making use of client suggestions seemed to have contributed to their sales (commission) growth.

### 6.5(169)

It seems that the respondents need more guidance to help them address the problem of client suggestions that are not always practical to implement.

**Table 6.89:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 17, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Additional financial costs were incurred	2	66.67%	No solution	2
If a present was given to one client, all clients had to be given a present	1	33.33%	Decided to only give gifts to clients on their birthdays	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(170)

Only two problems were experienced when the respondents used gifts to revitalise sales. The obstacle that was most highlighted by the respondents was that additional costs had to be incurred (two-thirds of



the responses obtained). This problem seems to be important since it was experienced by 40% (2/5) of the respondents who indicated that the provision of gifts to revitalise sales strategy seem to have contributed to their sales growth.

#### 6.5(171)

It seems that the respondents need more guidance to help them address the problem that poses the biggest threat to the strategy of providing gifts to clients to revitalise sales.

**Table 6.90:** Barriers experienced on implementation of the fifth marketing mix strategy presented on interview card 17, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
Gifts were expensive	1	33.33%	No solution	1
It was difficult to keep record of incentives	1	33.33%	No solution	1
The adviser has many clients at the police station. If he gives a corporate gift to one person, then everyone wants one.	1	33.33%	He decided to only give gifts to clients on their birthdays	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

#### 6.5(172)

Only three problems were experienced when the respondents used gifts to retain existing clients. In relation to the 14 respondents who indicated that the strategy seemed to have contributed to their sales growth, the response rate for each problem is only 7.14% (1/14). It therefore seems that there is no major threat to the use of gifts to retain existing clients.

#### 6.5(173)

It further seems that the respondents need more guidance to help them address two of the problems experienced.

**Table 6.91:** Barriers experienced on implementation of the third marketing mix strategy presented on interview card 17, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=5 responses	Counterstrategies employed	Frequency
People did not always read product emails	1	20.00%	Phoned them and followed up on emails sent	1
It was time-consuming to organise events	2	40.00%	No solution	1
			Got help from external people	1
It was time-consuming to develop presentations	1	20.00%	No solution	1
It was costly to advertise	1	20.00%	No solution	1
<b>Total</b>	<b>5*</b>	<b>100.00%</b>		<b>5*</b>

\* Multiple mentions were allowed.

### 6.5(174)

Only four problems were experienced when the respondents used publicity to revitalise sales. The obstacle that was highlighted most was that it was time-consuming to organise events (40% of the responses obtained). This problem was experienced by only 22.22% (2/9) of the respondents who indicated that the strategy seemed to have contributed to their sales growth. It therefore seems that there is no major threat to the use of publicity to revitalise sales.

### 6.5(175)

It further seems that the respondents need more guidance to help them address the last three problems listed in Table 6.91.

### 6.5(176)

These respondents did not experience any problem when they used publicity to retain existing clients.

**Table 6.92:** Barriers experienced on implementation of the eighth marketing mix strategy presented on interview card 17, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
Not every person was open-minded enough to use the Internet	1	50.00%	No solution	1

Barriers experienced	Frequency	Per cent n=2 responses	Counterstrategies employed	Frequency
To communicate with clients on a continuous basis took time	1	50.00%	No solution	1
<b>Total</b>	<b>2*</b>	<b>100.00%</b>		<b>2*</b>

\* Multiple mentions were allowed.

### 6.5(177)

**Only two problems were experienced when the respondents applied the Internet strategy. In relation to the 8 respondents who indicated that the strategy seemed to have contributed to sales growth, the response rate for each problem is 12.50%. It therefore appears that there was no major problem when the respondents applied the Internet strategy to create competitive prices.**

### 6.5(178)

**It seems that the respondents need more guidance to help them address the two problems experienced.**

The following problem was experienced when one of the respondents made use of guarantees:

The administrator was slow to process an application. The respondent could not guarantee that an item would be added to the client's policy and that the client would be covered. The respondent motivated the administrator through continuous calls to speed up the service delivery.

### 6.5(179)

**Given the fact that only two respondents indicated that the use of guarantees seemed to have helped them increase their sales growth, the response rate for this problem is 50%. This problem does seem to be important and it seems that this problem was addressed adequately.**

## 6.5.18 Interview card 18

### Business problem presented on interview card 18

I had to address my financial resource requirements. I did not sell equities, but rather used bank debt to solve my financial resource requirements.

### Marketing mix strategies presented on interview card 18

- I encouraged clients to pay their accounts earlier than required by offering them a discount
- I outsourced some of the delivery of my service offering to other people

*(The interviewer explained to the respondents that the two strategies listed represented alternative approaches they could have followed to generate more cash flow and address their financial resource requirements. An adviser, for example, could have charged the client a fee for financial needs analysis done and then offer him or her a discount if he settled the account earlier. Similarly, money could also have been saved if an external resource were able to provide some service cheaper, for example collecting the client's medical reports and sending them to the insurer.)*

**Table 6.93:** Whether respondents used bank debt to solve financial resource requirements

Used bank debt to solve financial resource requirements	Frequency	Per cent	Cumulative frequency	Cumulative per cent
Yes	10	20.00%	10	20.00%
No	40	80.00%	50	100.00%

### 6.5(180)

**Twenty per cent of the respondents interviewed used bank debt to solve their financial resource requirements instead of selling equities. This can therefore be viewed as a problem that needs consideration but that is not too important in the businesses of the advisers.**

As a solution to the problem, one respondent used a personal loan and credit card financing. Table 6.94 below provides an overview of further solutions that were implemented to address this problem, as well as strategies that were implemented that seemed to have contributed to sales (commission) growth.

**Table 6.94:** Respondents' application and perception of marketing mix strategies presented on interview card 18

Marketing mix strategy	Solution to business problem	Seemed to have contributed to sales growth
	Number*	Number*
I encouraged clients to pay their accounts earlier than required by offering them a discount	0	1
I outsourced some of the delivery of my service offering to other people	1	8
<b>Total</b>	<b>1</b>	<b>9</b>

\* Reflects number of responses obtained. Some respondents applied the marketing mix strategy only to help generate sales growth and did not approach it as a solution to the business problem.

#### 6.5(181)

**Only the outsourcing strategy was implemented as a solution to the problem that was presented on interview card 18 and can consequently be regarded for this study's proposed framework.**

#### 6.5(182)

**The outsourcing solution should be viewed as an unfavourable solution, since it was only used by 10% of the respondents who experienced the business problem (1/10).**

#### 6.5(183)

**Both of the strategies listed in Table 6.94 should further be viewed as unfavourable strategies for sales growth. Only 16% of the respondents interviewed indicated that the outsourcing of their service delivery seemed to have contributed to their sales (commission) growth. (This strategy was selected most often.) Only 2% of the respondents interviewed said that to encourage their clients to pay their accounts earlier seemed to have contributed to their sales (commission) growth.**

### 6.5(184)

The two marketing mix strategies that were listed on interview card 18 cannot be included in this study's proposed framework, due to their low response rate.

### 6.5(185)

The respondent did not experience any problem when he encouraged his client to pay his account earlier.

**Table 6.95:** Barriers experienced on implementation of the second marketing mix strategy presented on interview card 18, as well as counterstrategies employed

Barriers experienced	Frequency	Per cent n=3 responses	Counterstrategies employed	Frequency
The person to whom the adviser outsourced work had to deliver a good service, as it could affect his reputation	2	66.67%	Spoke to the service provider and reminded him that the service provided affected his reputation	1
			Made use of networking to find a good service provider	1
The person to whom the adviser outsourced some of his work was dishonest. He did not disclose all the deals he made with the adviser's clients.	1	33.33%	The adviser phoned his clients to find out about the deals that were closed	1
<b>Total</b>	<b>3*</b>	<b>100.00%</b>		<b>3*</b>

\* Multiple mentions were allowed.

### 6.5(186)

Only two types of problems were experienced when the respondents made use of outsourcing. The problem that was mentioned most (two-thirds of the responses obtained) was that the person to whom the adviser outsourced his work had to deliver a good service, as it could affect his reputation. This problem does not seem too important since only 25% (2/8) of the respondents who indicated that the use of outsourcing seemed to have contributed to their sales growth experienced this problem.

### 6.5(187)

It further seems that adequate solutions were implemented to address to two problems experienced.

Some of the respondents were asked additional questions during the personal interviews. The findings obtained from these questions are examined below.

### 6.5.19 Internet communication

If the respondent indicated that he or she used Internet communication, the respondent was asked the following question:

#### Question 6

Which aspects did you take into consideration to design an effective Internet communication strategy?

*(The interviewer explained to the respondents that with an effective Internet communication strategy, the Internet process would be running smoothly and the business would be able to benefit from the strategy followed.)*

**Table 6.96:** Aspects considered to design effective Internet communication strategy

Aspects considered	Frequency	Cumulative frequency
Does my client have an email address	4	4
What actions can be taken to save time	8	12
How can I save on fees (i.e. transport fees)	3	15
If my client reads email on a regular basis	1	16
What I can do to limit the amount of emails sent	1	17
The cost of the relevant hardware and software	3	20
The cost of the Internet service provider	3	23
Are my clients able to use the Internet	2	25
I had to be able to download, for example, application forms	1	26
I only used the Internet to obtain information from suppliers	1	27
Do my clients want me to communicate via email	2	29
I had to encourage clients to email me	1	30
I was afraid clients would delete my emails, so I sent jokes	1	31
If my clients would be able to benefit	1	32*

\* Multiple mentions were allowed.

Eight respondents indicated that they considered the actions that could be taken to save time. Four respondents considered whether their clients had an email address. Not many respondents reflected on the other aspects listed in Table 6.96.

The main finding that can be derived from question 6 is as follows:

### 6.5(188)

**Eight respondents indicated that when they designed their effective Internet communication strategy, they considered the actions that could be taken to save time. This aspect was mentioned most by the respondents.**

### 6.5.20 Business image strategy

If the respondent indicated that he or she used the business image strategies, the respondent was asked the following question:

#### Question 7

Which of the following methods did you use to assist with your business image strategy?

- **Advertising** (to reinforce the current image of my business/develop a new image for my business or to reposition the image of my competition).
- **Personal selling** (to reinforce the current image of my business/develop a new image for my business or to reposition the image of my competition).
- **Sales promotions** (providing gifts, such as pens) (to reinforce the current image of my business/develop a new image for my business or to reposition the image of my competition).

Table 6.97 below provides a summary of the responses obtained.

**Table 6.97:** Methods to assist with relevant business image strategy

Method used	Reinforcing the current image of my business (A)	Developing a new image for my business (B)	Repositioning the image of my competition (C)
Advertising (1)	2	3	0
Personal selling (2)	13	5	5
Sales promotions (3)	3	0	0

Table 6.97 provides the following insights: to reinforce the current image of their businesses, the financial advisers concentrated most on personal selling (A2) and least on advertising (A1).



To develop a new image for their business, the financial advisers concentrated most on personal selling (B2) and did not consider sales promotions at all (B3).

To reposition the image of the competitors, the financial advisers used only personal selling (C2).

The main finding that can be derived from question 7 is as follows:

### 6.5(189)

**Personal selling was the method used most by the respondents to reinforce the current image of their businesses, to develop a new image for their businesses and to reinforce the image of the competition.**

### 6.5.21 Benefits of outsourcing

If the respondent indicated that he or she outsourced some of the delivery of his or her service offering to other people, the respondent was asked the following question:

#### Question 8

Please mention the benefits you gained from this action.

**Table 6.98:** Benefits gained from outsourcing

Benefits gained	Frequency	Per cent n=7 responses	Cumulative frequency	Cumulative per cent
I had more time to focus on my core business offering	1	14.29%	1	14.29%
I can offer a complementary service to clients (in which I have no experience) to retain them	5	71.43%	6	85.71%
I gained extra commission	1	14.29%	7	100.00%

Table 6.98 reveals that one respondent indicated he had more time to focus on his core business offering. Five respondents indicated that they could offer a complementary service (in which they had no experience) to clients to retain them. One respondent indicated that he earned extra commission.

The main finding that can be derived from question 8 is as follows:

## 6.5(190)

Five respondents indicated that their outsourcing strategies helped them to offer a complementary service (in which they had no experience) to clients to retain them. This benefit was mentioned most by the respondents.

## 6.6 MEASUREMENT ACCURACY

The validity and reliability of the data receives attention first.

### 6.6.1 Validity and reliability of the results

Over the years a number of researchers have attempted to define the concept of validity. Table 6.99 below presents a summary of some of the definitions that have been formulated:

**Table 6.99:** Definitions of validity

Definition	Researchers
"The extent to which differences found among respondents using a measuring tool reflect true differences among respondents"	Stevens <i>et al.</i> (2006:82)
"The ability of a measurement instrument to measure what it is supposed to measure"	Aaker <i>et al.</i> (2001:742)
"The extent to which the application of a scale that measures what it is intended to measure"	Kent (2007:141)
"Whether the subject requiring to be measured was actually measured"	Wilson (2003:340)
"The degree to which what the researcher was trying to measure was actually measured"	McDaniel and Gates (2006:G-6)
"Validity is concerned with the integrity of the conclusions that are generated from a piece of research"	Bryman and Bell (2003:33)

Saunders, Lewis and Thornhill (2007:614) further indicate that there are two key elements that can be associated with the concept of validity, namely:

1. "The extent to which data collection method or methods accurately measure what they were intended to measure."
2. "The extent to which research findings are really about what they profess to be about."

These two statements offer a good summary of all the definitions of validity that have been highlighted in the above table and can therefore be accepted in this study as a comprehensive and true description of the concept of validity.

The reliability of a study, in contrast, refers to the degree to which the application of a scale generates consistent answers if repeated measures are taken (Kent, 2007:570; Saunders *et al.*, 2007:609). Stated differently, McDaniel and Gates (2006:G–5) define validity as “the degree to which measures are free from random error and, therefore, provide consistent data”.

There are three techniques that can be employed to monitor reliability, namely test-retest, the use of equivalent forms and internal consistency (McDaniel & Gates, 2006:222).

*Test-retest reliability* is obtained by repeating the measurement with the same instrument, approximating the conditions of the first test as closely as possible. *Equivalent forms of reliability* are determined by drafting, for example, two very similar questionnaires and then measuring the correlation between the scores obtained from the two instruments. *Internal consistency reliability* measures the ability to deliver similar data when different samples are used to evaluate a phenomenon, during the same time period (McDaniel & Gates, 2006:222–224).

Due to time and financial resource constraints, it was not possible in this study to conduct the same interview process twice. The researcher also had to test a very large number of concepts in the telephone and personal interview questionnaires. The questionnaires would have been too long and could have led to respondent fatigue, if more of the same types of questions had to be added (to measure consistency in answers). Finally, since the research design of this study is mainly exploratory in nature, only a relatively small number of respondents were interviewed (see Section 6.2). It would therefore also not have been possible to use statistical measures to determine the validity and reliability of the study.

Despite these obstacles, it is still possible to motivate the validity and reliability of this study. Saunders *et al.* (2007:364–366) indicate that there are at least

four stages that must occur for a question to be considered as valid and reliable:

- **Stage 1:** the researcher should at first have a clear understanding of the data that will be required and needs to design the questions accordingly.
- **Stage 2:** in the second stage, the respondent has to decode the question in the manner that the researcher intended it to be.
- **Stage 3:** the respondent now has to answer the question.
- **Stage 4:** in the fourth stage, the researcher has to decode the answer in the manner that the respondent intended it to be.

**The remaining part of this section provides more insight into the various actions and techniques this study has followed to meet the requirements of the four stages and produce a study that is valid and reliable.**

- **A clear understanding of the data required and design of questions**

Gray (2009:375) indicates that the issue of validity can be addressed directly by having the content of the questionnaire aligned with the study's research objectives. This, however, would not entail simply writing a question about each objective of the study. The approach would be too simplistic and could lead to acquiring misleading information. Researchers should rather determine the kind of information they require and then build a questionnaire around these requirements (Brace, 2008:11).

Aaker *et al.* (2001:305) also believe that the research objectives first have to be transformed into specific information requirements before a questionnaire can be developed. They further indicate that secondary to this action, attention would also have to be paid to the research hypotheses. Hypotheses propose possible answers to the questions implied by the research objectives, and the questions from a questionnaire could elicit those potential answers (Aaker *et al.*, 2001:305).

Chapters two to four first investigated a number of theories related to the secondary objectives of this study. Several research propositions were then formulated pertaining to these literature findings. (In Section 4.10 it

was stipulated that since this study is exploratory in nature and the research is not based on previously established models, research propositions (rather than hypotheses) are more suitable for this study.) This exercise was very useful to help determine the kind of information required in this study to meet the research objectives and to build the telephone and interview questionnaires around these requirements. (Table 5.2 then provided a summary of the link between the research objectives, research propositions and the research questions that were used in the telephone and personal interview questionnaires.)

- **Decoding questions in the manner the researcher intended them to be**

According to Altinay and Paraskevas (2009:130), a pilot study can assist to assess whether the questions asked are clear and easy to understand and whether additional questions will need to be asked to achieve the research objective. In essence the primary purpose of pilot testing is to identify any remaining problems that might occur in the questionnaire (Sudman & Blair, 1998:301) and to make the necessary adjustments so that the respondents will not have any difficulty in answering the questions and there will also not be any problem in recording the data (Saunders *et al.*, 2007:386–387).

After the questionnaire was designed, the researcher conducted a pilot study to ascertain whether the respondents would decode the proposed questions in the manner they were intended to be and to ensure that potential problems could be addressed in advance. The pilot test revealed that the initial personal interview questionnaire was too long. Some of the questions of the telephone questionnaire also had to be rephrased to make certain that the respondents understood what was required of them and would be able to provide accurate information.

The interview technique was then used as a second approach to ensure that the respondents would decode the questions accurately.

Interviews can help to obtain richness and depth of information (Salkind, 2005:192). Saunders *et al.* (2007:319) indicate that the interaction between the interviewer and the interviewee is flexible and responsive. Meanings

can be probed, topics can be covered through many different angles and questions can be made clear to the informant. The researcher also experienced these benefits during the execution of the pilot study and accordingly insisted that the team of interviewers who conducted the fieldwork make certain that the respondents understood the questions correctly.

- **Answering questions and decoding answers in the manner that respondent intended**

Cooperation from the respondents is important in order to obtain the correct information. Some respondents, though, may not want to tell the truth. They might not have faith in the researcher, may want to sabotage the investigation or feel too ashamed to tell the truth (Breakwell, Smith, Fife-Schaw & Hammond, 2006:247).

Researchers can implement a number of strategies to address these problems. Gray (2009:375) indicates that the validity of a study can be strengthened by using interview techniques that build rapport and trust – to give the respondents the scope to express themselves (Sudman & Blair, 1998:175–176). Kopeikin (2000) supports this view. He postulates that respondents are generally more disclosing, honest and responsive when they have a warm and comfortable relationship with the interviewer. To create this kind of environment, interviewers have to be extremely pleasant, respectful, interested and should not judge the respondent. Open-ended questions can also be asked to prompt the respondents to illustrate and elaborate on their initial answers (Gray 2009:375). Denscombe (2007:201–202) further recommends that researchers ask themselves if the respondent would be in a position to have knowledge about a certain topic. Another strategy would be for researchers to attempt to identify general themes. If a number of respondents mention a certain topic, it can be accepted that the event actually occurred (Denscombe, 2007:201–202).

Once accurate answers have been obtained from the respondents, researchers have to ensure that the answers are recorded correctly. According to Saunders *et al.* (2007:326), an interviewer needs good

listening skills. This entails being willing to spend the time to listen and gain an understanding and to hold back on personal opinions. Careful listening should enable the interviewer to identify comments that are significant to the topic under investigation and to explore them further. Interviewers could then also test their understanding by summarising the answers given by the respondents. This will allow the interviewee to confirm the response given and to make corrections where necessary. It could also help to avoid interview bias and incomplete interpretations. Finally, to avoid losing important information and enhance the trustworthiness of the data, it is vital for the interviewer to make notes during the course of the interview and to prepare a complete record immediately after the interview has taken place (Saunders *et al.*, 2007:326).

The researcher used a team of professional interviewers to collect the data required. These interviewers were able to build a rapport and trust to allow the respondents to express themselves. The telephone and personal interview questionnaires also had a number of open-ended questions where the interviewers were able to prompt the respondents to illustrate and elaborate on their initial answer. All the respondents interviewed were independent financial advisers who operated small businesses and answered the questions in the context of their field of expertise. The researcher was also able to identify general themes among the respondents' answers (for example, staff that need training and a lack of sufficient time to perform all their duties.) The professional interviewers further applied good listening skills and made sure that they recorded the respondents' answers correctly.

In conclusion, the researcher was able to perform the following activities to create a study that was valid and reliable:

- Design telephone and personal interview questionnaires aligned with the secondary research objectives and information requirements of this study
- Make the necessary adjustments to the questionnaires (based on the outcome of the pilot study) to ensure that the respondents would decode the questions correctly

- Use the interview technique as a second approach to ensure that the respondents would understand the questions correctly
- Benefit from the experience and expertise of professional interviewers who were able to obtain accurate answers from the respondents and record these answers correctly

This study has therefore made every effort to align the questionnaire with the research objectives and to follow reliable procedures that could generate consistent results if measures had to be repeated.

The validity and reliability of the personal interview data did not pose a problem. The researcher did, however, experience an obstacle with the questions in the telephone interview that related to the organisational life cycle stages of the respondents. It was mentioned in Section 6.4 that it was not possible to group the respondents according to Ferreira's variables and the five proposed clusters established with Ward's minimum variance test could not be accepted as a valid representation of the individual business phases of the respondents who experienced commission growth. The researcher initially used this methodology since it has been lauded as a technique for empirically operationalising the life cycle stages of a business (Hanks *et al.*, 1993). The data obtained from the telephone interviews, however, indicated that the independent financial advisers of this study had a completely different business design from the types of businesses that Ferreira (2000) originally investigated in his study.

The questions in the telephone interview that related to the organisational life cycle stages of a business were not asked completely in vain. They were of great value to discover that the life cycle criteria proposed by Ferreira do not apply to the businesses of independent financial advisers. A future study would simply need to identify different criteria that can be used to group the respondents into their life cycle stages.

The following section provides an overview of the different measures that were employed in the field study to reduce the potential for error to a minimum.



## 6.6.2 Management of potential errors

Barnes (1991:382–383) identifies two main sources of error in field data collection, namely sampling error and nonsampling error.

Kent (2007:571) describes *sampling error* as the difference between the result of a sample and the result a census would have provided, if identical procedures were used. According to Sudman and Blair (1998:332), sampling error refers to the fact that samples do not always mirror a population's true characteristics, even if a fair procedure was employed to select the study's sample.

In Section 5.4.3 it was explained that since the convenience sample technique (used in this study) does not follow any predesigned method, a sample error could not be determined. It was further argued that owing to the exploratory nature of this study, no scientifically representative conclusions would be made and that the inability to determine a sampling error would not affect the research objectives of this study.

Kent (2007:241) describes *nonsampling errors* as “survey errors that are not a result of the sampling process”. The nonsampling errors in field data collection could be grouped into nonobservation errors, observation errors, interpretation errors, recording errors and interviewer cheating (Barnes, 1991:383).

Each of these errors now receives further attention.

- **Nonobservation errors**

The level of nonobservation error present in a survey is dependent on the extent to which respondents were included in the sample that were intended to be included and the degree to which those individuals selected to participate were able and keen to complete the survey. *Noncoverage errors* occur if respondents who should have been included in the sample were omitted. *Nonresponse errors* can occur if the respondents contacted are not available or refuse to cooperate (Barnes, 1991:384–387).

The following techniques as suggested by Stevens *et al.* (2006:176) were used to address nonresponse error in this study:

- The value of the research was explained.
- The importance of the respondent's opinion was emphasised.
- The respondent was notified in advance of the personal interview.
- The confidentiality of the answers provided was ensured.

However, as indicated in Table 6.1, a number of respondents were still unavailable or refused to participate. Noncoverage errors and nonresponse errors therefore still occurred in this study.

Kent (2007:198) argues that it is uncommon that all potential respondents selected are successfully contacted and it is also seldom that those contacted agree to participate. Wilson (2003:194), in addition, indicates that the researcher should consider the implications of nonresponse on the findings of the study.

Since this study is exploratory in nature and no scientifically representative conclusions are made, the participation that was obtained from the respondents in the field can be viewed as adequate.

▪ **Observation errors (field errors)**

Barnes (1991:389) explains that the errors that occur during the completion of the survey in the field are attributable to the personal interaction between the interviewer and the respondent, the degree to which the interviewer departs from the interviewer guide and the degree to which the interviewer influences the respondent's answers through the manner in which the questions are asked.

To avoid *interaction errors*, it is the responsibility of the interviewer to gain cooperation from the respondents and to motivate them to provide comprehensive and accurate answers to the questions being asked (Barnes, 1991:390). *Departure from the interviewer guide* can be prevented by requesting the field staff to ask the questions precisely as they are worded in the questionnaire (Barnes, 1991:391). To prevent *influencing the*

*respondent's answers*, an interviewer can be instructed to use the following questions when probing (Barnes, 1991:392):

- “Could you explain that for me?”
- “Are there any others?”
- “What do you mean by that?”

Practically all the recommendations described above were considered and implemented to avoid observation errors in this study. (As motivated in Section 6.6.1, the researcher, however, in some instances, did allow the interviewers to explain the questions to the respondents in more detail, to ensure that the respondents would understand the questions being asked correctly and could provide valid answers.)

▪ **Interpretation errors, recording errors and interviewer cheating**

According to Barnes (1991:393), the interpretation errors and recording errors that can possibly occur can be grouped into three categories, namely judgement errors, clerical errors and recording errors.

If an interviewer interprets the answer of the respondent incorrectly a *judgement error* is made. *Clerical errors* occur when an interviewer, for example, selects the wrong box or circles the wrong number. A *recording error* will arise if an interviewer, for example, does not record the respondent's answer to an open-ended question correctly (Barnes, 1991:393–394).

An interviewing *cheating error* is made if the interviewer deliberately departs from instructions given (Barnes, 1991:394).

Barnes (1991:393–395) recommends that interviewers be trained to prevent these types of errors. Kent (2007:202) suggests interviewer training, along with the supervision of field activities and control.

The meaning and the purpose of each question were explained during the interview training session. The importance of obtaining accurate answers was also emphasised. The field manager undertook that care would be

taken to capture the respondents' answers correctly. After the fieldwork was completed, the responses obtained from the respondents were also discussed with the field manager to ensure that the correct procedure was followed.

In addition to the nonsampling errors described above, the researcher also considered the nonsampling errors highlighted by Aaker *et al.* (2001:90–91). Table 6.100 below provides a brief summary of these errors as well as the strategies, as suggested by McDaniel and Gates (2006:121), that were implemented to avoid their occurrence.

**Table 6.100:** Additional nonsampling errors considered and strategies implemented to avoid their occurrence

Nonsampling error	Description	Strategy implemented to avoid occurrence
Sample frame error	Occurs if the sample is selected from an incorrect sample frame	The best sample frame possible should be obtained. There was a distinct possibility that the list of advisers obtained from the Financial Services Board would be independent financial advisers, operating small businesses that advised on and sold financial products. Questions 1, 2 and 3 of the telephone interview were asked to ensure that the advisers on the list actually interviewed did qualify for this study.
Surrogate information error	The disparity between the information required for a research study and the information wanted by the researcher	Attention was paid to the type of information that was required to address the research objectives of this study. The summary in Table 5.2 provides evidence that there is a link between the research questions, research propositions and research objectives of this study.
Measurement error	The difference between the information sought by the researcher and the information obtained through a specific measurement procedure	Measurement error can be limited by careful questionnaire design and pre-testing. The pilot test that was conducted helped to address the occurrence of this error.
Data analysis error	Arises if inappropriate statistical analyses are used	Careful consideration was given to the various statistical methods available. The Department of Statistics at the University of Pretoria assisted the researcher to select the most appropriate statistical methods for this study.

Nonsampling error	Description	Strategy implemented to avoid occurrence
Processing error	May arise when the data is captured from the questionnaire to the computer	Quality control checks need to be implemented to address this error. The researcher ensured that the data of the questionnaires were captured correctly.
Population specification error	Occurs if an inappropriate population is selected from which the data must be obtained	Careful consideration was given to the selection of the population of this study.

Source: Aaker *et al.* (2001:90-91) as well as McDaniel and Gates (2006:121)

## 6.7 SUMMARY

In chapter six the results obtained from the telephone and personal interviews were presented and analysed to gain more insight into the demographic profiles of the respondents, as well as the types of problems and strategies they actually have experienced and implemented in their businesses.

It was also discovered in this chapter that the life cycle clusters established with Ward's minimum variance test method are not mutually exclusive and could therefore not be accepted as a valid representation of the business phases of the respondents who experienced commission growth. Because independent financial advisers in general might only have a more simple organisational structure and could still be grouped into the other general business life cycle stages (based on the remaining six factors listed in Table 2.2), it was further not possible to assume that they all belong to a single organisational life cycle stage.

Based on these findings as well as the results obtained from the literature review, the last chapter (chapter seven) now sets out the conclusions and recommendations of this study.