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HUMAN CAPITAL OF FINANCIAL PLANNERS AND VALUE CREATION IN SOUTH AFRICAN FINANCIAL PLANNING BUSINESSES

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HUMAN CAPITAL OF FINANCIAL PLANNERS AND VALUE CREATION IN SOUTH AFRICAN FINANCIAL PLANNING BUSINESSES

by

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Jaqueline Birgitta Palframan

Gqeberha, South Africa

March 2022

DEDICATION

This thesis is dedicated to my family, past and future.

Firstly, my late parents, Ron Halse and Birgitta Granroth Halse who gave me roots and wings.
I have learnt that life has a way of circling us back to where we should be.
My father hoped I would become a doctor,
My mother hoped I would become a teacher.
Their wish is now granted.
How I wish they could share this milestone with me.

Secondly, my husband Mike, my love, friend and greatest champion, who shows me daily what joy, trust, creativity, hope, optimism, confidence, relationship, resilience, determination, discipline and dedication look like. What a beacon he is to us.

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"You are the bows from which your children
as living arrows are sent forth"
Kahlil Gibran

"The human mind is our fundamental resource"
John F. Kennedy

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ABSTRACT

Improved healthcare enables people to live longer and thus spend more time in retirement than ever before. In addition, South Africans have a low propensity to save and invest, resulting in the danger of them living longer than their finances permit. The financial planning industry is also experiencing the technological automation of many transactional services, which could make the "traditional" role of financial planners redundant. Furthermore, financial planning businesses are prone to failure, especially during the start-up phase. As such, appropriate business management strategies, especially those relating to human capital, are critical to facilitate the effective development of financial planning businesses and which will enable financial planners to better engage with existing and new clients, resulting in creating more value creation for their financial planning businesses and benefitting the South African economy at large. It is a well-known fact that people who engage with a financial planner report better outcomes in terms of financial and general well-being than those who approach financial planning with a "do-it-yourself" mindset, which further emphasises why the longevity of financial planning businesses in South Africa is important.

To date, however, limited academic research has been conducted on the influence of financial planners' human capital on value creation in their financial planning businesses. Furthermore, although research in the financial planning field is growing, previous research has mostly focused on areas pertaining to financial advice, the financial planning process and products used in financial planning, rather than on the creation of profitable businesses or on how to create value within these businesses. Against this background, the primary objective of this study is to investigate the influence of selected *Human capitals* of financial planners on value creation in South African financial planning businesses. More specifically, the study investigates the influence of the independent variables of *Social capital* (measured individually in terms of its sub-categories, *Relational social capital*, *Network social capital* and *Cognitive social capital*), *Entrepreneurial capital* and *Psychological capital* on the dependent variables (*Perceived financial value creation* and *Perceived non-financial value creation*).

Based on the primary objective and research questions of the study, as well as the assumptions of the researcher, this study was positioned in the positivistic research paradigm and a deductive approach to theory development was adopted. The purpose of the study was explanatory, and a mono-method, quantitative methodological approach was selected. A survey strategy using a cross-sectional approach was undertaken and a measuring instrument in the form of an online questionnaire was developed to gather the data required. After undertaking a pilot study, the electronic link to the covering letter and online questionnaire was sent to potential respondents identified through the convenience and snowball sampling techniques. The data collection yielded 360 usable responses from South African financial planners on which to undertake the statistical analysis.

Data analysis ensued to investigate the hypothesised relationships between the independent and dependent variables. A confirmatory factor analysis (CFA) was performed on each of the factors that made up the measurement models. These CFAs were compared to the various goodness-of-fit indices and then validity and reliability assessments of the factors were conducted to confirm the suitability of the measuring instrument. Thereafter, Cronbach's alpha coefficients, average variance extracted (AVE) estimates and squared correlations between the constructs were reported. The hypothesised model was confirmed based on these analyses. Descriptive statistics and correlation results on the dependent and independent variables were then reported. Structural equation modelling (SEM) was used as the statistical technique to test the significance of the hypothesised direct and moderating relationships.

The results confirmed a direct, significant relationship between all the independent variables, namely, *Social capital* (measured individually in terms of its sub-categories, *Relational social capital*, *Network social capital* and *Cognitive social capital*), *Entrepreneurial capital* and *Psychological capital*, and the dependent variables (*Perceived financial value creation* and *Perceived non-financial value creation*). Regarding the hypothesised moderating influence of *Social capital* on the relationships between the independent variables *Entrepreneurial capital* and *Psychological capital*, and the dependent variables, it was found that only *Relational social capital* and *Network social capital* moderated the relationship between *Psychological capital* and *Perceived financial value creation*.

This study has contributed to the body of knowledge of financial planning in general, as well as how the human capital of financial planners influences both financial and non-financial value creation in financial planning businesses. Practical recommendations were made that could enhance financial planners' value creation in financial planning businesses, which, in turn, would influence the sustainability of these important businesses.

KEY WORDS: Human capital, Social capital, Relational social capital, Network social capital, Cognitive social capital, Entrepreneurial capital, Psychological capital, Value creation, Financial planner, Financial planning.

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CHAPTER ONE

INTRODUCTION, PROBLEM STATEMENT AND SCOPE OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

As global socioeconomic status increases and access to better healthcare enables people to live longer, people are spending more time in retirement than ever before and, as a result, financial planning to prepare for a longer retirement has become increasingly important (Bravo, Ayuso, Holzmann & Palmer 2021:2; McGarry 2020:1). Furthermore, given the increasing longevity brought about by modern advancements in the medical profession, people are now in danger of living longer than their finances permit (Blanchett, Finke & Pfau 2016). Years now spent in retirement are extending to between 30 and 40 years (Bravo 2020:1; Trzpiot 2016; Pokorski & Berg 2014:80; Certified Financial Planner Board of Standards 2011; Mitchell, Piggott, Sherris & Yow 2006:17).

People, however, are not natural savers (Thomas 2015), and thoughts about funding their retirement only become important in the later working years (Antoni, Saayman & Vosloo 2020:577). By indication, South Africans are known for spending beyond their means with evidence of dissaving reflected in the ratio of debt to disposable income, which stood at 75.3% in the fourth quarter of 2020 (South African Reserve Bank 2021:2).

As a result of increased longevity, as well as the low propensity of South Africans to save and invest, appropriate personal financial planning becomes critical to ensure that people's financial well-being is promoted, and finances are planned to last for the longer than expected years in retirement. Financial planning in general and financial planners, in particular, are thus important to ensure that adequate attention is given to personal financial planning from a young age. People who engage with a financial planner report better outcomes in terms of financial and general well-being than people who approach financial planning with a "do-it-yourself" mindset (Newton, Corones, Irving & Thomas 2015:9).

In South Africa, the regulatory authority known as the Financial Sector Conduct Authority (FSCA), reported the size of the financial planning and intermediary market to include 11 283

licensed Financial Service Providers (FSP), ranging from large banks, insurers and financial planning corporates, to independent sole proprietors (FSCA 2021:27). These FSPs are structured as different business entities ranging from publicly-listed companies to privately-owned businesses and individual practices. In South Africa, these FSPs are responsible for advising and managing a collective asset base, which exceeds R10 trillion in assets as at 30 June 2020 (FSCA 2021:27). Within these FSPs, over 100 000 financial planners are accredited by the regulatory authority as representatives who advise clients on their financial planning requirements (FSB 2014:16).

Financial planners are, therefore, important role-players in encouraging their clients to properly manage their financial affairs and to make effective financial decisions for a future, which neither the financial planner nor the client can predict. This implies that the type of business environment in which a financial planner operates can be described as non-predictive and uncertain (Bezuidenhout & Akindolani 2017:8; Parnaby 2011:1191; Mulvey & Shetty 2004:1; Tarrazo & Gutierrez 2000:89).

In addition, financial advice and products are intangible in nature (Rossini & Maree 2010:4) and are not sought on a proactive basis. Many individuals delay their financial planning decision-making and are not able to accurately forecast the impact of important events in their lives. Many often only seek financial advice in times of uncertainty, for example, following the occurrence of specific life events or milestones (Engelman, Capra, Noussir & Berns 2009:1). These events could include work-related events such as securing a job, changing jobs, retrenchment or retirement, as well as life-events such as such as marriage, divorce, birth of a child, severe illness, death in the family or reaching a milestone birthday, all of which have significance for an individual's cognition or realisation of their personal financial planning provisions (Botha, Rossini, Geach, Goodall, Du Preez, Rabenowitz & Palframan 2019:124).

The uncertain and dynamic business environment, the intangible nature of financial planning products and/or services, as well as delayed financial decision-making by individuals, are some of the many factors that contribute to the success or failure of financial planners in the process of value creation in their businesses (Rossini & Maree 2010:4). In addition, before they can be licensed by the FSCA to give financial advice, financial planners need regulatory approved qualifications, which incorporates specific explicit knowledge, skills and competencies, as well

as good social skills, before client relationships can be built and financial advice services can be offered (Palframan 2014:317; Rossini & Maree 2010:6).

Furthermore, as with most other industries, the financial planning industry is currently experiencing rapid technological and artificial intelligence developments. Artificial intelligence and technological developments are making their mark felt in the financial planning industry as well as the wider financial services industry (Yermack 2018:2). The increasing availability of algorithmic based financial technology (for example, Fintech) is providing investors with a range of technology-only investment options, which, in some cases, can replace the traditional human financial planner (Sironi 2016:14).

With more transactional financial services becoming automated (for example, from anyone now being able to use online retirement calculators to purchasing collective investment schemes and insurance directly online), some people may risk adopting a "do-it-yourself" approach to their financial planning. The development focus of financial planners should, therefore, move away from focusing on their technical skills to improving their relationship building and social skills. In addition to technical skills, it is these relational and social skills that are necessary to encourage and educate clients on the importance of creating, implementing and maintaining sound financial plans, and are important in influencing the financial planner's ability to create value in the financial planning business.

Value creation takes place through the mastery of various forms of capital, which in the context of business management are also known as factors of production. According to Pass, Lowe and Davies (2005) in the Collins Dictionary of Economics, capital is defined as the "resources a business has at its disposal as a factor of production in the creation of wealth". Capital can be categorised into two broad subcategories, namely, financial capital and intellectual capital, also known as intangible capital (Wang 2015; Özer & Ergan 2014:146; Skyrme 2011; Ireland, Hitt & Sirmon 2003:973; Edvinsson & Malone 1997; Stewart 1997). On the one hand financial capital is described as capital (physical and economic capital) that can be liquidated and is at the businesses' disposal to be utilised in the pursuit of future profits. Physical capital represents the tangible assets at the businesses' disposal such as property, equipment and computers used in the production of income. Economic capital is the amount of capital required by a business to remain solvent in the event of unexpected risks (Wang 2015; Özer & Ergan 2014:146;

Stewart et al. 2011; Ireland et al. 2003:973). Intellectual capital, on the other hand, is defined by Khalique, Bontis, Shaari and Isa (2015:225) as an intellectual contribution to a business brought about through the inclusion of education, knowledge, information, expertise, intellectual property and experiences, all owned by the individual and rented by the employer to create organisational wealth.

A financial planner's occupation is the provision of professional services and their product is financial advice, delivered through the acquisition and management of knowledge (as their predominant resource) (Botha et al. 2019:8, 39; Rossini & Maree 2010:9). Financial planners as participants in the knowledge economy rely heavily on the utilisation of their intellectual capital, also referred to as intangible capital in the creation of value. According to acclaimed authors on intellectual capital such as Edvinsson and Malone (1997), Huggins, Johnston and Thompson (2012), Stewart (1997) and Skyrme (2011), intellectual capital can be further classified into two broad subcategories, namely, structural capital (customer capital and organisational capital) and human capital (entrepreneurial capital, psychological capital, cultural capital, moral capital, spiritual capital and social capital).

Some authors posit that social capital is a subcategory of intellectual capital (Khalique et al. 2015:226) whereas Becker (1993) suggests that it is a subset of human capital. Becker (1993) suggests that a person cannot exist in isolation but exists in relation with others, therefore, social capital can be viewed as an extension to or category of human capital (Zhao, Wei, Chen & Yien 2020:2). Social capital can be further subcategorised into relational social capital, network social capital and cognitive social capital. In addition, Wang (2015:55) points out that moral capital is a spiritual element of human capital, which whilst directly linked to human capital, deters people from gaining certain benefits, which may be against their values and morals. A more detailed description of the different types of capital is provided in Chapter Two.

Value creation, through the appropriate mastery and management of the various forms of capital such as financial and intellectual capital, can be unlocked by the individual. It can be enjoyed from a financial or extrinsic perspective such as greater income, profits and benefits, or from a non-financial or intrinsic perspective such as personal motivators and improved lifestyle factors such as status, job satisfaction, independence, creating opportunities, pursuing

one's own interest, reputation, prestige or work flexibility (Sander & Lee 2014; Sledzik 2013:93-94; Van den Heever 2014:7).

Even though both financial capital and intellectual capital are important to financial planners, Low (2000:260) notes that as much as 45% of the market value of financial services businesses is driven by non-financial performance factors such as human and social capital. Therefore, in addition to financial capital (economic and physical capital), the knowledge economy requires that specific attention be given to these components of intellectual capital.

Against this background, the problem statement, purpose and research objectives of the study are described. Thereafter, the hypotheses and research questions are phrased and the research design and methodology are outlined, followed by the scope and demarcations of the study.

1.2 PROBLEM STATEMENT

To date, limited academic research has been conducted on the influence of various forms of capital in the creation of value by financial planners in financial planning businesses. Whilst several studies have investigated the nature of value creation in entrepreneurship (Van den Heever & Venter 2019:1; Kähkönen and Lintukangas 2018:979; Van den Heever 2014:133; Habbershon, Nordqvist & Zellweger 2010:23; Cruz Serrano, Habbershon, Nordqvist, Salvato & Zellweger 2006:19), limited research can be found specifically relating to the creation of value in the financial planning industry. While previous research reflected on how to become a successful financial planner (De'Armond & Durband 2013:2) or how to set up a successful financial planning practice (Rossini & Maree 2010:46; Porter 2010:1), very little has been written on how human capital of financial planners influence value creation in their businesses.

A review of the proceedings of papers presented at the primary international academic financial planning conference hosted by the Academy of Financial Services in the USA annually provides evidence of the types of research being undertaken globally. According to the proceedings and reports on the papers published at this conference (AFS Proceedings 2015-2017; Kitces 2017), the focus has been mainly on technical matters relating to the components of financial planning, as well as the job analysis, process and products used in financial

planning (AFS Proceedings 2015-2017; FPSB:2014:5), rather than addressing the *human side'* of financial planning and financial planners.

In the South African context, a review of the scant financial planning research reveals the focus had been predominantly on client perspectives, such as perceptions of people approaching retirement, financial literacy and technical matters such as investments, taxation, retirement shortfalls (Journal of Economic and Financial Sciences 2016-2019). Research of an academic nature in the financial planning field from a business perspective includes the education, key skills and competencies required by the financial planning industry (Palframan, 2014) and the organisational commitment of financial planners (Paterson 2017).

Furthermore, although research in the financial planning field is growing, studies have focussed mostly on areas pertaining to the advice activities, the financial planning process and products used in financial planning, rather than on the creation of profitable businesses or on how to create value within these businesses (Journal of Economic and Financial Sciences 2016-2019; AFS Proceedings 2015-2017; Kitces 2017). Failure to address this important knowledge gap can lead to the stagnation of businesses in the financial planning industry and an erosion of individual wealth through inappropriate financial planning for longevity and the uncertainties in life.

In addition, despite the important role that financial planners play in the South African economy, controlling over R10 trillion in assets as at 30 June 2020 (FSCA 2021:27), it is not uncommon for financial planning businesses to stagnate or become unprofitable resulting in a closure or amalgamation of the business with a more successful business. According to the FSCA 2021 Annual Report (2021:70), some 404 FSP licences were lapsed owing to retirement of the owner or amalgamation during the 2020 reporting period. In an industry currently experiencing a critical skills shortage (RSA 2014:16), this represents an approximate 5% lapse ratio over the period.

The financial planning industry is currently experiencing developments in technology and artificial intelligence with more transactional financial planning services becoming automated. However, people who have adopted a *do-it-yourself* approach to their financial planning have not demonstrated favourable outcomes when compared to people who engage a financial planner. As a result, it has become vitally important for financial planners need to develop the

human side of financial planning to better engage with existing and new clients, thus, increasing their value and indirectly benefitting the economy at large.

1.3 PURPOSE OF THE STUDY

Given the importance of the financial planning industry and financial planners to the South African economy, the developments in technology and artificial intelligence with more transactional financial planning services becoming automated, making the services of financial planners redundant, it is of vital importance that financial planners develop their human capital. This will ensure that the development of human financial planners is amplified so as to remain relevant in this critically important industry, as well as benefitting the economy at large. In addition, given that financial planning is an emerging field with limited academic research, and limited knowledge is available on how value is created by financial planners in the financial planning industry, the purpose of this research is to enhance financial planner's understanding of how the financial planner's human capital could contribute to value creation in South African financial planning businesses.

To fill the research gaps in current literature and address the purpose of this study, the researcher generated and empirically assessed a hypothesised model of selected human capitals of financial planners on value creation in South African financial planning businesses. As far as the researcher is concerned, no comparable study exists that has employed a related design and methodology to investigate how the financial planner's human capital influences value creation in South African financial planning businesses.

1.4 RESEARCH OBJECTIVES

In Sections 1.4.1, 1.4.2 and 1.4.3, the primary, secondary and methodological research objectives for the study are provided.

1.4.1 PRIMARY RESEARCH OBJECTIVE

The primary objective of this study is to investigate the influence of selected *Human capital*s (*Social capital*, *Psychological capital* and *Entrepreneurial capital*) of financial planners on value creation (*financial and non-financial value*) in South African financial planning

businesses. An investigation into the influence of these factors and how they related to value creation might provide new perspectives and insights on how to enhance value creation in the financial planning industry.

1.4.2 SECONDARY RESEARCH OBJECTIVES

To address the primary objective of this study, several secondary research objectives (SO) were formulated, namely:

SO^1 To determine the perceived levels of *financial* and *non-financial value creation* by financial planners.

SO^2 To investigate the relationship between the *Social capital* (*Relational, Network* and *Cognitive)* of financial planners and *Value creation* (*financial and non-financial value*) in financial planning businesses.

SO^3 To investigate the relationship between the *Psychological capital* of financial planners and *value creation* (*financial* and *non-financial value*) in financial planning businesses.

SO^4 To investigate the relationship between the *Entrepreneurial capital* of financial planners and *value creation* (*financial* and *non-financial value*) in financial planning businesses.

SO^5 To investigate the moderating influence of the *Social capital* (*Relational*, *Network* and *Cognitive*) of financial planners on the relationship between *Psychological capital* and *value creation* (*financial* and *non-financial value*) in financial planning businesses.

SO^6 To investigate the moderating influence of the *Social capital* (*Relational*, *Network* and *Cognitive*) of financial planners on the relationship between *Entrepreneurial capital* and *value creation* (*financial* and *non-financial value*) in financial planning businesses.

Achieving these objectives might unlock new perspectives on value creation in financial planning practices.

1.4.3 METHODOLOGICAL OBJECTIVES

The methodological objectives (MO) required to fulfil the primary and secondary objectives are formulated as follows:

MO[1] To undertake a literature review of the financial planning industry and financial planning in South Africa, which is the context of this study

MO[2] To undertake a literature review into the role of capitals in the creation of value by financial planners in financial planning businesses

MO[3] To propose a hypothesised model of selected human capitals of financial planners that influence value creation in South African financial planning businesses

MO[4] To determine the research design and methodology most appropriate to achieve the objectives of the study and address the research questions posed

MO[5] To design a measuring instrument to source data for empirically assessing the hypothesised relationships

MO[6] To report the empirical results obtained from the statistical analyses conducted, as well as the significant and insignificant relationships found between the independent, moderating and dependent variables

MO[7] To summarise, interpret and discuss the main findings of the study, as well as draw conclusions and make recommendations, which will assist financial planners and financial planning businesses to create financial and non-financial value by utilising their human capital

MO[8] To suggest avenues for future research on the role of capitals in the creation of value by financial planners in financial planning businesses

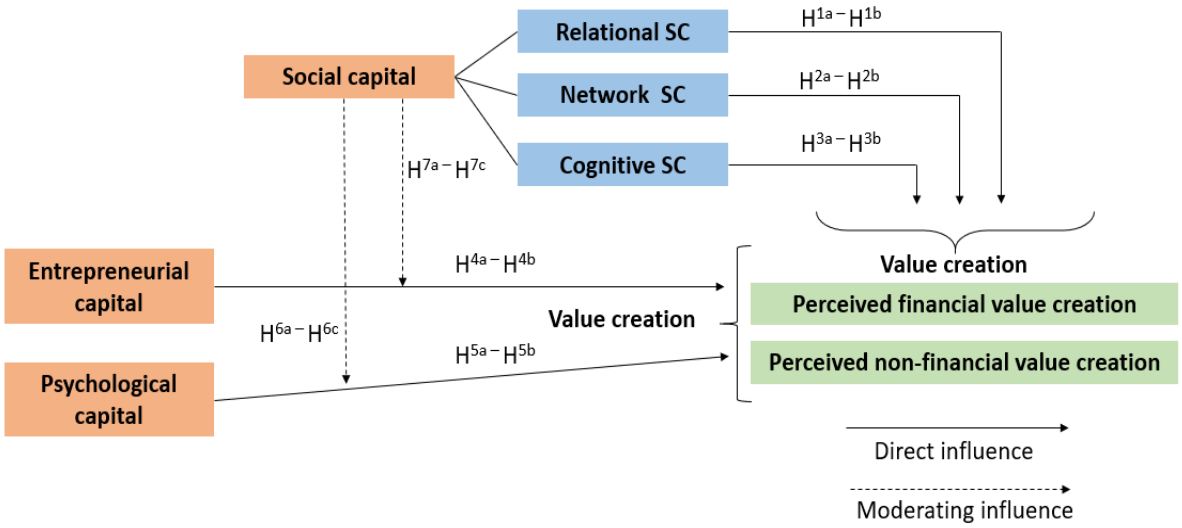
1.5 HYPOTHESISED MODEL, UNDERLYING THEORY AND RESEARCH QUESTIONS

In Sections 1.5.1, 1.5.2, 1.5.3, and 1.5.4 the hypothesised model, underlying theory, research hypotheses and research questions for the study are provided.

1.5.1 HYPOTHESISED MODEL

To investigate the influence of selected human capitals of financial planners on value creation in South African financial planning businesses, several relationships were hypothesised. These relationships are summarised in Figure 1.1 and propose several direct and moderating relationships between the financial planner's human capital and value creation in financial planning businesses.

Figure 1.1: Hypothesised model of direct and moderating relationships between the financial planner's human capital and perceived value creation in financial planning businesses



Source: Researcher's own construction

1.5.2 UNDERLYING THEORY OF THIS RESEARCH

The theory underlying the hypothesised relationships in Figure 1.1 is the Resource-based View (RBV), and, more specifically, the Knowledge-based View Theory (KBV). The KBV focuses on knowledge in relation to human action where people are no longer merely elements of a production system but seen as owners and controllers of a strategic production factor, namely, knowledge (Blomqvist & Kianto 2015:2). Knowledge, which is embedded in human resources, is a strategic resource, which unlike the other factors of production (for example, physical and financial resources) appreciates rather than depreciates over time (Lehtimäki & Lehtimäki

2016:45). Tacit knowledge was of particular interest to the current study as it is the tacit knowledge component of human capital that is embedded in financial planners.

The KBV focuses on the intangible resources in a business and identifies knowledge as a strategic resource (Cabrera-Suárez, Garcia-Almeida & Saa-Perez 2018:179; Lowendahl Revang & Fosstenlokken 2001:916) and knowledge provides a theoretical connection between the RBV and the KBV. As such, with financial planning being a knowledge intensive industry with intangible products (Rossini & Maree 2010:4), the KBV is considered an appropriate lens through which to explore the phenomena in question. The theory (KBV) underlying this study is described in more detail in Chapter Three, Section 3.4.3.

1.5.3 RESEARCH HYPOTHESES

To give effect to the research objectives the following hypotheses (H) were formulated to test the relationships shown in Figure 1.1.

H^{1a}: There is a positive relationship between the financial planner's *Relational social capital* and *Perceived financial value creation* in a financial planning business.

H^{1b}: There is a positive relationship between the financial planner's *Relational social capital* and *Perceived non-financial value creation* in a financial planning business.

H^{2a}: There is a positive relationship between the financial planner's *Network social capital* and *Perceived financial value creation* in a financial planning business.

H^{2b}: There is a positive relationship between the financial planner's *Network social capital* and *Perceived non-financial value* in a financial planning business.

H^{3a}: There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived financial value creation* in a financial planning business.

H^{3b}: There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived non-financial value* in a financial planning business.

H^{4a}: There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.

H^{4b}: There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.

H^{5a}: There is a positive relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.

H^{5b}: There is a positive relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.

H^{6a-6b}: *Relational social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{6c-6d}: *Network social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{6e-6f}: *Cognitive social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{7a-7b}: *Relational social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{7c-7d}: *Network social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{7e-7f}: *Cognitive social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

These hypotheses are elaborated on in detail in Chapter Four.

1.5.4 RESEARCH QUESTIONS

The hypotheses formulated attempted to answer several research questions, namely:

RQ^1 What are the perceived levels of *financial and non-financial value creation* of financial planners in financial planning businesses?

RQ^2 Is there a relationship between the *Social capital* (*Relational, Network and Cognitive*) of financial planners and *Value creation* in financial planning businesses?

RQ[3] Is there a relationship between the *Psychological capital* of financial planners and *Value creation* in financial planning businesses?

RQ[4] Is there a relationship the between *Entrepreneurial capital* of financial planners and *Value creation* in financial planning businesses?

RQ[5] Does *Social capital* (*Relational, Network and Cognitive*) moderate the relationship between the *Psychological capital* of financial planners and *Value creation* in financial planning businesses?

RQ[6] Does *Social capital* (*Relational, Network and Cognitive*) moderate the relationship between the *Entrepreneurial capital* of financial planners and *Value creation* in financial planning businesses?

1.6 RESEARCH DESIGN AND METHODOLOGY

The research design and methodology framework of Saunders, Lewis and Thornhill (2019:130) was used to achieve the research objectives of the current study and to explain the methodological choices made. These choices relate to the philosophy (paradigm) adopted, the approach to theory development and methodology, as well as the strategy, time horizon, techniques and procedures implemented (Saunders et al. 2019:130). These choices are briefly overviewed in Sections 1.6.1 to 1.6.7 and are elaborated on in detail in Chapter Five.

1.6.1 RESEARCH PHILOSOPHY AND APPROACH TO THEORY DEVELOPMENT

A research philosophy (paradigm) describes the set of beliefs and assumptions regarding the nature and development of knowledge and reality that are held by a researcher, which, in turn, shapes how the researcher approaches a study in terms of the strategies and methods selected (Saunders et al. 2019:130). Given the ontological, epistemological, axiological, rhetorical and methodological assumptions of the researcher, support for the study being situated in a positivist research paradigm were provided. The assumptions of the researcher and the subsequent research paradigm are described and justified in detail in Chapter Five, Section 5.3.

Saunders et al. (2019:152) contend that the approach to theory development adopted by a researcher depends on whether the research being undertaken is concerned with theory testing

or theory building. In the current study, hypotheses relating to the relationship between selected human capitals and value creation in the context of financial planners in financial planning businesses were formulated based on the KBV (theory) and supported by existing literature. These hypotheses were then tested empirically. As such, the approach to theory development was deductive in nature and is elaborated on in Chapter Five, Section 5.4.

1.6.2 METHODOLOGICAL CHOICE

The methodological choice made by the researcher relates to the use of quantitative and/or qualitative methods in a mono-, multi-method or mixed methods context. According to Saunders, Lewis and Thornhill (2016:170), the methodological choice made by the researcher is largely influenced by the purpose of the research being undertaken. The purpose of the current study was explanatory as it strove to explain the relationships between several independent variables (sub-categories of human capital) and value creation (dependent variable) in the context of financial planning businesses, through producing quantitative data. Quantitative data was produced through the use of quantitative methods, which were highly-structured, and principally-examined relationships between variables using numerical and statistical methods (Saunders et al. 2016:166). Given that the approach to theory development in the current study was deductive and that the purpose was explanatory, a mono-method quantitative methodological choice was made. Quantitative methods are associated with a deductive approach to theory development (Struwig & Stead 2013:5).

1.6.3 POPULATION AND SAMPLING METHOD

The target population consisted of all South African financial planners licensed to provide advice in terms of the relevant Financial Advisory and Intermediary Services legislation and the unit of analysis was the individual financial planner. Owing to the lack of availability of an adequate sampling frame for the current study, a multi-stage non-probability sampling technique was employed commencing with judgement sampling to identify the initial subjects who met the set participation criteria (see Table 5.10).

Judgement sampling was followed by the snowball sampling technique to access additional unknown potential subjects. Based on the number of parameters to be used in the Structural

Equation Model (SEM) in the current study, namely, 42, a sample size of between 300 and 500 respondents was deemed necessary to ensure that the data analysis would be robust (Hair, Black, Babin & Anderson 2014:574; Kline, 2011:12).

1.6.4 RESEARCH STRATEGY

A research strategy refers to the general plan that a researcher adopts to answer the research questions of a study (Saunders et al. 2016:680). A survey study is well suited to researchers who want to look at relationships between variables that occur in a real-life context (Muijs 2011:31), when the sample is large and when quantitative data is being collected (Quinlan, Babin, Carr, Griffin & Zikmund 2015:148). As this was the case in the current study, a survey strategy has been adopted. More specifically, an analytical survey was undertaken. An analytical survey begins with a review of the literature whereafter a theoretical framework is developed so that the dependent and independent variables can be identified, and their relationships assessed (Collis & Hussey 2014:63).

To meet the methodological objectives of the current study, a thorough review of the existing literature to understand and contextualise financial planning and the financial planning environment is provided in Chapter Two. The literature review for Chapter Three covers the role of capital in value creation and the theories relating to value creation. The literature relating to selected categories of human capital and how they contribute to the creation of value was assessed and a hypothesised model was developed for this study in Chapter Four. In the current study, appropriate books, journal articles, conference publications, government publications and internet websites were identified for the literature review by searching keywords and phrases relating to the phenomena under investigation. Google, Google Scholar and the Nelson Mandela University's online library resources and databases were utilised to collect the secondary data and conduct the review.

Given that the purpose of the current study is explanatory and that a survey strategy was adopted, a structured questionnaire provided an appropriate method for collecting the necessary data. The development of the structured questionnaire was guided by the existing literature (see Chapters Three and Four) on the constructs under investigation as well as previously used scales measuring the same or similar constructs in different contexts. The development of the

measuring instrument and the operationalisation of the independent and dependent variables is described in detail in Sections 5.5.5.1 and 5.5.5.2. A structured online (via QuestionPro) self-administered questionnaire was considered suitable as the financial planners participating in the current study had adequate access to the internet and electronic facilities for communication as part of the operational requirements of their daily work.

1.6.5 TIME HORIZON

Time horizon in a research study refers to the timing of how the collection of data from the participants is dealt with. In the current study, a cross-sectional time horizon was adopted because data was collected from financial planners at one point in time, namely, the point in time at which they completed the survey instrument. The techniques and procedures adopted for a study refer to the manner in which the data was collected and analysed, each of which are briefly summarised in Sections 1.6.6 and 1.6.7 but are described as applied to the current study in detail in Sections 5.5.4.1 and 5.5.4.2.

1.6.6 DATA ANALYSIS

The data analysis comprised various steps including data preparation, assessing the validity and reliability of the measuring scales and undertaking descriptive and inferential statistics. The software programmes IBM SPSS AMOS 27 and IBM SPSS Statistics 27 were used for this purpose. Structural Equation Modelling (SEM) was the main technique used to analyse the data in the current study. SEM is suitable for the analysis of latent and observed variables for inferential purposes (Chinomona 2018) and the SEM procedures and steps followed are described in Section 5.5.9.5. A Confirmatory Factor Analysis was utilised to assess existing scales, to evaluate the model and determine how it fitted the data (Hair, Howard & Nitzl 2020:104). More specifically the construct, convergent and discriminant validity of the measurement scales were assessed. To assess the reliability of the constructs, two measures were used, namely, Cronbach's alpha coefficient and the Composite Reliability (CR) index. How the scales were assessed for validity and reliability is described in detail in Section 5.5.9.2

1.6.7 ETHICAL CONSIDERATIONS

When undertaking a study, a researcher must observe several ethical considerations. These ethical considerations include the right to privacy, the right to anonymity and confidentiality, the right to voluntary participation, the management of power relations, and the researcher's integrity. How each of these considerations were addressed in the current study are explained in Section 5.5.10. In addition, the process of gaining ethical approval for the current study from the researcher's affiliated intuition is also described.

1.7 SCOPE AND DEMARCATION OF THE STUDY

Given that the purpose of this research is to enhance the understanding of how value is created through human capital in the financial planning businesses, the empirical investigation undertaken was limited to sourcing data from financial planners in financial planning businesses in South Africa only. Financial planners are individuals that work in financial planning businesses that provide innovative advice, products and services whilst developing financial plans relating to their clients' financial needs and goals. This advice and these products and services are provided to clients by creating valuable networks and employing strategic resources. It is the individual financial planners who are personally responsibility for the success or failure of these financial planning businesses, and who were the focus of this study.

Whilst several other capitals exist, the focus of this study was on human capital, more particularly, on social capital, entrepreneurial capital and psychological capital. In light of the growing automation of services in the financial planning industry, the focus on human capital aims to ensure that the development of human financial planners is amplified so as to remain relevant in this critically-important industry.

1.8 SIGNIFICANCE OF THE STUDY

The context of this research is the financial planning industry in South Africa. As highlighted in Section 1.1, financial planners in the South African financial planning industry provide advice on individual and corporate assets worth over R10 trillion (FSCA 2021:27) and,

therefore, play an instrumental role in the development of individuals and companies attaining financial independence.

Limited academic research is available globally and particularly in the South African context on financial planning businesses, in particular, as well as the factors that influence value creation in financial planning businesses, with past research mainly focusing on giving advice relating to investments, retirement planning, risk management and other aspects of the advice process (Altfest 2007:4; Cull 2009:28; De'Armond & Durband 2010:5). The findings of this study would, thus, address several knowledge gaps that currently exist globally in the creation of value by financial planners in financial planning businesses. The academic contribution of this study was to advance the theory and body of knowledge relating to the financial planning industry in general by adding a South African context. The theoretical output of the study would be to provide insights into the important role of selected human capitals (social capital, entrepreneurial capital and psychological capital) and their influence on value creation by financial planners in financial planning businesses, as well as the development of suitable scales to measure this influence.

Effective business strategies to develop the human capital of financial planners are instrumental in the development of not only the financial planning industry, but have an indirect effect on the development of their clients and the economy, particularly so, in emerging markets like South Africa. However, financial planning businesses are prone to failure, especially during the start-up phase. As such, appropriate business management strategies, especially those relating to human capital, are critical to facilitate the effective development of financial planning businesses. Managerial contributions by this study would be made through practical recommendations suggested to individual financial planners, as well as the financial planning industry, in terms of the development of their human capital to enhance the value creation in their financial planning businesses.

1.9 KEY CONCEPTS

As certain concepts are frequently used in this study, it is important to provide clarify on their meaning. These concepts are financial planning, financial planning businesses, financial planner and value creation.

1.9.1 FINANCIAL PLANNING

Several authors (Botha et al. 2020:40; Rossini & Maree 2010:9; Schmidt 2008:9) concur that financial planning is a profession, or at the very least, a profession in the making. Whilst a singular comprehensive definition of financial planning is not available, many contributions to its meaning are offered by scholars, all conveying the same core definition that financial planning entails a process and is not a once-off event taking place between financial planners and clients (Botha et al. 2020:4; Rossini & Maree 2010:4). In this regard, the authoritative definition by the global professional body, Financial Planning Standards Board (2011:3) is used for this study, namely: *Financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet life goals. The process of financial planning involves reviewing all relevant aspects of a client's situation across a large breadth of financial planning activities, including inter-relationships among often conflicting objectives.*

1.9.2 FINANCIAL PLANNING BUSINESS

Financial planning businesses exist in many forms from large corporate entities to small one-man sole-proprietors. They can exist in various forms such as part of a banking model, an insurance model or an independent financial planning consultancy (FSB 2014:14). All financial planning businesses in South Africa are required to be licenced as Financial Service Providers (FSPs) through the regulator, the Financial Sector Conduct Authority (FSCA) and all financial planners rendering advice on financial products are required to be licenced by the FSCA as representatives of the FSP they work for (Botha et al. 2019:44).

For the purpose of this study, a financial planning business was *any FSP that provided advice and intermediary services on financial products either through the principal of the business or its appointed representatives.*

1.9.3 FINANCIAL PLANNER

A financial planner as defined by the Financial Planning Standards Board (FPSB) (2011:3) is a "*professional who uses the financial planning process to provide a client with integrated strategies to achieve financial and life goals, and who has demonstrated the abilities, skills and*

knowledge outlined in the FPSB's Financial Planning Competency Profile". The financial planner is licensed by the FSCA to provide financial advice, may be self-employed or employed in a FSP, and may be a member of the FPI as the professional body for the industry. In this study, the definition of financial planner by the global professional body, the FPSB was used.

1.9.4 FINANCIAL PLANNING SERVICES

A range of financial planning services are offered by financial planners. These services are principally advisory in nature and include advice on the management of clients' financial resources based on an in-depth analysis of individual clients' financial needs, circumstances and objectives (Botha et al. 2020:4).

1.9.5 VALUE CREATION

In entrepreneurial businesses, value consists of financial and non-financial elements (Sarasvathy 2008:223). Financial value is expressed, for example, by profit and the accumulation of assets, which can be measured in monetary terms. Non-financial value can be identified in social terms and represents those benefits or value that cannot be measured in monetary terms like job satisfaction, employment creation, success and the development of social networks (Van den Heever 2014:112; Smith, Barr, Barbosa & Kickul 2008:359). Taking this approach is important because financial planning businesses are required to be entrepreneurial.

Value creation refers to the perception held by the financial planner of whether he or she is creating financial and non-financial value in the financial planning business. In other words, the individual financial planner's perception of the financial performance of the business (namely, the business growing, being profitable, successful and financially secure), and his or her perceptions of achieving several non-financial personal success factors (namely, improved status, prestige, approval, job satisfaction, fulfilment and enjoyment) serve as the dependent variables in the study.

More specifically, *Perceived financial value creation* refers to the individual financial planner experiencing the financial planning business as being financially rewarding, successful and financially secure, whereas *Perceived non-financial value creation* refers to individual financial planners being satisfied with their job, deriving rewards such as enjoyment, fulfilment, status, approval and prestige.

1.10 STRUCTURE OF THE STUDY

An outline of the contents of each chapter of the study is provided below:

Chapter One provided an introduction and background to the study. The purpose, research problem and objectives were also outlined. The hypothesised model, corresponding hypotheses and research questions were presented. Thereafter, the research design and methodology adopted were summarised and key concepts were clarified. Lastly, the scope and demarcations of the study were explained, the significant highlighted and the structure of the study as a whole provided.

Chapter Two contextualises financial planning in South Africa, provides an overview of the key role players, and explains the importance of financial planners. The developments taking place and challenges being experienced in the industry are also elaborated on. Thereafter, the role of the financial planner and the requirements for licencing are contextualised, followed by a description of the globally advocated financial planning process.

Chapter Three describes the role of value and value creation (financial and non-financial) in general and then describes and contextualises it to the financial planning industry. Capital as a resource for value creation in financial planning businesses is discussed and the various categories and subcategories are described and contextualised. Theories to approach the study are identified and the RBV and its sub-theory KBV are discussed in detail and justified as the lens through which to consider the phenomena in question.

Chapter Four presents the conceptual model and discusses the relationships between the independent and dependent variables. The hypotheses development is described and the hypothesised model summarising the relationships between the categories of human capital

selected for investigation and value creation by financial planners in financial planning businesses, is presented.

Chapter Five details the research design and methodology adopted to achieve the objectives of the study. The researcher's philosophical assumptions and approach to theory development as well as the methodological choices made in terms of strategies, time horizon and techniques and procedures implemented are described and justified. The development of the measuring instrument and operationalisation of the variables as well as the population and sampling techniques adopted are discussed. The data collection and data analysis techniques and procedures adopted are described in detail as well as the ethical considerations.

Chapter Six presents the results from the data analysis providing an overview of the sample size, response rate and description of the demographic profile of the respondents. Thereafter, the validity and reliability assessments from the CFA analyses are presented. The descriptive statistics and correlations a well as the results of the SEM analyses are then presented. Finally, the hypothesised relationships are either supported or not supported.

Chapter Seven summarises the research, beginning with an overview of the process followed and how the research objectives of the study were achieved. The demographic profile of the respondents is presented followed by the findings and recommendations from the validity and reliability analyses. The main empirical findings are summarised, discussed and interpreted, after which recommendations are given to financial planners and financial planning businesses on creating financial and non-financial value by utilising their human capital. To conclude, the contributions and limitations of the study are considered and recommendations for future research are offered.

CHAPTER TWO

CONTEXTUALISING FINANCIAL PLANNING IN SOUTH AFRICA

2.1 INTRODUCTION

In Chapter One, the background to the study was provided and the primary objective was formulated. As the focus of this study was the creation of value within the financial planning industry, Chapter Two contextualises both the financial planning industry and the financial planning environment in South Africa in terms of the role players, the profession, developments and challenges being experienced in the industry. The requirements to become a financial planner in South Africa are described together with a description of financial planning practices and processes, so that the roles and responsibilities of the financial planner in the business environment can be clarified.

2.2 CONTEXTUALISING THE FINANCIAL PLANNING INDUSTRY IN SOUTH AFRICA

To provide a context for the study, it is important to clarify several concepts commonly used in the field of financial planning and to describe key role players in the industry. By clarifying key concepts, potential ambiguities in meaning are managed and by describing key role players, influencing bodies are identified. Thereafter, the importance of the financial planners to the South African economy, pertinent developments in the industry and the most important challenges facing the Financial Service Providers (FSPs) and financial planners are highlighted.

2.2.1 CONCEPTS AND ROLE PLAYERS

The concepts to be clarified include financial planning, financial planning businesses and financial planners. The role players to be described are the regulator and several professional and consumer protection bodies.

2.2.1.1 Financial planning

Several authors describe financial planning as a process which makes use of various financial tools and strategies to achieve various clients' financial goals by taking their personality and financial status as well as the socio-economic and legal environments into account (Botha, Rossini, Geach, Goodall, Du Preez, Palframan & Rabenowitz 2019:3; Rossini & Maree 2010:4; Taylor, Juchau & Houterman 2010:6). Similarly, the Financial Planning Standards Board (FPSB) (2011:3), which is the global professional body, defines financial planning as the process of "developing financial plans and strategies to support clients in managing their financial activities to meet their life goals". This process involves reviewing all relevant aspects relating to a client's situation across a broad spectrum of financial planning activities and often conflicting objectives. Although, to date, no single comprehensive definition of financial planning exists, it is widely accepted that financial planning is a dynamic process and not a once-off event that takes place between financial planners and their clients, which aims to assist clients in meeting their financial and life goals (Botha et al. 2019:3; Rossini & Maree 2010:4). The different steps of the financial planning process are described in more detail in Section 2.7 of this chapter.

Financial planning and, more specifically, personal financial planning, covers a wide range of important financial tasks and responsibilities in which the financial planner, on an ongoing basis, guides the client in making several decisions. These decisions relate to the setting of the clients' financial goals, advising them on savings and investment plans, managing debt, budgeting, tax planning, protecting against risks and estate planning. To assist clients in making these decisions, financial planners offer a wide range of financial services, which are mostly advisory in nature and include advice on the management of clients' financial resources based on an in-depth analysis of their individual financial needs, personal and economic circumstances as well as their objectives (Botha et al. 2015:4). As such, personal financial planning involves decisions that are central to a client's financial well-being, and are often made in an environment of uncertainty and risk (Botha et al. 2015:3; Lennick & Jordan 2010:41).

2.2.1.2 Financial planning businesses/Financial service providers

Financial planning businesses operating within the borders of South Africa are required to be licenced as FSPs (Financial Service Providers) through the FSCA (Financial Sector Conduct Authority). In addition, all financial planners rendering advice on financial products are required to be qualified and licenced by the FSCA as representatives of the FSP they work for (Botha et al. 2015:44). As such, all financial planning businesses are FSPs and these terms are used interchangeably in this study. Therefore, for the purpose of the current study, a financial planning business or FSP in South Africa is defined as any business that provides advice and intermediary services on financial products, either through the principal (key individual) of the business or its appointed representatives.

Financial planning businesses, or otherwise known as FSPs, exist in different sizes, from large corporate entities to small one-man sole proprietors. These businesses also exist in various forms, such as being part of a banking model, an insurance model or an independent financial planning consultancy (FSCA 2018a:74). In their 2018 Annual Report (FSCA 2018a:74), the FSCA reported that the financial planning and intermediary market included over 11 000 licenced FSPs ranging from large banks, insurers and financial planning corporates, to independent sole proprietors. Eighty percent of the FSP licenses in 2018 were Category I FSPs, who are small FSPs or only provide advice and intermediary services and do not hold client funds (FSCA 2018a:78). These licenced FSPs are responsible for advising and managing a collective asset base exceeding R6.2 trillion of individual and corporate client money within the wider financial services industry (ASISA 2019:9).

2.2.1.3 Financial planner

A financial planner is defined by the Financial Planning Standards Board (FPSB) (2011:3) as the "professional who uses the financial planning process to provide a client with integrated strategies to achieve financial and life goals, and who has demonstrated the abilities, skills and knowledge outlined in the FPSB's Financial Planning Competency Profile". The financial planner is, therefore, a person who fulfils an education and facilitation task in assisting clients to identify and achieve their life goals and objectives through the advance planning of their finances (Botha et al. 2019:3).

The Financial Sector Conduct Authority (FSCA) has two license categories for financial planners, namely, representatives and key individuals. A representative is a person licensed within a FSP to provide advice and or intermediary services for his/her principal or employer. A key individual has additional compliance, reporting and management responsibilities to the principal, namely, the FSP. According to Botha et al. (2019:49-50), the regulated license requirements for representatives and key individuals in a financial planning business include demonstrating "fit and proper status", which is hinged on a number of legislated requirements such as:

- Personal character qualities such as honesty and integrity
- Competence through the attainment of accredited academic qualifications and writing regulatory exams
- Continuous professional development
- Operational ability
- Financial soundness

A financial planner is, therefore, a licenced and accredited service provider whose main product is dispensing financial advice through the development of financial plans in return for remuneration. The financial planner may be employed by a Financial Service Provider (financial planning business) or practice as a sole proprietor in his/her own FSP. A financial planning business (FSP) would hire financial planners as part of the strategy to deliver financial advice to its clients. The role of financial planners is discussed in Section 2.3 and their licensing requirements in Section 2.5.

2.2.1.4 Regulator and legislative acts

The financial planning industry in South Africa is heavily regulated by the Financial Sector Conduct Authority (FSCA). The FSCA was established by the introduction of the Financial Sector Regulation Act No 9 of 2017, replacing the Financial Services Board (FSB) on 1 April 2018 (National Government 2018). The mission of the FSCA is to "ensure a fair and stable financial market where consumers are informed and protected, and where those that jeorpardise the well-boing of consumers are held accountable" (FSCA 2018a:13).

The FSCA regulates the financial services industry via various legislative Acts. The Acts most applicable to the financial planning industry include, the Financial Advisory and Intermediary Services Act of 2002 (FAIS Act), the Financial Intelligence Centre Act (FICA) and the Financial Sector Regulation Act (FSR Act). These acts (see Table 2.1) set the qualification and conduct requirements for entry to the industry, as well as the compliance expectations for all practitioners and businesses in the industry (Botha et al. 2019:13, 23). Their qualification and conduct requirements are discussed in Section 2.3.

Table 2.1: Main Acts governing the financial planning industry

Act	Purpose
Financial Advisory and Intermediary Services Act of 2002 (FAIS)	To regulate the selling and provision of advice regarding financial products so as to inform and protect consumers and professionalise the financial services industry (Botha et al. 2019:37).
Financial Intelligence Centre Act of 2001 (FICA)	To assist in identifying the proceeds of unlawful activities and combat money laundering and the financing of terrorist activities and to impose duties on accountable institutions to provide due diligence and reporting activities (Botha et al. 2019:99).
Financial Sector Regulation Act of 2017 (FSR)	To create two centres for regulating the financial services industry by forming the Prudential Authority (PA), which supervises the security and financial soundness of financial institutions and the Financial Sector Conduct Authority (FSCA), which regulates and supervise the conduct of financial institutions (FSCA 2018b:4).

Source: Researcher's own construction

2.2.1.5 Professional bodies

The Financial Planning Institute (FPI) is the recognised professional membership body for financial planners in South Africa and oversees the professional designations of Certified Financial Planner® (CFP®) and Financial Services Advisor™ (FSA™). It is the South African member of the international professional body known as the Financial Planning Standards Board, which owns the mark of Certified Financial Planner® globally. Financial planners seeking to improve their credentials may choose to apply for membership of this professional body once they have met the requirements as shown in Table 2.6. The FPI requires all members to abide by a code of ethics and practice standards, which describe the rules for professional conduct (Botha et al. 2019:18-19). The FPI currently has a membership of over 6 000 professionals (FPI website 2019).

Two other professional bodies worth noting that a financial planner may elect to apply for membership are the Financial Intermediaries Association of Southern Africa (FIA) and the

Fiduciary Institute of Southern Africa (FISA). The FIA's mandate is to represent intermediaries operating in the short- and long-term insurance markets and it aims to provide a single voice for all practitioners in the industry and collaborates with other professional bodies in promoting professionalism in the industry (Botha et al. 2019:18). The FISA represents all those working in the fiduciary market such as estate administration, wills drafting, administration of trusts and beneficiary funds. This voluntary membership body advocates with government regarding legislation and regulations relating to estates, wills and trusts (Botha et al. 2019:18).

2.2.1.6 Consumer protection bodies

Various consumer protection bodies such as the Ombud for FSPs, the Pension Funds Adjudicator, the Ombud for Long-Term Insurance, the Ombud for Short-Term Insurance and the Ombud for Banking Services have been set up by the statute to protect the interests of both consumers and practitioners in the financial planning industry. The objective of these ombuds is to resolve complaints by clients against financial planners or FSPs in a cost effective, independent and timeous manner (Botha et al. 2019:27). The purpose of each of the consumer protection bodies is summarised in Table 2.2.

Table 2.2: Main consumer protection bodies

Consumer protection body	Purpose
Ombud for Financial Service Providers	To provide a free dispute resolution service to complaints lodged by clients of financial service providers.
Pension Funds Adjudicator	To investigate complaints lodged in terms of retirement funds by members, former members, beneficiaries or former beneficiaries or employers and members of a board of management of a fund.
Ombud for Long-Term Insurance	To mediate between long-term insurers and policyholders regarding disputes relating to long-term insurance policies.
Ombud for Short-Term Insurance	To mediate between short-term insurers and policyholders regarding disputes relating to short-term insurance policies.
Ombud for Banking Services	To provide a voluntary, free, dispute resolution service to consumers of banking products.

Source: Researcher's own construction adapted from Botha et al. (2019:27)

These various role players play a vital role in ensuring the success of the financial planning industry. The industry's success is of great importance to the South African economy. How financial planners through financial planning contribute to the lives of South African in general and the economy, in particular, is elaborated on in Section 2.2.2.

2.2.2 IMPORTANCE OF FINANCIAL PLANNERS IN SOUTH AFRICA

Given that people are living much longer today than in previous generations (Trzpiot 2016), the role of financial planners in assisting people to create financial plans for a sustainable post-retirement lifestyle, has become one of vital importance. Giving attention during one's working career to adequate and appropriate financial planning for retirement is of utmost importance (Fidelity 2016; Pokorski & Berg 2014:80; Certified Financial Planner Board of Standards 2011; Mitchell, Piggott, Sherris & Yow 2006:17), and financial planners play a significant role in working with their clients in this regard. Newton, Corones, Irving and Thomas (2015:9) contend that clients who engage with financial planners report better outcomes in terms of financial and general well-being than those who financially "go it alone" (or use artificial intelligence/robo-advisors). Financial planners are, therefore, important role-players, encouraging their clients to manage their financial affairs properly and assisting them in making effective financial decisions that cater for an uncertain future.

Financial planners play an important role in the lives of their clients as well as in the South African economy, with the size of the investments under advice being over R10 trillion in assets (FSCA 2021:27). Statistics SA report that the household savings rate to disposable income amongst South Africans as at 31 March 2020 is -0,5% indicating a negative rate of savings (Trading Economics 2020). In addition, according to the 2017 Old Mutual Savings and Investment Monitor, the "sandwich generation" of individuals aged between 31 and 49 is increasing (Mwandiambira 2018). Furthermore, these individuals have been identified as supporting both their children and their parents (Mwandiambira 2018) and are hence under increasing financial pressures as they juggle the need to support their older and younger dependents with their own needs to prepare for their own financial wellbeing. In South Africa, household debt as a percentage of nominal disposable income has increased to 73.7% as at 31 March 2020 (Reserve Bank 2020).

Financial planners, therefore, play an important role in assisting their clients in balancing the client's emotional tendencies to overspend on dependents with the realistic needs to provide for their own financial futures. The financial planning industry, thus, plays an important role in educating and guiding clients on their financial situations, encouraging individual savings and highlighting the risks of running out of money prematurely.

In terms of impact, the financial sector (including finance, real estate and business services) contributes 22.39% towards the country's gross domestic product (South African Market Insights 2020). Within the sector, the Financial Sector Conduct Authority (2019:31) reports that over 12 028 financial service provider (FSP) licenses have been granted. The industry collectively advises and managed an asset base exceeding R10 trillion (FSCA 2021:27). Owing to the significant role the industry plays in managing the finances of the citizens of South Africa, several developments to improve the industry have taken place over the last decade.

2.2.3 DEVELOPMENTS IN THE FINANCIAL PLANNING INDUSTRY

Given the importance of the financial planning industry several developments in this industry are worth noting. These include the emergence of financial planning as a profession and also as a developing field of study, as well as the developments in technology. Also worth noting are the trends that are shaping these developments.

2.2.3.1 Financial planning as an emerging profession

Prior to the early 1970s, financial products were mainly available in the form of life, investment or property insurance policies. These products were predominantly obtained by individuals through insurance salespeople representing insurance companies. The 1970s saw the emergence of an insurance advisor through whom such products could be obtained without the need to consider a client's full financial circumstances. The industry at the time lacked formalisation and appropriate regulation regarding the quality of the financial advice rendered did not exist. The industry was tarnished with a small proportion of practitioners who acted unscrupulously, focussing on the sales of products in return for a commission, with little regard to the best interests of the client. These transgressions resulted in the then Financial Services Board enacting the FAIS legislation in 2004 (Rossini & Maree 2010:4).

Given the comprehensive regulatory licensing requirements that exist today and the existence of a professional body such as the FPI several authors concur that financial planning can be regarded as a profession or, at the very least, a profession in the making (Botha, Rossini, Geach, Goodall, Du Preez & Rabenowitz 2021:41; Rossini & Maree 2010:9; Schmidt 2008:9). Each organised profession (for example, accounting, law, medicine) is governed by its respective

professional body. Botha et al. (2021:40) highlight that a profession includes several components, namely, requiring extensive training, mastering extensive professional knowledge, having membership of a professional body, which requires its members to be demonstrate competence through examination of their knowledge and abilities, and having a code of conduct to assist members to display high ethical standards.

According to Botha et al. (2021:42), the FPI as the professional body has addressed these requirements by obliging potential members to:

- Obtain a prescribed qualification (mastery of a body of knowledge)
- Display competence in their professional competence examination and continued professional development requirements (demonstration of competence in skills and knowledge)
- Abide by a code of ethics and practice standards (code of conduct)

Regarding the ongoing professional development of financial planners, certain practices linked to the behaviour by financial planners are set out by the professional body, the FPI. With reference to relationships with clients, financial planners are obliged *inter alia* to comply with the code of ethics and professional responsibility which requires them to (FPI 1. nd):

- Act competently with honesty and integrity
- Carry out financial advice with a desire to exercise due care
- Maintain objectivity and independence when offering advice to clients
- Avoid conflict of interest
- Protect the confidentiality of clients' information

These professional requirements relate to voluntary membership of the professional body. To further strengthen the financial planning industry, regulations governing this industry have been developed through the FAIS Act requiring all financial planners to be licenced by the regulator (FSCA) before being authorised to give financial advice to clients regardless of whether they belong to the professional body or not. These requirements are discussed in Sections 2.3.2.4 and 2.3.2.5. In addition to the professional and regulatory developments in the industry, many changes have also been experienced from a technology perspective.

2.2.3.2 Financial planning as a developing field of study

Section 2.2.3.1identifies that the financial planning industry received recognition as an emerging profession in South Africa in the early 2000s when dedicated financial planning qualifications were established (NMU 2020; UFS 2020). Prior to that, the barrier to entry in the profession was low and no set education pre-requisites were required. This changed with the enactment of FAIS and the licensing, qualification and competence requirements set out in the regulations (Botha et al. 2019:3,105). The introduction of the requirement to develop a body of knowledge, prompted academic institutions to begin offering qualification programmes tailored to the legislative requirements and also to acknowledge financial planning as a research field (Botha et al. 2019:52; NMU 2020; UFS 2020).

As the importance of financial planning has been increasingly recognised and the profession has emerged, so too has the academic body of knowledge on financial planning. Currently, there is an increase in academic outputs related to financial planning. The Academy of Financial Services in the USA provides a dedicated international platform for practitioners and academics to present at their annual conference and publish their academic research findings in their journal, the *Financial Services Review*. A review of the proceedings of papers presented at this primary international academic financial planning conference hosted by the Academy of Financial Services in the USA annually provides evidence of the types of research being undertaken globally. According to these proceedings (Kitces 2017; AFS Proceedings 2015-2017), the focus of research has shifted from market research to technical matters relating to the components of financial planning, as well as the job analysis, process and products used in financial planning (AFS Proceedings 2015-2017; FPSB 2014:5).

In South Africa, prior to 2006, no dedicated qualification programmes were offered at undergraduate level. The only qualification was a postgraduate diploma in financial planning offered by the University of the Free State, designed according to the FSPBs Curriculum Framework (FPI 3 n.d:6). In 2006, financial planning was introduced as a formal undergraduate bachelors qualification in South Africa by the then Nelson Mandela Metropolitan University in Port Elizabeth (now Gqeberha), following the international requirements for accreditation by the professional body. Today, dedicated undergraduate and postgraduate financial planning qualifications, which comply with the global professional body FSPBs Curriculum Framework

(FPI 3 n.d:6), are offered at several South African Higher Education Institutions (HEIs) thereby contributing to the development of the financial planning profession and providing for financial planning as an academic field of study. In addition to the educational developments, the financial planning landscape is also experiencing technological developments which are shaping the future of financial planning businesses.

2.2.3.3 Technological developments in financial planning

In addition to developments that have taken place in the profession and the field of study, technological developments have also been incorporated into the financial planning industry. According to Yermack (2018:2), the financial services industry in Southern Africa is not immune to the technological disruption being experienced across many diverse industries. Akin to industries such as transport, hospitality, the financial services industry is also experiencing technological disruption (Yermack 2018:2). Artificial intelligence and technological developments are making their mark felt in the financial planning industry as well as the wider financial services industry (Yermack 2018:2). Financial technology (FinTech) has been developed for multiple digital purposes within the South African financial services sector covering areas such as personal finance (financial planning), saving, investments, banking, insurance, payments, digital identification, lending, alternative finance and blockchain as depicted in the FinTech landscape (see Figure 2.1) (Goldberg 2019).

In 2017, Assa-Maor (2017) noted there were over 120 start-up companies, many illustrated in Figure 2.1. These companies were attempting to launch digital financial services solutions to South African clients, with two underrepresented sectors receiving a lot of attention, namely, savings and insurance. As such, the development of financial technology is likely to provide options for clients to do their own transactions. According to Corbin (2019), however, the best financial outcomes are from those clients who engaged a financial planner to assist them in designing and maintaining their financial plans.

Figure 2.1: South African FinTech landscape

Source: Goldberg (2019)

2.2.3.4 Trends shaping development in financial planning

For Botha et al. (2020:39), in addition to these developments, the international professional body for financial planning, the FPSB, has specifically noted four trends shaping the development of the financial planning industry in general, namely:

- Increased consumer demand: the risk of poor financial outcomes for individuals in future raises the importance of and demand for financial planning
- Focussing on relationships rather than transactions: long-term relationships built on ongoing client-centric financial reviews are preferred to once-off transactions
- Regulatory changes: a global review of financial sector regulations has taken place following the crises and failures experienced
- Globalisation: an increase in globalisation has increased the demand for the service of professional financial planners

The various developments in the field and trends noted are contributing to some of the challenges facing the industry. It is these challenges that influence the ability of financial

planners to create value in their businesses, and ultimately their long-term success and continuity (see Section 2.2.4).

2.2.4 CHALLENGES FACING THE FINANCIAL PLANNING INDUSTRY IN SOUTH AFRICA

Financial planning businesses (FSPs) are not immune to the challenges faced by other types of businesses, and it is not uncommon for these businesses to also stagnate or become unprofitable. As a result, many financial planning businesses close their doors or amalgamate with other more successful ones. In a report released by the Financial Sector Conduct Authority (FSCA) (FSB 2017:45), 1191 Financial Service Provider (FSP) business licences were voluntarily lapsed owing to owner retirement or amalgamations during 2015 (459), 2016 (311) and 2017 (421) reporting periods. More recent reporting has not been made available from the FSCA following its conversion from FSB to FSCA. In an industry experiencing a critical skills shortage (Republic of South Africa (RSA) 2014:16), this represents an approximate 3.33% lapse ratio per annum over the period.

The business environment in which FSPs and financial planners operate also present a challenge in that it is non-predictive and uncertain (Parnaby 2011:1191; Mulvey & Shetty 2004:1; Tarrazo & Gutierrez 2000:89). This uncertainty is exacerbated by the nature of the product they offer. Financial advice and the financial products that financial planners offer are intangible in nature (Rossini & Maree 2010:4).

In addition to operating in an uncertain business environment, legislated qualification requirements, incorporating specific skills and competencies, exist. Without the requisite qualifications, financial planners are unable to offer their services legally (Rossini & Maree 2010:39). Good social skills are also a necessity for the development and maintenance of client relationships (Palframan 2014:317; Rossini & Maree 2010:6). These social skills are of vital importance given the increasing availability of algorithmic based financial technology (for example, Fintech), which provide investors with direct investment options and support in performing routine tasks, previously performed by the financial planner (Sironi 2016:14). It is developing these good social skills that is a challenge facing many financial planners.

To contextualise the financial planner to the South African context, their role and knowledge requirements are elaborated on in Section 2.3.

2.3 CONTEXTUALISING THE FINANCIAL PLANNER

Section 2.2 contextualised the South African financial planning industry. Section 2.3 contextualises the financial planners by describing the role they fulfil as well as the knowledge, regulatory licencing and professional body requirements they must meet.

2.3.1 ROLE OF A FINANCIAL PLANNER

As purveyors of financial advice relating to sophisticated intangible financial products, in return for a fee, financial planners are involved in the professional services industry. Their role is to provide financial advice following a consultative process with their clients. A client may engage a financial planner for a variety of different reasons, however, they are engaged predominantly for holistic financial planning advice (such as a complete financial plan for a family covering all the elements of financial planning) or single financial needs (such as to re-invest retirement fund money on changing jobs) (Botha, et al. 2019:1; Coetzee 2016). The current study focused on holistic financial planning as this was the ideal situation from which to evaluate a client's financial situation in terms of the field of financial planning (Coetzee 2016), and the optimal situation from which to build long-term ongoing client relationships (Rossini & Maree 2010:160).

The financial planner assumes the role of the client's personal financial coach and is involved in the education, development and implementation of a personal financial plan suitable to meet the financial needs and goals of the client. Often the financial planner will develop a close relationship with the client resulting from many conversations surrounding the family goals and personal financial situations (Botha, Rossini, Geach, Goodall, du Preez & Rabenowitz 2021:34; Maree & Rossini 2010:22). Alexander Forbes (2020) liken the financial planner to a "financial GPS' guiding clients through a myriad of financial alternatives to find the appropriate financial plan that will meet the client's financial goals".

Conversations between the client and the financial planner may result in a comprehensive range of services, such as providing financial advice to the client in areas such as debt management and property purchases (including homes and vehicles), as well as investment, retirement and estate planning advice (Taylor et al. 2010:146). These conversations may be daunting for the client, therefore, when consulting clients, financial planners should ensure that behavioural and emotional biases are addressed so that fear and other human emotions triggered by financial or investment decisions do not interfere with the final decision-making process (Botha et al. 2021:573; Pompian 2006:150). Communication and behavioural awareness, therefore, becomes key in the relationship-building process of financial planning.

Clients and financial planners alike do not fit a standard definition, each portraying their own unique personalities and range of experiences, education, cultures, styles of communicating and problem solving (Botha et al. 2021:7; Rossini & Maree 2010:132). Just as clients may have differing financial planning needs, so financial planners may have differing ranges of specialties. Some may be generalist practitioners, whilst others may specialise in a particular component of financial planning. Regardless of their focus, all financial planners are required to demonstrate a predetermined skill set which enables them to appropriately offer advice, and prepare and implement financial plans for clients in terms of the regulated process of financial planning. Furthermore, they are required to continuously improve on their craft by updating their knowledge and abilities on an annual basis (Botha et al. 2021:4).

Section 2.3.2 broadly outlines the knowledge and regulatory requirements for a financial planner to become licenced to give financial advice, and for the financial planner to seek membership of the professional body.

2.3.2 REQUIREMENTS FOR BECOMING A FINANCIAL PLANNER

Since the role of the financial planner is principally advisory in nature (Rossini & Maree 2010), it is important that the knowledge aspects, both explicit and tacit, are addressed in the development of the education, skills and abilities required for competent financial planners (FPI 2 n.d). The explicit knowledge requirements are regulated by the FSCA in terms of Board Notice 106 of 2008 (Rossini & Maree 2010:38) and subsequent amendments, which prescribe the qualifications required for the licensing of financial planners. Tacit knowledge

requirements, on the other hand, are alluded to in the professional body's FPI Code of Ethics and Practice Standards (FPI 1 n.d). This highlights that the knowledge requirements of a financial planner can be explicit or tacit in nature (Sanchez, Arroyo & Moreno 2018:3; Omotayo 2015:6).

It is important to identify the role that each type of knowledge plays in the competence and success of a financial planner. In Section 2.3.2.1 explicit knowledge types are discussed and their interaction is illustrated in Figure 2.2. The requirements for becoming a financial planner are also discussed in terms of the compulsory regulatory licencing requirements applicable to all financial planners participating in the South African industry. In addition, the requirements for those financial planners who wish to attain voluntary membership of the professional body through a professional designation such as Certified Financial Planner® (CFP®).

2.3.2.1 Explicit knowledge requirements

The technical knowledge obtained from an academic qualification can be classified as explicit knowledge as it can be codified, communicated and transferred through oral or written means (such as books, journals and databases) (Davies 2015:1). Explicit knowledge refers to knowing 'what to do' (Omotayo 2015:7). In the South African context, the accepted reference texts for the financial planning industry, which are also prescribed texts for the undergraduate and postgraduate financial planning qualifications, are entitled, *The South African Financial Planning Handbook* 2020 edition authored by Botha, Geach, Goodall, Rossini, du Preez and Rabenowitz and *The Fundamentals of Financial Planning* 2019 edition authored by Botha, du Preez, Geach, Goodall, Palframan and Rossini (Botha et al. 2020:v; Botha et al. 2019:v). These books cover all the required knowledge for the various components of financial planning as well as the regulatory environment and the process and practice of financial planning. In terms of the FPSB's Curriculum Framework (2009), the required knowledge has been codified and grouped into 11 knowledge domains, covering 89 specific knowledge topics built into the accredited qualifications. A growing body of academic research also contributes to the explicit knowledge used in the industry. The explicit knowledge requirements for financial planners operating in South Africa are set out in in terms of the regulatory licensing requirements (see Section 2.3.2.1.1) and the professional body requirements (see Section 2.3.2.1.2). It is this fixed, explicit body of knowledge that must be mastered by financial planners and represents

the prescribed knowledge required by the financial planner to be competent for licensing and professional body membership.

2.3.2.1.1 Regulatory licensing requirements

The introduction of the FAIS Act in 2004, and the subsequent Board Notices and General Code of Conduct, has brought about regulatory requirements that require all business entities and individuals rendering financial advice to be appropriately licensed. The licence requirements for FSPs (business entities) are determined according to the type of business they intend to offer. These license categories are reflected and described in Table 2.3.

Table 2.3: Categories of FSP licences

Licence category	Description
Category I - FSP	This category includes all persons not referred to in Categories II-III who are authorised to provide financial services as set out in their relevant application.
Category II - Discretionary FSP	Refers to rendering of intermediary services of a discretionary nature regarding the choice of a particular financial product. These licensees are mandated by their clients to make investment decisions on behalf of their clients such as switching portfolios or financial products.
Category IIA - Hedge Fund FSP	FSPs who render intermediary services of a discretionary nature regarding the choice of a particular hedge fund or fund of hedge funds in connection with a financial product.
Category III - Administrative FSP	An FSP other than a discretionary FSP who renders intermediary services related to financial products on the instructions of a client or other FSP through bulking (aggregation of client' funds when investing or selling financial products).

Source: Botha et al. (2020:95)

The majority of FSP licences issued are for Category I business, hence there was a focus on this category for this study. Thereafter, individuals rendering financial advice on behalf of a FSP are required to be licensed with the FSCA, through their FSP (business entity), before they are authorised to give advice to clients. The FAIS Act intention was to address previous misconduct and transgressions by errant financial salespeople selling financial products in a questionable manner with little or no consideration to the needs and servicing requirements of their clients (Botha et al. 2019:37; Rossini & Maree 2010:5).

To promote the integrity of the industry, it is now a requirement for anyone rendering financial advice to be declared fit and proper. This is attained by being qualified and knowledgeable

about the FAIS and anti-money laundering regulations, demonstrating good character qualities and competencies prior to applying for licensing as either a representative and/or a key individual of a FSP. Furthermore, financial planners are required, on a continuous basis, to comply with existing regulations and demonstrate that their clients have been informed and provided with appropriate advice for the financial solutions presented (Botha et al. 2020:4).

The fit-and-proper requirements for Category I licensing of either a representative or a key individual, as laid out in the FAIS Act, include that the financial planner demonstrate both explicit and tacit knowledge in terms of the requirements set out in Table 2.4.

Table 2.4: Fit-and-proper requirements: Catergory1 FSP license in terms of the FAIS Act

Key individuals and representatives	Fit-and-proper requirements that must be met
Personal character qualities	• Honesty • Integrity • Good standing
Competence	• Minimum experience • Minimum qualifications • Regulatory examinations • "Class of business training" and product specific training
Continuous professional development	• Minimum annual hours of learning depending on licences held
Operational ability	• Minimum requirements relating to business address, communication facilities, storage and safekeeping of records, banking account, and governance framework
Financial soundness	• Minimum solvency and financial management requirements (not applicable to representatives)

Source: Researcher's own construction adapted from Botha et al. (2020:105)

Once deemed fit and proper by meeting these requirements, the key individual or representative must ongoingly comply with these requirements (Botha et al. 2020:105). There are several differing licensing subcategories (Tier 1 and Tier 2) for rendering financial advice set out by the FAIS Act. The particular subcategory applied for will depend on the types of business, nature of the product and service as well as the complexity of the financial advice and financial products the individual intends to provide. The various licencing subcategories are summarised in Table 2.5.

Table 2.5: Subcategories of Category I FSP Financial Products

Tier 1 Financial Products	Tier 2 Financial Products
Structured Deposits	Short-term Insurance Personal Lines A1
Short-term Insurance Personal lines	Long-term Insurance subcategory A
Short-term Insurance Commercial lines	Long-term Insurance subcategory B1-A
Long-term Insurance subcategory B1	Long-term Insurance subcategory B2-A
Long-term Insurance subcategory B2	Friendly Society Benefits
Long-term Insurance subcategory C	Short-term Deposits
Retail Pension Fund Benefits	Long-term Deposits
Participatory interest in a collective investment scheme	
Participatory interest in a CIS hedge fund	
Forex investment	
Health service benefits	
Shares	
Money market instruments	
Debentures and securitised debt	
Warrants, certificates and other instruments	
Bonds	
Derivative instruments	
Securities and Instruments	

Source: Researcher's own construction adapted from Masthead (2020)

For the purposes of this study, the focus was on licenced financial planners employed in a small or large financial planning practices, or operating as a sole proprietor (FSP Category I or II licence) holding subcategory Tier 1 and/or Tier 2 financial product licences as presented in Table 2.5.

2.3.2.1.2 Professional body requirements

Once these prescribed and compulsory regulatory licensing requirements are attended to, the financial planner may on a voluntary basis wish to seek higher accreditation through the professional body. The FPI is the local gatekeeper to the prestigious internationally recognised professional designation of Certified Financial Planner® (CFP®), as well as the local Financial

Services Advisor™ (FSA™) designation. These designations identify a financial planner as having a higher level of competence and responsibility through the membership of a professional body (Botha et al. 2019:18).

The requirements for being awarded the professional designations depend on the financial planner demonstrating his/her abilities, skills and knowledge (both explicit and tacit) in the various components of financial planning. The two professional designations have different requirements pertaining to the level of education and experience, the successful completion of professional competence examinations and the demonstration of ethics displayed by the financial planner. Table 2.6 sets out the FPI membership requirements for the professional body, according to the two designations or broad membership levels, of which the Certified Financial Planner® is the highest membership level.

Table 2.6: FPI professional designation requirements

Requirements	Financial Services Advisor™ (FSA™)	Certified Financial Planner® (CFP®)
Education	An NQF Level 6 or 7 qualification in Financial planning as per the FSCA list of recognised qualifications.	Postgraduate Diploma in Financial Planning or BCom Honours in Financial Planning (NQF level 8).
Competence examination	Professional Competence Examination set by the FPI. This requirement is waived if the applicant attained the qualification from one of the Approved Education Providers.	Professional Competence Examination set by the FPI.
Experience	Two years of relevant work experience.	Three years of relevant work experience. Applicants participating in the FPI Mentorship programme require one year of relevant work experience.
Ethics	All applicants and members are required to abide by the FPI Code of Ethics and Professional Standards.	All applicants and members are required to abide by the FPI Code of Ethics and Professional Standards.

Source: Researcher's own construction adapted from FPI 3 (n.d:6)

Membership of the financial planning professional body is a personal choice for the financial planner whereas the regulatory licensing requirements described in Section 2.3.2.1.1 are compulsory for all participants in the financial advice industry. In both instances, evidence is required that the financial planner has mastered a set body of knowledge as much of the role of the financial planner depends on the interpretation of information to provide sound advice. In addition to the explicit knowledge requirements described, a competent financial planner should also possess certain tacit knowledge requirements to foster good client relationships.

2.3.2.5 Tacit knowledge requirements

To build client relationships and perform their duties successfully, a financial planner, in addition to mastering the prescribed body of knowledge (explicit knowledge), must also possess certain knowledge, skills and abilities. This is known as tacit knowledge. Various authors describe tacit knowledge as being subjective in nature, based on an individual's personal experience, intuition and judgement (Cai, Song, Xiao & Shi 2020:2; Sanchez et al. 2018; Omotayo 2015:7). Tacit knowledge would exist in the head of the individual and would entail knowing how to do something, for example, in following a recipe, tacit knowledge would be how the individual follows the process of cooking (Omotayo 2015:7).

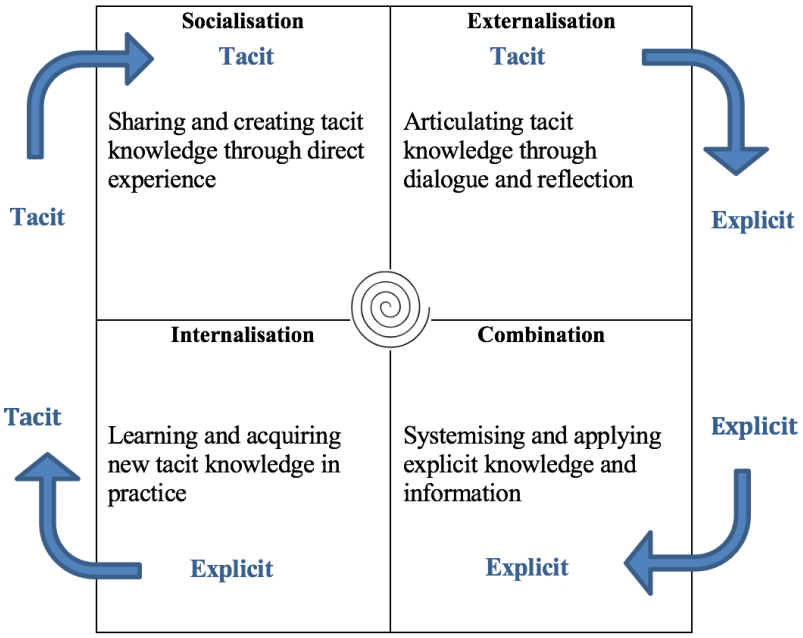
In other words, tacit knowledge is accumulated by "living in the world", observing the environment and is experienced in an internal manner by the individual. For example, one can learn a great deal about a customer by observing and experiencing the customer in social interactions. This tacit knowledge gained by an individual can then be converted to explicit knowledge when the individual shares what he/she has learnt about the customer with his/her work colleagues (Cai et al. 2020:2; Selden & Fletcher 2019:1; Nonaka & Toyama 2015:5).

Research into the educational needs of the financial planning industry in South Africa has revealed that new financial planners entering the industry are well-equipped from an explicit knowledge perspective, having achieved bachelors and postgraduate qualifications accredited by the regulatory and professional bodies. What was lacking by young and newly-minted financial planners were the requisite soft and relationship skills required to competently engage and consult with clients (Fidelity 2020:5; Palframan 2014:324). The development of the relationship-building soft skills (tacit knowledge) by the financial planner is vitally important to ensure successful and long-term relationships with clients (Fidelity 2020:5; Palframan 2014:288). This tacit (soft skills) knowledge is often attained through the experience and wisdom gained from working in the industry (Selden & Fletcher 2019:1; Nonaka & Toyama 2015:5). Experience is also gained through dealing with clients and interacting with other experienced professionals. Therefore, whilst explicit knowledge may be obtained in isolation, tacit knowledge comes from one's interactions with the environment (Selden & Fletcher 2019:1; Nonaka & Toyama 2015:5).

2.3.2.6 Interaction between explicit and tacit knowledge

Nonaka and Takeuchi (1995) contend that explicit and tacit knowledge interact on a spiral basis whereby knowledge is created and amplified through a process of internalisation, externalisation, socialisation and combination processes. Nonaka and Toyama (2015:4) explain that knowledge is created through the interaction of human agency and social structures. In addition, Nonaka and Toyama (2015) point out that human actions and interactions with the environment create knowledge through a conversion process which creates both tacit and explicit knowledge as reflected in Figure 2.2. Furthermore, they contend that this tacit and explicit knowledge creation and sharing is not static but occurs at various stages, times and places, within the individual, within a group or within the organisation (Nonaka & Toyama 2015:4).

Figure 2.2: Explicit and tacit knowledge creation spiral



Source: Researcher's own construction adapted from Nonaka and Takeuchi (1995) and Nonaka and Toyama (2015:5)

To engage and consult with clients in an effective manner, the financial planner requires not only explicit and implicit knowledge, but is also required to render financial planning advice

in an appropriate and suitable manner. This appropriate and suitable manner is described by the practice of financial planning.

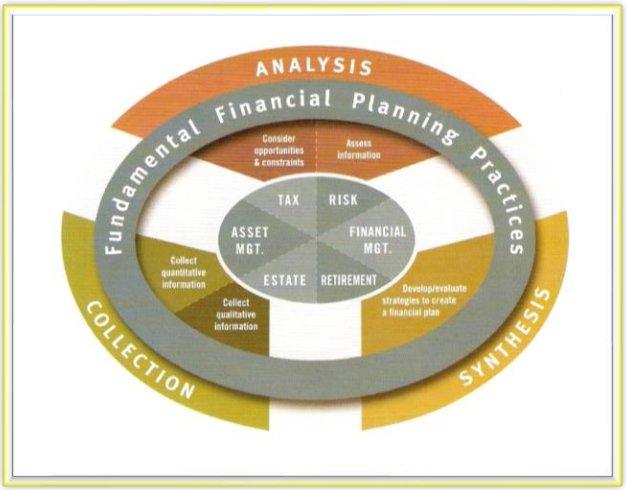
2.4 THE PRACTICE OF FINANCIAL PLANNING

To render financial planning advice to clients in an appropriate and suitable manner as required by the FAIS Act, financial planning professionals must follow certain practices as advocated by the FPSB and FPI (FPSB 2011:3). The FAIS Act's General Code of Conduct sets out the required regulatory practices to be adhered to by all financial planners licensed in terms of the FAIS Act. The professional bodies, namely, the FPSB and FPI, set out a higher performance expectation for their members as reflected in the practice standards and advocates the use of a six-step financial planning process.

2.4.1 FINANCIAL PLANNING PRACTICES

The FPSB has identified the fundamental financial planning practices as executing the phased tasks of collecting, analysing and synthesising a client's financial and lifestyle information to develop an appropriate financial plan. These three broad categories of tasks are illustrated in Figure 2.3. These tasks must be executed in a phased manner using the appropriate abilities and professional skills (defined in the FPSB Financial Planner Professional Skills), as well as drawing on a mastery of the body of knowledge for financial planning matters (defined in the FPSB Financial Planning Body of Knowledge). A combination of these abilities, skills and knowledge lead to the ultimate competency level in a financial planning professional's performance (FPSB 2011:3). The practice of financial planning, therefore, takes place in a phased approach, executing various tasks to ensure that a financial plan is developed in a competent manner.

Figure 2.3: Fundamental financial planning practices



Source: FPSB (2011:3-4)

Each of the three broad categories or phases that comprise the fundamental financial planning practices consist of a number of tasks, which are described in Table 2.7 together with the core competencies in each phase.

Table 2.7: Fundamental financial planning practices

Phase	Task description	Core competencies
Collection	The financial planning professional collects the information required to develop a financial plan. Collection goes beyond simply gathering information to also include identifying related facts by making required calculations and arranging client information for analysis.	1. Collects the quantitative information required to develop a financial plan. 2. Collects the qualitative information required to develop a financial plan.
Analysis	The financial planning professional identifies and considers issues, performs financial analysis and assesses the resulting information to be able to develop strategies for the client.	1. Considers potential opportunities and constraints to develop strategies 2. Assesses information to develop strategies
Synthesis	The financial planning professional synthesises the information to develop and evaluate strategies to create a financial plan.	1. Develops and evaluates strategies to create a financial plan.

Source: Researcher's own construction adapted from FPSB (2015:8)

Depending on the financial needs of the client, the advice offered in terms of the financial plan may include one, a combination, or all of the components of financial planning, namely, tax

planning, risk planning, financial management, retirement planning, estate planning and asset management. Each of these components are described in Table 2.8.

Table 2.8: Components of financial planning

Financial planning component	Description
Personal financial management	Incorporates analysing client's spending and savings patterns, their existing debt management situation, capital needs in the event of death or disablement, emergency fund and cash management strategies.
Investment management	Ensures the client's investment portfolio is aligned in terms of tax efficiency, risk tolerance and capacity, liquidity requirements, impact of inflation, investment time horizon as well as the appropriate asset diversification across asset classes and geographical regions. The investment strategy usually is based on wealth creation, coupled with income creation and wealth protection or a combination of the elements.
Risk management	Includes addressing the potential financial loss of income or settlement of debt on death or disablement, or the financial impact of a loss of physical property (movable or immovable).
Tax planning	Involves the investigation and recommendation of tax efficient strategies regarding the income, personal financial management and investments for the client.
Retirement planning	Ensures that realistic post-retirement income goals are planned for and achieved by the date the client needs to retire.
Estate planning	Ensures that assets are passed to heirs in the desired and tax efficient manner through proper planning.
Business financial planning	Ensures that any financial risks faced by the shareholders and their beneficiaries are planned for in the event of the death, disablement or major changes to the business.

Source: Botha et al. (2019:124)

2.4.2 FINANCIAL PLANNING PROCESS

To manage the rendering of appropriate and suitable advice for a client's particular situation (considering the various components in Figure 2.3), a six-step financial planning process (see Table 2.9) was developed by the international professional body (FSPB) as a best practice for financial planning. The financial planning process provides a framework for financial planners by providing a robust and thorough methodology for developing a financial plan. The Financial Planning Standards Board (FPSB), through the South African affiliate professional body, the Financial Planning Institute of Southern Africa (FPI), advocates the use of a six-step process of financial planning to ensure that a rigorous advice process is followed (FPSB 2016:22).

The six-step process is applied whether the financial planner is conducting a full holistic financial plan or addressing a single financial need of the client (FPSB 2016:22; Botha et al. 2021:20). The steps of the financial planning process, together with the corresponding FPI/FPSB practice standards are summarised in Table 2.9.

Table 2.9: Six-step financial planning process

Steps	Related FPI/FPSB practice standards
1 Establish and define the relationship with the client	1.1 Inform the client about the financial planning process and the competencies of the financial planner 1.2 Determine whether the financial planner is in a position to meet the needs of the client 1.3 Define the scope of the engagement
2 Collect the client's information	2.1 Identify the client's personal and financial objectives, needs and priorities 2.2 Collect quantitative information and documents 2.3 Collect qualitative information
3 Analyse and assess the client's financial status	3.1 Analyse the client's information 3.2 Assess the client's objectives, needs and priorities
4 Develop the financial planning recommendations and present them to the client	4.1 Identify and evaluate financial planning strategies 4.2 Develop the financial planning recommendations 4.3 Present the financial planning recommendations to the client
5 Implement the client's financial planning recommendations	5.1 Agree on implementation responsibilities 5.2 Identify and present products and services for implementation
6 Review and monitor the client's situation	6.1 Agree on responsibilities and terms of review of the client's situation 6.2 Review and re-evaluate the client's situation

Source: Botha et al. (2021:17)

Each of the six steps in the financial planning process are described in more detail in the sub-sections 2.4.2.1 to 2.4.2.6 (Botha et al. 2020:18; FPSB 2011; Botha et al. 2019:124; Taylor et al. 2010:732).

2.4.2.1 Step One: Establish and define the relationship with the client

Referring to Table 2.9, the financial planning process begins when the financial planner and the client engage in a consultation to discover whether they can establish a relationship. Both parties disclose pertinent information relating to the services required and what can be offered. The professional relationship will at this stage begin to be established and demarcated (for example, is this a once-off transaction or an ongoing relationship). Financial planners must at this stage inform the client as to the nature of the relationship, comply with all the disclosure

requirements as set out in the FAIS and FIC Acts regarding their identification, qualifications and experience, as well as the product suppliers they are mandated to represent and the services they are licensed to offer, professional bodies to which they have membership, their remuneration arrangements and the anticipated scope of the engagement.

Upon establishing that the financial planner is in a position to meet the needs of the client and should the financial planner and the client at this stage collectively wish to proceed with the relationship, the next step will be the gathering of pertinent data and information (see Table 2.9) relating to the client (FPSB n.d.).

2.4.2.2 Step Two: Collect the client's information

In Step Two, the financial planner will either consult the client on a face-to-face basis or request that the client complete a data gathering questionnaire, which could be in electronic or paper format. During this step of the process, the biographical and financial data relating to the client will be sourced (client's personal and financial objectives, needs and priorities). The client data gathered includes both quantitative, factual data as well as qualitative, intangible data. Examples of such client data required to prepare a financial plan are summarised in Table 2.10.

Obtaining the requisite data may take more than one engagement with the client and whilst set out in the process as Step Two, the lines may be fluid with some of the data collection taking place during other stages of the client engagement. It is not uncommon for some of the information to already be disclosed during the first step of the engagement (Botha et al. 2021:20). During this stage (Step Two), it is possible to determine whether the realistic expectations of the client can be met through the financial planning process. Through collecting this data (see Table 2.10), the financial planner is able to learn about the client's personality and behaviours relating to financial matters, and is then able to begin educating the client around these matters.

Table 2.10: Quantitative and qualitative client data

Quantitative	Qualitative
Client's biographical data (information on dependents and other relevant family information such as identity documents, salary slips and utilities bills)	Risk profile and capacity for risk
Investment and insurance portfolio summaries	Financial behaviour and investment personality
Marriage contracts	Health status of client and family members
Income tax information	Planned retirement date and other important time horizons
Last will and testament	Lifestyle objectives pre- and post-retirement
Copies of trust deeds	Education wishes for client and family members
Business entity information and partnership contracts, Memoranda of Association	Holiday and travel plans
Other relevant documentation both financial and legal in nature	Large purchase wishes
	Charitable giving wishes

Source: Botha et al. (2020:21)

2.4.2.3 Step Three: Analyse and assess the client's financial status

In the third step of the process, once all the data has been gathered, the financial planner analyses the data. The financial planner will analyse the data and information gathered and compare this to the financial and lifestyle goals and wishes of the client. This is done in accordance with the goals and risks identified collectively by the client and financial planner. The analysis may cover all areas of the client's financial situation, or be limited to one or more areas. These areas known as financial planning components were identified and described in Table 2.8 (see Section 2.4.1).

2.4.2.4 Step Four: Develop and present recommendations in a financial plan

Once an analysis of the financial circumstances of the client has been conducted, the next step is to develop and present an appropriate financial plan to the client. After assimilating and synthesising the information he/she has in his/her possession, various financial planning strategies are identified and evaluated. Thereafter, the financial planner develops and presents to the client a suitable financial plan (financial planning recommendation). This financial plan will take into account the client's expressed financial and lifestyle goals and address any

potential shortfalls which need to be dealt with. The financial planner will utilise this step of the process to highlight to the client any potential risks in the client's current financial provisions and make recommendations to the client to address and rectify the financial circumstances to meet the intended financial and lifestyle goals (Botha et al. 2019:135; Taylor et al. 2010:52).

2.4.2.5 Step Five: Implement the client's financial planning recommendations

Following presentation of the recommendations contained in the financial plan (products and services for implementation), the financial planner and client will agree to a path forward, either in the whole or on a phased basis. Where agreement is reached on the recommendations to be adopted, the financial planner and the client agree on the implementation responsibilities. Thereafter, the financial planner is mandated by the client to implement the agreed on strategy. The financial planner will then implement the plan (Botha et al. 2019:137; Taylor et al. 2010:62).

2.4.2.6 Step Six: Review and monitor the client's situation

On an agreed annual, biannual or other basis, depending on the complexity of the client's needs, the financial planner and the client will meet to review the financial plan to facilitate the changing lifestyle and financial goals of the client. Any changes required to the plan will require recommendations and agreement before implementation as set out in the prior steps (Botha et al. 2019:138; Taylor et al. 2010:62).

If successful, the client engagement as described in the six-step financial planning process, will result in a long-term business relationship between the financial planner and the client.
This client acquisition and retention process is the basis for creating value in a financial planning business, with remuneration for the advice being based on a percentage of the assets under management of the financial planner, or on a fixed fee basis. Building a successful FSP brings not only financial rewards but also non-financial rewards such as job satisfaction and social prestige (Van den Heever 2014:112; Smith, Barr, Barbosa & Kickul 2008:359).

2.5 SUMMARY

In this chapter, the financial planning industry was contextualised in terms of the industry concepts and role players followed by the importance of financial planners in South Africa and the developments taking place in the financial planning industry. Thereafter, the challenges faced by the financial planning industry in South Africa was discussed. The role of the financial planner and the requirements for becoming licenced were contextualised after which the practice of financial planning and the globally advocated six-step financial planning process was described.

It can be concluded that competency for financial planners requires a fusion of observable and measurable (explicit) knowledge, skills, abilities and personal (tacit) attributes that contribute to enhanced financial planner performance as required by the market. Knowledge is an indispensable antecedent for all financial planning related competencies and skills as well as relationship development. Thus, competency ultimately results in the success of a financial planning business.

Whilst the focus of this chapter was the context of financial planning and the financial planner, it is important to consider how financial planners create value in their businesses. This is especially important from a business context since a prime objective of business is to demonstrate good business performance. Competent and effective financial planners comprise valuable human capital contributing to value creation in the business. Chapter further explores value creation and the forms of capital utilised in the creation of value in businesses, specifically in the context of financial planning businesses.

CHAPTER THREE

THE ROLE OF CAPITAL IN VALUE CREATION

3.1 INTRODUCTION

Businesses, including financial planning businesses, have the objective of creating value for their stakeholders. Chapter Two discussed the context of the financial planning industry and the financial planner, and explained the financial planning process. In the current study, the focus was placed on the human factor's role in value creation in financial planning businesses. Intellectual capital and its various subcategories, specifically human capital, as held by the individual financial planner, are critical to the value creation process in financial planning businesses. Human capital is critical because financial planning is rooted in the knowledge economy where value is created through the appropriate application and management of individuals as well as knowledge that is both tacit and explicit.

In Chapter Three, the concepts of value and value creation are introduced and defined. Thereafter, a distinction is made between the financial and non-financial dimensions of value creation. Businesses create value through competently organising their resources which, in turn, can be defined as capital. The chapter provides a definition of capital and describes the various categories to contextualise capital as a resource for value creation in financial planning businesses. The chapter concludes by discussing the study's underlying theoretical framework as well as outlining and justifying the theories chosen.

3.2 CONTEXTUALISING VALUE AND VALUE CREATION

The aim of businesses is to create and maintain value through competently organising their resources and activities by means of social, economic and cognitive mechanisms (Kudryavtsev, Grigoriev & Bobrikov 2014:15; Kraaijenbrink 2010:1). The Resource-Based View (RBV) states that the effective utilisation of resources creates a competitive advantage for the business (Kraaijenbrink 2010:5; Barney 1991:105), which, in turn, creates value. For Sabourin (2020:84), value refers to the extent to which the resources are aligned with the external environment to exploit opportunities and reduce threats.

Nevertheless, the concept of "value" is complex and multi-dimensional in nature and is defined differently, depending on the field of study. Many definitions of value exist as proposed by scholars from different disciplines or fields of study, including economics, business management, strategy, marketing, psychology, consumer behaviour and financial planning. According to Wikström and L'Espoir Decosta (2018:249), value creation is still an emerging concept and different research contributions highlight different aspects of the value concept. Therefore, Section 3.2.1 defines value and value creation, Section 3.2.2 distinguishes between the financial and non-financial dimensions of value creation.

3.2.1 DEFINING VALUE AND VALUE CREATION

Whilst Wikström and L'Espoir Decosta (2018:249) identify that no single clear definition of value exists, Table 3.1 highlights some of the definitions that have been proposed. This sample includes the original definition proposed by Carl Menger in 1871 as well as several others proposed by more recent authors.

Table 3.1: Definitions of value

Definition	Author/s
Value is the importance that individual goods or quantities of goods attain for us because we are conscious of being dependent on command of them for the satisfaction of our needs.	Menger (1871/2007)
Value is the capacity of a good, service or activity to satisfy a need or provide a benefit to a person or legal entity.	Haksever, Chaganti and Cook (2004)
Value is defined as making an actor, such as a customer, better off.	Grönroos (2017:125)
Value is the usefulness of a product or service as subjectively perceived by the individual end consumer.	Hallberg (2017)
Value is the degree of goodness derived from consumption.	Wikström and L'Espoir Decosta (2018)
Value is an attribute of the product or service that can be engineered into it, and created or added though the production/delivery process to its ultimate delivery.	Grigg (2020)

Source: Researcher's own construction

As is evident from Table 3.1, definitions of value commence with a perspective of the goods or service creating the value and expand to the value being co-created by the parties involved (Grönroos 2017:125). For Barney (1991:105), resources are valuable when they enable a firm to conceive of or implement strategies that improve its efficiency or effectiveness or when they utilise "opportunities and/or neutralise threats in a firm's environment". Kraaijenbrink (2010:7)

adds that to focus only on the ability of goods, services and activities as contributors to value creation excludes the notion of Harvie and Milburn (2010:634) and Grönroos (2017:125) that the relations between people can also create or co-create value. Therefore, Kraaijenbrink (2010:7) contends that human relationships in the creation of value should not be overlooked. In the same manner, Wikström and L'Espoir Decosta (2018:249) contend that the whilst the concept of value lacks a consistent definition and is difficult to measure, it is necessary to consider where and by whom value is created. Furthermore, Wikström and L'Espoir Decosta (2018:250) suggest that value creation is an emerging concept whereby value is created through the interactions between the business and its customers. Jones, Penaluna and Penaluna (2020:101) found that the creation of authentic value for others should be preceded by the development of specific capabilities in the value creators. Despite the various definitions of value and the different perspectives on value creation, consensus exists that value can be described and created in both financial and non-financial terms (Sarasvathy 2008:223).

3.2.2 FINANCIAL AND NON-FINANCIAL VALUE CREATION

In general, financial value is created through increased income, profit and the accumulation of assets, which are measured in monetary terms, whilst non-financial value is created socially and represents benefits that cannot be measured in monetary terms (Van den Heever 2014:112; Smith, Barr, Barbosa & Kickul 2008:359). Examples of non-financial value creation include job satisfaction, employment creation, and the development of social networks (Van den Heever 2014:112; Smith, Barr, Barbosa & Kickul 2008:359). Furthermore, non-financial value creation includes an improved lifestyle, status and reputation, increased independence, opportunities and work flexibility, as well as time to pursue personal interest (Sander & Lee 2014; Van den Heever 2014:7; Sledzik 2013:93).

Value creation is important as it is the main objective of every business (Van den Heever 2014:7; Haksever et al. 2004:295), including those offering financial planning services (Rossini & Maree 2010:111). Even though value is expressed in both financial and non-financial terms (Sarasvathy 2008:223), value creation in knowledge-based economies is increasingly being driven by the management of knowledge and intellectual capital (Hejazi, Ghanbari & Alipour 2016: 259), which results in both financial and non-financial benefits.

As a result, businesses create value through competently organising their resources (Kudryavtsev, Grigoriev & Bobrikov 2014:15; Kraaijenbrink 2010:1). Kellermanns, Walter, Crook, Kemmerer and Narayanan (2016:36) define resources as being the "tangible or intangible assets such as human capital, organisational capital, financial capital, physical capital and relationship capital which allow a firm to create products and/or services in its pursuit of value". It is these various categories of capital (resources) that, when unlocked, create value for stakeholders (Habbershon et.al. 2010:16). The various categories of capital are elaborated on in Section 3.3.

3.3 CONTEXTUALISING CAPITAL AS RESOURCE FOR VALUE CREATION IN FINANCIAL PLANNING BUSINESSES

To contextualise capital as a resource for value creation in financial planning businesses, capital is defined, whereafter, the main categories of capital are discussed and contextualised for financial planners in financial planning businesses.

3.3.1 DEFINING CAPITAL

Goodwin (2003:1) observes that capital has several meanings, such as stocks of goods or capacities used economically to produce desired economic outputs. Cheikh and Noubbigh (2019:148) contend that capital, utilised to improve the performance of the business, can be either tangible or intangible, noting that the intangible capitals are becoming more prominent for businesses operating in the knowledge-based economy. Examples of tangible capital include land, plant and machinery. Examples of intangible capital include knowledge, experience and relationships. The various categories of tangible and intangible capital are discussed in more detail in Section 3.3.2.

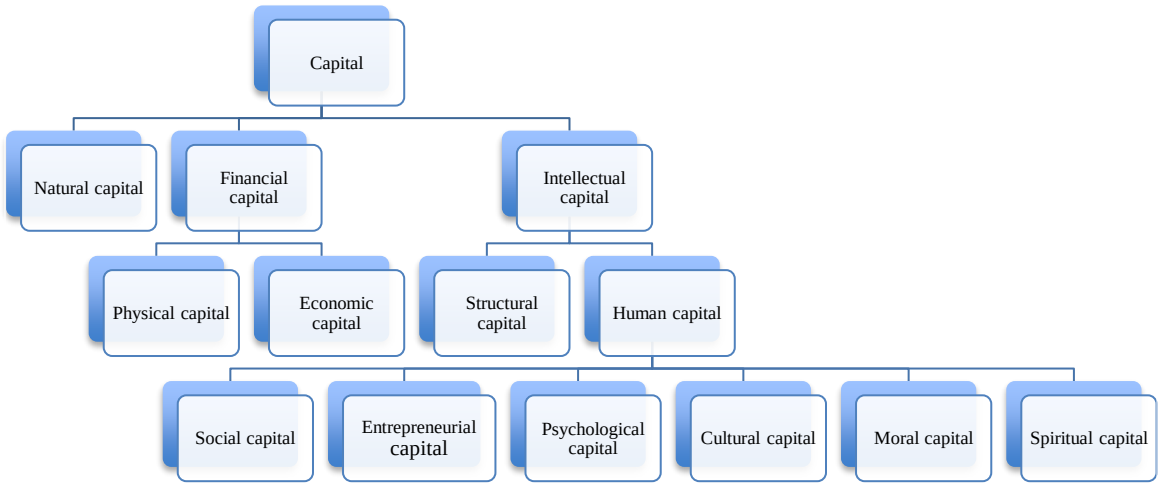
3.3.2 CATEGORIES OF CAPITAL

In the value creation process of a business, various categories of capital are considered as resources or sources of competitive advantage (Habbershon, Nordqvist & Zellweger 2010:16). However, capital can be categorised into three main categories, namely, natural capital, financial capital and intellectual (intangible) capital (Vitolla, Raimo & Rubino 2019:245; Özer

& Ergun 2014:146; Goodwin 2003:3; Ireland, Hitt & Sirmon 2003:973). In discussing and describing the categories of capital, it is also important to contextualise these categories for financial planners in financial planning businesses. Contextualisation unlocks the meaning of the particular category of capital so that the implications for financial planners may be understood and managed appropriately.

Contextualisation can be described as the process of creating awareness regarding the differences that may exist between the general state and the particular circumstances or environment of the population, community or group that is being studied (Welter & Gartner 2016:1). Generalisation applies the same set of broad conclusions to all participants in the group (Polit & Beck 2010:1451), which means that it is the opposite of contextualisation. While generalisation is important in research, contextualisation leads to the deeper meaning of the phenomenon being studied (Polit & Beck 2010:1452). Context, therefore, provides an awareness and understanding of the dynamics of the group being studied and how they differ from a generalised state (Welter & Gartner 2016:1). Because contextualisation assists in identifying how situations may differ, it helps the researcher in making sense of the variations that may occur so that a context perspective may be incorporated in the study (Welter & Gartner 2016:1). The main categories of capital and their underlying subcategories are depicted in Figure 3.1.

Figure 3.1: Categories of capital



Source: Researcher's own construction

3.3.2.1 Natural capital

The first main category of capital is natural capital, which can be described as the most fundamental of all capitals (Amir 2021:1). Costanza, de Groot, Sutton, van der Ploeg, Anderson, Kubiszewski, Farber and Turner (2014:152) define natural capital as "the natural environment and its biodiversity; it is the planet's stock of natural resources, the ecosystems that provide benefits to people (i.e., ecosystem services)". In other words, natural capital is fundamental because it comprises the world's stock of natural resources such as land, minerals, and includes living organisms and plant materials, which are capable of producing a surplus stock or profit without the need for human intervention (Wolloch 2020:1). Natural capital consists of elements, which are renewable and require management (Missemer 2018:90). In Table 3.2 natural capital is described and contextualised for financial planners in financial planning businesses.

Table 3.2: Natural capital – description and contextualisation

Categories of capital		**Description**
Natural capital (FC)	General description	• Provides the most fundamental capital. • Supplies the world's renewable and exhaustible natural resource.
	Contextualised	• Natural resource value is applied equally to financial planning businesses as to other types of businesses, as such, the general description is applicable to financial planning businesses.

Source: Researcher's own construction based on Wolloch (2020) and Missemer (2018)

3.3.2.2 Financial capital

The second main category of capital is that of financial capital. Financial capital consists of both physical and economic capital and, when liquidated, is converted to cash or money at the business's disposal to be utilised in the pursuit of future profit (Ross 2019). Physical capital represents the tangible assets at a business's disposal such as property, equipment and computers that are used in the production of income, whereas economic capital is the amount of capital required by a business to remain solvent in the event of unexpected risks (Ross 2019; Wang 2015; Stewart et al. 2011; Ireland et al. 2003:973). Table 3.3 provides a description of financial capital and its subcategories, physical and economic capital, together with a

contextualisation for financial planners in financial planning businesses.

For financial planning businesses, in addition to the fixed and moveable physical assets required by businesses, investment in knowledge, intensive information technology equipment and systems are required as well as regulated economic capital reserves to be maintained by the business.

Table 3.3: Financial capital – description and contextualisation

Categories of capital			Description
Financial capital (FC)	General Description		• Comprises both physical and economic components. • Uses capital in pursuit of future profits. • Needs finances to provide goods and services, and includes both working and fixed capital. • Requires working capital to finance day-to-day operations. • Uses fixed capital to finance the acquisition of fixed assets such as buildings or machinery. • Generates capital through both intangible and fixed assets of a business, and through managing the businesses resources. • Includes internally-retained earnings.
	Contextualised		• General description is also applicable to financial planning businesses.
	Physical capital (PC)	General Description	• Includes physical, tangible assets owned by a business. • Includes fixed assets, which are long-term investments (for example, property, buildings, plant and machinery). • Includes movable assets, which are short-term investments (for example, furniture, vehicles, equipment and computers).
		Contextualised	• Financial planning businesses own physical assets that are fixed and moveable. • Information technology equipment forms a large component of the PC of these businesses.
	Economic capital	General Description	• Uses capital to finance the unexpected risks to which a business may be exposed.
		Contextualised	• General description may be expanded to include specific solvency reserve finances that must be held by financial planning businesses in a liquid state as stipulated by legislation.

Source: Researcher's own construction based on Botha et al. (2019), Besley, Brigham & Sibindi (2015), Wang (2015), Özer & Ergun (2014), Śledzik (2013), Stewart et al. (2011), Graham (2010), Rossini & Maree (2010:204), Ireland et al. (2003), Bischoff, Vladova & Jeschke (2001)

3.3.2.3 Intellectual capital

The third main category of capital, namely, intellectual capital (see Figure 3.2), is defined by Khalique, Bontis, Shaari and Isa (2015:225) as an intellectual contribution to a business brought about through the inclusion of education, knowledge, information, expertise, intellectual property and experiences, all owned by the individual and rented by the employer to create organisational wealth. According to Bratinau (2018:859), it is difficult to measure intellectual contributions as it is the "hidden value of a knowledge business". Intellectual capital is the category of capital that has become strategic in the value creation process for knowledge-intensive businesses such as financial planning businesses (Hussinki, Ritala, Vanhala & Kianto 2017:904; Ujwary-Gil, 2017:372). A general description of intellectual capital and its contextualisation for financial planners in financial planning businesses is provided in Table 3.4.

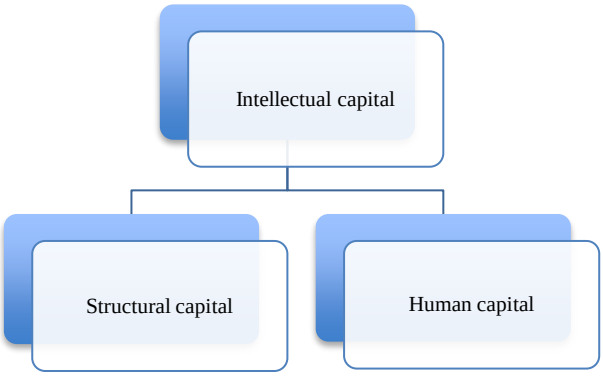
Table 3.4: Intellectual capital – description and contextualisation

Categories of capital		Description
Intellectual capital (IC)	General description	• Represents the "hidden value" of a knowledge business. • Represents one of the most critical knowledge-based, non-tangible and invisible strategic assets of a business and include structural and human capital. • Consists of all data or information belonging to the business, which can be turned into knowledge through the intervention of human capital in such a way that it becomes an asset of the business. • Difficult to measure.
	Contextualised	• General description of IC is also applicable to financial planning businesses because they are described as knowledge-based businesses. • Financial planning businesses are established and managed by individuals based on personal relationships, using unique systems and processes for the dissemination of knowledge and advice to clients. • Financial planning businesses have unique industry knowledge, research, processes and philosophies around which the advice process is built.

Source: Researcher's own construction based on Botha et al. (2021), Özer and Ergun (2015), Wang (2015:55), Sander and Lee (2014), Bischoff et al. (2013), Huggins, Johnston and Thompson (2012) and Rehman, Rehman, Rehman and Zagid (2011:8)

Intellectual capital can be further categorised into two subcategories, namely, structural capital (also known as customer, organisational, process, innovation or internal capital) and human capital (Demartini & Paoloni 2014:669; Huggins et al. 2012; Skyrme 2011; Edvinsson & Malone 1997; Stewart 1997) as depicted in Figure 3.2.

Figure 3.2: Subcategories of intellectual capital



Source: Researcher's own construction

The subcategories of intellectual capital occur at different levels in a business (McCracken, McIvor, Treasy & Wall 2017:12). Structural capital is owned by the business whereas human capital is owned by the individual and rented by the business (Kianto, Sáenz & Aramburu 2017:5). As one of the subcategories of intellectual capital, structural capital is defined by Hejazi at al. (2016:259) as including the non-human storehouses of knowledge, owned by the business, for example, databases, procedures, publications and organisational culture, which create value for a business and supports its human capital. Structural capital is described and contextualised in Table 3.5.

Table 3.5: Structural capital – description and contextualisation

Categories of capital		Description
Structural capital (SC)	General description	• Includes the business's skeleton structure around which all systems and processes function and which is owned by the business. • Includes mechanisms which support employees such as procedures, systems, technologies, processes, copyrights, intellectual property rights, patents, databases and rules for decision-making. • Encodes the business via organisational policies, organisational culture, organisational philosophy, intellectual property, and research and development (R&D).
	Contextualised	• An important capital of financial planning businesses because they operate in the highly-regulated financial sector of the knowledge economy, relying heavily on systems, processes and procedures to undertake business operations in accordance with regulations. • Intellectual property, processes, databases and R&D constitute important components of structural capital since the service delivery is advice on financial products, which is rendered in a highly-regulated environment requiring high levels of compliance.

Source: Researcher's own construction (based on Vargas, Lloria and Roig-Dobo (2016), Özer and Ergun (2015). Bischoff et al, (2013), Maditinos, Chatzoudes, Tsairidis and Theriou (2011) and Rossini and Maree (2010:169,202)

Human capital is another subcategory of intellectual capital and refers to the knowledge that exists in the minds of individuals as well as their experiences (Hejazi et al. 2016:259). Human capital is, therefore, the collective knowledge, skills, abilities, innovativeness, values and philosophy of the individuals working in the business, all of which are owned by the individual and rented by the business. McCracken et al. (2017:12,30) have identified human capital as a multi-level construct, which can be viewed from an organisational or an individual level. From an organisational level, human capital relates to leadership, talent management, business structure, business culture and change management. At an individual level, human capital refers to an individual's knowledge, skills, abilities and other characteristics (KSOAs) (Boon, Eckardt, Lepak & Boselie 2018:37). Table 3.6 describes and contextualises human capital at an individual level (for financial planners in financial planning businesses) in line with the focus of this study.

Table 3.6: Human capital – description and contextualisation

Categories of capital		Description
Human capital (HC)	General Description	• Occurs at an individual level and is managed at a business level. • Includes an intangible multi-dimensional set of skills and characteristics that add to an individual's productivity and marketability. • Includes the values and philosophy of an individual. • Includes skill possessed by the individual employee which is rented by the business. • Extracts positive results from employees through utilising their technical knowledge, skills, experience, motivation, innovativeness, adaptation and social capital.
	Contextualised	• HC plays a significant role in financial planning businesses as these businesses are people-driven, knowledge-based, relationship businesses that are operated by highly skilled and educated individuals. • The ability to disseminate knowledge and advice is largely determined by the individuals in the business and depends on their ability to connect with and interpret their clients' financial needs and goals. • General description of HC relates well to financial planning businesses, but the role of the individual financial planner's relationships must be highlighted as an important component of HC in these businesses.

Source: Researcher's own construction (based on Botha et al. (2019), Singh (2008:82), Chen, Cheng and Hwang (2005). Bontis (1998), Becker (1993) and Acemoglu and Autor (n.d)

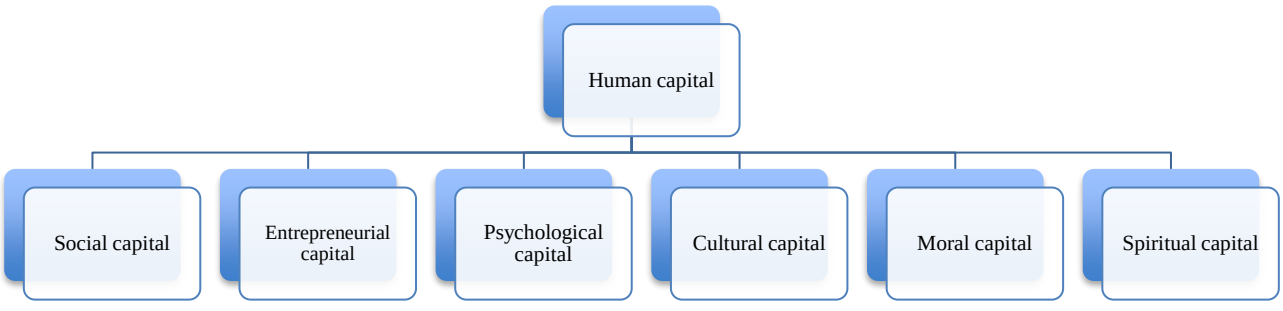
As described in Table 3.6, human capital is an important component of knowledge-intensive, people-driven businesses such as financial planning businesses. Human capital represents the set of skills, competencies, knowledge and relationships that leave the business each day when employees return home (Kianto et al. 2017:5). In financial planning businesses, these components of human capital are located in the individual financial planners who are employed or operate in the financial planning business. Human capital, therefore, plays a significant role as the vessel through which the transfer of knowledge in a people-driven, highly-skilled knowledge-based environment takes place. The role of the individual financial planner within the financial planning business is, therefore, important. Human capital consists of several subcategories, which are described in Section 3.3.2.4.

3.3.2.4 Human capital

Whilst the concept of human capital, as described in Table 3.6, has its origins in the 1950s when economists began using the concept to measure the output they could gain from employing individuals relative to their wage (Kwon 2009:2). The concept was later expanded by authors such as Rastogi (2002:229) to include attitudes and behaviours. In addition, Kwon (2009:10) included creativity, motivation and social networking as dimensions of human capital.

Karazijienė and Jurgelevičius (2016:141) developed the concept of human capital beyond the traditional skills, knowledge and educational attainment to include dimensions of a qualitative, quantitative and value-oriented nature. They posit that on analysing various forms of intangible capitals such as social, entrepreneurial, psychological, cultural, moral (ethical) and spiritual (religious) capital, they essentially all have human capital at their core (Karazijienė & Jurgelevičius 2016:142). With human capital as the source of many intangible capitals, seven subcategories of human capital are depicted in Figure 3.3. Through the individuals that possess them, these subcategories of human capital and the interaction between them, play and important role in unlocking value for (financial planning) businesses.

Figure 3.3: Categories of human capital



Source: Researcher's own construction

3.3.2.4.1 Social capital

Some authors posit that social capital is a subcategory of intellectual capital (Khalique et al. 2015:226), and could be depicted on the same level as human capital and structural capital. However, Nobel Laureate, Becker (1993 in Clement 2002) and key theorist, Coleman (1988) contend that social capital is a separate component in the creation of human capital. Becker (1993), in an interview with Clement (2002), considered social capital to be a "particular type of human capital" where human capital "usually looks at a person", while "social capital looks at a person's links to other individuals". Becker (1993) postulates that the individual cannot exist in isolation but exists in relation with others. Social capital can, therefore, be viewed as an extension to or category of human capital (Zhao, Wei, Chen & Yien 2020:2).

Social capital, however, remains a vague, controversial and highly-debated, but loosely-defined construct (Lee 2017:39; Bhandari & Yasunobu 2009:480). According to key theorists (named in brackets), the concept of social capital straddles several fields of study including sociology (Bourdieu and Coleman), economics (Putnam) and business management (Adler, Kwon, Ghoshal and Nahapiet) (Hamad, Tuzlukaya & Kirkbesoglu 2019:102; Muniady, Mamun, Permarupan & Zainol 2015:1; Bourdieu, 1986 in Richardson 241).

Social capital refers to "who you know*"*, and it is created by the individual and exists within an individual's networks, which contribute to the creation of value for a business (Muniady et al. 2015:1). As a result, social capital is determined by interpersonal relationships, social network of contacts, ties and acquaintances, both internal and external to the business, where transactions arise from norms of reciprocity and trust (Khan, Li, Safdar & Khan 2019:4; Hotchkiss & Rupasingha 2018; Sander & Lee 2014; Bhandari & Yasunobu 2009:480; Putnam 1995, 2000, 2001). Berger and Hefner (n.d.:3) highlight that an individual acquires power, influence, knowledge, and dispositions through trust and membership of a social network or group. Social capital plays a role in the performance of the individual and the business, for example, people with better networks get promoted sooner (Muniady et al. 2015:1).

Claridge (2020:4) contends that the importance of social relationships to social capital cannot be underestimated, the interaction between individuals who know each other (have an existing relationship) is far higher than between strangers. Therefore, social interaction is critical in the

creation of social meaning, and interaction plays a role in the cognitive and relational aspects of social capital.

Social capital can also be assessed at various levels, namely, at the micro-level (between individuals), meso-level (between teams or groups) or macro-level (within or between communities or countries) (Claridge 2020:2). At the micro- or individual level, which was the study's focus, social capital can be described as having network characteristics that provide connectedness between individuals, for example, bridging opportunities (that allow an individual to meet new people through contacts in his/her existing social network); bonding opportunities (that allow individuals in the same network to grow their existing relationships) and linking opportunities (opportunities or new contacts that one individual may introduce to another) (Claridge 2020:2). According to Claridge (2020:4), bonding ties occur between relationships within a group or community and are characterised as having strong ties and high levels of trust between individuals who are alike, whereas bridging ties span social groups and weaker trust is assumed to exist between individuals who are different.

Table 3.7: Social capital – description and contextualisation

Social capital	Description
General description	• Includes a multi-dimensional construct and incorporates the power, influence, knowledge and dispositions that an individual acquires through membership of a social network or group. • Encompasses an individual who knows and reflects an individual levels of activity in social society. • Includes interpersonal relationships through civic and social interactions, whereby networks of contacts and acquaintances (both internal and external to the business) are made. • Concerns creating current or future transactions facilitated through norms of relationship, reciprocity and trust, based on social relationship activity. • Uses individual and business resources to generate business opportunities, information, financial capital, ideas, leads, trust, reciprocity and goodwill. • Includes subcategories of relational capital, network capital and cognitive capital.

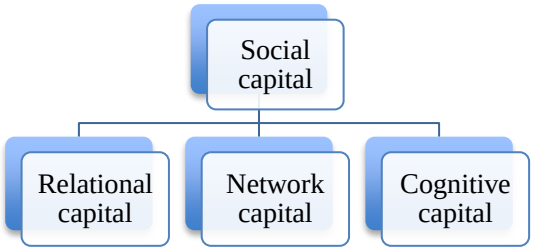
Table 3.7: Social capital – description and contextualisation (continued)

Contextualised	• SC is important to financial planning businesses because their offering consists of providing knowledge, advice and relationship management around the provision of intangible products and services. • Interpersonal networks and relationships requiring trust and influence are critical to engage clients in the advice-driven business activities.

Source: Researcher's own construction (based on Muniady et al. (2015), Jonsson (2015:198); Sander and Lee (2014), Rossini and Maree (2010), Bull, Ridley-Duff, Foster and Seanor (2008), Putnam (1995, 2000, 2001), Coleman (1988), Bourdieu (1986) and Berger and Hefner (n.d.:3)

Furthermore, for the purpose of the study, social capital was categorised into relational capital, network capital (structural) and cognitive capital (Claridge 2020:2), as illustrated in Figure 3.4.

Figure 3.4: Categories of social capital



Source: Researcher's own construction

The three subcategories of social capital, namely, relational capital, network capital and cognitive capital are discussed in Sections 3.3.2.4.2 to 3.3.2.4.5.

3.3.2.4.2 Relational capital

Relational social capital refers to the nature and quality of personal formal and informal relationships created and maintained by the individual (Muniady et al. 2015:4; Tamer, Dereli & Saglam 2014:964). Relational social capital is characterised by levels of trust, respect, open communication, shared history and friendship (Muniady et al. 2015:4). Tasavori, Zaefarian and Eng (2018:890) suggest that the type of personal relationships that people have built with each other based on trust, trustworthiness, respect and friendship, influences their behaviour and acts as a catalyst for openness, reciprocity and cooperation. Relational social capital also gives an indication of the quality of the relationships the individual has with others (Muniady et al. 2015; Özer & Ergun 2015; Liao, Huang & Hsu 2010; Kim & Kumar 2009; Subramaniam &

Youndt, 2005; Bontis, Keow & Richardson 2000). Muniady et al. (2015:3) contend that good relationships will yield different results in comparison to poor relationships. Relational social capital is described and contextualised in Table 3.8.

Table 3.8: Relational capital – description and contextualisation

Relational capital	Description
General Description	• Refers to the quality of personal relationships created and maintained by the individual with the market, customers, suppliers, trade associations, the community, partners and competitors. • Includes nature and quality of interpersonal relationships that an individual owns through shared history, trust, friendship and respect. • Relates to relationships formed by the activities of the individual, which act as a catalyst for openness, reciprocity and cooperation.
Contextualised	• Owing to the personal nature of the financial planning process, personal formal and information relationships are formed between the individual planner and the client, suppliers, partners and other professional associations when financial planning is conducted in a proper manner. • Network and relationship are often "owned" by the individual planner rather than the business itself. • Individual relationships can be stronger than the brand relationship between the business and the client. A relationship can be lost if an individual in a strategic position leaves the business.

Source: Researcher's own construction (based on Muniady et al. (2015:4), Özer and Ergun (2015). Tamer et al. (2014:963), Liao, Huang and Hsu (2010), Rossini and Maree (2010), Kim and Kumar (2009), Subramaniam and Youndt (2005), Bontis et al. (2000) and Katz (1999)

In a people-driven business such as financial planning, personal relationships are important for the creation of good client relationships and the building of networks. The second category of social capital is network capital, which is discussed in Section 3.3.2.4.3.

3.3.2.4.3 Network capital

Tasavori et al. (2018:889) identify network relations as the structural dimension of "who you know" and "how you would access these people", addressing the position of actors in the social structure of interactions. Network social capital refers to the existence and strength of formal and informal networks formed by the individual (Claridge 2020:5; Muniady et al. 2015:4; Tamer et al. 2014:965). The strength and existence, in turn is influenced by the frequency of contact with the network, while the density of networks facilitates contact with new people, new knowledge, and opportunities with or through strategic people outside the network

(Muniady et al. 2015:4; Tamer et al. 2014:965).

Network social capital contains a structural element, which includes the configuration of calculative ties held by businesses and other organisations; ties that include knowledge alliance networks and knowledge contact networks (Huggins et al. 2016:204; Muniady et al. 2015:4; Özer & Ergun 2015). Knowledge alliance networks refer to inter-organisational networks through which strategic alliances are forged to collaborate and innovate (Huggins et al. 2016:205). Knowledge contact networks refer to networks that organisations or individuals form to collect information (Huggins et al. 2016:205). The presence or absence of formal or informal, or strong or weak network ties, influences how an individual is able to reach other people (Muniady et al. 2015:4). Table 3.9 describes network capital and contextualises for financial planners in financial planning businesses.

Table 3.9: Network capital – description and contextualisation

Network capital	Description
General description	• Includes configuration and strength of networks held by individuals as a means of accounting for strategic relational assets. • Refers to the calculative ties held by businesses and other organisations to access knowledge and enhance expected economic returns. • Includes individual social networks through membership of various social, cultural, sporting and religious bodies or groups. • Understands that individuals with stronger networks are better able to reach out to other individuals.
Contextualised	• Comprises strategic partnerships between the business and preferred partners for placing outsourced administrative functions (for example, administrative platforms with whom financial planners partner for outsourcing administrative business), risk and investment partners (for example, pre-approved insurer and investment providers with whom the financial planner may place business), as well as networks of other financial planning practices. • Strategic networks between individual financial planners, financial planning businesses and their suppliers formed at a business level and an individual level are becoming more prevalent in optimising their businesses as regulations increase.

Source: Researcher's own construction (based on Huggins et al. (2016:204), Lamprecht (2016), Muniady et al. (2015:4), Özer and Ergun (2015) and Huggins (2010).

Network capital as summarised from Table 3.14 provides the financial planner with the opportunity to reach out to others at a business level to provide access to resources or potential new clients. The third subcategory of social capital is cognitive capital, which is described and contextualised in Section 3.3.2.4.4.

3.3.2.4.4 Cognitive capital

Cognitive social capital refers to the personal and/or business relationships that are built by the individual on shared language codes, ethics, values and goals. It includes the norms, meanings, representations and interpretations, which facilitate the development of social capital and relationships (Muniady et al. 2015; Nahapiet & Ghoshal 1998). Relationships that are developed and based on a shared goal or vision, or on shared norms and trust, are expected to be stronger than those which are developed without these traits as a basis (Muniady et al. 2015:4). In Table 3.10, cognitive social capital is described and contextualised for financial planners in financial planning businesses.

Table 3.10: Cognitive capital – description and contextualisation

Cognitive capital	Description
General description	• Includes the personal and/or business relationships that are built on shared language codes, ethics, values and goals. • Includes the shared goals, vision and overarching culture of a business.
Contextualised	• The financial planner as trusted advisor is included who is privy to many personal life and financial goals and visions of the client. • Personal relationships are built based on trust, shared goals, ethics, values and a shared vision.

Source: Researcher's own construction (based on Muniady et al. (2015), Rossini and Maree (2010:22), Inkpen and Tsang (2005:152) and Nahapiet and Ghoshal (1998),

Cognitive capital in the context of the financial planner as explained in Table 3.10 represents shared the language codes, ethics, values, goals and visions on which trusted client relationships are built. The next capital to be described is entrepreneurial capital.

3.3.2.4.5 Entrepreneurial capital

As a subcategory of human capital, entrepreneurial capital describes the activities people perform aimed at innovating and developing their businesses (Albort-Morant & Rey-Marti 2015:86). The characteristics they display include tenacity, the search for new opportunities with a degree of calculated risk, commitment and a high entrepreneurial level of behaviour (Audretsch & Keilbach 2004b:951). Paoloni and Demartini (2014:9) describe employees possessing entrepreneurial capital as having the ability and freedom to take risks, identify new business opportunities, demonstrate creativity, inventiveness, initiative and independence, and

have the ability to take bold and difficult decisions. Therefore, a business's entrepreneurial capital is embedded in its employees who act as agents of change by innovating and taking risks to contribute to their businesses' progress (Albort-Morant & Rey-Marti 2015:86).

According to Buenechea-Elberdin, Sáenz and Kianto (2017:369), entrepreneurial capital is an important factor, which contributes to innovation in a business and is brought about by the entrepreneurial actions of the business, a team or an individual. Audretsch and Monsen (2007:3) propose that entrepreneurial capital may even be a subset of social capital and contend that entrepreneurial capital is an important factor at an individual, team and business level in the development of the performance of a business's human resources. In Table 3.11 entrepreneurial capital is described and contextualised for financial planners in financial planning businesses.

Table 3.11: Entrepreneurial capital – description and contextualisation

Entrepreneurial capital	Description
General Description	• Includes entrepreneurial actions of the business, a team or an individual. • Includes characteristics such as tenacity, ability to identify opportunities, take risks, meet goals, find solutions to solve problems and difficulties, confidence in skills and abilities, self-motivation, optimism and stress management. • Emphasises the discovery and creation of new entrepreneurial opportunities, as well as the active pursuit of entrepreneurial opportunities.
Contextualised	• In a dynamic and uncertain business environment financial planners require entrepreneurial abilities to identify opportunities and take risks to develop their own network of clients and demonstrate the value of financial advice. • As remuneration is often based on the performance of the financial planner, the more entrepreneurial the financial planner is in identifying and developing a successful network of clients, the more likely the planner is to be successful in building a sustainable business.

Source: Researcher's own construction (based on Hanisi and Skweyiya (2016), Rossini and Maree (2010) and Audretsch and Monsen (2007:4)

3.3.2.4.6 Psychological capital

As a component of human capital, psychological capital (PsyCap) incorporates the notion of "who you are" (Luthans, Luthans & Luthans 2004:45) and represents the individual's

developmental state of mind. Dawkins, Martin, Scott and Sanderson (2013:348) define PsyCap as an "individual's positive psychological state of development", characterised by the psychological resources of self-efficacy (confidence), hope, optimism and resilience, which are positively related to a variety of job attitudes (Dawkins et al. 2013:348; Luthans et al. 2004:45). According to Anglin, Short, Drover, Stevenson, McKenny and Allison (2018:474), PsyCap is recognised as an indicator of the hope that individuals (or organisations) have in their ability to meet goals, their confidence in their abilities, their optimistim about the future and their ability to show resilience in the face of adversity. Luthans et al. (2004:47) describe the individual positive psychological states that an individual possesses as hope, confidence, optimism and resilience, namely:

- Hope is a positive state of mind in which a positive outcome to a situation is anticipated (Luthans et al. 2004:47). This is more than wishful thinking or striving for the best, according to Kim, Kim, Newman, Ferris and Perrewé (2019:111), rather it includes the setting and pursuit of attainable goals by independent thinkers who see themselves as successful and who act with autonomy and willpower to develop plans to meet these goals.
- Confidence (self-efficacy) can be described as an individual's beliefs about his/her abilities to achieve a desired outcome or cognitive ability to execute a particular task (Luthans et al. 2004:47). The individual has the confidence and trust in his/her abilities to mobilise his resources to solve problems, set targets and goals, and to execute difficult tasks in his/her work (Kim et al. 2019:111).
- Optimism is similar to hope in that the individual expects the best outcome, however, it can be contextualised in terms of the cognitive processing of information, for example, an optimist could see a setback as a temporary situation whereas a pessimist would see the outcome as an end in itself (Luthans et al. 2004:47). In positive psychology, optimism has a realistic and practical approach where change is embraced and new possibilities may be recognised from such change (Kim et al. 2019:111). The optimist when faced with uncertainty expects the best, looks on the bright side and believes that things will work out well at work (Kim et al. 2019:117).
- Resilience can be referred to as the grit that an individual possesses when executing a task, including the ability to "bounce back" from setbacks in a turbulent business environment (Luthans et al. 2004:47). Resilient individuals are able to work

independently and not only bounce back from a setback, but are able to learn, grow and thrive; enabling them to face and transcend crises as well as pursue new experiences (Kim et al. 2019:111).

Avey (2014:141) identifies PsyCap as a useful predictor of positive employee performance, which should be developed by businesses through interventions with employees. Mirzaei, Ahmadabadi and Ardakani (2016:97) point toward the importance of being positive and focused on developing individuals' strengths rather than their weaknesses. They go on to explain that the approach of PsyCap is to understand happiness and the subjective feeling of well-being within the work environment which, in turn, translates to better performance by employees who feel confident in their abilities to achieve success (Mirzaei et al. 2016:97). PsyCap is described and contextualised in Table 3.12.

Table 3.12: Psychological capital – description and contextualisation

Categories of capital		**Description**
Psychological capital (PC)	General description	• Refers to an individual's psychological state comprising hope, confidence, optimism and resilience, which results in success in the workplace.
	Contextualised	• Operating as a financial planner in a dynamic and uncertain business environment, requires hope, confidence, optimism and resilience to grow a successful client base. • The hope, optimism and confidence required by financial planners to approach potential new clients and the resilient ability to bounce back from negative experiences is important in building successful relationships and sustainable financial planning businesses.

Source: Researcher's own construction (based on Hanisi and Skweyiya (2016), Avey, Luthans, Smith and Palmer (2010:20) and Luthans et al. (2004:45)

3.3.2.4.7 Cultural capital

Cultural capital was introduced by social theorist Pierre Bourdieu (1986) and relates to how an individual's social standing influences their social mobility (Edgerton & Roberts 2014:193). According to economic theorist Throsby (2003:167), cultural capital is defined as "an asset which embodies, stores or gives rise to cultural value in addition to whatever economic value it may possess". Cultural capital is a status marker (Edgerton & Roberts 2014:193-196) and includes nuances such as mannerisms, personal tastes, posture, clothing, credentials and status that is acquired through belonging to a certain social class (Throsby 1999:7). It includes a

concept called *habitus* which implies a deep "feel for the game", which is a notion referred to by Bourdieu (1986), which is gained through deeply-ingrained habits, skills and dispositions whereby people adapt their strategies to suit the world they live in (Throsby 1999:4). Levy and Reiche (2018:871) describe cultural capital as the structuring of social hierarchies, power relations and symbolic boundaries between individuals and groups through their cultural resources, including cultural knowledge, tastes, preferences, attitudes and behaviours. Levy and Reiche (2018:871) suggest that cultural capital can be used to "gain access to scarce rewards and opportunities and is subject to monopolisation and hoarding". A general description and contextualisation of cultural capital is given in Table 3.13.

Table 3.13: Cultural capital – description and contextualisation

Categories of capital		**Description**
Cultural capital (CC)	General Description	• Includes an individual's social standing influences their social mobility. • Refers to social hierarchies determined by mannerisms, personal tastes, posture, clothing, credentials and status acquired through belonging to a certain social class.
	Contextualised	• As a financial planning business is a relationship-based advice business, it is developed through the individual's own social networks and social standing contributing to building client relationships. • Client relationships are likely to be influenced by the social networks and the social standing of the financial planner and the client. The social standing of the financial planner and client may open doors for relationships to be built and business to be concluded.

Source: Researcher's own construction (based on Levy and Reiche (2018:871), Throsby (2003:167), Bourdieu (1986) and Rossini and Maree (2010)

3.3.2.4.8 Moral (ethical) capital

Moral capital, also known as ethical capital or integrity capital, considers the values and ethics that an individual possesses (Wang 2015:55). Bull et al. (2008:5) attribute moral (ethical) capital to the level of moral activity in a business, which is determined by the individual's values and ethics. Bull et al. (2010:250) contend that the focus on moral and ethical considerations in business is increasing, given the recent financial and ethical crises experienced in businesses. In Table 3.14, these attributes of moral capital are described and contextualised for financial planners in financial planning businesses.

Table 3.14: Moral capital – description and contextualisation

Categories of capital		Description
Moral capital (MC)	General description	• Considers the individual's personal values and ethics. • Refers to the level of ethical activity determined by an individual's values.
	Contextualised	• Relates to the trustworthiness and ethical behaviour of the financial planner in the eyes of the business and of the client. • In an industry frequently experiencing crises of ethical failure by unscrupulous players, moral capital is important to be demonstrated by a financial planner through acting ethically.

Source: Researcher's own construction (based on Wang (2015:55), Rossini and Maree (2010) and Bull et al. (2008)

3.3.2.4.9 Spiritual capital

Spiritual capital is an emerging concept that implies feelings of greater meaning, a deep sense of purpose and holism in an individual's life (Pandey 2016:42). These feelings are based on spiritual or religious beliefs, reflecting a sense of betterment and stewardship of assets (Iannaccone & Klick 2003:2005). Berger and Hefner (n.d.:3) acknowledge the power, influence, knowledge and dispositions created by participation in a particular religious tradition. A description of spiritual capital and its contextualisation for financial planners in financial planning businesses is summarised in Table 3.15.

Table 3.15: Spiritual capital – description and contextualisation

Categories of capital		Description
Spiritual capital (SC)	General description	• Includes the notion that an individual's spiritual resources can transform a person consistent with a desire for genuine human wellbeing. • Recognises that religious beliefs give greater meaning, purpose and holism in an individual's life.
	Contextualised	• Influences financial planners in how and why they make certain decisions based on their religious beliefs as well as their wellbeing (O'Sullivan & Flanagan 2012).

Source: Researcher's own construction (based on O'Sullivan and Flanagan (2012), Iannaccone and Klick (2003:2005) and Berger & Hefner (n.d.:3)

Section 3.3 has described and contextualised the various categories of capital as resources for creating value. As the current study focused on how human capital creates value for financial planners in financial planning businesses it was important to adopt an appropriate theoretical lens through which to address and understand the phenomena in question. This theoretical lens or theory underpinning the study is discussed in Section 3.4.

3.4 UNDERPINNING THEORETICAL FRAMEWORK

The theoretical lens or theory adopted by a researcher assists in understanding the phenomena being researched and provides a view of the world from which a conceptual model can be developed to understand the phenomena in question (Creswell 2008:49). The theoretical lens adopted must align to the view of the world adopted by the researcher to successfully illuminate the phenomena by virtue of the paradigm adopted. In the next section, theories adopted in financial planning research are first discussed. Thereafter, the theory most suitable to explain the phenomena in the study's research question is identified and elaborated on.

3.4.1 THEORIES USED IN FINANCIAL PLANNING RESEARCH

Financial planning is an interdisciplinary profession (Schuchardt, Durband, Bailey, Devaney, Grable, Leech, Lown, Sharpe & Xiao 2007:61) and is composed of various related processes. As such, the process of financial planning is multi-faceted and draws knowledge from multiple disciplines. Research in the field of financial planning is diverse focussing, for example, on specific technical components such as investments, on behavioural aspects such as the cognitive or emotional biases of clients, on the management aspects of the business, or on the business relationships between financial planners and clients. Despite its diversity, research to date has primarily focused on one or more of the technical components of financial planning (see Section 2.4.1), namely, personal financial management, asset management and investment planning, risk management planning, tax planning, estate planning, retirement planning and employee benefits planning (Botha et al. 2019). The investment management component has, in particular, attracted much research interest (Kitces 2017; AFS Proceedings 2015-2017).

To date, no single theory has been identified through which to view financial planning topics and research questions. Instead, given the multi-disciplinary nature of the field of study, several theories have been used depending on the specific phenomenon being explored. In a study reviewing the theories adopted in financial planning research, Biswajit and Subhashree (2018:4347) identified Modern Portfolio Theory (MPT), Capital Asset Pricing Model (CAPM), Efficient Market hypothesis (EMH), Behavioural Economics Theory, Prospect Theory and Life Cycle Hypothesis (LCH) (Modigliani & Brumberg 1954) as theories commonly used in financial planning research. These theories and others are briefly summarised in Table 3.16.

Table 3.16: Theories used in financial planning research

Theory	Key theorists	Basic principle(s) and focus	Application to financial planning
Modern Portfolio Theory (MPT)	Markowitz (1952)	Construction of investment portfolios providing optimal returns within acceptable risk parameters.	Asset management and investment planning
Capital Asset Pricing Model (CAPM)	Tobin (1958); Treynor (1961); Sharp (1964)	Relationship between risk and expected return in shares and investment portfolios.	Asset management and investment planning
Efficient Market Hypothesis (EMH)	Fama (1965)	Markets are efficient. Asset prices fully reflect the information available in the market.	Asset management and investment planning
Random Walk Hypothesis (RWH)	Fama (1965)	Stock market prices are random and evolve. Prices cannot be predicted as they are random.	Asset management and investment planning
Behavioural Economics Theory	Kahneman and Tversky (1979); Thaler (1985)	Markets are not efficient and are influenced by individuals whose decisions are influenced by psychological, emotional, cognitive and cultural factors.	Asset management and investment planning
Prospect Theory (Sub-theory of behavioural economics)	Kahneman and Tversky (1979)	Individuals choose the option less exposed to risk and uncertainty.	Asset management and investment planning
Human Ecological Model	Bronfrenbrenner (1979)	Individuals are dynamic actors that influence and are influenced while interacting with larger systems.	Decision-making by families/individuals
Family management system	Deacon and Firebaugh (1988)	Goal directed behaviour of families.	A process to manage family goals
Transtheoretical model of behaviour change	Prochaska (1979); Prochaska, DiClemente and Norcross (1992); Prochaska, Norcross and DiClemente (1994)	Ten stages of change exist on a continuum taking the decision-maker from no intention to change behaviour to changing behaviour and preventing relapse.	Behavioural change management
Behavioural Finance Theory	Schleifer (2000); Shiller (2008)	Investment decisions are influenced by psychological, emotional, cognitive judgement, decision-making, heuristics and cognitive error.	Asset management and investment planning
Life Cycle Hypothesis (LCH)	Modigliani and Brumberg (1954); Altfest (2004)	An individual has differing financial needs according to the stage of his/her life.	Asset management and investment planning

Source: Researcher's own construction

From Table 3.16, it is evident that many of the theories used in financial planning studies have been drawn from diverse disciplines and together represent the collective scholarship in the field of financial planning (Schuchardt et al. 2007:61). Furthermore, many of the theories used have been used in studies focussing on individual clients and their wealth or asset management. As such, these studies have focussed on one or more component of financial planning and given the underlying tenets of the theories used, but do not provide a suitable lens through which to view the phenomena under investigation in the study.

Many of the scholars researching the field of financial planning have previously been trained in other disciplines before embarking on research in this field (Schuchardt et al. 2007:62). These scholars include those from the social sciences where theories such as Agency, Persuasion Theory, Theory of Planned Behaviour, Theory of Strategic Contingencies and Social Exchange Theory are common (See Table 3.17). However, these theories also do not provide a suitable lens through which to view the phenomena, namely, value creation, which was under investigation in the study.

Table 3.17: Behavioural and relational theories

Theory	Key theorists	Basic tenet or focus	Application to financial planning
Agency Theory	Ross (1972); Mitnick (1973)	The agent acts on behalf of the principal in creating third party relationships.	Business relationships
Persuasion Theory	Gass and Seiter (1999)	Persuasion occurs when a person causes another to change his/her behaviour, beliefs, norms, attitudes or goals.	Relationships and behavioural change
Theory of Planned Behaviour	Fishbein (1967); Fishbein and Ajzen 1975); Ajzen (1985, 1988)	Behaviour is driven by the individual's intentions, which are a function of his/her beliefs.	Behavioural change and social psychology
Theory of Strategic Contingencies	Hickson et al. (1971)	The power in a business lies in three factors: problem-solving skills, actor centrality and uniqueness of skill.	Business relationships
Social Exchange Theory (SET)	Thibaut and Kelley (1959); Gouldner (1960); Blau (1964)	Relationships are an ongoing process and humans choose behaviours depending on the outcomes they seek in a relationship. Relationships are not equally balanced; they display some give and take.	Relationships, business management and social psychology

Source: Researcher's own construction

Given the primary objective of this study, namely, to investigate the influence of selected categories of Human capital (Social capital, Psychological capital and Entrepreneurial capital) of financial planners on value creation (financial and non-financial value) in South African financial planning businesses, it is appropriate for theories associated with value creation to be considered.

3.4.2 THEORIES ON VALUE CREATION

Value creation is an emerging concept in management research and, as such, limited theoretical knowledge is available on this concept (Wikström & L'Espoir Decosta 2018:249). Whilst no dedicated theory on value creation can be found, several theories on how value is created have been put forward with little agreement on how value should be seen by researchers. Theories that have been developed commence with the premise that the business is the creator of value; followed by the more recent notions that value is co-created between the business and its consumers (Grönroos, Strandvik & Heinonen 2015:69). Payne, Storbacka and Frow (2008:83) propose the notion that value creation is not only attributed to the supply of goods and services, but is also co-created through the experiences of the clients. Table 3.18 introduces the main theories used to explain value creation, the basic principle(s) of each theory and how each relates to value creation.

Table 3.18: Theories explaining value creation

Theory	Key theorists	Basic principle(s) and focus on value creation
Resource-Based View (RBV)	Penrose (1959); Wernerfelt (1984); Barney (1991); Conner (1991); Peteraf (1993); Conner and Prahad 1996); Teece (1997)	Business seen as a bundle of assets. Assets are used for competitive advantage to create value.
Behavioural economics	Kahneman and Tversky (1979); Thaler (1985)	Business seen as a bundle of people and contracts. Optimal utilisation of human intentions and interests in the business to create value.
Knowledge-Based View (KBV)	Foss (1996); Phelan and Lewin (2000); Grant (2002, 2015); Curado (2006); Bontis (2006)	Business seen as a production system. Assets need to be combined and integrated to provide a competitive advantage to create value.
Stakeholder Theory	Argandoña (1998); Donaldson and Dunfee (1999); Freeman (1994); Phillips (1997, 2003)	Business seen as an interest alignment system. Differing human interests are considered as a holistic system of contracts for the common good.

Table 3.18: Theories explaining value creation (continued)

Theory	Key theorists	Basic principle(s) and focus on value creation
Service-Dominant Logic (SDL)	Vargo and Lusch (2008)	Business focus is on value co-creation with service system at the core. Value is always co-created, and customer is always the co-creator of value.
Service Logic (SL)	Grönroos and Gummerus (2014)	Business focus is on value co-creation with interaction at the core. Follows a dialogical process with joint influence.
Customer-Dominant Logic (CDL)	Heinonen and Strandvik (2015)	Business focus is on value co-creation with customer logic at the core. Customer intentions and tasks. Value is formed in the customers' context.

Source: Researcher's own construction (adapted from Grönroos and Gummerus (2014), Heinonen and Strandvik (2015:472), Kraaijenbrink and Spender (2011:1), Phillips, Freeman and Wicks (2005).

Although several theories have been used in studies on value creation, the Resource-Based View (RBV) is commonly used in the management sciences (Kraaijenbrink, Spender & Groen 2009:2). The Resource-Based View together with its sub-theory, the Knowledge-Based View (KBV) are discussed in Section 3.4.3.

3.4.3 RESOURCE-BASED THEORIES

A theory often used in management sciences and in the field of business management to explain the relationship between resources and business outcomes is the Resource-Based View (RBV) (Kraaijenbrink et al. 2009:2). Given the importance of the knowledge-based economy the Knowledge-Based View (KBV), a sub-theory of RBV, is also gaining increased attention (Blomqvist & Kianto 2013:7; Curado 2006). These theories are introduced in Table 3.19.

The Research-Based View (RBV) of the firm is a widely-accepted, debated and influential theory used for management theorising, claiming that the internal resources of a business contribute to its competitive advantage (Sabourin 2020:83; Kraaijenbrink et al. 2009:2; Curado 2006). These resources are seen as strategic and their optimal use can lead to a competitive advantage for the business (Bertram 2016:67; Teece, Pisano & Shuen 1997:509; Amit & Schoemaker 1993; Barney 1991). Since the primary goal of business is to create and maintain value (Kudryavtsev et al. 2014:15), Kraaijenbrink et al. (2009:2) contend that for a business to

maintain a competitive advantage, it needs to procure and control valuable, rare, inimitable and non-substitutable (VRIN) resources and capabilities.

Table 3.19: Resource-based theories

Theory	Key theorists	Basic tenet or focus	Application to financial planning
Resource-Based View (RBV)	Penrose (1959); Wernerfelt (1984); Barney (1991); Conner (1991); Peteraf (1993); Conner and Prahad 1996); Teece (1997)	The strategic resource mix of the business can be utilised to create a competitive advantage.	Business management
Knowledge-Based View (KBV) (a sub-theory of RBV)	Foss (1996); Phelan and Lewin (2000); Grant (2002, 2015); Curado (2006); Bontis (2006)	Knowledge is viewed as the most strategic resource of the business. Advances the RBV to claim that knowledge is a strategic rather than a generic resource.	Business management

Source: Researcher's own construction

The RBV developed following Wernerfelt's (1984) initial paper, after which contributions were made by several theorists (see Table 3.4) (namely, Teece 1997; Conner & Prahad 1996; Peteraf 1993; Barney 1991; Conner 1991; Wernerfelt 1984; Penrose 1959). According to Kraaijenbrink et al. (2009:5), the RBV has been applied in numerous business research studies including information systems (Wade & Hulland 2004) and organisational networks (Lavie 2006). Portugal-Ferreira, Ribeiro-Serra, Kramer-Costa and Almeida (2016:131) identified the main areas of business research where the RBV has been utilised as including internationalisation, entry modes and strategic advantage, environmental, geography, clusters and regional capabilities, knowledge, functional strategies, performance, multinational enterprise, subsidiaries, global, international, multinational strategies, methodologies, theories and research issues, institutional theory, R&D, technology, innovation, entrepreneurship, foreign direct investment, networks, alliances and cooperative arrangements. The RBV has also gained popularity over the past couple of years in the family business research field (Sabourin, 2020; Zybura et al., 2020; Dyer 2018).

The RBV deals with the optimisation of both the tangible and intangible resources of a business. To realise value creation, firms need to acquire, combine and utilise resources as a

core competency (Kudryavtsev et al. 2014:15). Prahad and Hamel (in Kudryavtsev et al. 2014:15) contend that management's ability to identify and co-ordinate the resources and core competencies of a business is a source of its competitive advantage, which, in turn, enables it to adapt to changing opportunities.

A sub-theory of the RBV is the Knowledge-Based View (KBV). This theory predominantly focuses on the intangible resources of a business. As such, where the RBV considers knowledge to be a generic resource, the KBV considers knowledge as a strategic resource (Cabrera-Suárez et al. 2018:179; Lowendahl et al. 2001:916). According to Curado (2006:1) as well as Cabrera-Suárez et al. (2018:179), knowledge provides a theoretical connection between the RBV and the KBV. Grant (2015:1) notes that the KBV represents a confluence of research streams related to the role of knowledge in a business. Cabrera-Suárez et al. (2018:178) used the RBV and the KBV to study familiness specifically the successors dynamic networks and knowledge construction, networks of knowledge and knowledge sharing in a family business context. Akanbi (2016:39) also used both the RBV and the KBV on the premise that knowledge is the key explanatory factor and the nature of knowledge is an important factor to explore the link between intellectual capital and perceived organisational performance.

Businesses operating in modern environments contain rich amounts of knowledge, explicit and tacit (Curado 2006). Knowledge, which is embedded in human resources, is a strategic resource which unlike the other factors of production (for example, physical and financial resources) does not depreciate over time (Curado 2006:3). Instead knowledge grows as individuals are exposed to new ideas and become more experienced. Knowledge resources are intangible and dynamic in nature (Curado 2006:3) and act as a relationship and a bridge between two entities: the carrier of the information and the recipient of the information (Ujwary-Gil 2020:86). Intangible knowledge resources such as knowledge, professional expertise, reputation, client loyalty and corporate culture should be utilised effectively to create value for the business (Ujwary-Gil 2020:86; Abualoush et al. 2018:280; Lowendahl et al. 2001:915). In addition, Curado (2006:1) notes that human resources present a degree of mobility and, therefore, these resources, together with their embedded capabilities, can be of value to any business. These embedded capabilities are usually based on the tacit knowledge of the individual (human resource) and when integrated with the existing capabilities in a particular business, value is created (Curado 2006:1).

In the financial planning context, resources and, specifically knowledge resources, are strategic in nature and when effectively utilised create value for a business (Kraaijenbrink 2010:5; Barney 1991:105). Therefore, the RBV and more specifically the KBV are considered the most appropriate theoretical lens through which to assess the phenomena under investigation, namely, the influence of selected dimensions (categories) of human capital on value creation by the financial planner in financial planning businesses.

3.4.4 JUSTIFICATION FOR CHOICE OF THEORY USED IN THE CURRENT STUDY

The choice of RBV and KBV as the theories underpinning the current study are discussed in Sections 3.4.4.1 and 3.4.4.2.

3.4.4.1 Resource-Based View (RBV)

The RBV, as introduced in Section 3.4.3, seeks to optimise the use of a business's tangible and intangible resources to gain a competitive advantage (Bertram 2016:67; Teece et al. 1997:509; Amit & Schoemaker 1993; Barney 1991). In the context of financial planning, most of a financial planning business's resources are intangible in nature (Rossini & Maree 2010:4). The main resource the business relies on is the knowledge, skills and expertise possessed by individual financial planners and delivered through networks of client relationships (Botha et al. 2020:5). These knowledge-based resources are delivered by individuals who possess certain inherent knowledge, qualities and personal networks, which they have built up over time (Botha et al. 2019:2).

These qualities as identified by Botha et al. (2019:2) include elements of human capital, which depend on embedded tacit knowledge in the development of their social capital (for example, trust, personal networks and client relationships), entrepreneurial capital (for example, ability to take risks, meet goals and create opportunities) and psychological capital (for example, states of hope, optimism, confidence and resilience). Tacit knowledge is "sticky" and hard to share or transfer since it is embedded in the practices and experiences of those who possess the knowledge (Blomqvist & Kianto 2015:4).

It is, therefore, in management's interest to establish how best to combine and utilise these intangible resources and capabilities (the knowledge and qualities the individuals possess as well as the networks they can access) in the creation of value for financial planning businesses. Given the technological developments taking place in most industries, including financial planning, and the consequent automation of replicable and administrative tasks, competitive advantage for financial planning businesses lies in developing the non-automatable qualities of their financial planners such as building relationships and creatively solving problems. As such, the RBV provides a suitable lens to explore and optimise the dynamics of these resources in the creation of value for financial planning businesses. However, when comparing the RBV to the KBV, the notion of knowledge as a resource differs. In the context of the RBV, all resources, including knowledge as a resource, are considered. However, from a RBV perspective, knowledge is viewed as that which can be codified, patented, valued and protected (Akanbi 2016:39). The KBV, on the other hand, primarily focuses on knowledge as a strategic resource and pays particular attention to the fine-grained attributes of knowledge and the understanding of knowledge as its basis (Blomqvist & Kianto 2015:7). According to Blomqvist and Kianto (2013:21), the KBV is an important development in management theory for the knowledge economy. Given that financial planning is situated in the knowledge-based economy, where both explicit and tacit knowledge is important, the KBV is considered the most suitable theory to underpin the current study.

3.4.4.2 Knowledge-Based View (KBV)

The KBV is an emerging theory which focuses on knowledge in relation to human action where individuals are no longer merely elements of a production system, but seen as owners and controllers of a strategic production factor, namely, knowledge (Blomqvist & Kianto 2015:2). Knowledge is viewed as inter-subjective with its focal elements including social and psychological concepts such as communication, collaboration and trust, all of which are created through human interactions (Blomqvist & Kianto 2015:8). As such, knowledge as a source of competitive advantage is created and modified in social settings through the interaction of collaborating parties (Blomqvist & Kianto 2015:7).

Knowledge from a Socratic/Platonic understanding is characterised as information where validity has been established through empirical proof, namely, there is "justified true belief" in

the information (Blomqvist & Kianto 2013:3). Knowledge from a management science's perspective is described as including data (a sequence of signs or facts) and information (data that is understood or interpreted), where an illiterate person sees written text as data, a literate person reading the written text receives information (Serrat 2017:291; Blomqvist & Kianto 2015:3). Knowledge has also been described (see Section 2.3.2) as being explicit (knowledge that is conscious and can be codified, stored, transferred, patented) or tacit (knowledge that may be subconscious, context dependent, perspectives, embedded habits and behavioural tendencies) in nature (Blomqvist & Kianto 2015:4). Knowledge, both explicit and tacit, is embedded in individuals (human capital) through their qualifications and experience as well as their wisdom, insight, intuition and judgement (Serrat 2017:291). As such knowledge, both explicit and tacit, are aspects of human capital that enable individuals to intervene purposefully and knowledgeably in their worlds (Blomqvist & Kianto 2015:5). Knowledge, which is embedded in human resources, is a strategic resource which unlike the other factors of production (for example, physical and financial resources) appreciates rather than depreciate over time (Lehtimäki & Lehtimäki 2016:45).

Tacit knowledge is of particular interest to the current study as it is the tacit knowledge component of human capital that is embedded in financial planners. The KBV conceptualises tacit knowledge as being "sticky" and hard to transfer as it exists in the minds of individuals as well as their experiences and is demonstrated in the actions of the individuals (Hejazi et al. 2016:259; Blomqvist & Kianto 2015:5). It is this tacit knowledge that is embedded in the practices and experiences of an individual that is hard to transfer because it relies on unconscious judgements and is demonstrated in skilled action (Blomqvist & Kianto 2015:4). Furthermore, tacit knowledge is hard to transfer because individuals may not be able to articulate how they know certain things or why they act in certain ways (Serrat 2017:291; Blomqvist & Kianto 2015:4).

The particular practices, experiences and professional expertise of financial planners is described as contributing to their tacit knowledge. It is this knowledge that is hard to share and transfer, does not depreciate over time, exists in the mind of the individual (Hejazi et al. 2016:259; Lehtimäki & Lehtimäki 2016:45) and is demonstrated in their activities (Blomqvist & Kianto 2013:5).

In light of the KBV, it is this tacit knowledge that when used effectively can create value for businesses (Ujwary-Gil 2020:86; Abualoush et al. 2018: 280; Lowendahl et al. 2001:915), including financial planning businesses. In addition, Curado (2006:1) notes that human resources present a degree of mobility and, therefore, these resources, together with their embedded capabilities, can be of value to any business. These embedded capabilities are usually based on the tacit knowledge of the individual financial planner and when integrated with the existing capabilities in a particular financial planning business, value is created (Curado 2006:1). When used optimally, knowledge is an important resource for value creation available to businesses in a knowledge-economy (Adriaenssen, Johannessen, Saetersdal & Johannessen 2017:48), including financial planning businesses. Hejazi et al. (2016:259) concur and point out that value creation in knowledge-based economies is increasingly derived from the management of knowledge and intellectual capital.

According to Grant (2015:1), the KBV represents a confluence of research streams related to the role of knowledge in a business. In the current study, knowledge is seen in relation to the human actions of financial planners and they are seen as the owners and controllers of that knowledge (Blomqvist & Kianto 2013:2). The knowledge embedded in the individual financial planner is a source of competitive advantage and is created in social settings through human interactions (Blomqvist & Kianto 2013:7). Knowledge, as an intangible human resource. is becoming more and more important for businesses (such as financial planning businesses) operating in the knowledge-based economy (Cheikh & Noubbigh 2019:148).

Against this background, the KBV is considered the most suitable theory for explaining the phenomena in question in the study, namely, the influence of selected categories of human capital on value creation by financial planners in financial planning businesses. As evident from the phenomena in question, the study focusses on selected categories of human capital only. The focus on human capital as a whole and on the subcategories of human capital, in particular, social, entrepreneurial and psychological capital are further discussed in Chapter Four.

3.5 SUMMARY

In this chapter, value and value creation was defined and contextualised. Values creation was

described in both financial and non-financial terms. Capital was then defined and described as a resource for value creation in financial planning businesses. The various categories of capital were described and contextualised to the financial planning environment. Several theories were discussed, and the KBV, a sub-theory of the RBV, was chosen as the most suitable theory for explaining the phenomena in question in the study.

In Chapter Four, a conceptual framework illustrating the influence of selected categories of human capital on value creation by financial planners in financial planning businesses is proposed. Furthermore, based on anecdotal and empirical evidence several hypotheses are formulated and a hypothesised model is presented, which were subjected to empirical testing in the study.

CHAPTER FOUR

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

4.1 INTRODUCTION

In Chapter Three, an overview was provided on all capitals and how they could influence value creation in businesses. As the primary objective of this study was to investigate the influence of selected Human capitals (Social capital, Psychological capital and Entrepreneurial capital) of financial planners on value creation (financial and non-financial value) in South African financial planning businesses, Chapter Three also elaborated on these subcategories, as well as their influence on value creation in financial planning businesses.

Acknowledging the importance of the human capital categories in value creation, as well as the lack of academic research in the financial planning industry on this topic in South Africa, this chapter commences by proposing a conceptual framework of selected categories of human capital that influence value creation by the financial planner in financial planning businesses. From the conceptual framework, different hypotheses are developed, which are illustrated in the hypothesised model. The dependent, independent and control variables are discussed, and motivation for their inclusion in the hypothesised model are put forward. Finally, the moderating influence of social capital on the relationship between entrepreneurial capital and value creation as well as between psychological capital and value creation is described.

4.2 CONCEPTUAL FRAMEWORK

Chapter Three identified that the KBV was considered the most suitable theory for explaining the influence of selected categories of human capital on value creation by financial planners in financial planning businesses. The KBV contends that intangible resources, such as tacit knowledge, are strategic and of particular importance in the value creation process (Grant 2015). The KBV implies that knowledge that exists in the minds of individuals (Hejazi et al. 2016:259) is a resource that creates value (Adriaenssen et al. 2017:46). It is this knowledge that is embedded in human capital. Although human capital is only one of several categories of capital which were identified and described in Chapter Three, it is the embedded capabilities

based on the tacit knowledge of financial planners that is seen as a source of competitive advantage and value creation in financial planning businesses. As such, the role of capital such as natural, financial, physical, economic and structural capital were not investigated in the study. In the conceptual model proposed for the study, selected subcategories of human capital served as the independent variables, and values creation, which was measured in both financial and non-financial terms, served as the dependent variable (Sarasvathy 2008:223).

From Chapter Three, it was evident that there were several subcategories of human capital, namely, social, entrepreneurial, psychological, cultural, moral and spiritual capital. However, given the important role that financial planners play in initiating the development of a client's financial plan, as well as the importance of their experience, professional expertise, and social skills in the financial planning process, the study focused on the social, entrepreneurial and psychological subcategories of human capital, exclusively.

According to Jones et al. (2020:101), the creation of value for businesses should be preceded by the development of specific capabilities or competencies in the value creators. Furthermore, Curado (2006:1) contends that these embedded capabilities are usually based on the tacit knowledge of the individual (financial planner) and when integrated with the existing capabilities in a particular business, value is created.

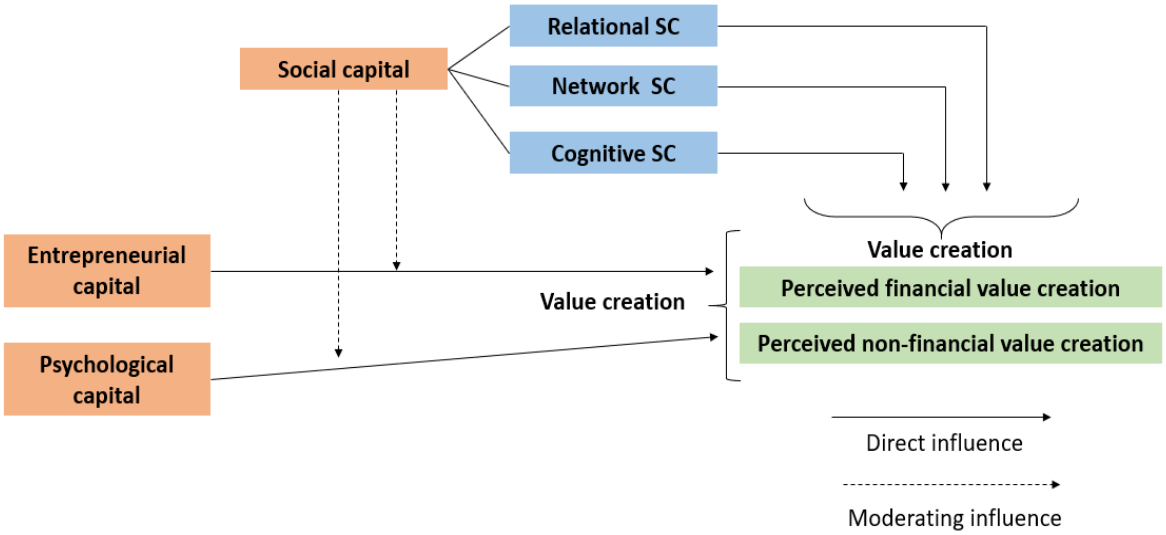
Against this background, it is argued that the tacit knowledge associated with cultural, moral and spiritual capital does not embody specific capabilities that can be developed. For example, cultural capital is a status marker and refers to an individual's social standing (Edgerton & Roberts 2014:193). Moral capital refers to the values and ethics possessed by an individual (Wang 2015:55), whereas spiritual capital refers to the sense of purpose and holism in an individual's life (Pandey 2016:42) and reflects their spiritual or religious beliefs (Iannaccone & Klick 2003:2005). This study focused on how the particular practices, experiences and professional expertise embedded in financial planners as tacit knowledge contributed to value creation of financial planning businesses. As cultural capital is associated with status, spiritual capital with purpose and beliefs, and moral capital with judgements of right or wrong, investigating these capitals fell outside the study's scope. Furthermore, although cultural, moral and spiritual capital are acknowledged as a capital in their own right, many of their descriptors overlap with those of the subcategories of social capital (relational, network and cognitive

social capital). For example, moral capital has even been identified as a subset of social capital (Bull et al. 2008:5). Investigating the role of social, entrepreneurial and psychological capital only is also supported by the KBV. The KBV implies that knowledge is a resource that creates value, and the study argued that this knowledge was embodied in the social, entrepreneurial and psychological capitals of the financial planner.

According to Berger and Hefner (n.d.:3), individuals acquire embedded knowledge through trust and membership of social networks, which is constructed and embedded through the shared practices of interacting individuals (Blomqvist & Kianto 2013:7). It is through the relationships with a broad variety of stakeholders that value is created (Kujala, Lehtimäki & Freeman 2019:24). Similarly, Albort-Morant and Rey-Marti (2015:86) note that a business's entrepreneurial capital is embedded in its employees who act entrepreneurially on behalf of the business. Luthans et al. (2004:45) contend that psychological capital represents an individual's developmental state of mind, which influences his/her behaviours and actions. It is this state of mind that enables the creation of new knowledge and knowledge sharing as individuals with positive psychological states interact well with others (Mustika, Rahardjo & Prasetya 2020:26). For the purpose of this study, the tacit knowledge existing in the minds of individual financial planners, namely, that knowledge which is hard to transfer and demonstrated in their actions (Hejazi et al. 2016:259; Blomqvist & Kianto 2015:5), is embodied in their social, entrepreneurial and psychological capital. It is these capitals that are the "hidden value of a knowledge business" (Bratianu 2018:859) and will not become redundant as technology advances.

Against this background, Figure 4.1 illustrates the conceptual framework proposed for the study. The framework illustrates the role of a financial planner's social, entrepreneurial and psychological capital in the creation of financial and non-financial value in the financial planning business.

Figure 4.1: Conceptual framework depicting the influence of selected Human capitals of the financial planner on the perceived value creation in financial planning businesses



Source: Researcher's construction

In Section 4.2.1 the anecdotal and empirical evidence supporting the relationships between the three subcategories of human capital (social, entrepreneurial and psychological capital) as independent variables, and the dependent variables investigated in this study, are presented. In addition, support for the moderating influence of social capital on the relationships between the other subcategories of human capital (entrepreneurial and psychological capital) and the dependent variables, are also provided. Whilst support has been found for these relationships in other contexts, this study aimed to clarify them in the context of financial planners in financial planning businesses.

4.2.1 DEPENDENT VARIABLE: VALUE CREATION

As illustrated in Figure 4.1, the dependent variable in the current study was value creation. Value creation is a key driver for the success of any business (Van den Heever 2014:105; Haksever et al. 2004:295), and is the result of the optimised combination of a business's resources in producing goods and services (Van den Heever 2014:133).

Value creation has been used as a measure of success or dependent variable in several studies.

For example, Antoldi and Cerrato's study (2020:2) investigated the role of trust and control in strategic network relationships, and value creation served as their dependent variable. They described value creation in a strategic network as containing economic and relational dimensions, which together created benefits and developed relationships for a business (Antoldi & Cerrato 2020:20). In a study among South African technology-based entrepreneurial businesses, Van den Heever (2014:133) used perceived value creation as the dependent variable, which during the empirical investigation split into two dimensions, namely, perceived financial value creation and perceived non-financial value creation. It was established that technology-based entrepreneurial businesses could create both financial and non-financial value through decision-making orientations that co-create value with their stakeholders (Van den Heever & Venter 2019:1). De Silva et al (2018:70) used internal value creation as the dependent variable in their study. They focused on knowledge-based practices adopted and how the use of innovation intermediaries collaborating with clients assisted in the creation of value (De Silva et al, 2018). Value creation was measured in both financial and non-financial terms. Another example of a study using value creation as the dependent variable is that of Kähkönen and Lintukangas (2018:979). They studied supply chain management in Finnish businesses and found that the strategic level of supply management and supplier relationship management capabilities had a positive influence on value creation in these businesses (Kähkönen & Lintukangas 2018).

In the current study, the level of measurement was the individual financial planner employed within a financial planning business. As such, an employed financial planner might not necessarily have had access to information relating to the actual financial performance of the financial planning business in which he or she was employed. Furthermore, it has been noted that value can be created through both financial and non-financial means (Van den Heever 2014:133; Sarasvathy 2008:223). Therefore, in the context of the study, value creation referred to the perception of the financial planner in terms of whether he or she were creating financial and non-financial value in the financial planning business. In other words, the individual financial planner's perception of the financial performance of the business (namely, the business growing, being profitable, successful and financially secure), and his or her perceptions of achieving several non-financial personal success factors (namely, improved status, prestige, approval, job satisfaction, fulfilment and enjoyment) served as the dependent

variables in the study. Both means of value creation are introduced in Sections 4.2.1.1 and 4.2.1.2.

4.2.1.1 Perceived financial value creation

As indicated in Chapter Three (see Section 3.2.2), perceived financial value creation refers to the accumulation of income, profit and assets measured in financial terms (Van den Heever 2014:112; Smith et al. 2008:359). A business's ability to perform well financially requires the optimised combination of its resources to create a competitive advantage which can in turn lead to profits (Kudryavtsev et al. 2014:15; Kraaijenbrink 2010:1).

Several authors have made use of perceived financial performance as a dependent variable in their studies (Van den Heever & Venter 2019:5; Farrington 2017:51; Iddagoda & Gunawardana 2017:88; Venter & Farrington 2016; Silwana 2015). For example, Van den Heever and Venter (2019:5) measured perceived value creation from a financial dimension in a study of technology-based entrepreneurial businesses in South Africa. They operationalised the financial dimension of value creation as the perception about a business's growth in turnover, number of employers, profitability, cashflow and ability to invest in valuable assets had increased in the previous two years (Van den Heever & Venter 2019).

Farrington (2017:51) measured perceived financial performance in a study of the influence of the psychological well-being of a business owner on the business' performance. Perceived financial performance was defined as being profitable, financially secure and successful as well as experiencing growth in sales, profits and employee numbers over the past three years. Similarly, Iddagoda and Gunawardana (2017:88) measured perceived financial performance in a study of the correlation of employee engagement and a business's financial performance as reported by human resources practitioners in Sri Lanka. For Iddagoda and Gunawardana (2017), the perceived financial performance of a business was operationalised as the business being perceived as experiencing profitability, sales growth and return on assets during the previous three years.

Venter and Farrington (2016:36) measured business performance using self-reported perceived performance measures to allow for comparison across contexts such as businesses, industries,

time horizons, cultures or economic conditions. They operationalised perceived financial performance as the business being profitable, successful and financially secure, as well as experiencing growth in profits, turnover, and number of employees over the previous two years (Venter & Farrington, 2016:36).

In the current study, *Perceived financial value creation* refers to the individual financial planner experiencing the financial planning business as being financially rewarding, successful and financially secure, as well as experiencing growth in service offering to clients and growth in number of clients over the previous three years. Since actual information relating to the financial performance of the business might not be disclosed to each financial planner, their perceptions of financial reward, success, security and growth were assessed.

4.2.1.2 Perceived non-financial value creation

Value creation can also be measured in terms of perceived non-financial personal factors such as improved status, job satisfaction, job flexibility, independence, creating new opportunities, reputation or prestige (Van den Heever & Venter 2019:3; Sander & Lee 2014; Sledzik 2013:93; Van den Heever 2013:7). *Perceived non-financial value creation* in the study refers to the individual financial planner being satisfied with his/her job and deriving rewards such as enjoyment, fulfilment, status, approval and prestige.

In a comparative study among employees in Hong Kong and Finland, Chaing and Birch (2011:540) investigated the performance implications of both financial and non-financial rewards. Chaing and Birch (2011:555) found that recognition, alternative work arrangements, training and development, whilst less attractive than financial rewards, were effective at motivating employees to perform. Comparatively, in Hong Kong financial rewards were more attractive, whilst in Finland non-financial performance linkages such as alternate work arrangements allowing greater work-life balance, training and development were favoured (Chaing & Birch 2011:555).

Van den Heever and Venter's (2019:3) study on value creation in technology-based entrepreneurial businesses identified the non-financial dimension of value creation as being related to the non-financial effects on people in the business. Non-financial perceived value

creation was operationalised as the job satisfaction experienced by the entrepreneur and/or the entrepreneurial team as well as the strategic competencies and efficiencies developed in the business. Similarly, Hytti, Kautonen and Akola (2013:1) studied the effect of employment status and work characteristics on job satisfaction across a variety of professionals in Finland. They found that self-employment amongst professionals had a greater influence on reported job satisfaction than amongst their salaried counterparts (Hytti et al. 2013).

Brieger, De Clerq and Meynhardt (2020:1) used social value creation beliefs as a dependent variable in their study measuring entrepreneurs job satisfaction, work engagement and a lack of work burnout. They found that entrepreneurs who responded positively, created social value in the form of higher job satisfaction and work engagement as well as reduced burnout and experienced a sense of work meaningfulness and well-being (Brieger et al. 2020).

4.2.2 INDEPENDENT VARIABLES

As illustrated in Figure 4.1, the independent variables in the current study were social, entrepreneurial and psychological capital. The various subcategories of social capital investigated were also indicated. Support for the hypothesised relationship between the independent variables and the dependent variables is discussed in Sections 4.2.2.1 to 4.2.2.4.

4.2.2.1 Social capital

Social capital concerns the interpersonal relationships that exist between individuals (Muniady et al. 2015:1), and is described as an important resource for creating value in businesses (Hamad et al. 2019). Social capital embodies tacit knowledge, which is developed through interpersonal relationships, trust, communication, networks, ties, norms, shared goals and values between individuals, and contribute to knowledge creation and knowledge modification (Khan et al. 2019:4; Hotchkiss & Rupasingha 2018; Sander & Lee 2014; Bhandari & Yasunobu 2009:480; Putnam 1995, 2000, 2001). Social capital has been found to influence the performance of both individuals and the businesses, and people with high levels of social capital (networks) have strong social ties and are promoted sooner (Muniady et al. 2015:1). As a result, individuals who have good relationships are able to achieve better results than those who do not (Muniady et al. 2015:1). Subramony, Segers, Chadwick and Shyamsunder

(2018:123) contend that social capital is an important resource in the acquisition of knowledge, which is embedded within, derived from, and available to individuals through social networks. According to Harvie and Milburn (2010:634) and Grönroos (2017:125), the relationships between people can create or co-create value, and Kraaijenbrink (2010:7) contends that the human relationships in the creation of value should not be overlooked. *Social capital* is measured by three dimensions (see Section 3.3.2.4.1 of Chapter 3), namely, *Relational social capital* (SC), *Network social capital* (SC), and *Cognitive social capital* (SC), which were operationalised in the current study, namely:

- *Relational SC* refers to having personal formal and informal relationships characterised by trust, respect, and open communication at multiple levels of interaction.
- *Network SC* refers to regularly attending gatherings of a personal nature and associating with formal and informal bodies, as well as friend and colleagues to gain knowledge and meet potential clients.
- *Cognitive SC* refers to a preference for and having personal and business relationships with those of similar language and backgrounds, and based on shared goals and values, common ethics.

If these three dimensions of *Social capital* are strong, then value is created for the business (Claridge 2020:5; Muniady et al. 2015:4; Tamer, et al. 2014:965; Amit & Zott 2001:498). Several studies have reported significant positive relationships between social capital and business performance (Hongyun, Adomako, Appiah-Twum & Akolgo 2019; Nasr 2019; Tasavori et al. 2018; Still, Huhtamäki & Russell 2015:13). For example, in their study among SMEs in Ghana, Hongyun et al. (2019:63) confirmed a significant positive relationship between social capital and business performance. Hongyun et al. (2019:67) measured social capital as a single construct focusing on trust, shared norms, shared culture and network density. Business performance was measured from a financial dimension covering overall profit levels and margins achieved and returns on investments and assets.

In a family business context, Tasavori et al. (2018:900) found that internal social capital improved the overall performance of 192 small- and medium-sized family businesses in Turkey. Tasavori et al. (2018) found that the use of the internal social capital contained in family relationships could improve international business performance, and advocated that all

three subcategories of social capital, namely, relational, network and cognitive social capital should be developed to improve international business performance. Also, in a family business context, Nasr (2019) investigated the strategic alliance management capabilities (abilities to create and maintain strategic alliances) of 302 Libyan family businesses and the strategic alliance performance of these businesses (as the dependent variable). According to Nasr's study (2019), the effect of the family business alliance performance was dependent on the level of social capital within the business.

In a case-study based research among start-up-based business ecosystems in Finland and the USA, Still et al. (2015:26) found that interpersonal relationships created value through social capital. Still et al. (2015:26) concluded that by understanding and measuring the ecosystem of relationships a better understanding of the relationship's pattern could be identified. Furthermore, they investigated the network capabilities of relational social capital by studying the value of client relationships and the source of social capital. Still et al. (2015:26) found that the relational social capital that existed within an ecosystem (a structural element) developed as an organisational characteristic that included many inter-related relationships between multiple actors (individual elements) in the ecosystem. They also found that making these relationships *visible* to the organisation (namely, presenting the *big picture*) contributed to sense-making and facilitated discussions on a shared vision within the ecosystem of relationships (Still et al. 2015).

In a recent study, Analia, Syaukat, Fauzi and Rustiadi (2020:81) studied the impact of social capital on the performance of small micro-enterprises (SMEs) in Indonesia. Social capital was measured as a single construct consisting of trust, networks and norms, and was found to have a significant influence on the output, processes and resource capabilities of SMEs.

Several studies have also investigated the relationships between the three sub-dimensions of social capital and business performance (Hamad et al. 2019; Muniady et al. 2015:1). In their cross-sectional study of 417 women micro-entrepreneurs in Malaysia, Muniady et al. (2015:1) investigated how the interrelationship between cognitive social capital and relational social capital affected, firstly, structural network social capital and, in turn, business performance. They found that whilst social capital and its three subcategories were highly-related and inseparable in an entrepreneurial business performance context, cognitive social capital had a

higher effect on the structural network social capital and, in turn, on business performance than relational social capital had (Muniady et al. 2015). Muniady et al. (2015:1) also found that daily business activities were woven into a network of relationships which, in turn, affected the performance of a business, whereby shared interpretations and meaning, as well as shared values created better structural network social capital, providing access to resources and knowledge.

In another study, Hamad et al. (2019:102) identified that social capital contributed to the operational performance in the banking sector in Erbil, Iraq. Hamad et al. (2019) found that significant positive relationships existed between the relational, structural (network) and cognitive subcategories of social capital as well as the operational performance of commercial banks. According Hamad et al. (2019:102), social capital also played a vital role in commercial banks' stability and development of operational performance.

Based on the anecdotal and empirical evidence presented, *Social capital* and its three subcategories, namely, *Relational social capital*, *Network social capital* and *Cognitive social capital*, were recognised as playing an important role in the performance of businesses. In the current study, it was proposed that the relationships (*Social capital*) created by and held between individual financial planners and their clients had a positive influence on the *Perceived financial and non-financial value creation* in financial planning businesses.

Against this background the following hypotheses were formulated:

H^{1a}: There is a positive relationship between the financial planner's *Relational social capital* and *Perceived financial value creation* in a financial planning business.

H^{1b}: There is a positive relationship between the financial planner's *Relational social capital* and *Perceived non-financial value creation* in a financial planning business.

H^{2a}: There is a positive relationship between the financial planner's *Network social capital* and *Perceived financial value creation* in a financial planning business.

H^{2b}: There is a positive relationship between the financial planner's *Network social capital* and *Perceived non-financial value* in a financial planning business.

H^{3a}: There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived financial value creation* in a financial planning business.

H^{3b}: There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived non-financial value* in a financial planning business.

4.2.2.2 Entrepreneurial capital

In the study, *Entrepreneurial capital* was viewed from the individual financial planner's perspective and referred to the financial planner having the ability to take risks, work independently, excelling at identifying new business opportunities, showing initiative, creativity and inventiveness as well as having the courage to make bold and difficult decisions. Entrepreneurial capital embodies tacit knowledge and is demonstrated through the actions and behavioural tendencies of individuals who perceive and create new business opportunities, take risks, and set goals using technical skills (Demartini & Paoloni 2014:9; Albort-Morant & Rey-Marti 2015:86). Vidic (2018:40) identifies entrepreneurial attitudes and behaviours (which are embedded in the individual) as being critical to new ventures where the utilisation of new and existing knowledge is required to discover market opportunities. Furthermore, entrepreneurial capital contributes to the development of human resources (Audretsch & Monsen 2007) and innovation (Buenechea-Elberdin et al. 2017:369), both of which are indicators of business performance. A business's entrepreneurial capital is embedded in its employees who act as agents of change by innovating and taking risks which, in turn, contribute to the performance of the business (Albort-Morant & Rey-Marti 2015:86).

The relationship between entrepreneurial capital and business performance outcomes has been the focus of several studies. In their study among CEOs or suitably high-level directors/managers in 100 Italian businesses, Paoloni and Demartini (2014:6) investigated the relationship between entrepreneurial capital and value creation. They defined and operationalised entrepreneurial capital as the stock of personal competences and attributes related to proactiveness, risk-taking, innovation and aggressive decision-making (Paoloni & Demartini 2014). The majority of CEOs reported that developing their entrepreneurial capital led to enhanced value creation. Demartini and Paoloni (2014) also concluded that entrepreneurial capital as a construct could be operationalised and should be a stand-alone element of intellectual capital.

In another study, Shaw, Carter and Lam (2010:187) investigated the influence of gender and entrepreneurial capital on the performance of small businesses. Their findings demonstrated variance in business performance based on the interplay of various capitals. An interplay between economic, human, social and symbolic capital contributed to the convertible nature of entrepreneurial capital. In other words, Shaw et al. (2010) supported Bourdieu's (1986) notion that the interplay between capitals allowed one type of capital to be converted into other forms of capital. For example, entrepreneurs emerge from the interplay between various social phenomena and the development of one capital may increase another (Shaw et al. 2010:187). Shaw et al.'s (2010) study on gender and entrepreneurial capital reported that a combination of human capital and social capital resulted in female small business owners having less entrepreneurial capital than their male counterparts. In all cases, the interplay between the various types of capital was reflected in the level of entrepreneurial capital and business performance (Shaw et al. 2010:187).

Firkin (2001:11) undertook a qualitative study among 162 individuals employed in small businesses, family businesses or self-employed across Auckland, New Zealand. Firkin's (2001) findings showed that an individual's entrepreneurial capital was "spread" across three sets of attributes possessed by that individual, namely, economic, social and personal capital attributes (referred to as his/her personal attributes). Firkin (2001:22) found that entrepreneurial capital was dynamic and convertible, depending on the interrelationship between the various types of human capitals. In his study, Firkin (2001:5) introduced Portes' (1998:4) notion that one capital may be convertible into other types (for example, social capital may produce outcomes that are convertible to money, but money (economic capital) cannot immediately be converted to social capital). As a result, how the individual utilised the sets of attributes associated with entrepreneurial capital at his/her disposal influenced his/her entrepreneurial actions (an outcome of entrepreneurial capital). Firken (2001:2,23) found that when optimally combined through an entrepreneurial process these attributes translated into entrepreneurial value for the individual.

In another study, Buenechea-Elberdin et al. (2017:369) used structural equation modelling to investigate the antecedents to innovation performance among 180 high- and low-tech SME businesses in Spain. They studied the influence of human capital (skill, motivation and expertise), renewal capital (acquisition of new knowledge, skills and creativity) and

entrepreneurial capital (courage, risk taking, initiative and creating new opportunities) on the innovation performance these businesses. Buenechea-Elberdin et al. (2017) found that the human side of innovation performance was strongly influenced by an employee's level of entrepreneurial capital and renewal capital. They recommended promoting an entrepreneurial attitude among employees as well as the upgrading of knowledge and skills to enhance innovation performance (Buenechea-Elberdin et al. 2017:369).

These studies provide support for a relationship between entrepreneurial capital and value creation in the context of a financial planning business. In the study, it was hypothesised that the level of *Entrepreneurial capital* held by an individual in a financial planning business positively influenced the *Perceived financial and non-financial value creation* in that business. The following hypotheses were subjected to empirical testing in the study:

H^{4a}: There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.

H^{4b}: There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.

4.2.2.3 Psychological capital (PsyCap)

Psychological capital (PsyCap) embodies tacit knowledge and refers to the inherent psychological state of an individual (his/her hope, confidence/self-efficacy, resilience and optimism) (Dawkins et al. 2013:348; Luthans et al. 2004:47) and concerns the notion of "who you are" (Luthans et al. 2004:45). In the current study, *PsyCap* was viewed as the states of hope, self-efficacy, resilience and optimism possessed by the financial planner. It is well supported in the literature that the four psychological states are associated with several job attitudes and are positively related to employee performance in the workplace (Luthans & Youssef-Morgan 2017:2; Dawkins et al. 2013:348; Avey et al. 2010:20; Luthans et al. 2004:45). According to Mirzaei et al. (2016:97), PsyCap is a measure of well-being in the work environment and well-being contributes to increased employee performance (Mirzaei et al. 2016:97), which, in turn, contributes to business performance. Although PsyCap is described as consisting of four positive psychological states, it was measured in terms of a single construct in the study. Measuring PsyCap as a single construct is not uncommon and has been

measured as such in several studies to date (Avey 2014:141; Görgens-Ekermans & Herbert 2013:1; Luthans et al. 2007:541).

Luthans et al. (2007:541) investigated PsyCap as a single construct, as well as measuring the four individual components of PsyCap separately, in their studies among management students (study 1) and employees (study 2) in the service (insurance service employees) and high-technology manufacturing (manufacturing engineers) industries. They reported that using a single higher order composite construct of PsyCap was a better predictor of individual work performance and satisfaction than using the individual components separately (Luthans et al. 2007:541). The usefulness of their results on PsyCap was more consistently related to performance and satisfaction than when the components were measured individually (Luthans et al. 2007:564). Similarly, Avey (2014:141) used PsyCap as a single construct to determine the antecedents to PsyCap in his study of engineers in the USA using the 24-item PCQ scale (developed by Luthans et al. 2007). Görgens-Ekermans and Herbert (2013:1) confirmed the internal validity, reliability and validity of the PCQ-24 scale as a single construct when measuring perceived stress, work-related burnout and work engagement among South African employees in a construction company.

Tamer et al. (2014:967), on the other hand, measured PsyCap using the individual components of hope, self-efficacy, resilience and optimism in their study of the influence of PsyCap and social capital on intellectual capital among managers and employees in Istanbul. Tamer et al. 2014) found that PsyCap's components of resilience and self-efficacy had an effect on social capital, whilst hope and optimism were unrelated. Regarding an effect on intellectual capital, only the PsyCap component of self-efficacy was found to have an effect. They found no relationship between intellectual capital and hope, self-efficacy and optimism (Tamer et al. 2014:970).

Empirical studies investigating the relationship between PsyCap and performance outcomes in the workplace are also found in the literature. For example, Luthans, Avolio, Avey and Norman (2007:541) undertook two studies investigating the influence of PsyCap on work performance. The first study was among 167 management students and the second among 115 engineers and technicians from a Fortune 100 company (over 150 000 employees). Their findings in both studies supported a positive relationship between the construct PsyCap and both employee

performance and job satisfaction in the workplace (Luthans et al. 2007). Another study by Luthans, Norman, Avolio and Avey (2008:227) among 404 management students and 163 employees in a financial services firm also reported a positive relationships between PsyCap as three outcomes measures, namely, performance, satisfaction and commitment amongst respondents. The findings of Luthans et al. (2007) and Luthans et al. (2008) are supported by more recent studies. For example, Kim et al. (2019:108) conducted a study among 289 employees at athletic or sports management organisations. Their study also reported a positive relationship between PsyCap and both employee wellness and employee job satisfaction (Kim et al. 2019).

A South African study undertaken by Görgens-Ekermans and Herbert (2013:1) among 209 employees of a property development and construction company, reported similar results. They investigated the relationships between PsyCap and several employee outcomes, namely, work burnout, stress and engagement, and reported significant relationships between PsyCap and all their dependent variables (Görgens-Ekermans & Herbert 2013:1).

The positive influence of PsyCap on performance is also evident in other contexts. For example, Anglin, Short, Drover, Stevenson, McKenny and Allison (2018:470) investigated the power of positivity through the influence of positive PsyCap language on crowdfunding performance. Their study included 1 726 kickstarter funding campaigns, which were studied to determine whether entrepreneurs conveying positive PsyCap language cues tended to experience higher levels of crowdfunding performance. It was found that higher levels of positive PsyCap attracted superior crowdfunding performance. In another example, Chen, Wang and Zhu (2021:1) assessed the influence of PsyCap on the innovative behaviour of leader employees in China. Using the single construct of PsyCap, they found that a high level of PsyCap among leaders had a positive influence on the relationships with employees and the resultant innovative behaviour of employees through the effect of their psychological safety (Chen 2021).

Based on the discussion and evidence provided, the following hypotheses were proposed:

H^{5a}: There is a positive relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.

H^{5b}: There is a positive relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.

4.2.2.4 Social capital as moderating variable

In the current study *Social capital* was operationalised as consisting of three sub-dimensions, namely, *Relational social capital*, *Network social capital* and *Cognitive social capital*. The relationships between the three sub-dimensions of *Social capital* as independent variables and the dependent variables (*Perceived financial and non-financial value creation*) were discussed in Section 4.2.2.1. In addition to these relationships, several studies provide support for *Social capital* having a moderating effect on the relationships between the other independent variables (*Psychological capital* and *Entrepreneurial capital*) and the measures of value creation used in this study. To date, numerous studies have investigated the moderating role of social capital in various contexts.

Zheng, Wu and Xie (2017:1) studied the moderating role of social capital on the relationship between leadership of projects among Chinese construction businesses and organisational and innovation performance. They found that whilst social capital was an important predecessor to innovation performance specifically the project's performance, it did not help managers or leaders in their efforts to improve innovation performance (Zheng 2017:1).

Wiengarten, Singh, Fynes and Nazarpour (2017:137) assessed the moderating role of social capital on the relationship between businesses implementing mass customisation and their cost and flexibility performances. They proposed that to be successful in a mass customisation strategy, a company needed to possess and utilise social capital (relational, network and cognitive social capital) in its supply networks. The results of the moderating effect of social capital were mixed in that relational social capital increased the impact on both cost and flexibility performance, while cognitive social capital only moderated the impact of mass customisation on cost performance. Network social capital did not moderate the effect of mass customisation on performance.

Stam and Elfring (2008:97) examined the moderating effect of the social capital embedded in the intra- and extra-industry network ties of a new venture's founders and how this influenced the relationship between entrepreneurial orientation and performance of the new venture. They

found that the combination of high network centrality and extensive bridging ties in the founding team's social capital strengthened the relationship between the entrepreneurial orientation and the performance of the new venture (Stam & Elfring 2008:107).

According to Anglin et al. (2018:470), social capital is used by investors as a signal of quality, endorsing to potential buyers that others have vouched for an individual, thus improving the individual's credibility. In their study among kickstarter start-up funding initiatives, Anglin et al. (2018:470) found that social capital moderated the relationship between positive PsyCap and crowdfunding performance. They found that increases in social capital strengthened the relationship between the use of positive psychological capital and crowdfunding performance (Anglin et al. 2018:470).

The positive influence of social capital on intellectual capital has also been supported empirically in other studies (Mirzaei et al. 2016:108). Mirzaei et al. (2016:108) analysed the effect of positive PsyCap and social capital on intellectual capital in a study of 214 finance employees in Esfahan municipalities. They found that both PsyCap and social capital had a positive influence on intellectual capital and recommended that these employers encouraged their employees to join formal social networks and group associations to develop their social capital (Mirzaei et al. 2016).

Despite numerous studies investigating the moderating role of social capital in various contexts, limited anecdotal and empirical evidence exists that directly support the moderating effect of social capital on the relationship between psychological capital and value creation. Therefore, to investigate the moderating influence of the three sub-dimensions of *Social capital* investigated in the study, the following hypotheses were put forward for empirical testing:

H^{6a-6b}: *Relational social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{6c-6d}: *Network social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{6e-6f}: *Cognitive social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial and non-financial value creation* in a financial planning business.

In their study among 152 Taiwanese managers, Lee and Sukoco (2007:556) found that social capital had a positive moderating influence on the relationships between the entrepreneurial orientation of the business and the levels of individual innovation, competence improvement and effectiveness. They found that when the level of social capital was high, the effectiveness and performance of the individual was higher than that of an individual where lower levels of social capital were evident, thus, positively influencing the performance of the performance (Lee & Sukoco 2007:556).

Tuan's (2015:10) study among 409 middle-level managers in the chemical industry in Vietnam (2015:10) also supported the moderating influence of social capital and performance measures. Tuan (2015) found that organisational social capital had a moderating influence on the relationship between entrepreneurial orientation and competitive intelligence. On the other hand, the relationship between entrepreneurial orientation and competitive intelligence was more positive with higher levels of social capital.

Jalali (2013:xviii) studied the moderating effect of network types of social capital on the performance of manufacturing businesses in Iran. It was found that the intra-industry network types of social capital had a significant positive moderating effect on the entrepreneurial orientation and performance in manufacturing SMEs. It was also found that the high intra-industry network positively moderated the relationship between innovativeness and performance in these businesses.

Against this background the following hypotheses were subjected to empirical testing in the context of the current study:

H^{7a-7b}: *Relational social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

H^{7c-7d}: *Network social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

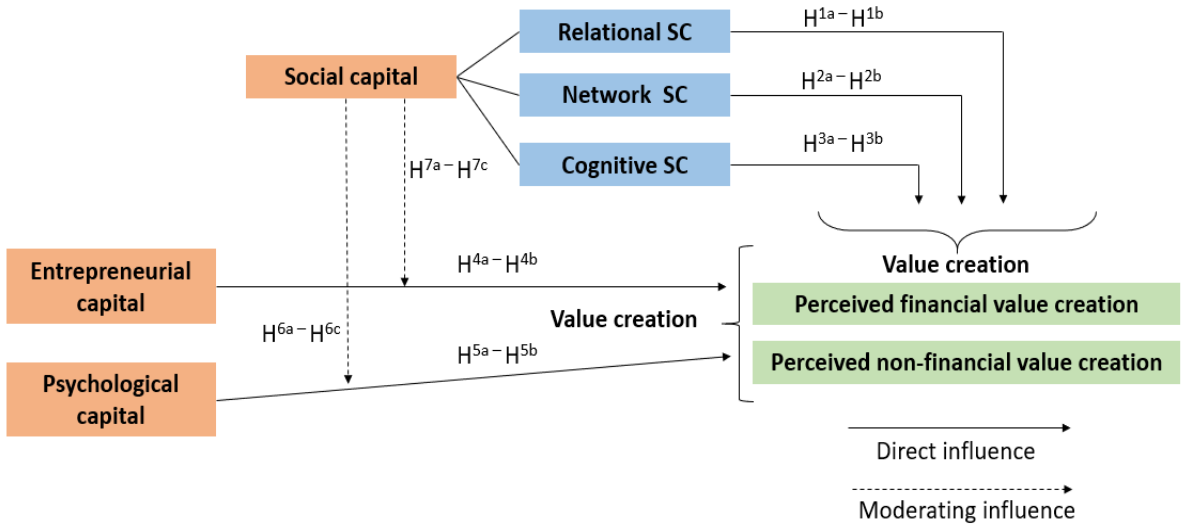
H^{7e-7f}: *Cognitive social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial and non-financial value creation* in a financial planning business.

4.3 HYPOTHESISED MODEL

In Section 4.3.1, the hypothesised model is presented. Both the direct and moderating relationships are depicted and summarised.

Given that the anecdotal and empirical evidence presented, the various hypotheses were proposed to assess the role of the financial planner's human capital in the creation of perceived financial and perceived non-financial value. These hypotheses were subjected to empirical testing in the context of the current study. The hypothesised relationships are depicted in Figure 4.2 and summarised in Table 4.1.

Figure 4.2: Hypothesised model of direct and moderating relationships between the financial planner's human capital and perceived value creation in financial planning businesses



Source: Researcher's construction

Table 4.1 provides a summary of the hypothesised relationships that were tested in the current study.

Table 4.1: Hypothesised relationships

Social capital	H^{1a}:	There is a positive relationship between the financial planner's *Relational social capital* and *Perceived financial value creation* in a financial planning business.
	H^{1b}:	There is a positive relationship between the financial planner's *Relational social capital* and *Perceived non-financial value creation* in a financial planning business.
	H^{2a}:	There is a positive relationship between the financial planner's *Network social capital* and *Perceived financial value creation* in a financial planning business.
	H^{2b}:	There is a positive relationship between the financial planner's *Network social capital* and *Perceived non-financial value creation* in a financial planning business.
	H^{3a}:	There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived financial value creation* in a financial planning business.
	H^{3b}:	There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived non-financial value creation* in a financial planning business.
Entrepreneurial capital	H^{4a}:	There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.
	H^{4b}:	There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.
Psychological capital	H^{5a}:	There is a positive relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.
	H^{5b}:	There is a positive relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.
Moderating effect Psychological capital	H^{6a-6b}:	*Relational social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business.
	H^{6c-6d}:	*Network social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business.
	H^{6e-6f}:	*Cognitive social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business.

Table 4.1: Hypothesised relationships (continued)

Moderating effect Entrepreneurial capital	H^{7a-7b}: *Relational social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business. H^{7c-7d}: *Network social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business. H^{7e-7f}: *Cognitive social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial* and *Perceived non-financial value creation* in a financial planning business.

Source: Researcher's construction

4.4 SUMMARY

In this chapter, a conceptual model depicting the proposed relationships between the independent and dependent variables was presented. More specifically, the conceptual model highlighted the relationships between selected subcategories of human capital factors and value creation by financial planners in financial planning businesses.

Thereafter, anecdotal and empirical evidence for each of these relationships was presented and several hypotheses were developed. It was these hypotheses that were subjected to empirical testing in this study. The proposed hypotheses were summarised in a hypothesised model.

In Chapter Five, the research design and methodology adopted to empirically assess the hypothesised model developed in this chapter is described and the choices made are justified.

CHAPTER FIVE

RESEARCH DESIGN AND METHODOLOGY

5.1 INTRODUCTION

Chapters One to Four constituted the study's literature review and contributed to achieving the first, second and third methodological objectives of this study. MO^1 was to review the financial planning industry and financial planning in South Africa, while MO^2 was to review the role of capitals in the creation of value by financial planners in financial planning businesses. MO^3 was to propose a hypothesised model of selected human capitals of financial planners that influenced value creation in South African financial planning businesses. Chapter Two introduced the financial planning industry, and Chapter Three discussed the various capitals employed in the creation of value within this industry. Chapter Four provided a conceptual framework explaining how selected subcategories of human capital contribute to value creation in financial planning businesses. The purpose of Chapter Five is to address the fourth and fifth methodological objectives. MO^4 involves to determining the research design and methodology most appropriate to achieve the objectives of the study and address the research questions posed, while MO^5 involves designing a measuring instrument to source data for empirically assessing the hypothesised relationships.

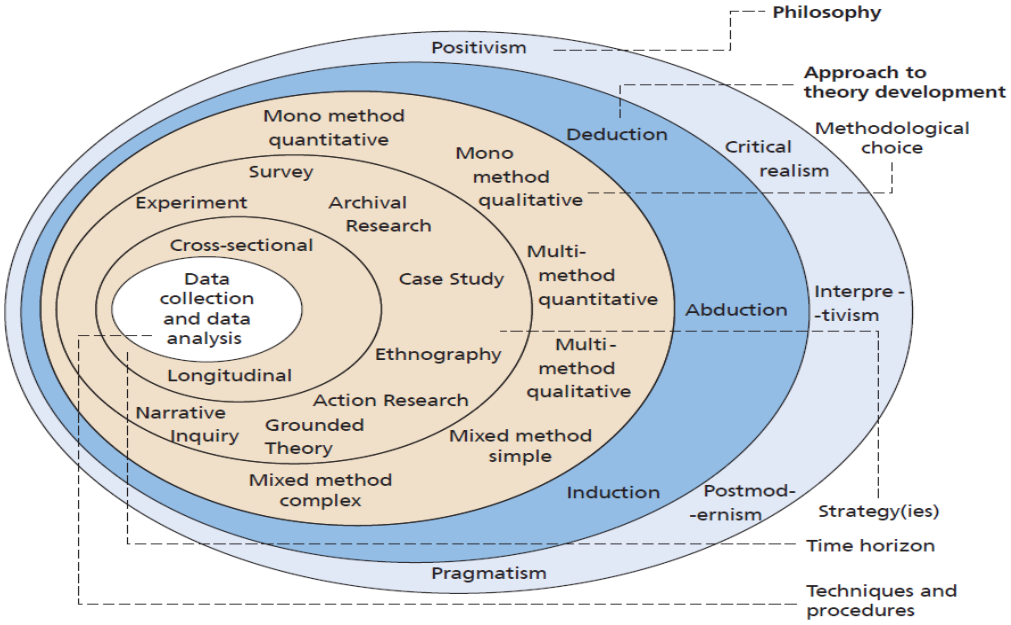
In particular, the chapter discusses choices relating to the underlying philosophy of the researcher, the approach to theory development and the methodological choices made, as well as the strategy, time horizon, techniques and procedures implemented are discussed in detail. In addition, the measuring instrument developed to collect the primary data and the operationalisation of the dependent and independent variables are described. Finally, the data analysis techniques used in this study are introduced as well as the study's ethical considerations.

5.2 RESEARCH DESIGN AND METHODOLOGY FRAMEWORK

The research design and methodology framework of Saunders et al. (2019:130) was used to achieve the research objectives of the current study and to explain the methodological choices

made. This framework, also known as the research onion, is depicted in Figure 5.1. The research onion proposes that an effective research design addresses various choices made by a researcher at six different layers. These choices relate to the philosophy adopted, the approach to theory development and methodology as well as the strategy, time horizon, techniques and procedures implemented (Saunders et al. 2019:130). According to Saunders et al. (2016:158), the first two layers (philosophy and approach to theory development) influence the choices made by a researcher in the subsequent layers, and it is these subsequent layers that focus on the process of research design. By using the layers of the research onion, the research design process is described in the context of the current research.

Figure 5.1: The Research Onion (RO)



Source: Saunders et al. (2019:130)

5.3 RESEARCH PHILOSOPHY (RESEARCH PARADIGM)

The first layer of the research onion addresses the research philosophy that underlies a study. A research philosophy describes the set of beliefs and assumptions regarding the nature and development of knowledge and reality that are held by a researcher, which in turn shapes how the researcher approaches a study in terms of the strategies and methods selected (Saunders et al. 2019:130).

According to Collis and Hussey (2014:43), the "philosophical framework that guides how scientific research should be conducted" is also referred to as a research paradigm. Saunders, Lewis and Thornhill (2016:132) contend that a research paradigm is the "political or ideological orientation of researchers to the social world they are investigating", which consists of a set of assumptions or beliefs held by each researcher. It is these assumptions or beliefs that shape a researcher's view of reality (Maree 2016:52). Saunders et al. (2019:144) identify four major research paradigms, namely, positivism, realism, pragmatism and interpretivism.

The various research paradigms are distinguishable from one another in terms of several philosophical assumptions. Saunders et al. (2019:144) identify these assumptions as ontological assumptions, which refer to the nature of reality (or being), epistemological assumptions that concern how knowledge is constituted and what is considered acceptable knowledge and axiological assumptions, which refer to the role of values in research. Collis and Hussey (2009:58) add rhetorical assumptions, which relate to the language of research, and methodological assumptions, which concern the process of research.

According to Collis and Hussey (2014:57), the various research paradigms can also be located along a continuum with positivism and interpretivism at opposite ends (Collis & Hussey 2014:57). This continuum orders the research paradigms from pure scientific at the positivism end to fluid, reflexive and meaning-making at the interpretive end of the continuum (Saunders et al. 2016:135). Given that positivism and interpretivism are at the extreme ends of the continuum, all other paradigms would fall somewhere in-between. Table 5.1 summarises the ontological, epistemological, axiological, rhetorical and methodological assumptions that underpin these main paradigms.

Table 5.1: Assumptions of positivism and interpretivism

Philosophy	Positivism	Interpretivism
Alternate names	**Realism**	**Idealism, Relativism, Constructivism**
Ontological assumptions (Nature of reality)	• Reality is objective and singular, separate from the consciousness of the researcher. • Reality is a concrete structure. • One true reality of which all are a part.	• Reality is subjective, has multiple meanings and interpretations as perceived by participants. • A flux of processes and experiences and practices. • Reality is rich and complex. • Social reality has a subjective construction based on interpretation and interaction. • All knowledge is a matter of interpretation. • Reality is constructed on how the world is interpreted, based on individual and unique interpretations.
Epistemological assumptions (What constitutes valid knowledge)	• Researcher is independent of what is being researched. • Positivist scientific method is constructed. • Law-like generalisations. • Observable reality such as numbers, facts and data.	• Researcher interacts with what is being researched. • Theories and concepts are simplistic. • Focus is on narratives, stories, perceptions and interpretations. • New understandings and worldviews as contributions.
Axiological assumptions (Role of values)	• Research is detached, value-free and unbiased. • Researcher maintains a neutral and objective stance.	• Researcher acknowledges that research is value laden and biases are present. • Researcher is part of what is being researched, subjective and reflexive. • Researcher interpretation is key to the contribution.
Rhetorical assumptions (Language of research)	• Researcher writes in a formal style and uses the passive voice, accepted quantitative words and set definitions.	• Researcher writes in an informal style and uses the personal voice, accepted qualitative terms and limited definitions.

Table 5.1: Assumptions of positivism and interpretivism (continued)

Philosophy	Positivism	Interpretivism
Alternate names	**Realism**	**Idealism, Relativism, Constructivism**
Methodological assumptions (Process of research)	• Process is deductive and highly-structured using large samples. • Study of cause and effect with a static design (categories are isolated beforehand). • Experiments and surveys used. • Typically, quantitative methods of analysis used. • Research is context-free. • Generalisations lead to prediction, explanation and understanding. • Results are accurate and reliable through validity and reliability.	• Process is inductive and can use small samples and in-depth investigations. • Study of mutual simultaneous shaping of factors with an emerging design (categories are identified during the process). • Exploration of pure subjectivity. • Research is context bound. • Patterns and/or theories are developed for understanding and interpretation. • Findings are accurate and reliable through verification.

Source: Researcher's own construction adapted from Quinlan, Babin, Carr, Griffin and Zikmund (2018:57); Saunders et al. (2016:134); Collis and Hussey (2009:58)

From Table 5.1, it can be seen that a research paradigm is a theoretical position concerning beliefs about knowledge, truth and reality, which influences the way research is conducted and the way knowledge is studied, created and interpreted (Maree 2016:52).

5.3.1 ASSUMPTIONS OF THE RESEARCHER

Embedded in the choices a researcher must take regarding the research design and methodology to be adopted for a study are the researcher's assumptions about reality (the ontological assumptions held) and the kind of knowledge that the researcher intends to generate from the study (the epistemological assumptions held) (Quinlan et al. 2018:59). Since the aim of research is to contribute knowledge about a research topic, it is important for the research decisions made to be explained in terms of both the theory of knowledge and the nature of reality from the perspective of the researcher (Quinlan et al. 2018:59). As suggested by Saunders et al. (2016:124), it is necessary for researchers to explain their position in terms of their beliefs held about knowledge and reality. As a result, the researcher's beliefs or assumptions and how they influenced the research design in the current study need to be explained.

The primary objective of this study was to investigate the influence of selected *Human capital*s (namely, *Social capital*, *Psychological capital* and *Entrepreneurial capital*) of financial planners on value creation (*financial and non-financial value*) in South African financial planning businesses. To achieve this objective, the current research investigated the relationships between several independent variables and a dependent variable. The researcher sought to understand the respondents' experience of the social structures as they related within and between the independent variables (identified capitals), and their relationship to the dependent variable (their role in the creation of value) (Saunders et al. 2016:140). Investigating these relationships involved hypothesis testing, yielding exact, objective and quantitative data, and generalising the sample to the whole population. Thereafter, an interpretation of occurrences or experiences that might not be observed were provided. As a result, a positivism research paradigm was considered the most appropriate to achieve the objectives of the study. The adoption of this paradigm was further supported by the ontological, epistemological, axiological, rhetorical and methodological assumptions of the researcher.

As explained, **ontological assumptions** are the views about reality held by a researcher which, in turn, shape the way that the researcher approaches a study and research objectives (Saunders et al 2016:127). The researcher in the current study held an objective ontological assumption wherein reality was observable and ordered. The objects of the current research study were financial planners in organisations external to the researcher. The researcher assumed that these individuals employed as financial planners in financial planning businesses were social actors in so far as they existed independently of each other and the researcher. Furthermore, the experiences and interpretations of these social actors could not influence the existence of their social world nor the social structures in which they existed (Saunders et al. 2016:128).

Maree et al. (2016:57) points out that a constructed reality does not exist in a vacuum, but is fluid and influenced by context. Furthermore, there is an external reality or truth which exists regardless of a person's beliefs or understanding about that reality. Therefore, these social meanings and experiences are assumed to differ according to the social, psychological and entrepreneurial contexts or social conditioning of the person. Furthermore, the nature of things in the social world is patterned and causal relationships can be discovered and tested (Maree 2016:59). In the current study, the researcher assumed that the social, psychological and entrepreneurial contexts in which a financial planner existed influenced the social meaning and

experiences attached to value creation. Furthermore, given that the world is patterned, causal relationships between influencing factors, such as human capital and value creation could be discovered and tested in the context of financial planning businesses.

Epistemological assumptions concern knowledge and what constitutes acceptable, valid and legitimate knowledge (Saunders et al. 2016:127). Maree (2016:67) relate epistemology to the way in which things can be known, in terms of three considerations, namely, learning about the social world and how the basis of knowledge is formed, whether it be known objectively or subjectively and whether the findings of the research are generalisable or not. In this study, the researcher held the assumption that what constituted acceptable knowledge was independent and objective in nature, providing precise, verifiable, systematic answers to research questions, which had been acquired following sound scientific methods (Maree 2016:68; Saunders et al. 2016:136; Collis & Hussey 2009:58). In the study, the researcher focused objectively on the types of knowledge and experiences of financial planners and how they constructed their social world by sharing meanings. It was assumed that these shared meanings were embedded in the human capitals held by the financial planners that helped them to understand the world around them and to create value for their businesses. In the current study, the researcher held the view that reality could be known through observable and measurable phenomena and, whilst knowledge was imperfect, it could be understood and explained within a context (Maree 2016:59; Saunders et al. 2016:129). In addition, that one objective reality existed, which could be measured in a manner that was independent of the researcher's consciousness (Quinlan et al. 2018:61).

Axiological assumptions refer to the role of ethics and values in the research process and also concerns how researchers position their own set of values in this context (Saunders et al. 2016:128). The values held by the researcher should be addressed during the research process so as to ensure that the appropriate decisions are taken on how to approach the study, especially since these values may influence the choices made by the researcher (Saunders et al. 2016:128). In the current study, as t the researcher was investigating the role of capital in creating value in financial planning businesses, both the researcher's values and beliefs were key to the interpretations of the social world of the participants. The researcher acknowledged the role of values and, therefore, positioned the current inquiry as objective displaying value-free and unbiased assumptions (Saunders et al. 2016:129). Therefore, as the process of identifying and

interpreting the capitals possessed by the participants was objective and neutral, this would result in objective data.

Rhetorical assumptions refer to the manner in which a researcher writes up the research project. In the current study, the researcher adopted an objective stance, writing in the passive voice using precise formal language suited to a quantitative study as opposed to an informal and personal style (Collis & Hussey 2009:58). Furthermore, the researcher used language that adopted the terminology and definitions used in an objective quantitative study.

Methodological assumptions deal with the manner in which choices are made on the process adopted for obtaining the data for a research study to answer the research questions (Collis & Hussey 2009:58). In the current study, the researcher approached the methodology from the perspective of being able to operationalise the variables being measured in a highly-structured manner using surveys. The various human capitals possessed by financial planners and the creation of value in the context of financial planning businesses were operationalised and measured using a measuring instrument and administered by means of a survey. The focus was on deducing knowledge, based on accurate, reliable and observable facts, measuring variances or correlations in large samples of data leading to predictions, explanations and understanding (Collis & Hussey 2009:58). Using accurate, reliable and observable facts obtained from the survey, the researcher sought to predict, explain and understand the relationships between the *Social, Entrepreneurial* and *Psychological capital* possessed by financial planners and *Perceived value creation* in the context of financial planning businesses.

5.3.2 RESEARCH PARADIGM ADOPTED

In summary, the researcher's ontological assumption was that reality, whilst deemed to be objective, existed independently of the researcher's consciousness (Quinlan et al. 2018:59; Saunders et al. 2016:128; Collis & Hussey 2009:58). Restivo (2017:19) acknowledges that the perspectives, beliefs and knowledge held by an individual, whilst independent, are shaped and organised through a full spectrum of human experiences through social and cultural forces. The researcher's epistemological assumption was that reality could be known, however, knowledge was imperfect. The researcher acknowledged that as she was a critical instrument in the research process, she adopted an objective, detached stance in the making of meaning during

the research process. The axiological assumptions, namely, that values play critical role in the research, was acknowledged by the researcher in that she saw herself as an actor in the research process, albeit a neutral, detached and value-free actor, who sought precise data obtained in a quantitative method (Saunders et al. 2016:141). Collectively, these assumptions provided support for the study being situated in a positivist research paradigm.

Positivists view reality in terms of observable, objective facts (Maree et al. 2016:23). Social phenomena are viewed as external, and objective reality exists external to the researcher's consciousness (Quinlan et al. 2018:59; Bryman & Bell 2014:37). The positivist searches for absolute truth (Sekaran & Bougie 2016:29) by means of quantitative analysis of precise data obtained in an observable world (Saunders et al. 2016:136). The orientation of the positivist researcher is to emphasise quantification in the collection and analysis of data, adopting a deductive approach and incorporating objectivity in the practices and norms of research (Bryman & Bell 2014:31). The positivist seeks to generalise the results obtained from testing the causal relationships between variables (Collis & Hussey 2009:62) so that the relationships can be explained in terms of scientific laws (Maree et al. 2016:22).

Section 5.4 discusses the second layer of the research onion, as applicable to the current study.

5.4 APPROACH TO THEORY DEVELOPMENT

Saunders et al. (2019:152) contend that the approach to theory development adopted by a researcher depends on whether the research being undertaken is concerned with theory testing or theory building. There are three approaches to connecting theory to research, namely, a deductive, inductive or abductive approach (Awuzie & McDermott 2017:356).

According to Soiferman (2010:2), a deductive approach to theory development analyses theories to prove or disprove them. As such, hypotheses are formulated and experimentation is conducted to either support or not support the hypotheses (Soiferman 2010:8). Bryman and Bell (2014:378) describe the deductive relationship between theory and research as one whereby research is conducted according to hypotheses drawn from theory. Deduction begins from a general position such as a formulated hypothesis and concludes with specific information such as whether the hypothesis is accurate or not (Burney & Saleem 2008:7). In

an inductive approach to research, theory development is the outcome of the research and often follows a qualitative research design, which allows generalisable inferences to be made from observations (Bryman & Bell 2014:11). An abductive approach allows a researcher to move between inductive and deductive approaches engaging in a back and forth relationship with the theory and the data. It implies a backwards style of reasoning or retroduction, which enables a researcher to modify existing theory or develop new theory (Saunders et al. 2019:147,155; Awuzie & McDermott 2017:356).

In the current study, hypotheses relating to the relationship between selected human capitals and value creation in the context of financial planners in financial planning businesses were formulated based on the KBV (theory) and supported by existing literature. These hypotheses were then tested empirically. As such, the approach to theory development was deductive in nature.

5.5 RESEARCH DESIGN

As suggested by Saunders et al. (2019:130), the research philosophy and approach to theory development influence the choices made by a researcher in the subsequent layers, and it is these subsequent layers that focus on the process of research design. The research design is a detailed plan of how to conduct the study (Collis & Hussey 2009:340) and describes the various activities that are to be undertaken to achieve the objectives of a study. These activities include the methodological choices made, the strategies employed, the time horizon selected as well as the techniques and procedures chosen to collect and analyse the data (Saunders et al. 2019:130). As such, a study's research design is a plan that contains the techniques and procedures for sourcing and analysing the data collected to test the relationships between the variables investigated in a study (Sekaran & Bougie 2016: 95; Cooper & Schindler 2003:146).

In the current study, the choices relating to the research design refer to the methodological choice made as well as the strategy, time horizon, techniques and procedures implemented (Saunders et al. 2019:130). In Sections 5.5.1 to 5.5.10, each of the methodological design choices are described as applied to the current study.

5.5.1 METHODOLOGICAL CHOICE

Three main methodological choices exist when undertaking a research study, namely, whether to make use of a mono-method, multi-method or mixed methods (Saunders et al. 2019:167). A mono-method is chosen when a researcher uses only one data collection technique and its corresponding data analysis procedures. A multi-method combines more than one data collection technique and their responding analytical procedures, whereas a mixed methods choice is a branch of multi-methods, which involves a combination of simple or complex data collection techniques, which can be both qualitative and quantitative together with their corresponding analytical procedures (Saunders et al. 2019:167). The methodological choice made by the researcher, therefore, relate to the use of quantitative and/or qualitative methods in a mono-, multi-method or mixed methods context.

According to Maree (2016:162), quantitative research methods represent important elements such as objectivity, the use of numerical data and generalisability of the findings. Maree (2016:162) also describes quantitative research as systematic and objective in the process and manner in which data is employed. Examples of quantitative methods used are structured questionnaires, structured interviews, surveys, observation and experiments (Saunders et al. 2016:163). On the other hand, qualitative research methods are described by Saunders et al. (2016:163) as naturalistic processes used to make sense of subjective and socially-constructed meanings concerning a phenomenon being studied. The researcher studies the participants' meanings and the relationships between them, playing an integral role in the process, building rapport and gaining cognitive access to the participant's data (Saunders et al. 2016:168). Examples of qualitative methods include action research, case studies, ethnography and narrative research (Saunders et al. 2016:163).

According to Saunders et al. (2016:170), the methodological choice made by the researcher is largely influenced by the purpose of the research being undertaken. Table 5.2 summarises four types of studies differentiated by their respective purpose, namely, exploratory, descriptive, explanatory and evaluative studies (Saunders et al. 2016:17).

The purpose of the current study was explanatory as it strove to explain the relationships between several independent variables (sub-categories of human capital) and value creation

(dependent variable) in the context of financial planning businesses, through producing quantitative data. Quantitative data was produced through the use of quantitative methods, which were highly-structured, and principally examined relationships between variables using numerical and statistical methods (Saunders et al. 2016:166).

Table 5.2: Purpose of the research

Type of study	Purpose	Methods
Exploratory	• Discover what is happening • Gain insights about a topic of interest • Clarify understanding about the nature and extent of an issue, problem or phenomenon • Produce qualitative data usually	• Ask open-ended questions • Search literature • Interview experts • Conduct in-depth individual interviews and focus group interviews
Descriptive	• Obtain an accurate profile of events, persons or situations • Extend exploratory research • Require description before explanation of a phenomenon, known as descripto-explanatory studies • Produce qualitative data usually	• Ask open-ended "who, what, how, why, when and/or where" type questions • Search literature • Interview experts • Conduct in-depth individual interviews and focus group interviews
Explanatory	• Establish causal relationships between variables • Study a situation or problem to explain the relationship between variables • Produce quantitative data usually	• Ask "why or how "questions • Search literature • Conduct focus group interviews; surveys and experiments • Analyse case studies
Evaluative	• Assess performance • Evaluate understanding • Make comparisons • Assess the effectiveness of a strategy, policy, programme, initiative or process • Produce confirmatory quantitative data usually	• Ask "how, what, which, when, who, where, why and/or to what extent" questions • Rank or rate responses according to predetermined scales • Search literature • Conduct focus group interviews • Conduct in-depth structured interviews • Conduct surveys • Conduct experiments • Observe
Combined	• Combine exploratory, descriptive, explanatory and/or evaluative purposes • Produce qualitative and/or quantitative data usually	• Combine question types to suit the combination of purposes • Combine qualitative and/or quantitative methods

Source: Researcher's own construction based on Quinlan et al. (2018:130); Maree et al. (2016:11); Saunders et al. (2016:174-176)

Given that the approach to theory development in the current study was deductive (see Section 5.2.2) and that the purpose was explanatory, a mono-method quantitative methodological choice was made. Quantitative methods are associated with a deductive approach to theory development (Struwig & Stead, 2013:5), which concerns using data to test theory (Saunders et al. 2016:166). This methodological choice, which was the subsequent research strategy adopted, is discussed in Section 5.5.2.

5.5.2 RESEARCH STRATEGY

A research strategy refers to the general plan that the researcher adopts to answer the research questions of a study (Saunders et al. 2016:680), and serves as the methodological link between the philosophy and the methods chosen to collect and analyse the data (Saunders et al. 2016:173). Although several research strategies exist to obtain data, strategies that produce qualitative data include case studies, action research, grounded theory, ethnography, content analysis and narrative inquiry (Saunders et al. 2016:178). Whereas those that produce quantitative data include experiments and surveys (Quinlan et al. 2018:148; Saunders et al. 2016:174). As the current study strove to produce quantitative data, the relevant strategy options included experiments and surveys.

An experiment is a strategy used in quantitative research to study the probability of a change caused to a dependent variable by another independent variable using predictions and hypotheses (Saunders et al. 2016:174). Experiments, whilst closely-aligned to research in the natural sciences (where they are carried out in laboratories), are also used in business and social sciences to determine cause and effect relationships by controlling certain factors in the investigation (Leedy & Ormrod 2013:226).

The use of surveys in quantitative research allows for the collection of data from one or more groups of people to determine opinions, attitudes, characteristics and experiences by asking specific pre-determined questions and tabulating answers. Answers can be summarised using numerical representations, which can then be statistically analysed. The goal of a survey is to learn about a population by surveying a sample of that population to make generalisations about the population as a whole (Leedy & Ormrod 2013:189).

Koenig and Schultz (2016:14) contend that the most popular method of collecting quantitative data is by utilising a survey strategy. A survey study is well suited to researchers who want to look at relationships between variables that occur in a real-life context (Muijs 2011:31), when the sample is large and quantitative data is being collected (Quinlan et al. 2018:148). As this was the case in the current study, a survey strategy was adopted.

Collis and Hussey (2014:63) note that surveys can be divided into two types according to their purpose, namely, descriptive or analytical surveys. Descriptive surveys are used to determine accurate representations of the phenomena being studied either at a point or at multiple points in time, such as consumer surveys or attitude surveys (Collis & Hussey 2014:63). Analytical surveys are used when a researcher wants to determine the relationships between variables. An analytical survey begins with a review of the literature whereafter a theoretical framework is developed so that the dependent and independent variables can be identified and their relationships assessed (Collis & Hussey 2014:63). In terms of the current study, independent and dependent variables were identified from the literature, and based on the KBV, a theoretical framework was developed and relationships between these variables were assessed. Therefore, the appropriate survey type selected for the current study was an analytical survey.

5.5.3 TIME HORIZON

Time horizon in a research study refers to the timing of how the collection of data from the participants is dealt with. The horizon can be structured as longitudinal, where data is collected from participants at more than one point in time over a long period (Quinlan et al. 2018:400), or cross-sectional, where data is collected from participants at a single point in time but over a short period (Quinlan 2018:290; Bryman & Bell 2014:376). In the current study, a cross-sectional time horizon was adopted because data was collected from financial planners at one point in time, namely, the point in time at which they completed the survey instrument.

5.5.4 TECHNIQUES AND PROCEDURES (METHODS)

The techniques and procedures adopted for a study refer to the manner in which the data was collected and analysed, each of which are described as applied to the current study in Sections 5.5.4.1 and 5.5.4.2.

5.5.4.1 Secondary data collection (literature review)

To meet the methodological objectives of the current study, a thorough review of the existing literature to understand and contextualise financial planning and the financial planning environment was conducted in Chapter Two. The literature review for Chapter Three covered the role of capital in value creation and the theories relating to value creation. The literature relating to selected categories of human capital and how they contribute to the creation of value was assessed and a conceptual framework was developed for this study in Chapter Four. According to Leedy and Ormrod (2013:51), a thorough review of existing books, journal articles and related literature gives a researcher a new perspective on the problem being investigated as well as design approaches and methodological options to consider when addressing the research problem. The more a researcher knows about the problem and perspectives relating to a phenomenon under investigation, the more effective the research can be (Leedy & Ormrod 2013:51).

In the current study, the strategy recommended by Leedy and Ormrod (2013:51) was followed when the literature review was conducted. Appropriate books, journal articles, conference publications, government publications and internet websites were identified by searching keywords and phrases relating to the phenomena under investigation. Google, Google Scholar and the Nelson Mandela University's online library resources and databases were utilised to collect the secondary data and conduct the review.

5.5.4.2 Primary data collection (empirical investigation)

Primary data collection is central to a research study and comprises of the process of gathering information on specific variables of interest to answer stated research questions so that findings can be observed and assessed (Kabir 2016:202; Parveen & Showkat 2017:3). According to Collis and Hussey (2010:338), primary data is generated from an original source by the researcher such as data obtained from surveys, interviews, experiments and focus groups. Surveys are a widely-accepted strategy for collecting primary data and can be effective and efficient in obtaining quantitative data in a business research setting (Zikmund, Babin, Carr & Griffin 2013:185; Quinlan et al. 2011:322).

Given that the purpose of the current study was explanatory and that a survey strategy was adopted, a structured questionnaire provided an appropriate method for collecting the necessary data. A structured questionnaire is a measuring instrument that contains a predetermined set of closed questions from which respondents must select a set of responses which may contain items for ranking, categorising or quantifying (Maree 2016:181; Saunders et.al 2016:181; Babbie & Mouton 2001:232). The measuring instrument developed to collect the primary data in the current study is described in Section 5.5.5.

5.5.5 MEASURING INSTRUMENT DEVELOPMENT

The development of the structured questionnaire for the current study was guided by the existing literature (see Chapters Three and Four) on the constructs under investigation as well previously used scales measuring the same or similar constructs in different contexts. Both nominal and ordinal scales were used in the current study (Quinlan et al. 2018). The measuring instrument content and format, the process of scale operationalisation as well as the process of data collection and pilot testing is described in Sections 5.5.5.1 and 5.5.5.2.

5.5.5.1 Questionnaire cover letter, content and format

The questionnaire consisted of a cover letter and four sections (see Annexure A). The cover letter explained the purpose of the study and gave relevant details of the parties involved. The letter contained statements relating to the respondents' voluntary and anonymous participation, options to opt out of the study, consent, confidentiality and ethical assurance as well as instructions on how to complete the questionnaire.

Section 1 of the questionnaire requested information concerning the type of financial planning business the respondents owned and/or worked in as well as which aspects of financial planning in which they were involved. Section 2 posed 50 statements that measured the perceptions of financial planners with regard to the selected sub-categories of *Human capital* (*Social capital*, *Psychological capital* and *Entrepreneurial capital*) and 16 statements that measured their perceptions of value creation (*financial and non-financial value*) in financial planning businesses in South Africa. These statements measuring the independent and dependent variables were randomised. Using a 7-point Likert-type scale, respondents were requested to

indicate their extent of agreement with regard to each statement. The number 1 denoted strong disagreement with a statement and, at the other end of the scale, 7 denoted strong agreement with a statement.

Section 3 requested basic demographic information about the financial planner such as age, gender, home language spoken, highest academic qualification, professional designation, ethnic background, business and industry tenure as well as number of clients serviced.

5.5.5.2 Operationalisation of variables and scale development

The process of operationalisation involves the development of scales to measure variables (Quinlan et al. 2018:108). Scales provide a range of values that correspond to the values of the concept that is being measured (Quinlan et al. 2018:108). To elicit good data, the conceptualisation and operationalisation of variables must be done by a researcher before measurement and comparison (Quinlan et al. 2018:108). This may include the creation or refinement of existing definitions obtained from the literature relating to the constructs being studied. Good definitions of variables enable a measuring instrument to contain the appropriate items and improve its validity and reliability. Where it is possible, a researcher can use, adapt and/or add to items that have been used in previous studies to improve the validity and reliability of a study (Boateng 2018:2). The operationalisation of the dependent and independent variables is outlined below.

a) Dependent variable: Value creation

In Chapters Three and Four, value creation in the context of the current study was described in terms of two perspectives, namely, a financial and a non-financial perspective. Therefore, in the current study, two dependent variables were operationalised to capture the construct of value creation. The operational definitions and scales measuring each of these dependent variables are summarised in Tables 5.3 and 5.4.

Eight items were used to measure the dependent variable, *Perceived financial value creation* (see Table 5.3). Items VCFin1, VCFin2 and VCFin3 were used in several other contexts to measure financial performance and have reported satisfactory levels of validity and reliability

(Silwana 2015; Matchaba-Hove 2013; Eybers 2010; Farrington 2009). The items VCFin4 to VCFin8 were sourced and adapted from a scale used by Farrington, Gray and Sharp (2012) to measure the financial rewards of pursuing an entrepreneurial career. Farrington et al. (2012) report a Cronbach's Alpha of 0.838 for this scale and factor loadings of between 0.643 and 0.767.

Table 5.3: Operationalisation of Perceived financial value creation

Perceived financial value creation (VCFin)		
Refers to the individual financial planner experiencing the financial planning business as being financially rewarding, successful and financially secure, as well as experiencing growth in service offering to clients and growth in number of clients over the last three years.		
Items (8)		**Sources adapted from**
VCFin1	I have increased my financial planning client base over the last three years.	Silwana (2015); Matchaba-Hove (2013); Eybers (2010); Farrington (2009)
VCFin2	Over the last three years, I have been able to widen my service offering to my financial planning clients.	
VCFin3	Over the last three years, I have been able to offer more financial planning products to my clients.	
VCFin4	Being a financial planner provides me with the chance to earn a lot of money.	Farrington et al. (2012)
VCFin5	Being a financial planner allows me a greater earning potential than an alternative career.	
VCFin6	As a financial planner, I have increased my personal wealth over the last three years.	
VCFin7	Being a financial planner provides me with an income level that is very rewarding.	
VCFin8	Being a financial planner ensures that I have enough money to retire one day.	

Source: Researcher's own construction based on secondary sources

Seven items were used to measure the dependent variable, *Perceived non-financial value creation* (see Table 5.4). Items measuring two broad categories, namely, satisfaction and reputation, were sourced or adapted from previously-developed scales. One item (VCSat1) was adapted from Kim et al. (2019), whilst the others were adapted from previous studies. Items VCSat, VCSat3, VCSat4 were adapted from Hlongwane (2016), whilst the five items VCRep1 to VCRep3 were sourced and adapted from a scale used by Farrington et al. (2012) to measure the non-financial rewards of pursuing an entrepreneurial career. Farrington et al. (2012) report a Cronbach's Alpha of 0.878 for this scale and factor loadings of between 0.610 and 0.812.

Table 5.4: Operationalisation of Perceived non-financial value creation

Perceived non-financial value creation (VCNonFin)		
Refers to individual financial planners being satisfied with their job, deriving rewards such as enjoyment, fulfilment, status, approval and prestige.		
Items (7)		**Sources adapted from**
VCSat1	All in all, I am satisfied with my job as a financial planner.	Kim et al. (2019)
VCSat2	I find my job as a financial planner fulfilling.	Hlongwane (2016)
VCSat3	I enjoy being a financial planner.	
VCSat4	I find my job as a financial planner rewarding.	
VCRep1	Being a financial planner gives me status in the community.	Farrington et al. (2012)
VCRep2	Being a financial planner creates prestige for me among clients.	
VCRep3	Being a financial planner gives me the approval of my friends and family.	

Source: Researcher's own construction based on secondary sources

b) Independent variables

In Chapters Three and Four, three broad categories of independent variables, namely, social capital, entrepreneurial capital and psychological capital were described (see Sections 3.3.2.4.1 to 3.3.2.4.6 in Chapter Three and 4.2.2 in Chapter Four). In the sections below, the process of operationalisation and scale development for these independent variables are described.

- ***Social Capital***

Social capital is a resource that concerns the interpersonal relationships between individuals (Muniady et al. 2015:1), from which value can be extracted for a business (Hamad et al. 2019). Social capital comprises knowledge of a personal nature, which exists in both tacit and explicit form and is used by an individual in building interpersonal social networks based on trust, communication, norms, shared goals and values (Khan et al. 2019:4; Hotchkiss & Rupasingha 2018; Sander & Lee 2014; Bhandari & Yasunobu 2009:480; Putnam 1995, 2000, 2001). Social capital comprises three sub-categories, namely, *Relational social capital*, *Network social capital*, and *Cognitive social capital.* The operational definitions and the scales measuring these independent variables are summarised in Tables 5.5 to 5.7.

Six items were used to measure the independent variable, *Relational social capital* (see Table 5.5), which related to the nature and quality of personal formal and informal relationships held by the financial planner. These relationships are characterised by trust, respect and open communication at multiple levels of interaction. The items were sourced from existing scales and adapted to the current study. Two items (Rel1 and Rel2) were adapted from Kahlique et al. (2018) and four items (Rel3 to Rel6) were adapted from multiple studies including as Turner (2011), Hotchkiss and Rupasingha (2018), and Nahapiet and Ghoshal (1998).

Turner (2011) reports a Cronbach's Alpha of 0.851 and standardised factor loadings between 0.713 and 0.765 for the items Rel3 to Rel6.

Table 5.5: Operationalisation of Relational social capital

Relational social capital (RSC)		
Refers to having good personal formal and informal relationships characterised by trust, respect and open communication at multiple levels of interaction.		
Items (6)		**Sources adapted from**
Rel1	I have good relationships with partners and/or friends who assist in developing solutions for my financial planning business.	Kahlique et al. (2018)
Rel2	My relationships with clients can be described as good.	
Rel3	My relationships with clients are characterised by mutual trust.	Hamad et al. (2019); Tasavori et al. (2018); Turner (2011); Nahapiet and Ghoshal (1998)
Rel4	My relationships with clients are characterised by open communication.	Hotchkiss and Rupasingha (2018); Turner (2011)
Rel5	My relationships with clients are characterised by respect.	
Rel6	My relationships with clients are characterised by close, personal interaction at multiple levels.	Hotchkiss and Rupasingha; (2018); Turner (2011); Kale (2000)

Source: Researcher's own construction based on secondary sources

Eleven items were used to measure the independent variable *Network social capital* (see Table 5.6). These items were sourced and adapted from a scale used by Hu and Randel (2014).

Table 5.6: Operationalisation of Network social capital

Network social capital (NSC)		
Refers to regularly attending gatherings of a personal nature and associating with formal and informal bodies, as well as friends and colleagues to gain knowledge and meet potential clients.		
Items (11)		**Sources adapted from**
Net1	I associate with professional bodies to obtain new knowledge beneficial to me in the practice of financial planning.	Hu and Randel (2014)
Net2	I associate with professional bodies to keep up to date with my financial planning knowledge.	
Net3	I associate with professional bodies to assist me in meeting with potential clients.	
Net4	I associate with sporting and/or cultural bodies to assist me in meeting with potential clients.	
Net5	I associate with friends to assist me in meeting with potential clients.	
Net6	I associate with religious bodies to assist me in meeting with potential clients.	
Net7	I regularly attend meetings held by the Financial Planning Institute.	
Net8	I regularly have meetings with colleagues in the field of financial planning.	
Net9	I regularly attend social gatherings of a personal nature.	
Net10	I regularly attend cultural events of a personal nature.	
Net11	I regularly attend religious gatherings of a personal nature.	

Source: Researcher's own construction based on Hu & Randel (2014)

Eight items were used to measure the independent variable *Cognitive social capital* (see Table 5.7). The items were sourced and adapted from previous studies undertaken by Muniady et al. (2015), Hamad et al. (2019), Hu and Randel (2014) as well as Nahapiet and Ghoshal (1998).

Table 5.7: Operationalisation of Cognitive social capital

Cognitive social capital (CSC)		
Refers to a preference for and having personal and business relationships with those of similar language and backgrounds, and based on shared goals and values as well as common ethics.		
Items (8)		**Sources adapted from**
Cog1	My personal relationships are based on shared goals.	Hamad et al. (2019); Muniady et al. (2015)
Cog2	My personal relationships are based on common ethics.	Muniady et al. (2015)
Cog3	My personal relationships are based on shared values.	Muniady et al. (2015); Hu and Randel (2014)
Cog4	My business relationships are based on shared goals.	Hamad et al. (2019); Muniady et al. (2015); Hu and Randel (2014)

Table 5.7: Operationalisation of Cognitive social capital (continued)

Cognitive social capital (CSC)		
Cog5	My business relationships are based on common ethics.	Muniady et al. (2015)
Cog6	My business relationships are based on shared values.	Muniady et al. (2015); Hu and Randel (2014)
Cog7	I prefer to do business with people who speak the same language as I do.	Hu and Randel (2014); Nahapiet and Ghoshal (1998)
Cog8	I prefer to do business with people who have the same background as me.	Nahapiet and Ghoshal (1998)

Source: Researcher's own construction based on secondary sources

- ***Entrepreneurial Capital***

Seven items were used to measure the independent variable *Entrepreneurial capital* (see Table 5.8). The items were sourced and adapted from previous studies undertaken by Buenechea-Elberdin et al. (2017). Buenechea-Elberdin et al. (2017) report a Cronbach's Alpha of 0.868 for this scale and factor loadings of between 0.7107 and 0.8216 when used among high-tech firms, and a Cronbach's Alpha of 0.880 for this scale and factor loadings of between 0.6815 and 0.8081 when used among low-tech firms.

Table 5.8: Operationalisation of Entrepreneurial capital

Entrepreneurial capital (EC)		
Refers to having the ability to take risks, work independently, excel at identifying new business opportunities, showing initiative, creativity and inventiveness and having the courage to make bold and difficult decisions.		
Items (7)		**Sources adapted from**
Ent1	I regard taking risks as a positive personal quality that I possess.	Buenechea-Elberdin et al. (2017)
Ent2	I take deliberate risks related to new ideas.	
Ent3	I excel at identifying new business opportunities.	
Ent4	I am a person who shows initiative.	
Ent5	I am able to work independently.	
Ent6	I have the courage to make bold and difficult decisions.	
Ent7	I am creative and inventive.	

Source: Researcher's own construction based on secondary sources

- ***Psychological Capital***

Eighteen items were used to measure the independent variable *Psychological capital* (see Table 5.9).

Table 5.9: Operationalisation of Psychological capital

Psychological capital (PsyCap)		
Refers to having a positive psychological approach, which includes states of hope, efficacy, resilience and optimism.		
Items (18)		**Sources adapted from**
Hop1	At the present time, I am energetically pursuing my work goals.	Adapted Kim et al. (2019)
Hop2	At the present time, I see myself as being successful at work.	
Hop3	I can think of many ways to reach my current work goals.	Kim et al. (2019); Luthans et al. (2007b)
Hop4	At the present time, I am meeting the work goals that I have set for myself.	Adapted Kim et al. (2019)
Hop5	There are many ways to solve any work problems that may occur.	Luthans et al. (2007b)
Eff1	I am confident about finding solutions to financial planning problems.	Adapted Kim et al. (2019)
Eff2	I am confident in being a financial planner when meeting with clients.	Adapted Kim et al. (2019); Luthans et al. (2007b)
Eff3	I am confident in helping my clients to set financial targets/goals.	
Eff4	I have what it takes to work as a financial planner.	Adapted Nasta (2007)
Eff5	I have the necessary skills to work as a financial planner.	
Res1	I can be "on my own," so to speak, at work if I have to.	Adapted Kim et al. (2019)
Res2	I can get through difficult times at work because I've experienced difficulties before.	
Res3	I can handle many things at one time when doing my job as a financial planner.	
Res4	I usually manage stressful situations well at work.	Adapted Luthans et al. (2007b)
Res5	I usually manage difficulties at work one way or another.	
Opt1	When things are uncertain for me at work, I usually expect the best.	Kim et al. (2019); Luthans et al. (2007b)
Opt2	I always look on the bright side of things regarding my job as a financial planner.	Adapted Kim et al. (2019)
Opt3	I am optimistic about what will happen to me in the future as it pertains to my job as a financial planner.	Adapted Kim et al. (2019); Luthans et al. (2007b)

Source: Researcher's own construction based on secondary sources

Items Hop1-2, Hop4, Eff1, Res1-3, Opt2 were sourced and adapted from previous studies undertaken by Kim et al. (2019), Hop5 and Res4 to Res5 were sourced from Luthans et al. (2007) and Eff4 and Eff5 was sourced from Nasta (2007). The remaining items (Hop3, Eff2-3, Opt1 and Opt3) were adapted from the studies of both Kim et al. (2019) and Luthans et al. (2007). Kim et al. (2019) used 15 items to measure the components of *Psychological capital* individually, namely, hope, efficacy, resilience and optimism, and reported that Cronbach's alpha values of greater than 0.7 and factor loadings exceeded the cut-off points for each of the four components.

5.5.6 POPULATION AND SAMPLING

In this section, a description of the population to be investigated is provided, as well as the process and techniques used to select a sample of the population to participate in the study. Thereafter, the unit of analysis is described.

5.5.6.1 Population, sample and unit of analysis

Asiamah, Mensah and Oteng-Abayie (2017:1610) describe the general population as the largest group of potential respondents sharing a common interest that could be included in a study (for example, financial planners). Sekaran and Bougie (2016:236) and Saunders et al. (2016:259) describe the population as the full group under consideration or set of cases from which a sample can be selected. The target population in a study consists of a subset (categorisation or specification) of the general population (Collis & Hussey 2014:62) and the accessible population that represents the sample (for example, financial planners who are licensed to provide advice under the Financial Advisory and Intermediary Services Act). The accessible population or sample is a subset of a population or group of participants who are carefully selected to represent the population (Collis & Hussey 2014:62; Cooper & Schindler 2008:717).

For the purposes of the current study, the general population refers to all financial planners. More specifically, the target population consisted of all South African financial planners licensed to provide advice in terms of the relevant Financial Advisory and Intermediary Services legislation. The accessible population or sample consisted of those in the target population that the researcher was able to access via personal networks, professional bodies

and the researcher's privately held database. The unit of analysis is described as the phenomenon under investigation against which the variables would be measured. It can consist of a single element (for example, an individual financial planner) or a grouping of elements (for example, a business team or group of individuals) (Collis & Hussey 2014:115). In the current study, the unit of analysis was the individual financial planner. The population, sample and unit of analysis in the current study is summarised in Table 5.10.

Table 5.10: Population, sample and unit of analysis

Population	All financial planners
Target population	All financial planners in South Africa who are licensed to provide advice by the Financial Sector Conduct Authority (FSCA).
Accessible population	Qualifying financial planners accessible through personal networks, professional bodies and data bases.
Sample	Financial planners who hold a RE1 and/or RE5 licence from the FSCA.
Unit of analysis	Individual financial planners who meet the sample criteria.

Source: Researcher's own construction

5.5.6.2 Sampling frame

A sampling frame is a record of the population or a complete list of the possible sources from which the sample is drawn (for example, a membership list for a professional body or payroll of a business) (Sekaran & Bougie 2016:240; Collis & Hussey 2014:197; Saunders et al. 2012:262). Although the membership base of the professional body was estimated at 4 000 financial planners, no publicly accessible sample frame or database of licensed financial planners was available in South Africa. Although no formal sampling frame was available, the researcher's personal contact list and a personal database of financial planners was available to identify potential respondents as an initial informal sampling frame.

5.5.6.3 Sampling technique

Saunders et al. (2016:276) highlight that sampling techniques can be divided in two types, namely, probability sampling and non-probability sampling techniques. Probability sampling implies that each sample has an equal probability of being selected to participate in a study, and each sample has a known, non-zero chance of being selected as a sample unit on an unrestricted (simple random sampling) or a restricted (complex probability sampling) basis

(Sekaran & Bougie 2016:240). To undertake probability sampling, a sampling frame is necessary. As membership listings are privately maintained by the regulators and professional body and as such no publicly accessible sample frame or database of licensed financial planners is available in South Africa, the sampling technique adopted for the study was that of a non-probability technique.

Non-probability sampling makes use of a non-random method to select the sample (Showkat & Parveen 2017:7). In addition, units of the population are not given an equal chance to represent the sample (Alvi 2016:13). This is due to selection of the sample being based primarily on the subjective judgement of the researcher (Alvi 2016:13). Non-probability sampling also allows a researcher to reach potential respondents in a cost-effective, accessible manner (Cooksey & McDonald 2019:859). There are several non-probability sampling techniques that a researcher can use such as purposive sampling (judgement sampling, quota sampling) and convenience sampling (see Table 5.11).

Table 5.11: Non-probability sampling techniques

Sampling design	Description	Advantages	Disadvantages
Convenience sampling	The most easily accessible members are chosen as subjects.	Quick, convenient, less expensive.	Not generalisable at all.
Judgement sampling (Purposive, Criterion sampling)	Subjects selected according to criteria (e.g. on the basis of their expertise in the subject being investigated).	Sometimes the only meaningful way to investigate.	Generalisability is questionable; not generalisable to the entire population.
Quota sampling	Subjects are conveniently chosen from targeted groups according to some predetermined number or quota.	Very useful where minority participation in a study is critical.	Not easily generalisable.
Snowball sampling	Initial subjects are identified by purposive methods and requested to volunteer additional subjects to participate (rather than being chosen).	Useful when it is difficult to identify members of the desired population.	Difficult to identify initial subjects. Volunteering subjects may lead to bias and a homogenous sample.

Source: Adapted from Sekaran and Bougie (2016:250); Saunders et al. (2012:284)

Owing to the lack of availability of an adequate sampling frame for the current study, a multi-stage non-probability sampling technique was employed commencing with judgement sampling to identify the initial subjects who met the set participation criteria (See Table 5.10).

Judgement sampling was followed by the snowball sampling technique to access additional unknown potential subjects. The researcher's personal contact list and database of financial planners was used to purposively identify the initial potential participants and then the professional body assisted in snowball sampling by forwarding a link to their membership base. In addition, snowball sampling was utilised to reach additional potential participants by requesting referrals from those financial planners on the researcher's database (Saunders et al. 2016:276).

5.5.6.4 Sampling size

Once the sampling technique had been decided upon, the sampling size needed to be determined. To estimate an appropriate sample size, Hair, Black, Babin and Anderson (2014:574) recommend a sample size of 150 for a model with seven constructs or less, each with more than three items with modest communalities, and a sample size of 300 for a model containing seven or fewer constructs. An accepted ratio of 15 respondents for each parameter estimated in the model is recommended by Hair, Black, Babin, Anderson and Tatham (2006:740). Kline (2011:12), however, supports a sample size-to-parameters ratio of 20:1. For example, in a model that requires ten parameter estimates, a recommended minimum sample size would be 200 cases. Tinsley and Tinsley (1987 in Kyriazos, 2018) recommend a ratio of five to ten participants per item.

Based on the number of parameters to be used in the Structural Equation Model (SEM) in the current study, namely, 42, a sample size of between 300 and 500 respondents was deemed necessary to ensure that the data analysis would be robust. The appropriate sample size was achieved in that 360 useable questionnaires were returned on which to undertake the SEM analysis (see Table 6.1 of Chapter Six).

5.5.7 PROCESS OF DATA COLLECTION

Once the development of the questionnaire was complete, the cover letter was formatted in an email and the instructions and statements measuring the independent and dependent variables were loaded onto the online platform, QuestionPro. QuestionPro generated an automatic link to the survey. Within the contents of the cover letter, the automatic link to the survey was given

to potential respondents. Upon clicking on the automatic link the respondents were taken to the online platform, where the survey was activated and their responses captured on a downloadable Excel spreadsheet. A structured online self-administered questionnaire was considered suitable as the financial planners participating in the current study had adequate access to the internet and electronic facilities for communication as part of the operational requirements of their daily work.

5.5.8 PILOT STUDY

According to Saunders et al. (2016:723), pilot testing a questionnaire is recommended, whereby a small-scale version of a study is conducted amongst potential respondents. The purpose of a pilot study is to detect any problems with the questionnaire and to refine it if necessary, so as to minimise any difficulty or problems experienced by respondents in completing the questionnaire (Saunders et al. 2016: 423). A pilot study was conducted with a select group of purposively selected expert financial planners. These planners represented a sample of prospective respondents. The respondents were requested to provide the researcher with specific feedback on the online questionnaire in terms of ease of use, level of understanding and possible ambiguity of statements relating to the constructs. The 28 financial planners who participated completed the questionnaire with ease and found the QuestionPro online software used to facilitate the data collection process, simple and effective. One question was raised regarding a respondent's understanding of a particular item. Despite this, the item was retained as it was sourced from a widely-accepted scale used in academic research.

Leedy and Ormrod (2013:91) also recommend that a panel of experts review the questionnaire to minimise problems with its face (content) validity. In the current study, the questionnaire was reviewed by respected research experts who were knowledgeable of the constructs under investigation. The face validity of the measuring instrument was as such confirmed by several experts (academic researchers as well as financial planners) who confirmed that the instrument measured the constructs under investigation. Based on the feedback from the pilot study, the measuring instrument was finalised.

Thereafter, an email containing the cover letter and the link to survey on the QuestionPro online software was sent out to financial planners at professional bodies, financial service providers,

independent financial planning businesses, insurance companies and the financial planning divisions within banks. The process of identifying this sample of financial planners is described in Section 5.5.6.

5.5.9 DATA ANALYSIS

The data analysis comprised various steps including data preparation, assessing the validity and reliability of the measuring scales and undertaking descriptive and inferential statistics. The software programmes IBM SPSS AMOS 27 and IBM SPSS Statistics 27 were used to assess the validity and reliability of the measuring instrument, and to undertake the descriptive and inferential statistics described in Sections 5.5.9.1 to 5.5.9.5.

5.5.9.1 Data preparation

Once the data was collected a process of editing, coding, capturing and cleaning the data was performed to prepare the data set for analysis. The data from the completed online questionnaires was captured by the survey software in an Excel spreadsheet. The data were assessed and edited by the researcher to ensure that they were useable (completed correctly, and that each respondent met the qualifying criteria). Data editing was a quality assurance process performed on the raw data. Complete and usable data were then captured on an Excel spreadsheet in preparation for the statistical analysis to be undertaken.

Data preparation required dealing with missing data. Missing data exists when valid values of one or more variables are not available, or are not provided by respondents for analysis (Hair et al. 2014:40). According to Soley-Bori (2013:4), missing data is a problem in quantitative research because nearly all standard statistical analysis techniques require complete information for all the variables under investigation. Several approaches exist to deal with missing data, namely, case substitution, hot and cold deck imputation, mean substitution, regression imputation and, finally, model-based methods (Hair et al. 2014:53). In the current study, the mean substitution approach was used in cases where three or fewer missing values were evident. In cases where more than three missing values were evident, the respondent's data was deleted from the statistical analysis. The mean substitution approach is the most widely-used method of calculating a replacement value for a variable. The missing values for

a particular variable of a particular respondent are replaced by the mean of that variable, which is calculated from all valid responses (Hair et al. 2014:51; Dodeen 2010:507).

5.5.9.2 Validity and reliability of the measuring scales

Validity is the extent to which a test truly measures the concepts it is intended to measure (Rönkkö & Cho 2020:7; Bryman & Bell 2014:38; Joppe 2000). In the current study, a Confirmatory Factor Analysis (CFA) was performed to assess the validity of the scales measuring the independent and the dependent variables. CFA is a multivariate statistical technique used to confirm or pre-test relationships (Hair, Howard & Nitzl 2020:104; Abu-Alhaija 2019:125). CFA is a theory-driven approach, which is suitable to be used when prior theory exists, thus enabling the researcher to specify and evaluate models (Abu-Alhaija 2019:125). In the current study, a CFA was utilised to assess existing scales, to evaluate the model and determine how it fitted the data (Hair et al. 2020:104). Items making up a scale were considered valid if the factor loadings were greater than 0.40 (Hair et al. 2006).

As recommended by Saunders et.al (2016:723), a pilot test can be conducted to determine the face validity of the measuring instrument, which was described in Section 5.5.8. The face validity of the measuring instrument could be confirmed by several experts (academic researchers as well as financial planners) who confirmed that the instrument measured the constructs under investigation.

Construct validity can be determined by the model fit indices applied to the constructs meeting the specified cut-off levels for acceptance. These indices can be categorised into absolute fit and incremental fit indices (Ahmad, Zulkurnain & Khairushalimi 2019:5). According to Hair et al. (2014:584), the researcher should report at least one incremental index (for example, CFI) and one absolute index (for example, RMSEA), as well as the Chi-square and the degrees of freedom to evaluate construct validity.

Convergent validity of a measurement scale can be achieved when all of the items in the scale are deemed to be significant (Ahmad et al. 2019:3). According to Hair et al. (2020:104), convergent validity can be measured by the Average Variance Extracted (AVE). The AVE is obtained by averaging the indicator reliabilities of a construct to report the average variance

between the construct and its individual indicators (Hair et al. 2020:104). An acceptable value for AVE should be 0.5 or higher (Hair et al. 2020:104).

Factor analysis also provides for the determination of a model's discriminant validity. Rönkkö and Cho (2020:6) describe discriminant validity as a feature of a measure when "two measures intended to measure distinct constructs have discriminant validity if the absolute value of the correlation between the two measures after correcting for measurement error is low enough for the measures to be regarded as measuring distinct constructs". Ahmad et al. (2019:3) posit that discriminant validity is achieved when the measurement scale does not contain any redundant items. Techniques for assessing discriminant validity include correlations (for example, AVE) and model fit assessments (for example, Chi-square and CFI).

Therefore, for the purpose of this study, the construct, convergent and discriminant validity of the measurement scales were assessed during the CFA step of the SEM analysis. To determine the convergent validity, the Average Variance Extracted (AVE) estimates of each construct were assessed against the threshold of 0.5 or higher as recommended by Hair et al. (2020:104). The construct validity of the scales were deemed suitable by assessing the Goodness of Fit (GOF) indices as indicated by the absolute fit and incremental fit indices as well as the Chi-square and the degrees of freedom measures. The discriminant validity was assessed by comparing the average variance-extracted values for any two constructs with the square of the correlation estimate between these two constructs, and model fit assessments (for example, Chi-square and CFI) (Hair et al. 2014:584).

Reliability refers to the extent to which a scale when used yields results which are repeatable and consistent over time (Maree 2014:238). To assess the reliability of the constructs, two measures can be used, namely, Cronbach's alpha coefficient and the Composite Reliability (CR) index, both of which should reflect a value of above 0.7 (Hair et al. 2020:104). According to Bryman and Bell (2015:38), Cronbach's alpha coefficient is used to describe the internal reliability of factors used in questionnaires. Coefficient values range from 0 to 1 and the higher the score, the more reliable the generated scale is. Nunnally and Bernstein (1994) propose that 0.7 is an acceptable reliability coefficient; hence in the current study a minimum Cronbach's alpha value of 0.7 was required to deem a scale reliable. Hair et al. (2014:123) state that for exploratory research, the limit may be reduced acceptably to 0.60. In addition, the Composite

Reliability (CR) (ranging from 0 to 1) index was also used to evaluate the reliability of the scales. Values above the threshold of 0.7 (or 0.6 for exploratory research) were indicative of a reliable scale (Hair et al. 2020:104; Bryman & Bell 2015:38; Hair et al. 2014:123).

The data analysis procedures followed when undertaking Structural Equation Modelling also includes the calculation of Cronbach's alpha, CR and AVE, therefore, these were calculated to estimate the validity and reliability of the scales measuring the constructs in this study. These measures and their cut-offs, as applicable to the current study, are presented in more detail in Chapter Six.

5.5.9.3 Descriptive statistics

Demographic data relating to respondents was analysed and reported using IBM SPSS Statistics 27. Furthermore, descriptive statistics such as the mean, standard deviation and frequency distributions of the independent and the dependent variables were calculated using IBM SPSS Statistics 27 (Arbuckle 2014:1) to summarise and describe the sample data.

In addition, Pearson's product moment correlation was undertaken to report the observed correlation between variables (Zikmund et al. 2010:564). Pearson's product moment correlation is a measure of the association between variables which informs the researcher how much of the variance is accounted for by the correlation (Leedy & Ormrod 2013:291). The correlations are measured to determine the statistical significance represented by a positive or negative p-value of between -1 and 1. A p-value is strongly significant when the $p < 001$ and significant when $p < 0.05$ (Zikmund et al. 2010:564).

5.5.9.4 Inferential statistics

According to Chinomona (2018), structural equation modelling (SEM) is a statistical technique that has its origins in the 1970s when it was first used by Jöreskog (1970), Lawley and Maxwell (1971) and Goldberger and Duncan (1973). More recently, it has become widely-used to analyse multivariate data for measurement and structural model testing, comprising of a combination of factor analysis, correlation, regression and simultaneous equation modelling procedures (Chinomona 2018).

SEM is a multivariable, multi-equation method of examining linear relationships in and between variables (Van Greunen 2016:160). Hair et al. (2014:546) describe SEM as a combination of factor analysis and multiple regression analysis noting that it is suited to theory-testing instead of theory development as it provides a transition from exploratory to confirmatory factor analysis (Hair et al. 2014:553).

SEM offers flexibility in enabling the examination of complex associations and the use of many data types (for example, categorical, dimensional, censored, count variables) as well as facilitating the comparison between various models (Wolf, Harrington, Clark & Miller 2017:913). SEM is used where theory has been established and relationships are specified prior to the SEM (Hair et al. 2014:553). SEM is suitable for the analysis of latent and observed variables for inferential purposes and has become a popular method of analysis in the social and behavioural sciences (Chinomona 2018).

SEM also offers advantages in that it is able to determine causality (or the lack thereof) (Hair, Babin & Krey 2017:164). Where a study aims to assess and explain the relationships between variables, SEM can be used to perform a combination of statistical procedures such as Confirmatory Factor Analysis and Path Analysis to test hypotheses (Abu-Alhaija 2019:126). SEM, therefore, consists of two main steps, namely, to validate the measurement model (using CFA as described in Section 5.5.9.2) and then to fit the structural model to the latent variables using path analysis (Van Greunen 2016:163).

Against this background, SEM is considered the most suitable statistical analysis technique to test the measurement models and structural models in the current study.

5.5.9.5 SEM procedures and steps followed in this study

Using AMOS, the data analysis process began cleaning the data and checking for missing data, as well as assessing for common method variance to ensure that the data analysis could take place appropriately. Missing data can be dealt with through data screening and regression analysis. AMOS as a SEM program has built-in techniques to estimate missing data and run the program simultaneously (Chinomona 2018). These built-in techniques were used in this study.

Once the data was ready for analysis, SEM was performed to examine and test the models, to establish relationships between variables and to determine path diagrams (Chinomona 2018). The first step entailed performing a CFA and measurement model assessment for each of the constructs according to the original factor structure. During the second step, a re-specification of measurement models was determined, namely, dropping some items and detecting error terms. The next step involved the inclusion of all constructs into a full latent measurement model. Thereafter, the measurement model was turned into a structural model to test direct effect. During this step, certain problems were experienced in that strange estimates were detected (negative where positive was expected), and standardised beta estimates were well above 1 and below -1, suggesting evidence of multi-collinearity. Furthermore, the modification indices suggested regression path between *Perceived non-financial value creation* and *Perceived financial value creation.* When a regression path was included between *Perceived non-financial value creation* and *Perceived financial value creation,* the standardised estimates were still above and below 1 and -1. However, the inclusion of this regression path changed the structure of the model to a mediation model and, thus, no longer assessing the direct effects. This issue, together with the issue of multi-collinearity, was still present and would worsen when assessing moderation as the inclusion of the interaction term would inherently add a measure of collinearity.

As a result, separate models to deal with the two dependent variables, namely, *Perceived non-financial value creation* and *Perceived financial value creation* were specified. In addition, the dependent variables exhibited strong correlations with one another. If all moderating effects were included in the model, it implied testing moderating effects in an already unstable model, so each moderating effect was tested for in the presence of the others direct and moderating effects, and not "in isolation".

The next step then involved returning to a more basic structure and assessing the direct and moderating effects one by one, on each of the two dependent variables separately. This step involved:

- Computing factor scores for each of the constructs giving the validity and reliability demonstrated through the CFAs
- Standardising the factor scores

- Assessing the direct effects on each dependent variable in isolation
- Assessing the moderating effects on each dependent variable in isolation

In summary, the full measurement model and structural model was not included in the final hypotheses testing. Separate models were used to assess the relationships as this was the best way to get around the issues discussed and still test the hypotheses without introducing new theories and veering away from the research questions to answer.

The goodness of fit of the model was assessed using various indices, such as the normed chi-square, the root mean squared error of approximation, the comparative fit index, and the Tucker-Lewis index and parsimony goodness-of-fit indices. The indices used for assessment in the current study included the Normed Chi-square, the Goodness of fit (GFI), the Comparative fit index (CFI), the Root mean square residual (RMR) and the Root mean squared error of approximation (RMSEA) (see Chapter Six, Table 6.4 for the index cut-off values used in the current study).

The moderating effects were tested using structural linear regression in IBM AMOS Statistics 27. In the current study, the moderating effect of the variable (*Social capital*) was tested on the relationship between the dependent variables (*Perceived financial value creation* and *Perceived non-financial value creation*), and the independent variables *Psychological capital* and *Entrepreneurial capital* using regular linear regression. These results are presented in detail in Chapter Six.

5.5.10 ETHICAL CONSIDERATIONS

When undertaking a study, a researcher must observe several ethical considerations. These ethical considerations include the right to privacy, the right to anonymity and confidentiality, the right to voluntary participation, the management of power relations, and the researcher's integrity.

Right to privacy was assured by advising respondents through the introductory cover letter that no personally identifiable information relating to their participation in the survey would be collected. Furthermore, participation would be via informed consent and took place on a

voluntary basis. Reporting of results was advised to potential participants as taking place on an aggregate basis rather than providing individual responses. Power relations were managed by sending invitations to participate in the study directly to potential participants rather than requesting line managers to encourage their employees to participate. The professional body (FPI) assisted in the data collection by forwarding an invitation to their membership base to participate in the study on a voluntary basis enabling a snowball effect to be achieved in the data collection. Regarding the researcher's integrity, a long history of experience and active involvement in the financial planning industry at various professional, leadership and academic levels over a thirty year time span has resulted in the integrity, credibility and expert status of the researcher being acknowledged.

In addition, the process of gaining ethical approval for the current study from the researcher's affiliated intuition is also described. An application for approval was made by the researcher to the institution's Research Ethics Committee. The ethics approval was granted after consideration of the following aspects of the study, namely, details of the research and supervision team, scope, funding and commencement of the data collection, objectives and rationale of the study as well as the sample size and methodology to be employed. The risks and benefits of the study were disclosed and the details of the participant information, privacy, anonymity, confidentiality and consent requirements were specified. After the application documentation served and was scrutinised by the Research Ethics Committee, approval was granted for the data collection to commence under the reference number H20-BES-BMA-022 (see Annexure B). Respondents were assured via the cover letter that their confidentiality, anonymity and privacy was ensured, noting that individual information would not appear in the report. Only aggregate data and summary statistics would be included in the research report. The cover letter contained the ethical clearance number obtained from the Nelson Mandela University Research Ethics Committee. The QuestionPro software contained a consent agreement page by which participants agreed to participate in the study.

5.6 SUMMARY

In this chapter, the research design and methodology framework were described in terms of the layers of the research onion as proposed by Saunders et al. (2019:130). The first layers referred to the philosophy of the research as well as the approach to theory development. More

specifically, the choices relating to the underlying philosophy and assumptions of the researcher were discussed leading to the motivation of the research paradigm adopted for the current study. Thereafter, the approach to theory development, methodological choices, as well as the strategy, time horizon, techniques and procedures implemented, were elaborated on in detail and the respective choices for the current study were motivated.

The development of the measuring instrument was elaborated on and the operationalisation of the variables described. Thereafter, the population and sampling considerations were explained. A description of the pilot study and the data collection process was also provided. Next, the data analysis was described in terms of the steps and techniques used to assess the validity and reliability of the measuring scales. This was followed by a description of the structural equation modelling technique used for the statistical analysis of the data. Lastly, the ethical considerations observed, and the institutional ethics approval process followed in the current study were described.

Chapter Six reports on the results obtained from the various statistical processes administered to the data, meeting the sixth methodological objective, namely, to report the empirical results obtained from the statistical analyses conducted, as well as to report the significant and insignificant relationships found between the independent, moderating and dependent variables (MO^6).

CHAPTER SIX

EMPIRICAL RESULTS

6.1 INTRODUCTION

In Chapter Five, the research design and methodology adopted for this study was described as well as the design of the measuring instrument from which the primary data was sourced. The study's data sample comprised financial planners from South African financial planning businesses. In Chapter Five, both the conceptual framework as well as the hypothesised model for this research were proposed. The purpose of Chapter Six is to report on the empirical results obtained from the statistical analyses conducted as well as identify the significant and insignificant relationships found between the independent, moderating and dependent variables. Therefore, the sixth methodological objective (MO^6) of this study is achieved.

Chapter Six commences by giving an overview of the sample size and response rate, followed by a summary of the respondents' demographic profiles. How the data was assessed to ensure that the analysis was conducted on good clean data is then explained. Thereafter, the results of the validity (namely, Confirmatory Factor Analysis) and reliability assessment of the measuring instrument are reported. A summary of the descriptive statistics and the correlations between factors follows. Thereafter, the results of the Structural Equation Modelling (SEM) analysis is reported, which was undertaken to investigate the various hypothesised direct and moderating relationships. The steps followed in the SEM analysis was described in Chapter Five (see Section 5.5.9.5). The chapter concludes with a summary of the SEM results, and an indication of which hypotheses were supported and which were not.

6.2 SAMPLE SIZE AND RESPONSE RATE

A total of 360 usable questionnaires were obtained for the purpose of the data analysis. Responses that were removed during the data cleaning process included 101 partially-completed responses and five non-useable responses. The effective response rate based on 1 560 respondents who viewed the online questionnaire was 24.75%. This response rate was

acceptable, respondents if judged against the minimum sample size requirements as discussed in Chapter Five (see Section 5.5.6.4). Table 6.1 summarises the response rate.

Table 6.1: Response rate

	Respondents
Questionnaires emailed	1560
Partially completed	101
Removed during clean-up	5
Effective population	1454
Usable questionnaires received	360
Effective response rate	24.75%

6.3 DEMOGRAPHIC PROFILE OF RESPONDENTS

From Table 6.2, the demographic profile of the respondents can be described as follows:

- For the purpose of this study, the respondents' age range as indicated in Table 6.2 was categorised into six groups, namely: 25-30 years, 31-40 years, 41-50 years, 51-60 years, 61-70 years, and older than 70 years. The majority of respondents were between the ages of 51 and 60 years (34.2%), followed by respondents from between the ages of 61 and 70 years (20.6%). Thereafter, the next highest groupings were those respondents in the 31- 40 age group (18.3%), followed by those in the 41-50 age group (15.3%). Respondents older than 70 years represented 10.6% of respondents, whilst those in the 25-30 age group represented 1.1% of respondents.

- In terms of gender representation, 69.4% of respondents identified as male and 30.4% identified as female. One respondent (0.3%) was not willing to disclose his/her gender.

- The ethnic background of the majority of respondents was White (85.8%), followed by Black (6.9%), Asian (4.2%) and Coloured (2.2%). A minority of respondents (0.8%) declined to indicate their ethnicity.

- The predominant home language spoken by the respondents was English (60.6%) followed by Afrikaans (33.3%), with a minority representation from the Xhosa (3.1%), Zulu (1.1%) and Sotho (0.8%) home languages. A minority declined to indicate their home language (1.1%).

Table 6.2: Demographic profile of respondents

Age	**25-30 Years**	**31-40 Years**	**41-50 Years**	**51-60 Years**	**61-70 Years**	**Older than 70 years**		
	1.1%	18.3%	15.3%	34.2%	20.6%	10.6%		
Gender	**Male**	**Female**	**Not willing to say**					
	69.4%	30.4%	0.3%					
Ethnic background	**White**	**Black**	**Asian**	**Coloured**	**Other**			
	85.8%	6.9%	4.2%	2.2%	0.8%			
Home language	**Afrikaans**	**English**	**Xhosa**	**Zulu**	**Sotho**	**Other**		
	33.3%	60.6%	3.1%	1.1%	0.8%	1.1%		
Geographical location	**Eastern Cape**	**Free State**	**Gauteng**	**KwaZulu-Natal**	**Limpopo**	**Mpumalanga**	**Northern Cape**	**Western Cape**
	33.06%	2.78%	36.39%	14.72%	2.22%	2.78%	1.67%	27.5%
Highest academic qualification	**Grade 12 or equivalent qual.**	**Higher Certificate**	**Diploma**	**Bachelor's degree**	**Honours degree/ PG Diploma**	**Master's degree/ MBA or higher**	**Other**	
	2.5%	3.6%	11.7%	6.7%	59.4%	13.9%	2.2%	
Professional designation	**CFP®**	**FSA®**	**RFP®**	**None**				
	66%	4.5%	9.2%	20.3%				
FSP Licence	**RE1**	**RE5**	**RE1 & RE5**	**Not licensed**	**Do not know**			
	3.1%	41.5%	49.7%	5%	0.6%			
Organisational tenure	**Less than a year**	**1-2 Years**	**3-5 Years**	**6-10 Years**	**11-15 Years**	**16-20 Years**	**More than 20 years**	
	1.4%	7.2%	20.0%	15.3%	14.7%	13.3%	28.1%	
Industry tenure	**Less than a year**	**1-2 Years**	**3-5 Years**	**6-10 Years**	**11-15 Years**	**16-20 Years**	**More than 20 years**	
	1.7%	3.3%	11.7%	18.9%	15.6%	17.5%	31.2%	
No of clients	**Less than 50**	**51-100**	**101-150**	**151-200**	**201-250**	**251-300**	**More than 301**	
	17.0%	16.7%	16.4%	11.1%	6.1%	8.1%	24.5%	
Type of business	**Small independent financial planning (1-50 staff)**	**Large independent financial planning (50 or more staff)**	**Consulting and actuarial**	**Insurance company**	**Banking institution**	**Accounting business**	**Investment company**	**Other**
	51.9%	18.9%	5.8%	10.3%	5.0%	3.6%	3.6%	0.8%

- Respondents were distributed across South Africa's provinces with the majority from Gauteng (36.39%) and the Eastern Cape (33.06%), followed by the Western Cape (27.5%), KwaZulu-Natal (14.72%) and a lower representation from the Free State and Mpumalanga (2.78%, respectively), Limpopo (2.22%) and the Northern Cape (1.67%).

- The majority of respondents possessed postgraduate qualifications. Of these, 59.4% held an honours degree or postgraduate diploma while 13.9% held a master's degree, MBA or higher degree. The remaining respondents held either a diploma (11.7%), bachelor's degree (6.7%) or higher certificate (3.6%), whilst 2.5% held a grade 12 or equivalent qualification.

- In terms of membership of a professional body, the CFP® designation was held by 66% of respondents, with 9.2% holding the RFP® designation and 4.5% possessing the FSA® designation from the Financial Planning Institute. A percentage of respondents reported that they did not hold a professional designation with the professional body (20.3%).

- The majority of respondents held both the RE1 and RE5 regulatory licenses from the FSCA (49.7%), followed by 41.5% of respondents holding a RE5 license. Of the remaining respondents, 3.1% held a RE1 license, whilst 5% were not licensed and 0.6% did not know if they were licensed.

- The tenure or length of service in the current business/organisation and the total years' experience in the industry (industry tenure) were reported as follows:

    - The majority (28.1%) reported a tenure of over 20 years with their current business. This was followed by 20% of respondents having 3-5 year tenures in the current business. A similar number of respondents fell in the tenure periods of 6-10 years (15.3%), 11-15 years (14.7%) and 16-20 years (13.3%) with their current businesses. A lower percentage of respondents reported a shorter tenure at their current businesses with 7.2% reporting 1-2 years of service and 1.4% reporting less than a year of service at their current businesses.

- Regarding total number of years of experience in the industry, the majority (31.2%) had over 20 years' experience, followed by similar numbers reporting 6-10 years (18.9%), 11-15 years (15.6%) and 16-20 years (17.5%) experience. The minority of respondents had little experience in the industry, with 11.7% reporting 3-5 years, 3.3% reporting 1-2 years and 1.7% reporting less than a year's experience.

- The number of clients reported was spread across the seven categories with the majority of respondents (24.5%) having a portfolio of more than 301 clients. Most respondents had fewer clients, namely, 1-50 clients (17%), 51-100 clients (16.7%) and 101-150 clients (16.4%). Of the respondents with large portfolios of clients, 11.1% reported having 151-200 clients and 6.1% reported having 201-250 clients.

- The majority of respondents were employed in independent financial planning businesses (51.9%) and 18.9% were employed in large financial planning businesses. Insurance companies employed 10.3% of respondents whilst consulting and actuarial businesses (5.8%) as well as banking institutions (5%) reported similar percentages. The remainder of respondents worked within accounting businesses (3.6%) or investment businesses (3.6%). A further 0.8% were employed in other types of businesses not listed in these categories.

6.4 DATA ASSESSMENT

To assess whether the data was suitable for analysis, tests for common method variance were established. When undertaking statistical analysis based on quantitative data collected, it becomes necessary to estimate whether any problems with the data have occurred during the data collection phase as this may have an effect on the data analysis. For example, where a self-administered questionnaire is employed as the data collection instrument in a complex, lengthy study, respondents may drop out owing to questionnaire fatigue or where complex terms are used, respondents may experience ambiguity issues when interpreting statements posed to them (Rodriguez-Ardura & Meseguer-Artola 2020:1). The resulting common method variance (also known as common method bias) may then distort the results and create inaccuracies or

inflations in the estimated relationships between constructs. Furthermore, respondents may be reluctant to provide strong views out of a respect for social etiquette when considering a particular topic (Rodriguez-Ardura et al. 2020:1; Tehseen, Ramayah, Sajilan 2017:142-145).
In this study, to counter balance these potential biases, respondents were assured of their confidentiality and anonymity in the reporting of the results. Furthermore, they were informed that there were no right or wrong answers, and items were randomised so as to prevent respondents from providing median answers. In addition, they were provided the researcher's contact details should they wish to make contact to request a copy of the study's findings (Jordan & Troth, 2020:7). This offer was aimed to increase the rate of completion among respondents (Rodriguez-Ardura & Meseguer-Artola 2020:1; Tehseen et al. 2017:142-145).

To mitigate any ambiguity, interpretation or other matters of concern when respondents completed the questionnaire independently, a pilot study was conducted from which feedback was taken into account before the final questionnaire was administered (Rodriguez-Ardura & Meseguer-Artola 2020:1; Tehseen et al. 2017:142-145).

To assess common method bias, the Harman's single factor test was conducted. If the total variance extracted by one factor exceeds 50%, common method bias is present in the study (Eichhorn 2014:4). In the current study, there was no problem with common method bias since the total variance extracted by one factor was 33.102%, which was well below the cut-off level. This test is usually performed as a "check" and not always reported in the results. Collectively, these adopted measures aimed to reduce the prevalence of common method variance concerns for this study.

6.5 VALIDITY OF THE MEASURING INSTRUMENT

As recommended by Saunders et al. (2016:723), a pilot test was conducted to determine the face validity of the measuring instrument (see Chapter Five, Section 5.5.8). The face validity of the measuring instrument was confirmed by several experts (academic researchers as well as financial planners) who confirmed that the instrument measured the constructs under investigation.

A Confirmatory Factor Analysis (CFA) was performed to assess the validity of the scales measuring the independent and the dependent variables. In the current study, existing and adapted scales from prior studies were used, rendering the CFA to be the appropriate technique to assess the constructs investigated in this study. Section 6.4.1 provides a brief description of the relevant construct codes and references (see Table 6.3) as used in the data analysis. Thereafter, as suggested by Orcan (2018:414), the CFA (measurement) models were assessed using indices, which measured the goodness of fit (GOF) of the model with the data. The guideline for these indices is shown in Table 6.4.

6.5.1 ABBREVIATIONS AND ITEM NUMBERS USED IN DATA ANALYSIS

Chapter Five, as well as the hypothesised model (see Figures 4.2 and 6.8), defined the constructs to be measured in this study. Table 6.3 provides a summary of these constructs, the item numbers used in the online questionnaire as well as the abbreviations and reference numbers used in the empirical assessments. The *Social capital* construct was divided into three sub-constructs, namely, *Relational social capital, Network social capital and Cognitive social capital*, as shown in Table 6.3.

Table 6.3: Summary of abbreviations and reference numbers for items in the questionnaire

Construct	Item numbers in questionnaire	Abbreviation	Reference number
Relational social capital	2.61; 2.42; 2.63; 2.60; 2.55; 2.21	RSC	Rel1 – Rel6
Network social capital	2.42; 2.51; 2.15; 2.4; 2.18; 2.50; 2.49; 2.54; 2.8; 2.25; 2.47	NSC	Net1 – Net11
Cognitive social capital	2.7; 2.9; 2.40; 2.14; 2.39; 2.24; 2.27	CSC	Cog1 – Cog8
Entrepreneurial capital	2.32; 2.38; 2.66; 2.5; 2.59; 2.29; 2.23	EC	Ent1 – Ent7
Psychological capital	Hop: 2.46; 2.1; 2.37; 2.3; 2.45 Eff: 2.65; 2.17; 2.48; 2.56; 2.30 Res: 2.57; 2.53; 2.12; 2.31; 2.10 Opt: 2.34; 2.35; 2.13	PsyCap	Hop1 – Hop5; Eff1 – Eff5; Res1 – Res6; Opt1 – Opt3
Perceived financial value creation	2.2; 2.11; 2.64; 2.58; 2.28; 2.16; 2.26; 2.22	VCFin	VCFin1 –VCFin 8
Perceived non-financial value creation	VCSat: 2.6; 2.33; 2.44; 2.19 VCRep: 2.20; 2.36; 2.41	VCNonFin	VCSat1 – VCSat4 VCRep1 – VCRep3

Prior to the statistical analysis of the relationships between the constructs, it was necessary to assess whether the constructs were well-defined by using a CFA.

6.5.2 GOODNESS-OF-FIT ASSESSMENT (GOF) INDICES USED IN THIS STUDY

In reporting the model fit indices, various indicators can be utilised to assess the goodness of fit (GOF) of a model with the data (see Table 6.4). In doing so, Hair et al. (2014:584) highlight that since a common set of indices perform adequately across a wide range of situations, a researcher is not required to report all GOF indices, as long as at least one incremental index (for example, CFI) and one absolute index (for example, RMSEA) are reported, in addition to the $\chi 2$ value and the associated degrees of freedom. Hair et al. (2014:584) further recommend in exercising freedom to choose which indices to report, a researcher should at least report the $\chi 2$ value and the degrees of freedom, the CFI and the RMSEA, which will in most cases provide adequate information to evaluate the fit of the model.

Table 6.4: Goodness-of-fit (GOF) indices

Index	**Cut-off for good model fit (n > 250)**
CMIN/df (x^2/df): Normed Chi-square	< 3.00
GFI: Goodness-of-fit index	> 0.90
CFI: Comparative fit index	> 0.90
RMR: Root mean square residual	< 0.05
RMSEA: Root mean squared error of approximation	< 0.07

Source: Adapted from Chinomona (2018); Kline (2011); Hair et al. (2010); Hooper, Coughlan and Mullen (2008)

Shi, Lee and Maydeu-Olvares (2019:310) highlight the importance of evaluating the fit of the proposed model with the data. Various tests are employed to assess the fit and to assess for errors and bias. If the model is well specified, the Chi-square test enables the researcher to determine overall fitness. For the Chi-square test to be valid, the sample size (*N*) should be large enough when fitting a SEM model containing many observed variables; however, the Chi-square test cannot be relied on as the only measure (Shi et al. 2019:311).

In this study, additional model fit indices, such as those tabulated in Table 6.4, were consulted to determine the GOF for each construct before assessing the relationships between constructs. Items with standardised regression weights of less than 0.4, and items that were problematic with regard to the reliability as well as discriminant and convergent validity were removed as presented in the models reported in this section. The results of the construct, convergent, and discriminant validity of the measurement scales assessed during the CFA step of the SEM analysis were presented.

6.5.3 CONSTRUCT VALIDITY

Construct validity is determined by the model fitness indices applied to the constructs meeting the specified cut-off levels for acceptance (Ahmad et al. 2019:5). In this section, the results of the measurement model assessments and the resulting fit indices for the dependent, moderating and independent variables are provided. For the current study, the construct validity of the scales was deemed suitable by assessing the goodness of fit (GOF) indices as indicated by the absolute fit and incremental fit indices as well as the Chi-square and the degrees of freedom measures. In addition to the model fit results, the parameter estimates, standard errors (SE), test statistic values, Composite Reliability (CR) and p-values are reported.

6.5.3.1 Relational social capital (RSC)

The construct *Social capital* was subjected to SEM analysis, according to its independent sub-components, namely, *Relational social capital*, *Network social capital* and *Cognitive social capital*. The first model to be assessed was that of *Relational social capital* (see Figure 6.1). The *RSC* model estimates 13 distinct parameters, with 21 distinct sample moments and eight (21-13) degrees of freedom.

Figure 6.1: Relational social capital

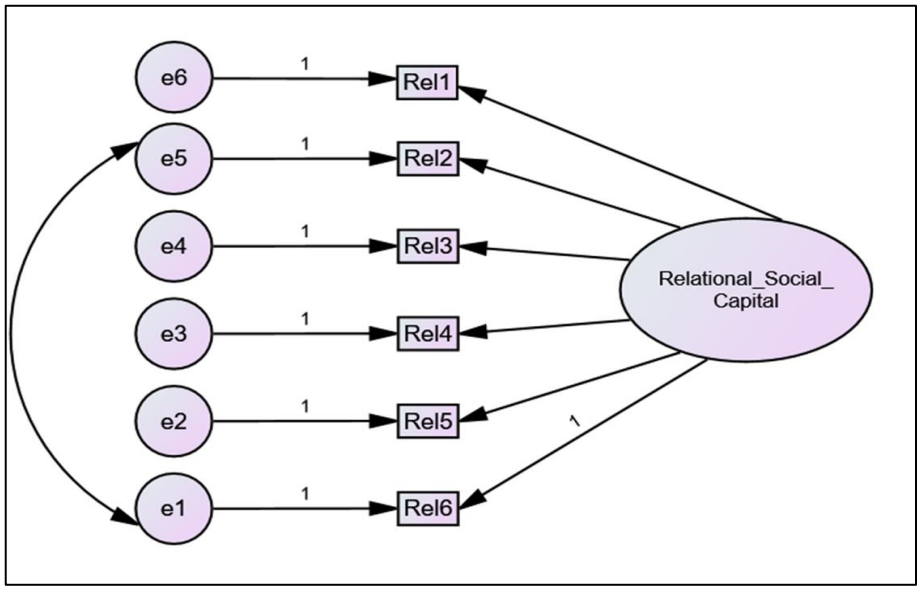


Table 6.5 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.5: Parameter estimates, standard errors, test statistic values, p-values and model fit (RSC)

Code	Item	Estimate	SE	CR	P
Rel6	My relationships with clients are characterised by close, personal interaction at multiple levels.	1			
Rel1	I have good relationships with partners and/or friends who assist in developing solutions for my financial planning business.	0.986	0.155	6.356	***
Rel2	My relationships with clients can be described as good.	0.927	0.089	10.461	***
Rel3	My relationships with clients are characterised by mutual trust.	1.032	0.106	9.776	***
Rel4	My relationships with clients are characterised by open communication.	1.121	0.115	9.758	***
Rel5	My relationships with clients are characterised by respect.	0.935	0.103	9.071	***

Model fit summary for RSC					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
2.238	0.985	0.961	0.044	0.107	0.785

*** $p < 0.001$

Modification indices suggested high correlation between the residuals of items Rel2 and Rel6. When considering the wording of these two items, "My relationships with clients are

characterised by close, personal interaction at multiple levels" and "My relationships with clients can be described as good", it was clear that they both measured the overall, general relationship with clients as opposed to a specific aspect of client relationships, as was the case with the remaining items. Thus, the covariation of these item residuals was included in the measurement model.

When assessing the GOF, a researcher may adopt a degree of freedom in the application of the GOF criteria (Hair et al. 2019:641). The values for the RSC scale indicated an acceptable fit considering the normed Chi-square (x^2/df) (< 3), GFI and CFI (> 0.90), and RMR (< 0.05) values, which were aligned with the GOF guideline indices indicated in Table 6.4. The values for the RMSEA (< 0.07) were marginally higher than the recommended GOF indices guidelines (see Table 6.4), and it was concluded that this model was deemed to have an overall acceptable fit.

6.5.3.2 Network social capital (NSC)

The construct denoted as *Social capital* was then assessed according to its second component *Network social capital* (*NSC*) (see Figure 6.2). The *NSC* measure estimates 14 distinct parameters, with 21 distinct sample moments and seven (21-14) degrees of freedom.

Figure 6.2: Network social capital

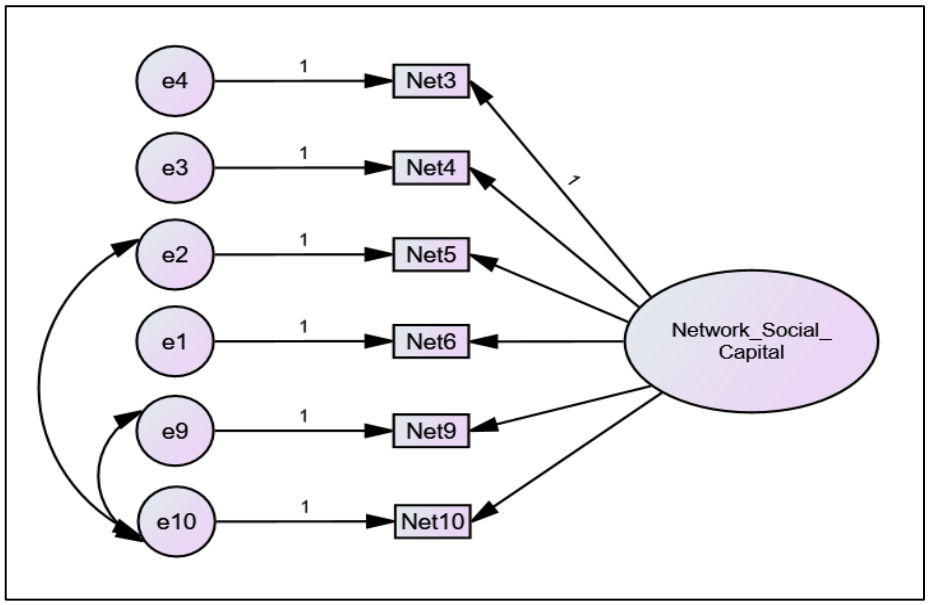


Table 6.6 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.6: Parameter estimates, standard errors, test statistic values, p-values and model fit (NSC)

Code	Item	Estimate	SE	CR	P
Net3	I associate with professional bodies to assist me in meeting with potential clients.	1			
Net4	I associate with sporting and/or cultural bodies to assist me in meeting with potential clients.	1.565	0.172	9.075	***
Net5	I associate with friends to assist me in meeting with potential clients.	1.637	0.181	9.055	***
Net6	I associate with religious bodies to assist me in meeting with potential clients.	1.06	0.132	8.042	***
Net9	I regularly attend social gatherings of a personal nature.	0.783	0.121	6.488	***
Net10	I regularly attend cultural events of a personal nature.	0.938	0.136	6.884	***

Model fit summary for NSC					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
1.974	0.987	0.99	0.097	0.052	0.805

*** $p < 0.001$

Five items exhibited low standardised regression weights (below 0.4). Items Net1, "I associate with professional bodies to obtain new knowledge beneficial to me in the practice of financial planning" (0.326), Net2, "I associate with professional bodies to keep up to date with my financial planning knowledge" (0.252), Net7, "I regularly attend meetings held by the Financial Planning Institute" (0.36), Net8, "I regularly have meetings with colleagues in the field of financial planning" (0.367), and Net1 "I regularly attend religious gatherings of a personal nature" (0.358) were, therefore, removed from the measurement model depicted in Table 6.6. The deletion of five items from this construct, however, fell well outside the range for minor modifications (< 20%), according to Hair et al. (2014:622), and was noted as a limitation. Further exploration into the validity of this scale within the context of this study's research population should be considered for future research. Therefore, all subsequent results related to NSC should be interpreted with caution.

Modification indices suggested a high correlation between the residuals of items Net5 and Net10. When considering the wording of these two items, "I associate with friends to assist me in meeting with potential clients" and "I regularly attend cultural events of a personal nature",

it was clear that they both measured the overall, general interactions of a personal nature as opposed to a specific aspect of business networking as was the case with the remaining items. Modification indices also suggested high correlation between the residuals of items Net9 and Net10. When considering the wording of these two items, “I regularly attend social gatherings of a personal nature” and “I regularly attend cultural events of a personal nature”, it was clear that they both measured the overall, general personal social networking as opposed to specific business networking as was the case with the remaining items. Thus, the covariation of these item residuals was included in the measurement model.

Taking into account the recommendations from Hair et al. (2014:584), as discussed in Section 6.4.2, the values for the NSC scale indicated an acceptable overall fit considering the significance of the parameter estimates. The normed Chi-square (x^2/df) (< 3), GFI and CFI (> 0.90), and RMSEA (< 0.07) were within the guidelines, while RMR (< 0.05) was higher than the recommended GOF indices as indicated in Table 6.4. As such the NSC scale represented an acceptable fit.

6.5.3.3 Cognitive social capital (CSC)

The CSC measure estimates 18 distinct parameters, with 21 distinct sample moments and three (21-18) degrees of freedom (see Figure 6.3).

Figure 6.3: Cognitive social capital

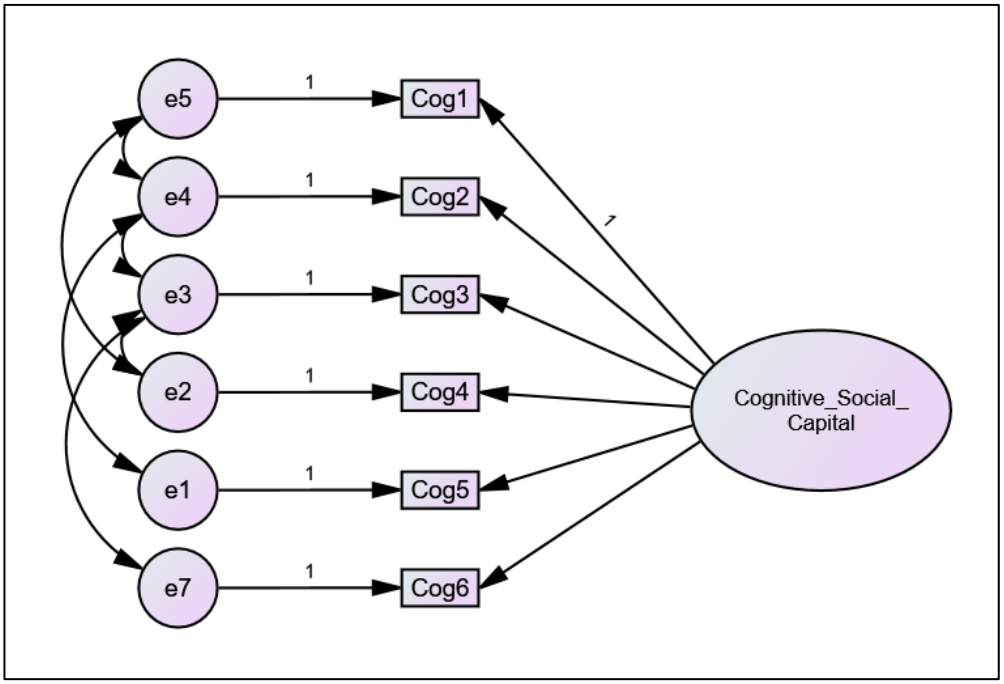


Table 6.7 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.7: Parameter estimates, standard errors, test statistic values, p-values and model fit (CSC)

Code	Item	Estimate	SE	CR	P
Cog1	My personal relationships are based on shared goals.	1			
Cog2	My personal relationships are based on common ethics.	0.754	0.078	9.602	***
Cog3	My personal relationships are based on shared values.	1.307	0.133	9.825	***
Cog4	My business relationships are based on shared goals.	1.106	0.084	13.221	***
Cog5	My business relationships are based on common ethics.	1.085	0.095	11.392	***
Cog6	My business relationships are based on shared values.	1.448	0.135	10.688	***

Model fit summary for CSC					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
2.171	0.994	0.997	0.016	0.057	0,876

*** $p < 0.001$

Two items exhibited low standardised regression weights (both below 0.4). Items Cog7, "I

prefer to do business with people who speak the same language as I do" (0.093) and Cog8, "I prefer to do business with people who have the same background as me" (0.212) were, therefore, removed from the measurement model results reported in Table 6.7. The deletion of these two items from this construct fell slightly outside the range for minor modifications (< 20%) (Hair et al. 2014:622), and was noted as a limitation. Further exploration into the validity of this scale within the context of this study's research population should be considered for future research. Therefore, all subsequent results related to CSC should be interpreted with caution.

Modification indices suggested high correlations between the residuals of items Cog1 and 2, Cog1 and 4, Cog2 and 5, as well as Cog5 and 6. Since CSC refers to internal and personally possessed qualities, many of the items were inherent to the respondent's relationships in both personal and business contexts. For example, with interpersonal relationships, common ethics or shared goals would permeate both personal and business contexts.

When considering the wording of the two items Cog1 and Cog2, "My personal relationships are based on shared goals" and "My personal relationships are based on common ethics", it was clear that they both measured the overall, general nature of personal relationships as opposed to a specific aspect of personal relationships. Modification indices suggested high correlation between the residuals of items Cog1 and Cog4. When considering the wording of these two items, "My personal relationships are based on shared goals" and "My business relationships are based on shared goals", it was evident that they both measured the overall, general nature of shared goals either in a personal or business context. Regarding the high correlation between the residuals of items Cog2 and Cog5, "My personal relationships are based on common ethics" and "My business relationships are based on common ethics", they both measured the overall, general nature of common ethics either in a personal or business context. The high correlation between the residuals of items Cog2 and Cog3, "My personal relationships are based on common ethics" and "My personal relationships are based on shared values", it was clear that they both measured the overall, general nature of personal relationships. Thus, these items were retained in the measurement model.

The CSC scale revealed a good overall fit based on the significance of the estimates (see Table 6.7) and all GOF indices were within the recommended guidelines. The normed Chi-square (x^2/df) (< 3), GFI and CFI (> 0.90), RMR (< 0.05) and RMSEA (< 0.07) were within the guidelines as indicated in Table 6.4. As such the CSC scale represented an acceptable fit.

6.5.3.4 Entrepreneurial capital (EC)

The hypothesised model illustrated in Figure 6.8 was next subjected to SEM analysis according to the *Entrepreneurial capital* component of the model. In the context of the SEM analysis, the hypothesised model construct denoted as *Entrepreneurial capital* (EC) (see Figure 6.4) was assessed according to the model estimates of 15 distinct parameters, with 21 distinct sample moments and six (21-15) degrees of freedom.

Figure 6.4: Entrepreneurial capital

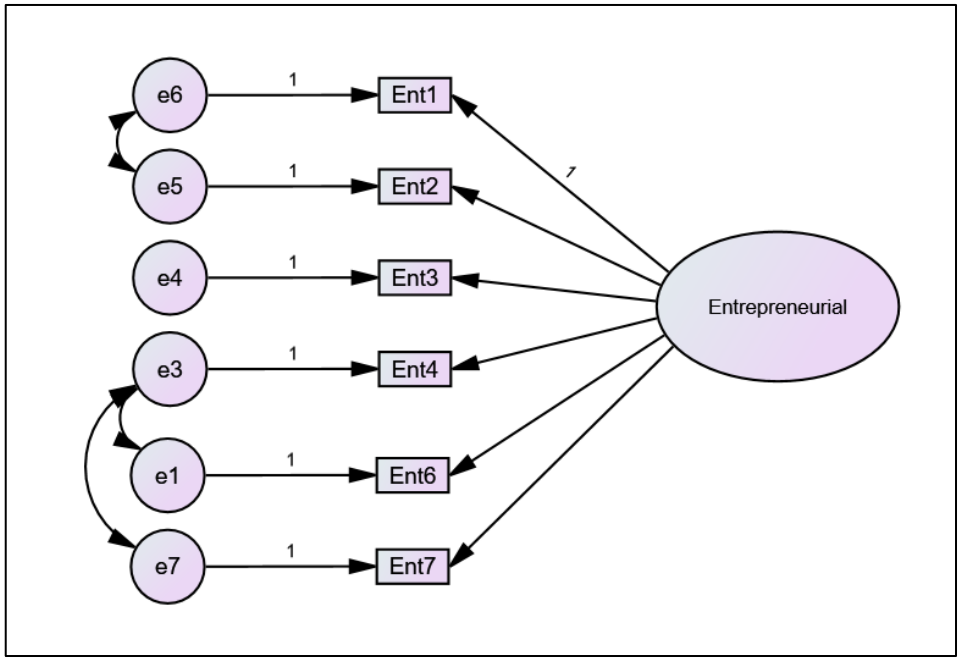


Table 6.8 illustrates that all parameter estimates were statistically-significant (p < 0.001).

Table 6.8: Parameter estimates, standard errors, test statistic values, p-values and model fit (EC)

Code	Item	Estimate	SE	CR	P
Ent1	I regard taking risks as a positive personal quality that I possess.	1			
Ent2	I take deliberate risks related to new ideas.	1.219	0.101	12.11	***
Ent3	I excel at identifying new business opportunities.	1.328	0.122	10.915	***
Ent4	I am a person who shows initiative.	0.576	0.073	7.881	***
Ent6	I have the courage to make bold and difficult decisions.	0.883	0.087	10.169	***
Ent7	I am creative and inventive.	0.974	0.096	10.177	***

Model fit summary for EC					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
1.297	0.993	0.998	0.02	0.029	0.845

*** $p < 0.001$

Item Ent5, "I am able to work independently" (0.392), was removed from the measurement model as it exhibited a low standardised regression weight (below 0.4). The deletion of the item from this construct fell inside the range minor modifications (< 20%) as suggested by Hair et al. (2014:622).

The values for the EC scale indicated an acceptable fit considering the normed Chi-square (x^2/df) (< 3), GFI and CFI (> 0.90) RMR (< 0.05) and RMSEA (< 0.07) values, which were all aligned with the GOF guideline indices indicated in Table 6.4.

6.5.3.5 Psychological capital (PsyCap)

The hypothesised model illustrated in Figure 6.8 was then subjected to SEM analysis according to the second-order construct *Psychological capital* with its sub-factors hope, self-efficacy, resilience and optimism. In the context of the SEM analysis, the hypothesised model construct denoted as *Psychological capital (PsyCap)* (see Figure 6.5) was assessed according to the model estimates 171 distinct parameters, with 40 distinct sample moments and 131 (171-40) degrees of freedom.

Figure 6.5: Psychological capital

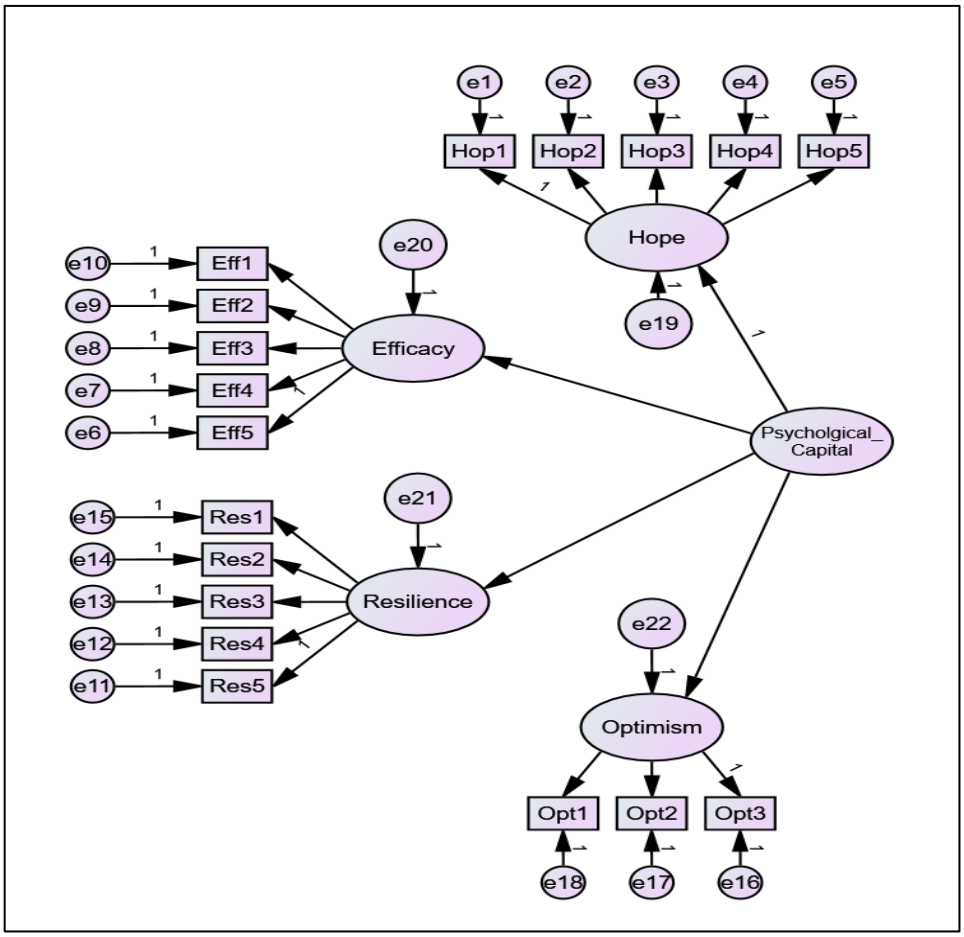


Table 6.9 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.9: Parameter estimates, standard errors, test statistic values, p-values and model fit (PsyCap)

Code	Item	Estimate	SE	CR	P
	Hope	1			
	Efficacy	0.462	0.039	11.897	***
	Resilience	0.539	0.047	11.49	***
	Optimism	0.89	0.077	11.434	***
Hop1	At the present time, I am energetically pursuing my work goals.	1			
Hop2	At the present time, I see myself as being successful at work.	0.508	0.079	6.443	***
Hop3	I can think of many ways to reach my current work goals.	0.903	0.058	15.502	***
Hop4	At the present time, I am meeting the work goals that I have set for myself.	0.897	0.079	11.358	***

Table 6.9: Parameter estimates, standard errors, test statistic values, p-values and model fit (PsyCap) (continued)

Code	Item	Estimate	SE	CR	P
Hop5	There are many ways to solve any work problems that may occur.	0.687	0.046	14.79	***
Eff5	I have the necessary skills to work as a financial planner.	1			
Eff4	I have what it takes to work as a financial planner.	1.12	0.076	14.811	***
Eff3	I am confident in helping my clients to set financial targets/goals.	1.235	0.085	14.563	***
Eff2	I am confident in being a financial planner when meeting with clients.	1.169	0.085	13.747	***
Eff1	I am confident about finding solutions to financial planning problems.	1.201	0.085	14.202	***
Res5	I usually manage difficulties at work one way or another.	1			
Res4	I usually manage stressful situations well at work.	1.46	0.114	12.752	***
Res3	I can handle many things at one time when doing my job as a financial planner.	1.302	0.131	9.91	***
Res2	I can get through difficult times at work because I've experienced difficulties before.	1.018	0.118	8.602	***
Res1	I can be "on my own" so to speak, at work if I have to.	0.774	0.113	6.859	***
Opt3	I am optimistic about what will happen to me in the future as it pertains to my job as a financial planner.	1			
Opt2	I always look on the bright side of things regarding my job as a financial planner	0.953	0.078	12.277	***
Opt1	When things are uncertain for me at work, I usually expect the best.	1.059	0.085	12.488	***

Model fit summary for PsyCap					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
2.74	0.896	0.992	0.062	0.07	0.908

*** $p < 0.001$

The *PsyCap* scale revealed good overall fit based on the significance of the estimates (see Table 6.9). The normed Chi-square and RMSEA were within the respective guidelines of < 3.00 and < 0.07, respectively. The GFI and CFI values were within the guideline of > 0.90. The RMSEA was aligned with the < 0.07 index and the RMR was marginally above the recommended < 0.05. These indices indicated an acceptable overall fit.

6.5.3.6 Perceived financial value creation (VCFin)

In the context of the SEM analysis, the construct denoted as *Perceived financial value creation* (*VCFin*) (see Figure 6.6) was assessed according to the model estimates 14 distinct parameters, with 21 distinct sample moments and seven (21-14) degrees of freedom.

Figure 6.6: Perceived financial value creation

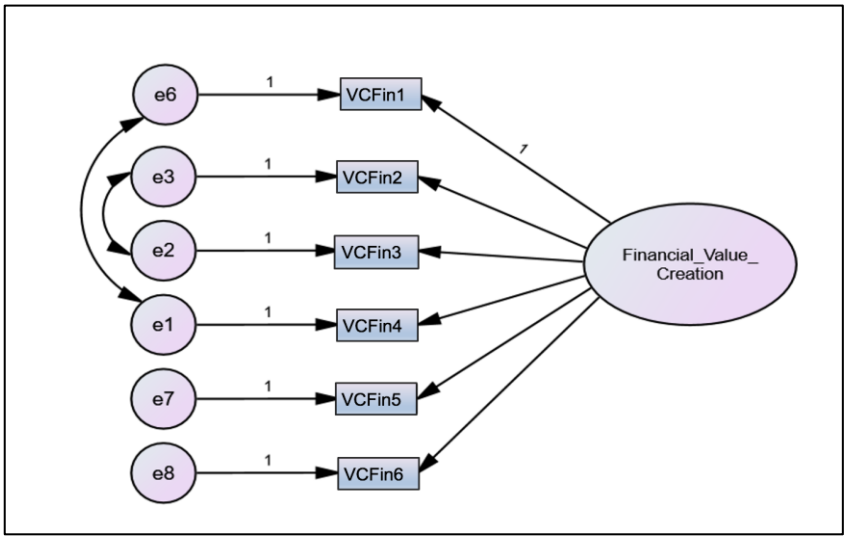


Table 6.10 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.10: Parameter estimates, standard errors, test statistic values, p-values and model fit (VCFin)

Code	Item	Estimate	SE	CR	P
VCFin1	I have increased my financial planning client base over the last three years.	1			
VCFin4	Being a financial planner provides me with the chance to earn a lot of money.	0.943	0.135	6.961	***
VCFin5	Being a financial planner allows me a greater earning potential than an alternative career.	1.227	0.164	7.477	***
VCFin6	As a financial planner, I have increased my personal wealth over the last three years.	1.463	0.16	9.168	***
VCFin7	Being a financial planner provides me with an income level that is very rewarding.	1.901	0.216	8.817	***
VCFin8	Being a financial planner ensures that I have enough money to retire one day.	1.59	0.192	8.266	***

Model fit summary for VCFin					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
3.27	0.98	0.979	0.071	0.08	0.817

*** $p < 0.001$

Two items exhibited low standardised regression weights (both below 0.4). Items VCFin2, "Over the last three years, I have been able to widen my service offering to my financial planning clients" (0.363) and VCFin3, "Over the last three years, I have been able to offer more financial planning products to my clients" (0.334) were, therefore, removed from the measurement model results given in Table 6.10. The deletion of two items from this construct fell within the range minor modifications (< 20%) suggested by Hair et al. (2014:622) and should be recorded as a limitation of the study. Further exploration into the validity of this scale within the context of this study's research population should be considered for future research. Therefore, all subsequent results related to *VCFin* should be interpreted with caution.

Modification indices suggested a high correlation between the residuals of items VCFin1 and VCFin6 as well as for VCFin4 and VCFin5. When considering the wording of the two items VCFin1 and VCFin6, "I have increased my financial planning client base over the last three years" and "As a financial planner, I have increased my personal wealth over the last three years", it was clear that they both measured the overall, improvement in business over the last three years as opposed to a specific aspect of financial performance as was the case with the remaining items. When considering the wording of the two items VCFin4 and VCFin5, "Being a financial planner provides me with the chance to earn a lot of money" and "Being a financial planner allows me a greater earning potential than an alternative career", it was clear that they both measured the overall, potential improvement in overall earning potential as opposed to the case with the remaining items, which addressed specific actual financial performance. Thus, the covariation of these item residuals was included in the measurement model.

The values for the *VCFin* scale indicated an overall acceptable fit based on the significance of the estimates. The normed Chi-square (x^2/df) (< 3.0), GFI and CFI (> 0.90) were aligned to the guidelines, while the RMR (< 0.05) and RMSEA (< 0.07) values were marginally higher than the recommended GOF indices guidelines (see Table 6.4). In line with the recommendation from Hair et al. (2014:584), reporting at least one incremental index (CFI) and one absolute index (RMSEA), as well as the Chi-square and the degrees of freedom enabled the appropriate evaluation of a scale.

6.5.3.7 Perceived non-financial value creation (VCNonFin)

The construct *Perceived non-financial value creation* (*VCNonFin*) was finally subjected to SEM analysis according to the second-order model with its sub-factors reputation and satisfaction. In the context of the SEM analysis, construct denoted as *Perceived non-financial value creation* (*VCNonFin*) (see Figure 6.7) was assessed according to the model estimates 15 distinct parameters, with 28 distinct sample moments and 13 (28-15) degrees of freedom.

Figure 6.7: Perceived non-financial value creation

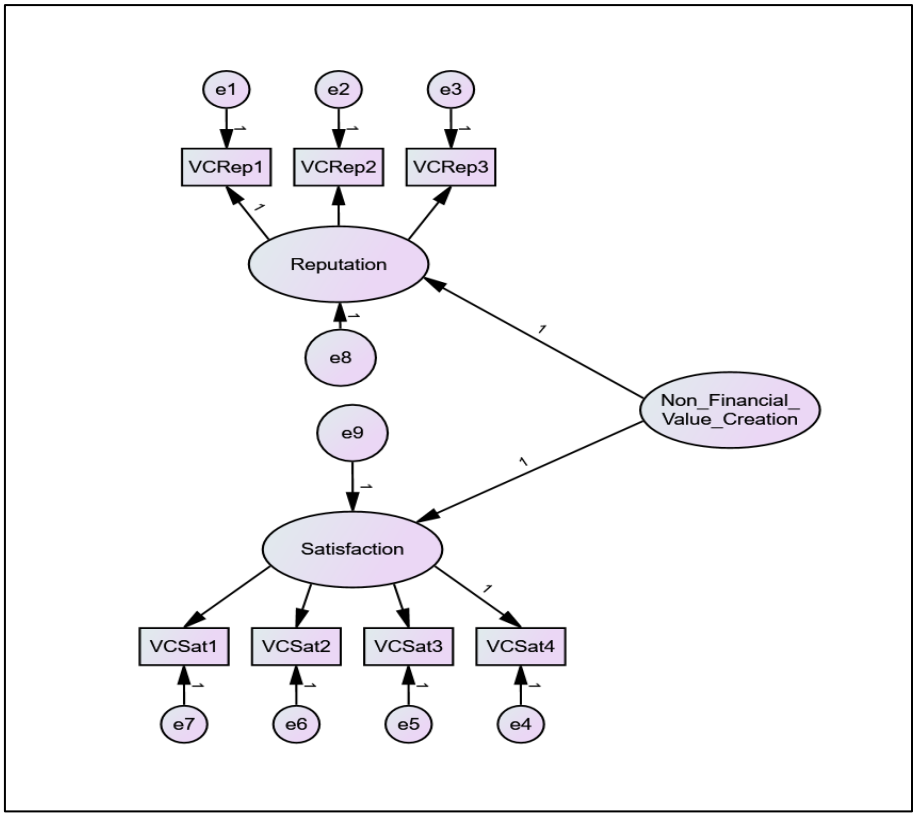


Table 6.11 illustrates that all parameter estimates were statistically-significant ($p < 0.001$).

Table 6.11: Parameter estimates, standard errors, test statistic values, p-values and model fit (VCNonFin)

	Item	Estimate	SE	CR	P
	Reputation	1			
	Satisfaction	1			
VCRep1	Being a financial planner gives me status in the community.	1			
VCRep2	Being a financial planner creates prestige for me among clients.	1.018	0.06	16.925	***
VCRep3	Being a financial planner gives me the approval of my friends and family.	0.909	0.058	15.563	***
VCSat1	All in all, I am satisfied with my job as a financial planner.	1			
VCSat2	I find my job as a financial planner fulfilling.	1.011	0.041	24.682	***
VCSat3	I enjoy being a financial planner.	1.127	0.041	27.559	***
VCSat4	I find my job as a financial planner rewarding.	0.948	0.055	17.247	***

Model fit summary for VCNonFin					
CMIN/df	**GFI**	**CFI**	**RMR**	**RMSEA**	**Cronbach's alpha**
1.319	0.986	0.998	0.024	0.03	0.875

*** $p < 0.001$

The values for the VCNonFin scale indicated a good overall acceptable fit considering the significance of the parameter estimates. The values for the normed Chi-square (x^2/df) (< 3), GFI and CFI (> 0.90) as well as RMR (< 0.05) and RMSEA (< 0.07) were all aligned with the GOF guideline indices indicated in Table 6.4.

6.5.3.8 Summary of the goodness-of-fit indices

Table 6.12 provides a summary of the goodness-of-fit indices for the various constructs as discussed in the previous sections. According to Table 6.12, the normed Chi-square indicates a good fit for all constructs except *VCFin*, which was marginally above the threshold. The RMSEA values indicated a good model fit for all constructs except RSC (0.107), while the GFI and the CFI indices were aligned to the norm value of > 0.90, with the exception of the GFI for *PsyCap*, which fell slightly below the threshold (0.896). The RMR exceeded the 0.05 norm for *NSC*, *PsyCap* and *VCFin*, otherwise, the thresholds were met for the remaining constructs.

Table 6.12: Summary of model goodness-of-fit indices for the various constructs

Index	Cut-off for good model fit (n > 250)	RSC	NSC	CSC	EC	PsyCap	VCFin	VC NonFin
CMIN/df (x^2/df)	< 3.00	2.238	1.974	2.171	1.297	2.74	3.27	1.319
GFI	> 0.90	0.985	0.987	0.994	0.993	0.896	0.98	0.986
CFI	> 0.90	0.961	0.99	0.997	0.998	0.992	0.979	0.998
RMR	< 0.05	0.044	0.097	0.016	0.02	0.062	0.071	0.024
RMSEA	< 0.07	0.107	0.805	0.057	0.029	0.07	0.08	0.03

The characteristics (for example, model complexity and data distribution) of the model should be taken into account when interpreting the goodness-of-fit indices (Hair et al. 2019:640-641). Considering the goodness-of-fit indices, the overall model, as defined by the parameter estimates, standard errors, test statistic value (CR) and the p-values demonstrated an acceptable fit.

6.5.4 CONVERGENT VALIDITY

Convergent validity refers to the degree of convergence among the items that make up a construct as discussed in Chapter Five (see Section 5.5.9.2). To determine the convergent validity of the measurement scales, the Average Variance Extracted (AVE) estimates of each construct were assessed against the threshold of 0.5 or higher as recommended by Hair et. al (2020:104). The AVE estimates for the constructs in this current study are reported in Table 6.13.

Table 6.13: AVE of all constructs

Factor	AVE	CR
Relational social capital (RSC)	0.475	0.838
Network social capital (NSC)	0.427	0.807
Cognitive social capital (CSC)	0.544	0.873
Entrepreneurial capital (EC)	0.463	0.835
Psychological capital (PsyCap)	0.481	0.941
Perceived financial value creation (VCFin)	0.434	0.813
Perceived non-financial value creation (VCNonFin)	0.722	0.947

The AVE for some constructs was higher than the threshold of 0.5, however, a value of 0.4 was acceptable. According to Fornell and Larcker (1981:46), if the AVE is less than 0.5, but the composite reliability is higher than 0.6, the convergent validity of the construct is still adequate.

The constructs *Relational social capital*, *Entrepreneurial capital, Psychological capital* and *Perceived financial value creation* indicated AVE values below the recommended threshold of 0.5. The remaining constructs *Network social capital, Cognitive social capital* and *Perceived non-financial value creation* reported acceptable AVE values above the threshold of 0.5. It was decided to consider the AVE results, yet retain all the constructs based on the important theoretical foundations discussed in the literature Chapters Two, Three and Four, where all constructs were shown to have a relationship in the creation of value. Assessment of the reliability measures (see Section 6.5) as well as model fit indices provided additional support for the inclusion of the constructs, leading the researcher to decide to retain all constructs for further analysis.

6.5.5 DISCRIMINANT VALIDITY

A more rigorous validity test was to compare the average variance-extracted values for any two constructs with the square of the correlation estimate between these two constructs. The variance extracted estimates should be greater than the squared correlation estimate (Hair et al. 2014:584). This test represented the discriminant validity of a construct relative to the other constructs being evaluated. Discriminant validity assessed the extent to which the constructs differed from each other and the results of this assessment are presented in Table 6.14. In the first two columns of Table 6.14, the construct names together with the square root of the AVE values for each construct are presented. Thereafter, columns 3 to 9 present the correlation co-efficient values between the constructs listed. Table 6.14 highlights that the square root of the AVE values of the majority of constructs listed in column one is larger than the absolute value of the correlation coefficient of the given construct with any other construct. Exceptions are indicated with an asterisk (*).

Where the square root of the AVE value of a particular construct was less than the absolute value of the correlation coefficient of the given construct with any other construct as indicated

(*), it was marginally so, therefore, the researcher did not exclude any constructs from further empirical analysis. From assessing these results, it could be determined that the measuring instrument used in the current study demonstrated satisfactory discriminant validity.

As a result, in assessing the validity of the measuring instrument used in this study, namely, the construct, convergent and discriminant validity, the scales measuring the constructs under investigation were deemed to be valid.

Table 6.14: AVE versus correlation estimates

1	2	3	4	5	6	7	8	9
Construct	$\sqrt{\mathbf{AVE}}$	**RSC**	**NSC**	**CSC**	**EC**	**PsyCap**	**VCFin**	**VCNonFin**
RSC	0.689	1	0.286	0.656	0.425	0.667	0.563	0.504
NSC	0.653	0.286	1	0.286	0.336	0.255	0.416	0.294
CSC	0.738	0.656	0.286	1	0.463	0.680	0.591	0.492
EC	0.680	0.425	0.336	0.463	1	0.727*	0.468	0.450
PsyCap	0.694	0.667	0.255	0.680	0.727*	1	0.657	0.601
VCFin	0.659	0.563	0.416	0.591	0.468	0.657	1	0.676*
VCNonFin	0.850	0.504	0.294	0.492	0.450	0.601	0.676	1

* $\sqrt{\mathbf{AVE}} <$ **construct correlation**

6.6 RELIABILITY OF THE MEASURING INSTRUMENT

In addition to assessing the validity of the measuring instrument, it was also important to consider its reliability. As discussed in Chapter Five (see Section 5.5.9.2), reliability refers to the extent to which the measuring scales used would yield repeatable results when used again (Maree et al. 2014:238). To assess reliability, the Cronbach's alpha coefficients and Composite Reliability values (CR) (ranging from 0 to 1) were calculated, and when yielding a value above the threshold of 0.7 (or 0.6 for exploratory research), would determine the reliability of the scale (Hair et al 2020:104; Bryman & Bell 2015:38; Hair et al. 2014:123). Table 6.15 sets out the Cronbach's alpha coefficients and the Composite Reliability values for the constructs investigated in the current study.

Table 6.15: Cronbach's alpha coefficients and Composite Reliability values of the different constructs

Factor	Cronbach's alpha coefficient	Composite Reliability
Relational social capital (RSC)	0.785	0.838
Network social capital (NSC)	0.805	0.807
Cognitive social capital (CSC)	0.876	0.873
Entrepreneurial capital (EC)	0.845	0.835
Psychological capital (PsyCap)	0.908	0.941
Perceived financial value creation (VCFin)	0.817	0.813
Perceived non-financial value creation (VCNonFin)	0.875	0.947

All of the constructs demonstrated acceptable Cronbach's alpha coefficients as well as Composite Reliability values of the recommended threshold of 0.70. This indicated the reliability of the scales used to measure these constructs.

Considering Section 6.4.4, which addressed the measure that assessed the convergent validity of the constructs, reliability was referred to as an indicator of convergent validity. In 6.4.4, it was noted that where the constructs returned AVE values below the generally accepted cut-off value of 0.5, the Composite Reliability values should be considered (Fornell & Larker 1981:46). Based on this recommendation, the researcher decided to evaluate the reliability of all constructs before excluding any factors from further empirical assessment based only on the reported AVE values. The evaluation of the results in Table 6.15, therefore, led the researcher to retain all constructs for further empirical investigation based on Fornell and Larcker's (1981:46) recommendation as discussed in Section 6.4.4.

6.7 DESCRIPTIVE STATISTICS AND CORRELATIONS

In Sections 6.6.1 and 6.6.2, the descriptive statistics and correlations of the sample data are described.

6.7.1 DESCRIPTIVE STATISTICS OF THE SAMPLE DATA

The mean, standard deviation and frequency distributions relating to the various constructs in

this current study are summarised in Table 6.16. For the purpose of the current study and in the interest of brevity, the mean scores for the respective factors were classified as Disagree [1 – 2.999], Neutral [3 – 4.999] and Agree [5 - 7].

Table 6.16: Descriptive statistics of the dependent and independent variables (N = 360)

Factor	Mean	Std. Dev.	Disagree %	Neutral %	Agree %
Relational social capital (RSC)	6.115	0.655	0.3	3.6	96.1
Network social capital (NSC)	3.954	1.200	20.6	55.8	23.6
Cognitive social capital (CSC)	6.122	0.745	0.3	5.3	94.4
Entrepreneurial capital (EC)	5.532	0.897	1.7	18.1	80.3
Psychological capital (PsyCap)	5.941	0.646	0.3	5.3	94.4
Perceived financial value creation (VCFin)	5.424	0.930	3.1	19.7	77.2
Perceived non-financial value creation (VCNonFin)	5.312	1.042	2.5	28.6	68.9

Excluding *Network social capital*, the majority of respondents agreed with the statements measuring the different variables. The agreement levels ranged between 96.1% for the independent variable *Relational social capital* and 23.6% for *Network social capital*. The highest mean score was reported for *Cognitive social capital* (6.122), while *Network social capital* returned the lowest mean score (3.954). The individual responses to *Psychological capital* had the lowest deviation from the mean (standard deviation = 0.646), while the responses relating to *Network social capital* varied the most from the mean (standard deviation = 1.200).

6.7.2 PEARSON'S PRODUCT MOMENT CORRELATIONS

To measure the strength of the relationships between the variables, the Pearson's product moment correlation test was performed (Saunders et al. 2019:605). The following guidelines were used to interpret the correlation coefficients:

- $|r| < 0.3$ Weak relationship
- $0.3 \leq |r| < 0.5$ Moderate relationship
- $|r| \geq 0.5$ Strong relationship

According to Table 6.17, the majority of factors were moderately to strongly correlated with each other. In some instances, strong relationships were evident between the factors. For example, *Psychological capital* had a strong relationship with all factors except *Network social capital*. Weak relationships (<0.3) were evidenced between *Network social capital* and all other factors, except *Entrepreneurial capital* and *Perceived financial value creation*. No insignificant correlation coefficients were evident. All correlation estimates were significant at $p < 0.05$.

Table 6.17: Pearson's product moment correlation coefficients

Factor	RSC	NSC	CSC	EC	PsyCap	VCFin	VCNonFin
RSC	1	0.286	0.656	0.425	0.667	0.563	0.504
NSC	0.286	1	0.286	0.336	0.255	0.416	0.294
CSC	0.656	0.286	1	0.463	0.680	0.591	0.492
EC	0.425	0.336	0.463	1	0.727	0.468	0.450
PsyCap	0.667	0.225	0.680	0.727	1	0.657	0.601
VCFin	0.563	0.416	0.591	0.468	0.657	1	0.676
VCNonFin	0.504	0.294	0.492	0.450	0.601	0.676	1

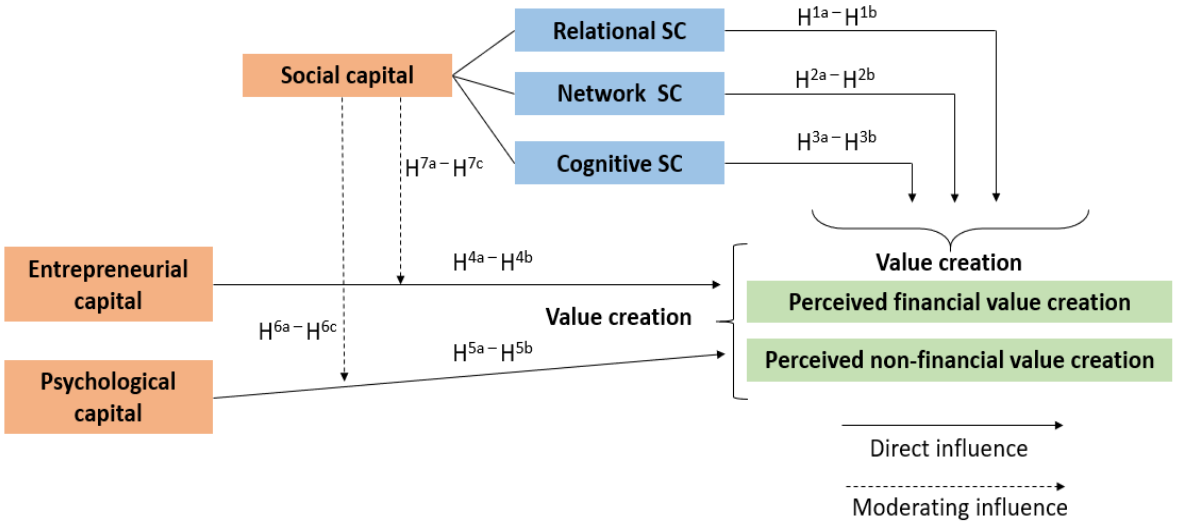
Correlations (all significant at $p < 0.0001$)

From these results, it could be expected that a poor linear relationship would exist between variables where low correlation coefficients were produced.

6.8 HYPOTHESES TESTING OF DIRECT RELATIONSHIPS

This section presents the findings relating to testing the hypothesised relationships illustrated in Figure 6.8. More specifically, the influence of selected human capital factors (*Social capital, Relational social capital, Network social capital* and *Cognitive social capital)* influencing *Value creation (financial and non-financial)* in financial planning businesses (see Figure 6.8) were assessed.

Figure 6.8: Hypothesised model of direct and moderating relationships between the financial planner's human capital and perceived value creation in financial planning businesses



Source: Researcher's own construction

The next step in the SEM analysis involved the use of measures to investigate statistically-significant relationships. Table 6.18 presents the parameter estimates, standard errors, test statistic value (CR) and p-values of the various models.

Table 6.18: Model parameter estimates, standard errors, test statistic values and p-values

			Estimate (b)	SE	CR (t)	P
VCFin	←	RSC	0.504	0.046	11.065	***
VCFin	←	NSC	0.294	0.05	5.833	***
VCFin	←	CSC	0.492	0.046	10.699	***
VCFin	←	EC	0.45	0.047	9.544	***
VCFin	←	PsyCap	0.601	0.042	14.246	***
VCNonFin	←	RSC	0.563	0.044	12.911	***
VCNonFin	←	NSC	0.416	0.048	8.678	***
VCNonFin	←	CSC	0.591	0.043	13.877	***
VCNonFin	←	EC	0.468	0.047	10.027	***
VCNonFin	←	PsyCap	0.657	0.04	16.512	***

*** $p < 0.001$

From Table 6.18, it can be seen that significant positive relationships were reported for all the direct relationships tested. These relationships reflected sufficient strength to support the relevant hypotheses proposed. The various hypotheses as well as decisions to support them or not are summarised in Table 6.22. From the SEM analysis, all the direct hypothesised relationships could be confirmed at the one per cent level of significance ($p < 0.001$). These relationships are interpreted and discussed in Chapter Seven.

The estimates in Table 6.18 were standardised, so the estimates were directly comparable. The estimates as shown in Table 6.18 gave an indication as to which construct had the strongest effect on the dependent variables. In this regard, *Psychological capital* had a standardised estimate of 0.601 on *Perceived financial value creation* and a standardised estimate (beta) of 0.657 on *Perceived non-financial value creation*, indicating that it had the strongest effect of the five capitals on the dependent variables. From Table 6.18, it could also be seen that *Network social capital* had the least effect of the five capitals on *Perceived financial value creation* ($b = 0.294$, $t = 5.833$, $p < 0.001$) as well as the least effect on *Perceived non-financial value creation* ($b = 0.416$, $t = 8.678$, $p < 0.001$).

6.9 ASSESSING THE MODERATING EFFECT OF SOCIAL CAPITAL ON DEPENDENT VARIABLES

The next step in the SEM analyses was to assess the moderating effect of the variable *Social capital* (as measured by *RSC*, *NSC* and *CSC*) on the relationship between the dependent variables (*Perceived financial value creation* and *Perceived non-financial value creation*) and the independent variables (*Psychological capital* and *Entrepreneurial capital*). The moderating effects in this study were tested using structural regression in IBM AMOS Statistics 27, which was part of the SEM analysis. Linear regression within a SEM "framework", in other words, was used. The results of these moderating effects are presented in Tables 6.19, 6.20 and 6.21, but are discussed and interpreted in Chapter Seven. Furthermore, the various hypotheses as well as decisions to support them or not are summarised in Table 6.23.

6.9.1 MODERATING INFLUENCE OF SOCIAL CAPITAL ON RELATIONSHIP BETWEEN PSYCHOLOGICAL CAPITAL AND PERCEIVED FINANCIAL VALUE CREATION

The results of the moderating effects of *Social capital*, as measured by *RSC*, *NSC* and *CSC*, on the relationship between *Psychological capital* and *Perceived financial value creation* are presented first in Table 6.19.

Table 6.19: Parameter estimates, standard errors, test statistic values, p-values and model fit (Social capital x Psychological capital and Perceived financial value creation)

Factor			Estimate (b)	SE	CR (t)	P
VCFin	⟵	PsyCap x RSC	0.030	0.015	1.989	0.047
VCFin	⟵	PsyCap	0.496	0.056	8.809	***
VCFin	⟵	RSC	0.212	0.057	3.716	***
VCFin	⟵	PsyCap x NSC	0.082	0.034	2.439	0.015
VCFin	⟵	PsyCap	0.607	0.046	13.122	***
VCFin	⟵	NSC	0.139	0.043	3.24	0.001
VCFin	⟵	PsyCap x CSC	0.023	0.017	1.402	0.161
VCFin	⟵	PsyCap	0.513	0.058	8.832	***
VCFin	⟵	CSC	0.171	0.058	2.947	0.003

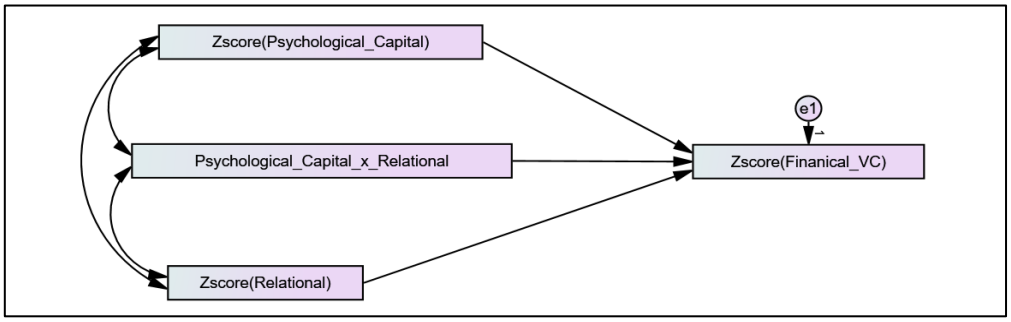
*** $p < 0.001$

Table 6.19 shows that *Relational social capital* moderated the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business. *Network social capital* moderated the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business. The moderating role of *Cognitive social capital* did not produce a significant effect on the relationship between a financial planner's *Psychological capital* and *Perceived financial value creation*.

When assessing the moderating effect of *Relational social capital* on the relationship between *Psychological capital* and *Perceived financial value creation*, the results revealed a significant

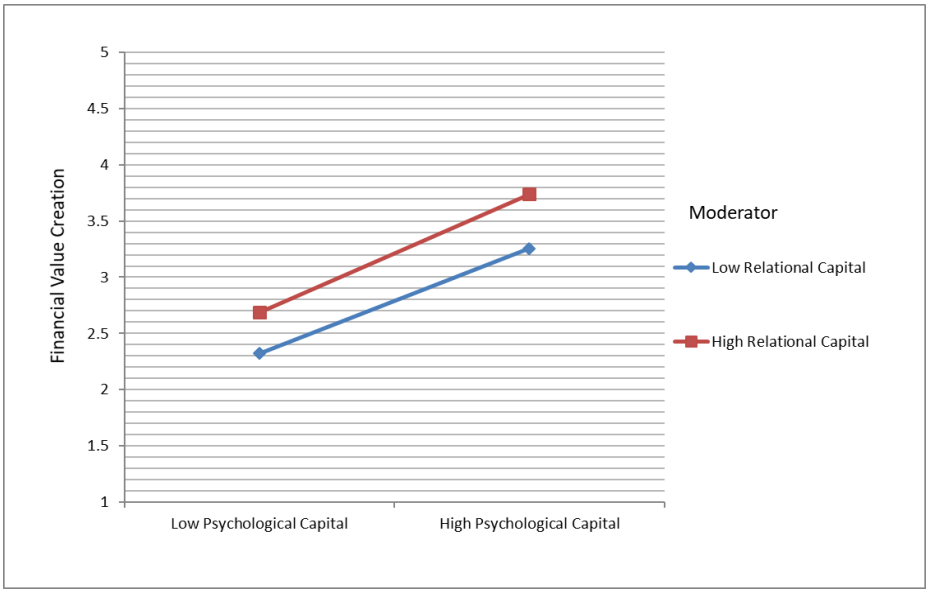
moderating role (b = 0.030, t = 1.989, p = 0.047). It was found that *Relational social capital* strengthened the positive relationship between *Psychological capital* and *Perceived financial value creation* although the moderation effect was very small. These relationships are shown in Figures 6.9.

Figure 6.9: Moderating effect of Relational social capital x Psychological capital and Perceived financial value creation



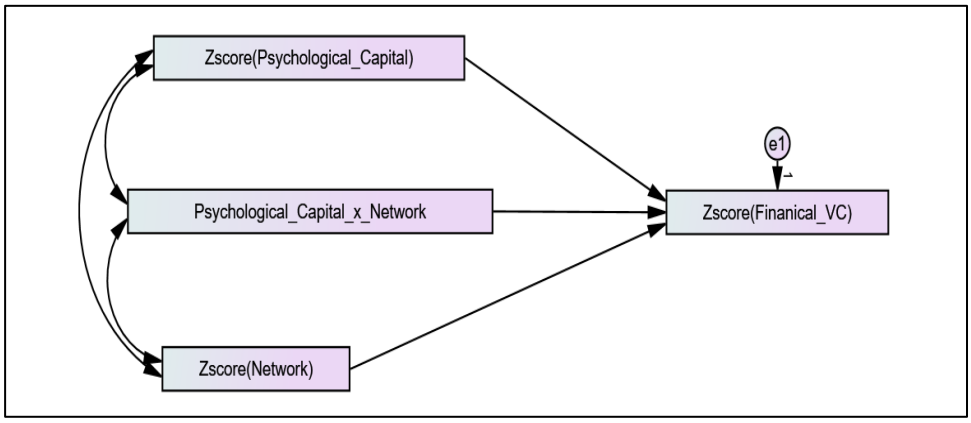
As illustrated in a plot diagram, this significant positive moderating relationship is presented in Figure 6.10. This result implied that the higher the *Psychological capital*, the higher the *Perceived financial value creation*. However, as could be seen from the beta values, the relationship was slightly stronger for financial planners with high levels of *Relational social capital*.

Figure 6.10: Plot for moderating effect of Relational social capital x Psychological capital and Perceived financial value creation



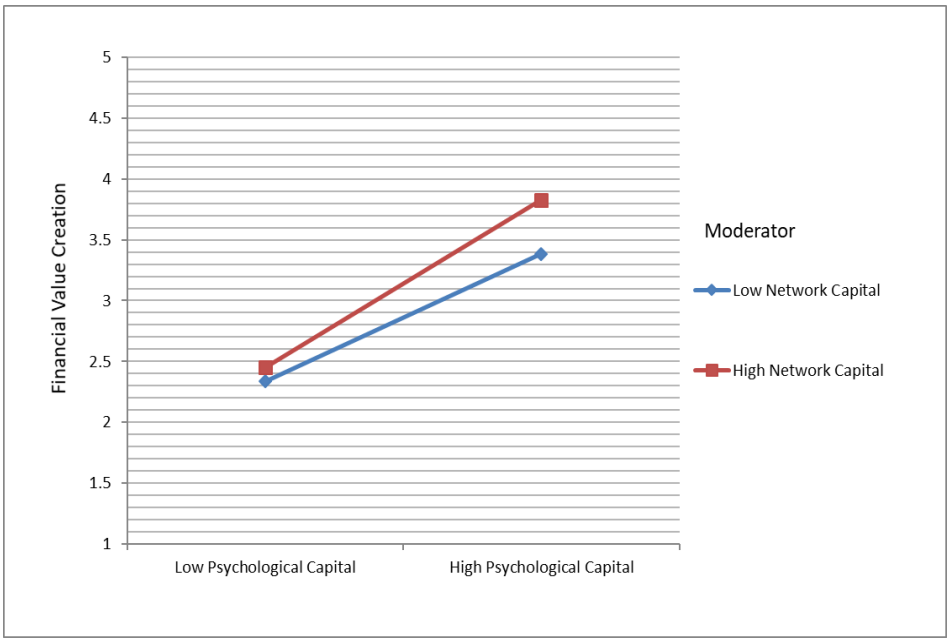
Next, the analysis revealed that *Network social capital* moderated the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business. The results revealed a significant moderating role of *Network social capital* on the relationship between *Psychological capital* and *Perceived financial value creation* (b = 0.082, t = 2.439, p = 0.015). As such, *Network social capital* strengthened the positive relationship between *Psychological capital* and *Perceived financial value creation*. These effects are illustrated in Figure 6.11 and Figure 6.12.

Figure 6.11: Moderating effect of Network social capital x Psychological capital and Perceived financial value creation



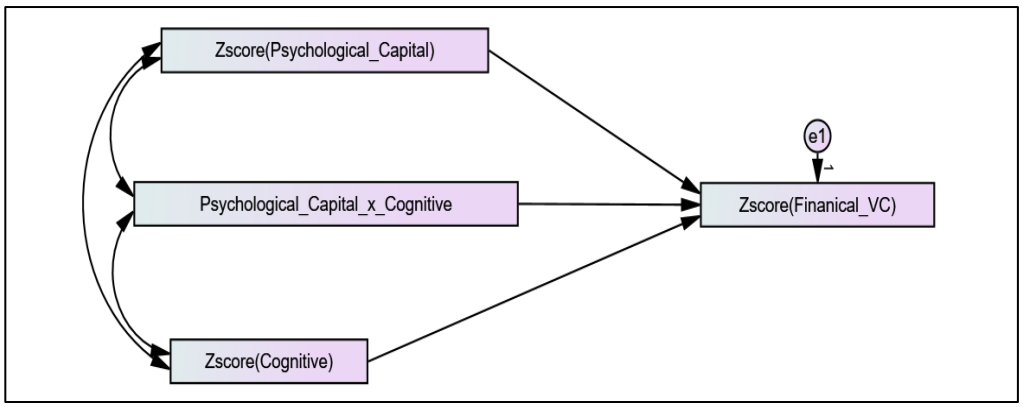
As illustrated in a plot diagram, these significant positive moderating relationships are presented in Figure 6.12. This result implied that the higher the *Psychological capital*, the higher the *Perceived financial value creation*. However, as could be seen from the beta values, the relationship was slightly stronger for financial planners with high levels of *Network social capital*.

Figure 6.12: Plot for moderating effect of Network social capital x Psychological capital and Perceived financial value creation



A moderation analysis was performed to evaluate the moderating role of *Cognitive social capital*. The results revealed an insignificant moderating role of *Cognitive social capital* on the relationship between *Psychological capital* and *Perceived financial value creation* (b = 0.023, t = 1.402, p = 0.161). Figure 6.13 illustrates the moderating effect of *Cognitive social capital* on the relationships between *Psychological capital* and *Perceived financial value creation*.

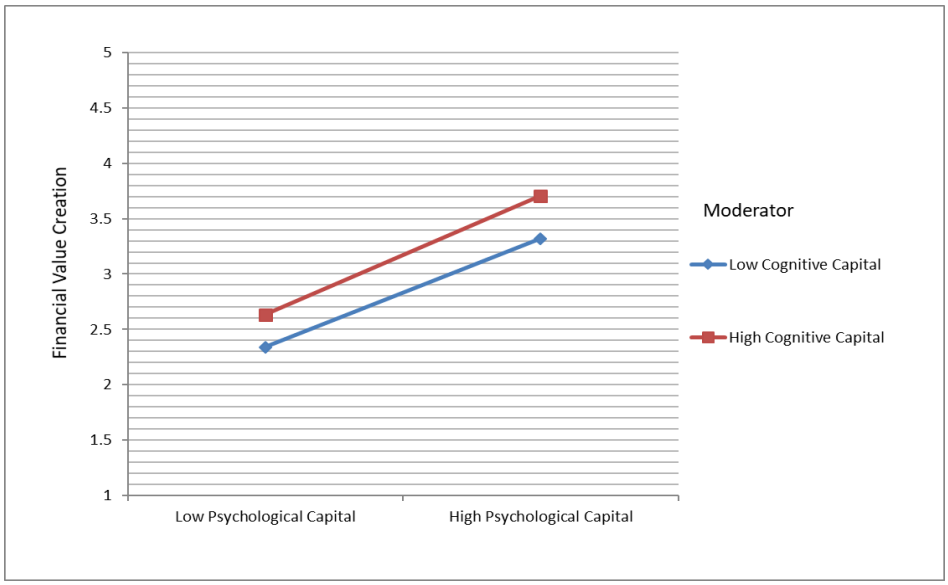
Figure 6.13: Moderating effect of Cognitive social capital x Psychological capital and Perceived financial value creation



As illustrated in a plot diagram, these moderating relationships are presented in Figure 6.14.

This result implied that the higher the *Psychological capital*, the higher the *Perceived financial value creation*. However, as could be seen from the beta values, the relationship was slightly stronger for financial planners with high levels of *Cognitive social capital*.

Figure 6.14: Plot for moderating effect of Cognitive social capital x Psychological capital and Perceived financial value creation



6.9.2 MODERATING INFLUENCE OF SOCIAL CAPITAL ON RELATIONSHIP BETWEEN PSYCHOLOGICAL CAPITAL AND PERCEIVED NON-FINANCIAL VALUE CREATION

In assessing the moderating effects of the components of *Social capital* (*RSC*, *NSC* and *CSC*) on *Perceived non-financial value creation*, no significant effects were found as presented in Table 6.20.

Table 6.20: Parameter estimates, standard errors, test statistic values, p-values and model fit (Social capital x Psychological capital and Perceived non-financial value creation)

Factor			Estimate (b)	SE	CR (t)	P
VCNonFin	<——	PsyCap x RSC	0.016	0.014	1.113	0.266
VCNonFin	<——	PsyCap	0.517	0.053	9.794	***
VCNonFin	<——	RSC	0.238	0.053	4.462	***
VCNonFin	<——	PsyCap x NSC	-0.016	0.031	-0.531	0.015
VCNonFin	<——	PsyCap	0.58	0.042	13.815	***
VCNonFin	<——	NSC	0.269	0.039	6.907	***
VCNonFin	<——	PsyCap x CSC	0.006	0.015	0.388	0.698
VCNonFin	<——	PsyCap	0.479	0.054	8.943	***
VCNonFin	<——	CSC	0.272	0.053	5.098	***

*** $p < 0.001$

6.9.3 MODERATING INFLUENCE OF SOCIAL CAPITAL ON RELATIONSHIP BETWEEN ENTREPRENEURIAL CAPITAL AND DEPENDENT ` VARIABLES

In assessing the moderating effects of the components of *Social capital* (*RSC*, *NSC* and *CSC*) on the relationship between the financial planner's *Entrepreneurial capital* and the dependent variables *Perceived financial value creation* and *Perceived non-financial value creation*, no significant effects were found as presented in Table 6.21.

The results show that *Social capital,* as separate components (*RSC*, *NSC* and C*SC*), did not moderate the relationships between the financial planner's *Entrepreneurial capital* and both the dependent variables *Perceived financial value creation* or *Perceived non-financial value creation.*

Table 6.21: Parameter estimates, standard errors, test statistic values, p-values and model fit (Social capital x Entrepreneurial capital and Perceived financial value creation and Perceived non-financial value creation)

Factor			Estimate (b)	SE	CR (t)	P
VCFin	<——	ENT x RSC	0.03	0.021	1.431	0.153
VCFin	<——	ENT	0.296	0.048	6.138	***
VCFin	<——	RSC	0.401	0.05	8.08	***
VCFin	<——	ENT x NSC	0.058	0.042	1.376	0.169
VCFin	<——	ENT	0.42	0.052	8.025	***
VCFin	<——	NSC	0.148	0.05	2.94	0.003
VCFin	<——	ENT x CSC	0.015	0.023	0.652	0.514
VCFin	<——	ENT	0.287	0.05	5.735	***
VCFin	<——	CSC	0.37	0.052	7.169	***
VCNonFin	<——	ENT x RSC	0.019	0.02	0.969	0.333
VCNonFin	<——	ENT	0.284	0.046	6.161	***
VCNonFin	<——	RSC	0.457	0.047	9.619	***
VCNonFin	<——	ENT x NSC	-0.012	0.04	-0.299	0.765
VCNonFin	<——	ENT	0.364	0.05	7.268	***
VCNonFin	<——	NSC	0.295	0.0048	6.143	***
VCNonFin	<——	ENT x CSC	0.004	0.021	0.17	0.865
VCNonFin	<——	ENT	0.248	0.047	5.326	***
VCNonFin	<——	CSC	0.479	0.048	9.955	***

*** $p < 0.001$

6.10 SUMMARY OF HYPOTHESES AND SIGNIFICANT RELATIONSHIPS

In this section, the hypotheses and results are summarised and the support for or against each hypothesis are presented. The results of the empirical testing of the hypotheses are summarised in Tables 6.22 and 6.23.

Table 6.22: Results of the empirical testing for the direct effect hypotheses

Hypothesis number	Hypothesis	Supported	Statistical support (see Table 6.18)
H^{1a}	There is a positive relationship between the financial planner's *Relational social capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.504; t =11.065; p < 0.001
H^{1b}	There is a positive relationship between the financial planner's *Relational social capital* and *Perceived non-financial value creation* in a financial planning business.	Yes	b = 0.563; t =12.911; p < 0.001
H^{2a}	There is a positive relationship between the financial planner's *Network social capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.294; t =5.833; p < 0.001
H^{2b}	There is a positive relationship between the financial planner's *Network social capital* and *Perceived non-financial value creation* in a financial planning business.	Yes	b = 0.416; t =8.678; p < 0.001
H^{3a}	There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.492; t = 10.699; p < 0.001
H^{3b}	There is a positive relationship between the financial planner's *Cognitive social capital* and *Perceived non-financial value creation* in a financial planning business.	Yes	b = 0.591; t =13.877; p < 0.001
H^{4a}	There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.450; t =9.544; p < 0.001
H^{4b}	There is a positive relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.	Yes	b = 0.468; t =10.027; p < 0.001
H^{5a}	There is a positive relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.601; t = 14.246; p < 0.001
H^{5b}	There is a positive relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.	Yes	b = 0.657; t = 16.512; p < 0.001

Table 6.23: Results of the empirical testing for the moderating effect hypotheses

Hypothesis number	Hypothesis	Supported	Statistical support (see Tables 6.19, 6.20)
H^{6a}	*Relational social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.030; t = 1.989; p = 0.047
H^{6b}	*Relational social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = 0.016; t = 1.113; p = 0.266
H^{6c}	*Network social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.	Yes	b = 0.082; t = 2.439; p = 0.015

Table 6.23: Results of the empirical testing for the moderating effect hypotheses (continued)

Hypothesis number	Hypothesis	Supported	Statistical support (see Tables 6.19, 6.20)
H^{6d}	*Network social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = -0.016; t =-0.531; p = 0.015
H^{6e}	*Cognitive social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived financial value creation* in a financial planning business.	No	b = 0.023; t = 1.402; p = 0.161
H^{6f}	*Cognitive social capital* moderates the relationship between the financial planner's *Psychological capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = 0.006; t = 0.388; p = 0.698
H^{7a}	*Relational social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.	No	b = 0.03; t = 1.989; p = 0.047
H^{7b}	*Relational social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = 0.019; t = 0.969; p = 0.333
H^{7c}	*Network social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.	No	b = 0.058; t = 1.376; p = 0.169
H^{7d}	*Network social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = -0.012; t = -0.299; p = 0.765
H^{7e}	*Cognitive social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived financial value creation* in a financial planning business.	No	b = 0.015; t = 0.652; p = 0.514
H^{7f}	*Cognitive social capital* moderates the relationship between the financial planner's *Entrepreneurial capital* and *Perceived non-financial value creation* in a financial planning business.	No	b = 0.004; t = 0.17; p = 0.865

6.11 SUMMARY

In this chapter, the results of the data analysis were presented by, firstly, providing an overview of the sample size and response rate of the study. Thereafter, a demographic summary of the 360 respondents was tabulated and described. The validity of the measuring instrument was assessed through CFA analyses and the construct, convergent, and discriminant validity of the measurement scales was presented. To confirm the fit of the various models, they were compared to a range of recommended goodness-of-fit indices. The hypothesised model (as presented in Figure 4.2 of Chapter Four and Figure 6.1) could then be confirmed as a good fit for the data and further analyses could take place.

The descriptive statistics and correlations were presented followed by the various SEM assessments. These SEM assessments were performed on the constructs to establish the significance of the relationships that constituted the hypothesised model as well as to determine the goodness-of-fit of the models. The significant relationships between the independent and dependent variables were then identified. This was followed by the results of the tests for the moderating effects between certain selected factors. Finally, the hypothesised relationships were summarised and either supported or not supported.

In summary, all the hypotheses proposed for empirical testing were found to demonstrate significant positive direct relationships with the dependent variables *Perceived financial value creation* and *Perceived non-financial value creation*. In measuring the moderation effects, it was found that *Relational social capital* and *Network social capital* moderated the relationship between *Psychological capital* and *Perceived financial value creation*. Lastly, the common method variance was discussed noting that no major influence had been experienced in the study.

In the last chapter of this study, the results presented in this chapter are interpreted and discussed. Managerial implications are highlighted, and recommendations put forward. Thereafter, the contributions are elaborated on and the limitations of the study outlined. Recommendations for future studies are also suggested.

CHAPTER SEVEN

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

In Chapter Six, the analysis of the data and the empirical results of this study were presented. Chapter Seven is the concluding chapter of this study and presents a summary of the current research, which includes an overview of the research process followed as well as how the research objectives of the study were achieved. More specifically, it provides a summary of the respondents' demographic profile followed by the findings and recommendations from the validity and reliability analyses. Thereafter, the chapter addresses the seventh methodological research objective (MO^7), namely, to summarise, discuss and interpret the main empirical findings of the study, as well as suggest recommendations, which will assist financial planners and financial planning businesses to create financial and non-financial value by utilising their human capital. To conclude this chapter, the contributions and limitations of the study are considered and recommendations for future research are offered, achieving the eight methodological objective (MO^8) formulated for this study.

7.2 OVERVIEW OF RESEARCH

To experience financial wellness, it is imperative for people to manage their current and future financial plans and approach their decision-making on these matters in a proactive manner. Whilst some can manage these financial decisions on their own, others often require advice from a financially-astute confidant or a professional financial planner. The importance, therefore, of competent professional financial planners in assisting their clients to create and manage suitable financial plans cannot be underestimated. Since the relationship between financial planners and their clients require a range of inherent and interpersonal skills, it is important to consider the human capital possessed by financial planners in developing good client relationships. Moreover, the importance of human capital should not be ignored as the objective of a financial planner in a financial planning business is to create value from both a financial and a non-financial perspective.

Currently, there is a dearth of integrated research focused on the business management aspects of financial planning, particularly from the perspective of the development of the human capital possessed by financial planners in financial planning businesses. As explained in Chapter One, Section 1.2, it is evident from searches of academic research databases such as EBSCOHost, SAGE, ScienceDirect and GoogleScholar, to name a few, that little work has been done on researching the business of financial planning. Therefore, the primary objective of this study was to investigate the influence of selected *Human capital*s (*Social capital, Psychological capital* and *Entrepreneurial capital*) of financial planners on value creation (*financial and non-financial value*) in South African financial planning businesses.

Section 7.2.1 outlines the research process that was followed and summarises the chapters in which the primary, secondary and methodological objectives were addressed and discussed.

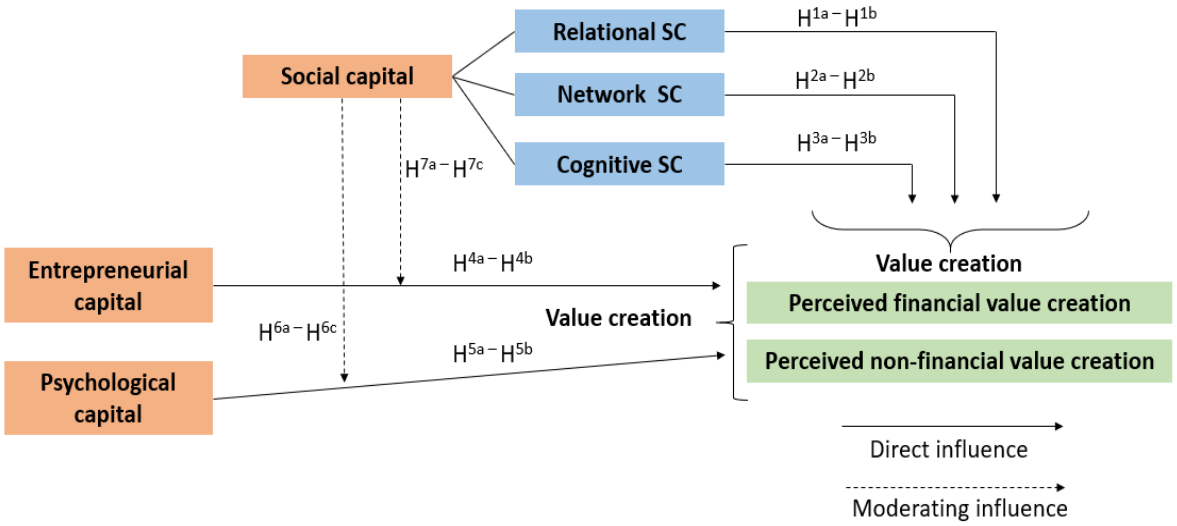
7.2.1 RESEARCH PROCESS

The study commenced with a comprehensive literature review into the nature and significance of the financial planning industry in South Africa. The financial planning industry, financial planners and the practice of financial planning in South Africa was contextualised in Chapter Two (MO^1). The researcher then undertook a literature investigation into the role of capitals in the creation of value by financial planners in financial planning businesses. Thereafter, a review of the main theories underpinning financial planning, namely, value creation and resource-based theories was undertaken and discussed (see Chapter Three, MO^2).

Based on this comprehensive literature review, a hypothesised model of selected human capitals of financial planners that influenced value creation in South African financial planning businesses was developed (see Chapter Four, MO^3). In the hypothesised model, selected human capitals, namely, *Social capital (Relational, Network* and *Cognitive), Psychological capital* and *Entrepreneurial capital*, served as the independent variables whereas *Perceived financial value creation* and *Perceived non-financial value creation* served as the dependent variables. In addition to serving as an independent variable, *Social capital (Relational, Network* and *Cognitive)* was also considered a moderating variable between the other human capitals investigated and the dependent variables.

For ease of reference, the hypothesised model is presented in Figure 7.1.

Figure 7.1: Hypothesised model of direct and moderating relationships between the financial planner's human capital and perceived value creation in financial planning businesses



Source: Researcher's own construction

Once the hypothesised model was developed, the researcher described and justified the research design and methodology chosen to address the research objectives (see Chapter Five, MO[4]). For the purpose of this study, a positivist research philosophy and deductive approach to theory development was adopted, typically associated with a quantitative research design. A survey research strategy was used and the study was cross-sectional in nature.

Based on the hypothesised model (see Figure 7.1), a measuring instrument was developed (see Chapter Five, MO[5], Annexure A) to collect data pertaining to the independent and dependent variables, which were operationalised using items from pre-validated scales. The items from these scales were adapted to suit the context of the current study. The measuring instrument, in the form of a self-administered online structured questionnaire, was then tested in a pilot study. Refinements were made to the questionnaire, after which a link to the questionnaire and a cover letter was sent electronically to potential respondents via email and various social media channels. The invitation to participate in the study was sent to 1 560 potential respondents who

were identified using a convenience sampling technique, representative of the population, as described in Chapter Five, Section 5.5.6.1. A total of 360 usable responses were received.

The data was first cleaned and assessed to ensure that it was ready for analysis. Thereafter, a SEM analysis was performed, firstly, to examine and test the models, then to establish the relationships between variables and, lastly, to determine the path diagrams. The first step entailed performing a CFA and measurement model assessment for each of the constructs according to the original factor structure, followed by a re-specification of the measurement models. The next step involved the inclusion of all constructs into a full latent measurement model, whereafter, the measurement model was turned into a structural model to test the direct effect. During this step, certain problems were experienced (see Section 5.5.9.5 of Chapter Five) and, as a result, separate models to deal with the two dependent variables, namely, *Perceived financial value creation* and *Perceived non-financial value creation*, were specified. In other words, the full measurement model and full structural model were not included for the final hypotheses testing. Separate models were used to assess the relationships (path diagrams) as this was the best way to get around these issues and to still test the hypotheses without introducing new theory and veering away from the research questions being asked.

The goodness of fit of the models was assessed using several indices, namely, the Normed Chi-square, the Goodness of fit (GFI), the Comparative fit index (CFI), the Root mean square residual (RMR) and the Root mean squared error of approximation (RMSEA) (see Chapter Six, Table 6.4 for the index cut-off values used in the current study).

The moderating effects were tested using structural linear regression in IBM AMOS Statistics 27. In the current study, the moderating effect of the variable *Social capital* (as measured by *Relational*, *Network* and *Cognitive*) was tested on the relationships between the independent variables *Psychological capital* and *Entrepreneurial capital* and the dependent variables (*Perceived financial value creation* and *Perceived non-financial value creation*).

The results of the data analysis were presented in detail in Chapter Six (MO^6), while the summary, discussion and interpretation of these results are provided in this chapter (MO^7).

Chapter Seven concludes by highlighting several limitations of the study as well as suggesting some avenues for future research (MO^8).

Section 7.7.2 highlights where the various research objectives of this study were achieved.

7.2.2 ACHIEVEMENT OF THE RESEARCH OBJECTIVES

Table 7.1 indicates the study's objectives and the relevant chapters in which these objectives were addressed and discussed.

Table 7.1: Achievement of research objectives

Primary objective		**Relevant chapter(s)**
The primary objective of this study is to investigate the influence of selected *Human capitals* (*Social capital, Psychological capital* and *Entrepreneurial capital*) of financial planners on value creation (*financial and non-financial value*) in South African financial planning businesses.		All chapters
Secondary objectives		**Relevant chapter**
SO^1	To determine the perceived levels of *financial and non-financial value creation* by financial planners.	Chapter Six
SO^2	To investigate the relationship between the *Social capital* (*Relational, Network and Cognitive)* of financial planners and *value creation* (*financial and non-financial value*) in financial planning businesses.	Chapter Six
SO^3	To investigate the relationship between the *Psychological capital* of financial planners and *value creation* (*financial and non-financial value*) in financial planning businesses.	Chapter Six
SO^4	To investigate the relationship between the *Entrepreneurial capital* of financial planners and *value creation* (*financial and non-financial value*) in financial planning businesses.	Chapter Six
SO^5	To investigate the moderating influence of the *Social capital* (*Relational, Network and Cognitive)* of financial planners on the relationship between *Psychological capital* and *value creation* (*financial and non-financial value*) in financial planning businesses.	Chapter Six
SO^6	To investigate the moderating influence of the *Social capital* (*Relational, Network and Cognitive)* of financial planners on the relationship between *Entrepreneurial capital* and *value creation* (*financial and non-financial value*) in financial planning businesses.	Chapter Six

Table 7.1: Achievement of research objectives (continued)

Methodological objectives		Relevant chapter
MO^1	To undertake a literature review of the financial planning industry and financial planning in South Africa, which is the context of this study.	Chapter Two
MO^2	To undertake a literature review into the role of capitals in the creation of value by financial planners in financial planning businesses.	Chapter Three
MO^3	To propose a hypothesised model of selected human capitals of financial planners that influence value creation in South African financial planning businesses.	Chapter Four
MO^4	To determine the research design and methodology most appropriate to achieve the objectives of the study and address the research questions posed.	Chapter Five
MO^5	To design a measuring instrument to source data for empirically assessing the hypothesised relationships.	Chapter Five Annexure A
MO^6	To report the empirical results obtained from the statistical analyses conducted as well as the significant and insignificant relationships found between the independent, moderating and dependent variables.	Chapter Six
MO^7	To summarise, interpret and discuss the main findings of the study as well as draw conclusions and make recommendations, which will assist financial planners and financial planning businesses to create financial and non-financial value by utilising their human capital.	Chapter Seven
MO^8	To suggest avenues for future research on the role of capitals in the creation of value by financial planners in financial planning businesses.	Chapter Seven

In Section 7.3, the main empirical findings are summarised, interpreted and discussed. In addition, conclusions are drawn and recommendations made. This achieves the study's seventh methodological objective (MO^7).

7.3 DISCUSSION AND INTEPRETATION OF THE MAIN EMPIRICAL FINDING

Section 7.3.1 provides a summary of the demographic profile of the respondents and their businesses, followed by a discussion on the validity and reliability results. Thereafter, the perceived levels of *financial and non-financial value creation* by financial planners is presented (SO^1), and each of the significant direct relationships based on the SEM analysis are summarised, discussed and interpreted (SO^2 - SO^4). Lastly, the moderating influences of *Social*

capital on the relationships between *Psychological* and *Entrepreneurial capital*, and the dependent variables are summarised, discussed and interpreted (SO^5 - SO^6).

For each significant relationship identified, recommendations that will assist financial planners to develop that particular human capital are given. Through developing these human capitals, the findings of this study suggested that financial and non-financial value would be created for financial planning businesses.

7.3.1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The majority of respondents were between the ages of 51 and 60 years (34.2%), followed by respondents from between the ages of 61 and 70 years (20.6%). While 69.4% of respondents were identified as male, the majority of respondents were White (85.8%) and the predominant home language spoken by the respondents was English (60.6%). The majority of the respondents hailed from Gauteng (36.39%) and the Eastern Cape (33.06%).

Most respondents were well educated and held a professional designation from the professional body, namely, the Financial Planning Institute (FPI). Postgraduate qualifications such as an honours degree or postgraduate diploma were held by 59.4% of respondents while a further 13.9% held a master's degree, MBA or higher degree. The majority respondents were members of the industry's professional body, the FPI, of whom 66% held the CFP® designation. The majority of respondents hold both the RE1 and RE5 regulatory licenses from the FSCA (49.7%) indicating that they were key individuals in the business, followed by 41.5% of respondents holding a RE5 license indicating that they were licensed to provide advice but may not be a key player in the business.

Regarding the tenure or length of service in the current business/organisation and the total years' experience in the industry (industry tenure), the majority of the respondents (28.1%) reported a tenure of over 20 years with their current business and a further 13.3% with between 16-20 years tenure. Some 20% of respondents had a 3-5 years tenure in the current business. Concerning experience in the industry, the majority (31.2%) had more than 20 years' experience, whilst another 17,5% had between 16-20 years' experience. A minority of

respondents (17.7%) were new to the industry with less than five years' experience. The majority of financial planners managed large portfolios of clients with 24.5% reporting client portfolios of over 301 clients, a further 11.1% managing between 151-200 clients, and another 6.1% managing between 201-250 clients. Most were employed in independent financial planning businesses with under 50 staff (51.9%) and another 18.9% employed in large financial planning businesses (50 or more staff). The remainder of the respondents were employed in insurance companies (10.3%), consulting and actuarial businesses (5.8%), banking institutions (5%), accounting businesses (3.6%) and investment businesses (3.6%).

Based on the demographic profile of the respondents, it can be concluded that most who participated in this study could be described as competent financial planners. They were experienced, well-qualified, licensed and professionally-accredited, familiar with their organisational environment and their roles, managing large client portfolios and predominantly operating from dedicated financial planning practices. The researcher was, therefore, satisfied that the sample provided an appropriate representation of the population and that respondents were suitably qualified to participate in the study.

7.3.2 VALIDITY AND RELIABILITY RESULTS

Prior to data collection, the face validity of measuring instrument was confirmed through an assessment by expert researchers and a pilot test. Thereafter, a CFA was performed to confirm the construct validity of the measurement scales. The scales were confirmed as indicating acceptable overall fits when compared to the goodness-of-fit indices and were then retained for further measurement (see Section 6.4.3).

Pertaining to the convergent validity of the measurement scales, the constructs *Relational social capital*, *Entrepreneurial capital*, *Psychological capital* and *Perceived financial value creation* indicated AVE values below the recommended threshold of 0.5. The remaining constructs *Network social capital*, *Cognitive social capital* and *Perceived non-financial value creation* reported acceptable AVE values above the threshold of 0.5. It was decided to consider the AVE results, yet retain all the constructs based on the important theoretical foundations discussed in

the literature Chapters Two, Three and Four, where all constructs were shown to have a role in the creation of value.

Discriminant validity was assessed and confirmed by comparing the average variance-extracted values for any two constructs with the square of the correlation estimate between these two constructs. The variance extracted estimates should be greater than the squared correlation estimate. All constructs met the discriminant validity requirements with the exception of two, which were only marginally less than the absolute value, and thus retained for further empirical analysis (see Section 6.4.5).

Assessing the reliability of the measurement scales showed that all the constructs demonstrated acceptable Cronbach's alpha coefficients as well as Composite Reliability values of above the recommended threshold of 0.70 (see Section 6.5).

Given the model fit indices and the variance extracted estimates as well as reliability coefficients, it was decided to retain all the constructs for further analysis. Against this background, as the measuring instrument used in the current study demonstrated satisfactory levels of validity and reliability, and the data that was collected was considered suitable for further analysis.

7.3.3 PERCEIVED LEVELS OF FINANCIAL AND NON-FINANCIAL VALUE CREATION

The first secondary objective (SO^1) was to determine the perceived levels of *financial* and *non-financial value creation* by financial planners. Since actual financial performance of their businesses could not be shared by the respondents, they were requested to share their perceptions of financial value creation.

In the current study, *Perceived financial value creation* was originally measured using eight items. However, two items did not load onto the *VCFin* scale, namely, "Over the last three years, I have been able to widen my service offering to my financial planning clients" and "Over the last three years, I have been able to offer more financial planning products to my clients".

Therefore, these items were deleted from the scale. After removing these two items, the revised scale for this construct had a Cronbach's alpha score of 0.817. Compared against the recommended GOF indices as shown in Chapter Six, Table 6.10, the *VCFin* scale indicated an overall good fit. The operational definition for *Perceived financial value creation* was reformulated based on the items that loaded, and the findings of this study showed that over 77% of financial planners participating in this study agreed that they were experiencing their financial planning businesses as being financially rewarding, successful and financially secure. Only 3% of respondents disagreed. The descriptive statistics reflected that the majority of financial planners who responded (56,1%) had more than ten years of experience in the financial planning industry, whereas only 5% had less than five years of experience. Considering these findings, the financial planners who did not enjoy their work or were not successful in their jobs might have exited the industry to find other work. This survivor bias could possibly explain the high percentage of financial planners reporting a rewarding and satisfying job.

All seven items intended to measure *Perceived non-financial value creation (VCNonFin)* loaded as expected and compared to the recommended GOF indices as shown in Chapter Six, Table 6.11, the *VCNonFin* scale indicated an overall good fit. In addition, a Cronbach's alpha coefficient of 0.875 was reported. *Perceived non-financial value creation* was operationalised based on these seven items. The findings of this study showed that the majority (68.9%) of participating financial planners agreed that they were experiencing job satisfaction and were deriving rewards such as enjoyment, fulfilment, status, approval and prestige from their jobs. Only 2.5% indicated that they were not experiencing their job as a financial planner as satisfying and rewarding. As suggested, considering that the majority of financial planners reported high levels of experience in the industry, it could be assumed that unhappy or unsuccessful financial planners might change industries to seek employment in other types of business.

7.3.4 DISCUSSION AND INTERPRETATION OF DIRECT SIGNIFICANT RELATIONSHIPS IDENTIFIED AND RECOMMENDATIONS MADE

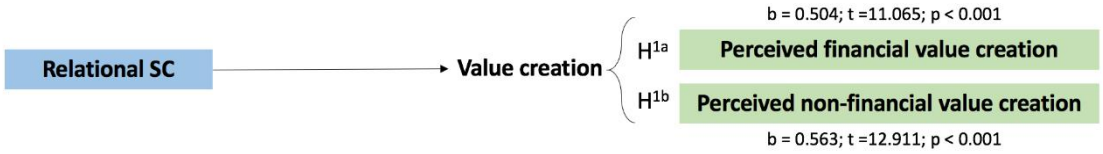
SEM analysis was the main statistical technique employed to assess the direct relationships between the dependent and independent variables. The statistically-significant direct

relationships emanating from the SEM analysis were presented in Table 6.22 of Chapter Six. These relationships are summarised, interpreted and discussed in Sections 7.3.3.1 to 7.3.3.5, after which suitable recommendations are offered on how to develop these human capitals of the financial planner so as to enhance value creation (both financial and non-financial) in financial planning businesses.

7.3.3.1 Relational social capital

Figure 7.2 represents the relationships between *Relational social capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation* (SO^2).

Figure 7.2: The relationship between Relational social capital and Perceived value creation



The findings in this study showed that *Relational social capital* was significantly and positively related to both *Perceived financial value creation* and *Perceived non-financial value creation*. Hypotheses H^{1a} and H^{1b} were thus supported. In other words, the more the financial planner had good personal formal and informal relationships characterised by trust, respect and open communication, the more likely it was that financial value (experience financial reward, success and financial security as well as experience growth in service offering and number of clients) and non-financial value (experience job satisfaction, enjoyment, fulfilment, status, approval and prestige) would be created by the financial planner in the financial planning business.

This finding is supported by existing literature (Hamad et al. 2019; Hotchkiss & Rupasingha 2018; Grönroos 2017:125; Muniady et al. 2015:1; Harvie & Milburn 2010:634), which suggests that relational social capital plays an important role in the creation of value for businesses. The strength, nature and quality of the relationships between financial planners and their clients are important to develop, especially when increasingly tougher external financial environments are experienced both globally and in South Africa, thus motivating a greater need for financial planners to assist clients with their financial plans.

In view of this result on *Relational social capital*, the following recommendations are proposed:

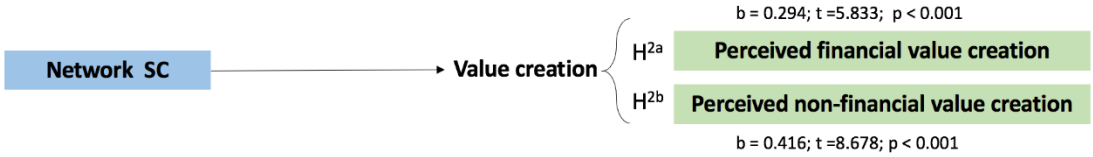
- The financial planner has the ability to become a close confidant of the client and may be privy to very personal information, rarely shared with others. Once these, often difficult, conversations have been shared between the financial planner and the client, strong and lasting relationships are built, provided that trust and respect are present. As such, developing *Relational social capital* has the potential to create both financial and non-financial value for the financial planner. Therefore, financial planners should actively seek to develop the quality of their relationships with their clients and potential clients creating an environment of trust and respect where relationships could flourish.
- One element/aspect of building a quality relationship is to ensure open and transparent communication with the client, especially where the client feels vulnerable about disclosing his/her financial circumstances, family relationships, financial needs and goals. However, creating an environment of trust and respect would enable open and transparent communication to take place.
- Another way to create an environment characterised by less anxiety for the client, more trust and a willingness to share sensitive information with the financial planner, is the careful use of words and language in conversations between the financial planner and the client. The financial planner should be sensitive to how he/she communicates his/her message, paying particular attention to his/her choice of words and style of communication, respecting and ensuring client's confidentiality at all times.
- In the case of larger financial planning companies, management should carefully oversee the interview process for the recruitment of financial planners during which the assessment of the tacit knowledge relating to relationship building skills of new employees should be confirmed.
- Financial planners should attend courses and/or webinars to improve their communication and interpersonal skills with clients.
- Mentoring of young financial planners by more experienced financial planners with strong relationship, communication and interpersonal skills, could assist new financial planning employees in building and nurturing relational social capital with clients.
- The industry should recommend a period of articles or apprenticeship for new entrants to the financial planning profession. This could include a type of articles served by new

financial planners, which is similar to that offered in the accounting profession. Offering learnerships, paraplanning roles (a non-client facing role that junior financial planners play when they are under the supervision of an experienced financial planner until they can manage their own client portfolios) and mentorship programmes before new entrants embark on client-facing advisory roles, would be beneficial in developing and retaining new financial planners in the industry. In doing so, new entrants could build their own confidence which, in turn, would enable relationships to be built in an environment conducive to trust, respect and open communication.

7.3.3.2 Network social capital

Figure 7.3 represents the relationships between *Network social capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation*, based on the SEM analysis (SO^2).

Figure 7.3: The relationship between Network social capital and Perceived value creation



The findings of this study supported hypotheses H^{2a} and H^{2b} as *Network social capital* was significantly and positively related to both *Perceived financial value creation* and *Perceived non-financial value creation*. Consequently, financial planners who regularly attended gatherings of a personal nature and associate with formal and informal bodies as well as having friends and colleagues to assist them in meeting potential clients, were more likely to experience financial reward, success and financial security (financial value). They would also experience job satisfaction, enjoyment, fulfilment, status, approval and prestige (non-financial value).

This finding is supported by previous research (Hamad et al. 2019; Muniady et al. 2015:1), which also suggests that in addition to the other dimensions, network social capital has a positive effect on business performance. Since the successful practice of financial planning is built on relationships, it is important for the financial planner to build good networks to meet

new potential clients and strengthen ties with colleagues within the financial planning industry, by associating with and/or having membership of social, sporting and cultural groups.

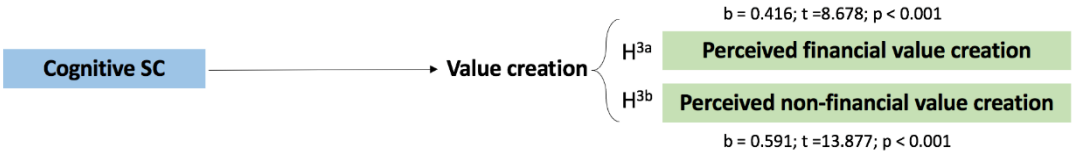
In view of this result on *Network social capital*, the following recommendations are proposed:

- Financial planners should actively seek out opportunities to enlarge both their formal and informal networks. Regular participation in friendship and social networks, as well as memberships of sporting and cultural bodies, would assist them in meeting new potential clients (bridging new networks) and assist them to strengthen ties within existing networks (binding existing networks).
- Financial planners should develop an online presence through making use of suitable digital networking platforms to reach potential new clients as well as to maintain existing networks. Following the global developments in remote and online work brought about by the Covid-19 pandemic, and the resulting lockdowns, financial planners have been required to move to an online working environment. Therefore, having a visible, professional, and digital presence as well as engaging with targeted populations on educational and topical matters relating to financial planning, could expand their networks when seen to be providing helpful material to the targeted grouping.
- Management should promote and provide flexibility in the workplace to enable financial planners to engage in physical and online network building activities. Encouraging participation in non-financial planning networks might enable financial planners to meet new potential clients. For example, participating in sporting and cultural activities, or participating in conferences hosted by other disciplines might introduce new ties to different networks of prospective clients (bridging ties). In providing financial planners flexibility to network with other professions, they are afforded opportunities to gain exposure to new potential clients.
- Regularly attending meetings hosted by professional financial planning bodies, and/or meeting with colleagues in the field of financial planning, not only enhances the prospects of meeting new clients, but might also assist with the improvement of the technical knowledge of financial planners.

7.3.3.3 Cognitive social capital

Figure 7.4 represents the relationship between *Cognitive social capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation*, as indicated by the data analysed in this study.

Figure 7.4: The relationship between Cognitive social capital and Perceived value creation



The findings in this study showed that *Cognitive social capital* was significantly and positively related to both *Perceived financial value creation* and *Perceived non-financial value creation,* which supported hypotheses H^{3a} and H^{3b}. In the context of this study, this finding implied that the more financial planners had personal and business relationships with those who had similar goals and values, and with whom they had common ethics, the more likely they were to create both financial and non-financial value in their financial planning businesses.

Existing literature has identified that the shared interpretations, meanings, language, background, goals, values and ethics associated with cognitive social capital, that exist between people who work together lead to better business performance (Analia et al. 2020:81; Muniady et al. 2015:1; Hu & Randel 2014; Nahapiet & Ghoshal 1998).

In this study, two items measuring *Cognitive social capital* exhibited low standardised regression weights (both below 0.4), namely, "I prefer to do business with people who speak the same language as I do" (0.093) and "I prefer to do business with people who have the same background as me" (0.212) and were, therefore, removed from the measurement model results reported in Chapter Six, Table 6.7. As a result, existing literature supports the findings of this study with regard to the shared interpretations, meanings, norms and values of cognitive social capital having a positive influence on value creation. However, as the items relating to language and background were removed from the measurement model, these issues could not be assessed or compared to existing literature in the current study. A possible explanation as to why these

previously-validated items exhibited low standardised regression weights and had to be removed from the scale could be because of the diverse ethnic and cultural backgrounds in South Africa as well as the many official languages that existed. South Africans with their diverse cultures and languages had integrated well in the workplace and it was common for people to do business with others who might not have the same language or background as them.

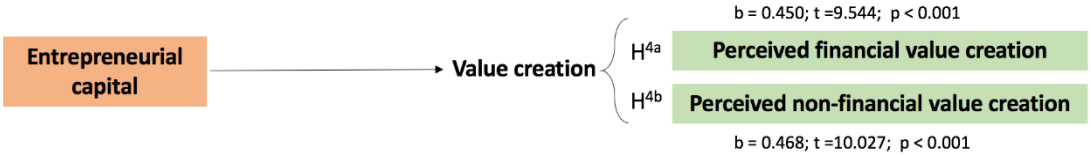
Against this observation, in the South African context of financial planning, financial planners might have portfolios of clients who are diverse in terms of their home language spoken and cultural background, however, they might still share similar values, goals and norms as their clients. Having business relationships with clients who shared common goals, values and ethics was likely to lead to value creation by the financial planner. In view of this result on *Cognitive social capital*, the following recommendations are proposed:

- Financial planners should identify and conduct business with potential clients who share similar goals, values and ethics. This should form part of the introductory step of the financial planning process whereby the financial planner and client explore and establish whether they could form a business relationship. At this point, both parties should be able to determine whether a business relationship would match their expectations and whether they shared common goals, values, and ethics, and whether such a relationship was worth pursuing.
- Management of larger financial planning companies should clearly communicate their goals, values and ethics to ensure that both potential employees and clients' goals, values and ethics are aligned with those of the company. The goals, values and ethics should form part of the printed and online business communication material. In doing so, the business could aim to attract and engage financial planners and clients who shared the same goals, values and ethics as that of the business.

7.3.3.4 Entrepreneurial capital

Figure 7.5 represents the relationship between *Entrepreneurial capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation* as indicated by the results of the SEM data analysis in this study.

Figure 7.5: The relationship between Entrepreneurial capital and Perceived value creation



The findings in this study showed that *Entrepreneurial capital* was significantly and positively related to both *Perceived financial value creation* and *Perceived non-financial value creation*; therefore, hypotheses H^{4a} and H^{4b} were supported. In the context of this study, *Entrepreneurial capital* referred to financial planners having the ability to take risks, excel at identifying new business opportunities, showing initiative, creativity and inventiveness and having the courage to make bold and difficult decisions. As such, the findings suggested that the more financial planners possessed these attributes, the more likely they were to create financial and non-financial value in financial planning businesses.

The positive influence of entrepreneurial capital on value creation is supported by previous research suggesting that possessing higher levels of entrepreneurial capital contributes to better performance outcomes by individuals (Buenechea-Elberdin et al. 2017:369; Albort-Morant & Rey-Marti 2015:86; Demartini & Paoloni 2014:9). In the context of financial planning, entrepreneurial skills are required by financial planners to identify and develop a portfolio of clients and to remain at the leading edge of latest developments in the financial planning industry. Financial planners are required to work independently, take risks, identify new business opportunities, display courage and act with boldness and initiative in their professional endeavours.

In view of this result on *Entrepreneurial capital*, the following recommendations are proposed:

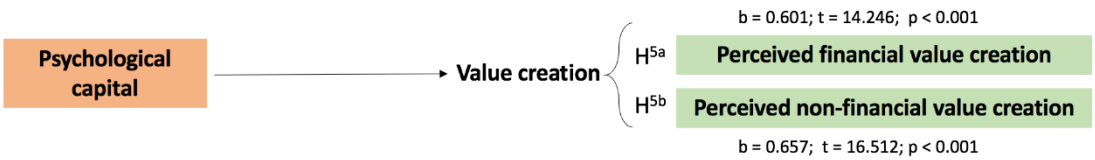
- Financial planners should develop their entrepreneurial skills through being more alert to identifying new business opportunities in the financial planning industry. For example, training courses could be taken on how to improve their entrepreneurial skills.
- By seeking opportunities to interact with individuals from different occupations such as those in the accounting and legal professions, or sporting and cultural groups, might result in the generation of new business leads.

- Identifying new business opportunities by specialising in a niche area of financial planning or by having a niche client focus could be considered. For example, financial planners could focus on providing a service to clients from a specific profession (for example, medical or engineering professionals), or on providing specific services in a specific area of financial planning. An example a specific area of financial planning is divorce planning where the specialist financial planner could assist couples transition through the dissolution of their estates on termination of their marriage. Other examples might include a specialised focus on clients of a specific gender, age, religious group or sexual orientation.
- Financial planners should work creatively, independently and take risks to develop new market opportunities, for example, partnering with businesses who are not in the same industry, for example, travel and lifestyle companies or motor car dealerships, to host joint events for existing and potential clients. Such partnerships might be symbiotic and non-competitive.
- Management should focus on identifying and evaluating the level of entrepreneurial capital possessed by financial planners at the recruitment stage. This could be established by recruiting financial planners who are already in the industry through enquiring from new recruits how they went about building their client base. When recruiting new financial planners, creative questions regarding strategies the financial planner would follow to gain new clients could be asked.
- Furthermore, management should offer entrepreneurship courses to existing financial planners in the business, to develop the level of entrepreneurship of their financial planners. These courses should focus on developing the abilities of financial planners to be creative and innovative as well as to identify new business opportunities, take risks, work independently and take the initiative in growing their businesses.
- Universities that offer financial planning qualifications should include entrepreneurship modules that also develop these abilities in financial planners as part of their curriculum.

7.3.3.5 Psychological capital

Figure 7.6 represents the relationship between *Psychological capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation*, found in this study.

Figure 7.6: The relationship between Psychological capital and Perceived value creation



The findings in this study supported hypotheses H^{5a} and H^{5b}, stating that *Psychological capital* was positively related to *Perceived financial value creation* and to *Perceived non-financial value creation* of financial planners in financial planning businesses. This finding implied that the more financial planners possessed *Psychological capital* through having a positive psychological approach, which included states of hope, efficacy, resilience and optimism, the more likely financial and non-financial value would be created in financial planning businesses. In particular, having hope implied that financial planners energetically pursued their work goals, were meeting the work goals they set for themselves and believed that there were many ways to solve problems that might occur at work. This, in turn, would increase value creation in the financial planning business. Having self-efficacy implied that if financial planners had the necessary skills to work as financial planners, were confident in helping clients to set financial targets/goals and were confident in finding solutions to financial planning problems, the more likely financial and non-financial value would be created. Another element of *Psychological capital* having a positive influence on value creation in the financial planning business was that financial planners should be resilient, in other words, being able to manage difficulties at work, having the ability manage stressful situations well at work and being able to handle many things at one time when doing their job as financial planners. The last element of *Psychological capital* was having optimism. If financial planners were optimistic about what happened in the future, always looked on the bright side and expected the best outcomes pertaining to their job as financial planners, the more likely it was that value would be created in the financial planning business.

Literature provides ample support that these four psychological states are associated with several job attitudes and are positively related to employee performance in the workplace (Luthans & Youssef-Morgan 2017:2; Dawkins et al. 2013:348; Avey et al. 2010:20; Luthans et al. 2004:45). In the context of financial planning, the inherent states, which comprise

psychological capital, enable the financial planner to confidently and effectively manage his/her professional activities in an uncertain environment, display resilience in the face of obstacles and look forward to better outcomes in the future. These qualities are inherent and, as such, are difficult to develop in people. Mirzaei et al. (2016:97) suggest that PsyCap is a measure of well-being in the work environment and well-being contributes to increased employee performance and, in turn, contributes to increased business performance.

In view of this result on *Psychological capital*, the following recommendations are proposed:

- Even though the four psychological states are inherent to financial planners, these states in a financial planner could be influenced by external environmental factors (for example, stressful and uncertain situations). Some of these external factors might be situational and time bound, which could, therefore, be managed by the financial planner, whilst other situations are more difficult to manage. Awareness of which of these factors could be managed by the financial planner is important. A manageable situation, for example, might be the stress experienced when moving a business online during a pandemic. However, the stress reduces once the task is completed. A situation that is more difficult to manage involves external factors such as, for example, being employed in the "wrong" business where the culture or values of the business are not a suitable match to that of the individual, which could result in ongoing stress experienced by the financial planner and, which could only be resolved by leaving the employment of the business. By managing the external factors that negatively impact their psychological states, financial planners could manage their levels of resilience, self-efficacy, hope and optimism for the future as pertain to their jobs. In other words, using the previous example, if employed in an unsuitable company, the individual might lose confidence, optimism, hope and resilience. Seeking a better fit in a different business might enable the individual to flourish.
- Financial planners should improve their self-management in the workplace by, for example, improving their time management skills and building their competencies by attending courses that increase their knowledge and skills to complement their personal development requirements. This would improve their confidence and self-efficacy as financial planners.
- Outside of the workplace, financial planners should strive for holistic well-being to enable

a good work-life balance. Well-rounded and balanced individuals might manage stressful situations better than others who do not live a balanced life. For example, stressors in the family environment leak into the business environment and vice versa. Financial planners should, therefore, seek balance and harmony in all important aspects of life and pursue good relationships in all spheres of their lives. This should give the financial planners hope and optimism in their personal and business lives.

- Management should identify and assess these four psychological states during the recruitment phase when employing new financial planners. Psychometric tests could be utilised when interviewing short-listed candidates so that these qualities can be estimated prior to an employment offer being made.
- Furthermore, management should ensure that personal development opportunities be afforded to promising, existing employees seeking to grow their confidence and financial planning competencies. Whilst the psychological states cannot be increased on their own, personal or professional development opportunities might translate to more confident individuals who might perceive their roles with greater hope, self-efficacy, resilience and optimism.

7.3.5 DISCUSSION AND INTERPRETATION OF MODERATING RELATIONSHIPS INVESTIGATED AND RECOMMENDATIONS MADE

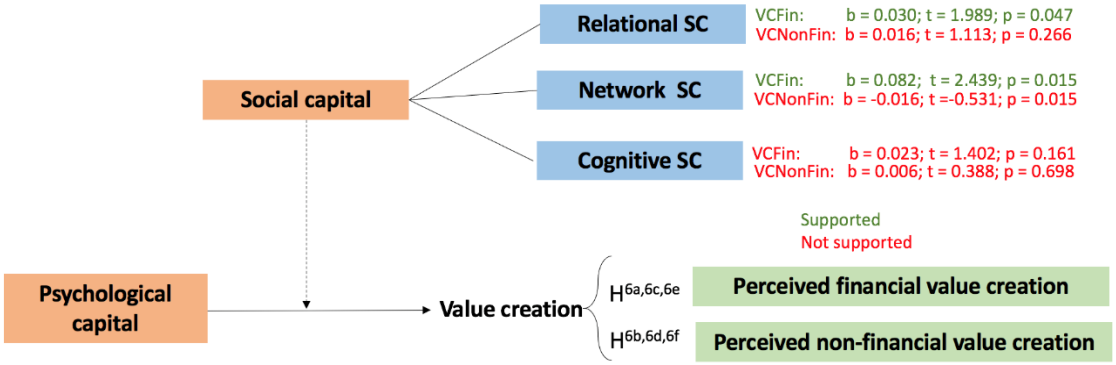
In addition to testing direct relationships, the moderating influence of *Social capital* on the relationships between the independent variables *Entrepreneurial capital* and *Psychological capital* and the dependent variables (value creation) were also assessed (see SO^4 and SO^5; Chapter Six, Table 6.23). These findings are discussed and interpreted in Sections 7.3.5.1 and 7.3.5.2.

7.3.5.1 The moderating influence of Social capital on the relationship between Psychological capital and Perceived financial and non-financial value creation

Figure 7.8 represents the findings relating to the moderating influence of *Social capital* as measured by *Relational social capital, Network social capital* and *Cognitive social capital*, on

the relationship between *Psychological capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation*.

Figure 7.7: The moderating influence of Social capital on the relationship between Psychological capital and Perceived value creation



The findings of this study showed that *Relational social capital* and *Network social capital* did not moderate the relationship between *Psychological capital* and the dependent variable, *Perceived non- financial value creation.* The findings thus did not support hypotheses H^{6b} and H^{6d}. Furthermore, no significant effect was found with regard to the moderating influence of *Cognitive social capital* on the relationship between *Psychological capital* and the dependent variables, *Perceived financial value creation* or *Perceived non-financial value creation.* Support was thus also not found for hypotheses H^{6e} and H^{6f}.

However, in this study, support for hypotheses H^{6a} and H^{6c} was found, namely, that *Social capital* (particularly, the dimensions *Relational social capital* and *Network social capital*) moderated the relationship between *Psychological capital* and the dependent variable, *Perceived financial value creation.* This implied that in the presence of high levels of these two dimensions, namely, *Social capital* (*RSC* and *NSC*), *Psychological capital*, had a greater impact on *Perceived financial value creation*, than in the presence of lower levels of these two dimensions.

These findings implied that the more financial planners possessed *Relational social capital*, namely, having relationships with clients, partners and friends characterised by trust, respect and open communication, the stronger the influence of *Psychological capital* (having hope,

self-efficacy, resilience and optimism) was on *Perceived financial value creation.* In the same manner, in the presence of high levels of *Network social capital* possessed by the financial planner, namely, regularly attending gatherings of a personal nature and associating with formal and informal bodies as well as friends and colleagues to meet potential clients, the stronger the influence of *Psychological capital* was on *Perceived financial value creation.*

In the literature, the moderating influence of *Social capital* on the relationship between *Psychological Capital* and business performance was supported by Lan (2019:2202), however, no support was found by Anglin et al. (2018:470). Mirzaei et al. (2016:108) found that the effect of positive PsyCap and social capital on intellectual capital had a positive influence on intellectual capital (including human capital), and recommended that employers encouraged their employees to join formal social networks and group associations to develop their social capital.

In view of the results relating to the moderating role of *Social capital* (*RSC* and *NSC*) on the relationship between *Psychological capital* and *Perceived financial value creation*, several recommendations have already been provided in Sections 7.3.3.1, 7.3.3.2 and 7.3.3.5, which are also applicable. The following additional recommendations are, however, proposed:

- Given the positive effect of possessing both high levels of *Relational* and *Network social capital* on the relationship between *Psychological capital* and value creation, financial planners should pay particular attention to their social and professional relationships. Specifically focussing on building relationships characterised by trust and respect, and open communication. In addition, building good quality social networks in online and digital environments would enable financial planners to broaden and deepen their reach within existing networks (bonding ties), and to reach new networks through introductions (from existing networks) to new people in other networks (bridging ties).
- The combined positive effect of nurturing the four states of hope, self-efficacy, resilience and optimism should be a focus. Financial planners who develop a well-balanced life would experience higher levels of confidence, optimism, resilience and hope for their futures. In turn, they would demonstrate self-efficacy and would be likely to have strong, high quality, trusted relationships and participate in social networks, which were beneficial to their personal lives as well as their financial and business performance.

- As part of a business's recruitment strategy, management or the human resources department should seek to employ financial planners who possess high levels of these capitals (*RSC*, *NSC* and *PsyCap*). Furthermore, providing assistance and support to existing financial planners in developing these capitals would be beneficial to the performance of the financial planner and, ultimately, also beneficial to the business.

7.3.5.2 The moderating influence of Social capital on the relationship between Entrepreneurial capital and Perceived financial and non-financial value creation

Figure 7.7 represents the findings relating to the moderating influence of *Social capital* as measured, particularly, by the dimensions of *Relational social capital*, *Network social capital* and *Cognitive social capital* on the relationship between *Entrepreneurial capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation*.

Figure 7.7: The moderating influence of Social capital on the relationship between Entrepreneurial capital and Perceived value creation

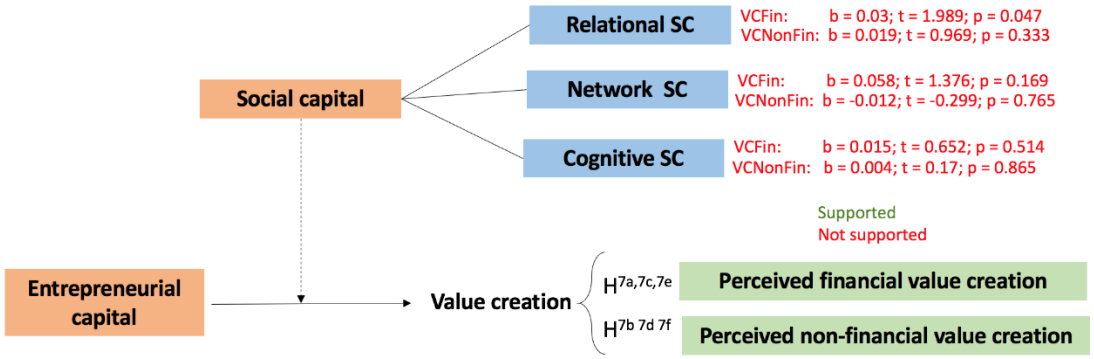


Figure 7.7 shows that *Relational social capital*, *Network social capital* and *Cognitive social capital* did not moderate the relationship between *Entrepreneurial capital* and the dependent variables, *Perceived financial value creation* and *Perceived non-financial value creation.* This implied that, in the presence of these capitals, having *Entrepreneurial capital* did not lead to a greater impact on *Perceived financial value creation* or *Perceived non-financial value creation*. The findings in this study thus did not support hypotheses $H^{7a\text{-}7f}$.

The literature provided mixed results for the moderating influence of social capital on the effect of entrepreneurial capital on business performance. Findings of the study by Zheng et al. (2017:1) suggest that social capital does not enable the business to improve entrepreneurial innovation performance. Zheng et al.'s (2017) findings are in line with the findings of the current study indicating that *Social capital* as measured by *Relational social capital, Network social capital* and *Cognitive social capital*, did not moderate the relationship between *Entrepreneurial capital* and both *Perceived financial* and *non-financial value creation* in financial planning businesses. The findings of the current study were, however, in contrast to the study of Stam and Elfring (2008:17) who found that new venture's founders who possessed high levels of social capital embedded in their intra- and extra-industry network ties, positively influenced the relationship between entrepreneurial orientation and performance of the new venture. Stam and Elfring (2008) also found that the network social capital of the founders strengthened the relationship between the entrepreneurial orientation and the performance of the new venture.

These findings on the moderating influence of *Social capital* on the relationship between *Entrepreneurial capital* and value creation in the current study were interesting and should be further explored in a qualitative study.

This study has been able to make contributions to the academic body of knowledge as described in the Section 7.4.

7.4 CONTRIBUTIONS OF THE STUDY

This study theoretically contributes to a growing global body of knowledge on financial planning in general, and the role of the financial planner's human capital in value creation in financial planning businesses. As such, this study fills certain gaps in the existing knowledge relating to the influence of human capital in a financial planning context, particularly, the factors of human capital that contribute to value creation in financial planning businesses. In Chapter One, it was highlighted that as financial planning is an emerging research field, limited academic research exists in general and no analysis of the various forms of capital in the creation of value by financial planners in financial planning businesses could be found. It was

highlighted that in a business environment that depended on financial planners building strong personal and professional relationships based on trust and respect with their clients, social networks and other role players were important. In addition, where highly-personal financial goals and circumstances were often disclosed and discussed, the human capital of a financial planner had an important role to play. In particular, *Social capital* (*RSC, NSC* and *CSC*), *Entrepreneurial capital* and *Psychological capital* matters, had an influence on the *Perceived financial and non-financial value creation* for the individual and, ultimately, the business.

Moreover, a theoretical contribution is made by developing a comprehensive hypothesised model of selected *Human capitals (RSC, NSC, CSC, EC* and *PsyCap)* of a financial planner that could influence the *Perceived financial* and *non-financial value creation* in South African financial planning businesses. Evidence of similar models examining these selected *Human capitals* could not be found in either a global or South African context. Although the model could not be tested as a comprehensive model in the current study, the relationships in this hypothesised model were supported based on the literature. Future studies could work on improving the measures so that the hypothesised model could be tested as a whole.

The theories underlying the hypothesised model were the RBV and, particularly, its sub-theory, the KBV. The current study makes a further theoretical contribution by applying the RBV and KBV to the financial planning industry, which is a knowledge-intensive industry, thus, applying the KBV in a new context. The KBV underlies the hypothesised model and, therefore, makes a contribution to the emerging theory of financial planning research.

This study also makes a contribution by developing valid and reliable scales that measure selected *Human capital*s *(RSC, NSC, CSC, EC* and *PsyCap)* of financial planners in the South African context. In the South African context, it was noted that two items from previously validated scales measuring *Cognitive social capital* (Hu & Randel 2014; Nahapiet & Ghoshal 1998) did not load as expected, namely, “I prefer to do business with people who speak the same language as I do” and “I prefer to do business with people who have the same background as me”. This finding is particularly interesting given the diversity among South Africans and is of importance to future researchers measuring *Cognitive social capital* in culturally-diverse contexts.

Furthermore, whilst these scales were developed for the financial planning context, they could be generalised and used by others undertaking research in similar professional personal service occupations. Following the data analysis process, the researcher is, however, of the opinion that the various scales should be enhanced for future studies, as recommended in Section 7.5.

A further contribution is the manner in which the construct *Social capital* was assessed in the study. Firstly, *Social capital* was measured as a multi-dimensional construct, namely, *Relational social capital, Network social capital* and *Cognitive social capital.* Secondly, the moderating effect of these dimensions of social capital were tested on the dependent variables in the study.

Another contribution made by this study is the manner in which *Value creation* was assessed. Studies in general tend to assess value creation from either a financial or a non-financial perspective. In the current study, scales were developed to assess both dimensions of value creation independently, namely, *Perceived financial value creation* and *Perceived non-financial value creation.* As such, this study contributes to a growing body of research that recognises that value is created through both financial and non-financial means (Van den Heever 2014:133; Chaing & Birch 2011; Sarasvathy 2008:223).

Furthermore, a large database of licensed South African financial planners was developed incorporating members of the professional body, FPI as well as financial planners who were not members of the professional body. This can be considered a contribution as future researchers can use and build on this database.

Numerous practical recommendations were made in Section 7.3.3 of this chapter. These recommendations are a contribution as they could practically assist financial planners and managers of financial planning businesses to optimise financial and non-financial value in their businesses by adopting strategies to augment these capitals in their businesses. Since these capitals reside inherently in the individual financial planner, strategies to recruit, develop and retain financial planners rich in these capitals would indirectly lead to value creation and improved performance in financial planning businesses.

7.5 LIMITATIONS OF THE STUDY

As is often experienced when conducting research, some limitations were identified which should be taken into account when interpreting and generalising the findings of this study. Some of the limitations of the present study are acknowledged and may present avenues for future research. These suggestions for future research are made in Section 7.6.

When interpreting the results for the construct *Network social capital*, the deletion of five items from this construct fell outside the range for minor modifications (< 20%), according to Hair et al. (2014:622), and is, therefore, noted as a limitation. Therefore, all results related to *Network social capital* should be interpreted with caution. The five items, which exhibited low standardised regression weights were removed from the measurement model as depicted in Chapter Six, Table 6.6. When developing new items for a scale measuring *Network social capital*, these items should be developed to ensure increased validity.

The deletion of two items from the construct *Cognitive social capital* falls slightly outside the range for minor modifications (< 20%) (Hair et al. 2014:622) and is noted as a limitation. Two items had to be removed from the measurement model results as reported in Chapter Six, Table 6.7. Further exploration into the validity of this scale within the context of this study's research population should be considered for future research. Therefore, the results related to *Cognitive social capital* should be interpreted with caution.

Two items were deleted from the construct *Perceived financial value creation.* Deletion of these items falls within the range for minor modifications (<20%) as suggested by Hair et al. (2014:622) and should be recorded as a limitation of the study. Further exploration into the validity of this scale within the context of this study's research population should be considered for future research. Therefore, results related to *Perceived financial value creation* should be interpreted with caution.

7.6 RECOMMENDATIONS FOR FUTURE RESEARCH

Despite the limitations of the current study discussed in Section 7.5, several avenues for future research on the influence of the human capitals of the financial planner on value creation in financial planning businesses can be suggested (MO[8]). For example, this study focused on the South African financial planning business environment. Future studies could expand to other country contexts or can include a global study of the financial planning industry. The study could also be repeated to establish if since the onset of the Covid-19 pandemic, the perceptions of financial planners have changed. Furthermore, future studies can be extended to other knowledge-intensive businesses where the influence of human capital on value creation can be investigated.

The current study focused on the influence of the human capitals of the financial planner on value creation in financial planning businesses. However, future studies could investigate other intellectual capitals such as cultural capital, moral capital and spiritual capital. Such studies could provide greater insights into the role of intellectual capital as a whole on the creation of value by financial planners.

Although it was not the purpose of this study, future researchers could consider adding control variables such as age, gender, qualification and industry tenure when analysing the relationships between the dependent and independent variables. The current study could be elaborated on to include the influence of these control variables.

In addition, whilst the moderating influence of *Social capital* was investigated in the current study, an investigation into the possible mediating role of certain *Human capitals* such as *Social capital* and *Psychological capital* between the independent and dependent variables could be worthwhile investigating to further explain the relationship between these variables. The findings of the moderating influence of *Social capital* on the relationship between *Entrepreneurial capital* and *Value creation* in the current study was interesting and should be further explored in a qualitative study.

Social capital in this study was measured in terms of three subcomponents, namely, *Relational social capital*, *Network social capital* and *Cognitive social capital*. Future studies could measure *Social capital* as a one-dimensional construct. Similarly, *Psychological capital* was measured as a single construct in this study, however, in future studies, it could also be measured as a multi-dimensional construct in terms of its four dimensions of hope, self-efficacy, resilience and optimism.

Lastly, a qualitative or mixed-method study investigating *Value creation* in financial planning businesses could also be considered in future research. For example, 55.8% of respondents remained neutral in their perceptions of the statements that measured *Network social capital* (see Chapter Six, Table 6.16). As a result, a qualitative or mixed method study could provide rich insights into these responses and, subsequently, the relationship between the *Network social capital* construct and *Value creation*.

7.7 CONCLUDING REMARKS

The positive influence of selected human capitals, namely, *Relational social capital*, *Network social capital*, *Cognitive social capital*, *Entrepreneurial capital* and *Psychological capital* on the creation of *Perceived financial and non-financial value creation* by financial planners in South African financial planning businesses has been highlighted in this study. Several recommendations relating to developing these capitals have been presented to financial planners and managers of financial planning businesses in this chapter.

Given the important role that financial planners have in educating and influencing positive financial behaviours by their clients, together with the size of the collective assets on which they give advice (for example, R10 trillion), the sustainability of the financial planning industry is paramount. Developing financial planners who are able to create value both financial and non-financial value in their businesses would help sustain this important industry. Identifying the role that selected human capitals play in the financial planner's ability to create value is, therefore, vital. So too, would developing these human capitals in financial planners to translate to greater value creation and a more sustainable South African financial planning industry.

In addition, developing human capital in financial planners becomes increasingly important as industry in general and, particularly, the financial planning industry embraces technological and artificial intelligence developments. With more transactional financial planning services becoming automated (for example, being able to purchase collective investment schemes directly online) many people may adopt a do-it-yourself approach to their financial planning. It is well documented in Chapter One that those who utilise the services of a financial planner experience better financial outcomes than those who manage their own financial plans. As such, this study highlights the importance of developing the human capital of financial planners as well as the resulting benefits that would accrue to them, their clients, employers (financial planning businesses) and society at large.

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ANNEXURE A - COVER LETTER, CONSENT FORM AND QUESTIONNAIRE

NELSON MANDELA
UNIVERSITY

Room 1115, Main Building, South Campus
School of Management Sciences
Tel. +27 (0)41 504 4745/+27 (0)41 504 2577
Jackie.Palframan@mandela.ac.za

(Insert actual mailing date here)

Dear respondent

RESEARCH PROJECT: THE ROLE OF INTELLECTUAL CAPITAL IN THE VALUE CREATION OF FINANICAL PLANNING BUSINESSES

You have been selected to participate in this research project among South African financial planning businesses. Thank you for your willingness to participate.

This research is currently being conducted by the Department of Business Management at the Nelson Mandela University in Port Elizabeth. Ethical clearance has been obtained for the research and the ethical clearance number is: **H20-BES-BMA-022.**

The primary objective of this research is to identify and empirically investigate the role of intellectual capital factors (such as social capital, psychological capital and entrepreneurial capital) in the value creation of financial planning businesses. Achieving this objective will lead to a better understanding and management of these factors and could contribute to an increase in value creation for these businesses. In addition, employers of financial planners could design strategies and programmes that could encourage the development of the intellectual capital among their employees, as well as increase the competitive advantage of their businesses.

Please complete the survey independently and **without** consultation with other colleagues by clicking on the following link:

(insert web-link here)

You are not obliged to take part in this research. You may withdraw from the survey at any time without any penalty. Your participation is completely voluntary. The questionnaire should take approximately 15 to 20 minutes to complete. There are no right or wrong answers. Only your **honesty** and the **perceptions** you hold are important. **Other than the final question, please answer these questions as at 2019 (i.e. prior to the impact of Covid-19).**

Sections 1 and 2 of this questionnaire requests information concerning the type of financial planning business you own and/or work in as well as which aspects of financial planning you are involved in. Section 3 explores several intellectual capital factors that will influence your value creation in the business. Section 4 requests basic demographic information about you in terms of your work as a financial planner and Section 5 requests your opinion on the impact of Covid-19.

ANNEXURE A - COVER LETTER, CONSENT FORM AND QUESTIONNAIRE (continued)

Participation will be anonymous, and all information will be treated in the strictest confidence. The results of the survey will be used for publication purposes only and your identity and personal information will be kept completely confidential at all times. The final publication will not include any identifying information. By completing this survey, you will be providing **implicit consent** to participate in this research project.

Thank you once again for your willingness to contribute to the success of this important research project. If you have any questions you are welcome to contact me on 082 5722250 or jackie.palframan@mandela.ac.za

Yours sincerely

(Insert electronic signature here)

Jackie Palframan (researcher and doctoral student), Prof Elmarie Venter (supervisor) and Prof Shelley Farrington (co-supervisor).
Department of Business Management
Nelson Mandela University
Email: Jackie.Palframan@mandela.co.za
Tel: +27 (0) 41 504 4745

NELSON MANDELA
UNIVERSITY

INFORMED CONSENT FOR PARTICIPATION IN THE RESEARCH PROJECT

This study is voluntary and anonymous - personal, identifiable information of participants will be kept confidential. I am aware that while my responses will be kept confidential, they will be stored electronically for data verification and analysis purposes. I am also aware that my responses will be stored electronically and that they can be re-used by the researchers for research purposes only. I also understand that I have the right to refuse to participate in this research project and that I have the right to withdraw my participation at any point in time. I have the right to contact the researcher (provided below) to request a copy of the findings from this research project, should I wish to do so.

As a respondent I agree to these conditions by completing the questionnaire on Survey Monkey.

CONTACT DETAILS OF RESEARCHER:

Name:	Jackie Palframan
Phone number:	+27 82 5722250
Email:	Jackie.Palframan@mandela.ac.za

THE ROLE OF INTELLECTUAL CAPITAL IN THE VALUE CREATION OF FINANICAL PLANNING BUSINESSES

To answer the following questions, please select the appropriate answer/s from the options provided. Apart from the final question, please answer these questions as at 2019 (i.e. prior to the impact of Covid-19).

SECTION 1: FINANCIAL PLANNING BUSINESS

1.1 Are you a licensed financial planner (holder of a RE1 and/or RE5 licence)?

Yes, I am the holder of RE1 licence (Representative only).		1
Yes, I am the holder of RE5 licence (Key individual only).		2
Yes, I am the holder of a RE1and a RE5 licence (Representative and Key individual).		3
No, I am not a licenced financial planner.		4
I don't know.		5

1.2 Indicate which description below best suits the financial planning business that you own and/or work in.

Independent financial planning business (1-50 employees)		1
Large independent financial planning business (50+ employees)		2
Consulting and actuarial advice business		3
Insurance company		4
Banking institution		5
Accounting business		6
Other (please specify below):		7

1.3 Indicate which aspects of financial planning you are most involved in (select all that apply).

Business assurance		1
Employee benefits		2
Estate planning		3
Healthcare planning		4
Individual financial planning		5
Investment planning		6
Long-term assurance		7
Retirement planning		8
Risk benefit planning		9
Short-term insurance		10
Tax planning		11
Other (please specify):		12

1.4 In which province is the financial planning business or office (if a national business) that you own and/or work in located?

Please indicate the provinces in which the financial planning business that you own/work in operates (select all that apply).

Eastern Cape		1
Free State		2
Gauteng		3
KwaZulu-Natal		4
Limpopo		5
Mpumalanga		6
Northern Cape		7
North West		8
Western Cape		9

1.5 Can the financial planning business that you own and/or work in be described as a family-owned business? (A family business is a business where **at least two family members** work in the business and the **family owns more than a 50% share** in the business.

Yes		1
No		2

SECTION 2: INTELLECTUAL CAPITAL FACTORS INFLUENCING VALUE CREATION IN FINANCIAL PLANNING BUSINESSES

Below are several statements relating to selected intellectual capital factors influencing value creation in financial planning businesses. Please indicate the **extent to which you agree or disagree** with each of the following statements by selecting one option for each statement. A **(1) indicates "strongly disagree"**, (2) "disagree", (3) "somewhat disagree", (4) "neutral or no opinion", (5) "somewhat agree", (6) "agree" and **(7) "strongly agree".** Note that there are no correct or incorrect answers and that the statements relate to your work as a financial planner.

	Statements relating to selected intellectual capital factors influencing value creation in financial planning businesses	**Strongly disagree**	**Disagree**	**Somewhat disagree**	**Neutral or no opinion**	**Somewhat agree**	**Agree**	**Strongly agree**
	Psychological capital							
2.1	At the present time, I am energetically pursuing my work goals.	1	2	3	4	5	6	7

Statements relating to selected intellectual capital factors influencing value creation in financial planning businesses		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
2.2	At the present time, I see myself as being successful at work.	1	2	3	4	5	6	7
2.3	I can think of many ways to reach my current work goals.	1	2	3	4	5	6	7
2.4	At the present time, I am meeting the work goals that I have set for myself.	1	2	3	4	5	6	7
2.5	There are many ways to solve any work problems that may occur.	1	2	3	4	5	6	7
2.6	I am confident about finding solutions to financial planning problems.	1	2	3	4	5	6	7
2.7	I am confident in being a financial planner when meeting with clients.	1	2	3	4	5	6	7
2.8	I am confident in helping my clients to set financial targets/goals.	1	2	3	4	5	6	7
2.9	I have what it takes to work as a financial planner.	1	2	3	4	5	6	7
2.10	I have the necessary skills to work as a financial planner.	1	2	3	4	5	6	7
2.11	I can be "on my own", so to speak, at work if I have to.	1	2	3	4	5	6	7
2.12	I can get through difficult times at work because I've experienced difficulties before.	1	2	3	4	5	6	7
2.13	I can handle many things at one time when doing my job as a financial planner.	1	2	3	4	5	6	7
2.14	I usually manage stressful situations well at work.	1	2	3	4	5	6	7
2.15	I usually manage work difficulties one way or another.	1	2	3	4	5	6	7
2.16	When things are uncertain for me at work, I usually expect the best.	1	2	3	4	5	6	7
2.17	I always look on the bright side of things regarding my job as a financial planner.	1	2	3	4	5	6	7
2.18	I am optimistic about what will happen to me in the future as it pertains to my job as a financial planner.	1	2	3	4	5	6	7
Social capital								
2.19	I have good relationships with partners and/or friends who assist in developing solutions for my financial planning business.	1	2	3	4	5	6	7
2.20	My relationships with clients can be described as good.	1	2	3	4	5	6	7
2.21	My relationships with clients are characterised by mutual trust.	1	2	3	4	5	6	7

Statements relating to selected intellectual capital factors influencing value creation in financial planning businesses		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
2.22	My relationships with clients are characterised by open communication.	1	2	3	4	5	6	7
2.23	My relationships with clients are characterised by respect.	1	2	3	4	5	6	7
2.24	My relationships with clients are characterised by close, personal interaction at multiple levels.	1	2	3	4	5	6	7
2.25	I associate with professional bodies to obtain new knowledge beneficial to me in the practice of financial planning.	1	2	3	4	5	6	7
2.26	I associate with professional bodies to keep up to date with my financial planning knowledge.	1	2	3	4	5	6	7
2.27	I associate with professional bodies to assist me in meeting potential clients.	1	2	3	4	5	6	7
2.28	I associate with sporting and/or cultural bodies to assist me in meeting potential clients.	1	2	3	4	5	6	7
2.29	I associate with friends to assist me in meeting potential clients.	1	2	3	4	5	6	7
2.30	I associate with religious bodies to assist me in meeting potential clients.	1	2	3	4	5	6	7
2.31	I regularly attend meetings held by the Financial Planning Institute.	1	2	3	4	5	6	7
2.32	I regularly have meetings with colleagues in the field of financial planning.	1	2	3	4	5	6	7
2.33	I regularly attend social gatherings of a personal nature.	1	2	3	4	5	6	7
2.34	I regularly attend cultural events of a personal nature.	1	2	3	4	5	6	7
2.35	I regularly attend religious gatherings of a personal nature.	1	2	3	4	5	6	7
2.36	My personal relationships are based on shared goals.	1	2	3	4	5	6	7
2.37	My personal relationships are based on common ethics.	1	2	3	4	5	6	7
2.38	My personal relationships are based on shared values.	1	2	3	4	5	6	7
2.39	My business relationships are based on shared goals.	1	2	3	4	5	6	7
2.40	My business relationships are based on common ethics.	1	2	3	4	5	6	7
2.41	My business relationships are based on shared values.	1	2	3	4	5	6	7
2.42	I prefer to do business with people who speak the same language as I do.	1	2	3	4	5	6	7

Statements relating to selected intellectual capital factors influencing value creation in financial planning businesses		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
2.43	I prefer to do business with people who have the same background as I do.	1	2	3	4	5	6	7
Entrepreneurial capital								
2.44	I regard taking risks as a positive personal quality that I possess.	1	2	3	4	5	6	7
2.45	I take deliberate risks related to new ideas.	1	2	3	4	5	6	7
2.46	I excel at identifying new business opportunities.	1	2	3	4	5	6	7
2.47	I am a person who shows initiative.	1	2	3	4	5	6	7
2.48	I am able to work independently.	1	2	3	4	5	6	7
2.49	I have the courage to make bold and difficult decisions.	1	2	3	4	5	6	7
2.50	I am creative and inventive.	1	2	3	4	5	6	7
Value creation (financial)								
2.51	I have increased my financial planning client base over the last 3 years.	1	2	3	4	5	6	7
2.52	Over the last 3 years I have been able to widen my service offering to my financial planning clients.	1	2	3	4	5	6	7
2.53	Over the last 3 years I have been able to offer more financial planning products to my clients.	1	2	3	4	5	6	7
2.54	Being a financial planner provides me with the chance to earn a lot of money.	1	2	3	4	5	6	7
2.55	Being a financial planner allows me a greater earning potential than an alternative career.	1	2	3	4	5	6	7
2.56	As a financial planner I have increased my personal wealth over the last 3 years.	1	2	3	4	5	6	7
2.57	Being a financial planner provides me with an income level that is very rewarding.	1	2	3	4	5	6	7
2.58	Being a financial planner ensures that I have enough money to retire one day.	1	2	3	4	5	6	7
Value creation (non-financial)								
2.59	All in all, I am satisfied with my job as a financial planner.	1	2	3	4	5	6	7
2.60	I find my job as a financial planner fulfilling.	1	2	3	4	5	6	7

Statements relating to selected intellectual capital factors influencing value creation in financial planning businesses		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
2.61	I enjoy being a financial planner.	1	2	3	4	5	6	7
2.62	I find my job as a financial planner rewarding.	1	2	3	4	5	6	7
2.63	Being a financial planner gives me status in the community	1	2	3	4	5	6	7
2.64	Being a financial planner creates prestige for me among clients	1	2	3	4	5	6	7
2.65	Being a financial planner gives me the approval of my friends and family.	1	2	3	4	5	6	7

SECTION 4: DEMOGRAPHIC DETAILS

The following questions request demographic information about you. **To answer the following questions, please select the appropriate answer from the options provided.** Note that there are no correct or incorrect answers.

4.1 Please indicate your age

18-24 Years		1
25-30 Years		2
31-40 Years		3
41-50 Years		4
51-60 Years		5
61-70 Years		6
Older than 70 years		7

4.2 Please indicate your gender

Male		1
Female		2
Not willing to say		3

4.3 Please indicate your home language

Afrikaans		1
English		2

Xhosa		3
Zulu		4
Sotho		5
Other (please specify):		6

4.4 Please indicate your highest academic qualification

Grade 11 and lower		1
Grade 12 (matric) or equivalent qualification		2
Higher certificate		3
Diploma		4
Bachelors degree		5
Honours degree/ Postgraduate diploma		6
Masters degree/MBA or higher		7
Other (please specify):		8

4.5 Please indicate your Financial Planning Institute professional designation (if applicable)

CFP®		1
FSA™		2
RFP™		3
Not applicable		4

4.6 Please indicate your ethnic background

White		1
Black		2
Asian		3
Coloured		4
Other (please specify):		5

4.7 Please indicate for how many years you have owned and/or worked in your current financial planning business. (round off to the nearest year, i.e. 2.5 years falls into the category of 3 years)

Less than a year		1
1-2 years		2
3-5 years		3

6-10 years		4
11-15 years		5
16-20 years		6
More than 20 years		7

4.8 Please indicate how many years you have worked as a financial planner (round off to the nearest year, i.e. 2.5 years falls into the category of 3 years)

Less than a year		1
1-2 years		2
3-5 years		3
6-10 years		4
11-15 years		5
16-20 years		6
More than 20 years		7

4.9 Please indicate the number of clients in your current financial planning portfolio

Less than 50		1
51-100 clients		2
101-150 clients		3
151- 200 clients		4
201 - 250 clients		5
251 - 300 clients		6
More than 301 clients		7

Thank you for your time and cooperation.

ANNEXURE B – ETHICS CLEARANCE FORM

NELSON MANDELA
UNIVERSITY

PO Box 77000, Nelson Mandela University, Port Elizabeth, 6031, South Africa mandela.ac.za

Chairperson: Faculty Research Ethics Committee (Human)
Tel: +27 (0)41 504 2906

Ref: [H20-BES-BMA-022] / Approval]

12 May 2020

Prof E Venter
Department: Business Management

Dear Prof Venter,

TITLE OF STUDY: THE ROLE OF INTELLECTUAL CAPITAL IN THE CREATION OF VALUE IN FINANCIAL PLANNING BUSINESSES (PHD)

PRP: Prof E Venter
PI: Ms J Palframan

Your above-entitled application served at the *Faculty Ethics Committee of the Faculty of Business and Economic Science, (17 April 2020)* for approval. The study is classified as a negligible/low risk study. The ethics clearance reference number is **H20-BES-BMA-022** and approval is subject to the following conditions:

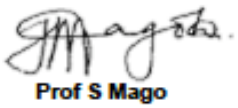
1. The immediate completion and return of the attached acknowledgement to Lindie@mandela.ac.za, the date of receipt of such returned acknowledgement determining the final date of approval for the study where after data collection may commence.
2. Approval for data collection is for 1 calendar year from date of receipt of above mentioned acknowledgement.
3. The submission of an annual progress report by the PRP on the data collection activities of the study (form RECH-004 to be made available shortly on Research Ethics Committee (Human) portal) by 15 December this year for studies approved/extended in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved/extended after September this year.
4. In the event of a requirement to extend the period of data collection (i.e. for a period in excess of 1 calendar year from date of approval), completion of an extension request is required (form RECH-005 to be made available shortly on Research Ethics Committee (Human) portal)
5. In the event of any changes made to the study (excluding extension of the study), completion of an amendments form is required (form RECH-006 to be made available shortly on Research Ethics Committee (Human) portal).
6. Immediate submission (and possible discontinuation of the study in the case of serious events) of the relevant report to RECH (form RECH-007 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any unanticipated problems, serious incidents or adverse events observed during the course of the study.
7. Immediate submission of a Study Termination Report to RECH (form RECH-008 to be made available shortly on Research Ethics Committee (Human) portal) upon unexpected closure/termination of study.
8. Immediate submission of a Study Exception Report of RECH (form RECH-009 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any study deviations, violations and/or exceptions.
9. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of Research Ethics Committee (Human).

ANNEXURE B – ETHICS CLEARANCE FORM (continued)

Please quote the ethics clearance reference number in all correspondence and enquiries related to the study. For speedy processing of email queries (to be directed to Lindie@mandela.ac.za), it is recommended that the ethics clearance reference number together with an indication of the query appear in the subject line of the email.

We wish you well with the study.

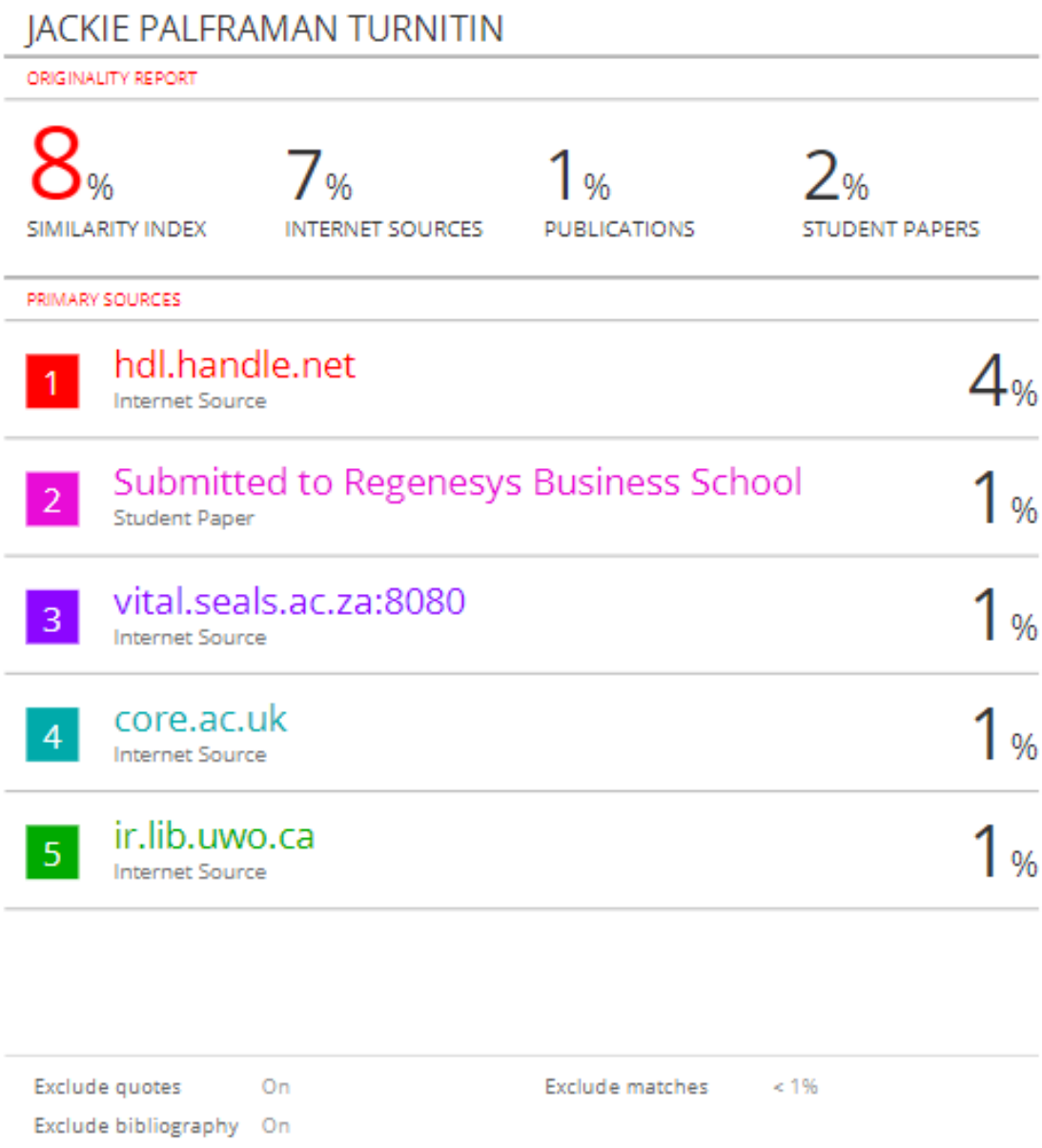
Yours sincerely



Prof S Mago

Cc: Department of Research Capacity Development
Faculty Research Co-ordinator: Lindie van Rensburg

ANNEXURE C - TURNITIN REPORT



JACKIE PALFRAMAN TURNITIN

ORIGINALITY REPORT

8%	7%	1%	2%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	hdl.handle.net Internet Source	4%
2	Submitted to Regenesys Business School Student Paper	1%
3	vital.seals.ac.za:8080 Internet Source	1%
4	core.ac.uk Internet Source	1%
5	ir.lib.uwo.ca Internet Source	1%

Exclude quotes	On	Exclude matches	< 1%
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ANNEXURE D - PROOF OF TECHNICAL AND LANGUAGE EDITING

Department of Applied Languages

NELSON MANDELA UNIVERSITY

• PO Box 77000 • Nelson Mandela University
• Port Elizabeth • 6031 · South Africa • www.mandela.ac.za

To:	**TO WHOM IT MAY CONCERN**
From:	Dr Marcelle Harran
Date:	12 December 2021
Re:	**LANGUAGE PRACTITIONER DECLARATION**

This is to confirm that Dr Marcelle Harran completed a linguistic edit of the thesis submitted by **Mrs Jaqueline Palframan** (187090750) for the degree, DOCTOR OF PHILOSOPHY (Business Management) entitled:

HUMAN CAPITAL OF FINANCIAL PLANNERS AND VALUE CREATION IN SOUTH AFRICAN FINANCIAL PLANNING BUSINESSES

Regards

Dr Marcelle Harran
Research Associate
Faculty of Arts
Nelson Mandela University
+27 733399731
mailto:marcelle.harran@mandela.ac.za

ANNEXURE E - PERMISSION TO SUBMIT FINAL COPY OF THESIS

NELSON MANDELA UNIVERSITY

PERMISSION TO SUBMIT FINAL COPIES
OF TREATISE/DISSERTATION/THESIS TO THE EXAMINATION OFFICE

Please type or complete in black ink

FACULTY: Business and Economic Sciences

SCHOOL/DEPARTMENT: Management Sciences / Business Management

I, (surname and initials of supervisor) E Venter

and (surname and initials of co-supervisor) SM Farrington

the supervisor and co-supervisor respectively for (surname and initials of

candidate) JB Palframan

(student number) 187090750 a candidate for the (full description of qualification)

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

Human capital of financial planners and value creation in South African financial planning businesses

It is hereby certified that the proposed amendments to the treatise/dissertation/thesis have been effected and that **permission is granted to the candidate to submit** the final bound copies of his/her treatise/dissertation/thesis to the examination office.

	17 March 2022
SUPERVISOR	**DATE**

And

	17 March 2022
CO-SUPERVISOR	**DATE**