



**Exploring professionalism and business ethics of the financial advisors  
and compliance officers in Durban**

**Buyisiwe Angeline Ngcongo**

**Student Number: 202517659**

**A dissertation submitted in partial fulfilment of the requirements for the  
degree of**

**Master of Business Administration (MBA)**

**Graduate School of Business and Leadership**

**College of Law and Management Studies**

**Supervisor: Prof MacDonald Kanyangale**

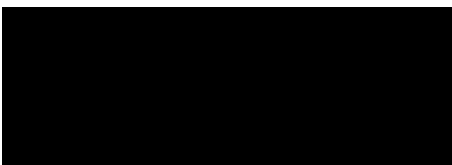
**2023**

## DECLARATION

I, Buyisiwe Angeline Ngcongo, declare that:

- The research reported in this thesis, except where otherwise indicated, is my original work.
- This thesis has not been submitted for any degree or examination at any other university.
- This thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- This thesis does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
  - a) Their words have been re-written, but the general information attributed to them has been referenced.
  - b) Where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
  - c) Where I have reproduced a publication of which I am author, co-author or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
  - d) This thesis does not contain ~~text~~ graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the thesis and in the References sections.

Signed:



**Angeline Buyisiwe Ngcongo**

\_\_\_ 8 August 2024 \_\_\_

**Date**

## **ACKNOWLEDGEMENTS**

Firstly, I am humbled and grateful to God for his grace and mercy throughout my life and for seeing me through my studies. I truly know and believe that it was not my doing but the love of God that carried me this far. Through all the hardships I went through, I thank God from the bottom of my heart. Glory be to God.

I would like to take this opportunity and express my sincere gratitude to the following individuals that gave me support throughout my studies:

- To my Supervisor, Prof MacDonald Kanyangale. Thank you so much for your patience, guidance, encouragement, support and for providing valuable feedback throughout my thesis. I cannot thank you enough for the time you devoted to me during the learning period.
- To my husband, my sons, my sisters, my brother, the entire family and friends. Thank you for your prayers, your words of encouragement, your understanding of my unavailability at times and for all the unconditional support over the difficult academic years.
- To the Financial Advisors and Compliance Officers. Thank you for supporting my career ambitions. I deeply appreciate your invaluable contribution and support of my dissertation.
- To the Financial Planning Institute of Southern Africa (FPI). Thank you for granting me the opportunity and approval to conduct extensive research on professionalism and business ethics of financial advisors and compliance officers in Durban. This is the first research study to be done in Durban which will be utilised as a tool in improving the reputation of the financial advisory sector, as well as providing a guideline for research in the future.

## **ABSTRACT**

The objective of this exploratory qualitative study was to understand the nature of professionalism and business ethics of financial advisors and compliance officers in Durban, KwaZulu-Natal in South Africa. This qualitative study was conducted using qualitative detailed interviews with 12 experienced financial advisors and compliance officers in Durban. These 12 financial advisors and compliance officers were selected using a judgemental or purposive sampling technique to explore the common types and nature of unethical behaviours in their daily activities and their perceptions regarding existing ethical challenges they face in their responsibilities and organisations. Semi-structured interviews were utilised to gather in-depth data while thematic analysis was utilised to identify common themes amongst the participants with regard to the type and nature of common unethical behaviours, perceptions of existing ethical challenges and key elements which should constitute an effective ethical decision-making framework for financial advisors.

First, the results of this study reveal that the common types and nature of unethical behaviours of financial advisors in Durban are product pushing, giving advice without holistic financial understanding of the client grounded in ethical conscience, unethical leadership exerting incessant pressure on financial advisors to sell at any cost or perish, and the failure of financial advisors to do due diligence and disclose fees and charges applicable to an investment. Second, the study found that the scope and variety of perceptions of financial advisors and compliance officers regarding existing challenges which they face in their responsibilities and organisations relate to conflict between personal interest and professional duty, continued distrust of financial advisors and the necessity to adhere to professional standards, exploiting clients' lack of financial knowledge and awareness of 'bad eggs' and investing client funds without proper understanding of client goals and/or in breach of regulatory requirements. Lastly, the study proposes that the constitutive elements of a framework for effective and ethical decision making by financial advisors need to embrace treating customers fairly, demonstrate a financial advisor's analytical mind, manage client risk assessment, build ethical relationships of trust, and become a technologically savvy financial advisor. Given the above findings, the study has proposed a framework of ethical decision making for effective financial advisors.

The study concludes that the ethical and professional behaviour of financial advisors require not only organisational culture change modelled and promoted by ethical leadership, but also the pursuit of ethical processes of setting performance targets, rewards, recruitment and adequate supervision at both the employee and industry regulatory levels to reinforce

standards. Small sample size and exclusive focus on financial advisors and compliance officers are the key limitations of this study; the results are not generalisable but can be transferred to a similar context. The areas for future research are highlighted in this study.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>ABSTRACT</b> .....	<b>iv</b>
<b>LIST OF FIGURES</b> .....	<b>xii</b>
<b>LIST OF TABLES</b> .....	<b>xii</b>
<b>LIST OF ACRONYMS AND ABBREVIATIONS</b> .....	<b>xiii</b>
<b>1. CHAPTER ONE: INTRODUCTION OF THE STUDY</b> .....	<b>1</b>
<b>1.1 Introduction</b> .....	<b>1</b>
<b>1.2 Background of the Study</b> .....	<b>7</b>
1.2.1 Situating ethics in the financial advisory service .....	13
1.2.2 Professionalism in the financial advisory industry .....	15
1.2.3 Nature of financial advisory service .....	17
1.2.3.1 Role and tasks of a financial advisor .....	19
<b>1.3 Problem Statement</b> .....	<b>22</b>
<b>1.4 Research Objectives</b> .....	<b>23</b>
<b>1.5 Research Questions</b> .....	<b>24</b>
<b>1.6 Study Motivation</b> .....	<b>24</b>
<b>1.7 Significance of the Study</b> .....	<b>25</b>
<b>1.8 Focus of the Study</b> .....	<b>26</b>
<b>1.9 Research Delimitations</b> .....	<b>26</b>
<b>1.10 Structure of the Research</b> .....	<b>27</b>
<b>1.11 Chapter Summary</b> .....	<b>28</b>
<b>2. CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>30</b>
<b>2.1 Introduction</b> .....	<b>30</b>
<b>2.2 The Concept of Professionalism</b> .....	<b>30</b>
2.2.1 Origin and evolution of the concept of professionalism .....	30
2.2.2 The evolution of professionalism in the industry .....	33
2.2.3 Unpacking the meaning and dimensions of professionalism .....	35
2.2.3.1 Characteristics of Professionalism .....	36
2.2.3.2 Dimensions of Professionalism .....	39
2.2.4 Criticisms of the concept of professionalism .....	44
2.2.4.1 Professions as discourse from Foucault's point of view .....	44
2.2.4.2 Professional ethics or professionalism: Etiquette or ethics .....	45
2.2.4.3 Pressure on professionals .....	45
2.2.4.4 Guild or profession .....	46
2.2.4.5 Erosion of lexicons .....	46

2.2.4.6	Profession or semi-profession .....	46
2.2.4.7	Novelty hindrance .....	46
2.2.4.8	Accumulation of ethics .....	47
2.2.5	Assessment of professionalism in financial advisory service .....	47
2.2.5.1	Evolution of a client-centred model .....	49
2.2.5.2	What it means to be a professional .....	50
2.2.6	Previous research on professionalism in financial advisory service.....	51
2.2.6.1	Professionalism in financial planning/advisory.....	54
2.2.6.2	Are financial advisors professionals? .....	54
2.2.6.3	Sector issue .....	54
2.2.7	Understanding the meaning of Ethics .....	55
2.2.7.1	Ethical principles and values .....	57
2.2.7.2	Ethical Decision making .....	58
2.2.7.3	Ethics in application: The duty of expert and enterprise ethics.....	60
<b>2.3</b>	<b>Theories of Ethics.....</b>	<b>62</b>
2.3.1	Deontology theory.....	63
2.3.1.1	Deontological Theories and Kant .....	64
2.3.1.2	The Advantages of Deontological Theories .....	64
2.3.1.3	The Weaknesses of Deontological Theories.....	65
2.3.2	Virtues Ethics theory.....	65
2.3.3	Consequentialism .....	67
<b>2.4</b>	<b>Framework for Ethical Decisiveness.....</b>	<b>68</b>
2.4.1	The Consequentialist Framework.....	69
2.4.2	The Deontological or Duty Framework.....	70
2.4.3	The Virtue Framework .....	70
2.4.4	Consolidating the Frameworks.....	71
<b>2.5</b>	<b>Theories Associated with Ethical Decision-making.....</b>	<b>72</b>
2.5.1	Elements Affecting Ethical Decisiveness .....	73
2.5.1.1	Measuring intellectual ethical thinking.....	73
2.5.1.2	Personal attributes as associates of ethical reasoning.....	73
<b>2.6</b>	<b>Studies of the Ethical Thinking of Advisors.....</b>	<b>74</b>
2.6.1	Circumstantial Elements Affecting Ethical Decisiveness .....	74
<b>2.7</b>	<b>Factors enabling Ethical decision making in financial advice.....</b>	<b>75</b>
<b>2.8</b>	<b>Factors impeding Ethical decisions in financial advice .....</b>	<b>77</b>
2.8.1	Ethical decision-making within organisations.....	77
2.8.2	The background elements persuading ethical decisiveness .....	78
2.8.3	Compensation and incentives .....	78
<b>2.9</b>	<b>Ethical leadership and followership.....</b>	<b>78</b>

2.9.1 Ethical Leadership .....	79
2.9.1.1 Elements influencing ethical leadership .....	80
2.9.1.2 The importance of ethical leadership .....	81
2.9.1.3 Ethical climate .....	82
2.9.1.4 Ethical culture .....	83
<b>2.10 Previous research on ethics and financial advisory service .....</b>	<b>83</b>
2.10.1 The specialist's dilemma .....	84
2.10.2 Misconduct in financial planning .....	85
2.10.3 Codes of ethics .....	85
2.10.4 Fiduciary duty .....	86
<b>2.11 Chapter Summary .....</b>	<b>87</b>
<b>3. CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>88</b>
<b>3.1 Introduction .....</b>	<b>88</b>
<b>3.2 Research Onion Model .....</b>	<b>88</b>
<b>3.3 Research Philosophy .....</b>	<b>89</b>
<b>3.4 Research Approach .....</b>	<b>90</b>
<b>3.5 Research Design .....</b>	<b>91</b>
<b>3.6 Exploratory Research Design .....</b>	<b>92</b>
<b>3.7 Research Methodology Choice .....</b>	<b>92</b>
<b>3.8 Research Strategy .....</b>	<b>92</b>
3.8.1 Observation .....	93
3.8.2 Open-Ended Surveys or Questionnaires .....	93
3.8.3 Documentary Analysis .....	94
3.8.4 Interviews .....	94
3.8.4.1 Structured interviews .....	95
3.8.4.2 Unstructured interviews .....	95
3.8.4.3 Semi-structured interviews .....	96
3.8.4.4 Focus group interviews .....	96
3.8.4.5 In-depth interview .....	97
<b>3.9 Study Area .....</b>	<b>98</b>
<b>3.10 Target population .....</b>	<b>98</b>
<b>3.11 Sampling .....</b>	<b>99</b>
<b>3.12 Data Collection and Instruments .....</b>	<b>100</b>
<b>3.13 Data collection tools and procedure .....</b>	<b>104</b>
<b>3.14 Interview guide pre-testing .....</b>	<b>104</b>
<b>3.15 Recruitment process .....</b>	<b>105</b>
<b>3.16 Data analysis method .....</b>	<b>105</b>

<b>3.17 Research quality .....</b>	<b>107</b>
<b>3.18 Ethical considerations .....</b>	<b>109</b>
3.18.1 Gatekeeper’s letter .....	109
3.18.2 Voluntary participation .....	110
3.18.3 Informed consent .....	110
3.18.4 Confidentiality and anonymity .....	110
3.18.5 Ethical clearance .....	110
<b>3.19 Chapter Summary .....</b>	<b>110</b>
<b>4. CHAPTER FOUR: FINDINGS .....</b>	<b>112</b>
<b>4.1 Introduction .....</b>	<b>112</b>
<b>4.2 Themes on common types and nature of unethical conduct of financial advisors in providing advice to clients .....</b>	<b>112</b>
4.2.1 Product pushing and selling for commission and greed .....	113
4.2.2 Giving advice without holistic financial understanding of client grounded in ethical conscience .....	115
4.2.3 Unethical leadership and incessant pressure on advisors to sell or perish.....	117
4.2.4 Failure of financial advisors to do due diligence and disclose fees and charges applicable to an investment .....	119
<b>4.3 Evaluative themes depicting the perceptions of financial advisors and compliance officers on the existing ethical challenges they face in their responsibilities within financial services organisations.....</b>	<b>121</b>
4.3.1 Conflict between personal interest and professional duty .....	122
4.3.2 Continued distrust of financial advisors and necessity to adhere to professional standards.....	125
4.3.3 Exploiting clients’ lack of financial knowledge and awareness of ‘bad eggs’ .....	127
4.3.4 Investing client funds without proper understanding of short- and long-term product performance, client and regulations .....	129
<b>4.4 Five themes on the proposed elements of an ethical decision-making framework for effective financial advisors .....</b>	<b>131</b>
4.4.1 Treating customers fairly (TCF).....	132
4.4.2 Demonstration of an analytical mind by financial advisor .....	134
4.4.3 Managing clients’ risk assessment.....	135
4.4.4 Building ethical relationships of trust.....	136
4.4.5 Being a technology-savvy advisor.....	138
<b>4.5 Chapter Summary .....</b>	<b>139</b>

<b>5. CHAPTER FIVE: DISCUSSION OF FINDINGS .....</b>	<b>141</b>
<b>5.1 Introduction .....</b>	<b>141</b>
<b>5.2 Findings .....</b>	<b>141</b>
5.2.1 Unethical conduct, ethical issues and ethical decision-making .....	141
5.2.2 Proposed ethical decision-making framework for financial advisors .....	161
5.2.2.1 Financial education and awareness: Administrative implication and automation .....	164
5.2.2.2 Holistic advice: Shift from product-based to consumer-centric approach ....	164
5.2.2.3 Continuous monitoring: Monitoring standards and compliance .....	165
5.2.2.4 Change management: Rewards, Model and promote ethical behaviours ...	166
5.2.2.5 Strict debarment policies: Service and individual level advisor appointment.....	167
5.2.2.6 Treating customers fairly: Balancing treatment and dealing with intentional unfairness .....	168
5.2.2.7 Change commission structures: Dealing with product pushing and high costs to clients .....	169
5.2.2.8 Competency of FSPs and advisors: Lack of training, experience and qualifications .....	170
5.2.2.9 Regulatory body standards .....	171
5.2.2.10 Ethical decision making .....	171
<b>5.3 Chapter Summary .....</b>	<b>172</b>
<b>6. CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS .....</b>	<b>174</b>
<b>6.1 Introduction .....</b>	<b>174</b>
<b>6.2 Accomplishment of objectives .....</b>	<b>174</b>
6.2.1 Objective 1: To identify the common types and nature of unethical conduct of financial advisors, in the provision of financial advice to consumers in KwaZulu-Natal .....	175
6.2.2 Objective 2: To evaluate the perceptions of financial advisors and compliance officers of the current ethical challenges they face in their respective roles within financial services organisations in KwaZulu-Natal .....	176
6.2.3 Objective 3: To propose an ethical decision-making framework for effective financial advisors in Durban.....	176
<b>6.3 Recommendations .....</b>	<b>177</b>
6.3.1 Ethical Organisational Culture .....	177
6.3.2 Leadership and Industry Bodies and Change Management .....	178
6.3.3 Treating Customers Fairly (TCF).....	179
6.3.4 Embracing Technology .....	180
6.3.5 Change in commission structures .....	180
6.3.6 Continuous Monitoring and Auditing .....	181

6.3.7 Stricter Regulatory Body Standards.....	181
6.3.8 Ethical Decision-making .....	182
6.3.9 Advisor and client training and development .....	183
<b>6.4 Implications of the study .....</b>	<b>183</b>
<b>6.5 Areas for future research.....</b>	<b>185</b>
<b>REFERENCES .....</b>	<b>186</b>
<b>APPENDICES.....</b>	<b>210</b>
<b>Appendix 1: Ethical Clearance .....</b>	<b>210</b>
<b>Appendix 2: Gatekeeper’s Letter .....</b>	<b>211</b>
<b>Appendix 3: Introductory Letter.....</b>	<b>212</b>
<b>Appendix 4: Informed Consent .....</b>	<b>213</b>
<b>Appendix 5: Interview Schedule .....</b>	<b>214</b>
<b>Appendix 5: Confirmation of Editing.....</b>	<b>216</b>
<b>Appendix 6: Turnitin Report .....</b>	<b>217</b>

## LIST OF FIGURES

Figure 2.1: Global CFP Professionals by Territory .....	33
Figure 2.2: Global CFP Certification Growth .....	34
Figure 3.1: The Research Onion .....	88
Figure 3.2: Qualitative Data Collection Source: Goertzen (2017: 18) .....	101
Figure 5.1: Proposed ethics decision-making framework for effective financial advisors in Durban.....	163

## LIST OF TABLES

Table 1.1 Financial Planner Professional Skills Matrix .....	9
Table 2.1: Differences between profession and professionalism .....	38
Table 2.2: Difference between professionalism vs Ethics vs Personalism.....	39
Table 2.3: Distinctions between frameworks of ethical decision-making .....	72
Table 3.1: Types of individuals who participated .....	100
Table 3.2: Links between the research questions, interview structure and its contents .....	102
Table 3.3: Fifteen-point checklist of criteria for a proper thematic analysis.....	106
Table 3.4: Eight “big-tent” criteria for excellent qualitative research.....	108
Table 4.1: Four themes on type and nature of common unethical conduct of financial advisors in providing of advice to clients .....	113
Table 4.2: Four evaluative themes on perception of existing ethical challenges by financial advisors and compliance officers in their respective duties and organisations .	122
Table 4.3: Themes on elements necessary for an ethical decision-making framework for financial advisors.....	132
Table 5.1: New Financial Product Categories and Tiers .....	150

## LIST OF ACRONYMS AND ABBREVIATIONS

AI	Artificial Intelligence
AUM	Assets Under Management
CRT	Caux Round Table
CFP	Certified Financial Planner
CPD	Continuous Professional Development
CPF BOARD	Certified Financial Planner Board of Standards
CFPB	Consumer Financial Protection Bureau
CCM	Continuous Controls Monitoring
ESG	Environmental, social, and governance
FSP	Financial Service Provider
FCA	Financial Conduct Authority
FPSB	Financial Planning Standards Board
FSCA	Financial Sector Conduct Authority
FINRA	Financial Industry Regulatory Authority
FAIS	Financial Advisory and Intermediaries Act
FPI	Financial Planning Institute of Southern Africa
FIA	Financial Intermediaries Association of Southern Africa
HCPC	Health Care and Professions Council
ILPA	Institute for Life and Pension Advisers
ISO	International Organisation for Standardisation
IHIP	Intangibility, heterogeneity, inseparability, and perishability
NATO	North Atlantic Treaty Organisation
OECD	Organisation for Economic Co-operation and Development
PBE	Professionalism and Business Ethics
RDR	Retail Distribution Review
SRI	Socially Responsible Investing
SAIFAA	South African Independent Financial Advisors Association
SAIA	South African Insurance Association
TCF	Treating Customers Fairly
WHO	World Health Organization

# **CHAPTER ONE: INTRODUCTION OF THE STUDY**

## **1.1 Introduction**

In recent years, seeking financial advice has no longer been considered a luxury for the wealthy, as individual monetary requirements have evolved. The need for financial planning has increased and appeals to more people in many countries such as South Africa (Consumer Financial Protection Bureau, 2015). The provision of financial advice as a service is gradually becoming essential, assisting various populaces with diverse monetary objectives (Cuesta and Budría, 2015). South Africa's fiscal forecast and advisory sector has undergone the procedure of developing into a professionalised sector. In doing so, it now grapples with the challenges of meeting the diverse needs of customers, but also meeting the demands of the Financial Advisory and Intermediary Services Act 37 of 2002, while using the Treating Customers Fairly (TCF) approach and reaching international standards and benchmarks.

There is a trend of financial advisors adopting a more personalised and client-centric approach to meet individual client needs (Kumar and Reinartz, 2016). Personalisation of financial advisory services involves understanding clients' goals, preferences and risk tolerances to provide tailored advice and customised investment strategies. Building long-term relationships and delivering exceptional client experiences have become crucial to the success of a financial advisor (Hemous and Olsen, 2018). In this regard, competence is a vital facet of being a financial advisor in the existing environment of dealing with clients honestly and building a trust-based relationship with clients (Bowman, 2013). Research by Matchaba-Hove (2018) reveals that a variety of factors influence financial advisors' perceptions of professionalism, being mindful that they deal with a range of clients, and also face a variety of ethical dilemmas in their daily practice. These often arise in circumstances where there are multiple stakeholders, interests and values in conflict and where the law may be uncertain (Consumer Financial Protection Bureau, 2015).

The relationships that financial advisors have with their clients and the ethical framework that underpins them is pivotal to the ability of the financial advisor to provide a professional service and resolve dilemmas effectively (Guthrie and Nicholls, 2015). However, there is limited research on the making of ethical decisions by financial advisors and the components that affect their professionalism, especially in South Africa (Egan, Matvos and Seru, 2018). This brings to the fore the need for research to understand the practice of professional ethics by financial advisors which necessitates ethical needs linked to a profession and required

from all its affiliates (Madakkatel, Chiera and McDonnell, 2019). Concisely, professional ethics to encourage experts is not only to circumvent sin in their decisiveness, but also to recognise and do right when facing the confusing predicaments they regularly encounter in their day-to-day work activities (Arnaud and Schminke, 2012).

In a nutshell, specialised ethics relates to the ethical problems that result from the professional education that a financial advisor acquires, and how the usage of this education should be employed, within the ethical limits put in place for their line of work in the delivery of an offering to clients (Nepomuceno and Laroche, 2015). Specialised ethics is not simply about pleasing an individual's morality or reasons but is also about behaving in ways that are consistent with the responsibilities entrusted to those in the specialised position (Shen, Sam and Jones, 2014). In this way, an important component of being an associate of an occupation is the application of an open verdict when constructing judgements, or the utilisation of "professional judgment" informed by specialist knowledge and ethical demands (Xiao and O'Neill, 2018). The notion of an occupation suggests grappling with immeasurable stages of ethical difficulty and vagueness in making a ruling (Nepomuceno and Laroche, 2015). No two ethical problems dealt with in the delivery of financial recommendations to clients are precisely similar. It is argued that monetary advisors are expected to be adaptable and imaginative in terms of their ruling procedures and in using an expert decision in the resolution of problems (Madakkatel et al., 2019).

The financial services sector and the role of financial advisors are essential to the South African economy and its people (Consumer Financial Protection Bureau, 2015). While financial advisory services allow people to make daily economic transactions, save and preserve wealth, and insure against personal disaster, there is a credibility challenge in this industry as relatively few consumers trust it (Tseng and Fan, 2011). The financial service advisory relationship with clients is complex, demanding, requires trust and should be of repute. The conclusion to immerse the financial advisor's expertise is dependent on sensitive elements and past accomplishments, advice from other experts and on credentials (Hemous and Olsen, 2018).

Clients interrogate if a monetary advisor truly comprehends their requirements and demand a distinguished offering. As a result, financial advisors should present a positive picture as well as showing the understood advantages of participating in accessing financial advice, if people are to realise the value in using their services (Sendhil et al., 2012). Individuals are exposed to complex and intangible financial product offerings, as well as to certain financial advisors who do not possess appropriate qualifications. As a result, individuals may make

inappropriate financial decisions and purchase financial products that do not meet their needs (Cuesta and Budría, 2015). In this regard, professional advice is necessary, given the nature of financial products and the complex needs of individuals (Guthrie and Nicholls, 2015).

Two key aspects shaping changes and behaviours of financial advisors in the industry are trust and innovation. First, it is important to underline that trust is critical for clients when deciding to use financial advisors. Trust is the mental condition related to the certainty and prospect around the possibility that the activities or an outcome of an alternative organisation or individual will be dependable, satisfactory, and possess honesty (Yin and Özdiñç, 2018). While there are questions raised regarding trust on the part of the financial advisor, it is proportionately imperative to take note of the shortage of investigations into whether clients demonstrate suitable behaviour by offering honest and precise data to financial advisors (Cuesta and Budría, 2015). Accurate and truthful information from clients is key to providing better financial advice and for making a ruling that gives rise to more monetary achievements. Deliberating individual monetary problems like wealth, monetary lifetime objectives, and planning to accomplish such objectives cannot happen in the absence of professionals, ethics, honesty and the client's readiness to be vulnerable (Madakkattel et al., 2019).

According to financial advisors, the primary cause of improper data received from clients is that they require an additional period to establish an association of honesty with the advisor (Guthrie and Nicholls, 2015). Thus, financial advisors uphold hopefulness that the clients only require a period to establish honesty association and then speak freely. Arguably, monetary advisors appear willing to develop long-standing associations with clients that can survive for centuries (Beshears, Milkman and Schwartzstein, 2016). However, it is key to note that some advisors do not pay special attention to their client's true wants and needs, which can impede the development of a trusting relationship.

Second, digital transformation and technology integration in the financial services industry is creating and reinforcing a mixed method which blends electronic instruments with individual capabilities (Pollitzer, 2019). Electronic instruments have transformed the monetary advisory sector, presenting new methods and expertise as well as allowing for networking with customers. Electronic instruments help advisors analyse customer information, preferred risks and investment objectives to recommend custom-made investment tactics and re-balance selections as required (Philbeck and Davis, 2019). Additionally, electronic

instruments improve customer exposure by enhancing ease of access, expediency and self-servicing competencies (Chou, 2019).

In delivering monetary advice, it is crucial to highlight that this process sometimes suffers because of ineffective communication about money (Ajzerle, Brimble and Freudenberg, 2015). A vigorous social prohibition is present about wealth conversations in many countries including South Africa, and this tends to obstruct effective financial advice being given (Bianchi, Drew and Walk, 2014a). The erroneous or fictitious monetary data provided to a monetary advisor prevents the specialist from offering their best assistance and guidance to a client (Botha et al., 2019). Consumer behaviour of the client can be damagingly impacted if they do not have faith in their monetary advisor. Negative perceptions of financial advice and planning commonly arise worldwide due to large financial investments people have lost in the past and the unethical nature enacted by some who offer financial advice (Beshears et al., 2016). There is a challenge of improving public perceptions of financial advisors; thereby ultimately increasing the use of financial planning services.

In the financial advisory sector, there are a variety of changes which affect the functions and roles of financial advisers (Tseng and Fan, 2011). For example, financial advisers are unsuspectingly competing with their modern competitor in the marketplace, the robot advisor (Burwell and Fleck, 2020). Robo-advisors and automatic fiscal forecasting instruments have appeared as ground breakers, democratising access to exceptionally high-quality financial advice whilst reducing human error (Djankov and Saliola, 2019). Robo-advisors can render tailor-made advice including when to reallocate savings grounded on marketplace environments and customer inclinations (Anwar, 2023).

Modernisations in technology, altering social standards, and the democratisation of fiscal data have all been prominent in redesigning the practice of providing fiscal advice (Chou, 2019). Currently, fiscal forecasting combines a broad range of instruments, procedures, and doctrines, displaying exclusive fiscal objectives and difficulties met by people in various stages of the life cycle (Nadeem et al., 2018). Consequently, innovation and technology are driving towards hyper-personalization of financial advisory services which uses large-scale information analysis by delving deeper into customers' behaviours, favourites, and ambitions, allowing fiscal advisers to build strategies to reverberate on an individual echelon (Hoyer et al., 2020). Tailor-made fiscal plans grounded in personal objectives ensure that all investing and saving is aligned with individual life objectives. It is also noteworthy that the growth of financial education platforms online (e.g. webinars, interactive courses) are enabling individuals to grasp the basics of finance, breaking down complex concepts into

digestible insights, and empowering them to make informed decisions (Bolton et al., 2018). Current and future customers are better schooled than ever and powerful; they tend to seek financial sector experts with accepted qualifications and professionalism. Only monetary advisors who are professionals and embrace innovation are likely to survive the digital economy of the 21st century. The adoption of innovation by financial advisors brings to the fore problems such as data security to ensure customer information stays private and safeguarded during increasing computer-generated blackmail; and the challenge of meeting the diverse needs of both tech-savvy clients and of retiring Boomers at the same time (Martin, 2021). Lastly, there is growing interest by clients for ethical investment characterised by demands that financial decisions meet environmental, social, and governance aspects (ESG) without compromising desired returns (Katterbauer and Moschetta, 2022).

The most effective approach to financial advisory lies in seamlessly integrating digital tools into a comprehensive and personalised service offering (Singh and Hess, 2020). A hybrid model optimises client outcomes by combining the advantages of technology with the unique value provided by human advisors. Human advisors can empathise with their clients' emotions, providing a calming presence and helping them to navigate through challenging times (Zaki, 2019). Human advisors build strong and trusted relationships, understanding clients' unique circumstances and addressing their emotional needs (Schallmo and Williams, 2018). Advisors can leverage digital tools to streamline administrative processes, monitor portfolios and deliver timely and accurate reporting. The hybrid approach allows financial advisors to offer customised financial plans tailored to each client's needs. Collaboration between human advisors and digital tools lead to innovative solutions and improved client outcomes. Client education and communication are crucial in navigating the digital–human model. Advisors need to educate their clients about the benefits and limitations of digital tools, fostering transparency and trust (Kane, 2019). Financial advisors should shift from transactional approaches to a more comprehensive financial planning model. The integrated approach helps their clients achieve their long-term financial goals and promotes a deeper, robust client–advisor relationship (Martin, 2021).

In South Africa, Alsemgeest (2022) conducted a study to examine the views of South African financial advisors concerning client honesty when revealing delicate monetary data such as earnings, expenditure, potential monetary objectives, individual bills, and past medical data. The study concluded that financial advisors observe their clients to be dishonest about delicate subjects like monies owing, expenditure, and awareness of their financial affairs (Alsemgeest, 2022). Issues relating to monies owing, past medical information, and their

awareness around their money matters were discovered to be likely to cause humiliation. The monetary advisors revealed their hopefulness about clients' dishonesty, which is that they require a period of time to establish honest associations and will then speak freely (Alsemgeest, 2022). At the macro level, the financial sector enables economic growth, job creation, and sustainable development (Bianchi et al., 2014b). The global financial crisis of 2008 highlighted the importance of a well-regulated financial services sector. Although South Africa's financial institutions were resilient in the face of the crisis, the indirect impact through job losses was devastating. This shows that there cannot be complacency about the importance of financial regulation (North Atlantic Treaty Organisation, 2019).

As this study is about financial advisors and compliance officers, it is crucial to understand the meaning of 'financial planning'. According to the Financial Planning Standards Board (FPSB) (2022), financial planning is "The process of developing strategies to assist clients in managing their financial affairs to meet life goals." In a different vein, the U.S. Securities and Exchange Commission (2020) defines financial planning as "a process of determining an individual's short, medium and long-term financial goals, purposes in life and life priorities, and after considering his resources, risk profile and current lifestyle, to detail a balanced and realistic plan to meet those goals. The individual's goals are used as guideposts to map a course of action on 'what needs to be done' to reach these goals.'" On the other hand, the International Organization for Standardisation (2015) states that financial planning is "a process designed to enable a consumer to achieve his/her/their personal financial goals." And lastly, the Financial Planning Institute of Southern Africa's (2023) definition is that "financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet life and financial goals. The process of financial planning involves reviewing all the relevant aspects of the client's current situation and comparing them with the client's desired situation and designing a plan to assist the client on this journey of financial independence." While definitions of financial planning are different, one can identify some similar themes depicting the primary elements of financial planning (Mahlanza, 2015). For example, financial planning is a process happening throughout one's lifetime and not once off. In terms of time, financial planning considers short, medium and long-term scenarios each factoring in personal and financial circumstances, a client's risk profile and lifestyle goals (Botha et al., 2019).

Another common theme relates to type of knowledge of the financial advisor and why financial planning is of utmost importance to the client. Financial advisors must have sufficient knowledge to be able to explain compelling reasons to the client as to why they should have financial planning, as many clients show resistance to this process although it

may be in their best interests (Bianchi et al., 2014b). A good financial advisor must be knowledgeable enough to deal with such resistance and show clients the benefits and the importance of engaging with the process of financial planning (Nga and Yeoh, 2018). Clients resist financial planning due to not being educated about the relationship between financial planning and achieving personal and financial objectives. Bad experiences and/or negative media articles also add to a wrong impression of financial advisors and the financial advisory services industry in general. Unfortunately, a lot of clients associate financial advisory with the sale of a product and fail to see its benefits (García and Vila, 2020). It is therefore the financial advisor's responsibility to explain the financial planning process and its potential benefits as early as possible in the engagement with the client.

This qualitative study explores the professionalism and business ethics of financial advisors in Durban, South Africa. The context of the study is financial advisors in Durban and their professionalism and business ethics. The terms financial advisors and financial planners will be used interchangeably throughout this thesis. Financial advisors play a major role in facilitating the process of helping clients identify and achieve their goals and objectives by planning financially. Even though the process does involve the sale of a product, it should not be the financial planner's main focus (du Preez, 2018). Financial planning plays an important public interest role in that it educates clients on how to manage their finances and ensures that they save for retirement, to be able to provide for themselves financially and not depend on the state. Financial planning in South Africa has evolved slowly from a sales-orientated industry to a fully-fledged profession (Goodall, 2022). The aim of this chapter is to introduce this qualitative study which seeks to explore professionalism and business ethics of the financial advisors and compliance officers in Durban. In the pursuit of this chapter's aim, the focus will be to provide a clear background of the study, by situating ethics and professionalism within the financial advisory service, clarifying the nature of financial service, and role and tasks of a financial advisor before delving into the research problem of this qualitative study.

## **1.2 Background of the Study**

Financial advisors manage assets and money matters for individuals who may have less knowledge and understanding of markets and personal finance than them, which can create opportunities for bad actors to take advantage of unsuspecting clients via unethical practices (Consumer Financial Protection Bureau, 2015).

Ethical quandaries surface when monetary advisors encounter circumstances involving contradictory ethical values. Even honest financial planners can face real dilemmas when

trying to do the right thing for their clients (Kane, 2019). Quandaries may include conflicts of interest, possible harm to customers, or issues pertaining to professional honesty. As the Financial Sector Conduct Authority (FSCA) is responsible for regulating the financial services sector in South Africa, it has several important functions. For example, the FSCA includes ensuring that financial institutions are sound and well-managed, protecting consumers from financial abuse and promoting financial inclusion. Additionally, the FSCA plays a vital role in ensuring the stability of the financial system and the protection of consumers. (Moonstone, 2020).

It is also important to note that the Financial Planning Institute of Southern Africa (FPI) is a professional body that represents financial planners and advisors and also reinforces professionalism and ethics in South Africa. The FPI was founded in 1981 as the Institute for Life and Pension Advisers (ILPA), and its name was changed to the FPI in 1999 (FPI, 2020). The FPI is a member of the Certified Financial Planner Board of Standards (CFP BOARD) and an affiliate member of the Financial Planning Standards Board (FPSB), (2022). The FPI's education and certification programs meet the highest international standards (Rootman, 2014). The FPI's main objective is to promote education, ethics, experience, and examination in the financial planning industry. While the FPI performs a variety of activities, including offering a comprehensive range of financial planning education programs, administering the CFP® certification program in South Africa, it also focuses on developing and promoting ethical standards for financial planners and providing a forum for networking and professional development (FPI, 2022).

According to the South African Financial Planning Handbook (Botha et al., 2019), financial planning can be a complex process, but it is essential for people who want to achieve their financial goals. By working with a qualified financial planner, people can get the help they need to make informed financial decisions and reach their financial dreams (Zaki, 2019). Benefits of financial planning are that it helps one achieve their financial goals, reduces risk of financial problems, provides peace of mind, helps with making informed financial decisions and saves time and money (Moonstone, 2020). In the context of financial planning, attributes and skills are essential for a financial planner to be effective and successful. The most important attribute is a sound personal code of conduct, based on strong ethical and ethical values. This creates the foundation on which the financial planner strives to put the interests of their clients first, and to make a positive difference in their lives, by building strong relationships, based on trust and integrity (Rabenowitz, 2018). Other important attributes include strength of character, an ability to lead, an ability to communicate well and positively influence people, having credibility and being trustworthy,

as well as an ability to offer vision and direction. Furthermore, excellent listening skills, an ability to challenge and encourage, an ability to get the best out of people by empowering them, an ability to work through and overcome difficulties are also key for financial advisors to excel. The ability to solve problems creatively, have capacity for empathy, possessing organisational and business skills, being passionate about their work and being open to continuous learning helps financial advisors to excel in a volatile, uncertain, complex and ambiguous environment (VUCA) (Botha et al., 2019). Table 1.1 presents the Financial Planner Competency Profile specifying the professional skills required by a financial planner.

**Table 1.1 Financial Planner Professional Skills Matrix**

<b>Financial Planner Professional Skills Matrix</b>			
<b>PS. 1 Professional Responsibility</b>	<b>PS. 2 Practice</b>	<b>PS. 3 Communication</b>	<b>PS. 4 Cognitive</b>
PS. 101 Creates trust in all professional associations	PS. 201 Adheres to the pertinent financial services rules and regulations	PS. 301 Considers what is said by clients and other people, as well as makes an effort to comprehend the opinions made	PS. 401 Uses statistical ways or formulas where suitable
PS. 102 Acts in the client's best interest in delivering professional services	PS. 202 Complies with a professional ethics code as well as practice standards	PS. 302 Creates good bond with clients and others	PS. 402 Examines and incorporates data from various sources to come up with solutions
PS. 103 Displays ethical findings	PS. 203 Creates suitable judgments in spaces not attended to by prevailing standards of practice	PS. 303 Transmits data as well as ideas orally in an understandable manner, precise and non-misleading to clients and others	PS. 403 Applies reasoning and logic in comparing strengths as well as weaknesses of possible action courses
PS. 104 Displays knowledgeable morality and fairness	PS. 204 Upholds cognisance of variations in the political, economic as well as regulatory environments	PS. 304 Transmits written data as well as ideas in an understandable, precise manner that does not mislead clients as well as others	PS. 404 Reaches most excellent informed conclusions when dealing with inconsistent or incomplete data

PS. 105 Identifies competence limits as well as voluntarily pursue counsel of and/or defers to other professionals when suitable	PS. 205 Participates in constant learning thus ensuring skills and knowledge currency	PS. 305 Portrays rationales that are logical, persuasive and goal achieving	PS. 405 Displays an ability to adapt behaviours and thinking
PS.106 Identifies the professions public interest role and acts appropriately	PS. 206 Carries out suitable research when executing analysis as well as developing strategies	PS. 306 Effectively deals with complaints and objections	
	PS. 207 Uses initiative and autonomy in performing professional activities	PS. 307 Attains agreement with clients and others	
	PS.208 Uses responsibility for personal ability to provide services to clients for the engagement time frame		

Source: FPSB (2020)

On the other hand, the FPSB aids clients and prospective clients of monetary advisors by establishing, maintaining and enhancing international expert principles in financial forecasting (Rabenowitz, 2018). CFP accreditation is the only sign of competence for financial advisors recognised worldwide. It is the mark to look for when looking for impartial, professional and honest financial forecasting guidance (FPSB, 2023).

According to Botha et al. (2019), FPSB's Ethical Principles are aspirational and their intention is to provide direction to financial planning professionals on suitable and acceptable professional behaviour. The principles below show monetary forecasting experts' acceptance of their duties to the clients, community, co-workers and their organisations:

**Table 1.2: Financial Planning Principles**

<b>Principle</b>	<b>Action</b>	<b>Explanation</b>
Clients First	Put interests of the client first.	Putting the interests of the client first is a symbol of professionalism; monetary forecasting expert must act truthfully as well as not put individual benefit ahead of the client's interests.
Integrity	Offer specialised offerings with honesty.	Honesty calls for integrity and candour in all expert dealings. Monetary forecasting experts are put in places of honesty by clients, and the initial origin of that honesty is the financial forecasting expert's individual honesty. Benefit can be allowed for lawful contrast of beliefs, nonetheless honesty cannot coincide with deception or rebellion of the individual's truth. Honesty needs the financial forecasting expert to conform to the letter and soul of the Code of Ethics.
Objectivity	Give expert services objectively.	Objectivity calls for intelligent integrity and fairness. Nevertheless, of the services offered or the volume in which a financial forecasting expert role, objectivity needs experts to make sure the honesty of their work, handle disputes and employ sound expert judgment.
Fairness	Be fair and rational in all professional associations. Disclose and handle disputes of interest.	Fairness is about giving clients what they deserve, are owed or should expect from a professional association, including integrity and declaration of material disputes of interest. It also includes handling one's own feelings, preconceptions and wishes to attain a precise stability of interests. Fairness is dealing with others the same way that you would want to be dealt with.
Professionalism	Act in a manner that shows exemplary professional behaviour.	Professionalism is about conducting oneself with honesty and demonstrating regard for and courtesy towards customers, co-workers and everyone else in business-associated exercises, as well as abiding by the proper rules, regulations and expert requirements. Professionalism also requires the financial forecasting expert, separately and in cooperation with peers, to improve and maintain the profession's positive public perception and its ability to serve the public interest.

Competence	Maintain the capabilities, expertise and awareness necessary to offer competent professional services.	Competence calls for attainment and maintenance of an appropriate level of capabilities, expertise and awareness when delivering professional services. Competence also involves the intelligence to recognise the individual's restrictions and when dialogue with other experts is suitable, or referral to other experts is necessary. Competence also requires the financial forecasting expert to make an ongoing commitment to education and professional development.
Confidentiality	Guard the confidentiality of all client data.	Confidentiality requires client data to be guarded and kept in a way that enables access only to those who are authorised. An association of honesty and client confidentiality can only be developed on agreement that the client's data will not be declared inappropriately.
Diligence	Give professional offering diligently.	Diligence calls for the fulfillment of professional dedications in an opportune and thorough way, and taking care in forecasting, overseeing and providing expert services.

Source: Botha et al. (2019)

According to the FPI (2020), financial planning comprises a six-step process. These processes are: gathering relevant financial and personal information about the client, identifying goals and objectives, devising a strategy or financial plan to assist in achieving those objectives, implementing the recommendations contained in the financial plan and reviewing the plan and its strategies on a regular basis. The FPI (2020) asserts that fiscal forecasting is a procedure of advancing master plans to help customers, in handling their fiscal matters, to achieve life and fiscal objectives. The procedure of fiscal forecasting encompasses evaluating all pertinent facets of the customer's present circumstances making a comparison with the customer's anticipated circumstances and creating a strategy to help the customer onto the path of fiscal freedom (Grable and Chatterjee, 2014). Compliance officers play a vital role in influencing advisors to make ethical decisions when providing advice to clients and in an organisational context. There is also an argument that daily supervision of financial advisors should be measured in an organisational context and that of the compliance officers who influence them (Thakur, Hale and AlSaleh, 2020). In this study, compliance officers will be used as the second group of respondents. Also, the term "financial planning participants" will be used intermittently to identify financial advisors and compliance officers as a group throughout this qualitative study.

With this background, this qualitative study explores the existing circumstances which may be affecting professionalism as well as the ethical decisiveness of monetary advisors and regulatory managers operating in the financial services companies and providing financial advice to the consumers based in Durban, the largest city in the KwaZulu-Natal province in South Africa. The study is a remarkable and important one from an educational and communal viewpoint. From an educational viewpoint, this research illuminates the complexity of how and why people make ethical choices in their place of work. This study envisions that ethical decisiveness is forecasted by various theories inclusive of the qualities of the independent stakeholder as well as the circumstantial and dependent elements related to an institutional setting where the choice is constructed. As the level of consumer indebtedness in KwaZulu-Natal is increasing, there is a growing need for financial advisors to provide quality financial planning advice to people.

### **1.2.1 Situating ethics in the financial advisory service**

As this study is about business ethics, it is prudent to have a fundamental understanding of what ethics is in general, before situating ethics in the business context. Ethics refers to the theoretical analyses of the ideas of ethical correctness and incorrectness and ethical goodness and badness, to some theoretical hypothesis of that which is ethically correct and incorrect or ethically good and bad, and to some protocol of ethical regulations or values.

The word "ethics" is derived from the Greek word *ethos* (character), and from the Latin word *mores* (customs) (Bruce, 2018). The practice of ethics is used to examine what is right and wrong. A good understanding of ethics and the underpinning philosophy and logic is key, mindful that the code of ethics used in different sectors may not cover every ethical dilemma an employee may face now or in future. In today's financial advisory industry, professionalism and the code of ethics serves as the foundation on which financial advisors make decisions based on honesty, confidence, integrity and trust (Sanusi, 2010).

One way to enforce ethical conduct is the use of codes of conduct or ethics in a profession or organisation. In the financial advisory sector, a formalised code of ethics gives financial advisors an understanding and knowledge of the expectations from them with regards to responsibilities and behaviour. A code of ethics provides the standards and sets up a practical mode of behaviour applicable to all advisors (Boatright, 2020). Financial advisors' reputation and actions display ethical conduct and professionalism that impacts future profits and growth. Financial Services Providers (FSPs), represented by financial advisors need to put in place policies regarding ethics to ensure advisors make appropriate decisions in difficult business situations, to know when and how to seek assistance when dealing with

ethical dilemmas and where to report potential unethical conduct. Legislation has been put in place to regulate financial advisors and to ensure a fair competitive environment. However, regulations alone are not enough for ensuring discipline within operations, therefore, higher ethical standards are necessary to steer operations in the financial advisory industry (Ali Yidawi, 2015). FSPs must obey particular ethical principles of the financial advisory profession as well as organisational ethics including social responsibility, integrity, accountability, honesty and fairness. Most FSPs fail to practice this discipline, especially since they have become more complicated and the boundaries between what is lawful and unlawful are blurred, resulting in unethical behaviours (Carse, 2019). This exacerbates the need for FSPs and financial advisors to be led by a strong set of values to direct them through the maze of ethical choices they are faced with when making decisions.

Duska (2014) suggests that firstly, ethical challenges in the financial advisory industry affect everyone regardless of whether a person works in the industry or not; they are a consumer of the services. Secondly, self-interest at times morphs into greed and selfishness and on the other hand some people suffer from stunted ethical development. "I think this happens in three areas: the failure to be taught, the failure to look beyond one's own perspective, and the lack of proper mentoring," Duska (2014) said. Thirdly, certain people equate ethics with legal behaviour, thus ignoring the fact that a legal action may still not be ethical, for example, doing things with no legitimate business purpose to avoid taxation. There are situations where professional duty conflicts with FSP demands, for example, consider the misguided practice of selling indexed annuities to the elderly. If the FSP is paying a high commission of say 15% for a particular product versus a lower commission of say 3% for a more suitable product, a financial advisor may ignore the clients' interests and/or think that the FSP supports the product and its suitability as they are prepared to pay five-fold the commission. FSPs need to realise that their rewards structures encourage dysfunctional behaviour. Fourthly, personal accountability can wilt under customers' pressures, meaning that at times clients can put pressure on a financial advisor to behave unethically, for example, customers expecting a claim to be processed speedily. The temptation is that you like and know your client and you really want to assist them, which presents another conflicting loyalty (Duska, 2014).

Federwisch (2015) created suggestions to improve and encourage ethical behaviour in the industry. He starts by stating that consumers need to be better informed by reading enough to be able to ask the advisor they know and trust the right and insightful questions. He then moves to the levels at which ethics can be applied in environments which are systemic, at industry, organisational and individual levels. The systemic level is said to be the highest

one that addresses the question “What is the most ethical system?” This level encompasses ideological discussions such as the distinction between socialism and capitalism and in recent years it has become more closely associated with various views on governmental intervention. For example, during the 2008 Global Financial Crisis, government bailouts were advocated for by some to save large financial institutions. The second level is the industry level which mostly addresses questions about ethically controversial industries such as tobacco, gambling and alcohol but it has also been expanded to address uncontroversial industries such as fashion, fast food and financial services. The third is the organisational level which poses the question, “how does the corporation behave?” In this level, business integrity and ethics concepts are applied and Board of Directors and senior management roles are scrutinised. Lastly, the individual level, which is most relevant to the study, addresses individual employee behaviour. The FSP may have a good reputation in the industry but a financial advisor can still behave unethically, for example, cheating on expense or commission claims. The last two levels are related and mutually reinforcing in that when an organisation acts ethically it fosters a culture of integrity which motivates the employees to act ethically at an individual level. For example, an FSP can have zero tolerance for receiving commissions through selling inappropriate products and trains their financial advisors how to apply this, even in challenging situations (Fontinelle, 2023).

### **1.2.2 Professionalism in the financial advisory industry**

In the financial advisory industry, it is no longer possible for a person to enter the profession without the necessary qualifications, call themselves a ‘financial advisor’ and have little to no accountability for the advice they provide as they pursue commission over quality. The biggest issue facing the financial advisory industry currently, is the question of professionalism. Van Schoor (2021) states that, “until the public's overwhelming experience of financial planning is a positive one, financial planning will not be viewed as a profession nor the discipline of financial planning as a profession.” A new study shows that financial advisory is not yet seen as a profession/speciality. The notion of a profession refers to a disciplined group of individuals who adhere to ethical standards and hold themselves accountable and are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning. They are prepared to apply this knowledge and exercise these skills in the interest of others (Boatright, 2020). Having the right qualifications and membership of financial services bodies is also considered insufficient to elevate an individual to the level of a professional. In the financial advisory industry, putting clients’ interests first is at the centre of the speciality. According to Wolthuizen (2023) a profession is “an occupation, vocation or career where specialized knowledge of a subject, field, or science is applied. It is usually applied to occupations that involve prolonged academic

training and a formal qualification. Professions are usually regulated by professional bodies that may set examinations of competence, act as a licensing authority for practitioners, and enforce adherence to an ethical code of practice." A contrast of such a benchmark with the financial advisory field highly suggests that monetary advisory is a speciality if it is performed in line with norms put in place by the FPI and Financial Services Board (FSB).

There are currently two groups of financial advisors, namely, those who offer a highly professional service and those who offer a poor service, the reason being that they do not deliver a good service. Provided that the communities are subjected to poor service, monetary advisors will not easily be perceived as specialists (Brown, 2013). The main challenge is proficiency and intention. The proficient monetary advisor who has the client's best interests at heart will be and is perceived as a specialist while the incapable one will not be. Van Schoor (2021) notes,

"I remain concerned around the resistance to rooting out undesirable practices which do not adhere to appropriate standards of professionalism. Perhaps the resistance lies in the fear of uncertainty brought about by change. Even more concerning is the fact that there is little evidence of a uniform approach to professionalism adopted across the industry. Despite the lip service paid to professionalism, few practices what they preach with 'unsavoury' advisors expelled from one player only to re-emerge at another."

The proficiency challenge is a sectoral issue and only once one benchmark of proficiency exists throughout the sector will progress be noted. If such conducts reappear somewhere else in the sector, it may mean that the issue has simply been moved but not solved (Bruining, 2014).

In the financial advisory industry, professionalism is about behaving with dignity, being respectful and courteous to clients and to fellow business colleagues, conforming with the law, code of practice, regulations and fulfilling expert obligations. Proficiency needs the FPI affiliate to increase as well as maintain the reputation of the profession, public image and the ability to serve the public interest. According to FPI (2020), professionalism is about behaviour which encourages trust, certainty and value from customers, the broader community as well as should embody all other principles of conduct. Over and above the expertise, professionalism has the highest ethical norms. Service as well as behaviour and the way through which a service is furnished, this is what sets apart an FPI professional member. Professional financial advisors should strive for excellence in their craft and

endeavour to do what is always right, irrespective of their role, title or designation or mode of compensation. Financial advisors are expected to continually focus on giving high-quality advice and service and to be driven by a genuine need to help customers to obtain their objectives as well as to concentrate on mutual benefit for all. They should be dedicated to acting in the clients' interests, be selfless in their motivating forces and utilise their expert shrewdness to develop solutions and pose them in a strong and concise manner. Financial advisors who hold the FPI Certification are committed to maintaining the characteristics of professionalism and representing financial planning as a recognised and respected profession and industry.

There is a public perception that despite the regulatory regimes, financial advisors are incompetent and unethical, with their roles being shaped by scams and scandals and reward systems which are seen as being correlated with self-centeredness (Wolthuizen, 2023). It is debated that for financial advisory to be deemed a profession, it requires a focus on the individual advisor as a professional, a strong ethical context, an altruistic motive rather than individual self-interest and a high degree of self-control of behaviour usually articulated in a Code of Ethics and/or other ethical frameworks (Vessenes, 2019). While certain financial advisors belong to a professional alliance like the FPI and are therefore bound by a code of ethics, membership is not compulsory. Miller (2020) further argues that there could be gaps in current frameworks such as focusing on training/education or professional development in ethics and the existence of official ethical frameworks in financial advisory organisations.

### **1.2.3 Nature of financial advisory service**

Financial advisory services are like any service, such as is activity or benefit that one party can offer to another. These services are most often essentially intangible and do not result in the ownership of anything (Kotler, Armstrong, Saunders and Wong, 2018). More specifically, financial service relates to the provision of proficiencies for customers' choices about wealth concerns, individual monies, and savings. According to Kotler (2020), services are complex and characterised by intangibility, heterogeneity, inseparability, and perishability (IHIP). First, intangibility means services cannot be touched and felt before buying. In a slightly different vein, services cannot be viewed, eaten, touched, listened to, or sniffed prior to being purchased (Kotler, 2020). Second, inseparability is a key trait of offerings and reveals that offerings are created and used concurrently and cannot be alienated from their sources, regardless of them being individuals or technologies (Kotler, 2020). Thus, financial advisors and financial advice cannot be separated from each other.

Third, variability is another important characteristic of services, which means that their quality may vary greatly, depending on who provides them and when, where, and how they are provided (Kotler, 2020). Service variability can be managed in several ways. Employees can be selected and trained carefully to provide good service. Employee incentives can be introduced that emphasise service quality. Customer satisfaction can be checked regularly through suggestion and complaint systems, customer surveys, and comparison shopping. To address financial service variability, there is a need for professional training and education. Fourth, services are perishable, meaning that services cannot be stored for later sale or use (Kotler, 2020). The perishability of services has important implications for service providers. While perishability is not a problem when there is steady demand, the challenge arises when demand fluctuates and the need for adjustment becomes clear.

A trust-based relationship between a layperson and a professional, who possesses a high level of specific knowledge in a specialized field (financial services and economics), and time for meetings between the advisor and the client are critical in financial advisory services (Overton, 2018). In the relationship, the advisor is an expert in that the advice given contains well-founded suggestions for the customer's finance-related decisions. According to Sanlam (2021), financial advisors are responsible for managing all aspects of a client's financial life from estate planning to retirement planning to investing and savings. Financial advisors assess client's financial status, understand their financial goals and develop a tailored financial strategy to achieve the desired goals (Bruce and Gupta, 2021). They can assist in reducing taxes and in maximising returns on any owned financial assets. Appropriate planning and fund allocation can be a stressful process. A financial advisor is a specialist that assists at all stages from inception to constructing an asset portfolio (Cooke, 2018). Financial advisory services comprise a whole host of qualified professionals such as certified financial advisors, investment advisors, wealth managers and certified public accountants that give advice on the effective management of money and assets. Good financial advisors enquire about a client's goals, understand client's debts, expenses and income and also create the most appropriate plan to effectively reach their desired target (Trebilcock, 2022). Financial advisors may work as independent agents, or they may be employed by a larger financial firm. They generally offer several services, some may offer services in isolation while other may offer combined packages.

It is insightful to understand that the term "financial advisor" is a generic term with no precise industry definition (Carse, 2019). In this regard, the term financial advisor can describe many different types of financial professionals such as insurance agents, tax preparers, investment managers and financial planners. Estate planners and bankers may

also fall under this umbrella. However, an advisor must give direction and provide recommendation (Cohen, 2013). An advisor can be differentiated from a stockbroker who just trades on behalf of customers, or an accountant that just does tax returns with no advice given on how one can amplify tax benefits (Douglas, 2020).

Types of financial services span a range. Firstly, these include investment management services with a focus on the allocation of assets through portfolio performance optimisation and losses minimisation (Kagan, 2023). Secondly, the range includes risk management which encompasses financial risks, diversifiable and non-diversifiable risks. Non-diversifiable risks are accidental and unavoidable as they affect the entire market and therefore it is the duty of a competent financial advisor to create an investment portfolio that minimises the effect of these risks (Howard 2023). Thirdly in the range is retirement planning which is used to safeguard assets individuals have worked their entire lives to generate. A financial advisor becomes a pivotal part in safeguarding and growing wealth (Velasquez, 2023). Fourthly, estate planning is also a financial service which can be complicated as wealth needs to be distributed accordingly to beneficiaries whilst ensuring that there is enough wealth left to support an individual's own lifestyle. In this case, the financial advisor's role is to secure and protect wealth to ensure that that the heirs are properly secured financially. Lastly, the range also includes financial planning which is crucial as a good financial advisor creates a financial model that aligns with the client's strategy and allocates funds in a way that saves on taxes and circumvents the loss of funds (Botha et al, 2019).

#### **1.2.3.1 Role and tasks of a financial advisor**

In general, financial advisors assist people in making choices regarding how they should handle their funds, including investing or other options they can take. Wood (2012) states that financial planners utilise their expertise and knowledge to create personalised financial strategies with an objective of achieving client's financial goals. These plans incorporate investments, savings, budgeting, insurance as well as tax strategies. Advisors contact their clients regularly to review their changing situation and to make necessary plans accordingly (Byrne, 2015). An advisor is one's monetary strategic associate with whom various topics can be discussed, such as how much to invest, kinds of accounts required, types of insurances required (for example, long-term upkeep, life cover, disability, critical illness, etc.), one's estate and tax (Allen, 2016).

Sophie (2021) states that another role of a financial advisor is that he/she educates by assisting clients in understanding what is involved in meeting their future goals. During the start of the association, financial subjects may involve savings and budgeting and as the

client's knowledge advances, topics will shift to include complex investment, tax matters and insurance (Driggs, 2023). As mentioned above, financial advisors offer various services to clients ranging from providing advice on common investing to helping with attaining a monetary objective such as a university learning fund investment. Cruciani (2017) suggests that the most important general services offered by advisors are firstly, making recommendations regarding savings that fit the client's fashion, risk tolerance as well as goals, while creating and changing investment plans as required. Secondly, other services include assistance in the creation of strategies that assist clients to pay off debts and avoid unnecessary future debt. Thirdly, advisors help clients to create a budget that will help to meet their short- and long-term goals. Fourthly, assistance is provided with the creation of a retirement plan designed to a person's distinct needs as they approach retirement. Fifthly, a financial advisor helps clients with estate planning where individuals and organisations that the client wants to nominate to handle his/her legal affairs after they pass away are identified and a plan to carry out clients wishes is created. The sixth services is that of providing assistance with long term insurance and healthcare solutions that meet the client's budget. The last service is that of tax planning where a financial advisor is able to assist with tax return preparations, maximising tax deductions and minimising taxes in retirement (i.e. capital gains tax).

A financial advisor works with a client to get a total picture of their assets, liabilities, income, and expenses. They will also request clients to indicate their future income and pension sources, forecast retirement requirements and define any long-term financial commitments. It is imperative for an advisor to understand the client's risk tolerance, risk capacity and investment preference so they are able determine a suitable investment asset allocation or an investment strategy that balances risk and reward (McFarlan and Zick, 2019). The advisor needs to be conscious of the client's existing estate plan and other professionals on the planning team, like lawyers and accountants. Once the client and the advisor understand the current financial position and future forecast, they are both prepared to collaborate on a strategy that will satisfy the client's lifetime and monetary objectives (Kaur and Sandhu, 2020). The most important task of a financial advisor is to put in place a comprehensive financial plan wherein all this initial information is synthesised to become a roadmap for the client's financial future (Lusardi, 2015). Bonnice (2014) elaborates that it starts off with a key findings summary from the initial questionnaire resulting in a recap of the goals discussed and a summary of the current financial situation which includes assets, net asset value, obligations and working resources. The strategy will generate a mock-up of possible best- and worst-case retirement scenarios, for example, outliving one's money; in this case a financial advisor will take necessary steps to avoid such an outcome. The strategy will take

into consideration survivor challenges and monetary situations for the living spouse if a client is in a long-term relationship or married. Once the plan is finalised, reviewed, adjusted where necessary and agreed upon it will be put in place (Altfest, 2014).

The consumer must always question the financial advisor's recommendations so as to understand what is being recommended and why (Godbout, 2021). It is also imperative for customers to know if the finance consultant is receiving a commission, is charging fees for their services and for funds being used and if there is a conflict of interest (Grable, 2011). The advisor will select an asset allocation that fits the client's risk tolerance and risk capacity. An asset allocation is basically a rubric to ascertain the percentage at which the client's total financial portfolio will be distributed across different asset classes (Archuleta, 2011). Shtudiner (2018) states that a client that is more risk averse will have a higher concentration of certificates of deposit (CDs), government bonds and money market holdings. In contrast, a client who is comfortable with taking a risk could take on more corporate bonds, stocks and even investment in real estate. A client's asset allocation is adjusted based on age and how long they have before they retire (Pinjisakikool, 2017). Financial advisory organisations make investments based on the law and its investment policy when purchasing and selling financial assets; a commonality is that financial products are chosen to suit the client's risk profile. Each client's personal portfolio should fit their needs and be based on how soon they require the funds, their investment horizon, present and future goals (Mishra, 2018).

In terms of Section 7(4) of the General Code of Conduct, once the investment plan is in place, an advisor should send regular statements to the client updating them on their portfolio. The advisor should also set up frequent financial monitoring meetings to review client's goals, progress made in meeting those goals, changes in fees and to respond to any additional questions that may arise (FAIS Ombud, 2014). "Many complaints point to trail fees and complainants ask why they are paying such fees when, in some instances, they last heard from the advisor on the day they purchased the investment. Almost all of these complainants claim they were not aware they were paying these costs. Some complain that they discovered they were paying trail commission only when they called the product provider, only to learn that the financial advisor left years ago." (FAIS Ombud 2014). Over and above these regular meetings, it is important for clients to advise the advisor when there is a major change in one's life that may affect the financial plan. This may be a divorce, marriage, a child, purchasing or selling a home, a new job or a promotion (Cella, 2023).

### **1.3 Problem Statement**

Poor professionalism and ethics are critical problems facing the financial advisory industry, resulting in negative public perceptions of financial planner and advisors of clients (Miller, 2020). The negative image of financial advisors is partly as a result of previously operating in a poorly regulated industry with minimal client security and compliance. Consequently, individuals are reluctant to entrust financial planners with their finances (Walker, 2013). In a study which investigated financial advisors' ethical behaviour considering post Global Financial Crisis and authoritative adaptations, and post Future of Financial Advice reforms, it has been highlighted that customers classified technical skills of their financial advisors highly but ranked their ethical skills low, indicating they are not impressed by them (Bruhn and Asher 2020). There is a need for professionalism and ethics for financial advisors not only to establish trust-based relationship, but also develop and sustain a positive image. On the other hand, there is also a lack of research that explains why South African individuals, in particular, do not make use of financial planners – a fact that leads to a lack of understanding of the problem.

The levels of consumer indebtedness in KwaZulu-Natal appear to be alarmingly high (Cuesta, 2015). In this, regard financial advisory is becoming increasingly applicable to attainment of the governmental, fiscal and societal objectives of the Durban communities and local government (Davis, 2020). There is an ever-growing and commensurate need to obtain expert financial planning advice to ensure a financially sustainable lifestyle and to provide for retirement years as per the FPI. Particularly, the KwaZulu-Natal Government is resolute in making sure that the people of KwaZulu-Natal gain access to professional financial guidance to assist them in making knowledgeable decisions with regard to their pension funds (Crompton, 2020).

Previous research has revealed that households that work with a financial advisor acquire more assets and over time their savings grow (DeAngelis, 2015). There is also prior learning of intellectual ethical thinking throughout various careers and positions (Koekemoer, 2018; Fisher and Yao, 2017; Dickason and Ferreira, 2018; Dhiman and Raheja, 2018). Previous research was done in Canada in the early 2000s, where researcher discovered that well advised households possess about twice the amount of financial assets compared to the non-advised households. Studies further confirmed that Australians who rely on financial advisory advice to direct their financial decisions reported escalated satisfaction levels, trust their advisors as well as give credit to their advisors for assisting them in achieving better investment and savings habits. Canadians that have advisors received an average yearly savings rate of 10.75% compared to the non-advised whose average yearly savings rate

was 6.7%. Another factor which plays a great role in being able to grow asset levels is the discipline that clients have to remain in the market through negative and positive cycles. While research is not able to make a correlation on the advisor's effect on clients staying the course, an observation was made that advisors can play a part in such an area as they will advise clients when it is the right time to sell.

However, there is inadequate research on ethical decision-making thinking of financial advisors and regulatory managers in the Durban setting, revealing a gap in knowledge which calls for attention in future research. Furthermore, there is also a lack of profession tools through which to gauge the ethical decision-making and thinking of finance advisors in delivering financial guidance to clients. There is a lack of clarity regarding the components that persuade the ethical decisiveness of financial advisors in a company. It is disputed by Whitehead and Novak (2015) that related components, like the ethical environment and ethical ethos of the FPI licence holders, have a major responsibility to play in optimistically or pessimistically persuading ethical behaviour of financial advisors.

Given the above challenges and research gaps, this qualitative study focuses on exploring the nature of professionalism and ethical decision-making of financial advisors in Durban. This qualitative study seeks to uncover common kinds of unethical behaviour of financial advisors, and the views of finance advisors as well as compliance officers of the existing ethical challenges and ultimately propose an ethical decision-making framework for use by financial advisors in Durban. Financial advisors and compliance officers need an ethical decision-making framework to aid them in delivering effective financial advice in Durban.

#### **1.4 Research Objectives**

The objective of this exploratory qualitative study is to understand the nature of professionalism and business ethics of financial advisors and compliance officers in Durban, KwaZulu-Natal, South Africa.

##### **The research objectives**

1. To identify the common types and nature of ethical behaviour of financial advisors, in the provision of financial advice to consumers in Durban, KwaZulu-Natal.
2. To evaluate the perceptions of financial advisors and compliance officers of the existing ethical challenges they face in their responsibilities within financial services organisations in Durban, KwaZulu-Natal.

3. To propose an ethical decision-making framework for effective financial advisors in Durban, according to financial advisors and compliance officers.

## **1.5 Research Questions**

In attaining the aims of this study, three research questions were established in response to the aims of this qualitative study.

### **Research Question 1**

What are the common types and nature of unethical behaviour of financial advisors in the provision of financial advice to consumers in Durban, KwaZulu-Natal?

### **Research Question 2**

How do financial advisors and compliance officers perceive the current ethical challenge facing them in their respective roles within financial services organisations in Durban, KwaZulu-Natal?

### **Research Question 3**

What are the elements of an ethical decision-making framework for effective financial advisors in Durban, according to financial advisors and compliance officers?

## **1.6 Study Motivation**

The qualitative study is motivated by three key issues. First, there is a growing concern about the unethical conduct of financial advisors when providing financial advice to consumers which cannot be ignored without any meaningful understanding and effort to recover the lost trust by clients and rebuild industry reputation. While there are codes of ethical conduct, training and licensing systems for financial advisors and compliance officers, incidences of unethical conduct are still evident and causing damage to the generalised trust which financial advisors used to enjoy in the past (Bigel, 2015). There is a pressing need to not only unearth the common unethical behaviours, but also to determine what is necessary to be included in a framework that can result in ethical decision-making in practice by financial advisors in their day-to-day work. Secondly, the qualitative study is motivated by the need to understand the existing scope and variety of ethical challenges that financial advisors and compliance officers face.

Thirdly, the last motivating factor of the study is the need to have a framework for ethical decision-making, enabling financial advisors to be more effective in their duties. Good ethical decision-making is possible with trained insight into ethical issues and a rehearsed method for investigating the ethical features of a decision, to gauge how the various considerations impact the chosen course of action.

### **1.7 Significance of the Study**

This study is significant to a variety of stakeholders such as financial advisors, consumers, leaders of financial advisory service organisations and scholars of business ethics and financial service provision. Firstly, the exploratory qualitative study is significant to financial advisors and compliance officers as they are faced with various ethical dilemmas daily that usually arises during situations wherein there are different participants, conflicts of interest, value and where law may not be clear (Smith et al., 2017). The study gives insights not only to the common unethical behaviours of financial advisors, but also the negative consequences on the current and future relationships that financial advisors hold with clients in a productive client-advisor context. The human side of financial services advice is critical and relies heavily on sustained and particularised trust of the advisor (Smith, 2016). While this study illuminates the organisational level issues, it also pronounces the personal element of ethics and ethical dilemmas evident in conflict of interest between personal interests and professional duty. Ethical decision making is made by individuals and not the regulations and the law, therefore regulations on their own cannot prevent this from happening (Wilkinson, 2016; Bennetto, 2015).

Secondly, the study is significant to the consumers or clients. Unethical behaviour in the financial services industry has a negative ripple effect on the society where members of the public have no confidence nor trust in the sector and on the character of financial planners (Botha et al. 2019). Financial planners have to maintain high standards of ethical behaviour thus to build public trust and to ensure that this does not repeat itself. Unethical behaviour can only be controlled by strong ethical principles at an individual, business and sector levels. However, it is every individual's responsibility to control their own behaviour and decision making in the financial services industry (Beaman, 2017).

Third the study is significant to leadership and how to model and promote ethical behaviours in the financial services sector. The nature of common unethical behaviours and scope and variety of perceived existing ethical problems are all relevant for leaders and call for their remedial actions. The study is also important for leadership of financial service organisations to re-examine their organisational cultures characterised by incessant pressure for advisors

to sell at any cost or perish. As financial planning leaders are making an effort to be further professionalised and members are going towards latest and vital thoughts of what it means, in an ethical sense, to be a financial advisor, the question of what should constitute an effective framework for ethical decision making is pivotal (Chavali and Mohanraj, 2016). Financial advisory leaders need to work hard to ensure the industry is one with high ethics, conduct, principles and ethics so that financial advisors feel comfortable and confident in their roles. Financial advisors and management can work together to create businesses that have high standards and thrive on an ethical culture and guided by an ethical framework of decision making.

Lastly, this exploratory study is significant to scholars of business ethics and organizational behaviour but also financial service provision as it situates professionalism and business ethics in a very important sector of financial advisory services. Future researchers may operationalize, validate or improve the framework of ethical decision making for effective financial advisors and financial service provision that is developed in this study.

### **1.8 Focus of the Study**

This qualitative research study focuses primarily on financial advisors and compliance officers based in Durban, KwaZulu-Natal. Participants have no less than three years of working experience to ensure that they are experienced or are aware of ethical challenges in decision making. Participants are registered with the FPI as financial advisors or compliance officers. Participants are open and express their views regarding the professionalism and ethical issues of their roles and also reflect on their work experiences.

This exploratory study will focus on the nature of professionalism and ethical decision-making of financial advisors in Durban. The study will delve deep into professionalism as a concept, its origin, evolution, meaning, dimensions, characteristics, criticism, assessment of the concept and lastly look at previous research on professionalism. Furthermore, this qualitative study will focus on ethics, ethical decision making, various theories of ethics and their weaknesses, various theoretical frameworks and ethical leadership.

### **1.9 Research Delimitations**

This qualitative research was delimited in three main ways. The first delimitation is that the kind of research utilised in this study is qualitative and exploratory. As a result, the study focuses on financial advisors and compliance officers' views on the nature and types of common unethical conduct, and perceptions of the existing ethical challenges facing them in their individual duties in the FSPs. The study is delimited to financial advisors and

compliance officers with not less than three years of experience. This is key to exclude those who may not have adequate experience to give comprehensive insights not only on the common types and nature of unethical behaviour in the provision of financial advice to consumers in KwaZulu-Natal but also with regard to what should constitute an ethical decision-making framework for effective financial advisors in Durban, according to financial advisors and compliance officers.

The second delimitation is the geographic preference as the study's main focus is the city of Durban situated in the KwaZulu-Natal province. The reason for this preference is that Durban is the largest city in the province and KwaZulu-Natal is the second-most populous province in South Africa.

The third delimitation issue is with regard to rank and diversity of those with first-hand experience in the active offering of financial advice to customers. This study's main focus is only on financial advisors and compliance officers based in Durban who had work experience in delivering financial advice. In focusing only on the view of the financial advisors and compliance officers, the study has excluded financial advisor assistants and management, as they are called in the financial advisory. These are excluded as they are less actively involved in financial advice for clients. Future studies may look to widen the research scope to incorporate the views of those that are in management positions in the organisations offering financial advice. The key limitation of this exploratory study is that the sample size is small as it is limited to financial advisors and compliance officers in Durban. As there are other areas in KwaZulu-Natal, future research may include financial advisors in different areas or even focus on the whole of KwaZulu-Natal especially if the results are to be generalised, and not only transferable to a similar context as is the case in the current study.

## **1.10 Structure of the Research**

The organisation of this document is detailed below.

### **Chapter One: Introduction of the study**

The first chapter provides an introduction to this qualitative study as well as an in-depth overview of how it will be conducted. It gives thorough insight into the background of the research, rationale, problem statements, research questions, research objectives and the methodology utilised in this study. The chapter has also discussed the delimitation of the study.

## **Chapter Two: Literature Review**

This chapter focuses on literature review and will describe ethics theories. It will discover literature on factors affecting professionalism and ethical behaviour being financial advisor's certification, codes of practice, commission-based remuneration and quality of advice given.

## **Chapter Three: Research Methodology**

The third chapter deliberates the systematic approach and methods utilised in conducting the learning. It provides a clear understanding of how the research will be designed, executed and analysed. This will include research philosophy, research design, data collection and analysis methods.

## **Chapter Four Presentation of Findings**

In this chapter findings, will be presented by way of conveying study results in a clear, organised and meaningful manner. It will assist in understanding the outcome of the study and its implications.

## **Chapter Five: Discussion of Findings**

This chapter analyses patterns, interprets and contextualises findings and discusses these in relation with existing literature. It delves into the implications, significance, and the broader meaning of the findings withing the context of the research questions or hypothesis.

## **Chapter Six: Conclusion and Recommendations**

This chapter summarises main findings and suggests possible courses of action on the said findings. It also restates and resolves research questions, aligns results with or highlights differences from existing literature.

### **1.11 Chapter Summary**

This introductory chapter of the entire exploratory study began by focusing on the contemporary issues in the financial advisory services and how the problem of mistrust is critical and requires serious attention for industry success. The chapter explored the general meaning of ethics and professionalism. It is noteworthy to underline that this chapter also delved into the notions of ethics and professionalism before unpacking the roles of financial advisors.

As this exploratory qualitative study focuses on business ethics and professionalism as the core issues situated in the financial advisory services, it is prudent to clearly understand what ethics and financial advisory services entails. Subsequently, the chapter has also

clarified the research problem, research objective, research questions, motivation and significance of the study to various stakeholders such as financial advisors, consumers and scholars of business ethics and organisational behaviour. Lastly, the chapter dealt with the delimitation of the study by clarifying that the study is geographically limited to Durban but also those who are financial advisors and compliance officer who interacts directly with clients. In this way, the study excludes those in leadership and managerial positions in the financial service advisory organisations. The structure of the entire qualitative study is presented in this chapter before the chapter summary. The next chapter focuses on the review of relevant theories and previous studies, as part of the literature review.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The previous chapter set the scene in terms of the study's aims, motivation as well as importance. The aim of the current chapter is to critically examine the key concepts in this study. First, the chapter focuses on the evolution and dimension of professionalism before focusing on previous research on professionalism in financial advisory services. Second, the chapter progresses to examine the concept of ethics, ethical decision-making theories of ethics and ethical leadership, before discussing previous research on ethics and financial advisory services. The chapter finishes with a summary.

As this research relates to the study of ethics, the literature will deal with various ethical theories applicable to this study that were introduced at the start of the first chapter. Thereafter, an examination of the appropriate ethical philosophies and values will follow.

### **2.2 The Concept of Professionalism**

Professionalism is a blend of traits, skills, behaviours as well as good judgment that is expected from individuals, well-trained and well-adjusted to their career (Crompton, 2020). Professionalism is also about adhering to a set of standards that is generally practiced and is acceptable between colleagues (Eyal, 2020). This section discusses origin, evolution and dimensions of professionalism at length.

#### **2.2.1 Origin and evolution of the concept of professionalism**

Notwithstanding professionalism being a concept used to define core elements of the medical practice which dates back to the Hippocratic Oath at least around 400 BC, in the medical literature the first utilisation of such a term was no more than a century ago (De Angelis, 2015). Based on certain authors (Faris, 1973; Hu et al.), (2000), behind the use of the medical professionalism term, exists three usual components recognised by medical doctors from diverse social upbringings as the main segment of their profession. They are firstly, the presence of general ethical philosophies such as privacy, respect, honesty, justice, knowledgeable consent and dedication to deterrent remedy. Secondly, the medical education requirement that is grounded in encouraging decent practice and lastly the need for professional practice to abide by the ethical laws of decent practice. Such elements that are popular among the diverse medicinal ethnicities are the foundation on which professionalism is created. The professionalism idea emerges as a pronounced body built

on skills and professional traits that complement the professional work despite the social, geographical or cultural settings where it is executed.

The concept of professionalism received considerable and at times critical attention in sociology (Faris, 1973). In early analysis by the British and the Americans, professionalism was seen as an occupational value that was crucial for the stability of social systems and civility. In those explanations, professional relations were distinguished as cooperative, collegial and mutually supportive. Trust relations characterised practitioner–management and practitioner–client interactions, as competence was presumed to be certified by being educated, being trained and at times by being licenced. Nonetheless, a second, more sceptical professionalism interpretation rose out of the more analytical literature on professions that was leading in the 1970s and 1980s Anglo-American analyses. At that time, professionalism was dismissed as a successful doctrine and seen as a process of domination over a market or an occupation. Based on that interpretation, professionalisation was meant to promote the occupational self-interest of professionals with regards to salary, power and status, as well as protecting the dominance of an occupational authority. Professionalisation was a process initiated and controlled mainly by the practitioners through their professional associations and institutions, so as to advance and protect their own interests (Nunn and Scheffler, 2019).

According to Koumenta and Pagliero (2019), a third and subsequent evolution involved professionalism analyses as a discourse of change and control of occupation, especially in work organisations where such discourse was applied and utilised increasingly by managers. There is a crucial difference between the discourse of professionalism as created by the occupational group itself (“from within”) and as created by managers in work organisations (“from above”). When the discourse is created from within, the group benefits can be substantial. The occupational team uses the discourse to build its occupational identity, thus enhancing its image with customers and clients as well as in bargaining with governments to gain and promote the occupational control of work by practitioners. In comparison, in a case where the discourse comes from above, it is generally false or discriminatory and utilised to facilitate change and rationalisation of the occupation. The effect is organisational managers’ and supervisors’ control, not the occupational work control by the practitioners. The aim of the organisation is to describe practitioner–client relations and set targets and performance indicators. The second aim is to regulate and replace practitioner–client work interaction occupational control, resulting in a limited utilisation of discretion and compromise of the service ethic that has been imperative in professional work. The American sociologist, Talcott Parsons (1949) argued that the professions, due to

their collegial organisation and shared identity, revealed a substitute to the managerial ranking of organisations. The early 21st century studies demonstrated that professionalism offers advantages for clients and practitioners on how else to organise work in contemporary societies, such as managerial or market-based organisation. These studies emphasised the importance of preserving professionalism along with competence, trust and discretion as the main organising principles for service work in modern societies.

In a seminal piece published in 1987, soon after the first-ever Work, Employment and Society conference, Crompton (2020) echoed the then current state of 'professionalism' as a regulation mode. She notes that professionalism has profound historical roots in the Anglo-American settings from the 19th century or even earlier. Professionalism is implied as a distinctive approach with regards to organising, whereby occupational members retain control over work interpretation, performance and evaluation in exchange for a dedication to serve the greater public. In its most evolved form, professionalism promotes degrees of self-regulation in two intersecting domains being the 'production *of* producers' and the 'production *by* producers'. Whereas the former entails control over supply of expert labour through licencing or certification to create labour market shelters that reduce competition, the latter ultimately supports this process through regulating standards of ethical conduct, competency and addressing malpractice as and when necessary (Abbot, 2019).

However, Crompton (2020) suggests further that professionalism is threatened as employers, government and consumers welcomed the free-market ideals and practices. Specifically, "by exploiting capitalism's past distortions, professional occupations had, according to neoliberalist philosophy, secured oligopolistic protection[s]... to which they have no particular right" (Crompton, 2020). These critiques have intensified and arguably become more influential over the past 30 years. Leicht (2016) refers to the increasing hegemony of 'market fundamentalism' over this period in the United States (US) and Europe, which has also been electrified by reducing public trust in experts (Eyal, 2020) and worry about wrongdoing and malpractice (Adams, 2020; Currie et al., 2019). From the mid-1980s onwards in the US, this kind of thinking permeated into orthodox political demands to bring back professional regulation with an intention to stop or even drive back occupational licensing (Bryson and Kleiner, 2019).

## 2.2.2 The evolution of professionalism in the industry

According to Professions Australia (2021), a profession can be described as

“a disciplined group of individuals who adhere to ethical standards and hold themselves out as and are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others.”

Over the past 40 years, assurance, insurance and wealth management industries and their customers, policyholders and investors have witnessed the financial services industry practitioner (formerly known as an agent or broker) evolve to a professional referred to as a financial advisor or a Certified Financial Planner (CFP®) that is professionally qualified. Below is the global CFP professionals by territory. South Africa is 7<sup>th</sup> on list at 4 770 qualified professionals, led by the US at 92 055. This reflects a huge discrepancy and that a lot of work still needs to be done for more financial advisors to become professionally qualified.

According to Maye, CEO of FSB (2022), the global growth of CFP certification is increasing as in 2021 the number of CFP professionals was the highest ever. This was due to mature markets and those that are emerging and developing having a wide appeal for financial planning and CFP certification globally. This is clearly depicted in Figure 2.1 below:

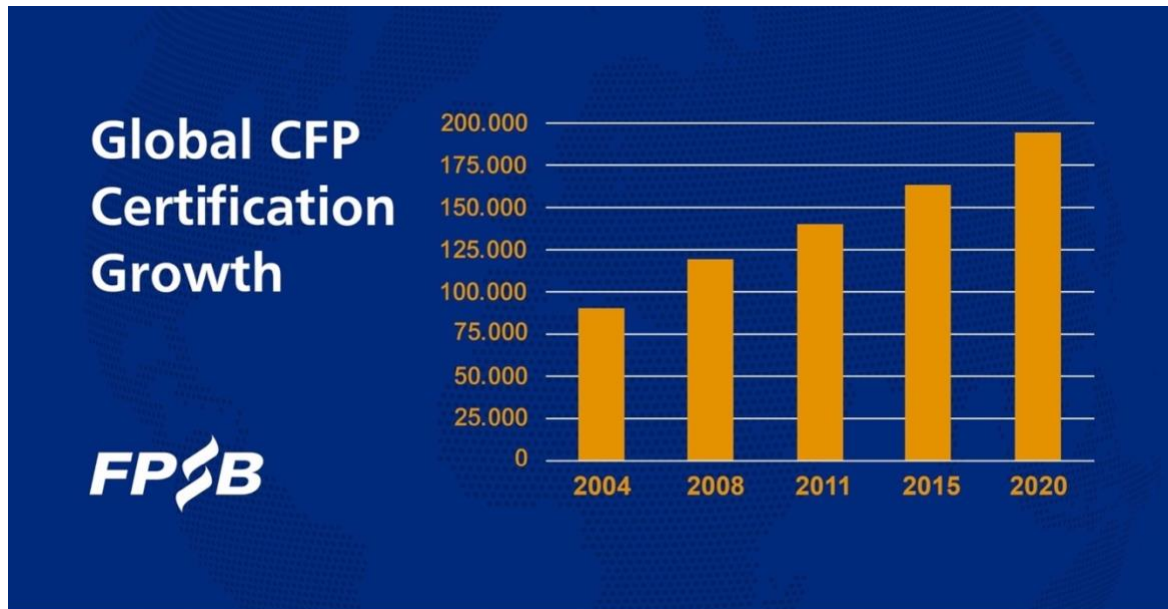
### Global CFP Professionals By Territory

	United States	92,055		Indonesia	2,281
	China	26,800		Germany	1,535
	Japan	24,064		Singapore	1,180
	Canada	16,797		United Kingdom	900
	Brazil	7,385		Ireland	831
	Australia	4,966		France	633
	South Africa	4,770		Thailand	383
	Hong Kong	4,114		Austria	318
	Rep. of Korea	3,303		Switzerland	302
	The Netherlands	2,925		Israel	229
	Malaysia	2,534		New Zealand	227
	Chinese Taipei	2,432		Colombia	10
	India	2,338		Turkey	0

**Figure 2.1: Global CFP Professionals by Territory**

Source: FSB (2022)

According to the FSB, the global CFP Certification growth as depicted on Figure 2.2 below was sitting at just below 200 000 in 2020 from just below 175 000 in 2015, a growth of 25 000 in a period of five years.



**Figure 2.2: Global CFP Certification Growth**

Source: FSB (2022)

### 2.2.2.1 The laws and industry bodies

These positive adjustments to the financial industry's regulatory environment, saw the introduction of the Financial Advisory and Intermediaries Act (FAIS). FAIS is responsible for regulating the Financial Services Providers (FSPs) in order to guarantee sound financial investment in South Africa. It is also responsible for the development of industry representative bodies which include the Financial Planning Institute (FPI), the South African Independent Financial Advisors' Association (SAIFAA), the South African Insurance Association (SAIA), the Financial Intermediaries Association of Southern Africa (FIA), and The Financial Sector Conduct Authority (FSCA). These bodies have all made a contribution to 'professionalising' the industry and highlighted the crucial role played by financial advisors. The existence of these industry bodies is definitely a breakthrough in ensuring that professional standards are entrenched in the way advisors do their work. Such standards are found in the Retail Distribution Review (RDR) which is research done by the Financial Intermediaries Association of Southern Africa (FIA). The RDR was introduced on 31<sup>st</sup> December 2012 with an ultimate goal to ensure more clarity in the financial advisory industry, enhance services using higher qualifications and ensure that investors have an

understanding of the proper cost of advice as well as to trust that they were getting information that is unbiased.

#### **2.2.2.2 Today's financial advisor: the professional**

Based on Allan Gray's article (2023), nowadays, a financial advisor is seen as more than merely a financial services industry professional that furnishes financial advice or offers customers guidance in reward for compensation. It is not considered enough to have the adequate qualifications and be a member of the financial services bodies, thus elevating an individual to a professional. The forthcoming customer will be more schooled and given power; therefore, they will expect specialists to have globally recognised qualifications going forward (PSG Wealth, 2021). Being a good advisor, one is required to follow a guiding principle of acting in the customers' best interests. The minimum requirement is for financial advisors to become members of an expert group that has a code of conduct. Professionalism will benefit the whole industry, as it greatly decreases the risk of 'bad apples' destroying industry confidence and guarantees that customers get the best monetary guidance suitable for their particular situations when seeking the skills of an advisor (Blackler, 2022). According to SAIFAA (2022), strengthening the financial advisory industry by enhancing professionalism will escalate existing and potential customer confidence to utilise financial advisors more. Customers will be aware that the advisors they interact with are regarded highly and will therefore trust the advisors with their future financial success.

DeAngelis (2015) echoes that professionalism is a powerful quality as it allows one to fulfil their role to the best of their ability, while impressing and inspiring others. It also offers a deep sense of contentment and self-worth. Furthermore, professionalism is an element that each person can aspire to from the beginning of their career.

#### **2.2.3 Unpacking the meaning and dimensions of professionalism**

Merriam-Webster (2022) describes professionalism as "the conduct, aims, or qualities that characterize or mark a profession or a professional person". It describes a profession as "a calling requiring specialized knowledge and often long and intensive academic preparation." Such descriptions suggest that proficiency embraces various attributes and when combined, these attributes constitute and describe a professional. Tamplin (2023) describes professionalism as "Professionalism in financial planning involves upholding high standards of conduct and treating clients with respect and courtesy. Financial planners should adhere to professional codes of conduct and strive to maintain a positive reputation in the industry." In an article published by Wall Street Journal and reviewed by Vaidya (2022) professionalism is defined as "a person's abilities, competence, and behaviour in a particular

profession. It aims for higher standards, more remarkable performance, and better connections with clients and co-workers. Business professionalism entails honouring commitments, producing excellent work, and holding yourself up as an expert.”

The advancement of skilled and qualified personnel is an important condition for the growth and prosperity of any industry (Consumer Financial Protection Bureau, 2015, Hussey et al., 2011). The lengthy and in-depth study of professionalism in sociology focused on the organising principles of professions like clergy, law, medicine, science and architecture. Sociological studies have analysed the trait principles of professions and how these traits provided privilege and prominent status to those professions, in comparison with other occupations (Wardoyo, Herdiani, Susilowati and Harahap, 2020). Although the study of professionalism has amplified, it has been mentioned that the professionalism concept has various interpretations that are inconsistent in meaning and use (Fournier, 1999, Hussey et al., 2011, Evetts, 2011). The professionalism definition continues to expand as more occupations make an effort to achieve professional status and as professionalism becomes defined more by organisation than by occupation (Evetts, 2011). The ambiguity outcome hinders professionalism development as a construct for empirical research and the evaluation of its influence on individual and organisational results.

The saying goes, "Professionalism is not the job you do, it's how you do the job." Professionalism includes endlessly achieving high standards, both visibly and behind the scenes regardless of your role or profession (Blackler, 2022). Other workplaces, sectors have specific professionalism rules such as a dress code, or a social media usage policy. Some rules and expectations need not be written down but are just as important such as professional behaviour in meetings or how employees personalise their desks. Sheldon (2019) argues that a big part of professionalism is fitting in, as it is a way of showing respect, attention to detail and a commitment to continuing with practices and agreed values agreed. Notwithstanding, it is as important to be true to oneself. True professionals are flexible, they don't mindlessly follow rules, they are aware of when and how to oppose norms and find their own ways of doing things whilst still adhering to high standards (Neal and Morgan, 2015).

### **2.2.3.1 Characteristics of Professionalism**

According to Phillips and Dalgarno (2017), professionalism has eight attributes that will make a professional stand out of the crowd. The first attribute is competence. This is about getting the job done very well where a person's abilities fit the role requirements and the results exceed expectations. The second attribute is

knowledge. This about mastering the role, learning endlessly and developing a detailed and up-to-date knowledge, especially in highly specialised roles. The third attribute is conscientiousness. Professionalism is concerned with being reliable, setting high standards and showing care about all aspects of one's job. It is also about being organised, industrious and having accountability for one's thoughts, words and actions. Hordern (2016) agrees that a true professional is always in control through planning and prioritising their work, nothing holds them back not even perfectionism. The fourth attribute is integrity. This is what holds professionals true to their word by not compromising their values but rather taking a harder road if necessary. Integrity is about being honest with oneself and others. It aligns one's beliefs and behaviours, allowing everyone to see their authenticity.

Phillips and Dalgarno (2017) continue with the fifth attribute being respect. Professionalism is about being polite and good mannered to everyone, considering their needs and upholding their rights. The sixth attribute is emotional intelligence. This is about managing one's emotions and being clearly aware of the feelings of others. Professionalism in this case means keeping one's emotions in check while expressing feelings, thus having meaningful conversations and standing up for what one believes in. The seventh attribute is appropriateness. Knowing what is appropriate in various situations plays a huge role in being professional as it prevents awkwardness, gives a secure feeling in one's role and enhances credibility. Sachs (2016) elaborates that being appropriate is about how one appears outwardly, for example, dress, body language and personal grooming. It also involves how one speaks, write and behaves towards others. The last and eighth attribute is confidence. In this instance, professionalism brings about confidence regarding one's actions, always being eager to act and do well in order to achieve a lot more. Confidence enhances the ability to lead and influence while reassuring and motivating others. It gives a person strength to take on new challenges without fear of damaging their reputation professionally should things not work out (Phillips and Dalgarno, 2017).

According to the World Health Organization (2019), the pandemic, Covid-19, a well-known global outbreak of coronavirus shut down the whole world forcing people to work from home to avoid the spread of the virus. Some companies have gone back to working from the office totally, but some have hybrid working models where employees have an option to work from home as well. Monk and Phillipson (2017) states that this makes professionalism more important than before from being

punctual for virtual meetings to still handling information in a secure manner. It is imperative for managers to give clarity on expectations from employees. Some rules will change like working hours, dress codes and putting up with interruptions that are unexpected. It is key to always remain professional and productive while dealing with your individual requirements (Irvine and Price, 2014).

***Differences Between Profession and Professionalism***

Hakim and Dalli (2018) suggest that whilst a profession is an occupation or a career which allows people to earn a living, on the other hand, professionalism embraces all facets of a profession’s practice. Below are the important differences between profession and professionalism (Professions Australia, 2015):

**Table 2.1: Differences between profession and professionalism**

<b>Profession</b>	<b>Professionalism</b>
It is a career or a field of study.	It is a group of accepted behaviours in the workplace.
It is specified to particular fields and is limited	It applies to any job.
Examples are law, medicine and accounting.	Example are working on time, showing respect and accepting accountability.

Source: Author’s Compilation

***Differences between Professionalism, Ethics and Personalism***

According to Martin (2021), there is a vast difference between professionalism, ethics and personalism. Professionalism refers to the conduct of a person that exhibits honour, honesty and politeness towards people in competition with them in the workplace. Ethics refers to ethically right and wrong conduct norms. Meanwhile, Personalism states that personhood is the reality and source of worth. The critical differences between these are as follows (Evetts, 2018):

**Table 2.2: Difference between professionalism vs Ethics vs Personalism**

<b>Professionalism</b>	<b>Ethics</b>	<b>Personalism</b>
Employee conduct within a work environment.	The ethical values put in place by society and business as a standard of behaviour.	The mentality and behaviour of someone who is self-centred, who wants to “win” at any cost and treats others with disdain and disrespect.
Focuses on employee behaviour and demeanour.	Focuses on the differences between good and bad, right and wrong.	Focuses on self-development and growth.
Governs the behaviour of professionals in the workplace.	Governs human character.	Governs momentary victory.

Source: Author’s Compilation

### **2.2.3.2 Dimensions of Professionalism**

Professionalism is highly scrutinised across all professions that directly service other persons, such as financial advisory, law, health, teaching or ministry (Freidson, 2021). Most scholars and organisations put in place criteria and regulations of professionalism as well as attributes that a professional must possess. Certain benchmarks are regular between broadcasted work while other benchmarks are not well defined (Swing, 2017). The description coded by various institutions although it is not the main and actual difficulty as the difficulty stems from how each separate person interprets, comprehends and even applies data provided by the organisations. Elements such as stress, fatigue, doubtfulness, being overworked, inexperience, tensions or conflicts among experts or even egotistic leaders may threaten professionalism. Because of this, financial advisors have to be backed with additional training, compliance, consideration and coaching (Schubert, 2023). The dimensions of professionalism will be discussed in detail below:

#### ***Specialised Knowledge***

*Specialised knowledge* is indeed a critical dimension of professionalism, particularly in fields that require a high level of expertise and technical proficiency (Matchaba-Hove, 2018). Here is why specialised knowledge is essential and how it contributes to professionalism. It comprises the following:

*Expertise and Competence*, specialised knowledge represents a deep understanding of a specific field, industry, or profession. Professionals who possess such expertise are typically more competent in their roles, capable of making informed decisions, and delivering high-quality work (Evetts, 2013).

*Problem Solving*, specialised knowledge equips professionals with the skills to analyse complex problems within their domain and develop effective solutions. This ability to solve challenging issues adds value to their work and enhances their reputation (Sanusi, 2010).

*Innovation*, professionals with specialised knowledge are often at the forefront of innovation in their respective fields. They can contribute to advancements, improvements, and the development of new ideas or technologies (Green, 2014).

*Client Confidence*, customers and stakeholders are more likely to have confidence in professionals who demonstrate a strong command of their specialised knowledge. This confidence can lead to better working relationships and trust (Schubert, 2023).

*Risk Management*, in certain industries, specialised knowledge is crucial for identifying and mitigating risks. Professionals who understand the intricacies of their field are better equipped to manage potential risks and prevent problems (Bowen, 2014).

*Regulatory Compliance*, in regulated industries, compliance with legal and industry-specific regulations often necessitates specialised knowledge. Staying in compliance is a core aspect of professionalism (Faber, 2016). In summary, specialised knowledge is a foundational dimension of professionalism in many fields. It enables professionals to excel in their roles, make valuable contributions, and uphold high standards of competence and expertise. Continually enhancing and applying this knowledge is central to maintaining professionalism and meeting the expectations of clients, colleagues, and stakeholders.

### **Skills**

According to OECD (2019), skills are a fundamental dimension of professionalism and play a crucial role in one's ability to excel in a chosen profession or career. Skills are an essential component of professionalism and below is how they contribute to success (Dondi, 2023). It comprises the following:

*Competence*, professionalism is closely linked to competence. Possessing the necessary skills for one's job or role is essential to perform tasks effectively and efficiently. Competent professionals are more likely to meet or exceed expectations (Klier, 2021).

*Quality of Work*, skills are directly related to the quality of work produced. Professionals with strong skills can deliver high-quality results, which enhances their reputation and the reputation of their organisation (Schubert, 2023).

*Problem-solving*, skills are valuable in addressing challenges and making sound decisions. Professionals who can analyse problems, develop solutions, and implement them effectively add significant value to their work.

*Adaptability*, in a rapidly changing world, adaptability is a prized skill. Professionals who can quickly learn new skills and adapt to evolving circumstances are more likely to thrive in their careers (Bigel, 2016).

*Certifications and Accreditation*, many professions require professionals to obtain certifications or accreditations that attest to their skills and competence. These credentials are often viewed as markers of professionalism. In summary, skills are a core dimension of professionalism, and they are instrumental in achieving success and making meaningful contributions in one's chosen profession or career. Continually honing and expanding one's skills is a hallmark of a dedicated and professional individual Financial Conduct Authority (2015).

### **Standards**

Based on the CFA Institute's (2021) standards, often referred to as professional standards or industry standards, these are a vital dimension of professionalism in various fields and industries. These standards serve as guidelines, benchmarks, and expectations that professionals are expected to meet or adhere to. Standards are a critical component of professionalism as they contribute to maintaining high-quality practices (FPSB, 2020). Quality Assurance standards are designed to ensure that professionals maintain a high level of quality in their work. By adhering to established standards, professionals can deliver consistent and reliable results. Consistency standards promote consistency in processes, practices, and outcomes. This consistency is essential for building trust among clients, customers, colleagues, and stakeholders. Accountability standards provide a basis for accountability. When professionals follow established standards, they can be held accountable for their actions and decisions. Regarding ethical conduct, many professional standards include ethical guidelines and principles (FPI, 2022). According to the Financial Conduct Authority (2015), these guidelines help professionals make ethical decisions and navigate complex ethical dilemmas.

Hordern (2016) states in terms of that public trust, high professional standards help build and maintain this. When professionals consistently meet or exceed these standards, they enhance the reputation of their field or industry. These standards are linked to different aspects, which are listed below:

- *Certification and Accreditation*: many professions have certification or accreditation processes that require individuals to demonstrate their competence and adherence to standards. These credentials are often viewed as evidence of professionalism.
- *Continuous Evaluation*: standards encourage professionals to engage in continuous evaluation and reflection on their practices. This evaluation helps identify opportunities for growth and development.
- *Documentation and Records*: professionals often need to maintain records and documentation to demonstrate their compliance with standards. This documentation serves as evidence of professionalism and accountability.
- *Legal and Ethical Boundaries*: standards help professionals understand the legal and ethical boundaries of their practice. This knowledge is essential for avoiding misconduct and legal issues.
- *Customer Protection*: in some industries, standards are designed to protect customers and clients from unethical or substandard practices. Adherence to these standards is a form of consumer protection (Schmitt, 2022).

In summary, standards are a foundational dimension of professionalism that promotes consistency, accountability, quality, and ethical conduct across various professions and industries. Adhering to these standards not only benefits professionals individually but also adds to the total levels of honesty as well as trustworthiness of their respective fields.

### ***Spirit***

According to Bebeau (2020), spirit as a dimension of professionalism is less common but can refer to an individual's attitude, mindset, or approach to their work and interactions with others. While it may not be explicitly labelled as a dimension of professionalism, it encompasses several important qualities and attributes that contribute to one's professional demeanour and effectiveness. The following are some aspects of "spirit" as a dimension of professionalism based on Healy (2022):

- *Passion and Enthusiasm*, a positive and enthusiastic spirit can be contagious. Professionals who approach their work with passion and excitement often inspire and motivate others. Their enthusiasm can enhance teamwork and creativity.

- *Dedication and Commitment*, a strong spirit of dedication and commitment to one's job or profession is a hallmark of professionalism. Professionals who consistently give their best effort, even in challenging situations, demonstrate a strong work ethic.
- *Resilience and Adaptability*, the ability to maintain a positive spirit in the face of adversity is valuable. Resilient professionals can bounce back from setbacks and adapt to change effectively, which is essential in today's dynamic work environments.

Maintaining a positive and constructive spirit is valuable not only for individual professional growth but also for building strong relationships and contributing positively to the workplace and the broader professional community (Smith et al., 2017).

### ***Supportive Environment***

A supportive environment is a crucial dimension of professionalism that plays a significant role in the well-being, productivity, and success of professionals in various fields (Cella, 2023). A supportive environment is essential in how it contributes to professionalism; the elements that make this up are described below.

- *Well-being*: a supportive work environment promotes the well-being of professionals. It includes factors such as work-life balance, stress management, and access to resources for mental and physical health (Dondi, 2023). Professionals who are well-supported are more likely to thrive in their roles.
- *Professional Growth*: supportive environments encourage continuous learning and professional development. They provide opportunities for training, skill enhancement, and career advancement, allowing professionals to stay competitive in their fields (Gill, 2018).
- *Mentoring and Guidance*: in supportive environments, professionals often have access to mentors and experienced colleagues who can offer guidance, advice, and mentorship. This guidance helps newcomers navigate their careers and make informed decisions (Masthead, 2018).
- *Feedback and Recognition*: constructive feedback and recognition of achievements are essential in a supportive environment. Professionals receive feedback that helps them improve, and their contributions are acknowledged and celebrated (Thorn, 2016).
- *Diversity and Inclusion*: supportive environments prioritize diversity and inclusion, creating a sense of belonging for individuals from different backgrounds. Professionals are respected and valued for their unique perspectives and contributions (Swing, 2017).

- *Communication and Collaboration*: effective communication and collaboration are encouraged in supportive workplaces. Professionals can openly share ideas, collaborate with colleagues, and engage in constructive dialogue to solve problems (Chen, 2022).
- *Teamwork and Mutual Respect*: a supportive environment fosters a spirit of teamwork and mutual respect among colleagues. Professionals work together harmoniously, leveraging each other's strengths and contributions (Tepper, 2020).
- *Workplace Safety*: both physical and psychological, safety is a fundamental aspect of a supportive environment. Professionals feel secure in their workplaces, which contributes to their overall well-being and focus on their tasks (DeAngelis, 2015).
- *Workplace Culture*: a supportive environment contributes to a positive workplace culture characterized by trust, cooperation, and a sense of community. This culture enhances job satisfaction and engagement (Crompton, 2020).

#### **2.2.4 Criticisms of the concept of professionalism**

According to Lautenschlager (2015), professionalism comprises a set of dedications on which professionals have agreed. These dedications need adherence to particular ethics and rites which, alternatively, should be considered for the service receiver's benefits and, then again, should maintain the reliability, status and respect of that particular profession. To put it another way, Namazi (2018), states that professionalism has considerations inside and outside of the professional realm. In the past there has been evidence of ample oaths and declarations starting with the Hippocratic Oath which reveals that professionalism is as old as the inception of professions. In other professions, professionalism remained unwritten for years, as it was not recorded from inception. Because of the institutionalisation of professions in recent decades, professionalism has at times been decreased from the level of profession to the level of organisation, such that even small organisations have established codes of conduct and codes of ethics for themselves (Godbout, 2021). Criticising professionalism has been made hard by the addition of professionalism to ethics and individual and social values. This resulted in the existent literature on professionalism being insufficient (Chen, 2022). Having said that, there are ten criticisms on professionalism that will be discussed below.

##### **2.2.4.1 Professions as discourse from Foucault's point of view**

Foucault (2019), in his remarkable lecture known as "Order of discourse" given in 1970 at College de France, described discourse as the violence forced on the world. Discourses are fixated with their evolution more than anything else, and for that reason, seek to focus on what is happening against their movement or events contradicting them. In his view,

discourses are controlled internally or externally, either in the place of knowledge production or in the place of extending it. The objective of the controlling restrictions of discourses, regardless of whether imposed externally or internally, is to avoid the discovery of what is going on against the movement (Overton, 2018). One of those controllers is publication or societies of discourse, for example, suppose you need to publish a book and if it is not published through a particular medium no one may take those ideas seriously. Discourses are full of rejection and division methods. Foucault claims that divisions incorporate rejections and discourses uses these controlling methods for their own power retention as well as preventing the element of the “event”. In Foucault's view, neither conversation nor interpretation gives rise to discourse criticism. Instead, obtaining dominance over those elements that control the discourse creates criticism. If we see professions as common instances of discourse, professionalism is clearly a tool for controlling and restraining professions. Through a two-way targeting in and out of a profession, professionalism is working with constant valuing, categorising the professionals, making divisions according to the profession's validity and rejecting the other side of the division. Furthermore, the profession's validity and public trust should not be damaged. Therefore, professionalism stops professional crises from being exposed and becoming evident. Defensive professionalism is created by a profession's effort to control and restrain crises and events.

#### **2.2.4.2 Professional ethics or professionalism: Etiquette or ethics**

Based on Tseng and Fan (2011), the inability to differentiate between professionalism and professional ethics is another challenge. Professional etiquette is taught to the learners in each profession under the guise of ethics. However, this is seemingly more to show the profession as especial and differentiated. In addition, it is at times preferred to teach professionalism instead of applied ethics in the educational system.

#### **2.2.4.3 Pressure on professionals**

The professional charismatic leaders change professionals into tools that benefit the profession instead of the public (Wardoyo et al., 2020). Pressure on professionals fills the gaps that exists in the system and organisations disguise the fragilities of the law. (Fontinelle, 2023). Managers that are obsessive are especially prone to having escalating expectations from the professionals. The balance among work and family or among work and life is also in the midst of the paradoxes of professionalism (Hemous and Olsen, 2018). This is an example of the common conflict and distinction of professionalism in balancing the internal and external of the profession. It would seem that devotion needs to happen before entering a profession. Though this does have a righteous resonance, practically, it is neither possible nor favourable (Velasquez et al., 2023).

#### **2.2.4.4 Guild or profession**

Professionalism is possibly going to be decreased to guild laws. Thus, the decrease of ethical discourse to a legal discourse is visible in various approaches of professional dedication (Evetts, 2013). Comprehensive, lengthy and sufficient ethical codes are not feasible unless they are preserved through laws and regulations. At this point, the boundary between law and ethics vanishes. In order to avoid keeping professionalism confined to advice and recommendation, it is preferable to use discussions on the philosophy and the power of law. In this case, professionalism institutions and committees compete with disciplinary committees (Freidson, 2021).

#### **2.2.4.5 Erosion of lexicons**

The outspoken and generous utilisation of lexicons on ethics in professionalism is done in a way that no behaviour is non-transferable to a lexicon in ethics (Wolthuizen, 2023). To put it in another way, Neal and Morgan (2015) state that when ethical and virtuous principles like honour are attributed to professionals' behaviours, they refer to people not actions. In a case where people are ethically troubled, the expectation is that lexicons forfeit their validity and value. Professionalism is at a crisis with regards to the balance and finding the position among principlism and particularism in ethics is critical. As a professional ideology, professionalism is involved in vocal and behavioural stereotypes (Hakim and Dalli, 2018). These stereotypes can be the tools for stigmatising and establishing a context wherein people feel no need to reflect on their behaviour. Furthermore, at times cultural and social stereotypes hide behind professionalism stereotypes and benefit from them, for instance, the dress codes. In various societies, a profession's dress code represents social and religious values and not professional ones (Sanusi, 2010).

#### **2.2.4.6 Profession or semi-profession**

Based on the power imposed by professions with regards to division and rejection, professions can see themselves as professions and different social acts as jobs, semi-professions and occupations (Bowman, 2013). For instance, you may identify nursing as a profession, but when searching the internet, you find that it is considered a semi-profession. Professionalism tends to change its elements, be it in its description or that of the profession. In a way it benefits itself through that division and rejection (Smith, 2013).

#### **2.2.4.7 Novelty hindrance**

According to Namazi (2018), professionals who disregard professionalism's strict order and its principles are not essentially heedless. Professionalism does not provide an opportunity to the emergence of novelty nor of creativity and attempts to control even the minimal

change that works against the professional bureaucracy. Despite all the emphasis professionalism places on the trust concept, it has the least trust in itself. Distrust and non-resilience are its default plans for facing professionals in various cases, including in academic systems. Professionalism provides professionals with the full share of ethics and behaviour by measuring their ethical load. For instance, reducing medical (or teaching, engineering, and etc.) ethics to the ethics of physicians (or teachers, engineers etc.) is disregarding the contribution and function of ethical contrast of processes, structure, laws and technology. Put differently, professionalism at times overlooks organisational ethics. This is when professionals should work harder so that the organisational wheel continues to turn regardless of its untrue processes or incorrect structure.

#### **2.2.4.8 Accumulation of ethics**

In professionalism, the accumulation of ethics and behavioural rules are escalating. There are plenty of standards of conduct and ethical codes that are set to judge individuals' behaviour and catch them in the act of unethical behaviour (Irvine and Price, 2014). The ethics accumulation can be changed into unethicity, in the same way that law accumulation results in lawlessness. Without doubt, it is rare to find people that are ethically obsessed by the accumulation of ethics. Ali (2015) agrees that the ethics burden on the shoulder of the ones recognised as excellent examples or role models of professional behaviour may steer them to ethical obsessions. The emperor of professionalism may seem to be naked sometimes, especially during the provision of ethical recommendations or when giving support to the profession (Sachs, 2016).

#### **2.2.5 Assessment of professionalism in financial advisory service**

The professional theory by description suggests unlimited stages of ethical difficulty and uncertainty in making a choice (Freidson, 2021). It requires powerful ethical setting and a great level of self-control, expressed in the Code of Ethics (Barber 2018). For financial advisors to be regarded as experts by shareholders, they must show that they have knowledge, use forced ethical responsibilities and are able to make efficient decisions in the clients' interests when attending to the problems they face in day-to-day practices (ISO, 2015) Legal obligations and expert ethics rarely happen in solitude (Wood, 2015). Ethical norms that are aspirational for finance advisors and lawful duties promoted in the Act can be a regulatory control (Carse, 2019). We will take into account inferences that may come about from this study for the existing specialisation of the financial advisory sector (Schubert, 2020).

Currently the advisory sector is developing. It is unfortunately propelled by mediocre customer views of the quality as well as the relevance of recommendations. Major changes from officials, licensees, sector associations and educational organisations have been seen. However, major changes are happening from within, with a drive from financial advisors themselves needing to be viewed as proper specialists. Currently, they are at the tip of renaissance as monetary advisory is making an effort to attain expert acknowledgement. At the centre of this effort is a need to consider what is paramount for the consumer, the ultimate recipient from the enhanced excellence and access to recommendations. In order to attain expert ranking, advisors need to focus on transformation and not on the history. Exceptional progress has already been made by principal advisors, relating to what is required for the entire industry to commit to professionalism.

Financial advisors should dedicate themselves in utilising their capabilities, skills, knowledge and professional behaviour towards each and every customer. In order to achieve this, they need to present themselves in a principled and ethical manner (Hufnell, 2020). Financial advisors have to stimulate honesty, faith and empathy to their customers and have bravery to face all possible complexities. To study all such, they must train themselves as they go through their professional journey, be well-organised as well as believe in self-reformation. They can also have a coach as well as adhere to following in the coach's footsteps to acquire the profession's ethics. Ongoing learning is crucial for everybody's ongoing improvement as well as progress (De Rosa, 2016). In instances where individual as well as intellectual vulnerability is likely to arise, the support and advice from the mentor has to be considered. Coach's knowledge can be valuable as certain methods essential for continuous growth may be concealed as well as needs to be recognised, brought forward as well as in real-world (Hoyer et al., 2020).

Nowadays, the professionalism landscape has changed drastically. The Financial Advisory and Intermediary Services Act (FAIS Act 37 of 2002) requires a lot more from all the industry stakeholders than was the case in the past. The FAIS Ombud and Pension Funds Adjudicator act as the watchdogs to ensure that all stakeholders in the industry toe the line. While some argue that there is consumer bias in parts of the rulings, a few deny that the financial advisory industry is better than it was before. There is still a lot of work to be done, "The FSB will be the first to acknowledge that we have come a long way; but are not nearly there," says (Botha et al. 2020). Therefore, the first step with regards to professionalism in the financial advisory industry is to deal with the legacy challenges that come from years of sub-standard consumer interactions. The outcome of this oversight is that retirees today are struggling to sustain their financial needs due to a mix of bad advice given, poor returns from

products and the consumers' ill-discipline. These challenges have in return been managed through the different Acts in a progressively complex regulatory environment. As teething problems are being ironed out, there is confidence that the generations of retirees to come will be better off.

According to Allan Gray (2023), the financial advisors cannot of course ignore new sets of challenges faced by the savers today, such as life expectancy changes which means that the retirement savings need is greater than ever before. Longer life expectancy means an average retiree will draw on their pension funds accumulated over working years for more years than anticipated. Studies have demonstrated that these retirees may have to support two additional sets of dependants, this being their aged parents as well as young adult children who now take longer to leave home. South Africa's financial advisors therefore, have the challenging tasks of encouraging customers to lower the traditional South African spending levels and taking on debt instead of saving and rather choose appropriate products from an increasing list of various complex offerings. Moneyweb (2023) suggests that the only way to ensure adequate funds for this scenario will be to have a 'cradle to grave' financial strategy presided over by a professional financial advisor. Moonstone (2020) further notes, "the quest for professionalism is a world-wide trend." She says that the professional's hallmark is a university degree and continuous learning. Although degrees are not required in South Africa, the continuous learning aspect has long been addressed.

#### **2.2.5.1 Evolution of a client-centred model**

The industry regulation has changed the model used by the product providers and financial advisors. In the past, the model was centred around a product with a short-term focus as advisors used to push sales of the product regardless of its appropriateness for the customers (Lautenshlager, 2015). Nowadays, the model is more client-centred with advice geared towards meeting customers' needs in the long-term. This new model's focus is on transparency and disclosure from the financial advisors (Marcinkowska, 2013). Customers are well informed upfront as to who their financial advisor is, what the financial advisor is expected to do, how the advisor is remunerated and how possible conflicts will be resolved. This openness and honesty encourages fairness, ethical behaviour and eventually results in sustainable practices that are built on trust. Moonstone (2020) notes that financial advisors are "building sustainable practices and keeping their clients for longer" and in the past five to ten years, the industry has come a long way. Also, longer-term relationships will assist in addressing the remuneration issue in years to come, bridging the gap among advisors who believe "clients are not ready to pay for the plan" as well as clients who say "financial advisors are only in it for the 'product' commission."

### ***Customer at the centre***

Putting customers' interests first is at the core of all professions. Expert status is a privileged status conferred by the community in which a financial advisor operates. While Future of Financial Advice (FOFA) reforms have brought the quest to escalate the professionalism of financial advisors to the fore, specifically the duty of best concern, placing the client in the core of monetary recommendation is not new to many advisors. Monetary advisory and forecasting service providers have been there to assist people in achieving their dreams and long-term goals.

Similarly, as an attorney assesses an issue and assists in finding a resolution or a medical doctor diagnoses a physical condition as well as recommending an action strategy, so does an advisor who assesses customer's monetary circumstance devise a strategy to assist customers in achieving their desired outlook. Whilst financial advisors do commendable work, less than 40% of mature Australian people have ever used one. The OECD (2014) emphasises that between certain clients, particularly the ones who have not utilised a monetary advisor or those who had bad dealings with a financial advisor, one of the primary grounds for not looking for guidance is not trusting advisors. Many advisors would concur that any actions to enhance financial advisors' competence, involving the wide objectives of FPI, will go a long way in engaging more individuals to seek and utilise monetary advice.

#### **2.2.5.2 What it means to be a professional**

Since advisors have seen the requirement to increase efficiencies of monetary strategy and there are identified advantages for clients in getting professional monetary recommendations, one should ask, 'What is the real meaning of being a professional?' ASISA (2021) defines a profession as "a disciplined group of individuals who adhere to ethical standards and hold themselves out as, and are accepted by the public as possessing, special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others." Australia Professions also agrees that expertise includes various fields other than the original occupations of medicine, law and religion. For financial advisors it is about how they do things and not only who they are; for this pursuit to be a success, specialist levels are to be deep-rooted in how advisors perform. This require powerful dedication and financial advisors have to be willing to change (Ecker, 2023).

### 2.2.6 Previous research on professionalism in financial advisory service

Previous research on professionalism has covered a wide range of topics, including its definition, development, and impact in various fields. Scholars such as Miller (2020), have examined how professionalism is perceived, taught, and practiced in professions such as medicine, law, education, and business. Research by Nadeem et al. (2018), has also explored the role of ethics, cultural differences, and gender in shaping professionalism. Additionally, studies by Nitin et al. (2019) and Matchaba-Hove (2018) have investigated the relationship between professionalism and job satisfaction, performance, and organizational culture. Overall, the research on professionalism is extensive and continues to evolve as society's expectations and workplace dynamics change. Research on professionalism is a broad and dynamic field, encompassing a variety of topics and approaches.

According to Phillips and Dalgarno (2017), some key areas of research in relation to professionalism include the following areas.

- (i) *Defining Professionalism*: scholars have sought to define what professionalism means in different contexts and professions. This involves examining the values, behaviours, and attitudes that characterise a professional.
- (ii) *Professional Development*: research explores how individuals develop professionalism over time. This can involve studying educational and training programs, mentorship, and experiential learning.
- (iii) *Ethical Considerations*: ethics are a fundamental part of professionalism. Research examines ethical dilemmas and decision-making processes within various professions.
- (iv) *Cross-Cultural Perspectives*: understanding how professionalism varies across cultures and societies is essential. Research in this area delves into cultural norms and values that influence professional conduct.
- (v) *Gender and Diversity*: studies which explore how gender, race, and other demographic factors impact perceptions of professionalism and career advancement.
- (vi) *Organizational Culture*: research which examines how professionalism is shaped by the culture and policies of organizations. This includes the role of leadership in fostering a professional environment.
- (vii) *Professionalism in the Digital Age*: the rise of technology and remote work has led to research on how professionalism is maintained in virtual settings and the challenges it presents.
- (viii) *Professionalism in Healthcare*: given the critical nature of healthcare professions, there is extensive research on medical professionalism, patient–provider relationships, and healthcare ethics.

- (ix) *Professionalism in Education*: research in this area focuses on how teachers and educators can model and instil professionalism in students.
- (x) *Impact and Outcomes*: studies assess the impact of professionalism on job satisfaction, performance, patient outcomes (in healthcare), and the overall success of professionals and organisations.
- (xi) *Measurement and Assessment*: researchers develop tools and metrics to assess professionalism, allowing for quantitative analysis and comparison across different contexts.

It is worth noting that research in professionalism often intersects with fields such as ethics, organisational behaviour, psychology, and sociology. As the nature of work and societal values continue to evolve, so does the body of research on professionalism. Based on the above and limited research, the researcher was not able to find proper research specific to professionalism in financial planning especially in South Africa except for the actual rules and regulations, professional qualifications and certification offered by the relevant bodies in this industry.

It was discovered that in Australia there were financial services scandals involving alleged misleading advice, unethical behaviour and deceptive conduct which highlighted cultural and governance challenges within the industry of financial planning/advisory (Healy, 2022). Significant regulatory reforms have been implemented to enhance trust in the financial planning profession, incorporating an industry-wide code of ethics development (FPI, 2022) as well as protocol for guaranteeing the provision of financial advice is in the best interest of a client (ASISA, 2021). A fiduciary duty is triggered during the provision of financial advice as it is entrenched in the legislation and the code of ethics (Sendhil et al., 2012). However, establishing fiduciary duty and codes of ethics protocols on its own is insufficient in building honesty in any profession (Crompton, 2020) including the financial advisory profession (De Angelis, 2015). Rather, more research is required to examine appropriate ethical challenges in financial advisory and to determine how such ethical challenges align with the professional behaviour embraced by the ethical components within the fiduciary duty and ethics protocols.

To professionalise financial planning/advisory, the role of ethics in financial advice needs to be embraced by the industry. Bruce and Gupta (2011), when conducting a study encompassing the Storm Financial Services scandal, found and believe that it is necessary to have professional financial guidance and that ethics have to be the key duty in professional advice. In essence, the ethical nature when furnishing monetary guidance is

fundamentally connected to the value of advice given. Some research found that ethics are missing in the financial advice industry. Smith (2013) observed that stages of ethical thinking between advisors and regulatory officers were lower than stages required to efficiently sort out complicated ethical problems related to the offering of advice. Smith discovered that the most common ethical challenges are due to the lack of integrity. Ecker (2023) did a survey on financial advisors to find out if their attitudes with regard to competencies would satisfy the expected stages to change the financial advisory sector into a proper profession.

The academic discoveries reflected that advisors were unable to show an acceptable level of professionalism when taking into account the professionalism attributes. Finally, De Angelis (2015) investigated financial advisors' ethical behaviour considering financial setting changes, post Global Financial Crisis and authoritative adaptations, post Future of Financial Advice reforms (Miller, 2020). They discovered that customers classified technical skills of their financial advisors highly but ranked their ethical skills less so, as they were not impressed by them. However, when classifying the significance of various features of financial advice, ethical skills were graded beyond practical skills by the client (Bruce and Gupta, 2011).

The honesty concept is essentially aligned to ethics and is pertinent to financial advisory as honesty is a crucial cause of searching for financial advice (Lei, 2018). Mishra (2011) discovered that advisors in Australia have a limited comprehension of how crucial honesty is from the perspective of a customer, while they exaggerate clients' honesty with them. On the other hand, Irvine et al. (2014) discovered that honesty aspects are crucial to an advisor and customer relationships in which customers feel benevolence, likeability and emotional bonds with their financial planner/advisor. Since the Global Financial Crisis, the trust that customers have in the financial services industry has reduced (Abbot, 2019). Reduction in honesty has worsened in Australia, where a Commission of Inquiry as we know it demonstrated the widespread misbehaviour in this industry (Hufnel, 2020).

The American College founder, Duska (2017), stated that what it takes to be a professional is as valid today as it was in 1915. He cited four professional characteristics. Firstly, a professional gets involved in a vocation that is noble and useful such that it inspires enthusiasm and love on the practitioner's part. Secondly, in its practice, a professional's vocation needs an expert's knowledge. Thirdly, during the application of this knowledge, the practitioner must let go of their selfish commercial view and always bear in mind the client's advantage. Fourthly, a practitioner should not act unprofessionally thus bringing shame to the profession at large but should rather have spirit of loyalty spirit towards their fellow

practitioners, being helpful to the main cause that they all profess. According to Huebner, based on the second characteristic of possessing expert knowledge, a true professional must be competent and keep up with the latest developments.

#### **2.2.6.1 Professionalism in financial planning/advisory**

Coming back to South Africa, according to Sanlam (2021), professionalism is the major challenge confronting the financial advisory sector currently. Smith et al. (2017) states that, "until the public's overwhelming experience of financial planning is a positive one, financial planning will not be viewed as professional nor the discipline of financial planning as a profession". With regards to financial advisory being a speciality, some of the latest studies shows that financial advisory is currently not seen as a speciality. A speciality, based on Tepper (2020) is "an occupation, vocation or career where specialized knowledge of a subject, field, or science is applied. It is usually applied to occupations that involve prolonged academic training and a formal qualification. Professions are usually regulated by professional bodies that may set examinations of competence, act as a licensing authority for practitioners, and enforce adherence to an ethical code of practice." When comparing these criteria with the financial planning/advisory discipline it strongly suggests that financial advisory is in fact a speciality, if performed in line with the FPI and FSB benchmarks. However, it is a common fact that most financial forecasting is done at a ranking far lower than the requirements of the FPI. The public in the main does not see this sector as a profession due to this reason, amongst others.

#### **2.2.6.2 Are financial advisors professionals?**

A lot of expert advisors offer an exceptional specialist service nonetheless there are also numerous financial planners/advisors that offer poor service either because they are not able to or because they choose not to offer a satisfactory service. Advisors will not be viewed as experts if the public remains exposed to the second group of advisors. The main issue is intent and competence. An article by Allan Gray (2023) states that competent financial advisor with the best client's interests in mind is perceived as an expert while the unskilled counterpart will not be. Moneyweb (2023) concurs that adapting one's ethical stance or ethical personality make up is almost impossible, so individuals who are guilty in such areas should be excluded, by implication, from a sector which needs to enhance its credentials.

#### **2.2.6.3 Sector issue**

Smith et al. (2017) remarks, "I remain concerned around the resistance to rooting out undesirable practices which do not adhere to appropriate standards of professionalism.

Perhaps the resistance lies in the fear of uncertainty brought about by change. Even more concerning is the fact that there is little evidence of a uniform approach to professionalism adopted across the industry. Despite the lip service paid to professionalism, few practices what they preach with 'unsavoury' advisors expelled from one player only to re-emerge at another." Smith et al. (2017) further comments, "We believe we owe it to our customers, and to the majority of advisors, to take the lead in defining acceptable standards. Over time, we believe the benefits of quality advice and improved persistence will outweigh any short-term concerns."

### **2.2.7 Understanding the meaning of Ethics**

Ethics can be defined as 'ethical principles in human conduct'. It is concerned with what is good or right in human interaction, or in conducting an activity. According to Rossouw (2013), an expert on the subject of ethics, ethical behaviour results when a person does not merely consider what is only good for them, but also considers what is good for others. Therefore, the concept of ethics consists of three essential aspects, these being *goodness*, *self* and *others*. To develop and retain an ethical culture in the financial services industry, it is essential to understand both the meaning and importance of ethics. An ethical culture and ethical conduct come about, because of the values, principles, and behaviour of the individuals (goodness, self and others) who participate in the industry. Given the intangible nature of financial products and services, as well as the low levels of financial literacy in South Africa, a strong ethical culture is the foundation of a successful financial services industry. Every unethical or dishonest action that occurs creates reputational risk for the individuals, businesses, and industry as a whole. The topic of ethics is extremely broad and it is up to the individual to take responsibility for their own ethical behaviour.

Normative ethics theory does not offer much help to this research in comprehending procedures that advisors engage in with regard to ethical decisiveness. Nonetheless, it offers direction in solving ethical issues and enables better comprehension of the hypothetical notions and paradigms in this research. There are various philosophies concerning ethics, separated into primary classifications, namely philosophical ethics (regulative ethics or self-referential ethics) and practical ethics. Both classes are pertinent to this research, although the application of ethics to specialised and commercial environments is specific relevant (Sing and Hess, 2020). Theoretical ethics focus on ethical models and defend ethical principles and theories. It is also the study of ethics language, its utilisation, in gatherings defending ethical choices (Kitchener, 2020). Allen (2016) argues that practical ethics include usage of philosophies and visions from regulative ethics and self-referential ethics to solve particular ethical challenges and difficult situations. For the purposes of this

research, practical ethics involve the assessment of ethical opinions and activities in a business. That is how individuals make ethical choices, how they act towards one another and establishing rationalisation for their conduct (Kitchener, 2020). The primary area of study in this research is practical ethics theory. However, practical ethics must be reinforced by regulative ethics philosophy to provide background (Allen, 2016).

Various traditions have created applicable regulations or frameworks to make sure that people have a prerogative between ethical theories (Kegan, 2023). There are various ethics frameworks that enlighten this study's key research area of ethical decisiveness. Below are the applicable ethical theories that fall into three wide groups: deontological, teleological and virtue ethics. Deontological activities are regulated ethics by Klier (2021), he highlighted that a person has an obligation to respect the genuine claims of others during decision making. Overton (2018) argues that deontology was established based on particular responsibilities and regulations that are known, obeyed and viewed as worthy. They are obeyed regardless of the inclination of the individual (FPI, 2022). It is argued that ethical self-centredness is related to the existing compensational foundation of financial advisory, particularly payments to financial advisors in instances where client's interests come after a financial product is sold. This theory is also applicable to arguments regarding if the only duty of a company is to increase profits in its stakeholders' interests, which is a type of ethical egoism (Omarova, 2010) or if duties spread to other shareholders and communities concern in its entirety, which is a type of utilitarianism.

Ethics and the law are different. It is therefore vital to differentiate between ethics and law, due to the intersection of the law, expert and ethical responsibilities related to the delivery of advice in Durban. The Consumer Financial Protection Bureau (2015) contended that the law often places the lowest level of conduct as the benchmark, which may or may not precisely originate from ethical duties. However, other regulations may be assessed as possessing an ethical intention as well as in this setting there is at times an overlay with ethics (Kitchener, 2020). Both ethics and the law are concerned with what is right and good in human interaction and society. However, the mechanism of how this occurs differs significantly between the two (Bowman, 2013). The law attempts to achieve what is right and good, through a public and political process. The power of the state and its various arms is used to ensure that all members of the society abide by the law. Bruce (2018) states that ethics emanates from personal values, what feels the most appropriate, good, or right manner in which to behave. It becomes obvious that ethics are based on a sense of obligation to do what is right, which is internally driven, as opposed to doing what is right, due to an external

pressure exerted by the law and the fear of the consequences of not complying with that law.

This study argues that normative ethical theories applicable to this research offer direction to the ethical decisiveness of respondents as well as enables wider comprehension of hypothetical notions in this research. Subsequently, this chapter will investigate ethical ideologies and standards which people and the public use in directing activities and conduct.

### **2.2.7.1 Ethical principles and values**

Fernandes (2014) describes a “principle” as an ethical rule directing individual behaviour; a common honesty. Dhiman and Raheja (2018) suggest that standards are the long-term opinions or moralities, which direct decisiveness and ascertain if specific behaviour is preferred. Such opinions or moralities essentially hold strong, though they may adapt over a period of time in some respects. Fritzsche (2018), has on the other hand defined values as the opinions or moralities people utilise to direct their activity, conduct, rulings and choices.

Garcia and Villa (2020) differentiated between terminal values (intelligence, safety and achievement) and instrumental values (bravery, trustworthy, compliance and accountability). Hassan et al. (2022), further distinguished between positive values, like honesty and negative values, like greed.

Kitchener (2020) is one of the researchers who disputed that ethical principles should be adhered to, with no regard for circumstances. He has further disputed that, ethical principles and being truthful is a complete principle. Others, namely Dhiman and Raheja (2018) trust that the application of the principles should be relative to the state at hand. Such disputes connect various ethical hypotheses. Various ethical philosophies and standards applicable to decisiveness relate to financial advisory. Ethical principles were also utilised to seek key kinds of unethical behaviour presently committed to by financial advisory participants.

Although there are numerous ethical principles or values, integrity, responsibility, justice, fairness, forgiveness, generosity, compassion, self-discipline, wisdom, courage and care for all living things and the environment relates directly to the financial services professional. The core ethical principles or values that apply specifically in the financial services industry are integrity, honesty, fairness and respect for others, personal accountability, good citizenship and keeping promises.

The factors that contribute towards unethical behaviour in the financial services industry are self-interest and that some people do not prioritise ethical behaviour (Miller, 2020). The

intangible nature of financial products and services means that clients are not able to assess the products and services before making a purchase. Linked to the intangible nature of financial products and services is the inherent power imbalance between the client, financial planner and product supplier (Rossouw, 2013). Non-existent capability which evidences as insufficient acquaintance or competences on the side of the financial advisor can result in unintended unethical conduct. Examples of unethical behaviour by financial advisors include fraud, forging documents, tax evasion, false insurance claims, inappropriate advice, miss-selling of products, misrepresentation of information and misuse of client funds (Overton, 2018).

#### **2.2.7.2 Ethical Decision making**

Bigel (2016) analysed the financial advisors' certification benefits as well as the merits of different compensation systems for ethics in financial planning. He established that designees of Certified Financial Planner® (CFP®) obtained superior scores in ethical orientation compared to those without this qualification. This suggests that ethical decision-making is influenced by codes of practice. It was noted that financial advisors with lower ethical orientation scores were among those who had 10 years or more career tenure, but there was not much difference between fee-based advisors and commission earning advisors. Nonetheless, financial advisory experimental research showed that remuneration that is commission-based lowered truth-telling and reduced client's interest priority (Chen, 2022). Sheldon (2019) discovered scandals caused by remuneration structures that drive inappropriate product sales, mediocre management, absence of experience and inadequate compliance oversight. In order to professionalise financial advisory, the industry should embrace ethics when giving financial advice. A qualitative analysis was conducted by Connelly (2020) on parliamentary inquiries and detailed interviews around a financial services scandal and found that professional financial advice and ethics were the main reasons for these in financial advisory. That is, ethics are inherently tied to the quality of financial advice given. There are other researchers who found that there is a lack of ethics in the monetary advisory industry. Smith (2013) noted levels of ethical thinking among advisors and regulatory managers reduced compared to levels required to adequately solve complicated ethical conundrums associated with giving advice. He found that the most common ethical issue was lack of integrity. On the other hand, Nga and Yeoh (2018) did a survey on financial advisors to see if their professionalism attitudes met the required level to professionalise financial advisory. Their findings revealed that financial advisors were not successful in exhibiting satisfactory levels of professionalism. Lastly, a mixed method approach was used by Currie et al. (2019) to analyse financial advisors' ethical behaviour, taking into account the economic environmental changes post the Global Financial Crisis.

The discovery was that advisors were ranked highly by their clients but their ethical skills were deemed less impressive. Nonetheless, when ranking the importance of various financial advice aspects, the clients ranked ethical skills higher than technical skills.

Bigel (2016) defines ethics as an overt conduct intended to create specific results and deeds in harmony with a specific standard. He defined “ethics” as community values. Ethical philosophies stem from high level philosophies (impartiality and honesty) and second level philosophies (avoiding conflicts of interest during business decisions) (Vessenes, 2019). This study deals with an advisor’s ethical thinking, values and tools used during ethical thinking procedures (Wolak, 2015). Ethical conduct is described as the relationship between ethical thinking and behaviour (Evetts, 2018). This requires a robust ethical setting and a great level of controlling personal conduct, based on the Code of Ethics (Barber, 2018). The code refers to ethical philosophies and good ideals, reinforces prudent conduct, personality, attitudes and motivates ethical conduct (Miller, 2020). Expert ethics and lawful philosophies rarely exist in seclusion (Wardoyo et al., 2020). Aspiring ethical values for advisors sits over lawful responsibilities of the Act to make sure quality decisiveness occurs.

Kohlberg (2016) recognised phases of ethical growth: pre-conservative, conservative and post-conservative. Ethical maturity evolves and can be measured through organising and structuring societal and ethical experiences. Ethical verdicts are driven by avoiding penalties and by one’s morality (Kohlberg, 2016). Few people develop to the post-conventional phase and masses are driven by avoiding isolation or abiding by the law (Gide, 2022). Joseph (2017) argues that a relationship among ethical thinking and ethical conduct exists. Namazi (2018) agrees and recommends that ethical conduct arises from a procedure of (a) identifying an ethical challenge, (b) making an ethical verdict, (c) creating an ethical goal and (d) employing ethical conduct (Matchaba-Hove, 2018). The highest level of ethical thinking is imperative for advisors to achieve expert responsibilities (Schmitt, 2022).

Other scholars criticise Kohlberg stating that intellectual growth is not the sole donator to ethical growth, and that his work is grounded on western ideas (Lovisky et al., 2017). They assert that it does not accurately deal with gender diversities as well as collective experiences (Gill, 2018). This study focused on personal elements, incidental and circumstantial elements. Bigel’s (2015) study dealt with remuneration and professionalism. Certified Financial Planners recorded higher scores on Rest’s scale of ethical judgement than those who were not qualified. Fee-based advisors demonstrated no major score differences compared to mixed advisors or commission-based advisors.

The relationships within an organisation influence ethical conduct and thinking (Healy, 2022). Koumetnat and Pagilero (2019) argue that business design, company standards and imbursement arrangements clash with personal standards and opinions, making personal ethical reasoning unattainable. This factor may persuade ethical conduct and create ethical thinking in advisors working for large organisations (Martin, 2021). There is no empirical information on an ethical environment as well as the philosophy of financial advisory entities (Davis, 2023). This study examines elements of ethical conduct in financial advisory institutions to comprehend elements related to the ethical decisiveness of advisors. It is a possibility that variations among advisors' ethical values and their views of leadership and the ethical environment in the institution may result in an ethical conflict and intellectual discord.

### **2.2.7.3 Ethics in application: The duty of expert and enterprise ethics**

This segment contemplates the use of ethics and the link to the performance of advisors. It also debates values of expert and commercial ethics and the use of verdict by an expert in the organisational setting. Federwisch (2015) states that behavioural ethics analyses why individuals make ethical and unethical choices to acquire awareness into how individuals can enhance their personal ethical decisiveness capabilities, as well as encourage ethical ethos in organisations. Conventional theoretical methods concentrate on describing ethical philosophy as well as comprehending constructs of right and wrong (Duska, 2017). Behavioural ethics, on the one hand, inspect how ethical choices are made as well as give vision to how to be the best person. It is the latest area of study which copies studies from disciplines like behavioural mindset, intellectual science, neuroscience, as well as evolutionary biology. Findings reveal that individuals are usually persuaded, sub-consciously, by mental prejudices, organisational as well as communal stresses, and circumstantial elements which affect decisiveness and may result in unethical action (Wilkinson, 2016).

Behavioural ethics are defined by Trevino, Weaver and Reynolds (2016) as clarification of a person's conduct that is judged based on commonly conventional ethical standards of conduct. This happens in settings of bigger community recommendations. Likewise, Martin (2021) defined expert ethics as comprising ethical needs assigned to an expert and its alliances. Based on Thorne (2016), the main purpose of expert ethics is to encourage experts to prevent sin when formulating decisions, and to recognise and act ethically in handling confusing challenges that they usually encounter (Botha et al., 2019). Professional ethics relates to ethical challenges due to the specialised learning an advisor achieves. It also relates to how the utilisation of such understanding should be executed within the

ethical restrictions laid down for the profession, when delivering a service. The experiment of expert ethics is not one of fulfilling an individual's honesty or purpose but rather of assuming the role in standard methods that align with the responsibilities assigned to the professional duty (PSG Wealth, 2022).

In the extension of this description, De Rosa (2016) has argued that the main component of being part of a profession is using flexible judgement during making decisions, or utilising "expert judgment". This view of professional judgment is of major significance to this thesis because financial advisors participate in free decision making every day during the delivery of advice to clients (De Rosa, 2016). The notion of a profession by description suggests endless altitudes of ethical convolutions and vagueness in this decision-making process (Egan et al., 2018). Additionally, the effects of decisions made as well as the influence on clients can be substantial. In the delivery of advice to clients, financial advisors will never face identical ethical dilemmas. Advisors must be adaptable and imaginative with regard to decisiveness procedures and when utilising professional judgement in dealing with complex situations.

"Professional ethics is never just business ethics," as stated by Trevino et al. (2018). Business ethics is said to mean the conversations of the ethical commitment of companies and the standards of behaviour of community, as defined by Duska and Mitchell (2016). In Sachs' (2018) viewpoint, this comprises standards modelling the institutional conduct amongst advisors and other stakeholders, such as clients, suppliers and competitors. On the other hand, Epstein and Hundert (2012) argue that commercial ethics has little to do with lecturing, with regard to the actions of an organisation in a specific case but instead is about methodically connecting the components of ethical accountability and decisiveness in an organisation.

When utilising the business idea as an ethical representative, Irvine and Price (2014) divided ethics into stages, although this research focuses more on decision making at the micro level. It incorporates ideas and standards that creates personal accountabilities and duty conduct in an organisation like that which makes a decent business individual, meticulousness and services, the ethics of cross-organisational associations and treating clients with respect. On the other hand, macro level decision making incorporates ideas like the ethical undertakings of organisation with regards to communities, their duty to behave legally, their social responsibility and the duty of business in communities, values and policies governing economic systems of delivery, and compensation (Hordern, 2016).

It is promising that internationally, organisations unite to determine and command the least norms of satisfactory conduct at worldwide and local levels defined by Phillips and Dalgarno (2017). These incorporate programs like the Ethical Trading Initiative and Caux Round Table (CRT) Principles for Business as described by Goodpaster (2014). These programs are centred on *kyosei* (staying and performing duties together for general ethics) and individual self-respect (personal values as an end, not a means). Such programs connect to this research based on various advisory institutions in Durban, international or multinational institutions.

This research considers expert ethics to be the ethical challenges that arise due to the professional awareness that an advisor utilises to do right on the ethical borders, when providing a client service. Additionally, commercial ethics are the logical connection to organisational ethical accountability and decisiveness of advisors.

### **2.3 Theories of Ethics**

Certainly, there are various theories of ethics that provide different frameworks for understanding and evaluating ethical principles and actions. Here are some of the major ethical theories (Miller, 2020): *Consequentialism*, consequentialist theories, such as utilitarianism, assert that the ethicality of an action is determined by its outcomes or consequences. *Utilitarianism*, for example, holds that the ethically right action is the one that maximises overall happiness or utility. *Deontology* – deontological ethics, notably advocated by Immanuel Kant, emphasises the inherent rightness or wrongness of actions, regardless of their consequences. It is based on the idea of ethical principles or rules that individuals must follow, such as the categorical imperative. *Virtue Ethics* focuses on the ethical character of individuals rather than specific actions or consequences. It emphasises the development of virtuous traits and qualities in individuals, such as courage, honesty, and wisdom. Aristotle is a prominent figure associated with virtue ethics. Ethical relativism suggests that ethical values and principles are not universally fixed but vary from culture to culture or person to person. It asserts that what is ethically right or wrong is context dependent.

Social contract theories, like those proposed by philosophers such as Hermouis and Olsen (2018) and Kaur and Sandhu (2010), explore the idea that individuals enter into a social contract to create a just society with agreed-upon ethical rules. Rights-based ethics, often associated with philosophers like John Locke and John Stuart Mill, place a strong emphasis on individual rights and liberties. It argues that individuals have certain fundamental rights that should not be violated, regardless of the consequences.

*Feminist ethics* focuses on the intersection of gender and morality. It critiques traditional ethical theories for their often male-centered perspectives and aims to address issues related to gender equality and justice. Lastly, *Care ethics* emphasises the importance of relationships, empathy, and care in making ethical decisions. It suggests that ethical considerations should prioritise caring for others and maintaining relationships.

These are some of the key ethical theories, each offering a unique perspective on how to determine what is ethically right or wrong and how to make ethical decisions. Different philosophers and cultures may favour one theory over others, and there is ongoing debate and discussion about the merits and limitations of each approach (Kumar and Reinartz, 2016). This study touched on three of the ethics theories.

### **2.3.1 Deontology theory**

Deontological theories, such as those associated with philosophers like Immanuel Kant, indeed judge the ethicality of choices based on principles or ethical norms rather than solely on the outcomes or consequences of those choices, as is the case in consequentialism. According to Miller (2020), in deontology, certain actions are considered ethically obligatory or forbidden regardless of the potential positive or negative consequences they may bring about. This emphasis on ethical norms means that some actions are intrinsically right or wrong and should be followed or avoided accordingly. This perspective places a strong emphasis on the concept that the "Right" (following ethical norms) takes precedence over the "Good" (the overall positive outcomes of actions). In other words, for deontologists, it is not about maximising the overall good but about adhering to ethical principles, even if doing so does not lead to the best overall consequences. It is worth noting that there are various forms of deontological ethics, and philosophers may differ on the specific principles or norms they propose. However, the fundamental idea is that ethical duties or principles guide people's actions, and these duties are not determined solely by the outcomes of those actions (Sheldon, 2019).

Indeed, deontological ethics can encompass both obligations and permissions that are non-consequentialist in nature. In addition to specifying actions that are ethically obligatory (i.e., actions one must do), deontological theories also acknowledge actions that are ethically permissible (i.e. actions one is allowed to do) but are not necessarily required (Schubert, 2023). These permissions may extend beyond the weak sense of simply having no obligation not to perform a certain action. In the strong sense of permission, one is not only allowed to perform these actions, but they can do so even if those actions result in less overall good consequences than available alternatives. This distinction is important within deontological ethics because it recognises that there are actions that may not be obligatory but are still

ethically acceptable. In some cases, these strongly permitted actions may overlap with actions that are indeed obligatory, but they also encompass a broader range of actions that one is not obligated to do. This nuanced approach allows deontological theories to address a wide range of ethical scenarios while still emphasising the importance of adhering to ethical norms and principles (Smith, 2013).

### **2.3.1.1 Deontological Theories and Kant**

Kant's philosophy forms a foundational basis for various areas of deontological ethics, including agent-centred, patient-centred, and binding perspectives (Kant, 1785). There are three branches of Kantian deontologist ethics. Firstly, *Agent-Centred Deontology* which focuses on Kant's emphasis on finding ethics quality of actions in the maxims representatives acts aligns with the agent-centred deontological approach. Kant famously asserted that the only thing that is unqualifiedly good is a good will, emphasising the importance of an agent's intentions and the principles guiding their actions rather than solely focusing on the consequences. Secondly, *Patient-Centred Deontology* which focuses on Kant's ban against utilising people as a means to an end resonates with the patient-centred deontological perspective. Kant emphasised the ethical duty to treat individuals with respect and not exploit or manipulate them for one's own purposes. Lastly, *Contractualism* talks to Kant's idea of maxims being able to be desired as a worldwide law by sensible agents is a central element in his ethical philosophy. This idea aligns with the contractualist approach within deontological ethics, where ethical principles are determined by what rational agents could universally agree upon (Kant, 1785). Immanuel Kant's works, particularly his "Groundwork for the Metaphysics of Ethics," have had a lasting impact on the development of deontological ethical theories. His ideas continue to be a point of reference and discussion in contemporary ethical philosophy.

### **2.3.1.2 The Advantages of Deontological Theories**

According to Trevino et al. (2016), there are several advantages of deontological theories over consequentialism. Firstly, Special Concern for Relationships and Projects is where deontological ethics allows individuals to consider their relationships, relatives, acquaintances, and personal plans. This is particularly relevant when deontological theories do not impose a strong duty of general beneficence or limit its demands. It aligns with conventional notions of one's ethical duties and does not require a person to constantly prioritise the greater good, which can be seen as overly demanding and alienating in consequentialism.

Secondly, with the Recognition of the Supererogatory, deontological ethics acknowledge the concept of the supererogatory, where individuals can go above and beyond their ethical

duties, performing acts that are ethically praiseworthy but not strictly required. In contrast, many forms of consequentialism typically do not allow for actions beyond what is ethically demanded. Thirdly, considering the Alignment with Ethical Intuitions, deontological theories tend to align better with strong, widely shared ethical intuitions when compared to consequentialism. This is evident in the differing reactions people have to ethical dilemmas like the Trolley Problem, which often resonate more with deontological principles.

Finally, Ethical Standing and Accountability states that deontological theories can explain why certain individuals have the ethical standing to hold others accountable for breaching ethical duties. These duties, often focused on principles like respecting individual rights and treating others with dignity, are typically framed as duties to particular people rather than duties solely concerned with achieving certain outcomes. Overall, deontological theories provide a framework that allows for a more nuanced consideration of ethical duties, relationships, and ethical praiseworthiness, which can resonate with common ethical intuitions and provide a richer understanding of ethics beyond a strict focus on consequences.

### **2.3.1.3 The Weaknesses of Deontological Theories**

Deontological principles have weak points. Barber (2022) mentions that deontologists require the personal non-consequentialist rationality model, “act-to-produce-the-best-consequences” which inspires consequentialist philosophies. Deontology remains paradoxical if this is not carried out. Deontologists must overcome hurdles. The first hurdle confronts facts about possible wrongdoing under ethical standards to view deontological principles as having common, canonically formulated texts (Bigel, 2015). The second hurdle, based on Boatright (2020), is to answer authority questions about texts. It requests motives for creating texts commanding individual decisions. The third hurdle deals with requests of deontological ethics requiring individuals to reserve their ethical agency while making the world honourably worse (Bigel, 2015).

### **2.3.2 Virtues Ethics theory**

Virtue ethics is an ethical theory that focuses on the ethical character of individuals rather than the ethicality of specific actions or the consequences of those actions (Trevino et al., 2016). It emphasises the cultivation and development of virtuous traits and qualities in individuals as the key to ethical living. Here are some key principles and concepts associated with virtue ethics.

- *Virtues*: Virtue ethics identifies virtues as ethically desirable qualities or character traits that individuals should strive to develop. Examples of virtues include honesty,

courage, compassion, integrity, wisdom, and justice. These virtues are seen as intrinsic goods that lead to ethical excellence (Tseng and Fan, 2011).

- *Eudaimonia*: Central to virtue ethics is the concept of eudaimonia, often translated as "flourishing" or "living a fulfilled life." Virtue ethicists argue that the ultimate goal of human life is to achieve eudaimonia, which is attained through the cultivation of virtuous character traits. Eudaimonia is not merely the absence of pain or suffering but the realization of one's full potential as an ethically virtuous person (Smith et al., 2017).
- *Aristotle's Ethics*: Aristotle, one of the most influential figures in virtue ethics, developed a comprehensive ethical theory in his work "Nicomachean Ethics." He argued that virtues are the means between extremes of behaviour (the "golden mean") and that ethical excellence involves finding the right balance between excess and deficiency in character traits (Sanusi, 2010).
- *Ethical Education*: Virtue ethics emphasises ethical education and character development. It suggests that individuals should cultivate virtues through practice and habituation. Virtuous actions become second nature through repeated practice, leading to ethical growth (Miller, 2020).
- *Role Models*: Role models and exemplars play a significant role in virtue ethics. Observing and emulating individuals who exhibit virtuous behaviour can help in the development of one's own virtuous character (Loviscky, 2017).
- *Critique of Rule-Based Ethics*: Virtue ethics offers a critique of rule-based ethical theories (like deontology and consequentialism) by arguing that a rigid adherence to ethical rules or a focus solely on consequences can sometimes lead to ethically problematic outcomes. Virtue ethicists suggest that ethical decisions should be guided by virtuous character rather than abstract rules or calculations (James, 2023).
- *Cultural Variability*: Virtue ethics acknowledges that specific virtues and their interpretations can vary across cultures and contexts. It allows for a degree of cultural relativism in determining which virtues are most relevant and valuable in a particular society (James, 2023).
- *Ethical Dilemmas*: Virtue ethics often deals with ethical dilemmas by emphasising the importance of the agent's character in making ethical decisions. Virtuous individuals are more likely to navigate complex ethical situations with wisdom and integrity.

Virtue ethics provides a valuable alternative to other ethical theories by focusing on the development of virtuous character as the foundation for ethical living. It encourages individuals to reflect on their character and strive for ethical excellence, with the ultimate aim of leading a flourishing and fulfilled life (Pettersen, 2016).

### 2.3.3 Consequentialism

Consequentialism is an ethical theory that judges the ethicality of actions based on their outcomes or consequences (Arnaud and Schimnke, 2012). In other words, it asserts that the rightness or wrongness of an action depends on the overall good or bad results it produces. Consequentialism is primarily concerned with maximising the good or minimising harm. According to Sanusi (2010), here are some key principles and concepts associated with consequentialism:

- *Utility and the Greatest Good:* Consequentialist theories often use the concept of utility, which refers to the overall well-being or happiness resulting from an action. The goal of consequentialism is to maximize utility or the "greatest good for the greatest number." This means that ethically right actions are those that produce the best overall consequences in terms of utility.
- *Hedonism and Utilitarianism:* Hedonistic consequentialism, often associated with classical utilitarianism, focuses on maximizing pleasure and minimizing pain. Utilitarianism, developed by philosophers like Jeremy Bentham and John Stuart Mill, is a prominent form of consequentialism that argues for actions that lead to the greatest happiness for the greatest number.
- *Act vs. Rule Consequentialism:* Consequentialism can be divided into two main categories: act consequentialism and rule consequentialism. Act consequentialism evaluates each individual action to determine its ethical permissibility, while rule consequentialism assesses actions based on adherence to a set of ethical rules or principles designed to produce the best overall consequences.
- *Calculating Consequences:* Consequentialists often face the challenge of calculating the consequences of actions, including predicting long-term and indirect effects. This can be complex and may require considering a wide range of factors and variables.
- *The Trolley Problem:* The famous Trolley Problem is an ethical thought experiment frequently used to illustrate consequentialist reasoning. It presents a dilemma where a person must decide whether to take an ethically difficult action (e.g. diverting a trolley to save five lives at the cost of one) to maximise overall good.
- *Critiques of Consequentialism:* Critics argue that consequentialism can lead to ethically questionable outcomes, such as justifying actions that violate individual rights or sacrificing a few for the greater good. It may also fail to account for the intrinsic value of certain actions or principles.
- *Acting in the Moment:* Consequentialism often focuses on making decisions based on the information available at the time of the action. This real-time decision-making

can lead to situations where individuals must act quickly without complete knowledge of the consequences.

- *Variations of Consequentialism:* There are various forms of consequentialism beyond utilitarianism, such as egoism (which focuses on individual self-interest), preference utilitarianism (which maximises the satisfaction of individual preferences), and pluralistic consequentialism (which considers multiple values or goods).

Smith et al. (2017) agree that consequentialism is a prominent ethical theory that emphasizes the importance of achieving good outcomes and minimizing harm in ethical decision-making. While it has its strengths, it also faces challenges and critiques related to predicting consequences and addressing ethical dilemmas (Van Gramberg and Menzies, 2016).

## **2.4 Framework for Ethical Decisiveness**

Making high-quality ethical choices needs compassion for ethical challenges and a skilful way to explore ethical facets of a choice as well as evaluating the deliberations that influence the choices we make for the best outcome (Gill, 2018). It is essential to have a method when making an ethical decision; if regularly practiced, it becomes familiar such that one is able to automatically work through it without any consultation of the particular steps. With this method one develops “ethical intuition” regarding a particular circumstance, without consciously thinking through the issue at hand, just like practicing playing a piano (Freidson, 2021).

Nonetheless, following one’s immediate intuitions is not always advisable, especially when the situation is unusual or complicated. Kohlberg (2016) states that in this case the ethical decisiveness method allows for acknowledgement of the latest and unusual circumstances so one can act appropriately. The more peculiar and challenging the ethical choice ahead, the greater the need to depend on dialogue and discussion with peers regarding the problem. Through carefully exploring the dilemma, assisted by different perspectives and insights from others, one is able to make proper ethical thinking in these circumstances (Nitin et al., 2019). Grounded on the above there are three broad frameworks that can be used to direct ethical decisiveness, namely, Duty Framework and Consequentialist Framework as well as Virtue Framework. None of these structures are perfect but they are useful in making ethical decisions. Understanding the frameworks’ advantages and disadvantages will assist in determining the one that is most useful when approaching a specific situation (Sanusi, 2010).

### **2.4.1 The Consequentialist Framework**

Disagreement exists regarding how consequentialism can be formulated as a theory that is precise; due to this there are different versions of consequentialism. Almost all of them lack standard names, but the most usual precise version is Plain Consequentialism (Schubert, 2023). Schubert further states that “Plain Consequentialism: Of all the things a person might do at any given moment, an ethically right action is the one with the best overall consequences. (If there is no one best action because several actions are tied for best consequences, then of course any of those several actions would be right.)” Many philosophers maintain that an ethical theory must not be categorised as consequentialist except if it is agent-neutral (Smith, 2013; Arnaud and Schimnke, 2012). This precise definition is influenced by the fact that various self-styled criticsers of consequentialism dispute against agent-neutrality.

Some philosophers prefer a wider definition that excludes ethical theory to be agent-neutral for it to be consequentialist (Schweitzer et al., 2014; Smith et al., 2017). According to philosophers that prefer a broad definition of consequentialism, the narrow definition confuses independent claims and conceals an important commonality among agent-neutral consequentialism and other ethical theories which focus solely on consequences, such as ethical egoism and self-styled consequentialists that recognise agent-relativity in their value theories (Tseng and Fan, 2011; Trevino et al., 2018).

In this framework, the focus is on the forthcoming consequences of potential manoeuvring, bearing in mind individuals that might be affected (Kagan, 2023). The main question to ask is about the desirable results in a circumstance and expert ethical behaviour to accomplish proper results (James, 2023). Miller (2020) elaborates that the desire for the individual using this framework is to yield the extreme good. Included in the benefits of this structure is that the practical method is concentrating on the outcome. This assists in circumstances that involve a lot of people, those who may benefit from the action taken and those who will not. On the other side, consequences of an action cannot always possibly be predicted, therefore other actions expected to yield good consequences may in fact end up hurting people (Hufnell, 2020). In addition, at times people react negatively to accommodate an intrinsic element of this method and flinch from an indication that an outcome gives a justification for the means (Huneberg, 2017). Also, it fails to involve a proclamation that certain things may go wrong including actions that are atrocious which lead to good outcomes for certain individuals and this structure gives permission for such activities to be ethical (Kagan, 2023).

### **2.4.2 The Deontological or Duty Framework**

According to Trevino et al. (2016), deontological actions are rules-based ethics and originate from Kant's (1959) writings in the 18th century, where he pointed out that a person is responsible for respecting lawful rights or others' essentials during decision creation. Thorne (2016) manifests deontology in certain responsibilities and regulations to be obeyed. Such duties have no orientation of individual inclination or situation. For instance, an advisor's responsibility is to put the client firstly and perform in the client's best interest (FPI, 2022).

In this framework, the focus is on the obligational and duties we have in a given situation and consider our ethical responsibilities and what not to do (Arnaud and Schminke, 2012). Ethical behaviour is determined through performing duties and doing right (Barnett and Vaicys, 2018). Based on Gill (2018), fairness inspires a level of self-worth and respectful treatment for everyone. Smith (2013) states that this framework is best in circumstances where we need to consider why an obligation or duty forbids or mandates certain courses of action or if there is a sense of obligation. However, Ji (2017) argues that there are also limitations in this framework. First, it can come across as impersonal and cold in that it might need harm-producing actions although they are strictly following a certain law. Secondly, it does not identify a responsibility to be followed if presented with a situation where there is competition between responsibilities. Lastly, it can be fixated in a notion of responsibility for all people without considering their personal situation.

### **2.4.3 The Virtue Framework**

Virtue as an ethics framework differs from duties, rights, and calculations of consequences as it focuses on good character. Virtue-based ethics and how these are applied to the organisation leadership, is embedded in old-fashioned ethical philosophy. It is empirical in its interest of assessing situations, generating judgments, and taking precise actions that are in alignment with good character (Sanusi, 2010).

According to Federwisch (2015), in the Virtue framework, the focus is on trying to pinpoint character traits that are either negative or positive and that might provide motivation in a given situation. It is concerned with the kind of people we should be and what characters should be indicated by our actions (Victor and Cullen, 2021). Ethical behaviour is defined as whatever a righteous person would do in the situation and seeks to create similar virtues (Neal and Morgan, 2015). Clearly, the virtue framework is helpful in circumstances that determine kinds of people. Emily et al. (2019), argues that as a way of understanding the world, it makes way for a broad range of behaviours to be labelled ethical due to there being many various types of good character and numerous paths to creating it. As a result, it

considers all aspects of human experience and their part in ethical consideration as it believes that all of one's emotions, experiences and thoughts can influence one's character development (Smith, 2013). Although the virtue framework considers various human experiences, it emphasises the importance of role models and education to ethical behaviour; sometimes it can just reinforce existing cultural norms as the standard of ethical behaviour (Ali, 2015).

#### **2.4.4 Consolidating the Frameworks**

Through framing the choice or situation one is facing in one of the above ways, specific features will more clearly be brought into focus (Peterson, 2016). But, it should be borne in mind that individual frameworks have their limits, by concentrating on collective attributes, others may be concealed (Smith et al., 2017). It is imperative to familiarise oneself with these structures and acknowledge their connection and a possibility of overlapping in differences (Ali, 2015). The chart below highlights the primary contrasts among the three frameworks:

**Table 2.3: Distinctions between frameworks of ethical decision-making**

	<b>Consequentialist</b>	<b>Duty</b>	<b>Virtue</b>
<b>Deliberative procedure</b>	What type of results should I produce?	What are my duties in this circumstance, and what should I never do?	What type of person should I be, and what will my activities reveal about my personality?
<b>Focus</b>	Directs notice to forthcoming consequence of an act.	Directs notice to the existing responsibilities prior to the circumstance and ascertains duties.	Endeavours to separate personality traits, encouraging people in a circumstance.
<b>Definition of Ethical Behaviour</b>	Ethical behaviour is an act that achieves the best results.	Ethical behaviour involves doing the right thing.	Ethical behaviour is what a virtuous person does in the situations.
<b>Motivation</b>	Aims to deliver most good.	Aims to perform right action.	Aims to foster one's personality.

Source: Adapted from Kotzee (2015)

Due to responses to the three main kinds of ethical questions put forward by the structures not being equally private, an individual structure is utilised to succeed in responding to queries by other structures. In various circumstances, the structures have similar conclusions with regards to actions although reasons for conclusions may differ.

## **2.5 Theories Associated with Ethical Decision-making**

The main assumptions relating to ethical decisiveness, its forecasters, the connections amongst ethical decisiveness, ethical actions and ethical conduct are identified. These assumptions that relate to the personal, circumstantial and special characteristics which impact ethical decisiveness will be investigated in greater detail (Lovisky et al., 2017). Many hypothetical paradigms are utilised in clarifying peoples' ethical conduct, the ethical actions

and ethical decisiveness and procedures through which conduct becomes the norm in organisations (Ashforth & Anand 2013).

Ribstein (2005) has created a four-component analysis that has become one of the most regularly utilised structures to summarise the research related to ethical decisiveness and behaviour. He detected that there were four interconnected elements that persuaded personal ethical conduct, ethical awareness, ethical judgment, ethical motivation and ethical conduct. Ribstein (2005) further states that all the following four elements in this decisive procedure must be present to give effect to ethical conduct. They are as follows:

- Ethical sensitivity** – acknowledging that an ethical issue is in existence;
- Ethical priorities** – recognising principles and priorities by way of comprehending values, laws, standards and theories that may pertain to the circumstance instead of contesting urgencies or favourites;
- Ethical judgment** – developing their thinking and ruling to evaluate the outcome of the problem in agreement with the greatest ethical option;
- Ethical audacity** – developing the character courage to act on these choices and work via the difficulties and aggravations unavoidably linked to ethical decision-making.

## **2.5.1 Elements Affecting Ethical Decisiveness**

### **2.5.1.1 Measuring intellectual ethical thinking**

This segment considers personal elements involving ethical decisiveness. At the conservative stage a person moves from a self-centred perspective to an intellectual identification of the groups' standards, practices and laws. A person starts to grow, adapt to and considers the laws and the groups beliefs, eventually obtaining what Bigel (2015) defines as generally decided reasoning. Conduct is viewed with regard to what is satisfactory to others, irrespective of individual penalties.

### **2.5.1.2 Personal attributes as associates of ethical reasoning**

Various traits of personal choices are learnt to discover if substantial arithmetical association with intellectual ethical thinking exists. This study looks at associations among ethical thinking, ethical and other demographic elements such as experience, age, gender, education level, and professional title. The results of previous learnings are mixed in terms of gender. No discovery was made on differences between males and females in recognising types of ethical challenges dealt with in various duties (Duska, 2017). Some

leanings also discovered no major association among gender and ethical verdict (Trevino et al., 2016).

## **2.6 Studies of the Ethical Thinking of Advisors**

The literature review reflected minor learnings of the intellectual ethical thinking of financial advisory participants. It also demonstrated that Bigel's (2016) learnings were not repeated in the Durban setting, therefore highlighting a research gap to close. Primary discoveries of Bigel (2016) were:

- CFP® licencees had the most ethical thinking ranking compared to other advisors;
- Fee-based advisors show no various ethical thinking scores compared to financial advisors remunerated through commissions or combination of both fee structures;
- Female advisors ranked the most on an ethical thinking scale compared to men; and
- Knowledgeable advisors ranked more than new advisors.

The study undertakes to investigate if Bigel's (2016) discoveries are duplicated in the Durban setting. Consequently, the same methodology that he utilised was used for one factor of the research embarked on in this study. His premises and demographic inspection were also duplicated for testing in the Durban context.

### **2.6.1 Circumstantial Elements Affecting Ethical Decisiveness**

It was discovered that situational elements relate to ethical thinking (Trevino, Weaver and Reynolds 2016). The organisations' sizes were viewed as a fascinating element for calculation. The top 50 Durban advisory companies have multi-national and national, or different structures (Moneyweb, 2023).

A study by Ribstein (2005) was based on two premises, one, that for an individual to act based on professional superior ethical standards, a superior level of ethical reasoning is needed. Two, that an individual is unable to abide by superior ethical values if they do not comprehend nor have faith in them (Ribstein, 2005). There is consistency in both premises in that, the argument that among financial advisors a high level of ethical thinking will be necessary in order for them to meet their expert responsibilities in relation to customers (Duska, 2017). Notwithstanding, researchers have shifted from exclusively focusing on individual intellectual growth to forecast personal conduct (Ashforth & Anand 2013).

Abbot (2019) has shown that if people are under pressure from a powerful organisational culture to have a perception, that mandates comes from leadership. Ali (2015) argued that

an analysis of “basically good companies can pressure basically good employees” can assist in inspiring efficient cultures of future decisiveness. Ali (2015) argued further that wider multi-disciplinary approaches need to be followed in order to comprehend ethical decisiveness inside the corporates instead of focusing solely on meanings and characters of decision makers. They further argued that employees are influenced by that particular company’s culture as they do not operate in a vacuum. As a matter of fact, other studies have demonstrated that people keep a varying ethical attitude for decisiveness (Baker and Dellaert, 2017).

James (2023) has maintained that it is bound to happen that organisational norms, corporate structures and compensation arrangements will disagree with personal standards and viewpoints. Due to this, personal ethical decisiveness is impossible in companies. This phenomenon is common to financial advisors, law (Carse, 2019) and accounting (Coughlan, 2021). Professionals and businesses operating under the business umbrella, pressures employees’ abilities to meet commercial obligations and thus conflicting with professionalism (Crompton, 2020). Currie et al.’s (2019) study explores if conflicts amongst commercial and professional obligations are in fact factors that influence decisiveness of advisors and regulatory managers employed specifically by large institutions. Therefore, contrary what Tseng and Fan (2011) argue, one of the questions has been whether financial advisors are able to balance agent responsibility in that advisors perceive the agent responsibility associations as more vital than the relationships they have with their customers. It is a possibility that the differences between the advisor’s personal ethical standards and their management view and ethical environment in a company gives rise to cognitive dissonance as well as ethical conflict.

## **2.7 Factors enabling Ethical decision making in financial advice**

Based on various authors – Trevino et al., (2018), Trevino et al., (2016) and Sanusi (2010) – to name a few, ethical decisiveness in financial advisor is imperative for maintaining trust and integrity. Furthermore, these authors state that several factors enable ethical decision-making in this context. The foundational and primary factor of them all is education and training, the rest follow after this factor. Financial planners should have a strong ethical foundation through education and training in ethics, which helps them understand ethical principles and dilemmas. Education and training play a crucial role in enabling ethical decisiveness in financial planning for several reasons:

- *Ethical Awareness*: Education and training programs help individuals develop a strong understanding of ethical principles and dilemmas. This awareness is essential for recognising and addressing ethical issues in financial planning.
- *Knowledge of Regulations*: Education provides a foundation in financial regulations and industry-specific codes of ethics. Financial planners must be well-versed in these rules to make informed and ethical decisions.
- *Case Studies and Scenarios*: Training often includes case studies and real-life scenarios that challenge individuals to apply ethical principles to practical situations. This hands-on experience can prepare them for ethical decision-making in the field.
- *Critical Thinking*: Education fosters critical thinking skills, allowing financial planners to evaluate complex situations from an ethical perspective, weigh potential consequences, and make informed choices.
- *Ethical Frameworks*: Training programs introduce various ethical frameworks, such as utilitarianism, deontology, and virtue ethics. These frameworks provide guidance for ethical decision-making and encourage ethical reflection.
- *Role of Fiduciary Duty*: Financial planners are taught about their fiduciary duty, emphasising the obligation to act in the well-being of clients. This core ethical concept becomes a guiding principle in their decision making.

To elaborate further and in agreement with the authors mentioned above on education and training being the foundation, various other authors such as Schmitt, (2022), Sheldon (2019) and Overton (2018) provide the following factors to allow for more understanding of the importance of this element when making ethical decisions.

- *Codes of Ethics*: adherence to industry-specific codes of ethics, such as those from organisations like CFP Board or CFA Institute, provides clear guidance and are essential for promoting ethical behaviour within those professions. These codes typically outline principles and standards that professionals are expected to follow, ensuring transparency, integrity, and accountability in their work. Complying with such codes helps maintain trust and credibility in the respective industries.
- *Fiduciary Duty*: embracing a fiduciary duty means putting client's interests first, avoiding conflicts of interest and providing complete transparency through full disclosure of relevant information. This duty ensures that clients receive the highest level of trust and integrity in their financial and advisory relationships.
- *Transparency*: this is indeed key in building trust with clients. Open and honest communication regarding fees, risks, and any potential conflicts of interest demonstrates a commitment to ethical conduct. Clients appreciate knowing what to

expect and having all relevant information to make informed decisions, which ultimately strengthens the client–professional relationship.

- *Compliance with Regulations:* staying up to date with financial regulations ensures that ethical standards are met and legal obligations are fulfilled. Compliance with financial regulations is crucial not only for meeting legal obligations but also for upholding ethical standards. Regulations are designed to protect consumers and maintain the integrity of financial systems. Professionals who stay current with these regulations not only avoid legal issues but also demonstrate their commitment to ethical conduct and safeguarding their client's interests.
- *Prudent Practices:* making decisions that align with best practices and standards within the financial planning profession are prudent practices. These practices involve making decisions and providing advice that aligns with the best industry standards, which include thorough research, analysis, and consideration of a client's unique financial situation. By following these practices, financial professionals can offer high-quality, ethical guidance that benefits their client's financial well-being.
- *Whistle-blower Protections:* this means having mechanisms in place to protect individuals who report unethical behaviour within an organization. Implementing whistle-blower protections is essential for promoting ethical behaviour within organisations. These mechanisms provide individuals with a safe and confidential way to report unethical behaviour without fear of retaliation. Whistle-blower protections not only encourage transparency and accountability but also help identify and address ethical issues early, ultimately benefiting the organisation's ethical culture and reputation.

By considering these factors, financial planners can enhance their ability to make ethical decisions and maintain trust with clients.

## **2.8 Factors impeding Ethical decisions in financial advice**

### **2.8.1 Ethical decision-making within organisations**

In considering the background elements which persuade ethical decisiveness in companies, a wider comprehension of ethics linked to company duties and accountabilities is required. Consequently, this section investigates these ideas. Freidson (2021) debated that a company has no ethical accountability except generating money for stakeholders, provided it participates in a flexible rivalry with no double-dealing.

### **2.8.2 The background elements persuading ethical decisiveness**

Expert advisory business is persuaded by the company for which they work (Lovisky et al., 2017). Various circumstantial elements which are analytically presented persuade ethical conduct and ethical decisiveness in companies. They incorporate obvious work stresses, the significance of position, compensation and incentive structures, ethical management and ethical environment and ethical culture (Wolthuizen, 2023).

### **2.8.3 Compensation and incentives**

Compensation and incentive structures in companies were one other contextual element persuading ethical decisiveness. Bigel's (2016) study calculated a link among sources of compensation and ethical thinking of South African advisors. Calculation of the association in a Durban setting is recognised as the gap in the current study. Various learnings reflected that unethical conduct incentives escalate happenings of such conduct (Smith, 2013). The theoretical association between incentives and ethical conduct is not clear. Other learnings reveal that offering incentives for ethical conduct does not escalate that particular conduct (Trevino et al., 2018).

Compensation and incentives construct and favour self-centredness over clients which may provoke ethical decisiveness in the monetary services sector. In avoiding such challenges, organisations have adapted to evaluating performance based on honesty issues instead of financial targets (Swing, 2017). The Durban Fraud and Corruption Control Committee promotes implementation of supervision systems incentivising ethical behaviour. Viewpoints of Arnaud and Schminke (2012) have also motivated this research, that organisational compensation constructs clash with personal opinions and standards, which seriously obstruct personal ethical reasoning. Some have recognised this as a reason that persuades the ethical conduct of financial advisors used by large financial organisations particularly. (Barnett and Vaicys, 2018).

Below are reviews of literature linked with circumstantial calculated elements, individual responsibility, compensation and incentive structures, ethical leadership, the ethical environment as well as the financial services institutions' ethical culture.

## **2.9 Ethical leadership and followership**

Ethical leadership requires that people understand increasingly more about the highly complex interrelationships between the social, economic and the environmental aspects as well as the less visible side of institutions, including the hidden workplace. Leaders see risk

as an opportunity to test their mettle, while at the same time recognising that they are revealing themselves in all sorts of ways. It is important for leaders to consider the timeframe here as their actions are not only observed immediately but are also analysed long after the event. A focus on the kind of thinking of underlying leadership and how this can assist in uncovering the realities of the workplace is outlined.

### **2.9.1 Ethical Leadership**

Ethical leadership was identified through the literature review as another circumstantial purpose which was a topic of research to develop its association with ethical behaviour as well as choice making. Brown and Mitchell (2010) have identified ethical leadership as the evidence of normatively suitable conduct via personal acts and interpersonal relationships and the encouragement of such conduct to followers via two-way message, emphasis and decision-making. For the aim of this research, this definition was assumed. The topic of research by Schweitzer et al. (2014) has been the association among ethical management, ethical thinking, ethical environment and workers attitudes. It discovered that leaders with higher ethical reasoning scores were most possible to encourage an ethical environment in newer institutions (Trevino et al., 2018).

Brown and Mitchell (2010) conceptualise ethical management as a unique leadership style in itself or as a set of behaviours, rather than focusing on the ethical elements of other leadership styles only. Carse (2019) debates ethical leadership as weight put on officials to make a choice among egoistic as well as altruistic intentions. Organisational performance is improved by leaders by persuading their subordinates' actions using conduct such as leading by example, vision and rituals, signs and stories (Coughlan, 2021). Ethical managers are models of ethical conduct that become targets of identification and emulation for followers (Brown, 2013). For leaders to influence ethics-related results and to be seen as ethical leaders, subordinates have to perceive leaders as credible, attractive and genuine (Federwisch, 2015). This can be attained by participating in proper conduct like being honest, open and encouraged by altruism, for example, being considerate and fair. Ethical management must gain subordinates' awareness of ethical messages through engagements in ethical conversation and reinforcements in support of ethical messages (Fritzsche, 2018). Organisational choices must align with ethical standards and take into consideration that right decisions are always ethical. Also, leaders should regularly highlight the importance of ethical conduct, thus making clear that maintaining ethics is crucial. Societal learning philosophy states, "Individuals are more likely to pay attention to the behaviour of credible and high-status models that have control over valued rewards" (Kitchener, 2020). In

administration, managers are held in high regard due to their ranking as well as management authority (Kish-Gephart, David, Harrison and Trevino, 2010).

Nevertheless, Swing (2017) notes that negative management conduct on one performance factor may result in adverse penalties on the other. For example, when employees are given deciding powers they may be encouraged and satisfied, but if they are fixed on efficient client service, clients may reduce thus lowering competency. Based on Brown and Mitchell (2010), most ethical management communication is related to transformative and magnetic management paradigms. Managers who change their conduct encourage employees to engage ethically. Kish-Gephart (2010) asserts that attitude change derived from societal persuasion happens in three levels: regulation, recognition, and internalisation. Regulation is accepting persuasion to circumvent punishment or receive rewards, irrespective of one's beliefs. In the public administration context, this encouragement based on rewards may result in corruption. Adams (2020) argues that this strategy is unethical as it undermines employees' dignity, resulting in low self-esteem for the managers' benefit. Recognition is acceptance of persuasion for establishing a self-defining association with others, resulting in employees not practicing ethical conduct. Finally, internalisation, personal standards are aligned with new conduct or belief that solves the problem. Bruce (2018) supports the notion of efficient management change persuasion on ethical behaviour. It was discovered to not relate to transactional management, that persuades on the basis of contingent reinforcement, in contrast to Bowman's (2013) proposition.

### **2.9.1.1 Elements influencing ethical leadership**

This section sets out elements of ethical leadership, namely fairness, integrity, power sharing, honesty, and role clarification:

- *Fairness*: The measurement of fairness and integrity is based on perceptions, historical events or both and reflects on the merits of past events (Loviscky et al., 2017). Fairness is a crucial trait of ethical management and the demonstration of fairness by management can influence how members of staff get instructions, data and criticism (Kohlberg, 2016). Scholars have conducted research on the topic of fairness as an element which plays an important role in describing ethical management and in encouraging effective management (Van Gramberg and Menzies, 2012). Fairness can ultimately be measured by four justice dimensions and how leadership should display it, namely, procedural, distributive, relational and informational impartiality (Adams, 2020).

- *Integrity*: A trust bond among employees and management is created through the employees' feelings and witnessing an environment of integrity within the institution (Martin, 2021). Integrity consists of activities based on standards acknowledged by communities. Integrity is built on three primary philosophies: being genuine with others, genuine to self and committing (Trevino et al., 2016). Members of management who demonstrate integrity encourage inclusion in deciding, open communication and openness during employee interactions (Tseng and Fan, 2011).
- *Power sharing*: Power sharing is not about splitting decisiveness duties only but also incentives, resources and outcomes. Carse (2019) states that ethical management is placed on a team or group to reach a general objective and it consequently includes duty sharing. Management that is based on authoritarian management and transformational management, uses trading purpose, joint accountability and honesty to build partnerships. Adams (2020) debates how leaders should state if they want to share power with employees grounded on skills and employee readiness.
- *Honesty*: Actions taken by ethical management must be grounded in truthfulness. Organisations look for honest individuals, hence they do integrity quizzes (Ali, 2015). Various steps that can be taken by an organisation to ensure honesty and ethical behaviour, namely, an ethics committee, a code of ethics, encouraging whistleblowing and providing ethics training (Barber, 2018).
- *Role clarification*: Competition over competing entities can be attained by maximising employee capabilities. This can be done by sending employees into the field to enhance the personal goals of the organisations. Employees who are not aware of their position are disruptive, fruitless as well as costly (Victor and Cullen, 2021). A trait of ethical leaders is to explain the responsibilities to an employee; such a notion is endorsed by (Brown and Mitchell, 2010). Ethical managers are only able to accomplish such goals through giving employees transparent objectives as regards the leader's expectations (Bigel, 2015).

### **2.9.1.2 The importance of ethical leadership**

Neal and Morgan (2015) state that an organisation's followers are highly persuaded by how an entity handles its work, meaning that an organisation's conduct influences and shapes the values and culture of the organisation. Costs of unethical behaviour results in a reduction of tactical relationships, lead to a decline in employee productivity, damage the organisation's reputation, creativeness and faithfulness. An entity is at all times entrenched in societal relationships and their survival and success (Boatright, 2020), depend on ethics and executing the correct matters using a correct method. Societal associations are ethics-grounded; without them companies face isolation risk and this will eventually result in

additional expenses like fines as well as lawful limitations related to unethical behaviour (Peterson, 2016). Based on Sanusi (2010), unethical practices and corruption have killed clients' impression of companies over the years.

The 2008 world economic recession events brought about questions of values, ethics and trust as far as leadership is concerned in the financial industry. The ethical leadership effectiveness in comparison to the one of unethical leadership is an issue that regulators are accountable for and should encourage ethical leadership so as to resolve it (Smith et al., 2017). Usually, firms embrace and conform to the least obligation of ethical rules at leaderships command as whilst compliance elevated the organisations image it also elevated certain ethical challenges which firms would rather not handle (Tseng and Fan, 2011). Many academia programs include ethics in their syllabuses as organisations do not only try to recruit educated people but also try to recruit ethical people. Ethics are institutionalised in organisations via norms and values, usually deep-rooted in the code of behaviour or through an ethics board. Ethical interferences have resulted in an increase in ethical governance, ethical schools and ethical organisations (Alsemgeest, 2010).

In conquering unethical conduct, Allen (2016) proposes that ethical managers centred on their strong points, led by example, established an inclusive company culture, processes, procedures and lastly were responsible in public. Arnaud and Schminke (2012) motivate managers to apply the ethical leadership attitude daily. Employees develop an increased sense of attention for clues put in place by their leaders and particularly the use of their linguistics and signs to determine spoken expectations (Ecker, 2023). Unethical leadership practices lead to results that are not desirable as these erode the trust basis on which organisational, employee- and management-collaboration is constructed (Smith et al., 2017).

This study recommends that ethical management in a financial services institution might be closely linked to views of the ethical environment as well as having an optimistic effect on employees' ethical conduct.

### **2.9.1.3 Ethical climate**

For purposes of this research, the ethical setting of an institution is described as an emotional atmosphere, with an association of the atmosphere with personal sense and institutional growth (Arnaud, 2010). Two multi-dimensional constructs usually characterise this ethical context, the ethical environment and ethical ethos of the institution (Trevino et al., 2015). This section looks at the ethical environment defined as a multi-dimensional concept demonstrated in institutions and factor of institutional ethos (Boekhorst, 2014). In the business ethics domain, it is also a persuasive conceptual base (Cheng and Wang, L. 2015).

An ethical climate has been defined by Victor and Cullen (2021) as a common perception of the right behaviour and of the expected behaviour by the organisation's employees. This description has been utilised by other academics such as Brown and Mitchell (2010) and Bruce (2018) and it has been utilised for the aim of this research. It is based on the notion that members of the organisation are aware of the environment and can see it in an impartial way, compared to strangers or outsiders (Freidson, 2021). This sub-section considered the research related to ethical climate and the next part will examine the literature associated with ethical culture.

#### **2.9.1.4 Ethical culture**

The culture in the anthropological sense has been defined by Dark and Rix (2015) as an intellectual shared encoding differentiating one group from another. The group can be a district, profession, an entity, nation, or gender.

Dawkins, Tian, Newman and Martin (2017) defined corporate ethos as a complex collection of usual attitudes and anticipations of an institution. It is a restraining measure which influences employees' beliefs and conduct in an organisation through the primary set of implicit rules, comprehensions and assumptions (Demirtas and Akdogan, 2015). Brown (2013), a theorist, has also connected efficient institutional ethos with monetary fulfilment and achieving organisational aims.

The ethical ethos of an institution is seen as a secondary collection of institutional ethos. Trevino et al. (2018) defined ethical culture to mean the visible demonstrations of culture such as formal and informal systems of behavioural influence that can promote ethical or unethical behaviour. Formal systems include policies such as leadership, training programs, authority structures, reward systems and codes of ethics. On the other hand, as per Trevino et al. (2016) informal systems include expectations about respect for genuine authority, peer behaviour and other ethical norms. For the purposes of this research this definition of ethical culture was adopted.

It has been clear from this research that the presence of official and non-official techniques exists, to help ethical ethos in persuading ethical conduct and decisiveness by advisors. The Durban Fraud Committee norms mentioned above are not compulsory, although they give the licensees major help regarding the establishment, maintenance and operation of such systems in the Durban setting.

## **2.10 Previous research on ethics and financial advisory service**

Ecker (2023) states that given the nature of the financial advisor's work, most of them are very aware of their ethical responsibilities when dealing with customers. However, the role played by ethics in building the financial advice businesses' organisational culture is usually overlooked. During a webinar recently hosted by Allan Gray, Dr Paul Vorster a research specialist at The Ethics Institute, spoke about the importance of ethics and how it influences the financial advice business' sustainability. Allan Gray (2023) shared other insights to assist advisors in improving the ethical culture within their organisations. When organisations like financial planning/advisory businesses are discussed, one is tempted to define them by focusing on tangible markers like assets under management (AUM), the scope and range of their offerings, the size and their teams' capabilities. On the contrary, when we look beyond such elements, the make-up of an organisation consists of a complicated set of relationships among different internal and external stakeholders. At the core of such relationships are ethics as every relationship is built on mutual beneficence eventually; the notion that all parties will behave in a manner which benefits all other parties. This unspoken understanding is based on trust, thus, a primary consideration in any organisation should be to foster a strong ethical culture (Allan Gray, 2023).

One of the reasons why ethics is sometimes overlooked at an organisational level, is because people have a tendency of thinking of it through personal lenses. A poll conducted in the course of the webinar revealed that while all who attended believe that they are ethical individuals, 98% believed that the organisations they work for are ethical and only 10% believed that they live in an ethical country (Martin, 2021). The ethicality of an individual, being their own sense of what is right and wrong, is structured by numerous forces in their environment, therefore it is highly impossible that everyone would always behave ethically in a society that is unethical (FPI, 2022). Factors which influence an individual's ethicality include religion, professional codes, the law, values, rules as well as one's gut feelings pertaining to particular issues. While these factors differ greatly from one person to the other, it is important for organisations to intentionally develop a powerful ethical culture. It is also useful to perceive ethics as a proven societal standard of what is right and wrong, guiding what we should do when no one is watching us.

### **2.10.1 The specialist's dilemma**

According to Sanlam (2021), a financial advisor is effectively responsible for the guidance of the asset management on behalf of individuals as well as businesses. In most cases, customers decide to source an advisor's professional financial advice because they do not have expertise and specialist knowledge regarding the markets, investment products and financial matters. Due to this, they trust the financial advisor to conduct themselves in an

ethical manner and give guidance that results in the best possible financial outcomes. The customer compensates the financial advisor for the services offered and if the customer and the advisor behave ethically, then the relationship becomes mutually beneficial. The task of the advisor is to balance various interests in their daily work and encounter numerous ethical issues throughout their careers. Their decisions and actions are massively influenced by the ethical cultures of the organisation's advisors' work.

### **2.10.2 Misconduct in financial planning**

There is not enough research on misconduct of advisors; only two studies performed in the United States (US) shed light on the level of misconduct (Wood, 2015). In the US, advisors register with the Financial Industry Regulatory Authority (FINRA). In the first study, the relationship among misconduct and possession measured the advisory designation and found that designation is linked to low unethicity (Ghosh, 2015). In the second study, a database of advisors from the years 2005 to 2015 was used, representing about 10% of advisors (Egan et al., 2018). This study investigated the worldwide degree of unethicity between advisors and the related labour market results of unethicity. Misconduct was found in 7% of advisors at large advisory firms, which increased to 15%. About a third of advisors with unethicity sentences were recurring wrongdoers and previous wrongdoers would possibly take part in new forms of unethicity. About half of the advisors lost their jobs after they behaved unethically, while organisations re-hire most of these advisors regardless of their misconduct history. The outcomes demonstrate a misconduct prevalence in this industry.

The restriction in ethics research in South African advisory suggests that ethical abilities of South African advisors can be enhanced (Anwar, 2023). US research demonstrates the frequency of unethicity in the advisor industry (Miller, 2020). It seems reasonable to suggest that such misconduct occurrence also exists in South Africa and some of the unethicity was emphasised by a governmental enquiry (Hsieh and Wang, 2016). However, it is unknown what regular unethical occurrences happen in such a culture. There is a requirement for research into how advisors handle communication on unethical challenges.

### **2.10.3 Codes of ethics**

A conduct code is established to make certain of minimal levels of ethical norms between colleagues. Abbott (2019) recognised that codes of ethics establishment and their application is important when developing a profession. The aim of the code of ethics is building trust in a profession as it acts as a promise of service or quality assurance management strategies, a mission statement and has meaningful guides for customers and

communities' actions (Carse, 2019). This is important for an emerging advisory profession wherein honesty in an advisor is key (Bruce and Gupta, 2011). The South African financial planning/advisory professional bodies have developed codes of ethics, these bodies being the Financial Planning Standards Board Ltd. (FPSB), Financial Sector Conduct Authority (FSCA) and Financial Planning Institute of Southern Africa (FPI). Advisors are governed by an agreement and regulations that demand duty of care in advisors (Hufnell, 2020). This duty demands that advisory services, 'must be rendered with reasonable care according to prevailing community standards' (Hufnell, 2020). Advisors in South Africa have a lawful obligation to furnish guidance based on the prescribed ethical codes.

Nevertheless, creating this code will not force expert and intrinsic client trust in an occupation, including advisory. Bigel (2016) argues that adoption of the code of ethics by the profession, self-control and law on its own will not direct unethical conduct. Rather, a trust culture in a profession as well as in each individual is needed. Research by Schweitzer et al. (2014) on the code efficiency is in support of Bigel's (2016) dispute. They reported that 35% of the studies discovered codes to be efficient, 16% discovered a frail association, 33% discovered that there is no notable association, 14% discovered a mixture of outcomes while one learning discovered that codes are inefficient. To develop an efficient code in this manner enhances trust; the code needs to be acknowledged and utilised by individuals (Schweitzer et al., 2014).

#### **2.10.4 Fiduciary duty**

The key ethical element of the codes of ethics is that an advisor performs in the best interests of the client; this stems from the fiduciary duty concept (Degeling, 2014). Boatright (2020) expresses that, "Fiduciary duties are the duties of a fiduciary to act in that other person's interest without gaining any material benefit except with the knowledge and consent of that person". In the advisory space, a fiduciary duty is associated with performing in the best interests of the client (Anwar, 2023). Nevertheless, 'best interests' is complex to describe. The fall of Storm Financial Services gives clarity in understanding the duty and performing in the client's best interest. Bruce and Gupta (2011) investigated elements that make up proper guidance, expressed with regards to the 'best interests' responsibility from an advisor to a client. Authors drew a conclusion that best interest primary factors are that guidance is specific to a client, accounts for a client's objectives and risk acceptance, is transparent and enables replacement guidance to be pursued (Bruce and Gupta, 2011). Additional measures must be utilised in making recommendations.

Most republics have enacted the consideration of the client's best interest if providing advice (Barnett and Vaicys, 2018). For example, in Australia, the Corporations Amendment Act

2012 amended the Corporations Act, 2001 to incorporate a constitutional legal responsibility for planners to perform in their client's best interest (Commonwealth of Australia, 2012). There are certain educational disputes regarding how advisors are expected to behave to make sure that they comply with their fiduciary responsibilities. Miller (2020) debates that commercial models used in most advisory companies hinder one's fiduciary responsibility. Martin (2021) examines if advisors' fiduciary responsibilities match socially responsible investing (SRI). Drawing from religious, lawful and expert disagreements, Martin (2021) disputes that these are mismatched and advisors need to adhere to norms of care and investment procedures. Martin (2021) makes a hypothetical argument and does not include experimental research confirmation of whether advisors observe these procedures.

## **2.11 Chapter Summary**

Literature related to ethical decision-making has been presented in this chapter. This chapter has considered the theoretical relationships between ethical decision-making, ethical reasoning and ethical behaviour. It has also looked at the theories of ethics related to the factors influencing ethical decision-making in organisations.

In conclusion, the writings have emphasised that the learnings of ethical decisiveness in institutions is fixated on the personal interactions, circumstantial and background features. The primary indicators of ethical choice making in an institutional culture, as recognised from the literature review, are personal features as illustrated by intellectual ethical thinking, personal standards and beliefs held, character and individual qualities. Features of the circumstance in which the people find themselves involving the view held by the person affected by the challenge they are to iron out, the power with which the ethical challenge faced affects the choice making procedures, the size of an organisation as well as the chance. Finally, features of the situation, showcasing the culture in which the choice making occurs involving the ethical climate and ethical culture of an organisation ethical leadership as well as the position's remuneration and reward structures and position clashes. The next chapter focuses on research methodology.

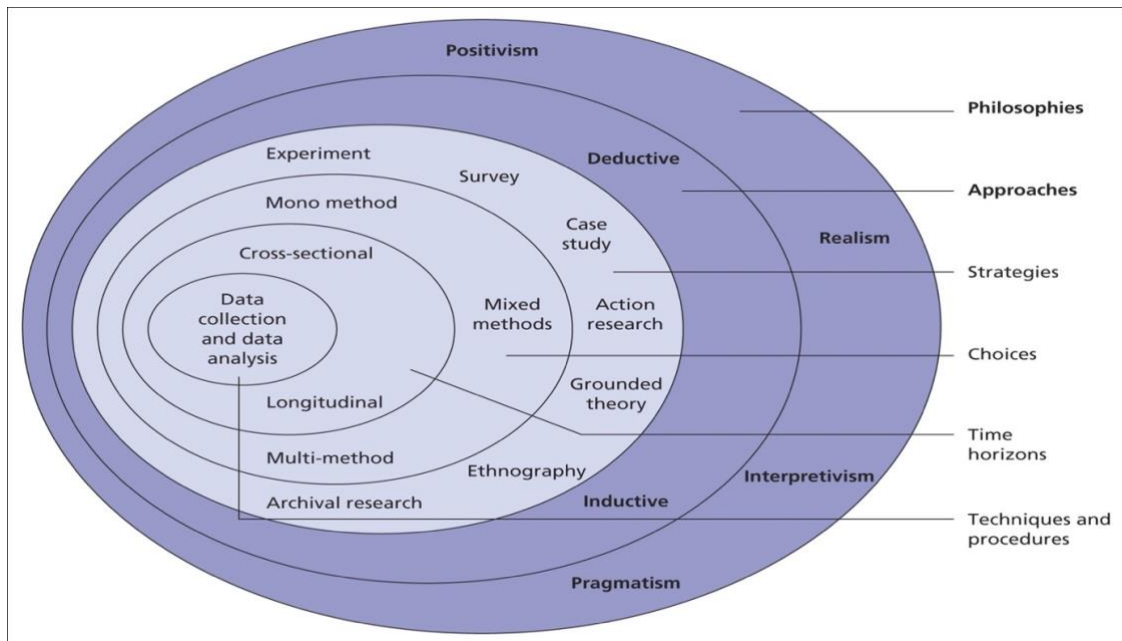
# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

The aim of this chapter is to discuss the methodology used in this exploratory qualitative study. The chapter discusses in detail the methodological procedures applied in addressing the research objectives of this study which explores professionalism and business ethics of financial advisors and compliance officers in Durban, KwaZulu-Natal. Initially, the chapter deliberates on the research onion as it related to this study. Thereafter, it hones in on sampling, defining research participants, procedures of data collection and interviews. The discussion of the research procedure will also include the analysis of data, research quality control and ethical standards. Lastly, it will ascertain the limitations of the study and finally conclude with a summary.

## 3.2 Research Onion Model

Based on Saunders et al. (2019), a research model can be symbolised by an onion that is called the “research onion”. This study used the theoretical concept of the research onion model to design a research methodology. The research onion provides the main stages to be accomplished when formulating an effective methodology (Raithatha, 2017).



**Figure 3.1: The Research Onion**

Source: Saunders et al. (2019:108)

A 'Research Onion Model' has six layers and each layer is allocated to an in-depth exploration procedure (Saunders et al., 2019). Saunders believes that the research onion model has three decision-making levels which he defines as, firstly, the research philosophy and research approach, these are the first two outer layers. Secondly, the research design comprises the methodological choices, the research strategy and the time horizon being the third, fourth and fifth layers respectively. Lastly, is the inner core being the methods and procedures that include information gathering and examination (Saunders et al., 2012). All these exploration onion models' layers are intersectional and impact one another in the process of inventing the research. Nevertheless, this Research Onion Model, does not include the four theoretical assumptions of Epistemology, Ontology, Methodology and Axiology although they are seen to be fundamental in the research design process. This paper will also not take them into consideration.

### **3.3 Research Philosophy**

A research philosophy is defined by Collis and Hussey (2014) as a framework which guides the way research should be conducted, based on ideas regarding reality as well as the nature of knowledge. Research philosophy reflects the researcher's important assumptions; such assumptions serve as a foundation for the research strategy. In the main, research philosophy has various branches related to a broad range of disciplines. Within the scope of business in particular there are four primary research philosophies:

1. Pragmatism: this research philosophy supports the relevance of concepts only if they support action. Pragmatics allows the researcher to be flexible as it recognises that there are various ways of looking at the world and tackling research. A single point of view cannot show the entire picture and there are multiple realities.
2. Positivism: this is based on the notion that the only way to learn about the truth is through science. Positivism is of the view that only "factual" knowledge obtained via observation including measurement is trustworthy.
3. Realism: this research philosophy relies on the notion of the independence of reality from the human mind. Realism philosophy is grounded on the premise of a scientific approach to knowledge development. Realism is divided into two groups: Direct realism or Naive realism, which is described as "what you see is what you get" meaning that realism illustrates the world through personal human senses. (Novikov and Novikov, 2013). On the other hand, Critical Realism argues that humans experience real world sensations and images which can be deceptive and usually do not illustrate the real world (Saunders et al., 2012).

4. Interpretivism: also called an interpretivist philosophy, this is about researchers' interpreting study components, therefore, it integrates human interest into a study. Accordingly, "interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments" (Taherdoost, 2016b). Interpretivist philosophy development critiques positivism in social sciences. For that reason, it emphasises qualitative analysis over quantitative analysis (Taherdoost, 2020). This study used the interpretivist philosophy to discover a rich and deep understanding of the personal experiences of financial advisors and compliance officers.

### **3.4 Research Approach**

Research can be categorised into qualitative and quantitative approaches depending on the type of data sought. Also, there is a mixed methods approach which is a mixture of both qualitative and quantitative methods (Taherdoost, 2021). Generally, such methods deal with the populations' challenges that are technical as well realistic and include real-life and explanatory tactics relating to diverse areas under discussion (Aspers and Corte, 2019). Such approaches make use of different experiential resources like life experiences, case history as well as narratives which reflect habits and difficulties people are battling with by concentrating on their deep meaning and inspirations which cannot be described through statistics (Taherdoost, 2016b).

The purpose of the qualitative exploration is to gather raw, direct and written information for analysis utilising particular interpretive methods. Qualitative research is a valuable approach when examining a topic with restricted available data due to its character of being empirical (Goertzen, 2017). The qualitative method can therefore find latest ideas, visions and produce the latest philosophies. Quantitative research is about using quantifiable values obtained from surveying to describe as well as to explain the topic that surveys can contemplate on (Bentahar and Cameron, 2015). Such approaches utilise both experiential statements and explanatory statements regards cases' connotations and not what the cases and methods should be. It also uses the empirical evaluations with an intention of determining the degree to which a standard or norm is achieved in a specific procedure (Apuke, 2017). Lastly, gathered statistical information is analysed utilising mathematical approaches. Quantitative study defines a specific topic through gathering statistical information for addressing particular questions like 'how many?' and 'what percentage?' Additionally, non-statistical data can be gathered using one or more data collection methods and particularly intended tools. Such approaches allow for the gathering of quantitative information from subject matter that has to do with beliefs and attitudes (Taherdoost, 2017).

Furthermore, quantitative methods are used to determine communal authenticity and utilise particular questions in order to obtain statistical information for such precise reasons (Palinkas, Aarons and Horwitz et al., 2011).

According to Taherdoost, (2016a), mixed method approaches basically combine both qualitative and quantitative approaches depending on the study purpose and the type of research question, with an aim of providing a better understanding of the subject. Nevertheless, the focus can equally be on both methods or on one of the them, taking into account the chosen integration process. Using the integration of both methods can assist researchers in addressing difficult research situations in varying research fields like health and social research (Queirós, Faria and Almeida, 2017). Due to the mixed methods covering the advantages of both qualitative and quantitative methods, they can be of use in instances where using one of the approaches is not sufficient in a study (Taherdoost, Sahibuddin and Jalaliyoon, 2014). This study is qualitative as it intends to gather in depth insights and new ideas from participants.

### **3.5 Research Design**

An exploration design is a framework utilised to conduct an exploratory study. It is about outlining the total approach and methods that will be employed to collect and analyse data so as to test hypotheses or answer research questions (Creswell, 2019). The Consumer Financial Protection Bureau (2015), describes research design as a framework for a study, giving the overall structure for data collection. Apuke (2017) describes it as a plan for choosing subjects, research sites and data collection procedures in order to respond to the research question(s). Further, they indicate that the sound research design is to provide outcomes that are considered to be credible. For Creswell (2019), research design is a strategic plan of action that acts as a link between the research questions and the research strategy execution. Creswell states that “research designs are plans, and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis” (Creswell, 2013).

The research design elements involve a clear purpose, sampling, data collection, data analysis, kinds of research methodology, time frame, ethical considerations and resources. While its characteristics are neutrality, reliability, validity, generalisability and flexibility. Mainly, there are three kinds of exploration design. Firstly, is the explanatory research which is a kind of research that looks to uncover the foundational causes and associations between varying variables. Its aim is to explain why a specific phenomenon happens and how it corelates with other factors. Secondly, the exploratory research is described as a

study utilised to examine a problem that is not clearly described. It is done to have a better understanding of the current research problem although it will not give outcomes that are conclusive. Lastly, is the descriptive research design, a research methodology type aiming to describe the characteristics, attitudes, behaviours and perceptions of a population being studied. This research study will focus on the exploratory research design.

### **3.6 Exploratory Research Design**

Exploratory research design investigates research questions which have not been studied in-depth to gain knowledge and new insights (Creswell, 2019). In this study, exploratory research design assisted with the investigation of professionalism and ethics in the financial advisory industry. As mentioned previously, there has not been much research done on this study in South Africa, let alone in Durban. The exploratory design also assisted the researcher in gaining an in-depth understanding of the financial advisors' and compliance officers' experiences in this regard. Therefore, this design has allowed the researcher to discover the views and various themes of the participants in terms of their professionalism and ethics practices, for in-depth analysis.

### **3.7 Research Methodology Choice**

Qualitative research methods are useful for achieving an in-depth human behaviour understanding as well as the reasons governing such behaviour. Based on Saunders et al. (2012), the primary qualitative exploration goal is to give a comprehensive and detailed definition of a phenomenon instead of testing a hypothesis. This type of research has various benefits; it is flexible and can show root causes of problems and bring about new hypotheses for additional testing (Gill, 2018). In order to develop in-depth insights, qualitative research needs data that is rich, holistic and nuanced so as to allow themes and findings to surface through attentive analysis (Aspers and Corte, 2019). Due to the flexibility of the qualitative research approach, the researcher has chosen to use this method in this study. Useful insights were captured and research interviews were used to gain a better understanding of how professionalism and ethics practices made an impact on the selected sample of financial advisors and compliance officers in Durban.

### **3.8 Research Strategy**

A research strategy pertains to a step-by-step plan of action which provides direction to the thought process of a researcher. It allows a researcher to systematically conduct research and to do so on schedule. The primary purpose is the introduction of the study's principal components such as the research topic, research areas, major focus,

research design and lastly the research methods (Saunders et al., 2012). This analysis employed the exploratory method to determine professionalism and ethics exhibited or not exhibited by the financial advisors and compliance officers in Durban.

### **3.8.1 Observation**

Observation, as the name states, is a data collection method carried out through observing. The observation data collection method is categorised as participatory as the researcher has to engross himself/herself in a space where his/her respondents are, whilst taking down notes and/or recording. This data collection method involves watching, reading, listening, touching and recording behaviour and phenomena characteristics. As a data collection method, observation can either be structured or unstructured. In a structured or a systematic observation, data collection is done using particular variables and based on a pre-defined schedule. On the other hand, unstructured observation, is done in an open and free approach in a sense that pre-determined variables or objectives will be in place.

Over and above, observation data collection method can be separated into overt or covert categories. In an overt observation research participants are well aware that they are under observation. Meanwhile, in a covert observation, the observer is hidden and the sample group members are not made aware that they are under observation. Covert observation is believed to be more effective as in such case members of the sample group are likely to exhibit natural behaviour with positive implications on the authenticity of the research findings. The observation data collection method advantages include direct contact with the research phenomena, heightened flexibility with regard to the application and creating a permanent phenomenon record for future reference. At the same time, this method's disadvantages are that it has longer time requirements, observer bias at high levels and observer impact on primary data in the manner that the presence of an observer may have an influence on the behaviour of the sample group elements.

It is crucial to note that the observation data collection method might be correlated with certain ethical issues. One of the essential ethical considerations that the researcher needs to adhere to is to gain the research participants' fully informed consent. Simultaneously, the sample group members behaviour may change, impacting negatively on the research validity level if members are notified of the observer's presence.

### **3.8.2 Open-Ended Surveys or Questionnaires**

A questionnaire contains a series of questions addressed specifically to a statistically substantial number of respondents; it is a method of collecting information for a survey. A

questionnaire is used to gather statistical opinions or information about people. Goertzen (2017) describes a questionnaire as a printed or written list of questions for a number of people to answer, especially as part of a survey. Questionnaires can be carried out face to face, by computer, over the telephone or via post/email. Data collection can be conducted relatively quickly as the researcher does not have to be present during the completion of the questionnaires. This is beneficial for collecting data from larger populations where interviews would be impractical. Questionnaires are able to effectively measure the respondents' behaviour, attitudes, opinions, preferences, and the intentions of relatively large groups of respondents quicker and cheaper than other methods.

Open-ended questions enable the participants to express their thoughts in their own words and allow the participant to respond in as much detail as they like. When looking to collect in-depth responses from participants, open questions will work better than closed-ended questions. They do not give pre-set answer choices and are usually utilised for difficult questions which cannot be responded to in a few basic categories but rather need more discussion and detail.

### **3.8.3 Documentary Analysis**

Secondary data analysis refers to a researcher utilising someone else's information gathered for their own purposes. In attempting to respond to a new research question or to investigate a different perspective on the initial question of a previous study, researchers take advantage of secondary data analysis (Nga and Yeoh, 2018). This form of data analysis includes the usage of existing data, gathered for the purposes of a previous study, so as to seek a research interest that is distinct from the one of the initial work. This may be another perspective on the initial question or a totally new research question (Taherdoost, 2014).

Secondary data can be gathered as part of research that is personal or for large-scale surveys. Although there is a general agreement regards sharing results of large-scale surveys, little to no agreement exists regards personal research (Aspers and Corte, 2019). While the basic ethical issues associated with the secondary research data use remain the same, they are more pressing with the advent of new technologies. The sharing of data, compiling as well as storage are much easier and faster than in the past. At the same time, fresh concerns exist regards data security and confidentiality (Goertzen, 2017).

### **3.8.4 Interviews**

Taherdoost (2020) describes an interview as a social meeting wherein speakers collaborate in creating prospective and retrospective versions of their experiences, past or future

actions, thoughts and feelings. An interview is a qualitative research method which relies on collecting data through asking questions. Interviews include two or more individuals, one of which is the interviewer who is asking the said questions.

The aim of the research interview is to explore the experiences, views, beliefs and/or motivations of people on precise matters. Qualitative methods, like the interviews, are considered to give a deeper understanding of social phenomena than would be achieved from purely the quantitative methods, like questionnaires. Therefore, interviews are most appropriate in cases where not much is already known regards the study phenomenon or in a case where in-depth insights are needed from individual respondents. They are also appropriate particularly when exploring topics that are sensitive, such as ones where respondents may not be happy to talk about such challenges in a group setting.

#### **3.8.4.1 Structured interviews**

Taherdoost (2016b) describes structured interviews as research instruments with limited scope in their operations allowing for little prompting of participants, to acquire data and analyse outcomes. It is also referred to as a standardised interview and is notably quantitative in its approach. In this interview questions are pre-decided based on the required information detail. It can be utilised both in a focus group interview as well as an individual interview. These interviews are also excessively utilised in survey research with an intention of ensuring uniformity in all aspects of the interview meetings.

Questions in structured interviews are usually closed-ended featuring questions with yes or no answers, also known as dichotomous or multiple-choice questions. Structured interviews with open-ended questions also exist but they are less common. The kinds of questions asked result in a structured interview guide being a predominantly quantitative instrument. Asking standard questions in a particular order can assist in identifying patterns between responses as it enables one to easily make comparisons in responses among participants while still maintaining control over other factors. This can alleviate research biases, thus leading to higher validity and reliability. Nevertheless, structured interviews tend to be overly formal and have restricted scope and flexibility.

#### **3.8.4.2 Unstructured interviews**

An unstructured interview is the most flexible kind of interview as the questions and the method of questioning are not standard. Instead, the interview can continue more spontaneously based on the previous responses of the participants. Such interviews are by description open-ended. The flexibility can assist with gathering in-depth information on the

research topic while still enabling one to observe patterns among participants (Taherdoost, 2020). Nonetheless, a lot of flexibility results in them being very challenging to do properly. The researcher needs to be very careful not to ask leading questions as biased answers can result in reduced reliability of the research or even invalidate the research completely.

Unstructured interviews are also called in-depth interviews; they are often described as discussions held with an aim in mind of gathering data regarding the research study. Such interviews have the smallest number of set questions due to them leaning more towards a standard conversation, just with an underlying discipline. The primary objective of a lot of researchers utilising unstructured interviews is to develop a bond with the participants. This bond increases the chance that the participants will be 100% truthful when answering questions. Researchers do not have to follow any guidelines, meaning that ethically, they can approach the respondents to obtain more information as is possible with regards their research topic. It is important for a researcher to keep their approach in control to avoid the respondents straying from the primary motive of the research, more especially because there are no guidelines for such interviews.

#### **3.8.4.3 Semi-structured interviews**

A semi-structured interview is a mixture of a structured and unstructured interview. Although the interviewer has planned what they want to ask, the research questions are not required to follow a certain order or phrasing. Semi-structured interviews usually include open-ended questions, thus enabling for flexibility, but at the same time they follow a predetermined thematic approach which gives a sense of order. Due to this reason, they are usually considered “the best of both worlds” (Apuke, 2017). However, should the questions differ significantly among participants, it becomes challenging to find patterns, thereby reducing the generalisability and the validity of the outcomes.

Benefits of semi-structured interviews are that the questions are prepared prior to the scheduled interview, affording the researcher a chance to prepare and analyse the questions. This type of interview is flexible to an extent whilst maintaining the guidelines of the research. Unlike structured interviews, researchers can ask the interview questions in the format they prefer. Also, the researcher can collect reliable qualitative data from these interviews (Aspers and Corte, 2019).

#### **3.8.4.4 Focus group interviews**

Based on Taherdoost (2021), a focus group is “...a technique involving the use of in-depth group interviews in which participants are selected because they are a purposive, although

not necessarily representative sampling of a specific population, this group being focused on a given topic". Goertzen (2017) describes a focus group interview as a "...carefully planned discussion designed to obtain perceptions in a defined area of interest in a permissive, non-threatening environment". Based on Goertzen (2017), this kind of interview yields both the most differentiated array of answers as well as affords the most comprehensive foundation for constructing systematic research into the chosen topic.

Focus group interviews can be utilised for various purposes or to achieve a multitude of aims in research. Based on Taherdoost (2016b), focus group interviews can be utilised to achieve universal foundational data as regards a subject matter of interest. It is a useful data collection method in creating research hypotheses for further research and testing submission, utilising more quantitative approaches. They assist in stimulating creative concepts and new ideas, in learning how participants speak regarding the phenomenon of interest that may accelerate the develop of effective quantitative research instruments as well as interpreting qualitative results acquired previously.

Based on Saunders et al. (2012), purposive sampling is a frequently applied process for focus group interviews. It is a framework which is commonly utilised as a way of increasing information through a deliberate selection of sample participants that are known as rich data sources. Another benefit of using purposive sampling when conducting interviews, based on Creswell (2019), is that people who have had experience of the phenomenon of interest are requested to take part, thus adding to a broad array of construct dimensions and domain descriptors.

#### **3.8.4.5 In-depth interview**

In-depth interviews are a qualitative data collection method that enables the collection of large amounts of information as regards the interviewees' behaviour, attitudes and perceptions. During in-depth interviews, the researchers and respondents are free to explore further points and alter the direction of the procedure if necessary. In-depth interviews are an independent research method which can take on various strategies based on the research requirements (Creswell, 2019).

As these interviews are a one-on-one discussion, the researcher is afforded many opportunities to reach the root causes of the likes or dislikes, and perceptions or beliefs. Normally, questions are open-ended and can be customised to suit the particular situation. Also, a single-ease question can be used. A single-ease question is a direct query which elicits responses that are concise and uncomplicated (Saunders et al., 2012). The interviewer is able to build a rapport with the respondents, thereby giving them a feeling of

comfort. This brings about honest feedback and also allows the researcher to take note of their body language and expressions. These cues can offer rich qualitative data.

With surveys, there is a possibility that the participants may choose answers in a rush but in the case of the in-depth interviews, researcher have to concern themselves with this. Conversations have proven to be an exceptional method for data collection. In fact, individuals might resist answering questions in a written format but might agree to provide verbal information instead. The researcher can also converse with interviewees should they wish to maintain confidentiality and anonymity (Saunders and Tosey, 2019).

The purpose of the in-depth interviews is uncovering the challenges in order to achieve results that are detailed. This method allows the researcher to obtain insight into the interviewee's experiences, perspectives and feelings. When starting a large research project, in-depth interviews have been proven to assist with narrowing down and focusing on crucial research details (Treweek et al, 2018). When the context of a problem is required, in-depth interviews enable the researcher to evaluate various solutions in managing the research procedure, while helping with data analysis.

The important characteristics of in-depth interviews are that they have a flexible structure, thus allowing the interviewer to revisit precise areas with the interviewee. They are interactive in that the complete procedure is very human and less mundane and dull than other methods. In-depth interviews are deep as the interviewer is able ask follow-up questions to achieve a deeper perspective and understanding of the points of view of the participants (Taherdoost, 2017). Lastly, it is a generative viewpoint as researchers and interviewees present ideas for a particular topic as well as solutions to posed problems. For the purpose of this study, semi-structured interviews were used to collect reliable qualitative data from financial advisors and compliance officers.

### **3.9 Study Area**

This study was carried out in Durban, a coastal city situated in the province of KwaZulu-Natal in South Africa. Durban is one of the third largest cities in South Africa and is a famous tourist attraction.

### **3.10 Target population**

The target population can be defined as a group of individuals or objects that forms the subject of a study. The target population can be employees, consumers, engineers, managers, miners, or retail stores (objects). These are usually referred to as a unit of

analysis. Prior to the study commencing, the target population needs to be clearly described. In the title, the researcher needs to state who or what will become part of the target population. For this study, the target population was made up of 500 financial advisors and compliance officers based in Durban, KwaZulu-Natal from various licenced FSPs (Taherdoost, 2017). For anonymity purposes, gender and titles of the participants are not included.

### **3.11 Sampling**

Sampling is a process of using a small group selected from a larger population. It is impossible and impracticable to study the entire population due to limitations of time, cost and other indispensable and operative factors. Sampling is used for making the research process economical, while allowing the findings to be accurate (Gill, 2018).

This study utilised judgemental or purposive sampling which is a non-probability sampling technique in which sample members are chosen based on the researcher's judgement and knowledge (Aspers and Corte, 2019). The researcher's knowledge is instrumental in the selection of the sample in this sampling technique. Results are expected to be rich and accurate, reflecting the subjective reality as experienced by financial advisors and compliance officers in Durban, KwaZulu-Natal. Purposive sampling is relevant for this study as it allows the researcher to gather in-depth data that provides valuable insights and an understanding of the research questions. It is also practical, flexible and cost effective as it can be less expensive than other sampling methods that require a random sampling process (Martin, 2011).

In terms of the population group, the study used 10 (ten) financial planners/advisors authorised to represent a FSCA licenced Financial Services Provider (FSP) and those participating in furnishing of financial advice to clients. It further used 2 (two) compliance officers engaged by a FSP in a normal compliance role and accountable for the FSP's compliance including its responsibilities under the Act. They can be a manager or a director of the FSP. The total number of the population is 12 (twelve).

The participants were based in KwaZulu-Natal, had completed not less than three years as financial advisors or compliance officers to have been exposed to the experiences of ethical dilemmas, be registered with the Financial Planning Institute of Southern Africa (FPI) as financial advisors and be open to discuss issues regarding ethics in financial advisory services. Those financial advisors with less than three years' experience were excluded as they may not have adequate experience of ethical dilemmas and decision making to reflect

upon. Interview data was collected from participants who met the above criteria, as they were good research informants. The inclusion criteria for purposive sampling of participants included (i) being concerned with the direct furnishing of financial advice to clients; (ii) not less than three years of experience in financial advisory services in order to have experienced ethical challenges and being able to share the types of common and nature of unethical behaviours, perceptions of existing ethical challenges, and also articulate possible key elements for inclusion to form part of an ethical decision-making framework for effective financial advisors. Lastly, the study selected those who met the above two criteria and were also able and willing to share their experiences freely. The table below reflects the roles and years of experience of the financial advisors and compliance officers who participated in this study:

**Table 3.1: Types of individuals who participated**

<b>Role</b>	<b>Years of experience in role</b>
Key Individual/Senior Financial Advisor	>20 years
Senior Financial Advisor/Director	>10 years
Senior Compliance Officer/Director	>15 years
Senior Compliance Officer	>10 years
Senior Financial Advisor	>10 years
Senior Financial Advisor	>10 years
Senior Compliance Officer	>10 years
Senior Financial Advisor	>10 years
Senior Financial Advisor	>10 years
Senior Financial Advisor	>10 years
Senior Financial Advisor	>10 years

Source: Researcher's compilation

### **3.12 Data Collection and Instruments**

Data collection is defined as “the process of collecting and evaluating information or data from multiple sources to find answers to research problems, answer questions, evaluate outcomes, and forecast trends and probabilities. It is an essential phase in all types of research, analysis, and decision-making, including that done in the social sciences, business, and healthcare. Accurate data collection is necessary to make informed business decisions, ensure quality assurance, and keep research integrity” (Nga and Yeoh, 2018).

Tools used for qualitative data collection are depicted on the figure below. This study gathered information utilising semi-structured interviews.



**Figure 3.2: Qualitative Data Collection**

Source: Goertzen (2017: 18)

The researcher conducted semi-structured interviews via Teams in November 2023 with the chosen financial advisors and compliance officers in Durban. The researcher utilised an interview schedule/guide that consisted of questions to identify the common types and nature of unethical behaviour met in their duties, evaluate the views of advisors and regulatory managers of existing ethical challenges and the seeks insight into a proposed ethical decision-making framework for effective financial advisors in Durban (see attached Appendix 5). The details and interview schedule structure were based on the research questions. Table 3.2 below links the research questions and the focal point of the details of the questions in the interview schedule.

**Table 3.2: Links between the research questions, interview structure and its contents**

<b>Research Question</b>	<b>Core content focused in interview guide to answer the question</b>	<b>Number of standing interview questions</b>
What are the common types and nature of <b><i>unethical conduct</i></b> exhibited by financial advisors in the provision of financial advice to consumers in Durban, KwaZulu-Natal?	Unethical conduct	6
How do financial advisors and compliance officers (financial planning participants) <b><i>perceive the current ethical issues facing them in their respective roles</i></b> within financial services organisations in Durban, KwaZulu-Natal?	Perceptions of current ethical challenges	4
What are the <b><i>elements of an ethical decision-making framework</i></b> for effective financial advisors in Durban according to financial advisors and compliance officers?	Constitutive elements of ethical decision making	4

Source: Researcher's Compilation

This data collection process was based on the work of Creswell (2019), who furnished crucial points on interview preparation and on keeping it purposeful and deliberate. Such opinions are elaborated on below:

- “Select a comfortable setting to avoid distractions”. In this study, all twelve interviews were conducted virtually using Teams for the convenience of the participants. All interviews were consensually audio recorded, for accuracy purposes.
- “The interview purpose must be conveyed to participants at the beginning of each interview”. In this study, the researcher began each interview by welcoming the

participants and thanking them for attending the interview. Thereafter, the researcher explained the interview purpose to the participants. Consent forms were completed, signed and returned to the researcher by each participant prior to the start of the interviews.

- “The collected data confidentiality needs to be addressed.” The researcher ensured that participants were aware that data collected from the interviews would be utilised in the study’s final report. The researcher also explained the confidentiality of the participants’ participation, that their names and personal details would not be disclosed in the study report. The researcher further clarified to the contributors that data collected would only be accessible to the researcher and the research supervisor.
- “The interview format must be clarified.” The researcher started each interview by thoroughly explaining the study subject, i.e., Professionalism and business ethics and how their participation in the study could be of benefit to their organisations and the financial advisory industry.
- “At the beginning of the interview, the expected period of the interview was explained to participants.” The participants were initially advised that the interview will take about 50 minutes. Nevertheless, on average the interviews took 35 - 45 minutes from start to finish.
- The researcher’s contact details were shared with all participants and they were encouraged to not hesitate to communicate with the researcher or the supervisor should they have queries regarding the study.
- The interview process was explained to all participants prior to commencement of the interviews and participants were advised to ask questions should they require more clarity on the process.
- Prior to the beginning of the interview, the researcher advised the participants that the interviews would be recorded for data accuracy purposes. The participants agreed to participate in the study by signing a consent form and granted the researcher permission to record the interviews by ticking yes on the consent form.

A total of twelve (12) interviews were conducted. The initial intended number of participants for the research was higher, however, collection of data had to end as data saturation was reached. Data saturation happens once the participants are repeating what they have already said in the previous interview, without new information, data saturation is reached as extra effort does not yield any new results. The ages of financial advisors and compliance

officers that participated in this study ranged from 45 to 65 years. Every participant met the selection criteria.

### **3.13 Data collection tools and procedure**

The researcher utilised Sanders et al.'s (2016) checklists for semi-structured interview preparations. Such checklists give proper guidelines on how to conduct interviews that are professional and successful. The researcher made sure that virtual interview meetings were scheduled in advance and only gave access to participants for privacy. The interviews were scheduled at the participants' convenience and were conducted through video and audio conferencing for all participants. The voice recording equipment was inspected by the researcher prior to each consultation to ensure they were in proper working order. All participants found the virtual interviews to be convenient and comfortable.

### **3.14 Interview guide pre-testing**

In data collections tools, the second major challenge is the pilot testing or pre-testing. Therefore, the researcher created a draft interview guide and performed various pre-tests with the financial advisors and compliance officers from Durban. The initial pre-test allowed for the identification of errors and issues in some of the interview questions. This gave the researcher an opportunity to amend them by re-wording and making the questions simpler to ensure that they are understood easily. The researcher also split the questions into various categories resulting in each question having an introductory statement that could be easily understood by all the participants.

Thereafter, a second pre-test was conducted which involved one financial advisor who satisfied of the sampling criteria. The researcher took them through all the questions in the interview guide. Through this pre-test, the researcher was able to detect that some of the questions were likely to confuse the participants and made the necessary amendments. The third and last pre-test was done with a compliance officer that also satisfied the sampling criteria. These interviews took a total of 1 hour and 35 minutes to complete; this offered the researcher a clear idea of the expected time frame for each interview. At the end of all the pre-tests the researcher made all the appropriate amendments to the interview guide and continued with the official interviews.

### **3.15 Recruitment process**

This qualitative study identified eligible participants, explained the study to the potential participants adequately and recruited a sufficient sample based on the goals of this study. Initially, the researcher invited potential participants through a phone call. Thereafter, a detailed email with an informed consent and an interview schedule attached was sent to the participants. The telephonic conversation and the email were both clear, simple, and well-designed to enhance the awareness of the study.

### **3.16 Data analysis method**

The study used thematic analysis in identifying professionalism and business ethics by the financial advisors and compliance officers. The main focus was on identifying patterns of actions and behaviours that were repeated by the participants and ones that dealt with any aspects of professionalism and business ethics in the financial advisory industry. Thematic analysis is a form of qualitative exploration used by researchers to arrange and systematically examine difficult information collections. It searches for subjects which seize the stories available in information collections. It is about identifying themes by carefully reading and re-reading the transcribed data (Gill, 2018). A stringent thematic analysis procedure can give rise to findings that are insightful and trustworthy (Apuke, 2017). According to Braun and Clarke (2006), the thematic analysis approach can be used to assist with the sorting and organisation of data into comparable themes. This relates to the presentation and the analysis of data utilising the steps found in the 15-point checklist which elaborates on how qualitative data can be refined for efficient analysis. Table 3.3 below presents the in-depth 15-point checklist:

**Table 3.3: Fifteen-point checklist of criteria for a proper thematic analysis**

<b>Process</b>	<b>No.</b>	<b>Criteria</b>	<b>Reported in Chapter</b>
<b>Transcription</b>	1	"The data have been transcribed to an appropriate level of detail, and the transcripts have been checked against the tapes for accuracy."	Yes
<b>Coding</b>	2	"Each data item has been given equal attention in the coding process."	Yes
	3	"Themes have not been generated from a few vivid examples (an anecdotal approach), but instead, the coding process has been thorough, inclusive and comprehensive."	Yes
	4	"All relevant extracts for each theme have been collated."	Yes
	5	"Themes have been checked against each other and back to the original data set."	Yes
	6	"Themes are internally coherent, consistent, and distinctive."	Yes
<b>Analysis</b>	7	"Data have been analysed – interpreted, made sense of – rather than just paraphrased or described."	Yes
	8	"Analysis and data match each other – the extracts illustrate the analytical claims."	Yes
	9	"Analysis tells a convincing and well-organised story about the data and topic."	Yes
	10	"A good balance between analytical narrative and illustrative extracts is provided."	Yes
<b>Overall</b>	11	"Enough time has been allocated to complete all phases of the analysis adequately, without rushing a phase or giving it a once-over-lightly."	Yes
<b>Written Report</b>	12	"The assumptions about, and specific approach to, thematic analysis are clearly explicated."	Yes
	13	"There is a good fit between what you claim you do, and what you show you have done – i.e., described method and reported analysis are consistent."	Yes
	14	"The language and concepts used in the report are consistent with the epistemological position of the analysis."	Yes
	15	"The researcher is positioned as active in the research process; themes do not just 'emerge'."	Yes

Source: Adapted from Braun and Clarke (2006: 77-101)

Based on the criteria above, the researcher was able to transcribe raw data in an articulate manner by listening to audio recordings repeatedly, thus ensuring data accuracy. Through repeated listening, the researcher managed to identify phrases and words from the

participants' responses and acquainted themselves with the data in order to find and create themes. Raw data was put into categories and coded into primary themes as well as sub-themes. This is in respect of professionalism and business ethics practices revealed or not revealed by financial advisors and compliance officers in Durban, how they instil such practices, and the issues they encounter. Subsequently, the researcher used the themes as headings to present the findings. In the last step, the interpretations and findings were authenticated with information gained from the review of literature and the chosen theoretical framework.

### **3.17 Research quality**

For the study to be reliable, trustworthy and valid it is imperative for the researcher to ensure a high-quality process. A high-quality research study is branded by: (1) a worthy topic, (2) rich rigor, (3) sincerity, (4) credibility, (5) resonance, (6) a significant contribution, (7) ethics and (8) meaningful coherence (see Table 3.4 below). Each quality criterion can be approached through various means, paths or crafts, the combination of which is dependent on the precise researcher, context, theoretical affiliation, and project. This study followed the eight criteria below by Tracy (2010):

**Table 3.4: Eight “big-tent” criteria for excellent qualitative research**

<b>Criteria</b>	<b>Description</b>
<b>Worthy topic</b>	Topic of the research is relevant, timely, significant and interesting
<b>Rich rigor</b>	Study uses sufficient, abundant, appropriate and complex; theoretical constructs; data and time in the field; sample(s); context(s) ; and data collection & analysis processes
<b>Sincerity</b>	Study is characterised by self-reflexivity and transparency
<b>Credibility</b>	Research is marked by thick description, concrete detail; triangulation or crystallization; multivocality & member reflections
<b>Resonance</b>	Research influences through aesthetics and presentation; naturalistic generalisations & transferable findings
<b>Significant contribution</b>	Provides significant contribution: conceptually; practically; morally; methodologically; and heuristically
<b>Ethical</b>	Considers; procedural ethics; situational & culturally specific ethics; relational ethics and exiting ethics
<b>Meaningful coherence</b>	Study achieves what it purports to be about. Uses methods and procedures that fit stated goals. Meaningfully interconnects literature, research questions/foci, findings, and interpretations with each other

Source: Adapted from Tracy (2010: 840)

The above criteria were applied to this study as follows:

- Worthy topic – this research study topic was remarkable as it creates an awareness with regard to the importance of professionalism and business ethics practices within the work of financial service providers.
- Rich rigour – Thorough due diligence was conducted during the contextual framework development, the researcher spent adequate time in the field, an appropriate sample size was used, data collection was done and analysed in an efficient manner.

- Sincerity – honesty and transparency were the researcher’s top priorities with regards to the exploration procedures, objectives and prejudices impacting the learning as well as how they may impact the study methods.
- Credibility – the researcher utilised participant validation techniques or member checking methods to enhance the trustworthiness and plausibility of the findings. Participants were given a chance to inspect and make comments about the transcribed information.
- Resonance – the analysis displays the study's possible significance in creating awareness, as well as prioritising professionalism and business ethics in financial advisors and compliance officers when dealing with potential and existing customers.
- Significant contribution – the aim of the study was to achieve in-depth insight into and understanding of the financial advisors’ and compliance officers’ professionalism and business ethics practices. Knowledge achieved is of great importance as it advances existing knowledge, theories and methodologies.
- Ethical considerations – these will be discussed below.
- Meaningful coherence – the exploratory study utilised procedures and methods that correlate with information gathering and data examination. The study is entirely consistent, sound and rational.

### **3.18 Ethical considerations**

The study adhered to the UKZN ethical procedures. In research, ethics processes follow the “do no harm principle”. It means the research highly prioritised the protection of the participants. The sub-sections that follow provide information on the procedures followed to ensure that ethical standards were met.

#### **3.18.1 Gatekeeper’s letter**

The gatekeeper’s letter was sought from the Financial Planning Institute of Southern Africa (FPI) and was granted as a protective measure for both the participants and the institute (see Appendix Two).

### **3.18.2 Voluntary participation**

All research respondents chose to participate voluntarily in this study and they were debriefed on the study details. In this study, research participants – being senior financial advisors and compliance officers in Durban – were advised of their rights that contribution is not compulsory and are free to retract from the exploration process. The contributor data sheet (see Appendix Three) was forwarded to contributors prior to the consult.

### **3.18.3 Informed consent**

All participants were advised, through an information letter and a consent form, of their entitlement to consent or retract from the research study without ramifications. The researcher also ensured that all participants sign informed consent forms prior to the commencement of the interviews to understand the full details of the study (see Appendix Four for informed consent).

### **3.18.4 Confidentiality and anonymity**

Privacy and concealment were top of mind and paramount. Contributors were advised that only the researcher and the researcher's supervisor would have access to their recordings and transcripts. In order to guarantee anonymity, no identifiers were logged with participants' replies. Code-names were utilised rather than the participants proper names when stating the study discoveries. Partakers were advised that their names, job titles and/or departments would not be stated in the research narrative.

### **3.18.5 Ethical clearance**

The researcher attained ethical clearance from the Human Research Ethics Committee of the University of KwaZulu-Natal prior to commencing the study. Therefore, the researcher upheld all necessary ethical issues by adhering to the UKZN ethical standards and obtaining an ethical clearance letter (See Appendix One).

## **3.19 Chapter Summary**

This chapter examined the research methodology used in this exploratory and qualitative study. It is important to highlight that this study adopted interpretivism as the research philosophy to understand the different views of participants regarding the common types and nature of unethical conduct of financial advisors, perceptions of existing ethical challenges and elements necessary for inclusion in the ethical decision-making framework for effective financial advisors in Durban, KwaZulu-Natal. The chosen research design for the study was the exploratory design. The in-depth interviews were utilised for data collection from the

research participants – the selected financial advisors and compliance officers. Using purposive sampling, the sample was appropriately and intentionally selected with a focus on the respondents' knowledge and hand-on experiences of financial advisory service provision for not less than three years, to be able to articulate and share experiences related to professionalism and business ethics in the financial advisory service sector. Data was analysed using thematic analysis and the researcher adhered to the UKZN ethical processes. The subsequent chapter will deal with the findings derived from the interviews conducted, with an aim of unpacking professionalism and business ethics practices by the financial advisors and compliance officers in Durban.

## **CHAPTER FOUR: FINDINGS**

### **4.1 Introduction**

This chapter presents the findings of the exploratory study on the professional and business ethics practices of the financial advisors and compliance officers in Durban, South Africa. The study findings are structured based on three research objectives. Therefore, the chapter starts first with the themes on the type and nature of unethical conduct in the interactions of advisors and compliance managers with consumers, in the delivery of advice in Durban, KwaZulu-Natal. Second, the chapter presents themes revealing the perceptions of financial advisors and compliance managers on existing ethical challenges they encounter in their duties in FSPs in Durban, KwaZulu-Natal. The chapter proceeds to propose an ethical decision-making framework for effective financial advisors and compliance officers in Durban based on the views of the participants in this qualitative study. In conclusion, the chapter ends with a summary of the entire chapter.

### **4.2 Themes on common types and nature of unethical conduct of financial advisors in providing advice to clients**

In this exploratory qualitative study, the results reveal four different themes regarding the variety of unethical behaviour of financial advisors in Durban when delivering financial advice to clients. The type and nature of unethical conduct manifested by financial advisors in Durban include product pushing, giving advice without holistic financial understanding of the client grounded in ethical conscience, unethical leadership exerting incessant demands on financial advisors to sell at any cost and the failure of financial advisors to do due diligence and disclose fees and charges applicable to an investment. These four themes are depicted in Table 4.1 below and subsequently presented in detail:

**Table 4.1: Four themes on type and nature of common unethical conduct of financial advisors in providing of advice to clients**

<b>Common types and nature of unethical conduct of financial advisors in providing of advice to clients</b>	<b>Frequency</b>
1. Product pushing and selling for commission and greed	5
2. Giving advice without holistic financial understanding of client, grounded in ethical conscience	4
3. Unethical leadership and incessant pressure on advisors to sell at any cost or perish	4
4. Failure of financial advisors to do due diligence and disclose fees and charges applicable to an investment	4

Source: Author's Compilation

#### **4.2.1 Product pushing and selling for commission and greed**

This exploratory qualitative study revealed that financial advisors in Durban engage in the practice of product pushing which does not often consider the needs of clients. The study reveals how financial advisors were purely selling for commission and not focusing on finding out customers' circumstances and determining their exact needs. One of the interviewees exemplified the practice of product pushing by financial advisors in the following way:

*"In my experience, selling a product without doing holistic financial planning looking in depth into what does the client really need and purely for the advisor's benefits by way of a maximum upfront fee is totally unethical."* (Participant 3).

In a slightly different vein, interviewees also highlighted that some advisors push certain products and/or policies for specific reason wherein they are able to deliver based on their mandates set by the FSPs they are employed by. One of the financial advisors provided the following reasons for such behaviour which resulted in financial advisors not even caring to undertake annual reviews, especially for small customers:

*"If an advisor is working for company X and they are a tied agent, they tend to force a specific product or company access products simply to increase their targets, sales, assets under management (AUM) and not taking into account the customer's needs. An advisor is required to perform annual reviews with their customers regardless of how big or small, or what the client has with them. I have personally witnessed how sometimes reviews can fall through the cracks, especially for smaller customers. Say*

*for example a customer just has one product and the advisor is not really interested or even if the review is done, but not much thought or effort is put into it.” (Participant 1).*

Interviewees emphasised that most financial advisors who are remunerated through commission compared to those on salary often tend to ignore smaller customers' interests and sell for commission by focusing on large customers with higher commissions. One of the compliance officers had the following to say about the unethical behaviour regarding selfish interests, selling for commission and lack of acting in the best interests of customers:

*“So selling for commission, probably, rather than making sure they are acting in the best interests of the customer when they don't put the customer in a position that allows them [the customer] to make an informed decision.” (Participant 2).*

It also came out clearly that sometimes what some advisors do is promise returns to customers. They would go to see a customer and the first thing they do is to look at the customer's portfolio and note that returns are not too lucrative. Despite what the market has done over the last couple years, an advisor would comfortably state that they can definitely help the customer in improving their returns. One of the advisors elaborated on this and stated that it is extremely unethical to make such promises as the performance of the portfolio is based on various factors, some of which are out of their control (for example, market movements). Below is what Participant 3 had to say regarding the improper conduct of financial advisors who provide unsound promises on the nature of returns simply to increase their commissions without genuine interest in protecting the client:

*“You can never promise a return because the markets cannot guarantee any kind of return and any advisor that promises a return, you need to run for the hills. So, for example, and I think this happens a lot in big wealth firms where when they are advising a client, they will have a look at the client's portfolio and come up with a suggestion or advice on how they would structure the portfolio. And let's just say for argument's sake that this client, based on high risk on risk return preferences and what he/she is able to stomach. A lot of the wealth firms will then vertically integrate and put these clients into their own equity portfolios run by their own stockbrokers where they earn a percentage of what the broker makes. Over and above that, they earn a further fee which is charged on the portfolio and never stop to ask a question whether that portfolio mix is necessarily in the client's best interests.” (Participant 3).*

Interviewees also revealed pushing of products wherein product suppliers pay advisors an upfront commission on recurring investments such as the retirement annuities, which places pressure on financial advisors to be unethical in their desperate efforts to retain customers and avoid any penalties arising from a customer switching to another FSP. The unethical behaviours of financial advisors being perpetuated by the practice of upfront commission to financial advisors was illustrated by Participant 5 in the following way:

*“The traditional insurance companies pay advisors upfront and that is why you will see a lot of advisors still writing retirement annuities (RAs) with those companies. If customers move these products to other product suppliers before a certain time frame, advisors will be charged penalties meaning they have to pay back the money.”* (Participant 5)

The results also reveal that while greed is the main cause for unethical conduct, there are also instances where lifestyle and the desperation of financial advisors drives the advisors to exploit the avenue of selling for commission despite knowing that this is self-centred behaviour and fails to demonstrate good stewardship. Below is how Participant 2 reflected and surmised product pushing as a type of unethical conduct, its triggers and consequences for the customer:

*“Sometimes its innocent, but in a lot of cases I think it's greed and/or desperation. If an advisor is going through a bad time, what better way than to make up your shortfalls by selling products that have big commissions on them? If the client does not know, they think that they're getting the best product for them.”* (Participant 2)

#### **4.2.2 Giving advice without holistic financial understanding of client grounded in ethical conscience**

This study revealed that one of the unethical conducts of financial advisors relate to failure to exhibit fiduciary responsibility to conduct themselves in the client's best interest, incorporating the responsibility of care and responsibility of faithfulness. Participant 11 elaborates on the various approaches adopted by financial advisors in providing financial advice but ultimately underscores the importance of holistic advice as shown in the direct quote below:

*“The best financial advisors take a top-down approach to figure out what the client's goals are and how they can be reached. Some advisors use a bottom-up approach telling clients how much they can afford; this is not holistic financial advice. This type of conduct happens often in the financial advisory space where advisors focus on*

*selling and making money. Suppose that a potential client meets two financial advisors and wants to find out how much they need to save for retirement. One advisor plugs the age and income of the client into a financial model which makes assumptions about certain factors and produces a monthly figure. The other advisor takes time to discuss in detail the client's retirement goals so as to get an idea of exactly how much is required and thereafter, they factor in the financial elements to ascertain what is feasible. An example of a holistic approach can be seen in the latter as it focuses on real-life plans and then leverages financial models to make decisions.” (Participant 11)*

Participants unveiled how financial advisors were not putting the interests of the clients first as a trademark of professionalism, and as the proper way of gaining more business and commission. While there was a common understanding that financial advisors are expected to provide professional services with integrity, honesty and candour in all professional matters, what unfolded in practice was different. Participant 4 had the following to say to depict more about lack of professionalism characterised by lack of client consultations and sales-oriented mindset where the client is not seen as part of their company but rather external:

*“Professionalism for me, is following the six steps of financial advice diligently, knowing the clients (KYC), collecting the data, analysing the data and getting back to them. It is about putting the proper plans in place, discussing it with the clients, discussing fees and why they are charged and reviewing the client's portfolio on an annual basis. Some financial advisors do not follow these steps of financial advice nor take the time to clearly understand the needs of the client. They fail to see the client as part of their company and see them as someone they sell a policy to and never see them again. This goes against professional behaviour in any profession.” (Participant 4)*

The commission-driven practice of most financial advisory service organisations was repeatedly mentioned as a key trigger of differentiated quality of service with the small clients denied care and time for advice by financial advisors chasing large commissions. This mindset, its consequences in terms of quality advice and lack of professionalism were illustrated in the following quote by participant 5:

*“Firstly, the advisor needs to believe they are professional, they mustn't believe that they are a salesman or a saleslady. And if they think like a lawyer or an accountant, they will provide a better service. They need to make sure that they are properly*

*educated in all aspects of financial advising and then adopt the view that each client is special. One client looks to invest R100,000.00 and the other R10 million. The advisor treats the client with high value investments with utmost respect and professionalism and the low value investment client gets treated differently. The advisor failed to treat both clients with the same respect and attention. Also, advisors make an assumption that clients know everything and that might not necessarily be the case.” (Participant 5)*

The aspects of unprofessional and unethical conduct were not only limited to the quality or lack of financial advice, but also to poor documentation or failure by the financial advisor to complete a record of advice (ROA). Participant 6 exemplifies this type of lack of ethical behaviour and professionalism evident through the absence of previous records of advice to refer to in future consultations, reported as follows:

*“From a compliance point of view, all financial advisors are required to record the advice given to a client. Some advisors do not have ROAs signed by both parties agreeing to the discussion and advice provided. This means that advisors have not done product specifics, explain it to the client, allow the client to ask questions to clarify where it is not clear. Only once the client is satisfied can both parties sign the record of advice for safe keeping by the advisor. We see a lot of such conduct by advisors more especially those that churn the products for personal gain.” (Participant 6)*

#### **4.2.3 Unethical leadership and incessant pressure on advisors to sell or perish**

The findings from the interviewees revealed that leadership sets high targets and puts enormous and incessant pressure on financial advisors to achieve them without considering the possibility of unethical conduct in meeting such targets, or perish in their role in the organisation. Leadership creates conditions and environment where ethical conduct may not help financial advisors to achieve set targets and survive. Participant 4 explains how the work environment plays a role in shaping the financial advisor’s unethical behaviour to survive instead of perish, as shown below:

*“The work environment also plays a huge role. Depending on the work environment, especially the ones that tend to switch a lot into their own funds, they are driven by company targets set by the leadership where you are expected to do whatever it takes to hit this target. There is so much pressure from the company where you find that the base salary is so low that they have to [can only] survive with the*

*commission and that drives the unethical behaviour because at the end of the day they also want to earn.” (Participant 4)*

This study showed that the current commission structure to pay the financial planner upfront actually drives these advisors to a point of desperation and pursuit of unethical behaviours. Participants also highlighted that new financial advisors experience the difficulty of earning commissions especially in that that effective financial planning requires long-term coaching. Participants reflected on how new financial advisors facing not only the incessant pressure from their leader to sell but also the lack of commission to earn money and survive causes them to resort to sales rather than customer-driven approach to simply make a sale and make ends meet. Desperation to earn some income, and incessant pressure from leaders to sell seem to leave very limited options for new financial advisors to be ethical in their conduct as revealed by participant 7 below:

*“I think there are new financial planners out there that have just started in the industry and are trying to make ends meet. These days it is hard and expensive to do business in this industry more especially with bigger firms purchasing books from existing financial advisors. Out of desperation, an advisor will perform unethical duties knowingly at times just so they can earn. It's just I'm going to sell, sell, sell and whether the advice is right for the client or not, it's not my problem because I need to eat. I want commission and I'm just going to carry on doing this because you don't know any better.” (Participant 7)*

In a slightly different vein, participants focused on more experienced financial advisors to elaborate how leadership promotes unethical behaviours by knowingly recruiting debarred advisors. Participant 6 lamented the absence of collaborative efforts to clean out debarred financial advisors and also the lack of register of debarred people which could be shared in the industry to enhance its reputation and promote ethical conduct:

*“I don't think our companies are strong enough and united enough to stand firm and hard against unethical practices. You have leaders in organisations that are happy to onboard debarred advisors. All players need to be clear and to have a strong industry stance against it because when you cut those unethical financial advisors out of the industry, you begin cleaning out the industry. You do away with these unethical repetitive conducts that we deal with. There needs to be good dialogues between leaders of the organisations. There needs to be good engagements, almost needs to be the sharing of the script, identifying and red flagging these individuals so they can be kept away, weeded out, cleaned out, removed from the industry. So, I*

*mean, you want an ethical register where every company records a person that they have terminated their contract, a common register that red flags the individuals. But have that for the insurance industry so anyone that has been found to have been unethical through a process can be listed there. Their name is put on the register, so that companies can check on the register if that person appears and if they do, they are able to say, 'Sorry, we can't engage with you any further.'*" (Participant 6)

At the leadership level, selfish decision making in financial advisory leadership driven by greed through making decisions that only benefit them instead of the organisation or its stakeholders, was revealed by participant 11 as follows:

*"I am an independent advisor; we stick to our ground rules and make sure we do the right thing for the client. In terms of unethical leadership, what happens on an agency force is that they have teams and say for an example, Mr X has 10 advisors below him. His salary and his entire operation is dependent on what his team brings [in] and he pushes that team. Whether the work is ethical or not, the focus is on getting applications signed, get the case issued and get paid. I believe that in this country the government has not been really tough and the financial sector has not been putting their foot down firmly on that issue."* (Participant 11)

#### **4.2.4 Failure of financial advisors to do due diligence and disclose fees and charges applicable to an investment**

Another theme which revealed a common type of unethical behaviour of financial advisors in Durban is the failure to do proper due diligence that is necessary when investing in financial products and the FSP's agents. Participant 1 elaborates below on how some financial advisors lack product education but proceed to give advice to clients which sometimes results in loss of client money, complaints and the continued poor image of the industry as a whole:

*"Sometimes advisors don't even know what they're doing. They sell a product and use a certain fund because everyone else is doing it and because everybody uses the flagship fund. So that's the way they conduct business not having the knowledge of the product or even the fund. This leads to complaints, clients losing money and a bad name for the advisors and the industry as a whole."* (Participant 1)

As alluded to earlier on, the lack of supervision at the level of individual financial service advisor is a challenge, such that it is unsurprising that there are failures to do due diligence. As there are more new advisors coming into the industry and not enough supervision given

to them, it is expected that failures in due diligence and also failures to disclose fees will not go away. Participant 7 elaborated on the poor quality of services and linked it to poor supervision, as reported in the quote below:

*“There needs to be more and more pressure put on education and training of advisors in terms of product specific training and qualification. There are a lot of new people coming into the industry and if we look at it, supervision lasts maybe up to two years and within that time it's very common that the supervisor is not hands on. So, the financial planner is just doing what they want to do when they want to on their terms. We don't really get taught what to do in the industry, what is ethical and what is not. I think it all comes down to the training of your advisor, a lot of them are not getting adequate training. It is more prevalent in the big companies than it is in the smaller Independent Financial Advisors (IFAs). An example is, so we've got, one of our biggest clients has got probably 19 financial advisors under supervision and there is one key individual that is supervising all of them. So realistically that's not feasible, it is actually not realistic as they can't exactly split their time between 19 people and still run a business.”* (Participant 7)

Participants complained that it seems that the simplistic assumption behind the regulatory activities in the industry stops at the fact that having a licence is equal to good job, which does not really take into account how knowledge is actually translated into acceptable practice and adherence to regulatory standards by financial advisors. More specifically, Participant 5 surmised the regulatory failures to promote good practice as follows:

*“It is a historical thing and it just keeps rearing its head. I think regulation does help – and having a regulatory body where people are supposed to be licensed. I also think it's an education thing because I'm not sure clients and the public are aware that they can check whether an investment house or an insurer is properly registered and properly licenced and whether a broker is properly licenced. And I think that only goes so far, just because you have the correct licence does not mean that you necessarily do a good job.”* (Participant 5)

The study also highlighted that without sufficient disclosure of fees by the financial advisors, clients may not understand completely the risks associated with their investments thus resulting in financial losses as well as legal disputes. Participant 5 added the importance of financial advisors to disclose fees and charges applicable to an investment of the client and to record them properly as part of good practice:

*“Just disclose everything to the client from the beginning and do not think nothing is going to come out at a later stage. I'll give you a very good example: a client made me an executor on his Will and then we needed to appoint a lawyer as a joint executor when the client dies. After his death his son came and accused me of earning money as the executor and that I never discussed it with his father. And fortunately for me, I did not earn one cent out of it but rather passed it on to a lawyer to handle the whole thing as I did not want any money out of it. So, you've got to be very careful because I probably didn't discuss with the client that there would be fees involved, but I didn't earn anything. So, all I'm saying is that I did not have an ethical problem. If I had earned and did not disclose [this], I would have had an ethical issue. Advisors must learn to record everything because people have very short memories sometimes. But the main thing about ethics is making sure that in your mind, you're doing the right thing. Well, I would have said to the lawyer, ‘You have to split your fees with me’ and it would have come back to bite me. So, all I'm saying is, there are no free lunches in life; therefore, do not take money where you did not earn it.” (Participant 5)*

#### **4.3 Evaluative themes depicting the perceptions of financial advisors and compliance officers on the existing ethical challenges they face in their responsibilities within financial services organisations**

This exploratory qualitative study has identified four different types of perceptions of financial advisors and compliance officers in Durban regarding the existing ethical challenges they face in their responsibilities in their organisations. The evaluative themes on the perceptions reflect (i) conflict between personal interest and professional duty, (ii) continued distrust of financial advisors and necessity to adhere to professional standards, (iii) exploiting client lack of financial education and awareness of ‘bad eggs’, and (iv) investing client funds without proper understanding of client and regulations, as seen in Table 4.2.

**Table 4.2: Four evaluative themes on perception of existing ethical challenges by financial advisors and compliance officers in their respective duties and organisations**

Perceptions on current ethical challenges by financial advisors and compliance officers	Frequency
1. Conflict between personal interest and professional duty	5
2. Continued distrust of financial advisors and necessity to adhere to professional standards	5
3. Exploiting client's lack of financial knowledge and awareness of 'bad eggs'	5
4. Investing client funds without proper understanding of client and regulations	4

Source: Author's Compilation

#### **4.3.1 Conflict between personal interest and professional duty**

Financial advisors and compliance officers were explicit that they face conflict of interest which arises when an advisor has a personal interest which conflicts with their professional duty. The participants revealed that while all financial advisors have a responsibility to act in their client's best interests as well as that of the FSP so as to avoid committing acts of fraud and abusing the market, they were struggling with conflicts of interest. Financial advisors illustrated how the personal interests of a financial advisor are often put first while those of the client are secondary, resulting in the pushing of a product which benefits the advisor more than the client.

There were also instances of ethical challenges evident in the wrong practices of financial advisors sharing a client's information without their consent. Participant 2 had the following to say to illuminate the conflict of interest arising in prioritising the self-interest of financial advisors which undermines professional duty, but also the practice of sharing client's information to benefit the company but without consent from the owner of the information:

*"We see a lot of financial advisors doing things for their own benefit, or more for their benefit than for their clients. So, they will push that line to the solution that earns them or makes them more money. This creates a conflict in that the client is sold a product that does not serve them and the advisor earns a commission. Advisors also share client information without consent; that's a big one for me. In such cases an advisor may earn referral fees from a business partner's company and receive a one-time payment for every client's information referred [shared]. A conflict of interest arises due to an advisor having an incentive to share client information with their business*

*partner's company. This may not be in the client's best interest as products sold to them may be more expensive for the client"* (Participant 2)

In a slightly different vein, the ethical challenge of conflict of interest was also reported in the circumstances where the financial advisor did not disclose personal interest and processed a particular transaction without the consent of a client. One of the participants highlighted that fraud as unethical conduct by advisors also manifested where financial advisors committed fraudulent misrepresentation as follows:

*"Another [form of] unethical conduct is fraud where an advisor does not get consent from the client to process a transaction. Client consent is a way of showing client respect in term of their dignity, autonomy and values. One example is where an advisor concluded transactions where clients had not given consent for those transactions and also fictitious business that gets done especially in the insurance companies where they offer death benefits."* (Participant 6)

Participant 8 revealed a clash between a self-serving financial advisor's interests and those of his/her professional duties or responsibilities as well as those of the recipient, the client. The interviewee elaborates on an instance where a client's portfolio is moved from one product supplier to the next without adding value to the client:

*"We have seen a lot of books being moved for value add, but we have also seen an equal number of books that have been moved 'just because'. You know if there is a value add, we look into it and we can pick it up. Value add are things like, when a client didn't have life cover and the advisor has now put it in place for you, or we have increased your dread disease and disability covers. In that case you can see it is actual proper financial advice that has been given to the client. You can see that the advisor has a legitimate reason for moving the book, such as Momentum does not provide a product that Discovery does and the client would benefit from it, then we completely understand that and it is ethical. A lot of financial advisors just do not do proper financial planning and [provide] advice. There is a lot of conflict of interest in that they do receive incentives for moving their books. So, the commission will probably be bigger for the advisor in that situation, so the client is actually getting less cover."* (Participant 8)

Another interviewee focused on the ethical challenge arising from some independent financial advisors or (IFAs) using internal compliance officers or acting as their own compliance officers due to costs. The interviewees also illuminated how "bad eggs" in the

industry are surviving due to weak controls and continued failure of FSCA to do annual reports or demand that financial advisors fill annual reports. Participant 2 elaborated on the ethical problems of not outsourcing or using an external compliance officer, resulting in the challenges of an independent financial advisor being his/her own compliance officer. This undermines not only the division of responsibility but also invokes questions regarding the authenticity of the compliance function:

*“There are a few ‘bad eggs’ in the industry, we have come across some horror cases with IFAs who do their own compliance and didn’t have anything in place. Ideal with the client base that all have external compliance officers and so they have taken that decision to not do it themselves. Having an external compliance officer isn’t a rule, so if it is a one-man band and you haven’t got extra representatives or more than one key individual, you can become your own internal compliance officer. The danger at the moment is that the FSCA are not doing annual reports, so you don’t have to fill anything in and send it off either. So, they are working on a new report, but we haven’t actually had a report into the FSCA since 2018. They are now starting to go out and do site visits to brokerages but the problem with that is there are only so many of FSCA representatives versus a lot of licences. Another issue is that if an IFA is unethical, they are probably quite smart and they know how to cover their tracks. So, they may well tell the FSCA what they want them to hear, and they may well believe them, depending on the evidence that they require.” (Participant 2)*

While some of the interviewees focused on the consequences of the conflict of personal interest versus professional duty, others elaborated on the source of these conflicts experienced by financial advisors to the extent that were no longer focusing on doing what is right for the client, but right for themselves. In this regard, Participant 11 explained how a conflict of interest arises from the difference in benefits among independent and tied advisors, as shown below:

*“As an independent advisor, we receive no benefits in terms of rewards for selling the product or achieving targets besides the little frame and maybe a simple breakfast. This is accounted for and disclosed to the FSCA to declare that say Discovery gave the advisor a frame to the value of x amount and that x amount was spent on breakfast or lunch and that cannot exceed R1 000.00 per year. On the other hand, if you look at the tied agents they make take commissions up to about 33% higher than what independent advisors can. On top of that, agencies are given office facilities,*

*stationery and everything else. If we add the entire program, they're coming out with at least at 50% more than us as independent advisors.” (Participants 11)*

#### **4.3.2 Continued distrust of financial advisors and necessity to adhere to professional standards**

In this exploratory qualitative study, participants shared the view that there is a misconception and mistrust in the public eye concerning financial advisors. The views of participants suggest that the road to the recovery of a financial advisor’s reputation is long and will not be easy; necessitating a variety of ethics-oriented interventions. Below is a focus on distrust as a key negative perception and its consequences evident not only in the reluctance to engage with, but also to pay for the services of financial advisors as reported by Participant 4:

*“You still see the reluctance in engaging with the financial advisors and it is evident that the conduct and behaviour of advisors is not where it should be. And you see that when it comes to having to pay for the services of financial advisor, there's a reluctance to do so. Yet, when it comes to a doctor or a lawyer, the more you pay the better the service in the client's mind. When they deal with a financial advisor, it almost feels like they dealing with lower grade professional. A lot of our consumers have got their family GPs, for example, but you have fewer families that have a family financial advisor. This is up to advisors themselves to change these negative client perceptions.” (Participant 4)*

Mindful of the prevalent and negative perception of mistrust and reluctance among people to engage or pay for the services of financial advisors, interviewees also uphold the perceptions that any changes from negative to positive perceptions of the financial advisory services industry depends largely on the financial advisors themselves and the type of support they receive to reinforce professionalism. While Participant 6 elaborated on the variety of activities, supportive structures and teams they rely upon to enhance professionalism, there is limited evidence of how these are useful to change the prevalent perceptions of distrust:

*“So, you have compliance, auditors, finance teams, company culture and all the forums that look at financial advice and what is important to ensure that errors are alleviated. We have support structures or support teams and business enablement teams that are specialists in different fields that work closely with advisors. They provide that support and drive them up on the development scale and create an environment where there is good awareness of ethics, ethical standards, compliance*

*standards and most importantly professionalising the trade. But there are also industry bodies like FPI, who provide seminars or sessions which improve the knowledge levels and results in professional advisors. Product suppliers also offer continuous professional development (CPD) through webinars, live sessions and online articles where you can earn CPD points. So yes, there are a number of interventions that look to drive professionalism in the industry.” (Participant 8)*

While participants added how companies were using fraud and compliance detection mechanisms to track, monitor fraudulent transactions and reinforce discipline among financial advisor, they rarely mentioned how efforts were directed at the personal life and aspects of advisors. Predominantly focusing on structural and organisational level interventions, participant 6 said the following when reflecting on the variety of efforts to promote professionalism and ethical conduct against the backdrop of mistrust of the industry.

*“A lot of companies have got those compliance and fraud detection mechanisms and in my company we have what we call a compliance report or a spike report. It tracks and monitors such fraudulent transactions and this results in a disciplinary [hearing] and/or termination of the contract. You have these individuals that just take a chance and see it as an opportunity to make a quick buck. And so they'll come in new, do what they are there to do and disappear as they don't see this industry as a long term career, but rather see it as a means to make money. [These are] Individuals looking for some kind of activity to earn a living and this is a tough industry so when people are seeing the opportunity and want to become economically active, you are going to get those bad elements that find loopholes to cut corners and get into this kind of unethical behaviour.” (Participant 6)*

In a similar vein, participants also focused on efforts to reinforce financial advisory discipline through professional membership of FPI, regular feedback and workshops, while ignoring the significance of product knowledge in meeting specific customer needs. Below is what participant 11 had to say on efforts regarding financial advisory discipline without clarifying the nature of efficiency and effectiveness of these at the level of individual financial services advisor so far:

*“As a professional member of the professional organisation, FPI that advisors belong to, the FPI is responsible for the education sector and also to bring out notice of any changes that are being implemented. We also have regular feedback, workshops and conferences which come at a price, but it's well worth every bit. What you find is that*

*some advisors do not focus on educating themselves, thus adhering to the required financial standards. They can do diplomas, lower end of the exams to start off with and have a tendency of actually leaning towards ethical standards in terms of education. They are not interested in finding out more about the products so that when they sell a retirement annuity to a client it makes sense to the advisor as to why client needs to have one.” (Participant 11)*

While almost every financial advisor is aware of the espoused value of customer-centric services, it is clear that the practice of most advisors is self-centred and contrary to what it entails to adopt customer centricity. To exemplify the espoused value and efforts of customer centricity, participant 8 gave the following account, albeit without clarity of how these values translate into real professionalism, and high-quality service offerings which do not trigger mistrust:

*“It all begins with self-development and putting the client at the centre of what in advisor does. Being more client focused or client centric begins with an educated advisor. It also has to do with certain values built into practices, how we do business and then how they service their clients. So, I believe those are just some of the variables of professionalised financial advice. In my organisation there are a number of interventions that we have in place that look to drive these standards. One example is that we have different forums – advisor forums that look to provide that support – and in those forums there is wider representation of the different parts of the business.” (Participant 8)*

#### **4.3.3 Exploiting clients’ lack of financial knowledge and awareness of ‘bad eggs’**

Participants in this exploratory qualitative study revealed that there are ethical challenges arising from financial advisors exploiting or taking advantage of the client’s lack of financial knowledge but also lack of awareness of who the bad eggs are in the financial advisory services industry in Durban. Below is how Participant 2 reflected on how the ‘bad eggs’ in the industry could be dealt with if customers stopped working with them, but the challenge is that customers are not aware of the identities of the ‘bad eggs’:

*“I think stamping out the ‘bad eggs’ comes back to the public not working with them. So [that means] clients being more aware, being more careful about what advice and opinions they are getting, checking who they are dealing with in term of qualifications, registration etc. and doing some research.” (Participant 2)*

It is noteworthy that other participants underscored that it is not only client financial knowledge and communication but also advisory education which is equally key to financial planning and advisory. However, client education is often overlooked. Participants explained the importance of client financial knowledge to ensure that clients are well informed about the financial decisions they make and understand all the options they have at their disposal. Promoting financial literacy was also emphasised by participants as key in building trust and enhancing the advisor's reputation as a trusted financial advisor. Participant 2 elaborates on how the financial advisory services can get rid of bad advisors and rebuild trust which has eroded and influences client engagement and payment behaviours when it comes financial services:

*"I do believe that if you zoom in on the advisor, some advisors are not doing enough in walking through the journey with their clients through the different life stages, coaching them, educating them and working closely with them. And then what we see and experience in the industry is that certain sectors of the market receive far less attention, education and support than other sectors. That contributes to the problem. So, it just means that financial awareness, ethics awareness in a certain market segment is lacking and only your affluent, upper-class market receives a bit more attention, support and care from the financial advisors. So as advisors operating in the different segments of the market, I don't believe that everyone is doing enough as they should. It's key to identify the 'bad eggs' and discipline them."* (Participant 6)

Another advisor added that clients need to know and understand the terminology used by the financial advisory service industry:

*"It is all about public education, not necessarily advisor education only. We use terminology that's quite complicated and for the man on the street, he isn't necessarily aware of what any of it means. We often find particularly in the risk side of the business, we talk about things like severe illness, dread disease and critical illness, and the client doesn't know that could be a heart attack or a stroke. Unscrupulous advisors hide behind the terminology sometimes."* (Participant 5)

The participants were also clear that clients should always do background checks of the firm and the advisor for any previous disciplinary issues, and also ask questions about the style of investment. Participant 4 gave the following example of what transpired and led to a client losing on investment returns due to mismatching of funds and poor investment style:

*“...mismatching funds when it comes to fund selection and putting a client in a fund that's actually way too risky for them or putting them in a structured product where they are locked in for five years. The advisor is earning but at the end of five years, the client doesn't get even the minimum return that's expected or promised.”* (Participant 4)

Ongoing conversations between a client and financial advisor is critical not only to educate and inform the clients but also to minimise the problem of unscrupulous and careless financial advisors. Participant 11 shared the view that financial advisors need to continuously educate their clients and reassure them that no question is off-limits with regard to the planning of their financial future, as illustrated in the quote below.

*“We find that clients don't know. I mean I deal quite a lot with high net-worth clients and they don't know what products they need to put in place. They have a lot of money but they don't have the knowledge when it comes to financial planning. They ask questions like, 'Why do you have to have an executor? What's the purpose of that?' The Financial Mail has brought in the horizon of most information but some clients don't read. It is important for advisors to educate clients where possible so as to create an awareness.”* (Participant 11)

#### **4.3.4 Investing client funds without proper understanding of short- and long-term product performance, client and regulations**

The results of this exploratory qualitative study revealed that participants uphold the perception of the ethical challenges arising from financial advisors, not knowing their products and the consequences of their decisions on one hand. On the other hand clients also do not understand the product and its performance over time. One of the interviewees elaborated on how financial advisors face the ethical challenge of investing clients' funds offshore, well beyond the regulatory requirements which gives them higher returns but at the expense of increased risk exposure for the clients as reflected in the quote below:

*“In Company X, being the administrators, an advisor allocated client funds for their pension into a fund that was not under Regulation 28; this fund allocated 90% of the funds offshore. Part of the Pension Funds Act, Regulation 28 is designed to protect investors against poorly diversified investment portfolios by ensuring that pre-retirees invest their hard-earned money in a sensible way without too much exposure to risky assets. Regulation 28 has specified limits that cannot be exceeded when it comes to placing investments offshore and they recently amended these limits. A notable amendment to Regulation 28 has raised the aggregate exposure to foreign assets in*

*an approved fund to 45%, which refers to the aggregate of all applicable investments outside of South Africa. With retirement fund investors now able to invest up to 45% of their portfolio in offshore assets, asset managers are able to create more diversity in their portfolios by seeking investment opportunities in companies, industries, and sectors not available in South Africa. Other limits include 75% in equities, both local and foreign, 25% in property, 15% exposure in private equity, 10% in commodities, 10% in hedge funds, and other excluded assets of 2.5%. Further, retirement funds may not invest more than 25% across all asset classes in one particular entity or company. In this case, it is clear that the advisor was in breach of the regulation.”* (Participant 1)

While Participant 7 elucidated the necessity of financial advisors to understand client goals, risk tolerance, and transparency of fee structure, there is also clarity on the critical issue of being compliant with regulations:

*“An advisor needs to take time to understand their clients’ short- and long-term goals, their risk tolerance, their circumstances, and communicate clearly with them. Advisors also need to be transparent in terms of their fee structures and be compliant with regulation.”* (Participant 7)

Participants in this study highlighted that the lack of direct and ongoing supervision from the supervisors in this industry is partly responsible for the quality of services delivered by financial advisors, exemplified by investing against the regulatory provision and failure to be compliant when dealing with client’s funds. One of the interviewees focuses not only on the inadequate nature of training but also the questionable quality of supervision and support to many new financial advisors by too few supervisors, as exemplified in the quote by Participant 8 below

*“There are a lot of new people coming into the industry and supervision lasts maybe up to two years and within that time it is very common that the supervisor is not hands on. So, the financial advisor is just doing what they want to do when they want to on their terms. We don’t really get taught what to do in the industry; what is ethical and what is not. I think it all comes down to the training of your advisor and a lot of them are not getting adequate training. It is actually more prevalent in the big companies than it is in the smaller IFAs. For example, as a compliance officer, we have, one of our biggest clients has got probably 19 new advisors under supervision by only one key individual supervising all of them. So realistically, that is not feasible and is*

*actually not realistic as they cannot split their time between 19 people and still run a business.” (Participant 8)*

In focusing on the process-related aspects to guide sound advice, participants lamented financial advisors not following good practices such as the six-step financial planning process, key for the development of an all-inclusive financial plan that can assist clients in achieving their financial goals. Below is what Participant 4, as one of the interviewees who lamented the failure to invest funds based on careful financial planning processes which among others includes need analysis, had to say:

*“Most advisors do not apply the six steps of financial planning and they do not do a proper needs analysis. If advisors were to follow all financial planning steps for their clients, they will be able to do bigger policies, sensible policies and clients will understand why they are buying them as it would have been discussed in great detail. Of course, it is not a tangible product; you can't feel, see or touch it. If done properly and honestly it pays money which is the advantage when an advisor sees these returns coming through and we have been very guarded on those issues as well. Do the right thing for the client, the rest will take care of itself.” (Participant 4)*

#### **4.4 Five themes on the proposed elements of an ethical decision-making framework for effective financial advisors**

The last objective of this qualitative study was to propose elements of an ethical decision-making framework for effective financial advisors in Durban, according to financial advisors and compliance officers. The findings of this study bring to the fore the element of treating customers fairly, demonstrating an analytical mind, managing client risk assessment, building ethical relationships of trust, and being a technologically savvy financial advisor as crucial for inclusion in an ethical decision-making framework for effective financial advisors in Durban, KwaZulu-Natal. Table 4.3 below depicts these themes which are later reported in detail using direct quotes from research participants in this study.

**Table 4.3: Themes on elements necessary for an ethical decision-making framework for financial advisors**

Key elements for ethical decision-making framework for financial advisors in Durban	Frequency
1. Treating customers fairly	4
2. Demonstration of an analytical mind by financial advisors	4
3. Managing clients risk assessment	4
4. Building ethical relationships of trust	3
5. Being a technology savvy advisor	4

Source: Researcher’s compilation

#### **4.4.1 Treating customers fairly (TCF)**

In this study, findings revealed that treating customers fairly is a major part of being a professional and needs to be embedded in the organisational culture and promotion of business ethics for financial advisors. For example, Participant 2 had the following to say in an effort to unearth not only the essence but also the nature of what it entails in practice to treat customers fairly as an ethical imperative:

*“I think professionalism is always trying to do the best for your client and always putting the client first, offering the best products you can and making sure that due diligence is always in place. So I think treating customers fairly is ensuring that information provided is clear and clients are kept appropriately informed before, during and after point of sale. FSPs need to figure out how they will measure and report on the outcomes of the regime.”* (Participant 2)

While some participants were pre-occupied with unravelling what constitutes treating customers fairly, it is evident that others focused on revealing what an advisor must have and exhibit in interactions with customers and the consequences. Participant 3 explained the necessity of ethical standards as a pre-requisite for treating customers fairly but also minimising risks in the sales process and ultimately minimising complaints and reputational damage as illustrated in the quote below.

*“In order to always treat customers fairly, an advisor must have a very high ethical standard, a very high ethical compass, try to do what is right for the customers and make sure they contribute to society and the world we live in. A lot of people are oxygen thieves who are negative, unethical and at the end drag the industry down.”* (Participant 3)

In adopting the approach of treating customers fairly, participants were cognizant of how this would not sit well with the prevalent aggressive sales tactics employed in the financial advisory service sector. Participant 7 had the following to say regarding how treating a customer fairly would not only be ethical but also call for a fundamental shift from more aggressive to more customer-focused and -friendly marketing approaches with customer needs at the centre of marketing and compensation tactics, as reflected below:

*“I think that most if not all incentive structures are based on the products that advisors sell, meaning that the more they sell the more they are compensated. The main reason for this is that companies put enormous pressure on them to meet their sales targets. I also think that there is great pressure on advisors to generate revenue. They adopt aggressive sales tactics and a lot of them end up recommending products that are not suitable for their clients, which is unethical.”*  
(Participant 7)

In a slightly different way, treating customers fairly also relate the financial dimension of disclosure of fees not only for transparency and informed decision-making by the clients, but also protect the client from being misled by the opaque fees of the financial advisory services Participant 4 makes the following point below with regards to fees that clients pay for financial advisory services:

*“I do agree that incentives are a fine line and they can drive very bad behaviour. I don't think it's necessary to charge an upfront fee, more especially if you still taking an ongoing fee, then you just ripping the client off. I think legislation also needs to move towards fee based. I really do feel that clients are being ripped off, especially if they are going into an investment and instead of starting at 100% the client starting at 90% due to upfront fees. They might not achieve the objectives unless they have been quoted on it and the advisor has made it clear that they are charging them a certain fee upfront and are transparent about what is going to happen. Another way is if an advisor is not taking ongoing fees and they are able to negotiate a fee with the clients, then of course they will have to recoup it. Either the client pays out of pocket or it is recuperated from the investments. As long as there is a clear discussion that has been had with the client and the client understands what is about to happen in terms of fees. A lot of the ombud cases are when clients go through their statements and see a massive upfront fee, but don't recall ever agreeing to it. So I think transparency is key and a proper discussion around the fees will help.”* (Participant 4)

#### **4.4.2 Demonstration of an analytical mind by financial advisor**

Participants in this study upheld the view that financial advisors wear multiple hats, to be curious, analyse details and have good communication skills. Participant 7 highlighted that the crucial aspect for an advisor is to have analytical abilities which are necessary to analyse not just client needs, but in order to constantly overcome the challenges. This participant tells us more about the importance of having an analytical mind as a financial advisor:

*“One of the most important parts of being a financial advisor is to analyse clients’ needs, their existing financial conditions and seek a unique strategy that can assist clients in achieving a positive outcome. In this job magic recipes do not exist nor shortcuts to success. It is the advisor’s responsibility to be analytical in all aspects of their work and to master the analytical thinking process every single day. Engaging with dilemmas in terms of the ethics aspect of a decision or investment processes are very important in the work of financial advisor” (Participant 7)*

Below are the views upheld by Participant 9 which unpacks reasons why an analytical mind is imperative for financial advisors:

*“In order to understand retirement planning, investment planning, tax planning and estate planning, advisors need to have a deep and thorough understanding of the numbers enabling them to come up with useful information out of the available raw data. Advisors must have the ability to interpret the numbers so as to identify existing clients’ financial strategies strengths and weaknesses. An advisor’s aim is that of making the best out of client’s positive investments and to make clients aware of the downsides due to past mistakes made. Therefore, advisor must have an in-depth analysis of finance for each and every client in their portfolio. This allows the advisor to draw red flags at the correct time and advise clients on the best available investments and financial planning opportunities.” (Participant 9)*

Participant 9 had the following to add to complement the necessity of analytical capabilities for a financial advisor to not only devise meaningful but also ethically sound solutions:

*“Analytical thinking offers financial advisors the tools to adjust to evolving situations and devise solutions to problems. For example, a client conveys their financial goal but has limited monetary resources to achieve their goal. An advisor analyses the client’s finances and makes suggestions that can bear positive outcomes without wasting funds. In a case where new products emerge in the market, an advisor*

*practices analytical thinking in deciding the products most benefit to the client.”*  
(Participant 11)

In addition to the role of analytical capability in devising and adjusting relevant financial solutions in the face of complexity and dynamism, Participant 9 also reflected on analytical abilities to filter out crooked clients through various avenues such as body language:

Participant 9 reveals the importance of body language:

*“You must have an analytical mind as an advisor and widen up [broaden] your horizons. Think properly and do a proper analysis of the situation at hand to establish is it is legit or not. In fact, Joe Navaro, was one of the writers of a book called “Body Language”, it actually teaches you to look at the client’s reactions and be able to read the body language. People out there are crooks, some pretend to be who they are not. Advisors need to ask questions, read between the lines, for example, if a potential client puts you under enormous pressure to process a transaction, question that and analyse it. Nine of out ten [times], it is a scam and they are not the actual client.”* (Participant 9)

#### **4.4.3 Managing clients’ risk assessment**

As an effective financial advisory role entails dealing with risks, it is critical to acknowledge that possible return must be balanced against potential risk at all times. Participant 9 highlighted that risk assessment needs to embrace the view that the higher the expected return, the higher the risk level for a possible loss:

*“To analyse investments for individual clients properly, a financial advisor must establish an accurate risk profile or risk assessment for each and every client in his or her book. Such a risk assessment enables an advisor to decide and consider the most fitting investments for each client. The advisor needs to also take into consideration the client’s objective capacity and subjective willingness to take on the risk.”* (Participant 9)

Participant 10 added that the completion of risk assessments provides insight for a financial advisor, assisting them to grow an accurate and effective risk assessment:

*“Completing a risk assessment allows a financial advisor to find common classes of assets and particular types of investments which are most appropriate for their client. Both risk capacity and risk tolerance are constraints on possible investment*

*returns. Advisors must ensure that their clients have a proper understanding of this fact.” (Participant 10)*

In a different vein, Participant 3 revealed the reasons for loss of clients returns over the long term which arises as a result of vertical integration wherein financial advisors place clients’ funds in their inhouse funds.

*“I just don’t know whether over the longer term, clients get the value for their money and the fees that they’re paying. Because often it is sold on the basis that it’s a bespoke investment and sometimes they are selling it on the fact basis that it has a lower fee. I think the consequence is where they show you for example, in a retirement product, where you just split funded across the four largest unit trusts in the sector and measure them. I have measured performance over 10 years, the share portfolio is high about 60% to 70% of the time which is extremely risky more especially for the retirement product. So, I think that the clients’ long term return objectives, you know, could at some point be a consequence of vertical integration.”*  
(Participant 7)

Participant 10 gave more details on precisely what the financial advisor needs to know about their clients prior to planning for their future

*“We want to know everything about the client, how much money he/she has, how he/she made it, his/her gross income, his/her medical status, how many children he/she has, their age etc. You want to know if the client has a wife, children, children out of wedlock as they all have to be provided for in the client’s estate, for example. Particularly because all that affects the planning and unfortunately today provisions have to be made.”* (Participant 10)

#### **4.4.4 Building ethical relationships of trust**

In this study, participants echoed different views in suggesting the building of trusting and ethical relationships as necessary for inclusion in the ethical decision-making framework for effective financial advisors. The common view among the financial advisors was that they need to conduct themselves with awareness and act in a manner that is worthy of the trust and confidence placed in them. Below is what Participant 11 reported depicting trust as the basis of the ethical client–advisor relationships, but also one of the guiding ethical values if financial advisors are to be effective in their day-to-day work, as shown below:

*“The client must trust the advisor and the advisor must be able to trust the client as well. And whatever the client tells the advisor remains confidential at all times, sometimes clients tell us their secrets and then you have a very good, working playing field. An advisor has to play open cards with their clients.”* (Participant 11)

Participant 8 elaborated below on the benefits that the financial advisors get from trust-based relationships with clients:

*“Advisors benefit enormously from long standing trust relationships with their clients. Clients become loyal to advisors due to trust. Before legislation changed, in the past clients used to sign blank forms as they trusted their advisors fully to complete the correct information on their behalf. I remember this one case where the commission was about R26 000.00 on the transaction. I got the client to sign the form advising him of how much commission I will earn. Being transparent with the clients also builds strong and long-term trust relationships with clients. Of course, nowadays an advisor is not allowed to sign blank forms on behalf of the client. Advisors have to get clients to sign no matter how small the change is. Times and legislation have changed to protect clients as well as the advisors. The benefit is that clients also refer potential clients, being their friends, family and colleagues. The referrals are done because the financial advisor is reliable and can be trusted.”* (Participant 8)

As part of ethical decision-making framework, there is a need for financial advisors to have good and effective interpersonal skills and a long-term view of their relationship with the client. Participant 10 cautions financial service advisors to focus on gaining and sustaining the trust of their clients, being mindful that it is very challenging to repair broken trust:

*“In some cases, advisors fail to spend time building long term relationships with clients. As soon as they have made a sale, they move on thus have a short-term view. For clients to regard an advisor as a trusted professional, a long-term outlook needs to be taken. Financial advisors need to always focus on gaining clients’ trust from inception of a relationship and once it has been developed it needs to be nurtured to strengthen the trust. It becomes very hard to re-establish trust once it has been broken, therefore advisors must always make sure that they earn the right to offer advice. There are various relationship-building principles that advisors can use to build trust, for example, showing interest in your client, showing appreciation, etc.”* (Participant 10)

#### 4.4.5 Being a technology-savvy advisor

Participants in this study shared the view that one of the cardinal elements for inclusion in the ethical decision-making framework for effective financial advisors should be the technology capabilities necessary to create a technologically savvy advisor. In this regard, Participant 7 focused on the digital dimension of a financial advisor's role, especially in enabling continuous professional development and capability to survive and thrive in the digital environment:

*“Electronic means have taken over the way advisors do business. So, on the digital side of it, advisors have to be technology savvy in order to cope with technological changes. In order to keep up with knowledge and awareness in our space, advisors are expected by law to have 18 Continuous Professional Development (CPD) points per cycle, determined by the FSCA. Most of these CPD points are obtained via attending webinars from various product providers. If an advisor is not in touch with technology, they may battle to even operate Team or Zoom for such webinars.”*  
(Participant 7)

The virtual benefits of operating as a technology-savvy financial advisor are not only limited to CPD, but also virtual meetings with other companies, and clients which reduces the cost of travel, as elucidated by Participant 8:

*“If one looks back to Covid-19 days, the only thing that kept us all going was technology that is when working from home started. During that time, advisors were forced to learn how to use technology. It was a blessing in disguise for some of the us, more especially the ‘old school’ advisors. Today it has become much easier to have virtual meetings and also some clients expect to meet virtually as they could be overseas, travelling or by way of preference. Therefore, it is imperative for advisors to be comfortable around technology.”* (Participant 8)

One of the participants also referred to robo-advisors gaining traction in the sector. Below, is how Participant 5 elaborated on the opportunities created by technology and the necessity of including technology in the ethical decision-making framework for effective financial advisors, as it seems to be a game changer which brings together the human and technology side to enhance ethical operations and financial advice:

*“I prefer calling it automated advice because it encapsulates better an integration amongst the human element and that of technology. I do believe that technology is and will continue to be a game-changer for financial advisory practices and in the*

*services offer to clients. Technology is always on, resulting in investment information access being easy, convenient, forthcoming and available 24/7/365 days a year. Times of waiting days to gain access to statements or even basic information is gone with technology.” (Participant 5)*

While participants highlighted the business and operational aspects of technology, there was little emphasis on the ethical dimension. Participants asserted that technology enables advisors and clients to have meaningful advice conversations, but also quickly generate different investment results or options driven by scenarios and investment complexities. Participant 11 further explained how technology can be utilised:

*“Advisors can use technology to efficiently manage administrative duties meaning that advisors can focus more on activities that are client-facing. This avails time for advisors to create insights, develop holistic financial plans, coaching as well as counselling clients during their financial journey. The increased efficiency allows advisors to keep in touch with more clients than before. It also contributes to competent and ethical planning.” (Participant 11)*

#### **4.5 Chapter Summary**

The research findings presented in this study revealed four types and their nature of common unethical behaviour of financial advisors in the provision of financial advice to consumers in KwaZulu-Natal. The variety of the common unethical behaviour of financial advisors comprises themes of product pushing and selling for commission, lack of holistic financial advice grounded in ethical conscience, unethical leadership and advisor practices, and lack of education amongst advisors. The primary reason for such behaviour revolves around advisors' and leadership's personal conduct and greed for money in the form of remuneration, incentives and commission payable to financial advisors.

Secondly, the study also looked at the perceptions of financial advisors and compliance officers relating to current ethical issues in their roles. Themes included conflict of interest between the advisors and their clients, adhering to professional standards, lack of client education and awareness and lack of proper advice for informed decisions. Interviewees shared their views on the current challenges they face in their roles and identified gaps with regards to the support from the organisations they work for and external support.

Finally, findings of the study focused on the key elements that make up an ethical decision-making framework to assist the financial advisor. Themes that were identified as key to include in the ethical decision-making framework for effective financial advisors in Durban, KwaZulu-Natal are treating customers fairly, demonstration of an analytical mind, managing client risk assessment, building ethical relationships of trust, and being a technology-savvy financial advisor.

Chapter Five, which follows deliberates on the key findings and unpacks each identified theme at length. It also focuses on the challenges that financial advisors encounter in their day-to-day work which includes ethical issues, conflicts of interest as well as the proposed ethical decision-making framework.

## **CHAPTER FIVE: DISCUSSION OF FINDINGS**

### **5.1 Introduction**

In this chapter, key findings of the qualitative study will be discussed with regard to applicable preceding studies and existing literature. It is important to note that the outcomes of this qualitative study provide insights into the diversity of four common types and the nature of unethical behaviour by financial advisors in the provision of financial advice to consumers. The outcomes also highlight how financial advisors perceive the current ethical issues they face in their roles and the key elements required for effective financial advisors to make ethical decisions.

### **5.2 Findings**

Based on the findings of this qualitative study, common types and the nature of unethical conduct of financial advisors in providing financial advice to consumers encompasses product pushing and selling for commission, fraudulent transactions by insurance companies and personal conduct resulting in unprofessionalism. There are also challenges faced by financial advisors that have a negative impact on the organisations and the customers which lead financial advisors to unethical conduct. The challenges include: unethical leadership and advisor practices and lack of education amongst advisors. The study also evaluated the perceptions of financial advisors and compliance officers on current ethical issues they face in their respective roles within financial services. Themes that were identified were: conflicts of interest, adhering to professional standards, client education and awareness and giving clients proper advice for informed decision-making. Lastly, to ensure effectiveness of the financial advisors, the study examined the key elements that can assist financial advisors in making ethical decisions.

#### **5.2.1 Unethical conduct, ethical issues and ethical decision-making**

This study revealed that conduct of financial advisors is unethical based on the four themes identified: product pushing and selling for commission, lack of holistic financial advice grounded in ethical conscience, unethical leadership and advisor practices and lack of education amongst advisors. There is a strong belief by financial advisors and compliance officers that individual behaviour and personal ethics play central roles in the unethical behaviour of advisors in the industry. One's values, beliefs and principles either have a positive or negative impact on the society and in this case on the customers. It is important

for financial advisors to always behave in an ethical manner in order to build a good reputation for themselves and the industry as a whole.

Botha et al. (2019) agrees that in financial services, reputation is critical and that the foundation of a successful financial advisory profession is through building a sound reputation based on honest and ethical behaviour. Unethical behaviour results in the public failing to see value in the services that financial advisors offer. In order to promote integrity and improve the industry's reputation, financial advisors need to keep high standards of ethical behaviour. Fontinelle (2023) states that advisors are usually controlled by **suitability** standards or fiduciary standards. Suitability standards specify that advisors ought to consider each client's position and give specific guidance on what is most suitable for the client's needs. On the other hand, fiduciary standards require that advisors take into consideration their clients' needs first before their own, with a duty to preserve trust and good faith (Kagan, 2023).

Chen (2022) provides three **types of suitability obligations**. Firstly, is **reasonable-basis suitability** which requires an advisor to possess the reasonable basis to believe that their recommendation is suitable based on reasonable diligence. The reasonable diligence must give the client an understanding of the likely risks and rewards of the strategy that is recommended (Chen, 2022). Secondly, **customer-specific suitability** requires that an advisor has reasonable basis for believing that their recommendations are suitable for that client, based on the client's specific investment profile. An advisor must attempt to get and analyse a wide array of customer-specific factors in support of this determination. These factors include client's age, risk tolerance, liquidity requirements and the time horizon of the investment (Chen, 2022). Lastly, is the **quantitative suitability** which requires an advisor who has de facto or actual control over a client's account to also have reasonable basis to believe that a series of transactions that are recommended are appropriate and suitable for the client, when viewed together in light of the client's investment profile. Such an obligation is meant to mask abnormally excessive transaction expenses and high portfolio turnover, referred to as churning used to originate commission fees (Chen, 2022).

The second theme is on lack of holistic financial advice grounded in ethical conscience. It is evident from the findings that some financial advisors are not practicing the provision of holistic financial advice. The ongoing professionalisation of the financial advisory and services sector is a welcomed client development, and the Global Financial Planning Standards sets down a crucial marker with regards to financial planning best practices (Cella, 2023). The financial advisory industry is deeply intermediated, and as a result clients

depend heavily on financial advisors providing advice that is aligned to their long-term interest. The standards require financial advisors to display emotional intelligence, recognise their personal behavioural biases, and coach or nudge clients towards the behaviour that is desired (Altfest, 2014). The desired behaviour means various things to different people, but it should not mean pursuing the 'next big thing' (i.e. product pushing) or the last big investment idea (i.e. past performances) (Hemous and Olsen, 2018). The standards have more than 300 primary sub-topics but only a few deal specifically with investing and retirement planning. In fact, the key emphasis lies in putting the clients' interests first (Omarova, 2010). The standards stress the crucial role that financial advisors play in assisting clients to define and stick to their financial goals. While ethical and competent advice is required with regard to investments, the standards stress proper diversification and suitable risk profiling over and above the skills of fund selection and/or market timing (Philbeck and Davis, 2019).

Holistic Financial Planning is the process and planning done by the advisor to help clients achieve what is most important to their life. This is done through a proper resource management (Overton, 2018). Advisors should partner with their clients and handle their burdens of financial management, thus freeing clients to pursue what really matters to them in life (MacFarlan and Zick, 2019). Financial advisors need to discuss clients' motivations, their fears and objectives and define their goals for the future. Instead of advisors focusing on specific areas of financial planning in isolation, they are required to consider all aspects of their clients' personal circumstances (Kitchener, 2020). They also need to take into consideration their financial position in order to identify the necessary actions to be taken in meeting clients' future goals. The planning process is driven by clients' goals and rather than advisors focusing on selling a financial product, they need to take into account where the client is today, where they want to be in future and then establish a plan in support of the clients' journey (Martin, 2021).

The most important part of developing a holistic financial plan starts with being mindful of, and sufficiently protecting against events that could potentially derail the client's financial plan (Ali, 2005). Such events could involve long-term illness, death of the client's loved one or a market downturn. It is the financial advisor's duty to always make sure that such considerations are focused upon to assist in determining if action needs to be taken or not (Peterson, 2002). Holistic financial planning begins with the end of what the client wants in mind and then works backward from there in terms of planning (Hufnell, 2020). If an advisor does not have a holistic discussion with their client, to get the client thinking about what they want, this means that the client is not given a framework for making financial decisions. The

financial advisor should aim to assist clients to determine what their end goal looks like (James, 2023).

The third theme is with regard to unethical leadership, advisor practices being one of them. Having a personal challenge with one's manager is one thing, but reporting to a manager that behaves unethically is another. This presents itself in an obvious form and can also happen more subtly, for example, in the form of bullying, taking inappropriate gifts from suppliers or asking an advisor to ignore a standard procedure as a once off (Federwisch, 2015). The reality is that leaders abuse authority and studies show that leaders are responsible for approximately 60% of misconduct in the workplace (Brown & Mitchell, 2010). Organisations steered by unethical leadership are often afflicted by a toxic workplace culture. Such leaders think nothing of accepting bribes, manipulating data and sales figures or exerting pressure, disrespecting and bullying their employees or business associates (Fontenelle, 2023). There is a current emphasis in various organisations to recruit for cultural fit. This may exacerbate a toxic culture by repeatedly repopulating the organisation with personalities that are like-minded and with toxic mentalities (Ecker, 2023). Hiring for "cultural fit" can worsen and become a smokescreen for discrimination, resulting in more ethical challenges as well as legal ramifications (Schyns & Schilling, 2013). An organisation can set unrealistic and conflicting goals, for example, monthly sales targets or a product production number which seems to be unrealistic and even unattainable (Evetts, 2003). They may not be unethical, as having leadership that is driven and sets aggressive company goals is important for innovation and the growth of the enterprise (Tepper, 2000). The issue is how advisors and even some leaders, engage in reaching the said goals that could raise an ethical red flag. Objectives that are unethical can encourage leaders to put excessive pressure on advisors who may consider breaching ethical or legal guidelines or even cutting corners to achieve the goals (De Rosa, 2006). If the entire team or department is unable to meet goals, leadership needs use that feedback to review those goals and to re-evaluate performance expectations. Kish-Gephart, Harrison and Treviño (2010) describe three different factors that lead to unethical behaviour. Firstly, 'bad apples' being the individual factors where unethical prerogatives are more possible from advisors with particular personal characteristics, particular views and values. Overwhelmingly, self-interest drives these advisors by using manipulation for their own personal gain, failing to connect their actions with results and believing that circumstances drive ethical prerogatives (Kish-Gephart, Harrison and Treviño, 2010). Secondly, bad cases are seen linked to issue-specific factors where an advisor makes an unethical prerogative in one situation but not in other situations. When advisors do not perceive their action to be causing harm or when their peers will not condemn their actions, they are more likely to act unethically (Kish-Gephart,

Harrison and Treviño, 2010). Lastly, work culture and influence being the environmental factors where unethical prerogatives are more likely if the organisation encourages individualistic behaviour as opposed to doing what is best for other advisors, customers as well as the community. This occurs when, for example, the performance management system rewards the individual bottom-line success regardless of how it is achieved (Kish-Gephart, Harrison and Treviño, 2010).

Unethical business practices, poor workplace culture and 'shady' business practices may have consequences and damaging effects on the organisation. To begin with, these include decreased productivity levels. James (2023) echoes that when this occurs, errors begin to be made and can in turn cause advisors to feel demotivated resulting in a sales process complete slowdown, losing the organisation valuable time and money. In addition, loss of respect for leadership, when this happens it may be hard for the leaders to gain respect and trust back (Duska, 2007). Advisors may be resentful towards their leaders because, as a part of the organisation, their reputation also starts to fall apart together with the organisation's reputation (Degeling, 2014). Furthermore, when unethical behaviour happens in an organisation, chances are it may be publicised and the organisation loses public credibility. This may result in clients abandoning, bad-mouthing and not holding respect for the business anymore (Connely, 2020). In order to regain the credibility, the organisation has to spend millions of rands in rebranding, marketing campaigns and hiring a public relations team to assist with the improvement of their reputation (Byrne, 2007). This can result in even more expense, especially if the company is well known and is a worldwide organisation.

In conclusion, severe unethical conduct cases can lead to serious legal issues, loss of time, penalties, fines, potential jail time and criminal charges in the case of the advisors (Ecker, 2023). In order to prevent unethical behaviour, leadership needs to consider setting realistic goals for advisors to meet, create policies and practices that promote good ethical behaviour, recruit high-quality advisors and train them on good ethical behaviour through implementation of training sessions on an annual basis (Bowman, 2013). The higher executive level also needs to maintain strong ethical leadership to ensure that advisors maintain strong respect and a good work ethic. Leadership also needs to build a corporate culture based on openness, communication and transparency. Lastly, leadership must put in place controls such as progress audits for the assessment of the advisors' work efficiency and behaviour, should complaints come to the fore (Barnett and Vaicys, 2000). In any business environment it is crucial to maintain high levels of ethical conduct and behaviour, thus ensuring business success. Through being aware of the consequences of the negative

effects of unethical misconduct on an organisation, leadership can work on keeping a positive and strong presence to limit or avoid this behaviour from occurring (Brock, 2022).

Another reason that causes advisors to act unethically is the lack of education amongst advisors. According to Connelly (2020), financial advisors need to invest in education and self-development as early on in their career as they can. Connelly (2020), further states, “Warren Buffett is perhaps the most successful investor there ever was. Not from just one or two big hits, but from a long string of investment successes over more than six decades. But he didn’t get where he is now without studying very hard at Wharton, then at Columbia, where he studied with the legendary Benjamin Graham. Further, like a Roth IRA, self-development pays off the most when you do it aggressively early in life. The benefits of learning and knowledge compound over time (as long as you keep learning)”.

Bruce and Gupta (2011) provide four reasons as to why financial advisors must empower themselves through education and self-development and what they will benefit from doing so, these being:

(i) *Providing better service to clients*: It will allow advisors to give better advice which is the most important aspect in financial advisory. In the long run, it will come back to benefit the advisor (Bruce and Gupta, 2011). This can be achieved through courses, seminars and certifications that develop the advisor’s technical skills.

(ii) *Becoming more productive*: expertise x productivity is nothing when productivity = zero. When you increase productivity *and* have advanced the required industry technical expertise to offer better service, you benefit tremendously in proportion to the benefit you offer your clients. Personal development assists in building soft skills which are as important as hard skills. One way to develop these skills is through taking personal development courses, subjects include communication, motivation, time management, habit-building, self-help, leadership and self-knowledge (Bruce and Gupta, 2011).

(iii) *Benefiting from others’ experiences*: Former Marine General and Secretary of Defense James Mattis (2015) was famous for advocating a reading list for military officers. “If you haven’t read hundreds of books, you are functionally illiterate,” he wrote in his autobiography, “Call Sign Chaos.” “and you will be incompetent because your personal experiences alone aren’t broad enough to sustain you.” This is true of an advisor who thinks that other successful professionals in various other endeavours should trust them with their money. As an evolving advisor, you will be assisting brilliant clients from all walks of life be it a physician, a professor, a lawyer, a teacher, an entrepreneur and a successful business owner who will need to trust your advice when it comes to their money (Cella,

2023). You owe it to your clients to devote time and effort in mastering your profession as they also did theirs; they will expect nothing less. An advisor's reading list should include topics such as ethics, financial planning, investing, psychology, practice management, leadership and management, time management and efficiency/personal improvement, technology etc (Beaman, 2017).

(iv) *Being healthier*: This might not be fair, but it is a fact that healthy, fit individuals out earn those who are not. Self-development means developing physically as well by developing your body in line with your mind and taking care of it the same way you care for your clients' money. Since most advisors are self-employed or semi self-employed, productivity loss in their business comes out of their pockets, therefore they should take good care of their health (Egan et al., 2018).

Healy (2022) elaborates on why lifelong learning is important for financial advisors as it adds to the individual's value as an employee and an advisor, but it also assists in enriching your life. Financial advisors must embrace lifelong learning as the financial planning/advisory discipline is constantly evolving, for example, new tax laws, investments (crypto), regulations, and a liquid economic environment (Ecker, 2023). Also, one should consider a growing client base and the specific individuality of the clients' needs and beliefs. There are several definitions of the term lifelong learning. Epstein and Hundert (2002) defines it as follows: Lifelong learning is the "ongoing, voluntary and self-motivated pursuit of knowledge for either personal or professional reasons. It is important for an individual's competitiveness and employability, but also enhances social inclusion, active citizenship and personal development." In her article, Schmitt (2022) agrees that with lifelong learning one needs to be intentional about improvement and harnessing curiosity. This can be achieved by developing a growth mindset (trying new things on regular basis), owning it (making a commitment to continuous learning) and practicing (scheduling learning the same way you do exercise and client relationships, consistency and applying what you are learning is key).

In conclusion, Schmitt (2022) suggests that leaders should support lifelong learning in their advisors. This can be achieved by encouraging the pursuit of more skills development within their teams, creating an environment where their team feel supported in their agenda of learning and meeting with each advisor to figure out the best personal development plan. The plan should be self-directed with the advisor taking full responsibility for its creation. Leadership can support the plan by making sure that there is a budget in place to invest in their learning, in the form of either classes, continuing education, conferences or further degrees or designations (Hufnell, 2020). Furthermore, leaders can introduce their advisors to other leaders in the industry for job-shadowing opportunities or mentorship. They can also

encourage advisors to network outside their offices, in the community they serve and in the wider profession. Lifelong learning adds tremendous value and assists in enriching the lives of advisors (Kenally, 2023).

There are various ethical issues that financial advisors encounter in their daily working life. These include conflict of interest, adhering to professional standards, lack of client education and awareness and giving clients proper advice for informed decision making. Duska and Mitchell (2006) suggest that in the financial services industry in general ethical issues affect everyone because even if you are not employed in the field, you are the service's consumer. The public tend to perceive the financial advisory and services sector as more unethical than other parts of business. Kish-Gephart et al. (2010) said that this misperception continues for various reasons. Firstly, the industry is massive as it includes banks, securities firms, mutual fund organizations, insurance companies, investment banks, and any company that does business in the financial services arena. Kish-Gephart et al. (2010) theorised that due to its vast size and with "trillions of rands of assets, billions of transactions every year—every day probably—when a small percentage of them is inappropriate, the absolute numbers are still pretty big." Also, the industry is highly regulated, therefore it is possible that a higher percentage of such bad transactions are noticed and reported, at times more so than in other industries that are less regulated.

Having said that the ethical lapses do happen and Duska (2007) discusses five reasons as to why such misdeeds may occur. To begin with, self-interest at times morphs into selfishness and greed, which is uncontrolled self-interest at the expense of another individual. Such greed becomes some type of accumulation fever. "If you accumulate for the sake of accumulation, accumulation becomes the end, and if accumulation is the end, there's no place to stop," (Duska, 2007). Focus shifts from being long-term to being short-term with greater emphasis on profit maximisation. Secondly, certain people suffer from stunted ethical development, "I think this happens in three areas: the failure to be taught, the failure to look beyond one's own perspective, and the lack of proper mentoring," (Duska, 2007). Furthermore, some people equate ethical behaviour with legal behaviour thus disregarding the fact that although an action may not be illegal, it may still not be ethical. The reason for all laws is that ethical agreement starts to break down and to get others in line is through legislation, so as to stipulate punishments (Kenalty, 2023). In addition, a professional duty can conflict with the demands of the company, for instance, a reward system that is faulty can trigger unethical behaviour. An advisor who is purely self-interested could choose that course of action that has the highest returns for themselves (Marcinkowska, 2013). Finally, personal responsibility can wither under the client's demands

in that at times the push to act unethically is driven by the client. Examples include an accountant padding expenses where possible for their clients or clients expecting their insurance agents to falsify their claims or applications. Mitchell (2005) concludes by stating that the industry needs to make improvements with the aim of encouraging more ethical behaviour among financial advisors and leadership at large.

Conflicts of interest were also raised as challenges by financial advisors stating that these generally come about when there is no alignment in financial goals or interests between clients and advisors. In most advisory relationships, financial professionals meet and sit down with their clients to identify investment objectives, time horizons and risk tolerances (Herring et al., 1990). Even though clients can specify investment restrictions or limitations, generally advisors have the discretionary authority to put in place financial decisions in favour of each client. Federwisch (2015) explains that advisory firms with fee structures that are fee-based usually have affiliations with insurance agencies and/or broker-dealers that are registered. This then allows representatives of these firms to earn compensation that is commission-based, from selling insurance and/or investment products. A conflict of interest is created if advisors recommend products that do not align with the client's best interest (Agarwal and Malloy, 2019). It is important to take note that this type of compensation is over and above asset-based fees.

A conflict of interest can also be created by the performance-based fees when the advisor takes part in side-by-side management of asset-based fee accounts and performance fee accounts (Lovisky et al., 2007). With regard to investment opportunities, advisors can be incentivised to favour higher fee accounts over asset-based accounts bearing lower fees. Fiduciary advisors often disclose these conflicts of interest, notwithstanding their fee structure. According to Davis (2023), a fee structure is usually a trusted indicator of whether an advisor will possibly resort to conflicting advisory practices. The two most common fee structures are fee-only and fee-based. In a case where your advisor has a fee-only fee structure, they earn solely for the provision of advisory services and not for the products or product suppliers they recommend or sell (Bigel, 2016). They do not earn any commissions in this case but can earn compensation through a specific percentage of client assets. Such advisors also charge a flat fee and/or hourly fees. On the other hand, fee-based advisors earn commissions over and above the asset-based fees that are collected from clients. These commissions are generally paid by the insurance or the investment products. Hufnell (2020) explains that a fiduciary standard is a legal obligation that needs financial advisors or the advisory firms to perform in each client's best interest. Regardless of the structure, all registered advisors and advisory firms have a fiduciary obligation. In honour of the legal

standard, financial advisors must disclose any conflicts of interest. Those who are non-fiduciaries often operate under a suitability standard (Pollitzer, 2019).

Masthead (2018) explains that financial advisors need to always adhere to professional standards for the public to treat their professions like all other professions such as doctors, lawyers etc. In 2018, there was an introduction of a selection of education and ethical standards that required new as well as existing financial advisors who provide financial advice on Tier 1 financial products – being the more complex products which can be seen on Table 5.1 below – to adhere to. These standards include compulsory education requirements for new and existing advisors, supervision requirements for new advisors, a code of ethics for the industry and an ongoing professional development component. Most importantly to note, these standards relate only to Tier 1 financial product personal advice. The Tier 2 financial products and the ones providing general advice only on Tier 1 products are excluded from the new standards.

**Table 5.1: New Financial Product Categories and Tiers**

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 Funds Benefits	Long -term Deposits
Pension Fund Benefits	
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: Masthead (2018)

By providing financial education and awareness to clients and their families as part of the service, advisors would turn the transfer of generational wealth from being a risk into a growth opportunity. Based on Kenalty (2023), in the next 20 years trillions of rands and dollars will be inherited by children and widows of the wealthiest generation in the history of the world. For financial advisors and advisory firms, the generational wealth transfer is both

a significant risk and a big opportunity. “Data shows a big chunk of each advisor’s current Assets Under Management (AUM) will be changing hands during this transfer, so the battle has already started for advisors to win the next generation of clients”. He highlighted the following facts, “87% of children inheriting money don’t stay with their parent’s financial advisor, 50% of widows switch financial advisors within a year and 90% of financial advisors have no relationship with the children of their clients”. Wismer (2021) adds that advisors can win the generational wealth transfer through proactively building deep relationships with the entire family of their clients. It is vital that financial advisors and their firms build these relationships as it is easy to leave service providers if clients do not have personal relationships with their advisors. Every family member should know, trust and see the role that their advisor plays in adding value to their financial achievements.

**Financial education is a win-win-win for the advisors, clients and their families.** Clients want to help prepare their families for financial achievements similar to those they have had. Therefore, assisting clients in ensuring that their key family members have a basic level of financial knowledge, clearly understand the families’ situation, have access to basic documents and that the prepared plan benefits all concerned parties. At the end, clients have peace of mind, advisors build relationship with family members as trusted financial experts and family members gain the financial knowledge to protect their inheritance and develop plans to achieve their goals (Wismer, 2021).

There are already programs in the market that advisors can use to deliver education to the client’s families. The first idea is that of establishing a financial education program for the client’s children. Firms are starting to partner with third party education companies which will launch firm branded financial education programs. They will be designed to cover basic elements of personal finance including income, debt, savings, investments and budgeting for children between the ages of 14 and 22 years. The second idea is about providing a financial information hub for the entire family. This will comprise a secure, digital vault where clients can keep all of the family’s crucial financial documents in one place. This vault can provide a natural connection and a conversation point between an advisor, their clients and family members. Advisors will constantly interact with the clients by providing all key family members with access and training on the information contained in the family vault and why it is important. Through this training, advisors will reinforce their expertise and their important role of being a financial coach and coordinator. Examples of information that will be stored in the vault are parents’ financial statements and plans, tax returns and information, real estate and mortgage information, bank and loan information, wills, contacts and passwords for various accounts (Kuehner-Hebert, 2022).

Financial advisors giving clients proper advice for informed decision-making is imperative. Botha et al. (2019) explains that financial advice is about “the furnishing of advice or furnishing of advice and rendering an intermediary service or rendering an intermediary service”. Based on Section 1 of the Financial Advisor and Intermediary Service Act (FAIS Act) 37 of 2002, advice is defined as “any recommendation, guidance or proposal of a financial nature, furnished by any means or medium to any client or group of clients, in respect of: (i) the purchase of or investment in any financial product, (ii) the conclusion of any other transaction aimed at incurring any right or benefit or liability in respect of any financial product, and (iii) the variation, replacement or termination of any financial product”.

It is important to note that advice excludes factual advice given with regards to procedures relating to a financial product transaction and description, answering administrative questions, giving objective product information or displaying and distributing promotional material. Cella (2023) states that a key differentiator in the financial advisory space is the client experience. In a time where customer-centricity has become the rule, financial advisors who fail to deliver a superior client experience will definitely get left behind. With the millennials inheriting trillions in the coming few decades, stakes are becoming extremely high. It is clear that there is no simple solution as success calls for a commitment to maximising client empowerment, confidence and participation. This can be achieved by advisors anticipating client needs before clients even know they have them and shifting their mindsets to thinking like their clients and not just about them. Advisors can also leverage data aggregation technologies and client onboarding tools to assist with facilitating meaningful and trust-building conversations. Client experience does not only involve financial knowledge but emotional intelligence as well (Cella, 2023). Advisors need to ensure that clients feel like they are part of a team, feel understood, informed, in control and secure. The best financial advisors act as their clients’ coaches throughout their lifetime. Advisors can leverage technology to empower clients. Technology allows financial advisors to serve more as consultants by using tools to educate, empower and subtly guide clients towards better financial decisions.

There are key elements for effective financial advisors and one of them is always treating customers fairly (TCF). The intermediary and his/her insurer and underwriting management agency (UMA) partners have a collective responsibility to treat the customer fairly. Fair means impartial and just; without favouritism or discrimination; or without cheating or trying to achieve unjust advantage. Clients also have a responsibility to manage their risks, make honest and open disclosures of all material facts to both the intermediary and underwriter. Products and services marketed and sold must be designed to meet the needs

of the identified customer groups and perform accordingly. Clear and concise communication is important. Advisors need to communicate clearly with their clients and keep them informed before, during and after the contracting time. Suitable advice is non-negotiable. Advice needs to be appropriate and take into account the client dealt with and their specific circumstances.

Product performance and service levels need to always be according to clients' expectations. Complex claims can take time to resolve, posing a risk that clients may feel that they are being unfairly treated. This is why it is important to always convey clearly all the terms and conditions to the client at the time the policy is taken out. According to Overton (2018), "Advisors do the sale and sell a nice-looking policy that covers everything under the sun; but we seldom enter into the discussion with the UMA or the insurers that they lead as to how everything plays out at claims stage." This is an important discussion especially because the payment of a claim is the main reason why clients buy insurance in the first place. Treating customers fairly means that organisations must comply and demonstrate their responsibility of ensuring that customers are treated fairly. TCF assists with client retention and increases the possibility of fewer complaints. Customers that are confident they are being treated fairly are more likely to remain loyal and in turn promote your business. Leadership can enhance treatment of clients fairly through, amongst other means, staff awareness and training, sales and marketing material, product knowledge and communication, suitable advice and sales process communication, the flow of relevant information to the client (before, during and after the sale), complaint handling and risk assessment relating to non-compliance. What can also add value is for financial advisors to articulate their value proposition. For a very long time, an advisor's value was intrinsically tied to the number of AUM (asset under management) they had, products sold and investment performance. The value proposition is not about advisor but about the client. It is necessary for advisors to understand the client experience by defining value from the client's point of view. An advisor's value proposition equals the emotions created in the clients. The best financial advisors make everything about the client's personal growth in knowledge, mindset and exercising better behaviours. It is not just about learning but as if they have been trained how to behave. Service is a commodity and clients' feelings about the service are what make the advisor valuable.

An analytical mind refers to a person's ability to identify an issue, investigate to seek relevant facts, and produce a logical solution (Hufnell, 2020). It is a skill that is considered imperative in various fields, however, analytical skills are especially imperative in financial advisory when evaluating different financial products. Having these skills means that an

advisor can collect information and thoroughly analyse it. Analytical skills are about problem-solving and making decisions based on insights derived from the information collected. Analytical skills are utilised for brainstorming ideas, detecting patterns, observing data, gathering data, interpreting data, merging new information, synthesising information, as well as making situation-based decisions.

An advisor must be able to clearly communicate the analysis that they have conducted to the client. As much as an advisor can identify problems and devise, it is useless if they are not able to effectively communicate conclusions and findings to the decision-makers, this being their clients. Findings from the analysis may have to be presented verbally in a meeting, presentation or in writing through an email or a report. Therefore, communication is an important skill during the developing of the overall analytical skills. Creativity is another critical skill enabling an advisor to think resourcefully. Most challenges require out-of-the-box thinking in finding an optimal solution. Financial advisors need to bear in mind that the most obvious solution is not necessarily the most effective. Therefore, advisors have to come up with well thought out, creative solutions.

Critical thinking is crucial in obtaining strong, comprehensive analytical skills for financial advisors. It is the objective analysis of a difficult problem in forming a judgment. Effective critical thinking allows advisors to think clearly, rationally and to understand logical relations among data points and ideas. For financial advisors to find rational solutions, they need to master the critical thinking skill. Data is important in financial planning and advisory, more especially, the ability to analyse large volumes of data and being able to identify patterns as well as trends. Data analysis is part of the more prominent skills in financial advisory as trends like quant-investing are becoming increasingly popular. Advisors need to apply analytical skills patiently and with curiosity and not rush to solve a problem quickly. They also need to take into consideration all relevant information, if not, it is highly unlikely that the solution will be the most effective. Advisors need to know enough about the issue at hand before attempting resolve it. Therefore, financial advisors must do research and find out as much as they can about client challenges and how to solve them.

The importance of an analytical mind is that an advisor is able to find solutions for various issues and make solid decisions and action plans to resolve those issues. For financial advisors to solve problems, they must gather financial information from financial statements, pricing information, current portfolio information and various other relevant data points. Successful and efficient financial advisors know that the risk and return relationship drives almost every aspect of a financial plan. It is crucial for advisors to structure investment

portfolios properly and reallocate assets accordingly as time passes and client goals change. A financial advisor must be able to make an analysis and plan the portfolio in context of various metrics, like the standard deviation, beta, tactical asset allocation, strategic asset allocation and drawdown.

When managing client risk assessment and analysing a clients' portfolio or investment, financial advisors need to consider two fundamental factors, namely risk and return. All clients want the greatest potential return on their investments, however, a possible return needs to be balanced against possible risk. As mentioned previously, the greater the return, the greater the risk level involved for a possible loss. To analyse investments for individual clients properly, a financial advisor has to create a precise risk assessment or risk profile for each client. Such risk assessment enables an advisor to find the most appropriate investments for their client to consider. An advisor has to consider a client's objective capacity and their subjective willingness to take on risk.

All risk assessments involve various key elements that can be combined and used by financial advisors to make up a widely comprehensive analysis of risks that clients may face and investments which best mitigate risks or make them worthwhile. The first risk assessment element is risk capacity, being the highest level of risk that a client can take based on their financial circumstances. This part of the risk assessment quantifies the client's complete ability to absorb a small, moderate or big loss. It also gives the advisor an understanding of how the client's portfolio will function as well as the rate of change financially if a particular investment has either a loss or a gain outcome. Generally, the longer a client waits prior to requiring their invested assets, the more risky their portfolios should be. This is due to higher risk securities getting compensated with higher expected returns on average and over lengthy time horizons, when tough periods are usually smoothed out. Also, as markets dip, clients can continue to add to their portfolios. This means that when the market starts increasing again clients would have accumulated shares or investments at much better prices. The second risk assessment element is risk requirement. What this means is that a client discusses their investment objectives with an advisor, who understands that a certain quantity of risk is essential to meet the return objectives of the investment that their client has in mind. The advisor must then determine the calculated investment risks to be taken to help the client to successfully meet their investment goals.

There are two more risk assessment elements that are not strictly objective financial concepts, but rather fall more in the psychology realm. The first concept is risk attitude. The

risk attitude is the client's understanding of risk with regards to what it encompasses and how it will affect the life and finances of the client. Typically, a financial advisor develops a risk assessment through determination of the client's attitude towards risk at the outset, an advisor then re-assesses the client's risk attitude after the determination of the client's risk capacity as well as risk requirements. The second element is risk tolerance which is at times confused with risk capacity. The difference is that risk tolerance is the client's emotional and mental ability or the client's willingness to tolerate opportunities taken on their investments. It begins with a given level of objective risk and then evaluates the client's psychological capability of handling losses or short term and long-term overall volatility. Frequently, risk tolerance highly correlates with experiences of previous investment. Other clients have a zero-risk tolerance which means they cannot handle any sort of losses, not even temporary losses, regardless of the potential investment return. Financial advisors need to pay more attention to such clients. Usually, the only appropriate investment for them is a fixed income investment which provides guaranteed rates of return and no risk, for example a treasury bond. For a financial advisor to create an accurate and effective risk assessment, they must determine and independently assess each of the above-mentioned characteristics for comparison to each other and then put them together into a realistic investment risk level for the client. Completing a risk assessment allows the financial advisor to determine classes of assets that are general and particular types of investments most suitable to a given client. Risk tolerance and risk capacity are potential investment return constraints and advisors must ensure that their clients understand this particular fact.

The technological advances and progressive regulations are quickly changing the landscape of financial advisory, making it imperative for financial advisors to prove their value to clients they deal with. Singh and Hess (2020) highlight the relationship management importance in the attraction and the retention of clients in the changing advisory space. Whether the financial advisor is a one-man firm, a representative of a large organisation or an online broker robo-advisor, a satisfied client is loyal to the financial advisor over the years and also refers other clients for advice. Nadeem et al. (2018) states that "the pressure is on for advisors to show their value outside of traditional portfolio management... The superior experience clients are willing to pay for is a personal relationship with an advisor who not only understands their goals but is managing their portfolio in accordance with those goals" (Nadeem et al., 2018).

At the core of this approach is a simple factor called trust. Every financial advisor is aware that client referrals are crucial for growing a client base. A highly trusted advisor is almost

guaranteed to get referrals from their existing clients and most clients find advisors through a referral. Client trust is multifaceted. Clients are more likely to trust their advisor if they believe that their emotional, functional and ethical needs have been met. Particularly, clients are more likely to trust an advisor that did what they promised to do, that acted in their client's best interests and made decisions that enabled the client to have a good night's sleep. Clients start developing opinions early in their relationship with their advisor such that a phone call that is not returned or an email that is not responded to can do major damage (Overton, 2018). According to Overton (2018), advisors show how they act in their clients' best interests in a way that is tangible. Ethical trust is similar to a sixth sense as most of the time clients know when there is something that does not feel right. He advocates that financial advisors embrace a fiduciary relationship and not shy away from complex discussions when necessary. The emotional trust has the most impact of the three but is also the most complex to capture. Building a rapport and being proactive during market volatility times are tremendously impactful. When clients know that a financial advisor understand their goals, clients' fears ease. An advisor manages a client's portfolio based on those goals and advisors can show clients that all is on track.

According to Hoyer et al. (2020), transparency is important for supporting such pillars of trust. Lack of transparency and lack of clarity stops clients from ever trusting fully that a financial advisor has their best interests in mind. The online financial advisors are usually able to clearly impart information through technological interfaces. Financial advisors that meet their clients in person have to be more careful about clarity. It is essential for financial advisors to understand the trust foundation in order to nurture and deepen client relationships. According to Brooks et al. (2018), financial advisors need to focus on educating their clients, effectively manage their own time, frame their advice with their clients' goals in mind and communicate effectively. "Good communication requires that advisors do more listening than talking" (Dhiman and Raheja, 2018). "Advisors who are effective listeners can better identify their clients' goals and concerns and develop planning and investment solutions tailored to each client's unique situation" (Healy, 2022). True communication starts when clients realise that their financial advisor is tuned in to what they need and want (Fernandes et al., 2014).

Time management is also critical. Advisors need to focus on the most important tasks in achieving clients' goals, in the delivery of client value, and in strengthening client relationships (Martin, 2021). Financial advisors can be better at aligning their clients' interests and focusing their time and activities on key tasks that achieve those plans, if they are able to translate an understanding of their clients' personal situations, goals and

objectives into a comprehensive plan that is agreed upon with the client (Alsemgeest, 2022). It is important for advisors to track how they spend their time, then utilise that data to uncover inefficiencies in their routine. If the financial advisor's time is best spent on prospecting or client relationship management versus back-office tasks, that work can be outsourced as much as possible. Advisors can also create a service calendar or an intentional approach, where they discuss how often their clients would like to meet and topics they want to discuss when you connect. When choosing a financial advisor, clients first ask for recommendations from family and friends. They may also check credentials and meet with various candidates prior to making a decision. At the first client meeting, the advisors' most important job is to listen to the client and reply thoughtfully regarding the services you can offer. Clients need to feel comfortable talking to an advisor about their financial circumstances and goals. Good financial advisors have a client base that suits their experience and expertise. It has a mixture of young professionals that are starting to build wealth, old couples planning for retirement or heirs to a significant fortune. Financial advisors tend to specialise when it comes to types of clients they want to attract and keep. For advisors to foster trust they need an initial investment of time and they stand to reap significant returns on such an investment if it results in higher rates of client retention and referral. Consistency is vital. "You have to continually earn the honour and privilege to work with your client by never faltering in delivering what you've promised and have been providing." (Alsemgeest, 2022).

Philbeck and Davis (2019) state that while mobile banking and robo-advisors have been in place for some time, aspiring technologies continue to reshape the financial advisory landscape. In recent years, financial service providers invested ample revenue in creating and expanding their digital offerings. There have also been significant changes in the way financial advisory services are delivered and experienced driven by advances in technology (Bruwell and Fleck, 2020). From the artificial intelligence (AI) integration and machine learning to the blockchain and cryptocurrency increase, such changes are not only reshaping financial advisory services but also paving the way for completely new financial ecosystems (Tamplin, 2003). The financial advising landscape has undergone a profound transformation. This transformation is driven by rapid technological advances, demographic changes and calls for lowering barriers to finance for many communities (Crompton, 2020). These are redefining the advisors' and clients' relationships and not only re-shaping the financial advisors' tools and strategies (Davis, 2019). Some of the technological trends in the industry, are discussed below:

- *Accessibility and Analytics Through Digital Platforms:* Online platforms and mobile applications have given clients unprecedented access to their financial information as well as to their advisors. This ease of access means enhanced frequent and flexible interactions among advisors and clients. Clients now receive up-to-the-minute information on their investments, thus assisting in the provision of more informed and timely discussions with their advisors.
- *AI and Machine Learning:* AI's utilisation for financial advising is still prospective. Such technologies can analyse large data amounts to identify trends, provide tailored advice and predict market movements. They can also enhance risk assessment as well as portfolio management, enabling advisors to utilise more responsive strategies for their clients.
- *Cryptocurrency and Blockchain:* These have introduced a new asset class to the investment landscape. Client interest in cryptocurrency has grown and they are looking to advisors for guidance and education on such asset classes. This in turn has financial advisors looking for authoritative sources to perform due diligence in the cryptocurrency area. Crypto is a new avenue for diversification of portfolios. Financial advisors play an important role in keeping clients updated on the regulatory environment for such currencies and in managing the risk and volatility that comes with them.
- *Collaborative Financial Planning Tools:* The financial planning tools that are cloud based enable a financial management approach that is more collaborative. Advisors and clients are able to view and change financial plans in real-time; this leads to a planning process that is more interactive and engaged.
- *Cybersecurity and Data Privacy:* As more client data is stored and digitally processed, cybersecurity and data privacy have now become a general concern among retail clients. Advisors have to make sure that robust security measures are put in place, which is imperative for the maintenance of clients' trust and confidence.
- *Robo-Advisors:* These automatic platforms utilise algorithms to give investment advice and are usually cheaper than the traditional financial advisors. They appeal specifically to tech-savvy clients or those that look to cut costs. Though they have struck fear in financial advisors, the Bureau of Labour Statistics (2022) notes that over the next decade, industry employment is expected to grow by 12%. This is higher than most other industries, despite their broader usage. This means that robo-advising could potentially give rise to increased accessibility.
- *SocialMedia:* YouTube and TikTok have become important platforms for client relations and education. Financial advisors can utilise such platforms to market

themselves, their practices, share their insights, offer educational content and keep up with their clients.

Demographic change is part of the reason why recent technological changes are significant for financial advisors (Healy, 2022). The millennial generation is usually defined by their fluency in technology and how their products- and services-relationships, such as listening to music and/or watching movies, has affected the way they think as regards their relationship with their financial advisors (Warchlewska, 2020). These changing demographics are also affecting the engagement of financial advisors with older clients as more people are having children at a later age. Other shifts in demographics are affecting savings for retirement and future wealth transfers. Egan et al. (2018) state that advisors need to be able to talk to these shifts in a personalised manner for each client. For example, as life expectancy rises, advisors need to prepare their clients to leave a legacy that may not be exactly what they imagine. Technological change can have an impact on the advisor–client relationship. The cross between technological change and client expectations that are evolving is driving major shifts in the financial industry. From the delivery of financial advice to the development and execution of investment strategies, technology plays an important role in redefining such interactions (Baker and Dellaert, 2017). Technological changes mean that there is a progressive change from commission to models that are fee-based for financial advisors. Fee-based models charge a percentage fee of the assets under management (AUM), a flat fee or an hourly rate, as opposed to earning commissions on products sold (Schueffel, 2016).

In the high-net-worth segment, other financial advisors use performance-based fee structures. Such fees are based on the advisor achieving particular returns or benchmarks that align the compensation of the advisor with the investment success of the client (Cella, 2023). Meanwhile, some advisors are embracing subscription-based models which charge a monthly or an annual fee for continuous advice and services. This will result in lower costs for clients and more personalised service, meaning that advisors have to rethink their relationships with their clients (Ji, 2017). This can shape the industry as it shifts the power balance towards the consumer. It also means more competition but it could also enable advisors to build holistic relationships with their clients and emphasise long-term planning for all cycles of a client’s financial life (Nitin et al., 2019). On the other hand, trust will remain central as client education and trust are important in client engagement with financial advisors. The whole industry needs to get to a point where it is trusted and where clients know that advisors are on the same side of the table as them (Parasuraman, 2000).

In a nutshell, the financial advisory and services industry as a whole is significantly transforming. The change is driven by advances in technology and changing client expectations. This transformation will reshape the landscape of the entire financial services industry. The advisor role will evolve from traditional financial advisors to a more holistic approach with a focus on broader client life goals and their personal circumstances.

### **5.2.2 Proposed ethical decision-making framework for financial advisors**

Enlightened by the discussion above of the primary results of this exploratory study, it is explicit that unethical behaviour of financial advisors calls for various missing key effectiveness elements to close the gaps that encourage unethical behaviour. The construction of an ethical decision-making framework that embraces ethics, culture and conduct is the next port of call. The buy-in from senior management of FSPs and the regulators is one of the core components of this task. Financial advisors and compliance officers also identified major considerations which include treating customers fairly, competence in terms of experience and qualifications, self-control and ethical obligation and thorough regulatory monitoring.

In the proposal of an ethical decision-making framework for effective financial advisors based on the findings of this study, it is important to note these points. According to Swing (2017), the fundamental principles that an ethical FSP must instil include:

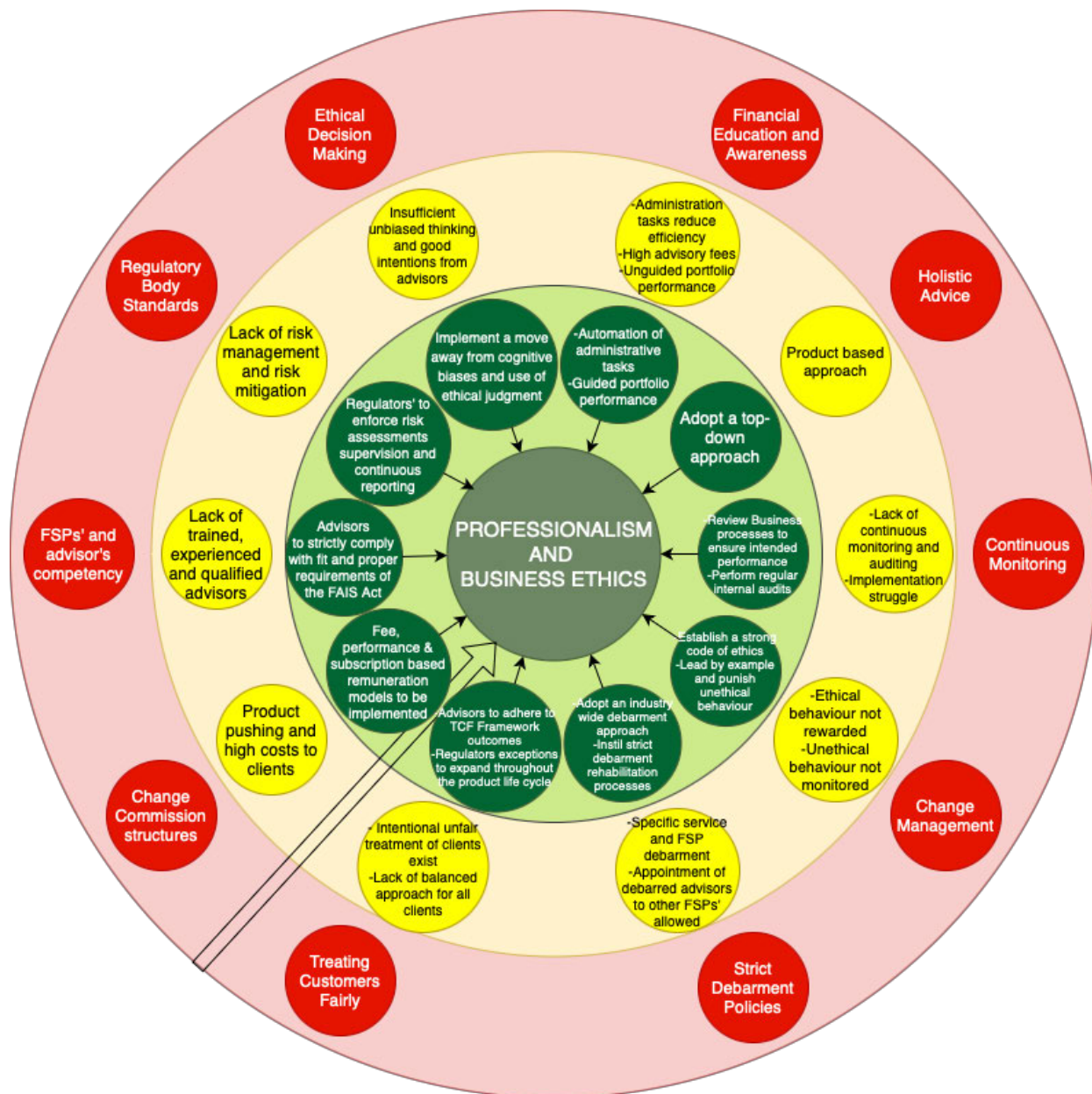
- looking beyond what is legal;
- commitment and delivery of technical excellence;
- not to pursue profit at the expense of all else, including reputation;
- making good ethics a priority over conduct that may result in a conflict;
- consistently applying positive ethical behaviour throughout the industry; and
- behaviour marked by fair dealing, integrity and acting in the clients' best interests.

A strong ethical framework starts with identifying that there are ethical issues that need to be resolved. Having an ethical decision-making framework assists in building muscle memory required to remember to be always on the lookout for ethical challenges. This framework will emphasise facts, consider all stakeholders and view issues using a range of lenses that represent modes of ethical reasoning. Such lenses cause advisors to consider the answers to questions designed to assist in the evaluation of options. According to Davis (2023), the lenses that shape ethical decision making include:

- the utilitarian approach – which option will produce the most good and do the least harm?;

- the rights approach – which option best respects the rights of all who have a stake?;
- the justice approach – which option treats people equally or proportionately?;
- the common good approach – which option best serves the community as a whole, not just some members?; and
- the virtue approach – which option leads me to act as the sort of person I want to be?

Figure 5.1 that follows is a professionalism and business ethics decision making framework that shows the key elements that are required (red), the relevant problems which they seek to address (yellow) and the capabilities that are required to be developed for effective financial advisors (pink). The proposed framework integrates three different layers include key or requisite elements in the outer layer, relevant problems in the next inner layer while the relevant capabilities are presented in the subsequent inner layer, all derived from the findings and discussions evident in the current study.



**Figure 5.1: Proposed ethics decision-making framework for effective financial advisors in Durban**

Source: Researcher's composition

This framework provides key elements highlighted in red that are key elements missing in the financial advisory industry. This study has clearly identified that treating customers fairly to address the lack of balanced treatment of all customers, strict debarment, changes in commission to partly address the challenge of pushing products and high cost to clients, focus on FSP and advisory competence to address the identified lack of skills, enhanced regulatory supervision to address the lack of risk management and control of regulatory breaches; financial education and awareness to address the issue of high advisory fees and

unscrupulous advisors, holistic advice to go beyond emphasis on product sales, and change management which is key to change processes, and the human side of financial advisory services.

Below is a brief discussion of the key elements identified in the outer layers together with the relevant and aligned challenge each seeks to address but also the relevant capabilities which need to be developed if financial advisors are to excel as ethical and professional practitioners:

#### **5.2.2.1 Financial education and awareness: Administrative implication and automation**

What was discovered is that financial advisors are not efficient as they are bogged down by administrative tasks. As a result, they do not always focus on doing proper due diligence and disclosing fees, conflicts of interest, disciplinary history and compensation to clients.

Financial education instils skills and attitudes that are essential to understanding money as well as finance. Improving finance understanding equips one with the skills and knowledge required to effectively manage money. It assists in making well-informed decisions and promotes responsible financial behaviour (Da, Engelberg and Gao, 2011). On the other hand, financial awareness indicates the extent to which people are aware of their personal financial affairs. It is the initiative of individuals' efforts to enhance financial knowledge, behaviours and capabilities (Lusardi and Mitchell, 2011). Lack of financial awareness impedes individuals from attaining financial skills. Increasing financial awareness is an important policy goal. For example, the Organization for Economic Cooperation and Development Council (OECD) described financial literacy as a "combination of *financial awareness*, knowledge, skills, attitude, and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being" (Atkinson and Messy, 2012). Various programs on financial literacy and advocacy campaigns, like the National Financial Awareness Day, seek to not only communicate financial knowledge to the populace, but to also enhance awareness with regard to personal finances. The topic of understanding financial awareness' role in shaping financial behaviour is imperative but underexplored (Lusardi and Mitchell, 2014).

#### **5.2.2.2 Holistic advice: Shift from product-based to consumer-centric approach**

Findings revealed that financial advisors offer product specific advice and not comprehensive advice that looks closely at the client's goals. Client needs are complex and require a top-down approach where advisors understand clients' required end goal before offering advice. Financial advisors are required to adhere to the six steps of the financial planning process.

Holistic financial advice takes into consideration the client as a whole, looks at the client's wealth, their health, and happiness. It also considers how clients fit into their family and friend network. Bear in mind that we are all connected to and depend on others who sequentially possess identical bonds with us. Should a financial advisor exclude some of such features from a holistic financial plan, the outcomes will be substandard and probably totally unsuccessful (Stofberg, 2022). In particular, holistic financial planning utilises a top-down approach as opposed to operating from the bottom-up. When a client works with a holistic financial planner or advisor, it is more often than not on the basis that is goal driven. In other words, an advisor should be assisting clients in figuring out what their goals are, where they are currently in their pursuit of the goals and what they need to do subsequently to keep on progressing towards them (Morgan Stanley, 2021). According to Bennyhoff (2019), advisors who use a bottom-up approach tend to focus more on how much clients can afford to invest or the type of return they may be able to obtain from a specific investment. Such advisors might rely on numbers, like age or income when making assumptions regarding the financial plan, as well as establish how much a client needs to invest or save in order to reach a particular goal (Ayres and Nalebuff, 2017). The principal advantage of a financial planning holistic approach is that it can provide a big picture synopsis to assist clients in achieving their life goals in a realistic way. For example, in instances where a client is not achieving the required progress towards retirement savings, a holistic advisor may be able to identify overlooked opportunities and/or mistakes a client is making (Gollier, 2020).

Holistic advisors can also assist in the implementation of other financial strategies, such as making a client's portfolio more tax-efficient and/or establishing an estate plan. Tax planning is an integral financial planning segment in ensuring that clients are able to preserve more of their investment profits. That is in turn crucial in ensuring that savings and investments are sufficient in assisting with the affordability of the desired retirement lifestyle (Pascual and Ruiz, 2022). With holistic planning, a client together with their advisor is able to design a financial plan that is adaptable and evolves as the client moves through life whilst keeping their goals within reach. Advisors who utilise holistic financial planning consider clients' goals, values and money experiences when designing a financial plan (Panyagometh, 2021).

### **5.2.2.3 Continuous monitoring: Monitoring standards and compliance**

It became clear from the findings that leadership needs to make an effort in monitoring advisors, performing continuous internal audits, punishing unethical behaviour and putting in place the necessary policies and systems, thus ensuring that advisors comply accordingly.

Continuous monitoring, also known as continuous controls monitoring (CCM), is a procedure of analysing internal controls with the purpose of discovering existing and future risks, perfecting processes of the business, imparting data to promote decision making as well as increase the controls' cost-effectiveness. CCM is utilised to alert organisations if an action happens out of the ordinary. Depending on the software or system used for CCM, it may possibly uncover complex fraud schemes and transactions that are non-compliant.

Continuous Monitoring includes a combination of comprehensive forensic practices using technology-based tools to reveal high risk behaviours and transactions, as well as to gauge policy compliance in an institution's operational and financial environment. Continuous monitoring systems are capable of identifying, quantifying and reporting in real time cases of non-compliance with the organisation's policy, high-risk behaviours and transactions, as well as internal control failures. Unlike old-fashioned sampling techniques which result in analysing only a portion of existing records in a data set, CCM examines 100% of the records population, resulting in a much bigger coverage as well as reduced risk.

Continuous Monitoring systems are also able to identify high-risk operations within an organisation's universal business through testing for data inconsistencies, suspicious trends, duplications, missing data, policy violations as well as a host of other high risk traits. Such tests can be done remotely, and based on the reported outcomes, the suitable forensic and compliance experts can be directed to such geographic areas that pose the highest loss and exposure risks. This yields enhanced efficiency, lowers travel expenses and allows organisations to focus limited resources on their best and highest use.

#### **5.2.2.4 Change management: Rewards, Model and promote ethical behaviours**

Currently, financial advisors' ethical behaviour is not monitored nor is it rewarded by key individuals/leadership. In order to enhance ethical behaviour, every FSP should create a robust code of ethics and ensure that their advisors adhere to the code. On the other hand, leaders need to be role models and deal with unethical advisors while rewarding ethical advisors.

In the ever-changing financial advice landscape, staying ahead of the curve is important for success. Financial advisors face a lot of challenges in adapting to new processes, technologies and market dynamics. Leadership needs to advocate for a robust change in management strategy implementation to facilitate effortless transitions as well as to drive positive results for advisors and clients. Every financial advisor requires a change management strategy in order to:

- *Adapt to Technological Innovation:* Financial advisors must embrace technological innovation so as to stay competitive and meet the changing client needs.
- *Enhance Client Experiences:* A change management strategy can assist financial advisors in effectively implementing new technologies as well as processes to improve client interactions, streamline client communication channels and provide tailored financial advice which meets unique client goals and preferences.
- *Drive Operational Efficiency:* Change management is also about optimising current processes and workflows, thus driving operational efficiency as well as productivity. Through standardising processes, routine tasks automation, empowering employees with appropriate skills and tools, advisors can lower administrative burdens, reduce errors and focus more on value-add activities like building client relationships and planning strategically.
- *Mitigate Resistance to Change:* There could be resistance to change, whether from employees not willing to embrace new technologies or from clients cautious of disruptions to their traditional routines. Change management strategy assists in identifying possible change barriers and developing pro-active training, communication and support initiatives to deal with concerns, encourage buy-in and foster an innovative and continuous improvement culture.
- *Ensure Regulatory Compliance:* In a regulatory environment that is increasingly complex, compliance is non-negotiable for financial advisors. Therefore, change management strategy safeguards that regulatory obligations are understood, communicated and implemented effectively across the organisation. This reduces the compliance breach risks and safeguards clients' interests.

In a nutshell, change management strategy is crucial for financial advisors navigating the moving dynamics of the financial advisory industry. Through embracing technological innovation, improving client experiences, propelling operational efficiency, alleviating change resistance and safeguarding regulatory compliance, financial advisors can position themselves for success in the current rapidly changing landscape.

#### **5.2.2.5 Strict debarment policies: Service and individual level advisor appointment**

Findings revealed that the industry lacks strict debarment policies when debarring advisors and key individuals who fail to adhere to the fit and proper values as per Section 14(1) of the FAIS Act. There is a strong need for the regulators to ensure that debarred individuals are not re-appointed by any FSP during the rehabilitation and debarment timeframe.

According to FPI (2022), debarment refers to a representative and/or any person that is debarred from publicly rendering financial services on an industry-wide basis. Debarments have two processes which confuse FSPs at times. Firstly, is Section 14 of the FAIS Act process, which governs FSPs to debar its representatives. Secondly, is Section 153 of the FSR Act process, which governs the FSCA to debar a natural person. On 1<sup>st</sup> April 2018, Section 153 of the FSR Act repealed Section 14A of the FAIS Act.

The FPI (2022) further explains that the FSCA obtains information either from the FSP, the clients of the respondent, the public, the ombudsman, other regulators or any other source. Thereafter, the FSCA investigates the matter at hand and upon completion, conducts an ITC check on the person's latest contact particulars in compliance with Section 155 of the FSR Act. A notice of intention to debar the representative or the said individual is then drafted. Lastly, such notice is sent to said respondent, thus allowing them an opportunity to respond to the allegations.

A debarment order prohibits an individual from the following:

- Offering or being involved in the offering of specific financial services or products, in general or under the conditions stated in the order.
- Acting as a key individual in a financial organisation or offering specified services to a financial organisation.
- Participating in conduct that contravenes the debarment order directly or indirectly.

The debarment order must be published by the responsible authority. A debarment order against an individual is effective from the date it is served or a later date, based on the order.

#### **5.2.2.6 Treating customers fairly: Balancing treatment and dealing with intentional unfairness**

Based on the findings, most financial advisors' ethical standards are extremely low, resulting in unfair treatment of clients. FSPs and key individuals need to monitor and make sure that all advisors adhere to the outcomes of the TCF framework.

The TCF framework is about transforming the method in which the market conduct supervision happens. TCF is cross-cutting, an activities-based and outcomes-driven approach to regulation and supervision. It is designed to guarantee that regulated financial organisations use specific standards of fairness for all financial clients. Organisations are required to display that they provide specified outcomes to their clients as summarised below across the product value chain, from design and promotion to advice and servicing as

well as claims handling and complaints. “Activities-based” suggests that requirements will apply based on the financial service that is offered, regardless of the kind of organisation offering it, thus levelling the regulatory playing ground. This in turn means that all organisations offering similar financial service will be regulated the same way, irrespective of the type of financial organisation they are. An “outcomes focus” for financial organisations and their regulators seeks to ensure that the regulatory framework is in support of a financial sector that better serves South Africans. It directs regulation in a way which should result in meaningful positive outcomes, by applying standards that influence organisational behaviour.

#### **5.2.2.7 Change commission structures: Dealing with product pushing and high costs to clients**

Revelations show that most financial advisors sell products purely for commission and not in the best interests of the client. Advisors promise returns to clients knowing fully that they cannot control the performance of the markets and utilise vertical integration in order to get clients to buy into their product offerings. To put a stop to this, regulators need to impose remuneration models based on fees that advisors have worked for, performance of funds employed and subscription.

There are different commission structures or models for various financial advisory services. In the current model, advisors earn commissions that are regulated and paid by the product suppliers which vary based on the product type. This commission remuneration is for the activities performed directly to the customer and services that link the customer to the product supplier. There is a proposal that financial advisors earn based on customer interaction. This is where there is a fee for financial planning, product advice, product supplier commission for product sales (upfront) and product maintenance (ongoing). Commission will not be allowable for investments. With regards to financial planning, fees must be agreed upfront with the client prior to the provision of a service. The fee structure must be made clear to the client and they must know what they are being charged for and what to expect in return. Indications are that there will be no prescribed fees by the Regulator but the Regulator may develop a benchmark or guideline that advisors and clients can use to measure and assess appropriate fee levels.

In respect of product advice, fees for upfront and ongoing advice must be motivated for, disclosed and agreed upon. Intermediary services connect the client and the product supplier for services performed by the product supplier and are therefore paid for by the product supplier. In this case remuneration is made up of upfront and ongoing commission

and, in all likelihood, it presents the least challenges to an advisor. The RDR dispensation published in November 2018 by the former FSB will compensate advisors only for the provided intermediary services in respect of life insurance. The current proposal is that 50% is paid upfront and 50% is ongoing and decided upon the level of commission that will not impact the advisor's income streams negatively. For Short Term Insurance the current as-and-when commission will continue to be based on regulated commission caps. In respect of replacements of life insurance policies, it is proposed that commission be prohibited, however, a product advice fee charge is allowable. According to the FPSB (2020), a 2006 financial advisor remuneration models comparative analysis recommended that regulation and enforcement inconsistencies permit the existence of information asymmetries between financial planners or advisors and investors. This leaves investors vulnerable to being manipulated and hinders them from choosing a suitable remuneration model.

#### **5.2.2.8 Competency of FSPs and advisors: Lack of training, experience and qualifications**

Findings showed that financial advisors are not adequately trained, experienced nor qualified to perform their duties, whilst some of the FSPs are not registered and licenced to run their practices. Going forward, regulators need to ensure and monitor that FSPs and advisors meticulously conform to the fit and proper requirements of the FAIS Act.

As mentioned previously, the Financial Services Board (FSB), now known as the Financial Sector Conduct Authority (FSCA), published a Board Notice 194 of 2017 in December 2017. The notice introduced numerous amended Fit and Proper requirements which the FSPs, Key Individuals as well as Financial Advisors have to meet. Such requirements came into effect on 1<sup>st</sup> April 2018. Together with the FAIS Act, which seeks to safeguard the consumer as well as to professionalise the financial services industry, the latest Fit and Proper requirements create a higher professionalism level and compliance in the industry. The Fit and Proper requirements also seek to establish enhanced competence in the industry. The majority elements of Fit and Proper requirements pivot on competence which takes centre stage. If focus on competence and compliance is increased, elements like good standing, honesty and integrity, financial soundness as well as operational ability will fall into place.

It is imperative for FSPs to have a comprehensive understanding of the descriptions and requirements that apply to them as well as the impact they will have on the FSP's business, training plans, processes and reporting requirements as contained in the Board Notice 194 of 2017. Regulation stipulates that FSPs should ensure that their business processes align to the Fit and Proper Requirements. Should the FSP fail to do so, it will be deemed as not compliant and will not be permitted to practice or may face non-compliance penalties. FSPs need to continuously review business processes and accordingly plan to make certain that

they manage compliance and that all Fit and Proper requirements are met by all their advisors.

#### **5.2.2.9 Regulatory body standards**

It was discovered that client risk is not entirely managed nor mitigated in the financial advisory sector by some FSPs and financial advisors. Financial advisors are not sticking to performing client risk profiling, risk capacity and risk tolerance prior to offering advice. Key individuals and financial advisors must ensure that risk is always aligned to a product offered to clients.

Regulatory bodies are formed by governments or other organisations to supervise the performance and fairness of financial markets, as well as the firms that are involved in financial activity. The primary goal of the regulation is to preclude and investigate fraud, keep markets transparent and efficient and ensure that they treat clients fairly and honestly.

In the industry, there is a lot of debate around risk profiling as well as its relevance or lack thereof in determining a suitable investment solution for clients. Risk Profiling is a process of discovering an optimal level of investment risk for clients thereby considering the required risk, risk capacity as well as risk tolerance. Risk Required is the type of risk related to the required return to meet the client's goals using available financial resources. Risk Capacity is the financial risk level that the client can afford to take. Risk Tolerance is a risk level that the client feels comfortable with. All these risk aspects impact the appropriate investment strategy selection. Risk Required and Risk Capacity are financial traits calculated utilising a financial planning tool. Risk Tolerance analyses the client's goals as well as the risks they are willing to take to achieve their goal. Risk Profiling requires that each of these traits be assessed separately so they can be compared to each another. Negligent and mismanaged risk profiling makes financial advisors vulnerable to legal claims by clients that are unhappy, thereby abruptly ending the relationship. Financial advisors need to focus more on gathering adequate information from their clients, understand how clients think and if clients want to take risks or would rather play it safe. When looking for a solution that best suits the client's circumstances, financial advisors must take into consideration client's objectives, age, income, time frame and access to cash.

#### **5.2.2.10 Ethical decision making**

Findings unveiled that unbiased thinking and good intentions are insufficient for assuring ethical behaviour. Advisors need to move away from cognitive biases that affect their thinking and interfere with ethical behaviour by avoiding social and situational pressures that lead behaving unethically. Ethical awareness and judgment need to be used in a unique

form of decision making that involves making a decision about what is the right thing to do when interacting with clients.

An organisation is relationship-driven and its long-term success relies heavily on its reputation. This is also particularly true for financial advisors as they rely heavily on their reputation in order to sustain and grow their business. Organisations with weak ethical cultures are highly likely to experience ethical failures and lapses with a potential of damaging their reputations. Financial advisors need to be guided by a robust ethical culture. If not, they are highly likely to make decisions favouring their own interests at the expense of the clients, the interests of the organisation and stakeholder relationships. Over time, this can threaten the bottom line of the business. Organisations with weak ethical cultures, sabotage, anti-social behaviour, bullying, misconduct and deception are rife. Every organisation's ethical culture is determined by shared beliefs and assumptions with regards to what is right and wrong and influences the behaviour of individuals within the organisation. Leaders need to put ethics on their agenda and revisit the subject deliberately, on a regular basis. Investing in this part of the advice business has several benefits. It enhances job satisfaction, strengthens loyalty, trust and commitment, escalates rates of staff retention, encourages advisor accountability and increases judgement and decision-making.

### **5.3 Chapter Summary**

In concluding this chapter, it is clear that the regulatory bodies, FSPs and leadership need to have ethical values they are committed to upholding and that form part of their mission and purpose. However, they are not working together as a unit to create a robust environment wherein they can strictly monitor conduct in the sector, be pro-active in eliminating the ethical issues faced by the advisors and work towards gaining trust, respect and recognition of the industry as a profession. Underpinning the ethical intentions is the support from the FSPs' most senior levels through the right culture or tone which is the necessary foundation on which any ethics or compliance programme is established. Senior management must focus on ethical leadership and should model the behaviour they would like to see in the advisors and allocate resources to others that are required in support of ethics.

This study concludes that ethical frameworks' (for example, TCF) breakdowns result in a range of consequences. In particular, major breakdowns have a potential of exposing FSPs and financial advisors to meaningful civil actions risk, regulatory proceedings, criminal prosecutions and incidents that could threaten the FSP's survival. It also concludes that in order to eliminate falling foul of ethical breakdowns, FSPs need to spend a lot of time and money putting in place codes of ethics using appropriate channels, like training, in-house

watchdogs and compliance programmes. They also need to invest in technology enhancements in the organisations and introduce robo-advisors which can take over certain tasks from the advisors, thus freeing them to focus purely on holistic advising and educating of clients. These will disseminate key elements of their policy and ensure understanding of the clients and broader stakeholders. The more widely ethics can be circulated in an organisation, the better. This provides advisors with a useful decision-making rubric which is reinforced when advisors feel educated about ethics and empowered to utilise them in daily decisions.

In re-introducing ethics in organisations, leadership can use three primary opportunities: at the time of a breach or issue; in the course of setting a policy and developing products; and when FSPs transmit cultural expectations using processes of human resources departments such as hiring and orientation and regular culture assessments. FSPs which regularly assess ethics culture increase their probability of identifying opportunities to introduce, use and transmit ethics. Organisations that utilise ethical deliberation methodologies during the normal course of business promote and reinforce ethics. In order to encourage ethics, FSPs need to rely on data and information during decision making. They need to consider alternatives, the downstream effects of decisions, when possible, use consensus and share the reasoning behind decisions when they are made.

The next chapter concludes this qualitative study by creating a link between the study objectives and the main findings. It will also make the necessary recommendations that will assist in dealing with the challenges raised in the study.

## **CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

Subsequent to the exploratory learning's demonstration and findings discussion, this final chapter endeavours to link the objectives of the study with the primary findings and bring the study to a conclusion. This qualitative study embraced the ethical theories to precisely explore the ethical conduct practices or lack thereof by the financial advisors and compliance officers situated in Durban. The chapter will also seek to give recommendations and opportunities for future research. In this regard, the chapter will commence by briefly echoing the primary findings overview and summary. Afterwards, the chapter will present the conclusions, recommendations and opportunities for further research.

### **6.2 Accomplishment of objectives**

The comprehensive purpose of this study was to explore the business ethics and professionalism of financial advisors and compliance officers in Durban. This study is exploratory and utilised qualitative in-depth interviews of eight experienced financial advisors and compliance officers. The interviewees were pivotal to investigate the regular unethical behaviour practices by advisors and compliance officers in the advisory environment. This study used the purposive sampling technique to select only the participants that were senior advisors and regulatory managers and involved in the delivery of advice, intermediary service and compliance in the financial advisory sector. Data was gathered utilising semi-structured interviews and analysed through a thematic approach to obtain presiding themes portraying common types and nature of unethical conduct practices, challenges that lead to unethical conduct, professionalism practices, current ethical issues faced by advisors, support given to advisors and key elements of an ethical decision-making framework.

The outcomes of this qualitative study demonstrated lack of professionalism and business ethics by the financial advisors and compliance officers in Durban. The primary reason for this is unethical personal and business conduct and behaviour in the form of product pushing, selling for commission, lack of holistic financial advice, unethical practices and lack of education. In addition, the study also found key gaps in the ethical decision-making of financial advisors that include lack of fiduciary standards and suitability standards having three types, being reasonable-basis suitability, customer-specific suitability and quantitative suitability. This study has concluded that leadership needs to enforce ethical decision-making practices in the FSPs and the financial advisory sector as a whole through leading

by example, creating a strong code of ethics in their organisations and constant monitoring through audits. It also concluded that the regulatory authorities also need to play a huge role in creating stricter policies, regular reporting of FSPs and risk assessments. However, financial advisors encounter challenges that lead to unethical behaviour. Such challenges involve lack of education and awareness between advisors and clients, conflicts of interest, failure to give holistic advice due to lack of education at times and lack of practices of treating customers fairly (TCF). The key elements for ethical decision-making are giving ongoing education and guidance to clients to create awareness. Informed decision making can offer clients holistic and quality advice throughout the financial advisory cycle and maintain professional standards and ethical leadership.

The sub-sections that follow summarise the study findings to clearly show how each research objective was recognised in this study. The objectives will be taken into account when putting together the recommendations in the next section:

#### **6.2.1 Objective 1: To identify the common types and nature of unethical conduct of financial advisors, in the provision of financial advice to consumers in KwaZulu-Natal**

This study revealed three themes relating to unethical behaviour of advisors in the delivery of advice which include: product pushing, selling for commission, lack of holistic financial advice grounded in ethical conscience, unethical leadership and advisor practices and lack of education amongst advisors. Bad individual conduct, behaviour and personal ethics are the causes of unethical behaviour. There is a great need for financial advisors to build a good reputation for the financial advisory industry to be viewed as a proper profession. It is clear that professional skills are necessary for financial advisors' personal and professional growth. There is a serious lack of professionalism in the industry which can massively hinder career growth as well as limit opportunities for advisors. Advisors need to be more professional so as to create a positive reputation, increase networking and growth opportunities as well as job security. Organisations run smoothly, productively and successfully when their senior leadership is ethical. Ethical leadership/key individuals need to be exemplary in ethical conduct. Key individuals need to implement a strong code of ethics and organisational culture that emphasises and incentivises ethical behaviour among advisors. Educated advisors will bring about the imperative expert knowledge, professionalism and reduce conflicts of interest, amongst other things.

### **6.2.2 Objective 2: To evaluate the perceptions of financial advisors and compliance officers of the current ethical challenges they face in their respective roles within financial services organisations in KwaZulu-Natal**

This aim was achieved based on the participants' responses. Financial advisors and compliance officers that were interviewed confirmed that advisors lacked good values and that some enter the industry just to make "a quick buck". They also felt that public reporting is only based on negative advisor actions and not on positive ones. With regards to support, participants explained and agreed that they support FSCA press warnings about unethical FSPs, FPI ethics policies and forums, continuous professional development (CPD), courses, FSP internal training, FSP policies and procedures and key individual support. What is missing in the industry are qualified advisors, lack of relationship-based advice versus the current product-based advice and flexibility around remuneration structures. These ethical issues have a negative impact on advisors. Also, advisors mentioned that not all complaints are valid, that there are trust issues and push back from clients as well as greed from the advisors themselves when they come across large investment amounts.

### **6.2.3 Objective 3: To propose an ethical decision-making framework for effective financial advisors in Durban**

This objective was also achieved from the responses of participants. Advisors and compliance officers explained key elements that make up ethical decisions. These elements include honesty and integrity, meeting the fit and proper requirements, ethical codes and constant monitoring of ethics. From the advisors' point of view, they need to be accountable for their actions, treat customers fairly, have an analytical mind, carry out client risk assessments, build relationships of trust and strongly focus on being savvy when it comes to technology.

Some of the challenges identified are that FSPs need to refrain from employing representatives undergoing debarments in order to eliminate further unethical conduct and reputational risk. From the customers' perspective, advisors' qualifications and certification should be verified through FPI and FSP registration to ensure that an advisor is qualified to offer advice, is trustworthy and represents a registered organisation. Lastly, it is important for clients to confirm if the FSP's compliance officer is internal or external through a confirmation letter from the compliance officer. This will give clients peace of mind knowing that the FSP they are dealing with is fully compliant. Since it is not a requirement for a small FSP to have an external compliance officer, they may easily sweep certain compliance issues under the carpet as it is hard to identify these unless an audit is regularly performed by the regulatory bodies, which is very rare.

## 6.3 Recommendations

The following suggestions and/or solutions are made to address problems identified in this quantitative study. Recommendations are based on the findings and outcomes of the study.

### 6.3.1 Ethical Organisational Culture

Financial Service Providers should strive to have an organisational culture which places great emphasis on ethical behaviour in order to reduce misbehaviour in their organisations. This is dependent on leadership considering ethical consequences for their actions, as leaders that have an ethical compass that sets the tone for ethical dilemmas. In order to create ethical organisation culture, leadership can ensure the following practices are implemented:

1. *Be a role model and be visible:* Financial advisors look to the key individuals' behaviour as a model of what is acceptable behaviour in the FSP. Observation of key individuals taking the ethical high road communicates a positive message to financial advisors and compliance officers.
2. *Communicate ethical expectations:* The creation and dissemination of an FSP code of ethics can decrease ethical ambiguities. It should state the FSP's key values and ethical rules to be followed by financial advisors and compliance officers. However, a code of ethics is not worthwhile if key individuals are unable to model ethical behaviours.
3. *Offer ethics training:* Key individuals can set up workshops, seminars and ethical training programs. These training sessions can be used to reinforce the standards of conduct of the FSP in order to clarify permissible practices and those that are not, and to address potential ethical dilemmas.
4. *Visibly reward ethical acts and punish unethical ones:* Key individual performance appraisals should be inclusive of a point-by-point evaluation of their decisions measured against the FSP's code of ethics, the means taken to achieve goals and the results thereof. Financial advisors that act ethically should be rewarded visibly for their behaviour and unethical acts should be punished accordingly.
5. *Provide protective mechanisms:* FSPs need to provide formal and informal communication mechanisms thus allowing financial advisors and compliance officers to openly discuss ethical dilemmas as well as to report unethical behaviour without any fear of being reprimanded. This can be achieved through ethical counsellors, ombudsmen or ethical officers. Anonymous hotlines must also be utilised to encourage whistleblowing.

### 6.3.2 Leadership and Industry Bodies and Change Management

An ethical strategy is imperative in creating an ethical business with sound ethics and an ethical culture. Having said this, to build and maintain an ethical FSP is usually more difficult due to management of ethics not being made a priority. Often ethics are only addressed in a reactive manner once an issue has happened or in an as and when basis. For the FSPs to realise ethical goals, a clear ethics strategy is required. Such a strategy includes six concentration areas with the initial two providing the starting footing and the other four representing the main concentration areas of continuous action required for the management of an FSP's ethics.

1. *Setting the ethical norms:* The FSP's ethical norms must be defined distinctly through the FSP's standards and regulations, incorporating its code of behaviour and guidelines. These standards need to recognise the intended conduct constraints and be interpreted into behaviours that are satisfactory and unsatisfactory in the FSP's supporting policies and code of conduct. Key individuals play an important role in setting and entrenching these ethical standards.
2. *Setting up ethics committee:* The Companies Act commands that the majority of FSPs, with the exception of minor FSPs, create a societal and ethics committee. Nevertheless, even if not required by law, an ethics committee can be a valuable facet of an ethics strategy. The composition of the committee determines a FSP's value and most senior financial advisors can be part of the members who make decisions and authorise necessary actions. All financial advisors that represent an FSP should recognise their role and contribution to the FSP's ethical status. The committee's success will be based on the financial advisors' and compliance officers' support.
3. *Building ethical consciousness:* Consciousness of ethics is an effective method in detection of enhanced FSP ethics, more especially with respect to the reduction of unethical behaviour. Ethical awareness can promote ethical behaviour by constantly reminding financial advisors about satisfactory conduct in the FSP. Such is mostly effectual when key individuals present evident instances of positive conduct.
4. *Measuring and monitoring ethical status:* A crucial part of an effective ethics strategy is measuring and monitoring the FSP's ethical status. A positive ethical status has many benefits, such as customer retention, brand equity and corporate reputations, whilst an adverse ethical position can be extremely harmful in various ways.
5. *Taking action:* a dual approach can be used to improve ethics by taking acts to enhance ethical conduct and acts to decrease unethical conduct. Actions to be taken

in specific areas of the FSP can be obtained from the results of a survey. Values, leadership, organisational culture, communication and training can be used to increase ethical behaviour. Laws, rules and regulations (code of ethics and policies included), systems, procedures and transparency can be used to reduce unethical behaviour.

6. *Maintaining an ethical culture*: The task of upholding an ethical ethos requires developing an ethical FSP as well as accomplishing a high ethical position. However, upkeep is an ongoing task. In order to achieve this, FSPs must assume a tactic that is grounded in the hands-on supervision of ethics that provides continuous attention to all the stages detailed above.

Jointly, such concentration areas make up a comprehensive strategy which is able to achieve the FSP's ethical objectives. It also creates diversity which sets apart an ethical FSP from the rest; a valuable outcome in the competitive financial advisory businesses.

### **6.3.3 Treating Customers Fairly (TCF)**

TCF is intended to make sure that the fair treatment of clients is rooted within the regulated financial advisory organisational culture. TCF is a regulatory approach that is outcomes-based. It seeks to ensure that particular, clearly articulated fairness outcomes for financial services clients are delivered by financial advisory organisations. FSPs are expected to demonstrably deliver such outcomes throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling and throughout the product value chain. The six outcomes of TCF are:

1. *Culture and Governance*: Clients need to be confident that they are dealing with FSPs wherein clients' fair treatment is at the centre of the FSP's culture.
2. *Product Design*: Marketed and sold products and services are designed to meet the needs of identified client groups and are accordingly targeted.
3. *Clear Communication*: Financial advisors must give clear information to clients and keep them informed before, during and after the time of contracting.
4. *Suitable Advice*: Advice given to a client must be suitable and take into account clients' circumstances.
5. *Performance and Standards*: Financial advisors must ensure that product performance and service levels meet client expectations.
6. *Claims, Complaints and Changes*: Financial advisors must ensure that clients are not facing post-sale barriers when changing products, switching providers, submitting a claim or making a complaint.

The FSP and its leadership's vision should always be that of going beyond TCF through building win-win relationships with all stakeholders and treating customers fairly in their culture, strategy as well as processes. This will result in a sustainable future.

#### **6.3.4 Embracing Technology**

For current financial advisors, technology is do-or-die. Technology is virtually disrupting all areas of traditional financial advisory and wealth management. Advisors will have to determine the most effective methods of meeting the needs of the future technology-enabled clients. For FSPs looking at streamlining business operations, enhancing client experiences and increasing their net revenue, it is time for embracing the technology power. In today's fast evolving financial advisory landscape, it is important to leverage innovative tools as well as platforms in order to stay ahead of the curve. To navigate the technology intersection effectively and the financial advisory sector, it is crucial for FSPs to remain connected with other industry leaders who are able to strike a balance between technological advancements and the sector's complete evolution. The technology integration into the financial advisory practice can give rise to transformative changes, thus empowering FSPs to excel in the sector. Through FSPs embracing entrepreneurial drive and keeping an open mind as they evaluate solutions, they should be able to navigate the ever-changing landscape of financial advisory services and position themselves as a leading financial advisory practice.

#### **6.3.5 Change in commission structures**

Financial advisors have to make clear their commission structures to their clients before they even start their advisory engagement. By law, advisors are required to disclose their commission structures in their contracts prior to onboarding a client. Transparency plays an important role in the relationship advisors will build with their clients. A transparent compensation structure will assist advisors and clients to feel comfortable with the engagement. FSPs can consider fee-only structures as clients, especially newer ones can be sure that the advisors' insights are in their best interests. As a fee-only financial advisor, compensation will be separate from product sales and there will be a pre-established fee that is charged to clients for the advisory services. This type of compensation structure creates a transparent and straightforward client relationship that is free from possible conflicts related to commission-based models.

There is also a fee-based commission structure which is a hybrid between commission and fee-only structures. In this structure the advisors' compensation incorporates hourly fees into the equation. The fee-based advisors can earn a commission for the sale of a beneficial financial product but can also create consistent revenue streams through

client flat fees. This steady income alongside the commission earnings eliminates the need for product pushing and unethical behaviour discussed above in this qualitative study. Such a dual approach assists in aligning the advisors' incentives with a successful product recommendation and the continuous value advisors give to their clients. Through revenue streams, diversification and including a predictable element with flat fees, FSPs and advisors can create a sustainable financial advisory practice which adapts to the evolving client and sector expectations. Such a hybrid model will address challenges posed by commission-based fee structures whilst ensuring a steady income foundation for the advisor. It also enhances the advisors' ability to thrive in the forever evolving financial advisory landscape.

### **6.3.6 Continuous Monitoring and Auditing**

Continuous Monitoring (CM) allows key individuals to quickly and accurately find out where they need to focus their attention and resources to enhance processes, implement course amendments, tackle risks and launch initiatives, thus allowing FSPs to achieve their goals. On the other hand, Continuous Auditing (CA) allows internal or external compliance officers to better allocate resources and improve quality of audits and management support. CM is an ongoing process that allows key individuals involvement in the assessment of effectiveness of controls and detection of related risk challenges. It also allows for the improvement of business processes and activities whilst adhering to compliance and ethical standards. CA is also an ongoing process that allows compliance officers to collect data from transactions, processes and accounts which support activities of internal and external auditing. Compliance officers are also able to achieve a lot more in a timely manner, due to less costly compliance with procedures, policies and regulations. The implementation of both CM and CA increases the coordination between key individuals and internal or external audit while minimising duplication of controls and efforts. It also allows the FSP to adapt more effectively and quickly to changes resulting from the risk and regulatory climate. The value of CM is that key individuals have greater visibility into business processes planned to attain strategic and operational goals. The CA value is that of allowing compliance officers to transition from sampling accounts and transactions to being able to cover all of them fully as and when required.

### **6.3.7 Stricter Regulatory Body Standards**

There is a need for increased regulatory scrutiny in both financial advisors and FSPs. This can be achieved by way of increased expectation from the regulators, supervisory and enforcement action. In response to misconduct identified in this qualitative study, regulators

and the industry need to improve culture and raise standards of conduct. This involves encouraging sound corporate culture development, prudent risk management support and financial advisor behaviour incentivising in promoting positive client results and higher ethical standards. Key individuals must be held accountable for any failure to take reasonable steps in preventing regulatory failures by their FSPs.

### **6.3.8 Ethical Decision-making**

In a case where an FSP is faced with a difficult situation that threatens the FSP's integrity or beliefs (or could be illegal), an FSP would want to employ an ethical decision-making process using the following steps in making an ethical decision:

*Step 1: Define the problem:* In any decision-making process, the most significant step is to determine why a decision is needed and point out the desired result/s. How the FSP defines a problem outlines their understanding of the causes and where to look for solutions. The PLUS (policies, legal, universal, self) ethics filters can be used to define the problem and how it may affect one of the PLUS aspects.

*Step 2: Identify available alternative solutions to the problem:* The key is for the FSP and key individuals not to limit themselves to obvious or past alternatives but rather be open to alternatives that are new and better. They should consider a variety of all possible solutions between five or more in most cases or a bare minimum of three. This avoids limiting alternatives to only two opposing choices, the either this or that option.

*Step 3: Evaluate the identified alternatives:* In the process of evaluating each alternative, it is crucial to identify the possible negative and positive consequence of each. During the consideration of the consequences, care must be taken to differentiate between what is known for a fact and what is believed to possibly be the case. Consulting resources can assist in ascertaining consequences that are of greater and lesser importance.

*Step 4: Make the decision:* In a financial advisory team environment and at this point, a proposal will be made to the advisors, with a clear definition of the problem, a clear list of alternatives which were considered as well as a clear rationale behind the proposed solution.

*Step 5: Implement the decision:* Taking action is the first real, tangible step in changing the situation. Thinking or talking or even deciding to do it is not enough. A decision only counts once it has been implemented and thereafter evaluated.

### **6.3.9 Advisor and client training and development**

Creating either virtual or face to face learning opportunities in a financial planning practice is an excellent way of engaging prospective and existing clients. It demonstrates the value of a financial advisor and the FSP. It is also an effective method of training and onboarding new advisors and ensuring that existing advisors maintain and grow their skills in various relevant areas. Online courses can also be created to assist advisors to learn about their area of expertise and be successful in their practices. Using the following steps, key individuals can successfully create effective course content as well as training materials for their advisors, prospects and clients.

*Step 1: Define Your Audience:* The initial step in the creation of effective education is for key individuals to completely understand the audience and their requirements. This assists in tailoring content for the audience's precise needs, their interests and pain points.

*Step 2: Create Course Learning Objectives:* The aim of this step is to articulate clear advisor expectations. Learning objectives drive the procedure of program/course development; this includes decisions associated with program content, the organisation and length. When creating these course learning objectives, focus on outcomes, key individuals must be specific, make the learning objectives measurable and select verbs with intent.

*Step 3: Establish a Means of Collecting Feedback and Assessing Course Outcomes:* It is valuable for key individuals to get feedback from the advisors at the end of each course or training. This helps with determining if the advisors learned what they expected to learn. Key individuals can also communicate any common feedback about the topic, format, delivery, etc. For internal training within the FSP, it is recommended to use assessments to see if advisors learnt what was intended.

*Step 4: Deliver Training and Refine Training Based on Advisor Feedback and Assessments:* Deliver training and on completion, content, timing or training delivery may need to be adjusted in order to be more effective. Use a simple survey to get feedback and use the results to improve the offering.

### **6.4 Implications of the study**

This qualitative research study contributes immensely to the transformation of the financial advisory industry as a whole. The key areas emerging from the conclusions are that there is lack of professionalism, business ethics, fiduciary standards, suitability standards, education, awareness as well as gaps in ethical decision-making. This research study is important in term of theory, practice, policymaking and future research because it could potentially

change the landscape of the entire industry, build trust and honesty between advisors and clients as well as enhance the behaviour and reputation of financial advisors.

With regard to the theoretical implications, the study findings connect to the theories in the financial advisory field as they contribute to business ethics. One of the commonly applied theories in business ethics practice is utilitarianism which was also discussed at length in this study. Deon Rossouw (2016) states that when ethics is applied to business, we consider the implications of economic activity on the interests of all who are affected by such activity. He defines business ethics as identifying and implementing standards of conduct that will ensure that at a minimum level, a business does not detrimentally impact on the interest of its stakeholders. At an optimal level, business ethics is about the standards of behaviour that will enhance the interests of all who are affected by the business. Deon Rossouw (2016) further states that in business ethics the ethical impact of economic activity is studied but so too is the economic impact of ethicality. Business should make ethical sense but ethics can also make business sense.

Additionally, this qualitative study contributes to the financial advisory industry frameworks. Based on this research, there are currently two frameworks: Treat Customers Fairly (TFC) and the Retail Distribution Review (RDR) which have been mentioned at length previously in this study. The proposed Professionalism and Business Ethics (PBE) framework in this study could potentially form part of the transformation process and future of the industry. The framework takes into consideration the current negative approach and also the recommended positive future approach that can be adopted to enhance the reputation of financial advisors. The researcher believes that this can potentially add value to the holistic financial advisory industry.

In so far as the policy implications are concerned, the regulatory bodies that govern the financial advisory industry can use the results to focus on changing commission structures (deals with product pushing), enforcing regular reporting and auditing of FSPs. In respect of practical implications, leadership can look at driving a strong code of ethics, clearly defining decision-making procedures, rules and regulations that are well-established to assist in keeping financial advisors under control and accountable. In an organisation, common motivators are order, security, rules and regulations while efficiency, control and stability measure the effectiveness of an organisation (Robbins et al., 2014). Financial advisors also have a role to play and that is to focus on continuous education and create awareness by educating existing and potential clients.

## **6.5 Areas for future research**

There are three areas for future research. First, this qualitative study has focused on professionalism and ethics of financial advisors and compliance officers only. Future research is required to investigate how leadership of financial advisory services promote and create an ethical culture and environment supportive of professionalisms and ethics. This is important as it will provide different views and findings on the leader's perspectives or insights and add value to the future studies.

Second, this qualitative study used a small sample of financial advisors and compliance officers from Durban only. There is a need for future research to include a large and diverse sample of financial advisors from different geographical areas to enrich contextual understanding of professionalism and ethical conduct in this profession. It is crucial for future research to explore and compare findings from advisors and compliance officers situated in various geographic locations in South Africa to get a more holistic understanding from both the viewpoint of financial advisors and compliance officers. Lastly, future research is also needed to examine the drivers of unethical conduct and lack of professionalism, to unearth both the drivers and outcomes of unethical conduct and unprofessionalism in the industry.

## REFERENCES

- Abbot, A. 2019. The system of professions. An essay on the division of expert labour. Chicago and London, *Business History Reviews*, 17, 435.
- Adams, T.L. 2020. 'This happens all the time': organizations, rationalization and ethical dilemmas in engineering. *Work, Employment and Society*, 34(6), 985-1003.
- Agarwal, J. and Malloy, D.C. 2019. Ethical work climate dimensions in a not-for-profit organization: An empirical study, *Journal of Business Ethics*, 20, 1-14.
- Alsemgeest, L. 2022. "The truth will set you free: the perception of South African financial advisors regarding clients' truthfulness when sharing information," *Journal of Financial Services Marketing*, 27(3), 221-231. Available at: <https://ideas.repec.org/s/pal/iofsma.html> [Accessed 16 October 2023].
- Altfest, L. 2014. Personal financial planning: Origins, development and a plan for future direction. *American Economist*, 48(2), 53-60.
- Ali, Y. 2015. "A Survey of Ethics in the Nigerian Banking Industry". Swiss: St. Clements University, 23-66. Available at: [www.stclements.edu/grad/gradyida](http://www.stclements.edu/grad/gradyida) [Accessed 15 November 2023].
- Allan Gray. 2023. How staying the course gives you long term edge. Available at: <https://www.allangray.co.za/latest-insights/personal-investing/how-staying-the-course-gives-you-the-long-term-edge/> [Accessed 16 October 2023].
- Allen, S. G. 2016. Golden Years or Financial Fears? *Decision Making After Retirement Seminars*. Cambridge, MA: *National Bureau of Economic Research*. 19231. Available at: [https://www.nber.org/system/files/working\\_papers/w19231/w19231.pdf](https://www.nber.org/system/files/working_papers/w19231/w19231.pdf) [Accessed 14 October 2023].
- Anwar, U. 2023. Fiduciary Obligations as a Financial Planner, PhD Thesis. Regent University. Available at: <https://www.linkedin.com/pulse/fiduciary-obligations-financial-planner-uzair> [Accessed 14 December 2023].
- American Board of Internal Medicine. 2011. *Project Professionalism*. American Board, Philadelphia 1-41.

Arnaud, A. 2010. Conceptualizing and measuring ethical work climate: Development and validation of the Ethical Climate Index. *Business and Society*, 49(2), 345-358.

Ashforth, B.E. and Anand, V. 2003, 'The normalization of corruption in organisations', in Kramer, R.M. and Staw, B.M (Eds.), *Research in Organisational Behaviour*, Elsevier, Oxford, United Kingdom, 1-52.

Association for Savings and Investment South Africa (ASISA). 2021. Available at: <https://www.asisa.org.za> [Accessed 14 December 2023].

Arnaud, A. and Schminke, M. 2012. The Ethical Climate and Context of Organizations: A Comprehensive Model. *Journal of Organization Science*. 23(6), 767-780.

Agarwal, S., Gene, A., Ben, I.D., Souphala, C. and Evanoff, D.D. 2015. Financial Literacy and Financial Planning: The Evidence from India. *Journal of Housing Economics*, 27, 4-21.

Ajzerle, S., Brimble, M. and Freudenberg, B. 2015. A whole in the financial budget: Budgeting's influence on the effective use of credit card debt in Australia. *Financial Planning Research Journal*, 1, 55-72.

Apuke, O.D., 2017. Quantitative research methods: A synopsis approach. Kuwait Chapter of Arabian *Journal of Business and Management Review*, 33(5471), 1-8.

Aspers, P. and Corte, U., 2019. What is qualitative in qualitative research? *Qualitative Sociology*. 42(2), 139-160.

Atkinson, A. and Messy, F. 2012. Measuring Financial Literacy: Results of the OECD/International Network on Financial Education Pilot Study. OECD Working Papers on Finance, Insurance and Private Pension, 15.

Ayres, I. and Nalebuff, B. 2017. Diversification Across Time, *Journal of Portfolio Management*, 39, 73-86

Bennyhoff, D.G. 2019. Time Diversification and Horizon-Based Asset Allocations, *Journal of Investing*, 18, 45-52.

Bianchi, R.J., Drew, M.E. and Walk, A.N. 2014a. The Time Diversification Puzzle: Why Trustees Should Care, *JASSA: The Finsia Journal of Applied Finance*, 1, 51-55.

Bianchi, R.J., Drew, M.E. and Walk, A.N. 2014b. Time Diversification and Contributions, *Academy of Taiwan Business Management Review*, 10(3), 75-83.

BlackRock, Inc. 2013. Global Allocation Model Portfolios. Available from: <https://www.blackrock.com/us/financial-professionals/investments/products/model-portfolios/global-allocation> [Accessed 15 November 2023].

Bentahar, O. and Cameron, R., 2015. Design and implementation of a mixed method research study in project management. *Electronic Journal of Business Research Methods*. 13(1), 13-15.

Beshears, J., Milkman, K. L. and Schwartzstein, J. 2016. Beyond beta-delta: The emerging economics of personal plans. *American Economic Review*, 106, 430-34.

Bower, P., Brueton, V., Gamble, C., Treweek, S., Smith, C.T., Young, B. and Williamson, P. 2014. Interventions to improve recruitment and retention in clinical trials: a survey and workshop to assess current practice and future priorities. *Trials*. 15(1), 399.

Brooks, C., Sangiorgi, I., Hillenbrand, C., and Money, K. 2018. Why are older investors less willing to take financial risk? *International Review of Financial Analysis*, 56, 52-72.

Baker, T. and Dellaert, B. 2017. Regulating Robo Advice Across the Financial Services Industry, *University of Pennsylvania Carey Law School, Faculty Scholarship at Penn Law*. 17(40), 610.

Barber, B. 2018. Professions and emerging professions, in J.C. Callahan (ed.) *Ethical Issues in Professional Life*, Oxford University Press, New York. 35-39.

Barnett, T. and Vaicys, C. 2018. 'The moderating effect of individual perceptions of ethical work climate on ethical judgments and behavioural intent', *Journal of Business Ethics*. 27(4), 351-362.

Bebeau, M.J. 2020. The Defining Issues Test and the four component model: Contributions to professional education, *Journal of Ethical Education*. 31(3), 271-295.

Beaman, L. 2017. CFPs scale the heights but still don't have the numbers, *Money Management Magazine*, 23.

Bennetto, L. 2015. 'FSR: Are we heading in the right direction', *Money Management Magazine*, 28-29.

Boekhorst, J. A. 2014. The role of authentic leadership in fostering workplace inclusion: A social information processing perspective. *Human Resource Management*, 54(2), 241–264.

Bigel, K. S. 2016, 'The correlations of professionalization and compensation sources with the ethical development of personal investment planners', *Financial Services Review*, 7(1), 223-236.

Bigel, K. 2000, The ethical orientation of financial planners who are engaged in investment activities: A comparison of United States practitioners based on professionalisation and compensation sources. *Journal of Business Ethics*, 28(4), 323-337.

Boatright, J. R. 2020, Ethics in Finance, Blackwell Publishers Ltd, Oxford. *American Business Law Journal*, 34, 217–238.

Bolton, R.N., McColl-Kennedy, J.R., Cheung, L., Gallan, A., Orsingher, C., Witell, L. and Zaki, M. 2018. Customer experience challenges: bringing together digital, physical and social realms. *Journal of Service Management*, 29(5), 776-808.

Botha, M., du Preez, L., Geach, W., Goodall, B., Rossini, L., 2019. *South African Financial Planning Handbook*. Johannesburg: Lexis Nexis.

Bowman, R. 2013. Understanding what it means to be a professional. *The Clearing House: A Journal of Educational Strategies, Issues, and Ideas*, 86(1), 17-20.

Braun, V. and Clarke, V. 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology*. 3(2), 77-101.

Brock, T. 2022. Financial advisor credentials. Available at: <https://www.investopedia.com/articles/personal-finance/060515/top-3-financial-advisor-credentials.asp> [Accessed 15 December 2023].

Brown, M. and Mitchell, M. 2010. Ethical and unethical leadership: Exploring new avenues for future research. *Business Ethics Quarterly*, 20(4), 583–616.

Brown, R. M. C. 2013. Have the professions lost the plot? *Living Ethics, Newsletter of St. James Ethics Centre*, 48(4), 6-7.

Bruce, K. 2018. Building the financial planning body of knowledge. *Financial Planning Research Journal*, 3(2), 47–67.

Bruce, K. and Gupta, R. 2011. The financial planning education and training agenda in Australia. *Financial Services Review*, 20, 61-74.

Bruining, N. 2014. 'Planners found to be liable over tax scheme loss', *The West Australian Newspaper*, Business News, 30.

Burwell, F.G. and Fleck, J. 2020. The Next Phase of Digitalization in Central and Eastern Europe: 2020 and Beyond. Atlantic Council. Available at: <http://www.istor.org/stable/resrep26698> [Accessed 15 November 2023].

Byrne, A. 2015. "Employee Saving and Investment Decisions in Defined Contribution Pension Plans: Survey Evidence from the U.K." *Financial Services Review* 16(1), 19–40.

Bryson, A. and Kleiner, M.M. 2019. Re-Examining Advances in Occupational Licensing Research: Issues and Policy Implications, *British Journal of Industrial Relations*, 57(4), 721-731. DOI: <https://doi.org/10.1111/bjir.12488>

Carse, D. 2019. *The Importance of Ethics in Banking*. A paper presented at 2nd International Conference on Banking Ethics, Hong Kong.

Cella, K. 2023. How financial advisors can redefine the client experience, *The Wall Street Journal*. Available at: <https://partners.wsj.com/edward-jones/future-of-financial-advice/how-financial-advisors-can-redefine-the-client-experience/> [Accessed 16 December 2023].

Chen, J. 2022. Investing and portfolio management. Understanding suitable. Available at: <https://www.investopedia.com/terms/s/suitable.asp> [Accessed 14 December 2023].

Cheng, M. Y. and Wang, L. 2015. The mediating effect of ethical climate on the relationship between paternalistic leadership and team identification: A team-level analysis in the Chinese context. *Journal of Business Ethics*, 129, 639–654.

CFA Institute. 2021. Code of Ethics and Standards of Professional Conduct. Available at: <https://www.cfainstitute.org/en/membership/professional-development/refresher-readings/code-ethics-standards-professional-conduct-l2> [Accessed 15 December 2023].

Chou, S. Y. 2019. The fourth industrial revolution digital fusion with internet of things. *Journal of International Affairs*. 72(1), 107-120. Available at:

<https://www.proquest.com/docview/2290089613?sourcetype=Scholarly%20Journals>  
[Accessed 15 November 2023].

CIPR & The Institutes Griffith Insurance Education Foundation. 2022. Available at: <https://naic.soutrounglobal.net/Portal/Public/en-GB/RecordView/Index/25483> [Accessed 14 December 2023].

Coalition Against Insurance Fraud. 2021. White paper. Available at: [https://www.sas.com/content/dam/SAS/en\\_us/doc/whitepaper2/coalition-against-insurance-fraud-the-state-of-insurance-fraud-technology-105976.pdf](https://www.sas.com/content/dam/SAS/en_us/doc/whitepaper2/coalition-against-insurance-fraud-the-state-of-insurance-fraud-technology-105976.pdf) [Accessed 14 December 2023].

Collis, J. and Hussey, R. 2014. *Business research: A practical guide for undergraduate and postgraduate students*. 4th edition. London: Palgrave Macmillan.

Connelly, D. 2020. Reasons Financial Advisors Should Invest in Education and Self-Development Early On. Available at: <https://donconnelly.com/4-reasons-financial-advisors-should-invest-in-education-and-self-development-early-on/> [Accessed 15 December 2023].

Consumer Financial Protection Bureau. 2015. *Financial well-being: the goal of financial education. Report*. Iowa City: Consumer Financial Protection Bureau.

Coughlan, R. 2001. An analysis of professional codes of ethics in the hospitality industry. *International Journal of Hospitality Management*, 20(2), 147-162.

Creswell, J.W. 2009. *Research design: Qualitative, quantitative, and mixed methods approaches*. Los Angeles: University of Nebraska–Lincoln.

Creswell, J.W. 2013. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage: London.

Crompton, R. 2020. Professions in the current context. *Work, Employment and Society* 4(5), 147–166.

Cruciani, C. 2017. *Investor decision-making and the role of a financial advisor: A behavioural finance approach*. Palgrave Pilot.

Cruciani, J. 2017. Issues and policy implications. *British Journal of Industrial Relations* 57(4), 721–731.

Currie, G., Richmond, J. and Faulconbridge J.R. 2019. Professional misconduct in healthcare: setting out a research agenda for work sociology. *Work, Employment and Society* 33(1), 149–161.

Cardak B. A. and Martin V. L. 2019. Once in a lifetime? The effects of the global financial crisis on household willingness to take financial risk. *Economic Record*, 95(311), 442–461. DOI: <https://doi.org/10.1111/1475-4932.12506>

Chavali. K. and Mohanraj M. 2016. Impact of demographic variables and risk tolerance on investment decisions: An empirical analysis. *International Journal of Economics and Financial Issues*, 6(1), 169–175.

Cuesta, M. B. and Budría, S. 2015. The effects of over-indebtedness on individual health. Available at: <http://ftp.iza.org/dp8912> [Accessed 15 November 2023].

Da, Z., Engelberg, J., and Gao, P. 2011. In Search of Attention. *The Journal of Finance*, 66(5), 1461–1499.

Dhiman, B. and Raheja, S. 2018. Do personality traits and emotional intelligence of investors determine their risk tolerance? *Management and Labour Studies*, 43(1-2), 88-99.

Dickason, Z. and Ferreira, S. J. 2018. Gender and behaviour: The effect of gender and ethnicity on financial risk tolerance in South Africa. *Gender and Behaviour*, 16(1), 10851-10862.

Dohmen, T. J., Falk, A., Huffman, D., Sunde, U., Schupp, J. and Wagner, G. G. 2011. Individual risk attitudes: New evidence from a large, representative, experimentally-validated survey. *Journal of the European Economic Association*, 9(3), 522–550.

Dawkins, S., Tian, A. W., Newman, A. and Martin, A. 2017. Psychological ownership: A review and research agenda. *Journal of Organizational Behaviour*, 38: 163–183

Dark, D. and Rix, M. 2015. Back to the future: Using the Ethical Climate Questionnaire to understand ethical behaviour in not for profits. *Asia Pacific Journal of Health Management*, 10(3), SI22–SI31.

Davis, W.F. 2023. Fee-only vs fee-based financial advisors. Available at: <https://www.linkedin.com/pulse/fee-only-vs-fee-based-what-everyone-missing-william-f-davis-cfp--c1x9e> [Accessed 15 December 2023].

De Angelis, C. D. 2015. Medical professionalism. *Journal of American Medical Association*, 31(3), 18-37.

Degeling, S. 2014. Fiduciary obligations, financial advisers and FOFA. Available at: [https://clmr.unsw.edu.au/sites/default/files/content\\_files/j04\\_v032\\_pt08\\_cslj\\_degeling\\_and\\_hudson.pdf](https://clmr.unsw.edu.au/sites/default/files/content_files/j04_v032_pt08_cslj_degeling_and_hudson.pdf) [Accessed 14 December 2023].

Demirtas, O. and Akdogan, A. A. 2015. The effect of ethical leadership behaviour on ethical climate, turnover intention, and affective commitment. *Journal of Business Ethics*, 130, 59–67.

De Rosa, G. P. 2006. Professionalism and Virtues. *Clinical Orthopaedics and Related Research*. 44(9), 28-33.

Djankov, S. and Saliola, F. 2019. The changing nature of work: The fourth Industrial revolution. *Journal of International Affairs*, 72(1), 69-76.

Dondi, M., 2023. Defining the skills citizens will need in the future world of work. *McKinsey & Company*, 10-19.

Duska, R.F. 2007. *Contemporary Reflections on Business Ethics*, Netherlands: Springer Dordrecht. 23, 245-266.

Duska, R.F. and Mitchell, J.A. 2006. Meeting of the Business and Organizational Ethics Partnership. 146(3), 703-721. Springer.

Ecker, J. 2023. Ethical standards by financial advisors. Available at: <https://www.investopedia.com/articles/professionals/071713/ethical-standards-you-should-expect-financial-advisors.asp> [Accessed 14 December 2023].

Egan, M., Matvos, G. and Seru, A. 2018, The market for financial adviser misconduct. *Journal of Political Economy*, Forthcoming. Available at: <https://ssrn.com/abstract=2739170> [Accessed 16 October 2023].

Epstein, R.M. and Hundert, E.M. 2002. Defining and assessing professional competence. *Journal of the American Medical Association*, 287(2), 226-235. DOI: <https://doi.org/10.1001/jama.287.2.226>

Evetts, J. 2013. The construction of professionalism in new and existing occupational contexts: promoting and facilitating occupational change. *International Journal of Sociological Society Policy*. 23(4/5), 22-35.

Evetts, J. 2018. Professions in turbulent times: Changes, challenges and opportunities. *Sociologia Problemas e Práticas*, 88, 43–59. Available at: <https://doi.org/10.7458/SPP20188814797>. [Accessed 11 December 2023].

European Systemic Risk Board. 2016. Macroprudential policy issues arising from low interest rates and structural changes in the EU financial system. Available at: [https://www.esrb.europa.eu/pub/pdf/reports/161128\\_low\\_interest\\_rate\\_report.en.pdf](https://www.esrb.europa.eu/pub/pdf/reports/161128_low_interest_rate_report.en.pdf) [Accessed 15 November 2023].

Eyal, G. 2020. *The Crisis of Expertise*. 1 ed. Cambridge: Polity Press.

FAIS Ombud. (2014) 2013-2014. Faisombud Annual Report. Available at: <https://www.faisombud.co.za/wp-content/uploads/files/publications/AR%202013-2014.pdf> [Accessed 13 October 2023].

Emily, A. Stone, Andrew, N. Bamji, 2019. Facial reconstruction in Italy during the First World War. *European Journal of Plastic Surgery*, 42(1), 75. DOI: <https://doi.org/10.1007/s00238-018-1448-6>

Foucault, M. 2019. Power: the essential works of Michel Foucault 1954-1984. Penguin UK. Available at: <https://www.penguin.co.uk/books/23075/power-by-foucault-michel/9780241435083> [Accessed 12 November 2023].

Federwisch, A. 2015. Ethical Issues in the Financial Services Industry. Available at: <https://www.scu.edu/ethics/focus-areas/business-ethics/resources/ethical-issues-in-the-financial-services-industry/> [Accessed 13 December 2023].

Financial Conduct Authority (FCA). 2015. Annual report and accounts. Available at: <https://www.fca.org.uk/publication/corporate/annual-report-2015-16.pdf> [Accessed 11 October 2023].

Financial Planning Standards Board (FPSB). 2020. Standards To Support Financial Planner Professionalism Available at: <https://www.fpsb.org/standards-for-the-profession/framework/> [Accessed 11 October 2023].

Financial Planning Standards Board (FPSB). 2022. CFP Professionals Worldwide. Available at: [https://www.fpsb.org/wp-content/uploads/2022/02/FPSB-Infographic\\_2.5.pdf](https://www.fpsb.org/wp-content/uploads/2022/02/FPSB-Infographic_2.5.pdf) [Accessed 11 August 2023].

Financial Planning Institute of Southern Africa (FPI). 2022. Code of Ethics and Professional Responsibility. Available at: <https://fpi.co.za/wp-content/uploads/2021/12/Code-of-Ethics-and-Professional-Responsibility-1.pdf> [Accessed 20 October 2023].

Fontinelle, A. 2023. Ethical Standards You Should Expect from a Financial Advisor. Available at: <https://www.investopedia.com/articles/professionals/071713/ethical-standards-you-should-expect-financial-advisors.asp> [Accessed 14 December 2023].

Freidson, E. 2021. *Professionalism, The Third Logic: On the Practice of Knowledge*. Chicago: University of Chicago Press.

Fritzsche, D.J. 2000. Ethical climates and the ethical dimension of decision-making, *Journal of Business Ethics*, 24(1), 125-140.

Fernandes, D., Lynch Jr, J.G. and Netemeyer, R.G. 2014. Financial literacy, financial education, and downstream financial behaviours. *Management Science*. 60, 1861-1883.

Fidelity Investments. (2013). Mutual Funds: Fidelity Balanced Fund, <http://fundresearch.fidelity.com/mutual-funds/composition/316345206> [Accessed 15 November 2023].

Fisher, P. 2019. Black-White differences in financial risk tolerance. *Journal of Financial Service Professionals*, 73(4), 70-82.

Fisher, P. J. and Yao R. 2017. Gender differences in financial risk tolerance. *Journal of Economic Psychology*, 61, 191-202.

Gerrans, P., Faff, R. and Hartnett, N. 2015. Individual financial risk tolerance and the global financial crisis. *Accounting & Finance*, 55(1), 165-185.

Guthrie, C. P. and Nicholls, C. M. 2015. The Personal Budget Project: A practical introduction to financial literacy. *Journal of Accounting Education*, 33, 138-163.

Goertzen, M.J. 2017. Introduction to Quantitative Research and Data. Applying quantitative methods to e-book collections: ALA TechSource., 12-18.

Grable, J.E. and Chatterjee, S. 2014. Reducing Wealth Volatility: The Value of Financial Advice as Measured by Zeta. *Journal of Financial Planning* 27, 45–51.

García, J.M. and Vila, J. 2020. Financial literacy is not enough: The role of nudging toward adequate long-term saving behaviour. *Journal of Business Rescue*. 112, 472–477.

Gardner, H. R., Albarquoni, L., El Feky, A., Gillies, K. and Treweek, S. 2020. A systematic review of non-randomised evaluations of strategies to improve participant recruitment to randomised controlled trials. *Research*, 9, 182.  
DOI: <https://doi.org/10.12688/f1000research.22182.1>

Ghosh, K. 2015. Benevolent leadership in not-for-profit organizations. *Leadership & Organization Development Journal*, 36(5), 592–611.

Gide, S., Wong, S., Press, F. and Davis, B. (2022). Cultural diversity in the Australian early childhood education workforce: What do we know, what don't we know and why is it important? *Australasian Journal of Early Childhood*, 47(1), 48–61.  
DOI: <https://doi.org/10.1177/18369391211057292>

Gill, C. 2018. 'Restoring consumer confidence in financial services', *International Journal of Bank Marketing*, 26(2), 148-152.

Godbout, T. 2021. "Young Adults, Minorities Lean on Social Media for Investing." National Association of Plan Advisors. Available at: [www.napa-net.org/news-info/daily-news/young-adults-minorities-lean-social-media-investing](http://www.napa-net.org/news-info/daily-news/young-adults-minorities-lean-social-media-investing) [Accessed 15 December 2023].

Guo, B. and Darnell, M. 2015. Time Diversification and Long-Term Asset Allocation, *Journal of Wealth Management*, 8, 65-76.

Gollier, C. 2020. 'Time diversification, liquidity constraints, and decreasing aversion to risk on wealth', *Journal of Monetary Economics*, 49, 1439-1459.

Hakim, L. and Dalli, C. 2018. To be professional is a never-ending journey': Indonesian early childhood practitioners' views about the attitudes and behaviours of a professional teacher. *Early Years*, 38(3), 244–257. DOI: <https://doi.org/10.1080/09575146.2016.1256275>

Hordern, J. 2016. Knowledge, practice, and the shaping of early childhood professionalism. *European Early Childhood Education Research Journal*, 24(4), 508-520.  
DOI: <https://doi.org/10.1080/1350293X.2014.975939>

Hair, J.F., Risher, J.J., Sarstedt, M. and Ringle, C.M. 2019. When to use and how to report the results of PLS-SEM. *European Business Review* 31, 2–24.

Hassan, M., Islam, M.A., Sobhani, F.A., Hassan, M.M. and Hassan, M.A. 2022. Patients' Intention to Adopt Fintech Services: A Study on Bangladesh Healthcare Sector. *International Journal of Environmental Research Public Health* 19, 15302.

Hartnett N., Gerrans P. and Faff R. 2019. Trusting clients' financial risk tolerance survey scores. *Financial Analysts Journal*, 75(2), 91-104.

Houghton C., Dowling M., Meskell P., Hunter A., Gardner H., Conway A. and Biesty L. M. 2020. Factors that impact on recruitment to randomised trials in health care: A qualitative evidence synthesis. *Cochrane Database of Systematic Reviews*, 2020. DOI: <https://doi.org/10.1002/14651858.MR000045.pub2>

Hsiao, B., Bhalla, S., Mattocks, K. and Fraenkel L. 2018. Understanding the factors that influence risk tolerance among minority women: A qualitative study. *Arthritis Care & Research*, 70(11), 1637-1645.

Health Care and Professions Council (HCPC), 2014. *Professionalism in healthcare professionals*. HCPC: London, 3-64.

Healy, K. 2022. The Importance of Lifelong Learning for Financial Advisors. Available at: <https://www.wealthmanagement.com/careers/importance-lifelong-learning-financial-advisors> [Accessed 14 December 2023].

Hsieh, H. H. and Wang, Y. D. 2016. Linking perceived ethical climate to organizational deviance: The cognitive, affective, and attitudinal mechanisms. *Journal of Business Research*, 69(9), 3600-3608.

Hemous, D. and Olsen M, 2018. Long-term relationships: Static gains and dynamic inefficiencies. *Journal of the European Economic Association*, 16(2), 383-435.

Hoyer, W.D., Kroschke, M., Schmitt, B., Kraume, K. and Shankar, V. 2020. Transforming the customer experience through new technologies. *Journal of Interactive Marketing*, 51(1), 57-71.

Hu, P., Murray, T.H. and Schwarz, M.R. 2000. A global profession: Medical values in China and the United States – Closing reflections. *Hastings Centre Report*, 30, 45–S47.

Hufnell, B. 2020. Fiduciary Vs. Non-Fiduciary financial advisors. Available at: <https://blog.baypointwealth.com/fiduciary-vs-non-fiduciary> [Accessed 15 December 2023].

Huneberg, S. 2017. Preventative measures of insurers against insurance fraud, University of Johannesburg, *Sabinet African Journals*. Available at: <https://journals.co.za/doi/pdf/10.10520/EJC-89e68e701> [Accessed 14 December 2023].

Irvine, S. and Price, J. 2014. Professional conversations: A collaborative approach to support policy implementation, professional learning and practice change in ECEC. *Australasian Journal of Early Childhood*, 39(3), 85–93. DOI: <https://doi.org/10.1177/183693911403900311>

Irvine, S., Thorpe, K., McDonald, P., Lunn, J. and Sumsion, J. 2016. Money, love and identity: Initial findings from the National ECEC Workforce Study. Queensland University of Technology, Australia. Available at: <https://eprints.qut.edu.au/101622/> [Accessed 13 December 2023].

International Organisation for Standardisation (ISO). 2015. ISO and international standardisation Available at: [https://www.iso.org/files/live/sites/isoorg/files/about%20ISO/annual reports/en/annual report\\_2005.pdf](https://www.iso.org/files/live/sites/isoorg/files/about%20ISO/annual%20reports/en/annual_report_2005.pdf) [Accessed 10 October 2023].

James, M. 2023. Ethical Standards. Available at: <https://www.investopedia.com/articles/professionals/071713/ethical-standards-you-should-expect-financial-advisors.asp> [Accessed 15 December 2023].

Joseph, R., Keller, C. and Ainsworth, B. 2016. Recruiting participants into pilot trials: techniques for researchers with shoestring budgets. *Californian Journal of Health Promotion*, 14(2), 81-89.

Ji, M. 2017. Are robots good fiduciaries? Regulating robo-advisors under the investment advisers act of 1940, *Columbia Law Review*, 117(6), 543-583.

Joseph, A.B., Chidozie, M., Adetutu, O., Balogun, U.O. and Omid A. 2017. Nigerian physiotherapists' knowledge and attributes of professionalism. *Cogent Medicine*, 4(1), 1382181.

Kagan, J. 2023. Fiduciary Definition: Examples and Why They Are Important. Available at: <https://www.investopedia.com/terms/f/fiduciary.asp> [Accessed 14 December 2023].

Kane, G. 2019. The technology fallacy: people are the real key to digital transformation. Research. *Technology Management*, 62(6), 44-49.

Katterbauer, K. and Moschetta, P. 2022. A robo-advisory framework for Islamic and Environmental, Social and Governance (ESG) compliance – A benchmark study on the S&P 500 stock index. *Journal of Muamalat and Islamic Finance Research*. 19(1), 34-46.

Kaur, K. and Sandhu, H.S. 2010. Career stage effect on organizational commitment: Empirical evidence from Indian banking industry. *International Journal of Business and Management*, 5(12), 141-152.

Kenalty, B. 2023. How advisors win the great wealth transfer. Available at: <https://www.reachstack.com/blog/financial-education/financial-education-how-advisors-win-the-great-wealth-transfer/> [Accessed 13 December 2023].

Kitchener, K.S. 2020. Foundations of Ethical Practice, Research, and Teaching in Psychology. Mahaw: Lawrence Erlbaum Associates.

Kish-Gephart, J., David, A., Harrison, L. and Treviño, K. 2010. Bad apples, bad cases, and bad barrels: Meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, 95(1), 1-31.

Klier, J., 2021. *Defining the skills citizens will need in the future world of work*. Australia: McKinsey and Company. Available at: <https://www.mckinsey.com/industries/public-sector/our-insights/defining-the-skills-citizens-will-need-in-the-future-world-of-work> [Accessed 21 October 2023].

Kohlberg, L. 2016. Moral Stages and Moralization: The Cognitive-Development Approach. In T. Lickona (Ed.), *Moral Development and Behaviour: Theory and Research and Social Issues*. 31-53.

Koumenta, M. and Pagliero, M. 2019. Occupational regulation in the European Union: coverage and wage effects. *British Journal of Industrial Relations*, 57(4), 818–849.

Kuehner-Hebert, K. 2022. Wealth transfer equals opportunity for advisors. Available at: <https://proactiveadvisormagazine.com/wealth-transfer-equals-opportunity-for-advisors/> [Accessed 14 December 2023].

Kumar, V. and Reinartz, W. 2016. Mapping the Boundaries of Marketing: What Needs to Be Known *Journal of Marketing*, 80(6), 36-68.

Koekemoer, Z. 2018. The influence of demographic factors on risk tolerance for South African investors. *Proceedings of the International Academic Conferences*, 6408640. International Institute of Social and Economic Sciences.

Lautenschlager, S. 2015. Monitoring, regulation and self-regulation in the European banking sector. European Central Bank, Germany.

Leicht, K.T. 2016. Market fundamentalism, cultural fragmentation, post-modern scepticism, and the future of professional work. *Journal of Professions and Organization*, 3(1), 103-117.

Loviscky, G.E., Trevino, L.K. and Jacobs, R.R. 2007. Assessing managers ethical decision making: An objective measure of managerial ethical judgment, *Journal of Business Ethics*, 73, 263-285.

Liamputtong P. 2017. The science of words and the science of number. In: Liamputtong P, editor. *Research methods in health: foundations of evidence-based practice*. 3rd ed. South Melbourne: Oxford University Press, 3–27.

Lei, S. 2018. Financial advice and individual investors' investment decisions. *Applied Economics Letters*, 26(13), 1129-1132.

Lunn, J., Irvine, S., Sullivan, V. and Thorpe, K. 2021. Educators reflecting on sleep and rest time dilemmas in ECEC: Where is the 'critical' in reflective practices? *The Australian Educational Researcher*, 48(4), 697-719.

Lusardi, A. 2015. Financial literacy skills for the 21st century: evidence from PISA. *Journal Consumer Affiliation*, 49(3), 639–659. DOI: <https://doi.org/10.1111/joca.12099>

Lusardi, A. and Mitchell, O.S. 2011. Financial literacy and Planning: Implications for Retirement Well-being. In Mitchell, O. S. and Lusardi, A. (eds). *Financial Literacy: Implications for Retirement Security and the Financial Marketplace*. Oxford and New York: Oxford University Press. 17–39.

Lusardi, A. and Mitchell, O.S. 2014. The economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1), 5-14.

- Monk, H. and Phillipson, S. 2017. Early childhood educators' experiences and perceptions of professionalism and professionalisation in the Asian context. *Asia-Pacific Journal of Teacher Education*, 45(1), 3-32.
- McDonald, P., Irvine, S. and Thorpe, K. 2018. Low pay but still we stay: Retention in early childhood education and care. *Journal of Industrial Relations*, 60(5), 647-668.
- Mckinlay, S., Irvine, S. and Farrell, A. 2018. What Keeps Early Childhood Teachers Working in Long Day Care? Tackling the Crisis for Australia's Reform Agenda in Early Childhood Education and Care. *Australasian Journal of Early Childhood*, 43(2), 32-42.
- Madakkatel, I., Chiera, B. and McDonnell, M.D. 2019. Predicting Financial Well-Being Using Observable Features and Gradient Boosting. *Australasian Joint Conference on Artificial Intelligence*, Springer, 228-239.
- Mahlanza, T.J. 2015. Factors Influencing Retirement Savings Intentions in Botswana. Unpublished Doctoral Dissertation, Deakin University, Melbourne, Australia.
- Mishra, R. 2018. Financial literacy, risk tolerance and stock market participation. *Asian Economic and Financial Review*, 8(12), 1457-1471.
- Mohidin, R., Jamal, A. A. A., Geetha, C., Sang, L. T., Karim, M. R. A., Abdul Karim, M. 2013. Revisiting the relationship between attitudes and retirement planning behaviour: A study on personal financial planning. *International Journal of Multidisciplinary Thought* 3, 449-461.
- MacFarlan A. W., Zick C.D., 2019. Financial advisor titles: Informational complexity and the role of regulatory simplification. *Journal of CConsumer Affairs*, 54(2), 801-809.
- Manroop, L. 2015. Human resource systems and competitive advantage: An ethical climate perspective. *Business Ethics: A European Review*, 24(2), 186-204.
- Marcinkowska, M. 2013. Regulation and self-regulation in banking: in search of optimum, *Bank Kredyt*, 44(2), 119-158.
- Martin, J.W. 2021. *Lean Six Sigma for the Office: Integrating Customer Experience for Enhanced Productivity*. Productivity Press.

Masthead.. 2018.. New Financial Product Categories and Tiers, Media article. Available at: <https://www.masthead.co.za/new-financial-product-categories-tiers/> [Accessed 15 December 2023].

Matchaba-Hove, T. 2018. South African financial planners' perceptions on professionalism: an exploratory study. *International Journal of Financial Services Management*, 9(3), 288-302.

Miller, S. 2020. 'Model Code of Ethics Principles', a paper prepared for the Professional Standards Council. Professional Standards Council, Sydney.

Moneyweb, 2023. The benefits of using a financial advisor. Available at: <https://www.moneyweb.co.za/financial-advisor-views/the-benefits-of-using-a-financial-advisor/> [Accessed 15 November 2023].

Moonstone, 2020. Advisor client relationship. Available at: <https://www.moonstone.co.za/adviser-client-relationship-establish-proper-emotional-boundaries-to-safeguard-yourself-2/> [Accessed 14 October 2023].

Morgan Stanley, 2021. Holistic Approach to Investing with Impact. Morgan Stanley Smith Barney. Available at: <https://advisor.morganstanley.com/the-sapient-wealth-management-group/documents/field/s/sa/sapient-wealth-management-group/Investing-with-Impact-Framework.pdf> [Accessed 11 October 2023].

Nadeem, A., Abedin, B., Cerpa, N. and Chew, E., 2018. Digital transformation and digital business strategy in electronic commerce – the role of organizational capabilities. *Journal of Theoretical and Applied Electronic Commerce Research*, 13(2), 1-8.

Namazi, H., 2018. Ten Criticisms on Professionalism. *International Journal of Body Mind and Culture*, 5(2), 67-69.

Neal, M. and Morgan, L. 2015. The Professionalization of Everyone? A Comparative Study of the Development of the Professions in the United Kingdom and Germany. *European Sociological Review*, 16(1), 9-26.

Nepomuceno, M. V. and Laroche, M. 2015. The impact of materialism and anti-consumption lifestyles on personal debt and account balances. *Journal of Business Research*, 68, 654-664.

- Nga, K.H. and Yeoh, K.K. 2018. An exploratory model on retirement savings behaviour: A Malaysian study. *International Journal of Business. Society* 19, 637–659.
- Nguyen L., Gallery G. and Newton C. 2019. The joint influence of financial risk perception and risk tolerance on individual investment decision-making. *Accounting & Finance*, 59(S1), 747-771.
- Nitin, B., Abhilas, D., Aishwarya, D., Lipsa, D., Siddharth, M. and Supriyo, G. 2019. Robo-Advisory: An Investor's Perception. *International Journal of Psychosocial Rehabilitation*, 23(3), 1-11.
- North Atlantic Treaty Organisation (NATO). 2019. The Secretary General's Annual Report 2019. NATO Head Quarters Brussels. Available at: [https://www.nato.int/cps/en/natohq/opinions\\_212795.htm](https://www.nato.int/cps/en/natohq/opinions_212795.htm) [Accessed 14 November 2023].
- Nunn, R. and Scheffler, G. 2019. Occupational licensing and the limits of public choice theory. *Administrative Law Review Accord. University of Pennsylvania Carey Law School*. 4(2), 26–41.
- Omarova, S. 2010. Rethinking the future of self-regulation in the financial industry, *Brooklyn Journal of International Law*, 35(3), 666-706.
- Organisation for Economic Co-operation and Development (OECD). 2014. PISA 2012 results: students and money. Financial literacy skills for the 21st century. Paris: OECD Publishing. Available at: <https://www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf> [Accessed 16 November 2023].
- Overton, R. H. 2018. Theories of the financial planning profession. *Journal of Personal Finance*, 7(1), 13-41.
- Panyagometh, K. 2021. Asset Allocation, Time Diversification and Portfolio Optimization for Retirement, *Technology and Investment*, 2, 92-104.
- Pascual, L. and Ruiz, E. 2022. 'Bootstrapping financial time series', *Journal of Economic Surveys*, 16, 271-300.
- Pástor, L. and Stambaugh, R.F. 2018. Are Stocks Really Less Volatile in the Long Run? *Journal of Finance*, 67, 431-477.

Peterson, D.K. 2002. The relationship between unethical behaviour and the dimensions of the ethical climate questionnaire, *Journal of Business Ethics*, 41, 313-326.

Philbeck, T. and Davis, N. 2019. The fourth industrial revolution shaping a new era. *Journal of International Affairs*, 72(1), 17-22.

Phillips, S.P. and Dalgarno, N. 2017. Professionalism, professionalization, expertise and compassion: a qualitative study of medical residents. *BMC Medical Education*. 17, 21.

Pollitzer, E. 2019. Creating a better future: four scenarios for how digital technologies could change the world. The fourth industrial revolution. *Journal of International Affairs*, 72(1), 75-90.

PSG Wealth. 2022. What is financial planning? Available at: [https://www.psg.co.za/financialadvice?utm\\_source=GoogleAds&utm\\_medium=Search&utm\\_campaign=Flume\\_Search&campaignid=16530480170&adgroupid=135727060513&qad\\_source=1&gclid=CjwKCAiAkp6tBhB5EiwANTCx1LW3luhm0o4G4Tqw9OnkAyQMzM3FnHxuug4T05YEvZ7okyVHPxWpLhoC-TUQAv](https://www.psg.co.za/financialadvice?utm_source=GoogleAds&utm_medium=Search&utm_campaign=Flume_Search&campaignid=16530480170&adgroupid=135727060513&qad_source=1&gclid=CjwKCAiAkp6tBhB5EiwANTCx1LW3luhm0o4G4Tqw9OnkAyQMzM3FnHxuug4T05YEvZ7okyVHPxWpLhoC-TUQAv) [Accessed 16 October 2023].

Patel, M.X., Doku, V., Tennakoon, L. 2015. Challenges in recruitment of research participants. *Advances in Psychiatric Treatment*. 9(3), 229-38.

Pinjisakikool, T. 2017. The influence of personality traits on households' financial risk tolerance and financial behaviour. *Journal of Interdisciplinary Economics*, 30(1), 32-54.

Queirós, A., Faria, D. and Almeida, F. 2017. Strengths and limitations of qualitative and quantitative re-search methods. *European Journal of Education Studies*.

Rabbani, A. B., Yao, Z., and Wang, C. 2019. Does personality predict financial risk tolerance of pre-retiree baby boomers? *Journal of Behavioural and Experimental Finance*, 23, 124-132.

Ribstein, L. 2005. Fencing fiduciary duties. Available at: <https://www.bu.edu/law/journals-archive/bulr/documents/ribstein.pdf> [Accessed 14 December 2023].

Rossouw, D. 2005. *Business ethics*. 3<sup>rd</sup> edition. Oxford, New York. Oxford University Press.

Sachs, J. 2016. Teacher professionalism: Why are we still talking about it? *Teachers and Teaching*, 22(4), 413–425.

Shtudiner, Z. 2018. Risk tolerance, time preference and financial decision-making: Differences between self-employed people and employees. *Modern Economy*, 9(12), 2150–2163.

Shen, S., Sam, A. G. and Jones, E. 2014. Credit card indebtedness and psychological well-being over time: empirical evidence from a household survey. *Journal of Consumer Affairs*, 48, 431-456.

Sanlam, 2021. Sanlam benchmark: Compelling insights, impactful research. Available at: <https://www.sanlam.co.za/corporate/retirement/benchmarksurvey/Documents/Research-Insights-Report-2021.pdf> [Accessed 13 October 2023].

Sanusi, J.O. 2010. Ethics and Professionalism in Banking. A past Experience and Challenges for Industry Operators in Nigeria, *Annual Dinner: CIBN*, 2000, 3-7.

Saunders, M. and Tosey, P. 2019. The Layers of research design. Available at: <https://www.csd.uoc.gr/~hy109/resources/layers.pdf> [Accessed 15 November 2023].

Saunders, M. N. K., Lewis, P. and Thornhill, A. 2012. *Research methods for business students*, Harlow, Essex, England, Pearson Education Limited.

Schallmo, D.R. and Williams, C.A. 2018. Digital transformation now! Guiding the successful digitalization of your business model. Springer.

Schmitt, K.R. 2022. Career in financial planning. Available at: <https://www.investopedia.com/articles/financialcareers/06/financialplanningquiz.asp> [Accessed 15 December 2023].

Social Research Centre.. 2022. Early Childhood Education and Care National Workforce Census (D17/1694593). Australian Government Department of Education. Available at: <https://www.education.gov.au/child-care-package/early-childhood-data-and-reports/national-workforce-census>. [Accessed 15 November 2023].

Schyns, B. and Schilling, J. 2013. How bad are the effects of bad leaders? A meta-analysis of destructive leadership and its outcomes. *Leadership Quarterly*, 24(1),138-158.

Sendhil, M. Noeth, M. and Schoar, A. 2012. The market for financial advice: An audit study, *NBER Working paper* 17929.

Singh, A. and Hess, T. 2020. How chief digital officers promote the digital transformation of their companies. In Galliers, R.D., Leidner, D.E. and Simeonova, B. (eds). *Strategic Information Management*. Routledge, 202-220.

South African Independent Financial Advisors Association (SAIFAA). 2022. SAIFAA. Available at: <https://saifaa.co.za/articles/page/3/> [Accessed 16 October 2023].

Schubert, S. 2023. A situational judgement test of professional behaviour: development and validation. *National Library of Medicine*. 30(5), 528-33.

Schueffel, P. 2016. Taming the Beast: A Scientific Definition of Fintech, *Journal of Innovation Management*, 4(4), 32-54.

Schweitzer, M.E., Ordonez, L. and Douma, B. 2014. Goal setting as a motivator for unethical behaviour. *Academy of Management Journal*, 47, 422-432.

Sheldon, P.J. 2019. Professionalism in tourism and hospitality. *Annals of Tourism Research*, 16(4), 492-503.

Smith, J. 2013. Planning errors point to reform. *Financial Planning Magazine*, 6(4), 79-90.

Smith, J., Armstrong, A. and Francis, R. 2017, 'Professionalism and ethics in financial planning', *Journal of Business Systems, Governance & Ethics*, 2(1), 1-10.

Stofberg, F. 2022. Holistic financial advice: The key to wealth, health and happiness. Available at: <https://www.efgroup.co.za/news/holistic-financial-advice-the-key-to-wealth-health-and-happiness/> [Accessed 11 October 2023].

Swing, S.R. 2017. The Accreditation Council for Graduate Medical Education outcome project: retrospective and prospective Medical Teacher. *National Library of Medicine*. 29(7), 648-654. Available at: <https://pubmed.ncbi.nlm.nih.gov/18236251/> [Accessed 14 October 2023].

Taherdoost, H., Sahibuddin, S. and Jalaliyoon, N. 2014. Exploratory Factor Analysis; Concepts and Theory. *Advances in Applied and Pure Mathematics*, 27 375-382.

Taherdoost, H. 2016a. How to Design and Create an Effective Survey/Questionnaire: A Step by Step Guide. *International Journal of Academic Research in Management*, 5(4), 37-41.

Taherdoost, H. 2016b. Sampling Methods in Research Methodology: How to Choose a Sampling Technique for Research. *International Journal of Academic Research in Management*,, 5(2), 18-27.

Taherdoost, H. 2016c. Validity and Reliability of the Research Instrument; How to Test the Validation of a Questionnaire/Survey in a Research. *International Journal of Academic Research in Management*. 5(3), 28-36.

Taherdoost, H. 2017. Determining Sample Size; How to Calculate Survey Sample Size. *International Journal of Economics and Management Systems*, 2, 237-239.

Taherdoost, H. 2020. Different Types of Data Analysis; Data Analysis Methods and Techniques in Research Projects. *International Journal of Academic Research in Management*,, 9(1), 1-9.

Taherdoost, H. 2021. *Handbook on Research Skills: The Essential Step-By-Step Guide on How to Do a Research Project*. Amazon Kindle.

Thakur, R., Hale, D. and AlSaleh, D. 2020. Retirement planning: Its application to marketing practices. *Health Mark*, Q. 37, 91-107.

Treweek, S., Pitkethly, M., Cook, J., Fraser, C., Mitchell, E., Sullivan, F. and Gardner, H. 2018. Strategies to improve recruitment to randomised trials. *Cochrane Database of Systematic Reviews*, 20, 182.

Tepper, B. J. 2020. Consequences of abusive supervision. *Academy of Management Journal*, 43(2), 178–190. Available at: <https://psycnet.apa.org/doi/10.2307/1556375> [Accessed 15 November 2023].

Thorne, L. 2016, 'The Development of Two Measures to Assess Accountants' Prescriptive and Deliberative Ethical Reasoning', *Behavioural Research in Accounting*, 12, 140-169.

Tseng, F.C. and Fan, Y.J. 2011. Exploring the influence of organizational ethical climate on knowledge management. *Journal of Business Ethics*, 101(2), 325–342. Available at: <https://philpapers.org/rec/TSEETI> [Accessed 16 October 2023].

Tracy, S. J. 2010. Qualitative quality: Eight “big-tent” criteria for excellent qualitative research. *Qualitative inquiry*, 16, 837-851.

Trevino, L. K., Butterfield, K. D. and McCabe, D. 2018. The ethical context in organizations: Influences on employee attitudes and behaviours, *Business Ethics Quarterly*, 8(3), 447-476.

Trevino, L.K., Weaver G. R. and Reynolds, S. J. 2016. Behavioural ethics in organizations: A review, *Journal of Management*, 32(6), 951-990.

Ugo, A. Carlo, C. and Giovanna, V. 2019. The First Outstanding 50 Years of “Università Politecnica delle Marche”. 45-58.

Vaidya, D., 2022. *Wall Street Mojo*. Available at: <https://www.wallstreetmojo.com/professionalism/> [Accessed 15 October 2023].

Van Gramberg, B. and Menzies, J. 2016. ‘Ethical decision making of HR managers: Juxtaposing ethical egoism, the interests of the firm and employees’, Working Paper Series, School of Management, Victoria University, Melbourne. Working Paper No. 1, 1-11.

Velasquez, M., Andre, C. and Meyer, T.M.J. 2023. ‘A framework for ethical decision making’, *Markkula Centre for Applied Ethics*, Available at: <http://www.ethics@scu.edu/ethics/practising/decision/framework.html> [Accessed 27 October 2023].

Vessenes, K. 2019, ‘Avoiding lawsuits based on conflicts of interest’, *Journal of Financial Planning*, 10(6), 22.

Victor, B. and Cullen, J.B. 2001. The organizational bases of ethical work climates, *Administrative Science Quarterly*, 33, 101-125. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1130467](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1130467) [Accessed 16 November 2023].

Van den Brink, M. J., Hummel, M., Lemstra, M., Berger, M. Y., Dekker, J. H. and Blanker M. H. 2020. Factors affecting patient recruitment to trials: qualitative research in general practice. *BJGP Open*, 4(3), 18.

Van Schor, I. 2021. Professionalism in financial planning. *FA News Magazine*. Available at: <https://www.fanews.co.za/article/magazine-archives-fanews-fanuus/60/practice-management/1314/professionalism-in-financial-planning/9862>. [Accessed 14 December 2023].

Wardoyo, C., Herdiani, A., Susilowati, N. and Harahap, M.S. 2020. Professionalism and professionalization of early stage teachers in higher education, *Journal of Applied Research in Higher Education*. 12(5), 1175-1187.

Warchlewska, A. 2020. Attitudes towards artificial intelligence in the area of personal financial planning: a case study of selected countries. *Entrepreneurship and Sustainability Issues*, 8(2), 399-420.

Wilkinson, J. 2016. FSR will not fix industry: ACA/ASIC, *Money Management Magazine*, 3-4.

Wisner, D. 2021. Generational wealth and client education. Available at: <https://proactiveadvisormagazine.com/author/wisner/> [Accessed 15 December 2023].

Wolak, F. 2015. How should financial markets be regulated? *International Banker*, Summer. *Journal of Financial Intermediation*, 19(3), 373-386.

Wolthuizen, C. 2023. Professionalising the planners: A first step towards quality financial advice. *Living Ethics, Newsletter of St. James Ethics Centre*, 52(4), 101-105.

Wood, W. H., 2012. Role of the financial advisor. In: S.G. Feldsein and F.J. Fabozzi (eds). *The Handbook of Municipal Bonds*. John Wiley and Sons.

World Health Organization. 2010. Framework for action on interprofessional education & collaborative practice. Available at: [http://whqlibdoc.who.int/hq/2010/WHO\\_HRH\\_HPN\\_10.3\\_eng.pdf](http://whqlibdoc.who.int/hq/2010/WHO_HRH_HPN_10.3_eng.pdf) [Accessed 14 October 2023].

Xiao, J. J. and O'Neill, B. 2018. Mental accounting and behavioural hierarchy: Understanding consumer budgeting behaviour. *International Journal of Consumer Studies*, 42, 448-459.

Yin, Y. and Özding, Y. 2018. Budget over health unless overweight: A Solomon four-group study. *International Journal of Consumer Studies*, 42, 232-240.

Zaki, M. 2019. Digital transformation: harnessing digital technologies for the next generation of services. *Journal of Services Marketing*, 33(4), 429-435.

# APPENDICES

## Appendix 1: Ethical Clearance



18 September 2023

**Buyisiwe Angeline Ngcongco (202517659)**  
Grad School Of Bus & Leadership  
Westville Campus

Dear BA Ngcongco,

**Protocol reference number:** HSSREC/00006173/2023

**Project title:** To explore professionalism and business ethics of the financial advisors and compliance officers in Durban

**Degree:** Masters

### Approval Notification – Expedited Application

This letter serves to notify you that your application received on 06 September 2023 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

**Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.**

This approval is valid until 18 September 2024.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

### Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: [hssrec@ukzn.ac.za](mailto:hssrec@ukzn.ac.za) Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

INSPIRING GREATNESS

## Appendix 2: Gatekeeper's Letter



Our ref.: Ngcongo B research request14

August 2023

Chair of the Ethics Committee  
Graduate School of Business & Leadership  
College of Law and Management Studies  
University of KwaZulu-Natal  
Durba  
n4001

Dear Sir/Madam

### **Permission to use Financial Planning Institute of Southern Africa (FPI) site for a research study by Ms. Buyisiwe Ngcongo: Student Number 202517659**

This letter serves to inform you that the Financial Planning Institute of Southern Africa has approved the gatekeeper's request from Buyisiwe Ngcongo (Ms.) to conduct her research towards the Master of Business Administration degree.

The request is to collect data for a research study titled "To explore professionalism and business ethics of the financial advisors and compliance officers in Durban."

We inform you of the approval of this request and assure Ms. Ngcongo of our cooperation and support towards her research. We believe the outcomes of this research may contribute to Financial Planning Institute of Southern Africa's objectives of enhancing the financial planning industry and its overall growth.

Ms. Ngcongo must adhere to FPI's data collection, processing and handling conditions, ethical considerations, data sensitivity and governance requirements when conducting the research. Furthermore, she is expected to share the findings and recommendations on completion of her research.

Wishing Ms. Ngcongo all the best in her studies.

Regards



**KOBUS OOSTHUIZEN  
LEGAL COUNSEL**

[legal@fpi.co.za](mailto:legal@fpi.co.za)



Financial Planning Institute of Southern Africa  
Non-Profit Company | Reg no. 2004/028055/08

84 Sophia Street Cnr 11th Avenue, Fairland,  
Johannesburg, 2170 / PO Box 6493,  
Weltevredenpark, 1715

+27 11 470 6000  
info@fpi.co.za  
www.fpi.co.za

## Appendix 3: Introductory Letter

### Information Sheet to Participate in Research

Date: 31/10/2023

Dear Financial Advisor,

My name is Buyisiwe Angeline Ngongo from the UKZN Graduate School of Business and Leadership. My contact details are as follows: [REDACTED] and [buyi@signalwealth.co.za](mailto:buyi@signalwealth.co.za) or 202517659@stu.ukzn.ac.za.

UKZN Graduate School of Business and Leadership supervisors are:  
Prof. Macdonald Kanyangale - kanyangalem@ukzn.ac.za

You are being invited to consider participating in a study that involves the exploration of professionalism and business ethics of the financial advisors and compliance officers in Durban. The aim of this research is to identify the common types and nature of unethical conduct of financial advisors, in the provision of financial advice to consumers in KwaZulu-Natal, to evaluate the perceptions of financial advisors and compliance officers of the current ethical issues they face in their respective roles within financial services organisations in KwaZulu-Natal and to propose an ethical decision-making framework for effective financial advisors in Durban.

The study is expected to enrol financial advisors and compliance officers at financial advisory companies based in Durban. Interviews will continue until data saturation is reached. It will involve a semi-structured interview and a member check at the end of the process, where the transcript of the interview will be shared with you for your approval. The duration of your participation is expected to be for a period of one year.

I do not foresee the study having any risks or discomforts. I hope that the study will contribute a framework for authentic leadership which is currently missing in the existing literature, and that it will also benefit the financial advisory profession.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number HSSREC/00006173/2023).

In the event of any problems or concerns/questions you may contact the researcher at [REDACTED] and [buyi@signalwealth.co.za](mailto:buyi@signalwealth.co.za) and 202517659@stu.ukzn.ac.za. Or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

### **HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

**Research Office, Westville Campus  
Govan Mbeki Building**

Private Bag X 54001  
Durban  
4000  
KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557- Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

## Appendix 4: Informed Consent

### CONSENT

I (Name) have been informed about the study entitled: the exploration of professionalism and business ethics of the financial advisors and compliance officers in Durban.

I understand the purpose and procedures of the study.

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

If I have any further questions/concerns or queries related to the study, I understand that I may contact the researcher at [REDACTED] [REDACTED] and [buyi@signalwealth.co.za](mailto:buyi@signalwealth.co.za) or [202517659@stu.ukzn.ac.za](mailto:202517659@stu.ukzn.ac.za).

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers, then I may contact:

**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**  
**Research Office, Westville Campus**  
**Govan Mbeki Building**

Private Bag X 54001  
Durban  
4000  
KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557 - Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

I hereby provide consent to:

Audio-record my interview    YES / NO

\_\_\_\_\_  
**Signature of Participant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Witness**  
**(Where applicable)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Translator**  
**(Where applicable)**

\_\_\_\_\_  
**Date**

## **Appendix 5: Interview Schedule**

### **Interview Schedule**

#### **EXPLORING PROFESSIONALISM AND BUSINESS ETHICS OF THE FINANCIAL ADVISORS AND COMPLIANCE OFFICERS IN DURBAN**

**Objective 1 – To identify the common types and nature of unethical conduct of financial advisors, in the provision of financial advice to consumers in KwaZulu-Natal.**

- 1.1 According to you, what do you think is unethical conduct by financial advisor? Give me at least three key examples according to your experience?
- 1.2 Tell me, what do you consider to be the common type of unethical conduct of financial advisors when providing financial advice to consumers in KwaZulu-Natal? Give me three examples elaborating on what happened and what the consequences were to the financial advisor? What about consequences to the customer?
- 1.3 According to you, what do you think causes unethical conduct among financial advisors in KwaZulu-Natal? Give me four causes and examples of each cause.
- 1.4 Given the different examples you have told me, what challenges do financial advisors face that lead to unethical conduct? (Probe to get details of the nature, frequency, and impact of the challenge on the financial advisor, organisation, and customer.)
- 1.5 How can the challenges be addressed according to you? Give me three possible solutions?
- 1.6 According to you, what is professionalism when it comes to the role of financial advisors in KwaZulu-Natal?

**Objective 2 – To evaluate the perceptions of financial advisors and compliance officers of the current ethical issues they face in their respective roles within financial services organisations in KwaZulu-Natal.**

- 1.1 As a financial advisor/ compliance officer, what are your perceptions or views on the current ethical issues you face in your role within financial services in KwaZulu-Natal? Give me your views/perceptions?
- 1.2 According to you, what support is given to financial advisors/compliance officers to deal with the ethical challenges of their roles? Give me examples of the type of support you get from your organisation? Is there any external support that you get to address the ethical challenges of your work? Give me examples of the support and its results.
- 1.3 According to you, what is missing in your organisation to help financial advisors and compliance officers deal effectively with unethical challenges of their roles? Give me three examples.
- 1.4 To what extent do you think unethical issues are affecting the work of financial advisors and compliance officers in KwaZulu-Natal? Please elaborate with examples.

**Objective 3 - To propose an ethical decision-making framework for effective financial advisors in Durban**

- 3.1 According to you and the experience that you have, what do you think are the key elements which make up the ethical decision-making framework to assist financial advisors? Tell me which elements are necessary? Why do you think so?
- 3.2 At the moment, which elements are missing to help financial advisors make ethical decisions? Give me three elements, and elaborate.

- 3.3 If you were asked to put together a framework of ethical decision-making for financial advisors in KwaZulu-Natal, what would you include and why? Tell me each of the elements and why you think they would be helpful.
- 3.4 Lastly, do you have anything to add or any comment to make regarding the business ethics and professionalism of financial advisors and compliance officers?

## Appendix 5: Confirmation of Editing

*Geraldine Coertze*  
*Independent Communications Consultant*  
*Language Practitioner -*  
*English Language Academic Editor*

### Certificate of Academic Editing

**Author:** Buyiswe Angeline Ngcongco

**Date:** 23 August 2024

**Document type:** Masters Dissertation

**Discipline:** Business Administration

**Academic supervisor:** Prof MacDonald Kanyangale


**Institution:** University of KwaZulu-Natal

**Dissertation title:** To explore professionalism and business ethics of the financial advisors and compliance officers in Durban

This document serves to certify that the above dissertation was language edited after examination. Assistance was provided with the Table of Contents, List of Tables, List of Figures and layout.

The dissertation was returned to the author with tracked changes and comments. It was the responsibility of the author to accept or reject changes and to attend to issues raised in the comments.

  
Ms Geraldine Coertze

**Address:** Pelham, Pietermaritzburg 

*Individual member: South African Translators' Association*  
*Associate member: Professional Editors' Guild (SA)*  
*Entry-level member: Chartered Institute of Editing and Proofreading (UK)*  
*Full member: South African Communication Association*  
*Highest qualification: MSocSc (CCMS), UKZN*

## Appendix 6: Turnitin Report

### Turnitin Originality Report

- Processed on: 08-Aug-2024 4:44 PM CAT
- ID: 2286752080
- Word Count: 71578
- Submitted: 10

MBA Dissertation - Buyisiwe Ngcongo By Buyisiwe Ngcongo

Similarity Index

10%

#### Similarity by Source

Internet Sources:

7%

Publications:

2%

Student Papers:

6%

include quoted include bibliography excluding matches < 10 words mode: show  
highest matches together show matches one at a time quickview  
(classic) report print download

<1% match (Internet from 11-Jun-2024)

<https://WWW.coursehero.com/file/129336761/ASSIGNMENTdocx/>

<1% match (Internet from 24-Jul-2024)

<https://www.coursehero.com/file/p6pqvig/List-5-examples-of-unethical-behaviour-by-financial-advisors-Fraud-Forging/>

<1% match (Internet from 26-Feb-2022)

<https://www.coursehero.com/file/124099171/MODULE-6docx/>

<1% match (Internet from 31-May-2024)

<https://WWW.coursehero.com/file/169551689/ADBM-Ethical-Business-Management-Semester-2-January-2021pdf/>

<1% match (Internet from 27-Apr-2024)

<https://WWW.coursehero.com/file/218766869/Ethics-pdf/>

<1% match (Internet from 18-Feb-2024)

<https://www.coursehero.com/file/p7lan7qu/In-conclusion-ethical-decision-making-in-cross-cultural-and-global-contexts/>

<1% match (Internet from 21-Mar-2024)

<https://www.coursehero.com/file/219896327/Team-5-In-depth-interviewspptx/>

<1% match (Internet from 22-Dec-2023)

<https://www.coursehero.com/file/peud34k/When-leaders-create-an-extremely-performance-oriented-culture-where-only-results/>

<1% match (Internet from 27-Oct-2019)

<http://citeseerx.ist.psu.edu>

<1% match (student papers from 18-Dec-2023)

[Submitted to University of KwaZulu-Natal on 2023-12-18](#)

<1% match (student papers from 29-Nov-2010)

[Submitted to University of KwaZulu-Natal on 2010-11-29](#)

<1% match (student papers from 04-Oct-2012)

[Submitted to University of KwaZulu-Natal on 2012-10-04](#)

<1% match (Internet from 21-Jun-2023)  
<https://www.forbes.com/sites/forbesbusinesscouncil/2023/06/20/embracing-a-digital-human-model-the-future-of-financial-advisory/>

<1% match ()  
[ZEKA, Bomikazi, Antoni, Xolile, Goliath, Jasmine, Lillah, Riyaadh. "The Factors Influencing the Use of Financial Planners", 2016](#)

<1% match (Internet from 26-Feb-2019)  
<https://manualzz.com/doc/21329479/the-contribution-of-instructional->

<1% match (Internet from 18-Nov-2020)  
<https://www.unodc.org/e4j/en/integrity-ethics/module-11/key-issues.html>

<1% match (student papers from 11-May-2018)  
[Submitted to Financial Planning Association of Australia on 2018-05-11](#)

<1% match (student papers from 03-Oct-2018)  
[Submitted to Financial Planning Association of Australia on 2018-10-03](#)

<1% match (Internet from 08-Mar-2024)  
<https://listens.online/phd/data-collection-in-research-paper-example>

<1% match (student papers from 13-Oct-2016)  
[Submitted to Da Vinci Institute on 2016-10-13](#)

<1% match (student papers from 29-May-2017)  
[Submitted to Da Vinci Institute on 2017-05-29](#)

<1% match (student papers from 31-Mar-2022)  
[Submitted to Da Vinci Institute on 2022-03-31](#)

<1% match (student papers from 11-Jul-2022)  
[Submitted to Da Vinci Institute on 2022-07-11](#)

<1% match (student papers from 06-Dec-2017)  
[Submitted to Da Vinci Institute on 2017-12-06](#)

<1% match (student papers from 13-Jun-2022)  
[Submitted to University of Johannesburg on 2022-06-13](#)

<1% match (Internet from 11-Aug-2014)  
<http://www.jbsge.vu.edu.au>

<1% match (Internet from 29-Mar-2023)  
[https://www.researchgate.net/publication/352829868\\_Ethics\\_in\\_financial\\_planning\\_Analysis\\_of\\_ombudsman\\_decisions\\_using\\_codes\\_of\\_ethics\\_and\\_fiduciary\\_duty\\_standards](https://www.researchgate.net/publication/352829868_Ethics_in_financial_planning_Analysis_of_ombudsman_decisions_using_codes_of_ethics_and_fiduciary_duty_standards)

<1% match (Internet from 28-Apr-2023)  
[https://www.researchgate.net/publication/298805020\\_Personal\\_Financial\\_Planning\\_Origins\\_Developments\\_and\\_a\\_Plan\\_for\\_Future\\_Direction](https://www.researchgate.net/publication/298805020_Personal_Financial_Planning_Origins_Developments_and_a_Plan_for_Future_Direction)

<1% match (Internet from 03-Mar-2023)  
[https://www.researchgate.net/publication/368874144\\_Research\\_Orion\\_A\\_Systematic\\_Approach\\_for\\_Designing\\_Research\\_Methodology\\_Part\\_One?channel=doi&linkId=63fe64e80d98a97717c5e6a1&showFulltext=true](https://www.researchgate.net/publication/368874144_Research_Orion_A_Systematic_Approach_for_Designing_Research_Methodology_Part_One?channel=doi&linkId=63fe64e80d98a97717c5e6a1&showFulltext=true)

<1% match (Internet from 12-Dec-2022)  
<https://www.fanews.co.za/article/abc-of-rdr-retail-distribution-review/1364/masthead/1367/unlock-your-remuneration-potential-by-defining-your-customer-interactions/17585>

<1% match (Internet from 28-Nov-2023)  
<https://www.fanews.co.za/article/magazine-archives-fanews-fanuus/60/practice-management/1314/professionalism-in-financial-planning/9862>

<1% match (Internet from 05-Sep-2023)  
<https://www.fanews.co.za/article/compliance-regulatory/2/saia-south-african-insurance-association/1081/accountable-institutions-areas-where-risk-exists/26543>

<1% match (student papers from 30-Apr-2017)

[Submitted to Asia Pacific International College on 2017-04-30](#)

<1% match (Lee, Kyoung-Joo. "Attitudinal dimensions of professionalism and service quality efficacy of frontline employees in hotels", International Journal of Hospitality Management, 2014.)

[Lee, Kyoung-Joo. "Attitudinal dimensions of professionalism and service quality efficacy of frontline employees in hotels", International Journal of Hospitality Management, 2014.](#)

<1% match (Internet from 18-Aug-2022)

[https://www.professionalplanner.com.au/wp-content/uploads/2011/01/Pub\\_Research\\_Ethics-and-financial-advice\\_Dec2010.pdf](https://www.professionalplanner.com.au/wp-content/uploads/2011/01/Pub_Research_Ethics-and-financial-advice_Dec2010.pdf)

<1% match (Internet from 17-Oct-2020)

[https://link.springer.com/chapter/10.1007%2F978-94-007-7463-6\\_8](https://link.springer.com/chapter/10.1007%2F978-94-007-7463-6_8)

<1% match (Internet from 14-Mar-2018)

<https://www.fsb.co.za/Departments/communications/Documents/2014%2012%2012%20Draft%20Market%20Conduct%20Framework.pdf>

<1% match (student papers from 04-Sep-2018)

[Submitted to Holmesglen Institute of TAFE on 2018-09-04](#)

<1% match (Internet from 11-Mar-2023)

<https://www.wallstreetmojo.com/professionalism>

<1% match (Ian Kirkpatrick, Sundeep Aulakh, Daniel Muzio. "The Evolution of Professionalism as a Mode of Regulation: Evidence from the United States", Work, Employment and Society, 2021)

[Ian Kirkpatrick, Sundeep Aulakh, Daniel Muzio. "The Evolution of Professionalism as a Mode of Regulation: Evidence from the United States", Work, Employment and Society, 2021](#)

<1% match (Internet from 02-Nov-2022)

<https://eprints.whiterose.ac.uk/184242/1/09500170211035297.pdf>

<1% match (Internet from 22-Oct-2023)

[https://researchspace.ukzn.ac.za/bitstream/handle/10413/22410/Cole\\_Joyful\\_2021.pdf?isAllowed=y&sequence=1](https://researchspace.ukzn.ac.za/bitstream/handle/10413/22410/Cole_Joyful_2021.pdf?isAllowed=y&sequence=1)

<1% match (Internet from 15-Oct-2023)

[https://researchspace.ukzn.ac.za/bitstream/handle/10413/22352/Matubatuba\\_Daniel\\_Lehlome\\_la\\_2022.pdf?isAllowed=y&sequence=1](https://researchspace.ukzn.ac.za/bitstream/handle/10413/22352/Matubatuba_Daniel_Lehlome_la_2022.pdf?isAllowed=y&sequence=1)

<1% match (Internet from 09-Nov-2022)

[https://researchspace.ukzn.ac.za/bitstream/handle/10413/16548/Nxumalo\\_Nkanyiso\\_Weathington\\_2017.pdf?isAllowed=y&sequence=1](https://researchspace.ukzn.ac.za/bitstream/handle/10413/16548/Nxumalo_Nkanyiso_Weathington_2017.pdf?isAllowed=y&sequence=1)

<1% match (Internet from 30-Oct-2023)

<http://news.arta-persada.com>

<1% match (Internet from 28-Oct-2023)

<http://news.arta-persada.com>

<1% match (student papers from 19-Apr-2021)

[Submitted to De Montfort University on 2021-04-19](#)

<1% match (student papers from 12-Dec-2021)

[Submitted to De Montfort University on 2021-12-12](#)

<1% match (student papers from 20-Aug-2021)

[Submitted to De Montfort University on 2021-08-20](#)

<1% match (student papers from 28-Sep-2023)

[Submitted to Mancosa on 2023-09-28](#)

<1% match (student papers from 05-Jun-2020)

[Submitted to Mancosa on 2020-06-05](#)

<1% match (student papers from 02-Nov-2021)  
[Submitted to Mancosa on 2021-11-02](#)

<1% match (student papers from 06-Aug-2015)  
[Submitted to Mancosa on 2015-08-06](#)

<1% match (student papers from 20-Mar-2024)  
[Submitted to Mancosa on 2024-03-20](#)

<1% match (Internet from 21-Jun-2024)  
<https://gflec.org/wp-content/uploads/2024/05/Tang-paper.pdf>

<1% match (student papers from 23-Oct-2020)  
[Submitted to Henley College Coventry, Coventry on 2020-10-23](#)

<1% match (Internet from 16-Jan-2019)  
<https://fr.scribd.com/doc/123449854/Business-Ethics>

<1% match (student papers from 05-May-2021)  
[Submitted to Canterbury Institute of Management on 2021-05-05](#)

<1% match (Internet from 03-Apr-2024)  
<https://insurancenewsnet.com/innarticle/advisor-trends-and-challenges-for-2023-whats-the-next-big-thing>

<1% match ()  
[Palframan, Jaqueline Birgitta. "Educational needs of the financial planning industry", Faculty of Business and Economic Sciences, 2014](#)

<1% match ()  
[Dippenaar, Hendrik. "Factors influencing customer retention in the financial planning industry", Faculty of Business and Economic Sciences, 2013](#)

<1% match ()  
[Ibrahim, Umar Abbas. "Investigating the Effects of Corporate Governance of Banks in Nigeria: A Grounded Theory Approach", University of Plymouth](#)

<1% match (student papers from 29-Apr-2022)  
[Submitted to The University of the South Pacific on 2022-04-29](#)

<1% match (student papers from 07-Dec-2022)  
[Submitted to The University of the South Pacific on 2022-12-07](#)

<1% match (student papers from 21-Jun-2023)  
[Submitted to The University of the South Pacific on 2023-06-21](#)

<1% match (student papers from 15-May-2021)  
[Submitted to Asian University for women on 2021-05-15](#)

<1% match (Internet from 10-Oct-2010)  
<http://www.financialplanning.org.uk>

<1% match (Internet from 11-Sep-2022)  
<https://www.masthead.co.za/compliance/fit-and-proper/>

<1% match (Internet from 16-Feb-2015)  
<http://www.masthead.co.za>

<1% match (Internet from 24-Mar-2023)  
<https://www.masthead.co.za/newsletter/annual-reporting-clients-necessary/>

<1% match (student papers from 10-Apr-2020)  
[Submitted to Australian Catholic University on 2020-04-10](#)

<1% match (Internet from 30-Apr-2021)  
<https://www.hollard.co.za/treating-customers-fairly>

<1% match (student papers from 15-Sep-2023)  
[Submitted to University of Oklahoma on 2023-09-15](#)

<1% match (student papers from 15-Sep-2023)  
[Submitted to University of Oklahoma on 2023-09-15](#)

<1% match (Internet from 01-Jun-2024)

<https://wiredspace.wits.ac.za/server/api/core/bitstreams/6fb1f7fd-4e23-4ee0-8024-04eebe43f989/content>

<1% match (Internet from 16-Feb-2024)

<https://wiredspace.wits.ac.za/server/api/core/bitstreams/078c3d0d-a8c7-4a2a-8f77-a98ba22a2b11/content>

<1% match (Internet from 14-Jul-2020)

<http://wiredspace.wits.ac.za>

<1% match (student papers from 16-Jul-2022)

[Submitted to Barcelona School of Management on 2022-07-16](#)

<1% match (Internet from 27-Jul-2012)

<http://www.piac.ca>

<1% match (Internet from 23-Oct-2022)

<http://www.treasury.gov.za>

<1% match (Internet from 29-Jul-2024)

<https://brightideas.houstontx.gov/ideas/brick-house-cafe-has-a-tax-rate-of-39-percent-and-paid-total-ntbg>

<1% match (Internet from 08-Dec-2022)

<https://www.accc.gov.au/system/files/What%20Professionals%20should%20know%20about%20the%20Trade%20Practices%20Act>

<1% match (Daniel W Richards, Abdullahi D Ahmed, Kenneth Bruce. "Ethics in financial planning: Analysis of ombudsman decisions using codes of ethics and fiduciary duty standards", Australian Journal of Management, 2021)

[Daniel W Richards, Abdullahi D Ahmed, Kenneth Bruce. "Ethics in financial planning: Analysis of ombudsman decisions using codes of ethics and fiduciary duty standards", Australian Journal of Management, 2021](#)

<1% match (Julia Evetts. "Professionalism: Value and ideology", Current Sociology, 2013)

[Julia Evetts. "Professionalism: Value and ideology", Current Sociology, 2013](#)

<1% match (student papers from 10-Oct-2017)

[Submitted to University of the Free State on 2017-10-10](#)

<1% match (student papers from 28-May-2023)

[Submitted to University of the Free State on 2023-05-28](#)

<1% match (Internet from 07-Nov-2022)

<http://kth.diva-portal.org>

<1% match (student papers from 15-Nov-2012)

[Submitted to Study Group Australia on 2012-11-15](#)

<1% match (student papers from 05-Dec-2015)

[Submitted to Australian Institute of Business on 2015-12-05](#)

<1% match (student papers from 20-Dec-2018)

[Submitted to Laureate Higher Education Group on 2018-12-20](#)

<1% match (Internet from 07-Dec-2019)

<http://melanesia.news>

<1% match ("Financial Planning Competency Handbook", Wiley, 2015)

["Financial Planning Competency Handbook", Wiley, 2015](#)

<1% match (student papers from 11-May-2010)

[Submitted to Colorado Technical University Online on 2010-05-11](#)

<1% match (student papers from 03-Nov-2022)

[Submitted to University of South Africa on 2022-11-03](#)

<1% match (Wilson, K., and J. Evetts. "The Professionalisation of Foster Care", Adoption & Fostering, 2006.)

Wilson, K., and J. Evetts. "The Professionalisation of Foster Care", Adoption & Fostering, 2006.  
<1% match (Internet from 07-May-2009)  
<http://www.fpanet.org>  
<1% match (student papers from 12-May-2015)  
[Submitted to 88555 on 2015-05-12](#)  
<1% match (Internet from 10-Sep-2023)  
[https://exampapers.nust.na/greenstone3/sites/localsite/collect/textbook/index/assoc/HASH01ae.dir/Ethics\\_and\\_Compliance\\_by\\_Board\\_of\\_Directors\\_PDF\\_2021\\_EBOOK.pdf](https://exampapers.nust.na/greenstone3/sites/localsite/collect/textbook/index/assoc/HASH01ae.dir/Ethics_and_Compliance_by_Board_of_Directors_PDF_2021_EBOOK.pdf)  
<1% match (student papers from 12-Apr-2016)  
[Submitted to University of Witwatersrand on 2016-04-12](#)  
<1% match (Internet from 19-Oct-2022)  
[https://uir.unisa.ac.za/bitstream/handle/10500/27446/thesis\\_kademeteme\\_e.pdf?isAllowed=y&sequence=1](https://uir.unisa.ac.za/bitstream/handle/10500/27446/thesis_kademeteme_e.pdf?isAllowed=y&sequence=1)  
<1% match (Internet from 03-Sep-2022)  
<https://uir.unisa.ac.za/bitstream/handle/10500/4154/2010%20MBL3%20Research%20Report%20ZA%20Lebakeng.pdf?isAllowed=y&sequence=1>  
<1% match (student papers from 08-Jun-2024)  
[Submitted to Franklin University on 2024-06-08](#)  
<1% match (student papers from 02-Aug-2024)  
[Submitted to Park Lane College on 2024-08-02](#)  
<1% match (student papers from 15-Sep-2023)  
[Submitted to Regenesys Business School on 2023-09-15](#)  
<1% match (student papers from 17-Sep-2022)  
[Submitted to Regenesys Business School on 2022-09-17](#)  
<1% match (student papers from 03-Aug-2024)  
[Submitted to Imperial College of Business Studies on 2024-08-03](#)  
<1% match (Internet from 13-Oct-2022)  
[https://kipdf.com/the-code-of-ethics-business-manual\\_5ac24b001723dde7af4d3849.html](https://kipdf.com/the-code-of-ethics-business-manual_5ac24b001723dde7af4d3849.html)  
<1% match (student papers from 16-Jan-2024)  
[Submitted to Glasgow Caledonian University on 2024-01-16](#)  
<1% match (Internet from 13-Dec-2018)  
<https://onlinelibrary.wiley.com/doi/full/10.1002/9781118901731.iecrm0016>  
<1% match (Internet from 07-Apr-2015)  
<http://www.inseta.org.za>  
<1% match (Internet from 30-Jul-2023)  
<https://www.klyuniv.ac.in/dodl/download/SLM2023/Education/COR-312,%20Teacher%20Education,%20Sem-III,%202021-23.pdf>  
<1% match (student papers from 06-Oct-2018)  
[Submitted to Chandigarh University on 2018-10-06](#)  
<1% match (Internet from 13-Aug-2021)  
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4441947/>  
<1% match (student papers from 22-Mar-2020)  
[Submitted to Syracuse University on 2020-03-22](#)  
<1% match (student papers from 11-May-2024)  
[Submitted to University of New Mexico System on 2024-05-11](#)  
<1% match (publications)  
[Terry L. Cooper. "Handbook of Administrative Ethics", Routledge, 2019](#)  
<1% match (student papers from 17-Oct-2016)  
[Submitted to Universiti Teknologi Malaysia on 2016-10-17](#)

<1% match (student papers from 20-May-2015)  
[Submitted to Varsity College on 2015-05-20](#)

<1% match (Internet from 15-Dec-2022)  
[https://tejas.tcarts.in/tejas\\_june\\_2019\\_vol\\_4\\_2.pdf](https://tejas.tcarts.in/tejas_june_2019_vol_4_2.pdf)

<1% match (Internet from 15-Jul-2020)  
<https://swrcap.com/wp-content/uploads/2018/07/Applying-Core-Values-for-Senior-Members.pdf>

<1% match (student papers from 14-Mar-2024)  
[Submitted to TAFE NSW Higher Education on 2024-03-14](#)

<1% match (student papers from 22-Sep-2021)  
[Submitted to North West University on 2021-09-22](#)

<1% match (student papers from 24-Apr-2024)  
[Submitted to University of South Africa \(UNISA\) on 2024-04-24](#)

<1% match (student papers from 20-Apr-2024)  
[Submitted to University of South Africa \(UNISA\) on 2024-04-20](#)

<1% match (Internet from 08-Nov-2022)  
[https://research-api.cbs.dk/ws/portalfiles/portal/60703950/802507\\_Master\\_Thesis.pdf](https://research-api.cbs.dk/ws/portalfiles/portal/60703950/802507_Master_Thesis.pdf)

<1% match (Internet from 08-Nov-2022)  
[https://research-api.cbs.dk/ws/portalfiles/portal/59797346/614137\\_MSc\\_Thesis\\_Final\\_BCM\\_Print.pdf](https://research-api.cbs.dk/ws/portalfiles/portal/59797346/614137_MSc_Thesis_Final_BCM_Print.pdf)

<1% match (Internet from 22-Feb-2024)  
<https://www.Bartleby.com/topics/Ethics-Essay/27>

<1% match (student papers from 14-Feb-2023)  
[Submitted to University of the West Indies on 2023-02-14](#)

<1% match (student papers from 06-Jan-2024)  
[Submitted to Durban University of Technology on 2024-01-06](#)

<1% match (student papers from 03-Nov-2019)  
[Submitted to RMIT University on 2019-11-03](#)

<1% match (student papers from 14-Feb-2024)  
[Submitted to Te Pūkenga trading as the Open Polytechnic on 2024-02-14](#)

<1% match (student papers from 26-Jul-2023)  
[Submitted to Technological University Dublin on 2023-07-26](#)

<1% match (student papers from 02-Nov-2020)  
[Submitted to Colorado State University, Global Campus on 2020-11-02](#)

<1% match (student papers from 04-Oct-2023)  
[Submitted to Kepler College on 2023-10-04](#)

<1% match (student papers from 11-Nov-2012)  
[Submitted to Texas Tech University on 2012-11-11](#)

<1% match (student papers from 23-May-2022)  
[Submitted to University of Canterbury on 2022-05-23](#)

<1% match (student papers from 11-Jan-2024)  
[Submitted to Stadio Holdings on 2024-01-11](#)

<1% match (Internet from 19-Dec-2022)  
<https://bergermontague.com/cases/lawsuit-investigation-unpaid-overtime-financial-advisor-trainees/>

<1% match (Internet from 02-Nov-2022)  
<https://repository.up.ac.za/bitstream/handle/2263/23681/Complete.pdf?isAllowed=y&sequence=6>

<1% match (Internet from 02-Nov-2022)

<https://repository.up.ac.za/bitstream/handle/2263/27656/dissertation.pdf?isAllowed=y&sequence=1>

<1% match (student papers from 05-May-2019)

[Submitted to Blackpool and The Fylde College, Lancashire on 2019-05-05](#)

<1% match (student papers from 15-Nov-2011)

[Submitted to Davenport University on 2011-11-15](#)

<1% match (student papers from 12-May-2019)

[Submitted to Deakin University on 2019-05-12](#)

<1% match (student papers from 04-Mar-2019)

[Submitted to University of Northumbria at Newcastle on 2019-03-04](#)

<1% match (student papers from 09-Jan-2023)

[Submitted to University of Portsmouth on 2023-01-09](#)

<1% match (Internet from 13-Jul-2023)

<https://recerc.eu/sat-math-rules-5hqz6>

<1% match (Internet from 07-Mar-2022)

[https://repository.nwu.ac.za/bitstream/handle/10394/38668/Matladi\\_SA.pdf?isAllowed=y&sequence=1](https://repository.nwu.ac.za/bitstream/handle/10394/38668/Matladi_SA.pdf?isAllowed=y&sequence=1)

<1% match (student papers from 03-Jan-2020)

[Submitted to Grimsby College, South Humberside on 2020-01-03](#)

<1% match (Mark S. Schwartz. "Business Ethics", Wiley, 2017)

[Mark S. Schwartz. "Business Ethics", Wiley, 2017](#)

<1% match (student papers from 24-Sep-2018)

[Submitted to University of Nicosia on 2018-09-24](#)

<1% match (student papers from 21-Apr-2017)

[Submitted to University of Stellenbosch, South Africa on 2017-04-21](#)

<1% match (student papers from 11-Nov-2021)

[Submitted to University of Wales Institute, Cardiff on 2021-11-11](#)

<1% match (student papers from 19-Oct-2023)

[Submitted to hmh-writable on 2023-10-19](#)

<1% match (Internet from 05-Feb-2023)

<https://iep.utm.edu/page/14/?cat=->

<1% match (student papers from 24-Sep-2021)

[Submitted to Top Education Institute on 2021-09-24](#)

<1% match (student papers from 05-Aug-2020)

[Submitted to UCSI University on 2020-08-05](#)

<1% match (Internet from 22-Mar-2023)

<https://busman.mandela.ac.za/getmedia/9e45147e-42be-4269-bd0c-403b685e323b/Mouton-Mini-Treatise?disposition=attachment>

<1% match (student papers from 17-May-2020)

[Submitted to Athlone Institute of Technology on 2020-05-17](#)

<1% match ()

Priviledge Cheteni, Emmanuel Selemani Shindika, Alexander K., Arnold D. F. et al. "Ethical Leadership in South Africa and Botswana", 'FapUNIFESP (SciELO)'

<1% match (student papers from 14-Jun-2012)

[Submitted to Rhodes University on 2012-06-14](#)

<1% match (student papers from 30-Sep-2014)

[Submitted to The Hong Kong Polytechnic University on 2014-09-30](#)

<1% match (Internet from 30-Oct-2022)

<https://discuss.tp4.ir/uploads/short-url/8AnMHV80A1B3dwnNVxxJmqQY2Zz.pdf>

<1% match (Internet from 20-May-2023)

<https://eveningcrest.com/professional-and-ethical-framework-in-financial-planning/>

<1% match (Internet from 19-Jul-2020)

<http://ugspace.ug.edu.gh>

<1% match (student papers from 08-Aug-2023)

[Submitted to Namibian College of Open Learning on 2023-08-08](#)

<1% match (student papers from 27-Oct-2020)

[Submitted to University of Bradford on 2020-10-27](#)

<1% match (student papers from 08-May-2024)

[Submitted to University of Stirling on 2024-05-08](#)

<1% match (Internet from 27-Oct-2023)

<https://dspace.plymouth.ac.uk/bitstream/handle/10026.1/10648/2018Alkhouraiji10383829phd.pdf?isAllowed=y&sequence=6>

<1% match (student papers from 21-Apr-2022)

[Submitted to NEBOSH on 2022-04-21](#)

<1% match (student papers from 02-Sep-2019)

[Submitted to Southern New Hampshire University - Continuing Education on 2019-09-02](#)

<1% match (Internet from 11-Jan-2023)

<https://fpi.co.za/wp-content/uploads/2022/03/Code-of-Ethics-and-Professional-Responsibility.pdf>

<1% match ()

["A handbook of theories on designing alignment between people and the office environment.", 'Informa UK Limited', 2021](#)

<1% match (student papers from 08-May-2021)

[Submitted to Nelson Mandela Metropolitan University on 2021-05-08](#)

<1% match (student papers from 16-Feb-2024)

[Submitted to University of Ulster on 2024-02-16](#)

<1% match (Internet from 19-Jan-2020)

<https://city-press.news24.com/Voices/why-regulation-like-those-responsible-for-it-must-remain-steadfast-20160715>

<1% match (student papers from 14-Jun-2024)

[Submitted to Dordt University on 2024-06-14](#)

<1% match (student papers from 07-Dec-2016)

[Submitted to Kaplan Professional on 2016-12-07](#)

<1% match (student papers from 01-May-2023)

[Submitted to Wittenborg University on 2023-05-01](#)

<1% match (Internet from 22-Nov-2022)

<https://ourspace.uregina.ca/bitstream/handle/10294/13044/MQ82625.pdf?isAllowed=y&sequence=1>

<1% match (Internet from 16-Jul-2020)

<https://www.studymode.com/essays/Qualitative-Data-And-Interviews-445993.html>

<1% match (student papers from 22-Sep-2010)

[Submitted to Aldis Cyberschool on 2010-09-22](#)

<1% match (student papers from 28-Apr-2024)

[Submitted to Purdue University on 2024-04-28](#)

<1% match (student papers from 23-Jan-2022)

[Submitted to University of New South Wales on 2022-01-23](#)

<1% match (Internet from 02-Aug-2024)

[https://myafshelp.afsusa.org/hc/en-](https://myafshelp.afsusa.org/hc/en-us/article_attachments/115022697088/Leadership_Curriculum_for_YES_and_CBYX_Cluster_Coordinators.pdf)

[us/article\\_attachments/115022697088/Leadership\\_Curriculum\\_for\\_YES\\_and\\_CBYX\\_Cluster\\_Coordinators.pdf](https://myafshelp.afsusa.org/hc/en-us/article_attachments/115022697088/Leadership_Curriculum_for_YES_and_CBYX_Cluster_Coordinators.pdf)

<1% match (Internet from 14-Jan-2024)  
<https://samplingmethodsg1.blogspot.com/2021/12/sampling-methods.html>

<1% match (Internet from 19-Oct-2022)  
<https://www.gov.za/speeches/minister-malusi-gigaba-medium-term-budget-policy-statement-2017-25-oct-2017-0000>

<1% match (Internet from 12-Jul-2024)  
<https://www.innovations-report.com/health-and-medicine/report-37520/>

<1% match (Internet from 14-May-2020)  
<https://www.tandfonline.com/doi/full/10.1080/16089677.2018.1550956>

<1% match (Internet from 14-Jul-2024)  
<https://www.theknowledgeacademy.com/blog/workplace-safety-tips/>

<1% match (student papers from 29-Nov-2022)  
[Submitted to Aga Khan University on 2022-11-29](#)

<1% match (student papers from 29-Jun-2024)  
[Submitted to Berkeley College Woodland Park on 2024-06-29](#)

<1% match (student papers from 25-Jul-2024)  
[Submitted to Regent Business School on 2024-07-25](#)

<1% match ()  
[United States. Office of the Federal Register., National Archives \(U.S.\). "Federal Register", United States. General Services Administration., 2010](#)

<1% match (Internet from 26-Jan-2023)  
<https://fr.slideshare.net/MatthewMacArthur/matthew-macarthur-dissertation>

<1% match (Internet from 05-Aug-2023)  
<http://scholar.mzumbe.ac.tz>

<1% match (D Millard, B Kuschke. "Transparency, trust and security: An evaluation of the insurer's precontractual duties", Potchefstroom Electronic Law Journal/Potchefstroomse Elektroniese Regsblad, 2014)  
[D Millard, B Kuschke. "Transparency, trust and security: An evaluation of the insurer's precontractual duties", Potchefstroom Electronic Law Journal/Potchefstroomse Elektroniese Regsblad, 2014](#)

<1% match (student papers from 21-Sep-2009)  
[Submitted to Manukau Institute of Technology on 2009-09-21](#)

<1% match (student papers from 26-Apr-2022)  
[Submitted to West Texas A&M University on 2022-04-26](#)

<1% match (Internet from 20-Sep-2017)  
<https://dspace.lboro.ac.uk/dspace-jspui/bitstream/2134/9173/2/Thesis-2011-Eidaros.pdf>

<1% match (Internet from 11-Oct-2023)  
<https://pdffox.com/performance-appraisal-pdf-free-p-164434-pdf-free.html>

<1% match (Internet from 13-Jun-2013)  
<http://www.allfreeessays.com>

<1% match (Internet from 04-Oct-2022)  
[https://www.anzam.org/wp-content/uploads/pdf-manager/1432\\_SMITH\\_JUNE-293.PDF](https://www.anzam.org/wp-content/uploads/pdf-manager/1432_SMITH_JUNE-293.PDF)

<1% match (Internet from 03-May-2013)  
<http://www.financialplanet.org>

<1% match (Internet from 24-May-2023)  
<https://www.moneymanagement.com.au/news/financial-planning/what-value-professionalism-financial-planners?qt-comments=0>

19 March 2025

**Buyisiwe Angeline Ngongo (202517659)**  
**Grad School Of Bus & Leadership**  
**Westville Campus**

Dear BA Ngongo,

**Protocol reference number:** HSSREC/00006173/2023

**Project title:** To Explore professionalism and business ethics of the financial advisors and compliance officers in Durban

**Amended title:** Exploring professionalism and business ethics of the financial advisor and compliance officers in Durban

**Degree:** Masters

### **Approval Notification – Amendment Application**

This letter serves to notify you that your application and request for an amendment received on 19 March 2025 has now been approved as follows:

- Change in title

**Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.**

**PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.**

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Best wishes for the successful completion of your research protocol.

Yours faithfully








.....  
**Dr Shamila Naidoo ( Deputy Chair)**

/dd

---

Humanities & Social Sciences Research Ethics Committee  
UKZN Research Ethics Office Westville Campus, Govan Mbeki Building  
Postal Address: Private Bag X54001, Durban 4000  
Tel: +27 31 260 8350 / 4557 / 3587  
Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville