Investigating the business relationship between a finance house and motor dealerships

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ABSTRACT

Building a business relationship is not something that occurs overnight. The research was based on a financial organisation operating in the motor finance industry. The set organisation is deemed to be the second largest motor finance house in the South Africa Motor Finance Industry and enjoys a 30% market share in the motor industry. Compared to its competitors the organisation is the only to still follow a face-to-face approach in building a business relationship with their clients.

The current economic environment is challenging with the weakening rand value and a possible recession looming. These are some motivating factors for the researcher to investigate in this relationship. The purpose of this study is to establish the current level of business relationship building attributes within a financial organisation as well as ranking these attributes by way of importance and making some suggestions to enhance the concerned areas identified.

The study analysed and identified seven relationship building attributes through doing a literature review. The researcher identified three dealer relationship managers employed by the organisation based on a convenience sample, each representing a specific dealer group in the industry and conducted semi-structured interviews with each manager. The findings through the interviews coupled with the literature review were used to build a questionnaire that was distributed to all the dealer relationship managers employed by the organisation yielding a sample size of 110 participants.

Questionnaires were analysed using techniques such as frequency tables, validity testing and reliability testing (including mean, variation, standard deviation and Cronbach Alpha).

The study emphasized the fact that there is no standard way to build a relationship but rather several attribute’s that work together to build a business relationship. These attributes were defined as trust, loyalty, commitment, professionalism, integrity, caring and knowledge. Building a business relationship is an ongoing process and should always be viewed by way of focusing externally as well as internally. A company representative can only be as good as his support from the organisation.

The researcher finally discussed limitations regarding the current study and raised some recommendations to the specific organisation to enhance existing relationships.

KEYWORDS: business relationship building, face-to-face relationship, business strategies, competitive advantage, vehicle finance.

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DRM:	Dealer Relationship Manager
F&I:	Finance and Insurance Manager
IDA:	Independent Dealer Association
SARB:	South African Reserve Bank

CHAPTER 1 – INTRODUCTION TO STUDY

1.1 INTRODUCTION

Business relationship building is one of the key factors in creating a sustainable business as explained by Wallace (2010:9) in his book *“Business Relationships That Last”*. Wallace with twenty-five-years of sales experience believes that the secret to success is about creating business relationships that last. One of the many quotes of Mark McCormack, Founder of The IMG Group sports agency, that illustrate this concept of business relationship building is: *“All things being equal, people will buy from a friend; all things being not so equal, people will still buy from a friend” (*Brainyquote, 2015). Bell and Zemke (2013:1-2) emulate that *service excellence* starts at hiring good people. When it comes to building or maintaining a positive business relationship in the motor finance industry it is better to hire a nobody rather than to employ the first person which volunteers to work from eight to five. Building meaningful business relationships is not just a skill that is important in the motor finance industry, but requires a lot of time and effort to master properly.

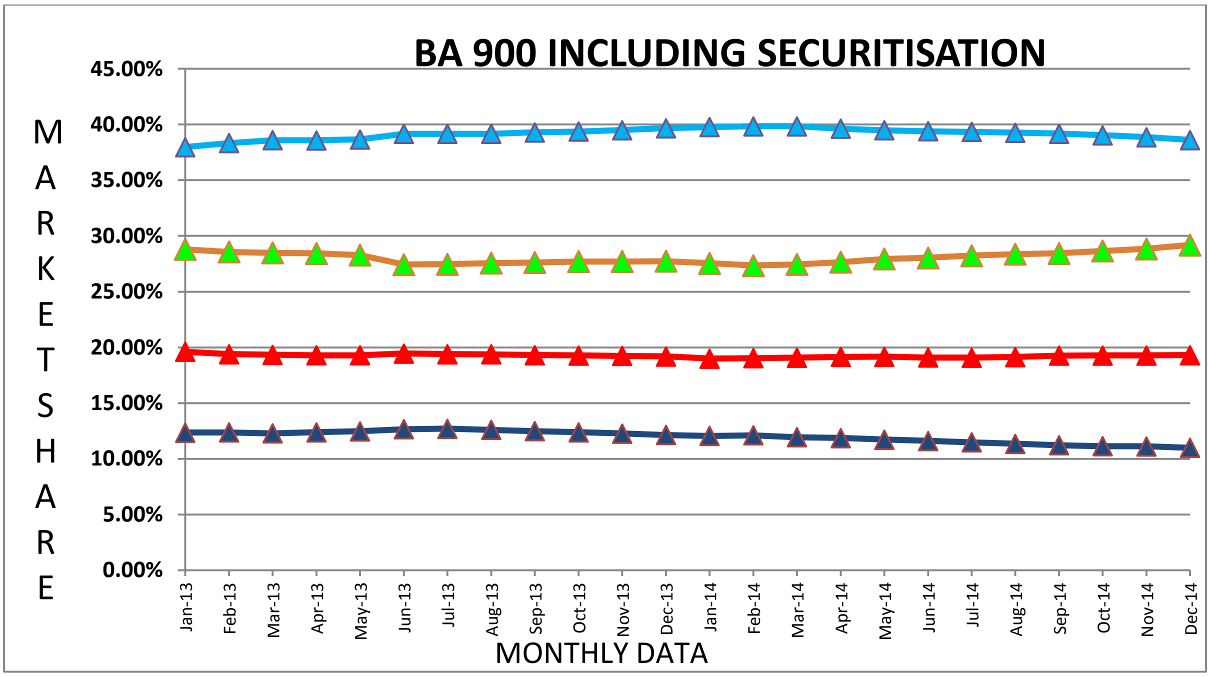
Xesha et al. (2014:42), state that good business relationships are the fuel that feeds success and that the common denominator for all successful businesses is the building and maintaining of strong business relationships. Data yielded by Wallace (2009:1) states that 88% of executives view business relationships as the main reason why they achieve their revenue goals each year.

Competition between industries is always on the rise and businesses should seek for that one single defining factor that makes the business unique. This concept is known as the business’s competitive advantage in the market. A competitive advantage can be created through innovation, people, systems, skills, quality etcetera (Attiany, 2014:43). Although technology is advancing at a tremendous pace, contrary to general belief businesses are still driven by people. EOH Holdings Ltd. a leading South African information technology company clearly states in their yearly integrated reports that *“systems make it possible… people make it happen”* (EOH yearly report, 2015).

1.2 Background

The context of this research is within a national long-standing brand in the motor finance industry operating within the borders of South Africa and is a division of a large retail bank. The environment in which the organisation competes consists of the three other large retail banks in South Africa that have joint ventures or alliance agreements in place with the local manufacturers of new vehicles in South Africa (Leadley, 2009:5). The latest data supplied by the South African Reserve Bank (2015) commonly referred to as the BA 900 (see figure 1.1) indicates that the selected organisation (shown in green) is currently listed as the second largest motor vehicle financier in the South Africa motor industry. The BA 900 is an institutional and maturity breakdown of assets and liabilities on a monthly basis, and contains data on individual bank, institutional level as well as aggregated totals (Ihsglobalinsight, 2015). The return is a detailed balance sheet and a source for compiling monetary and credit aggregates (Quantec, 2015). The main use of the BA 900 in the motor finance industry is to analyse the scale of banking activity in the specific industry.

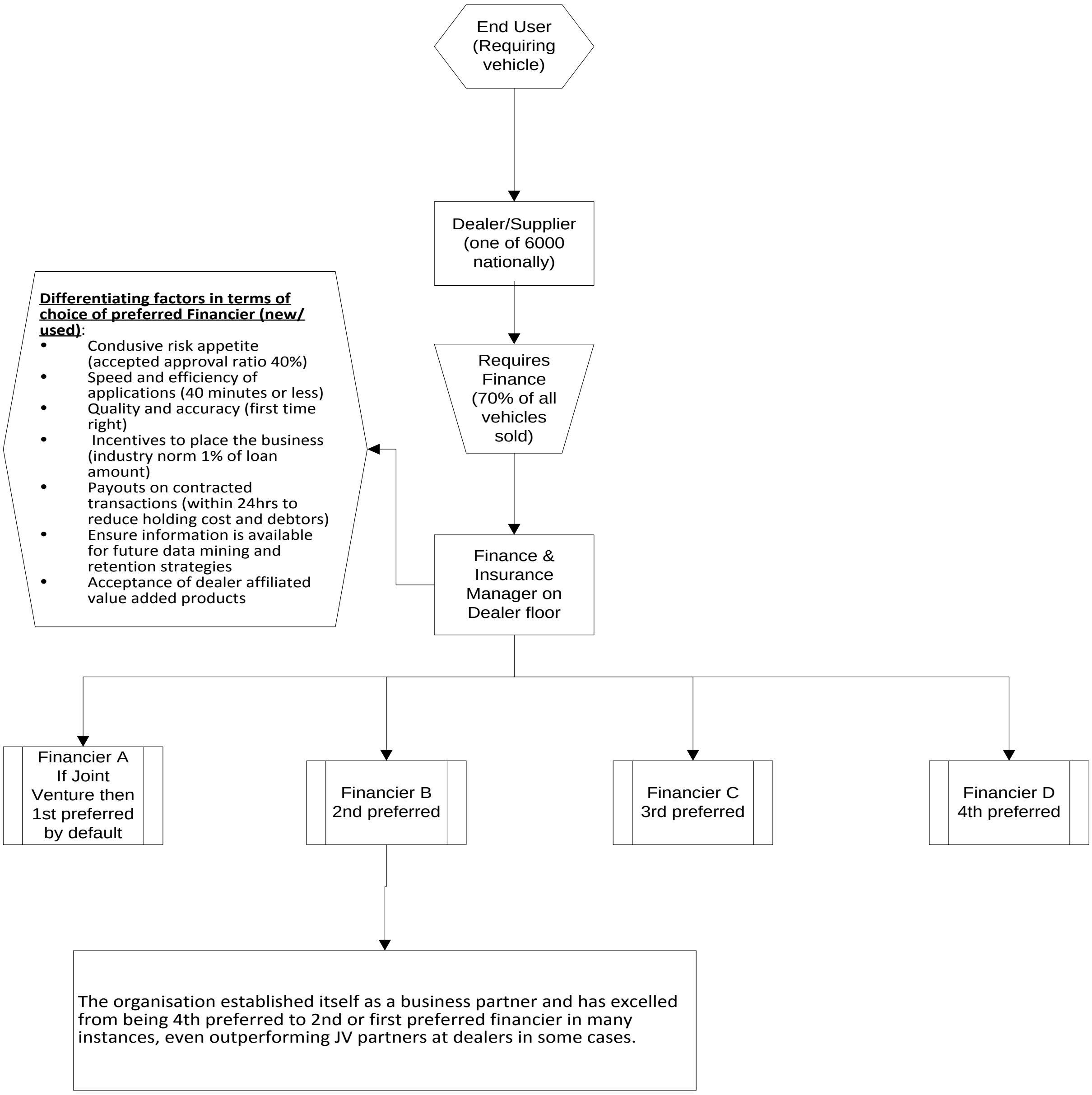
Figure 1.1: BA 900 depicting the institutional and maturity breakdown of assets and liabilities on a monthly basis



Source: SARB (2015)

Purchasing a motor vehicle is not just an impulsive decision but rather a process of identifying the correct model for one’s purpose, finding the best finance package and ultimately satisfying one’s need. Diagram 1.1 highlights the steps in order of importance of a consumer planning to purchase a vehicle to the eventual financing of the transaction through a finance house.

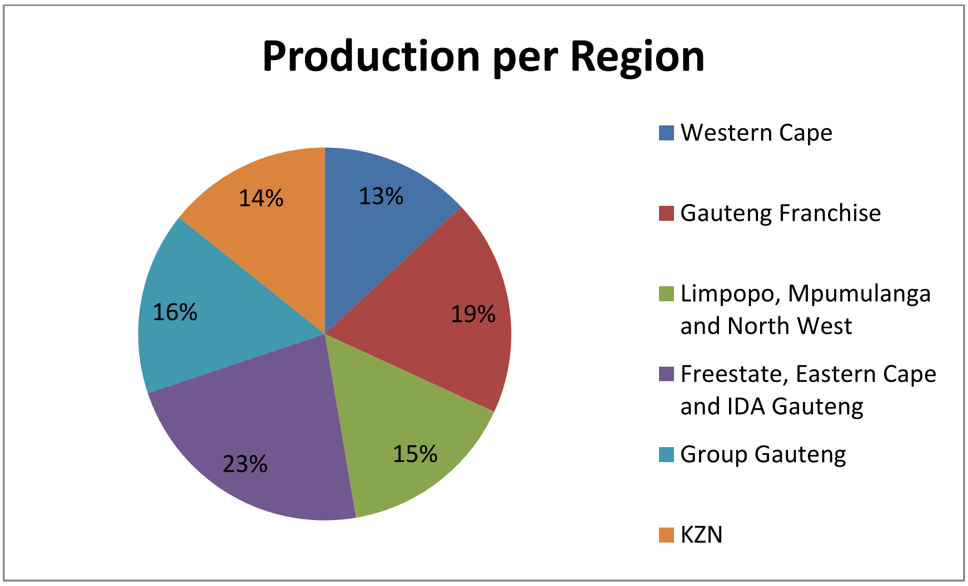
Diagram 1.1: Graphic depiction of the process flow for consumers intending to purchase a vehicle by way of financing it with a vehicle financier in South Africa.



Source: Leadley (2009:3)

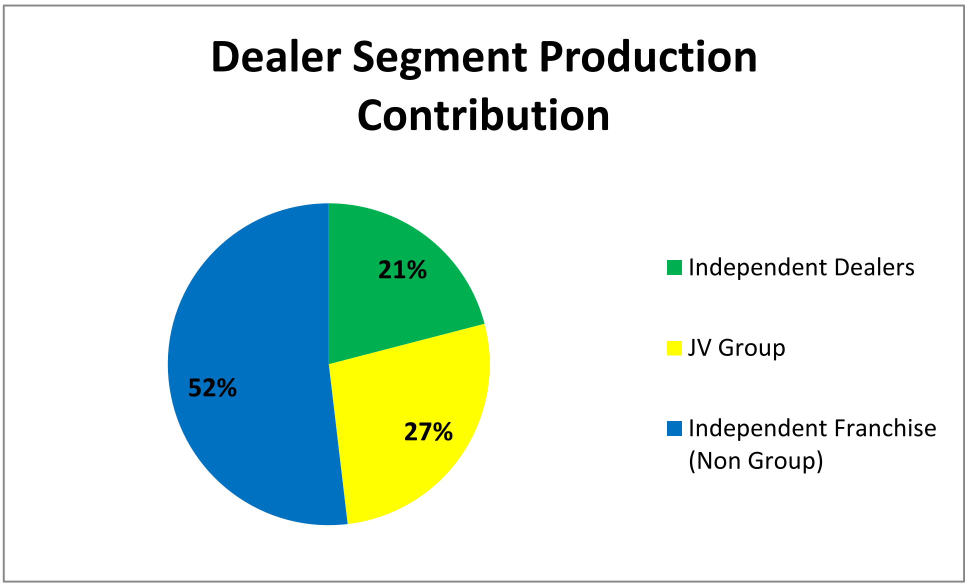
The financial institution under review enjoys a national market share of 30% within the motor industry while it is selectively servicing 30% of the current active dealer market. The organisation deems the dealer market as the primary client generating leads for potential consumers to finance a vehicle (Leadley, 2009:4). Information received from the organisation under review reflects that the dealer market is segmented into geographical areas (Figure 1.2) and then ultimately segmented into: Independent Dealers (mostly pre-owned dealers (IDA), Group dealers (referring to Franchise dealers associated with Imperial Automotive Retail and Associated Motor Holdings) and Independent Franchise dealers (dealers selling premium brands but not associated with the aforementioned segment). These segments respectively contribute 21%, 27% and 52% of the total production and can be seen in figure 1.3.

Figure 1.2: Annual percentage production per region.



Source: Organisation under review, (2015)

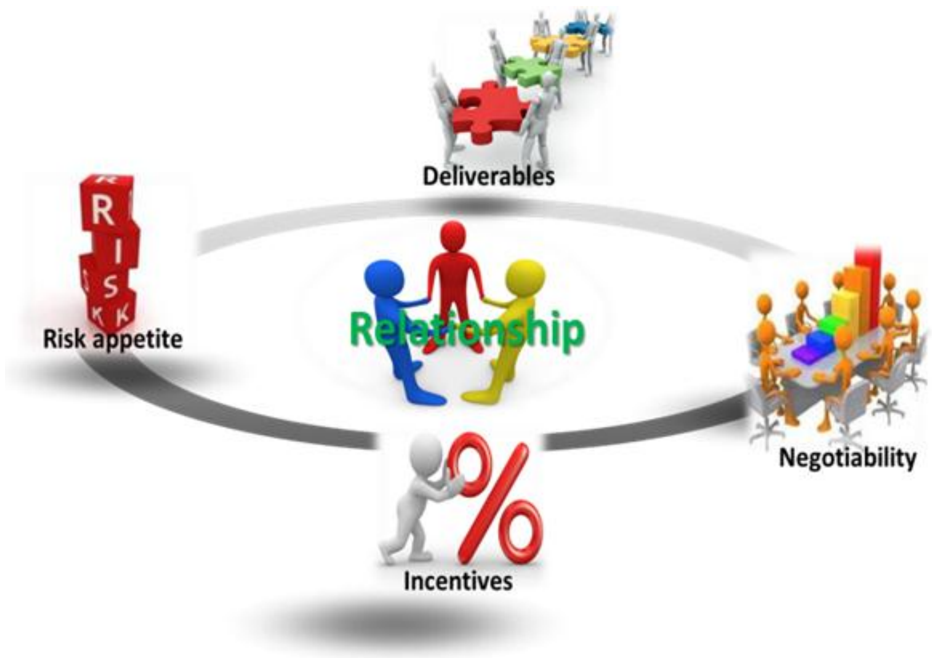
Figure 1.3: Production contribution per Dealer Segment.



Source: Organisation under review, (2015)

The institutions business model which is currently employed is built on a five pillar strategy developed and implemented by its founding directors.

Figure 1.4: The five pillar model



Source: Organisation under review, (2015)

In order to fully appreciate the model, a short overview of the detail of each pillar is discussed:

- As the organisation is a registered financial institution that specializes in asset financing, naturally the first and foremost pillar of the model will be based on risk appetite, meaning the type and amount of risk that the entity is prepared to accept.
- The second pillar namely incentives refer to dealer incentive commissions paid as an industry norm to dealers for securing business and facilitating the fulfilment processes on behalf of the bank.
- The third pillar negotiability indicates that the bank accepts additional supporting information that will be taken into consideration in the granting of finance.
- The fourth pillar is service deliverables which is a critical component in an industry where response times to requests can be a differentiating factor for securing the business.
- The final and fifth pillar is the golden thread within the model and dominates the first four pillars and refers to relationship building. This fifth pillar is the one aspect of the model that raised the question of creating a successful business relationship.

The motor finance industry has changed dramatically over the last few years and most of the competitors are pursuing a model whereby the face-to-face relationship building method is phased out in favour of an alternative in-house virtual model managed and controlled by the financier themselves. The company used for research is currently the only one in the motor industry that is still committed to a face-to-face relationship building strategy.

Based on the face-to-face relationship model employed by the company there is a requirement for staff in key roles to perform these duties. One of these roles is acknowledged as a **Dealer Relationship Manager (DRM)**. The role of the DRM is to support and assist the organisation's primary clients being the motor dealerships it interacts with daily. The DRM is the face of the organisation and is tasked with the critically important function of building relationships with all the key players in every dealership which includes the receptionist, sales staff, dealer principals and especially the Finance and Insurance Manager. The Finance and Insurance Manager (F & Is) is deemed the most important role player in a DRM's achievement of success within a dealership, as this person dictates the placement of a transaction at a specific finance house.

In a bid to develop staff and as part of the company's retention strategy, the company would employ portfolio changes whereby the DRMs are rotated in-between the various segments, for example, IDA, Group and Franchises as each portfolio requires different relationship building skills and methods. This rotation policy also serves as a method of protecting sales staff to avoid involvement outside of the parameters of what is deemed purely professional and to avoid over-exposure of one individual for prolonged periods of time to the same environment. Through my own experience - being in the motor finance industry for the past 15 years – the face-to-face relationship model is highly regarded by the dealerships as they often display reluctance to change their known DRMs. This is supported by Cummings and Worley (2013:167) which state that people experience change in different ways and they resist change due to the unknown, thus strengthening the argument that people build relationships with people and not with organisations.

Factors that impacts the motor finance industry immensely is the macro-economic environment. The macro environment refers to conditions that influence the economy as a whole and include trends in employment, inflation, GDP, spending and monetary and fiscal policies (Janse van Rensburg et al*.,* 2011:578). Inflation is a measurement of the fall in purchasing value of a currency, compared to the general increase in prices. With increased inflation, consumer buying power become less and results in added pressure on household disposable income. Through the past few years - being personally involved in the industry - showed that increased exchange rates added to increased vehicle prices and therefore resulted in pressure on profit margins for motor dealerships and in some cases lesser sales due to increased vehicle prices.

Industrial action by different labour unions, such as the recent mining strike in South Africa, increases the pressure on household income due to ever increasing cost of living as a result of fuel price increases, toll fees, higher than inflation increases in municipality charges as well as constricted electricity supply, all inevitably result in the decrease of disposable income (PricewaterhouseCoopers, 2012:vi). Fewer consumers have the required disposable income required for vehicle instalments and due to high debt ratios, less and less qualify for finance. In response to the aforementioned negative indicators most finance houses will lead to a tightening of risk appetite and lead to less loans being granted that could influence dealer relationships negatively as dealerships are in the market to sell vehicles. Other influencing factors such as inconsistent service and credit granting criteria are some of the biggest challenges the market experiences all of which influence relationships between financiers and dealers either negatively or positively.

> *"Success in sales and business ultimately comes down to how well and how often we do the little things. It's not about closing one huge deal every now and then. It's all about doing the small things on a consistent basis. Do the little things well, and the big things will inevitably happen."* (Long, 2013:v)

Shaw (2007:19) states that it is important to understand the DNA of a customer (Shaw uses the term DNA to refer to a consumer's unknown way of acting). Understanding how the customer thinks and operates will enable the marketer to respond with the relevant knowledge and experience. Kobus Neethling, well renowned creativity expert and groundbreaker in brain profiling, supports this argument in his book called *Creativity Uncovered* (Neethling, 2005:245-247). Neethling (2005:245) propounds the view that the brain is divided in four quadrants and each quadrant represents a different profile. Once you understand this profile one would be able to connect on a different level with your customer. There is however no good or bad profile but rather a personal preference.

1.3 PROBLEM STATEMENT

Due to the rise of the digital age, business relationship development has increased in terms of importance over the past three decades (Shaladi, 2012:73). Shaladi continues in stating that one of the primary objectives of any business relationship is to secure a competitive advantage. A proper business relationship will provide a company with leverage that can be used to negotiate proper transactions. A further objective for developing a business relationship is the creation of quality assurance.

Strong and firm business relationships allow the parties involved to have full disclosure on what to expect and when to expect it on both sides of the continuum, very much like a joint venture that refers to two parties jointly engaging in economic activities to exploit opportunities jointly (Louw & Venter, 2013:348). Over the years the motor industry has changed and face-to-face relationship building strategies has been limited. Based on the fact that the organisation under review is the only one in the motor finance market still focusing on the establishment of a face-to-face relationship building strategy, the study is undertaken to compare the basic steps as identified in recent literature with that model currently employed by the company's experienced DRMs. The construct of a seven point model, reflecting the top strategies to be applied in building a business relationship per different dealer segment, is the outcome aimed for in the study.

This study would therefor investigate the main strategies – currently applied by experienced DRMs per dealer segment – and proposed a model which a newly employed DRM could follow to build a profitable/successful long-term business relationship, with their allocated dealerships.

1.4 OBJECTIVES

1.4.1 PRIMARY OBJECTIVE

Investigating the business-relationship between a motor finance house and a dealership enterprise within the South African market context.

1.4.2 SECONDARY OBJECTIVES

- Defining business relationship building
- To obtain insight into the different strategies used in building a business relationship supported by new literature
- To describe the specific relationship in the motor finance industry
- To construct a questionnaire and measure the relationship building attributes identified, after interviews with experienced DRMs in the industry
- To evaluate and improve the relationship building pillar of the five point strategy model currently employed by the company in the motor finance industry.

1.4.3 SIGNIFICANCE OF THE STUDY

The significance of the study lies in the capturing and exploration of untapped knowledge from experienced DRMs in the motor finance industry. This will allow for the formulation of a model that the financial institution can apply in training and supporting newly appointed sales employees to enable them to build and maintain successful business relationships within a shorter period of time.

1.5 RESEARCH METHODOLOGY

1.5.1 RESEARCH APPROACH

The study aims at establishing the key elements that contribute to business relationships via recent literature published. These findings will then be categorized and the researcher will attempt to compare the literature findings with an empirical study conducted on a South African based motor finance house. The empirical study will be conducted using a qualitative exploratory research approach through a semi structured interview with three experienced DRMs. Using this information as the basis from the semi-structured interview, the researcher will attempt to compare, verify and quantify current practices in the specific industry.

An exploratory study are intended to explore and to acquire new insight into the phenomenon – the phenomenon meaning what is in actual fact being research (Wiid & Diggines, 2013:56). A conceptual approach will be used with the understanding that the study will largely be based on secondary sources, it will critically engage with the understanding of concepts and it will aim to add to our existing body of knowledge (Maree, 2014:72). The expectation is to determine the best practices in the industry through primary data research.

The researcher will continue with a quantitative survey approach, constructing a questionnaire through the findings of the semi structured interviews and literature review. The expectation is to measure and analyse the relationship building contributors currently evident in the organisation.

1.5.2 RESEARCH METHOD

The research method will consist of a three phase study. Firstly a literature study will be conducted followed by semi-structured interviews and thirdly an empirical study through applying questionnaires.

1.6 LITERATURE REVIEW

The purpose of the literature review is to study the functional as well as dysfunctional strategies currently available for building business relationships. The aim is to orientate the researcher with all the new and current trends as well as all previous research done on the topic with a final purpose of stating the need for ever-changing business relationship building strategies.

Primary Sources: Internal reports from the organisation under review will be used as well as statistical data from Stats SA.

Secondary Sources: Harvard Business Review reports, journals through the North-West University Library data base as well as search engines such as Google Scholar were used. Several textbooks were accessed via the organisations internal library. The main search engine was the Internet via: Emerald, EbscoHost and Science Direct.

Time was factored into the research time-lines to discuss this study with several colleagues in the motor finance industry for peer review, with the aim to obtain new insights and viewpoints with regards to the topic.

1.7 EMPIRICAL STUDY

The empirical study consisted of data obtained from semi-structured interviews that were conducted with three experienced DRM's currently employed in the set entity. These findings coupled with the findings through the literature review were constructed into a questionnaire for further research. The objective was to measure the findings through the eyes of all the employees fulfilling the set role in the organisation.

1.8 RESEARCH PARTICIPANTS

Firstly a convenience sample technique was used to identify the three most experienced DRM's in each dealer segment that were interviewed during the qualitative research process, by way of a semi-structured interview.

After the interviews the researcher followed a quantitative survey approach for further research. The research population for the quantitative research portion consists of 110 DRMs situated over South Africa and in the employment of the organisation. Using an all-inclusive sampling method all DRMs were included in the survey. Welman et al. (2011:73) warn that non responses are likely to occur but could be minimised by paying careful attention to the methods used for data collection.

1.9 MEASURING INSTRUMENTS

Data collection was firstly done via semi-structured interviews with three DRMs (representing the set segments) followed by a questionnaire that was used to allow all DRM respondents to rate the usage of techniques. Exploratory open ended questions were used during the interviews to determine the underlying phenomena. These findings were analysed by concept analyses. According to Welman et al. (2011:166-167) semi-structured interviews offer a versatile way of collecting data. Instead of a set interview schedule the researcher rather concentrates on interview guides and will have a list of themes and questions but these may vary from one interview to the next. Welman et al. (2011:167) continue to state that semi-structured interviews allow the researcher to use probes in the interview with a view to clear up vague responses. The researcher is of the opinion that by starting with the semi-structured interviews, he was able to obtain a global view of the DRM role and skill set requirements to fulfil the research. A structured interview or a questionnaire developed directly through literature might lack the softer issues used by DRMs and would be too rigid. Open ended and probing questions allows for more in-depth understanding of the DRM role.

1.10 RESEARCH PROCEDURE

Interviews were conducted with the pre-selected DRM sample within the set entity with a short introductory explanation of the purpose of the research, the expectations in terms of their participation, as well as the value that the research was added to the entity's strategic plan. All responses were recorded and kept confidential at all time. Selected DRMs were not forced to participate in the study and participants' identities will be protected; they would however have to acknowledge that results can be placed in the public domain. Findings from the interviews were used in conjunction with the literature findings to construct a quantitative questionnaire for measuring the total DRM population within the set organisation. Due to the tremendous competitive nature of the organisation a formal confidentiality agreement was signed to protect the entity. Thus will also be the reason for referring to the organisation as "The organisation" through the research.

1.11 STATISTICAL ANALYSIS

Data analyses was done via an Excel spreadsheet. Segments were coded, enabling the researcher to draw conclusions between different areas. Frequency tables were created to establish the highest ranked contributing attributes to building successful business relationships. Reliability of the questionnaire was tested with a statistical technique called Cronbach Alpha. Cronbach Alpha is a measurement of internal consistency (Tavakol & Dennick, 2011:53). Levine et al. (2013:37) warn that statistical analyses are becoming more important in businesses these days as decisionmaking will increasingly be based on data and not on gut feelings.

1.12 ETHICAL CONSIDERATIONS

The confidentiality of the organisation's plans and data are of extreme importance due to the high competitive nature of the industry. All work and prior studies used has been acknowledged. Participation in the research was voluntary for all selected participants.

1.13 CHAPTER DIVISION

Chapter 1: Introduction and problem statement, objectives and methodology

The aim of this chapter is to provide a proper background and introduction to the study. It included aspects such as the Research Problem, Aim of the Study, Objectives, Methodology and Significance of the study.

Chapter 2: Discussion of relevant Literature

In chapter two the aim is to establish through secondary research, the commonly accepted practices for building successful business relationships in the business industry.

Chapter 3: Research Methodology

In this chapter an explanation of the research process that was followed as well as the different techniques applied in obtaining the research data will be explored. Techniques used to analyse data will be discussed and measurements for Validity and Reliability will be included.

Chapter 4: Results and Findings

All results and Findings will be discussed in-depth in chapter 4.

Chapter 5: Conclusions and Recommendations.

The final chapter will be dedicated to the findings with a ranking of the top strategies found to add primary value in building successful business relationships. Further study recommendations, as identified, will also be addressed.

To study concludes with a reference list and the appendices.

CHAPTER 2 – LITERATURE REVIEW

2.1 INTRODUCTION

Customer Relationship Management (CRM) is all about strategies and efforts to keep existing clients satisfied and inclined to continue doing business. Numerous CRM software systems are available to help the business or organisation with their clients' purchase patterns, hobbies, birthdays and preferences. An example of such a software solution is *Salesforce.com*. This software has capabilities such as sales management, marketing automation, partner relationship management and customer service (Salesforce, 2015). It is only recently that the concept known as Business to Business (B2B) relationship has been introduced to the financing sector and could be summarised as the underlining relationship between two businesses and that losing a business partner could be a catastrophe and even equal to losing thousands of end customers (McMillan *et al.* 2007:68). The value of B2B relationship lies in the ability to share economic struggles, resources and best practices that could give both businesses a competitive edge (Xesha et al., 2014:37).

McMillan *et al.* (2007:68) has found after extensive research – based on 350 B2B relationships in the financial sector throughout New Zealand that businesses can build a loyal relationship through the correct strategy. Acuff (2011: x) comments that enhancing a relationship with your customers will result in them giving you more time. Furthermore, in argument of the mentioned statement, Acuff (2011: x) elaborates in arguing that if the business provides a unique and interesting offering to customers that they will also give the business more time. The difference with the second strategy however, is that once you have given the customer that unique and interesting "offering", one must have to immediately start searching for the next unique and interesting "offering". This strategy is therefor only viable in the short term and not worth investing in for the long-term. Companies are able to build a strong business relationship and be successful as long as there is a belief, that the business relationship is important. Businesses must be prepared to learn what interest customers and deliver the inexpensive, unexpected, and thoughtful acts that show their professionalism, integrity, caring and knowledge.

2.2 BUSINESS RELATIONSHIPS: DEFINING BUSINESS RELATIONSHIP BUILDING

The word relationship is described in several dictionaries. Going back as far as 1961, Funk and Wagnalls (1961:1063) describe relationships as *"The state of being related; connection"*. The Online Oxford dictionary (2015) refers to relationship as *"The way in which two or more people or things are connected, or the state of being connected"*. The Free dictionary (2015) by Farlex refers to relationship as *"The condition or fact of being related; connection or association"*. It is evident that all three these sources have the word connected in their explanation.

From the abovementioned it is easy to conclude that any business relationship building process should be some ongoing connection between two businesses or direct translated as a *"business connection building process".* Rubin (2014:9) defines business relationship further in stating "*it's not just a connection, but that businesses should concentrate on an "engagement" between each other"*.

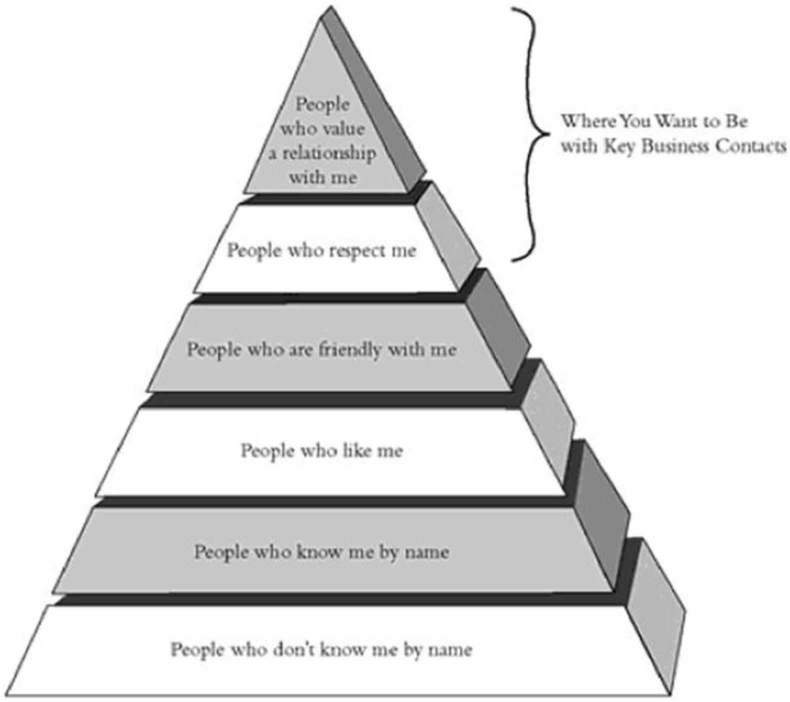
Business relationships require effort and must be mutually beneficial to all parties involved, especially in business transactions. The biggest aspect of a business relationship is that both businesses must be prepared to give, share and support each other. Gil-Saura et al. (2009:593) found in their study called *"The value of B2B relationships"* that the three main elements influencing a business relationship are trust, loyalty and commitment.

The success or failure of a business relationship can in most instances be defined in whether or not the parties involved have been allowed to achieve more by way of growth and development for their respective interests than otherwise (Shaladi, 2012:73). Rubin (2014:9) specifies that the value of a relationship will only accrue over time due to loyalty, recommendations and sharing. Dowell et al. (2015:121) warn that business relationships involve a process of evolution. Many factors such as time and trust, to name a few, influence the development of a business relationship. In the event of trying to show the evolvement of business relationships over time, researchers tend to neglect the importance of variables such as commitment and trust (Wong et al., 2010:121). The suggested way to really measure a business relationship as per Dowell et al. (2015:121) is by way of a quasi-longitudinal research study. Contrary to

Dowell et al. (2015:121), Claycomb and Frankwick, (2010:260) argue that there are specific phases in a business relationships building process such as the awareness, commitment, exploration and expansion phase.

Acuff (2011:17) developed a Relationship Pyramid (Figure 2.1) that illustrate business relationships in six different levels.

Figure 2.1: The Business Relationship Pyramid.



Source: Acuff (2011:16)

The business relationship is demonstrated through a pyramid where the bottom layer represents the bulk of the people that do not even know one's name or could care less about one's existence. At the top is the handful that truly values the business relationship. The logic behind the pyramid is more or less the same as that of Maslow's hierarchy of needs, arguing that these levels are not precisely divided and that it is not necessarily a step-by-step process. Acuff (2011:15) makes it clear that getting to the top is not an overnight process but rather a long-term journey where one has to put in time and effort to create respect and trust.

- The first level describes the people which have met each other but most probably would not remember each other's names.

- The second level starts when some impression was made and customers start remembering the company and representatives' names.
- The third level is only reached when people are becoming comfortable around each other and most of the talking is around business aspects.
- Reaching the fourth level *"People / Customers who respect you"* is about what customers say and how they will treat one. At this point customers will see the company's representative as more than just an average person and they would view them as people with integrity.
- At the top level *"People who value a relationship with you"* organisations will find the few clients that come to them for advice and fighting for that shared values and sustainability. In the top layer the author reiterate the fact that this level is filled with AIR – Access, Impact and Results (Acuff, 2011:2).

Saha et al. (2014:295) explain that B2B is a form of transaction that is based between two businesses and B2C is based between a business and the end consumer. The main differences are illustrated in the table below as found by Saha et al. (2014:295).

Table 2.1: B2B versus B2C Marketing

B2B Marketing	**B2C Marketing**
Volume of Sales is high	Volume of sales is low
The purchase of B2B products is much riskier	The purchase of B2C products is less riskier
Purchases are usually made by committees	Purchases are usually made by individuals with negotiations
B2B companies avoid mass media when promoting their brand	B2C companies use more mass media when promoting their brand
Companies will sell in large quantities	Sale of single products can take place

Saha et al. (2014:295)

2.3 MEASURING THE VALUE OF A GOOD BUSINESS RELATIONSHIP

As mentioned earlier Acuff (2011:2) uses the acronym "AIR" referring to the way of measuring the value of a good business relationship and emulates the following three values, Access (A), Impact (I) and Results (R):

- *Access* means that the organisation will have succeeded in building a strong relationship once customers start taking the organisation's calls, answer messages and spend time with the organisation's staff as the customers value the organisation's input. The customer is seen as a source of knowledge and information and on the same hand a good listener who demonstrates willingness to help. In short relationship "access" means if the organisation needs to see their business client, the customer will make time.
- *Impact* relates to a business being able to influence their business partner's way of thinking. Having an impact means reaching a stage where clients are prepared to listen to a business partner's advice.
- *Results* refer to measuring the outcome of a business relationship. A good business relationship is one where business clients act pro-actively to help each other succeed; it's not just a friendship.

Haas et al. (2012:95) propose that the value of business relationships is captured in four interrelated facets: jointness, balanced initiative, interacted value and socio-cognitive construction.

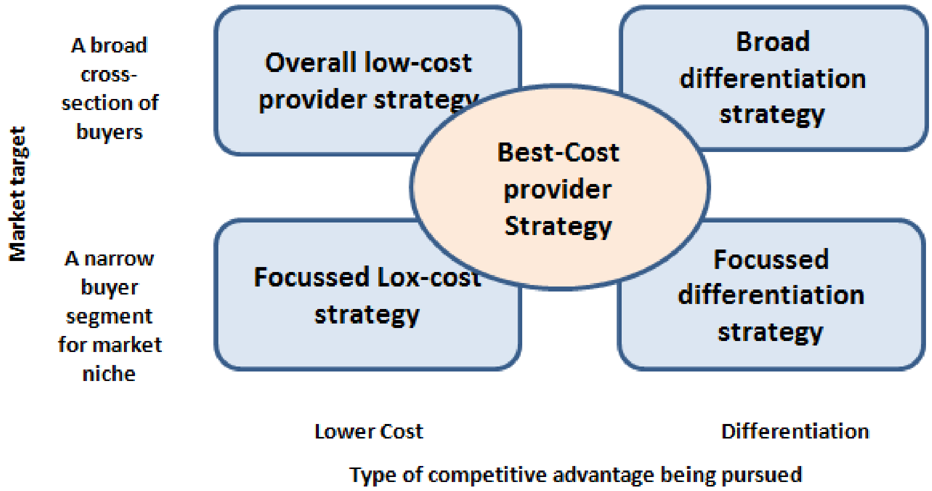
- *Jointness* refers to the state of value creation through joint efforts and is all about the sharing and integrating of resources.
- *Balanced initiatives* refer to both parties being able to take the lead and initiative to increase joint value.
- *Interacted value* is created with continuous interaction between the two parties that could result in more initiatives.
- Lastly *socio-cognitive construction* is a measurement of the behaviour towards relationship building rather than the relationships object in itself. Measuring the success of a business relationship has been defined by Shaledi (2012:73) in two methods. Firstly it can be measured by the overall levels of satisfaction and goodwill achieved. Secondly business relationships can be measured in terms of the quantitative values it produces as a measurement of dual benefits between the parties involved. As a rule of thumb the success of any business relationship can be measured against the goals achieved as set out at the start of the relationship.

2.4 CREATING A COMPETITIVE ADVANTAGE THROUGH RELATIONSHIP BUILDING

A sustainable competitive advantage is achieved when a number of buyers prefer a company's product or services over that of its competitors and the basis for this preference is durable (Hough et al., 2011:7). Competitive advantage could be anything from price, service, people, size, innovation and location to any abstract concept such as the habitual way of doing something. Each company must work towards that unique aspect that differentiates them from the rest. Hough *et al.* (2011:149) discusses five generic competitive strategies as a way to out-smart competitors and to offer better products or services to consumers.

- A low cost-provider strategy is focussed on minimising cost and being able to undercut competitor prices.
- A broad differentiation strategy is based on the effort to differentiate your product from that of competitors with the aim to attract a broad base of consumers.
- A best-cost provider strategy is all about giving consumers more value for their money. The focus is on providing the lowest cost and the best prices.
- A focused strategy based on low costs concentrates on a specific niche market and are able to service this market at lower cost and price than competitors.
- A focussed strategy based on differentiation is focussed on a niche market and companies are able to offer customised attributes to niche customers.

Figure 2.2: The Five Generic Competitive strategies



Hough et al. (2011:149)

Although business relationship building is not mentioned in the five strategies above, Acuff (2011:8) uses the example of Donaldson, Holman and West (DH&W), a firm of certified public accountants, to explain competitive advantage through business relationship. A former employee of theirs approached one of their biggest clients - with whom she was working previously - and offered the take-over of the account at the same service levels but at 75 percent less of what they were paying at the time. The client, however, responded that it was a good offer but due to their good business relationship with DH&W they would not like to move their account. Long- term business relationships, has been seen by numerous managers and researchers as one of the greatest resources for developing a sustainable competitive advantage as it allows a firm access to new technologies, new markets, skill sharing and economies of scale (Claycomb et al., 2010:252).

2.5 STRATEGIES USED IN BUILDING BUSINESS RELATIONSHIPS

Business relationship building is a concept that has grown in importance over the years and many key individuals regard a proper business relationship as an important ingredient to their success. Hawkins (2011:25) is of the opinion that business relationships are the real critical success factor for creating and sustaining business over time.

In Richard Branson's (2012) book *"Like a Virgin: Secrets They Won't Teach You at Business School"* several tips for building a business relationship are mentioned:

- Be visible: even if it means to make a fool of yourself be visible and stand out.
- The first impression is everything and so is the second: the second impression is as important as the first impression. A customer normally phones the second time when he needs help and this is where one should live your brand values.
- The customer is always right, most of the time: Be prepared to tell your customer when he is wrong and be honest.
- Define your brand: Stick to what you know, under promise and over deliver!
- Beware the "us" versus "them": Employees should be able to talk about us when referring to their own company.
- Pick up the phone: Don't just rely on email and text, rather speak directly to your client.

These are only a few of the highlighted concepts which Branson (2012) stipulates as important in building a business relationship.

Mark Zuckerberg, founder of Facebook, recently shared his five business secrets with Ekaterina Walter (2013) in her book: *Think Like Zuck: The Five Business Secrets of Facebook's Improbably Brilliant CEO Mark Zuckerberg* (in BusinessNews Daily, 2013). Zuckerberg stated that it is all about passion, purpose, people, product and partnerships. Powerful partnerships are needed to fuel innovation and energise execution.

In academic articles there are interesting similarities. Jim Dougherty (2014), a veteran software CEO and entrepreneur states in his latest article "5 steps to Building Great Business Relationships" - as published in the Harvard Business Review (2014) – that there are five points to consider when building a business relationship, namely:

- Firstly, your clients must like you and you have to go out of your way being friendly and helpful.
- Secondly, they must respect you professionally. Respect is earned and touches on your competencies, your professionalism, and weighs you against the best in the industry.

- Thirdly, they need to admire your “whole person”, not just who you are at work. This comes with entertaining your clients outside the normal work environment. Rugby matches, dinners or lunches all add value to knowing your clients better. Once you found a common ground that is when the real relationship starts.
- The fourth phase refers to a more “deeply mingle” phase where spouses / life partners are included in functions.
- Lastly, it is all about maintaining that relationship even if the business relationship is no longer necessary. A person could argue that there is no need to maintain such a relationship but this relationship could add value as a network opportunity in the future.

Dorie Clark (2014), a renowned marketing strategist writes in her latest article *“4 Ways to Build Meaningful Business Relationships”* the following additional four tips:

- Notice what’s on the wall, for example, when noticing pictures of sport stars or framed jerseys it should immediately tell you something about your client’s interests. Lots of family pictures could tell a different story.
- Understand your customer, get into their DNA. Updating your Facebook status is not networking. Clark, argues that social media is the new phenomenon with the younger generation but has injected some sense of imbalance. Expecting someone to follow your tweets or Facebook updates does not make sense. “The importance of a personal touch in networking is true face-to-face”.
- Do not be promiscuous on LinkedIn. Being connected to people you do not know will not get you anywhere.
- Lastly, keep people in your orbit. Staying in touch is of utmost importance. “Relationships determine the job offers you’ll get, the consulting contracts you win, and the business opportunities you’ll be presented with” (Clark, 2014).

2.6 CURRENT STRATEGIES USED IN THE FINANCE INDUSTRY

In Chapter 1 reference was made to the BA 900 graph that reflected two main role-players in the motor finance industry in South Africa. Interesting to note is that these two players each follow a different strategy towards their business relations. The one organisation depicted in blue, follows an in-house virtual model, controlled by the financier itself, where the other organisation depicted in green follows a face-to-face business relationship building model. As depicted in the BA 900 graph, the functionality of both strategies is viable in the current industry. As previously stated the aim is not to determine the better of the two but rather to develop a deeper understanding and to investigate the value and the methods used to build a face-to-face business relationship.

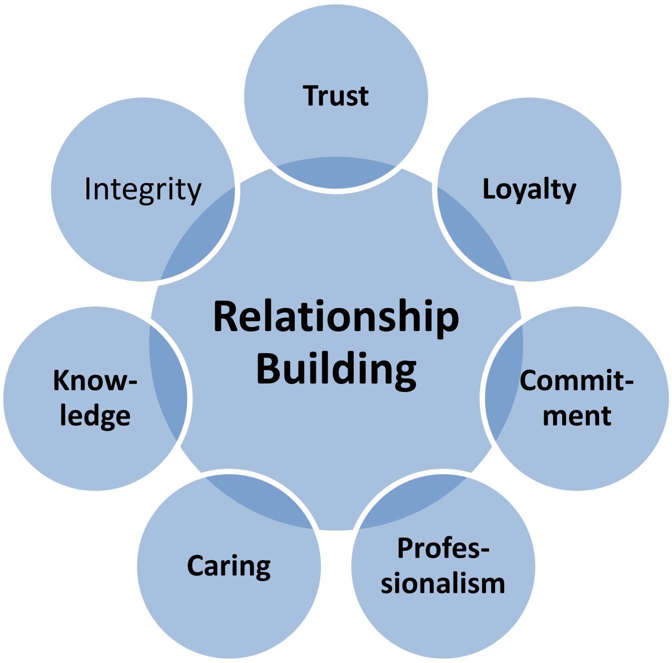
As the economic environment changed over the years, businesses have become more and more focussed on minimising costs. Forbes Insights (2009:2) surveyed more than 750 business executives and found that 58% confirmed that they were traveling less than before the recession started in 2008. Furthermore 59% of companies have increasingly followed the route of new technology-driven meetings. Interestingly eight out of ten company executives preferred face-to-face meetings rather than virtual meetings. Furthermore, 85% of respondents argued that face-to-face meetings build stronger, more meaningful business relationships, 77% said it gives them the ability to "read" the other person and 75% felt that in person meetings allows for greater social interaction. Forbes (2009:5) found that executives prefer face-to-face meetings when the decisionmaking process was fluid or typical in complex decisionmaking processes. It was however found that there is definitely a place for digital meetings but more in the light of lessor complex scenarios. The survey found that 58% of respondents admitted that they serve the web, check emails or read unrelated articles during digital meetings.

The Harvard Business Review Analytic Services (2009), also conducted a survey called: "Managing Across Distance in Today's Economic Climate: *The Value of Face-to-Face Communication*" during June 2009 (Harvard Business Review, 2009). In total 2,300 Harvard Business Review subscribers were included in the survey. It was clear that traveling budgets were the first target of corporates when the economic downturn hit the world. It was found that 69% of respondents said that their companies have reduced the overall travel budget. However, 79% still argued that face-to-face meetings are essential when meeting new clients and 89% believes that face-to-face is important in sealing a deal. The study further found that 95% of participants said that face-to-face meetings are a key factor in building and maintaining successful and sustainable business relationships. In line with the findings there is definitely a place for digital meetings but in cases of negotiating important contracts and understanding and listening to important customers, face-to-face meetings were still preferred.

2.7 ATTRIBUTES TOWARDS A GOOD BUSINESS RELATIONSHIPS

Combining the attributes towards a good business relationship - through the literature review - the following seven attributes were identified and illustrated in figure 2.3 below. Each attribute will be discussed accordingly.

Figure 2.3: Interconnection of Business Relationship Building contributors



- Trust: *"a firm belief in the truth, reliability, or ability of someone or something"* (Little Oxford English Dictionary, 2006:754). Trust means to put faith in another person. It's the positive expectations that one person has towards another in a risky or uncertain situation (McShane & Von Glinow, 2010:113). Viewing trust from a leadership role (Hough., 2011:296) argue that actions and behaviours build trust and that consistent and persistent open communication forms the cornerstone of a business relationship. More key aspects mentioned to develop trust are cooperation, gentleness and congruent actions in which word and deed convey the same message. Trust can be studied from a two dimensional view. Many researchers refer to cognitive and affective trust (Garrison et al., 2012:66; Chai et al., 2015:23) Cognitive trust is based on the client's perceived trustworthiness towards the service provider. This perception is formed based on the service provider's expertise, performance and reliability. Cognitive trust is objective in nature and is based on *"a rational process which determines whether the other party in the relationship can be trusted"* (Zur et al., 2012:74). The second element of trust is affective trust. Affective based trust is related to emotions and involves emotional bonds related to care and concern (Dowell et al., 2015:120).

- Loyalty: *"the state of being loyal; a strong feeling of support"* (Mini Oxford English Dictionary, 2006:410). Jacobs and Chase (2014:677) stipulate that loyalty is earned and they measure loyalty against three criteria: customer retention, share of wallet and price sensitivity relative to competitors. Customer retention means a service provider will be able to keep his customers even if times are tough. Chai *et al.* (2015:24) states that repurchase intention is a fair response to loyalty and is motivated by self- interest and economic factors. Elements such as customer satisfaction and customer trust, lead to loyalty (Liu et al., 2011:76). Viewing loyalty from the school of tourism, it was found that loyalty can be divided into three dimensions being attitudinal loyalty, behavioural loyalty and composite loyalty (Zhang et al., 2014:215). Attitudinal loyalty is based on a customer's beliefs about the value received whereby behavioural loyalty can be defined as behaviours or an act of recommendation or even the intention to re-visit or purchase (Meleddu et al., 2014:159). Meleddu et al. *(*2014:159) continues to explain that the third dimension called composite loyalty is a combination of the first two and that loyal customers will spend more time with you and better promote your service. Loyal customers will come back and therefore lower your marketing costs.

- Commitment: *"the time, work, and loyalty that someone devotes to a cause, activity, or job; a promise"* (Mini Oxford English Dictionary, 2006:129). Commitment, as defined by (Saleh et al., 2014:2524) refers to a customer's desire to establish a long-term relationship. Viewed from the employer angle, the question arises, what determines employee commitment? Olivier (2010:20-21) argues that employee satisfaction, affects employee behaviour that could lead to increased employee commitment and ultimately results in altruistic employee behaviour that exceeds the formal requirements of their jobs. Elements raised by Olivier (2010:22-25) that determine employee satisfaction includes employee development, affiliation, corporate image, autonomy, internal consistency, fairness and supervisory support. Commitment can be summed by the words of Peter F. Drucker (Norcross et al., 2012:97) "Unless commitment is made, there are only promises and hopes; but no plans."

- Professionalism: *“the ability or skill that you expect from a professional person”* Professional person is defined as: *“a person who is very skilled in a particular activity”* (Mini Oxford English Dictionary, 2006:548). Bradburn and Staley (2012:499) quoted (Rowley et al., 2000:110-114) stating that: *“There is no clear, concise and currently relevant definition of professionalism around which to rally. Nearly everyone has in mind certain qualities or values that exemplify professionalism and some of these achieve a certain consensus. The term “professionalism” is a construct of attribution, meaning it consists of various traits, characteristics, behaviours and qualities that are attributed to those that others hold in high esteem, especially colleagues in the same profession”.* Lee (2014:142) divides professionalism in structural dimension and attitudinal dimension. Structural professionalism includes principles such as systematic body of knowledge, professional association, autonomy and code of ethics and can be seen as a control mechanism for individuals to formulate attitudes and behaviour. Attitudinal professionalism is a more personal orientated or voluntary desire, to advance a person’s personal expertise and social status and include aspects such as knowledge pursuance, self-management, a sense of calling and customer orientation. Worthington (2015:176) indicates that a very important factor of professionalism is that it is out-ward looking and not in-ward looking as professionalism has nothing to do with the self-serving interest but everything to do with protecting customers. Common day-to-day professional behaviour would be to show interest in your clients, return phone calls, being knowledgeable in your advice to clients and to deliver on your promises.

- Integrity: *"the quality of being honest, fair and good; the state of being whole or unified"* (Mini Oxford English Dictionary, 2006:361). Integrity is often seen as the requirement of a true leader (Ridge 2015:52) and is a result of one's interrelated standards, values and principles. Bauman (2013:414) states that integrity has no true definition but can mean to be morally trustworthy, honest, fully integrated and whole, true to oneself, and/or acting in accordance with one's statements. Erhard et al. (2014:5) define integrity as a state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition and in short they refer to the concept of honouring one's word.

- Caring: *"special attention or effort made to avoid damage, risk, or error"* (Little Oxford English Dictionary, 2006:94). Caring and compassion are more often used interchangeably to describe an individual's awareness of another person's pain, however, as this concept is based on the interest of others welfare, it also finds expression in happiness for others accomplishments (Gerber et al., 2015:394). Caring can therefore be seen as a way to help someone else in achieving or succeeding.

- Knowledge: *"Information and awareness gained through experience or education"* (Mini Oxford English Dictionary, 2006:384). Building a business relationship requires knowledge but also knowledge of the set industry, knowledge of competitors and shared knowledge from co-workers. Knowledge is created in business relationships with customers, suppliers and other actors but also between businesspeople during social interaction, it is experienced-based and requires face-to-face interaction (Hohenthal et al., 2014:4). Knowledge can be defined as explicit and tacit knowledge. Explicit knowledge refers to knowledge obtained in books and through studies whereby tacit knowledge is gained through personal experience.

2.8 SUMMARY

A business relationship is more than just a connection, it is in fact an engagement between two parties seeking mutual benefit through their actions. The aim of any business relationship should be to create value over time. Literature highlights the importance of continuous measurement of business relationships. Research produced several ways of measuring relationships but it is evident from the literature study that there is no step-by-step guide to build a business relationship. Building a business relationship takes time and effort. Many successful entrepreneurs will gladly share their tricks and traits but as mentioned, not one matches the other. One thing is for certain, building a business relationship can create a strong competitive advantage for those involved due to shared knowledge, skills, distribution etcetera to name a view. The research done by Forbes and Harvard promotes the value of a face-to-face relationship in the business industry. Many executives still recognise the importance of that "eye contact" and "hand shake" way of doing business, promoting that personal touch within a business relationship.

Seven business relationship building attributes were identified through the literature review namely: trust, loyalty, commitment, professionalism, caring, knowledge and integrity. The mentioned attributes can be compared to that of a spider web. They are all linked to each other and giving more of one aspect or giving less of another, could influence the outcome of the next contributor.

Chapter three will focus on establishing a measurement tool to determine the value and frequency required of each contributor to establish a sustainable relationship in each dealer segment of the organisation under review.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 INTRODUCTION

In this chapter the focus will be placed on the research methodology. The research design will be discussed, followed by the sample and population selection methods used. The researcher will continue to explain the data analyses procedure and a detailed discussion on the construct of the questionnaire and methods used to proof validity and test reliability of the questionnaire will follow. Possible limitations of the study will be analysed, ending the chapter with ethical considerations.

3.2 SAMPLING RESEARCH DESIGN

A quantitative, non-experimental research design was followed in the study, with a descriptive and exploratory approach. Maree *et al.* (2014:152) explain that non-experimental designs are most commonly used in descriptive studies and that surveys are the most used instrument in obtaining data. A questionnaire was designed through the literature review as well as through data obtained through three semi-structured interviews. These interviews were qualitative of nature and a formal discussion will take place. The expectation is to establish the importance and frequency use of the contributors of relationship building - as established through the literature review - trust, loyalty, commitment, professionalism, integrity, caring and knowledge, both from an external as well as internal perspective.

3.3 POPULATION

The population is the total group of units about which the researcher wishes to make conclusions (Wellman et al., 2012:52). The population for this study includes all the Dealer Relationship Managers (DRMs) that are employed by the organisation at the time of the research. N = 110.

3.4 SAMPLING

Sampling methods normally belong to either one of the following categories: probability methods or non-probability methods. Probability sampling methods means that selections are random and each element in the population has a known probability for being selected (Maree et al., 2014:172). Examples of probability sampling methods are: simple random sampling, systematic sampling, stratified sampling and cluster sampling. Non-probability sampling methods do not make use of a random selection technique and Maree *et al.* (2014:176) warns that it could be dangerous to draw conclusions from such a sample. Convenience sampling, quota sampling, snowball sampling and purposive sampling are forms of non-probability sample techniques. Wellman et al. (2012:57) advise that non-probability sampling is normally used for reasons of convenience.

Based on the fact that the research was focused on a specific organisation, an all-inclusive sample was possible. This means that the sample size equals the population (N = 110).

3.5 PROCEDURE

An internet based questionnaire (available through URL Link) was built and emailed directly to respondents. All correspondents e-mail addresses were obtained from the company's Human Resources department. The questionnaire started off by asking each and every respondent's input, with an explanation of the value of their inputs. All results were collated back into an Excel spreadsheet to produce frequency tables. Further calculations were done to establish the mean, variance and standard deviation.

3.6 PILOT SAMPLE

The questionnaire was built from the literature review and three semi-structured interviews (Appendix A). A semi-structured interview is qualitative of nature and usually requires the participant to answer predetermined questions but at the same time allows the researcher to probe the respondent for more detail (Maree et al., 2014:5). Maree elaborates by stating key aspects to successful interviewing:

- Find people that are best qualified in terms of the research questions
- Be clear to the person being interview regarding your expectations and reason for the study
- Your aim are to collect rich and descriptive data
- Avoid no and yes answers. Have a question strategy and do not ask leading questions
- Type of questions are as important as the way that you ask them
- Listen
- Always observe the participants non-verbal communication

With reference to Maree et al. (2014:177) the three participants were carefully selected based on performance and years in the industry using a convenience sampling method. All three had experience of 12 years and longer in the set organisation and motor finance industry and each represented one of the dealer segments. All Interviews were recorded and noted to allow the researcher to refer back to them during the construction of the final questionnaire. Field notes were also captured to assist the researcher in additional information. The questionnaire was constructed through the findings of the literature coupled with the findings of the semi-structured interviews and distributed to 15 respondents representing the 3 segments of the company. Each respondent were asked to complete the questionnaire and to comment on the style, grammar and relevance of the questions. The pilot survey was used to calculate reliability based on Cronbach alpha value. Cronbach alpha is a measurement of internal reliability, meaning that it’s a test to determine correlation strength between items. Strong correlation means high consistency that means higher reliability (Maree et al., 2014:216).

3.7 COMPILATION OF QUESTIONNAIRE

The Questionnaire consisted of 28 questions grouped into sections of 4 and was based on a 4 point Likert scale (Strongly disagree, Disagree, Agree, Strongly agree). Maree et al. (2014:167) confirms that the Likert scale is best used with four to seven categories. Table 3.1 represents the questions as compiled through the literature review and interviews conducted by the researcher.

Table 3.1: Questions conducted by researcher

Question	Research	Literature
1. When there is a slow response in turnaround times, I communicate progress to my dealers	**1. Measure the level of trust internally and externally focused (Q1 – Q4)**	**1. McShane & Von Glinow (2010); Hough et al. (2011); Garrison et al. (2012); Chai et al. (2015); Zur et al. (2012); Dowell et al. (2015).**
2. I discuss my dealers' performance with my DP/Owner		
3. My new business hub strictly delivers to the norms of the service level agreement		
4. My hub allows me to negotiate a decision to achieve positive outcomes		
5. Dealer entertainment is a key critical success factor in my portfolio	**2. Measure the level of loyalty internally and externally focused (Q5 – Q8)**	**2. Jacobs and Chase (2014); Chai et al. (2015); Liu et al. (2011); Zhang et al. (2014); Meleddu et al. (2014).**
6. My dealers will not submit contract requests to other banks when we experience system downtime		
7. I remain loyal to my hub regardless of service delivering failures		
8. My dealers compliment my hub and their helpfulness		
9. I form an integral part of my dealers business strategy including functions	**3. Measure the level of commitment internally**	**3. Saleh et al. (2014); Olivier (2010).**

	and externally focused (Q9 – Q12)	
10. I am available to my dealer for support regardless working hours		
11. I experience job satisfaction in my current role		
12. I'm an enabler and prefer my dealers to be able to contact support functions directly		
13. I send my F&I's emails prior to each visit with a breakdown of my intended discussions for the next visit, to allow them time to prepare	**4. Measure the level of professionalism internally and externally focused (Q13 – Q16)**	**4. Bradburn and Staley (2012); Rowley et al. (2000); Lee (2014); Worthington (2015).**
14. My portfolio requires me to dress in the following manner		
15. It is important for me to remain up to date with the relevant industry trends for success in my portfolio		
16. Arranging a meet and greet between dealer staff and hub support staff contributes to the success of my portfolio		
17. My top supporting dealers receive more attention from me than my non supporting dealers	**5. Measure the level of Integrity internally and externally focused (Q17 – Q20)**	**5. Ridge (2015); Bauman (2013); Erhard et al. (2014)**
18. I freely share other dealer information with all my dealers		
19. I put my relationship with my dealer before and above my relationship with the hub		
20. I report unethical behaviour detected immediately		
21. All my dealers are committed in assisting	**6. Measure the level of caring internally and**	**6. Gerber et al. (2015).**

me to achieve my target regardless	externally focused (Q21 – Q24)	
22. I surprise all my Dealer Principles / Owners on their birthdays with a gift		
23. I know the new business hub team who supports me by name and what their personal circumstances are		
24. I surprise my hub team individually with small gifts on their birthdays		
25. My dealers understand the legislative challenges that we as a bank have to comply with and how it affects their business with us	7. Measure the level of knowledge sharing internally and externally focused (Q25 – Q28)	7. Hohenthal et al. (2014)
26. I arrange functions such as Industry breakfasts, talk shows, Gibs business days with my dealers		
27. Having hub experience prior to becoming a DRM is definitely an advantage		
28. I share NAAMSA, Economic forecasts, News 24 articles, TransUnion analyses with my dealers		

3.8 DATA ANALYSES

All data were coded to reduce errors and to simplify the analyses process. Descriptive statistics is a collective name for several techniques used to analyse and summarise data in a meaningful way (Maree et al., 2014:183). Analyses were based on seven frequency tables analysing each of the set contributors – trust, loyalty, commitment, professionalism, integrity, caring and knowledge – per dealer segment. Descriptive statistical analyses were used through Microsoft Excel to determine each questions, as well as the combined tables: mean, variance and standard deviation.

Mean: The mean is a measurement of central tendency and serves as a balance point in a set of data (Levine et al., 2014:136).

Variance: The variance is calculated as the sum of squared differences around the mean divided by the sample size minus 1 (Levine et al., 2014:143). The variance therefor measures the distance of data points from the mean.

Standard deviation: The standard deviation is calculated by the square root of the sum of the squared differences around the mean divided by the sample size minus 1 (Levine et al., 2014:136). The standard deviation is a measurement of how spread out the data points is around the mean. A high standard deviation value indicates a wider spread of the distribution.

3.9 VALIDITY

Welman et al. (2012:142) describe validity as the extent to what the findings accurately represent what is really happening in the set circumstances. In short an instrument is said to be valid if it measures what it is supposed to measure (Maree et al., 2014:147). Maree elaborate on validity by breaking it up in four types: face validity, content validity, construct validity and criterion validity. Face validity refers to the look of the instrument, content validity refers to the extent to which the complete content of the research is covered by the instrument, construct validity is all about the way that the instrument are structured to measure underlining relationships and criterion validity refers to the comparison of instruments used to measure the same outcomes.

In order to establish face validity and to test and evaluate the questionnaire used in this research, the researcher has obtained the expertise of 16 industry experts. Experts were e-mailed and asked to comment on the validity of the questionnaire. Definite concerns were raised on the wording of some of the questions, due to them being unclear and they were therefor adjusted accordingly. The overall opinion was that the measurement tool was valid and that they felt it was relevant and would measure what the researcher wanted to measure. The suggestions made were also incorporated in the questionnaire before it was distributed to collect the data.

3.10 RELIABILITY

Welman et al. (2012:9) states that reliability is the ability to have consistent and stable measurements of data. In actual fact it means that if the research has to be duplicated it should produce the same findings. The most used calculation to determine reliability is the Cronbach alpha test. The Cronbach alpha is a measure of the internal consistency of a measurement/test (Welman et al., 2012:147). If items are strongly correlated the Cronbach alpha would be high and close to one and if they are poorly correlated the score would be close to zero. Maree *et al.* (2014:216) stipulates that reliability estimates of 80% are regarded acceptable and values of 60% are regarded as unacceptable.

- 0.90 – very high level of reliability;
- 0.80 – high level of reliability;
- 0.70 – acceptable level of reliability.

The reliability test done on the pilot sample yielded a Cronbach alpha coefficient of 70% and on the full sample a Cronbach value of 71.4% was obtained. The data collected by the research instrument was, therefore, regarded as reliable.

3.11 LIMITATIONS OF THE STUDY

The biggest limitation to the study is that the responses were only obtained from the employee perspective, and not from the dealer or the new business hub officer's. Respondents view could be influenced by their latest experience with a dealer or with the new business hub. Similar studies based on the same industry could not be found to serve as a means of comparison for the set findings.

3.12 SUMMARY

The methodology adopted through the research was discussed in chapter three. Validity and reliability of the research instrument were addressed and proven to be suitable for the set research. Data collected should uncover untapped knowledge used by dealer relationship managers to build a sustainable relationship and help the researcher formulating a relationship model per dealer sector that could be followed by newly appointed dealer relationship managers. In-depth analyses, coupled with graphs will be presented in chapter four to summarise the findings.

CHAPTER 4 – RESULTS AND FINDINGS

4.1 INTRODUCTION

The population and sample size was equal in the research due to the fact that all the dealer relationship managers were included in the organisation. Questionnaires were distributed through email to 110 participants of which 80 responses were obtained, yielding a response rate of 72,2%. Demographics were restricted to a split between male / female and also Franchise/Independent group, IDA/Used and JV Group Alliances. Male / Female split was done to make sure that a representative sample were obtained in line with the organisation's male/female population. The current split as per data obtained from the organisation reflects a male/female split of 45 / 55 and the data response rate yielded 40 / 60 split. Graph 4.1 illustrates the male female response rate where graph 4.2 reflects the split between the different dealer segments responses.

Figure 4.1: Survey Population Split

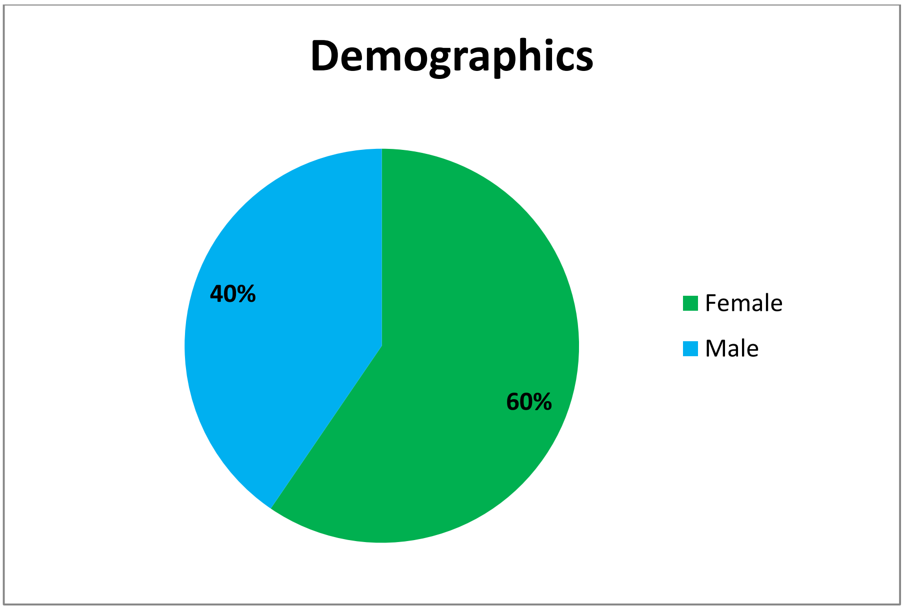
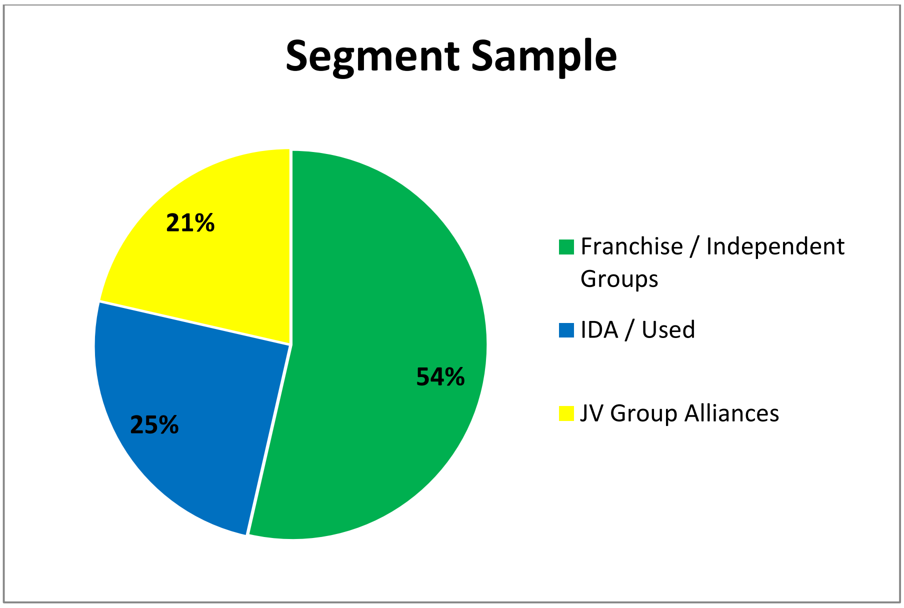


Figure 4.2: Survey dealer segment split



4.2 RESULTS

Table 4.1 below reflects the attitude towards trust by the DRM in view of each dealer segment internally as well as externally focused.

Table 4.1 Frequency Table: Trust

Trust			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	3.0%	6.0%	5.9%
2	42.3%	39.3%	36.8%
3	35.7%	38.1%	32.4%
4	19.0%	16.7%	25.0%
Total Responses	42	21	17

It is evident from the above analyses that the JV Group has a higher frequency in the strongly agree segment than the other two segments. This could be due to the joint venture agreement in place and the fact that one works towards one goal in a joint venture. A joint venture is formed when two or more companies engage in a solitary business enterprise for profits without forming an actual partnership (The free dictionary by Farlex: 2015).

Table 4.2: Data Analyses: Trust

Questions	Mean			Standard Deviation			Variance		
	Franchise / Independent Groups	IDA / Used	JV Group Alliances	Franchise / Independent Groups	IDA / Used	JV Group Alliances	Franchise / Independent Groups	IDA / Used	JV Group Alliances
Q1	2.62	2.81	3.06	0.90	0.79	1.00	0.81	0.63	1.00
Q2	2.50	2.48	2.53	0.66	0.59	0.70	0.44	0.34	0.48
Q3	2.57	2.43	2.65	0.90	1.09	0.90	0.82	1.20	0.82
Q4	3.14	2.90	2.88	0.52	0.61	0.76	0.27	0.37	0.57
Combined	2.71	2.65	2.78	0.8	0.82	0.87	0.65	0.68	0.76

Table 4.2 illustrates that the combined mean in the JV Group is much higher than that of Franchise and IDA. This is due to the trust relationship built up over time in the set joint venture agreement. The standard deviation in Franchise is the lowest and is also confirmed in the low variance, meaning that the results are more closely clustered around the mean. Question 1 reflects a very high mean in the JV Alliance segment and indicates a high rate of communication followed by IDA and Franchise respectively. Alliance DRM's finds frequent communication as a high priority in there day-to-day business. This is in line with Hough *et al.* (2011:296) that states that communication builds trust. Question 2 measures the frequent communication towards the dealership in terms of their monthly performance. It is also evident in this measurement that JV Alliance DRM's discusses information on a more frequent basis than their counter parts with their dealerships owners and dealer principals. Interesting again is the fact that the standard deviation in the JV Alliances is higher than the rest and indicates that the responses are more widely spread between the results.

Question 3 is a measurement of trust towards the internal Hub performance. IDA mean is very low and reflects a concern that the DRM's do not believe that their Hub could produce the required service deliverables. The low standard deviation and variance reflects that the respondents are closely scattered around the mean. This result is a concern as a DRM can only be as good as his support structure. The organisation under review confirmed that their JV Group Alliances are serviced through specific Hub's and that IDA service deliverables are split over several Hubs. This tendency could be the reason that DRM's are experiencing doubt on consistent performance from their internal support structure. Question four reflects the highest mean in the Franchise segment indicating that DRM's feel much more comfortable to negotiate transactions in the Franchise space. This might be due to the perception towards their internal credit partners or the willingness from the Hub side to negotiate positively.

Overall, trust scored the highest in the JV Alliances segment but focus will have to be turned to the low rating of internal negotiability. Overall Hub performance has to be analysed and external communication to be increased.

Table 4.3: Frequency Table: Loyalty

Loyalty			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	3.6%	1.2%	7.4%
2	20.8%	20.2%	17.6%
3	53.6%	57.1%	47.1%
4	22.0%	21.4%	27.9%
Total Responses	42	21	17

The Franchise and IDA responses are evenly spread over the Likert scale options with the JV Alliances responses reflecting an interesting increase in the strongly disagree and strongly agree segments. This indicates that there is a large difference in perception between JV Alliance DRMs.

Table 4.4: Data Analyses: Loyalty

Questions	Mean			Standard Deviation			Variance		
	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances
Q5	2.95	2.95	3.06	0.82	0.65	0.87	0.66	0.43	0.76
Q6	2.60	2.76	2.59	0.76	0.81	0.97	0.57	0.66	0.95
Q7	3.31	3.24	3.29	0.67	0.53	0.75	0.45	0.28	0.56
Q8	2.90	3.00	2.88	0.57	0.62	0.68	0.32	0.38	0.46
Combined	2.94	2.99	2.96	0.75	0.68	0.86	0.57	0.46	0.75

Dealer entertainment - question 5 - seems equally important in the Franchise and IDA space as a key element towards success. This is a result of the non-alliance situation that does not secure business on its own; however, the JV Alliance's also reflect a strong need for entertainment. Entertaining people results in loyalty towards one, based on a feeling of the need to give something back. It is further evident that this feeling is mutual among the respective DRMs due to the very low standard deviation and variances obtained.

Question six measures the loyalty from the dealer to wait for the finance house to produce the required service deliverables during unforeseen system downtime. IDA reflects the highest mean value and therefor indicates that IDA dealers are more lenient when it comes to unforeseen challenges. Standard deviation and variances for Franchise and IDA are not as much dispersed as that of JV Alliances. The DRM in the JV Alliances seems to be under more pressure to deliver on time than their counter-parts as slow service deliverables could lead to lost business opportunities.

Loyalty towards the DRM's internal partners is measured in question seven. The mean for IDA reflects the lowest but still shows a very positive attitude towards loyalty for their internal partners. Standard deviation and variances reflects the smallest distribution around the mean, and is an indication of the same perception in DRMs. Having analysed the DRM perception of Hub performance in question three, coupled with dealer loyalty to wait for delayed service deliverables it is evident through question eight that the IDA dealer group is most probably the most "forgiving" or "patient" dealer group. IDA indicates the highest mean value in terms of praising the Hubs for superior service. These findings are in line with Leadley (2009:38) who also yielded higher means for the IDA segments in terms of loyalty towards the organisation.

Table 4.5: Frequency Table: Commitment

Commitment			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	0.6%	0.0%	0.0%
2	4.2%	6.0%	7.4%
3	56.0%	60.7%	52.9%
4	39.3%	33.3%	39.7%
Total Responses	42	21	17

Question 9 to 12 is used to measure commitment. Frequency analyses reflect hardly any responses towards the strongly disagree side of the Likert scale with the bulk of responses in all segments lying in agree and strongly agree sections respectively. Overall commitment came out top as the highest ranked attribute towards business relationship building.

Table 4.6: Data Analyses: Commitment

Questions	Mean			Standard Deviation			Variance		
	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances
Q9	3.40	3.19	3.29	0.62	0.50	0.57	0.38	0.25	0.33
Q10	3.55	3.57	3.76	0.54	0.49	0.42	0.30	0.24	0.18
Q11	3.33	3.33	3.35	0.56	0.56	0.48	0.32	0.32	0.23
Q12	3.07	3.00	2.88	0.51	0.53	0.58	0.26	0.29	0.34
Combined	3.34	3.27	3.32	0.59	0.56	0.60	0.34	0.32	0.37

Franchise segment yielded the highest mean value on question nine indicating that DRMs in this section are more involved on a personal level with the dealer segment. They are more involved in functions and seem to play a big role in business strategies. JV Alliances are second highest with IDA making up the lower end. The standard deviation for IDA reflects the lowest spread around the mean indicating mutual agreement by respondents. Question 10 overall yields very high and shows ultimate commitment from DRMs to be available for their clients. JV Alliances yielded the highest mean coupled with the lowest standard deviation and variance.

In chapter two reference were made by Olivier (2010:20-21) that stipulated that job satisfaction leads to commitment. Question 11 yielded the highest mean in the JV alliances segment which is in line with the findings of question 10. Showing commitment outside working hours in question 10 is a direct response of job satisfaction in question 11. Having said this, the franchise and IDA responses are very much in line with that of the JV Alliances. Question 12 yielded the highest mean in the franchise segment and confirms that the DRM would rather educate the dealer to work directly through the correct channels to speed up processes. The lower mean result in JV Alliances indicates that the DRM prefers to be in control of every aspect of his clients business and would like to handle all queries. The overall standard deviation and variances are all clustered very closely to the means.

Table 4.7: Frequency Table: Professionalism

Professionalism			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	3.0%	6.0%	5.9%
2	42.3%	39.3%	36.8%
3	35.7%	38.1%	32.4%
4	19.0%	16.7%	25.0%
Total Responses	42	21	17

Professionalism is measured through question 13 to 16 and the overall response rate for the JV Alliances are more centralised towards agree and strongly agree. Bradburn and Staley (2012:499) stated that there is no clear definition for professionalism and these questions were developed to measure what is expected from DRMs by senior management in the organisation.

Table 4.8: Data Analyses: Professionalism

Questions	Mean			Standard Deviation			Variance		
	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances
Q13	2.50	2.76	2.59	0.66	0.75	0.69	0.44	0.56	0.48
Q14	2.07	2.33	2.18	0.34	0.71	0.51	0.11	0.51	0.26
Q15	3.55	3.48	3.59	0.50	0.73	0.49	0.25	0.54	0.24
Q16	3.19	3.10	3.29	0.66	0.61	0.67	0.44	0.37	0.44
Combined	2.83	2.92	2.91	0.80	0.82	0.82	0.64	0.67	0.67

Question 13 yielded a very high mean for the IDA segment compared to that of Franchise and JV Alliances. This is a reflection of the DRM communicating to dealers prior of every visit. It was mentioned earlier that frequent open communication leads to commitment and this could be the reason for IDA being more lenient when it comes to service deliverable challenges. The findings of question 14 are very similar over the three segments and it seems that smart casual dress code is acceptable in the industry and does not play a significant role towards building a business relationship.

Question 15 refers to being able to talk the talk of the industry. It measures the importance of industry knowledge as an indicator for business success. JV Alliances jumps to the fore front with a mean value of 3.59 indicating the high importance of industry knowledge. These findings are in line with Question two where JV Alliance responses indicated the more frequent discussions between DRM and dealer owner regarding their business performance. This result confirms a need for training and developing DRMs on all levels to become comfortable in approaching dealership owners or dealer principles. The perception of Hub and dealer interaction is measured in Question 16 and again JV Alliances yielded the highest mean value. Overall standard deviation and variances are yielding very close to each other and therefor result in the same spread around the means. JV Alliances sees more value in the face to face interaction between the Hub and the dealers than the other segments.

Table 4.9: Frequency Table: Integrity

Integrity			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	20.2%	13.1%	23.5%
2	27.4%	42.9%	25.0%
3	31.0%	21.4%	27.9%
4	21.4%	22.6%	23.5%
Total Responses	42	21	17

Overall responses are very evenly spread in the above grouping of integrity. The only real outlier are found in the IDA grouping where 42% of respondents selected the disagree option.

Table 4.10: Data Analyses: Integrity

Questions	Mean			Standard Deviation			Variance		
	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances
Q17	2.90	2.95	2.47	0.75	0.84	1.14	0.56	0.71	1.31
Q18	3.48	3.38	3.47	0.7	0.58	0.61	0.49	0.33	0.37
Q19	2.93	2.81	2.65	0.77	0.55	0.68	0.59	0.25	0.46
Q20	3.57	3.38	3.71	0.49	0.84	0.46	0.24	0.71	0.21
Combined	3.2	3.13	3.07	0.77	0.75	0.93	0.59	0.57	0.86

The highest mean was yielded on question 17 in the IDA segment. This reflects the scenario that IDA DRMs will concentrate more on supporting dealers and neglect non supporting dealers. Franchise responses reflected the same phenomena with JV Alliances reflecting a more equal approach for all dealers. Care should be taken that neglecting dealers do not result in the business loosing face or production opportunities. Although JV Alliances reflected the lowest mean they also reflected the biggest spread of data around the mean, suggesting JV Alliance DRMs differ more on this specific question than the other DRM segment respondents. Question 18 and 19 were swopped around to make sure that respondents do not just follow one side of the Likert scale. Findings were therefore also adjusted and the strongly disagree option yielded 4, the disagree option 3, agree 2 and strongly agree 1. Question 18 yielded very high means in every dealer segment that is an indication of high integrity shown by all DRMs. Data was also closely clustered around the means.

Internal and external relationships are very important for a sales person however, without internal support the DRM will not be able to fulfill his or her promises. Question 19 measured the importance between internal and external relationship for the DRM. Franchise segment reflect a more positive attitude towards the Hub relationship than IDA and JV Alliances and might result in IDA and JV Alliances blaming the hubs for non-deliverables rather than using the “we are one” concept. Unethical behavior is measured in question 20 and is also yielding very high means, demonstrating a willingness to show integrity. IDA respondents indicated the lowest mean coupled with the highest standard deviation and variance. This phenomenon can be a result of a less regulated environment of dealerships in the used industry.

Table 4.11: Frequency Table: Caring

Caring			
Ratings	**Franchise / Independent Groups**	**IDA / Used**	**JV Group Alliances**
1	4.8%	10.7%	2.9%
2	38.1%	27.4%	33.8%
3	38.1%	46.4%	44.1%
4	19.0%	15.5%	19.1%
Total Responses	42	21	17

Questions 21 to 24 are structured to measure caring. Question 21 is focused from the dealer segment side with 22 to 24 focusing on the DRM towards his/her dealer. IDA responses indicates the biggest portion of strongly disagree options. IDA DRMs seems to be more focused towards their dealer relationship than the internal hub relationship.

Table 4.12: Data Analyses: Caring

Questions	Mean			Standard Deviation			Variance		
	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances	Franchise / Indepen	IDA / Used	JV Group Alliances
Q21	3.02	3.00	3.12	0.80	0.87	0.58	0.64	0.76	0.34
Q22	2.76	2.86	2.94	0.78	0.77	0.80	0.61	0.60	0.64
Q23	3.05	2.86	2.94	0.69	0.77	0.73	0.47	0.60	0.53
Q24	2.02	1.95	2.18	0.56	0.58	0.62	0.31	0.33	0.38
Combined	2.71	2.67	2.79	0.82	0.86	0.78	0.68	0.75	0.60

Combined means yield the highest in the JV Alliances segment coupled with the lowest spread around the mean. Question 21 reflects commitment from the dealer segment to support and help a DRM to achieve his or her set target. More commitment and caring are experienced in the JV Alliance segment and as stipulated earlier are a result of the joint venture itself that focus on joint profits. The IDA segment shows the lowest mean and the highest spread which indicates uncertainty in the eyes of IDA DRMs and the feeling that IDA dealers are maybe more profit driven than anything else. In question 22 the focus shifted to the DRM and it is found that the JV Alliances are more concerned in the dealership staff's personal surroundings. Yielding a mean of 2.94 versus IDA 2.86 and franchise 2.76 indicates a more personal relationship.

Question 23 and 24 both measures the interaction between DRMs and the Hub Staff. Combining the two questions, research found that franchise and JV Alliances both yielded 2.54 and 2.56 respectively with IDA reflecting the lowest level of caring towards Hub personnel. In question 3 IDA yielded the lowest mean towards expected service deliverables being met by the Hubs and are related to the lower caring levels reflected in question 23 and 24.

Table 4.13: Frequency Table: Knowledge

Knowledge			
Ratings	Franchise / Independent Groups	IDA / Used	JV Group Alliances
1	13.7%	6.0%	11.8%
2	12.5%	16.7%	13.2%
3	43.5%	48.8%	47.1%
4	30.4%	28.6%	27.9%
Total Responses	42	21	17

Measuring knowledge in question 25 to 28 indicates the willingness of DRMs to obtain knowledge and to share industry knowledge with the dealer segment as a measurement of importance for his or her success. Evident from the above frequency table is the fact that 74% to 76% of responses lie between agree and strongly agree and confirms the importance of knowledge and knowledge sharing.

Table 4.14: Data Analyses: Knowledge

Questions	Mean			Standard Deviation			Variance		
	Franchise / Independent Groups	IDA / Used	JV Group Alliances	Franchise / Independent Groups	IDA / Used	JV Group Alliances	Franchise / Independent Groups	IDA / Used	JV Group Alliances
Q25	3.31	3.29	3.18	0.67	0.55	0.71	0.45	0.30	0.50
Q26	2.45	3.00	2.53	0.85	0.87	0.94	0.73	0.75	0.88
Q27	3.21	3.00	3.24	0.91	0.87	0.73	0.84	0.76	0.53
Q28	2.64	2.71	2.71	0.68	0.45	0.75	0.47	0.20	0.56
Combined	2.9	3	2.91	0.98	0.83	0.94	0.97	0.69	0.87

Question 25 measured the industry knowledge towards the new banking regulations as from the DRMs' perspective. Franchise yielded the highest mean with JV Alliances the lowest and the highest standard deviation. This result can be seen as either the JV Alliance segment dealers do not care about the regulations or they were not properly informed. Question 26 shows that franchise and JV Alliance DRMs are arranging more frequent interactive knowledge sharing functions than IDA. The standard deviation and variance for question 26, is widely spread around the mean, indicating uncertainty amongst DRM respondents.

Question 27 reflects the feeling amongst DRMs towards previous Hub experience as an advantage towards success. The means are all around the, agree to strongly agree points and highlight previous hub experience as an important factor. The last question, number 28, is aimed to determine a DRM's perception of the importance to share industry information with their respective dealer segments. IDA and JV Alliances reflected the highest mean values with low standard deviation values. Overall IDA reflects the highest mean value on the combined measurement of knowledge with the lowest variance and standard deviation.

The attributes were ranked from the highest to the lowest mean rating in table 4.15 below.

4.3 SUMMARY

Table 4.15 Attribute ranking

Combined Atrributes	
Avarage Mean per attribute	
Commitment	3.31
Integrity	3.13
Loyalty	2.96
Knowledge	2.94
Professionalism	2.89
Caring	2.72
Trust	2.71

Based on the DRM responses the highest contributor to their success is commitment followed by integrity, loyalty, knowledge, professionalism, caring and trust. These findings are very much in line with the segment breakdown findings accept for the IDA segment that ranks knowledge higher than the Franchise and JV Alliances segments (see table 4.16)

Table 4.16 Attribute rankings per dealer segment

Franchise		IDA		JV	
Commitment	3.34	Commitment	3.27	Commitment	3.32
Integrity	3.2	Integrity	3.13	Integrity	3.07
Loyalty	2.94	Knowledge	3.00	loyalty	2.96
Knowledge	2.9	Loyalty	2.99	Professionalism & Knowledge	2.91
Professionalism	2.83	Professionalism	2.92	Caring	2.79
Trust & Caring	2.71	Caring	2.67	Trust	2.78
		Trust	2.65		

The results highlighted a fine correlation between each segment and that each segment operates more or less in the same manner. The data further confirmed that all attributes are evident in the organisation but some are seen as more important than others. The literature study done in chapter two indicated that there is no easy and structured formula for building a successful business relationship.

Chapter five will deal with recommendations to enhance each contributor per dealer segment with the aim to help the organisation to build long-term business relationships with their dealer partners.

CHAPTER 5 – CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

Primary and secondary objectives were set in chapter 1. In this chapter the study result will be compared with the set objectives to determine if the results have met the required primary and secondary objectives. The findings will help the organisation to develop and enhance their current business relationship building techniques that would enable them to strengthen and build long-term business relationships. Through the findings, the researcher will make recommendations to the set company, as an option to use in the business.

5.2 PRIMARY OBJECTIVES

The primary objective of this study was to investigate the business-relationship between a motor finance house and a dealership enterprise within the South African motor finance industry. The study has shown that the same attributes, as identified through the literature review, were evident in the set organisation. It was found that there is no standard form for building a business relationship but that business relationships rather consist of several attributes that will enhance relationships. The attributes in ranking order as identified by the research to be important through the eyes of the companies DRM's were found to be: Commitment, Integrity, Loyalty, Knowledge, Professionalism, Caring and Trust (Table 4.15).

5.3 SECONDARY OBJECTIVES

The research was able to meet the secondary objectives as set in chapter 1.

- Business relationship was defined and insight into different business building strategies was obtained via the literature review.
- Furthermore the research has described the specific business relationships employed in the South African Motor Industry.
- A questionnaire was constructed, after semi-structured interviews were conducted with experienced DRMs to measure the relationship building attributes as identified through the literature review.

- The final objective will be dealt with in this chapter, relating to the recommendations made to the company to evaluate and improve their existing business relationship building model.

5.4 RECOMMENDATIONS

With reference to the BA 900 the organisation under review are ranked number two in the industry and reflects an upward trend in gaining market share. The aim of this study and the recommendations is not to change any existing way of doing business but should rather be seen as a research opinion that can be used if deemed necessary to enhance the organisation's business relationships.

Question 1 to 4 is grouped as a measurement of trust and has rated the lowest from all the attributes. Mutual trust is important for the long-term survival of any business relationship. Question 1 measures frequent communication and it is recommended that a central point for all dealer communication should be created. This will enable the organisation to communicate immediately to all dealers with exactly the same communication at the same time and more frequently. The value of frequent open communication is highlighted by (Walz et al., 2012:81) as "*the most universally positive antecedent in terms of strengthening initial levels of trust*". It was further established through question 2 that not all DRM's communicate business performance on a monthly or quarterly basis and it is recommended that this aspect becomes a key performance measurement area for each portfolio. Question 3 and 4 reflects a negative view in terms of a hub being able to perform at the required service level agreements especially in the IDA hub. Specialized hubs for every dealer segment should be considered - as is the case currently in the JV Alliances – this will create focus and a perception of mutual purpose.

Loyalty develops through trust and trust is an outcome of commitment (Walz et al., 2012:91). Loyalty has scored fairly high in each dealer segment but it is recommended that the organisation take note of the fact that the JV Alliances loyalty towards the organisation are slightly below the other groups. Hub Performance must be at their best at all time and the organisation should make sure that their hub staff is trained at the highest levels.

Commitment scored overall very high and came out the top ranked attribute for all dealer segments. This in itself is an absolute plus for the organisation under review. Having staff that are committed is "key" to any successful organisation. Staff commitment is an outcome of job satisfaction as stated by Olivier (2010:20) and the organisation must ensure that they keep focus on their staff wellbeing. The JV Alliance team reflected the highest mean in terms of availability after hours and this phenomenon should be filtered through to each DRM. Commitment can be summarised by the words of Arnold Sherr "there is but one degree of commitment; *Total*" (Theresumestore, 2015)

Professionalism rated as the fifth highest contributor with question 15 highlighting the need for industry knowledge. It is recommended that the organisation distributes a monthly newsletter to their DRMs as well as their dealer partners discussing new industry trends and industry news. This constant information will increase trust towards the set organisation. Although Bradburn and Staley (2012:500) researched professionalism in medical terms, it is still applicable for any business, as they clearly stated that *"You must make sure that your practice at ALL times justifies your patients / client's trust in you and the public's trust in the profession / business".*

Integrity is not a value by itself but rather the level of fit between the values and morals expected by clients and that displayed by business or business representatives (Ridge, 2015:52). The biggest concern identified through the integrity analyses is the "us and them" concept. This scenario is dangerous for any business and the organisation should immediately focus on ironing out this concern. Said and Omar (2014:12) argues that integrity in an organisation is crucial in ensuring its sustainability. Efforts to improve internal business relationships could include frequent feedback sessions between internal staff, staff functions, or role changing where DRMs could work a day in the Hub and Hub staff could join DRM's for a day in the market.

It is evident that caring is not seen as a huge contributor towards business success. Caring is an attribute of business relationship building as identified through the literature review and results in enhanced relationships and ultimately add value to all other attributers. Low caring values could be the result of disbeliefs in the Hubs performances. The organisation should focus on small staff functions to strengthen internal business relationships. Houghten et al. (2015:316) stipulate that shared leadership facilitates caring in groups through dispersion of power. It is therefore recommended that Hub and DRM key performance measurements are aligned to ensure one goal and one team.

Abdul-Jalal et al. (2013:150) acknowledge the importance of knowledge sharing in the research article called *“Knowledge Sharing Success for Sustaining Organizational Competitive Advantage”*. Internal knowledge sharing can be stimulated by an internal platform that allows internal staff to update different processes and procedures used to solve and handle difficult scenarios. External knowledge sharing can be done through frequent business days and newsletters. It is therefore recommended that the organisation starts a yearly or quarterly business day breakfast to share industry knowledge. This will also enhance Face-to-Face networking.

5.5 CONCLUSION

The primary and secondary objectives as set out in chapter one were therefor met. A literature review was conducted followed by semi structured interviews and a questionnaire was constructed and distributed to 110 participants. The questionnaire was tested for face validity by employing 16 industry experts to scrutinize and comment on the questionnaire. A satisfactory response rate of 72% was obtained while the questionnaire yielded reliable data that returned an acceptable reliability coefficient ($\alpha > 70\%$).

The study was limited to a view from the organisation’s DRMs and not from the view of the dealer segment or the organisation’s internal processing Hub, reflecting a highly interdisciplinary approach. It is, therefore, recommended that further studies are conducted to include the full value chain of the organisational processes focusing on an interdisciplinary process. Such research will allow the measuring of the importance of each attributor from a multiple disciplinary angle in the value chain. The possibility therefore exists to establish a three dimensional model viewing the value from hub, dealer and DRM perspective. Table 4.15 could then be further enhanced with the view to create a hybrid model to be used in the organisation.

Although key factors such as geographical areas and income brackets were excluded from the study conducted by the researcher, it is acknowledged that such factors could impact any business relationship building approach as it might not be cost effective to pursue a face-to-face approach in remote areas or even for low volume dealers. A standard model cast in stone is therefore not the answer but rather a hybrid model acknowledging all attributes but, having the ability to adjust to the required unique circumstances. It is acknowledged that business opportunities might be small in certain areas, however, by applying the correct strategy it will yield positive results.

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APPENDICES

APPENDIX A: INTERVIEW GUIDE

1. Indicate Gender

Male	Female

2. Ethnic Group

African	Indian	Coloured	White

3. How many years have you worked for this specific company

0 – 3	4 – 10	11 – 15	16 - 20

4. How long have you been in the specific role as Dealer Relationship Manager

0 – 3	4 – 10	11 – 15	16 - 20

5. Which of the following comprises the biggest portion of your current portfolio

Independent Dealers	Non Group Franchise	Group Dealers (JV)

6. Indicate your experience in different business units in the company

Only 1 business unit	2 Business units	3 Business Units	More than 3 Business Units

Define business Relationships

7. Define the term Relationship building in your own words.

____

Placing a new dealer on the book (Cold calling)

a. When allocated a new dealer (first time dealer on the book), what are your strategy towards the first meeting.

____

b. On your first face to face meeting, what would be your starting point and what will you discuss

____

c. Would your second face to face meeting be different from the 1st and if so in what way

____

d. Does this strategy always work for a new dealer. If No in what sense

____

e. How would you win the dealers support

____

<u>Maintaining dealer (Farming)</u>

f. When allocate an existing dealer what are the steps that you will follow and what discussions will you have at the first face to face meeting

____

g. What do you do when a dealer phones you with a problem / query

____

h. Is dealer entertainment important

- What do you do
- What about unintended consequences
- Any alternative options

____

i. What other support structures in the company helps you to be successful in your relationship building quest

____

j. Does your wardrobe play a role in your relationship

____

APPENDIX B: QUESTIONNAIRE

Questionnaire: Research to investigate and prioritise specific business relationship elements in the motor finance industry

Author: Riaan Lubbe

Purpose: Dissertation towards the partial completion of the MBA programme at the North-West University

Title: Investigating the business relationship between a finance house and a motor dealership.

All information will be treated as **STRICTLY CONFIDENTIAL** and will only be used for academic purposes.

Instruction for completion

1. Please answer the questions as objectively and honestly as possible
2. Each question has several possible answers. Please click the required option that reflects your opinion the best.

It is essential that you tick each and every question. Please select the submit button at the end of the questionnaire, that will automatically forward your answer sheet to a central secured data base.

Answering all questions will allow for more accurate analyses and interpretation of data.

Thank You, for your co-operation. We hope that you will find the questionnaire interesting and stimulating.

Section A: Demographics

Please indicate your selection by clicking the correct box

a. Gender

Male	Female

b. Which of the following dealer segments comprises the biggest portion of your current portfolio

IDA	Franchise (Non Group)	JV Group

Section B: Business relationship element analyses.

1. When there is a slow response in turnaround times, I communicate progress to my dealers

never	once	every hour	every 2 hours

2. I discuss my dealers performance with my DP/Owner

never	monthly	quarterly	yearly

3. My new business hub strictly delivers to the norms of the service level agreement

never	early in the month	month end	always

4. My hub allows me to negotiate a decision to achieve positive outcomes

strongly disagree	disagree	agree	strongly agree

5. Dealer entertainment is a key critical success factor in my portfolio

strongly disagree	disagree	agree	strongly agree

6. My dealers will not submit contract requests to other banks when we experience system downtime

strongly disagree	disagree	agree	strongly agree

7. I remain loyal to my hub regardless of service delivering failures

strongly disagree	disagree	agree	strongly agree

8. My dealers compliment my hub and their helpfulness

strongly disagree	disagree	agree	strongly agree

9. I form an integral part of my dealers business strategy including functions

strongly disagree	disagree	agree	strongly agree

10. I am available to my dealer for support regardless working hours

strongly disagree	disagree	agree	strongly agree

11. I experience job satisfaction in my current role

strongly disagree	disagree	agree	strongly agree

12. I'm an enabler and prefer my dealers to be able to contact support functions directly

strongly disagree	disagree	agree	strongly agree

13. I send my F&I's emails prior to each visit with a breakdown of my intended discussions for the next visit, to allow them time to prepare

strongly disagree	disagree	agree	strongly agree

14. My portfolio requires me to dress in the following manner

casual	smart casual	business attire	Formal / Tie

15. It is important for me to remain up to date with the relevant industry trends for success in my portfolio

strongly disagree	disagree	agree	strongly agree

16. Arranging a meet and greet between dealer staff and hub support staff contributes to the success of my portfolio

strongly disagree	disagree	agree	strongly agree

17. My top supporting dealers receive more attention from me than my non supporting dealers

strongly disagree	disagree	agree	strongly agree

18. I freely share other dealer information with all my dealers

strongly disagree	disagree	agree	strongly agree

19. I put my relationship with my dealer before and above my relationship with the hub

strongly disagree	disagree	agree	strongly agree

20. I report unethical behaviour detected immediately

strongly disagree	disagree	agree	strongly agree

21. All my dealers are committed in assisting me to achieve my target regardless

strongly disagree	disagree	agree	strongly agree

22. I surprise all my Dealer Principles / Owners on their birthdays with a gift

strongly disagree	disagree	agree	strongly agree

23. I know the New Business Hub team who supports me by name and what their personal circumstances are

strongly disagree	disagree	agree	strongly agree

24. I surprise my hub team individually with small gifts on their birthdays

strongly disagree	disagree	agree	strongly agree

25. My dealers understand the legislative challenges that we as a bank have to comply with and how it affects their business with us

strongly disagree	disagree	agree	strongly agree

26. I arrange functions such as Industry breakfasts, talk shows, Gibbs business days with my dealers

Never	monthly	quarterly	yearly

27. Having hub experience prior to becoming a DRM is definitely an advantage

strongly disagree	disagree	agree	strongly agree

28. I share NAAMSA, Economic forecasts, News 24 articles, TransUnion analyses with my dealers

strongly disagree	disagree	agree	strongly agree

APPENDIX C: FINDINGS AND CRONBACH ALPHA CALCULATION

	Trust				Loyalty				Commitment				Proffesionalism				Integrity				Caring				Knowledge			
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28
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64	2	3	2	3	3	3	3	2	3	4	3	3	2	4	3	3	3	2	3	3	3	3	3	2	3	2	4	3
65	4	3	4	4	3	3	4	4	4	4	4	3	3	4	4	4	3	1	2	4	3	3	3	2	4	2	3	3
66	2	3	2	2	3	2	3	3	3	3	3	3	2	4	4	2	4	2	2	3	2	2	1	1	3	2	3	3
67	4	4	2	3	4	4	4	2	4	4	4	3	3	4	3	4	3	1	3	4	3	3	3	2	4	2	2	2
68	4	3	2	4	3	3	3	4	3	3	3	3	3	4	3	3	2	2	2	4	3	3	4	4	4	3	4	3
69	3	4	4	4	4	3	3	3	3	3	3	2	3	4	3	3	4	1	2	3	4	3	3	2	3	3	3	1
70	2	3	3	3	2	3	3	2	3	3	4	4	2	4	4	3	2	2	2	4	3	4	3	2	3	3	4	3
71	3	3	2	3	2	2	4	3	3	4	4	2	3	4	4	3	3	2	1	3	4	4	4	3	4	3	4	4
72	3	4	1	3	3	3	4	3	4	4	4	2	2	4	4	3	2	1	1	4	4	4	3	2	4	4	2	3
73	3	4	4	3	3	3	3	4	3	3	3	3	2	2	1	3	3	2	2	3	1	3	3	2	3	3	3	3
74	4	3	2	2	3	3	3	2	3	4	3	2	3	4	4	2	1	1	2	4	3	4	2	2	3	3	3	3
75	4	4	4	4	2	3	3	3	3	4	3	2	4	4	4	4	3	2	2	4	3	3	3	3	4	4	3	2
76	2	3	2	3	3	2	3	2	3	3	2	3	2	4	3	3	3	1	2	4	2	2	2	2	2	1	3	2
77	2	4	4	3	3	1	4	3	2	4	4	3	2	4	4	3	1	1	3	4	2	3	3	1	4	3	3	2
78	2	3	4	3	4	2	4	3	4	4	4	4	2	4	4	4	3	1	2	4	3	2	2	2	2	2	3	3
79	2	4	2	3	2	1	2	2	3	3	3	3	3	2	3	3	3	2	1	4	2	2	3	2	2	2	2	3
80	3	3	3	3	4	2	3	3	4	4	3	4	2	4	4	2	4	1	1	4	4	3	3	2	4	2	4	3
Tota	221	261	204	242	238	211	263	234	266	288	267	241	207	307	283	255	226	124	176	284	243	226	238	163	262	163	253	214
Vari	0.8	0.6	0.9	0.4	0.6	0.7	0.4	0.4	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.4	0.8	0.4	0.5	0.4	0.6	0.6	0.5	0.3	0.4	0.8	0.8	0.4
k	80.00																											
sum	14.16																											
var	47.97																											
alph	71.4%																											

APPENDIX D: LETTER FROM LANGUAGE EDITOR

DLTS

DYNAMIC LANGUAGE & TRANSLATION SPECIALISTS

CK 95.17794\73

Esselen str 71

Potchefstroom

2531

Tel: (018) 293-3046

29 October 2015

TO WHOM IT MAY CONCERN

Re: Letter of confirmation of language editing

The dissertation "**Investigating the business relationship between a finance house and motor dealership** by **R Lubbe (24711004)** was language, technically and typographically edited. The citations, sources and referencing technique applied was also checked to comply with university guidelines. Final corrections as suggested remain the responsibility of the student.