

Investigating the influence of thinking styles on the sales performance of South African financial advisors

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COMMENTS

The reader is reminded of the following:

- The editorial style and reference format of this mini-dissertation are aligned with the policy of the Programme in Industrial Psychology of the North-West University (Potchefstroom). The Publication Manual (6th edition) of the American Psychological Association (APA) guidelines were utilised as referencing style. Furthermore, the editorial style of this manuscript is based on the guidelines of the South African Journal of Industrial Psychology (SAJIP).
- The mini-dissertation is submitted in the form of a research article, which can be viewed in Chapter 2.
- This paper will be submitted to the South African Journal of Industrial Psychology (SAJIP) for publication.

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DECLARATION

I, Tania Rautenbach, hereby declare that this mini-dissertation, titled: *Investigating the influence of thinking styles on the sales performance of South African financial advisors* is my own work and that the views and opinions expressed in this work are those of the author, and relevant literature references as cited in the manuscript.

I further declare that the content of this research will not be submitted for any other qualification at any other tertiary institution.



Tania Rautenbach

November 2019

To whom it may concern

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22 November 2019

Dear Mr / Ms

Re: Language editing of dissertation (Investigating the influence of thinking styles on the sales performance of South African financial advisors)

I hereby declare that I language edited the above-mentioned dissertation by Mrs Tania Rautenbach (student number: 27020746).

Please feel free to contact me should you have any enquiries.

Kind regards

A handwritten signature in black ink, appearing to read 'Cecile van Zyl', with a large loop at the end of the line.

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SUMMARY

Title: Investigating the influence of thinking styles on the sales performance of South African financial advisors

Keywords: Thinking styles, Neethling Brain Instrument, financial advisors, sales performance, financial services industry

The financial industry is frequently confronted with the challenge of an unusually high turnover among financial advisers in this industry. The industry has changed drastically since the enactment of various legislation that strictly regulates the industry. This change has an impact on the role of financial advisors. Furthermore, the remuneration of financial advisers is mostly commission-generating. When their productivity declines, this is usually accompanied by a decrease in income. Their production is also usually influenced by the economic conditions in the country. Previous research has shown that one of the main reasons for high turnover among financial advisors is related to their lack of sustainable income. This study, therefore, focuses on assessing whether the thinking styles of financial advisors influence their sales performance. The targeted sample consisted of all financial advisors in the North West, Limpopo, Mpumalanga and Gauteng, in a selected financial services organisation. The sample contained 252 individuals ($n = 252$) and a purposive sampling strategy was used to select the research participants.

The thinking styles of the financial advisors were assessed using the Neethling Brain Instrument (NBI™). The objective performance data included the following monthly information per financial advisor: number of insurance policies issued, total commission earned and total sales performance achieved measured in score.

The general objective of the study was to determine whether thinking styles are a predictor of financial advisors' sales performance. A quantitative research approach was followed to investigate the influence of financial advisers' preferred thinking styles on their sales performance. A cross-sectional analysis was done, where all the data was collected at one point in time. The researcher then compiled a descriptive study to accurately describe the

relationships between the independent variables (thinking styles) and the dependent variables (sales performance). The data was analysed by means of Bayesian statistics.

The researcher found some evidence to support a negative relationship between R2 thinking style preferences and sales performance of financial advisors. Therefore, the results showed an inverse relationship between financial advisors with a preference for thinking styles associated with interaction, sensitivities, as well as those who were more service-minded and have a preference for empathy for others and sales performance. Moreover, results from this study revealed a positive relationship between L2 thinking processes and the sales performance of advisors. The results therefore showed that financial advisors with a stronger preference for the thinking styles associated with discipline, order, following of rules and regulations, planning and systems show a greater predictor of sales performance. These advisors also earned higher commission than their colleagues. Furthermore, evidence was found to support a relationship between advisors' tenure and sales performance.

OPSOMMING

Titel: Onderzoek die invloed van denkstyle op die verkoopsprestasie van Suid-Afrikaanse finansiële adviseurs

Sleutelwoorde: Denkstyle, Neethling-brein-instrument, finansiële adviseurs, verkoopsprestasie, finansiëledienstebedryf

Die finansiële industrie word gereeld gekonfronteer met die uitdaging van 'n buitengewone hoë omset onder finansiële adviseurs in die bedryf. Die industrie het drasties verander sedert die inwerkingstelling van verskillende wetgewing wat die bedryf streng reguleer. Hierdie verandering het 'n invloed op die rol van finansiële adviseurs. Verder is finansiële adviseurs se vergoeding meestal kommissiegenererend. Wanneer hul produktiwiteit afneem, gaan dit normaalweg gepaard met 'n afname in inkomste. Hul produksie word ook normaalweg deur die ekonomiese toestande in die land beïnvloed. Vorige navorsing het bewys dat een van die hoofredes van 'n hoë omset onder finansiële adviseurs verband hou met hul gebrek aan 'n volhoubare inkomste. Hierdie studie fokus dus daarop om te bepaal of denkstyle van finansiële adviseurs 'n invloed op hul verkoopsprestasie het.

Die algemene doelstelling van die studie was om te bepaal of denkstyle 'n voorspeller is van finansiële adviseurs se verkoopsprestasie. 'n Kwantitatiewe navorsingsbenadering is gevolg ten einde die invloed van finansiële adviseurs se voorkeur-denkstyle op hul verkoopsprestasie te ondersoek. 'n Dwarssnit-analise is gedoen waar al die data op een tydstip ingesamel is. Die navorser het daarna 'n beskrywende studie saamgestel om die verwantskappe tussen die onafhanklike veranderlikes (denkstyle) en die afhanklike veranderlikes (verkoopsprestasie) akkuraat te beskryf. Die geteikende steekproef het bestaan uit alle finansiële adviseurs van die Noordwes, Limpopo, Mpumalanga en Gauteng in 'n geselekteerde finansiële dienste-organisasie. Die steekproef bestaan uit 252 finansiële adviseurs ($n = 252$) en 'n doelgerigte steekproefstrategie is gebruik om die navorsingsdeelnemers te kies. Die data is met behulp van Bayes-statistiek ontleed.

Die denkstyle van finansiële adviseurs is beoordeel aan die hand van die Neethling-brein-instrument (NBI™). Die objektiewe prestasiedata het die volgende maandelikse inligting per

finansiële adviseur ingesluit: aantal uitgereikte versekeringspolisse, totale kommissie verdien asook totale verkoopsprestasie behaal gemeet in score.

Die navorsers het bewyse gevind wat 'n negatiewe verband tussen die voorkeure van R2-denkstyl en die verkoopsprestasie van finansiële adviseurs ondersteun. Die res resultate het dus 'n omgekeerde verband getoon tussen finansiële adviseurs met 'n voorkeur vir denkstyle wat geassosieer word met interaksie, sensitief-ingestelde persone, asook diegene wat meer diens-ingesteld is en 'n voorkeur het om empatie vir ander te toon en verkoopsprestasie. Verder het die resultate van hierdie studie 'n positiewe verwantskap getoon tussen L2-denkprosesse en verkoopsprestasie van adviseurs. Die resultate het dus getoon dat finansiële adviseurs met 'n sterker voorkeur vir die denkstyle wat geassosieer word met dissipline, orde, die volg van reëls en regulasies, beplanning en sisteme 'n groter voorspeller is van verkoopsprestasie. Daar is ook bewyse gevind wat 'n positiewe verwantskap tussen 'n finansiële adviseur se diensmaande en verkoopsprestasie ondersteun.

CHAPTER 1

INTRODUCTION

1.1 Problem statement

The financial services industry is regarded as one of the most important sectors in the world (Financial Services Sector Assessment Report, 2015). This industry contributes largely to the growth and development of the South African economy (Department of National Treasury, 2017). When the economy is under pressure, it normally has a direct effect on the performance of most financial services providers (Peter, 2014). The success of the organisations within the financial services industry is often threatened by the high turnover of financial advisors, since financial advisors are key role players in any financial services organisation (Peter & Hoque, 2016; Van der Merwe, 2016). Adding to this challenge is the phenomenon that many of the existing financial advisors do not perform according to expectations. Financial advisors from different companies are often competing for the same business. Although companies within this industry spend a great deal of money on the recruitment, selection, placement and training of financial advisors (Van Zyl, 2011), the number of financial advisors is decreasing by approximately 2.9% a year, and the new entrants to the industry take longer to perform. According to Mirchandani, the industry will be short 10 000 advisors by 2020 (Andrus, 2015). Even though most financial service providers have stringent selection processes in place, the turnover and production of financial advisors remain an area of concern (Van Tonder, 2011).

Possible reasons for the loss of financial advisors may be that financial advisors are mainly commission paid individuals, and the Long-term Insurance Act (Act 52 of 1998) regulates these commission scales. It is also often difficult for financial advisors to perform consistently well, especially during poor economic conditions. Furthermore, in cases where advisors fail to find clients, build a sustainable client base and therefore when they do not meet their financial and sales targets, they often resign (Janas, 2009; Van Tonder, 2011). The growth and sustainability of most financial service institutions depend largely on the productivity of existing financial advisors as well as on the companies' ability to increase their sales footprint (Van der Merwe, 2009). Therefore, it is essential that research investigates the success factors that may contribute to financial advisors' performance. This may provide some direction on how these employees can be retained in the workplace.

In the current study, we propose that thinking styles, as conceptualised by Neethling (2005), may influence the performance of financial advisors. It is anticipated that determining the preferred thinking styles of successful financial advisors can enhance the current selection process of these advisors, resulting in the appointment of best-suited financial advisors.

Thinking styles refer to an individual's preferred way of thinking, which affects the way an individual processes information and does not refer to people's abilities (Herrmann, 1995; Sternberg, 1997). According to Rutherford (2006), these preferences affect behaviour in most areas of an individual's life. The initial discovery of thinking styles was made by Roger Sperry when he confirmed the main differences between the hemispheres of the left brain and right brain functions (Sperry, 1981). According to Sperry's findings, the brain consists of two hemispheres where each hemisphere performs specific functions, which results in specific thoughts and behaviours. After Sperry's split brain theory, it was widely accepted that the left hemisphere deals with speech and language, logic, numbers and detail, and that the right hemisphere is dominant for visual-motor tasks, imagination and people interaction (Neethling & Rutherford, 2001).

Sperry's theory led to a new era of research about thinking styles. Paul McLean's Triune Brain Model proposed that the brain consists of three different units, each operating with its own intelligence, subjectivity and its own sense of time, space and memory (Langelier & Connell, 2005). Ned Herrmann introduced a model where Sperry's theory and McLean's models were combined and, in August 1979, he introduced the Herrmann Brain Dominance Instrument® (HBDI®), which is an instrument enabling individuals to understand their own preferred thinking styles. Herrmann acknowledges that different people prefer different kinds of thinking (Herrmann, 1995). Herrmann's Whole Brain® Model describes four different thinking styles as follows: left cerebral (theorists), right cerebral (innovators), left limbic (organisers) and right limbic (humanitarians).

Building on the work of Herrmann and other researchers, Neethling (2003) confirmed that the initial left and right brain processes as identified by Sperry could each be divided into two definite categories, thereby defining the four quadrants each with their unique thinking style. Neethling introduced the Neethling Brain Instrument between 1988 and 1991. Neethling's findings are very similar to Herrmann's model. Although Neethling names the quadrants differently, his model has previously been referred to as the South African version of the HBDI

(Korf, 2009). Neethling’s theory describes four different thinking styles and confirms that any individual has a natural preference for one or more of the four thinking styles, which could affect the way people learn, communicate and do business (Neethling & Rutherford, 2001). According to Neethling, the brain is divided into the following four thinking styles, each with its unique processes associated with that specific quadrant (Neethling, 2005):

Figure 1: Four quadrant summary

<p>Left 1 (L1): Analytical and factual</p> <ul style="list-style-type: none"> • Focused • Accurate • Logical • Objective • Critical • Performance-driven • Realistic • Factual • Analytical • Maths • Quantitative • Financial • Scientific • Precise • Authoritarian • Rational • Technical • Like to be in control 	<p>Right 1 (R1): Strategic and unorthodox</p> <ul style="list-style-type: none"> • Big picture • Flexible • Risk-taking • Looks for alternatives • Imaginative • Curious • Intuitive • Unstructured • Simultaneous • Prefers change • Holistic • Conceptual • Strategic • Change • Experimental • Art • Speculation
<p>Left 2 (L2): Organised and detailed</p> <ul style="list-style-type: none"> • Organised/orderly • Planned • Structured • Step-by-step • Detail • Traditional • Task-driven • Neat & tidy • Punctual • Reliable • Procedure • Administrative • Practical • Results driven • Thorough 	<p>Right 2 (R2): Interpersonal and sensitive</p> <ul style="list-style-type: none"> • Feeling • People-focus • Sensitive • Playful • Expressive • Enthusiastic • Body language • Touch • Co-operative • Interpersonal • Emotional • Interaction • Empathy • Intuition • Accessible • Approachable

According to Herrmann (1995), highest productivity will be achieved when there is a positive correlation between a chosen career and an individual's preferred thinking style. Avenant (2000) also confirms that although various types of individuals may select a specific career, not all types of individuals will succeed in all aspects of that specific career.

The following previous research, which was conducted in different industries, confirmed that different thinking styles may have an effect on performance. According to Lumsdain and Lumsdain (1995), successful engineering professors have a strong preference for thinking styles associated with analytical and factual processes (Left 1). Research by Lumsdain and Voitle (1993) found the primary thinking styles of engineering students, which are associated with logical and analytical processes (Left 1), and as their secondary thinking style sequential and verbal reasoning (Left 2). They also found a higher turnover rate among engineering students with a higher preference for right brain thinking styles (Right 1 and Right 2).

Thinking styles were analysed by Van Dijk and Labuschagne (2016), where successful senior management functioning at director level in the South African Government was included in the survey. It was found that 69% of the participants have a natural preference for thinking styles associated with the left-brain processes (Left 1 and Left 2). Furthermore, previous research of managers in an institution of higher education found statistically significant positive correlations between the R1 thinking style as well as the combined right brain modes (Right 1 and Right 2) and leadership effectiveness, thereby confirming that thinking styles are predictors of leadership effectiveness (Herbst & Maree, 2008).

Nieuwenhuizen and Groenewald (2006) investigated entrepreneurial success and found a positive correlation between the Right 1 thinking style and successful entrepreneurs where the primary thinking style was identified as Right 1 and their secondary thinking style as Left 1. Research conducted by Cadle (2009) identified the investor/fund manager's preferred thinking style as a combination between Left 1 and Left 2 processes. Furthermore, he also identified the thinking style of successful entrepreneurs as Right 1.

Based on the above research findings, it was evident that the thinking styles of individuals working in specific working environments may predict individual performance. Research regarding the relationships between thinking styles and performance of financial advisors, however, is lacking. Therefore, this study will contribute to existing literature by addressing

this gap in the literature. Furthermore, the study may benefit the industry by providing direction for the selection and training of financial advisors. If the current research can indicate a relationship between thinking styles and performance, organisations may benefit from the inclusion of assessments of employee thinking styles in the selection of these employees. Similarly, when employees are made aware of their own thinking styles, they are likely to shed some light on what type of tasks or activities they will probably to enjoy more, and which type of tasks they will need to improve their skills on.

1.2 Research objectives

1.2.1 General objective

1.2.2 The overall objective of the study was to determine whether thinking styles predict sales performance of financial advisors in South Africa.

1.2.2 Specific objectives

- To determine the relationship between thinking styles and sales performance.
- To investigate which thinking styles can predict sales performance for financial advisors.
- To make recommendations for future research and to the organisation.

1.3 Research hypotheses

The research objective led to the following research hypotheses for this survey:

H_0 : There are no statistically significant relationships between thinking styles and sales performance.

H_1 : Thinking styles are not a significant predictor of sales performance.

1.4 Research design

1.4.1 Research approach

A quantitative research methodology was followed in order to meet the research objectives. According to Fox and Bayat (2007), quantitative design is an excellent way of finalising results as the use of numbers allows greater precision in reporting the results. A cross-sectional analysis was done where all the data were collected at one point in time. The researcher then compiled a descriptive study in order to accurately describe the relationships between the independent variables (thinking styles) and the dependent variables (job performance).

1.4.2 Literature review

As part of this study, a literature review was done using the following keywords: thinking styles, Neethling Brain Instrument, financial advisors, brokers, intermediaries, sales performance, financial services providers and financial services industry. Different sources, which were used, include books, journals and internet databases. Most literature was obtained by accessing different library resources where scientific journals were mainly consulted. These scientific search engines include EBSCOhost, Emerald Insight Journals, Google Scholar, JSTORSA, EBSCO Discovery Services, Sabinet Online, SAePublications, Science Direct and Scopus.

1.4.3 Research participants

A purposive sampling strategy was used to select the research participants. The participants who were selected are all financial advisors in a selected financial services organisation. The sample include 252 individuals ($n = 252$). These financial advisors all had more than one year's relevant experience in order to assess their sales performance of at least a full production year. All the participants are English proficient as this is a selection criteria at the company, although it was not always their home language. To ensure a representative sample, it was important that the sample includes participants of both genders, different age groups, as well as diversity in terms of ethnic groups. Furthermore, the sample consisted of individuals with a minimum education level equal of grade 12 as this is a legislative requirement to be registered by the

Financial Sector Conduct Authority (Financial Advisory and Intermediate Services Act 37 of 2002). Due to the large size of the organisation, and due to the financial implications of the measuring instrument being used, the sample was restricted to include two of the company's regions. Therefore, all the financial advisors in Gauteng, North West, Mpumalanga and Limpopo within the selected organisation who meet the sample requirements as stated above were invited to participate in the research. The sample excludes financial advisors who were employed with the sole responsibility of selling short-term insurance as their performance criteria are vastly different to the financial advisors who are accredited to sell life insurance.

1.4.4 Measuring instrument

Each participant gave consent for the organisation to provide their biographical information (i.e. gender, ethnicity, age, organisational tenure, education level). The biographical data were exclusively used to describe the composition of the sample, and no inferences regarding group differences were made.

The thinking styles of the financial advisors were assessed using the Neethling Brain Instrument (NBI™). The NBI is an online assessment that is administered via the Kobus Neethling Institute. The NBI measures four thinking styles, Left 1 (analytical and factual), Left 2 (organised and detailed), Right 1 (strategic and unorthodox) and Right 2 (interpersonal and sensitive). The NBI is a web-based, self-administered survey that consists of 46 items. The first 30 items consist of four possible responses where the individual has to arrange their preferred option from the strongest (4) to the lowest (1). For the final 16 questions, participants are presented with four sets of paired statements, where they must choose the statement that mostly reflects their own preference. According to Korf (2004), the initial test-retest reliabilities were calculated on 4 000 respondents as follows: L1 = 0.79; L2 = 0.82; R1 = 0.83 and R2 = 0.86 ranged from $\alpha = 0.79$ to 0.86.

The objective data on the sales performance per participant were obtained from the Head: Management Information working at the organisation and include the previous 12 to 36 months' performance data. The previous 12 months' sales performance data were obtained for participants with less than 24 months' service, and the previous 24 months performance data were obtained for participants with less than 36 months' service. The data included the

following monthly information per participant: number of insurance policies issued, total commission earned, total performance achieved measured in score and lapse percentage.

1.4.5 Research procedure

Approval was obtained from the Economic and Management Sciences Research Ethics Committee (EMS-REC). Thereafter, written approval was obtained from senior management at the specific financial services organisation before commencing the research. A list of the participants was received from the organisation, including each individual's e-mail address. This list included all financial advisors in Gauteng, the North West, Mpumalanga and Limpopo employed for more than 12 months in their current positions in the organisation.

An individualised e-mail was sent to each participant explaining the research purpose and intended use of the data. Participants were also informed that participation is voluntary, that they can exercise their right not to participate, and that they were allowed to withdraw at any stage during the survey. Consent to collect information regarding participants' biographical information and performance data was also requested. The e-mail to the participants also included a link to the website, a profile code and clear instructions for completing the Neethling Brain instrument online. All participants were made aware that there is no good or bad, right or wrong thinking style profile and the questionnaire would take approximately 15 to 25 minutes to complete. Each participant received feedback in the form of an individual report, which was automatically generated once the employee completed the online questionnaire. Each report describes an individual's own thinking styles and makes recommendations (Nieuwenhuizen & Groenewald, 2006).

The participants were given two weeks to complete the on-line self-assessment. After one week, a follow-up e-mail was sent to each participant reminding them of the survey.

Next, the biographical information and objective data on the sales performance per participant were obtained from the MIS Manager within the organisation and included the previous 12 to 36 months' sales performance data.

1.4.6 Statistical analysis

The data were statistically analysed with Mplus 8.3. The effect size was used to determine the practical significance of the findings (Steyn, 2002). The value of r can range from 0.30 to 0.49 indicating a medium effect and in cases where $r \geq 0.5$ a large effect between the constructs was reported (Cohen, 1992).

Bayesian analysis was conducted where the Bayes factor provides similar information that is generally reflected in the p-value (Jarosz & Wiley, 2014). Bayesian estimator was applied in order to obtain posterior predictive p-values (PPP) for this study. Muthén and Asparouhov (2012) confirmed that a low PPP indicates poor fit and a PPP close to 0.50 indicates a well-fitting model. Bayes factor takes into consideration the complexity of the different hypotheses, model fit as well as the balance between them; where more complex hypotheses, which are supported by the data, are favoured in this approach (De Beer, Rothmann & Pienaar, 2016). It is important to note that Bayesian estimation does not provide the classic fit statistics CFI, TLI and RMSEA, as these are based on the frequentist paradigm. However, the Bayesian approach also necessitates the need to investigate chain mixing (default of 2 chains – also used in this study) with parameter trace plots and to consider whether there is a smoothed distribution for each of the parameters estimated; this is done by considering the kernel density plots.

1.4.7 Ethical considerations

The researcher was sensitive about issues of ethical behaviour throughout the research. The reputation, dignity and privacy of the participants were respected. Written approval was obtained from the relevant senior managers of the financial advisors within the selected financial services company of the various provinces (Gauteng, North West, Mpumalanga and Limpopo). The principal of no harm was followed, and no sensitive questions were asked as part of the research. The individuals were not identified and the outcomes of the research are not likely to have a negative effect on any of the participants. The identity of the participants was protected in that the data were anonymised through the allocation of codes to each participant. Furthermore, the information of each participant is treated confidentially and reporting will be done on group basis only where no individual results will be made available to the company.

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CHAPTER 2
RESEARCH ARTICLE

Investigating the influence of thinking styles on the sales performance of South African financial advisors

Abstract

Orientation: The performance of financial advisors influences the success of any financial services organisation. However, the turnover and sales performance remains an area of concern.

Research purpose: To investigate the influence of thinking style preferences on the sales performance of financial advisors.

Motivation for the study: There is a lack of literature on the effect that thinking style preferences have specifically on the sales performance of financial advisors.

Research design, approach and method: A quantitative research methodology was followed with the focus on a cross-sectional analysis that was implemented. The statistical analysis was conducted with the application of Bayesian analysis. The sample consisted of financial advisors (n=252) with at least 12 months' relevant industry experience. The objective performance data was obtained from the organisation, whereas the thinking styles of the financial advisors were assessed by using the Neethling Brain Instrument (NBI™).

Main findings: The researchers found some evidence to support a negative relationship between R2 thinking style preferences and sales performance of financial advisors. Furthermore, evidence was also found to support a relationship between advisors' tenure and sales performance. Moreover, results from this study revealed a positive relationship between L2 thinking processes and sales performance of advisors. These advisors also earned higher commission than their colleagues.

Practical implications: Thinking style preferences may be included as an additional selection tool to determine best suited potential financial advisors in the industry.

Contribution/value add: The company may benefit from introducing thinking style preference to the selection process in order to select best suited potential financial advisors.

Keywords: Thinking styles, Neethling Brain Instrument, financial advisors, sales performance, financial services industry

Introduction

Financial advisors are extremely important and valuable assets of any insurance organisation (Van der Merwe, 2016). The consistent performance of financial advisors is important in order for insurance companies to achieve their organisational objectives (Van Tonder, 2011). It is evident from the literature that there is a global shortage of successful financial advisors (Peter, 2014; Van der Merwe, 2016; Van Zyl, 2011). Large numbers of suitably qualified financial advisors are required on an on-going basis to keep up with the high turnover in this industry.

Previous research has addressed several aspects relating to financial advisors, but mainly focused on the predictors of their intention to quit (Van Tonder, 2011), stress and burnout among financial advisors (Koesten, 2005), the indicators for sales performance of financial advisors (Van der Merwe, 2009), and factors impacting their sustainability (Peter, 2014). Prior studies investigating the relationship of personality on the performance of sales staff (Denton, 2012) are available, but are limited to a call centre environment.

Financial services providers spend enormous amounts on the recruiting, selection and training of financial advisors. The turnover remains an area of concern and the replacement of terminated advisors remains a challenge. Because of the complexity and challenges, which are unique to the financial services industry, a large number of financial advisors are also underperforming. Although the selection processes focus more on the abilities, skills and knowledge of the financial advisors, it is possible that many of them do not have a natural preference for many of the required outputs. Sternberg (1994) suggested that individuals' performance and success depend more on their preferred thinking styles than on their individual abilities. Thinking style preferences influence the way in which people deal with information, make decisions, communicate with others, solve problems, process information and approach situations (Herrmann, 1996; Neethling, 2005; Zhang & Sternberg, 2005). Determining whether there is a relationship between any of the thinking styles and the sales performance of existing financial advisors, can lead to the enhancement and development of existing selection processes within the selected financial services organisation impacting the overall organisational success and competitiveness of the industry.

Key focus

When financial advisors are performing well, it normally contributes to a higher retention of financial advisors (Van Tonder, 2011). Identifying specific individual elements that might contribute to the sales performance of financial advisors is critical to the success of the industry and will also contribute to the retention of financial advisors in general. Financial advisors' income is commission based, which is calculated based on their sales performance. It is for this reason that the focus of the current study is on gaining an understanding of thinking preferences that could influence the performance of financial advisors. Neethling's theory describes four different thinking styles and confirms that any individual has a natural preference for one or more of the four thinking styles that could affect the way people learn, communicate and do business (Neethling & Rutherford, 2001).

Based on research conducted by Van der Merwe (2009), 49.73% of financial advisors do not earn a sustainable income, explaining the high attrition rates within the financial services industry. Dickie and Trailer (2005) confirm this trend with international turnover of financial advisors in 2005 being 48.7%. According to Van Tonder (2011), approximately 32% of financial advisors' intention to quit is based on reasons relating to remuneration and benefits earned.

According to Van der Merwe (2016), turnover of financial advisors has a negative impact on client retention as the relationship between an insurer and a client is often locked by the financial advisor. When the financial advisor resigns, the company is at risk of also losing the client due to relationships that are often built over a number of years. The turnover of financial advisors has a further negative impact on the company in that a great deal of time and money are invested in the training of the advisors, especially when a vested advisor is replaced with a new-to-the-industry individual. Insurance companies are spending a great deal of money, time and energy in recruiting, selecting, appointing, training and vesting new financial advisors hoping that they will receive the return on investment in high sales performance results of the financial advisors.

Research objective

The overall objective of this study was to determine whether thinking styles predict sales performance of financial advisors in South Africa.

Literature review

Financial advisors play a vital role in maintaining the relationship between insurance companies and their clients (van Tonder, 2011), and therefore impact the success of financial service providers. They act as the key players of most insurance companies in that they provide financial advice to clients. Their primary function is often to prospect clients and to sell their products and services to these clients in the form of solution offerings (van der Merwe, 2016). One of the most important responsibilities of financial advisors is to convince clients of the importance of their products or services compared to the needs of the clients (van Tonder, 2011). The success of these insurance companies therefore depends largely on the performance of the financial advisors.

Financial advisors represent an insurance company and identify customers' financial needs mostly through face-to-face interactions with clients. They have to network well in order to grow and retain their client base while contributing to the growth of the insurance company's market share (Peter, 2014). Apart from providing financial solutions to the client's financial needs, financial advisors also have a responsibility to present the insurance company in a positive light through their interactions with the clients. They therefore play an important role in building the company's reputation through their sales interactions with the clients (van Tonder, 2011).

They therefore have to offer products to potential policyholders on behalf of an insurance company. They assist clients to understand the insurance products based on individual needs so that the client can purchase the correct insurance products (Focht et al., 2013). The requirements of a financial advisor changed from basic product knowledge and strong sales skills to holistic financial planning aligned to business principles that are also aligned with individual client needs (Middleton, 2012).

In order to meet their sales targets, they are expected to give the clients unbiased financial advice by offering and selling different financial products to the clients. They follow a process where the financial needs of clients are determined by analysing the clients' financial situation (Van Tonder, 2011). It is therefore important for financial advisors to possess the necessary behavioural and technical skills. Furthermore, they need to have the cognitive ability to obtain a formal qualification as approved by the Financial Sector Conduct Authority (Jackling & Sullivan, 2007). Before any financial advisor can give advice to clients, they have to comply with various regulations, including being licensed by the Financial Sector Conduct Authority (FSCA) to provide financial advice (Peter, 2014). Financial advisors also contribute to the reputation of the institutions through their sales interactions and quality of service they provide to the clients (van der Merwe, 2016; van Tonder, 2011).

The growth and sustainability of most financial services institutions depend largely on the productivity of existing financial advisors as well as on the companies' ability to increase their sales footprint. Large numbers of suitably qualified financial advisors are required on an on-going basis to keep up with the high turnover in this industry (Peter & Hoque, 2016).

The Financial Sector Conduct Authority is an independent body that governs the financial services sector in South Africa. The Financial Advisory and Intermediary Services Act, 2002 (also known as FAIS Act) came into effect on 30 September 2004. The aim of the FAIS Act is to regulate the industry, including the requirements that all financial services providers (FSP's) have to meet. Their main purpose is therefore to protect the clients of all FSPs, whilst also professionalising the industry (Hesqua, 2018). The FAIS act also regulates the minimum fit and proper requirements any financial advisor has to meet in order to be registered with the FSCA. Thus, these regulatory requirements impact the selection criteria for financial advisors. The conditions under which financial advisors must function effectively, are complicated by the regulatory requirements which also contributes to the importance of selecting the ideal profile individual as financial advisor. One such requirement includes the Regulatory Exam and recognised qualification that each financial advisor must obtain within a certain time period as determined by the FAIS Act (2002).

Individuals undergo a strict selection process in order to determine their fit and proper status before being appointed, contracted, accredited and licensed by a financial services provider. The selection process includes validating minimum qualification criteria, competency

requirements as well as criteria related to honesty and integrity. Financial services providers spend a great deal of money on the recruitment and appointment of fit and proper financial advisors. It is often a challenge to many financial service providers to find suitably qualified financial advisors because of the combination of requirements and challenges, including the high costs companies have to spend to train advisors.

The role of financial advisors is exposed to many challenges, which contributes to the complexity of selecting individuals best fit for this position. The focus of this study will be to investigate which thinking styles have an influence on the performance of financial advisors. Selecting the best candidates as financial advisors is essential (Peter & Hoque, 2016). Determining the preferred thinking styles of successful financial advisors can enhance the current selection process, resulting in the appointment of best-suited financial advisors. Therefore, if the outcome of this study can better predict which specific thinking styles could contribute to higher performance of newly appointed financial advisors, it could have a direct influence on the income of the advisors and therefore result in lower turnover of advisors in the industry. The outcome of the study may therefore result in lower turnover of financial advisors and higher productivity among financial advisors, which should contribute to overall organisational success.

Thinking style preferences

The brain is an important, yet complex organ consisting of different components of which the cerebrum is the largest part. Physiologically, the cerebrum consists of two hemispheres, which are also known as the left and right hemispheres (Brewer, 1996). After various experiments, researchers found that each of these halves is responsible for performing different functions and actions (Enersen, 2003; Springer & Deutch, 1989). The different hemispheres control the opposite functioning of the body with specific reference to vision and movement where the left hemisphere controls the right side of the human body and the right hemisphere controls the left side of the body (Gazzaniga, 2002; Torrance, 1994; Neethling & Rutherford, 2001). Roger Sperry performed ground-breaking work when he discovered that each hemisphere is responsible for specific processes and functions. Research by Sperry found the left hemisphere to excel in thinking processes associated with language, speech, numbers, logic and analytics (Neethling & Rutherford, 2005), and the right hemisphere being dominant at unstructured, visual, holistic and non-linear tasks (Neethling, 2004). It became furthermore evident that most

people have preferences for the thinking processes and functions in one hemisphere above the other. After extensive research by Ned Herrmann and Kobus Neethling, it became evident that each hemisphere could be divided into two areas with each having their specific thinking processes associated with that specific area of the brain, clustering the thinking processes into four different quadrants in the brain (Neethling, 2003; Mifflin, 2003; Herrmann, 1995). People with a preference for the thinking styles associated with the left hemisphere display a preference for numbers, logic, detail and structure, rational and objective information. The right brain-dominant thinkers have a preference for information that is holistic, intuitive and visual, and normally display a preference for processes that are interpersonal and emotional inclined (Herrmann, 1995; Herrmann, 1996; Neethling, 2005).

It is evident from various researchers that everyone has a preferred style of thinking (Herrmann, 1998; Neethling, 2003; Mifflin, 2003), which impacts the way in which an individual thinks and behaves. An individual's thinking preference can improve a person's effectiveness or it can inhibit a person's productivity. Herrmann (1996) defines thinking style preferences as the natural way in which individuals approach problems, situations and people. An individual's preferred thinking style is a result of the individual's preference to use one part of the brain rather than another part of the brain (Herbst & Maree, 2008).

Thinking styles as measured by the Neethling Brain Instrument confirm an individual's thinking preferences and not their skills or abilities when performing specific tasks (Neethling, 2005). It is therefore possible that someone has acquired a specific skill and therefore meets the requirements on a specific competency, but that they do not necessarily have the natural preference and passion to perform such tasks (Rutherford, 2006), which, in turn, could lead to a lack of job satisfaction. A low preference could lead to rejection of specific processes, which can contribute to the individual's unproductivity, frustration and unhappiness in the workplace (Neethling, 2005). A greater tolerance can be established where an individual's preferences are aligned with the expectations of the position (Rutherford, 2009).

Steve Jobs, legendary founder of Apple Computers and Pixar Animation Studios, remarked: "Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do." (Garner, 2012, p. 19). Hesqua (2018) confirms that when an individual meets the requirements of a specific job, they have a better chance to be successful if the person also has the preference

for the required outputs expected of the position. When an employer is informed about the preferences of potential employees, it can save the company time and money, especially when a potential employee meets the requirements in terms of competence, skills and knowledge, but lacks the motivation that can be a result of inappropriate preferences to do the job (Doyle, 2015).

Kim (2011) suggests that people's abilities and preferences can be optimised when there is alignment between their thinking style preference and the different positions or roles they occupy in the world of work. Sternberg (1997) confirms that "people whose ways of thinking do not match those valued by the institutions are usually penalized". Determining whether there is a relationship between any of the thinking styles and the performance of existing financial advisors could therefore make a positive contribution to the industry in that it may contribute to the ability to select potentially successful and effective financial advisors.

Job performance

Literature distinguishes between process performance and outcome performance (Taris & Schreurs, 2009), where process performance refers to the input individuals are doing, while outcome performance refers to the actual achievement of the intended goals. Campbell and Wiernik (2015) refer to job performance as specific individual actions that contribute to the organisation's goals. Brown and Leigh (1996) define job performance as the overall results achieved by employees, including the quality of the results, as well as the total effort in terms of time spent on the execution in order to achieve the overall results. The results of the combined performance of employees contribute to the productivity and competitiveness of organisations.

The entire economy's success is dependent on individual performance (Campbell & Wiernik, 2015). In the working world, individual performance is the building block for team performance, which drives unit performance. A unit's performance leads to organisational performance, which again contributes to effective economic performance (Van Aarde, 2015). Prior research has recognised the importance of work performance and describes it as the actions people take that ultimately lead to the achievement of an organisation's goals (Van Aarde, 2015).

Literature conceptualises work performance through the use of two different theoretical approaches (Campbell, 2012). The first approach defines work performance as the achievement of results in a specific position and the second approach focuses on defining work performance as the sum of behaviours controlling an employee within a certain context, which are relevant to achieving the organisational goals. The second approach emphasises that components of behaviours determine an individual's work performance (Tutu & Constanti, 2012).

Various studies make reference to different skills, knowledge, competence and behaviours, which all contribute to work performance (Campbell & Wiernik, 2015). In South Africa, financial advisors' job performance is typically based on their sales volumes. Based on research conducted by the Corporate Leadership Council (2004), sales performance of financial advisors is dependent on a combination of various aspects, including personality, ability, sociographic, biographic, knowledge and skills. Exploring the possible influence of thinking styles on sales performance of financial advisors may provide additional information about the performance of financial advisors.

Some previous studies provide insight into this hypothesised relationship. Research conducted by Kim (2011) confirmed that top-achieving high school students with a strong preference for people, interaction, empathy and communication showed a low preference for careers involving calculations and technology. Furthermore, Zhang (2002) found thinking style preferences to be a significant differentiator of individual performance, where a study conducted by Jamison (2002) suggested higher performance for golfers with a higher preference for thinking styles associated with the right hemisphere, which include a preference for strategy and intuition. Neethling (2005) furthermore confirms that an individual could have the skills to perform a specific career, but should the same individual show very low preference for the processes associated with that specific job, it could lead to a rejection of the expectations and the individual might not sustain the necessary passion or energy required for the position. This could result in the individual being unproductive and/or unhappy resulting in low sales performance or higher turnover for the company. It is therefore evident from the literature that comprehensive research on the relationship that thinking style preferences have with sales performance of financial advisors is of utmost importance.

Research design

Research approach

This research was a quantitative, non-experimental empirical study where the relationship between thinking styles (independent variable) and sales performance (dependant variable) of financial advisors was investigated. Thinking styles were measured with a self-report questionnaire. The researcher is an accredited and experienced NBI test administrator contributing to the validity and reliability of the process.

Research method

Research participants

A purposive sampling strategy was used to select the research participants. The participants consisted of a total of 252 financial advisors (n = 252) taken from a total possible population of 500 financial advisors in a selected financial services organisation. Therefore, a response rate of 50,4% was obtained. Table 1 provides an overview of the characteristics of the research participants.

Table 1: Composition of the participants (n = 252)

Item	Category	Frequency	Percentage (%)
Gender	Male	171	68%
	Female	81	32%
Age	21 to 30 years	26	10%
	31 to 40 years	65	26%
	41 to 50 years	56	22%
	51 to 60 years	53	21%
	61 to 70 years	45	18%
	71 to 75 years	7	3
Race	White	194	77%
	Black	52	21%
	Coloured	3	1%

Tenure	Asian	3	1%
	12 to 24 months (1 to 2 years)	34	13%
	25 to 36 months (2 to 3 years)	28	11%
	37 to 60 months (3 to 5 years)	37	15%
	61 to 90 months (5 to 7.5 years)	42	17%
	91 to 120 months (7.5 to 10 years)	25	10%
	121 to 180 months (10 to 15 years)	32	13%
	181 to 300 months (15 to 25 years)	31	12%
	301 to 495 months (25 to 41 years)	23	9%

The ages of the participants ranged from 21 years to 75 years with a mean age of 47 years. It is evident from Table 1 that the majority of the participants were white (77%), male (68%) financial advisors between the ages of 31 and 40 years (26%). Most of the participants had between 61 and 90 months of service (5 and 7.5 years of service) with the mean tenure of the sample 120 months of service (10 years of service) as financial advisors in the current organisation.

Measuring instruments

Biographical information was obtained from the company after permission was given to the organisation by each participant to provide this information. The biographical information collected information regarding participants' gender, age, ethnicity and organisational tenure.

The thinking styles of the financial advisors were assessed using the Neethling Brain Instrument (NBI™). The NBI is an online assessment that was administered via the Kobus Neethling Institute. The NBI measures four thinking styles, Left 1 (analytical and factual), Left 2 (organised and detailed), Right 1 (strategic and unorthodox) and Right 2 (interpersonal and sensitive). The NBI is a web-based, self-administered survey that consists of 46 items. The first 30 items consist of four possible responses where the individual has to arrange their preferred option from the strongest (4) to the lowest (1). For the final 16 questions, participants are presented with four sets of paired statements, where they must choose the statement that mostly reflects their own preference. According to Korf (2004), the initial test-retest reliabilities calculated on 4 000 respondents are as follows: L1 = 0.79; L2 = 0.82; R1 = 0.83 and R2 = 0.86.

The NBI determines an individual's dominant thinking style as well as the scores obtained for each of the other three quadrants. These numeric values, which are allocated to each quadrant, give an indication of the strength of preference for the thinking style associated with each quadrant (Herbst & Maree, 2008). The total score of each profile is 300, where a score of 80 or higher is regarded as a high score. The scores of the four thinking styles are categorised as follows: 95+ very high preference; 80 – 94 high preference; 65-79 average preference; 50-64 low preference and -50 very low preference (Rutherford, 2006).

The objective data on the sales performance per participant was obtained from the participating organisation and included the previous 12 to 36 months' performance data. The previous 12 months' sales performance data was obtained for participants with less than 24 months' service and the previous 24 months' performance data was obtained for participants with less than 36 months' service. The data includes the total production measured in score, number of insurance policies issued and total commission earned.

Research procedure

This study was approved by the scientific research committee of the North-West University's School of Industrial Psychology and Human Resources Management and ethical clearance was obtained from the Economic and Management Sciences Research Ethics Committee (EMS-REC). Written approval was obtained from senior management at the specific financial services organisation before commencing the research. A list of all financial advisors in Gauteng, North West, Mpumalanga and Limpopo employed for more than 12 months in their current positions in the organisation with their email addresses was received from the organisation. An individualised e-mail was sent to each participant explaining the research purpose and intended use of the data. Participants were informed that participation is voluntary, that they could exercise their right not to participate, and that they were allowed to withdraw at any stage during the survey. Consent to collect information regarding participants' biographical information and performance data was also obtained. The e-mail to the participants included a link to the website, a profile code and clear instructions for completing the Neethling Brain instrument online. All participants were made aware that there is no good or bad, right or wrong thinking style profile and that the questionnaire would take approximately 15 to 25 minutes to complete. Each participant received feedback in the form of an individual report, which was automatically generated once the employee completed the online questionnaire.

Each report describes an individual's own thinking styles and makes recommendations (Nieuwenhuizen & Groenewald, 2006). Next, the biographical information and objective data on the sales performance per participant were obtained from the Head: Management Information within the organisation and included the previous 12 to 36 months' sales performance data.

Statistical analysis

To analyse the data of this study Mplus 8.3 was used (Muthén & Muthén, 2019). For correlations, the following effect sizes were considered: 0.30 to 0.49 indicating a medium effect and in cases where $r \geq 0.50$ a large effect between the constructs was reported (Cohen, 1992). In terms of modelling, a Bayesian approach was taken, where Bayes factors (BF) were calculated (Jarosz & Wiley, 2014). From this modelling, and to gauge model fit, a posterior predictive p-values (PPP) was calculated. Muthén and Asparouhov (2011) state that a PPP value close to 0.50 indicates a well-fitting model. It is important to note that Bayesian estimation does not provide the classic fit statistics CFI, TLI and RMSEA, as these are based on the frequentist paradigm. Furthermore, the Bayesian approach also necessitates the need to investigate chain mixing (default of 2 chains – also used in this study) with parameter trace plots and to consider whether there is a smoothed distribution for each the parameters estimated; this is done by considering the kernel density plots. If there is no sufficient chain mixing or the distribution is not smooth, the number of iterations should be increased until evident. For this study, the model already converged after 100 iterations, but to promote more precision, the number of iterations were increased to 50 000. Diffuse priors (uninformed), the default setting of Mplus, was used.

The Bayesian approach allows for the testing of inequality constrained hypotheses, that is, hypotheses that are not based on null hypotheses. This is advantageous as one can specify parameters in various creative ways such as greater or less than another and directly compare these hypotheses' Bayes factors to calculate an odds ratio to provide evidence for the hypotheses compared to the other. A Bayes factor takes into consideration the complexity of the different hypotheses, model fit, as well as the balance between them; where more complex hypotheses that are supported by the data are favoured in this approach (cf. De Beer, Rothmann & Pienaar; 2016). To calculate the Bayes factors, all the Bayesian parameters that were estimated were exported into a new dataset and the Bayes factors were calculated. To ascertain the support for a Bayes factor, the guidelines of Jeffreys will be used, indicating *anecdotal*

evidence as a Bayes factor within the range of 1 to 3 and for *substantial* evidence between 3 and 10 (cf. Jarosz & Wiley, 2014).

Results

Correlations

Table 2 presents the correlation matrix for the study variables.

TABLE 2: Correlation matrix for the variables.

Variables	SCORE	PRODUCTS	COMM	L1	L2	R1	R2	SERVICE	GENDER	AGE
SCORE	1.00	-	-	-						
PRODUCTS	0.61††	1.00	-	-						
COMM	0.85††	0.52††	1.00	-						
L1	-0.07	-0.13	-0.02	1.00						
L2	0.07	0.04	0.07	0.01	1.00					
R1	0.05	0.09	-0.01	-0.38†	-0.45†	1.00				
R2	-0.18	-0.05	-0.22	-0.27	-0.30†	-0.26	1.00			
SERVICE	0.22	0.07	0.48†	0.10	-0.02	-0.19	-0.07	1.00		
GENDER	-0.13	0.10	-0.16	-0.02	0.03	0.06	0.02	-0.19	1.00	
AGE	0.02	-0.07	0.19	0.24	-0.03	-0.29	-0.06	0.51††	-0.10	1.00

Notes: †, medium practical effect; ††, large practical effect.

From the results in the correlation matrix, it is evident that there was a positive relationship between total score and total products ($r = 0.61$; large effect) as well as between total products and commission earned ($r = 0.52$; large effect). The strongest correlation was between total score and total commission ($r = 0.85$; large effect). Furthermore, total service months are positively correlated with total commission earned ($r = 0.48$; medium effect bordering on large effect). Service months are also positively correlated with age ($r = 0.51$; large effect). R1 showed a negative correlation with both L1 ($r = -0.38$; medium effect) and L2 ($r = -0.45$; medium effect) confirming the higher a financial advisor's preference for accuracy, precision, factual reasoning, goal orientated, facts and rational information (L1) and the higher the advisor's preference for planning, promptness, detail, procedures, structures and orthodox, the weaker their preference for alternatives, the big picture, strategy, risk, experimenting and chaos (R1). Furthermore, R2 showed a negative correlation with L2 ($r = -0.30$; medium effect).

Model fit, chain mixing and parameter distributions

Figure 2 below presents an example of a trace plot and kernel density plot for one of the parameters from the study. Specifically, in this case, the standardised beta parameter of how

commission is regressed on the L1 thinking style preference. As can be seen, the parameter showed sufficient chain-mixing and a smoothed distribution.

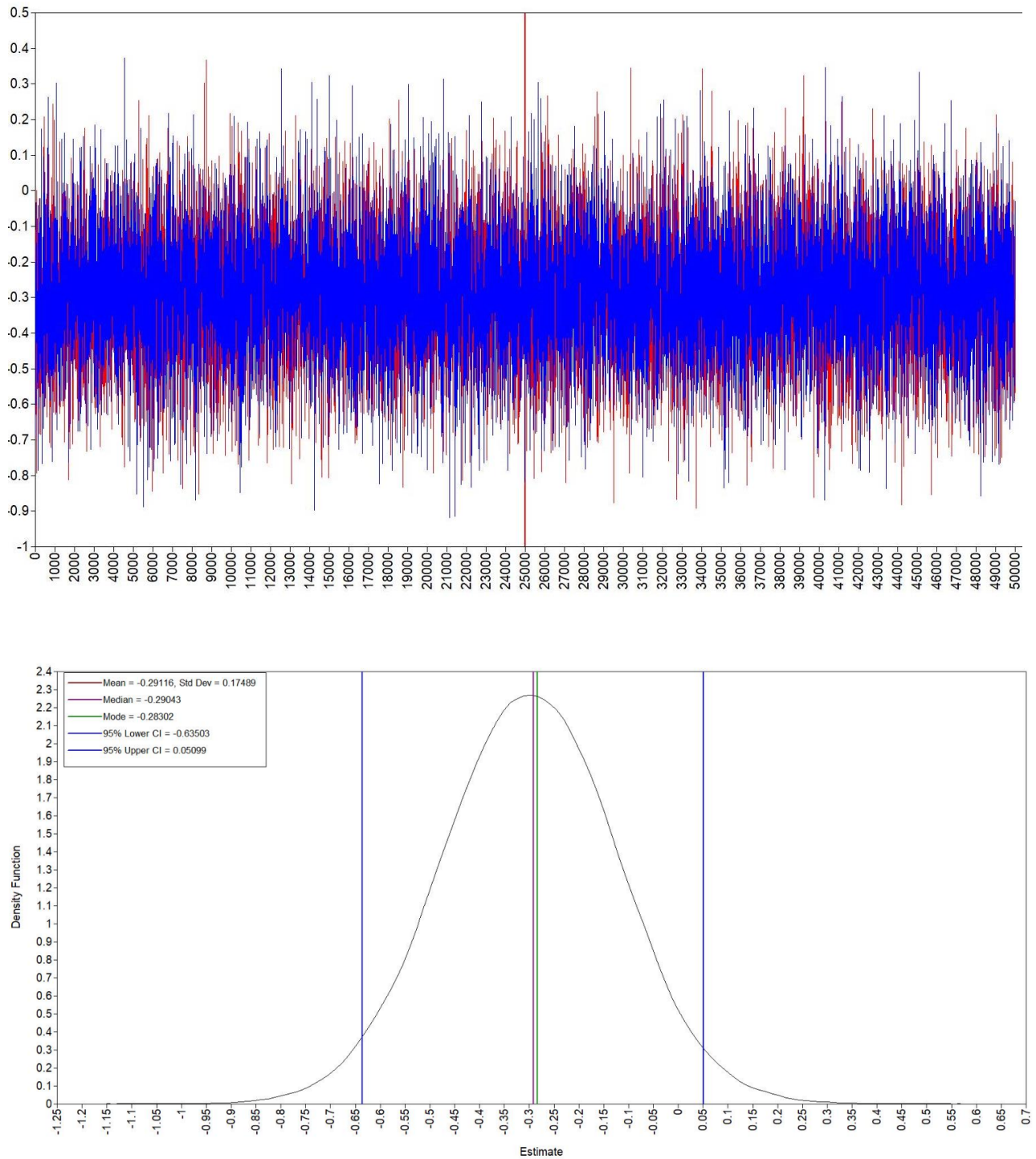


Figure 2. *The trace plot and kernel density plot for Commission on L1*

Table 2 presents the fit statistics for this model, where the results confirmed a good model fit as the values were all in an acceptable range due to the PPP-value being close to 0.50. Interpretation of results therefore continued.

TABLE 3: Posterior results for the production variables

Variables	TOTAL SCORE		TOTAL COMMISSION		TOTAL PRODUCTS	
	Lower CI	Upper CI	Lower CI	Upper CI	Lower CI	Upper CI
Model fit						
95% of CI for difference between observed and replicated chi-square values	-12.076	11.876	-12.076	11.876	-12.076	11.876
PPP value	0.492		0.492		0.492	

Notes: CI = confidence interval; PPP value = posterior predictive p-value

Bayes factors

A summary of the Bayes factors for total score is presented in Table 4 below.

Table 4

Summary of the BFs for the greater than and lesser than hypotheses for total score

Greater than (GT)	FIT (GT)	Less than (LT)	FIT (LT)	Complex	BF (GT)	Evidence (GT)	BF (LT)	Evidence (LT)
L1 > ALL	0.062	L1 < ALL	0.003	0.250	0.246	Anecdotal	0.013	Anecdotal
L2 > ALL	0.666	L2 < ALL	0.003	0.250	2.665	Anecdotal	0.011	Anecdotal
R1 > ALL	0.271	R1 < ALL	0.015	0.250	1.086	Anecdotal	0.059	Anecdotal
R2 > ALL	0.001	R2 < ALL	0.868	0.250	0.003	Anecdotal	3.472	Substantial
L > R	0.134	L < R	0.001	0.167	0.803	Anecdotal	0.005	Anecdotal
Service > ALL	0.992	ALL > Service	0.000	0.167	3.969	Substantial	0.000	Anecdotal

Notes: GT = Greater than hypotheses; LT = Less than hypotheses; Complex = Complexity; BF = Bayes factor

The organisation in which the research was conducted uses ‘score’ as the concept to measure the sales performance of their financial advisors. Total score is used for various measurements within the organisation, including competitions, contract retention, target achievement, bonus calculations, etc. The value of ‘score’ is calculated based on different elements, e.g. premium, term and product type of products sold, which is then used to measure the performance of financial advisors.

As can be seen from Table 4, most of the inequality constrained hypotheses showed only anecdotal evidence. However, Service > ALL (BF = 3.969) was the most evident hypothesis and compared to its inverse was an infinitely better hypothesis as the inverse received zero (0.000) support given the data.

In Table 5, a summary is provided of the Bayes factors for total products.

Table 5

Summary of the BFs for the greater than and lesser than hypotheses for total products

Greater than (GT)	FIT (GT)	Less than (LT)	FIT (LT)	Complex	BF (GT)	Evidence (GT)	BF (LT)	Evidence (LT)
L1 > ALL	0.011	L1 < ALL	0.085	0.250	0.042	Anecdotal	0.341	Anecdotal
L2 > ALL	0.448	L2 < ALL	0.027	0.250	1.791	Anecdotal	0.107	Anecdotal
R1 > ALL	0.498	R1 < ALL	0.013	0.250	1.991	Anecdotal	0.054	Anecdotal
R2 > ALL	0.044	R2 < ALL	0.221	0.250	0.176	Anecdotal	0.883	Anecdotal
L > R	0.011	L < R	0.075	0.167	0.069	Anecdotal	0.447	Anecdotal
Service > ALL	0.752	ALL > Service	0.005	0.167	4.505	Substantial	0.029	Anecdotal

Notes: GT = Greater than inequality constrained hypotheses; LT = Less than inequality constrained hypotheses

As can be seen from Table 5, all but one of the inequality constrained hypotheses showed anecdotal evidence in explaining an increase in total products. Specifically, it was Service > ALL (BF = 4.505) that received the most support given the data, and this hypothesis was a 155 times better hypothesis given the data.

In Table 6, a summary of the Bayes factors for total commission is provided.

Table 6

Summary of the BFs for the greater than and lesser than hypotheses for total commission

Greater than (GT)	FIT (GT)	Less than (LT)	FIT (LT)	Complex	BF (GT)	Evidence (GT)	BF (LT)	Evidence (LT)
L1 > ALL	0.045	L1 < ALL	0.001	0.250	0.181	Anecdotal	0.002	Anecdotal
L2 > ALL	0.693	L2 < ALL	0.001	0.250	2.773	Anecdotal	0.002	Anecdotal
R1 > ALL	0.261	R1 < ALL	0.005	0.250	1.046	Anecdotal	0.020	Anecdotal
R2 > ALL	0.000	R2 < ALL	0.934	0.250	0.000	Anecdotal	3.737	Substantial
L > R	0.114	L < R	0.000	0.167	0.681	Anecdotal	0.000	Anecdotal
Service > ALL	0.999	ALL > Service	0.000	0.167	5.982	Substantial	0.000	Anecdotal

Notes: GT = Greater than hypotheses; LT = Less than hypotheses; BF = Bayes factor

As can be seen from Table 6, all but two of the inequality constrained hypotheses showed anecdotal evidence. Specifically, R2 < ALL (BF = 3.737) showed substantial evidence indicating that R2 was a smaller indicator of total commission compared to the other three thinking style preferences. In fact, compared to the inverse that R2 > ALL showed a BF of only 0.000 – indicating that R2 < ALL is an infinitely better hypothesis given the data. Similarly, Service > ALL (BF = 5.982) was the most evident hypothesis and compared to its inverse was an infinitely better hypothesis as the inverse received zero (0.000) support given the data.

Discussion

The aim of this study was to determine whether thinking style preferences can predict sales performance of financial advisors within a South African context. There is a growing need for companies to have an adequate footprint of successful financial advisors in the industry. Financial advisors play a vital role in the success and competitiveness of these companies. The high turnover of financial advisors is, however, an area of concern and the regulation places huge responsibility on the financial services providers to train these advisors. When the wrong profile person is being appointed and trained as financial advisor, it can lead to tremendous cost implications for the company. To determine additional predictors for sales performance can definitely add value to the selection process for financial services providers.

Results from this study revealed that financial advisors with a higher preference for L2 thinking style preferences obtained higher performance results measured in score and earned higher commission than their colleagues. These results are evident when looking at the results in Tables 4 and 6 when comparing the results of L2 > ALL (BF = 2.665 and BF = 2.773, respectively). Given the specific data as compiled in Tables 4 and 6, specifically, it was L2 > ALL that received some support confirming that these hypotheses were better hypotheses, respectively compared to the other three thinking style preferences. Advisors with a strong L2 preference have a higher preference for the thinking processes associated with discipline, routine, rules and regulations, planning and following guidelines to mention a few (Neethling, 2005).

With regard to the financial advisors' production measured in total products, it was Service > ALL (BF = 4.505) that received the most support given the data, and this hypothesis was a 155 times better hypothesis compared to the inverse, given the data. Research defines length of service as job experience in any given occupation (Hunter, McDaniel & Schmidt, 1988). Furthermore, the production of financial advisors specifically with regard to commission earned, Service > ALL (BF = 5.982) was the most evident hypothesis and compared to its inverse was an infinitely better hypothesis as the inverse received 0.000 support given the data. Therefore, this could indicate that the longer service financial advisors have, the more products they sell on average per month, the higher their production is measured in score and the higher their commission is. These results are supported by previous research that found a significant positive correlation between job experience and job performance (Hunter, McDaniel &

Schmidt, 1988) although this research was not limited to sales performance only. It will therefore be important for companies to appoint the best suited profile as financial advisors so that they can achieve best results. Financial service providers invest many resources in the vesting of financial advisors and would therefore gain enormous benefit if the length of service of financial advisors could increase.

Possible skills and abilities that could possibly be identified as requirements for successful financial advisors, include planning, results driven, time management, and being able to follow procedures (Van der Merwe, 2016). All these requirements are aligned with the preferences of L2. Neethling (2005) confirmed that people with a strong preference for the thinking processes associated with L2 show a preference for disciplined and structured environments, respect and comply with rules and regulations, are time-conscious, prefer to work with detail, are organised and prefer to plan in advance.

Furthermore, the results indicated unexpectedly $R2 < ALL$ (BF = 3.472) confirming that R2 was a smaller indicator of total score compared to the other three thinking style preferences. In fact, comparing the inverse that $R2 > ALL$ showed a BF of only 0.003 – indicating that $R2 < ALL$ is a better hypothesis given the data. Furthermore, $R2 < ALL$ (BF = 3.737) showed substantial evidence indicating that R2 was a smaller indicator of total commission compared to the other three thinking style preferences. These results could therefore imply that financial advisors with a strong R2 thinking style, and therefore financial advisors who have a preference for the thinking processes associated with feeling, empathy, passion, ambiance and people-intuition, demonstrated lower production performance measured in score compared to the other three thinking style preferences. Financial advisors with a strong R2 thinking style preference also proved to earn less commission. Possible explanations for the above-mentioned results could include the change in environment in the industry. The industry is currently highly regulated where legislative compliance forms part of their job profile (Van der Merwe, 2016). The industry became highly regulated specifically over the last few years and is often referred to as being an over-regulated industry (Van Pletzen, 2016). The new world of work for financial advisors is also characterised by an increase in the use of technology, which could also serve as an added explanation for the results (Van der Merwe, 2016). These findings therefore seem to suggest that financial advisors with a strong R2 preference might not be as successful as their colleagues.

Recommendations for management

The outcome of this study results in valuable implications for managers and leaders. Not underestimating the value of effective recruitment and selection could increase the accurate prediction of sales performance of financial advisors. Knowledge of thinking style preferences and how it impacts the performance of financial advisors could assist organisations in selecting a more accurate profile financial advisor. This could result in financial advisors being more suited for the environment that they have to function in.

Furthermore, this study also indicated a positive relationship between tenure and sales performance, which could also place a focus on the recruitment strategy to include previous industry experience as an advantage. A higher emphasis could be placed on introducing thinking style preferences for the processes associated with discipline, planning, structure, rules and regulations, and task orientation when selecting best suited candidates as financial advisors.

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CHAPTER 3

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

3.1. Conclusions

The main objective of this study was to determine whether thinking style preferences can predict sales performance within the context of financial advisors in the insurance industry. This objective was executed through the statistical analysis that was conducted during the research project.

The first specific objective was to determine the relationship between thinking styles and sales performance. The latter was accomplished through the statistical analysis showing that R2 is a smaller indicator of the total commission earned, compared to the other three thinking style preferences. The results therefore showed substantial evidence indicating that financial advisors with a stronger preference for people orientation and intuition, empathy, interpersonal, expressive and emotional and/or feeling based functioning are likely to earn less commission compared to their colleagues who have a stronger preference for factual, rational, logic, analytical, sequential, disciplined, organised and conceptual, future-oriented and holistic-based functioning (Herrmann, 2019). In addition, substantial evidence was found showing that R2 is also a much smaller indicator of total sales performance measured in score compared to L1, L2 and R1 thinking style preferences. The latter is therefore an indicator that financial advisors who have a stronger preference for any of the thinking styles associated with L1, L2 and R1 have a 1 157 times better chance of achieving higher sales performance results measured in score compared to their colleagues with a stronger R2 thinking style preference. The results therefore suggest that the effect that a stronger preference for L1, L2 or R1 has on the total sales performance of financial advisors is 1 157 times a better hypothesis than the effect a stronger R2 preference has on the total sales performance of financial advisors given the data. Moreover, from the results in the Bayes factor matrix, it is evident that a significant negative relationship exists between total score and an R2 preferred thinking style. Therefore, the stronger a financial advisor's preference for the thinking style associated with the right bottom quadrant of the NBI, the more negative it will impact on the financial advisor's production measured in total score. In essence, this suggests that the stronger an advisor's preference for the thinking styles associated with a strong people-focus, the less successful they are likely to be when sales performance is measured in total score.

Furthermore, results from this study revealed that financial advisors with a higher preference for L2 thinking style preferences obtained higher total sales performance results and earned higher commission than their colleagues. Therefore, it is evident from the results that financial advisors with a higher preference to work in a planned, detailed and structured environment while following procedures and abiding to rules and regulations (Mulder, 2019) have a bigger chance to produce better sales performance results. These results also suggest that financial advisors with a preferred L2 thinking style are a greater predictor of higher commission income.

These findings are supported by empirical studies identifying specific profiles for different careers and positions, which were conducted by Herrmann (2019) stating that insurance brokers demonstrated a dominant L2 thinking preference. This research shows that insurance brokers have a preference for environments that are identified with rules and regulations, to work according to a schedule and to follow an orderly, systematic and detailed approach (Mulder, 2019; Neethling, 2019).

The second objective was to investigate which thinking styles can predict sales performance for financial advisors. This objective was executed through the statistical analysis that was conducted on the sample of 252 financial advisors who met specific pre-determined criteria where their thinking style preferences were compared to their sales performance over a period of 12 months to 36 months. A Bayesian approach was taken where Bayes factors (BF) were calculated (Jarosz & Wiley, 2014). Parameters were specified and hypotheses' Bayes factors were directly compared and odds ratios were calculated providing evidence for the hypotheses compared to each other. The latter suggests that a preferred L2 thinking style is a stronger prediction of performance for financial advisors than the other three thinking styles. The results therefore suggest that financial advisors with a stronger preference to follow a systematic approach, who prefer working in an organised and disciplined environment and who respect rules and regulations (Neethling, 2005) are a stronger predictor of achieving higher sales performance compared to their colleagues. However, the largest significant predictor for total sales performance was reflected as tenure measured in months of service of financial advisors. Therefore, according to the results, the longer the financial advisors remain in the industry, the higher their production measured in total score. These findings are supported by previous research that found a positive correlation between job performance and length of service in any given occupation (Hunter, McDaniel & Schmidt, 1988). Furthermore, from the results in the

Bayes factor matrix, it is evident that a significant negative relationship exists between total sales performance and an R2 preferred thinking style. This implies that the stronger a financial advisor's preference for the thinking style associated with R2, the more negative it will impact on the financial advisors' production measured in total score compared to the other three thinking style preferences. Therefore, the results suggest that financial advisors with a stronger people orientation, who enjoy reaching out to others, who have a stronger feeling orientation and who are caring towards others (Neethling, 2005), the less successful these advisors are likely to be with regard to total sales performance compared to their colleagues. These findings are supported by previous research conducted by Van der Merwe (2009) suggesting no statistically significant correlation between people-related competencies such as *persuading and influencing*, *relating and networking* and *presenting and communicating* as indicators of success for financial advisors. Neither age nor gender have any significant effect on production of financial advisors measured in total score. The results from the current study indicate that the largest significant predictor of total commission of financial advisors was also service. Based on the results, it is clear that the longer the financial advisors have been in the industry, the higher their income measured in commission earned as one of the performance indicators. The posterior results suggested that the tenure of advisors was the only significant predictor of total products issued. Therefore, the longer service they have, the more likely they will be to sell more products. None of the four thinking style preferences had any significant prediction for sales success measured in number of policies sold.

3.2 Limitations

For purposes of this study, only objective performance data was used to compare sales performance of financial advisors while analysing the effect thinking style preferences have on these performance measures. Objective performance does not take into consideration input and effort that do not result in sales (Bommer et al., 1995). Therefore, an advisor can perform many sales-related activities that do not result in actual sales and will therefore not be accounted for in the objective performance data that was used during this study.

The availability of previous research on the relationship of thinking style preferences and sales performance was very limited. As a result of these limitations, it was difficult to integrate and support findings based on previous studies.

The sample included financial advisors from Limpopo, North West, Mpumalanga and Gauteng who met the pre-determined criteria. The sample is therefore not a reflection of the total South African population, which limits the generalisability of the results.

Identifying specific individual elements that might contribute to the sales performance of financial advisors is critical to the success of the industry and will also contribute to the retention of financial advisors in general. While looking for a possible solution to the present high turnover of financial advisors and a possible solution to increase the production of financial advisors through the improvement of the selection process, it would be an oversimplification to assume the effect that thinking style preferences have on the prediction of sales performance is the only predictive construct. The results of this study should therefore be interpreted with caution.

Furthermore, the instrument which was used during the research was completed online by the participants. Although each participant received a link and password to complete the survey online according to their own pace and chosen time, the researcher acknowledges that there is a possibility that not all the participants completed the survey on their own.

A cross-sectional research design was followed, implying that all the data was collected at one point in time. Although this type of research design holds many advantages, a definite disadvantage of a cross-sectional analysis is that it is difficult to infer causality (Levin, 2006). Therefore, the study may have provided different results if a longitudinal design had been chosen, and the results of the current study should therefore be interpreted with caution.

3.3 Recommendations

3.3.1 Recommendations for future research

It is recommended that future studies should include longitudinal cohort studies where the same financial advisors' thinking style preferences are measured over a period of time. This will shed some light on the cause-and-affect relation between financial advisors' preferred thinking styles and production results (Johnson, 2010).

It is also recommended that the sample of financial advisors in future research is expanded to also include financial advisors from other financial services providers. This will also shed some light on whether the preferred thinking style preferences of financial advisors are aligned with company-specific cultures or with position-specific expectations. It is therefore suggested that culture as a possible mediator for thinking style preferences on the performance of financial advisors is investigated.

Lastly, it is also recommended that subjective performance measures are also included in future research in order to determine the effect that thinking style preferences have on the performance of financial advisors. It is possible that many financial advisors are involved with activities that are not necessarily reflected in the objective performance measures although they contribute positively to the reputation of the company. It is therefore possible that financial advisors perform activities based on the clients' needs although it does not necessarily generate new business. These findings could ultimately contribute to the effective functioning of the industry.

3.3.2 Recommendations for the organisation

Management should acknowledge the fact that different kinds of people prefer different kinds of thinking, which influences the way in which people communicate, behave and do business. Moreover, this study may benefit the organisation by providing direction for the selection and training of financial advisors by including thinking style preferences as part of the selection process of financial advisors. Similarly, it is also suggested that current employees are made aware of their own thinking styles, which could shed some light on what type of tasks or activities they will probably enjoy more, and which type of tasks they will need to improve to alternatively find alternative ways of addressing these lack of preferences that might be required (e.g. when an advisor has a very low preference for the thinking processes associated with the L2 of the NBI, they could possibly appoint an administrator to assist them with some of these tasks that they do not have a natural preference for). Knowledge of thinking style preferences and how it impacts the performance of financial advisors could therefore assist organisations in selecting a more suitably qualified profile financial advisor.

Furthermore, this study also indicated a positive relationship between tenure and sales performance that could also place a focus on the recruitment strategy to include previous

industry experience as an advantage. A higher emphasis could be placed on introducing thinking style preferences for the processes associated with discipline, planning, structure, rules and regulations and task orientation when selecting best suited candidates as financial advisors. As a result of this strong relationship between tenure and sales performance of financial advisors, it is recommended that companies should invest in strategies to retain financial advisors assisting them to be successful. The outcome of this study revealed the longer advisors remain in the industry, the more successful they become. It is furthermore recommended that companies introduce mentoring programmes to assist advisors through the difficult times.

In conclusion, it is also recommended that the company should re-evaluate the performance and turnover rates of financial advisors after a period of time when thinking style preferences were used as part of the selection process when appointing financial advisors.

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