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AUSTRALIA

Volume 5

Issue 2 *Australasian Accounting Business and Finance
Journal*

Article 6

Determinants of Client-Professional Relationship Quality in the Financial Planning Setting

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Recommended Citation

Hunt, Katherine; Brimble, Mark; and Freudenberg, Brett, Determinants of Client-Professional Relationship Quality in the Financial Planning Setting, *Australasian Accounting, Business and Finance Journal*, 5(2), 2011, 69-99.

Determinants of Client-Professional Relationship Quality in the Financial Planning Setting

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Keywords

Financial Planning; Relationships; Ethics; Trust; Business Relationships; Relationship Quality



Determinants of Client-Professional Relationship Quality in the Financial Planning Setting

Katherine Hunt¹, Mark Brimble^{1,2} & Brett Freudenberg¹

Abstract

Advice provided by financial planners has the potential to impact the financial and emotional well being of clients. Despite the outcomes of quality financial planning relationships, there is little direct evidence to support the importance of 'relationship quality' in financial planning. Previous research has emphasised the importance of relationship quality in psychology, nursing, and business settings. This research investigates determinants of client-professional relationship quality in financial planning, measured in a survey of clients and financial planners regarding relationship factors of trust, engagement, empowerment, ownership, client activity and commitment. Ratings for relationship dimensions were compared between clients and financial planners, with financial planners found to overestimate their clients' levels of trust and commitment and underestimate their client's levels of empowerment. The relationship dimension of 'trust' was found to be critical for client-professional relationship quality.

Keywords: Financial Planning, Relationships, Ethics, Trust, Business Relationships, Relationship Quality

JEL Classification: G11, G29

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Introduction

Individual wealth has been rising steadily over the past century (Australian Bureau of Statistics (ABS) 2009; Harding, King & Kelly 2002) and is leading to the largest ever intergenerational transfer of wealth (Brill, 2003; Havens & Schervish 2003; Legge & O'Loughlin 2000). As a result individuals require increasing financial knowledge and financial management abilities. This is further necessitated by the government's legislative encouragement of self funded retirement (ABS 2009; Superannuation Industry (Supervision) Act 2007) and the increasing complexity of personal finances. These factors have led to the emergence of the financial planning industry and spurred its rapid growth in the last decade.

This demonstrates the importance of financial planning to individuals and the broader community, and highlights the need for a body of research into this sector. There is also legislative pressure, with the importance of the relationship between a client and their financial planner illustrated by the 'know your client' legislation (Corporations Act 2001), which requires a minimum level of information be collected from the client before recommendations are made by the financial planner.

Despite the rapid growth and importance of financial planning, little is known about the factors that determine a successful client-financial planner relationship. Professional relationships have been studied in a variety of fields, with similar results emphasising the importance of client and professional outcomes (Agndal & Chetty 2007; Avivi, Laurenceau & Carver 2009; Boehm & Freund 2007; Cannon & Perreault 1999; Farrelly & Quester 2003; Johnson, Barksdale & Boles 2001; Macintosh et al. 1992; Napolitano 2006; Segal & Williams 2008). The literature agrees that a strong client-professional relationship leads to increased outcomes from the relationship in both psychology and business settings (Bachelor et al. 2007; Dearing et al. 2005; DuBios 2005; Freedberg 2007; Hayward 2003; Hill 2005; Johnson, Barksdale & Boles 2001; Macintosh et al. 1992; Moses 2000; Moyers, Miller & Hendrickson 2005; Segal & Williams 2008). Furthermore, authors have emphasised that relationship is not only important, it is key for positive outcomes (Appelbaum & Steed 2005; Boehm & Freund 2007; Greener et al. 2007) of both qualitative and quantitative results (Crosby, Evans & Cowles 1990).

Of the little research that exists in a financial planning context, Kahler (2007) indicates the importance of principles of psychology in financial planning, specifically in order to communicate. Kahler emphasises that financial planning is the combination of external financial issues (such as retirement, or estate planning), and internal financial issues (such as thoughts feelings & beliefs about money) (Kahler, 2007). The link between financial difficulties and psychological distress has been widely established (for example, Kivimaki et al. 2002) which provides a link between the psychology literature and financial planning. Financial planners comment on the importance of soft skills in their client relationships, while clients comment on the importance of the financial planner knowing their goals and dreams better than they do (Hayhoe 2001). Financial planners have raised the importance of working relationships in generating renewed business (Dempsey 2005; Farrelly & Quester 2003; Musgrave 2008), in going beyond the financial relationship to be socially connected (Pompian 2008), and in concentrating on the relationship building process (Musgrave 2008; Spatafore 1998; Wruk 2003). Anecdotal articles indicate that the financial planner benefits from a strong client relationship by having an easier work environment, more referrals (Dempsey 2005; Musgrave 2008), and renewed business (Jenne 1999). However, these statements to a large extent are anecdotal and not based on empirical research.

This article reports on an empirical investigation into the factors that influence the client-professional relationship in financial planning. To achieve this, the literature in psychology, law and medicine are reviewed to determine factors that potentially influence professional-client relationships. Seven relationship factors (relationship quality, trust, engagement, empowerment, client activity, ownership, and commitment) are examined through a survey instrument that was completed by both financial planners and their clients. The results indicate that relationship quality is most closely associated with the level of ‘client trust’ in the relationship. Also, financial planners appear to overestimate their clients’ levels of trust and commitment, and underestimate their level of empowerment.

The remainder of the article is structured as follows. The next section provides a review of relevant literature and incorporates hypothesis development. This is followed by the research methodology and the results sections. Section five provides further discussion and section six concludes the article.

Background Literature and Hypothesis Development

The client-professional relationship is well researched in fields such as medicine, nursing, psychology and law with a variety of factors being evidenced as influencing the outcomes of these relationships. The following provides a brief review of these factors.

Trust

In professional relationships ‘trust’ is a critical element of relationship quality because of personal disclosure, and the client’s reliance on another person to achieve an outcome. Research on trust indicates that a trusting relationship is related to relationship quality (Falk-Rafael 2001; Farrelly & Quester 2003; Mouzas, Henneberg & Naude 2007; Spatafore 1998), results in confidence (Schott 1998), and can stabilise existing business relationships (Ulaga & Eggert 2006). Schott (1998) explains how trust in client relationships leads to more successful outcomes for the practitioner in terms of revenue. There is consistent evidence that the professional’s proactivity in their relationship leads to a stronger relationship, and subsequently better client outcomes and higher levels of engagement (Beverland, Farrelly & Woodhatch 2007). Further, Sharma and Patterson (1999) have found that in financial planning, trust mediates functional quality, communication effectiveness, and technical quality in relationship commitment in financial planning. This finding has been supported by Anderson & Sharpe (2008) who have also commented on the importance and interrelation between trust and commitment in financial planning. Authors have anecdotally commented on the importance of trust in financial planning relationships (Hayden 2007a; Jones 2007; Pullen & Rizkalla 2003). The consistent findings on the importance of trust in professional relationships for the benefit of both the client and the organisation have led to the construction of hypothesis one:

H1: Relationship quality will be positively associated with the clients’ perceived level of trust in the relationship with their financial planner.

Client Engagement

Client engagement research primarily comes from the field of psychology, where engagement levels of clients are predictive of outcomes of treatment (Dearing et al. 2005; Grant 2006; Guerra 2007), and from the business literature, where the importance of a solid relationship has been

widely documented (Agndal & Chetty 2007; Cannon & Perreault 1999; Johnson, Barksdale & Boles 2001). Engagement is an important topic in the field of psychology because client outcomes are of a qualitative nature and are associated with the level of emotional bond between client and therapist (DuBois 2005; Woo et al. 2008). Specifically, previous research has found that client engagement in a relationship leads to ownership (Campbell 2001), relationship satisfaction (Dearing et al. 2005), active client involvement (Hill 2005), increased communication (Montgomery 2006), and increased outcomes (DuBois 2005). The wide-ranging effects of engagement within the relationship make it a key area of focus for the current research. Importantly, client engagement is as important for the organisation as it is for the client, with defined common language, commitment, and a strong relationship being key factors of engagement (Campbell 2001), which also increase recurring revenue, referrals, and work satisfaction for the professional (Perlman 2007). Given the importance of engagement in the client-professional relationship this will form the basis of the second hypothesis:

H2: Relationship quality will be positively associated with client engagement in the relationship with their financial planner.

Empowerment

The process of empowerment has been described as giving the client power through increasing awareness, knowledge and skills (Falk-Rafael 2001). This is where the client willingly takes responsibility for decisions and achievements. In the context of financial planning this may refer to providing the client with financial knowledge (Howlett, Kees & Kemp 2008), or the self-efficacy to make decisions. It has been stated that clients are more likely to renew business with professionals who take the time to educate and empower their clients (Ulaga & Eggert 2006), than those who place themselves in a position of power over the client. This is because the client feels good about themselves, and the professional who has helped them along the way.

The success of the empowerment process is dependent on a combination of the techniques used, client involvement, and the strength of the client-professional relationship (Hill 2005). A relationship where the client is empowered to take control of appropriate decisions is a more solid relationship than the more traditional power relationships that are common in business settings (Greene, Lee & Hoffpauir 2005; Mouzas, Henneberg & Naude 2007). In financial planning, empowerment has been documented as one of the essential relationship elements, although little empirical data has been provided to confirm these comments (Hayden 2007b; Hayhoe 2001; Pompian 2008). The third hypothesis has been developed through extension from previous research:

H3: Client engagement will be positively associated with client empowerment in the relationship with their financial planner.

Ownership

Another key influencing factor on the level of relationship quality in professional relationships is the amount of 'ownership' a client is allowed (Moyers, Miller & Hendrikson 2005). When referring to ownership, the definition is of a 'psychological bond to an object that leads to extra-role behaviour' (Asatryan & Oh 2008). Research has demonstrated that clients who take more ownership (and are allowed to take more ownership) in their success and progress, are more engaged in the relationship (Campbell 2001; Dearing et al. 2005; DuBois 2005; Gilman 2008; Heinen & Bancroft 2000).

In financial planning relationships, the client may benefit from ownership similar to those in psychotherapy relationships (Napolitano 2006; Pompian 2008) as qualitative outcomes are as important as quantitative outcomes for the client. Psychology research has indicated that clients who are more active in the relationship also take more ownership (among other associated factors) (Hill 2005). Based on these findings, hypothesis four has been developed:

H4: The level of client activity in the relationship will be positively associated with the level of ownership the client holds in the relationship with their financial planner.

Activity

When considering client empowerment and the client-financial planner relationship, it may be important to consider the role that both the professional and the client must take (Vandewalle, Van Dyne & Kostova 1995). More specifically, the practitioner can facilitate ‘active client involvement’, or ‘active professional involvement’, or a combination of both. This concept is closely related to that of empowerment. ‘Active client involvement’ refers to the differences in expectations and behaviours, and preferences that affect the role taken in the relationship (Starin 2006). Active client involvement in professional relationships is a topic with a body of research supporting its place in the client relationship, although very few professional bodies utilise client resources in this way (Weiss 2004). While the literature is divided on whether it is more effective to facilitate an active client or active professional relationship role, a number of findings support a high level of client activity within professional relationships. Authors have emphasised the importance of collaboration and practicing with a client-centred philosophy in client interactions (Brodley 2006; Freedberg 2007; Strong & Sutherland 2007). Based on these findings it is hypothesised that:

H5: Relationship quality will be positively associated with the level of client activity in the relationship.

Commitment

The ‘commitment’ level of clients may be an important aspect of client-professional relationships in the financial planning context because it reflects a combination of their feelings regarding satisfaction from the relationship. This satisfaction may stem from the professional’s technical competence, having a quality relationship, and enjoying the company of the professional (Pompian 2008). This can be inferred because relationship commitment would not exist without these factors. Thus, commitment can be an overall measure of relationship quality and satisfaction. The level of client commitment has been shown to be an important aspect of relationship quality, and is strongly associated with trust (Cook & Wall 1980). Further, authors have emphasised the link between relationship quality, trust, and commitment (Anderson & Sharp 2008; Farrelly & Quester 2003). This is relevant to the current study, where the level of relationship quality between a financial planner and their client is the focus of the research. It is therefore hypothesised:

H6: There will be a positive association between relationship quality and the level of client commitment.

Research Method

To test the hypotheses defined above, a research design has been employed which enables the comparison between financial planners and clients of the underlying relationship dimensions, and provides the study with more depth and a more complete understanding of relationship dynamics. The primary research question is: *‘What relationship factors make the client-professional relationship effective in financial planning?’* The specific hypotheses formulated above examine the main factors associated with relationship quality as identified in the literature, being: trust, commitment, engagement, empowerment, level of client activity, and ownership.

Instruments and procedure

The study adopts a survey methodology with questionnaires developed from existing scales shown to be reliable and valid (Link 2007). Two questionnaires were created, for financial planners, and for clients, which were identical in terms of the question content, and were adjusted in wording depending on the respondent. Previously validated surveys for each variable were adapted to the financial planning relationship context, with items selected by the researcher and pilot study participants for relevance to financial planning.

Further, two summary scales were developed for the current research in order to measure the importance of each relationship factor and the overall level of specific relationship dynamics. The survey was tested prior to its administration to ascertain its reliability, validity, and understandability (Hunt, Sparkman & Wilcox 1982). Additionally, this process increases the internal validity of the questionnaire, and subsequently the research. All data was collected via the internet-based Survey Monkey which ensured confidentiality of responses. In order to ensure that respondents were representative of the population as a whole, Survey Monkey was used to easily communicate access details to the web-based survey, which ensured that respondents were targeted across Australia without logistical issues of paper-based surveys. All respondents were also offered to complete the survey in paper form.

The financial planner sample was targeted through randomised replacement and convenience sampling recruited through the Financial Planning Association, Griffith University Industry Network, or directly through dealer groups. The client sample consisted of the clients of the financial planners who agreed to participate, as well as a convenience sample of clients whose responses were not associated with a participating financial planner. It is unknown whether the respondents represented an equal reflection of those targeted, or if there is a bias in the spread of respondents from particular target groups. This lack of information is due to confidentiality reasons. This resulted in a sample of 106 participants (28 females, 74 males), with participants either Financial Planners ($n = 59$), or clients of financial planners ($n = 47$). Most of that participants were in the age brackets of 36 to 50 ($n = 48$) and 51 to 65 years ($n = 40$). There were fewer participants in the age brackets of less than 25 years old ($n = 1$) and 26 to 35 years old ($n = 10$), and only three participants greater than 65 years old ($n = 3$).

Participants provided information regarding their gender, relationship length, whether they had a service agreement, method and choice of professional fee payment, income, negative returns, and education. These demographic details will be outlined in the following tables.

Table 1
Demographics
Panel A: Participants in terms of gender

| Gender | Male % | Female % |
|---------------|--------|----------|
| Planner | 87 | 13 |
| Client | 55 | 45 |
| Combined | 73 | 27 |

Panel B: Responses for age

| Age | <25 % | 25-35 % | 36-50 % | 51-65 % | 65> % | Average |
|------------|-------|---------|---------|---------|-------|---------|
| Planner | 0.00 | 12.73 | 58.18 | 29.09 | 0.00 | 3.05 |
| Client | 2.13 | 6.38 | 34.04 | 51.06 | 6.38 | 3.39 |
| Combined | 0.98 | 9.80 | 47.06 | 39.22 | 2.94 | 3.23 |

Panel C: Responses for income

| Income | Loss % | 0-50k % | 50k-100k % | 100k-150k % | 150k-200k % | 250k-300k % | >300k % | Average |
|---------------|--------|---------|------------|-------------|-------------|-------------|---------|---------|
| Planner | 3.64 | 5.45 | 18.18 | 23.64 | 10.91 | 9.09 | 29.09 | 4.60 |
| Client | 12.77 | 25.53 | 36.17 | 14.89 | 2.13 | 4.26 | 4.26 | 2.86 |
| Combined | 7.84 | 14.71 | 26.47 | 19.61 | 6.86 | 6.86 | 17.65 | 3.66 |

Panel D: Reported levels of education

| Education | Y10 % | Y12 % | TAFE % | Degree % | Masters> % | Average |
|------------------|-------|-------|--------|----------|------------|---------|
| Planner | 5.45 | 9.09 | 10.91 | 56.36 | 18.18 | 3.60 |
| Client | 8.51 | 8.51 | 19.15 | 23.40 | 40.43 | 3.63 |
| Combined | 6.86 | 8.82 | 14.71 | 41.18 | 28.43 | 3.62 |

The response rate for the research was predicted at 30% for financial planners and 10% for their clients. This limits the generalisability of the research findings because respondents are likely to fall in the extreme positive or extreme negative points of view. However, given the current financial crisis it may be that increased negative feelings in clients will balance out an otherwise skewed set of responses.

Analysis of Hypotheses

Each hypothesis was tested using univariate regression on both the planner and client samples as defined in Table 2. For each hypothesis, correlation and ANOVA tests were also conducted and generally supported the results of the univariate regression and hence are not reported. Normality was examined through variance and distributions of responses, as indicated by Levene's test, skewness analysis, and visual analysis of histograms. Other robustness tests included the Durbin Watson (reported when value is greater than 2 (± 0.5)), Case Wise Statistics (reported when residual $> \pm 4.5$ from the predicted value) and Cooks Distance (reported when value is greater

than 1) (Henderson 2006). It should be noted that variables are estimated based on the average score for each participant across the seven measures for each item (1 = Strongly Disagree; 2 = Disagree; 3 = Somewhat Disagree; 4 = Neutral; 5 = Somewhat Agree; 6 = Agree; 7 = Strongly Agree).³ Multiple regression was used to determine the degree to which each relationship factor examined in the hypotheses influences relationship quality when combined with the other factors (model 7 in Table 2). Additionally, control variables were included in the multiple regression, however only gender provided any significant influence on the results and hence is retained.

Table 2
Hypothesis Testing

| Hypothesis | Model | Model No. |
|------------|--|-----------|
| H1: | $RQ_i = \alpha + \beta_1 \text{Trust} + \varepsilon_i$ | 1 |
| H2: | $RQ_i = \alpha + \beta_2 \text{Engagement} + \varepsilon_i$ | 2 |
| H3: | $\text{Engagement}_i = \alpha + \beta_3 \text{Empowerment} + \varepsilon_i$ | 3 |
| H4: | $\text{Ownership}_i = \alpha + \beta_4 \text{Activity} + \varepsilon_i$ | 4 |
| H5: | $RQ_i = \alpha + \beta_4 \text{Activity} + \varepsilon_i$ | 5 |
| H6: | $RQ_i = \alpha + \beta_5 \text{Commitment} + \varepsilon_i$ | 6 |
| | $RQ_i = \alpha + \beta_1 \text{Trust} + \beta_2 \text{Engagement} + \beta_3 \text{Empowerment} + \beta_7 \text{Ownership} + \beta_4 \text{Activity} + \beta_5 \text{Commitment} + \beta_6 \text{Gender} + \varepsilon_i$ | 7 |

Notes: RQ_i = Relationship Quality, $\beta_1 \text{Trust}$ = Client Trust as reported by clients and financial planners, $\beta_2 \text{Engagement}$ = Client Engagement as reported by clients and financial planners, $\beta_3 \text{Empowerment}$ = Client Empowerment as reported by clients and financial planners, Ownership_i = Client Ownership, $\beta_4 \text{Activity}$ = Client Activity as reported by clients and financial planners, $\beta_5 \text{Commitment}$ = Client Commitment as reported by clients and financial planners and $\beta_6 \text{Gender}$ is the gender of the respondent.

Results

Relationship Quality

The summary item for relationship quality indicated that clients ($M = 5.80$, $SD = 1.62$) and financial planners ($M = 6.26$, $SD = 1.17$) perceived relationship quality to be an important aspect of their relationship (see Table 3). Examination of responses within the relationship quality scale indicated that financial planners ($M = 6.00$, $SD = .82$) rated their relationship quality as significantly higher than clients ($M = 5.21$, $SD = 1.16$), $t(104) = 4.056$, $p < 0.001$.

For all 19 items planners responded higher than clients, on average, and the overall responses of relationship quality indicated that financial planners perceived a higher level of relationship quality with their clients than was actually reported by clients. This finding is important because it highlights a discrepancy in the relationship quality as perceived by clients

³ Note that the scale used in the current study is continuous data, and to convert it to linear data for statistical analyses requires that the results be analysed with caution.

and financial planners, and this may have ramifications on client satisfaction from the relationship.

Table 3
Average responses from clients and financial planners across all survey scales.

| Item | Resp | Relat Qual | Trust | Engagement | Empowerment | Ownership | Activity | Commitment |
|---------|------|------------|-------|------------|-------------|-----------|----------|------------|
| S1 | C | 5.80 | 6.59 | 5.59 | 5.59 | 5.63 | 5.77 | 5.65 |
| | P | 6.26 | 6.70 | 6.26 | 5.51 | 5.47 | 5.61 | 6.25 |
| S2 | C | 5.53 | 5.80 | 5.69 | 5.29 | 5.96 | 5.29 | 5.29 |
| | P | 6.44 | 6.61 | 6.49 | 6.30 | 6.37 | 6.04 | 6.02 |
| 1 | C | 4.90 | 5.45 | 5.53 | 3.82 | 5.16 | 4.92 | 5.04 |
| | P | 6.18 | 6.44 | 6.28 | 3.18 | 5.59 | 5.68 | 5.96 |
| 2 | C | 5.20 | 5.61 | 5.92 | 3.41 | 5.63 | 4.27 | 3.57 |
| | P | 6.45 | 6.60 | 6.40 | 2.64 | 5.68 | 4.77 | 5.88 |
| 3 | C | 4.88 | 5.55 | 5.31 | 3.63 | 5.61 | 3.65 | 4.65 |
| | P | 6.32 | 6.54 | 6.16 | 2.71 | 5.71 | 4.07 | 5.63 |
| 4 | C | 5.35 | 5.39 | 5.08 | 5.16 | 5.90 | 5.24 | 4.94 |
| | P | 6.29 | 6.28 | 5.37 | 4.70 | 5.50 | 4.98 | 5.89 |
| 5 | C | 5.08 | 4.94 | 5.65 | 4.31 | 5.86 | 5.51 | 4.76 |
| | P | 6.50 | 6.04 | 6.44 | 3.52 | 6.16 | 5.34 | 5.86 |
| 6 | C | 4.84 | 5.80 | 5.86 | 5.04 | 5.22 | 5.29 | 5.37 |
| | P | 6.29 | 6.51 | 5.58 | 5.39 | 5.48 | 5.43 | 6.38 |
| 7 | C | 5.04 | 5.41 | 5.63 | 5.33 | 4.73 | 5.18 | 4.88 |
| | P | 6.46 | 6.47 | 5.04 | 5.00 | 5.20 | 5.18 | 5.71 |
| 8 | C | 5.14 | 5.14 | 5.45 | 5.14 | 5.14 | 5.49 | |
| | P | 5.89 | 6.16 | 5.28 | 5.13 | 6.00 | 5.32 | |
| 9 | C | 5.43 | 4.80 | | 5.45 | 4.96 | 4.43 | |
| | P | 6.14 | 6.26 | | 5.98 | 5.38 | 4.45 | |
| 10 | C | 5.35 | 3.98 | | 5.76 | 3.69 | | |
| | P | 6.39 | 4.79 | | 5.54 | 5.13 | | |
| 11 | C | 5.45 | 4.92 | | | | | |
| | P | 6.18 | 5.88 | | | | | |
| 12 | C | 5.98 | | | | | | |
| | P | 6.52 | | | | | | |
| 13 | C | 4.63 | | | | | | |
| | P | 5.29 | | | | | | |
| 14 | C | 4.61 | | | | | | |
| | P | 4.55 | | | | | | |
| 15 | C | 5.82 | | | | | | |
| | P | 6.18 | | | | | | |
| 16 | C | 5.31 | | | | | | |
| | P | 5.75 | | | | | | |
| 17 | C | 4.69 | | | | | | |
| | P | 5.61 | | | | | | |
| Average | C | 5.21 | 5.34 | 5.57 | 4.83 | 5.29 | 5.00 | 4.90 |
| | P | 6.00 | 6.25 | 5.84 | 4.63 | 5.64 | 5.17 | 5.95 |

This table contains summary survey data on underlying relationship dimensions reported in the client-financial planner professional relationship. Data is presented from two surveys (one planner and one client) with 57 and 49 participants respectively.

Trust

The summary item for trust indicated that clients (M = 6.70, SD = 1.13) and financial planners (M = 6.59, SD = 1.32) perceived trust to be an important aspect of their relationship.

Examination of responses within the trust scale indicated that financial planners ($M = 6.24$, $SD = .45$) rated their clients trust as significantly higher than clients did ($M = 5.33$, $SD = 1.09$), $t(104) = 5.782$, $p < 0.001$.

The first hypothesis is supported, with trust being a generally good measure of relationship quality, $f(1, 104) = 473.341$, $p < .0001$. More specifically, trust was a significant positive predictor of relationship quality ($\beta = .906$, $p < .001$). Further, the results indicate that 82% of the variance in relationship quality is accounted for by the variance in trust, $Adj R^2 = 0.820$. Overall, trust is a good measure of relationship quality for clients and financial planners.

Engagement

The summary item for engagement indicated that clients ($M = 5.59$, $SD = 1.33$) and financial planners ($M = 6.26$, $SD = 1.22$) perceived client engagement to be an important aspect of their relationship. Examination of responses indicated that overall, financial planners ($M = 5.93$, $SD = .54$) rated their clients' engagement similarly to how clients did ($M = 5.57$, $SD = .91$), with no significant difference in responses from both groups, $t(104) = 2.497$, $p = 0.014$. Indeed for the 10 items, planners and clients, on average, respond in a similar fashion.

The regression results further support the second hypothesis, with engagement a generally good measure of relationship quality for both financial planners ($f(1, 55) = 32.931$, $p < .0001$) and clients ($f(1, 48) = 125.683$, $p < .0001$). More specifically, engagement was a significant positive predictor of relationship quality for financial planners ($\beta = .615$, $p < .001$) and clients ($\beta = .853$, $p < .001$). Further, clients' perception of engagement accounted for 72.2% of the variance in relationship quality ($Adj R^2 = 0.722$), whereas financial planner's perception of client engagement accounted for only 36.7% of the variance in relationship quality ($Adj R^2 = 0.367$). These results show that client engagement is an important relationship factor for clients and financial planners, and clients value engagement more than financial planners realise they do.

Empowerment

The summary item for empowerment indicated that clients ($M = 5.59$, $SD = 1.859$) and financial planners ($M = 5.51$, $SD = 1.167$) perceived client empowerment to be an important aspect of their relationship. Examination of responses indicated that financial planners ($M = 4.57$, $SD = .645$) rated their clients' empowerment as significantly lower than clients did ($M = 4.83$, $SD = .549$), $t(104) = -2.208$, $p = 0.029$. These results indicate that clients perceive themselves as more empowered than their financial planners perceive of them, and this may have ramifications for the quality of their relationship.

The third hypothesis was not supported by the regression modelling, with client engagement not a particularly good measure of client empowerment from either the financial planners ($f(1, 55) = 2.054$, $p = .158$) or clients perspectives ($f(1, 48) = 0.435$, $p = .513$). More specifically, engagement was not a significant predictor of client empowerment for financial planners ($\beta = .191$, $p = .158$) or clients ($\beta = .096$, $p = .513$). Further, engagement as reported by clients accounted for -1.2% of the variance in empowerment ($Adj R^2 = -0.012$), whereas only 1.9% of the variance for financial planners ($Adj R^2 = 0.019$). These results indicate that client engagement is not associated with client empowerment in the client-professional relationship in financial planning, from either the clients' or financial planners' perspectives.

Ownership

The summary item for ownership indicated that clients ($M = 5.63$, $SD = 1.879$) and financial planners ($M = 5.47$, $SD = 1.441$) perceived client ownership to be an important aspect of their relationship. Examination of responses within the ownership scale indicated that there was not a significant difference between the responses from financial planners ($M = 5.56$, $SD = .798$) or clients ($M = 5.29$, $SD = .739$) in terms of client ownership, $t(104) = 1.762$, $p = 0.081$. The pattern of results indicates there is an overall congruence between the financial planners' perception of their clients' ownership, and the clients' perception of their own ownership.

The fourth hypothesis was supported using the coefficients in univariate regression, with client activity a generally good measure of client ownership for both financial planners ($f(1, 55) = 24.335$, $p < .001$) and clients ($f(1, 48) = 23.643$, $p < .001$). More specifically, client activity was a significant positive predictor of client ownership from both the financial planners' ($\beta = .557$, $p < .001$) and clients' perspectives ($\beta = .579$, $p < .001$). Further, client activity accounted for 32.1% of variance in relationship quality from the clients' perspectives ($Adj R^2 = 0.321$), and 29.8% of the variance from the financial planners' ($Adj R^2 = 0.298$). These results indicate that client activity is an important component of client ownership in financial planning relationships.

Client Activity

The summary item for client activity indicated that clients ($M = 5.78$, $SD = 1.146$) and financial planners ($M = 5.61$, $SD = 1.433$) perceived client activity to be an important aspect of their relationship. Examination of responses within the client activity scale indicated that financial planners ($M = 5.10$, $SD = .950$) rated their clients' activity similarly to how clients did ($M = 5.00$, $SD = .781$), $t(104) = .550$, $p = 0.583$. These results indicate that the perceptions between clients and their financial planners in relation to the level of client activity are similar, and this may have positive implications for the client relationship.

The fifth hypothesis was supported by univariate regressions with client activity a generally good measure of relationship quality for both financial planners ($f(1,55) = 10.375$, $p = .002$) and clients ($f(1,47) = 10.743$, $p = .001$). More specifically, client activity was a significant positive predictor of relationship quality for financial planners ($\beta = .401$, $p = .002$) and clients ($\beta = .466$, $p = .001$). Further, 20% of the variability in relationship quality was accounted for by client activity for clients ($Adj R^2 = 0.200$), and 14.6% for financial planners ($Adj R^2 = 0.146$). These results indicate that the responses from clients and financial planners are similar in relation to the effect the level of client activity has on relationship quality.

Commitment

The summary item for commitment indicated that clients ($M = 5.65$, $SD = 1.45$) and financial planners ($M = 6.25$, $SD = 1.15$) perceived client commitment to be an important aspect of their relationship. Examination of responses within the commitment scale indicated that financial planners ($M = 5.87$, $SD = .809$) rated their clients' commitment as significantly higher than clients did ($M = 4.905$, $SD = 1.326$), $t(104) = 4.596$, $p < 0.001$. For all nine items planners responded higher than clients, on average. These results indicate that for the commitment scale, financial planners reported higher levels of client commitment than clients did.

The sixth hypothesis was supported using the coefficients in univariate regression with commitment a generally good measure of relationship quality for both financial planners ($f(1,56)$

= 124.115, $p < .001$) and clients ($f(1,48) = 124.152, p < .001$). More specifically, commitment was a significant positive predictor of relationship quality for financial planners ($\beta = .832, p < .001$) and clients ($\beta = .852, p < .001$). Further, 72% of the variance in relationship quality was accounted for by commitment for clients ($\text{Adj } R^2 = 0.720$), and 68.7% for financial planners ($\text{Adj } R^2 = 0.687$). These results show a similarity in the perspectives of financial planners and clients in relation to commitment and relationship quality.

Table 4
Relationship quality models as per hypotheses

| | α | Trust | Engagement | Empowerment | Ownership | Active | Commitm. | Adj R^2 |
|---------------------------|----------|----------------------|----------------------|------------------|---------------------|---------------------|----------------------|-----------|
| <i>Panel A (Clients)</i> | | | | | | | | |
| Model 1 _a | 0.915 | 0.923 [16.440]*** | | | | | | 0.849 |
| Model 2 _a | 0.857 | | 0.853 [11.211]*** | | | | | 0.722 |
| Model 3 _a | 0.515 | | | 0.096 [0.660] | | | | -0.012 |
| Model 4 _a | 0.758 | | | | 0.579 [4.862]*** | | | 0.321 |
| Model 5 _a | 0.821 | | | | | 0.466 [3.575]*** | | 0.200 |
| Model 6 _a | 0.933 | | | | | | 0.852 [11.142]*** | 0.720 |
| <i>Panel B (Planners)</i> | | | | | | | | |
| Model 1 _b | 0.915 | 0.632 [5.996]*** | | | | | | 0.389 |
| Model 2 _b | 0.857 | | 0.615 [5.739]*** | | | | | 0.367 |
| Model 3 _b | 0.515 | | | 0.191 [1.433] | | | | 0.019 |
| Model 4 _b | 0.758 | | | | 0.557 [4.933]*** | | | 0.298 |
| Model 5 _b | 0.821 | | | | | 0.401 [3.221]*** | | 0.146 |
| Model 6 _b | 0.933 | | | | | | 0.832 [11.141]*** | 0.687 |

Numbers in brackets below coefficients are t-statistics: *** indicates significance at 0.01 level; ** indicates significance at 0.05 level; * indicates significance at 0.10 level. Models are defined as per Table 1

Results for each hypothesis have indicated that from clients' perspectives, the most important factors for relationship quality are (in order of importance) trust, commitment, engagement, ownership, and client activity. Table 4 illustrates that based on the regression models analysed, the underlying relationship factors are important for relationship quality from both clients' and financial planners' perspectives. Other than for empowerment, the regression coefficients were significant for financial planners and clients, which indicate both groups recognise the importance of underlying relationship factors on relationship quality. Analysis of R^2 values indicate that the most important relationship factors which contribute to relationship

quality from clients' perspectives in order are trust, engagement, commitment, ownership, client activity, and empowerment. Analysis of R^2 values from financial planners' perspectives indicates that the most important factors for relationship quality in order are commitment, trust, engagement, ownership, client activity, and empowerment. Although the R^2 values are smaller for responses from financial planners, the order of importance differs between financial planners and clients with financial planners rating 'commitment' as the main contributor to relationship quality, while clients rate 'trust' as the main contributor. These results highlight the discrepancy in views from financial planners and clients.

Discussion

Determinants of relationship quality

The analysis of individual items indicated that trust is considered an important factor in financial planning relationships. This finding is supported in the research, which has emphasised the importance of trust in building relationship strength (Chow 2008; Falk-Rafael 2001; Hayden 2007a; Jones 2005; Macintosh et al. 1992; Schott 1998), with evidence indicating that building trust takes time and must be earned (Hayhoe 2001; Mouzas et al. 2007). Further, results indicated financial planners report their clients' trust in them to be higher than actually reported by clients. This finding was contrasted with results indicating that trust is more of an important relationship quality component for clients than financial planners. These results indicate that financial planners do not realise how important trust is from the client's perspective, and overestimate the level of trust their clients have in them. This result is important, because as Schott (1998) explains, trust in client relationships leads to more successful outcomes for the practitioner in terms of revenue. Therefore, education and regulation for financial planning should address this discrepancy and highlight the importance of trust. Specifically, it is critical that education of financial planners reflects the ethics and subsequent trustworthiness that clients find so important, and that regulation be in place to support these guidelines. By increasing the perceived trustworthiness of financial planners it can be argued that relationship quality will increase, and client outcomes will be more positive.

Client engagement is important for relationship quality in financial planning, although not over and above trust. The importance of client engagement to relationship quality has been found in previous research in other contexts, which has emphasised the importance of the emotional bond in professional and counselling relationships (Guerra 2007; Woo et al. 2008). Specifically, previous research has found that client engagement in a relationship leads to ownership (Campbell 2001), relationship satisfaction (Dearing et al. 2005), active client involvement (Hill 2005), increased communication (Montgomery 2006), and increased outcomes (DuBois 2005). Consequently, financial planners need to be aware of the importance clients place on their engagement in the relationship. Importantly, client engagement is as important for the organisation as it is for the client, as it could increase recurring revenue, referrals, and work satisfaction for the professional (Greener et al. 2007).

Client empowerment was found to be an important aspect of relationship quality for clients and financial planners. However, previous research has not examined the relationship between client empowerment and engagement in isolation, and the current research has indicated that although these factors may be important for relationship quality, they are not important for determining each other. Results indicated that clients reported their empowerment to be higher, on average, than financial planners reported their empowerment. This result indicates that

financial planners don't realise how empowered their clients are from their relationship, and the significance they place on empowerment for relationship quality. In terms of financial planning this may mean the client needs to be educated and empowered enough to make sound financial decisions in day to day life that will positively affect their future. Given low financial literacy of Australians in general (ANZ 2008), high client empowerment is logical in financial planning relationships as clients begin to understand how to grow their wealth.

Client activity and ownership are factors which have not been previously studied in the financial planning literature. It was found that client activity was associated with ownership. These results indicate that the more active a client is in the relationship, the more ownership they will have over relationship outcomes. It can be argued from the results that in financial planning relationships, the client benefits from ownership are similar to those in psychotherapy relationships (Napolitano 2006; Pompian 2008) as qualitative outcomes are as important as quantitative outcomes for the client. This result is in line with the psychology research, which has indicated that clients who are more active in the relationship also take more ownership (among other associated factors) (Hill 2005). A relationship where the client is empowered and actively takes control is a more solid relationship than the more traditional power business relationships (Greene et al. 2005; Mouzas et al. 2007).

Relationship quality was found to be positively associated with the level of client activity in the relationship. However, client activity was not a major contributor to relationship quality when combined with the other relationship dynamics. This result is supported by the literature about professional relationships (Brodley 2006; Fernando 2007; Greene et al. 2005; Strong & Sutherland 2007). However, the literature is divided on whether it is more effective to facilitate an active client or active professional relationship role, and the majority of findings support a high level of client activity within professional relationships. Authors have emphasised the importance of collaboration and practicing with a client-centred philosophy in client interactions (Brodley 2006; Freedberg 2007; Strong and Sutherland, 2007). Thus financial planners may find success through embracing client involvement, rather than assuming a position of authority.

Relationship quality was found to be positively associated with client commitment. This finding is supported by the literature, which has found that commitment is a measure of relationship quality (Cook & Wall 1980). Further, the results indicated a discrepancy in responses from financial planners and clients, with financial planners reporting their clients' commitment as higher, on average, than clients themselves reported it for each item. This incongruence provides further evidence for the overestimation of clients' relationship quality from financial planners.

Implications of the research

In terms of practical implications, the results from the current study may influence regulation regarding education of financial planners, a requirement for client engagement letters, and assist the industry in its transition to fee for service. These implications need to be supported through policy, which should increase the focus on ethical standards and professionalism to increase levels of client trust.

Future Research

Given the relative lack of empirical research in financial planning, this study has provided a foundation of empirical findings from which future studies can build. Financial planning being a

relatively new profession means that there are opportunities to learn more about the role it plays in our society and economy in the future. The generalisability of results in the current study is limited by the small sample size. Future research has the potential to survey a larger number of people and increase generalisability of results.

Many aspects of financial planning and client relationships have been outside the scope of this research, including ethics (McMinn et al. 1999). Ethics in financial planning is a possible future research topic, given the lack of research in the field, and the overarching role ethics plays in professional relationships in terms of trust.

Communication is an important aspect of client relationships, because it forms the foundation of trust and relationship building (Spatafore 1998; Wruk 2003). By not measuring the method of communication or the frequency of communication, there is the potential for confounding effects on the results. Future research may focus on the method and frequency of communication between financial planners and clients.

Conclusion

This article has reported the findings of research conducted to ascertain what are the important factors in the client-professional relationship within the financial planning context. The results have indicated that the most important dynamic for relationship quality is trust. When examined in isolation, engagement, client activity and empowerment are also important dynamics for relationship quality. Further, results have highlighted the incongruence in perceptions between financial planners and clients in relation to client trust, empowerment and commitment. Perceptions of engagement, client activity and ownership were mostly aligned for financial planners and clients.

The results from this research have emphasised the critical role client trust plays in relationship quality in financial planning. It may be inferred that in order for financial planning to become a profession levels of client trust need to increase to reflect the ethical standards under which financial planners practice.

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Appendix A

Client Survey

Part One: Relationship Factors in Financial Planning

☞ In your own opinion, how important are the following factors in the relationship with your financial planner?

| # | Statement | Highly Unimportant | Unimportant | Somewhat Unimportant | Neutral | Somewhat Important | Important | Highly Important |
|---|--|--------------------|-------------|----------------------|---------|--------------------|-----------|------------------|
| 1 | How important is trust in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | How important is your engagement in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | How important is your relationship quality with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | How important is your commitment in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | How important is your empowerment in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | How important is your ownership in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | How important is you being active in the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | How important is the relationship you have with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

☞ Considering your relationship with your current financial planner, to what extent do you agree with the following statements?

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|--|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | Your financial planner is reliable? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | Your financial planner understands your goals and fears? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | You have a quality relationship with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | You are loyal to your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | You are given education and information so you can feel confident in making decisions? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | You make the final decision for your financial plan? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | You have no duties and responsibilities in your relationship with your financial planner? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | Negative returns in the first two years of our relationship would not make me leave my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | I don't care about the relationship with my financial planner, I just want to make money | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Two: Trust

☞ In your own opinion please RATE the following statements regarding the level of TRUST in your relationship with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|--|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My financial planner is sincere in understanding my point of view | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My financial planner can be trusted to provide sensible advice for my future | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I feel confident that my financial planner will always treat me fairly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | I have full confidence in the skills of my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | My financial planner completes the task without me following up about it | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My adviser is trustworthy | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | My financial planner typically acts with the best interests of the clients in mind | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | My financial planner does not tell clients what is really going on | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | I find it necessary to be cautious in dealing with my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | My financial planner doesn't openly share their personal information with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | I don't openly share personal information with my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Three: Engagement

☞ In your own opinion please RATE the following statements regarding your level of ENGAGEMENT in the relationship you have with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My financial planner is understanding | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My financial planner is prepared for meetings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My financial planner helps me identify concerns which I did not come in for initially | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My financial planner understands my feelings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | My financial planner is prepared to address the technical issues I come in for | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My financial planner knows my reason for coming to them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | I don't understand why my financial planner needs to know a lot about me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | I don't like it when my financial planner asks me personal questions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Four: Relationship Quality

☞ In your own opinion please RATE the following statements regarding the RELATIONSHIP QUALITY you have with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My financial planner has assisted me to achieve my financial goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My adviser shows a genuine care and interest in my personal circumstances | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I am comfortable depending on my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My financial planner knows how to help me achieve my goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | My financial planner recommends the best option to achieve my goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My financial planner maintains reassuring contact with me after implementing a plan | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | My financial planner shows interest in my overall welfare | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | The expectations of my financial planner are well communicated with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | My financial planner communicates well with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | My financial planner takes the time to learn my personal situation | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | My adviser responds promptly to my requests or enquiries | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12 | My adviser is providing a courteous and friendly service to me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13 | My adviser has performed well in investing my money in selected investment options | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14 | My adviser has performed well in providing a return I am happy with | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 15 | My financial planner is professional in all matters | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16 | My financial planner emphasises what changes are necessary to meet my goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17 | My financial planner doesn't define my financial plan in terms of specific goals for me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Five: Commitment

☞ In your own opinion please RATE the following statements regarding your level of COMMITMENT in the relationship you have with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|--|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | I am proud to be able to tell people who my financial planner is | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | I feel myself to be part of the financial planning firm | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I would recommend a close friend to be a client of my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | I am committed to the relationship with my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | I have a strong sense of loyalty towards my financial adviser | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | I don't intend to maintain my relationship with my current financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | The offer of lower fees with another financial planner would not seriously make me think of changing my financial planners | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Six: Empowerment

☞ In your own opinion please RATE the following statements regarding your level of EMPOWERMENT in the relationship you have with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | I am often a leader in the relationship with my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | I would prefer to lead the relationship than follow what my financial planner says | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | I would rather my financial planner took over the leadership role in our relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I have a pretty good understanding of the financial issues that confront our society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | People like me are generally well qualified to participate in the financial activity and decision making in our country | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | Sometimes financial planning seems so complicated that a person like me can't really understand what's going on | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | I generally accomplish the goals my financial plan lays out | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | When I make plans, I am almost certain to make them work | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | I am often able to overcome barriers in achieving my goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | People don't have a right to make their own bad financial decisions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | Very often a financial problem can be solved by taking action | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Seven: Ownership

☞ In your own opinion please RATE the following statements regarding your level of OWNERSHIP in the relationship you have with your current financial planner:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | I sense the financial plan is mine | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | I feel personal ownership of my finances | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I feel personally connected to the financial decisions I've made | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | I express my service preferences to my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | I am co-operative with my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | I facilitate the financial planner and staff to ensure I receive the service I require | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | I provide feedback on the quality of the services my financial planner provides | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | I feel at home in the office of my financial planner | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | I don't feel like my financial planner typically deals with people like me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | I have a better relationship with my financial planner than I do with my accountant or lawyer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Nine: Demographic Information (continued...)

| Questions | |
|-----------|--|
| 4 | <p>At any point in time during the FIRST TWO YEARS of your relationship with your current financial planner, were your investment returns NEGATIVE? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unsure</p> |
| 5 | <p>How does your current financial planner get paid for the services they provide you? (✓ tick all that are appropriate)</p> <p><input type="checkbox"/> Fees <input type="checkbox"/> Mixture of Fees and Commissions <input type="checkbox"/> No charge <input type="checkbox"/> Upfront Commissions <input type="checkbox"/> Trailing (ongoing) Commissions <input type="checkbox"/> Unsure</p> |
| 6 | <p>Do you have a choice about how your financial planner gets paid?(✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unsure</p> |
| 7 | <p>In the last financial year what was your level of income(including both earned and investment income)?(✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> > \$0 but < \$30,000 <input type="checkbox"/> \$30,001 to \$60,000 <input type="checkbox"/> \$60,001 to \$90,000 <input type="checkbox"/> \$90,001 to \$120,000 <input type="checkbox"/> \$120,001 to \$150,000 <input type="checkbox"/> \$180,001 to \$210,000 <input type="checkbox"/> > \$210,000</p> |
| 8 | <p>What is your age? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> < 25 <input type="checkbox"/> 26 - 35 <input type="checkbox"/> 36 - 50 <input type="checkbox"/> 51 - 65 <input type="checkbox"/> 65 ></p> |
| 9 | <p>What is your highest level of education? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Year 10 of High School <input type="checkbox"/> Year 12 of High School <input type="checkbox"/> Vocational Education such as TAFE <input type="checkbox"/> University – Bachelors degree <input type="checkbox"/> Postgraduate studies – Masters or PhD</p> |
| 10 | <p>What is your occupation?</p> |

End of Survey - Thank you!!!

| | |
|--------------------------|--|
| Please return to: | Griffith University Attention: Katherine Hunt Griffith Business School Logan campus Meadowbrook Qld 4131 EMAIL: <i>katherine.hunt@student.griffith.edu.au</i> |
|--------------------------|--|

Appendix B

Financial Planner Survey

Part One: Relationship Factors in Financial Planning

☞ In your own opinion how important are the following factors in the relationship you have with your clients?

| # | Statement | Highly Unimportant | Unimportant | Somewhat Unimportant | Neutral | Somewhat Important | Important | Highly Important |
|---|---|--------------------|-------------|----------------------|---------|--------------------|-----------|------------------|
| 1 | How important is trust in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | How important is engagement in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | How important is relationship quality with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | How important is commitment in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | How important is empowerment in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | How important is ownership in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | How important is being active in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | How important are investment returns in the relationship you have with your clients? | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

☞ Considering your relationship with your current financial planner, to what extent do you agree with the following statements?

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | You have a strong relationship with your clients | | | | | | | |
| 2 | You being reliable for clients | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | You understand your clients' goals and fears | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | You have a quality relationship with your clients | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | Your clients are loyal to you | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | Your clients are being given education and information to make financial decisions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | Your clients make the final decision for their financial plan | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | Your clients have no duties and responsibilities in your relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | You achieving positive investment returns for clients in the first two years of your relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | I don't care about the client relationship, I just want to make money | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Two: Trust

☞ In your own opinion please RATE the following statements regarding the level of TRUST you have with your current clients:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|--|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | Clients feel I am sincere in understanding their point of view | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My clients feel I can be trusted to provide sensible advice for their future | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My clients feel confident that I will always treat them fairly | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My clients have full confidence in my skills | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | I complete the task without clients following up about it | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My clients feel I am trustworthy | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | My clients feel I typically act with their best interests in mind | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | My clients feel I do not tell them what is really going on | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | Clients find it necessary to be cautious in dealing with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | I openly share personal information with my clients | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | Client's don't openly share their personal information with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Three: Engagement

☞ In your own opinion please RATE the following statements regarding your level of client ENGAGEMENT you have with your current clients:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | Clients feel I am understanding | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | I am prepared for client meetings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | I help identify client concerns that they did not come in for initially | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | I understand client feelings completely | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | I am prepared to provide the technical services that clients come to me for | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | I know the reasons clients come to see me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | Client's don't understand why I need to know a lot about them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | Clients don't like it when I ask them personal questions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Four: Relationship Quality

☞ In your own opinion please RATE the following statements regarding the overall client RELATIONSHIP QUALITY you have with your current clients:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My clients feel I have assisted them to achieve their financial goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My clients believe I show a genuine care and interest in their personal circumstances | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My clients are comfortable depending on me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My clients feel I know how to help them achieve their goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | I recommend the best options to achieve client goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | I maintain reassuring contact with clients after implementing a plan | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | I show interest in clients overall welfare | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | Expectations of what was required from clients are clear and well communicated | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | I communicate well to clients | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | I take time to learn clients' personal situation | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11 | I respond promptly to client requests | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12 | My clients believe I provide a courteous and friendly service to them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13 | I have performed well in investing clients money in selected investment options | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14 | I have performed well in providing the best return on client investments | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 15 | My clients believe I am professional in all matters | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16 | I don't emphasise what changes are necessary to meet client goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17 | Financial plans are not defined in terms of specific goals for clients | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Five: Commitment

☞ In your own opinion please RATE the following statements regarding the overall level of CLIENT COMMITMENT you have with your current clients:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|---|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My clients are proud to be able to tell people who I am | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My clients feel connected to our financial planning firm | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My clients recommend their close friends to me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My clients are committed to their relationship with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | My clients have a strong sense of loyalty towards me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My clients intend to maintain our relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | The offer of lower fees with another financial planner would seriously make my clients think of changing financial planners | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Six: Empowerment

➤ In your own opinion please RATE the following statements regarding the overall level of client EMPOWERMENT you have with your current clients:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|--|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My clients are often the leader in our relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My clients would prefer to lead the relationship than follow what I say | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My clients would rather I took over the leadership role in our relationship | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My clients feel like they have a pretty good understanding of the financial issues that confront our society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | Sometimes financial planning is so complicated that my clients can't really understand what's going on | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My clients generally accomplish the goals their financial plan lays out | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | When my clients make plans, they are almost certain to make them work | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | My clients are often able to overcome barriers in achieving their goals | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | Clients have no right to make their own financial decision if they are bad ones | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | My clients don't believe that very often a financial problem can be solved by taking action | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Seven: Ownership

➤ In your own opinion please RATE the following statements regarding the overall level of OWNERSHIP your clients have in the relationship with you:

| # | Statement | Strongly Disagree | Disagree | Somewhat Disagree | Neutral | Somewhat Agree | Agree | Strongly Agree |
|----|---|-------------------|----------|-------------------|---------|----------------|-------|----------------|
| 1 | My clients sense the financial plan is theirs | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | My clients feel personal ownership of my finances | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3 | My clients feel personally connected to the financial decisions they've made | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4 | My clients express their service preferences to me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | My clients are co-operative with me | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6 | My clients facilitate me and my staff to ensure they receive the service they require | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7 | My clients provide feedback on the quality of the services I provide | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | My clients feel at home in my office | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9 | My clients feel like I usually deal with people like them | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10 | I have a better relationship with my clients than they do with their accountant or lawyer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Part Nine: Demographic Information (continued...)

| Questions | |
|-----------|---|
| 4 | <p>At any point in time during the FIRST TWO YEARS of your relationship with your current clients, were their investment returns NEGATIVE? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unsure</p> |
| 5 | <p>How do you get paid for the services you provide to clients? (✓ tick all that apply)</p> <p><input type="checkbox"/> Fees <input type="checkbox"/> Upfront Commissions <input type="checkbox"/> Mixture of Fees and Commissions <input type="checkbox"/> Trailing (ongoing) Commissions <input type="checkbox"/> No charge <input type="checkbox"/> Unsure</p> |
| 6 | <p>Do your clients have a choice about how you get paid?(✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unsure</p> |
| 7 | <p>In the last financial year what was your total level of income (including both earned and investment income)?(✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Financial loss <input type="checkbox"/> \$0to \$50,000 <input type="checkbox"/> \$100,001 to \$150,000 <input type="checkbox"/> \$150,001 to \$200,000 <input type="checkbox"/> \$250,001 to \$300,000 <input type="checkbox"/> > \$300,001</p> |
| 8 | <p>What is your age? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> < 25 <input type="checkbox"/> 25 - 35 <input type="checkbox"/> 36 - 50 <input type="checkbox"/> 51 - 65 <input type="checkbox"/> 65 ></p> |
| 9 | <p>What is your highest level of education? (✓ tick ONE appropriate box)</p> <p><input type="checkbox"/> Year 10 of High School <input type="checkbox"/> Year 12 of High School <input type="checkbox"/> Vocational Education such as TAFE <input type="checkbox"/> University – Bachelors Degree <input type="checkbox"/> Postgraduate studies – Masters or PhD</p> |
| 10 | <p>What is your occupation?</p> |

End of Survey - Thank you!!!

| | |
|--------------------------|--|
| Please return to: | Griffith University Attention: Katherine Hunt Griffith Business School Logan campus Meadowbrook Qld 4131 EMAIL: <i>katherine.hunt@student.griffith.edu.au</i> |
|--------------------------|--|

