Trust and the Financial Adviser: An Examination of Environmental Trust

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Abstract

While research has called for investigating the drivers, antecedents, and predictors of trust (Grayson et al., 2008; Nienaber et al., 2014; Sekhon et al., 2014), no research has empirically identified and discussed the factors that drive environmental trust and the impact of such trust upon interpersonal trust.

Guided by agency theory (Eisenhardt, 1989) and institutional theory (Grayson et al., 2008; Scott, 2014), the first goal of this research is to identify the role of the two sub-components of environmental trust (structural assurance and situational normality) in predicting interpersonal trust (trusting beliefs and the intention to use a particular financial adviser) in the context of the UK financial advice industry. The second goal is to identify the predictors of environmental trust, more specifically, those of structural assurance and situational normality. The third goal is to determine the impact that demographic factors like gender, age, income, and occupation may have on trust, including environmental trust, by developing a conceptual model for environmental trust that extends our knowledge about this subject and closes a gap in the academic literature. Finally, this research provides insights into the role that environmental trust and its predictors play in the development of consumer trust, thereby assisting managers and policy-makers in developing the business practices and policies that foster trust.

The UK financial advice industry is the context for this research; trust has been shown to be central in the relationship between consumers and their financial advisers, as many consumers base their decisions about purchases on their trust in their financial advisers (McKechnie, 1992). The loss of consumer trust in the wider financial services industry that occurred after the events of 2008 and other scandals, such as PPI mis-selling, (Uslaner, 2010) is an additional motivation for this research.

Two phases of empirical research are undertaken to achieve the goals of the research. Firstly, a qualitative phase of research used focus groups and in-depth interviews (n=23 participants in total) to identify and confirm the predictors of environmental trust. The predictors that emerged included regulation of consumer and data protection, self-regulation, the organisation's size, guarantees and warranties, prior experience, and prior knowledge of the industry. Findings from the qualitative phase helped to refine the conceptual model. The second phase of the empirical research tested the conceptual model quantitatively using an online questionnaire (n=302). This mixed, two-phase approach is common in academic marketing research into a largely unresearched area (Harrison and Reilly, 2011). The effect that the demographic factors of gender, age, educational attainment, income, and occupation have on the predictors of environmental trust are also examined.

This research contributes to theory and knowledge by providing a thorough analysis of environmental trust in the context of the financial advice industry. This research:

- develops and tests a conceptual model of environmental trust in the context of the relationship between a UK consumer and his or her financial adviser that demonstrates the impact of such trust on consumer's trusting beliefs and intentions;

- identifies predictors of the two sub-components of environmental trust, structural assurance and situational normality; and
- examines and identifies the impact of the demographic factors of gender, age, education, income, and occupation on environmental trust.

Therefore, this research extends the limited research on environmental trust by developing it in the context of the relationship between UK consumers and their financial advisers. It is also the first study to identify the predictors of environmental trust empirically and to examine empirically the effect of demographic factors on environmental trust.

Several findings can be drawn from this research, including:

- that structural assurance has a greater impact on consumer trusting beliefs and intentions than situational normality does;
- that, amongst other factors, statutory regulation and self-regulation play roles in fostering structural assurance;
- that, amongst other factors, some consumers expect the presence of a well-known brand, so the presence of such a brand can foster situational normality;
- that, among the demographic factors examined, only gender has a significant impact; and
- that the design of financial service providers' business premises should reflect consumers' needs for privacy, confidentiality, and data security so trust can develop.

This research also provides a theoretical underpinning for environmental trust by demonstrating that environmental trust is a product of an interaction between agency theory and institutional theory, thereby extending the academic literature.

The findings of this research also lead to practical recommendations for managers in the financial advice industry and policy-makers who are charged with ensuring the effective regulation of the industry. For industry managers, these recommendations include taking steps to reassure consumers regarding confidentiality by providing private meeting rooms and implementing a strict clear-desk policy, and to reassure them of their commitment to protecting their best interests by communicating their adherence to consumer- and data protection-related regulation. For policy-makers, these recommendations include improving the effectiveness of communication, as many consumers lack knowledge about the safeguards regulations offer, and about the superior effect of solutions that are based on statutory regulation in reassuring consumers following a trust-related industry crisis, compared to a solution that is based on self-regulation, given the scepticism many consumers have about self-regulation.

Acknowledgements

I write this as I near the end of my PhD journey: a journey of almost five years that has been about so much more than education alone.

Whilst my PhD has been challenging, it has also been fun, and has led to a wide variety of experiences that I simply could never have imagined when I started. I have met so many different people during this time, many of whom I owe a considerable debt to, and many of whom have become good friends.

Undoubtedly, there is one person without whom I would not have survived the last five years, or achieved what I have achieved - my primary PhD supervisor, Dr. Shumaila Yousfazai. Thank you, Shumaila, for everything. You have been tremendously supportive, kind, encouraging, and reassuring. You are an inspiration to me, and have become one of the central and most influential figures in my life with your quiet, helpful and thoughtful guidance.

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My choice of subject for this study was strongly influenced by the advice of one of my tutors at the University of the West of England, Dr Ebi Marandi, to choose a subject that I really enjoyed. As my background includes 15 years working in the financial advice industry, including several years as a practicing financial adviser, a subject linked to the financial advice industry seemed sensible as not only am I familiar with many aspects of the industry and have detailed knowledge of industry practices including the sales process and the products available to consumers as a result of that experience, but it was also an industry I enjoyed working in. However, during my time in the industry I witnessed many of the bad practices involved in commission based selling that has caused the industry so many problems. These practices were very detrimental to the industry in the longer term, and despite the best efforts of the regulators to eradicate them including several major overhauls of regulation, the problem still persists to this day. Whilst my personal motivation for this study comes from this experience working in the industry, this study has enabled me to view the industry, including the problems surrounding commission based selling from two new perspectives, that of the consumer and that of the academic, and in doing so has significantly increased my understanding of both the industry and the events of the last few decades that have had such an adverse effect on the entire financial services industry.

I am therefore grateful to all of my former colleagues in the financial services industry, and indeed those that I have not worked with but who helped in a variety of ways with this study, as in many ways they have also motivated me to undertake and complete this study. The insight I have gained from this undertaking has allowed me to make practical recommendations to both financial advice industry managers and policy makers charged with regulating the industry that will hopefully help the industry to move on from past problems and make it more responsive to consumer needs and a better place to work.

I must also thank the many people who gave up their own time freely by becoming research participants. They are the lifeblood of social science research and I am indebted to them all. Without their help nothing would have been possible. One individual who has aided me considerably in recruiting participants is my good friend, Ian Sharpe. Thank you, Ian, for all your efforts and hard work on my behalf.

I must thank Patrick Sobers, who provided me with the inspiration to begin this journey and also the encouragement to persevere with it. Patrick, you are a great friend.

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Chapter One

Introduction

1.1 Introduction

This introductory chapter identifies the scope and context of this study, including the gaps in academic literature that it aims to address. A discussion of the background to the research presented in this thesis follows, including a description of how the United Kingdom's (UK's) financial advice industry is regulated and structured and how it operates. The significance of the research is then presented, along with the research's aims, objectives, and questions. Then a brief overview of the methodology is provided before the study's contributions and the thesis's structure are presented.

1.2 Scope and Context of the Research

The complex, high-risk, and credence nature of many financial products, such as pensions, mortgages and long-term investments, causes significant information asymmetry in the relationship between consumers and their financial advisers (Diacon and Ennew, 2007; Monti *et al*., 2014; Sekhon *et al*., 2014), so consumers often lack the knowledge they need about financial services products to make sound purchase decisions. As a result, consumers often base their decision to purchase financial services products on their trust *in their financial advisers*, rather than on the attributes of the products or suppliers (McKechnie, 1992). Therefore, trust in financial advisers becomes a critical factor in consumers' decision-making. The extensive review of literature undertaken for this study (Chapter Two) highlights a lack of academic research that examines consumers' trust, in particular in the context of the UK financial services industry and financial advisers (e.g., Johnson and Grayson, 2005; Ennew *et al*., 2011; Sekhon *et al*., 2014).

Existing research explains the nature of interpersonal trust—that is, "one party's willingness to depend on the other party with a feeling of security even when negative consequences are possible" (Pennington *et al*., 2003: p. 199)—as a significant factor in the relationship between consumers and financial advisers (Moin *et al*., 2015). As interpersonal trust is based on a third party's personal knowledge and experience (Sitkin and Roth, 1993), this significance also extends to environmental trust given the role that environmental trust plays in fostering interpersonal trust (Grayson *et al*., 2008). For example, the regulatory system in which an industry operates is a highly influential factor in the development of consumer trust, and consumers "develop more trusting beliefs when they are assured of compliance with legal standards" (Nienaber *et al*., 2014, p. 368). Likewise, reductions in environmental trust lead to reductions in interpersonal trust (Grayson *et al*., 2008), further demonstrating the importance of environmental trust to the financial-advice industry. This importance is further demonstrated by the events of 2008, which reduced the influence of regulatory and control mechanisms on consumer trust in the UK financial services industry as a whole (Nienaber *et al*., 2014) and increased UK consumers' support for more regulation of the industry (Roth, 2009).

However, research does not examine in detail the constitution of environmental trust or that of its two major subcomponents, structural assurance and situational normality, so little is known about how one can enhance these two subcomponents. Therefore, a unique contribution of this research is its investigation of the determinants of environmental trust, as measured in terms of its subcomponents, which may provide diagnostic value for the improvement of environmental trust. The "absence of systematic and detailed evaluations of consumer trust in the UK financial service sector" (Ennew *et al*., 2011, p. 66) indicates that the subject is "clearly under researched" (Hansen 2012b, p. 353).

From a broader view, research into the antecedents of '*environmental*' trust is also lacking (McKnight and Chervany, 2006), as researchers have called for studies to address factors that foster 'broad scope' or environmental trust (Grayson *et al*., 2008) and to clarify the role of regulation, enforcement, and compliance in the development of trust (Nienaber *et al*., 2014) and the individual drivers of environmental trust (Sekhon *et al*., 2014). Against this backdrop, the goals of the present thesis are to identify the predictors of environmental trust (i.e., trust in the environment in which the financial adviser operates) and to demonstrate how environmental trust leads to *trust in the financial adviser.*

The need to fill the gaps in the academic literature that have to do with the central role of trust in the relationship between UK consumers and their financial advisers is the primary motivation for this study, particularly when one considers the events that have caused trust in the financial services industry in general to erode, such as the 2008 financial crisis (Hansen, 2012b) and concerns about commission-based selling that specifically relate to financial advisers (Bennett and Gabriel, 2001; Gill, 2008). Another motivation for the study is the author's interest in the financial-advice industry after a fifteen-year career in the industry, including several years as an active financial adviser.

1.3 Research Background

At the end of 2015, there were 14,491 organisations authorised to give personal financial advice in the UK, with 23,864 registered financial advisers generating £4.266 billion in fees and commissions from the sale of regulated products like pensions, mortgages, and investments (APFA, 2016). Individuals in the UK 'own' 19.1 million personal pension plans, with £14 billion paid out in annuities in 2015 and £36.7 million paid out from maturing investment plans daily (ABI, 2016).

Academic research has shown that the purchase of a financial product like a pension, mortgage, or investment is both high-risk and highly complex because of the nature and variety of available products (Sekhon *et al*., 2014). Given this risk and complexity, it is not surprising that researchers have determined that trust plays a central role in the relationship between consumers and their financial advisers (McKechnie, 1992; Harrison *et al*., 2006; Guenzi and Geiorges, 2010; Monti *et al*., 2014). However, the 2008 financial crisis and the failure of the Financial Services Authority (FSA) to regulate the industry sufficiently to prevent the crisis resulted in both lost consumer confidence and decreased trust in the financial services industry as a whole (Uslaner, 2010; Zhao *et al*., 2010; Hansen, 2012a; BBC, 2013c; Monti *et al*., 2014), which led to the FSA being deemed to be unfit for the purpose and replaced with the Financial Conduct Authority (FCA) (BBC, 2013c).

A variety of subsequent scandals, including PPI mis-selling (BBC, 2013a) and LIBOR-rate-fixing (BBC, 2013b), and their attendant adverse publicity exacerbated this lack of public trust and confidence in the financial services industry with leading figures, such as European Union (EU) Commissioner Meglena Kuneva, noting that the industry would not achieve its full potential until public trust was restored (Kuneva, 2009). These events have led to a position where only 36% of UK consumers' trust the financial services industry (figure 1.1), making it the second most distrusted industry, following only the media, in the

UK, and ranking the UK as nineteenth of twenty-five countries (table 1.1) in terms of trust in the financial services industry (FSCS, 2015).

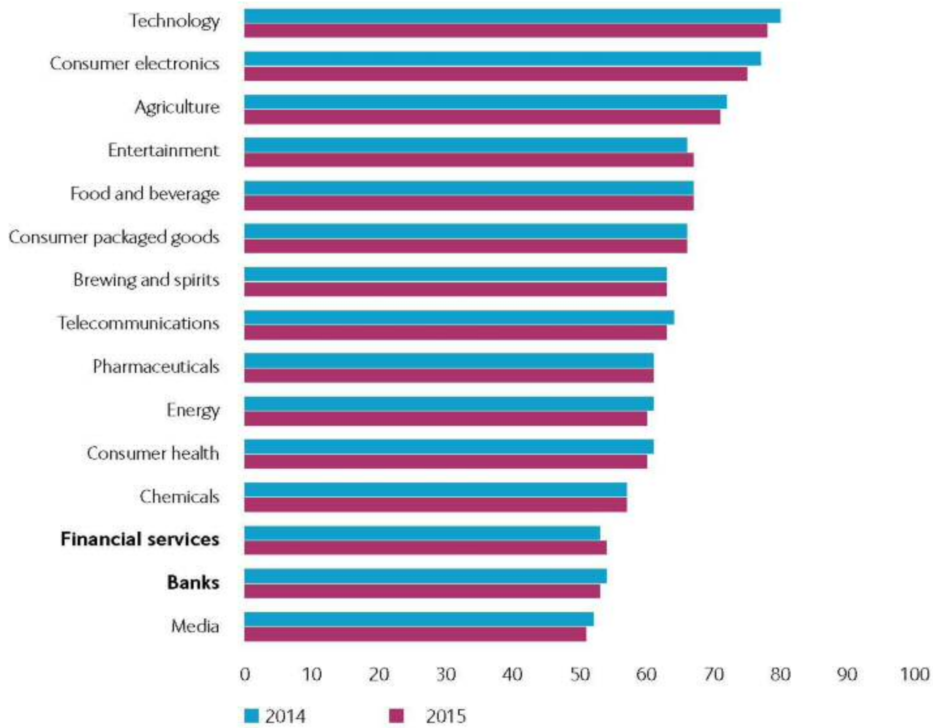

Figure 1.1: Levels of Trust in Different Industries held by UK Consumers (FSCS, 2015)

Rank	Country	Trust score
1	India	77
2	China	72
3	Indonesia	72
4	UAE	69
5	Malaysia	67
6	Singapore	62
7	Hong Kong	61
8	South Africa	59
9	Mexico	57
10	Brazil	56
11	Canada	55
12	US	51
13	South Korea	45
14	Australia	43
15	Argentina	41
16	Russia	40
17	Japan	39
18	Turkey	37
19 =	UK	36
19 =	Italy	36
19 =	Poland	36
20	Netherlands	35
21	Sweden	34
22	France	33
23	Ireland	29
24	Germany	25
25	Spain	22

Table 1.1: Percentage of Consumers that Trust the Financial Services Industry by country (FSCS, 2015)

The concerns related to consumers' trust are reflected in the academic literature and suggest an unprecedented drop in consumer trust across North America and Europe, including the UK, not only in the financial services industry but also in the financial system and the institutions that run that system, such as central banks and regulators, to the extent that restoring systemic or institutional trust in the financial system has become a key task for policymakers throughout Europe and the United States (US) (Roth, 2009; Guiso, 2010; Ulsaner, 2010; Kirsner, 2011; Osili and Paulson, 2014). Consumers have become increasingly sensitised to the activities of the financial services industry over the last 2 decades because of ongoing breaches of trust, such as the PPI and LIBOR-rate-fixing scandals (Nienaber *et al*., 2014). The effects of this decline in trust in the financial services industry and the financial system have manifested themselves in a tendency to accept less risk by embracing deposit-based investments, less diverse investment portfolios, and investments in domestic rather than foreign markets and investment vehicles (Guiso, 2010), as well as in lowered levels of participation in financial markets and a significant decline in consumer confidence in banks, resulting in changing behaviour, such as a fall in the number of checking accounts (Osili and Paulson, 2014). A significant proportion of respondents to a Harris Poll conducted across Europe immediately after the beginning of the 2008 financial crisis supported increased governmental regulation (e.g., 59% of British respondents, 81% of Italian respondents, and 70% of German respondents) (Roth, 2009).

These effects spilled over into other areas of society. For example, trust of people in general declined (Guiso, 2010) and Danish consumers' confidence in economic performance declined, leading to an increase in savings at the expense of consumption and a fall in the Danish gross domestic product (GDP) (Hansen, 2014). Similarly, UK citizens' generalised trust levels fell by 8% (from 40% to 32%) between 2007 and 2008, with associated falling psychological wellbeing and increases in related 'deviant' behaviour, such as excessive consumption of alcohol and criminal activity (Lindstrom and Giordano, 2016). Along with the associated rise in mental health problems, these issues suggest that the restoration of generalised trust should be a priority for decision-makers (Lindstrom and Giordano, 2016). Given that environmental trust refers to individuals' substituting reliance on rules and regulations for reliance on interpersonal factors to foster trust, environmental trust could play a critical role in restoring consumer confidence and trust (Sitkin and Roth, 2003).

Several western governments have strengthened regulations in an attempt to restore public trust and confidence in their financial systems and financial services industries by introducing more stringent capital requirements and establishing new regulators (e.g., the Prudential Regulation Authority in the UK and the Financial Fraud Task Force in the US) to ensure that the financial services industry conducts itself in a prudent manner (Guiso, 2010; Nienaber *et al*., 2014). The behaviour of the financial services industry and the subsequent catastrophic effects of that behaviour on the world economy demonstrate the need for such regulation and institutional mechanisms. The efforts to ring-fence parts of the financial services industry and an increase in professionalism, integrity and self-regulation may help restore trust (Hansen, 2012b; Moin *et al.,* 2015). For example, the provision of redress in the form deposit insurance schemes (such as the Financial Services Compensation Scheme in the UK) and statutory regulation along with enforcement action has been shown to assist with restoration of consumer confidence and trust (Nienaber *et al.,* 2014; Osili and Paulson, 2014). Nevertheless, it is important that there is contradiction in the academic literature regarding this issue where some studies have found that average levels of trust are lower in countries with stronger regulation, demonstrating a need to understand the effect that regulation has upon levels of trust (Aghion *et al., 2009;* Carlin *et al.,* 2009; Guiso, 2010).

1.3.1 Financial Advice and Mis-Selling

The recent adverse publicity generated by financial scandals and the associated reduction in consumer confidence and trust has focussed primarily on banks, but the focus of such adverse publicity in the past has been on the conduct of financial advisers in such areas as the mis-selling of mortgage-related endowments in the 1980s and the mis-selling of personal pensions in the 1990s (Bennett and Gabriel, 2001; Gill, 2008). In the latter example, financial advisers systematically gave incorrect and financially disadvantageous advice concerning pensions to around 1.5 million UK consumers in order to boost their commission income (Grayson *et al*., 2008). Issues related to pensions have resurfaced in recent weeks with the sale of inappropriate pension products to Tata's employees following the collapse of Tata's pension scheme (BBC, 2018), increasing consumers' concern that, by selling products that pay the highest commission, rather than products that are best suited to their clients' needs, financial advisers act in their own best interests rather than those of their clients (Harrison *et al*., 2006; Inderst and Ottaviani, 2012).

Despite these issues and the subsequent consumer cynicism and lack of trust, 82% of UK consumers still choose to purchase financial products through a financial adviser rather than going directly to a product provider, such as a pension, investment, or life assurance company (ABI, 2017). The complexity and associated risks of many financial service products have contributed to this trend, as has the difficulty—or even impossibility—of determining the outcome of a purchase decision until many years after the purchase (Mitra *et al*., 1999; Diacon and Ennew, 2007; Moin *et al*., 2016). The marketplace is also highly complex, with a wide variety of financial products on offer from the 435 authorised product providers that operate in the UK's retail financial services market (ABI, 2016). This situation results in considerable information asymmetry between consumers and product providers, so many consumers seek the help of a professional, i.e. a financial adviser, to assist them in purchasing financial products (Diacon and Ennew, 2007; Hansen, 2012b; Monti *et al*., 2014).

1.3.2 Regulation and Structure of the UK's Financial Advice Industry

This consumer confusion extends to how the UK's financial advice industry is regulated and operates, particularly with regard to the definition of 'advice'. From a regulatory perspective, financial advice can only be offered in the UK by an individual who is suitably qualified and authorised to give such advice, with the individual who gives the advice and/or his or her organisation taking responsibility for that advice. Regulated advice under the terms of the Regulated Activities Order refers to advice concerning whether a specific investment should be made, with a requirement that the recommended product must be suitable for a particular consumer having taken into account the personal circumstances of that particular consumer (Ryley and Virgo, 2003; Ring, 2016). These rules apply to retail investments as defined by the FCA handbook, including pensions, unit trusts, investment trusts and life assurance, and mortgage products (Ryley and Virgo, 2003; FCA, 2012).

Should a UK consumer wish to purchase a product without receiving such financial advice, he or she can usually approach either a financial adviser or a product provider directly and make the purchase on an 'execution only' basis. The provision of *generic* advice or information about a product provided by any means, including online (including 'robo' advice), over the telephone, or on a face-to-face basis, falls outside the legal definition of financial advice, so a consumer who makes a purchase based on such information is not deemed to have received advice but to be acting on an 'execution only' basis (Knight, 2003; Ring, 2016).

Therefore, UK consumers effectively have just two options: take advice from a financial adviser (face to face, over the telephone, via e-mail, etc.) or act on an execution only basis. While financial advice is usually given on a holistic basis, which takes into account the consumer's full personal circumstances, it can be limited to specific areas (i.e., retirement provision or obtaining a mortgage), with only the consumer's personal information that is directly relevant to the purchase under consideration taken into account. Such advice is termed 'restricted advice' or 'limited advice' (Ring, 2016).

For many years, under the polarization rules introduced by the Financial Services Act 1986, UK consumers had the choice of either using the services of an Independent Financial Adviser (IFA), who can could offer products from all providers active in the marketplace, or a 'tied agent', who could offer the products of just one particular provider (such advisers effectively worked for a product provider) (Laing, 1995; Llewellyn, 2000; Ring, 2004; Gaskill and Ashton, 2008). This system eventually changed, starting with the introduction of 'multi-ties' in 2004, whereby an individual or organisation could offer the a number of product providers' products (Ring, 2004; Gaskill and Ashton, 2008), and then moving to a system in which an individual financial adviser or organisation can either offer independent advice (as described above) or, confusingly, what is also termed 'restricted advice', which the FCA defines as advice that is not independent (FCA, 2012). Advisors who practice restricted advice are required to disclose to clients that they do not offer independent advice but limit their recommendations to the products of certain, specified product providers (Gaskill and Ashton, 2008; FCA, 2012; Ring, 2016).

Independent advice accounts for 71% of the market and restricted advice 10%, meaning 81% of purchases are made with financial advice. 'Execution only' purchases, which could still be made via a financial adviser, account for the remaining 19% (ABI, 2017). For more complex products, such as pensions, the number of those that seek financial advice rises to 87% (ABI, 2014).

Against this background, trust could be described as a key issue not only for the financial services industry (Moin *et al*., 2015) but also for the financial advice industry and for those who are responsible for regulating the industry as a whole. With regard to the financial advice industry, the scandals related to commission payments resulted in a government-sponsored review of the financial advice industry, called the Retail Distribution Review, which recommended that the practice of paying commissions to IFAs be outlawed. This recommendation was implemented in January 2013 in an effort to eradicate the mis-selling of financial products and to restore consumer trust and confidence in the financial advice industry (BBC, 2012; Ring, 2016).

1.4 Environmental Trust

Pennington *et al*. (2003, p. 201) defined environmental trust as "a belief that the proper impersonal structures have been put into place enabling one party to anticipate successful transactions with another party"). The common factor in the various definitions of environmental trust is that they all refer to trust in the environment within which a transaction between two parties occurs, rather than trust between those two parties.

Environmental trust is comprised of two principle sub-components: *structural assurance* and *situational normality* (McKnight and Chervany, 2001). *Structural assurance* refers to the rules and regulations that create trust by standardising organisational behaviour across a particular industry (Zucker, 1986; Neu, 1991). Structural assurance is defined as a secure belief that "protective structures, guarantees, contracts, regulations, promises, legal recourse, processes, or procedures are in place that are conducive to situational success" (McKnight and Chervany, 2001, p. 37). In the context of this study, structural assurance refers to a consumer's belief that the financial advice industry and those who operate in it do so in an environment that is properly regulated and that, as a result, consumers are reassured that their best interests are protected when they conduct transactions with financial advisers.

The second component, *situational normality,* relates to the perception that a particular environment is normal, proper, and customary (Garfinkel, 1963), and is defined as a secure belief that "the situation in a risky venture is normal or favourable or conducive to situational success" (McKnight and Chervany, 2001, p. 38). In the context of this study, situational normality refers to an assessment by a consumer who is conducting a transaction with a financial adviser that everything is as it should be. Consequently, the consumer will have a basis to extend trust—or more trust than they otherwise would—to the financial adviser, as the consumer perceives the environment as being conducive to the success of the transaction with the financial advisor (McKnight and Chervany, 2001; Gefen *et al*., 2003).

An extensive review of the academic literature found no empirical research that examines the predictors of either structural assurance or situational normality either on a wider basis or in the specific context of this study, the relationship between UK consumers and their financial advisers. Therefore, this study is the first to undertake this task. Existing academic literature does suggest predictors of both structural assurance, (e.g., statutory regulation: Zucker, 1986; Sitkin and Roth, 1993; self-regulation: Atchison, 1995; the provision of redress: McKnight *et al*., 1998; Gefen *et al*., 2003; and communication from regulators: Grayson *et al*., 2008) and situational normality (e.g., the condition of business premises: Gefen *et al*., 2003; Sekhon *et al*., 2014; the presence of a well-known brand: Yousafzai *et al*., 2005; the provision of testimonials: Yousafzai *et al*., 2005; the holding of professional qualifications: Zucker, 1986; Neu, 1991; the recommendation of another: Elliot and Yannopoulou, 2007; Nienaber *et al*., 2014; and the prior knowledge of an industry gained from a variety of sources: Yousafzai *et al*., 2005).

The literature review also revealed few studies have examined the impact on trust in the financial advice industry of demographic factors like gender, age, educational attainment, income, and occupation. The review also revealed that this gap extends to the effect that such factors have on environmental trust in general. Fundamental characteristics like these have been of interest to academics and practitioners in a variety of business-related fields, as they have a significant impact on individuals' behaviour (Nosek *et al*., 2012). Such factors may have a significant impact on levels of trust; for example, females hold higher levels of interpersonal trust than males do (Furumo and Pearson, 2007), and older individuals hold higher levels of interpersonal trust than younger individuals do (Li and Fung, 2012).

However, there is ambiguity in the academic literature, as, for example, Dittrich (2015) found that males are more trusting than females and that trust levels initially increase with age but decline after age 43. Therefore, such demographic factors may also influence both trust itself and the factors that foster trust in the relationship between UK consumers and their financial advisers. Furthermore, given the key role played by environmental trust in fostering interpersonal trust (e.g., Grayson *et al*., 2008), it is likely that such effects, if any, would apply to both environmental and interpersonal trust. Therefore, this study also examines the effects that these demographic characteristics have on trust in the relationship between UK consumers and their financial advisers.

1.5 Research Question and Objectives

Given that the literature review pointed to a lack of research on the predictors of environmental trust (i.e., trust in the environment in which the financial adviser operates) and how this environmental trust leads to *trust in the financial adviser*, the main research question for this study is stated as:

> What are the most beneficial ways to build environmental and interpersonal trust in the context of the personal financial advice industry?'

The primary research objective, then, is defined as:

> To identify and examine the predictors of environmental trust and the effect of such trust upon interpersonal trust, specifically consumer beliefs, intentions and behaviour.

More specifically, the research aims consists of:

1. examining of the role of structural assurance and situational normality in predicting interpersonal trust i.e., trusting beliefs and the intention to use a specific financial adviser;
2. identifying the predictors of environmental trust and more specifically, those of structural assurance and situational normality (e.g., the roles of statutory regulation and self-regulation in predicting structural assurance and the roles of the financial adviser's attire and his or her business's premises in predicting situational normality);
3. investigating the effects of demographic factors upon environmental trust in the context of the UK personal financial advisory market, including their effect upon the various predictors of such trust, given the minimal research that has investigated the effect of demographic factors on environmental trust or trust in the context of this study;
4. providing insights into the role environmental trust and its predictors play in the development of consumer trust, in order to assist managers and policy-makers in developing business practices and policies that foster trust.

In order to answer the research question and achieve the research aims and objectives, this study theoretically develops and empirically tests a conceptual model of environmental trust using the conceptual proposals of McKnight and Chervany (2001) (discussed and evaluated in Chapter two, Section 2.3.2, page 32) as a basis that includes the predictors of both structural assurance and situational normality in the context of the relationship between a UK consumer and his or her financial adviser. The conceptual model is unique, as it shows the role of structural assurance and situational normality in driving consumers' trusting beliefs, intentions, and behaviour. The population of interest for this study is defined as UK consumers who have used the services of a financial adviser, which as noted earlier, represents the predominant method used by consumers to purchase financial services products in the UK with 81% of consumers using this method.

1.6 Research Methodology and Sample Description

The data collection process used in this study comprised of two phases: An initial qualitative phase that employed both focus groups and semi-structured interviews to validate and refine the proposed conceptual model of environmental trust that was developed from the literature review, and a quantitative phase, which used an online survey. The outcomes of the qualitative phase were used to inform the quantitative phase, which included development of the research instrument for the online survey. This multi-method approach is common when undertaking academic marketing research into a little-researched subject area (Harrison and Reilly, 2011).

1.6.1 The Qualitative Phase

The first qualitative phase collected data through a series of 12 interviews with individuals and one with a married couple, and two focus groups (comprising three participants and six participants, respectively), for a total of twenty-three research participants from various parts of the UK. Two individual interviews were conducted over the telephone, and the remainder were conducted face to face; all interviews were recorded and typically lasted around 45 minutes. Both focus groups lasted around two hours. Participants were selected on a purposive basis among individuals who had held at least one meeting with their financial adviser within the previous 12 months. The overall qualitative sample consisted of seven females and 16 males from a variety of occupational backgrounds and ages. A discussion guide was developed based on a review of the academic literature that deals with environmental trust and its potential predictors (Atchinson, 2005; Gefen *et al*., 2003; Grayson *et al*., 2008; Lewis and Weigert, 1985; McKnight and Chervany, 2001; Yousafzai *et al*., 2005). The collected data was subsequently analysed using thematic analysis.

1.6.2 The Quantitative Phase

Once the qualitative phase of data collection and its analysis was complete, the quantitative phase proceeded by means of an online questionnaire. The processes described by Churchill and Iacobucci (2002), Arnold and Reynolds (2003), and DeVellis (2012) were used in developing this questionnaire. The draft questionnaire was tested and refined by means of two pilot studies (n=eight for the first and n=54 for the second).

For the main data collection phase, participants were recruited from IFAs who agreed to invite via e-mail clients with whom they had transacted within the previous 12 months. The IFAs contacted 137 clients between December 2014 and January 2015 resulting in 31 completed questionnaires giving a response rate of 22.6 %. After careful consideration, it was concluded that it would not be possible to recruit sufficient respondents in this manner and a decision was taken to seek responses using the same online questionnaire via a commercial panel in March 2015. (See pages 85-86, section 3.5.2 of Chapter Three for additional details.)

Respondents were screened for having obtained advice from a financial adviser within the previous twelve months, being at least aged 25 plus (as few individuals under this age use the services of a financial adviser), and being resident in the UK. After additional screening for missing data and unengaged responses, 271 sets of complete and usable data were obtained from 1,178 questionnaires started, giving a total of 302 usable responses (25.6%).

Of those who completed the questionnaire, 48.3 % were female and 51.7% were male, and 91.7% were of Caucasian British origin. The largest age group was those between the ages of 46 and 60 (37.7%), followed by those between 26 and 45 (32.5%), and those over age 60 (29.8%). Most respondents fell into either the £20,001 pa to £40,000 pa income bracket (41.1%) or the £40,001 pa to £100,000 pa bracket (38.4%).

The data was analysed primarily with the two-stage technique of structural equation modelling. A confirmatory factor analysis (CFA) was undertaken to validate the constructs which was followed by an analysis of the structural model to establish the relationships among the constructs. Independent *t*-tests and one-way ANOVA tests were also used to analyse the data for the effect of demographic factors.

1.7 Contributions of This Study

This study contributes to both theory and practice by providing a thorough analysis of environmental trust in the context of the financial advice industry, a subject that is timely given the background of recent financial services industry scandals. This study:

1. Develops and tests a conceptual model of environmental trust in the context of the relationship between a UK consumer and their financial adviser;
2. Provides a theoretical underpinning for environmental trust by demonstrating that environmental trust is an interplay between agency theory and institutional theory, thereby extending the academic literature.
3. Identifies six predictors of structural assurance:
    a. Regulations for consumer protection
    b. Regulations for data protection
    c. Self-regulation
    d. Prior experience of the financial services industry
    e. The availability of redress through guarantees and warranties
    f. The presence of a well-known brand
4. Identifies five predictors of situational normality:
    a. Meeting expectations regarding the financial advisor’s dress and attire
    b. Meeting expectations regarding the financial advisor’s business premises
    c. Meeting expectations regarding privacy, confidentiality, and data security
    d. Prior knowledge of the financial advice industry
    e. The presence of a well-known brand
5. Examines and identifies the impact of the demographic factors of gender, age, education, income, and occupation on environmental trust, finding that only gender has a significant impact.

Therefore, this study extends the limited research on environmental trust by developing it into the context of the relationship between UK consumers and their financial advisers and is also the first study to identify the predictors of environmental trust empirically and to examine empirically the effect of various demographic factors on environmental trust.

1.8 Implications for Practice and Policy

In addition to the academic contributions of this study, this research also has practical implications for practice and policy. For example, the findings of this research indicate that consumers draw considerable reassurance from both statutory and self-regulation, suggesting that regulation should be welcomed and embraced by managers within the financial advice industry. This should be communicated to clients and potential clients, but particularly to inexperienced consumers, as this study shows that less experienced consumers place more value on the consumer protection offered by regulation.

This study also reveals that consumers hold expectations regarding the attire of their financial advisers and the condition and design of their business premises. Consumers' intentions to transact can be adversely affected if such expectations are not met. One finding that is not reflected in the current literature indicates that if consumer expectations are not met in the areas of privacy, confidentiality, and data security, they will take their custom elsewhere. Managers can mitigate this risk by ensuring that a strict 'clear desk' policy is maintained, that storage facilities like filing cabinets are visibly locked and secure, and that computer monitors are fitted with appropriate screens to restrict what can be seen inadvertently.

For policy-makers and those charged with creating and enforcing the regulatory structure of the industry and similar industries, this study provides valuable insights into consumers' perceptions and opinions regarding the regulation of the UK's financial advice industry. These insights may help regulators manage a sudden crisis in which consumer trust is a major issue. For example, the qualitative data indicates that some consumers are sceptical about financial advisors' self-regulation, so when there is a need to reassure consumers in the wake of such a crisis, reliance on statutory regulation is likely to be more effective than reliance on self-regulation solely.

The qualitative data also indicates that many respondents were unaware of various aspects of the regulation of the financial advice industry and that many lacked knowledge about the industry itself, so current efforts to communicate with and educate consumers may not be as effective as they should be. Therefore, policy-makers should improve the effectiveness of communications with consumers, perhaps by researching the most effective methods of communicating such information, by requiring financial advisers to distribute such information at the point of sale, or by providing online video tutorials on social media.[1]

1.9 Structure of the Thesis

This thesis consists of six chapters. Chapter One introduces the research background and rationale, discusses the motivation behind it, and presents the study's objectives. Chapter Two critically reviews the literature that relates to trust between consumers and their financial advisers and, where relevant to the study's objectives, the literature between consumers and financial product providers and discusses the role of trust in the financial advice industry. A critical overview of research into trust lays the conceptual and theoretical foundations and framework for this study, identifies where this study lies within

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[1] A regulation once required financial advisers to distribute a 'Buyers Guide' when they first met a prospective client which described the difference between 'Tied' and 'Independent' financial advice under the polarization rules. This suggestion is effectively an extension of this policy.

the existing literature, and identifies the gaps in the literature that this study addresses. Based on this review, a proposed conceptual model for environmental trust in the context of this study is developed, and hypotheses based on that model are proposed. Chapter Two then provides an overview and critical analysis of current literature that examines the effect of gender, age, educational attainment, income, and occupation on trust generally, and in the financial advice industry in particular, and discusses the theoretical basis for those effects. Hypotheses are then proposed for the effects that these demographic factors may have on environmental trust in the context of this study.

Chapter Three explains the positioning of this study in relation to the major research paradigms and details the methodology used to collect and analyse the data from both the qualitative and quantitative phases of research. Chapter Four discusses the qualitative phase of this research, including a full description and analysis of the participants, with the aim of further refining the model and theoretical framework. Based on the findings presented in this chapter, additional hypotheses are proposed and two are withdrawn. As a result of the qualitative findings, a revised conceptual model is presented.

Chapter Five presents the statistical analysis of the quantitative phase of research. The descriptive statistics of the quantitative data are presented first to provide an overall picture of the participants and their responses to the survey questions. The analysis of the measurement and structural models are then presented and discussed including the methods used to prepare and screen the data (e.g. the treatment of missing data, the detection of outliers, and the assessment of normality.) The analysis was conducted by means of multivariate analysis, using structural equation modelling performed with AMOS version 20, together with *t-tests* and *ANOVA* tests using SPSS to assess the effects of the demographic factors of gender, age, educational attainment, occupation, and income. The measurement model is validated through confirmatory factor analysis, establishing the unidimensionality, validity, and reliability of the constructs used in the study. Finally, the structural model is presented to show the substantive relationships among the constructs.

Chapter Six summarizes the study's empirical findings and identifies and explores their implications for research and practice. The contributions of this study are presented and discussed along with guidance and suggestions for further research.

This chapter introduced the subject of this thesis and environmental trust in the context of the relationship between a UK consumer and a financial adviser. It highlighted a review of the related literature and revealed gaps that this thesis aims to fill. The next chapter conducts a thorough review of the current literature that examines trust in the context of the relationship between a UK consumer and a financial adviser and examines the conceptual foundations of trust to facilitate the development of a conceptual model for use in this study and hypotheses based on that model. The next chapter also reviews the literature that examines the potential moderating effects of various demographic factors on that model and proposes additional hypotheses based on that review.

Chapter Two

Literature Review

2.1 Introduction

The aim of this chapter is to critically review and examine existing literature relevant to this study. This literature pertains to the trust between UK consumers and their financial advisers, wider trust (including environmental trust), and the potential impact of demographic factors, such as gender, age, education, income, and occupation, upon both wider trust and trust between UK consumers and their financial advisers, aiming to identify gaps in existing knowledge. This chapter also aims to develop a theoretical and conceptual framework for this study, including the development of a conceptual model of environmental trust for this study, along with hypotheses based upon that model.

To achieve this, following this short introductory section, Section Two will examine literature concerning trust between UK consumers and their financial advisers; Section Three will examine literature relating to wider trust, including environmental trust; and Section Four will examine literature relating to trust and the aforementioned demographic factors.

2.2 Financial Advice and Trust

The impact of the 2008 financial crisis upon the economy, and society in general, has been widely reported. For the financial service industry, the events of 2008, together with a history of poor service and a litany of scandals, have led to a comprehensive loss of consumers' trust in the industry, with fewer than one in three consumers now trusting their banks and figures for other types of financial services organisations being even lower (Stylianides, 2014).

Whilst the importance and central role of trust for the whole of the financial services industry has long been recognised and acknowledged (Sharma and Patterson, 1999; Harrison *et al.,* 2006; Ennew *et al.,* 2011), this loss of trust is of particular concern when considering the provision of financial advice, as trust has been identified to be of particular importance to the relationship between consumers and their financial advisers (McKechnie 1992; Harrison *et al*. 2006; Guenzi and Geiorges 2010; Monti *et al*. 2014; Hansen, 2012a; Uslaner 2010; Zhao *et al*., 2010). In addition to noting and acknowledging the importance of trust, the need for the restoration and repair of trust in the financial services industry, following the events of 2008, has also been recognised (Nienaber *et al.,* 2014), even at the highest levels of Government. For example, the EU Commissioner, Meglena Kuneva (2009), has described trust as crucial to consumer engagement with the financial services industry, whilst also noting that the industry would not thrive or achieve its full potential until the restoration of consumer trust.

Despite this, few (if any) authors have gone beyond stating the importance of trust to that relationship, or beyond giving a basic limited definition of trust. This has resulted in the identification of a paucity of research examining trust in the context of the UK financial services industry (Ennew *et al.,* 2011). One possible explanation for this failure to go further and provide a more detailed definition of trust, including its antecedents and consequences, is that the definition of trust has become ambiguous, elusive, and confusing, resulting in a plethora of differing models and conceptualisations (Shapiro 1987; McKnight and Chervany, 2001; Colquitt *et al*., 2007).

2.2.1. Nature of Financial Service Products

As discussed, an explanation for the importance of trust to the financial services industry, and the financial advice industry in particular, can be found in the nature of the products themselves, as they are often high risk and highly complex credence products with a wide variety of features and options. Consumers often find these difficult to understand in a marketplace characterised by a bewildering array of product choice and consumer inexperience. These aspects of financial services products will be analysed in detail in subsequent sections.

2.2.1.1 Credence

Credence products are products with which the consumer cannot judge or assess attributes confidently, even after purchase and consumption, and are often thus perceived to possess a higher levels of risk (Darbi and Karni, 1973; Mitra *et al.,* 1999). Whilst some attributes of financial services products are known at the time of purchase, such as their charging structure, other factors that have a significant impact upon the success or otherwise of the transaction, such as the investment return, often cannot be reliably or accurately predicted at the time of purchase, and only become apparent many years if not decades later. Accordingly, the purchase of many financial services products has an inherent uncertainty of outcome (Beckett *et al.,* 2000; Durkin, 2006), meaning that the purchase of many financial services products is “impossible for a consumer to appraise in terms of quality and value for money” (Gough 2005, p. 710).

2.2.1.2 Risk

In addition to the risks inherent in being unable to accurately judge or assess the success of the transaction at the time of purchase, there is also an intrinsic financial risk in the purchase of a financial services product due to their very nature. Any investment can either fall in monetary value (a reduction in the number of pounds or dollars that the investment is worth) or fall in actual value (purchasing power) as a result of investment returns failing to keep pace with inflation. In such circumstances, and particularly where the product or service in question is not only high in risk but also a high credence product or service, trust in the product or service provider has been shown to be of increased importance (Diacon and Ennew, 2007).

2.2.1.3 Product and Choice Complexity

In addition to these risks, many financial services products are highly complex and often difficult, if not impossible, for consumers to understand (Devlin, 2001; Gough, 2005; Harrison *et al*, 2006; Gough and Nurullah, 2009). This issue is further complicated by the fact that 435 organisations are authorised by the Financial Conduct Authority to offer such products, many of whom offer a plethora of different products (Sekhon *et al.,* 2014; ABI, 2016).

2.2.1.4 Consumers’ Inexperience, Information Asymmetry, and the Role of the Adviser

Financial services products are infrequent if not once in a lifetime purchases for many consumers (Ennew, 1992; Gough and Nurullah, 2009), suggesting that many consumers will purchase financial services products without the benefit of previous experience. This has been found to cause information asymmetry between consumers and financial services product providers (Diacon and Ennew, 2007). Consequently, many consumers prefer to purchase financial services products by utilising the service of a financial adviser (Black *et al.,* 2002; Devlin and McKechnie, 2008) resulting in a perception amongst consumers that it is the financial adviser that is being purchased, rather than the product itself (McKechnie, 1992).

2.2.2 Trust and the Financial Services Industry

As a result of the factors discussed above, the level of consumer trust has been shown to have a significant influence upon the willingness of consumers to purchase higher risk financial services products (Inderst and Ottaviani, 2012), with "many consumers buying financial services products on the basis of trust…" (Harrison *et al.,* 2006, p. 984). Furthermore, trust in a financial services product provider has also been shown to be a choice criterion that outweighs other choice criteria (such as price, value for money, and investment performance) for many consumers when making a purchase of a financial services product (Singh and Strieter, 2001; Howcroft, 2003a; Nienaber *et al.,* 2014).

However, when purchasing a financial services product, consumers are not only placing themselves at considerable risk due to the intrinsic nature of the product that they are purchasing, but they are often also placing themselves at further risk through their reliance upon a third party, i.e. their financial adviser, to act in their best interests when recommending products for purchase. Consequently, the level of trust held by a consumer for their financial adviser is also often the basis upon which advice to purchase a particular product is evaluated by a consumer (McKechnie, 1992). This not only demonstrates the importance and central role of trust in the purchase of a financial services product, but also suggests that the role of trust could therefore be, as suggested by McKnight *et al.* (2002b) specifically, a means of helping consumers overcome or reduce perceptions of risk given the nature of the products and the industry.

As previously noted, along with the demonstrable importance of trust to the financial services industry as a whole, and the financial advice industry in particular, as noted earlier, few studies go beyond acknowledging the importance of trust and providing a simple definition; with only the eight studies identified in a review of existing literature, carried out in March 2017, addressing the issue in any detail in the particular context of this study (see Table 2.1 for details). Furthermore, Most of these studies have, to some extent, focused upon either the interpersonal aspects of trust between a consumer and an individual representative of a financial services organization, for example, Gill *et al.* (2006) studied the components and formation of trust between Canadian small businesses and their banking relationship managers; or between the consumer and a financial services organisation as a whole such as Sekhon *et al.* (2014), who examined a range of factors that affect consumer trust in a variety of UK financial services organisations. Furthermore, whilst three of the studies (i.e. Grayon *et al.,* (2008), Hansen, (2012b) and Nienaber *et al.,* (2014)) all either demonstrate or acknowledge the importance of environmental trust in fostering interpersonal trust in this context, none specifically address the issue of the predictors of environmental trust in the context of either the wider financial services industry or the specific context of this study - the UK financial advice industry. Indeed, no studies could be found that empirically address the issue of the predictors of environmental trust in any context, demonstrating a significant gap in existing literature.

In addition to the studies noted above (and identified below in Table 2.1) which demonstrate the importance of environmental trust in fostering interpersonal trust in the specific context of this study, a further two studies, i.e. Moin *et al*., 2015 and Moin *et al*., 2016, were identified. These studies both investigate the impact of environmental trust upon trusting beliefs and trusting intentions with regard to the relationship between UK consumers and their banks. Whilst the focuses and contexts of both studies are different to those of this study, both studies further demonstrate the importance and relevance of environmental trust in fostering interpersonal trust in the wider financial services industry.

This study will therefore not only be the first to specifically examine the predictors of consumer trust in the environment within which UK based financial advisers operate, but also the first to do so in any context. This study will therefore not only extend our knowledge of consumer trust relating to the UK financial advice industry, but also develop our wider understanding of environmental trust by identifying its predictors, thereby making a significant contribution in both areas and answering the aforementioned calls for further research in the latter.

2.2.3 Trust, Financial Advice, Risk, and the role of Agency Theory

As discussed earlier, when purchasing a financial services product, consumers are not only placing themselves at considerable risk due to the intrinsic nature of the product they are purchasing, but they often also place themselves at further risk through their reliance upon a third party, i.e. their financial adviser, to act in their best interests when recommending products for them to purchase. Consequently, the level of trust held by a consumer for their financial adviser is also often the basis upon which advice on purchasing a particular product is evaluated by a consumer (McKechnie, 1992). This not only demonstrates the importance and central role of trust in the purchase of a financial services product, but also in the context of this study, that trust is a means of helping consumers overcome or reduce perceptions of risk (McKnight *et al.,* 2002b).

Given the role of trust as a risk reduction mechanism, this also suggests that one of the central dilemmas addressed by agency theory is in operation in this context. Specifically, how does the principal in the relationship, in this case the consumer, evaluate and assess whether or not the agent in the relationship, in this case their financial adviser, is conducting themselves in an appropriate manner and behaving in their best interests and with integrity? (Eisenhardt, 1989).[2]

Eisenhardt (1989) argues that agency theory suggests two mechanisms that may be used by the principal (in the context of this study, the consumer) to resolve this dilemma, and assess the performance of the agent: (i) outcome based mechanisms, whereby the principal (consumer) assesses and judges the performance of the agent (financial adviser) on the basis of the outcome of the transaction; and (ii) information system mechanisms, whereby the principal is informed about the activities of the agent and uses that information to assess and judge the agent's performance.

[2] It should be noted that, when a consumer purchases a product through a financial adviser, the consumer will have little if any direct communication with the product provider, as historically all communication from the product provider before, during, and after the sales process is routed via the financial adviser. Normally the only exception to this rule is the statutory cooling off notice.

However, for this particular study, it is not possible for the principal to utilise either remedy suggested by Eisenhardt (1989). Using an outcome based mechanism to resolve the dilemma is not feasible due to the long term credence nature of the products involved, whilst using an information system mechanism is also not possible due to the information asymmetry identified earlier and the consequent lack of understanding that results from that, particularly in the early stages of the relationship where the consumer has little or no knowledge of their financial adviser.

In the context of this study, it therefore appears that the consumer is using environmental trust as the governance mechanism to resolve this specific agency dilemma. The consumer is effectively relying upon the various predictors of environmental trust (discussed in detail in Section 2.3, page 26), such as formal rules and regulations, to constrain the behaviour of the financial adviser within the bounds of acceptability and ensure that the adviser acts in an appropriate manner, i.e. with integrity and in their best interests.

2.2.4 Previous Financial Services Trust Research

Considering the marketplace background, together with the central role that trust has been shown to take in the relationship between a consumer and their financial adviser (noted in Section 1.2, page 1), and that perceived complexity has been shown to increase the importance of trust in a service provider (Guenzi and Georges, 2010), it is perhaps surprising that Ennew *et al*., (2011, p. 66) noted "an absence of systematic and detailed evaluations of consumer trust in the UK financial services sector". Whilst many authors, including many of those referred to previously, mention trust as an important feature in the relationship between a consumer and either a financial adviser or a financial services product provider, the scarcity of research examining consumer trust in the UK financial services industry noted by Ennew *et al*., (2011) was confirmed by a comprehensive review of the academic literature carried out in March 2017. (A list of the keywords used in the literature searches can be found in Appendix One, page 219). Only the eight papers, identified in Table 2.1 below go beyond giving a simple definition of trust and stating its importance and actually investigate either the effect that trust has, its impact upon the consumer-adviser-product provider relationship, or investigate the formation of trust, including its predictors.

Table 2.1: Papers examining trust in the context of the relationship between consumers and their financial advisers

Author, (Date), Title	*Methodology*	*Main Variables*	*Data Sample*	*Main Findings*
1. Johnson and Grayson (2005). Cognitive and affective trust in service relationships.	*Quantitative. Using a survey for data collection and SEM as the primary analysis methodology.*	*Service provider expertise, product performance, firm reputation, satisfaction with previous interaction, similarity, cognitive trust, affective trust, sales effectiveness, anticipation of future actions.*	*1,880 surveys distributed to random clients of a UK financial advisor. 334 returned (response rate 19%).*	*Study examining the impact of a number of proposed antecedents upon cognitive and affective trust, together with the potential consequences of cognitive and affective trust upon sales effectiveness and anticipation of future interactions.* *Found that cognitive and affective trust can be empirically distinguished in the context of the relationship between UK consumers and financial advisers, identifying common and unique antecedents for both (expertise, product performance, and satisfaction for cognitive trust; reputation, similarity, and cognitive trust for affective trust). This indicates that satisfaction in the financial advice industry is drawn from core aspects of service delivery.* *Cognitive trust found to contribute to sales effectiveness and also anticipation of future interactions, along with both affective trust and sales effectiveness.*
2. Grayson et al., (2008). Is firm trust essential in a trusted environment? How trust in the business context influences customers.	*Quantitative. Two studies both using a survey for data collection and SEM as primary analysis methodology.*	*Narrow scope trust, generalised trust, system trust (government), customer satisfaction, customer purchase.*	*Study one: 6,999 surveys sent to pension clients of four major UK FS companies. 586 returned (response rate 8.4%).* *Study two: 750 surveys sent to clients of a Taiwanese FS*	*Study testing two competing theories - functionalist theory and institutional theory - and examining the impact of 'broad scope' trust upon 'narrow scope' trust together with the impact of both upon consumer satisfaction and purchasing behaviour.* *Found that institutional theory provided a better theoretical basis for trust than functionalist theory, and that system trust fosters interpersonal trust but does not provide a substitution for it.*

				company. 261 returned (response rate 35%).	*A cultural comparison between the UK and Taiwan was also undertaken showing that system trust is stronger in collectivist Asian cultures than in Western individualistic cultures.*
3.	*Hartnett (2010) Trust and the financial planning relationship.*	*Conceptual Paper.*	*N/A*	*N/A*	*A conceptual paper that aims to give a broad overview of trust and how it relates to the relationship between Australian consumers and their financial advisers. The paper is based upon an analysis of existing literature rather than empirical work, and offers a basic conceptualization of trust that accounts for factors such as age, gender, and societal norms, and identifies reputation, past experience, and institutional (environmental) trust as situational factors that can also influence the formation of trust.*
4.	*Ennew et al., (2011) Trust in UK financial services: A longitudinal analysis.*	*Longitudinal quantitative. Data was collected in five annual waves by computer assisted telephone survey (2005 and 2009 inclusive) with SEM as the primary analysis methodology for the proposed model, and ANOVA tests to examine the differences between the different waves and demographic groups.*	*Integrity and consistency, expertise and competence, communications, concern and benevolence, shared values, organisational trustworthiness, cognitive trust, affective trust, trust in an organisation.*	*Over the course of the five year period of the study, around 13,000 'data units' were captured with UK participants selected randomly from a database. Respondents screened by age group to match the age distribution of financial services consumers.*	*Study that develops and examines a model of trust between UK consumers and a variety of financial services organisations, with financial advisers included as a constituent part of the 'broker' category along with stock brokers and personal bankers. The model proposed that organisational trustworthiness, together with cognitive and affective trust, contributed to trust in an organisation, with organisational trustworthiness comprised of integrity and consistency, expertise and competence, communications, concern and benevolence, shared values.* *The proposed model was found to have a good fit, with trust levels found to be significantly different between age groups, with the highest levels being found in the 64 plus age group. Consumers showed most trust towards the broker category with no statistically significant changes in trust over time being found for any category.*
5.	*Hansen (2012a) Understanding trust in*	*Quantitative. Data was collected by*	*Broad scope trust, financial*	*A representative stratified random*	*Study that examined the influence of financial healthiness, financial knowledge, satisfaction upon each other, and*

	financial services: The influence of financial healthiness, knowledge, and satisfaction.	*means of an e-mail survey with SEM being used as the primary analysis methodology.*	*healthiness, financial knowledge, satisfaction, and Narrow scope trust.*	*sample of 4,820 Danish consumers who had recently been in contact with their mortgage or pension provider was drawn from a panel, resulting in 764 responses from pension consumers and 892 from mortgage consumers.*	*broad and narrow scope trust between Danish consumers and their financial services providers (one mortgage provider and one pension provider).* *The proposed model was found to have a good fit, with broad scope trust, financial healthiness, financial knowledge, and satisfaction found to have a positive effect upon narrow scope trust. Financial knowledge was also found to have a positive effect upon financial healthiness and satisfaction, and financial healthiness upon broad scope trust.* *The model was therefore found to be consistent with instructional theory, as broad scope trust positively influenced narrow scope trust.*
6.	*Monti et al., (2014). Retail investors and financial advisors: New evidence on trust and advice taking heuristics.*	*Qualitative and Quantitative. Data was collected via structured interviews and a computer aided survey.*	*Satisfaction, communication, expertise, trust, decision style, and decision to delegate*	*115 clients of an Italian co-operative bank were invited to participate, with 99 agreeing to do so. Invitations were only sent to those with investments in excess of 40,000 Euros.*	*Study examining why clients of financial advisers employed by an Italian co-operative bank delegated their purchasing decisions to financial advisers. This included an examination of factors that lead a consumer to trust their financial adviser.* *Trust was found to have a major influence upon the decision to delegate, with that trust being mainly based upon the financial adviser's communication style.*
7.	*Nienaber et al., (2014) Do we bank on regulation or reputation? A meta-analysis and meta-regression of organizational trust in*	*Meta-analysis of studies published between 1992 and 2012 found by searching the JSTOR and Science Direct Databases, Google Scholar, and*	*Regulations and control mechanisms, reputation, satisfaction, shared values, communication, and organisational trust.*	*93 studies examining organisational trust were analysed (total n=38,631), of which 20 studies empirically investigated*	*Examined trust related financial services papers primarily relating to retail and internet banking. Also included one paper relating to financial advice, which compared the effect of five antecedents, regulation and control mechanisms, positive reputation, satisfaction, shared values, and communication of consumer trust in the financial services industry, with their effect upon trust in other industries. These factors were found to have more impact upon trust in*

	the financial services sector.	*Mendeley for PhD studies and non-journal publications.*		*organisational trust in the financial services sector (n=11,224).*	*the financial services industry. Regulatory environment, reputation, and customer satisfaction were found to be very influential factors, with reputation being found to have more impact in Asia than in Europe.* *The study also noted an erosion of confidence in the financial services sector over the last 20 years.*
8.	*Sekhon et al., (2014) Trustworthiness and trust: influences and implications.*	*Longitudinal quantitative. Data was collected in five annual waves by a computer assisted telephone survey (2005 and 2009 inclusive) with SEM as the primary analysis methodology.*	*Expertise and competence, integrity and consistency, communications, shared values, concern and benevolence, organisational trustworthiness, cognitive trust and affective trust.*	*Over the course of the five-year period of the study, around 13,000 'data units' were captured, with UK participants selected randomly from a database. Respondents were screened by age group to match the age distribution of financial services consumers.*	*A study utilising the same data as Ennew et al., (2011), which examined the antecedents of organisational trustworthiness together with the impact of organisational trustworthiness upon cognitive and affective trust.* *Expertise and competence, integrity and consistency, communications, shared values, concern, and benevolence were all found to have a positive effect upon organisational trustworthiness which, in turn, was found to have a positive effect upon both cognitive and affective trust in an organisation in the context of financial services providers.* *(Note this study used the dame data set as Ennew et al., 2011)*

Between them, these eight papers identify and examine a variety of themes relating to trust in the financial services industry, many of which focus specifically on either financial advice or the relationship between consumers and financial advisers.

2.2.4.1 Environmental Trust and the Financial Services Industry

Whilst the 'bank environment' has been shown to play a role in triggering trust between consumers and financial advisers (Monti *et al*., 2014), only three of the eight papers identified in Table 2.1 (i.e., Studies 2, 5, and 7) consider and examine to some extent environmental trust, which both Grayson *et al*., (2008) and Hansen (2012a) refer to as 'broad scope' trust. Although the definition of 'broad scope' trust differs between each paper, they all to an extent reflect that this is a wider trust based upon the environment within which an organisation operates and conducts business, rather than trust based upon interpersonal issues. The definitions of 'narrow' and 'broad scope' trust used by Hanson (2012a) focused upon dependability and reliability, rather than the wider constructs of trust utilised by Grayson *et al*., (2008) who defined 'broad scope' trust as consumer trust in the context within which an organisation operates, and 'narrow scope' trust as interpersonal or organisation specific trust gained through interaction with the organisation or second hand information, such as reputation. Nienaber *et al.,* (2014, p. 370) discuss a range of definitions, focusing around trust that is derived from "institutionalised norms, procedures and rules". However, as discussed in the paragraphs below, none of these three papers specifically examine this wider environmental trust in any depth, including investigating the possible predictors of this type of trust, as this study aims to do.

When considering the relationship between consumers and their financial advisers, institutional theory has been found to provide a better theoretical foundation for environmental trust than functionalist theory. Institutional theory predicts that a trusted business context will support and foster trust in an organisation conducting business within that context, rather than serving as a substitute for it, as suggested by functionalist theory (Grayson *et al.,* 2008; Hansen, 2012a)

Financial knowledge and financial healthiness have been found to have a positive effect upon both 'broad scope' and 'narrow scope' trust, with relationship satisfaction having a positive effect upon 'narrow scope' trust. Financial knowledge has also found to have a positive effect upon financial healthiness which, in turn, has a positive effect upon relationship satisfaction, with all three factors having a greater positive effect upon 'narrow scope' trust when 'broad scope' trust was low, although this effect was marginal for financial knowledge (Hansen 2012a).

Consumers holding high levels of 'broad scope' trust in their financial adviser were also found to hold high levels of 'narrow scope' trust. The positive association between 'broad scope' trust and consumer behaviour and attitudes has been found to be mediated by 'narrow scope' trust (Grayson *et al.,* 2008; Hansen 2012a).

Regulatory and control mechanisms, a key component of environmental trust, have been found to have a greater effect upon consumer trust in the financial services industry than on consumer trust in other industries. However, it has also been noted that this influence has declined significantly over the last decade or so, indicating that consumers have become more sensitised to the scandals and other problems that have occurred within the industry in recent years (Nienaber *et al.,* 2014). This suggests that the results of research carried out prior to the events of 2008, examining potential predictors of environmental trust, may no longer be valid, particularly in the context of the UK financial services industry. Whilst the aim of this study is to examine and identify the predictors of environmental trust rather than examine the level of trust consumers hold for the regulatory and control mechanisms that govern the financial advice industry, it may be possible to gain some understanding of this issue from the data collected for this study.

2.2.4.2 Interpersonal Trust and the Financial Services Industry

Of the eight papers identified in Table 2.1, four (i.e., Studies 1, 4, 6, and 8) consider and examine interpersonal trust in the context of the financial advice industry, including identifying and examining various predictors of interpersonal trust, including both cognitive (knowledge based) and affective (emotionally based) trust, (interpersonal, cognitive, and affective trust are fully defined and discussed in in Section 2.3.1.4, page 30.)

Integrity and consistency, expertise and competence, communications, concern and benevolence, and shared values have all been found to lead to higher levels of trustworthiness in financial services organisations, with shared values and concern and benevolence having the strongest effect. In turn, higher levels of trustworthiness have been shown to lead to higher levels of cognitive and affective trust. The effect that these five factors have upon both cognitive and affective trust directly has also been examined, with the proposed model being rejected due to a poor fit (Sekhon *et al.,* 2014). Of these five antecedents, integrity and consistency, expertise and competence, and communications were rated higher than shared values and concern and benevolence by UK consumers, indicating that UK consumers hold higher levels of cognitive trust than affective trust in the UK financial services industry (Ennew *et al.,* 2011). This indicates that UK consumers are more likely to perceive financial services organisations as being reliable and competent, rather than holding their best interests at heart. It is also interesting to note that consumers rated 'brokers' (including financial advisers) higher for all five factors mentioned above than other types of financial services institutions, and that the ratings were markedly higher for concern and benevolence and shared values (Ennew *et al.,* 2011). This is perhaps indicative of the importance of trust in the relationship between consumers and their financial advisers, as previously noted.

With regard to 'relational attitudes' on the part of financial advisors employed by Italian banks, advisor accessibility and communication have also been shown to play a key role in triggering consumer trust in financial advisers (Monti *et al.,* 2014). Communication, along with reputation and satisfaction, has also been found to have a higher effect upon levels of consumer trust in the financial services industry compared to other industries. It should however be noted that the influence of communication on levels of trust in the financial services industry has been observed to decline in the last decade (Nienaber *et al.,* 2014).

Cognitive trust has been shown to have a positive effect on affective trust, whilst both cognitive and affective trust have a positive effect upon sales effectiveness. Affective trust has also been shown to have a positive effect upon anticipation of future interactions (Johnson and Grayson, 2005).

It should also be noted that other factors such as provider expertise, product performance, and satisfaction with previous transactions have also been shown to have a positive effect upon cognitive trust, whilst other factors, such as the reputation of a financial services product provider, have been shown to have only a marginally positive effect. Reputation of a financial services provider, along with satisfaction with previous transactions and similarity (common values and interests between a consumer and provider), has however been shown to have a positive effect upon affective trust. In the context of the relationship between a consumer and a financial adviser, cognitive and affective trust are therefore empirically distinguishable, as they have been shown to possess different antecedents (Johnson and Grayson, 2005).

2.2.4.3 The Effects of Demographic and Cultural differences

Whilst it has been suggested that demographic factors such as age and gender, together with cultural factors such as societal norms, can influence levels of trust in the financial services industry (Hartnett 2010), of the eight papers identified in Table 2.1, only Study 4 empirically examined the effect of demographic factors upon trust or trustworthiness in the context of the UK financial services industry. Females generally rated the constituent parts of trustworthiness higher than males, indicating that there might be a higher propensity to trust financial services organisations amongst females than males. Older individuals were also found to generally display more trust towards the financial services industry than younger individuals (Ennew *et al.,* 2011).

Only two (i.e. Studies 2 and 7) of the eight studies identified in Table 2.1 examined the effect of culture upon levels of trust in the financial services industry. Whilst environmental trust relating to the financial services industry has been found to be of importance in both the UK and Taiwan, it was found to be of more importance in Taiwan (Grayson *et al.,* 2008), suggesting that environmental trust may be more important in collectivist cultures than individualistic cultures. Furthermore, regulation and control mechanisms, reputation, satisfaction, shared values, and communication have all been shown to be of more importance in fostering trust in a collectivist culture than in an individualistic culture (Nienaber *et al.,* 2014). This study will address some of the limitations of previous research by examining the effect of gender, age, educational attainment, income, and occupation on environmental trust.

2.2.5 Limitations of Existing Research

The findings of Study 7, Nienaber *et al.,* (2014), suggest that due to changing consumer attitudes the findings of research conducted prior to the events of 2008, relating to consumer trust in the financial services industry, may no longer be valid. However, there is some ambiguity in the literature concerning this issue, as the last wave of data for Study 4 (Ennew *et al.,* 2011) was collected one year after events of 2008 and indicates that, at that point in time, the events of 2008 had resulted in little, if any, of the adverse reaction or erosion of trust found by other researchers (e.g., Nienaber *et al*., 2014; Hansen, 2012a; Monti *et al*., 2014; Uslaner 2010; Zhao *et al*., 2010). In fact, Ennew *et al.,* (2011) found that over the period of time that their research was conducted (2005 to 2009) there was a small non-statistically significant increase in consumer ratings for all of the antecedents of organisational trustworthiness they examined, together with the consumer rating for overall trust.

This issue potentially affects two of the other papers identified and discussed in this chapter, and care therefore must be taken with the findings from those papers; specifically Study 2 (Grayson *et al.,* 2008) where the lead author, Dr. Grayson, kindly confirmed via e-mail that the data was collected between 1999 and 2003. This shows that the findings of the paper do not take into account the effects upon consumers of the 2008 financial crisis and the resultant loss of trust. Additionally, Study 1 (Johnson and Grayson, 2005) was also published before the events of 2008 and so equally cannot take those events into account. As all data for this study has been collected after the events of 2008, this study will therefore reflect any changes in consumers' perceptions and attitudes towards trust in the financial advice industry as a result of those events. However, as no previous study has examined the specific context of this study, there is no benchmark with which to make a comparison for many if not most of the issues addressed in this study, which will therefore only reflect current consumer perceptions and attitudes.

A further limitation of Study 1 (Johnson and Grayson, 2005) is the average length of the relationship between consumers who participated in the survey and their financial adviser, which is given in the paper as only 15 months. This gives rise to further concern regarding the findings, as it would not be possible for a consumer to adequately judge the performance of most financial services products over such a short period of time. This raises the question of how participants judged product performance as, in many cases, there would be inadequate time to either assess or judge the performance of more complex financial services products, such as pensions, and by default the recommendation of the financial adviser involved in selling the product to the consumer. To overcome this limitation, it would be necessary to repeat the research with the same sample at some point in the future when sufficient time has elapsed, to allow consumers to make a reasonable and informed judgement on the performance of the products that they purchased. This would likely be several decades.

With regard to Study 2 (Grayson *et al.,* 2008), a further limitation of the study is identified and acknowledged in the paper – the researchers' definition of 'broad scope' trust was limited, and focused exclusively upon formal mechanisms and institutions, excluding other potential sources of 'broad scope' trust such as more informal mechanisms. This study will address this limitation by including less formal mechanisms, including self-regulation, the presence of a well know brand, and prior experience of financial services.

2.2.6 Summary

This section initially reviewed the inherent nature of financial services products in order to demonstrate and discuss the importance of trust in the context of the relationship between consumers and financial advisers. A possible theoretical foundation for this importance of trust was then presented, which suggests that consumers may be using trust as a governance mechanism to resolve the agency theory dilemma of how a principal assesses and judges the actions of an agent. Current literature relevant to the subject of this study, trust between UK consumers and their financial advisers, was then critically reviewed. This confirmed the findings of other authors such as Ennew *et al.,* (2011) in demonstrating a paucity of trust related research into both the UK financial advice industry and the wider UK financial services industry. Furthermore, the review also confirmed that, whilst existing research demonstrates the importance of environmental trust in fostering and developing interpersonal trust in the context of this study, no study could be found to examine the constitution or predictors of environmental trust as this study proposes to do. In addition, the data collection for many of the studies identified in the review was conducted prior to the events of 2008, meaning that any changes in consumer perceptions towards the financial advice industry, and indeed the wider financial services industry, caused by those events are not reflected in the findings of those studies. As this study will be carried out in its entirety after the events of 2008, the findings of this study will reflect any such changes.

The next section examines the conceptual foundations of trust, including environmental trust, before proposing hypotheses based upon a critical review of relevant literature, and a conceptual model of environmental trust based upon these hypotheses, for use as the basis of this study.

2.3 Trust and its Theoretical Foundations

The previous section examined trust in the specific context of the financial advice industry, including its importance, whereas this section aims to examine and investigate the theoretical foundations of trust. Accordingly, this section has three objectives. Firstly, Section 2.3.1 will critically review the wider trust literature. It will examine the various definitions of trust, before identifying and examining a potential theoretical basis for environmental trust, with the aim of developing a suitable conceptual framework and model of trust for use as the basis for this study. Secondly, Section 2.3.3 will identify and examine potential predictors of environmental trust, together with their theoretical bases, by critically reviewing relevant existing literature and, in the process, developing hypotheses for subsequent testing. Thirdly, Section 2.3.4 proposes and presents a conceptual model for testing in the subsequent empirical research carried out for this study.

2.3.1 The Conceptualisation of Trust

Trust is not a behaviour or choice, but an underlying psychological condition (Rousseau *et al*., 1998). It is seen as a highly complex, contextual, and multi-dimensional concept; crossing inter-disciplinary boundaries with a variety of different outcomes, antecedents, and consequences. The concept of trust has been the subject of many studies as it is widely accepted to be of utmost importance in all aspects of social life where interaction with others is either desirable or necessary (Sitkin and Roth, 1983; Lewis and Weigart, 1985; McAllister, 1995). The importance of trust has also been acknowledged and reflected upon in studies addressing the relationship between businesses and consumers, where trust has been described as both central and a catalyst to buyer seller transactions, and critical in maintaining effective relationships between businesses and consumers (Dagsputa, 2000; Yousafzai *et al*., 2009; Hansen 2012a). This is particularly evident in service industries, such as the financial advice industry, which was chosen for this study, due to a lack of tangible evidence of product quality (Ennew *et al*., 2011).

Past trust researchers and their work have been broadly classified as falling into one of three categories of research streams: (i) personality theorists, (ii) sociologists and economists, and (iii) social psychologists (Worchel, 1979; Lewicki and Bunker, 1995; Rousseau *et al*., 1998; Yousafzai *et al*., 2009).

2.3.1.1 Personality Theorists

Personality theorists consider trust to be an individual characteristic which they conceptualise as being a belief, feeling, or expectancy deeply rooted in an individual's personality, originating in their early psychological development (Rotter 1967; Yousafzai *et al*., 2009). This has been termed as a disposition to trust (for example by Mayer *et al*., 1995 and McKnight and Chervany, 2001) or propensity to trust (for example by Rotter, 1980 and Van Dyne *et al.,* 2000), and is defined as a general inclination to display trust towards other individuals that is not situation specific and has been found to be stable across different contexts. Disposition or propensity to trust is based upon early life experiences of interacting with others, but is modified with experience and is especially salient in ambiguous or new situations where a lack of knowledge means an individual cannot predict the actions of a third party (Rotter, 1980; Gefen, 2000, McKnight and Chervany, 2001, Van Dyne *et al.,* 2000). Individuals with a high propensity or disposition to trust effectively adopt the stance that they will achieve a better outcome when dealing with others by behaving towards third parties as though they are reliable and well meaning, holding an underlying belief or assumption that, in general, other people are honest, benevolent, competent, and predictable (Gefen, 2000; McKnight and Chervany, 2001). Essentially, such individuals are more likely to trust a third party to act in a manner that is not detrimental to their best interests, as they believe that other individuals will not take advantage of them (Ferguson and Peterson, 2015) and are also less likely to lie, cheat, or steal and more likely to respect others (Rotter, 1980; Van Dyne *et al.,* 2000). It has also been theorised that, in addition to being more likely to hold higher levels of interpersonal trust, such individuals are also more likely to hold higher levels of environmental trust (McKnight and Chervany, 2001), and that their disposition to trust only predicts trust before the different parties involved in a transaction have the experience of dealing with each other (Mayer *et al.,* 1995; McKnight *et al.,* 1998). To an extent, this this has been empirically demonstrated by comparing the strength of relationship between disposition to trust and trust between potential and repeat customers of Amazon. Whilst the path was found to be significant in both cases, the strength of the relationship was significantly lower for repeat customers (Gefen *et al.,* 2003)

Accordingly, given the stability across context discussed above, an individual with a high level of disposition or propensity to trust will display the same levels of disposition or propensity to trust towards any third party with whom they are transacting, irrelevant of the industry within which that third party operates, and also to the environment within which that industry operates. Whilst no empirical research investigating disposition or propensity to trust in the context of the financial advice industry can be found, given both this stability across contexts and the fact that authors such as McKnight and Chervany (2001) have empirically demonstrated the positive influence that disposition or propensity to trust has upon both trusting beliefs and trusting intentions, there is little to gain from investigating this aspect of trust in the context of this study. An individual with a high disposition or propensity to trust will display that disposition or propensity to trust towards the financial advice industry, individual financial advisers, and the environment within which they operate. However, as McKnight and Chervany (2001) also indicate, this effect upon trusting beliefs and trusting intentions is almost fully mediated by environmental trust, further demonstrating the importance of environmental trust in the development of interpersonal trust which, in turn, strengthens the argument in favour of gaining a deeper understanding of environmental trust, as this study proposes.

2.3.1.2 Sociologists and Economists

Sociologists and economists view trust as an institutional phenomenon, both in terms of trust between and within institutions and the trust placed in those institutions by individuals (Lewicki and Bunker 1996), with trust often being seen as a potential cause in a choice scenario in a social dilemma with an economic outcome (Rousseau *et al.,* 1998). Trust is viewed as a largely calculative rational process, whereby an individual or organisation calculates either the rewards of behaving in a trustworthy manner or the costs of behaving in an opportunistic untrustworthy manner themselves, or indeed such rewards and costs that the third party the individual is transacting with may gain or suffer from behaving in a trustworthy or opportunistic untrustworthy manner (Doney and Cannon, 1997; Rousseau *et al.,* 1998). Trust is essentially seen as a mechanism to enhance competitiveness and reduce transactional costs, with choices being made on a rational basis to gain maximum benefit for all parties involved in the transaction. This is often achieved by reliance upon the establishment of institutions to effectively govern and regulate transactions by restraining opportunistic untrustworthy behaviour (Doney and Cannon, 1997; Suh and Kwon, 2006) and by reducing anxiety and uncertainty in an exchange process, which can often arise due to a lack of understanding of the inner workings of a system or industry on the part of an individual (Yousafzai *et al*., 2009).

Restricting opportunism is central to this view of trust, with opportunism being defined as a deliberate and calculated effort by one party involved in a relationship or transaction to somehow mislead or confuse the other party involved in that relationship or transaction. This can manifest itself in a variety of ways, such as shirking in the work place, with the end effect of increasing transactional costs (Lado *et al.,* 2008; Verbeke and Greidanus, 2009). Identification of parties behaving in an opportunistic manner, and differentiation between those that are engaged in such behaviour from those who are not, is acknowledged to be difficult and costly, leading to the suggestion by authors such as Foss and Koch (1996) that it is often better to proceed on the assumption that the other party will engage in opportunistic behaviour.

In many ways, the establishment and reliance upon institutions to assist with the reduction of transactional costs and govern transactions, as discussed above, is reflective of the arguments of Zucker (1986) relating to environmental trust (termed '*system*' trust by Zucker) whereby, in a situation where an individual has insufficient knowledge of a third party or experience of transacting with them, to either develop or hold interpersonal trust in that third party, the individual will often rely upon trust in the rules, regulations, and institutions that govern the actions and behaviour of that third party. No study can be found that has examined trust in the context of this study - the UK financial advice industry - from the viewpoint of sociologists and economists. Given the link discussed above between the ways in which trust is viewed by sociologists and economists, and the definition of environmental trust given by Zucker (1986), it could be argued that this study falls within this stream of research, as it strives to examine the constitution and identify predictors of environmental trust in the context of the UK financial advice industry. As such, this study would be the first to examine trust in the context of the UK financial advice industry from this sociological and economic perspective. It should be noted however that, in line with authors such as Rousseau *et al.,* (1998), this study does not necessarily view environmental trust as an entirely calculative issue, but rather as one that crosses the boundaries between calculative and interpersonal issues.

2.3.1.3 Social Psychologists

Social psychologists focus on interactions between individuals that lead to trust on an interpersonal level or in groups (Lewicki and Bunker, 1995). Trust is seen to be based upon expectations relating to the behaviour of a third party in a transaction where the individual is exposed to some form of risk and is reliant upon cues received by the individual from that third party (Lewicki and Bunker, 1985; Lewis and Weigart 1985; Lewicki and Bunker 1986). Essentially, this interpersonal trust allows an individual to engage in a transaction with a third party with the expectation that the transaction will succeed, despite the risks of undertaking that particular course of action (Lewis and Weigart 1985; Yousafzai *et al*., 2009). Social psychologists often see trust as a dichotomy in that an individual either completely trusts or completely distrusts a third party (Rousseau *et al.,* 1998).

Intrinsic in this view of trust is that the individual and the third party must interact in some way for trust to develop, which suggests that trust evolves with time as the parties in a transaction gain knowledge of each other (Mayer *et al.,* 1995). Indeed, such changes are acknowledged in this stream of literature by authors such as Shapiro *et al.,* (1992) and Lewicki and Bunker (1996), who see trust as a process comprised of three stages. The first stage involves deterrence trust - a calculative phase, whereby an individual will do as they state for fear of consequences such as loss of reputation, loss of the potential for future transactions, or some form of sanction for breaching trust, thereby assuring consistency in their behaviour. The second stage involves knowledge-based trust, whereby the actions of a third party become predictable based upon information gained about that third party through interaction. This information can then indicate whether the future actions of the third party are likely to be of a trustworthy nature. The third and final stage involves identification-based trust, whereby trust exists as both parties appreciate and understand the other's requirements. It is acknowledged in the literature that, whilst most relationships will go through the first two stages, few attain this final, third stage (Shapiro *et al.,* 1992; Lewicki and Bunker 1996; Rousseau *et al.,* 1998). There is however some disagreement in the literature in that authors such as Sitkin and Roth (1993) argue that deterrence based trust is not really trust, whilst others argue that deterrence based trust is often limited to scenarios where evidence of failure to perform is readily available in the short term and is limited to discreet exchanges, whereas interpersonal trust is wider and can include socio-emotional support in addition to concrete support (Rousseau *et al.,* 1998).

Given the calculative nature of this first stage deterrence trust, this view of trust also indicates similarities and links with the sociological and economic stream of trust research. These connections are perhaps reflected in the wider trust literature, where it is acknowledged that an individual's trust in the early stages of a relationship with a third party would usually be reliant upon environmental factors, such as the regulatory system governing the actions of that third party (effectively from the sociological and economic research stream). This is because the individual's knowledge of the third party would often be very limited at the outset of the relationship. Over time this would change as an individual's knowledge of the third party would increase as the relationship between the two parties developed and evolved. This would lead to a greater reliance upon interpersonal and experiential factors (effectively from this social psychology stream) (Mayer *et al*., 1995; McKnight *et al*., 1998; Rousseau *et al*., 1998). However, it should also be noted that there is some ambiguity in the literature regarding this as some authors, such as Zucker (1986), argue that institutional mechanisms for fostering trust, such as regulatory systems, can reduce the opportunity for interpersonal trust to arise, whereas others, such as Rousseau *et al*., (1998) and Pearce *et al*., (2000), argue that a minimum level of environmental trust is a necessary pre-requisite for the emergence and development of interpersonal trust. The findings of Grayson *et al*., (2008) conversely indicate that, whilst environmental factors foster interpersonal trust, they do not serve as a substitute for it. It should also be noted that once an element of human contact is introduced into a scenario, other factors can and do complement environmental trust in the development and fostering of interpersonal trust. Such factors are not restricted to on-going interactions but may also be related to interactions between parties that occurred in the past, for example in a repurchase scenario. These factors include, but are not limited to empathy, quality of the previous interaction (McKnight and Chervany, 2005), and satisfaction with the previous interaction (Hansen, 2012b; Fang *et al.,* 2014; Nienaber *et al.,* 2014). As this study focuses upon the constitution and predictors of environmental trust rather than interpersonal trust, and the effect that environmental trust has upon interpersonal trust, whilst these factors are acknowledged as being important to the development of interpersonal trust, they are beyond the scope of this study, particularly given the limited time and resources available.

2.3.1.4 Other Conceptualisations of Trust

In addition to the conceptualisations of trust discussed above, Lewis and Weigert (1985) also refer to two further dimensions of trust which are commonly found within academic literature: 'cognitive trust' and 'affective trust'. Cognitive trust is knowledge driven, and is based upon what an individual knows about a particular third party with whom they are transacting, such as their consistency, honesty, reliability, and competence. Affective trust is emotionally driven, and is based upon a belief held by an individual that the particular third party that they are transacting with is benevolent and has their best interests at heart (McAllister 1995; Johnson and Grayson, 2005; Ennew *et al*., 2011).

Accordingly, this definition of trust would probably fall into the latter category of research discussed above, i.e. that of social psychologists, as it relates to characteristics that capture the character and competences of a third party, such as honesty, reliability, and competence, referred to in the definition of cognitive trust above, that would only become apparent through an interpersonal transaction with a third party.

These characteristics influence the perceived trustworthiness of that third party, with trustworthiness usually being described as an antecedent of trust and as a separate and distinct concept to trust in the academic literature. Authors such as Mayer *et al.,* (1995) and Colquitt *et al*., (2007) define perceived trustworthiness as comprising of the following three parsimonious components:

(i) *Perceived ability* relates to the competence and ability of the third party to deliver what is promised and is contextual;
(ii) *Perceived benevolence is* the extent to which the third party acts in the best interests of the trusting party; and
(iii) *Perceived integrity* relates to the extent to which the third party acts in good faith, has acceptable ethical and moral principles, and can be relied upon to keep their word (Mayer *et al*., 1995; McKnight and Chervany, 2001; Colquitt *et al.,* 2007).

Trustworthiness has itself been shown to be a predictor of trust (Colquitt *et al.,* 2007; Yousafzai *et al.,* 2009), including in the context of the UK financial advice industry with, for example, Ennew *et al.,* (2011) finding organisational trustworthiness to be a significant predictor of trust in an organisation, and Sekhon *et al.,* (2014) finding organisational trustworthiness to be a significant predictor of both cognitive and affective trust in an organisation (see pages 17 to 24, Section 2.2.4 of Chapter Two for further details of these studies). Given these studies, and that trustworthiness has been examined extensively by other studies, it is not proposed to specifically examine the concept of trustworthiness in his study. However, where links are noted to trustworthiness, they will be reported.

As indicated above, these conceptualisations of trust and trustworthiness relate to interpersonal trust in that they are based upon an individual's knowledge of, or experience interacting with, a third party and their expectations of that third party including their future behaviour. A further dimension of trust, variously referred to in the academic literature as system, environmental, or institutional trust, relies upon an individual's trust in the environment within which a third party operates, rather than relying upon such interpersonal factors. Effectively, the individual substitutes a reliance upon interpersonal factors, such as those described above, for reliance upon structures, such as a regulatory framework to constrain the actions of a third party and keep their actions within acceptable limits (Sitkin and Roth, 1993). As noted earlier, there are links between this conceptualisation of trust and the reliance upon institutions to restrain opportunism in the sociological and economic view of trust.

A further conceptualisation of trust, also often found in academic literature, refers to an individual's beliefs, attitudes, and intentions (Mayer *et al*., 1995; McKnight *et al*., 1998). In this case, an individual holds a set of *beliefs* towards a third party, for example based upon their benevolence, integrity, and competence, and as a result holds a positive *attitude* towards that third party, and therefore *intends* to undertake a course of action with that third party, i.e. conducting a business transaction.

Common to many conceptualisations of trust is the vulnerability of the individual placing trust in a third party, the willingness of an individual to undertake a course of action with a third party despite there being a degree of risk in following that course of action, and a belief by the individual that the third party will act in their best interests. There is also agreement amongst scholars across different disciplines that, for trust to arise, both risk and a perception of the possibility of loss, together with interdependence, where a desired outcome can only be achieved by reliance upon others, must be present (Rousseau *et al*., 1998). In many ways, this reflects agency theory with its emphasis upon the potential conflict between the desires and goals of the two parties involved in a relationship (the principal and the agent), together with the risks associated with that (Eisenhardt, 1989).

2.3.1.5 Summary

Despite the paucity of research into trust and the UK financial services industry as a whole, identified by Ennew *et al.,* (2011) and Moin *et al.,* (2015), as noted earlier, several studies examining interpersonal trust relating to the UK financial advice industry that therefore fall into the social psychology research stream have already been undertaken (full details of these studies can be found on pages 23 to 224, Section 2.2.4.2). This effectively means that, in addition to there being little to gain from examining disposition or propensity to trust as previously discussed, there is also little value to be gained from examining trust in the context of this study from the perspective of social psychologists, and it is therefore not proposed to do so. However, there would be value in examining trust from a sociological or economic perspective, specifically trust relating to institutions, given both the calls for further research into the drivers of environmental trust, and also the fact that various authors, such as McKnight and Chervany (2006), Grayson *et al.,* (2008), and Sekhon *et al.,* (2014), have all identified a lack of research into the predictors of environmental trust, which indicates that the academic literature in this area, and therefore our understanding, is underdeveloped.

2.3.2 The McKnight and Chervany (2001) Proposed Theoretical Framework for Trust

As discussed, trust has been defined and conceptualised in many different ways, to the point where it is often thought of as an elusive and confused concept. Such definitional issues are seen by some to restrict the progress of empirical research into trust (McKnight and Chervany, 2001; McEvily *et al.,* 2003; Colquitt *et al*., 2007), with very little effort being made to bridge those differences and integrate the differing perspectives (Lewicki and Bunker, 1995). Trust has been variously described and defined in academic literature as a verb and a noun, a personality trait and a belief, a behavioural intention and a social structure (McKnight and Chervany, 2001). This has resulted in at least one author, McEvily *et al.,* (2003, p. 101), suggesting that trust research would be "better served by researchers acknowledging that trust is a multi-faceted concept, clearly identifying which definition is most relevant for their particular research question, and applying that consistently". Whilst such an approach offers merit, this would lead to a position where a particular study could easily exclude relevant issues as they fall outside of the chosen definition, particularly as "most models" of trust have been found to be "wanting" (Lewicki and Bunker 1995, p.134). An alternative, more holistic approach to resolve the dilemma of which definition of trust allows a researcher to avoid this potential deficiency is offered by McKnight and Chervany (2001). In an attempt to rationalise the confusion and ambiguity noted above, McKnight and Chervany (2001) proposed a theoretical framework for trust, based upon a comprehensive review of the academic literature relating to trust, by means of comparing the conceptual definitions given in 65 papers across five fields of academic study (23 papers from psychology and 23 papers from management and communication, together with a further 19 papers in total from the fields of political science, economics, and sociology).

The findings of this review indicated that definitions of trust could often be categorised in terms of the characteristics of the trustee, such as carefulness, expertness, morality, and goodwill. These characteristics were initially sorted into 16 groupings before being conceptually compared and grouped into the four high level categories of benevolence, integrity, competence, and predictability. The first three of these categories were defined by McKnight and Chervany (2001) in a similar manner to the definitions of the three components of trustworthiness given earlier. The fourth, (predictability), is defined by McKnight and Chervany (2001) as the actions of the trustee, whether good or bad, being consistent enough to be foreseen in any given situation. The findings of their review also indicated that the definitions could be grouped according to the conceptual type into one of six categories: disposition, structural, affect/attitude, belief/expectancy, intention, and behaviour. These groupings of conceptual type were mapped onto a matrix against the trustee characteristics categories described above. In conjunction with a conceptual analysis of how the different types of trust identified related to each other, the matrix was then used to produce their proposed interdisciplinary framework for trust, as shown in Figure 2.1 below.

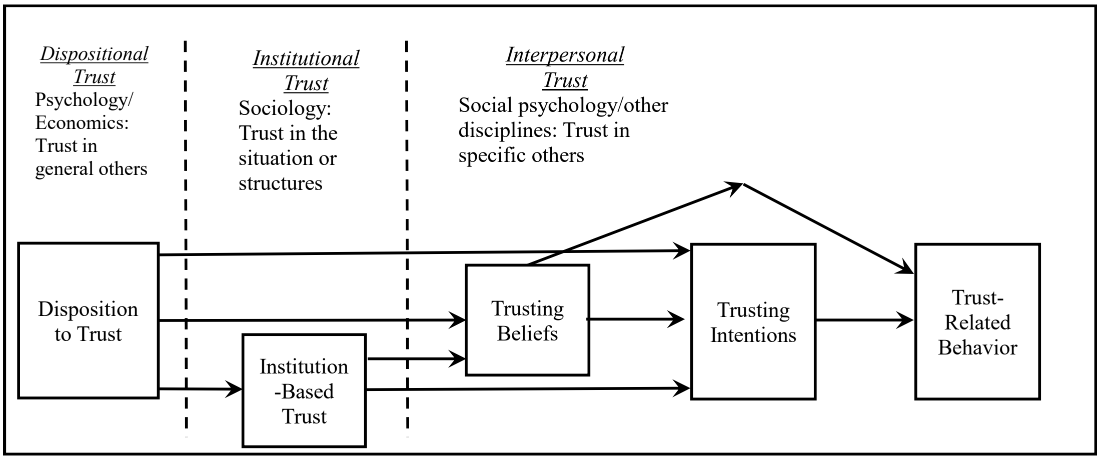


Figure 2.1: Proposed Interdisciplinary Framework for Trust Developed by McKnight and Chervany (2011)

As can be seen from Figure 2.1, the proposed McKnight and Chervany (2001) framework encompasses each of the three research streams into trust, identified and discussed on pages 26 to 31 of Section 2.3.1 above; i.e. (i) personality theorists, (ii) sociologists and economists, and (iii) social phycologists, containing five main categories, components or dimensions of trust each of which are discussed below.

2.3.2.1 Disposition to Trust

Disposition to trust refers to a general propensity and willingness to depend upon others. It is stable across a wide range of situations, with a variety of third parties, and is a generalised response to lifetime experiences of interaction with others, only predicting trust related behaviour in novel situations before parties gain knowledge and experience of interacting with each other (Mayer *et al*., 1995; McKnight *et al*., 1998; McKnight and Chervany 2001). Disposition to trust reflects the interests of personality theorists and refers to underlying assumptions held by an individual that others are usually predictable, honest, competent, and benevolent, and that more favourable outcomes can be achieved by interacting with third parties on the basis that they are well meaning and reliable (McKnight and Chervany, 2001). It should be noted that research suggests that disposition to trust is only relevant in scenarios that are new to an individual, and not applicable in scenarios where an individual has experience (Gefen *et al.,* 2003).

2.3.2.2 Institution-Based Trust

Institution-based trust, effectively environmental trust, refers to a belief held on the part of an individual that protective processes and structures, which are often interconnected, such as regulation and guarantees, ensure that the environment within which they are transacting is normal and favourable and therefore conducive to success (McKnight and Chervany, 2001; McKnight and Chervany, 2006). Institution-based trust reflects the interests of sociologists and economists. It not only reflects the arguments of Zucker (1986), that rules and regulations produce trust by governing how exchange is transacted, but also, in many ways, reflects institutional theory, which emphasises the culture and institutions that shape the business environment, thereby providing stability and meaning to social life (Scott, 2014; Doherty *et al*., 2014).

2.3.2.3 Trusting Beliefs

Trusting beliefs refers to a belief on the part of an individual that a third party with whom the individual intends to transact has characteristics that are favourable to them, specifically competence, integrity, benevolence, and predictability (McKnight and Chervany, 2001). Trusting beliefs therefore reflects both cognitive and affective trust (Lewis and Weigert, 1995) and also the components of trustworthiness (Mayer *et al*., 1995; Colquitt *et al*., 2007). Individuals will perceive that third parties possess or hold each of these characteristics in differing levels and combinations, with the importance of each of the characteristics being dependent upon the context (McKnight and Chervany, 2001).

2.3.2.4 Trusting Intentions

Trusting intentions refers to a willingness or intention to depend on a specific third party, irrelevant of context, with a feeling of security despite both a lack of control over the actions of that third party, and a degree of risk or potential for negative consequences associated with doing so (McKnight and Chervany, 2001). Trusting intentions reflects the interests of social psychologists and also, in many ways, reflects agency theory, which considers how both the relationship between a principal and agent, and levels of risk involved in the transaction they are conducting, are managed and controlled (Eisenhardt, 1989).

2.3.2.5 Trust-Related Behaviour

Trust-related behaviour refers to an individual voluntarily engaging in behaviour with a third party, such as cooperation, information sharing, or engaging in a commercial transaction, whereby they depend (as opposed to intend to depend) upon that third party despite the risk and potential for negative consequences arising from that behaviour (Lewis and Weigert, 1995; McKnight and Chervany 2001). Trust related behaviour therefore also reflects both the interests of social psychologists and agency theory.

2.3.2.6 The Interaction between the Dimensions of the McKnight and Chervany (2001) Proposed Framework for Trust

The applicability, relevance, and effect of each of the five dimensions or categories of trust shown in the proposed framework and discussed above, is dependent upon the context; and not all dimensions apply in all contexts (McKnight and Chervany, 2001). Furthermore, whilst McKnight and Chervany (2006, p. 41) note that “very little research has tested all or even most of the trust concept linkages…” proposed in the McKnight and Chervany (2001) framework, several studies can be found in the academic literature that have empirically examined the linkages between the dimensions, with many demonstrating the validity of the links between the various different dimensions. However, as in the case of, for example, Moin *et al.,* 2013, there have been some mixed results. A selection of studies that can be found in the literature examining the links between the different dimensions are shown in Table 2.2 below.

	Author (Year)	**Context**	**Description**
1.	McKnight *et al.,* (2002a).	A hypothetical legal advice website established	Found disposition to trust to be a significant predicting factor of trusting beliefs but not trusting intentions. Also, found disposition to trust to be a significant predictor of institution-based trust.

		specifically for their study.	
2.	McKnight *et al.*, (2002b).	As above.	Found trusting beliefs to be a significant predictor of trusting intentions. Also, found small but significant links between structural assurance and the trusting beliefs and trusting intentions dimensions.
3.	Kaplan and Nieschwietz (2003).	A clothing retailer's website.	Found disposition to trust to be a significant predictor of trusting beliefs but not trusting intentions. Also, found disposition to trust to be a significant predictor of institution-based trust.
4.	Pavlou and Gefen (2004).	Amazon.	Found trusting beliefs to be a significant predictor of trusting intentions.
5.	McKnight and Chervany (2005).	The relationships between individuals employed as system trouble-shooters and their supervisors.	Found trusting beliefs to be a significant predictor of trusting intentions; structural assurance to be a significant predictor of trusting beliefs but not trusting intentions; and disposition to trust to be a significant predictor of institution-based trust and trusting intentions, but not the trusting beliefs.
6.	McKnight *et al.,* 2011.	US university students trust in a specific technology (Microsoft Excel).	Found disposition (propensity) to trust to have a positive impact upon institution-based trust (environmental trust), trusting beliefs, intention to explore, and deep structure use (effectively trust related behaviour). Institution-based trust also found to have a positive effect upon trusting beliefs which, in turn, was shown to have a positive effect upon intention to explore and deep structure use.
7.	Moin *et al.,* 2015.	UK consumers and their main bank.	Found that institutional trust and dispositional trust had a significant influence on consumers trusting beliefs relating to their banks. Structural assurance was found to be of more importance than situational normality in the formation of trust.
8.	Moin *et al.,* 2016.	UK consumers and their main bank.	Found that dispositional trust, trusting beliefs and brand image have a positive effect upon trusting intentions. The effects of institutional trust were mixed as, whilst the situational normality sub component was shown to have a positive effect upon trusting intentions, structural assurance was shown to have a negative effect.

Table 2.2: Studies examining the linkages between different dimensions of the McKnight and Chervany (2001) proposed framework for trust.

Whilst none of these studies comprehensively tests the proposed McKnight and Chervany (2001) framework of trust, taken together these studies demonstrate the validity of many of the linkages between the different dimensions of the proposed framework across several very different contexts, and therefore arguably prove the validity of the framework. This, together with the thorough, holistic, rigorous, and robust approach used to develop this framework, and the fact that the proposed framework reflects the conceptualisations and definitions of trust employed across a variety of academic fields of study, suggests that this theoretical framework for trust offers a suitable basis for research that examines trust. It will allow a researcher to examine trust from a broader interdisciplinary, convergent perspective of trust rather than with a limited divergent perspective based upon a single field or area of research (Moin *et al.,* 2015). This study will therefore use the McKnight and Chervany (2001) proposed framework for guidance when developing the conceptual model of trust to be used for this study, as doing so will allow a broader convergent perspective of trust to be adopted.

Whilst the primary focus of this study is to investigate and identify the predictors of environmental trust (institution-based in the McKnight and Chervany (2001) framework), in addition to examining the effects of environmental trust upon the trusting beliefs and trusting intentions dimensions of the model, this study will also examine the effect that those dimensions have upon the dimension of trust related behaviour as, whilst two studies (Moin *et al.,* (2015) and Moin *et al.,* (2016)) examine trust in a similar context to this study, i.e. the relationship between UK consumers and their main bank, neither examines this particular linkage between trusting beliefs/intentions and trust related behaviour or, as noted earlier, the predictors of environmental trust both of which are addressed by this study.

2.3.3 The Theoretical Foundation of the Institution-Based Trust

A theoretical explanation for the component of 'Institution-Based Trust' of the McKnight and Chervany (2001) framework, effectively environmental trust which is the focus of this study, may be found in the three pillars of institutional theory put forward by Scott (2014): Regulative, Normative, and Cultural-Cognitive.

2.3.3.1. The Regulatory Institutions.

The Regulative Pillar reflects the regulatory processes that establish rules, the ability to inspect the adherence and compliance to those rules and, where necessary, the ability to manipulate future adherence and compliance with those rules by means of reward or punishment. The basis of legitimacy is through the legal sanctioning of those rules by the State, which is also, ultimately, the source of coercive power to ensure adherence and compliance with the rules, often through highly formalized mechanisms such as the police and courts, but occasionally through less formal mechanisms such as shaming or shunning. The basis of compliance with the rules is therefore the instrumentality of compliance with regulatory rules, together with rational expediency of avoiding sanction or punishment and the associated guilt, or to gain any attendant rewards for maintaining compliance (Scott, 2014). The regulative pillar therefore relates to the structural assurance fostered by governmental rules and regulations, together with the associated sanctions and punishments for breaching those rules and regulations (Zucker, 1986; Sitkin and Roth, 1993).

2.3.3.2 The Normative Institutions.

The Normative Pillar reflects the desires to adhere and conform to social obligations, together with the values and norms of wider society. Values are essentially a conception of what is a desired or preferred standard of behaviour that can be compared with others and assessed, whilst norms define both legitimate and appropriate goals together with legitimate and appropriate means and methods of pursuing and achieving those goals. What constitutes being legitimate and appropriate is often defined by standard setting bodies such as professional associations. The basis of legitimacy is therefore morally governed through what is deemed to be socially acceptable, both in terms of objectives and behaviour, with social constraints placing limits on what is acceptable. The basis of compliance is therefore the binding expectation and appropriateness of conforming to societal obligations in order to achieve the pride and honour of doing so, or to avoid the remorse and shame associated with failing to do so (Scott, 2014). The normative pillar thus relates to the structural assurance fostered by accreditation by, and membership of, professional bodies and industry associations. This is effectively self-regulation (Neu, 1991; Atchison, 1995; Blois, 2013), as accreditation by, and membership of, such an organisation, signals a willingness to conform to societal expectations, and is a means of promulgating high standards through an industry (Somers, 1969; Neu, 1991).

2.3.3.3 The Cultural-Cognitive Institutions.

The Cultural-Cognitive Pillar reflects a shared understanding or common belief of what constitutes social reality and how meanings are determined, with symbols defining and shaping the meanings attributed to both objects and activities. These meanings are then used to make sense of the environment and events within that environment. The basis of legitimacy is therefore what is, or ought to be, comprehensible, recognizable, and culturally supported, with the basis of compliance being the meeting of an expectation of an orthodoxy, shared understanding, or schema that provides certainty when present or uncertainty when absent (Scott, 2014). The cultural-cognitive pillar therefore relates to the situational normality fostered by an environment perceived to be normal, customary, as it ought to be, or properly ordered, as such an environment is conducive to the development of trust (Lewis and Weigert, 1985; Zucker, 1986; McKnight *et al.,* 1998).

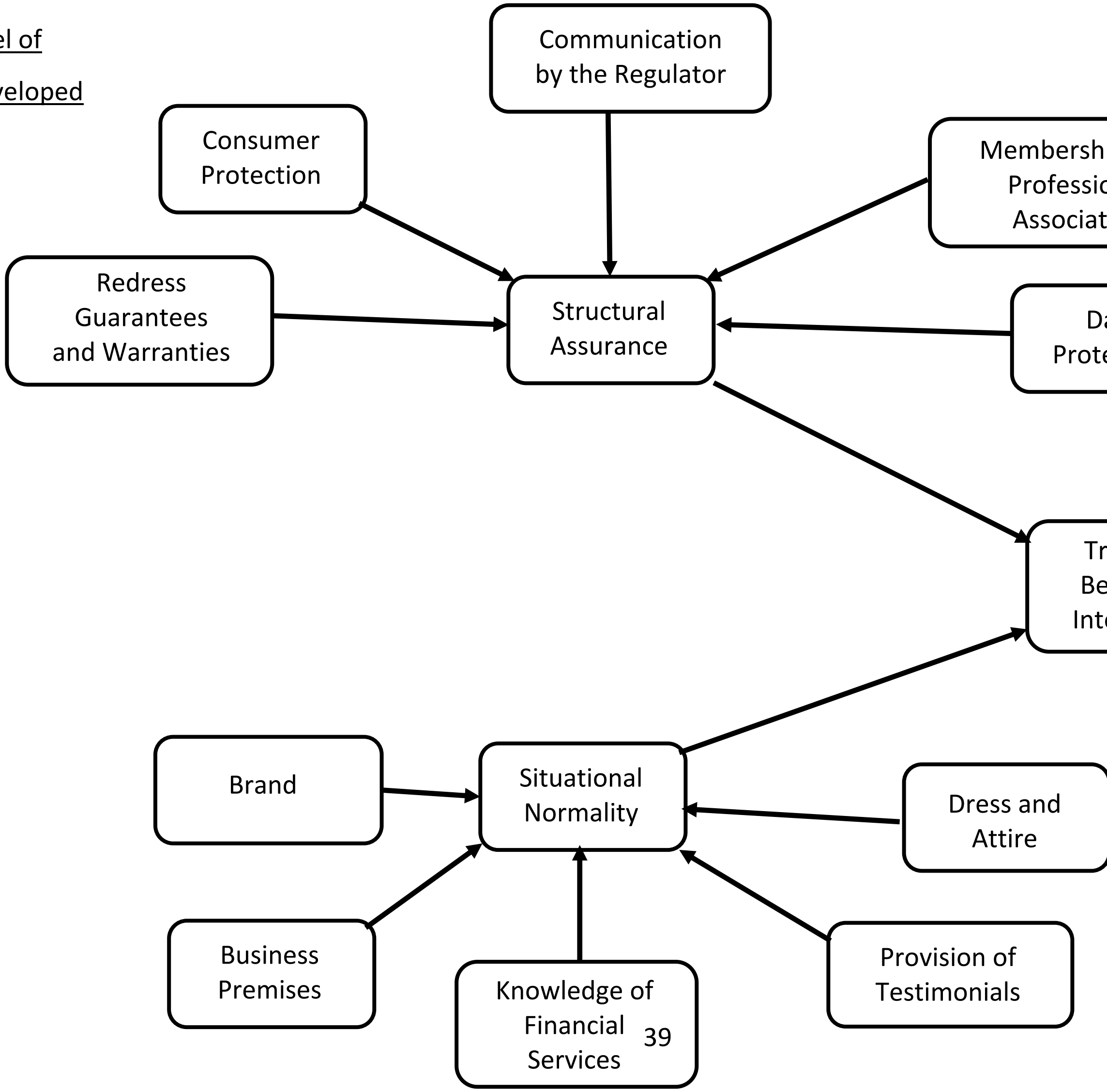
These three pillars taken together can therefore be seen to represent the components of institution-based trust in the McKnight and Chervany (2001) proposed framework for trust, with the regulative and normative pillars underpinning the regulatory and self-regulatory components of structural assurance respectively, and the cultural-cognitive pillar underpinning situational normality. Scott (2014) also argues that, for most institutional forms, varying combinations of these three pillars are at work, and that, when they are aligned, the three pillars have considerable strength to create and maintain stable social systems. In such circumstances, social systems and the practices within persist and are reinforced, as they are "taken for granted, normatively endorsed, and backed by authorized powers" (Scott 2014, p. 71). Scott (2014) also notes that the three pillars are contextual in that one pillar may operate virtually alone in some environments, whilst in others any particular pillar could assume primacy, thereby providing a potential theoretical explanation for the arguments of authors, such as Grayson *et al.,* (2008), that environmental trust is contextual.

2.3.4 The Conceptual Model of Environmental Trust Proposed by this Study.

A conceptual model of environmental trust in the context of the relationship between a UK consumer and their financial advisor has been developed using the proposed McKnight and Chervany (2001) interdisciplinary framework for trust, identified and discussed on page 32, Section 2.3.2 of this chapter for guidance. Although the primary aim of this study is to identify the predictors of environmental trust, the conceptual model developed for this study includes four of the five dimensions of trust shown in the McKnight and Chervany (2001) framework, specifically institution-based trust (represented by structural assurance and situational normality), trusting beliefs, trusting intentions (represented together by trusting beliefs and intentions) and trust related behaviour (represented by intention to purchase). The disposition to trust dimension has not been included in the conceptual model as this dimension of trust is an individual trait that is stable across different contexts, meaning that an individual who has a high disposition to trust will display that trust towards other individuals involved in a transaction and the industry and environment within which that transaction is taking place, including the institutions that govern that environment, irrelevant of the industry involved. Accordingly, any individual will display the same levels of disposition of trust towards financial advisers, the financial advice industry and the environment surrounding the financial advice industry as they would towards any other individual operating in any other industry, and the environment surrounding that industry (Gefen, 2000; McKnight and Chervany, 2001), effectively meaning that disposition to trust will have the same effect in any context and there is thus little to gain from including the dimension in this study. Furthermore, as noted on page 33, Section 2.3.2.1, research suggests that disposition to trust only applies when consumers face novel situations (Gefen *et al.,* 2003). Given that this study focusses upon individuals who have utilised the services of a financial adviser, this facet of trust does not apply to this study.

This proposed model, which will be tested in the subsequent empirical research carried out for this study, is shown in Figure 2.2 below with the theoretical basis, including proposed hypothesis, discussed in the following section.

Figure 2.2: The Model of Environmental Trust Developed for this Study



2.3.4.1 Trusting Beliefs and Intentions

The McKnight and Chervany (2001) framework theorises that, where a consumer holds both trusting beliefs and intentions about a particular third party, they are more likely to engage in trust related behaviour, such as purchasing a product or service, offered by that third party.

Based upon this conceptualisation, this study defines ‘trusting beliefs’ as “a belief held by a consumer that a financial adviser would act fairly, in their best interests, and be effective at providing financial advice” and ‘trusting intentions’ as “an intention by a consumer to rely upon the information provided by a financial adviser should they face a difficult or challenging financial situation” (for the purposes of this study, combined into a single variable – Trusting Beliefs and Intentions - TBEI).

The model developed for this study proposes that trusting beliefs and intentions (TBEI) will have a positive effect upon ‘behavioural intention to purchase’ (INPU) which, for the purposes of this study is defined as “the intention on the part of a consumer to continue a relationship with a financial adviser and utilise their services in the future, should the need arise”.

This proposed relationship highlights the importance of trusting beliefs and intentions in the context of the relationship between consumers and financial advisers, as it effectively shows holding trusting beliefs and intentions about a financial adviser as an antecedent of engaging in a transaction with that financial adviser.

H_1 Trusting beliefs and intentions (TBEI) has a positive effect upon intention to purchase (INPU).

2.3.5 Environmental, System or Institution-Based Trust

McKnight and Chervany (2001, p. 37) define environmental or institution-based trust as circumstances in which an individual “believes, with feelings of relative security, that favourable conditions are in place that are conducive to situational success in a risky endeavour or aspect of one’s life.” Environmental trust does not therefore refer to trust placed in individuals involved in a transaction, but rather refers to trust placed in the impersonal object of the structure surrounding the transaction, thereby making the vulnerable individual(s) more comfortable engaging with a third party (McKnight and Chervany, 2001). This is consistent with the definitions of environmental trust given earlier. It should be noted that environmental trust is also considered contextual, in that an individual can have confidence in an environment surrounding one particular industry but not necessarily in that surrounding a different industry (Grayson *et al*., 2008). However, as noted earlier, several authors have found that an individual’s disposition to trust can have a positive influence upon an individual’s level of environmental trust.

In their framework, McKnight and Chervany (2001) refer to two sub-components of institution-based structural assurance and situational normality. The model developed for this study will follow this structure and these two sub-components are discussed in the following sections.

2.3.5.1 Structural Assurance

Structural assurance reflects the arguments of Zucker (1986) and Neu (1991), following the notion that rules and regulations create trust by standardising organisational behaviour across a particular marketplace. In practice, rather than relying upon interpersonal trust based upon their expectation, knowledge, or experience of transacting with a particular third party, an individual relies upon the regulatory framework that surrounds the industry within which they wish to transact,. This constrains the actions of a particular third party within acceptable limits and boundaries (Sitkin and Roth, 1993) thereby effectively reducing the risk that consumers are exposed to during a transaction, with risk viewed as a factor that must be present in a transaction for trust to arise (Rousseau *et al.,* 1998). This is consistent with arguments put forward by authors such as McKnight *et al.,* (2002b), that trust is effectively a mechanism that reduces levels of risk perceived by consumers when conducting a transaction, as such rules and regulations would arguably reduce the level of exposure to risk that consumers experience during that transaction.

Structural assurance would therefore positively influence an individual's trusting beliefs, as a belief that an environment provides safeguards enables an individual to believe that a third party in that environment is trustworthy, and that institutional environments reflect the values and practices of the individuals involved in those environments, thereby allowing beliefs about individuals to be based upon beliefs about the environment. If an environment is considered benevolent, the people involved in that environment will also be perceived as benevolent (McKnight *et al.,* 1998). Furthermore, cognitive consistency plays a role in suggesting that perceptions of structural assurance held by an individual will be consistent with other related beliefs, including trusting beliefs (McKnight *et al.,* 1998).

In the context of this study, this suggests that consumers could be reassured by the rules and regulations that govern the financial advice industry in the UK, along with the other factors that contribute to structural assurance, such as self-regulation and redress, which will be discussed later in this section. In turn, this reassurance could lead to a belief or perception on the part of consumers that financial advice organisations and individuals conducting business within the UK are competent, benevolent, predictable, and possess integrity. In effect, such organisations and individuals could be perceived as being trustworthy by consumers. Consumers could therefore effectively hold trusting beliefs, as defined in the McKnight and Chervany (2001) framework and discussed earlier in Section 2.3.2.3. Furthermore, holding such a perception, along with the reassurance provided by the rules, regulations, and other factors that contribute to structural assurance, could also lead to a willingness or intention on the part of consumers to depend upon an organisation or individual operating within the UK financial advice industry, despite the risks associated with doing so. Consumers could therefore also effectively hold trusting intentions, as defined in the McKnight and Chervany (2001) framework and discussed earlier in Section 2.3.2.4.

Therefore, in the present study, 'structural assurance' (SA), defined as "the reassurance fostered by the structures and safeguards that surround the UK financial advice industry that lead to trust", is proposed to have a positive direct effect upon 'trusting beliefs and intentions' (TBEI).Therefore:

H_2 Structural assurance (SA) has a positive effect upon trusting beliefs and intentions (TBEI)

2.3.5.2 The Predictors of Structural Assurance

Rather than seeing trust as the product of one single factor, trust (including environmental trust) is seen as a product of a network of interconnected factors (McKnight and Chervany, 2006). Therefore, as structural assurance is a proposed sub-component of environmental trust, it may also be the product of a network of interconnected factors. Potential predictors of structural assurance are discussed in detail in the following section.

2.3.5.2.1 Statutory Regulation

Based upon the arguments discussed above, individuals rely upon the regulatory framework surrounding an industry to constrain the actions of that industry within acceptable limits (Sitkin and Roth, 1993), thereby reducing levels of risk and fostering trust (Rousseau *et al.,* 1998; McKnight *et al.,* 2202b). In the context of the UK financial services industry, including financial advisers, two sets of statutory regulation govern the environment.

2.3.5.2.1.1 Consumer Protection

The Financial Conduct Authority (FCA) is the statutory governing body whose primary responsibility to “regulate financial service firms in the UK, including banks and building societies, mortgage and insurance brokers, and financial advisers” which have, amongst others, a specific objective of protecting consumers (Financial Conduct Authority, no date). The FCA therefore effectively protects the best interests of consumers, utilising the services of the financial advisers in the UK (the context of this study).

The FCA achieves this in a variety of ways, including the authorisation of both organisations and individuals to operate within the industry; the provision of standards, rules, and regulations for both organisations and individuals to follow and adhere to; and the enforcement of those standards, rules, and regulations by a variety of means, including ultimately substantial fines and expulsion from the industry (Financial Conduct Authority, no date). The provision of those standards, rules, and regulations should effectively standardise behaviour across the UK financial advice industry and, in doing so, also foster structural assurance and trust in the industry, as this can be considered to be a means of fostering trust (Zucker,1986; Neu, 1991). Furthermore, the enforcement (or threat of enforcement) of those rules could also effectively constrain the behaviour of members of the industry within acceptable limits and boundaries, which has also been suggested as a means of fostering trust in an industry (Sitkin and Roth, 1993) as such enforcement (or threat of enforcement) may also effectively reduce the level of risk perceived by consumers when conducting a transaction with a third party.

Therefore, the regulatory regime, provided by the FCA and designed to protect the best interests of consumers, should be a predictor of structural assurance in the context of this study. For the purposes of this study ‘statutory consumer protection regulation’ (CP) is defined as “the reassurance perceived by consumers due to the statutory consumer protection regime, provided and enforced by the Financial Conduct Authority”, and is proposed to have a direct positive effect upon structural assurance. Therefore:

H_{2a} Statutory consumer protection (CP) will have a positive effect upon structural assurance (SA).

2.3.5.2.1.2 Data Protection and Privacy

In common with many other industries, the financial services industry is also governed by the terms of the Data Protection Act 1984 (DPA), which is enforced by the Information Commissioners Office (ICO). This further set of statutory regulations apply to the financial advice industry as, during the course of obtaining financial advice, and the subsequent purchase of a product, a consumer will invariably be expected to divulge highly sensitive personal information, including details of their income, assets, and health. Dependent upon the exact nature of the products being purchased, consumers could also be expected to disclose details of their medical history and sexual practices.

Divulging such information can give rise to serious consumer concerns over issues such as privacy, confidentiality, and data security (Yousafzai *et al*., 2005). Thus, establishing and enforcing rules that address security and privacy concerns can foster consumers' trust (Mukherjee and Nath, 2003). Research has shown that individuals are less likely to perceive the collection of sensitive information as an intrusion of their privacy where (i) the information is collected in the context of an existing relationship; (ii) they have the ability to control the use of that information in the future; (iii) they know that the information is relevant to the transaction; and (iv) that the information will be used to draw reliable and valid conclusions about them (Culnan and Armstrong, 1999). Thus, an organisation that develops information handling practices that address these concerns fosters a positive experience for consumers that, over time, will increase consumers' perceptions that the organisation can be trusted (Culnan and Armstrong, 1999). The four issues raised by Culnan and Armstrong (1999) are all addressed by the DPA, specifically the ICO Data Protection Principles (Gaille, 2013), which justifies the inclusion of this second set of rules and regulations as part of the regulatory framework that fosters trust in the environment surrounding the financial advice industry in the UK. The regulatory regime provided by the ICO that protects consumers' personal information, privacy, and confidentiality, should therefore be a predictor of structural assurance in the context of this study. For the purposes of this study, 'statutory data protection regulation' (DP) is defined as "the reassurance perceived by consumers due to the Data Protection Act and its enforcement by the Information Commissioners Office", and is proposed to have a direct positive effect upon structural assurance. Therefore:

H_{2b} Data protection (DP) will have a positive effect upon structural assurance (SA).

2.3.5.2.2 Self-regulation

In addition to structural assurance fostered in a particular environment by governmental or statutory rules and regulations, together with the sanctions and punishments used to enforce them, that often govern most, if not all, of the activities within a given industry or marketplace (Zucker 1986; Sitkin and Roth, 1993), membership of a professional body, trade society or industry association can also foster structural assurance in a particular industry or marketplace (Neu, 1991; Atchison, 1995; Blois, 2013). Such organisations frequently have the goal of fostering consumer trust by means of the enforcement of standards often achieved through the use of accreditation, qualification or assessment, or licensing (Atchison, 1995), with membership of such an organisation signalling a willingness to conform to societal expectations, particularly where the membership of such a body is dependent upon formal qualification (Neu, 1991).

Effectively, such organisations provide self-regulation of a particular industry or marketplace. It could therefore be argued that such self-regulation, provided by professional bodies, trade societies, and industry associations, is an integral part of structural assurance. Should, for example, such an organisation enforce minimum standards, this could reduce the levels of risk perceived by a consumer when conducting a transaction, thereby effectively fostering trust (Rousseau *et al.,* 1998; McKnight *et al.,* 2002b). However, such a claim would not be without controversy, as self-regulation is considered by some to be an institutionalised conflict of interest, whereby questionable activities can be ignored as they are considered to be standard practice within a profession or an industry, even where entry to a professional body, trade society, or industry association is restricted in some way, for instance, by formal qualification (Shapiro 1997).

In the context of this study, there are a variety of professional associations open to financial advisers, such as the Chartered Institute of Insurance (CII), the Institute of Financial Planners (IFP), and the Personal Finance Society (PFS). As suggested by authors such as Zucker (1986), Atchinson (2005), and Blois (2013), a financial adviser holding membership of one of these organisations could therefore foster trust as this would signal a willingness on their part to conform to societal expectations and possibly reduce the levels of risk perceived by consumers when transacting with a financial adviser.

Membership with one of these organisations could therefore also be a predictor of structural assurance in this context, and 'self-regulation provided by membership of a professional association' (MP) is therefore defined for the purposes of this study as "the reassurance perceived by consumers as a consequence of a financial adviser being a member of a professional association", and is proposed to have a direct positive effect upon structural assurance. Therefore:

H_{2c} Membership of a professional association or body (MP) will have a positive effect upon structural assurance (SA).

2.3.5.2.3 Redress, Guarantees, and Warranties

Redress, in the form of guarantees and warranties offered to consumers, has also been considered able to foster structural assurance (McKnight *et al*., 1998; Gefen *et al.,* 2003). In certain circumstances, it is not possible to establish whether or not a particular transaction has been successful, and therefore whether the third party involved in the transaction is worthy of trust, until a considerable period of time has elapsed after the conclusion of that transaction. This gives rise to an inherent forward risk of transaction failure for a variety of reasons, including malfeasance on the part of the third party, which the provision of a guarantee or warranty to a consumer can provide advanced mitigation against (Shapiro, 1987). Such guarantees or warranties are often facilitated by means of an insurance bond established by the third party. This provides an incentive to the third party to conduct transactions in a trustworthy and ethical manner, as the insurance company providing the bond will often require a wide range of procedures, such as auditing and inspections, to be introduced and undertaken before offering cover (Shapiro, 1987). Providing guarantees and warranties can therefore signal to consumers that the third party is behaving in a responsible manner and endeavouring to protect others from loss (Zucker, 1986). The provision of such a warranty could therefore also result in a consumer perceiving a lower risk when conducting a transaction, thereby fostering trust (Rousseau *et al.,* 1998; McKnight *et al.,* 2002b).

Whilst the suggestion is that warranties and guarantees have been shown to foster structural assurance (Pennington *et al*., 2003; online purchase of DVD players), they are also not without controversy, as sizeable insurance coverage can lead to lax internal controls and carelessness, which can, in turn, facilitate a breach or violation of trust (Shapiro 1987). This controversy is reflected in the findings of Chellappa and Pavlou (2002), who found that guarantees offered by credit card companies did not enhance consumer trust when conducting online transactions, arguing that the absorption of financial risk by a credit card company was not sufficient to foster consumer trust. Similarly, the provision of credit card guarantees relating to the Amazon online market place did not foster consumer trust in the online community of sellers (Pavlou and Gefen, 2004).

Accordingly, whilst the literature contains some ambiguity relating to the provision of redress through guarantees or warranties, (including insurance), existing literature suggests that such provision may be a predictor of structural assurance in this context, particularly given the credence nature of many financial service products, as this effectively means that consumers would not be able to judge the success of a transaction for some considerable time after purchase (Gough, 2005).

In the context of this study, the Financial Services Compensation Scheme (FSCS) provides compensation to consumers in a variety of adverse circumstances relating to the financial services industry in the UK. One such circumstance exists when an individual suffers a financial loss as a result of incorrect or bad advice given by a financial adviser who has subsequently ceased trading. Membership of the FSCS scheme is mandatory for all financial advisers (Financial Services Compensation Scheme, no date). The FSCS is therefore effectively a statutory guarantee or warranty that protects consumers against bad advice or malfeasance on the part of a financial adviser and may therefore reduce the levels of risk perceived by consumers when transacting with a financial adviser.

Financial advisers are also required by the FCA to hold Professional Indemnity Insurance (PII). PII is an insurance bond that provides redress to a consumer in the event of malfeasance on the part of a financial adviser (Financial Conduct Authority, no date), meaning that PII is effectively an insurance bond that facilitates a guarantee of warranty to consumers (Shapiro; 1987) thereby also possibly reducing levels of risk perceived by consumers.

Both holding PII and membership of the FSCS should therefore also be predictors or antecedents of structural assurance, as research has shown that warranties and guarantees contribute to structural assurance (McKnight *et al.,* 1998; Pennington *et al.,* 2003). For the purposes of this study, 'redress, guarantees, and warranties' (RGW) are defined as "the reassurance perceived by consumers as a consequence of the statutory requirements for financial advisers to both participate in the Financial Services Compensation Scheme and for them to hold Professional Indemnity Insurance", and is proposed to have a direct positive effect upon structural assurance. Therefore:

H_{2d} Redress, guarantees, and warranties (RGW) will have a positive effect upon structural assurance (SA).

2.3.5.2.4 Communication by Regulatory Bodies

Governmental and regulatory bodies might enhance trust in consumer protection legislation by communicating with consumers (Grayson *et al.,* 2008). Whilst the responsibility of the regulator to undertake such communication is arguable (i.e. should it be the role of the financial services product provider or financial adviser to undertake such communication?) this effectively suggests that high quality, frequent communication from regulators addressed to consumers, concerning consumer protection legislation, could enhance consumer trust in a transactional environment. This is in addition to the actual consumer protection itself provided by statutory regulation, self-regulation, or redress in the form of guarantees and warranties. Communication has been defined as "the formal as well as informal sharing of meaningful and timely information" (Anderson and Narus, 1990), and fosters trust by means of aligning expectations and perception and assisting in resolving ambiguities and disputes (Mukherjee and Nath, 2003).

This suggestion by Grayson *et al*., (2008) that communication could effectively enhance environmental trust is supported in the academic literature, as a positive relationship has been found between communication and trust when studying online banking (Mukherjee and Nath, 2003). It has also been shown that bilateral communication between banks and their customers leads to higher levels of perceived trustworthiness (Sekhon *et al*., 2014). However, there is also ambiguity concerning the effects of communication upon trust in the academic literature, as communication was not found to be a significant predictor of trustworthiness in Indian retail banking (Roy *et al.,* 2011), and was also found to have a rather low impact upon organisational trust in the financial services industry as a whole (Nienaber *et al.,* 2014).

Whilst the literature contains some ambiguity relating to communication by a regulatory body, existing literature suggests that such communication could enhance consumer trust in the regulatory environment and, accordingly, may be a predictor of structural assurance in this context. For the purposes of this study, 'communication by regulatory bodies' (COMR) is defined as 'timely, regular, and frequent communication received by consumers from relevant regulatory organisations such as the FCA and ICO', and is proposed to have a positive direct effect upon structural assurance. Therefore:

H_{2e} Communication by the regulator (COMR) will have a positive effect upon structural assurance (SA).

2.3.5.3 Situational Normality

Situational normality has its origins in the sociological tradition of trust research and, in particular, the work and findings of Garfinkel (1963), who defined trust as a perception held by an individual that a particular environment is normal, proper, and customary which, together with the work of authors such as Blau (1964) and Luhmann (1979), effectively defines trust as the product of fulfilled expectations. Where an individual observes or experiences an environment that they perceive to be fulfilling their expectations of what is typical and expected, then the individual has the basis for extending trust and, in such circumstances, will also often extend a greater amount of trust than they otherwise would. Consequently, that environment could be considered as being conducive to the success of a particular transaction, whereas in an environment that failed to meet an individual's expectations, or fails to meet that which the individual considers to be the norm, the establishment of trust could be disrupted, leading to the failure of a particular transaction (Zucker, 1986; McKnight *et al.,* 1998; McKnight and Chervany, 2001; Gefen *et al.,* 2003). Situational normality can also refer to an individual's comfort with the different socially constructed roles being played by the different actors involved in a transaction, as such roles create a shared understanding of what is happening, thereby facilitating trust (McKnight *et al*., 1998).

Therefore, as consumers may hold expectations regarding financial advisers, or indeed the UK financial services industry as a whole, it would also be possible for consumers to extend trust to a financial adviser or a financial services organisation in circumstances where they perceive their expectations are being met, or indeed, for the formation of trust to be disrupted in circumstances where they perceive the adviser or organisation is not meeting their expectations. Accordingly, when an individual consumer perceives a situation where a UK financial advice organisation, or an individual working within such an organisation, is as expected, or believes that the situation is normal, proper, or customary, then that consumer may perceive that the organisation or individual concerned is also trustworthy, and could therefore effectively hold trusting beliefs, as defined in the proposed McKnight and Chervany (2001) framework for trust, discussed earlier in Section 2.3.2.3. Furthermore, holding such a perception, together with being reassured by the fact that the situation is as expected, could also lead to a willingness or intention on the part of the consumer to depend upon an organisation or individual operating within the UK financial advice industry, despite the risks associated with doing so, as meeting such expectations could reduce the levels of risk perceived by consumers, thereby fostering trust (Rousseau *et al.,* 1998; McKnight *et al.,* 2002b). The consumer could therefore also effectively hold trusting intentions, as defined in the McKnight and Chervany (2001) proposed framework for trust and discussed earlier in Section 2.3.2.4.

In the present study, 'situational normality' (SN) is therefore defined as "encountering a situation that is perceived to be normal, typical, and as expected, thereby fostering trust", and is proposed to have a positive direct effect upon trusting beliefs and intentions. Therefore:

H_3 Situational Normality (SN) will have a positive effect upon trusting beliefs and intentions (TBEI).

2.3.5.4 The Predictors of Situational Normality

Whilst there is general agreement amongst authors (e.g., Lewis and Weigert, 1985; Zucker, 1986; McKnight *et al.,* 1998; Pennington *et al.,* 2003) regarding the definition of situational normality, in that they all maintain that an environment which is normal, customary, properly ordered, or as it ought to be, is integral to the reduction of uncertainty and, thus, is conducive to success and thereby fosters trust (which reflected in the definition given by McKnight and Chervany (2001) in their proposed framework for trust used as the basis for model of environmental trust proposed by this study), there is very little in the existing literature that suggests what the predictors of situational normality may be. Existing literature only suggests two potential predictors that may affect the perception of situational normality: (i) the physical appearance of the employees who will conduct transactions; and (ii) the physical appearance of the premises within which transactions are to occur (McKnight *et al.,* 1998; Gefen *et al.,* 2003).

Potential predictors of situational normality, in the context of the relationship between consumers and their financial adviser, are discussed in detail in the following section.

2.3.5.4.1 Dress and Attire

Individuals display higher levels of trust in a third party when they perceive that third party to have a trustworthy looking face (Berg *et al.,* 1995), and can come to reliable conclusions regarding the trustworthiness of a third party based upon facial features very quickly as, from an evolutionary perspective, this ability is essential to survival (Willis and Todorov 2006). This effectively confirms the suggestion by both McKnight *et al.,* (1998) and Gefen *et al.,* (2003), noted earlier, that the appearance of an individual can affect perceptions of that individual's trustworthiness.

Furthermore, dress and attire, an intrinsic part of the appearance of an individual, has also been shown to have an effect upon levels of trust in studies addressing a variety of contexts. For example, Petrilli *et al.,* (2015) identified six studies where the attire of clinicians had been found to have a positive impact upon patients' levels of trust, with a well-groomed appearance being favoured by all participants in all six relevant studies. Patients were also found to possess different preferences in different settings, i.e. white coats in out-patient settings compared to surgical scrubs in emergency care settings.

Taken together, these findings effectively indicate that, not only does the appearance of an individual have an effect upon levels of trust directed towards that individual, but also that individuals hold different expectations for dress in different circumstances, and that levels of trust will vary as a result of those expectations being met or otherwise. Accordingly, it is perfectly possible that a consumer could hold expectations with regard to the dress and attire of their financial adviser, and that meeting those expectations could also affect the level of trust held by that consumer for that financial adviser. Effectively, meeting consumer expectations regarding the dress and attire of a financial adviser could be a predictor of situational normality. For the purposes of the present study, 'meeting consumers expectation regarding dress and attire' (AA) is defined as "the effect that meeting consumer expectations relating to dress and attire has upon a consumer's perception of a financial adviser", and is proposed to have a direct positive effect upon situational normality. Therefore:

H_{3a} Meeting consumer expectation regarding the dress and attire of a financial adviser (AA) will have a positive effect upon situational normality (SN).

2.3.5.4.2 Business Premises

Different elements of a service setting, such as atmospherics, design, and layout, can create a favourable image in the mind of consumers and, in doing so, have also been found to enhance the propensity of consumers to extend trust (Sekhon *et al.,* 2014). This effectively confirms the suggestions by both McKnight *et al.,* (1998) and Gefen *et al.,* (2003), noted earlier, that the appearance of business premises within which a transaction occurs can affect an individual's levels of trust in a third party. Gefen *et al.,* (2003, p. 64) exemplify their definition using the environment of a store: "bricks-and-mortar stores that look like a store, with salespeople that look like salespeople, build customer trust, while stores that do not look that way erode customer trust".

Architecture has also been found to foster trust by visually communicating attributes about organisations and institutions to consumers. Banks, for example have been found to employ fortress style architecture to convey a perception of safety and security to their customers as, in the physical environment engendered by such an architectural design, potential customers develop a perception that their money will be safe, as the environment in which it will be stored is safe and secure, and therefore as it should be (Fransden *et al.,* 2012).

Taken together, this not only suggests that consumers hold expectations regarding the business premises of a financial adviser, but also that the appearance of a financial adviser's business premises, and possibly also their condition, could affect the levels of trust that consumers are prepared to extend to that financial adviser. This effectively amounts to a perception of situational normality. Thus, meeting consumer expectations regarding the appearance of the business premises of a financial adviser could be a predictor of situational normality. For the purposes of this study, 'meeting business premises expectation' (BP) is defined as "the effect that meeting consumer expectations relating to business premises has upon a consumer's perception of a financial adviser", and is proposed to have a direct positive effect upon situational normality. Therefore:

H_{3b} Meeting business premises expectations (BP) will have a positive effect upon situational normality (SN).

2.3.5.4.3 Prior Knowledge of the Financial Advice Industry

Where a consumer comes across a new website that behaves and appears in a manner typical of other similar websites with which they are familiar, consumers will find it easier to use that new website, and consequently are also more likely to trust that new website (Gefen *et al.,* 2003).

Effectively, where a consumer has prior knowledge of the ways in which similar existing websites behave and appear, they have a basis to extend trust should they come across a new website that behaves and appears analogous to those existing websites. In a similar manner, if a consumer were to have prior knowledge of a financial adviser, or the wider financial advice industry, then they would have a basis to extend trust to a new financial adviser behaving in a manner that is suggested by that prior knowledge as being typical of other financial advisers, or the financial advice industry. Such information could be acquired from a variety of sources, such as family, friends, or the consumer facing press, and may also enable consumers to anticipate what to expect when conducting business with a financial adviser which, in turn, could influence their levels of trust in that financial adviser. For the purposes of this study, 'prior knowledge of the financial advice industry' (KNFS) is defined as "a consumer's perception of their knowledge of the financial advice industry", and is proposed to have a direct positive effect upon situational normality. Therefore:

H_{3c} Prior Knowledge of the financial advice industry (KNFS) will have a positive effect upon situational normality (SN).

2.3.5.4.4 Brand Name

In a similar manner to the way in which architecture can project organisational traits, characteristics, and attributes discussed earlier, many organisations, particularly those that are larger, use brand as a means of conveying supporting cues about their organisation. Consequently, the presence of a strong brand can engender trust in consumers, particularly where the purchase of an intangible product, such as a financial services product, is being considered by a consumer (Yousafzai *et al*., 2005). It could therefore be argued that, when conducting business with a financial adviser, the presence of a strong brand could be both expected by a consumer and also perceived as being normal and conducive, if not a pre-condition, of a successful transaction. Accordingly, the presence of a brand could be a predictor of situational normality in the context of the relationship between a consumer and a financial adviser. For the purposes of this study, 'the presence of a well-known brand' (BR) is defined as "the employment of a financial adviser by an organisation that is either well-known or possesses a well-known and established brand", and is proposed to have a positive direct effect upon situational normality. Therefore:

H_{3d} The presence of a well-known brand name (BR) will have a positive effect upon situational normality (SN).

However, it should be noted that there is some disagreement in the literature relating to the specific context of financial advice examined by this study as, whilst Gough and Nurullah (2009, p. 170) found that "over half" of their respondents based a decision to purchase a pension product upon a brand they were familiar with, Devlin (2007, p. 647) argues that "…consumers do not really engage with the brand reputation of financial services firms".

2.3.5.4.5 Word of Mouth Communication

Similar cues regarding the potential for success of a transaction with any particular third party could also be provided by other means, such as word of mouth communication, as word of mouth recommendations or endorsements of a third party, particularly when given by a family member or friend, are an antecedent of trust in that third party (Elliot and Yannopoulou, 2007; Nienaber *et al.,* 2014). Testimonials additionally provide an individual with information concerning the past performance and ability of a particular third party to conclude a transaction (Yousafzai *et al.,* 2005).

An explanation for this could be the arguments of McKnight *et al.,* (2002), who suggest that the receipt of such information suggesting success alleviates the perception of risk and insecurity associated with transacting with an unknown third party. Accordingly, an individual could therefore perceive either the recommendation of another, or the provision of testimonials, to be both normal and expected within a particular industry, and deduce that it is normal for transactions with a third party endorsed in such a manner to be successful, thereby creating or adding to a perception of situational normality on the part if an individual. Receipt of such information by either means could therefore be a predictor of situational normality in the context of this study.

For the purposes of this study 'recommendation of another' (RA) is defined as "the receipt of a recommendation to use a particular financial adviser from a third party, indicating that a transaction with that adviser will be successful", and is proposed to have a positive direct effect upon situational normality. The ‘provision of testimonial(s)’ (PT) is defined as “the provision of a testimonial to a potential client by a financial adviser, containing information that suggests transacting with that adviser will be successful”, and is also proposed to have a positive direct effect upon situational normality. Therefore:

$H3_e$ Recommendation of another (RA) will have a positive effect upon situational normality (SN).[3]

H_{3f} Provision of testimonials (PT) will have a positive effect upon situational normality (SN).

2.3.5.4.6 Demonstration of Holding Professional Qualifications

A further antecedent or predictor of situational normality is suggested by both Zucker (1986) and Neu (1991), who argue that holding a professional qualification demonstrates competence and efficiency, together with a willingness to conform to societal expectations. These authors suggest that doing so can engender trust, as holding a qualification can signal that claims by a third party relating to their trustworthiness are true (Rousseau *et al.,* 1998). It could therefore be argued that holding such professional qualifications, and displaying evidence of them, could be perceived by consumers to be normal practice within any particular industry and therefore is expected, and that doing so would effectively create or add to a perception of situational normality on the part of an individual. The holding or display of professional qualifications could therefore be a predictor of situational normality in the context of this study. For the purposes of this study, the ‘display of qualifications’ (DQ) is defined as “the display or provision of evidence of appropriate qualification by a financial adviser”, and is proposed to have a positive direct effect upon situational normality. Therefore:

$H3_g$ Demonstration of appropriate qualification (DQ) will have a positive effect upon situational normality (SN).

<u>2.3.6 Summary</u>

This section reviewed and examined the academic literature relating to the institutional-based trust dimension of the McKnight and Chervany (2001) proposed framework for trust, with the aim of understanding the concept, underlying principles, and theory of environmental trust. In doing so, potential predictors of environmental trust were identified.

This conceptual framework was then applied to the chosen context of this study, the relationship between a UK consumer and their financial adviser, in order to generate hypotheses and construct a proposed model representing environmental trust for subsequent testing in the empirical phases of research in order to achieve the aims and objectives of this study, as set out in Chapter One.

This model postulates that trusting beliefs and intentions has two sub components, structural assurance and situational normality, and is also a direct predictor of intention to

[3] This hypothesis was subsequently dropped on the basis of the qualitative findings. See page 104.

purchase. The model also postulates predictors for both structural assurance and situational normality.

This proposed model was initially used to design the discussion guide (Appendix Two) used in the first qualitative phase of research undertaken for this study, which aimed to further refine this conceptual model and validate it before moving on to the second phase of research, which tested the revised model using quantitative methodology.

The next section identifies and examines potential demographic moderating factors.

2.4 The Moderating role of Demographic Characteristics

Fundamental human characteristics, such as gender, ethnicity, age, socioeconomic status, and educational attainment, are of great interest to marketers in general. Such information can be used to locate and predict the size of markets for many goods and services (Solomon *et al.,* 2010), as membership of groups based upon these characteristics can determine psychological, social, and economic fates in significant ways. Membership of such groups has also been found to have a profound impact upon the perception and behaviour of individuals, and has been seen to play a significant role in determining the perceptions, knowledge, and feelings that constitute an individual (Nosek *et al.,* 2012).

It is therefore perhaps not surprising that such demographic characteristics have also been shown to have a very significant effect upon levels of trust in other people (Lachance and Tang, 2012). For example, age has been found to have a significant impact upon patients' expectations and preferences for the attire and dress of clinicians which, in turn, has been shown to have a significant effect upon their trust in those clinicians (Petrilli *et al*., 2015). Such findings suggest that it is possible that demographic factors may also influence environmental trust in the context of this study, particularly as a variety of studies have shown that age, gender, and income have a significant effect upon the decision-making process of consumers when purchasing complex financial services products. For example, statistically significant differences in levels of consumer confidence when purchasing financial services products, based upon age, gender, and income level, have been found; with females being less confident than males, younger consumers less confident than older consumers, and those with lower income levels less confident that those with higher levels of income (Howcroft *et al.,* 2003a).

On the other hand, these same demographic factors of age, gender, and income were also shown to have little effect upon levels of financial literacy and financial understanding (Howcroft *et al.,* 2003a). This is of particular relevance in the context of this study, as higher levels of financial literacy have also been shown to reduce levels of trust held by American consumers in the financial services industry (Lachance and Tang, 2012). Given the sparsity of research investigating trust in the financial services industry, as identified in previous chapters, it is unsurprising that there are very few studies in current academic literature that specifically address the effect that such demographic factors have upon trust in the financial services and financial advice industries, which represents a further gap in the academic literature and therefore our knowledge that this study aims to address.

Therefore, in addition to considering the predictors and antecedents of both structural assurance and situational normality, this study will also consider the potential effect of several demographic factors upon environmental trust. Thus, the aim of this section is to review and identify relevant demographic factors from existing literature that has examined such issues, and to apply them to the chosen context for this study, i.e. the relationship between a UK consumer and their financial adviser. In Section 2.4.1, the potential moderating effect of gender is discussed, whilst Section 2.4.2 discusses age. Section 2.4.3 discusses the potential moderating effects of education, with the final section discussing the moderating effects of income and occupation.

2.4.1 The Moderating Effect of Gender

Gender has been found to affect consumer purchasing behaviour in a variety of ways, including the behaviour of consumers when purchasing financial services products and their use of financial advisers and other financial professionals, such as stock brokers.

For example, in a UK study, female consumers were found to prefer to use the telephone to obtain information regarding alternative financial services products, whereas male consumers preferred face to face advice and were more likely to utilise the services of an IFA than females (Devlin, 2007; Gough and Nurullah, 2009). On the other hand, in the USA, male consumers are less likely than females to seek advice from professionals such as stockbrokers due to overconfidence, with females soliciting more financial advice than males (Lachance and Tang, 2012). Similarly, UK female consumers have also been found to be significantly less likely than males to base a decision to purchase financial services products on the basis of professional advice than UK males (Devlin 2002).

Taken together, these findings from different contexts not only confirm that the gender of consumers has an impact upon consumer behaviour when purchasing financial services products, but they also suggest that gender has different moderating effects in different contexts within the financial services industry as a whole and also across geographic boundaries. The three studies that could be found in academic literature that addresses the specific issue of the effect of gender upon trust in the financial services industry all suggest that female consumers are more likely to trust the financial services industry than male consumers (Ennew and Sekhon, 2007; Ennew *et al.,* 2011; Lachance and Tang, 2012). No explanation for this difference is given by these authors, however Lachance and Tang (2012) do state that there is no easy explanation for this phenomenon.

These differences between genders are reflected and acknowledged in the wider trust related literature, with the existence of such differences based upon gender being accepted as holding important implications for economic behaviour (Zeffane, 2015). However, unlike the previously identified studies relating to financial services, there is considerable ambiguity and disagreement in the wider trust literature relating to the impact of gender, as some studies, i.e. Feingold (1994) and Furumo and Pearson (2007), found that females are more trusting than males, and are therefore supportive of the findings relating to trust and gender in financial services. Others, i.e. Buchan *et al*., (2008) and Dittrich (2015) found that males are more trusting than females, and are therefore contrary to those findings. Furthermore, studies such as Dreber and Johannesson (2008) found no significant differences between the genders.

2.4.1.1 The Social Role Theory (SRT)

One potential explanation for the differences in gender can be found in Social Role Theory (SRT), which suggests that differences in behaviour are the result of gender roles, which dictate appropriate behaviour for both genders (Eagly and Wood, 1991). These differences in behaviour can be explained by two processes (Buchan *et al.,* 2008). First, expectations associated with the roles of each gender exert normative pressures on individuals that foster behaviour consistent with such expectations (Eagly, 1997). Second, males and females acquire different skills and beliefs during their life experiences as a result of their participation in gender segregated roles, which then subsequently influence behaviour.

The SRT also indicates that the genders are differentiated along the *agentic versus communal* continuum (Bakan, 1966). The female gender roles promoting procedural and process based behaviour are at the communal end of the continuum, while male gender roles promoting instrumental and outcome based behaviour are at the agentic end of the continuum (Buchan *et al.,* 2008). Essentially, agentic behaviour, which is more likely to be practiced by males, focuses upon self-assertion, self-protection, and self-expansion; whereas communal behaviour, which is more likely to be practiced by females, focuses upon participation, contact with others, unity, and co-operation with others (Weisskopf, 1967). Practically, this has different effects in different contexts. For example, in task orientated small group settings, females will focus on the social aspects of the group, whilst males will focus upon the task in hand and, whilst males are often more aggressive in social settings, females will attend to their partners, displaying more empathy, and emphasise equality and harmony in relationships (Buchan *et al.,* 2008).

Given this ambiguity regarding the role of gender in both the wider trust literature and financial services literature, it is difficult to predict what effect, if any, gender will have upon the perception of structural assurance, situational normality, or environmental trust by UK consumers in the context of this study, i.e. financial advice. However, given the findings of the previous aforementioned studies relating to trust, financial services, and gender, together with the argument that females are more risk averse and respond more strongly to fear based incentives, such as the possibility of being exploited (Irwin *et al*., 2015), females may draw more reassurance than males from structural assurance and both statutory and self-regulation than males. Therefore:

H_{7a} Females will draw greater reassurance from structural assurance than males.

H_{7b} Females will draw greater reassurance from statutory regulation than males.

H_{7c} Females will draw greater reassurance from self-regulation than males.

Furthermore, as research suggests that females are more likely to choose an investment product on the basis of a family relationship rather than professional advice (Devlin, 2007), together with the way that brand managers often attempt to ascribe brands a personality (Solomon *et al*., 2010), it can be hypothesised that females may place a greater emphasis upon brand than males, and also may place greater emphasis upon knowledge regarding financial services and knowledge about an adviser acquired through friends and other social contacts. Therefore:

H_{7d} Females will draw greater reassurance from the presence of a strong brand than males.

H_{7e} Females will draw more reassurance from their knowledge of financial services than males.

H_{7f} Females will draw more reassurance from their knowledge of an adviser than males.

Along the lines of research which suggest that females are less likely to utilise the services of an IFA (Devlin 2007), it is hypothesized that females may have less experience of the financial services industry than males and, consequently, may draw less reassurance from experience than males. Therefore:

H_{7g} Females will draw less reassurance than males from their experience of financial services.

Given the ambiguity relating to gender in academic literature, gender may not have any effect upon the other predictors and antecedents of structural assurance, (communication by the regulator, size of organisation, redress, guarantees, and warranties), situational normality, (other than the predictor/antecedent of knowledge of financial services/advice), trusting beliefs, trusting intention, or intention to purchase. Therefore:

H_{7h} Gender differences will have no effect upon the other predictors and antecedents of structural assurance.

H_{7i} Gender differences will have no effect upon the perception of situational normality.

H_{7j} Gender differences will have no effect upon trusting beliefs and intentions.

H_{7k} Gender differences will have no effect upon intention to purchase.

<u>2.4.2 The Moderating Effect of Age</u>

Younger consumers have been shown to prefer to purchase financial services products via banks, whereas older consumers prefer to purchase such products via an IFA (Howcroft *et al.,* 2006). As banks often offer their products and services via the telephone, these findings may be explained by subsequent research showing that younger consumers prefer to use the telephone to purchase financial services products whereas older consumers prefer to purchase products on a face to face basis, which is the primary method of operation used by IFAs (Gough and Nurullah, 2009). However, it should be noted that there is some ambiguity in the academic literature on this issue, as Ennew (1992) found that IFAs are also favoured by younger consumers.

There is similar ambiguity in the academic literature relating to trust. Although British consumers aged 64 or older have been shown to have higher levels of trust in both the financial services industry and financial services companies than those who are younger (Ennew and Sekhon, 2007; Ennew *et al.,* 2011), levels of trust held by American consumers in the financial services industry can be seen to decrease with age (Lachance and Trang, 2012). Potential explanations for these contradictory findings include the idea that, as longer-term investments mature, older consumers are exposed to lower levels of risk, thereby raising levels of trust (Ennew *et al.,* 2011), or that consumers become more sceptical of the value proposition offered by the financial services industry as they gain more experience of the industry through age and increased financial literacy (Lachance and Tang, 2012).

This ambiguity is reflected in the wider trust literature as, whilst most trust related studies have shown that levels of trust increase with age, some studies have found otherwise. For example, a significant association was found between increasing age and higher levels of generalised trust in others across different cultures, with the association being stronger in countries such as the UK, which are individualistic. These differences between age groups are more pronounced in developed countries (Li and Fung, 2012). Similarly, significant differences were found in the way that older people perceive facial clues relating to trust compared to younger individuals, which result in older people being more trusting of others and therefore potentially more vulnerable to fraud than younger people (Castle *et al.,* 2012). However, other studies have shown that trust in others follows an inverted u-shape, with levels of trust initially increasing with age but then declining after a certain age. There is disagreement regarding at what age trust levels peak, with the ages of 37 (Bellemare and Kröger, 2007) and 43 (Dittrich, 2015) being suggested.

Two possible explanations for age based variations in trust are proposed by Li and Fung (2012). Firstly, the differences may be mediated by future time perspective as, according to socio-emotional selectivity theory, meaningful emotional goals are limited in later life due to limited future time perspective (Carstensen, 2006). This results in older individuals prioritising emotional connectedness with others. As trust is the foundation of interpersonal relationships and reflects the extent to which individuals are willing to rely upon and connect with others (Lewis and Weigert 1985), an older person may therefore enhance their trust towards others to feel more emotionally secure. Alternatively, positive appraisal may also account for increased levels of trust later in life as, with enhanced levels of trust in others, older individuals can rely upon the help of others to assist them in coping with the inevitable physical and cognitive decline that ageing brings, rather than struggling to cope on their own.

Given the ambiguity noted above regarding the role of age in both the financial services literature and the wider trust literature, it is difficult to predict what effect, if any, age will have upon the perception of structural assurance, situational normality, or environmental trust in the context of this study, i.e. the relationship between UK consumers and financial advisers, particularly as there may also be an interplay between gender and age (Dittrich, 2015). However, there does appear to be consistency in the academic literature that levels of trust will be lower for the youngest age groups, as the ambiguity in the literature concerns whether trust levels continue to rise after a certain age is reached or if they begin to decline. Therefore:

H_{8a} Younger individuals will draw less reassurance from structural assurance than older individuals.

H_{8b} Younger individuals will draw less reassurance from situational normality than older individuals.

H_{8c} Younger individuals will hold weaker trusting beliefs and intentions than older individuals.

H_{8d} Younger individuals will hold weaker intentions to purchase than older individuals.

2.4.3 The Moderating Effect of Education

Both American and British consumers who have higher levels of educational attainment have been found to be more likely than those with less education to utilise the services of a professional and obtain advice before making an investment decision (Lee, 2002; Lin and Lee 2004; Lin and Cho, 2005; Devlin, 2007). Similarly, higher levels of education have been shown to positively affect levels of trust in financial services professionals (Lachance and Tang, 2012).

Whilst there is common agreement in the wider academic literature that individuals with higher levels of educational attainment are more trusting than those with lower levels of educational attainment, there is much less agreement regarding the determinants of that relationship (Huang *et al.,* 2011; Hooghe *et al.,* 2012). In an attempt to clarify and rationalise this lack of agreement, Hooghe *et al.* (2012) tested the following three proposed explanations for this link, as put forward by others:

1. That higher intelligence allows individuals to be more successful in determining the motivations of the other individuals that one encounters and interacts with during life, as those higher levels of intelligence enable an individual to make sense of the signals being sent out by others and assess them for signs of untrustworthy behaviour (Bacharach and Gambetta, 2001; Sturgis *et al.,* 2010).
2. A related explanation, in that individuals with higher levels of intelligence have a better capacity to develop the rational thought processes necessary to develop the insight that trusting others in a co-operative relationship helps them to achieve their goals in society (Gambetta, 1988).
3. That individuals with better education find it easier to express trust in others and the political system, as they understand the cultural codes governing interaction within society, and are therefore more resistant to the effects of deceit (Newton, 1997; Hooghe, 2007, Newton, 2007).

Their findings indicate that, whilst there is a positive relationship between not having financial problems as a result of better employment, due to increased levels of education and trust (the third possibility), intelligence is a more important factor. As a result, the link between higher educational levels and trust cannot be ascribed entirely to the third possibility that better education offers access to a more privileged position in society, but rather that higher levels of intelligence (the first possibility) play a greater role than education in levels of trust. They also found some support for the second explanation.

A further potential explanation for the link between lower levels of education and lower levels of trust is that individuals who have less privileged backgrounds, which may either include or be as a result of lower educational attainment, generally accumulate less favourable experiences of institutions. If such experiences were to persist over a period of time, this could induce a loss of trust in institutions. Furthermore, those individuals who hold advantages in society, possibly as a result of better education, place higher levels of trust in the institutions that created their life opportunities (Schoon and Cheng, 2011).

This latter explanation, by Schoon and Cheng (2011), for the association between lower levels of trust and lower levels of educational attainment, seems particularly relevant to the context of this study, and suggests that those individuals with lower educational attainment would perceive less reassurance from both structural assurance and situational normality, and would therefore also display lower levels of trusting intentions and trusting beliefs and weaker intentions to purchase than those with higher levels of educational attainment. Therefore:

H_{9a} Individuals with lower educational attainment will draw less reassurance from structural assurance than those with higher levels of educational attainment.

H_{9b} Individuals with lower educational attainment will draw less reassurance from situational normality than those with higher levels of educational attainment.

H_{9c} Individuals with lower educational attainment will hold weaker trusting beliefs and intentions than those with higher levels of educational attainment.

H_{9d} Individuals with lower educational attainment will hold weaker intentions to purchase than those with higher levels of educational attainment.

2.4.4 The Moderating Effects of Income and Occupation

The preponderance to utilise the services of an IFA has been found to increase with socio-economic standing and level of income (Ennew, 1992; Devlin, Lin and Lee 2004; Gough and Nurullah 2009). This is perhaps unsurprising, given the intrinsic link between income level and socio-economic standing. Such findings also carry the implication that occupation may have an impact upon these issues, as there is also an intrinsic link between occupation, socio-economic standing, and income levels. While such findings do indicate that those with higher socio-economic standing and higher levels of income are more likely to seek professional advice, this does not imply that they are the most likely to act upon that advice. Research has found that consumers with lower levels of income were significantly more likely to act on professional advice when making a purchasing decision for a financial services product than those on a higher income, with those from a lower socio-economic standing being found to be marginally more likely to base their decision on such professional advice (Devlin, 2002).

2.4.4.1 Income

Whilst levels of consumer trust in financial services professionals have also been found to increase with income levels (Lachance and Tang, 2012), there is ambiguity and disagreement relating to the relationship between income levels and trust in the wider literature. For example, an individual's position in the social structure (measured by educational attainment, occupation, and level of income) has been shown to have a statistically significant impact on an individual's trust in institutions (Slomczynski and Janicka, 2009), and individuals with higher levels of socio-economic status have been found to have higher levels of interpersonal trust than those with a lower socio-economic status (Gallo *et al.,* 2006). On the other hand, research has also found a negative correlation between level of income and level of institutional trust (Salah *et al*., 2015), and has found that levels of income had no significant effect upon levels of trust (Dittrich, 2015).

It is therefore difficult to predict the effect that income levels might have upon trust in the context of this study. However, given the intrinsic link between level of income and the level of disadvantage or advantage any particular individual may enjoy in society, the arguments put forward by Schoon and Cheng (2011), discussed earlier in this chapter, regarding the effect that educational attainment has upon levels of trust, may also apply to the effect that income level has upon levels of trust. Those with disadvantaged circumstances, due to lower levels of income, may display lower levels of trust in comparison to those who are more advantaged, due to having higher levels of income. Therefore:

H_{10a} Individuals with lower levels of income will draw less reassurance from structural assurance than those with higher levels of income.

H_{10b} Individuals with lower levels of income will draw less reassurance from situational normality than those with higher levels of income.

H_{10c} Individuals with lower levels of income will hold weaker trusting beliefs and intentions than those with higher levels of income.

H_{10d} Individuals with lower levels of income will hold weaker intentions to purchase than those with higher levels of income.

2.4.4.2 Occupation

Although different occupations have been shown not to have any significant effect upon levels of trust in either the financial services industry or in financial services professionals (Lachance and Tang, 2012), there is some contradiction in the wider trust literature, as other studies have found that those in different occupations hold different levels of general trust. For example, those employed by the public sector have been shown to hold higher levels of trust in institutions than those employed by the private sector (Salehi *et al*., 2015). It is therefore difficult to predict the effect that occupation might have in the context of this study. Therefore, whilst the effect of various occupational types upon levels of structural assurance and situational normality will be examined, no specific hypotheses relating to occupation are proposed, other than:

H_{11} Those in different occupations will display different levels of structural assurance, situational normality, trusting beliefs and intentions, and intention to purchase.

2.5 Conclusion

This chapter first critically examined and reviewed the academic literature relating to trust and the financial advice industry, identifying that this is a subject area with a paucity of research generally, with a specific lack of research into the predictors and effects of environmental trust, presenting a gap in academic literature that this study aims to fill. Literature relating to the wider conceptual basis of trust was then examined, which identified that trust has been studied widely from a number of different perspectives, leading to a plethora of differing definitions of trust and resulting in confusion. A proposed framework for trust that bridges these different perspectives and therefore avoids this confusion, specifically the framework for trust proposed by McKnight and Chervany (2001), was identified and discussed. This proposed framework allows a researcher to overcome this confusion by taking into account these different perspectives and definitions when examining trust. Using this proposed framework as guidance, this chapter then undertook a critical review of the literature relating to environmental trust, including its theoretical foundations, in order to develop a conceptual model of environmental trust for use in this study along with proposed hypotheses representing the relationships in that model.

Finally, this chapter examined the effect that the demographic factors of gender, age, educational attainment, occupation, and income may have upon both trust in the financial advice industry and also upon environmental trust, as a gap relating to both issues was also noted in the academic literature. Relevant literature was then examined so that the potential effects of those factors upon both structural assurance and situational normality could be identified, together with the potential effects of those factors upon trusting beliefs, trusting intentions, and intention to purchase. Relevant hypotheses were then proposed.

The next chapter examines and identifies the data collection methods and data analysis techniques that will be used by this study.

Chapter Three

Methodology

3.1 Introduction

The aim of this chapter is to position this study in relation to major scientific research paradigms, and to identify, describe, and discuss the methodology used to collect and analyse the data needed to address the objectives of this study and answer the research questions.

Section 3.2 of this chapter will address the issue of scientific research paradigms, while Section 3.3 will discuss the research strategy to be adopted for this study. Section 3.4 will then examine and discuss the research and data collection methods and data analysis techniques to be used for the qualitative phase of this study, followed by the research and data collection methods and data analysis techniques to be used for the quantitative phase in Sections 3.5 and 3.6 respectively.

This chapter will also discuss and consider practical issues, such as reliability and validity, together with any ethical issues that may arise during the course of this study.

3.2 Research Philosophy

Research philosophy fundamentally defines how an individual views the world, ontology (the nature of reality), and their relationship with that world, epistemology (the nature origin and scope of knowledge), and is a central issue for any study that will often have a fundamental and profound influence upon and guide the research design, practice and the methodology used to collect and analyse data including the types of question that can be asked and the evidence that is subsequently generated. This, in turn, carries implications for research outcomes as, for example, it may be possible using a positivist approach to generalise research findings from any particular study which may not be possible or desirable using an interpretivist approach (Guba, 1990; Guba and Lincoln, 1994; Johnson and Onwuegbuzie, 2004; Creswell, 2009; Saunders *et al*., 2009). The selection and use of appropriate research and analysis methods and techniques is therefore an iterative process, where decisions made at the ontological level inform the epistemological stance of a researcher which, in turn, informs the methods used to collect and analyse data.

Various terms such as ‘worldviews’ or ‘paradigms’ have been used to describe particular research philosophies, such as positivism or interpretivism, and have been defined by Guba (1990, P. 17) as “a basic set of beliefs that guide action.” Whilst many authors, such as Guba (1990), see different worldviews or paradigms as categorical and mutually exclusive for a variety of reasons, (such as incommensurability and an inability to communicate), others such as Johnson and Onwuegbuzie, (2004) and Morgan (2007) see them more as a continuum, with commonalities and overlaps. Guba and Lincoln (1994) identified four major worldviews or paradigms which are summarised in Table 3.1 below.

Table 3.1: Research Paradigms				
Item	Positivism	Post Positivism /Realism	Critical Theory	Interpretivism/ Constructivism
Ontology	Naïve realism: reality is real and apprehendable	Critical realism: reality is real but only imperfectly and probabilistically apprehendable	Historical realism: virtual reality shaped by social, political, cultural economic, ethnic, and gender values crystallised over time	Relativism: multiple local and specific constructed realities, socially constructed through human action and interaction that may change
Epistemology	Dualist/ objectivist; findings true. Only observable phenomena can provide credible data and facts. Focus on causality and law like generalisations	Modified dualist/ objectivist; critical tradition/ community; findings probably true	Transactional/ subjectivist; value mediated findings. Knowledge is grounded in social and historical practices	Transactional/ subjectivist; created findings understanding of the social world from the participants perspective the researcher being a passionate participant in the world being investigated
Methodology	Experimental/ manipulative; verification of hypothesis; mainly quantitative methods	Modified/ experimental/ manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods. Case studies, convergent interviewing, triangulation	Dialogic/ dialectical; researcher is a transformative intellectual who changes the social world within which participants live; action research and participant observation.	Hermeneutical/ dialectical; In depth unstructured interviews, participant observation, action research, grounded theory

Source: Based on Guba and Lincoln 1994; Perry *et al.,* 1998, Sobh and Perry 2006, Saunders *et al.,* 2009.

From Table 3.1, it can be seen that positivism, which has its roots in the natural sciences, asserts that an objective reality exists that is consistent across both context and time, is value free, and focuses upon data, facts, and causality, and can therefore be described as being independent of the human mind (Guba and Lincoln, 1994; Thyer 2008; Zouboulakis , 2008; Persson, 2009). On the other hand, interpretivism postulates that “knowledge is built through social construction of the world” (Weber 2004, p. iv), and puts forward the view that reality is subjective and likely to change (Guba and Lincoln, 1994; Saunders *et al*., 2009). As Table 5.1 also suggests, this has profound implications for both the methodology used to conduct research and the findings that arise from research. Positivism primarily utilises quantitative methodology to produce objective law-like generalisations, whereas interpretivism primarily utilises qualitative methodology to create findings based upon human understandings of the world that are considered value laden, context specific, and are therefore not generalizable (Roth and Metha 2002; Sobh and Perry 2006; Hanson and Grimmer 2007). Positivism can therefore be seen as independent of the human mind, whereas interpretivism carries the implication that a researcher is interactively linked with their research (Guba and Lincoln, 1994).Table 3.2 below summarises further differences between positivism and interpretivism.

Table 3.2: Contrast Between Positivism and Interpretivism

	Positivism	Interpretivism
Ontology	There is a single reality composed of discrete elements	Human beings construct multiple realities
Epistemology	Objective cognition of an independent reality is possible	The world is a construct of human consciousness
Research Object	Researcher and researched object are independent	The relationship of cognition and the object of cognition is determined by the subject
Goal	Discover truth	Describe meanings and understandings
Role of Values	It is possible and desirable to discover value free and objective knowledge	Inquiry is inherently value laden
Method	Primarily quantitative	Primarily qualitative
Focus	Uncover facts, compare these to hypotheses or propositions	Recover and understand situated meanings, systematic divergences in meaning
Validity	Certainty: data measure reality	Defensible knowledge claims
Reliability	Replicability	Interpretive awareness: researchers recognise and address implications of their subjectivity

Source: Based upon Hirschman 1986, Gephart 2004, Weber 2004, Becker and Niehaves 2007, Saunders *et a* l., 2009.

3.2.1 Paradigms and Research Methodology within Academic Marketing Research

Positivism has long been the dominant paradigm within the field of academic marketing research, with Hirschman (1986, p. 237) reporting that "during the last three decades only one empirical study reported in the journal of marketing has made explicit use of a non-positivist method". Similarly, more than 70% of articles published between 1992 and 2003 in *The Journal of Marketing*, *The European Journal of Marketing,* and *The Journal of Services Marketing* used quantitative methodology, implying that they were positivist in nature (Hansen and Grimmer, 2007).

It is, however, important to note that much research within the field of academic marketing does not adopt a hard positivistic approach, totally reliant upon quantitative methodology, but follows a softer, post-positivist approach, utilising both qualitative and quantitative methodology, particularly where little is known about a particular subject area, where it is common to conduct initial exploratory qualitative research that informs subsequent quantitative research (Harrison and Reilly, 2011). Adopting such an approach is often termed as ‘Pragmatic’ or ‘Pragmatism’, where the emphasis is placed upon using methodology that allows the researcher to answer the research question rather than being restrained by paradigmatic assumptions (Johnson and Onwuegbuzie, 2004; Saunders *et al.,* 2009; Harrison and Reilly 2011).

As the primary aim of this study is to identify the predictors of environmental based trust, together with mediating and moderating factors which are ‘real’ in nature, the adoption of a strict positivistic, realist approach would be valid, justified, and appropriate. However, in a manner similar to that described above by Harrison and Reilly (2011), this study seeks to address an area with little prior research, and also aims to address consumer perceptions of what constitutes environmental based trust which, by their very nature, are subjective and open to individual interpretation. Therefore, rather than adopting a strict positivist approach reliant upon qualitative methodology only, this study will adopt a softer, post-positivist approach that is pragmatic, and will utilise both qualitative and quantitative methods, often termed as using mixed methods.

Whist some authors see qualitative and quantitative research methods as distinct, and therefore incompatible due to their differing ontological and epistemological backgrounds (Bryman and Bell, 2011), others adopt a more pragmatic approach which, whilst recognizing the different epistemological and ontological backgrounds and traditions of qualitative and quantitative research, also accepts that there are many advantages in combining the two, and that doing so will often produce more workable solutions and better research outcomes (Johnson and Onwuegbuzie 2004; Morgan 2007; Teddlie and Tashakkori 2009).

Johnson and Onwuegbuzie (2004) identified the following five major purposes for adopting such mixed methods:

1. *Triangulation:* different methods are used to seek convergence and corroboration.
2. *Complimentarity*: different methods are used to seek further elaboration or enhancement.
3. *Initiation:* used to discover paradoxes and contradictions leading to a re-framing of the research question.
4. *Development*: findings resulting from the use of one method is used to inform further research using the other.
5. *Expansion:* different methods are used for different components of the research in order to expand the breadth and range of the research.

The use of mixed methods for this study, where the intention is to initially undertake a qualitative phase of research, the results of which will then be used to inform a subsequent qualitative phase of research, is therefore further justified, as this meets the fourth of the five criteria, i.e. development. Development is termed as facilitation by Hammersley (2002), who suggests it as one of three justified approaches for the use of mixed methods, and also by Saunders *et al*., (2009) who suggests it as one of seven reasons to use mixed methods.

In addition to informing the development of the questionnaire for the quantitative phase of research, the data from the qualitative phase of research will also be used to explain, elucidate, and illustrate the findings of the quantitative data effectively meeting the second criteria of complementarity (Johnson and Onwuegbuzie, 2004).

3.3 Research Strategy

A research strategy consists of the research approach, designs, and methods that will be used to address the research questions, thereby achieving the aim of the research. Research approach addresses the type of reasoning that determines the relationship between theory and empirical data; research design reflects the purpose of the research and in doing so provides a framework for the collection and analysis of data; whilst research methods are the practices and techniques used to collect and analyse data (Saunders *et al*., 2009; Bryman and Bell, 2011; Easterby-Smith *et al*., 2012). This section addresses the first two of these three areas, with the following sections (3.4, 3.5 and 3.6) addressing the methods used for the collection and analysis of the qualitative and quantitative data in turn which are summarised in Table 3.3 below.

Method	Type	Number	Date(s)	Section and Page number
Literature Review	Analysis of books, periodicals, academic journals, conference proceedings, and other relevant publications.	-	September 2012 – March 2017	Chapter 2 (page 13 onwards)
Pilot Interviews	Pilot interviews were conducted to test the content validity of the research instrument, ensure it was fit for purpose, and to familiarise the researcher with it.	2	May 2013	3.4.1.2 (page 69)
Focus Groups	Focus groups were conducted with a total of 9 participants who had used a financial adviser in the preceding 12 months. The main aims were to generate an initial understanding of the subject and assist with the generation of items for the quantitative questionnaire. (For discussion guide see Appendix 2, for sample frame see Appendix 4).	2	June 2013	3.4.7 (Page 74)

Semi - structured Interviews	Personal interviews were conducted with individuals who had used a financial adviser within the previous 12 months. The main aims were to generate an initial understanding of the subject and assist with the generation of items for the quantitative questionnaire. (For discussion guide see Appendix 2, for sample frame see Appendix 4).	12 individual interviews and 1 joint interview with a married couple	June 2013 – January 2014	3.4.8 (Page 74)
Sorting Rounds	Sorting of items for the online questionnaire by 5 groups of 2 judges; 2 consisting of an academic and PhD student, one of 2 PhD students, one of two administrative staff, and one of two individuals who met the criteria for the main study.	5 rounds	June 2014 – July 2014	3.5.1 (Page 80)
First Pilot Study	Paper questionnaire administered to individuals who met the criteria for the main study in 'focus group' type setting.	8 participants	September 2014	3.5.1 (Page 84)
Second Pilot Study	Online questionnaire with screening questions distributed to staff at a university.	54 usable replies	October 2014	3.5.1 (Page 84)
Final Online Survey	Online questionnaire with screening questions distributed via IFAs and Qualtrics.	302 useable replies	December 2014 – March 2015	3.5.2 (Page 85)

Table 3.3 Overview of the Employed Research Methods

3.2.1 Research Approach

The research approach adopted essentially addresses the issue of what should come first: theory or data. Deductive reasoning is theory driven and focuses upon theory and hypothesis testing and confirmation, often seeking to establish if the theory applies in a particular context. Inductive reasoning is driven by data or observation, and focuses upon theory generation, often seeking to establish if that theory can be generalised across different contexts. Typically, quantitative research will employ deductive reasoning whilst qualitative research will employ inductive reasoning. However, it is often impractical to separate the two, and most studies combine both approaches often without the researcher recognising this to be the case (Hyde, 2000; Johnson and Onwuegbuzie, 2004, Saunders *et al*., 2009; Polsa 2013; Mirza *et al.*, 2014). A third approach is that of abductive reasoning, effectively a middle way between the two that supplements both, first introduced by Charles Sanders Peirce as a way of introducing new ideas. Abductive reasoning is defined as reasoning in which new ideas and explanatory hypotheses are conceived and formed and then evaluated in order to explain a pattern or phenomena (Thagard and Shelley, 1997; Polsa 2013; Mirza et al, 2014).

Given that this study seeks to address a subject area where little, if any, previous empirical research has been conducted with a consequent lack of knowledge, an abductive approach is appropriate and will therefore be adopted for this study, as it allows the generation of new ideas which neither a deductive or inductive approach would allow.

3.2.2 Research Design

In the literature, the three research purposes most often described are exploratory, descriptive, and explanatory. Exploratory research aims to establish what is happening, ask questions, and seek new insights, and is often associated with the initial stages of research into phenomena where little, if any, prior knowledge exists. Descriptive research aims to provide an accurate profile and establish the characteristics of the situations, events, or persons being studied, and is often a forerunner to explanatory research. Explanatory research aims to explain the phenomenon being studied in causal terms by explaining the relationship between two or more variables, where the change in one variable (the effect) is caused by the other variable (Saunders *et al*., 2009).

As the primary aim of this study is to identify the predictors of environmental based trust, in effect the 'causes', the description of explanatory research seems to most closely fit the overall aims and objectives of this study, as it is a typical causal research problem of identifying the relationship between different factors or variables whereby a change in one factor or variable will cause change in another. However, as little, if any, previous research has addressed the subject area of this study, the description of exploratory research is also relevant to this study, particularly in the initial stages. Indeed, Robson (2002) points out that the purpose of research may change over time. Therefore, in order to achieve the research aims and objectives, this study will initially have an exploratory focus, before moving to an explanatory focus in later stages.

In accordance with this discussion, for the initial research, semi-structured qualitative interviews will be used, as suggested by Saunders *et al*., (2009) as an appropriate technique to use in exploratory studies. Structural equation modelling (SEM) will be used as the main quantitative analysis technique, as it is suggested as an appropriate method of analysis to use when studying causality (Keat and Urry, 1975; Sayer, 1984; Byrne, 2010). The semi-structured interviews are described in detail in Section 3.4.8, and SEM in Section 3.6.

A further consideration when considering the framework for a study are the time horizons of the study. A cross-sectional study considers phenomena at a particular time, whilst a longitudinal study considers how phenomena change over time (Saunders *et al*., 2009). This study can therefore be classified as cross-sectional, as it aims to establish the predictors of environmental based trust, rather than how those predictors may change over time. In doing so, this study acknowledges that it can be difficult to incorporate the components of control into a cross-sectional study that are necessary to establish causality. However, despite this, inferences about causality can still be drawn from cross-sectional studies, but without the same level of credibility as other designs, such as experimental designs, where comparisons can be made both before and after the manipulation of variables (Bryman and Bell; 2011).

3.4 Qualitative Data Collection and Analysis Methodology

This section describes and discusses the techniques and methods employed to collect and analyse the data from the initial qualitative exploratory phase of research. It should be noted that the literature review conducted in Chapters Two and Three, and also on an on-going basis throughout all phases of this study, also qualifies as secondary or desk research. The literature review included the analysis of a variety of textbooks, academic journals, and magazines along with a variety of other documents and web-based material, with the results of that analysis being used to guide, inform, and support this study.

3.4.1 Qualitative Data Collection Methodology

A number of different techniques or methodologies were considered for the collection of the qualitative data for this study with some, such as methodologies using direct observation, being deemed as unsuitable for use as, whilst they allow researchers to identify and gain an understanding of organisational structures and social roles, they do not allow researchers to gain insights into the opinions an individual holds, why they hold that opinion, or how that opinion was formed or constructed. They also do not allow a researcher to establish if something is important or otherwise to an individual, or allow that individual to explain why it is or is not important to them. Such methodology would therefore not allow the objectives of this initial phase of research, specifically, to validate and refine the conceptual model and to identify further potential predictors of environmental based trust, nor gain an understanding of them and their importance.

3.4.1.1 Qualitative Interviews

A family of research methodologies, often referred to as ‘qualitative interviews’ that essentially amount to a conversation between a researcher who asks questions and one or more participants or respondents who answer those questions, would allow a researcher to gain such insights as discussed in the previous Section (Arskey and Knight, 1999; Gephart, 2004). Qualitative interviews are one of the most commonly recognised forms of qualitative research. They are usually categorised as being either structured, semi-structured, or unstructured, and allow research participants to share rich descriptions of phenomenon of interest with a researcher (Mason, 2002; DiCicco-Bloom and Crabtree 2006). They are both “an established approach when researching a complex area” (Hughes 2006, p. 117), and are also suggested for use when undertaking exploratory studies (Saunders *et al*., 2009). Given the aims of this study, the use of qualitative interviews would be appropriate for the initial phase of research.

Whilst structured interviews are most commonly used to collect quantitative data, semi-structured and unstructured interviews, often described as in-depth interviews, are used to collect qualitative data through the use of open-ended questions. The use of semi-structured or unstructured interviews allow a researcher to probe more deeply and gain a greater understanding of attitudes and beliefs than would otherwise be possible which, in turn, enables the researcher to contribute knowledge based upon the meaning of the life experiences of participants. Whilst unstructured interviews often have little in the way of a formal agenda and are often conversational in nature, semi-structured interviews follow a specific agenda, with a set of pre-determined questions, but retain enough flexibility to allow the researcher scope to improvise, follow up, dig deeper, and frame follow-up questions based upon the initial answer of the participant. This facilitates natural opportunities for further discussion that will often develop new themes and address issues that would perhaps otherwise not be raised (Burgess, 1984; Arskey and Knight 1999; DiCicco-Bloom and Crabtree 2006; Hair *et al*., 2009).

Given the aims of this phase of research, structured interviews would not be an appropriate methodology to employ due to their primarily quantitative nature which would not allow the collection of the rich and varied data required. Both unstructured and semi-structured interviews would allow the collection of the required data, however the lack of structure implicit in an unstructured interview was also considered inappropriate, as this phase of research has specific aims and objectives. Semi-structured interviews are therefore considered an appropriate methodology to use for the qualitative phase of this study.

In addition to the use of individual semi-structured interviews, the use of focus groups was also considered and found appropriate, as they also allow the collection of rich and varied qualitative data. Focus groups are a form of group semi-structured interviews, where a moderator initiates and directs discussion using open ended questions usually taken from an agenda, thereby allowing the collection of data through group discussion and interaction. Individual participants query each other and explain themselves to each other with this interaction, allowing for the collection of more in-depth information and thus a deeper insight and greater understanding than would otherwise be possible. It is this interaction between participants that distinguishes the focus group from other forms of group interview, with a further advantage being that they allow a large amount of rich and varied data to be collected quickly. Both focus groups and semi-structured interviews are conducted using a pre-planned agenda, listing areas of interest for discussion and debate with participants whose profiles have been pre-determined, along with the sampling procedures used to identify and select potential participants (Kitzinger 1994; Kitzinger 1995; Morgan 1996; Morgan 1997; Mason 2002; Saunders *et al.*, 2009).

3.4.1.2 Risks Associated with Semi-Structured Interviews and Focus Groups

Whilst semi-structured interviews and focus groups offer many advantages to a researcher, they also have a number of risks, disadvantages, and potential weaknesses that must be mitigated, as discussed below:

1. Care must be taken when framing questions for use, within either a semi-structured interview or focus group, to ensure that questions have the same meaning to all participants as, if they are poorly articulated, individual participants may interpret the questions differently and therefore effectively answer different questions (Thomas, 2004). In order to mitigate this risk, two pilot interviews were conducted in order to test the research instrument with appropriate amendments being made to the instrument as a result of issues that arose, in order to ensure that it was fit for purpose in terms of both content and procedure (Saunders *et al*., 2009; Yin, 2009).
2. Additionally, interviews and focus groups, by their nature, are held in unnatural social settings and rely upon self-reported behaviour using verbal communication,

which carries an implicit risk related to honesty. Both are also open to bias, in that participants may answer questions in manner they believe the researcher wishes to hear or as a result of a desire to conform socially in the presence of others, particularly where issues are being discussed where there are ethical sensitivities (Kitzinger 1994; Morgan 1996; Morgan 1997; Hair *et al*., 2009; Yin 2009). To mitigate these risks, participants were informed at the outset of each interview or focus group that there were no right or wrong answers to any of the questions, and that the answers given by any participant to any questions would be valid, and of interest, whatever that answer may be.

Two further risks are specific to focus groups:

3. Whilst the moderator of a focus group has a level of control and flexibility that allows wide ranging interaction and discussion covering many subjects, that flexibility and control could also restrict discussion to specific subjects, thereby placing artificial limits on both the discussion and resultant data. This was mitigated by taking care during both focus groups to ensure that this did not occur, and that participants were able to raise and discuss all issues relevant to the subject.
4. Some participants may prove reluctant to engage in discussion concerning a subject that is personally sensitive to them in front of others (Kitzinger 1995; Morgan 1997). This risk posed particular issues given the subject of this study, and was mitigated by reassuring potential participants during the recruitment process that sensitive subjects would not be discussed, that there was no obligation for them to discuss anything that made them feel uncomfortable in any way, and that if there was an issue which they would like to discuss with the researcher alone, away from the group forum, that this could be facilitated and they should make their desire known by approaching the researcher privately.
5. Finally, there is a need for the researcher to be mindful of the need to remain objective and unbiased during each interview and focus group, and not to project their own values, beliefs, or assumptions onto the participants, as this could create bias within the data. However it should also be noted, given the complex subject area of this study, that there was a need to remain both informative and willing to provide further unbiased information to participants when requested.

3.4.2 Research Integrity and Credibility

There is little point in conducting research if the findings and conclusions lack integrity or are not credible. The concepts of replicability, validity and reliability are used by researchers to ensure both.

Replicability concerns whether or not a study can be reproduced, and requires a researcher to detail the procedures that they have used when conducting any particular study. Replicability allows confidence in a field of study, and is highly valued by many researchers in the social sciences (Bryman and Bell, 2011). In detailing and discussing the methodology used to collect and analyse data for this study, this chapter provides replicability in that it allows other researchers to reproduce this study by following the methods used.

Validity refers to the integrity and accuracy of the conclusions generated by the research, and ensures that they actually relate to what they claim or appear to be about (Hair *et al*., 2009; Saunders *et al*., 2009; Bryman and Bell, 2011), with many authors distinguishing between several different types or classes of validity:

- Content or face validity concerns whether or not the construct or research instrument focuses upon the domain of interest or enquiry adequately, and whether or not the real nature of the construct, as it exists in the real world, is captured (Churchill and Iacobucci, 2002).
- Measurement or construct validity is primarily applicable to quantitative research and concerns whether or not a construct actually measures what it is supposed to measure and that research findings are about what they profess to be about (Churchill and Iacobucci, 2002; Bryman and Bell, 2011).
- Internal validity primarily relates to the issue of causality, and is concerned with assessing whether or not a conclusion of a causal relationship between two or more variables is justified (Churchill and Iacobucci, 2002; Bryman and Bell, 2011).
- External validity, sometimes referred to as generalisability, relates to the issue of whether or not the findings of a particular study can be applied to another setting or context (Churchill and Iacobucci, 2002; Saunders et al., 2009; Bryman and Bell, 2011).
- Ecological validity addresses the issue of whether or not findings from social science research are applicable to participant's everyday natural social setting (Bryman and Bell, 2011).

Reliability refers to the extent to which the methodology used in a particular study will yield consistent and stable results, conclusions, or findings over time, and that those findings are repeatable (Churchill and Iacobucci, 2002; Saunders et al., 2009; Yin 2009; Bryman and Bell, 2011), with the following three criteria for assessment of reliability being suggested by Easterby-Smith *et al*., (2012):

- Will the measures yield the same results on other occasions?
- Will similar observations be reached by other observers?
- Is there transparency in how sense was made from the raw data?

Whilst some concepts outlined above are often applicable to quantitative research only, the concepts of reliability and validity also apply to qualitative research but in differing ways, and with different authors often proposing and using different terminology (Bryman and Bell, 2011). For example, Lincoln and Guba (1985) propose the concept of trustworthiness as a criterion for assessing qualitative research which has four components:

- Credibility, which is a counterpart to internal validity and considers how believable findings are.
- Transferability, which is a counterpart to external validity and considers the degree to which findings apply to different contexts.
- Dependability, which is a counterpart to reliability and considers how likely the findings are to apply at other times.
- Confirmability, which considers the objectivity of research and considers whether or not the researcher has allowed their values to intrude into the research and results to a high degree.

The concepts of validity and reliability, including application of the different types or classes of validity that are relevant to qualitative research, will be discussed, where applicable, in more detail later in this section, whilst those relevant to quantitative research will be discussed in more detail in Section 3.5.3 on page 85 of this chapter, where the quantitative methodology employed by this study is presented and discussed in detail.

3.4.3 Interview and Focus Group Protocol

One area of concern when undertaking both in-depth interviews and focus groups, identified earlier, is that reliability (or dependability) issues can arise due to a number of factors, such as respondent bias or interviewer error (Yin, 2009; Hair *et al*, 2009). In order to mitigate such risks, Yin (2009) suggests that a 'research protocol' be produced in order to record and document the research instrument to be used, together with the procedures and general rules to be followed when conducting the research. A protocol for the qualitative phase of this study was therefore developed using the template by Yin (2009) and can be found in Appendix Three (page: 222).

3.4.4 Ethical Considerations

During the recruitment process, the nature and purpose of the research was explained in full to each volunteer, as was the voluntary nature of their participation and their right to withdraw from the study at any time without giving a reason. Volunteers were also informed that it was the intention to record and then subsequently transcribe the interviews verbatim in a manner that guaranteed their anonymity. A written information guide (Appendix Five, page: 227 and Six, page: 228) containing this information was either e-mailed to each volunteer or given to them prior to their interview or participation in a focus group, and each participant was asked to sign a consent form (Appendix Seven, page: 230) indicating that they had received and understood the document and agreed to participate in the research. Participants were given assurances relating to anonymity and confidentiality, and were informed that all data would be held and disposed of in a secure manner in accordance with the provisions of the Data Protection Act.

As indicated earlier, efforts were also made during the recruitment process to reassure potential participants that they would not be expected to disclose any personally sensitive information, and that they should only disclose information that they felt comfortable disclosing.

Both the qualitative and quantitative phases of research were conducted to the highest possible standards, and followed the ethical guidelines of both the Business School and the Market Research Society code of conduct, with ethical approval being sought and gained from the Business School at all appropriate points before the commencement of data collection.

In addition to protecting the rights of participants, it is hoped that adopting this approach encouraged respondents to be more open and frank with their responses. The research undertaken for this study was not of a sensitive nature and therefore posed no risk of harm to participants.

3.4.5 Research Instrument Development

Based upon the literature review carried out in Chapters Two and Three, a discussion or topic guide, including a series of suggested open-ended questions, was developed (see Appendix Two, page: 220 for the final version used) for use during both the semi-structured interviews and focus groups that covered the four main subject areas of interest:

- Statutory and self-regulation
- The role of redress, guarantees and warranties
- Confidentiality and privacy
- The attire of the adviser and physical condition of his or her business premises.

The discussion guide was initially reviewed by two independent financial advisers, to ensure that the topics and suggested questions accurately represented the context under examination, thereby helping to ensure both ecological and content validity. In order to further ensure content validity, the questionnaire was then further reviewed by a faculty member and PhD student from a leading UK business school, with amendments to the discussion guide subsequently being made to address issues and concerns that were raised.

Once the amendments had been completed, a small pilot test was carried out consisting of two semi-structured interviews with respondents who met the participation criteria detailed later in this section. In addition to further testing the content validity of the discussion guide, carrying out a pilot test also helps to ensure that participants can understand and respond to the questions posed, that any problems or ambiguities are identified before the main body of research is conducted, and that any other risks and concerns are mitigated and addressed, such as that identified earlier concerning potential differences in understanding between respondents. A pilot study also offers the researcher an opportunity to familiarise themselves with the protocol and procedures to be used when conducting the main study, thereby allowing any problems or issues to be identified and corrected before the main study starts (Saunders *et al.*, 2009; Yin, 2009). In order to facilitate the identification of such problems, issues, and ambiguities, notes were taken during both pilot study interviews, which were also recorded with the consent of the participants. These were subsequently reviewed and analysed and both the research instrument, protocols, and procedures were then amended to mitigate any problems, issues, or ambiguities identified. This process also helped to ensure that all subject areas of interest were addressed.

3.4.6 Sample for Semi-Structured Interviews and focus groups

Participants for both the semi-structured interviews and focus groups were recruited on a purposive, convenience basis from volunteers, with the selection criteria being that they had held a meeting with their financial adviser within the previous 12 months. Volunteers were drawn from the social and professional circle of the researcher, from responses to advertisements placed in local magazines, and, with the help of the team captain, from members of a local cricket club. The recruitment and use of a small purposive sample such as this is typical of qualitative research (Miles and Huberman, 1994).

In addition to ensuring that participants met recruitment criteria in order to enhance reliability (Horvath and Van Birglen, 2015), efforts were also made to enhance the validity of the research by ensuring that the sample matched the wider population in terms of age, gender, occupation, and ethnicity. However, out of 23 participants, it was only possible to recruit 7 females and one non-white British individual, due to a lack of volunteers from these particular groups. It was, however, possible to recruit volunteers from a wide range of backgrounds, occupations, and ages. Full details of the participants can be found in Appendix Four (page 226).

Whilst the sample size exceeded the recommendations of both Miles and Huberman (1994), who suggest a maximum of 15 qualitative interviews be held, and Madden and Perry (2003), who suggest 12, actual sample size was determined during the research process in that further interviews were arranged until a point of saturation was reached, when no further significantly different insights were emerging (Saunders *et al*., 2009). This process also assists with reliability (Horvath and Van Birglen, 2015). The focus groups and interviews were conducted between June 2013 and January 2014.

3.4.7 Focus groups

Two focus groups, one with three and one with six participants (total nine) were held. At the start of each focus group, all participants were welcomed and informed about the research, including why it was being undertaken, before the procedures that would be followed during the focus group were discussed. All participants were then given an opportunity to ask questions and raise any issues. Once these had been addressed to the satisfaction of the participants, each participant was asked to sign a consent form (Appendix Seven, page 229). Participants were then asked to introduce themselves to each other before the first question from the discussion guide was put to the group. Discussion amongst the group was further stimulated by the moderator, as necessary, along with follow-up questions in order to explore issues in greater depth and follow up themes that emerged from the discussion. Care was taken to ensure that the discussion was not dominated by any one particular individual, that all participants were given an opportunity to express their views and opinions and, whilst a broad discussion was allowed, care was also taken to ensure that the discussion remained broadly relevant to the issues being studied. Once all subjects included in the discussion guide had been discussed, participants were given the opportunity to raise any subjects or issues they felt had not been covered but were relevant, and to ask any further questions they had. Participants were then thanked for their contribution and invited to contact the researcher if they wished to receive a copy of the final study when completed. Both focus groups lasted around two hours.

Despite the difficulty in arranging the focus groups (largely as a result of the inexperience of the researcher) and the fact that the number of participants for both fell short of the minimum number of eight participants (Fern, 1982), both focus groups resulted in a large quantity of rich, high quality data that was of considerable value to the study. However, given the problems experienced arranging the first focus group, it was felt that it would be better and more practical not to rely upon conducting focus groups exclusively for the remaining qualitative research, but to also employ semi-structured individual interviews.

3.4.8 Semi-structured Interviews

A total of 12 individual interviews were carried out, with one joint interview being undertaken with a married couple. Two interviews were conducted using the telephone, and the reminder on a face to face basis, with each interview typically lasting around 45 minutes. The discussion guide for the focus groups was employed to guide discussion with minor alterations to suit the different format.

At the start of each interview the participant was thanked for agreeing to participate, and was informed about the research, including why it was being undertaken, and the procedures for the interview. Each participant was then given an opportunity to ask questions and raise any issues they had. Once these had been addressed to the satisfaction of the participant, each participant was asked to sign a consent form (Appendix Seven, page 229) before commencing the interview with the first question on the discussion guide. The researcher stimulated discussion as necessary, with follow-up questions being used to explore areas of interest in greater depth and explore new issues raised by the participant. Whilst a broad discussion was allowed, care was also taken to ensure that the discussion remained broadly relevant to the issues being studied. Once all subjects included in the discussion guide had been discussed, participants were then given the opportunity to raise any subjects or issues they felt had not been covered but were relevant, and to ask any further questions they had. Each participant was then thanked for their contribution and invited to contact the researcher if they wished to receive a copy of the final study when completed.

3.4.9 Data Analysis

Once transcribed, the data from both the focus groups and semi-structured interviews was analysed using a strategy of thematic analysis. This strategy is appropriate as it is a flexible analysis methodology that is independent of any particular ontological or epistemological perspective, and can provide a complex, detailed, and rich account of data that can be used to examine the life experiences, meanings, and the reality of participants. Data is broken down into meaningful units that are subsequently assigned a theme or code that reflects an aspect of the data of interest to the researcher (Coffey and Atkinson 1996; Braun and Clarke, 2006). One concern with any method of data analysis that breaks down data in this manner is that the process removes the data from the context in which it was collected, which carries the potential consequence of a loss of meaning or inference (Malhotra and Birks, 2007). Care was therefore taken to avoid this particular risk when analysing the data, along with the further risk identified by Berelson (1952) of incorrect inference of latent meaning, as both can jeopardise the objectivity, reliability, and validity of findings.

Themes within the data were initially identified at a semantic level, based upon the surface meaning of what was explicitly contained within the data and drawn from the earlier literature review. Subsequent themes within the data were then identified utilizing the decision tree suggested by Ryan and Bernard (2003, p. 102), shown below in Figure 3.1.

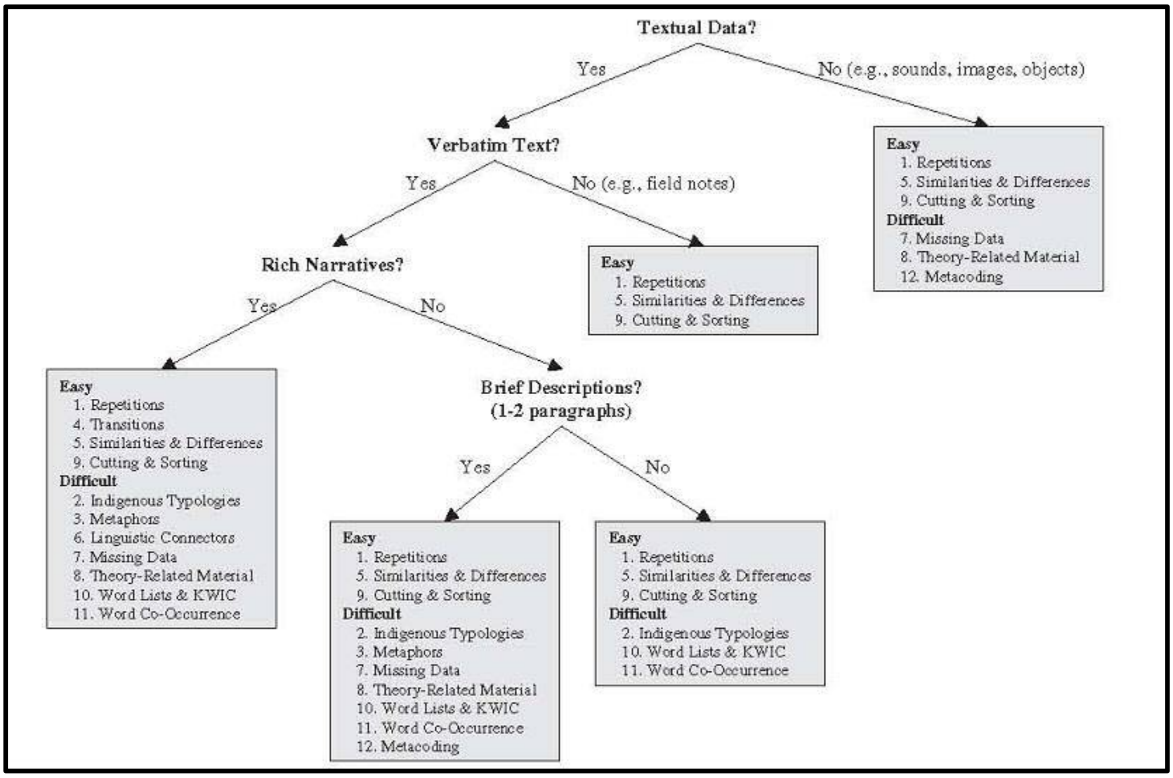


Figure 3.1: Decision Tree taken from Ryan and Bernard (2003, p. 102.)

As latent meaning has also long been of interest to the social sciences, once this initial identification of themes at a semantic level had been completed, the data was further analysed at a latent level in order to identify underlying ideas, conceptualisations, and assumptions contained within the data (Glassner and Corzine 1992), again using the decision tree suggested by Ryan and Bernard (2003).

3.5 Quantitative Data Collection and Analysis Methodology

This section describes and discusses the techniques and methods employed to collect and analyse the data from the second quantitative explanatory phase of research, which was undertaken once the initial qualitative phase of research described in the previous section had been completed.

The first stage of this process was the development and testing of an appropriate research instrument that could be used to validate the model conceptualised from the results of the literature review and the findings from the qualitative phase of research. The following section explains the processes that were used, as suggested by Churchill and Iacobucci (2002), Arnold and Reynolds (2003), and DeVellis (2012).

3.5.1 Questionnaire Development

The nine-stage process described by Churchill and Iacobucci (2002: Figure 3.2) was adapted as a guideline for developing an effective research instrument.

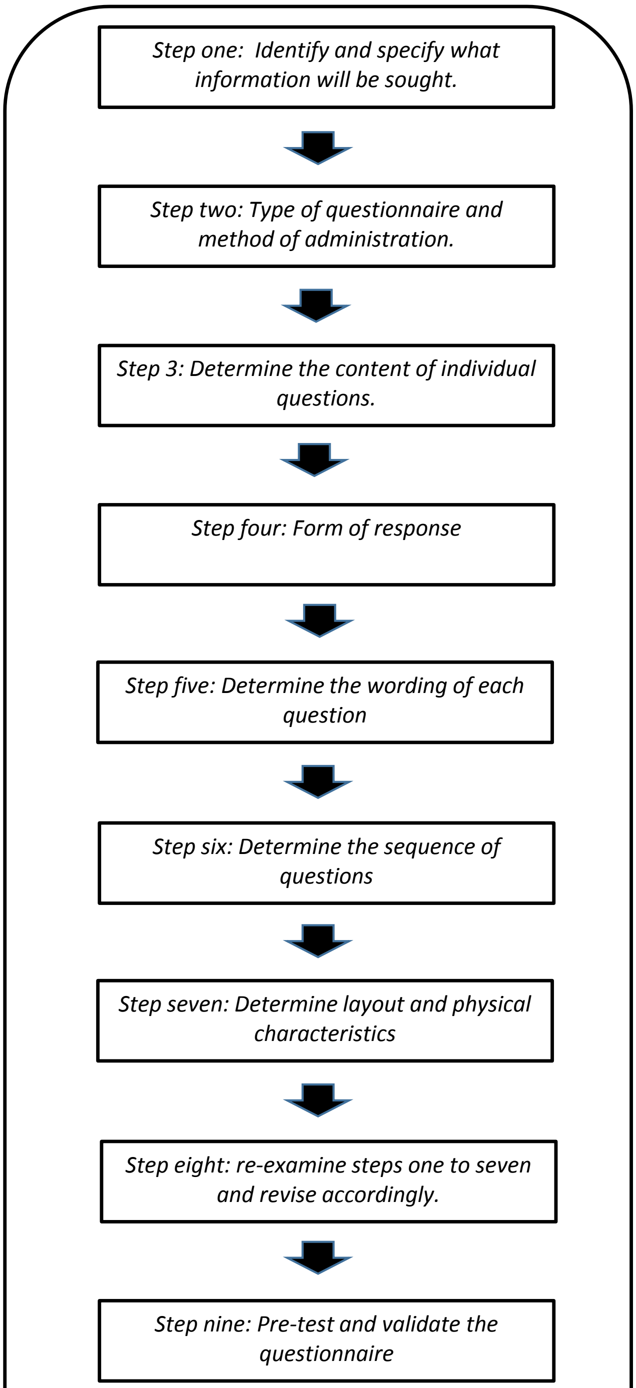


Figure 3.2: Questionnaire Development and Validation Process taken from Churchill and Iacobucci (2002, p. 315)

Step One: Identify and specify what information will be sought.

The purpose of this stage is to identify what information it is necessary to collect for the purposes of the study, with the information required usually being primarily dependent upon theory and the conceptual framework of the study (Churchill and Iacobucci, 2002; DeVellis, 2012). The research instrument used in this study has been developed and designed to capture information relating to each of the constructs and hypotheses identified in Chapters Twos and Four, which were drawn from the model of trust developed for this study shown in Figure 2.2 on page 39 and discussed in the previous chapter; a review of the academic literature relevant to this study; and the results of the qualitative phase of research. Questions to capture the demographic profiles of respondents were also included, in order to examine and gain an understanding of their moderating effects, together with obtaining a profile of respondents.

Step Two: Type of questionnaire and method of administration.

The purpose of this stage is to identify how the required information will be collected - a decision which is closely linked to the type of information required and influenced by factors such as costs and number of respondents (Churchill and Iacobuci, 2002; Saunders *et al*., 2009). A self-administered questionnaire was employed as the method for quantitative data collection, as questionnaires can be used to examine and explain causal relationships in explanatory studies (Saunders *et al*., 2009). Further reasons for selecting a self-administered questionnaire for this study included the large number of responses needed due to the characteristics of the analytical techniques to be used by this study; the fact that costs would be lower than utilising structured interviews; and the fact that data would need to be collected from a wide geographical area. Both postal and internet-based administration were initially considered, with internet-based administration being selected as the primary method for data collection, for mainly practical reasons, including cost. After discussion with two Independent Financial Advisers (IFAs), it was also considered prudent to produce a small number of paper based surveys that could be posted to potential respondents, as both IFAs were of the opinion that many of their clients were not necessarily computer literate. A further advantage of utilising a self-administered questionnaire is that respondents are less likely to answer questions in a manner that is either socially desirable or in a manner that they believe will please the researcher thereby increasing reliability (Saunders *et al.,* 2009).

Step Three: Determine the content of individual questions.

The purpose of this stage is to develop a set of questions or items to be used in the questionnaire that adequately define and represent each of the constructs, and to ensure content validity (content validity is defined and discussed in Section 3.5.3.1 on page 85) for those potential questions or items. Decisions made in the previous two stages will influence this stage of questionnaire development (Churchill and Iacobucci, 2002; DeVellis, 2012).

Following the process suggested by Arnold and Reynolds (2003) and DeVellis (2012) for scale development, a review of literature dealing with quantitative studies regarding financial services trust was undertaken in order to identify existing scales that could potentially be used for this study (eg. Sekhon *et al*., 2014; Hanson and Grimmer, 2007; Grayson *et al*., 2008; Ennew *et al*., 2011; Hansen, 2012a and Hansen, 2012b). However, as indicated in the literature review, there is a paucity of studies focusing on environmental based trust in the context of the financial advice industry which this study examines. The search for suitable scales was therefore first extended in scope to cover the trust literature in general, and then to a broader range of literature covering a variety of topics which contained potentially useful scales. As a result, 37 papers were identified containing approximately 300 scales with an excess of 1,000 individual items of interest that could potentially be utilised for this study. Each of the potential scales identified were grouped together by latent construct, thereby forming a pool of potential items for each construct. The individual items for each construct were then reviewed, together with any relevant information provided by the originating study, such as Cronbach alpha scores, loadings, and whether or not the item was subsequently dropped by the authors. Items that did not fit the conceptual definition of the constructs were dropped, as were those found to be ambiguous, irrelevant, too narrow in focus, or unsuitable for modification to the context of this study. Where items were found to be duplicated or identical in meaning to other items, they were either merged into one, or one item was dropped. Several items were also dropped where studies reported particularly poor Cronbach alpha or loading scores which led to that particular item being dropped by the originating study, however several items were kept where scores had been below what is normally considered desirable.

Once this process had been completed, potential items had been identified for 16 of the 22 constructs and hypotheses identified in Chapters Three and Six, however, for two of the 16 constructs where potential items had been found, only one potential item had been found for each. Each of the remaining 14 constructs where items had been found were then examined to ensure that the items for that particular construct covered all aspects and dimensions of the construct identified by the qualitative phase of research. Omissions relating to four constructs were noted.

Potential items for these missing dimensions, together with items for both constructs where only one item had been found and the four constructs where no constructs could be found, were then generated utilising DeVellis' (2012) guidelines by drawing upon the findings of the qualitative research, ideas from other research and ideas generated from theory (Arnold and Reynolds, 2003).

The resultant items for each scale were then examined by four individuals (An IFA, an academic and a PhD student from a leading UK Business School and one other lay individual who met the criteria for participating in the study) who were asked to examine each scale and comment, including their reasoning, on any technical issues, relevance, applicability, understanding and wording used (DeVellis, 2012). Where necessary further amendments were made to individual items as a result of their comments.

Once completed a q-sort technique was undertaken whereby experts and potential participants group together items according to their similarity (Moore and Benbasast, 1991). This technique is particularly recommended where new scales are being developed in order to assess content validity and identify any particular items where ambiguity may still exist (Moore and Benbasat; Segars and Grove 1998; Bhattacherjee, 2002; Stratman and Roth, 2002).

Five teams of two judges were recruited in order to undertake this exercise. Three academic teams were recruited, two consisting of an academic and PhD student from a leading UK Business School with the other team consisting of two PhD students from other schools within a leading UK University. A further two lay teams were recruited, one consisting of two administrative staff from a leading UK Business School and the other consisting of two individuals who met the criteria for participation in this study. This range of individual was selected in order to ensure that a range of perceptions was included in the analysis (Moore and Bebasat, 1991).

A set of yellow 2” x 3” cards was prepared with each of the items selected for use in the previous stage printed on one card along with a set of white 3” x 5” cards with each of the constructs identified in Chapter Seven printed on each card.

For the first three rounds of sorting, each of the academic teams was provided with the set of yellow cards, containing individual items which had been randomly shuffled, and were asked to group the cards into construct categories before being asked to write a description or title for each grouping or construct. This procedure minimizes the risk of ‘interpretational confounding’ which occurs “as the assignment of empirical meaning to an unobserved variable other than the meaning assigned to it by an individual a *priori* to estimating unknown parameters”, (Burt 1976, p. 4). If the definition written by the judges matches the intent of the construct or scale, then confidence in the validity of the scales increases (Moore and Bebasat, 1991).

Once this first stage had been completed and the results recorded, each academic team was then asked to undertake a second stage, whereby the yellow cards were reshuffled, with each of the white construct cards being placed face up on a table. Each team was then asked to place each of the yellow cards onto a white card with the results, including disagreements on the placement of cards, between judges being recorded. For the final two rounds each of the non-academic teams were asked to undertake this second stage only.

Once each round had been completed, scales were refined by either re-wording items to better match the relevant construct, or by eliminating items which had been consistently placed on incorrect constructs.

Moore and Benbasat (1991) indicate that a further signifier of content validity was the convergence and divergence of items within categories. Where an item is consistently placed within the same category, it demonstrates convergent validity with that construct and discriminatory validity with the other constructs.

The assessment of the reliability of the q-sort process is often assessed in two ways: firstly, by calculating a value such as Cohen’s Kappa (Cohen, 1960) or Perreault and Leigh’s (1989) measure for the level of agreement between judges when grouping items and, secondly, by measuring the frequency with which judges placed items on the correct construct.

Both Cohen’s Kappa (Cohen 1960) and Perrault and Leigh’s (1989) measure establish whether the degree of agreement between judges is greater than that which would be expected by chance (Stratman and Roth, 2002). It was not possible to calculate such values for this study, as only two disagreements occurred between judges, both of which were in the first round. This deficiency is probably due to the fact that only two judges, instead of the usual four or five, were used for each round of judging, due to difficulty recruiting suitable judges.

The second measure, whereby the frequency that items were placed correctly is calculated, is more of a qualitative analysis than a rigorous quantitative procedure, with no established guidelines for determining what is a good score. However, scales or constructs where a high frequency of correct item placement occurred can be considered to have a high level of construct validity, and have a high potential for good reliability scores (Moore and Benbasat, 1991; Stratman and Roth, 2002).

Step Four: Form of response

Questions relating directly to the scales were multichotomous closed questions with predetermined responses, with a seven point Likert type scale being applied in all cases in order to maintain uniformity. Likert scales are one of the most common question formats and are widely used to measure opinions, beliefs, and attitudes (DeVellis, 2012). Questions relating to both demographic information and the financial adviser used by respondents were also closed with predetermined responses. A small number of open ended questions were also included to allow participants to give their opinion on several issues.

Step Five: Determine the wording of each question

Ensuring that the phrasing and wording of each question is correct is crucial, as poor phrasing can lead respondents to misinterpret questions, leading to incorrect answers or a refusal to answer. One particular area where problems can occur is in the vocabulary used by researchers, as they are often highly educated individuals who are prone to use words that are often not understood by typical respondents (Churchill and Iacobucci, 2002; Saunders *et al*., 2009). This was borne in mind when constructing the questions, as was the need to avoid technical terminology and abbreviations used by the financial services industry. Where the use of such terminology or abbreviations was unavoidable, clear explanations and definitions were provided of the meaning. The need to ensure that suitable, understandable, and non-ambiguous wording was being used, that abbreviations used were appropriate and understood, and that questions were not misleading, was a significant driver of the decision to hold a small initial pre-test of the questionnaire, as described under Step Seven.

Step Six: Determine the sequence of questions

Once the wording of the questions has been established, the next step is to determine the sequence in which they will be asked. Churchill and Iacobucci (2002) indicate that the ordering of the questions can be crucial to the success of the research effort. Accordingly, this study will follow their guidelines.

The first few questions should be simple and easy to answer, interesting and non-threatening. If this is not the case, respondents may decline to complete the questionnaire. The first three questions were screening questions, which ensured that respondents met the criteria for participation (specifically, over the age of 25, resident in the UK and had used a financial adviser within the previous 12 months), and were followed by questions relating to themselves and their knowledge and opinion of the financial services industry and their financial adviser, before moving on to more detailed questions. The questions relating to the personal profile and demographics of respondents, which can be considered sensitive, were placed at the end of the questionnaire. Wherever possible, questions with similar opening wording were grouped together in order to reduce the overall length of the questionnaire. An open ended question giving respondents an opportunity to comment upon the questionnaire was placed at the very end, along with a thank you message and the contact details of the researcher. By structuring the questionnaire in this manner, the guidelines recommended by authors such as Churchill and Iacobucci (2002) and Saunders *et al*., (2009) were adhered to.

Step Seven: Determine the layout and physical characteristics of the questionnaire

The physical characteristics of a questionnaire, such as the layout, can affect a variety of factors, including acceptance of it by respondents and their perception of its importance. If such issues arise, they may be detrimental to the cooperation of respondents and their willingness to participate. Furthermore, poor physical design can also have a detrimental effect upon the accuracy of responses and the ease with which they are processed (Churchill and Iacobucci, 2002). Accordingly, care was taken with both the internet based questionnaire and the small number of paper based questionnaires produced to address these issues by following the guidelines suggested by Churchill and Iacobucci (2002) and Saunders *et al*. (2009), with effort being made to ensure that a professional layout was achieved in order to enhance the credibility and perception of the importance of this study.

For the internet based questionnaire, this entailed providing clear guidelines and instructions on how to complete the questionnaire, minimising the number of questions on each page to reduce the amount of scrolling required, and providing a ‘progress bar’ on each screen. A decision was also taken at this stage to make the completion of all scale related questions in the internet based questionnaire compulsory, in order to mitigate the risks associated with missing data which are discussed in Section 5.12.1 on page 152.

For the paper-based questionnaire, this entailed producing the questionnaire in booklet form, designed in such way that it was easy to read and without clutter. A freepost address for the return of the completed questionnaire was also prominently displayed on the final page. The University logo was prominently displayed on both, in order to further enhance credibility.

The importance of a well-designed introductory letter in enhancing credibility is also noted by Churchill and Iacobucci (2002). However, as the initial intention of this study was to obtain participants from the client listings of financial advisers, it was felt that the initial approach to potential participants should be made by the financial advisers concerned for two reasons: Firstly, the requirements of the Data Protection Act would have required the financial advisers to request permission form their clients to pass on their contact details to the researcher and, secondly, due to the strong personal nature of the relationship that often exists between clients and their financial adviser, it was felt response rates would be considerably higher if the approach was made by the adviser and that the adviser should therefore structure the request to participate in the manner they felt best. Therefore, a formal introductory letter was not produced, but rather each financial adviser that agreed to assist was provided with a list of points that they were asked to include when requesting participation such as the purpose of the study, guarantees concerning anonymity and confidentiality, and the contact details of the researcher, along with a suggested wording.

Step Eight: Re-examine steps one to seven and revise accordingly.

Whilst Churchill and Iacobucci (2002) include this as a separate step, reviewing and revising the questionnaire was undertaken on an ongoing iterative basis throughout the process of questionnaire development.

However, prior to proceeding to the final step in the development of the questionnaire, a final review was carried out by four individuals (one academic, one PhD student, an IFA who was granting access, and one professional non-academic individual) with amendments being made where necessary.

Step Nine: Pre-test and validate the questionnaire

The next stage of the development is to test and validate the questionnaire under conditions of actual data collection. Such pilot-testing offers an opportunity to detect mistakes and issues that range from being mildly irritating to potentially catastrophic, to assist with ensuring that respondents do not experience difficulty answering questions, to ensure that difficulties will not be experienced when recording data, and to establish content validity (Churchill and Iacobucci, 2002; Saunders et al., 2009). This step in the development of the questionnaire followed the suggestions of both Moore and Benbasat (1991) and Churchill and Iacobucci (2002): An initial test was carried out on a face to face basis with a small number of respondents in order to establish if the mechanics of developing the questionnaire had been adequate; this was followed by a larger full scale test utilising the method to be used for data collection, with the main aims being to identify any issues or problems with the method of administration and to establish whether the scales demonstrated appropriate levels of reliability.

Eight participants for the first pilot test were selected on a convenience basis from a group of volunteers using the same criteria for participation in the main study, (over 25, resident in the UK, and had used a financial adviser within the preceding 12 months). Rather than conducting the first pilot test with respondents individually, the test was conducted on a similar basis to a focus group, with all participants at the same time with the researcher acting as a moderator using the paper based version of the questionnaire. Participants were first asked to complete the questionnaire in their own time, making notes of any problems they encountered, such as wording that was difficult to understand or issues they noticed such as incorrect spelling or grammar, which were discussed once all participants had completed the questionnaire, which took between 12 and 20 minutes. Participants were then asked to further comment upon the length of the questionnaire, together with both the wording used and instructions given, with potential modifications for both being discussed by the group.

Appropriate amendments were subsequently made to the questionnaire before proceeding to the second larger pilot test.

The revised questionnaire was prepared for use using the online software provided by Qualtrics: a third-party web hosting service for research questionnaires and associated software. In order to ensure that only qualified respondents participated in this second pilot test, the screening questions identified earlier were used to ensure potential participants met the same criteria for participation in the main study. An e-mail was then sent to all members of staff in a variety of faculties of a leading UK University inviting participation, with a total of 54 questionnaires being completed. Along with checking for any difficulties respondents may have faced when completing the questionnaire, and time taken to complete the questionnaire (12 to 34 minutes), the resultant data was used to conduct an Exploratory Factor Analysis (EFA) to further assess the validity, reliability, appropriateness, and comprehensiveness of the scales.

EFA is a statistical procedure often carried out in the early stages of SEM that investigates the relationships between observed and latent variables where the links between the variables are unknown or uncertain with the aim of determining how and to what extent observed variables are linked to their underlying factors with no prior specification of the number of factors (Anderson and Gerbing, 1988; Byrne, 2010). The primary purpose of conducting an EFA is to define the underlying structure of the variables in the analysis and is termed exploratory as the researcher has little control over the structure specification and attempts to identify groupings amongst variables based upon relationships in the underlying data rather than from theory as in confirmatory factor analysis (CFA) thereby allowing cleaner structural equation modelling (Hair *et al.,* 2010). (In addition to carrying out an EFA immediately following the second pilot test, a further EFA was carried out once the data for the main study had been collected). Conducting an EFA as part of this study was appropriate given that issue that under consideration is under researched and that it proved necessary to develop new scales for use in the quantitative phase of this study.

Further minor amendments were made to the wording of both the instructions and various scales as a result of comments received from a text box placed at the end of the questionnaire. On the basis of the results from the EFA, items were dropped from the business premises (BP4), adviser expectation (AA1, AA2), consumer protection (CP5), and reputation of adviser (REPA4) scales due to validity issues, with one scale, which concerned the display of qualifications (DQ), being dropped due to discriminant validity and reliability issues. When considering discriminant validity, the initial EFA also suggested that it might be necessary to combine two scales, specifically trusting beliefs and trusting intentions, into one scale for the analysis of the data collected by the main study. This subsequently proved to be the case.

Once this final step of the development process had been completed and appropriate amendments made, the final questionnaire was uploaded to the Qualtrics website in preparation for the main study. Undertaking this extensive and rigorous process to develop the questionnaire assisted in ensuring content validity. Appendix Eight (page 230) shows the final set of items for each scale along with a comparison to the original where relevant. Appendix Nine (page 238) shows the final questionnaire used, which also demonstrates the operationalisation of each of the constructs using seven point Likert scales.

3.5.2 The Main Study

As previously discussed, the target population for this study was UK resident individuals over the age of 25 who had used a financial adviser within the previous 12 months. Initially, the intention was to obtain an appropriate number of respondents for this study by approaching a number of Independent Financial Advisers and gaining their agreement for them to approach their clients via e-mail to recruit respondents. Despite considerable effort, difficulties were encountered for a variety of reasons, and after removing incomplete questionnaires and screening for unengaged respsones it was only possible to obtain 31 complete and usable data sets from 137 e-mailed requests (giving a response rate of 22.6%) utilising this strategy between December 2014 and January 2015. After much consideration, it was thought unlikely that it would be possible to recruit sufficient respondents utilising this strategy alone, and a decision was therefore taken to utilise the services of a commercial panel operated by Qualtrics to gain further suitable respondents and for further data collection, which was carried out in March 2015. (Full details, including the instructions and guidelines given to Qualtrics for this data collection can be found in Appendix Ten, page 248). In addition to utilising the screening questions described earlier, Qualtrics also included questions to screen out unengaged responses, such as individuals who answered each question with the same answer. From 1,178 questionnaires started, Qualtrics were able to provide 271 complete and useable data sets (23%), giving an overall total of 302 usable responses.

When making a decision about an appropriate sample size there is an inevitable trade-off between issues, such as cost, time, and resources available, and the desired statistical accuracy of findings required, with a particular consideration being the data analysis technique that will be used, with larger sample sizes needed for more sophisticated techniques (Saunders *et al*., 2009; Bryman and Bell 2011). The sample size required for this study was therefore largely based upon the data analysis technique selected for this study of structural equation modelling (SEM).

The question of adequate sample size has long been debated for SEM, with little theoretical guidance being available (Baumgartner and Homburg, 1996), and is of major concern as it has been acknowledged to be integral in obtaining trustworthy results that are stable and meaningful, and crucial in the interpretation of the results (Hair *et al*., 2010). A minimum level of five observations for each parameter is recommended as, below this point, the statistical stability of the findings may be impaired. A level of ten observations for each parameter is considered better (Baumgartner and Homburg, 1996; Hair *et al.,* 2010; DeVellis, 2012). Hair *et al*., (2010) also suggest that sample sizes in the range of 100 to 400 are suitable for most studies. The sample size of this study, at 302, is within these suggested parameters.

3.5.3 Quantitative Research Integrity

A broad definition of the concepts of validity and reliability used to establish research integrity was given earlier in this chapter. This section further describes and discusses how these concepts relate and how they were applied to the quantitative data collection and analysis techniques used in this study, particularly as a central concern when undertaking the development of a new scale, as this study has done, is establishing content validity, construct validity, unidimensionality, and reliability for each new scale (Straub, 1989; Bordreau et al., 2001).

3.5.3.1 Content Validity

As discussed earlier in this chapter, content validity relates to the extent to which items reflect the domain of interest, and is often assessed qualitatively. The key to establishing content validity is the procedures used to develop the research instrument, typically through a rigorous literature review, alongside the use of expert judges (Moore and Benbasat, 1991; Churchill and Iacobucci, 2002; Stratman and Roth, 2002; DeVellis, 2012). When conducting SEM, content validity must be established prior to theoretical testing as, without it, it is impossible to correctly express or specify a measurement model (Hair *et al.,* 2010). In order to ensure high levels of content validity, the academic literature was referred to at all stages during the development of the research instrument for this study. In addition, the input of both academic and industry experts was sought at various stages throughout the process, as detailed earlier in this chapter.

3.5.3.2 Construct Validity

Construct validity is concerned with the theoretical relationship between variables, and whether or not a construct measures what it is supposed to measure – essentially, the accuracy of the measure. Construct validity is the most difficult to assess and establish, it lies at the heart of scientific progress and is typically described as being comprised of convergent and discriminant validity (Churchill and Iacobucci, 2002; Hair *et al*., 2010; DeVellis, 2012).

A scale has convergent validity when differing methods of measuring a construct provide the same result. Accordingly, the use of two methods, such as the q-sort, together with the analysis of the responses from the questionnaire, represent two different methods of evaluating a scale. A further method of determining convergent validity is to assess the factor loadings of the observed variables, or items, onto their respective latent constructs in a confirmatory factor analysis (CFA) or measurement model, with high loadings indicating convergent validity which, as a minimum, should be statistically significant (Stratman and Roth 2002; Hair *et al*., 2010). Hair *et al*., (2010) suggest a minimum loading of 0.5 or higher, but ideally 0.7, whilst Bagozzi and Yi (1998) suggest a minimum of 0.6. Alternatively, convergent validity can also be measured using *t-values* (which are reported as critical values by AMOS, the software package used in this study), with the widely accepted cut off values being when the t-values are higher than $\pm$ 1.96 at the $p<0.05$ level and ± 2.58 at the $p<0.01$ level (Anderson and Gerbing, 1988). The results for convergent validity are presented in Section 5.13 on page 159 of Chapter Five.

A scale or construct has discriminant validity when it is unique and distinct from other constructs, with high discriminant validity indicating that the scale or construct measures or captures a phenomenon that others do not (Stratman and Roth, 2002; Hair *et al*., 2010). Hair *et al.,* (2010) suggest that a rigorous method of establishing discriminant validity is to compare the average variance extracted (AVE) of constructs with the squared correlation of the constructs, with the AVE being greater than the squared correlation, with Fornell and Larcker (1981) indicating that the AVE should also be in excess of 0.5. The results for discriminant validity are presented in Section 5.13 on page 162 of Chapter Five.

3.5.3.3 Unidimensionality

A scale is considered to have unidimensionality if the items in that scale only measure one construct. Unidimensionality is considered to be critically important and a necessary condition for reliable and valid scales. Whilst some authors suggest that techniques such as Cronbach's alpha and EFA can be used to assess unidimensionality, others such as Anderson and Gerbing (1988), Sratman and Roth (2002) and Kline (2011) suggest performing a CFA and then using goodness of fit indices, standardised residuals, and modification indices as a more robust method of assessing unidimensionality. A CFA has therefore been undertaken for this study, with CFI, TLI, and RMSEA being used to assess the model, as suggested by Hair *et al*., (2010). In addition, the maximum likelihood adjusted $\chi 2$ ($\chi 2/df$) statistic has also been used to assess the overall fit of the hypothesized model. Adjusted $\chi 2$ has been used, as the $\chi 2$ statistic is particularly sensitive to sample size, with the probability of rejection increasing with sample size. For a study with the sample size (n=302) and number of constructs (17 for model one and two, 18 for model three) used by this study, Hair *et al.,* (2010) suggest that adjusted $\chi 2$ should be under 3 with a significant *p* value, CFI and TLI should exceed 0.92, and RMSEA should be under 0.07 with a CFI higher than 0.92. The results for unidimensionality are presented in Section 5.13 on page 157 of Chapter Eight.

3.5.3.4 Reliability

Reliability relating to a scale refers to the accuracy, consistency, and stability of the measurement of a construct, and is a necessary condition for a scale to have validity. The reliability of a scale is therefore of central importance and should be assessed and determined before it is used (Churchill and Iacobucci, 2002, Stratman and Roth, 2002; Hair *et al*., 2010). Whilst Cronbach alpha scores above 0.7 can indicate the reliability of a scale (DeVellis, 2012), authors such as Stratman and Roth (2002) suggest that composite reliability (CR) is a more rigorous assessment of reliability, whilst Anderson and Gerbing (1998) argue that conducting a CFA provides more rigorous assessments of reliability. In this study, in addition to calculating Cronbach Alpha values for each scale, results from a CFA were also used to assess reliability. Individual item reliability (R^2) was calculated, with values above 0.5 indicating reliability (Bollen, 1989) along with the CR for each scale. Whilst Bagozzi and Yi (1988) suggest that a CR value in excess of 0.6 is desirable, Stratman and Roth (2002) suggest in excess 0.7, with Koufteros (1999) suggesting in excess of 0.8. Finally, construct reliability was also assessed by estimating the AVE, which assesses the total amount of variance in the indicators accounted for by the latent constructs, with a value in excess of 0.5 being acceptable (Fornell and Larcker, 1981; Koufteros, 1999; Hair et al., 2010). The results for these assessments are given in section 5.13 on page 157 of Chapter Five.

3.6 Quantitative data analysis procedures

The aim of the analysis of the quantitative data for this study is to examine relationships between multiple independent and dependant variables relating to environmental trust. Structural Equation Modelling (SEM) has been chosen as the main quantitative analytical technique for this study as it has been recommended by many authors, such as Byrne (2010), Hair *et al*., (2010), Kline (2011), and Tabachnick and Fidell (2014), as the most effective analytical strategy to use when conducting this type of analysis. SEM can also appraise and evaluate validity and reliability together with hypothesised relationships between variables simultaneously (Anderson and Gerbing, 1998; Hair *et al.,* 2010).

3.6.1 The Concept of SEM

Rather than referring to a single statistical technique, SEM refers to a family of related techniques and procedures that seek to explain relationships between multiple variables. It is known by many names, including causal modelling, latent variable analysis, and covariance structure analysis, and has been widely acknowledged as an analytical technique that improves upon and therefore succeeds techniques such as multiple regression, ANOVA, factor analysis, and path analysis. Whilst some techniques, such as MANOVA and canonical correlation analysis, can evaluate the relationship between multiple variables, they only permit the evaluation of a single relationship between dependant and independent variables, whereas SEM can estimate a series of separate but interdependent multiple regression equations simultaneously. SEM also has the ability to account for measurement error in the analysis process, can accommodate both unobserved, latent variables and observed variables, and can deal effectively with multicollinearity. SEM also adopts a confirmatory hypothesis testing approach rather than the exploratory approach adopted by other earlier analytical techniques (Anderson and Gerbing, 1988; Byrne, 2010; Hair et al., 2010; Kline, 2011).

SEM consists of two basic components: the measurement model (Confirmatory Factor Analysis or CFA), and the structural model (path or regression analysis). The CFA, or measurement model, examines the relationships between the manifest, observable variables and the latent, unobserved variables (Hair *et al*., 2010). As latent variables, which represent theoretical constructs, cannot be observed directly, they cannot be measured directly, meaning that the researcher must operationally define latent variables in terms of the behaviour believed to represent them. Measurement of latent variables is therefore achieved by indirect measurement of observed variables, linked to the latent variable, and theorised to represent the behaviour of that latent variable. Latent variables can include both exogenous and endogenous variables. Exogenous latent variables, which are synonymous with independent variables, cause fluctuation in the value of other latent variables in the model, whilst endogenous variables, synonymous with dependant variables, are influenced either directly or indirectly by the exogenous variables in the model, with the structural model specifying the hypothesised causal relationships between the latent variables (Koufteros *et al*., 1999; Byrne, 2010).

3.6.2 Sample Size

Sample size is of crucial importance when conducting SEM, as the required sample size is related to the number of parameters to be estimated and has to be "large enough for the parameter estimates and test statistics to be valid", (Baumgartner and Homburg 1996, p. 146). Standard errors may not be accurate and technical problems may also be experienced where the sample size is insufficient (Kline, 2011). However, as indicated earlier in this chapter, sample size for studies utilising SEM has long been debated, and there is little in the way of theoretical guidance, with many researchers recommending that minimum sample size should be five times the number of parameters being estimated - ideally ten. Research has also indicated that factors such as model complexity, multivariate normality, and estimation techniques need to be taken into account when considering sample sizes (Hair *et al*., 2010.)

3.6.3 Approach

A further consideration when conducting SEM is whether a one-step or two-step approach is more appropriate. In a two-step approach, the fit and validity of the measurement model is first assessed and substantiated before the structural model showing the relationships between variables is assessed, whereas both steps are conducted simultaneously in the one-step approach (Anderson and Gerbing, 1988; Hair *et al*., 2010). Use of the two-step approach is described as "essential" by Hair *et al*., (2010, p. 730), as it ensures that poor measures are not used to test the validity of the structural model. Accordingly, and also in line with many authors such as Anderson and Gerbing (1988) and Koufteros *et al*., (1990), the two-step approach was adopted for this study.

3.6.4 Procedural Steps

In order to ensure a robust process when analysing the data collected by this study, the six stage process suggested by Hair *et al.,* (2010) for a two-step SEM analysis was followed. This process is shown in Figure 3.3 below.

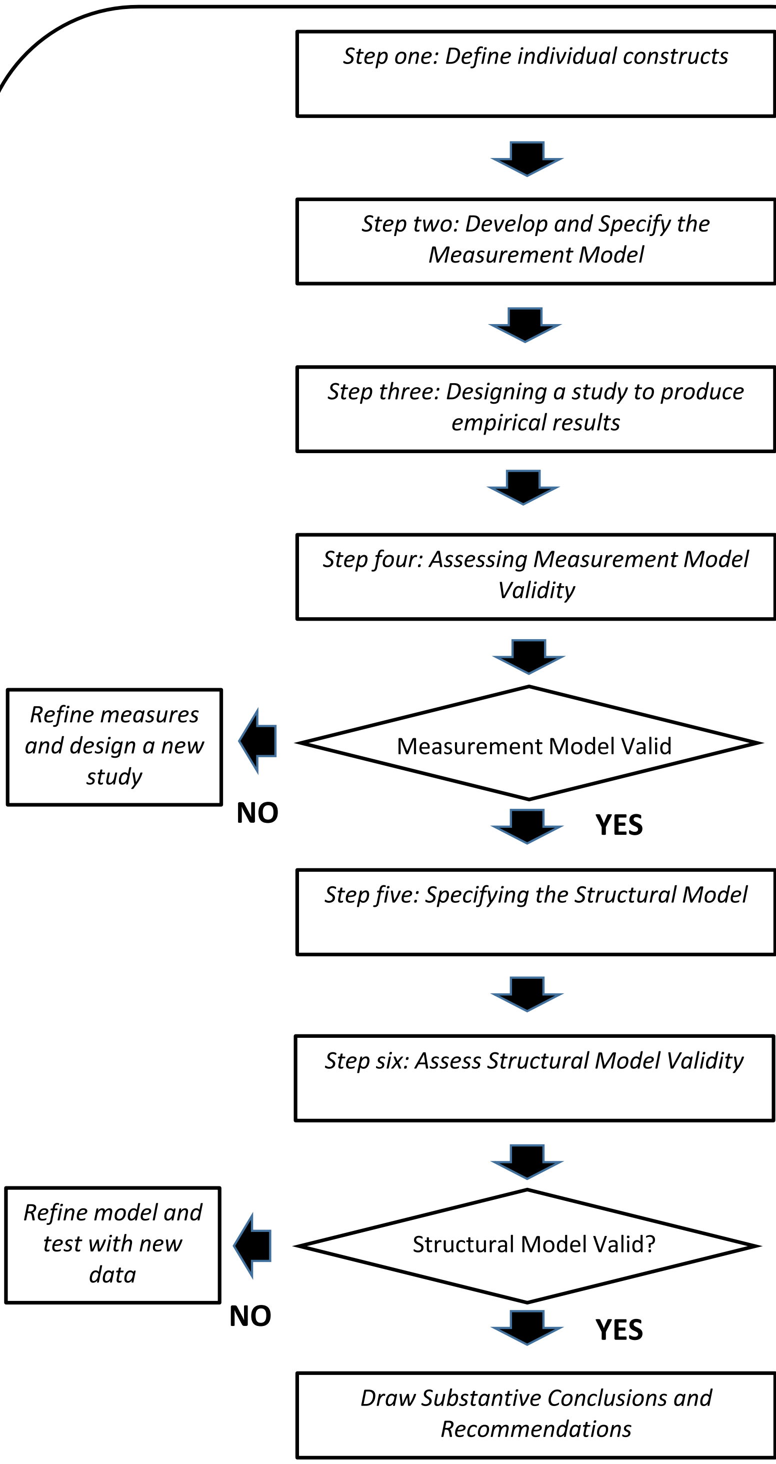


Figure 3.3: Six Stage Process for Structural Equation Modelling taken from Hair *et al*., (2010, p. 654)

Step One: Define individual constructs

Essentially SEM is a means to assess how well theory fits reality, as represented by data, and is based upon causal relationships. SEM is therefore not an exploratory technique and requires a theoretical underpinning. Accordingly, the first stage is to define valid theoretical constructs and operationalise them by selecting suitable items and scales, together with the scale type, in order to measure them. It is often possible to use scales from prior research for this by identifying suitable constructs and scales that have performed well in the past by undertaking a literature review. Where there is no history of previous study of a subject area this might not be possible and the researcher must develop new scales. In both cases, scales should be pre-tested using respondents similar to the population to be studied and utilising the same method of analysis as the main study (Hair et a*l.,* 2010).

Accordingly, a literature search was undertaken to identify existing scales and constructs for use in this study relating to the theoretical components and predictors of institution based trust. Where it has not been possible to identify scales relating to those components and predictors, new scales have been developed using the process discussed earlier in this chapter. Once developed, the resultant set of scales was subjected to the rigorous pre-testing procedures detailed earlier in this chapter.

Step Two: Develop and Specify the Measurement Model

Once relevant scales and constructs have been identified and specified, the next stage is to specify the measurement model which provides the linkage between the items that constitute the measured observed variables and the latent variables which they are designed to measure. Whilst this can be done using equations, it is often simpler to represent this by means of a diagram. Issues relating to construct validity, reliability, and unidimensionality are all addressed by a measurement model and must be confirmed even when using existing scales, as failure to do so would problematic at later stages (Hair *et al*., 2010). These issues were addressed during the scale development process described and discussed earlier in this chapter. Rather than representing the measurement model with equations, a decision was taken to produce a graphical representation of the measurement model using AMOS 20 software, due to its efficient execution of SEM, and many features such as the graphical user interface with drop and drag features and the ability to display parameter estimates graphically.

Step Three: Designing a study to produce empirical results

A researcher has a variety of issues to consider when designing research, such as the use of either a covariance or correlation input matrix, with AMOS software being able to handle either and covariance matrices providing greater flexibility, the impact and treatment of missing data, and sample size. The issue of sample size has been addressed earlier in this chapter, whilst issues surrounding missing data are explored and addressed in Chapter Eight.

Step Four: Assessing Measurement Model Validity

Once the measurement model has been specified, data collected, and decisions made regarding estimation techniques, the next stage is to validate the measurement model by identifying the model and establishing acceptable levels of goodness-of-fit and evidence of construct validity (Hair *et al.,* 2010).

A model is deemed to be identified if it is theoretically possible to derive a unique estimate for every model parameter, and requires that there should be at least as many observations as free parameters (Kline, 2011). AMOS assesses if a model is identified or otherwise.

The issue of construct validity has been described and addressed earlier in this chapter, with the results of the relevant analysis being shown in section 5.13 on page 159 of Chapter Five.

Goodness-of-fit evaluates how well the theorised model fits the observed data, with a variety of goodness-of-fit indicators being developed over time by researchers (Hair *et al*., 2010; Kline, 2011). Fit indices fall into three categories: absolute fit indices, incremental fit indices, and parsimony fit indices (Hair *et al*., 2010).

Absolute fit indices measure how well the specified model reproduces the observed data, and therefore provide a basic assessment of how well the theory fits the data, with each model being evaluated independently. Examples include the $\chi 2$ statistic, the goodness-of-fit (GFI), and the root mean square of approximation (RMSEA). Incremental fit indices measure how well the proposed model compares to an alternative baseline model, often referred to as a null or independent model, which assumes all observed variables are uncorrelated. Examples include adjusted normed fit index (NFI), Tucker-Lewis index (TLI), and comparative fit index (CFI). Parsimony fit indices are designed to provide information regarding which model amongst a group of competing models is the best, taking into account fit relative to complexity. Examples include adjusted goodness-of-fit index (AGFI) and the parsimony normed fit index (PNFI) (Hair *et al*., 2010).

Typically three or four indices are reported to provide adequate evidence of model fit, with Hair et al., (2010) suggesting the use of at least one absolute fit index, in addition to the $\chi 2$ value and degrees of freedom, and one incremental fit index. Accordingly, this study reports the Normed $\chi 2$ value (as described earlier in this chapter, this is a more reliable statistic than $\chi 2$) together with CFI, TLI, and RMSEA. See Table 3.3 below for further details of these indices.

Table 3.4: Summary of Goodness-of-fit Indices Used		
Fit Index	Description	Acceptable Fit
χ2	Tests the hypothesis in that the estimated variance co-variance matrix deviates from the sample. Influenced by sample size meaning a significant result is more likely as sample size increases.	Non-significant χ2 with a *p-value* >0.05
Normed χ2	A simple ratio of χ2 to degrees of freedom. Used as χ2 statistics are only meaningful when they take into account degrees of freedom. Values under one imply over fit.	>5 suggested by Bollen (1989), >3 suggested by Hair *et al* ., (2010)
CFI	An incremental fit index between proposed and null models adjusted for degrees of freedom thereby allowing for larger sample sizes. Widely used and often recommended	Depending upon sample size and model complexity >0.90 suggested by Hair *et al* ., (2010)
TLI	A comparison of normed χ2 values between the null and specified models. Takes into account model complexity but is not normed so values can fall above one or below zero. Widely used and often recommended	Depending upon sample size and model complexity >0.90 suggested by Hair *et al* ., (2010)
RMSEA	Represents how well a model fits a population. Attempts to correct for model complexity and sample size with lower values indicating a good fit. Widely used but much debate about what is a good value.	Depending upon sample size and model complexity, values >.07 with a CFI <.90 suggested by Hair *et al.* , (2010)

Source: Adapted from Hair *et al* ., (2010) and Kline (2011)

If satisfied with the results of the analysis, the observer should proceed with the next step. If dissatisfied, the model should be re-defined.

Step Five: Specifying the Structural Model

This stage specifies the structural model by means of assigning relationships between constructs based upon the proposed theoretical model, with each hypothesis representing a specific relationship in the model. The structural model effectively becomes the test of the theory, including the relationship between indicators and constructs and the hypothesised relationship between constructs (Hair *et al*., 2010).

Step Six: Assess Structural Model Validity

The final stage is to evaluate the fit of structural model utilising the same indices and criteria used for the measurement model. Whilst overall fit should be established, many researchers compare alternative competing models to establish which is superior. Particular emphasis is also placed upon the estimated parameters for the relationships or paths between latent constructs, as they provide direct empirical evidence for the hypothesised relationships in the model (Hair et al., 2010). If the analysis confirms an acceptable fit, thereby validating the model, then conclusions and recommendations can be drawn. If not, the model must be re-specified and re-evaluated.

3.7. Conclusion:

This Chapter positioned this research within a post-positivist pragmatic paradigm, before giving a description of the choices made concerning both research strategy and methodology, including data collection and analysis for both the initial qualitative phase of research and the subsequent quantitative phase of research. The next chapter presents the findings from the initial exploratory qualitative phase of research.

Chapter Four

Qualitative Analysis: Focus Groups and Interviews

4.1 Introduction

The combination of qualitative and quantitative methodologies has “long been common in marketing research…” (Morgan 1996, p. 134), with qualitative methodology being used to undertake an initial phase of research and findings being subsequently verified and validated using quantitative methodology (Harrison and Reilly, 2011).

As discussed in previous chapters, this study seeks to address a subject area where little prior research has been carried out. This carries the implication that there may be gaps in our knowledge in this subject area. In line with the practices described above, an initial qualitative phase of research was therefore carried out with two objectives: firstly, to refine and validate the conceptual model and hypotheses generated during the literature review reported in Chapter Two, prior to conducting a subsequent quantitative phase of research to verify that conceptual model and those hypotheses and, secondly, to inform that subsequent research by means of aiding the development of the research instrument that was used during that phase.

Therefore, in addition to presenting the results of the analysis of the qualitative data, this chapter has the further aim of refining and validating the conceptual model presented in Chapter Two, including the validation of the hypotheses referred to above. Further hypotheses were also generated, based upon themes and issues relevant to this study that emerged from the analysis of the qualitative data and were not identified during the literature review, with appropriate changes being made to the conceptual model to reflect these additional hypotheses. The results of the analysis of the qualitative data were also used to assist with the development of a suitable research instrument for the quantitative phase of research.

Section 4.2 will present an overview of the qualitative research phase, including details of the sample used, before Section 4.3 presents the analysis of the data relating to participants’ knowledge and perceptions of the financial services and financial advice industries, including the regulation of both. Sections 4.4 and 4.5 will then present the analysis relating to structural assurance and situational normality respectively. Section 4.6 discusses themes and issues that emerged from the data that suggests that predictors of either structural assurance or situational normality that were not identified in the literature review conducted in Chapters Two. It then presents new hypotheses based upon these new themes and issues. Section 4.7 discusses changes made to the conceptual model, based upon the findings discussed in this chapter, and presents the refined conceptual model.

4.2 Overview of sample and data collection methodology

As explained in Chapter Three (Section 3.4.6, page 73), the qualitative phase of the research reported in this thesis was undertaken with a purposive sample of individuals who had held a meeting with a financial adviser within the previous 12 months using a discussion guide developed from the literature review (Appendix Two, page 220). Participants were selected on a convenience basis and were drawn from the author’s network of contacts in Cardiff and Swindon.

Whilst efforts were made to recruit a selection of participants that represented the wider population, the need to recruit a sample of individuals who had recent experience of using a financial adviser from the author's network of friends and contacts limited the success of those efforts. As a result, whilst the sample included representatives of a variety of relevant age groups (those aged under 25 were considered unlikely to have required the services of a financial adviser as people under that age rarely purchase long term complex investment products and are actively often avoided by financial advisers) and occupations, only 7 (30.4%) of the 23 participants were female and only one (3.7%) participant was of an ethnic origin other than white British (full details of participants are given in Appendix Four on page 226). The sample used must therefore be considered a convenience sample, which is a non-probability sampling method in which participants are selected at the convenience of the researcher (Hair *et al*., 2009) rather than as a sample that is reflective of the wider population, which carries a variety of implications for issues such as generalisation of the findings.

Initially two focus groups were carried out with a total of nine participants (three in the first which lasted for one hour 24 minutes, six in the second which lasted for one hour 34 minutes), followed by a series of 12 individual interviews, and one interview with a married couple, until saturation had been achieved and no new data was emerging (DiCicco-Bloom and Crabtree, 2006).

Two interviews were conducted via the telephone, with the remainder conducted on a face to face basis. The focus groups lasted approximately two one and a half hours each, whilst the interviews typically lasted 45 minutes. All were recorded and subsequently transcribed verbatim. The resultant data was then analysed using thematic analysis (Braun and Clarke, 2006; Coffey and Atkinson, 1996) following the six stage process outlined by Braun and Clarke (2006). Themes within the data were identified at both semantic and latent levels using the decision tree suggested by Ryan and Bernard (2003).

Full details of the methodology used for both the collection and subsequent analysis of the qualitative data are given in Chapter Three.

4.3 Participant Knowledge and Perception of the Financial Advice Industry

At the commencement of each interview and focus group, participants were asked about their knowledge and their perception of the financial advice industry, including their opinion on issues such as the regulation of the industry.

Of the 23 participants, one individual (*P2 of FG2*) indicated that they had been employed as a financial adviser many years earlier, and two individuals (*P4 of FG2 and P9*) indicated that they worked in allied industries and therefore felt that they had a good knowledge of the financial advice industry. Of the remaining participants, few were aware of the full extent of regulation by the Financial Conduct Authority (FCA), with nine individuals indicating that they felt their knowledge of the industry was very basic and limited. In contrast, all participants indicated that they were aware of the Data Protection Act (DPA) and Information Commissioners Office (ICO) and generally had some knowledge of its provisions and purposes, possibly because the DPA is ubiquitous in our modern technologically driven society.

Participants generally held a positive view of the financial services industry, including the financial advice industry and the regulation of the industry by both the FCA and DPA/ICO.

"It does give comfort to know that they are regulated - that there is a regulatory force in place." (P4 FG2)

Only two participants (*Male Participant of interview 3 and P3 of FG2*) expressed negative criticism of the major banks relating to the events of 2008 or other recent scandals concerning the financial services industry.

"I certainly don't trust the industry because it is proven that it is not trustworthy, and the bankers have taken massive risks." (Male from I3)

Given this lack of criticism of the major banks, participants who indicated that they had not used a financial adviser employed by a major bank were asked why they had chosen not to do so. Invariably the reason given was a perceived lack of independence on the part of the major banks.

The only negative criticism specifically concerning financial advisers was made by P2 of FG2 and related to his inside knowledge of the endowment mis-selling scandal of the 1980's, when he worked as a financial adviser. Whilst the reasons for the lack of negative criticism towards financial advisers were not specifically investigated by this research, one possible explanation to emerge from the data was that participants drew a distinction between financial advisers and those responsible for the events of 2008 and other recent scandals involving the financial services industry.

"I'm not sat here thinking about banks, I'm thinking about insurance companies." (P3 of FG2)

4.4 Findings relating to Structural Assurance

This section aims to explore the potential predictors of structural assurance identified in the proposed model, gain a greater understanding of those predictors, and identify any further potential predictors, together with their effect, if any upon the other dimensions of the model i.e. trusting beliefs and intentions and intention to purchase.

Analysis of the data from this study produced seven main findings relating to structural assurance, which are discussed below.

4.4.1 Statutory Regulation provided by the FCA

Participants generally drew reassurance from the statutory regulatory framework provided by the FCA.

"They've got to legally mandate what people are allowed to do, otherwise they'll take advantage." (Male P3)

Participants saw the main role of regulation provided by the FCA as ensuring the competence or ability of financial advisers which, in turn, ensures high standards of advice.

"You expect because they are regulated that they have a certain level of expertise and that in itself will give you the feeling that you are dealing with a professional person and therefore getting professional advice in the right way." (P2)

"Regulation ensures advisers are actually properly qualified across all the areas that they are supposed to be and that they have actually got sufficient depth and experience to be giving that advice." (P8).

In addition to the general consumer protection facilitated and derived from this, participants also saw the ability of the FCA to apply punishment or sanctions in cases of wrongdoing as both reassuring and as necessary for protecting their best interests.

"I would trust their advice more because I know that if they were saying something that was blatantly wrong that they would suffer." (P1)

These findings are generally supportive of H_{2a}, as detailed in Chapter Two, Section 2.3.5.2.1.1, page 42, that consumer protection is a predictor of structural assurance and are consistent with the findings of previous research by authors such as Zucker (1986) and Neu (1991) that rules and regulations foster trust.

4.4.2 Statutory Regulation provided by the DPA and ICO

Whilst all participants expressed some level of reluctance to divulge sensitive personal information to their respective financial advisers, such as details of their income or the state of their health, participants generally also saw the regulatory framework provided by the DPA and ICO as reassuring over issues such as privacy, confidentiality, and information security, and recognised the need to divulge such sensitive information to their financial adviser as to do otherwise would restrict the ability of that adviser to provide relevant high quality advice. Participants saw the main role of the DPA and ICO as mitigating their concerns over these issues by ensuring that financial advisers act with integrity in relation to their sensitive personal information.

"The DPA is one of the better laws introduced over recent decades and it immensely reassures people" (P1)

"I have an expectation that information will be kept securely and in a way which won't come back and affect me in some way, or won't get into third party hands" (P2)

"I know what he does with my information and he would not hand it to third parties without my permission" (P7)

These findings are generally supportive of H_{2b}, as detailed in Chapter Two, Section 2.3.5.2.1.2, page 43, that data protection is a predictor of structural assurance and are consistent with the findings of previous research by authors such as Zucker (1986) and Neu (1991) that rules and regulations foster trust.

4.4.3 Self-regulation

Participants were generally not reassured by self-regulation through membership of either a professional association or trade body, and were sceptical that such membership would protect their best interests, as they perceived that such organisations were there to serve the best interests of their members rather than their own best interest as consumers. Many participants felt that such organisations were simply self-serving and offered little reassurance to them as consumers.

"I couldn't care less what they are members of because they are probably self-licking lollipops." (Male from I3)

Further examination of the data indicated three reasons for this scepticism. Firstly, participants perceived that such organisations often did not require prospective members to prove their competence.

"They didn't even interview him, they just sent him a membership and so that sort of thing to me is worthless" (P6)

Secondly, in addition to this first perception, participants also perceived that such organisations often provided little or no means of redress or sanction against a financial adviser who acted against their best interests as consumers.

"Some associations don't require examination and you pay a membership fee to join and then that association doesn't monitor or police what you do. You've got to have somebody that has teeth." (P2 of FG2)

"I think membership of bodies means precious little really unless it gives you some sort of comeback." (P5)

Thirdly, many participants perceived that they did not have sufficient information or knowledge about such professional associations or bodies to effectively assess any potential consumer protection offered to them, and would therefore be unable to accurately judge the value of such a membership.

"I wouldn't know what association is what" (P5 of FG2)

These findings are therefore generally not supportive of H_{2c}, as detailed in Chapter Two, Section 2.3.5.2.2, pages 43-44, that self-regulation is a predictor of structural assurance as participants were generally sceptical of membership of professional associations and the consumer protection they would provide. This is also therefore contrary to the suggestions in the academic literature by authors such as Neu (1981), Atchinson (1995) and Blois (2013) that self-regulation fosters trust. (The results from the quantitative phase of research supported H_{2c}. Please see page 186 Section 6.2.2.2 for discussion of this issue).

4.4.4 Redress, Guarantees and Warranties

Participants generally viewed regulation that does not provide some form of redress as meaningless, and that such provision was a primary purpose of statutory regulation.

"Regulation means precious little really unless it gives you some form of comeback" (P5)

"I don't want to suffer because of the poor advice that I have been given, and that, for me as a consumer, is something I would expect protection from." (P8)

Whilst most participants were aware of the Financial Services Compensation Scheme (FSCS) few were aware of the full details of the scheme, or that it covered poor or inappropriate financial advice. With regard to Professional Indemnity Insurance (PII), only those participants with experience in, or connections to the financial services industry were aware of the requirement for financial advisers to hold PII. However participants generally expected some form of redress to be provided and felt reassured by such provision.

> *"The scheme reassures me that there is a financial compensation ability there if I ever need to use it." (P2)*

> *"If that individual gives poor advice, or if their company gives poor advice, then I know I can be compensated." (P8)*

> *"There would be reassurance knowing that you could claim back." (P2 of FG1)*

These findings are generally supportive of H_{2d}, as detailed in Chapter Two, Section 2.3.5.2.3, page 44, that redress, guarantees and warranties are a predictor of structural assurance and are therefore consistent with suggestions by Gefen *et al.,* (2003) that the provision of such redress fosters trust.

4.4.5 Brand and Organisation

Whilst the literature review suggests that structural assurance is drawn from rules and regulations provided by statutory or other external bodies, such as professional associations, a theme not suggested by the literature review emerged from the data indicating that participants perceived that an organisation employing a financial adviser could also provide structural assurance. In essence, participants substituted the employer for the regulator.

> *"He had to build trust, he had to build rapport, he had to demonstrate that actually had some credibility. He didn't do that through the background of the FCA, he did that through the background of the company that he worked for." (P8)*

Participants felt that, for reasons of reputational risk, the employing organisation would ensure that the financial adviser was competent and suitably qualified, acted with integrity in the best interests of their clients, and that, should they fail to do so, would provide a means of redress to consumers that would include disciplinary action if necessary.

> *"If he makes a cock-up, the smell, in part, is going to go back to his organisation. They have then got a reputational problem which, hopefully, they will do something about." (P7)*

Closer examination of the data revealed that this perception occurred regardless of the size of the employing organisation (as long as there was an employing organisation) or the presence of a well-known brand name.

> *"It doesn't have to be a big name, it has to mean he is working for somebody so there is a company associated with him that is responsible for what he does, that's the advantage of the company, to have somebody responsible that you can go up to and say, right, where is my money?" (P4)*

These issues are not reflected in the current academic literature although this last point reflects the argument of Devlin (2007, p. 647) that "…consumers do not really engage with the brand reputation of financial services firms...". However, it should also be noted that participants who used a financial adviser who was employed by an organisation with a well-known brand name drew considerable reassurance from that brand.

> *"You wouldn't think that a High Street bank would be putting a financial adviser in front of a customer who didn't know his stuff." (P5)*

> *"Big organisations have got such reputations to protect that just a little bit of bad publicity can wipe millions of their shares, so I think it is in the interests of large organisations and large brands to preserve their brand because very often the brand is the biggest part of the wealth of the organisation." (P1)*

Taken together, these comments imply that the size of an organisation employing a financial adviser has at least some relevance in this particular context, particularly as several participants clearly indicated that they would not engage a financial adviser who worked on his or her own.

> *"It would have been more difficult for me to engage him if he had been a one-man band." (P4)*

4.4.6 Introduction by an Employer

A further issue to emerge from the data, which is also not reflected in current academic literature, was the finding relating to a financial adviser introduced to a consumer by their employer. All three participants who had been introduced to their financial advisers by their employer felt that their employer would have first ensured that the financial adviser concerned was competent and had integrity. As a result, they perceived little, if any, need for structural assurance, provided by either statutory regulation or by membership of a professional association, as they had effectively extended the trust they held in their employer to the financial adviser in question.

> *"The reason I chose him was I thought the (name of employer) aren't going to get somebody who is a complete fool or, even worse, who is a complete crook and so he can't be bad and I'll try him out" (P4)*

> *"I think the company that I work for is quite respectable so I would like to think that the people they employ to do the financial side of things are equally respectable. The trust filters down." (PP1 of FG1)*

Introduction by an employer could therefore be deemed to be a moderator of structural assurance provided by either statutory regulation or by membership of a professional association.

4.4.7 Prior Experience of Financial Services

The final finding concerning structural assurance, also not suggested by the literature review, suggests that past experience of dealing with a particular industry can provide reassurance in a similar way to reassurance provided by other means, such as statutory regulation or membership of a professional body. Closer examination of the data suggests that, whilst participants with experience of the financial services industry still recognised the need for and valued regulation designed to protect their best interests as consumers, they also felt that they would be able to use that experience to identify when something was amiss, and act accordingly.

> *"I'm not suggesting you don't need the regulation. I'm suggesting that where I was coming from I was working a different frame of reference. I wasn't coming to it, I hope, as a complete numbskull. My sister-in-law may well have needed that protection - she doesn't have a clue what she was doing. From her point of view it was perhaps very important that it (regulation) protects her. It protects me, but maybe wrongly. I don't feel I need protection - she definitely needs protection." (P4)*

4.5 Findings relating to Situational Normality

This section aims to explore the potential predictors of situational normality identified in the proposed model, gain a greater understanding of those predictors, and identify any further potential predictors, together with their effect, if any upon the other dimensions of the model i.e. trusting beliefs and intentions and intention to purchase.

Analysis of the data from this study produced eight main findings relating to situational normality.

<u>4.5.1 Fulfilled Expectation</u>

Participants generally indicated that they held expectations regarding issues such as the attire and appearance of their financial adviser and the appearance and condition of the business premises of their financial adviser, and that their levels of trust would be eroded if such expectations were not met.

> *"…they could be the most trustworthy individual, but because their physical appearance is such that it is not what I am expecting, then, yes, I would question the trust element." (P4 of FG2)*

> *"If my expectations were not met then I would definitely have reservations about continuing to use them." (P2 of FG1)*

These findings are generally supportive of H_3, as detailed in Chapter Two, Section 2.3.5.3, page 46, that situational normality is a predictor of trusting beliefs and intentions in line with the proposed McKnight and Chervany (2001) framework of trust.

<u>4.5.2 Dress and Attire</u>

Although exact expectations varied amongst the participants, all participants held an expectation that their financial adviser should be attired in a smart business-like manner.

> *"At the very least he should have on a pair of trousers and a shirt even if he doesn't have a tie and jacket on, because he is then showing you that he is working." (P6)*

> *"I wouldn't necessarily expect him in a suit as long as he was smart." (P3 of FG1)*

This issue was perceived as being of particular importance at the first meeting with a new financial adviser, which was often compared to the scenario of a job interview.

"It is like people coming to an interview and how I expect to see somebody come for an interview. If he isn't smart then he is 50% down before he starts no matter how clever he is." (P2 of FG2)

"Yes, you would expect it certainly at the first meeting. If I was wanting somebody to engage me I would dress smartly. If I go for an interview I would dress well." (P4)

Further examination of the data revealed that exact expectations could be influenced by the similarity of appearance between the participant and the adviser or by demographic factors, such as age.

"There would be an expectation on my part that I am dealing with a professional person. I have standards myself in terms of how I would carry my attire during my working day, so yes, I would expect there to be a certain smartness about the individual, I would expect to see what I consider to be a professional person." (P2)

"It's an age factor" (P2 of FG2)

"Appearance doesn't matter as much now. I think it is a generational thing." (P3 of FG2)

The data also contains evidence that suggests participants were prepared to forgive transgressions relating to the appearance and attire of a financial adviser if the quality of the advice was good. In effect, the failure to meet expectations in this respect can be mediated by competence. This finding, together with those related to similarity and age above, are not suggested by current literature.

"…if they are a little bit scruffy, I could probably deal with that if the advice was good" (P8)

"It really doesn't matter a fig what he wears, it is how much money he makes for you!" (P4)

These findings are generally supportive of H_{3a}, as detailed in Chapter Two, Section 2.3.5.4.1, page 48, that meeting adviser expectations relating to dress and attire is a predictor of situational normality which is consistent with the suggestions by authors such as Gefen *et al.,* (2003) that the attire of a third party can positively affect situational normality and the findings of authors such as Petrilli *et al.,* (2013) that clothing can affect trust levels held by individuals in medical scenario.

4.5.3 Business Premises

Similarly, all participants held expectations regarding the business premises of their financial adviser, most often that the premises should convey security and solvency. For example, participant one stated that they expected the business premises of their financial adviser to be "*close to a bank*" in appearance, whilst other gave an indication of their expectation regarding the general appearance of the business premises.

"It should be clean and tidy and nothing left lying around the place." (P1 of FG1)

Participants also generally indicated that the failure to meet their expectations would have an adverse effect upon their opinion of the financial adviser in question.

"If it looks run down you would assume that they are not good at what they do." (P3 of FG1)

These findings are generally supportive of H_{3b}, as detailed in Chapter Two, Section 2.3.5.4.2, page 48, that meeting adviser expectations relating to business premises is a predictor of situational normality which is consistent with the suggestions by authors such as Gefen *et al.,* (2003) that business premises can positively affect situational normality and by Fransden *et al.,* (2012) that the design of business premises can positively affect levels of trust.

4.5.4 Business Premises, Privacy, Confidentiality and Data Security

Another further theme that emerged from the data that was not suggested by the literature review indicates that participants also held significant expectations that the design and condition of the business premises should convey privacy, confidentiality, and data security.

"I would like my financial adviser to have appropriate premises. By that I mean to be able to have a confidential talk." (P7)

In addition, several participants also indicated that the failure to meet such expectations would have an adverse effect upon their willingness to transact business in that environment.

"There are certain clues around an office as you walk in. If something is not quite right that would maybe put me in a position to ask would I trust this individual? If they guy gets off the desk and I see somebody else's notes laid out for me to see I sit there and I've got to say what is he going to do with my data? Who else is going to see my personal financial information?" (P8)

"If I was unhappy or felt insecure in any way I would ask to re-convene the meeting and I would say why it wasn't suitable - well look, you've got these people over there that I think are listening to us." (P7)

Whilst many authors, such as Yousafzai *et al*., (2005), have identified the need to address consumer concerns over privacy, confidentiality, and data security, this finding that directly links these concerns with expectations regarding the design and condition of business premises, and therefore situational normality, is not currently reflected in academic literature. However, this does reflect the findings of Eastlick and Lotz (2011) that the presence of situational normality positively affects trusting beliefs by reducing privacy concerns in an online environment.

4.5.5 Knowledge of Financial Advice

In a way similar to those participants with experience of the financial advice industry perceived that they would be able to identify when something was amiss, several participants indicated that prior knowledge of the industry, perhaps gained from discussion with colleagues, friends, or family members, or from information disseminated by the regulator, would enable them to anticipate what to expect when conducting business with a financial adviser. In effect, such prior knowledge would enable them to identify normal practice within the financial advice industry.

"I would probably have had more confidence had I known more" (P1)

Accordingly, knowledge of the financial advice industry could potentially be a predictor or cue for situational normality.

This finding is generally supportive of H_{3c}, as detailed in Chapter Two, Section 2.3.5.4.3, page 49, that prior knowledge of the financial advice industry is a predictor of situational normality and is reflective of findings by authors such as Gefen *et al.,* (2003) that prior knowledge can have a positive effect upon levels of trust held by consumers.

4.5.6 Brand

Whilst several participants, particularly those with less experience of financial services, indicated that they drew reassurance from the presence of a well-known brand, there is no evidence that this is either expected or considered normal. Furthermore, examination of the data indicates that many of the participants held a perception that most, if not all, well-known brands offered tied rather than independent financial advice and that, as a result, they preferred not to utilise the services of an adviser employed by an organisation with a well-known brand.

"I value the opportunities that an independent financial adviser has to completely trawl the whole market…" (P1 of FG2)

Therefore, the data indicates that the presence of a well-known brand may not necessarily be considered a predictor or cue for situational normality, as suggested in Section 2.3.5.4.4, on page 50, and is therefore not generally supportive of H_{3d}. This is therefore contrary to suggestions in the literature that Brands can foster trust by authors such as Yousafzai *et al.,* (2005).

4.5.7 Recommendation by Another

There is no evidence in the data that the recommendation of another is either expected or considered normal by the participants and, therefore, the recommendation of another should not be considered as a predictor or cue for situation normality. However, it is worth noting that most participants indicated that such a recommendation would make them more pre-disposed to a meeting with a particular adviser and more open during that meeting, which suggests that the recommendation of another may be a mediating factor of trust-related behaviour rather than a predictor or cue for situational normality.

"Open the doors yes, but trust is something else. I don't trust somebody just because they have been introduced by somebody else." (P4)

This finding is therefore not generally supportive of H_{3e}, as detailed in Chapter Two, Section 2.3.5.4.5, page 50, that the recommendation of another is a predictor of situational normality and is therefore contrary to suggestions by authors such as Elliot and Yannopoulou (2007) and Nienaber *et al.,* (2014) that the recommendation of another may foster trust.

4.5.8 Testimonials and Certificates of Qualification

Participants generally indicated that they drew little, if any, reassurance from the provision of testimonials, which is contrary to the suggestion of the literature review but consistent with the conclusions of authors such as Yousafzai *et al.* (2005) that testimonials do not enhance trust in e-commerce environments. Examination of the data indicates several reasons for this. Firstly, this opinion of testimonials was often due to a perception by participants that their own personal financial circumstances were so unique that the testimonial of another would be irrelevant.

> *"That* person's circumstances may be vastly different to mine, they may not have transacted with a client like me, with *my needs, in the past" (P8)*

Secondly, several participants were of the opinion that no organisation would show a negative testimonial to a client.

> *"They are not going to put negative press on a testimonial…" (Male from I3)*

And thirdly participants felt that it would be easy for an organisation to manufacture fake testimonials.

> *"Testimonials can be manufactured." (P7)*

This latter point is also reflected in the data relating to certificates of qualification, as participants indicated that it would be easy to forge such certificates using modern technology, or to download fake certificates. This view is perhaps indicative of a wider scepticism towards modern technology, as the data contains no reference to either online review forums or websites.

> *"It could be something just downloaded off the internet" (P1 of FG2)*

Participants also felt that they lacked the knowledge to judge the value of certificates of qualification.

> *"I don't know the details of those qualifications. It's not my industry" (P9)*

There is also no evidence in the data to indicate that participants either expected the provision of testimonials or the display of certificates of qualification or considered either to be normal. Therefore, the data indicates that neither the provision of testimonials, nor the display of certificates of qualification, should be considered as a predictor or cue for situational normality.

These findings are therefore generally not supportive of either H_{3f}, as detailed in Chapter Two, Section 2.3.5.4.5, page 50, that the provision of testimonials is a predictor of situational normality, or H_{3g}, as detailed in Chapter Two, Section 2.3.5.4.6, page 51, that the demonstration of holding an appropriate qualification is a predictor of situational normality which is contrary to suggestions in the academic literature by authors such as Yousafzai *et al.,* (2005).

4.6 Emergent Themes

During the analysis of the qualitative data, a number of new themes emerged from the data that suggested potential predictors of both structural assurance and situational normality not suggested by academic literature, along with several potential predictors of trusting beliefs and intentions and intention to purchase, resulting in the development of the several further hypotheses.

4.6.1 Size of organisation

The analysis of the qualitative data, reported above in Section 4.4.5, page 99 indicates that the employment of a financial adviser by a larger organisation, together with the size of that organisation, can provide reassurance to consumers and therefore has at least some relevance in this context, particularly as several participants of the qualitative phase of research indicated that they would not employ a financial adviser who worked on his or her own. Effectively this implies that the size of an organisation can influence an individual's trusting beliefs and intentions.

In the present study, 'size of organisation' is defined as the size and presence in the marketplace of the organisation employing the financial adviser, and is proposed to have a positive direct effect upon trusting beliefs and intentions, therefore:

H_{12a} Size of organisation (SO) will have a positive effect upon trusting beliefs and intentions (TBEI).

The discussion in section 4.4.5 also indicates that employment of a financial adviser by a larger organisation may also have a positive direct effect upon structural assurance. It is therefore also proposed that the size of an organisation will have a positive direct effect upon structural assurance:

H_{12b} Size of organisation (SO) will have a positive effect upon structural assurance (SA).

Furthermore, this perception of reassurance may lead at least some consumers to consider it to be both normal and expected for a financial adviser to be employed by a larger organisation. It is therefore further proposed that the size of an organisation will have a positive direct effect upon situational normality:

H_{12c} Size of organisation (SO) will have a positive effect upon situational normality (SN).

4.6.2 Brand

The discussion in Chapter Two, Section 2.3.5.4.4, page 50 proposed that despite some ambiguity in the current literature, the presence of a well-known brand (defined as the employment of a financial adviser by an organisation that is either well-known or possesses a well-known and established brand) has a positive direct effect upon situational normality, with this proposed relationship being represented by H_{3d}.

Whilst the mentioned ambiguity is reflected in the findings of the qualitative research discussed earlier in this chapter in Section 4.5.6, page 104 which shows that the presence of a well-known brand name is not necessarily expected by consumers, (reflecting the findings of Devlin (2007) that consumers do not engage with financial services brands) the discussion in Section 4.4.5, page 99 indicates that those participants who used a financial adviser employed by an organisation with a well-known brand name drew considerable reassurance from the presence of that brand (reflecting the findings of Gough and Nurullah (2009) that consumers do engage with financial services brands). This suggests that the presence of a well-known brand name may also influence an individual's trusting beliefs and intentions and their perception of structural assurance

Therefore, in addition to proposing that the presence of a well-known brand name has a positive direct effect upon situational normality (H_{3d}), it is further proposed that the presence of a well-known brand name has a positive direct effect upon both trusting beliefs and intentions and structural assurance. Therefore:

H_{13a} The presence of a well-known brand name (BR) will have a positive effect upon trusting beliefs and intentions (TBEI).

H_{13b} The presence of a well-known brand name (BR) will have a positive effect upon structural assurance (SA).

4.6.3 Prior Experience of Financial Services

As previously indicated in Sections 4.4.7, page 100, participants in the qualitative phase of research, who had previous experience of transacting with the financial advice industry, indicated that, whilst they still perceived the need for and valued regulation designed to protect their best interests as consumers, they also felt that they would be able to use that experience to identify when something was amiss, and act accordingly. This indicates that they drew reassurance about the marketplace from their own prior experiences, and that such experience could therefore contribute to structural assurance. Some support for this suggestion drawn from the qualitative data and can also be found in the academic literature, as Grayson *et al.,* (2008) suggest experience of an industry as a possible antecedent of trust in their suggestions for further research. Accordingly, 'prior experience' is proposed to have a direct positive effect upon structural assurance, and is defined for the purposes of the present study as 'a perception based upon previous experience that the financial advice industry is honest, caring, predictable, trustworthy, and not opportunistic.'

H_{14} Prior Experience of financial advice (EXFS) will have a positive effect upon structural assurance (SA).

4.6.4 Privacy, Confidentiality and Data Security Expectation

As discussed in Section 2.3.5.4.2 on page 48, consumers may hold expectations relating to the business premises of their financial adviser (H_{3b}). The findings based upon the qualitative data reported in Section 4.5.3 confirms this argument, and also shows that the levels of trust that consumers would be prepared to extend to a financial adviser would fall should those expectations not be met. Section 4.5.3 discusses what those expectations are and shows a general expectation that they be professional, clean, tidy, and presentable.

In addition to this, as reported in Section 4.5.4 page 103, a further theme emerged from the qualitative data that revealed that many participants also held expectations that are not reflected in current academic literature regarding standards of privacy, confidentiality, and data security, with several participants indicating that their levels of trust in a financial adviser could be adversely affected and that they would not be prepared to conduct business with that financial adviser if their expectations in this regard were not satisfied. It is therefore proposed that meeting consumers expectations relating to privacy, confidentiality, and data security will have a positive direct effect upon situational normality, with 'privacy, confidentiality and data security expectation' being defined for the purposes of this study as 'the perception by a consumer that the premises of a financial adviser meets their expectations relating to privacy, confidentiality, and data security'

H_{15} Privacy, confidentiality and data security expectation' (PCDE) is a predictor of situational normality (SN).

4.6.5 Recommendation of Another

Whilst recommendation of another was found to be of importance in the context of the use of a financial adviser by a UK consumer, as previously discussed in Section 4.5.7, the qualitative data indicates that it was not expected, and therefore not a predictor of situational normality, or a contributor to the formation of trust. Accordingly, H_{3e} was withdrawn and not included in the second quantitative phase of research. This construct has therefore also been removed from the conceptual module.

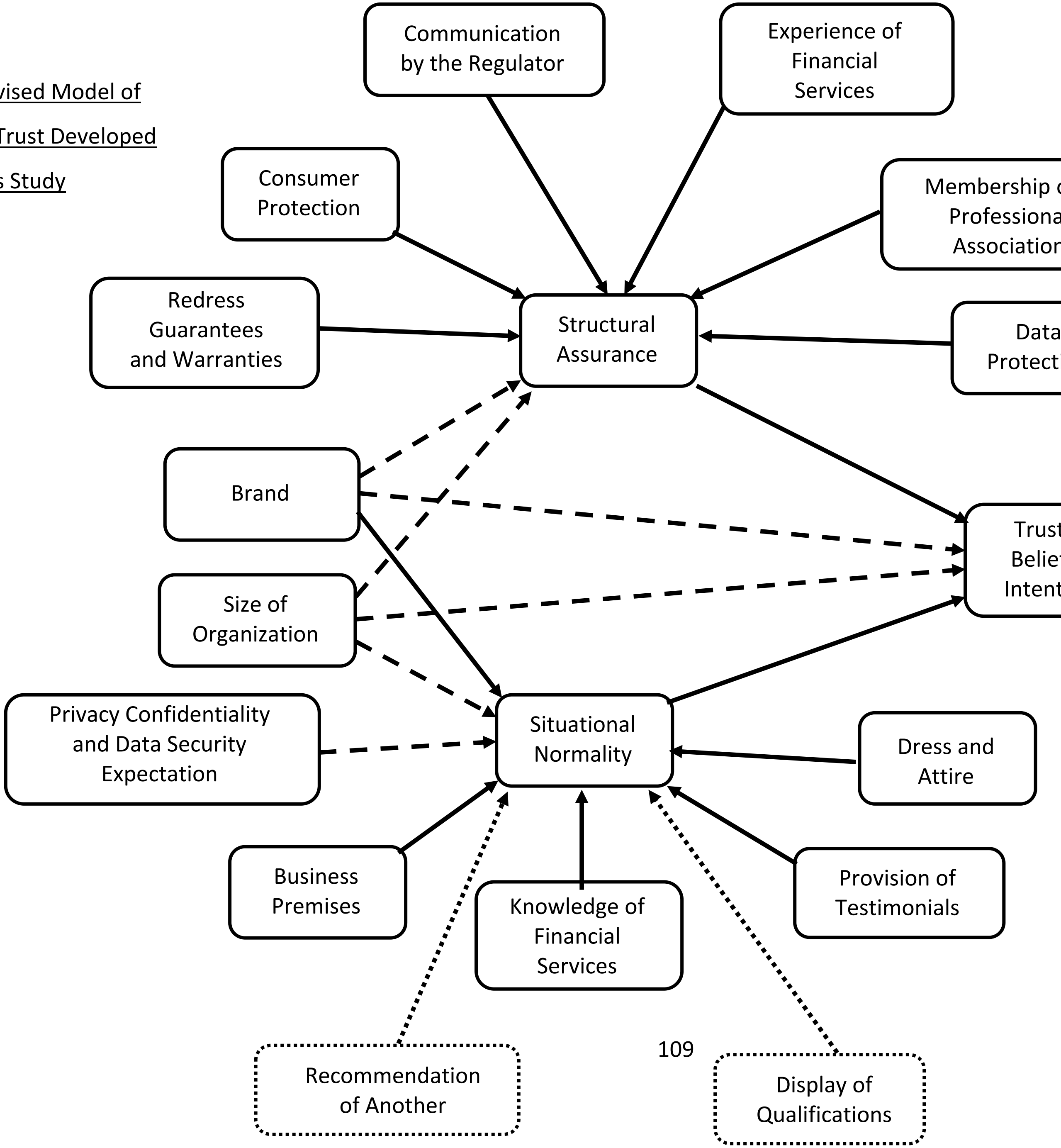
4.6.6 Display of Qualifications

Whilst it was the intention to test the display of qualifications as a possible predictor of situational normality (H_{3g}), given the results in Section 4.5.8, together with subsequent discriminant validity issues, H_{3g} was also withdrawn and this construct has therefore also been removed from the conceptual model.

4.7. Revised Conceptual Model

Based upon the discussion in this chapter, the conceptual model of trust developed for this study in Chapter Two was revised to reflect the findings of this qualitative phase of research, and is shown in Figure 4.1 below.

Figure 4.1: Revised Model of Environmental Trust Developed for this Study



4.8 Development of the Quantitative Research Instrument

In order to test the conceptual models shown in this chapter, including the relationships between the variables expressed by the hypotheses developed in this chapter, and those developed earlier in Chapter Two, a quantitative research instrument was developed following the process outlined in Chapter Three, Section 3.5.1, page 77.

A search of the academic literature was undertaken to identify existing scales that could potentially be adapted for use within the research instrument to reflect the proposed hypothesis. Appendix Eight shows where this was possible, together with identifying the source of the scales used, and shows how each scale was adapted to meet the needs of this research. Where it was not possible to find a suitable scale, the procedures discussed on pages 79 to 82 in Section 3.5.1 were used to develop new scales. Questions were also included to allow the hypotheses relating to demographics generated in Chapter Two to be tested.

Once this procedure was complete, the resultant research instrument was pilot tested following the procedure described on pages 84 to 85 of Section 3.5.1. Based upon the results of the pilot testing, the research instrument was subsequently modified where necessary. The final research instrument used can be found in Appendix Nine.

4.9 Conclusion

This chapter reported the analysis of the qualitative data collected in the first phase of research, with the aim of refining and validating the conceptual model of environmental trust between UK consumers and their financial advisers, developed in Chapter Two. A further aim was to gain a deeper understanding of the relationships between the proposed constructs.

These insights were then used to revise the conceptual model and generate further hypotheses for testing in the quantitative second phase of research alongside the initial hypothesis developed during the literature review conducted in Chapter Two.

The model postulates that trusting beliefs and intentions has four direct predictors: structural assurance, situational normality, the size of an organisation, and the presence of a well-known brand, and is also itself a direct predictor of intention to purchase. The model also postulates a number of predictors for both structural assurance and situational normality.

This chapter also briefly reports on the development of the research instrument used to collect the quantitative data, the analysis of which is reported in the next chapter which starts with a descriptive analysis of the data followed by a multivariate analysis of the data to examine the relationships between the various constructs. The effect of various demographic factors upon the conceptual model is then presented.

Chapter Five

Quantitative Analysis: Questionnaire

5.1 Introduction

This chapter first reports on the descriptive analysis of the quantitative data, and summarises basic statistics relating to the demographic profiles of the respondents and the constructs that are examined in this study. Secondly this chapter presents the multivariate data analysis using structural equation modelling carried out using AMOS version 20 software before presenting the analysis relating to the effect that demographic factors have upon the conceptual model using tests such ANOVA conducted using SPSS version 21.

5.2 Data collection Method, Response Rate, Non-Response Bias and Common Method Bias

As discussed on page 9, Section 1.6.2 in Chapter One and pages 85-86, the quantitative data was collected between December 2014 and March 2015 using an online questionnaire with two subsets of data being collected (see page 85, section 3.5.2 of Chapter Three for an explanation of why this was carried out in this manner). Initially data was collected by means of recruiting IFA's to e-mail clients they had transacted with in the previous 12 months, and subsequently when it had proved impossible to collect sufficient data in this manner, by utilising the services of a commercial panel.

In order to check for potential non-response bias, the first quartile of respondents, for both the data obtained via financial advisers and from the panel, was compared to the last quartile of respondents in line with the recommendations of Armstrong and Overton (1977) and Lambert and Harrington (1990) by carrying out t-tests on all Likert scale variables. The results showed no significant differences ($p>0.05$) between the first and last quartile of respondents of either data set. It is therefore assumed that respondents did not differ from non-respondents, and that therefore non-response bias is not a concern for this study.

Tests were also carried out to check for common method bias which can be an issue where data is collected at the same point in time using the same research instrument as was the case with this study and can also be caused by a variety of other factors including, but not limited to socially desirable responding whereby participants answer questions about a socially controversial issue such as drug use or sexual behaviour in a way that would be acceptable to wider society or others that are present or by respondents answering questions in a manner they think will please the researcher. Common method bias can be avoided or reduced in a number of ways such as adopting a research design that allows collection of data using different instruments at different points in time, ensuring appropriate levels of discriminant validity, and taking measure to avoid issues such as socially desirable responding (Straub *et al.,* 1995; Podsakoff *et al.,* 2003; Williams *et al.,* 2003).

Whilst it was possible to conduct tests to ensure appropriate levels discriminant validity between variables, for example during the EFA, and the questionnaire was designed in a manner that minimised the risk of socially desirable responding, for example by allowing anonymity and confidentiality and reassuring respondents that there were no right or wrong answers (see step three of Section 3.5.1 on page 78), it was not possible to collect data using different instruments and different points in time due to time and resource constraints.

A Harman's single factor test was therefore carried to check for potential common method bias by means of conducting an unrotated factor analysis in SPSS which showed that 34.29% of the variance loaded on one factor which is a satisfactory result (i.e. less than 50%) (Anderson and Bateman, 1997; Podsakoff *et al.,* 2003). However, as a Harman's single factor test can be insensitive, a further common latent factor test was also carried out following the procedures recommended by authors such as Poskadoff *et al.,* (2003), Williams *et al.,* (2003), and Liang *et al.,* (2007) with a satisfactory result of 0.22 also indicating that common method bias is not an issue for this study. Together with the actions undertaken to reduce the possibility of common method bias described above, these results indicate that common method bias is unlikely to be an issue for this study.

5.3 Demographic Profile

The demographic profile of respondents is presented in Table 5.1, and shows that 48.3 % of respondents were female and 51.7% male, with 91.7% being of British white orsigin.

The largest age group consisted of those aged between 46 and 60 (37.7%) followed by those aged between 26 and 45 (32.5%) and those aged over 60 (29.8%). Education levels amongst participants varied considerably, with 42.4% indicating they had secondary education only, 15.6% a professional diploma, 25.8% an undergraduate degree, and 16.2% a postgraduate education. Most respondents fell into either the £20,001 per annum to £40,000 per annum income bracket (41.1%) or the £40,001 per annum to £100,000 per annum bracket, with 15.9% earning under £20,000 per annum and 4.6% earning over £100,000 per annum.

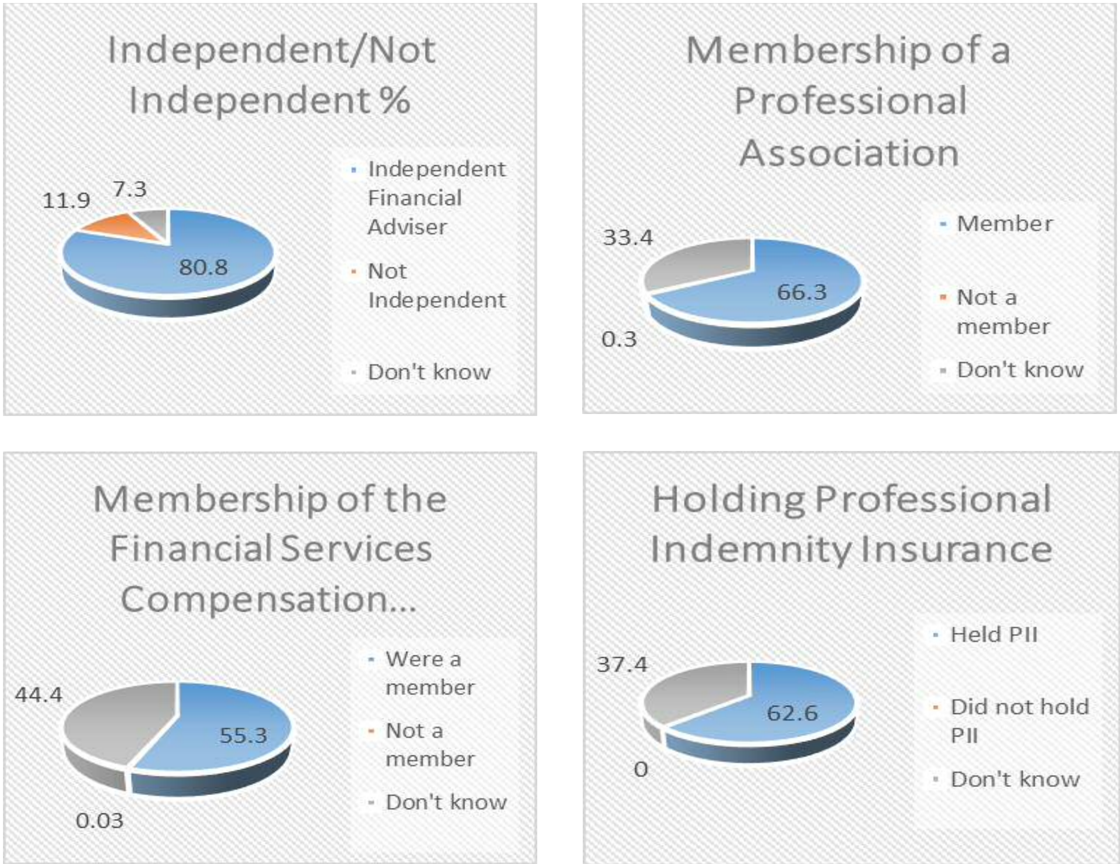
Over half of respondents fell into either the professional occupational category (31.5%) or the retired category (24.2%), with a further 9.6% indicating they were self–employed, perhaps reflecting that these three groups require the services of financial adviser more than others. 12.6% of respondents indicated that they had a clerical or secretarial occupation, 7.3% a technical occupation, with 8.9% selecting the 'other' option. The remaining 6.0% were housewives/husbands.

Table 5.1: Overall Demographic Profile of Questionnaire Respondents			
Variable	**Category**	**Research Sample (n=302)**	
		Frequency	**Percentage**
Gender	Male	156	51.7
	Female	146	48.3
Age group	26-45	98	32.5
	46-60	114	29.8
	Over 60	90	29.8
Education	Secondary	128	42.4
	Professional Diploma	47	15.6
	University (Undergraduate)	78	25.8
	University (Post Graduate)	49	16.2
Income	Under £20,000 pa	48	15.9
	£20,001 to £40,000 pa	124	41.1
	£40,001 to £100, 000 pa	116	38.4
	Over £100,000 pa	14	4.6
Occupation	Professional	95	31.5
	Retired	73	24.2
	Self-Employed	29	9.6
	Clerical/Secretarial	38	12.6
	Technical	22	7.3
	Housewife/husband	18	6.0
	Other	27	8.9

5.4 Statistics regarding Financial Advisers

Respondents were asked to indicate if their financial adviser was independent or not. 80.8% indicated that their financial adviser was independent and 11.9% indicated that their adviser was not independent. The balance of 7.3% did not know the status of their financial adviser. Research by the Association of British Insurers indicates that, overall in 2013, 63% of individuals sought independent financial advice before purchasing an investment product. For more complex products, such as pensions, this figure increased to 87% (ABI 2014), indicating that, in this respect, the sample is broadly representative of the UK population that purchased investment products in 2013.

66.3% of respondents were aware that their advisers were members of a professional association, 55.3% were aware that their advisers were members of the Financial Services Compensation Scheme (FSCS), and 62.6% were aware that their advisers held Professional Indemnity Insurance PII). Of the remaining respondents, only one individual indicated that their adviser was not a member of a professional association and one individual indicated that their adviser was not a member of the Financial Services Compensation Scheme (FSCS). All remaining respondents indicated that they did not know if their adviser was a member of a professional association (33.4%), The Financial Services Compensation Scheme (44.4%) or held Professional Indemnity Insurance (37.4%).



Figures 5.1 to 5.4: Independent vs non-independent status of financial adviser, Membership of a Professional Association, The Financial Services Compensation Scheme, and Holding Professional Indemnity Insurance

5.5 Descriptive Analysis of Responses

Once the demographic characteristics of the respondents and their knowledge of their financial advisers had been determined, the way in which respondents had answered the survey questions relating to the latent constructs in the survey was analysed. Tables 5.2, 5.3, and 5.4 below show the percentage frequencies for those items, together with their central tendency (mean) and dispersion (Standard deviation).

Table 5.2: Descriptive Statistics for Structural Assurance Constructs										
Construct		Response scale %							Mean	Std. Deviation
		(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Structural Assurance	SA1	2.3	0.7	2.6	11.3	26.8	31.5	24.8	5.53	1.295
	SA2	2.3	0.7	2.0	11.6	28.1	32.5	22.8	5.51	1.267
	SA3	2.0	2.3	5.3	17.2	29.5	28.1	15.6	5.17	1.339
Consumer protection	CP1	0.7	1.3	3.3	14.2	33.4	34.1	12.9	5.32	1.121
	CP2	0.7	1.7	4.3	15.6	28.1	35.8	13.9	5.32	1.183
	CP3	0.3	1.0	4.0	12.9	28.8	36.1	16.9	5.45	1.128
	CP4	0.3	1.3	2.6	10.3	34.1	34.8	16.6	5.47	1.083
Data Protection	DP1	1.7	1.0	3.6	17.2	28.5	28.8	19.2	5.33	1.274
	DP2	2.0	1.0	2.3	15.2	25.8	35.4	18.2	5.41	1.254
	DP3	2.0	0.7	4.6	14.2	27.5	34.4	16.6	5.34	1.265
	DP4	2.3	1.7	8.6	20.9	23.5	28.8	14.2	5.05	1.391
	DP5	1.3	2.0	3.0	13.6	26.8	35.1	18.2	5.41	1.251
	DP6	1.3	1.7	4.0	13.2	25.8	33.4	20.5	5.43	1.276
	DP7	1.3	2.3	3.6	15.9	23.2	31.1	22.5	5.41	1.333
Self-Regulation	MP1	0.7	0.7	4.3	25.2	23.2	30.5	15.6	5.55	1.362
	MP2	1.0	1.3	12.3	26.5	21.2	27.2	10.6	5.29	1.564
	MP3	1.3	2.3	5.3	23.8	24.5	28.1	14.6	5.36	1.455
	MP4	0.7	2.3	4.3	25.2	24.2	26.8	16.6	5.56	1.468
	MP5	2.0	1.7	7.0	27.5	22.8	25.2	13.9	5.29	1.536
Redress	RGW1	1.0	3.3	4.0	26.5	24.5	27.8	12.9	5.52	1.531
	RGW2	0.3	1.3	3.0	16.2	22.5	36.8	19.9	5.75	1.257
	RGW3	2.0	2.6	7.3	22.2	21.5	29.1	15.2	5.48	1.603
	RGW4	1.0	1.0	5.0	21.5	23.5	33.8	14.2	5.66	1.409
Regulator communication	COMR1	2.0	4.6	8.3	29.1	25.8	21.2	8.9	4.72	1.361
	COMR2	2.3	3.0	8.3	25.8	25.8	25.5	9.3	4.83	1.354
	COMR3	2.0	4.3	7.6	27.2	25.8	23.2	9.9	4.80	1.370
Experience of financial services	EXFS1	2.6	4.6	17.2	19.9	30.8	18.2	6.6	4.53	1.399
	EXFS2	3.6	4.6	14.2	26.2	29.5	14.2	7.6	4.46	1.413
	EXFS3	4.6	11.9	23.8	25.5	19.9	10.9	3.3	3.90	1.436
	EXFS4	2.6	6.6	13.9	34.1	29.1	11.6	2.0	4.23	1.236
	EXFS5	3.0	5.3	12.3	29.5	28.5	12.3	9.3	4.49	1.407

Table 5.3: Descriptive Statistics for Situational Normality Constructs										
Construct		Response scale %							Mean	Std. Deviation
		(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Situational Normality	SN1	0.0	0.0	0.3	0.6	45.0	30.8	17.9	6.54	1.246
	SN2	0.0	0.0	0.0	7.3	38.7	35.8	18.2	6.44	1.210
	SN3	0.0	0.3	1.3	7.9	44.4	30.8	15.2	6.36	1.351
Dress and Atire	AA3	2.3	3.6	8.3	22.8	30.1	20.2	12.6	4.86	1.396
	AA4	2.3	3.0	10.3	21.5	26.8	24.2	11.9	4.88	1.405
	AA5	0.7	1.0	4.3	20.5	35.1	27.5	10.9	5.15	1.126
	AA6	1.0	0.7	5.3	17.9	31.1	31.8	12.3	5.22	1.172
Business Premises	BP1	0.3	0.7	5.0	12.9	33.1	32.8	15.2	5.37	1.115
	BP2	0.3	0.7	5.0	12.9	33.1	32.8	15.2	5.31	1.208
	BP3	0.3	1.3	4.3	12.9	29.1	31.8	20.2	5.45	1.182
Knowledge of financial services	KNFS1	0.3	4.3	6.3	14.2	41.1	24.5	9.3	5.02	1.206
	KNFS2	1.7	3.6	11.6	15.6	38.7	20.5	8.3	4.81	1.310
	KNFS3	2.3	4.0	11.6	18.9	35.4	19.5	8.3	4.73	1.356
	KNFS4	2.3	3.3	10.6	24.8	28.5	22.5	7.9	4.73	1.348
Confidentiality, Privacy and Data Security	CPDE1	0.3	0.3	0.7	5.6	17.2	43.4	32.5	5.99	.959
	CPDE2	0.0	0.7	0.3	3.3	10.3	31.8	53.6	6.33	.895
	CPDE3	0.3	0.3	0.3	3.0	9.9	30.1	56.0	6.36	.903
	CPDE4	0.3	0.3	1.7	9.6	20.9	45.7	21.5	5.74	1.013

Table 5.4: Descriptive Statistics for Other Constructs										
Construct		Response scale %							Mean	Std. Deviation
		(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Brand	BR1	2.6	3.3	7.0	34.1	18.2	14.9	19.9	4.86	1.508
	BR2	1.0	2.6	5.0	34.4	14.9	18.2	23.8	5.10	1.440
	BR3	1.3	3.0	5.3	33.8	14.2	18.9	23.5	5.07	1.470
Size	SO1	12.6	17.5	14.6	23.8	16.9	10.6	4.0	3.63	1.673
	SO2	9.3	10.9	8.9	28.5	15.9	20.5	6.0	4.16	1.691
	SO3	17.9	17.2	14.2	22.2	11.3	9.9	7.3	3.51	1.837
Intention to purchase	INPU1	3.0	1.0	1.7	11.9	17.5	23.8	41.1	5.76	1.437
	INPU2	3.3	1.0	2.6	9.3	18.5	23.8	41.4	5.76	1.464
	INPU3	3.3	2.0	2.6	14.6	17.5	25.2	34.8	5.56	1.517
Trusting Beliefs and Intentions	TBEI1	1.3	0.3	1.7	11.3	21.9	32.1	31.5	5.74	1.206
	TBEI2	1.0	1.0	1.0	11.9	19.2	31.8	34.1	5.79	1.212
	TBEI3	1.0	0.0	1.0	4.3	25.8	35.1	32.8	5.90	1.044
	TRIN1	2.3	0.3	2.6	7.9	20.9	34.8	31.1	5.74	1.282
	TRIN2	1.3	1.3	4.3	13.2	21.9	32.8	25.2	5.52	1.306
	TRIN3	2.0	1.0	2.6	8.6	20.5	27.8	37.4	5.78	1.332

5.6 Structural Assurance

Respondents were first asked to indicate their opinion of the regulation of the financial services industry, by both the Financial Conduct Authority (FCA) and the Information Commissioners Office (ICO). Figure 5.5 below provides an overall profile of the distribution of responses for Structural Assurance. (This, and all following distribution histograms in this chapter, were produced by calculating an average for each of the items in their respective scales).

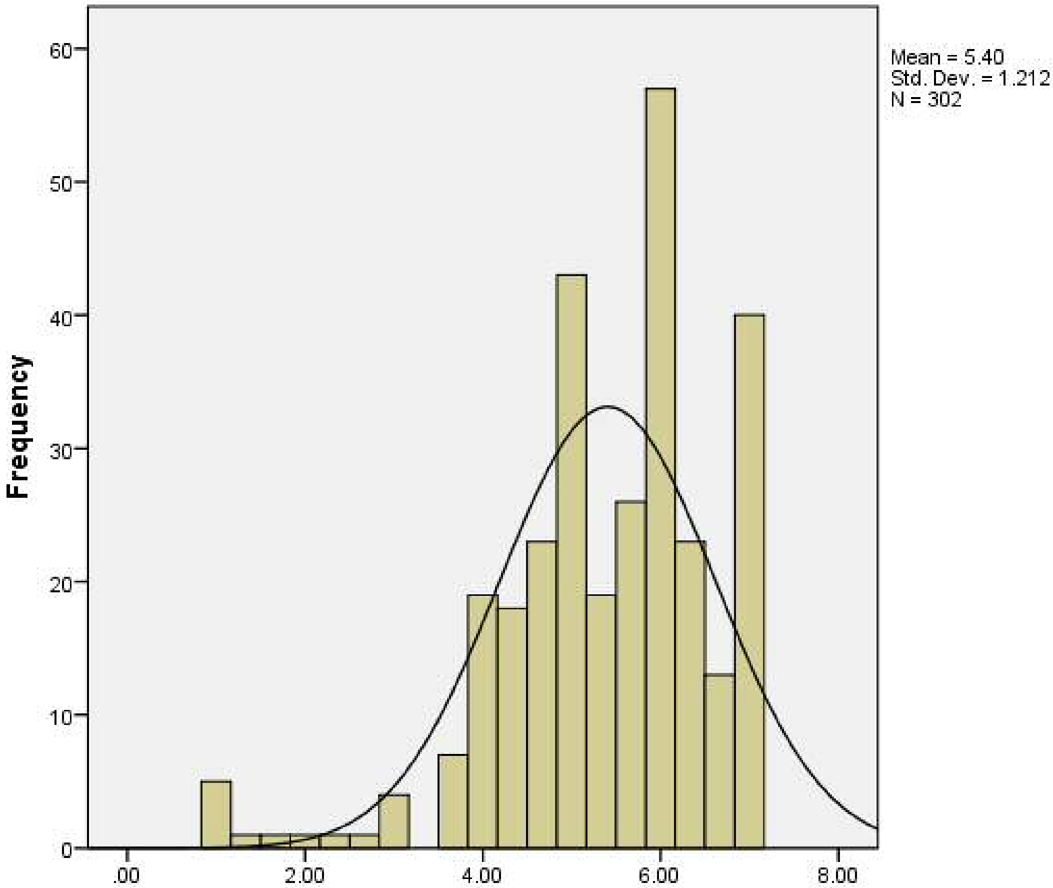


Figure 5.5: Distribution of Responses for Structural Assurance

The skewed distribution with a mean score of 5.40 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree) implies that respondents were generally positive about the overall regulation of the financial services industry. However, the longer left tail of the distribution also suggests that there is a small minority segment that hold a negative opinion of the regulation of the industry.

The findings show that:

1. 83.1% of the respondents felt safe conducting business with their financial adviser due to the regulation by the FCA and ICO (SA1: Mean = 5.53; SD = 1.295).
2. 83.4% felt reassured by that regulation (SA2: Mean = 5.51; SD = 1.267).
3. 73.2% of respondents felt that the regulators provided enough safeguards for them to feel comfortable transacting with their adviser (SA3: Mean = 5.17; SD = 1.339).

Table 5.5 Descriptive Statistics for Structural Assurance			
	SA1	SA2	SA3
Total	83.10%	83.40%	73.20%
Male	80.10%	84%	67.30%
Female	86.30%	82.90%	79.50%
26-45 years	88.80%	87.80%	78.60%
46-60 years	80.70%	81.60%	73.70%
Over 60	80.00%	81.10%	66.70%
Income< £20k pa	83.30%	77.10%	81.30%
£20K pa to £40K pa	83.90%	85.50%	71.00%
£40k pa to £100k	82.80%	83.60%	72.40%
Income> £100K pa	78.60%	85.70%	71.40%
Secondary	83.60%	82.00%	75.00%
Diploma	85.10%	87.20%	72.30%
Under Grad	76.90%	78.20%	74.40%
Post Grad	89.80%	91.80%	67.30%
Professional	87.40%	89.50%	74.70%
Self-Employed	75.90%	79.30%	65.50%
Retired	82.20%	82.20%	69.90%
Clerical/|Secretarial	94.70%	92.10%	86.80%
Technical	77.30%	77.30%	72.70%
Housewife/Husband	83.30%	77.80%	72.20%
Other	66.70%	66.70%	66.70%

Table 5.5 Note: The percentage counts shown are for those respondents who agreed with the statement and therefore showed a more positive attitude towards regulation.

Whilst both males and females hold a positive opinion of the regulation of the financial services industry, overall females were generally more positive than male. Overall opinion of regulation reduced with age, with those over the age of 60 age holding the lowest opinion for all items followed by the 46 to 60 age group. Those in professional or clerical/secretarial employment and retired individuals generally had a higher overall opinion of regulation than those who were self-employed or in technical occupations. The effect of income upon opinion of regulation was mixed, however those with a post-graduate education were the educational group that felt most safe and reassured by regulation, with undergraduates feeling least safe and reassured by regulation.

5.7 Statutory Regulation

Statutory regulation is a broad predictor of structural assurance that reflects the arguments of Zucker (1986) that rules and regulations foster trust which itself comprises of two facets examined by this study:

- Consumer Protection (CP)
- Data Protection (DP)

5.7.1 Consumer Protection

Consumer Protection is the first facet of statutory regulation and captures respondents' feelings that the regulators will behave in a manner beneficial to them as consumers. Figure 5.6 shows the overall profile of the distribution of responses for this facet.

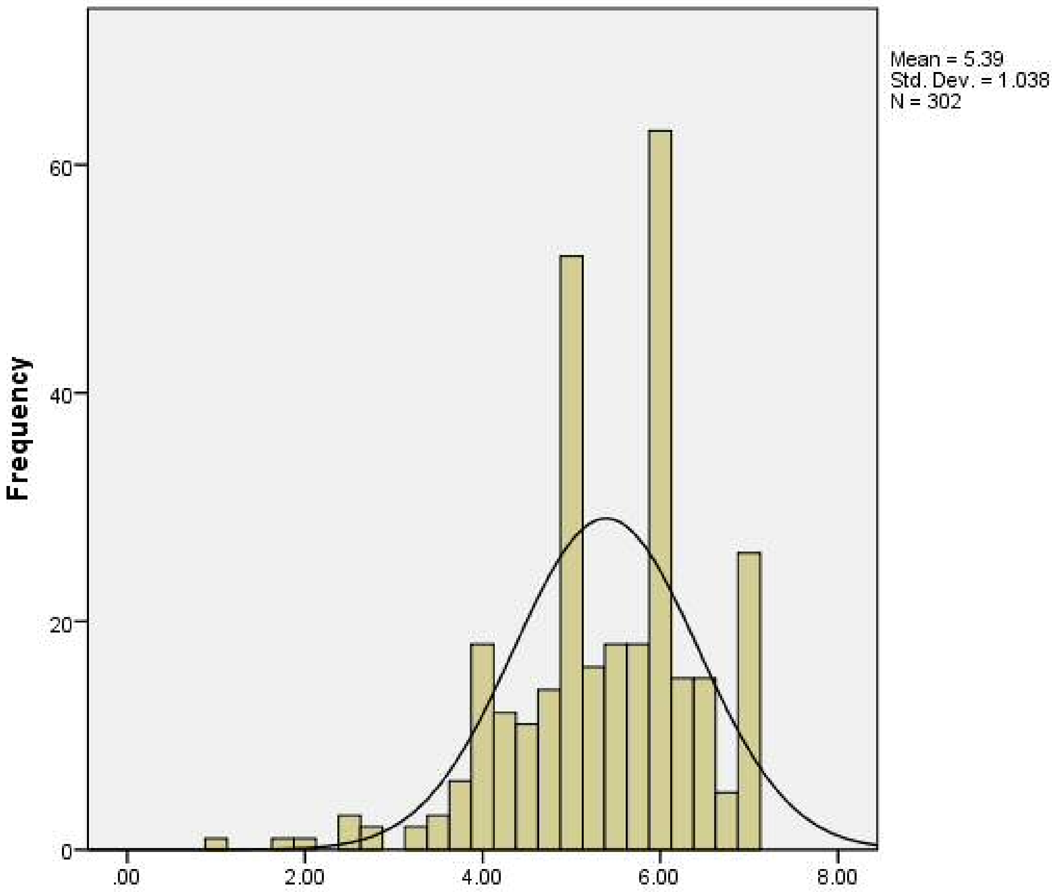


Figure 5.6: Distribution of Responses for Consumer Protection

The skewed distribution, with a mean score of 5.39 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents held a generally positive opinion that regulators would behave in a manner beneficial to them.

The findings show that:

1. 80.5% of respondents believed that the FCA would act in their best interests (CP1: Mean = 5.32; SD = 1.121).
2. 77.8% of respondents felt that the FCA would protect them if they experienced a problem with their financial adviser (CP2: Mean = 5.32; SD = 1.183).
3. 81.8% of respondents indicated that believed the FCA would offer them advice and support if they had problems with their financial adviser (CP3: Mean = 5.45; SD = 1.128).
4. 85.4% of respondents felt that the FCA would protect their rights as a consumer (SCP4: Mean = 5.47; SD =1.083).

Table 5.6: Descriptive Statistics for Consumer Protection				
	CP1	CP2	CP3	CP4
Total	80.5%	77.8%	81.8%	85.4%
Male	76.3%	74.4%	78.2%	80.1%
Female	84.9%	81.5%	85.6%	91.1%
26-45 years	81.6%	78.6%	82.7%	88.8%
46-60 years	77.2%	77.2%	81.6%	85.1%
Over 60	83.3%	77.8%	81.1%	82.2%
Income< £20k pa	79.2%	70.8%	75.0%	83.3%
£20K pa to £40K pa	82.3%	82.3%	83.9%	88.7%
£40k pa to £100k	77.6%	75.9%	81.0%	81.9%
Income> £100K pa	92.9%	78.6%	92.9%	92.9%
Secondary	85.9%	79.7%	84.4%	89.8%
Diploma	80.9%	74.5%	76.6%	85.1%
Under Grad	74.4%	76.9%	82.1%	82.1%
Post Grad	75.5%	77.6%	79.6%	79.6%
Professional	81.1%	77.9%	81.1%	83.2%
Self-Employed	82.8%	82.8%	79.3%	86.2%
Retired	83.6%	78.1%	84.9%	84.9%
Clerical/Secretarial	92.1%	86.8%	89.5%	97.4%
Technical	81.8%	77.3%	81.8%	72.7%
Housewife/Husband	55.6%	66.7%	66.7%	88.9%
Other	66.7%	66.7%	77.8%	85.2%

Table 5.6 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore showed a more positive attitude towards consumer protection provided by the regulators.

Table 5.6 indicates that females were more positive than males regarding the probability that the regulators would behave in manner beneficial to consumers, with both genders being positive in this respect. Overall, as income increased, respondents were generally more positive in this respect, whilst respondents with higher levels of education were generally less positive. Whilst all occupational groups held positive opinion, those in clerical/secretarial occupations held the most positive opinions, with those who placed themselves in either the housewife/husband or other category generally holding the least positive opinions. The data shows mixed results for the age range groupings, with those of lower ages generally appearing to be more positive than older individuals. The variation between the different groupings is generally not high, however the variation between certain occupational groups is quite marked. For example, 97.4% of respondents in the clerical/secretarial grouping agreed that the FCA would protect their rights as a consumer, however only 72.7% of respondents in the technical occupational grouping agreed.

5.7.2 Data Protection

Data protection is the second facet of statutory regulation and captures respondents' feelings that the regulators ensure their privacy and ensure that their personal information will be safe. Figure 5.7 shows the overall profile of the distribution of responses for this facet.

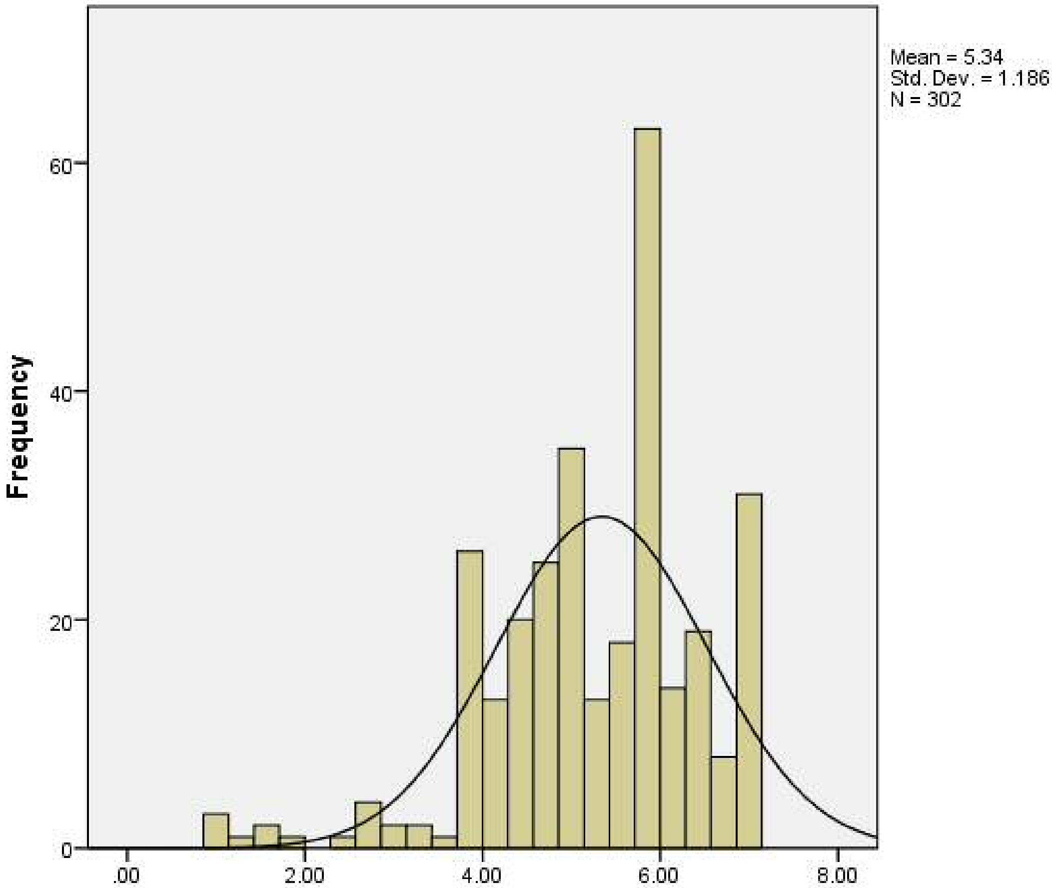


Figure 5.7: Distribution of Responses for Data Protection

The skewed distribution, with a mean score of 5.34 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents held a generally positive opinion that regulators would ensure their privacy. Whilst the majority of respondents held this opinion, the left tail indicates that a minority did not.

The findings show that:

1. 76.5% of respondents believed that the ICO would ensure that their personal information would not be revealed to a third party without their consent (DP1: Mean = 5.33; SD = 1.274).
2. 79.5% of respondents agreed that the ICO would ensure that their personal information would only be used for the purpose for which it was collected (DP2: Mean = 5.41; SD = 1.254).
3. 78.5% of respondents indicated that believed the ICO would ensure that they were only asked to provide personal information that was relevant (DP3: Mean = 5.34; SD = 1.265).
4. 66.6% of respondents felt that the ICO ensured that they controlled the use of their personal information. (DP4: Mean = 5.05; SD =1.391).

5. 80.1% of respondents believed that the ICO would ensure that their personal information would not be revealed to a third party without their consent (DP5: Mean = 5.41; SD = 1.251).
6. 79.8% of respondents agreed that the ICO would ensure that their personal information would only be used for the purpose for which it was collected (DP6: Mean = 5.43; SD = 1.276).
7. 76.8% of respondents indicated that believed the ICO would ensure that they were only asked to provide personal information that was relevant (DP7: Mean = 5.41; SD = 1.333).

Table 5.7: Descriptive Statistics for Data Protection

	DP1	DP2	DP3	DP4	DP5	DP6	DP7
Total	76.5%	79.5%	78.5%	66.6%	80.1%	79.8%	76.8%
Male	75.0%	76.9%	75.6%	65.4%	78.2%	76.3%	72.4%
Female	78.1%	82.2%	81.5%	67.8%	82.2%	83.6%	81.5%
26-45 years	79.6%	84.7%	86.7%	69.4%	81.6%	81.6%	76.5%
46-60 years	75.4%	77.2%	71.1%	63.2%	79.8%	78.1%	74.6%
Over 60	74.4%	76.7%	78.9%	67.8%	78.9%	80.0%	80.0%
Income< £20k pa	75.0%	79.2%	70.8%	64.6%	83.3%	83.3%	77.1%
£20K pa to £40K pa	79.8%	82.3%	83.1%	66.1%	82.3%	80.6%	80.6%
£40k pa to £100k	73.3%	76.7%	76.7%	66.4%	76.7%	78.4%	73.3%
Income> £100K pa	78.6%	78.6%	78.6%	78.6%	78.6%	71.4%	71.4%
Secondary	78.1%	82.8%	83.6%	71.1%	84.4%	83.6%	82.0%
Diploma	74.5%	74.5%	76.6%	59.6%	74.5%	78.7%	76.6%
Under Grad	78.2%	80.8%	73.1%	66.7%	82.1%	79.5%	71.8%
Post Grad	71.4%	73.5%	75.5%	61.2%	71.4%	71.4%	71.4%
Professional	77.9%	78.9%	78.9%	65.3%	82.1%	77.9%	72.6%
Self-Employed	79.3%	79.3%	79.3%	72.4%	79.3%	82.8%	82.8%
Retired	72.6%	76.7%	80.8%	65.8%	76.7%	78.1%	76.7%
Clerical/Secretarial	89.5%	94.7%	89.5%	86.8%	94.7%	94.7%	92.1%
Technical	72.7%	77.3%	77.3%	68.2%	77.3%	77.3%	68.2%
Housewife/Husband	72.2%	77.8%	72.2%	55.6%	72.2%	72.2%	72.2%
Other	66.7%	70.4%	59.3%	44.4%	70.4%	74.1%	74.1%

Table 5.7 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore showed a more positive attitude that regulators would ensure their privacy

Table 5.7 indicates that both genders and all groups held generally positive opinions with regard to regulators ensuring their privacy, with female respondents being generally more positive than males and younger respondents being generally more positive than older respondents. All occupational groups held generally positive opinions in this regard, with the clerical/secretarial grouping being most positive and the other group being the least positive. The difference between the occupational groupings could be quite marked. For example, 86.8% of respondents in the clerical/secretarial grouping agreed that they controlled the use of their personal information, however only 44.4% of respondents in the other occupational grouping agreed. The data shows mixed results for the income groupings. Whilst the data indicates that most respondents agree that regulators ensure that consumers control the use of their own personal information (DP4), a noticeable trend in the data is that values for this are consistently lower across all groupings, with a majority of those in the other occupational grouping disagreeing with the statement.

5.8 Other Predictors of Structural Assurance

Six further potential predictors of structural assurance were examined in this study:

- Membership of a Professional Association (MP)
- Redress (RGW)
- Effective Communication by the Regulator (COMR)
- Experience of Financial Advice

5.8.1 Membership of a Professional Association

Authors such as Neu (1991) and Atchinson (2005) argue that membership of a professional association could engender consumer trust and possibly also provide an alternative means of regulation for a particular industry to that provided by governmental or statutory means. Respondents were therefore asked to indicate their opinion of membership of such organisations. (In the case of the financial advice industry two such organisations are The Institute of Financial Planning (IFP) and The Chartered Institute of Insurers (CII)). Figure 5.8 below provides an overall profile of the distribution of responses.

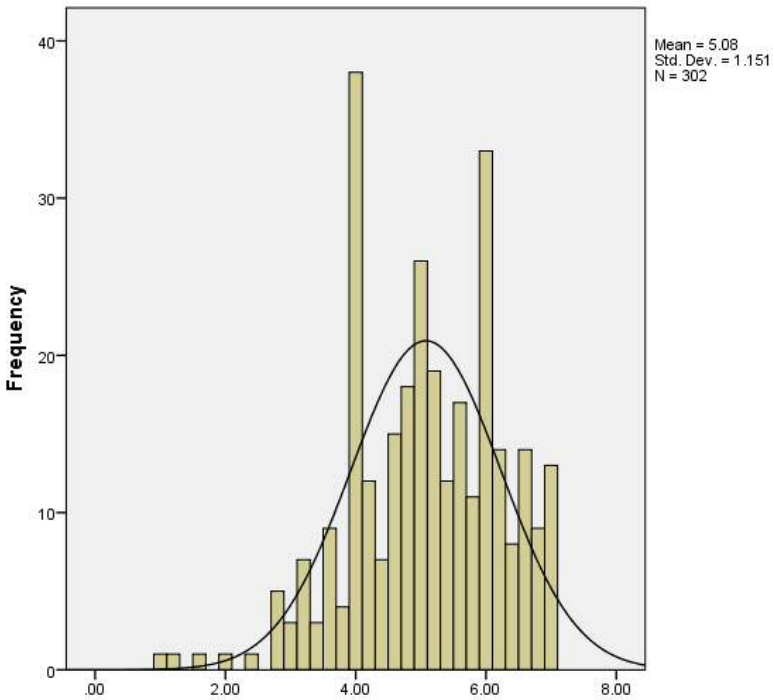


Figure 5.8: Distribution of Responses for Membership of a Professional Association

The skewed distribution, with a mean score of 5.08 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that the majority of respondents held generally positive feelings regarding Membership of professional associations. However, the left tail indicates that a small minority did not hold a positive opinion of such membership.

The findings show that:

1. 69.2% of respondents were of the opinion that professional associations such as the IFP and CII were doing a good job (MP1: Mean = 5.55; SD = 1.362).
2. 58.9% of respondents agreed that organisations such as the IFP and CII are adequate for consumer protection (MP2: Mean = 5.29; SD = 1.564).
3. 67.2% of respondents agreed that organisations such as the IFP and CII were concerned about the welfare of consumers (MP3: Mean = 5.36; SD = 1.455).
4. 67.5% of respondents indicated that they thought organisations such as the IFP and CII would assist and support them if they experienced problems with a financial adviser. (MP4: Mean = 5.56; SD =1.468).
5. 61.9% of respondents agreed that organisations such as the IFP and CII understood the needs of consumers (MP5: Mean = 5.29; SD =1.536).

Table 5.8: Descriptive Statistics for Membership of a Professional Assoc.

	MP1	MP2	MP3	MP4	MP5
Total	69.20%	58.90%	67.20%	67.50%	61.90%
Male	65.40%	55.80%	64.70%	63.50%	59.00%
Female	73.30%	62.30%	69.90%	71.90%	65.10%
26-45 years	71.40%	64.30%	66.30%	72.40%	63.30%
46-60 years	67.50%	57.90%	69.30%	65.80%	62.30%
Over 60	68.90%	54.40%	65.60%	64.40%	60.00%
Income< £20k pa	77.10%	68.80%	70.80%	64.60%	66.70%
£20K pa to £40K pa	66.90%	55.60%	66.90%	69.40%	60.50%
£40k pa to £100k	68.10%	56.90%	64.70%	66.40%	60.30%
Income> £100K pa	71.40%	71.40%	78.60%	71.40%	71.40%
Secondary	73.40%	61.70%	71.90%	69.50%	66.40%
Diploma	66.00%	57.40%	61.70%	61.70%	66.00%
Under Grad	64.10%	57.70%	66.70%	67.90%	59.00%
Post Grad	69.40%	55.10%	61.20%	67.30%	51.00%
Professional	69.50%	61.10%	68.40%	68.40%	63.20%
Self-Employed	62.10%	48.30%	65.50%	58.60%	48.30%
Retired	75.30%	60.30%	65.80%	65.80%	61.60%
Clerical/Secretarial	78.90%	68.40%	84.20%	89.50%	89.50%
Technical	68.20%	68.20%	72.70%	72.70%	68.20%
Housewife/Husband	66.70%	61.10%	66.70%	72.20%	50.00%
Other	48.10%	37.00%	40.70%	40.70%	37.00%

Table 5.8 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore showed a more positive attitude towards membership of professional associations.

Table 5.8 suggests that attitude towards membership of professional associations varies by gender, age, and occupation, with female and younger respondents being more positive compared to male and older respondents. Respondents in either technical or clerical/secretarial occupations were the most positive, whilst those who were retired or in the other occupational group were the least positive. Generally, both males and females, young and old, were positive towards membership of professional associations, however those in the self-employed and other occupational groupings were much less positive in this respect, with a majority in the other grouping disagreeing with all statements and those in the self-employed group disagreeing with the two statements.

5.8.2 Redress

Redress captures the opinions and feelings of respondents relating to reassurance provided by the provision of guarantees and warranties, in this case, provided by the Financial Services Compensation Scheme (FSCS) and Professional Indemnity Insurance (PII). Based upon the arguments of McKnight and Chervany (2001) and Gefen *et al*. (2003), such provision may provide reassurance to consumers and could therefore be a predictor of structural assurance. Figure 5.9 shows the overall profile of the distribution of responses for this facet.

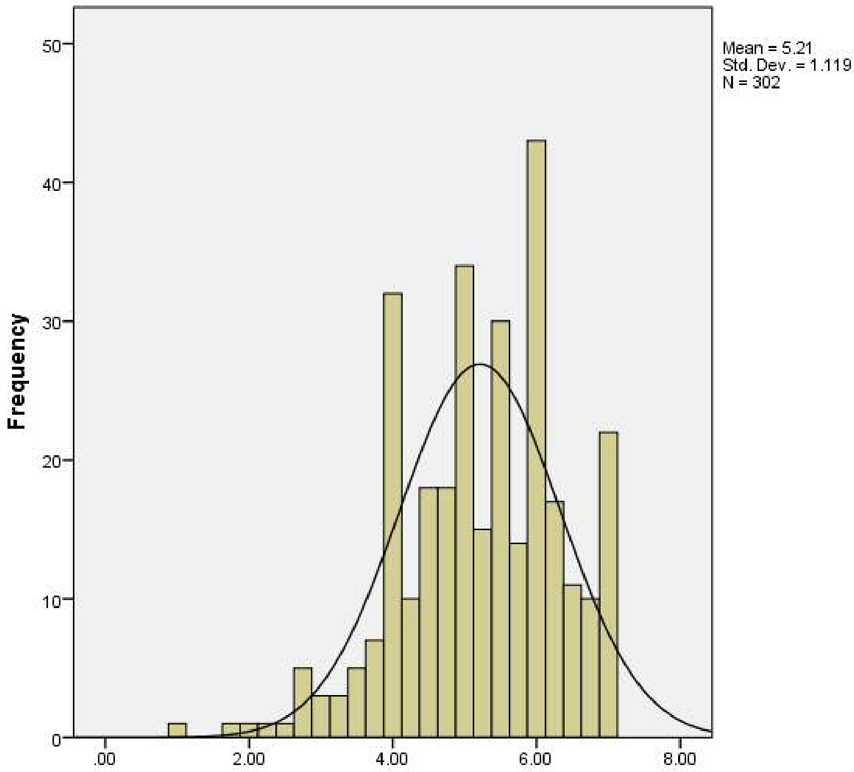


Figure 5.9: Distribution of Responses for Redress Guarantees and Warranties

The skewed distribution, with a mean score of 5.21 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents held generally positive feelings regarding the guarantees provided by the FSCS and PII. Whilst the majority of respondents held this opinion the left tail indicates that a minority did not.

The findings show that:

1. 65.2% of respondents were of the opinion that the FSCS and PII would guarantee that they would get what they had paid for (RGW1: Mean = 5.52; SD = 1.531).
2. 79.1% of respondents agreed that the FSCS and PII protected them from inappropriate behaviour by financial advisers (RGW2: Mean = 5.75; SD = 1.257).
3. 65.9% of respondents agreed that the FSCS and PII protected them from bad advice given by financial advisers (RGW3: Mean = 5.48; SD = 1.603).
4. 71.5% of respondents felt that the FSCS and PII protected them in the event of a problematic transaction (RGW4: Mean = 5.66; SD =1.409).

Table 5.9: Descriptive Statistics for Redress

	RGW1	RGW2	RGW3	RGW4
Total	65.2%	79.1%	65.9%	71.5%
Male	60.9%	75.6%	65.4%	67.9%
Female	69.9%	82.9%	66.4%	75.3%
26-45 years	74.5%	80.6%	64.3%	72.4%
46-60 years	59.6%	78.1%	68.4%	70.2%
Over 60	62.2%	78.9%	64.4%	72.2%
Income< £20k pa	72.9%	83.3%	77.1%	70.8%
£20K pa to £40K pa	70.2%	80.6%	65.3%	73.4%
£40k pa to £100k	56.9%	78.4%	62.1%	71.6%
Income> £100K pa	64.3%	57.1%	64.3%	57.1%
Secondary	67.2%	80.5%	71.9%	75.8%
Diploma	59.6%	76.6%	51.1%	61.7%
Under Grad	67.9%	79.5%	70.5%	73.1%
Post Grad	61.2%	77.6%	57.1%	67.3%
Professional	60.0%	78.9%	66.3%	70.5%
Self-Employed	58.6%	72.4%	69.0%	72.4%
Retired	67.1%	83.6%	61.6%	72.6%
Clerical/Secretarial	84.2%	86.8%	73.7%	78.9%
Technical	72.7%	72.7%	68.2%	63.6%
Housewife/Husband	72.2%	94.4%	77.8%	88.9%
Other	48.1%	59.3%	51.9%	55.6%

Table 5.9 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore showed a more positive attitude towards redress provided by the FSCS and PII.

Whilst, overall, respondents held positive opinions of redress provided by the FSCS and PII, Table 5.9 suggests that respondents' opinions vary by age, income, level of education, and occupation. Female and younger respondents were more positive in this respect compared to male and older respondents. Respondents in the higher income groups were less positive than those in the lower two income groups, with those in the over £100,000 p.a. group being more sceptical than other groups that such redress protected them from bad advice. Respondents in the diploma and post-graduate educational groupings held lower opinions than those in the other educational groupings, particularly with regard to the protection offered against bad advice. Those in clerical or secretarial occupations were the most positive occupational group, with those in the other group being least positive, particularly with regard to such redress ensuring that they would get what they paid for where those agreeing were in a minority.

5.8.3 Effective Communication

Greyson *et al*. (2008) suggest that effective communication by a regulator may help in engendering trust and could therefore be a potential predictor of structural assurance. Respondents were therefore asked to indicate their opinions on such communication. Figure 5.10 below provides an overall profile of the distribution of responses.

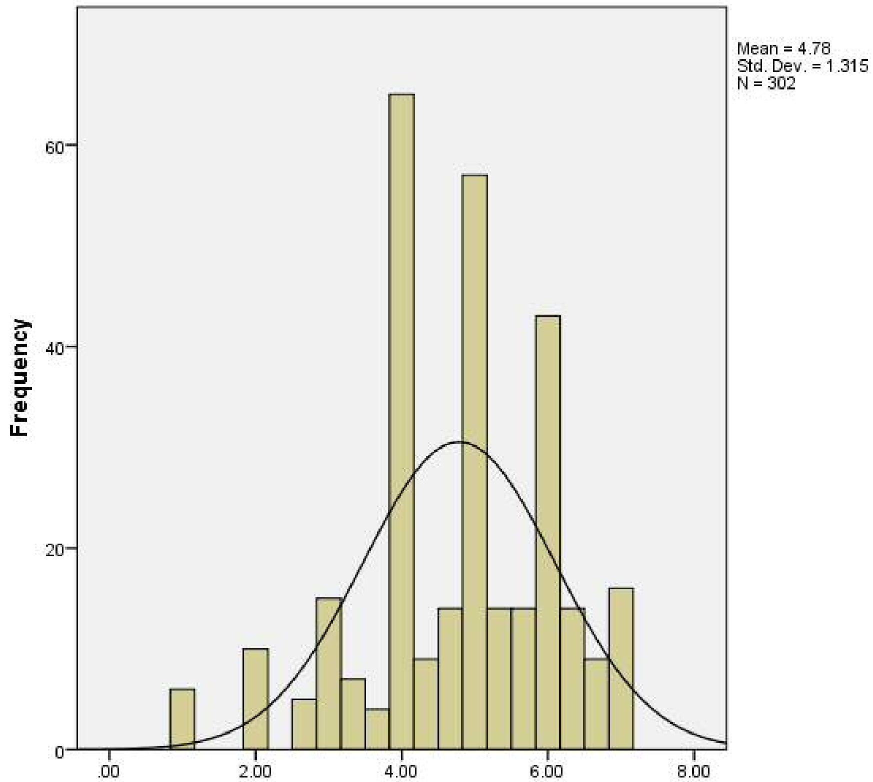


Figure 5.10: Distribution of Responses for Effective Communication

The slightly skewed distribution shown by the histogram, with a mean score of 4.78 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that, whilst many respondents held generally positive opinions of communication by the regulators, many respondents were neutral with the left tail indicating that a small minority did not hold a positive opinion.

The findings show that:

1. 56.0% of respondents agreed that frequent communication by the regulators helped them to trust the financial services industry (COMR1: Mean = 4.72; SD = 1.361).
2. 60.6% of respondents agreed that timely communication by the regulators helped them to trust the financial services industry (COMR: Mean = 4.83; SD = 1.354).
3. 58.9% of respondents agreed that regular communication by the regulators helped them to trust the financial services industry (COMR3: Mean = 4.80; SD = 1.370).

Table 5.10: Descriptive Statistics for Communication

	COMR1	COMR2	COMR3
Total	56.0%	60.6%	58.9%
Male	49.4%	55.8%	51.3%
Female	63.0%	65.8%	67.1%
26-45 years	69.4%	70.4%	72.4%
46-60 years	53.5%	61.4%	56.1%
Over 60	44.4%	48.9%	47.8%
Income< £20k pa	58.3%	62.5%	60.4%
£20K pa to £40K pa	57.3%	60.5%	60.5%
£40k pa to £100k	52.6%	59.5%	56.0%
Income> £100K pa	64.3%	64.3%	64.3%
Secondary	61.7%	64.8%	64.8%
Diploma	48.9%	51.1%	55.3%
Under Grad	50.0%	60.3%	51.3%
Post Grad	57.1%	59.2%	59.2%
Professional	60.0%	67.4%	63.2%
Self-Employed	37.9%	41.4%	41.4%
Retired	50.7%	53.4%	52.1%
Clerical/Secretarial	71.1%	76.3%	76.3%
Technical	59.1%	63.6%	59.1%
Housewife/Husband	55.6%	55.6%	61.1%
Other	51.9%	55.6%	55.6%

Table 5.10 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore showed a more positive attitude that effective communication by the regulators could enhance trust.

Table 5.10 above suggests that attitude towards communication by the regulators varies according to gender, age, income, education, and occupation. In some cases, the differences were quite marked. For example, 71.1% of those in the clerical/secretarial occupational grouping agreed that frequent communication helped them to trust the financial service industry, whilst only 37.9% in the self-employed grouping agreed. 72.4% of those in the 26-45 age group agreed that regular communication helped them to trust the industry, however only 47.8% in the over 60 age agreed. Generally, females and younger respondents, together with those with the highest incomes, were the most positive in this respect. Compared to the clerical/secretarial grouping, those in the retired and self-employed occupational grouping were generally much more sceptical in this respect, with less than half of those who were self-employed agreeing with each of the three statements.

5.8.4 Prior Experience of Financial Services

Experience of financial services captures respondents' feelings towards the financial services industry based upon their past experiences. Figure 5.11 below provides an overall profile of the distribution of responses.

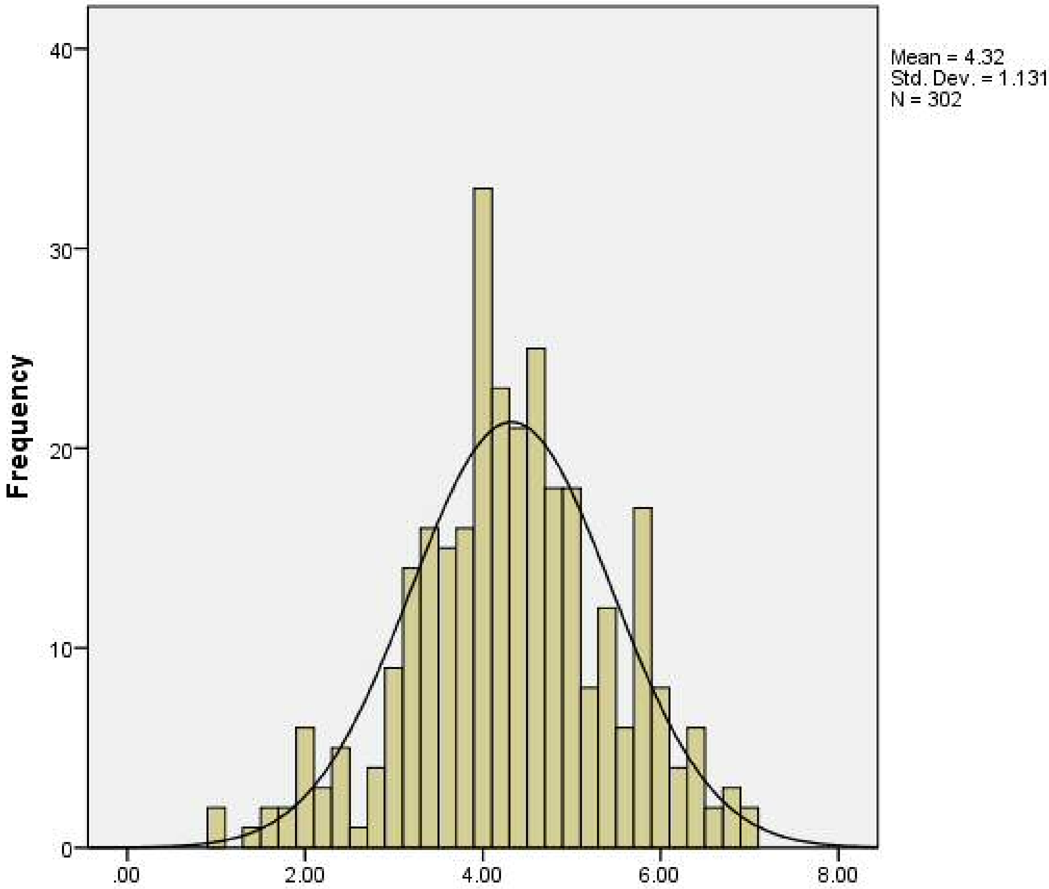


Figure 5.11: Distribution of Responses for Prior Experience of Financial Services

The slightly skewed distribution, with a mean score of 4.32 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents generally held mixed views about the financial services industry.

The findings show that:

1. 55.6% of respondents agreed that based upon their past experience the financial services industry was honest (EXFS1: Mean = 4.53; SD = 1.399).
2. 51.3% of respondents agreed that based upon their past experience the financial services industry cares about customers (EXFS2: Mean = 4.46; SD = 1.413).

3. 34.1% of respondents agreed that based upon their past experience the financial services industry was not opportunistic (EXFS3: Mean = 3.90; SD = 1.436).
4. 42.7% of respondents agreed based that upon their past experience the financial services industry was predictable (EXFS4: Mean = 4.23; SD = 1.236).
5. 50.0% of respondents agreed that based upon their past experience the financial services industry was trustworthy (EXFS5: Mean = 4.49; SD = 1.407).

Table 5.11: Descriptive Statistics for Experience of Financial Services

	EXFS1	EXFS2	EXFS3	EXFS4	EXFS5
Total	55.6%	51.3%	34.1%	42.7%	50.0%
Male	53.2%	48.1%	35.3%	44.9%	48.1%
Female	58.2%	54.8%	32.9%	40.4%	52.1%
26-45 years	53.1%	51.0%	35.7%	41.8%	50.0%
46-60 years	61.4%	48.2%	31.6%	42.1%	47.4%
Over 60	51.1%	55.6%	35.6%	44.4%	53.3%
Income< £20k pa	54.2%	52.1%	33.3%	54.2%	54.2%
£20K pa to £40K pa	54.8%	52.4%	33.1%	42.7%	50.0%
£40k pa to £100k	56.9%	49.1%	35.3%	36.2%	48.3%
Income> £100K pa	57.1%	57.1%	35.7%	57.1%	50.0%
Secondary	62.5%	59.4%	39.1%	43.8%	62.5%
Diploma	53.2%	44.7%	36.2%	42.6%	38.3%
Under Grad	52.6%	44.9%	29.5%	44.9%	44.9%
Post Grad	44.9%	46.9%	26.5%	36.7%	36.7%
Professional	52.6%	50.5%	32.6%	37.9%	41.1%
Self-Employed	55.2%	44.8%	27.6%	37.9%	41.4%
Retired	60.3%	57.5%	38.4%	49.3%	52.1%
Clerical/Secretarial	65.8%	55.3%	44.7%	47.4%	71.1%
Technical	63.6%	54.5%	45.5%	50.0%	68.2%
Housewife/Husband	44.4%	44.4%	11.1%	33.3%	44.4%
Other	40.7%	40.7%	25.9%	40.7%	44.4%

Table 5.11 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore held a more positive opinion of the financial services industry.

Whilst Table 5.11 above suggests that opinions of the financial services held by males and females differs, no clear pattern of which gender has the higher opinion of the industry emerges. However, the results suggest that opinion improves a little as age increases, and worsens as educational level increases. Those in the clerical/secretarial and technical occupational groups generally held the highest opinions of the financial services industry, with those in the housewife/husband and other groups generally holding the lowest opinion. The results also indicate that the majority of respondents felt that the industry was opportunistic and unpredictable. This was particularly so for the housewife/husband, the other occupational group, and the post-graduate group, with the overall opinions of these three groups being negative in every respect.

5.9 Situational Normality

Situational Normality (SN) is a broad predictor of institution based trust that refers to an environment that consumers find to be normal, customary, and properly ordered, and reflects the sociological view that trust is a product of fulfilled expectation (Zucker, 1986; Gefen *et al.* 2003), which itself comprises of a number of facets examined by this study:

- Expectation of Dress and Attire (AA)
- Expectation of Business Premises (BP)
- Expectation Regarding Confidentiality, Privacy and Data Security (PCDE)
- Knowledge of Financial Advice (KNFS)
- Provision of Testimonials (PT)

5.9.1 Situational Normality Descriptive Statistics

Situation normality captures respondents' perception that transacting with their financial adviser was typical of the financial advice industry. Figure 5.12 below provides an overall profile of the distribution of responses.

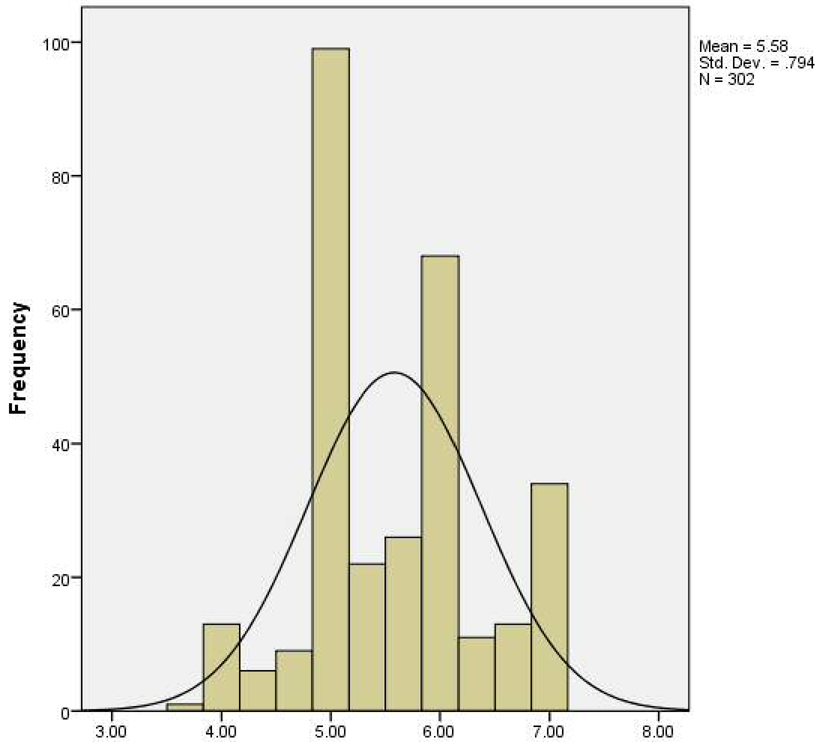


Figure 5.12: Distribution of Responses for Situational Normality

The skewed distribution, with a mean score of 5.58 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents felt transacting with their financial adviser was typical. The findings show that:

1. 93.7% of respondents were of the opinion that the steps required to make a purchase through their financial adviser was typical of the industry (SN1: Mean = 6.54; SD = 1.246).

2. 92.7% of respondents agreed that the information requested by their financial adviser was typical of that request by other financial advisers (SN2: Mean = 6.44; SD = 1.210).
3. 90.4% of respondents agreed that nature of the interaction with their financial adviser was typical of the industry (SN3: Mean = 6.36; SD = 1.351).

Table 5.12: Descriptive Statistics for Situational Normality

	SN1	SN2	SN3
Total	93.7%	92.7%	90.4%
Male	91.7%	89.7%	88.5%
Female	95.9%	95.9%	92.5%
26-45 years	94.9%	91.8%	93.9%
46-60 years	93.9%	93.9%	87.7%
Over 60	92.2%	92.2%	90.0%
Income< £20k pa	93.8%	91.7%	91.7%
£20K pa to £40K pa	91.9%	91.9%	91.1%
£40k pa to £100k	94.8%	93.1%	88.8%
Income> £100K pa	100.0%	100.0%	92.9%
Secondary	95.3%	94.5%	93.8%
Diploma	91.5%	91.5%	89.4%
Under Grad	96.2%	96.2%	92.3%
Post Grad	87.8%	83.7%	79.6%
Professional	92.6%	89.5%	85.3%
Self-Employed	93.1%	93.1%	93.1%
Retired	93.2%	93.2%	91.8%
Clerical/|Secretarial	97.4%	97.4%	94.7%
Technical	100.0%	95.5%	95.5%
Housewife/Husband	88.9%	94.4%	94.4%
Other	92.6%	92.6%	88.9%

Table 5.12 Note: The percentage counts shown are for those respondents who agreed with the statements, and therefore held the perception that transacting with their financial adviser was typical of the financial advice industry.

Table 5.12 shows that most respondents in all groupings perceived that transacting with their financial adviser was typical of the financial advice industry. Whilst there was little difference between the different age groups and genders, slightly more females agreed with each of the questions than males. However, findings do vary more with income, education, and occupational grouping. Those who had a post-graduate education were less likely than others to agree along with those in the professional occupational grouping, particularly compared to those in the clerical/secretarial and technical occupational groupings. Agreement with each of the questions also broadly increased with income level.

5.9.2 Adviser Dress and Attire

Adviser dress and attire is the first facet of situational normality and captures respondents' expectations regarding the attire and appearance of their financial adviser and their reaction should those expectations not be met. Figure 5.13 shows the overall profile of the distribution of responses for this facet.

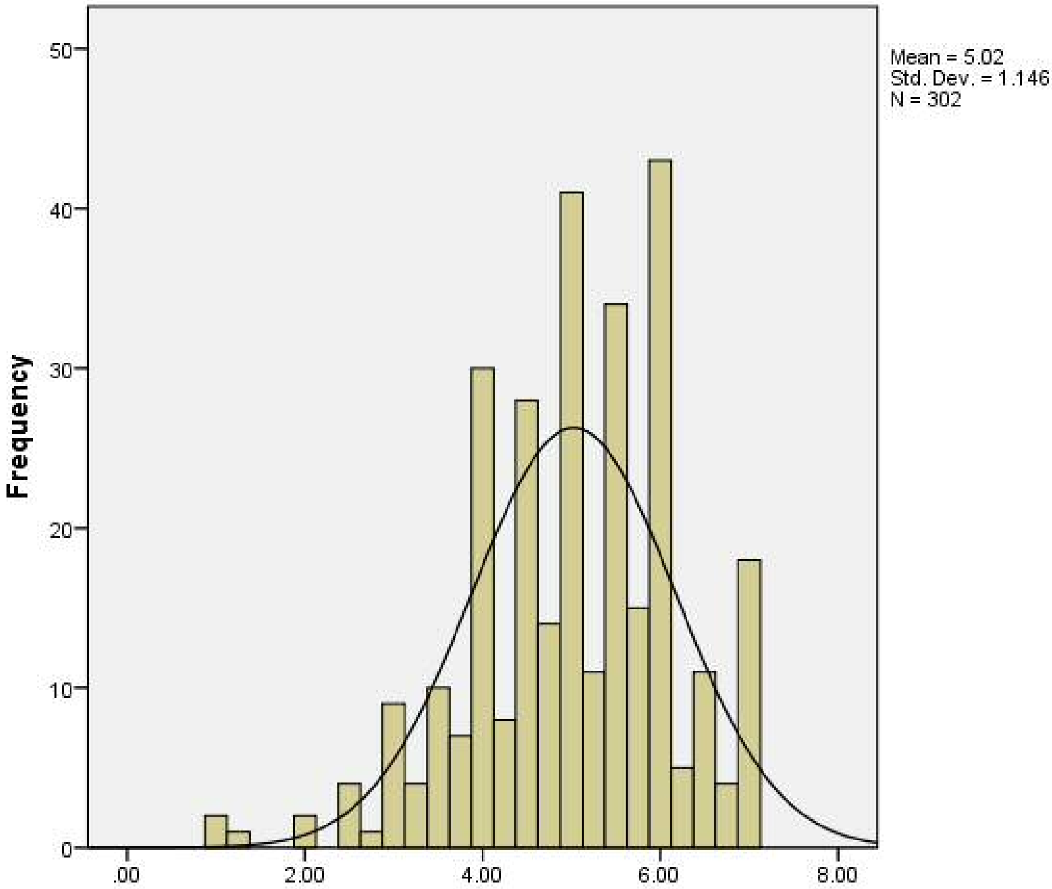


Figure 5.13: Distribution of Responses for Adviser Attire and Appearance

The skewed distribution, with a mean score of 5.02 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that the majority of respondents held expectations regarding their financial advisers' attire and appearance, and that their opinion of their adviser would be negatively affected if those expectations were not met. The left tail indicates that a minority did not hold such expectations. The findings show that:

1. 62.9% indicated that their estimation of the ability of their financial adviser would fall if their dress and appearance failed to meet their expectations (AA3: Mean = 4.86; SD = 1.396).
2. 62.9% would question whether or not their money was safe if their dress and appearance failed to meet their expectations (AA4: Mean = 4.88; SD =1.405).
3. 73.5% agreed that their trust in their financial adviser would be enhanced if their attire met their expectations (AA5: Mean = 5.15; SD =1.126).
4. 75.2% agreed that their opinion of their financial adviser would be enhanced if their attire met their expectations (AA6: Mean = 5.22; SD =1.172).

Table 5.13: Descriptive Statistics for Adviser Dress & Attire				
	AA3	AA4	AA5	AA6
Total	62.9%	62.9%	73.5%	75.2%
Male	59.6%	61.5%	73.7%	73.7%
Female	66.4%	64.4%	73.3%	76.7%
26-45 years	57.1%	60.2%	74.5%	74.5%
46-60 years	64.0%	66.7%	69.3%	73.7%
Over 60	67.8%	61.1%	77.8%	77.8%
Income< £20k pa	66.7%	72.9%	70.8%	72.9%
£20K pa to £40K pa	60.5%	58.9%	74.2%	74.2%
£40k pa to £100k	63.8%	62.9%	73.3%	76.7%
Income> £100K pa	64.3%	64.3%	78.6%	78.6%
Secondary	67.2%	64.8%	81.3%	80.5%
Diploma	57.4%	63.8%	74.5%	85.1%
Under Grad	61.5%	65.4%	66.7%	65.4%
Post Grad	59.2%	53.1%	63.3%	67.3%
Professional	62.1%	60.0%	73.7%	76.8%
Self-Employed	58.6%	62.1%	69.0%	65.5%
Retired	64.4%	60.3%	72.6%	74.0%
Clerical/|Secretarial	73.7%	71.1%	86.8%	86.8%
Technical	59.1%	68.2%	72.7%	72.7%
Housewife/Husband	50.0%	55.6%	44.4%	55.6%
Other	63.0%	70.4%	81.5%	81.5%

Table 5.13 Note: The percentage counts shown are for those respondents who agreed with the statements, and therefore held stronger expectations regarding the attire and appearance of their financial adviser, and that the failure to meet those expectations would have consequences.

Table 5.13 suggests that expectation regarding adviser dress and appearance varies with gender, age, income, education, and occupation, with the variation being quite marked in some cases. For example, 86.8% of those in the clerical/secretarial occupational grouping agreed that their trust in their financial adviser would be enhanced if the adviser's attire met their expectations, whilst only 44.4%% of those in the housewife/husband grouping agreed. 72.9% of those earning under £20,000 per annum agreed that they would question the safety of their investments if the attire of a financial adviser failed to meet expectations, whereas only 58.9% of those earning between £20,000 and £40,000 per annum agreed. Female and older respondents generally held higher expectations than male and younger respondents, whilst those in the clerical/secretarial occupational grouping generally held the highest expectations, with those in the housewife/husband holding the lowest. Those in the secondary educational grouping generally held the highest expectations regarding adviser dress and appearance, and those expectations generally reduced as the level of education increased.

5.9.3 Business Premises

Business Premises is the second facet of situational normality and captures respondents' reaction should their expectation regarding their financial adviser's business premises expectations not be met. Figure 5.14 shows the overall profile of the distribution of responses for this facet.

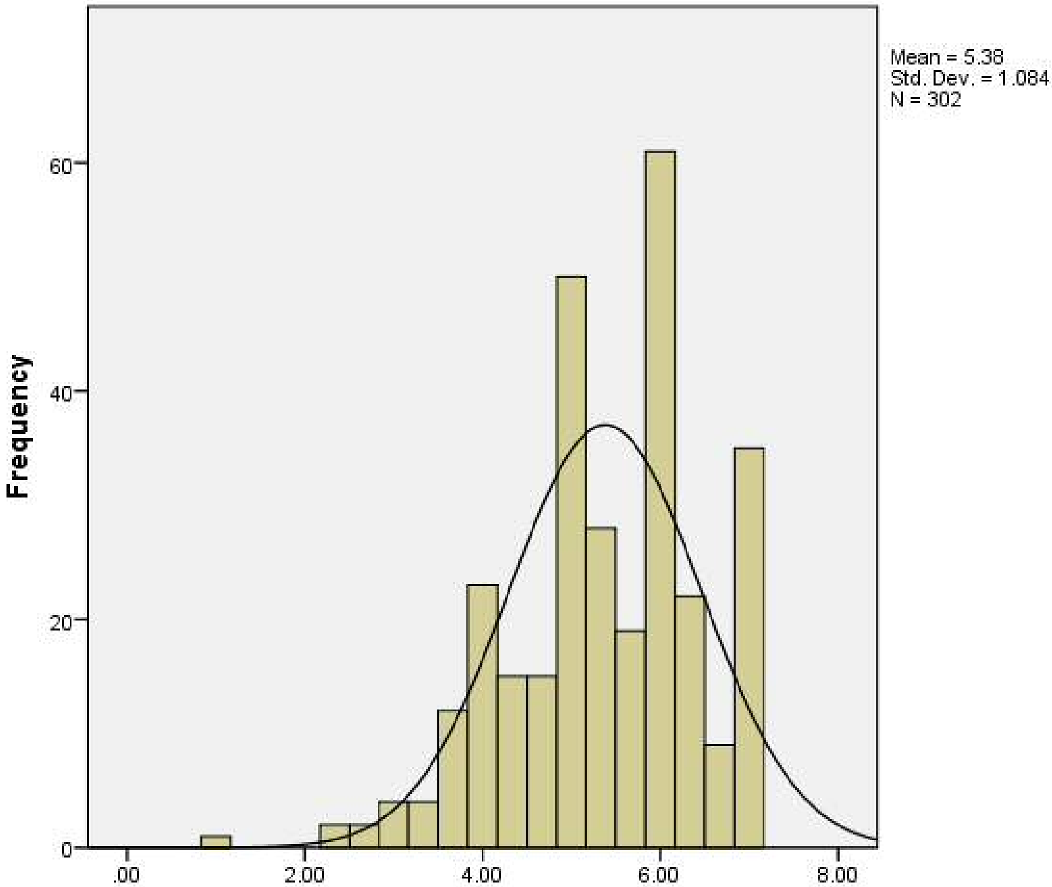


Figure 5.14: Distribution of Responses for Business Premises

The skewed distribution, with a mean score of 5.38 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents held expectations regarding their financial advisers' business premises and that their opinion of their adviser would be negatively affected if those expectations were not met. The findings show that:

1. 81.1% agreed that they would think less of their financial adviser if their business premises did not meet expectations (BP1: Mean = 5.37; SD =1.115).
2. 77.5% indicated that their estimation of the ability of their financial adviser would fall if their business premises failed to meet their expectations (BP2: Mean = 5.31; SD =1.208).
3. 81.1% would question whether or not their money was safe if their business premises failed to meet their expectations (BP3: Mean = 5.45; SD =1.182).

Table 5.14: Descriptive Statistics for Business Premises			
	BP1	BP2	BP3
Total	81.1%	77.5%	81.1%
Male	76.9%	74.4%	76.9%
Female	85.6%	80.8%	85.6%
26-45 years	80.6%	78.6%	85.7%
46-60 years	83.3%	78.1%	80.7%
Over 60	78.9%	75.6%	76.7%
Income< £20k pa	77.1%	77.1%	81.3%
£20K pa to £40K pa	80.6%	77.4%	82.3%
£40k pa to £100k	82.8%	77.6%	81.0%
Income> £100K pa	85.7%	78.6%	71.4%
Secondary	83.6%	80.5%	85.2%
Diploma	87.2%	80.9%	89.4%
Under Grad	78.2%	76.9%	73.1%
Post Grad	73.5%	67.3%	75.5%
Professional	84.2%	80.0%	83.2%
Self-Employed	75.9%	69.0%	72.4%
Retired	78.1%	72.6%	76.7%
Clerical/|Secretarial	84.2%	92.1%	92.1%
Technical	77.3%	68.2%	72.7%
Housewife/Husband	88.9%	77.8%	77.8%
Other	77.8%	77.8%	88.9%

Table 5.14 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore held stronger opinions that the failure of their financial adviser's business premises to meet their expectations would have negative consequences.

Table 5.14 suggests that female respondents would have a stronger adverse reaction than males if their expectations regarding the business premises of their financial adviser were not met along with those with higher incomes and less education. Those in the clerical/secretarial occupational grouping generally indicated that they would have a stronger adverse reaction if their expectations were not met than those in the other occupational groupings.

5.9.4 Privacy, Confidentiality and Data Security Expectation

Privacy, Confidentiality and Data Security Expectation is the third facet of situational normality and captures respondents' expectations regarding their financial advisers' premises. Figure 5.15 shows the overall profile of the distribution of responses for this facet.

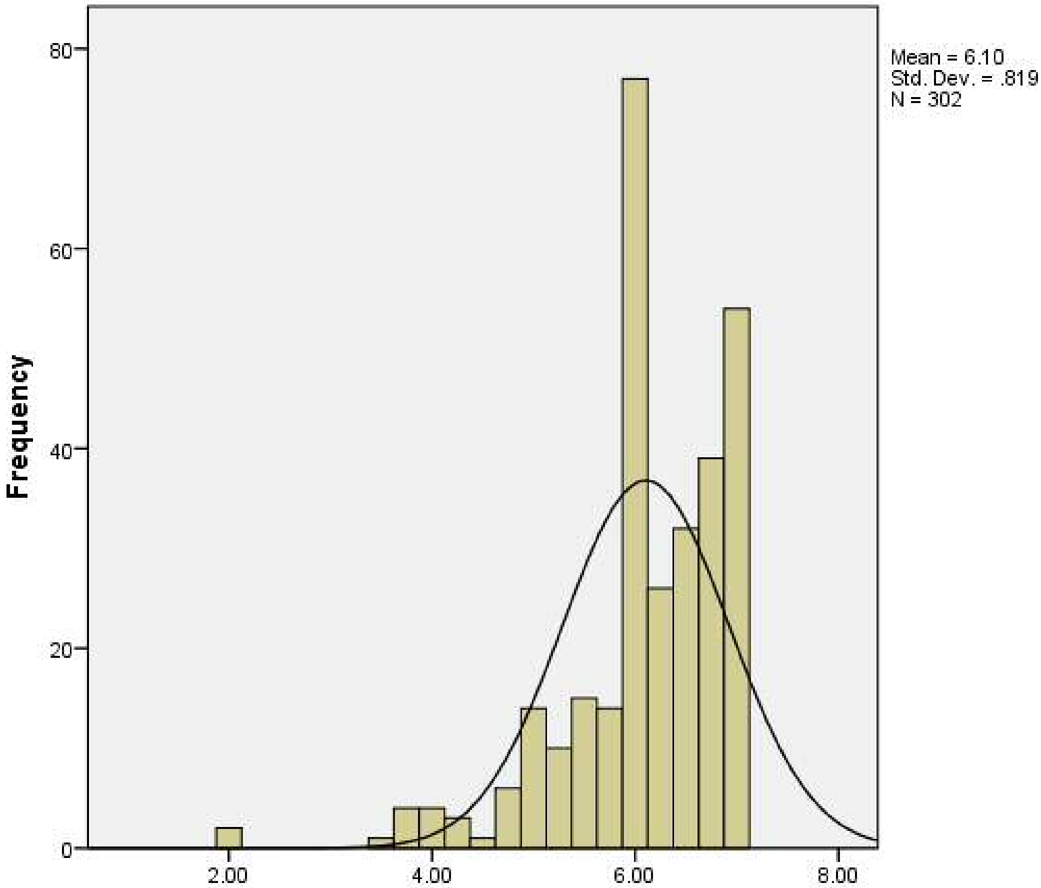


Figure 5.15: Distribution of Responses for Privacy, Confidentiality and Data Security Expectation

The skewed distribution, with a mean score of 6.10 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents held expectations regarding their financial advisers' business premises, and that their opinion of their adviser would be negatively affected if those expectations were not met. The findings show that:

1. 93.0% were of the opinion that a financial adviser's business premises should meet their expectations (PCDE1: Mean = 5.99; SD = 0.959).
2. 95.7% agreed that a financial adviser's business premises should be kept clean tidy and presentable at all times (PCDE2: Mean = 6.33; SD = 0.985).
3. 96.0% agreed that financial advisers should have a secure filing system to keep their personal information safe (PCDE3: Mean = 6.36; SD = 0.903).
4. 88.1% indicated that they thought a financial adviser's business premises should offer a facility for private, confidential discussion. (PCDE4: Mean = 5.74; SD =1.013).

Table 5.15: Descriptive Statistics for Confidentiality, Privacy & Data Security Expectation				
	CPDE1	CPDE2	CPDE3	BPEX4
Total	93.0%	95.7%	96.0%	88.1%
Male	91.7%	94.9%	94.9%	85.9%
Female	94.5%	96.6%	97.3%	90.4%
26-45 years	92.9%	93.9%	93.9%	85.7%
46-60 years	92.1%	97.4%	97.4%	88.6%
Over 60	94.4%	95.6%	96.7%	90.0%
Income< £20k pa	93.8%	95.8%	95.8%	91.7%
£20K pa to £40K pa	95.2%	96.0%	96.8%	86.3%
£40k pa to £100k	89.7%	94.8%	94.8%	87.9%
Income> £100K pa	100.0%	100.0%	100.0%	92.9%
Secondary	95.3%	97.7%	97.7%	90.6%
Diploma	93.6%	97.9%	95.7%	85.1%
Under Grad	88.5%	89.7%	91.0%	82.1%
Post Grad	93.9%	98.0%	100.0%	93.9%
Professional	92.6%	96.8%	95.8%	88.4%
Self-Employed	93.1%	96.6%	96.6%	93.1%
Retired	93.2%	93.2%	95.9%	87.7%
Clerical/|Secretarial	94.7%	97.4%	97.4%	92.1%
Technical	90.9%	95.5%	90.9%	81.8%
Housewife/Husband	94.4%	94.4%	94.4%	94.4%
Other	92.6%	96.3%	100.0%	77.8%

Table 5.15 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore held stronger opinions about the business premises of their financial adviser.

Table 5.15 suggests that respondents' expectations regarding business premises varies with gender, where females held higher expectations than males, and income, where generally those with higher levels of income held higher expectations that those with lower incomes. Undergraduates held lower expectations than those in the other educational groupings, and those in the clerical/secretarial occupational grouping generally held slightly higher expectations than those in the other occupational groupings.

5.9.5 Prior Knowledge of the Financial Advice industry

Knowledge of the financial advice industry is the fourth

facet of situational normality and captures respondents' knowledge of the financial advice industry and financial services products. Figure 5.16 shows the overall profile of the distribution of responses for this facet.

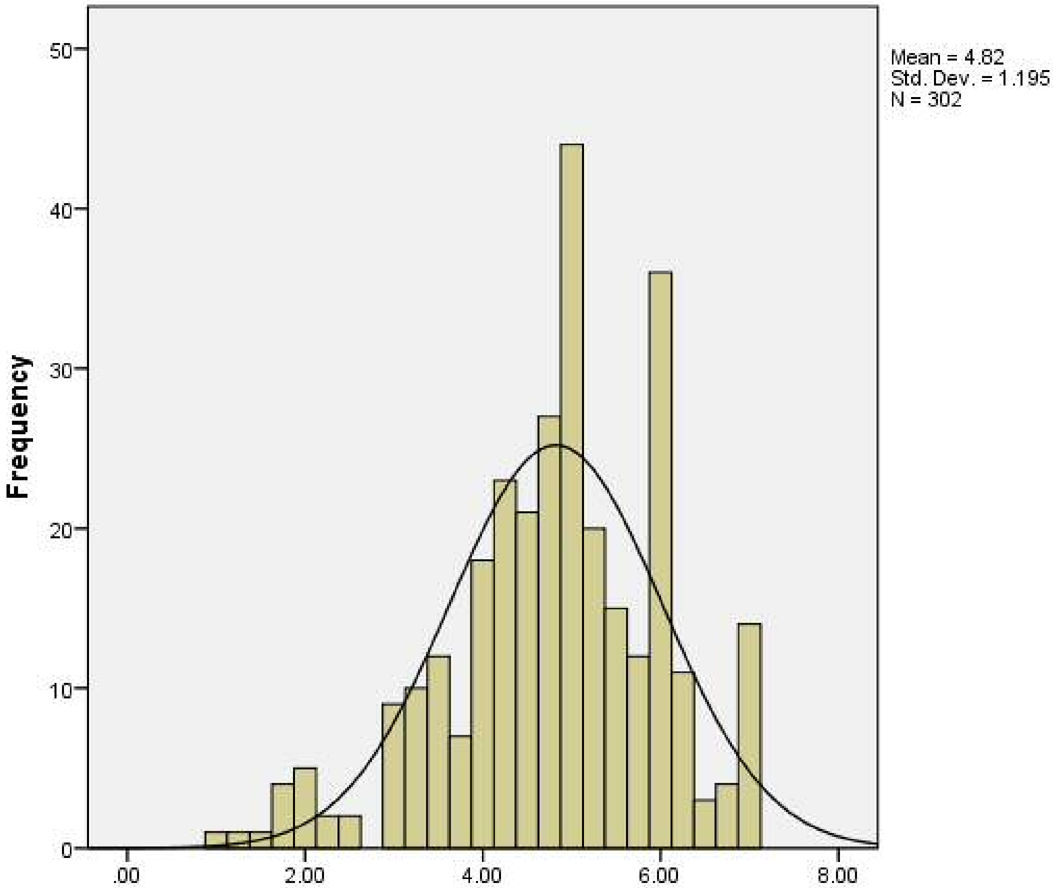


Figure 5.16: Distribution of Responses for Prior Knowledge of the Financial Advice Industry

The skewed distribution, with a mean score of 4.82 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents were of the opinion that they were knowledgeable of the financial services industry and financial services products. However, the left hand tail indicates than many did not consider themselves to be knowledgeable.

The findings show that:

1. 74.8% of respondents agreed that they were familiar with financial services products and the financial services industry (KNFS1: Mean = 5.02; SD = 1.206).
2. 67.5% of respondents considered themselves well informed about financial services products and the financial services industry (KNFS2: Mean = 4.81; SD = 1.310).
3. 63.2% of respondents considered themselves knowledgeable about financial services products and the financial services industry (KNFS3: Mean = 4.73; SD = 1.356).
4. 58.9% of respondents considered themselves to be more knowledgeable than others about financial services products and the financial services industry (KNFS4: Mean = 5.73; SD = 1.348).

Table 5.16: Descriptive Statistics for Prior Knowledge				
	KNFS1	KNFS2	KNFS3	KNFS4
Total	74.8%	67.5%	63.2%	58.9%
Male	82.7%	74.4%	68.6%	66.7%
Female	66.4%	60.3%	57.5%	50.7%
26-45 years	71.4%	63.3%	59.2%	60.2%
46-60 years	78.1%	68.4%	67.5%	58.8%
Over 60	74.4%	71.1%	62.2%	57.8%
Income< £20k pa	64.6%	54.2%	52.1%	45.8%
£20K pa to £40K pa	76.6%	69.4%	65.3%	58.9%
£40k pa to £100k	77.6%	70.7%	64.7%	63.8%
Income> £100K pa	71.4%	71.4%	71.4%	64.3%
Secondary	73.4%	64.8%	60.2%	56.3%
Diploma	78.7%	66.0%	63.8%	57.4%
Under Grad	76.9%	71.8%	69.2%	66.7%
Post Grad	71.4%	69.4%	61.2%	55.1%
Professional	80.0%	74.7%	69.5%	65.3%
Self-Employed	69.0%	69.0%	55.2%	48.3%
Retired	82.2%	68.5%	68.5%	63.0%
Clerical/Secretarial	65.8%	68.4%	65.8%	50.0%
Technical	77.3%	72.7%	68.2%	68.2%
Housewife/Husband	72.2%	55.6%	50.0%	55.6%
Other	55.6%	40.7%	37.0%	44.4%

Table 5.16 Note: The percentage counts shown are for those respondents who agreed with the statements, and therefore indicated that they had a good knowledge of financial service products and the financial advice industry.

Table 5.16 above suggests that males considered themselves more knowledgeable about financial services products and the financial services industry than females, along with those in the higher income groups, and the professional and technical occupational groups. The results for the age and educational groupings show mixed results. The difference between the different occupational groups is quite marked with, for example, 69.5% of the professional groups considering themselves to be knowledgeable about the industry and its products compared to only 37% in the other occupational grouping.

5.9.6 Provision of Testimonials

Provision of testimonials is the fifth facet of situational normality and captures respondents' expectation that their financial advisers should provide testimonials, and their reaction should those expectations not be met. Figure 5.17 shows the overall profile of the distribution of responses for this facet.

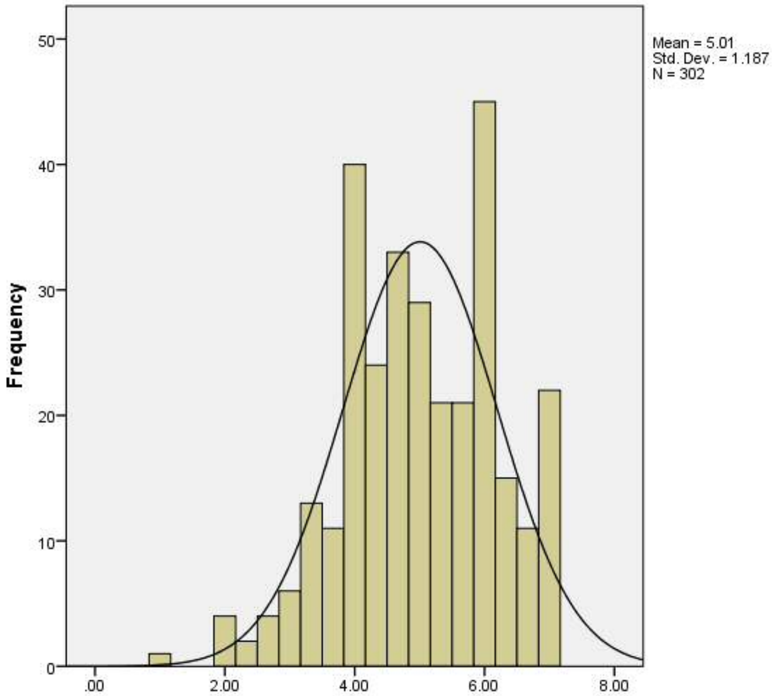


Figure 5.17: Distribution of Responses for Provision of Testimonials

The skewed distribution, with a mean score of 5.01 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that the majority of respondents held expectations regarding the provision of testimonials by their financial adviser, and that their opinion of their adviser would be negatively affected if those expectations were not met. The left tail indicates that a minority did not hold such expectations. The findings show that:

1. 65.2% indicated that they expected their financial adviser to provide testimonials (MP1: Mean = 5.08; SD = 1.307).
2. 55.3% of respondents agreed that the failure to do so would reduce their opinion of their financial adviser (MP2: Mean = 4.75; SD = 1.397).
3. 70.9% agreed that providing testimonials would enhance their level of trust in their financial adviser (MP3: Mean = 5.20; SD = 1.289).

Table 5.17: Descriptive Statistics for Testimonials			
	PT1	PT2	PT3
Total	65.2%	55.3%	70.9%
Male	60.9%	54.5%	71.8%
Female	69.9%	56.2%	69.9%
26-45 years	71.4%	61.2%	76.5%
46-60 years	66.7%	55.3%	71.9%
Over 60	56.7%	48.9%	63.3%
Income< £20k pa	68.8%	64.6%	66.7%
£20K pa to £40K pa	60.5%	47.6%	70.2%
£40k pa to £100k	66.4%	57.8%	74.1%
Income> £100K pa	85.7%	71.4%	64.3%
Secondary	67.2%	57.0%	75.8%
Diploma	66.0%	53.2%	74.5%
Under Grad	60.3%	51.3%	62.8%
Post Grad	67.3%	59.2%	67.3%
Professional	68.4%	60.0%	72.6%
Self-Employed	51.7%	41.4%	55.2%
Retired	60.3%	49.3%	65.8%
Clerical/|Secretarial	76.3%	57.9%	84.2%
Technical	77.3%	77.3%	90.9%
Housewife/Husband	61.1%	55.6%	61.1%
Other	59.3%	48.1%	66.7%

Table 5.17 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore held stronger expectations regarding the provision of testimonials.

Table 5.17 suggests that expectations regarding the provision of testimonials varies by age, with younger respondents holding stronger expectations and opinions than older respondents. Variation within the various groupings could also be quite marked. For example, 85.7% of respondents earning over £100,000 per annum expected their financial adviser to provide testimonials, whereas only 60.5% of those in the £20,000 to £40,000 per annum grouping held the same expectation. 90.9% of respondents in the technical occupational grouping agreed that the provision of testimonials would enhance their level of trust in their financial adviser, whereas only 55.2% of the self-employed respondents agreed. Undergraduates generally held lower expectations in this regard compared to the other educational groupings.

5.10 Other Factors Examined

In addition to the various facets of both structural assurance and situational normality examined above, four further factors were investigated, each of which is discussed below.

5.10.1 Brand

Brand captures respondents’ opinions of the importance of brand in this context, and whether or not the respondent’s financial adviser works for an organisation with a strong, well-known, or recognised brand. Figure 7.18 below provides an overall profile of the distribution of responses.

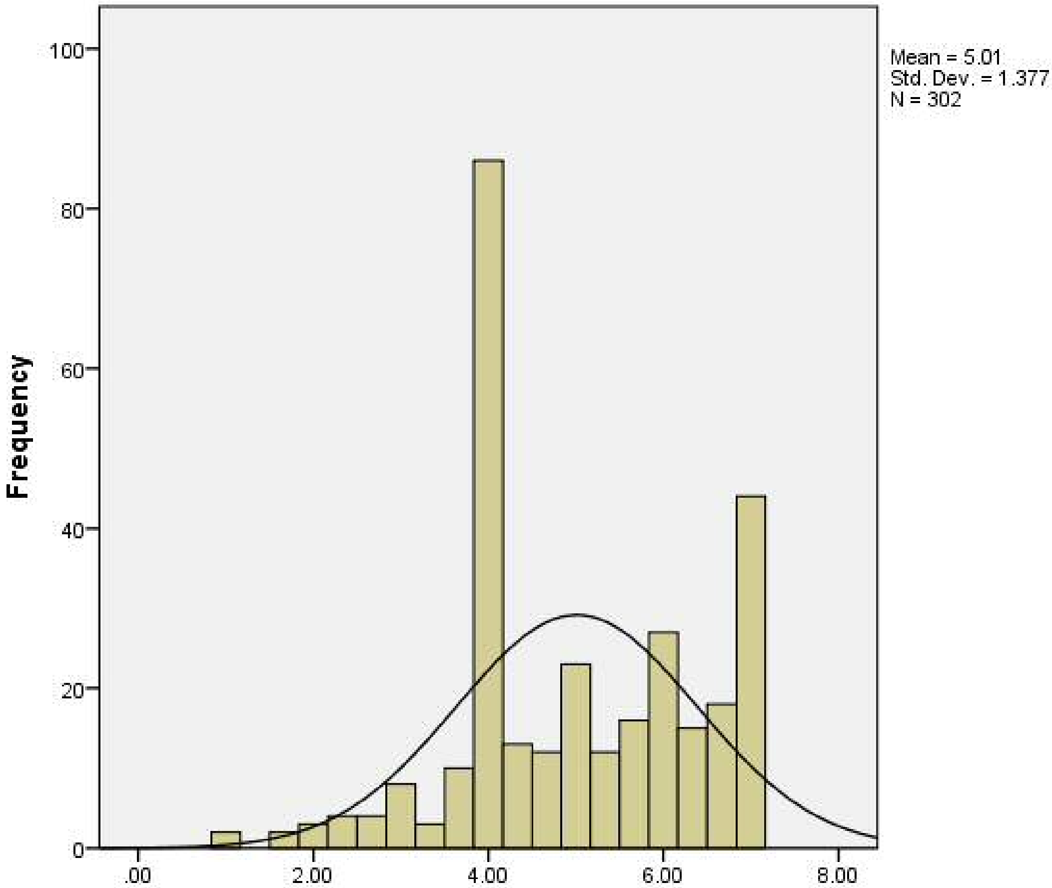


Figure 5.18: Distribution of Responses for Brand

The skewed distribution, with a mean score of 5.01 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that many respondents indicated that brand was of importance, and that their adviser worked for an organisation with a well-known brand. Whilst there is a small left hand tail indicating that a few respondents were of the opinion that brand was not important, the large central peak indicates that many respondents held neutral opinions regarding the importance of brand in this context.

The findings show that:

1. 53.0% of respondents agreed that it was important that their financial adviser worked for a company with a well-known brand (BR1: Mean = 5.74; SD = 1.872).
2. 57.0% of respondents agreed that their financial adviser worked for a company with a well-known brand (BR2: Mean = 5.97; SD = 1.701).
3. 56.6 % of respondents agreed that their financial adviser worked for a company with a well-established brand (BR3: Mean = 5.96; SD = 1.738).

Table 5.18: Descriptive Statistics for Brand			
	BR1	BR2	BR3
Total	53.0%	57.0%	56.6%
Male	49.4%	52.6%	51.3%
Female	56.8%	61.6%	62.3%
26-45 years	59.2%	63.3%	60.2%
46-60 years	44.7%	50.9%	50.9%
Over 60	56.7%	57.8%	60.0%
Income< £20k pa	58.3%	64.6%	60.4%
£20K pa to £40K pa	52.4%	56.5%	58.9%
£40k pa to £100k	51.7%	56.0%	54.3%
Income> £100K pa	50.0%	42.9%	42.9%
Secondary	53.1%	60.2%	60.9%
Diploma	53.2%	55.3%	55.3%
Under Grad	55.1%	59.0%	57.7%
Post Grad	49.0%	46.9%	44.9%
Professional	56.8%	58.9%	57.9%
Self-Employed	44.8%	41.4%	41.4%
Retired	54.8%	58.9%	61.6%
Clerical/Secretarial	68.4%	68.4%	68.4%
Technical	31.8%	45.5%	36.4%
Housewife/Husband	50.0%	66.7%	61.1%
Other	40.7%	48.1%	51.9%

Table 5.18 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore indicated that brand was important in this context.

Table 5.18 above suggests that females were more likely to be of the opinion that brand is important in this context than males, along with those in the lower age grouping, lower income grouping, and lower educational grouping. Those in the clerical/secretarial occupational grouping were most likely to be of the opinion that brand was important in this context, whilst those in the technical and self-employed groupings were least likely to be of that opinion.

5.10.2 Size of Organisation

Size of organisation captures respondents' opinions on the importance of the size of organisation that their financial adviser works for. Figure 5.19 below provides an overall profile of the distribution of responses.

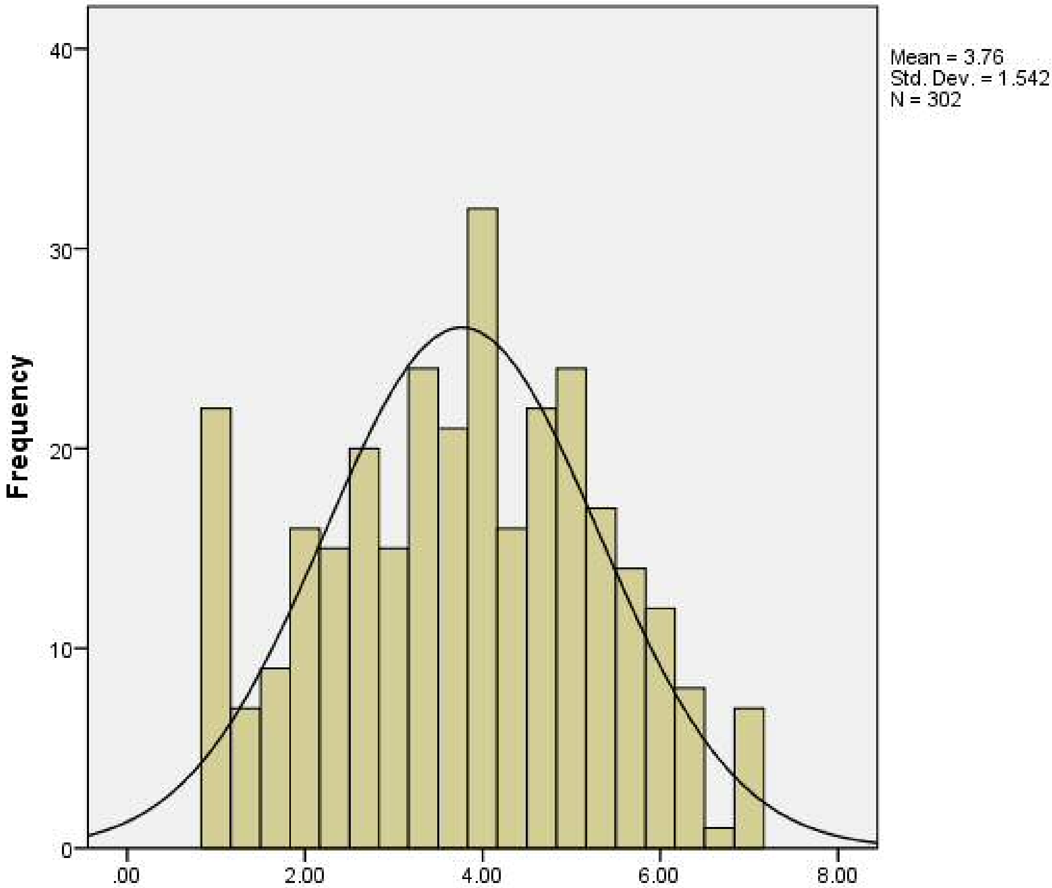


Figure 5.19: Distribution of Responses for Size of Organisation

The slightly skewed distribution, with a mean score of 3.76 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents generally held mixed views about the size of the organisation that their financial adviser worked for, with perhaps a little more indicating that it was not important.

The findings show that:

1. 31.5% of respondents agreed that it was important to them that their financial adviser worked for a large company (SO1: Mean = 3.63; SD = 1.673).
2. 42.4% of respondents agreed that their financial adviser worked for a company that had a large presence in the marketplace (SO2: Mean = 4.16; SD = 1.691).
3. 28.5% of respondents agreed that they would not engage in business with a financial adviser who worked alone (S03: Mean = 3.51; SD = 1.837).

Table 5.19: Descriptive Statistics for Size of Organisation			
	SO1	SO2	SO3
Total	31.5%	42.4%	28.5%
Male	30.8%	35.9%	26.9%
Female	32.2%	49.3%	30.1%
26-45 years	42.9%	54.1%	31.6%
46-60 years	23.7%	37.7%	25.4%
Over 60	28.9%	35.6%	28.9%
Income< £20k pa	31.3%	45.8%	22.9%
£20K pa to £40K pa	30.6%	42.7%	30.6%
£40k pa to £100k	32.8%	42.2%	30.2%
Income> £100K pa	28.6%	28.6%	14.3%
Secondary	31.3%	46.9%	30.5%
Diploma	27.7%	40.4%	27.7%
Under Grad	30.8%	39.7%	26.9%
Post Grad	36.7%	36.7%	26.5%
Professional	38.9%	43.2%	31.6%
Self-Employed	6.9%	13.8%	3.4%
Retired	32.9%	42.5%	37.0%
Clerical/Secretarial	42.1%	63.2%	36.8%
Technical	27.3%	36.4%	27.3%
Housewife/Husband	33.3%	55.6%	27.8%
Other	14.8%	37.0%	11.1%

Table 5.19 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore indicated that size of organisation was important in this context.

Table 5.19 above suggests that females were more likely to be of the opinion that it was important that their financial adviser should work for a large company than males, along with those in the younger age group and those in the clerical/secretarial occupational grouping. Generally, the majority of respondents indicated that they would engage in business with a financial adviser who worked alone, although, for many of the groupings, around a third indicated that they would not.

5.10.3 Trusting Beliefs and Intentions

Trusting beliefs and intentions captures respondents' beliefs about the trustworthiness of their financial advisers and their intentions regarding their future use of their financial adviser. Figure 5.20 below provides an overall profile of the distribution of responses.

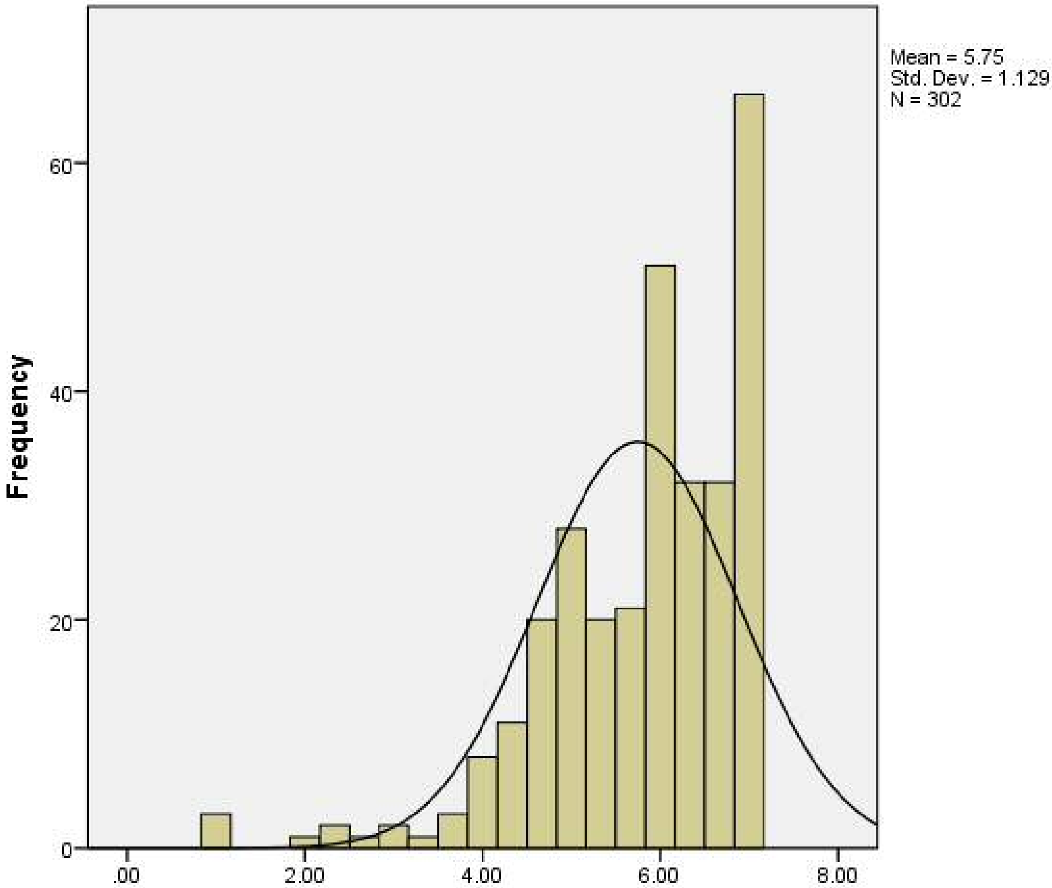


Figure 5.20: Distribution of Responses for Trusting Beliefs and Intentions

The skewed distribution, with a mean score of 5.75 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that respondents were of the opinion that their financial advisers were trustworthy and that their intentions regarding future use of their financial advisers was positive.

The findings show that:

1. 85.4% of respondents agreed that their financial adviser conducted transactions fairly (TBEI1: Mean = 5.74; SD = 1.206).
2. 85.1% of respondents believed that their financial adviser would act in their best interests (TBEI2: Mean = 5.79; SD = 1.212).
3. 97.7% of respondents believed that their financial adviser was effective at providing financial advice (TBEI3: Mean = 5.90; SD = 1.044).
4. 86.8% of respondents agreed that they would be comfortable depending upon information provided by their financial adviser (TRIN11: Mean = 5.74; SD = 1.282).
5. 79.8% of respondents agreed that they could rely upon their financial adviser in a tough situation (TRIN2: Mean = 5.52; SD = 1.306).
6. 85.8% of respondents agreed that, faced with a challenging financial or investment problem, they would want to use their financial adviser (TRIN3: Mean = 5.78; SD = 1.332).

Table 5.20: Descriptive Statistics for Trusting Beliefs and Intentions						
	TBEI1	TBEI2	TBEI3	TRIN1	TRIN2	TRIN3
Total	85.4%	85.1%	93.7%	86.8%	79.8%	85.8%
Male	85.3%	82.7%	91.7%	84.6%	77.6%	83.3%
Female	85.6%	87.7%	95.9%	89.0%	82.2%	88.4%
26-45 years	82.7%	79.6%	91.8%	83.7%	80.6%	83.7%
46-60 years	86.8%	86.8%	93.0%	88.6%	81.6%	88.6%
Over 60	86.7%	88.9%	96.7%	87.8%	76.7%	84.4%
Income< £20k pa	77.1%	77.1%	87.5%	87.5%	79.2%	83.3%
£20K pa to £40K pa	86.3%	86.3%	95.2%	83.1%	80.6%	85.5%
£40k pa to £100k	87.1%	86.2%	94.8%	89.7%	77.6%	86.2%
Income> £100K pa	92.9%	92.9%	92.9%	92.9%	92.9%	92.9%
Secondary	87.5%	90.6%	94.5%	89.1%	83.6%	85.2%
Diploma	83.0%	80.9%	93.6%	83.0%	76.6%	85.1%
Under Grad	82.1%	78.2%	91.0%	84.6%	79.5%	84.6%
Post Grad	87.8%	85.7%	95.9%	87.8%	73.5%	89.8%
Professional	87.4%	86.3%	93.7%	90.5%	81.1%	87.4%
Self-Employed	79.3%	79.3%	82.8%	82.8%	79.3%	82.8%
Retired	89.0%	89.0%	97.3%	86.3%	76.7%	84.9%
Clerical/Secretarial	84.2%	86.8%	100.0%	92.1%	89.5%	89.5%
Technical	86.4%	86.4%	86.4%	86.4%	72.7%	81.8%
Housewife/Husband	83.3%	83.3%	94.4%	83.3%	88.9%	94.4%
Other	77.8%	74.1%	92.6%	74.1%	70.4%	77.8%

Table 5.20 Note: The percentage counts shown are for those respondents who agreed with the statements, and therefore indicated that they were of the opinion that their financial adviser was trustworthy and that their intentions regarding their future use of their financial adviser were positive.

Table 5.20 above suggests that females were more likely to be of the opinion that their financial adviser was trustworthy than males and their intentions regarding future use were more positive, along with those in the highest income grouping. Results for other groupings were mixed, with all groups likely to be of the opinion that their financial advisers were trustworthy and holding positive intentions towards future use of their advisers.

5.10.4 Intention to Purchase

Intention to purchase captures respondents' opinion regarding how likely they were to conduct business with their financial advisers in the future. Figure 5.21 below provides an overall profile of the distribution of responses.

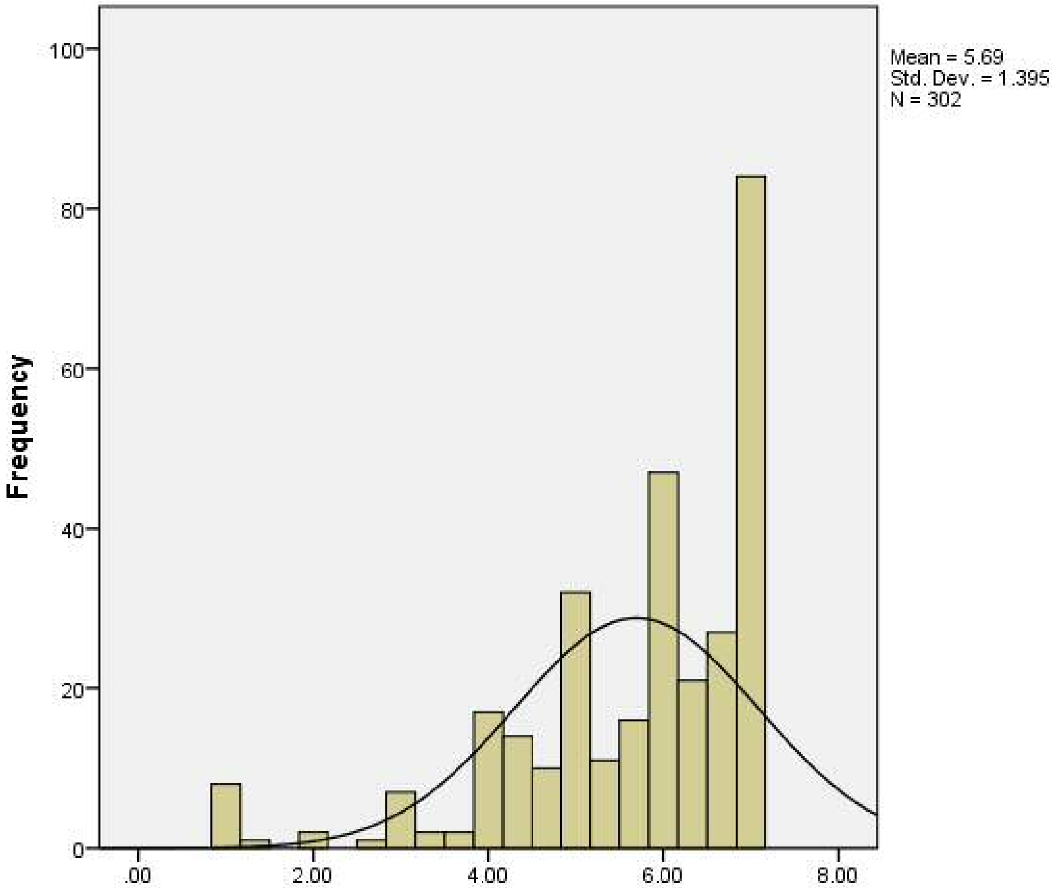


Figure 5.21: Distribution of Responses for Intentions to Purchase

The skewed distribution, with a mean score of 5.69 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents were of the opinion that they would transact business with their financial advisers in the future. The small left hand tail indicates that a few were unlikely to do so.

The findings show that:

1. 82.5% of respondents agreed that they were likely to continue doing business with their financial adviser (INPU1: Mean = 5.76; SD = 1.437).
2. 83.8% of respondents agreed that they were likely to use their financial adviser if they needed to make further investments in the next 18 months (INPU2: Mean = 5.76; SD = 1.464).
3. 77.5% of respondents agreed that they were likely to use their financial adviser to manage their investments to better suit their needs in the next 18 months (INPU3: Mean = 5.56; SD = 1.517).

Table 5.21: Descriptive Statistics for Intention to Purchase			
	INPU1	INPU2	INPU3
Total	82.5%	83.8%	77.5%
Male	84.6%	85.3%	80.8%
Female	80.1%	82.2%	74.0%
26-45 years	82.7%	85.7%	79.6%
46-60 years	83.3%	85.1%	79.8%
Over 60	81.1%	80.0%	72.2%
Income< £20k pa	70.8%	77.1%	68.8%
£20K pa to £40K pa	83.9%	83.9%	79.8%
£40k pa to £100k	84.5%	85.3%	76.7%
Income> £100K pa	92.9%	92.9%	92.9%
Secondary	82.8%	84.4%	79.7%
Diploma	70.2%	70.2%	70.2%
Under Grad	83.3%	85.9%	73.1%
Post Grad	91.8%	91.8%	85.7%
Professional	84.2%	88.4%	84.2%
Self-Employed	86.2%	86.2%	75.9%
Retired	76.7%	75.3%	69.9%
Clerical/Secretarial	94.7%	92.1%	86.8%
Technical	90.9%	90.9%	86.4%
Housewife/Husband	83.3%	83.3%	66.7%
Other	63.0%	70.4%	63.0%

Table 5.21 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore indicated that they were likely to conduct business with their financial adviser in the future.

Table 5.21 above suggests that males were more likely to be of the opinion that they would conduct business with their financial adviser in the future than females, along with those in the higher income and educational groupings, with older respondents being less likely to do so. Respondents in the clerical/secretarial and groupings were most likely to be of the opinion that they would conduct further business with their financial adviser, whilst those in the retired and other occupational groupings were least likely to hold that opinion. Generally, respondents indicated that they were likely to conduct further business with their financial advisers in the future.

This section reported the descriptive analysis of the online questionnaire and summarised the basic statistics relating to both the demographic profile of the respondents, and the constructs relating to structural assurance and situational normality examined in this study. In addition, this section also examined response rates and non-response bias. The following section will present the findings from the multivariate analysis using structural equation modelling.

5.11 Statistical Analysis: Structural Equation Modelling

The following sections will first present the data preparation and screening procedures that were implemented, including the treatment of missing data, the detection of outliers, and the assessment of the normality of distribution before the measurement models are then presented and validated using confirmatory factor analysis (CFA) in order to establish that all constructs examined in this study demonstrate unidimensionality, reliability, and validity. The structural models are then presented with specific focus upon the substantive relationships between the various constructs, including the plausibility of the hypothesised relationships between latent constructs and the moderating effects of a variety of factors, including demographic characteristics. The process used for this data analysis is presented in Figure 5.22. The analysis relating to the effect of the demographic factors of gender, age, education, income and occupations are also presented.

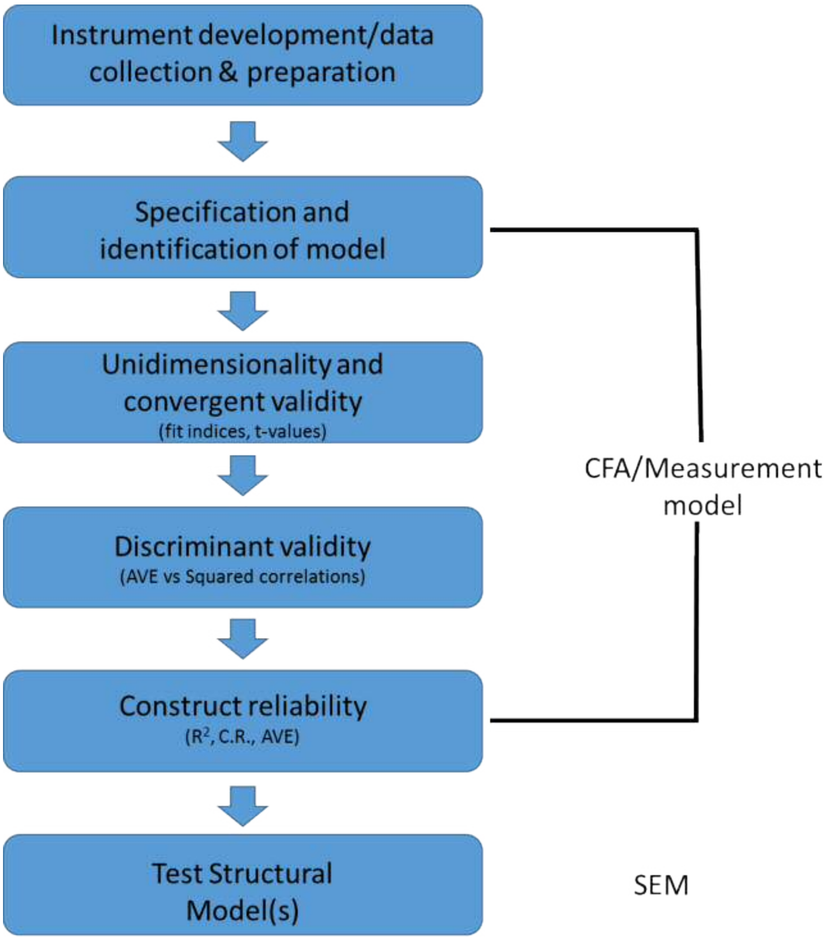


Figure 5.22 Data Analysis process adapted from Koufteros (1999); Koufteros *et al*., (2001); Lu et *al*., (2007); and Hair et *al*., (2010).

5.12 Data preparation and Screening

The first step in the data analysis process is data preparation and screening which, whilst time consuming, is considered a crucial and necessary stage of multivariate data analysis, as the failure to undertake adequate preparation can lead to biased results and SEM software packages failing to yield valid results (Hair *et al*., 2010; Kline, 2011). The first section of this chapter will examine the issues of missing data, outliers, and normality.

5.12.1 Missing Data

Missing data is a pervasive problem in multivariate data analysis which reduces the ability of statistical tests to imply relationships in the data and can seriously bias conclusions, with the seriousness of the issue dependent upon how much data is missing, why it is missing, and the pattern of the data that is missing (Byrne, 2010; Hair *et al*., 2010; Tabachnick and Fidell, 2014). Tabachnick and Fidell (2014) identify three types of missing data. Firstly, missing completely at random (MCAR), where the pattern of missing data is unpredictable; secondly, missing at random (MAR), or ignorable non-response, where the missing data can be predicted from other variables in the dataset; and thirdly, missing not at random (NMAR) or non-ignorable, where the missing data is related to the variable and cannot be ignored. With NMAR, any remedy could potentially bias results whereas, with MCAR, where the missing data is randomly scattered without a pattern, an appropriate remedy can produce acceptable results.

Whilst there are no guidelines for what level of missing data is acceptable in the literature, and the issue of how many missing observations are tolerable is debatable, if less than 5% of data for a particular variable is missing within a large dataset then any problems can be considered as less serious and any process selected to remedy the issue is likely to yield similar results (Kline, 2011; Tabachnick and Fidell, 2014).

Byrne (2010) lists the three commonly used methods for dealing with missing data historically as imputation, pairwise deletion, and listwise deletion.

Listwise deletion removes the entire observation where the data is missing, and therefore reduces the sample size, consequently reducing the statistical power and increasing the risk of non-convergent solutions where sample size is small (Byrne, 2010). With pairwise deletion, cases are only removed from a specific analysis where a variable to be used in that computation has missing data. This method causes inconsistent sample sizes from analysis to analysis, which can cause a number of problems, including impeding the attainment of a convergent solution due to the covariance matrix being non-positive definite, and difficulty calculating standard errors (Byrne, 2010).

The third method of imputation replaces a missing value with an estimated value based upon other values in the dataset. One common imputation method used is mean imputation, where the arithmetical mean from the whole dataset is substituted for the missing data; the alternative being regression imputation, whereby the missing data is calculated taking into account that particular respondents answers, and can yield accurate values (Byrne, 2010; Kline 2011). As the mean imputation method may have a detrimental impact upon variances and co-variances and will bias standard errors, Byrne (2010) indicates that mean imputation is not recommended. This study will therefore use regression imputation to address the issue of missing data.

Table 5.22 below reports the frequency and percentage of missing data. This table identifies that only seven items of data are missing from the entire dataset. Given that authors such as Byrne (2010) state that missing data is almost inevitable in social science research, this may seem low. However, given the nature of data collection via an online questionnaire, it was possible to choose a setting to remind or even require respondents to answer all questions within a scale before proceeding with the next question. Use of this function is likely to be responsible for this low level of missing data.

Table 5.22: Summary of Missing Data							
Construct	**Item**	**Count**	**Percent**	**Construct**	**Item**	**Count**	**Percent**
Structural Assurance	SA1	0	0	**Adviser Dress and Attire Expectation**	AA3	0	0
	SA2	0	0		AA4	0	0
	SA3	0	0		AA5	0	0
Consumer Protection	CP1	0	0		AA6	0	0
	CP2	0	0	**Business Premises**	BP1	0	0
	CP3	0	0		BP2	0	0
	CP4	0	0		BP3	0	0
Data Protection	DP1	0	0	**Confidentiality, Privacy and Data Secuirty Expectation**	CPDE1	0	0
	DP2	0	0		CPDE2	0	0
	DP3	0	0		CPDE3	0	0
	DP4	0	0		CPDE4	0	0
	DP5	0	0	**Knowledge of Financial Services**	KNFS1	0	0
	DP6	0	0		KNFS2	0	0
	DP7	0	0		KNFS3	0	0
Membership of a Professional Association	MP1	0	0		KNFS4	0	0
	MP2	0	0	**Provision of Testimonials**	PT1	0	0
	MP3	0	0		PT2	0	0
	MP4	0	0		PT3	0	0
	MP5	0	0	**Brand**	BR1	3	1
Redress, Guarantees and Warranties	RGW1	0	0		BR2	2	0.7
	RGW2	0	0		BR3	2	0.7
	RGW3	0	0	**Size of Organisation**	SO1	0	0
	RGW4	0	0		SO2	0	0
Communication by Regulator	COMR1	0	0		SO3	0	0
	COMR2	0	0	**Trusting Beliefs**	TBEI1	0	0
	COMR3	0	0		TBEI2	0	0
Experience of financial services	EXFS1	0	0		TBEI3	0	0
	EXFS2	0	0	**Trusting Intentions**	TRIN1	0	0
	EXFS3	0	0		TRIN2	0	0
	EXFS4	0	0		TRIN3	0	0
	EXFS5	0	0	**Intention to Purchase**	INPU1	0	0
Situational Normality	SN1	0	0		INPU2	0	0
	SN2	0	0		INPU3	0	0
	SN3	0	0				

5.12.2 Outliers

An outlier is an observation where the data has a unique combination of characteristics that mark it out as different from other observations in the same dataset (Hair *et al*., 2010). A univariate outlier is where a case has an extreme value on one variable, whilst a multivariate outlier has extreme scores on two or more variables (Byrne 2010). Whilst different from the majority of observations in a dataset, a beneficial outlier may be representative of characteristics of the sample that may not be discovered in the course of normal data analysis, whereas a problematic outlier is not representative of the sample and can therefore seriously distort statistical tests (Hair *et al*., 2010).

For univariate outliers, there is no definition of extreme. However, a common rule is that an observation more than three standard deviations beyond the mean may be an outlier (Kline, 2011). Multivariate outliers can be identified using the Mahalanobis D^2 measure, which measures and evaluates the distance of each observation from the mean centre of all observations where a larger measure Mahalanobis distance identifies a possible outlier (Byrne, 2010; Hair *et al*., 2010). A very conservative level of significance ($p < 0.001$) is suggested as the threshold for identification of a possible outlier (Hair *et al*., 2010; Tabachnick and Fidell, 2014).

Univariate outliers were not identified in this study due to the utilization of seven point Likert scales, as a response could become an outlier if a respondent scored a particular question at either end of the scale. Mahalanobis distance scores were calculated using AMOS 20, with the results (Table 5.23 below) indicating few multivariate outliers. However, it was decided to retain these cases as there is insufficient proof that they were not part of the population being examined, as some respondents may have differing opinions of financial advice and advisers from the majority due to past experiences and the controversy that has surrounded financial advice in the past. In addition, Hair *et al*., (2010) suggest that, whilst removing outliers can improve data analysis results, this is at the risk of reducing generalisability.

Table 5.23 Mahalanobis D^2 Distance for Outliers

Observation No	Mahalanobis D^2 Distance	*p*
172	177.897	0
38	163.708	0
47	162.85	0
100	162.038	0
96	146.16	0
240	143.857	0
213	139.733	0
129	138.95	0
31	135.458	0
139	135.362	0
40	133.912	0
286	129.1	0
119	129.062	0
51	128.597	0
299	127.313	0
108	124.833	0
61	124.025	0
132	123.211	0
26	122.569	0
78	121.949	0
103	121.149	0

5.12.3 Normality

The most fundamental assumption underlying multivariate analysis is the normality of data distribution, characterised by the shape of the distribution of the data for an individual metric variable and its correspondence to normal distribution, which is the benchmark for statistical analysis methods. Normality can occur at both the univariate level and multivariate level and, where the variance of data distribution from normal distribution is sufficiently large, then many results of statistical tests may be invalidated. However, it should be noted that these affects are reduced as sample size increases and, for sample sizes of over 200, the effects may be negligible (Hair *et al*., 2010; Kline 2011; Tabachnick and Fidell, 2014).

Normality can be assessed by a variety of methods, including graphical analysis by means of a histogram, or a normal probability plot which compares the cumulative distribution of actual data with a normal cumulative distribution (Hair *et al*., 2010). Alternatively, statistical tests can be used to assess normality by calculating skewness and kurtosis values. Skewness describes the balance of distribution whereby, rather than the distribution being symmetrical in nature (normal distribution), it is unbalanced and shifted to one side. Kurtosis, on the other hand, describes the "peakedness" or "flatness" of distribution compared to the normal distribution (Hair *et al*., 2010; Tabachnick and Fidell, 2014). Skewness values falling outside the range of -1 to +1 are indicative of skewed distribution (Hair *et al*., 2010). Byrne (2010) indicates that kurtosis values equal to or greater than 7 indicate problems with Kurtosis. Table 5.24 shows the results of the tests for skewness and Kurtosis, revealing few problems.

Table 5.24: Assessment of Normality

Construct	Item	Skewness	Kurtosis	Construct	Item	Skewness	Kurtosis
Structural Assurance	SA1	-1.16	1.90	**Adviser Dress and Attire Expectation**	AA3	-0.49	0.09
	SA2	-1.18	2.14		AA4	-0.51	-0.04
	SA3	-0.78	0.66		AA5	-0.46	0.53
Consumer Protection	CP1	-0.76	1.10		AA6	-0.64	0.67
	CP2	-0.77	0.70	**Business Premises**	BP1	-0.58	0.40
	CP3	-0.70	0.56		BP2	-0.64	0.25
	CP4	-0.76	1.14		BP3	-0.67	0.36
Data Protection	DP1	-0.78	0.90	**Confidentiality, Privacy & Data Secuirty**	CPDE1	-1.22	2.72
	DP2	-1.05	1.67		CPDE3	-1.94	5.65
	DP3	-0.98	1.34		CPDE4	-0.97	1.51
	DP4	-0.63	0.16	**Knowledge of Financial Services**	KNFS1	-0.64	0.47
	DP5	-0.99	1.29		KNFS2	-0.57	0.20
	DP6	-0.94	1.04		KNFS3	-0.52	0.12
	DP7	-0.87	0.65		KNFS4	-0.47	0.06
Membership of a Professional Association	MP1	-0.38	-0.14	**Provision of Testimonials**	PT1	-0.42	-0.34
	MP2	-0.25	-0.47		PT2	-0.12	-0.69
	MP3	-0.55	0.16		PT3	-0.62	0.03
	MP4	-0.42	-0.13	**Brand**	BR1	-0.57	-0.45
	MP5	-0.45	0.06		BR2	-0.65	-0.29
Redress, Guarantees and Warranties	RGW2	-0.72	0.34		BR3	-0.71	-0.20
	RGW3	-0.61	0.05	**Size of Organisation**	SO1	0.07	-0.90
	RGW4	-0.61	0.29		SO2	-0.30	-0.77
Communication by Regulator	COMR1	-0.38	-0.03		SO3	0.26	-0.95
	COMR2	-0.53	0.15	**Trusting Beliefs**	TBEI1	-1.13	1.84
	COMR3	-0.45	0.00		TBEI2	-1.15	1.64
Experience of financial services	EXFS1	-0.34	-0.30		TBEI3	-1.30	3.49
	EXFS2	-0.31	-0.08	**Trusting Intentions**	TRIN1	-1.45	2.72
	EXFS3	0.05	-0.53		TRIN2	-0.96	0.89
	EXFS5	-0.22	-0.06		TRIN3	-1.35	2.03
Situational Normality	SN1	0.18	-0.61	**Intention to Purchase**	INPU1	-1.36	1.82
	SN2	0.05	-0.76		INPU2	-1.42	1.91
	SN3	-0.15	0.22		INPU3	-1.15	0.99

A recommended remedy to the problems of non-normality is the use of bootstrapping (Byrne, 2010). Bootstrapping is a resampling procedure where the original sample is considered to represent the population which is randomly resampled. The resulting samples are then used for model estimation with the final parameter estimates derived from multiple model estimations which can therefore be more accurate (Byrne, 2010). This study will therefore employ the bootstrapping approach in order to resolve non-normality issues.

5.13 Evaluation of Measurement Model

The second section of this chapter uses confirmatory factor analysis (CFA) to assess the validity dimensionality and reliability of the measures used. CFA has been termed a measurement model, as it focuses solely on the link between latent factors and their observed and measured variables (Byrne, 2010), and is considered a critical technique in SEM (Kline, 2011). CFA is theory driven and is appropriate for use "when the researcher has some knowledge of the underlying latent variable structure" (Byrne 2010, p. 6). In these instances, the strength of the regression paths, from the factors to the observed variables (factor loadings), are of primary interest (Byrne, 2010). CFA analysis was performed on the model which was derived from the literature review and the results of the qualitative data analysis phase of this study. The analysis was performed using maximum likelihood procedures, as recommended by Anderson and Gerbing (1984) and Kline (2011). The quality of the model was assessed by investigating unidimensionality, reliability, convergent validity, and discriminant validity. (These concepts are discussed and explained in Chapter Three, Section 3.5.3, page 85, including details of acceptance criteria).

5.13.1 Measurement Model

The measurement model comprised of 17 factors:

- Structural assurance
- Consumer protection
- Data protection
- Membership of a professional association
- Redress, guarantees and warranties
- Communication by the regulator
- Experience of financial services
- Situational normality
- Adviser Dress and Attire Expectation
- Business premises
- Privacy, confidentiality and data security expectation
- Knowledge of financial advice
- Provision of testimonials
- Brand
- Size of organisation
- Trusting beliefs and intentions
- Intention to purchase

The model was tested to confirm the unidimensionality, validity, and reliability of these constructs. Table 5.25 shows the results of the CFA. The minimum requirements for the model were satisfied and the bootstrapping was successful.

Table 5.25: CFA results for measurement model							
Construct		Standardised Regression Weight	Critical Ratio (t-value)	R^2	Composite Reliability	Average Variance Extracted	Cronbach Alpha
Structural Assurance	SA1	0.98	37.94***	0.95	0.93	0.82	0.92
	SA2	0.95	-------	0.90			
	SA3	0.79	19.80***	0.62			
Consumer Protection	CP1	0.89	21.66***	0.79	0.94	0.79	0.94
	CP2	0.90	22.27***	0.81			
	CP3	0.87	-------	0.75			
	CP4	0.91	22.67***	0.82			
Data Protection	DP1	0.91	38.95***	0.83	0.97	0.80	0.97
	DP2	0.93	-------	0.87			
	DP3	0.90	26.23***	0.80			
	DP4	0.85	23.06***	0.73			
	DP5	0.89	25.36***	0.79			
	DP6	0.89	26.08***	0.80			
	DP7	0.90	26.28***	0.80			
Membership of a Professional Organisation	MP1	0.81	18.93***	0.65	0.93	0.73	0.93
	MP2	0.79	18.13***	0.62			
	MP3	0.90	-------	0.81			
	MP4	0.85	20.92***	0.72			
	MP5	0.92	24.97***	0.84			
Redress, Guarantees and Warranties	RGW2	0.88	19.42***	0.78	0.91	0.78	0.89
	RGW3	0.90	19.99***	0.80			
	RGW4	0.87	------	0.76			
Communication by Regulator	COMR1	0.94	34.30***	0.89	0.96	0.90	0.96
	COMR2	0.95	-------	0.90			
	COMR3	0.95	35.86***	0.91			
Experience of Financial Services	EXFS1	0.90	28.58***	0.81	0.94	0.78	0.93
	EXFS2	0.92	30.58***	0.85			
	EXFS3	0.75	18.03***	0.57			
	EXFS5	0.95	------	0.91			
Situational Normality	SN1	0.87	18.31***	0.76	0.89	0.73	0.89
	SN2	0.87	-------	0.75			
	SN3	0.82	17.13***	0.68			
Adviser Dress and Attire Expectation	AA3	0.70	15.56***	0.49	0.90	0.70	0.92
	AA4	0.70	15.57***	0.49			
	AA5	0.96	-------	0.92			
	AA6	0.94	26.11***	0.87			
Business Premises	BP1	0.85	21.72***	0.72	0.92	0.79	0.92
	BP2	0.94	-------	0.87			
	BP3	0.89	24.03***	0.79			

Table 5.25: CFA results for measurement model (cont)							
Construct		**Standardised Regression Weight**	**Critical Ratio** (t-value)	R^2	**Composite Reliability**	**Average Variance Extracted**	**Cronbach Alpha**
Confidentiality, Privacy & Data Secuirty	CPDE1	0.90	------	0.82	0.87	0.69	0.87
	CPDE3	0.75	15.19***	0.56			
	CPDE4	0.83	17.45***	0.70			
Knowledge of Financial Services	KNFS1	0.80	20.91***	0.64	0.94	0.79	0.94
	KNFS2	0.96	-------	0.93			
	KNFS3	0.95	36.37***	0.90			
	KNFS4	0.83	23.21***	0.69			
Provision of Testimonials	PT1	0.85	17.89***	0.73	0.87	0.70	0.87
	PT2	0.90	-------	0.80			
	PT3	0.76	15.31***	0.57			
Brand	BR1	0.84	22.73***	0.70	0.93	0.82	0.93
	BR2	0.96	-------	0.91			
	BR3	0.92	29.33***	0.85			
Size of Organisation	SO1	0.90	------	0.82	0.88	0.70	0.87
	SO2	0.89	21.04***	0.78			
	SO3	0.71	14.16***	0.50			
Trusting Beliefs and Intentions	TBEI1	0.87	27.51***	0.75	0.96	0.80	0.96
	TBEI2	0.88	-------	0.78			
	TBEI3	0.87	21.89***	0.76			
	TRIN1	0.94	26.01***	0.88			
	TRIN2	0.90	23.55***	0.81			
	TRIN3	0.91	24.24***	0.83			
Intention to Purchase	INPU1	0.93	26.61***	0.86	0.94	0.85	0.94
	INPU2	0.93	26.61***	0.86			
	INPU3	0.90	------	0.82			
Overall goodness of fit indices							
χ2	3758.16						
df	2356						
χ^2/df	1.60						
CFI	0.94						
TLI	0.94						
RMSEA	0.04						

Source: This study
NOTE: *** *p* =.001

After examination of standardised regression weights and R^2 values, four items (PCDE2, CT1, EXFS4, and RGW1) were dropped as they failed to meet minimum recommended levels and the CFA was run again. Standardised regression weights were for all remaining items greater than 0.60, and critical ratios were significant at *p*=.001. Adjusted χ^2 (χ^2/df) was 1.59, with the values for CFI, TLI, and RMSEA all exceeding those indicated by Hair *et al*. (2010, pp. 672) for a model with between 13 and 30 measures and n>250, suggesting that the proposed model achieved a good fit to the observed data, indicating that the conditions for unidimensionality and convergent validity were achieved. Other than the values for AA3 (R^2=0.49) and AA4 (R^2=0.49), the R^2 value for all items was over 0.50, indicating reliability in individual items, with all constructs achieving composite reliability value above 0.60, as recommended by Bagozzi and Yi (1988). Convergent and discriminant validity was satisfactory, with all constructs achieving an AVE score in excess of the minimum of 0.50 suggested by Fornell and Larcker (1981), indicating that the variance captured by the construct is greater than the variance accounted for by measurement error. Cronbach Alpha values exceeded the level of 0.70 recommended by Hair *et al.*, (2010) for all constructs.

Table 5.26 shows the square root of the AVE scores and also indicates that the correlation coefficients between constructs do not exceed the value of 0.90 suggested as acceptable by Kline (2011), establishing discriminant validity for the model.

In summary, these CFA results address the issues of unidimensionality, convergent and discriminant validity, and item and scale reliability, and therefore demonstrate that the issues of reliability and validity are satisfied and that the items used in this study adequately represent the underlying concepts of the latent constructs.

Table 5.26: Inter-construct correlations and square root of AVE

Construct	1	2	3	4	5	6	7	8	9	10	11	1
2. Data Protection	0.90											
3. Trusting Beliefs and Intentions	0.47	0.90										
4. Experience of Financial Services	0.48	0.50	0.89									
5. Knowledge of Financial Services	0.17	0.12	0.26	0.89								
6. Brand	0.25	0.06	0.15	0.21	0.91							
7. Membership of a Professional Association	0.71	0.41	0.49	0.27	0.33	0.85						
8. Business Premises	0.13	-0.08	-0.13	0.13	0.25	0.25	0.89					
9. Situational Normality	0.38	0.32	0.27	0.23	0.30	0.51	0.11	0.85				
10. Provision of Testimonials	0.37	0.09	0.20	0.16	0.29	0.38	0.39	0.19	0.84			
11. Size of Organisation	0.15	-0.14	0.15	0.19	0.77	0.24	0.28	0.18	0.34	0.84		
12. Business Premises Expectation	0.23	0.23	0.08	0.12	0.23	0.28	0.56	0.24	0.30	0.15	0.83	
13. Adviser Expectation	0.39	0.22	0.24	0.16	0.31	0.45	0.50	0.28	0.41	0.27	0.43	0.
14. Communication by Regulator	0.66	0.38	0.50	0.14	0.32	0.67	0.18	0.35	0.51	0.31	0.24	0.
15. Reputation of Adviser	0.41	0.71	0.58	0.33	0.22	0.37	-0.02	0.30	0.12	0.07	0.21	0.
16. Structural Assurance	0.63	0.64	0.58	0.20	0.24	0.65	0.09	0.37	0.29	0.12	0.25	0.
17. Redress, Guarantees and Warranties	0.73	0.36	0.46	0.22	0.32	0.78	0.19	0.41	0.37	0.23	0.23	0.
18. Consumer Protection	0.83	0.50	0.51	0.21	0.30	0.78	0.30	0.45	0.43	0.18	0.38	0.

Source: This study

Note: Diagonal elements are the square root of AVE, off diagonal elements are correlations between constructs

5.14 Competing Structural Models

In addition to the hypothesized model illustrated in Figure 3.2 (Model One) based upon institutional theory, the study tested an additional model to the proposed conceptual model. A model comparison approach is consistent with the structural equation modelling literature (Byrne, 2001; Hair et al., 2010). In order to rule out the possibility that structural assurance and situational normality can directly and simultaneously impact both trusting beliefs and intentions and intention to purchase, the study estimated a rival model (Model Two) with direct paths from structural assurance and situational normality to trusting beliefs and intentions and intention to purchase. This is in line with the functionalist theory which posits that structural assurance and situational normality can potentially directly predict both trusting beliefs and intentions and intention to purchase (Grayson *et al.,* 2008). Both models are shown in Figure 5.23 and the fit statistics for both models are reported in Table 5.27.

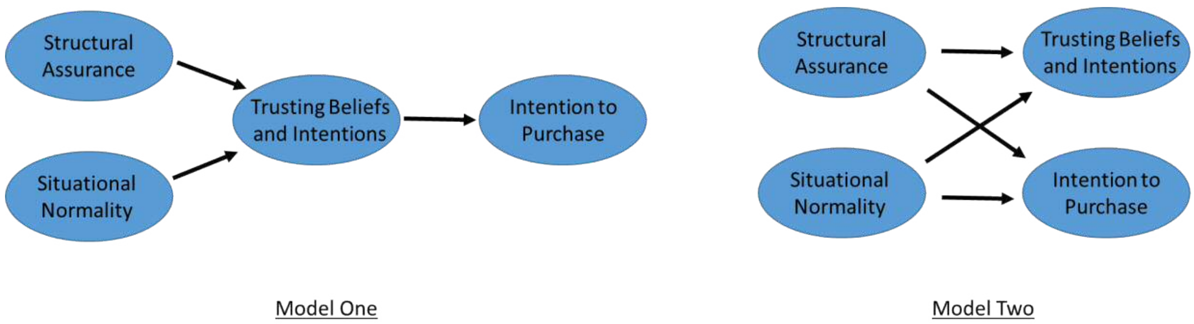


Figure 5.23 Competing Models

Table 5.27: Fit Indices for Competing Models		
	Model One	Model Two
χ2	2960.335	2975.799
df	1844	1842
χ^2/df	1.605	1.616
TLI	0.942	0.941
CFI	0.947	0.946
RMSEA	0.045	0.045

5.14.1 Model One

In model one, 47.1% of the variance associated with trusting beliefs and intentions is explained by its predictors. Significant predictors at the *p*<0.001 level are structural assurance (0.61) and size of organisation (-0.33). Situational normality (0.13) is a significant predictor at the *p*<.05 level despite the small standardised regression weights. 73.0% of the variance associated with intention to purchase is explained by its only predictor, trusting beliefs and intentions (0.86), which is significant at the *p*<.001 level.

5.14.2 Model Two

In model two, 43.2% of the variance associated with trusting beliefs and intentions is explained by its predictors. The only significant predictors at the $p<0.001$ level is structural assurance (0.62). Significant predictors at the $p<0.05$ level are situational normality (0.11) and size of organisation (0.15) despite the small regression weights. 30.3% of the variance associated with intention to purchase is explained by its predictors of structural assurance (0.51) and situational normality (0.13). The relationship between structural assurance and intention to purchase is significant at the $p<.001$ level, whilst the relationship between situational normality and intention to purchase is significant at the $p<.05$ level.

5.14.3 Summary

The next section will use structural equation modelling to explore the relationships between the various hypothesised predictors of structural assurance, situational normality, and trusting beliefs and intentions.

5.15 Structural model evaluation

In this section, the hypothesised relationships between structural assurance, situational normality, and trusting beliefs and intentions with their proposed predictors are examined using structural equation modelling.

The full structural model is presented in Figure 5.24 (individual scale items and error terms for both observed and latent variables are omitted for clarity), and Table 5.28 below shows parameter estimates for the model. The minimum requirements for the model were met and bootstrapping was successful. The model fit indices shown in the previous section all exceeded the levels recommended by Hair *et al*., (2010) for a model with between 13 and 30 measures and n>250, implying that the estimated model achieved a good fit.

5.15.1 Trusting Beliefs and Intentions

Based upon the results reported above for model one, H_1 is supported, as trusting beliefs and intentions (0.86) is shown to be a significant predictor of intention to purchase at the $p<.001$ level, in line with expectation. 73.0% of the variance associated with intention to purchase is explained.

H_2 and H_3 are also supported, in line with expectation, as structural assurance (0.61) is shown to be a significant predictor of trusting beliefs and intentions at the $p<.001$ level, along with situational normality (0.13) at the $p<.005$ level. Whilst H_{12a} is supported, in that size of organisation (-0.33) is shown to be a significant predictor of trusting beliefs and intentions at the $p<.001$ level, the effect is not as predicted, as the results indicate that trusting beliefs and intentions decreases as organisational size increases, indicating a consumer preference for smaller organisations in this field. H_{13a} is not supported, as brand (0.13) is not shown to be a significant predictor of trusting beliefs and intentions. Whilst this was not in line with expectations, given the qualitative findings that showed some participants were not reassured and the ambiguity in the academic literature concerning brand and the financial services industry, this result is not surprising. The R^2 figure for trusting beliefs and intentions is a little lower than desirable, but shows that 47.1% of the variance of trusting beliefs and intentions is explained in the model.

5.15.2 The Predictors of Structural Assurance

60.8% of the variance associated with structural assurance is explained by its predictors. Significant predictors at the $p<0.001$ level are experience of financial services (0.30) and membership of a professional association (0.34) thus H_{14} and H_{2c} are supported in line with expectation. Whilst the finding relating to self-regulation (H_{2c}) is in line with expectations based upon the literature review, it is contrary to the findings of the qualitative phase of research where respondents generally showed scepticism towards self-regulation. Redress, guarantees, and warranties (-0.31) are also significant predictors of structural assurance at the $p<.001$ level, supporting H_{2d}. However, the effect is the opposite of the predicted effect, as the results indicate that redress, guarantees, and warranties reduce reliance upon structural assurance. Significant predictors at the $p<.05$ level are consumer protection (0.31) and data protection (0.19), supporting both H_{2a} and H_{2b} as expected. The presence of a brand (0.14) is also shown to be a significant predictor of structural assurance at the $p<.05$ level, indicating that H_{13b} is also supported, again in line with expectations. The relationships between structural assurance and both size of organisation (-0.13) and communication by the regulator (0.02) are not statistically significant, therefore neither H_{12b} nor H_{2e} are supported against expectations.

5.15.3 The predictors of Situational Normality

20.6% of the variance associated with structural normality is explained by its predictors. Significant predictors at the $p<0.05$ level are knowledge of financial advice (0.15), adviser expectation (0.24), privacy, confidentiality and data security expectation (0.16), and business premises (-0.20), supporting H_{3a}, H_{3b}, H_{15}, and H_{3c} respectively in line with expectations. Brand (0.31) is also shown to be a significant predictor at the $p<.05$ level, indicating support for $H_{3d,}$ in line with expectation, but contrary to the findings of the qualitative phase of research. The relationship between situational normality and provision of testimonials (0.06) is not statistically significant, indicating that H_{3f} is therefore not supported against expectations based in line with the findings of the qualitative phase of research. The relationship between size of organisation (-0.17) and situational normality is also shown to be non-significant, therefore H_{12c} is not supported, against expectation.

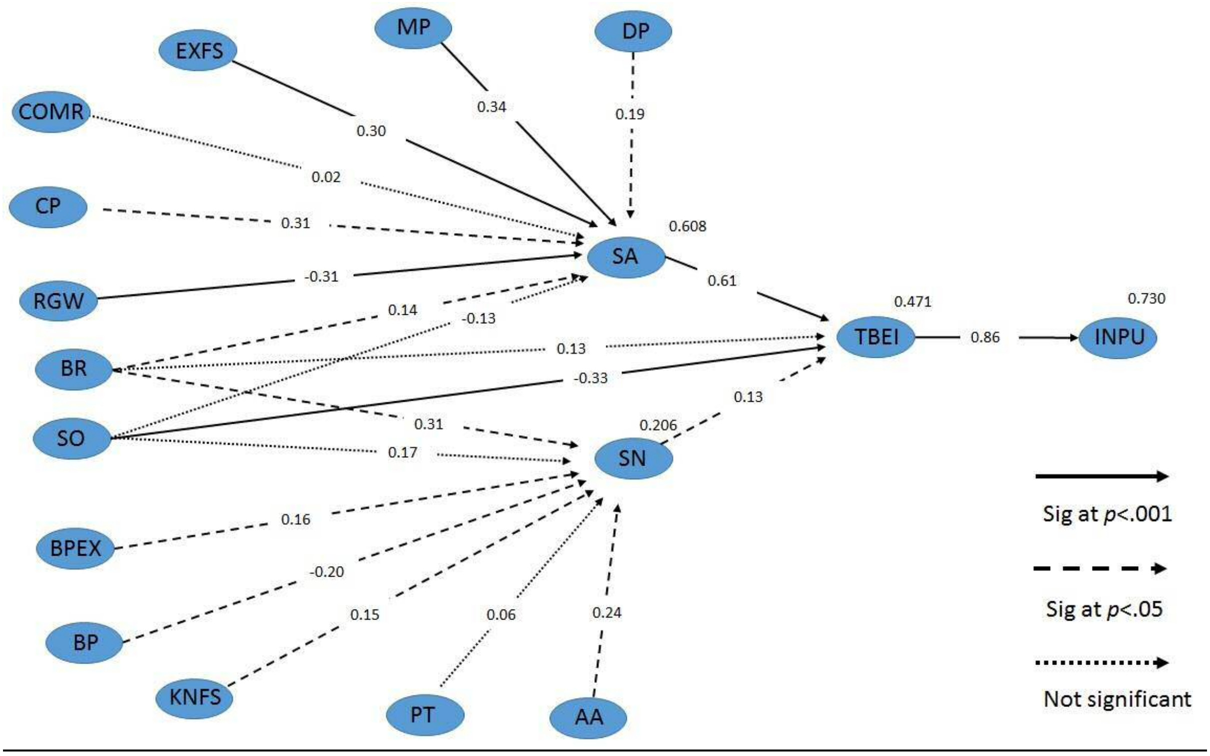


Figure 5.24: Structural Model

Table 5.28: Parameter estimate of the structural model		
Hypothesised relationship	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.54	11.73***
Consumer Protection → Structural Assurance	0.38	3.20**
Data Protection → Structural Assurance	0.20	2.33**
Membership of a Professional Assoc → Structural Assurance	0.34	4.06***
Redress, Guarantees and Warranties → Structural Assurance	-0.35	-3.97***
Communication by Regulator → Structural Assurance	0.02	0.27
Experience of Financial Services→ Structural Assurance	0.27	6.18***
Brand → Structural Assurance	0.12	1.97**
Size of Organisation → Structural Assurance	-0.10	-1.80
Situational Normality → Trusting Beliefs and Intentions	0.18	2.46**
Adviser Dress & Attire Expectation → Situational Normality	0.18	2.53**
Business Premises → Situational Normality	-0.13	-2.32**
Confidentiality, Privacy and Data Security → Situational Normality	0.14	2.02**
Knowledge of Financial Advice → Situational Normality	0.09	2.60**
Provision of Testimonials → Situational Normality	0.04	0.83
Brand → Situational Normality	0.17	3.02**
Size of Organisation → Situational Normality	-0.08	-1.55
Brand → Trusting Beliefs and Intentions	0.10	1.48
Size of Organisation → Trusting Beliefs and Intentions	-0.23	-4.04***
Trusting Beliefs and Intentions → Intention to Purchase	1.10	17.62***

Note: *** Significant at p <.001; ** Significant at p <.05

5.15.4 Summary

Of the hypothesised paths for structural assurance, six paths (CP → SA, DP → SA, MP → SA, RGW → SA, BR→ SA, and EXFS → SA) were found to be statistically significant whilst two (COMR → SA and SO → SA) were found to be not significant. For situational normality, five paths (BP → SN, PCDE → SN, AA → SN, BR → SN, and KNFS → SN) were found to be statistically significant whilst two (PT → SN, SO → SN) were found to be not significant. For trusting beliefs and intentions, three paths (SA → TBEI, SN → TBEI, SO → TBEI) were found to be statistically significant, whilst BR → TBEI was found to be not significant.

The next section will explore the moderating effects of the demographic factors of gender, age, educational attainment, income and occupation, with the following section examining the effect of the status of the respondent's adviser (independent or not) whether or not the respondent's adviser was a member of a professional association and whether or not the respondent's adviser held PII.

5.16 Moderator Analysis for Demographic Characteristics

This section will analyse the role of five demographic factors (gender, age, income, education level, and occupation) in the moderation of the relationships already identified. In order to systematically examine the effect of each factor, subsets of the data were created for each of the five factors, reflecting the relevant nominal variables in the dataset, with all relationships between variables being explored for each group. In all cases, the minimum requirements for the model were satisfied and bootstrapping was successful, however many of the fit statistics were only marginally adequate, implying that each factor may have a model with a closer fit. Details of each factor are now presented together with model fit, details of coefficients, and critical ratios for each factor, together with a brief summary of the results for that moderating factor.

5.16.1 Gender

The model fit summary shown in Table 5.29 indicates that the male group fits the model better than the female group, with the R^2 values shown in Table 5.30 indicating that higher levels of variance associated with structural assurance, situational normality, and intention to purchase were explained within the male group, whilst a higher level of variance associated with trusting beliefs and intentions was explained within the female group.

Table 5.29: Model Summary Moderator Analysis: Gender

Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Male	156	2719.124	1845	1.474	0.917	0.924	0.055
Female	146	3206.107	1847	1.736	0.860	0.872	0.071

Table 5.30: R^2 Values: Gender

Variable	R^2	
	Male	Female
SA	0.63	0.61
SN	0.26	0.16
TBEI	0.46	0.50
INPU	0.86	0.62

Table 5.31 indicates that, whilst several relationships were significant for both males and females, the relationship between brand and situational normality was significant for females but not males. The results also show a marked difference between males and females for the relationship between size of organisation and trusting beliefs and intentions.

Table 5.31: Moderating Effects of Gender				
Hypothesised relationship	Male (n=156)		Female (n=146)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.67	9.59***	0.66	9.37***
Consumer Protection → Structural Assurance	0.12	0.59	0.10	0.49
Data Protection → Structural Assurance	0.40	2.85**	0.41	2.95**
Membership of a Professional Assoc → Structural Assurance	0.50	4.03***	0.58	4.19***
Redress, Guarantees and Warranties → Structural Assurance	-0.49	-3.44***	-0.54	-3.75***
Communication by Regulator → Structural Assurance	0.01	0.15	-0.01	-0.06
Experience of Financial Services→ Structural Assurance	0.28	4.29***	0.28	4.33***
Brand → Structural Assurance	0.02	0.36	0.02	0.20
Size of Organisation → Structural Assurance	-0.08	-1.43	-0.09	-1.08
Situational Normality → Trusting Beliefs and Intentions	0.05	0.50	0.03	0.25
Adviser Dress & Attire Expectation → Situational Normality	0.12	1.63	0.10	1.41
Business Premises → Situational Normality	-0.06	-0.67	-0.07	-0.74
Confidentiality, Privacy & Data Security → Situational Normality	0.11	0.82	0.07	0.58
Knowledge of Financial Advice → Situational Normality	0.15	2.98**	0.15	2.98**
Provision of Testimonials → Situational Normality	-0.03	-0.43	-0.03	-0.40
Brand → Situational Normality	-0.03	-0.55	0.18	2.16**
Size of Organisation → Situational Normality	0.05	0.97	-0.07	-0.90
Brand → Trusting Beliefs and Intentions	0.02	0.37	0.07	0.64
Size of Organisation → Trusting Beliefs and Intentions	-0.19	-3.29***	-0.23	-2.59**
Trusting Beliefs and Intentions → Intention to Purchase	0.97	11.23***	0.97	11.26***

Note: *** Significant at p <.001; ** Significant at p <.05

Table 5.32 shows the significant results from a series of independent *t*-tests, carried out on composite variables, comprised of the mean of all items for each variable examining the effects of gender (full results of the *t*-tests can be found in Appendix Eleven). Homogeneity of variance was achieved in the majority of cases (Levene's test >0.5) but, where this was not the case, results from the unequal variance method provided by SPSS are shown. These results show that, in all but one case where there is a significant difference, with regard to their knowledge of financial advice, females had a higher mean than males. H_{7e} (KNFS) is therefore rejected, against expectation, whilst support is found for H_{7a} (SA), H_{7b} (CP and DP), H_{7c} (MP), H_{7d} (BRX), H_{7h} (other predictors of SA), H_{7i} (SN), H_{7j} (TBEI), H_{7k} (INPU), in line with expectation. H_{7f} relating to KA and H_{7g} relating to EXFS are also rejected against expectation, as no significant differences were found relating to these variables between the genders. Overall, these results indicate that gender does have an impact upon environmental trust in the context of this study.

Table 5.32: *t* -test Results for Gender								
	Male		Female					
Variable	Mean	Std Dev	Mean	Std Dev	Levene's sig	*t* -value	df	*p*- value
SA	5.26	1.26	5.55	1.15	0.54	-2.10	300.00	0.04
CP	5.18	1.13	5.53	0.92	0.19	-2.96	300.00	0.00
DP	5.21	1.27	5.48	1.07	0.18	-2.02	300.00	0.04
MP	4.95	1.23	5.21	1.05	0.16	1.97	300.00	0.05
COMR	4.61	1.42	4.97	1.16	0.01	-2.44	294.80	0.02
CPDE	5.98	0.93	6.24	0.66	0.01	-2.88	280.74	0.00
KNFS	5.01	1.14	4.62	1.22	0.19	2.83	300.00	0.01
BR	4.85	1.48	5.18	1.23	0.02	-2.05	295.96	0.04
SO	3.60	1.60	3.94	1.46	0.08	-1.95	300.00	0.05

5.16.2 Age

The model fit summary shown in Table 5.33 indicates that the 46-60 age group most closely fits the model, followed by the 26-45 age group. The R^2 values shown in Table 5.34 indicate that the highest levels of variance associated with situational normality, trusting beliefs and intentions, and intention to purchase were explained within the 26-45 age group, whilst the highest level of variance associated with structural assurance was explained within the 46-60 age group.

Table 5.33: Model Summary Moderator Analysis: Age							
Grouping	n	$\chi 2$	df	χ^2/df	TLI	CFI	RMSEA
26-45	98	3169.108	1847	1.716	0.804	0.821	0.086
46-60	114	3011.378	1847	1.630	0.859	0.871	0.075
60 plus	90	3292.254	1847	1.782	0.799	0.815	0.094

Table 5.34: R^2 Values: Age			
Variable	R^2		
	26-45	46-60	60 plus
SA	0.61	0.73	0.63
SN	0.28	0.24	0.27
TBEI	0.67	0.37	0.44
INPU	0.72	0.71	0.69

Table 5.35 indicates that many of the paths associated with structural assurance were most salient to the 46-60 age group, whilst the paths associated with situational normality were most salient to the over 60 age group. Two marked differences shown between the age groups relate to the paths between brand and situational normality and between consumer protection and structural assurance, which were both significant at the p<.001 level for the 60 plus age group but were not significant for the other age groups. Conversely, the path between membership of a professional association was not significant for the over 60 age group but was significant at the p<.05 level for the 26-45 age group and at the p<.001 level for the 46-60 age group.

Table 5.35: Moderating Effects of Age						
Hypothesised relationship	26-45 (n=98)		46-60 (n=114)		60 Plus (n=90)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.98	8.95***	0.40	6.17***	0.46	6.15***
Consumer Protection → Structural Assurance	0.21	1.26	0.46	1.54	0.65	3.46***
Data Protection → Structural Assurance	0.15	0.95	0.26	2.14**	0.10	0.57
Membership of a Professional Assoc → Structural Assurance	0.37	2.71**	0.74	4.00***	0.03	0.19
Redress, Guarantees and Warranties → Structural Assurance	-0.24	-1.73	-0.89	-3.26**	-0.27	-1.95
Communication by Regulator → Structural Assurance	0.05	0.49	-0.01	-0.04	0.08	0.78
Experience of Financial Services→ Structural Assurance	0.22	3.66***	0.27	3.32***	0.33	3.94***
Brand → Structural Assurance	0.13	1.17	0.16	1.43	0.15	1.44
Size of Organisation → Structural Assurance	-0.17	-1.85	-0.20	-1.56	-0.04	-0.46
Situational Normality → Trusting Beliefs and Intentions	0.15	1.24	0.12	1.10	0.19	1.45
Adviser Dress & Attire Expectation → Situational Normality	0.17	1.85	0.12	1.64	0.13	1.24
Business Premises → Situational Normality	-0.16	-1.29	-0.18	-2.10**	0.04	0.53
Confidentiality, Privacy & Data Secuirty → Situational Normality	0.27	1.93	0.19	1.74	0.02	0.18
Knowledge of Financial Advice → Situational Normality	0.02	0.32	0.15	2.96**	0.02	0.25
Provision of Testimonials → Situational Normality	-0.09	-0.82	0.08	1.49	0.07	1.03
Brand → Situational Normality	0.10	0.79	0.16	1.90	0.31	3.32***
Size of Organisation → Situational Normality	0.15	1.45	-0.17	-1.81	-0.18	-2.28**
Brand → Trusting Beliefs and Intentions	0.02	0.13	0.03	0.34	0.11	1.00
Size of Organisation → Trusting Beliefs and Intentions	-0.22	-2.15**	-0.12	-1.14	-0.21	-2.37**
Trusting Beliefs and Intentions → Intention to Purchase	0.92	10.37***	1.18	9.32***	1.21	10.50***

Note: *** Significant at p <.001; ** Significant at p <.05

One-way ANOVA tests were carried out to examine the differences between the different age groups for composite variables comprising of the mean of items for each variable. No significant differences between the different age groups were found. No support was therefore found for H_{8a}, H_{8b}, H_{8c}, or H_{8d}, indicating that age has little effect upon environmental trust in the context of this study.

5.16.3 Level of Education

Due to small sample sizes for the professional diploma (n=47) and post graduate (n=49) groups, the education variable was recoded as dichotomous, in order to examine the moderating effect of education level with those having secondary school/college or a professional diploma as their highest level of education being categorised as 'non-university', whilst those with either a graduate or post-graduate education were categorised as 'university'.

The model fit summary shown in Table 5.36 indicates that the non-university group fits the model better than the university group, with the R^2 values shown in Table 5.37 indicating that higher levels of variance associated with structural assurance and trusting beliefs and intentions were explained within the non-university group, whilst higher levels of variance associated with situational normality and intention to purchase were explained in the university group.

Table 5.36: Model Summary Moderator Analysis: Education							
Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Non-University	175	2893.596	1845	1.568	0.906	0.914	0.057
Univesity	127	3062.361	1847	1.658	0.868	0.879	0.072

Table 5.37: R^2 Values: Education		
Variable	R^2	
	Non University	University
SA	0.68	0.59
SN	0.14	0.34
TBEI	0.59	0.35
INPU	0.60	0.88

Table 5.38 indicates that the paths associated with situational normality were generally more salient to the university group, whilst those associated with structural assurance were more salient to the non-university group. The results show that there are marked differences between the groups relating to the relationships between both structural assurance and situational normality and trusting beliefs and intentions, and also to the paths relating to the predictors of structural assurance and situational normality. For example, the results show that paths associated with consumer protection and redress, guarantees, and warranties were significant at the *p*<.001 level for the non-university group but not significant for the university group.

Table 5.38: Moderating Effects of Education				
Hypothesised relationship	Non-University (n=175)		University (n=127)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.62	11.19***	0.44	5.72***
Consumer Protection → Structural Assurance	0.61	4.29***	-0.04	-0.17
Data Protection → Structural Assurance	0.08	0.69	0.35	2.64**
Membership of a Professional Assoc → Structural Assurance	0.37	3.14**	0.39	2.90**
Redress, Guarantees and Warranties → Structural Assurance	-0.46	-3.86***	-0.15	-0.89
Communication by Regulator → Structural Assurance	0.01	0.11	0.08	0.77
Experience of Financial Services→ Structural Assurance	0.30	5.41***	0.21	2.92**
Brand → Structural Assurance	0.13	1.59	0.10	1.03
Size of Organisation → Structural Assurance	-0.12	-1.43	-0.13	-1.59
Situational Normality → Trusting Beliefs and Intentions	0.09	1.10	0.27	2.06**
Adviser Dress & Attire Expectation → Situational Normality	0.16	1.94	0.07	1.04
Business Premises → Situational Normality	-0.05	-0.70	-0.22	-2.66**
Confidentiality, Privacy and Data Security → Situational Normality	0.05	0.55	0.29	3.12**
Knowledge of Financial Advice → Situational Normality	0.09	2.02**	0.09	1.57
Provision of Testimonials → Situational Normality	0.06	1.06	0.03	0.50
Brand → Situational Normality	0.08	0.87	0.32	4.38***
Size of Organisation → Situational Normality	-0.02	-0.19	-0.13	-2.17**
Brand → Trusting Beliefs and Intentions	0.09	1.14	0.09	1.28
Size of Organisation → Trusting Beliefs and Intentions	-0.25	-3.22**	-0.19	-2.39**
Trusting Beliefs and Intentions → Intention to Purchase	1.04	12.33***	1.17	12.20***

Note: *** Significant at *p* <.001; ** Significant at *p* <.05

One-way ANOVA tests were carried out to examine the differences between the different educational attainment groups for composite variables comprising of the mean of items for each variable. Significant differences between the different educational attainment groups were only found for the business premises composite variable. H_{9a}, H_{9b}, H_{9c}, and H_{9d} are therefore rejected against expectation indicating that educational attainment does not have an impact upon levels of environmental trust in the context of this study.

5.16.4 Income

Due to small sample sizes for the under £20,000 per annum (n=48) and over £100,000 per annum (n=14) groups, the income variable was recoded as dichotomous in order to examine the moderating effect of income level into two groups: ‘Up to £40,000 per annum’ and ‘over £40,001 per annum.’

The model fit summary shown in Table 5.39 indicates that the up to £40,000 per annum group fits the model slightly better than the over £40,001 per annum group, with the R^2 values shown in Table 5.40 indicating that higher levels of variance associated with structural assurance, situational normality, trusting beliefs and intentions, and intention to purchase were explained within the over £40,001 per annum group.

Table 5.39: Model Summary Moderator Analysis: Income

Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Up to £40,000	172	3051.186	2997.062	1.653	0.894	0.903	0.062
£40,001 plus	130	1846	1847	1.623	0.875	0.885	0.069

Table 5.40: R^2 Values: Income

Variable	R^2	
	Up to £40k	£40,001 plus
SA	0.60	0.64
SN	0.21	0.23
TBEI	0.45	0.50
INPU	0.71	0.79

Table 5.41 indicates mixed results for the paths associated with both situational normality and structural assurance. Several paths, such as those between situational normality and trusting beliefs and intentions, and adviser expectation and situational normality, are only significant for the up to £40,000 per annum group, whilst several, such as those between privacy, confidentiality and data security expectation and situational normality, and data protection and structural assurance, are only significant for the £40,001 per annum and above group.

Table 5.41: Moderating Effects of Income				
Hypothesised relationship	Up to £40,000 pa (n=172)		£40,001 pa and above (n=130)	
	Estimate	Critical Ratio (t-value)	Estimate	Critical Ratio (t-value)
Structural Assurance → Trusting Beliefs and Intentions	0.51	8.57***	0.59	8.22**
Consumer Protection → Structural Assurance	0.43	2.67**	0.45	1.96**
Data Protection → Structural Assurance	0.12	0.80	0.27	2.63**
Membership of a Professional Assoc → Structural Assurance	0.30	2.75**	0.38	2.68**
Redress, Guarantees and Warranties → Structural Assurance	-0.39	-2.96**	-0.30	-2.36**
Communication by Regulator → Structural Assurance	0.11	1.30	-0.08	-0.76
Experience of Financial Services→ Structural Assurance	0.32	5.30***	0.18	2.62**
Brand → Structural Assurance	0.11	1.25	0.08	0.88
Size of Organisation → Structural Assurance	-0.09	-1.03	-0.07	-0.86
Situational Normality → Trusting Beliefs and Intentions	0.26	2.64**	0.05	0.45
Adviser Dress & Attire Expectation → Situational Normality	0.17	2.34**	0.07	1.02
Business Premises → Situational Normality	-0.09	-1.28	-0.12	-1.62
Confidentiality, Privacy & Data Security → Situational Normality	0.10	1.04	0.21	2.09**
Knowledge of Financial Advice → Situational Normality	0.09	1.96**	0.06	1.07
Provision of Testimonials → Situational Normality	0.07	1.17	0.03	0.50
Brand → Situational Normality	0.21	2.56**	0.15	2.01**
Size of Organisation → Situational Normality	-0.16	-2.09**	0.02	0.21
Brand → Trusting Beliefs and Intentions	0.08	0.89	0.08	0.95
Size of Organisation → Trusting Beliefs and Intentions	-0.21	-2.51**	-0.22	-2.81**
Trusting Beliefs and Intentions → Intention to Purchase	1.11	14.05***	1.11	10.94***

Note: *** Significant at p <.001; ** Significant at p <.05

One-way ANOVA tests were carried out to examine the differences between the different income groups for composite variables comprising of the mean of items for each variable. Significant differences between the different income groups were found for the prior knowledge of the financial advice industry and intentions to purchase composite variables only. H_{10a}, H_{10b}, and H_{10c} are therefore rejected against expectation, whilst H_{10d}, relating to INPU, was supported as expected. These results indicate that levels of income have little effect upon environmental trust in the context of this study.

5.16.5 Occupation

Due to small sample sizes in all but the professional occupational group, the other values in the occupation variable were recoded. Those in the self-employed (n=29), clerical/secretarial (n=38), technical (n=22), and other (n=27) groups were categorised as 'other occupations', whilst those in the retired (n=73) and housewife/husband (n=18) group were categorised as 'retired and housewife/husband'.

The model fit summary, shown in Table 5.42, indicates that the other occupations group most closely fits the model, followed by the professional group. The R^2 values shown in Table 5.43 indicate that the highest levels of variance associated with structural assurance, situational normality, trusting beliefs and intentions, and intention to purchase were explained within the professional group. The lowest levels of variance associated with structural assurance and intention to purchase were explained in the retired and housewife/husband group, whilst the lowest levels of variance associated with situational normality and trusting beliefs and intentions were explained in the other occupations group.

Table 5.42: Model Summary Moderator Analysis: Occupation							
Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Professional	95	3101.183	1847	1.679	0.819	0.835	0.085
Other Occupations	116	3217.093	1847	1.742	0.834	0.848	0.080
Retired & Hosuewife/husband	91	3216.176	1847	1.741	0.804	0.820	0.091

Table 5.43: R^2 Values: Occupation			
Variable	R^2		
	Professional	Other Occupations	Retired and housewife/husband
SA	0.71	0.64	0.57
SN	0.31	0.24	0.25
TBEI	0.60	0.47	0.51
INPU	0.81	0.78	0.64

Table 5.44 presents mixed results for the hypothesised paths. However, the paths were generally more salient to the other occupations group, with several of the predictors being demonstrably significant to that group, such as adviser expectation and membership of a professional association.

Table 5.44: Moderating Effects of Occupation

Hypothesised relationship	Professional (n=95)		Other Occupations (n=116)		Retired and Housewife/husband (n=91)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.73	8.05***	0.47	6.01***	0.53	7.82***
Consumer Protection → Structural Assurance	0.37	1.71	0.40	2.16**	0.34	1.58
Data Protection → Structural Assurance	0.32	2.17**	0.21	1.69	0.24	1.37
Membership of a Professional Assoc → Structural Assurance	0.12	0.68	0.40	3.42***	0.34	1.78
Redress, Guarantees and Warranties → Structural Assurance	-0.11	-0.59	-0.41	-3.00**	-0.45	-2.33**
Communication by Regulator → Structural Assurance	0.00	0.00	0.01	0.06	0.04	0.35
Experience of Financial Services→ Structural Assurance	0.20	2.56**	0.26	3.89***	0.37	3.97***
Brand → Structural Assurance	0.14	1.06	0.09	0.99	0.13	1.00
Size of Organisation → Structural Assurance	-0.17	-1.51	0.03	0.32	-0.13	-1.11
Situational Normality → Trusting Beliefs and Intentions	-0.02	-0.20	0.34	2.57**	0.02	0.19
Adviser Dress & Attire Expectation → Situational Normality	0.05	0.65	0.36	3.41***	0.00	0.03
Business Premises → Situational Normality	-0.13	-1.17	-0.11	-1.45	-0.11	-1.08
Confidentiality, Privacy & Data Secuirty → Situational Normality	0.24	1.88	-0.10	-0.83	0.19	1.56
Knowledge of Financial Advice → Situational Normality	0.10	1.47	0.10	1.86	0.05	0.80
Provision of Testimonials → Situational Normality	0.05	0.69	0.02	0.31	0.07	0.98
Brand → Situational Normality	0.19	1.75	0.18	2.32**	0.29	2.62**
Size of Organisation → Situational Normality	0.00	0.01	-0.14	-1.61	-0.16	-1.64
Brand → Trusting Beliefs and Intentions	0.04	0.32	0.11	1.06	-0.01	-0.04
Size of Organisation → Trusting Beliefs and Intentions	-0.05	-0.58	-0.47	-4.29***	-0.06	-0.65
Trusting Beliefs and Intentions → Intention to Purchase	1.02	9.72***	1.09	11.19***	1.21	9.57***

Note: *** Significant at p <.001; ** Significant at p <.05

One-way ANOVA tests were carried out to examine variations between the different occupation groups for composite variables comprising of the mean of items for each variable. Significant differences between the occupation groups were found for the prior knowledge of the financial advice industry and self-regulation composite variables only.

5.17 Other moderating factors

In addition to examining the role of the five demographic factors above (gender, age, income, education level, and occupation) in the moderation of the relationships already identified, three further factors were also examined. These factors were based upon whether or not respondents thought that their financial adviser was a member of a professional association, was a member of the financial services compensation scheme, or held professional indemnity assurance. In each case, respondents were given three options: ‘yes’, ‘no’, or ‘don’t know’. Only one respondent answered ‘don’t know’ to the membership of a professional association and financial services compensation scheme questions. These two answers were recoded as ‘no’. All respondents answered either ‘yes’ or ‘no’ to the professional indemnity question.

Subsets of the data were created for each of the three factors, reflecting the relevant nominal variables in the dataset, with all relationships between variables being explored for each group. In all cases, the minimum requirements for the model were satisfied and bootstrapping was successful. However, many of the fit statistics were only marginally adequate, implying that each grouping may have a model with a closer fit. The model fit, details of coefficients, and critical ratios, together with a brief summary of the results for that moderating factor, are now presented.

5.17.1 Membership of a Professional Association

The model fit summary, shown in Table 5.45, indicates that the ‘yes’ group (respondents who thought that their financial adviser was a member of a professional association) fits the model better than the ‘no’ group. The R^2 values shown in Table 5.46 indicate that higher levels of variance associated with structural assurance, situational normality, and trusting beliefs and intentions were explained within the ‘yes’ group, whilst a higher level of variance associated with intention to purchase was explained within the ‘no’ group.

Table 5.45: Model Summary Moderator Analysis: Membership of Prof Assoc

Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Yes	200	2788.095	1845	1.511	0.923	0.93	0.051
No	102	3287.569	1847	1.78	0.809	0.825	0.088

Table 5.46: R^2 Values: MP

Variable	R^2	
	YES	NO
SA	0.63	0.58
SN	0.20	0.13
TBEI	0.56	0.34
INPU	0.70	0.72

Table 5.47 indicates that many of the paths associated with the model were more salient to the ‘yes’ group rather than the ‘no’ group. However, there are a number of notable differences between the two groups, such as the path between business premises and situational normality, where the path was significant (at the *p*<.05 level) for the ‘no’ group but non-significant positive for the ‘yes’ group.

Table 5.47: Moderating Effects of Membership of a Professional Association				
Hypothesised relationship	Yes (n=200)		No (n=102)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.63	10.58***	0.44	5.28***
Consumer Protection → Structural Assurance	0.48	3.61***	0.24	1.07
Data Protection → Structural Assurance	0.08	0.86	0.45	2.74**
Membership of a Professional Assoc → Structural Assurance	0.36	3.61***	0.42	2.80**
Redress, Guarantees and Warranties → Structural Assurance	-0.31	-3.16**	-0.52	-3.03**
Communication by Regulator → Structural Assurance	0.06	0.90	-0.16	-1.34
Experience of Financial Services→ Structural Assurance	0.20	4.49***	0.40	4.08***
Brand → Structural Assurance	0.08	1.05	0.15	1.30
Size of Organisation → Structural Assurance	-0.11	-1.80	0.00	0.01
Situational Normality → Trusting Beliefs and Intentions	0.05	0.61	0.31	2.06**
Adviser Dress & Attire Expectation → Situational Normality	0.11	1.70	0.12	1.33
Business Premises → Situational Normality	-0.01	-0.19	-0.19	-2.30**
Confidentiality, Privacy & Data Security → Situational Normality	0.07	0.64	0.19	1.94
Knowledge of Financial Advice → Situational Normality	0.08	1.71	0.06	1.05
Provision of Testimonials → Situational Normality	0.04	0.66	-0.01	-0.15
Brand → Situational Normality	0.24	3.01**	0.08	0.94
Size of Organisation → Situational Normality	-0.11	-1.57	-0.02	-0.18
Brand → Trusting Beliefs and Intentions	0.20	2.66**	0.00	0.00
Size of Organisation → Trusting Beliefs and Intentions	-0.27	-4.31***	-0.24	-1.88
Trusting Beliefs and Intentions → Intention to Purchase	1.04	13.36***	1.12	10.43***

Note: *** Significant at p <.001; ** Significant at p <.05

Table 5.48 shows the significant results from a series of independent *t*-tests carried out on composite variables comprised of the mean of all items for each variable, examining the effects of membership of a professional association. Full results of the *t*-tests can be found in Appendix Twelve. Those that answered 'don't know' were grouped with those that answered 'no'. Homogeneity of variance was achieved in the majority of cases (Levene's test >0.5) but, where this was not the case, results from the unequal variance method provided by SPSS are shown. These results show that, for 13 of the composite variables, there was a significant difference between the groups. In all 13 cases where there was a significant difference between the groups, the mean scores were higher for those who thought their financial adviser was a member of a professional association.

Table 5.48: *t* -test Results for Membership of a Professional Association								
Variable	Yes		No/Don't Know		Levene's sig	*t* -value	df	*p* -value
	Mean	Std Dev	Mean	Std Dev				
SA	5.66	1.08	4.90	1.30	0.15	5.41	300.00	0.00
CP	5.54	0.99	4.98	1.07	0.84	4.49	300.00	0.00
DP	5.53	1.12	4.98	1.23	0.52	3.89	300.00	0.00
MP	5.33	1.11	4.59	1.08	0.79	5.52	300.00	0.00
RGW	5.44	1.08	4.78	1.08	0.91	5.02	300.00	0.00
COMR	5.00	1.31	4.35	1.23	0.41	4.16	300.00	0.00
EXFS	4.51	1.18	0.40	0.94	0.01	4.38	247.15	0.00
SN	5.73	0.79	5.29	0.72	0.06	4.70	300.00	0.00
AA	5.17	1.16	4.75	1.08	0.81	3.04	300.00	0.00
KNFS	4.98	1.18	4.50	1.17	0.99	3.35	300.00	0.00
PT	5.16	1.19	4.70	1.12	0.22	3.24	300.00	0.00
TBEI	5.96	0.99	5.32	1.26	0.00	4.46	165.82	0.00
INPU	5.91	1.26	5.27	1.55	0.01	3.57	170.32	0.00

5.17.2 Membership of the Financial Services Compensation Scheme

The model fit summary shown in Table 5.49 indicates that the 'yes' group (respondents who thought that their financial adviser was a member of the financial services compensation scheme) fits the model better than the 'no' group. The R^2 values shown in Table 5.50 indicate that higher levels of variance associated with structural assurance, situational normality, and trusting beliefs and intentions were explained within the 'yes' group, whilst a higher level of variance associated with intention to purchase was explained within the 'no' group.

Table 5.49: Model Summary Moderator Analysis: Membership of FSCS							
Grouping	n	χ2	df	χ^2/df	TLI	CFI	RMSEA
Yes	167	2755.86	1845	1.494	0.907	0.915	0.055
No	135	2931.854	1846	1.588	0.889	0.898	0.066

Table 5.50: R^2 Values: FSCS		
Variable	R^2	
	YES	NO
SA	0.60	0.59
SN	0.24	0.15
TBEI	0.47	0.46
INPU	0.63	0.76

Table 5.51 indicates mixed results for both the paths associated with structural assurance and situational normality, with some paths, such as between brand and situational normality, being more salient to the 'yes' group and others, such as that between business premises and situational normality, being more salient to the 'no' group.

Table 5.51: Moderating Effects of Membership of the FSCS				
Hypothesised relationship	Yes (n=167)		No (n=135)	
	Estimate	Critical Ratio (t-value)	Estimate	Critical Ratio (t-value)
Structural Assurance → Trusting Beliefs and Intentions	0.60	8.20***	0.48	7.42***
Consumer Protection → Structural Assurance	0.41	3.26**	0.31	1.05
Data Protection → Structural Assurance	0.07	0.73	0.33	1.75
Membership of a Professional Assoc → Structural Assurance	0.32	3.31***	0.36	2.47**
Redress, Guarantees and Warranties → Structural Assurance	-0.23	-2.11**	-0.41	-2.57**
Communication by Regulator → Structural Assurance	0.03	0.43	-0.04	-0.36
Experience of Financial Services→ Structural Assurance	0.21	4.60***	0.36	4.02***
Brand → Structural Assurance	0.06	0.75	0.15	1.57
Size of Organisation → Structural Assurance	-0.10	-1.42	-0.05	-0.47
Situational Normality → Trusting Beliefs and Intentions	0.08	0.84	0.26	2.08**
Adviser Dress & Attire Expectation → Situational Normality	0.10	1.49	0.14	1.93
Business Premises → Situational Normality	-0.08	-1.07	-0.17	-2.26**
Confidentiality, Privacy & Data Security → Situational Normality	0.16	1.35	0.18	2.50
Knowledge of Financial Advice → Situational Normality	0.04	0.81	0.06	1.26
Provision of Testimonials → Situational Normality	0.03	0.56	0.02	0.34
Brand → Situational Normality	0.28	3.21**	0.09	1.34
Size of Organisation → Situational Normality	-0.11	-1.46	-0.09	-1.27
Brand → Trusting Beliefs and Intentions	0.15	1.63	0.09	0.94
Size of Organisation → Trusting Beliefs and Intentions	-0.23	-3.16**	-0.29	-2.90**
Trusting Beliefs and Intentions → Intention to Purchase	0.98	10.46***	1.12	13.19***

Note: *** Significant at p <.001; ** Significant at p <.05

Table 5.52 shows the significant results from a series of independent *t*-tests carried out on composite variables comprised of the mean of all items for each variable examining the effects of membership of the FSCS. (Full results of the *t*-tests can be found in Appendix Thirteen. Those that answered 'don't know' were grouped with those that answered 'no'). Homogeneity of variance was achieved in the majority of cases (Levene's test >0.5) but, where this was not the case, results from the unequal variance method, provided by SPSS, are shown. These results show that, for 15 of the composite variables, there was a significant difference between the groups. In all 15 cases, where there was a significant difference between the groups, the mean scores were higher for those who thought their financial adviser was a member of the FSCS.

Table 5.52: *t*-test Results for Membership of the FSCS								
Variable	Yes		No/Don't Know		Levene's sig	*t*-value	df	*p*-value
	Mean	Std Dev	Mean	Std Dev				
SA	5.67	1.01	5.07	1.36	0.01	4.21	238.69	0.00
CP	5.59	0.93	5.06	1.12	0.17	4.45	299.00	0.00
DP	5.58	1.11	5.05	1.22	0.68	3.91	299.00	0.00
MP	5.37	1.09	4.72	1.11	0.90	5.11	299.00	0.00
RGW	5.52	1.02	4.85	1.13	0.09	5.39	299.00	0.00
COMR	5.02	1.30	4.51	1.27	0.43	3.41	299.00	0.00
EXFS	4.49	1.21	4.13	1.00	0.01	2.84	298.70	0.01
SN	5.79	0.80	5.34	0.70	0.02	5.22	296.75	0.00
AA	5.17	1.15	4.85	1.12	0.41	2.43	299.00	0.02
KNFS	5.06	1.18	4.54	1.15	0.92	3.85	299.00	0.00
PT	5.18	1.19	4.78	1.14	0.29	2.93	299.00	0.00
BR	5.18	1.35	4.79	1.38	0.32	2.48	299.00	0.01
SO	3.92	1.60	3.56	1.45	0.07	2.00	299.00	0.05
TBEI	5.96	0.94	5.50	1.28	0.00	3.47	236.38	0.00
INPU	5.95	1.19	5.38	1.56	0.00	3.46	243.67	0.00

5.17.3 Holding Professional Indemnity Insurance

The model fit summary shown in Table 5.53 indicates that the ‘yes’ group (respondents who thought that their financial adviser held professional indemnity insurance) fits the model better than the ‘no’ group. The R^2 values shown in Table 5.54 indicate that higher levels of variance associated with structural assurance and situational normality were explained within the ‘yes’ group, whilst a higher level of variance associated with intention to purchase was explained within the ‘no’ group.

Table 5.53: Model Summary Moderator Analysis: PII							
Grouping	n	$\chi 2$	df	χ^2/df	TLI	CFI	RMSEA
Yes	189	2761.815	1846	1.496	0.922	0.929	0.051
No	113	3228.322	1847	1.748	0.834	0.848	0.082

Table 5.54: R^2 Values: PII		
Variable	R^2	
	YES	NO
SA	0.62	0.59
SN	0.25	0.11
TBEI	0.45	0.45
INPU	0.65	0.70

Table 5.55 indicates that, whilst many of the paths in the model were more salient to the ‘yes’ group rather than the ‘no’ group, some paths, such as the path between privacy, confidentiality and data security expectation and situational normality, were more salient to the ‘no’ group.

Table 5.55: Moderating Effects of PII				
Hypothesised relationship	Yes (n=189)		No (n=113)	
	Estimate	**Critical Ratio (t-value)**	**Estimate**	**Critical Ratio (t-value)**
Structural Assurance → Trusting Beliefs and Intentions	0.53	8.47***	0.53	7.40***
Consumer Protection → Structural Assurance	0.36	2.52**	0.27	1.31
Data Protection → Structural Assurance	0.24	2.19**	0.24	1.80
Membership of a Professional Assoc → Structural Assurance	0.24	2.63**	0.53	3.13**
Redress, Guarantees and Warranties → Structural Assurance	-0.33	-3.26**	-0.44	-2.56**
Communication by Regulator → Structural Assurance	0.12	1.63	-0.07	-0.69
Experience of Financial Services→ Structural Assurance	0.20	4.08***	0.35	3.91***
Brand → Structural Assurance	0.09	1.00	0.14	1.43
Size of Organisation → Structural Assurance	-0.12	-1.64	-0.07	-0.74
Situational Normality → Trusting Beliefs and Intentions	0.13	1.40	0.16	1.26
Adviser Dress & Attire Expectation → Situational Normality	0.11	1.91	0.09	0.93
Business Premises → Situational Normality	-0.10	-1.45	-0.10	-1.11
Confidentiality, Privacy & Data Security → Situational Normality	0.16	1.66	0.19	2.09**
Knowledge of Financial Advice → Situational Normality	0.05	1.03	0.08	1.55
Provision of Testimonials → Situational Normality	0.06	1.12	-0.07	-0.99
Brand → Situational Normality	0.25	2.94**	0.02	0.30
Size of Organisation → Situational Normality	-0.10	-1.41	0.00	0.03
Brand → Trusting Beliefs and Intentions	0.14	1.48	0.06	0.61
Size of Organisation → Trusting Beliefs and Intentions	-0.25	-3.26**	-0.23	-2.59**
Trusting Beliefs and Intentions → Intention to Purchase	0.96	11.94***	1.16	11.18***

Note: *** Significant at $p<.001$; ** Significant at $p<.05$

Table 5.56 shows the significant results from a series of independent *t*-tests carried out on composite variables comprised of the mean of all items for each variable examining the effects of holding PII. (Full results of the *t*-tests can be found in Appendix Fourteen. Those that answered ‘don’t know’ were grouped with those that answered ‘no’). Homogeneity of variance was achieved in the majority of cases (Levene’s test >0.5) but, where this was not the case, results from the unequal variance method, provided by SPSS, are shown. These results show that, for 12 of the composite variables, there was a significant difference between the groups. In all 12 cases where there was a significant difference between the groups, the mean scores were higher for those who thought their financial adviser held PII.

Table 5.56: *t*-test Results PII								
Variable	Yes		No/Don't Know		Levene's sig	*t*-value	df	*p*-value
	Mean	Std Dev	Mean	Std Dev				
SA	5.62	1.11	5.05	1.30	0.12	4.02	300.00	0.00
CP	5.54	1.01	5.03	1.04	0.77	4.21	300.00	0.00
DP	5.56	1.13	4.97	1.18	0.93	4.36	300.00	0.00
MP	5.28	1.15	4.73	1.07	0.34	4.12	300.00	0.00
RGW	5.45	1.07	4.82	1.10	0.62	4.91	300.00	0.00
COMR	4.96	1.31	4.49	1.27	0.55	3.06	300.00	0.02
EXFS	4.47	1.15	4.08	1.06	0.16	2.92	300.00	0.04
SN	5.76	0.82	5.28	0.66	0.00	5.56	275.04	0.00
KNFS	4.98	1.17	4.55	1.19	0.99	3.07	300.00	0.00
BR	5.16	1.32	4.75	1.44	0.65	2.54	300.00	0.01
TBEI	5.95	1.01	5.40	1.24	0.04	4.07	199.63	0.00
INPU	5.95	1.24	5.26	1.54	0.02	4.02	197.38	0.00

5.17.4 Status of Adviser

In addition to these factors, it was hoped that this research could examine the moderating role of a further factor - that of adviser status (specifically whether the respondent thought that their adviser was an independent financial adviser or otherwise), with respondents again being given the options of ‘yes’, ‘no’ and ‘don’t know’. However, even when amalgamated, the sample sizes for ‘no’ (n=36) and ‘don’t know’ (n=22) were too small to undertake the same analysis used with the other moderating factors examined above. A test was therefore undertaken in order to establish whether or not there were any significant differences between the group that answered 'yes' and the amalgamated group that answered either 'no' or 'don't know'. Table 5.57 shows these results, and indicates that there were significant differences between the two groups at the p<.05 level for the paths between size of organisation and structural assurance, adviser expectation and situational normality, and communication by the regulator and structural assurance.

Table 5.57: Moderating Effects of IFA Status

Path			Yes		No		z-score
			Estimate	P	Estimate	P	
TBEI	<---	SA	0.50	0.00	0.45	0.00	-0.38
SA	<---	CP	0.35	0.00	0.93	0.06	1.12
SA	<---	DP	0.14	0.12	0.25	0.36	0.38
SA	<---	MP	0.38	0.00	0.07	0.83	-0.87
SA	<---	RGW	-0.36	0.00	-0.39	0.06	-0.12
SA	<---	EXFS	0.25	0.00	0.22	0.14	-0.20
SA	<---	COMR	0.09	0.18	-0.26	0.11	-1.985**
SA	<---	BR	0.14	0.05	-0.01	0.98	-0.87
SA	<---	SO	-0.15	0.01	0.30	0.11	2.263**
TBEI	<---	SN	0.07	0.30	0.39	0.07	1.40
SN	<---	AA	0.12	0.11	2.98	0.03	2.076**
SN	<---	BP	-0.10	0.12	-1.06	0.03	-1.941*
SN	<---	CPDE	0.13	0.08	-0.07	0.49	-1.62
SN	<---	KNFS	0.06	0.11	0.00	1.00	-0.33
SN	<---	PT	0.06	0.21	-0.20	0.33	-1.23
SN	<---	BR	0.23	0.00	0.21	0.40	-0.05
SN	<---	SO	-0.09	0.10	-0.44	0.23	-0.93
TBEI	<---	BR	0.15	0.03	0.09	0.58	-0.40
TBEI	<---	SO	-0.24	0.00	-0.04	0.84	0.98
INPU	<---	TBEI	1.13	0.00	1.03	0.00	-0.66

Note: *** Significant at p <.001; ** Significant at p <.05; * Significant at p<.1

In addition to there being a significant difference between the 'yes' and 'no' groups for these three paths, the path between communication by the regulator and structural assurance was positive for the 'yes' group whilst negative for the 'no' group. Furthermore, the path between size of organisation and structural assurance was negative for the 'yes' group whilst positive for the 'no' group.

Table 5.58 shows the significant results from a series of independent t-tests carried out on composite variables comprised of the mean of all items for each variable examining the effects of status of the adviser. (Full results of the t-tests can be found in Appendix Fifteen. Those that answered 'don't know' were grouped with those that answered 'no'). Homogeneity of variance was achieved in the majority of cases (Levene's test >0.5) but, where this was not the case, results from the unequal variance method, provided by SPSS, are shown. These results show that, for 7 of the composite variables, there was a significant difference between the groups. In 5 of the cases where there was a significant difference between the groups, the mean scores were higher for those whose financial adviser was independent. The two cases where the means were lower were size of organisation and brand, which is perhaps unsurprising as many IFAs work in very small practices which, by virtue of their small size, would not have a recognisable or well-known brand.

Table 5.58: *t*-test Results Status of Adviser								
Variable	Yes		No/Don't Know		Levene's sig	*t*-value	df	*p*-value
	Mean	Std Dev	Mean	Std Dev				
SA	5.49	1.18	5.02	1.27	0.67	2.69	300.00	0.01
DP	5.43	1.18	4.98	1.15	0.51	2.63	300.00	0.01
EXFS	4.39	1.17	4.04	0.92	0.01	2.44	104.77	0.02
BR	4.84	1.35	5.71	1.28	0.18	-4.46	300.00	0.00
SO	3.59	1.56	4.48	1.23	0.01	-4.67	104.93	0.00
TBEI	5.93	1.01	4.98	1.28	0.05	6.05	300.00	0.00
INPU	5.91	1.28	4.75	1.48	0.16	6.02	300.00	0.00

5.17.5 Summary

Table 5.59 shows a summary of the significance of the paths relating to the moderating groups examined above. Whilst some predictors and paths (such as EXFS → SA, MP → SA, TBEI → INPU, and SA → TBEI) are shown to be significant to most if not all groups, demonstrating their importance. Other predictors and paths (such as SO → SN, BR → SA, and SO → SA) are shown to be of significance to few if any groups, indicating their relative lack of importance in this context. It is, however, difficult to discern any patterns or clear differences between the various groups examined, other than perhaps slightly stronger results for those on lower incomes and in the other occupational group. Closer examination does, however, reveal a variety of interesting findings, such as the significance at the $p<.001$ level of the relationship between brand and situational normality to those aged over 60 and those with a university education.

Table 5.59: Moderator Analysis: Significant Paths

Hypothesised relationship	Overall	Gender		Age			Education		Income		Occupation		
		Male	Female	26-45	46-60	60 plus	Non Uni	Uni	>£40K	<£40K	Prof	Other	Ret
Structural Assurance → Trusting Beliefs and Intentions	***	***	***	***	***	***	***	***	***	**	***	***	*
Consumer Protection → Structural Assurance	**					***	***		**	**		**	
Data Protection → Structural Assurance	**	**	**		**			**		**	**		
Membership of a Professional Assoc → Structural Assurance	***	***	***	**	***		**	**	**	**		***	
Redress, Guarantees and Warranties → Structural Assurance	***	***	***		**		***		**	**		**	*
Communication by Regulator → Structural Assurance													
Experience of Financial Services→ Structural Assurance	***	***	***	***	***	***	***	**	***	**	**	***	*
Brand → Structural Assurance	**												
Size of Organisation → Structural Assurance													
Situational Normality → Trusting Beliefs and Intentions	**							**	**			**	
Adviser Dress & Attire Appearance → Situational Normality	**								**			***	
Business Premises → Situational Normality	**				**			**					
Confidentiality, Privact & Data Security → Situational Normality	**							**		**			
Knowledge of Financial Advice → Situational Normality	**	**	**		**		**		**				
Provision of Testemonials → Situational Normality													
Brand → Situational Normality	**		**			***		***	**	**		**	*
Size of Organisation → Situational Normality						**		**	**				
Brand → Trusting Beliefs and Intentions													
Size of Organisation → Trusting Beliefs and Intentions	***	***	**	**		**	**	**	**	**		***	
Trusting Beliefs and Intentions → Intention to Purchase	***	***	***	***	***	***	***	***	***	***	***	***	*

Note: *** Significant at p <.001; ** Significant at p <.05

5.18 Summary of Findings

The data analysis presented in this section was carried out following the two step methodology suggested by Anderson and Gerbing (1998), whereby a measurement model is first developed, examined, and evaluated that specifies the relationship of the observed measures to their underlying constructs, posited by theory, followed by a separate evaluation of a structural model that specifies the causal relationship of the constructs to one another, posited by the same underlying theory.

Following this process, the first step in the data analysis was to conduct a confirmatory factor analysis (CFA) in order to establish unidimensionality, reliability, and convergent and discriminant validity. The proposed model was found to be within accepted thresholds. Secondly, two proposed models were tested using structural equation modelling, in order to determine which model was better, with the results suggesting that Model One was the best.

Thirdly, Model One was examined in detail. The fit indices were within accepted thresholds, indicating a good fit to the data. Intention to purchase was significantly predicted by just one predictor, trusting beliefs and intentions (0.86), with 73.0% of the variance (R^2) associated with intention to purchase being accounted for (H_1).

The R^2 value for trusting beliefs and intentions was a little low, with only 47.1% of the variance associated with trusting beliefs and intentions being accounted for by its three significant predictors: structural assurance (H_2: 0.61), situational normality (H_3: 0.13) and size of organisation (H_{12a}: -0.33). Whilst the findings for size of an organisation were expected, the effect was opposite to expectations indicating consumer preference for smaller organisations. Brand (H_{13a}: 0.13) was not found to be a significant predictor of trusting beliefs and intention, against expectations, but is not surprising given the ambiguity in the literature concerning brand and the financial services industry.

Significant predictors for structural assurance (R^2=0.61) at the p<.001 level were data protection (H_{2b}: 0.19), experience of financial services (H_{14}: 0.30), membership of a professional association (H_{2c}: 0.34), and redress, guarantees, and warranties (H_{2d}: -0.31), in line with expectations, although for redress, guarantees and warranties the effect was the reverse of what was expected. Consumer protection (H_{2a}: 0.31) and brand (H_{13b}: 0.14) were found to be significant predictors at the p<.05 level as expected. Size of organisation (H_{12b}: -0.13) and communication by the regulator (H_{2e}: 0.02) were found not to be significant predictors of structural assurance against expectation.

The R_2 value for situational normality was very low at only 0.21. Significant predictors at the p<.05 level were knowledge of financial advice (H_{3c}: 0.15), business premises (H_{3b}: -0.20), privacy, confidentiality and data security expectation (H_{15}: 0.16), and adviser expectation (H_{3a}: 0.24), in line with expectations. Brand (H_{3d}: 0.31) was also found to be a significant predictor at the p<0.05 level, in line with expectations but contrary to the findings of the qualitative phase of research. Size of organisation (H_{12c}: 0.17), and provision of testimonials (H_{3f}: 0.06) were found not to be significant predictors of situational normality against expectation.

With regard to moderating effects, no clear pattern emerged for any of the groupings examined. However, the analysis of moderating factors did indicate that a number of factors (such as EXFS → SA, MP → SA, TBEI → INPU, and SA to TBEI) were significant over most if not all groupings, indicating their relative importance in this context.

Table 5.60 summarises the findings relating to the hypothesis.

order	Number	Description	Result	Expected (Y/N)
	Table 5.60: Summary of findings			
	Number	Description	Result	Expected (Y/N)
2	H2	Structural Assurance → Trusting Beliefs and Intentions	Supported	Y
3	H2a	Consumer Protection → Structural Assurance	Supported	Y
4	H2b	Data Protection → Structural Assurance	Supported	Y
5	H2c	Membership of a Professional Assoc → Structural Assurance	Supported	Y
6	H2d	Redress, Guarantees and Warranties → Structural Assurance	Supported	Y but opposite effect
7	H2e	Communication by Regulator → Structural Assurance	Not supported	N
8	H14	Experience of Financial Services→ Structural Assurance	Supported	Y
9	H12b	Size of Organisation → Structural Assurance	Not supported	N
10	H13b	Brand → Structural Assurance	Supported	Y
12	H3	Situational Normality → Trusting Beliefs and Intentions	Supported	Y
13	H3a	Adviser Dress & Attire → Situational Normality	Supported	Y
14	H3b	Business Premises → Situational Normality	Supported	Y
15	H15	Confidentiality, Privacy & Data Security → Situational Normality	Supported	Y
16	H3f	Provision of Testemonials → Situational Normality	Not supported	Y
17	H3c	Knowledge of Financial Advice → Situational Normality	Supported	Y
18	H12c	Size of Organisation → Situational Normality	Not supported	Y
19	H3d	Brand → Situational Normality	Supported	N
1	H1	Trusting Beliefs and Intentions → Intention to Purchase	Supported	Y
21	H12a	Size of Organisation → Trusting Beliefs and Intentions	Supported	Y but opposite effect
22	H13a	Brand → Trusting Beliefs and Intentions	Not supported	Y

This Chapter first reported the descriptive analysis of the online questionnaire and summarised the basic statistics relating to both the demographic profile of the respondents, and the various constructs examined in this study. This included examining response rates and non-response bias.

The main quantitative analytical processes used in this study, structural equation modelling was then examined with three main objectives.

Firstly, the data preparation procedures undertaken, including the assessment of normality, detection of outliers, and the treatment of missing data were presented. Due to the data collection technique used, very little missing data was identified, with the regression imputation method being used as a remedy. Whilst a few outliers were detected, a decision was taken to retain them as, given the nature of this study, those outliers could easily represent valid but alternative viewpoints of differing respondents. This would also allow for generalisation of the results of this study. Normality tests were also carried out and revealed a few problems with either kurtosis or skewness. A decision was therefore taken to use a bootstrapping approach to provide a remedy for this issue.

Secondly, the latent constructs and observed measures used in the model were validated using confirmatory factors analysis, with the measurement model satisfying the criteria for unidimensionality, reliability, and convergent and discriminatory validity.

Finally, the hypothesised relationships between the variables were examined and tested, including the effect of a variety of moderating factors, using structural equation modelling.

The next chapter will discuss the results from both the quantitative and quantitative analysis reported in this Chapter, including the contribution made by this research to both theory and practice, and suggested directions for future research.

Chapter Six

Discussion and Conclusions

6.1 Introduction

The previous Chapter presented the analysis of the quantitative phase of research conducted by this study. This final chapter integrates and discusses the findings from that quantitative phase of research with the findings from the qualitative phase of research presented in Chapter Four, and discusses the implications for both theory and practice arising from those findings. Limitations and directions for future research are also discussed.

The main research question of this study was "what are the most beneficial ways to build environmental and interpersonal trust in the context of the personal financial advice industry?" To enable this question to be answered, the primary research objective was defined as "to identify and examine the predictors of environmental trust and the effect of such trust upon interpersonal trust, specifically consumer beliefs, intentions, and behaviour" and the following four research aims were set to allow this objective to be accomplished:

1. To examine the role of structural assurance and situational normality in predicting interpersonal trust, i.e., trusting beliefs and the intention to use a specific financial adviser;
2. To identify the predictors of environmental trust and, more specifically, those of structural assurance and situational normality, (e.g., the suggested roles of statutory regulation and self-regulation in predicting structural assurance, together with the suggested roles of the attire of a financial adviser and the condition of their business premises in predicting situational normality);
3. To investigate the effects of demographic factors upon environmental trust in the context of the UK personal financial advisory market, including their effect upon the various predictors of such trust identified by this study. This is in line with the literature review that also identified that there is minimal research investigating the effect of demographic factors upon trust in the context of this study or upon environmental trust
4. To discuss the implications for managers and policy makers with a view to providing better insights into the role played by the environmental trust and its predictors in the development of consumer trust, in order to assist them in developing business practices and policies that foster trust.

To answer this research question and achieve the research objective, a systematic literature review was undertaken in Chapter Two, which examined existing literature that addresses subjects of interest to this study. In doing so, potential predictors of both the principal sub-components of environmental trust, structural assurance, and situational normality were identified and discussed along with their possible theoretical roots, including the roles of the three pillars of institutional theory (Scott, 2014) and agency theory (Eisenhardt, 1989). Hypotheses were then developed, based upon the results of the literature review, and a conceptual model was proposed. Chapter Two also examined the potential role and impact of five key demographic characteristics (gender, age, educational attainment, occupation, and income) on the principal sub-components of structural assurance and situational normality and their predictors, including an examination of the theoretical roots of those effects.

Chapter Three positioned this study within a post-positivist paradigm and adopted an approach that is realistic and pragmatic, utilising both qualitative and quantitative methods for data collection, specifically focus groups and semi-structured interviews for the qualitative phase of research, and an internet based survey for the quantitative phase of research. Chapter Four presented and discussed the findings of the qualitative phase of research, which included identification of further potential predictors of both structural assurance and situational normality not suggested in the current academic literature. Further hypotheses were proposed based upon the findings of this chapter, and the conceptual model was revised and refined to incorporate these potential predictors. Chapter Five initially presented a demographic profile of the sample used for the quantitative phase of research, together with a descriptive analysis of the survey responses. Chapter Five then presented the measures relating to the constructs proposed in the conceptual model which were first purified and then confirmed using confirmatory factors analysis. The hypothesised relationships were then examined using structural equation modelling. The effects of the demographic factors of gender, age, educational attainment, income, and occupation upon the various predictors was also examined using independent *t*-tests and one way ANOVA tests.

6.2 Key findings and contributions

<u>6.2.1 The Overall Model</u>

The analysis of the qualitative data indicates both broad support for the regulatory regime governing the financial advice industry and shows that consumers draw considerable reassurance from this regime. The data also demonstrated that consumers held a variety of expectations regarding their financial advisers, which had an impact upon their levels of trust. These findings are reflected in the results from the quantitative phase of research, which shows support for H_1, H_2, and H_3; indicating that both structural assurance and situational normality contribute to trusting beliefs and intentions (R^2=0.47) which, in turn, contributes to intention to purchase (R^2=0.47). These results are consistent with the McKnight and Chervany (2001) conceptualisation of institution-based trust and, therefore, the first key contribution of the present study is a broad high-level confirmation of the McKnight and Chervany (2001) proposed framework for trust, as it relates to environmental trust and its applicability in the context of this study and the relationship between UK consumers and their financial advisers. It should be noted that, of the two principal sub-components of institution-based trust in the model, structural assurance is shown to be of more importance by this study, as its effect upon trusting beliefs and intentions is much stronger (C.R.=11.73) than that of situational normality (C.R.=2.46).

Whilst an R^2 factor of 0.73 demonstrates that much of the variance has been explained for intentions to purchase, the R^2 factor for trusting beliefs and intentions is a little low at 0.47, indicating that other factors contributing to trusting beliefs and intentions are yet to be identified.

Support for H_{12a} at the p<.001 level signifies that the size of an organisation has an impact upon trusting beliefs and intentions, which is not suggested by current literature. However, the effect was contrary to what was expected, indicating that consumers prefer smaller organisations in the context of the UK financial advice industry. The qualitative data relating to this issue provides further insight into this issue as it shows that, rather than engaging the services of a financial adviser who works alone, consumers desire to have a larger organisation employing their financial adviser, whom they can call upon to provide redress in the event of malfeasance by an adviser. Consumers can be seen to rely upon that employing organisation to ensure that the individuals that they employ as financial advisers are of good character, are competent, and act in good faith. Taken together, these findings indicate that consumers prefer to conduct business with financial advisers who work for an organisation that is of at least some size, rather than an individual operating on their own or as part of a very small organisation, but not too large. Further research would be required to establish the reasoning behind this and the preferred organisation size.

Rejection of H_{13a}, relating to the impact of brand upon trusting beliefs and intentions, shows support for the argument that consumers do not really engage with brand in the context of UK financial services (Devlin, 2007). However, it should be noted that the qualitative data indicates that those consumers who utilised the services of a financial adviser employed by an organisation with a well-known brand drew considerable reassurance from the presence of that brand. Furthermore, the presence of a well-known brand was shown to have an impact upon structural assurance and situational normality. Taken together, this indicates that other factors interact with brand in the context of this study, with the qualitative data suggesting that one of those factors may be experience.

6.2.2 Structural Assurance

The results reported in Chapter Five showed that, whilst other predictors remain to be identified, 60.8% of the variance (R^2=0.61) of structural assurance was explained by the predictors examined in this study, which is satisfactory.

6.2.2.1 Statutory Regulation

The results reported in Chapter Five also show that both H_{2a} and H_{2b} are supported, indicating that consumers draw reassurance from current regulations protecting both their consumer rights and their privacy and data security. These findings are reflected in the qualitative data reported in Chapter Four, as many of the respondents made supportive comments regarding the statutory regulation regime provided by both the FCA and the DPA/ICO. The results from Chapter Four also indicate that, in addition to holding a perception that statutory regulation by the FCA protects their best interests as consumers, the participants also perceived that regulation ensured competence and high standards. Accordingly, statutory regulation provided by the FCA can be seen to contribute to all three components of trustworthiness, i.e. ability to ensure high standards, competence, benevolence, and integrity by protecting the best interests of consumers. The qualitative data discussed in Chapter Four further suggests that consumers perceive that the ability of the FCA to apply sanctions or punishments in the event of wrongdoing on the part of an IFA also helps to ensure the integrity of the IFA.

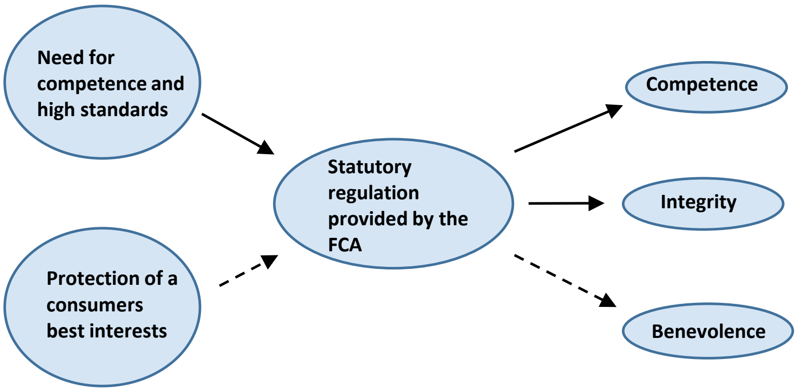


Figure 6.1: Primary Regulation provided by the FCA

The participants perceived that the statutory regulation, provided by DPA/ICO, guaranteed their privacy and protected the security of their information by ensuring that their financial adviser acted with integrity over both issues.

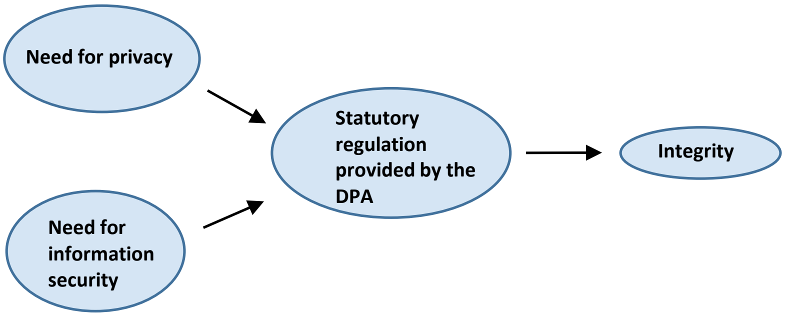


Figure 6.2: The Data Protection Act

Both the qualitative and quantitative data and findings relating to statutory regulation are generally supportive and consistent with the argument that statutory rules and regulations foster structural assurance (Zucker 1986; Sitkin and Roth 1993). Findings also indicate that the statutory regulation, provided by the FCA and ICO/DPA, represents the regulative pillar of institutional theory (Scott, 2014) in the context of this study.

6.2.2.2 Self-Regulation

In line with expectations based upon the literature review presented on pages 43-44, Section 2.3.5.2.2 of Chapter Two, but contrary to the findings of the qualitative phase of research presented on page 97, Section 4.4.3 of Chapter Four, the quantitative results reported in Chapter Five clearly demonstrate that consumers draw reassurance from self-regulation, with H_{2c} being supported at the p<.001 level. This shows that self-regulation fosters structural assurance (Neu, 1991; Atchinson 2005) and that self-regulation provided by organisations, such as the CII and the PFS, represents the normative pillar of institutional theory (Scott, 2014) in the context of this study. However, the qualitative data reported in Chapter Four indicates that many of the respondents were sceptical of self-regulation, reflecting the ambiguity in the academic literature that self-regulation can be perceived as a conflict of interest (Shapiro, 1987).

Whilst the qualitative data contains no explanation for the difference in the findings between the qualitative and quantitative phases of research, the qualitative data indicates that this scepticism of self-regulation could be caused by a perception that self-regulatory bodies would not police an industry effectively, particularly as many respondents expressed the opinion that the ability of statutory regulators to apply sanction and punishment against those that transgressed rules was an essential aspect of regulation. The data also indicates that respondents held a perception that self-regulatory bodies do not always ensure that individuals are suitably qualified and competent for the role that they undertake, and that admission to the self-regulatory organisation is often dependent solely upon payment of a membership fee rather than proving ability or competence through an entrance examination. A further potential explanation for this scepticism of self-regulation may be the general distrust of the financial services industry, relating to the on-going history of scandals, as discussed in Chapter One, particularly as environmental trust is context specific. Indeed, this latter argument may well provide an explanation for the ambiguity in the wider academic literature regarding the role of self-regulation in trust formation, as it has been noted that it is possible for the same consumer to trust the environment within which one particular industry operates whilst distrusting another (Grayson *et al.,* 2008). This consumer scepticism of self-regulation could therefore, to an extent, be countered by ensuring that self-regulatory organisations require proof of competence as a condition of membership, and that they have the necessary ability and authority to police their membership in a way that reassures consumers. In addition, this would need to be effectively communicated to consumers. This presents an opportunity for further research to both understand what causes consumers to be sceptical of self-regulation, and to ascertain how the effectiveness of self-regulation could be increased.

6.2.2.3 Redress, Guarantees, and Warranties

The quantitative results show support for H_{2d} at the p<.001 level, indicating that redress in the form of guarantees and warranties contributes to structural assurance (Gefen *et al*., 2003; McKnight, Cummings and Chervany, 1998) in the context of this study. Whilst this is reflected in the qualitative data, the effect was contrary to what was expected, indicating that the provision of such redress and guarantees causes the perception of structural assurance to reduce. This is contrary to the findings of previous research by authors such as Gefen *et al.,* (2003). Whilst this difference in findings, compared to previous research, may be explained by the arguments of authors such as McKnight and Chervany (2001) and Grayson *et al.,* (2008), who assert that environmental trust is contextual, nothing can be found in either set of data to explain this difference, again presenting an opportunity for further research.

Furthermore, whilst there is nothing in either the quantitative or qualitative data to suggest that participants held any perceptions to the contrary, caused by lax internal controls and carelessness, as suggested by Shapiro (1987), it should be noted that this does not mean that such things are not occurring, but rather that participants were not perceiving it.

The qualitative data indicates that, as a result of the provision of guarantees and warranties through such means as the FSCS and PII, participants perceived that they would be compensated in the event of malfeasance by an adviser. Effectively, this amounts to a perception of benevolence in the financial advice industry, as the schemes effectively protect their best interests. The provision of redress through guarantees and warranties can therefore be seen to contribute to the benevolence component of trustworthiness.

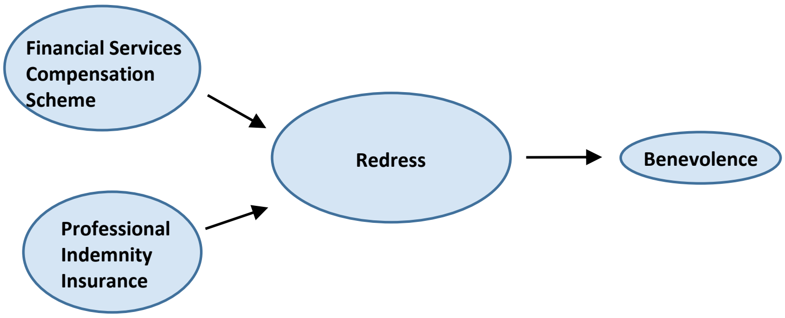


Figure 6.3: Redress provided by the FSCS and PII

6.2.2.4 Communication by a Regulator

Against expectation, the quantitative results indicate a rejection of H_{2e} - that regulators might enhance structural assurance, and therefore trust, by means of effective communication (Grayson *et al.,* 2008). The results therefore also effectively reject the argument that the sharing of information fosters trust (Mukherjee and Nath, 2003).

The finding of this study is therefore that communication by a regulator does not have a significant effect upon structural assurance, which is particularly surprising given that the qualitative data indicates that, whilst many of the participants drew reassurance from both the FSCS and PII as discussed above, few were aware that the FSCS applied to financial advisers or the regulatory requirement for financial advisers to hold PII. Given this, it would not be unreasonable to assume that levels of trust in the industry would increase if the regulator were to make efforts to increase consumers' awareness of both.

6.2.2.5 Experience of Financial Services

H_{14} relating to prior experience of financial services, is supported by the quantitative results reported in Chapter Five. The finding that prior experience contributes to structural assurance is not suggested by the current academic literature, and is therefore a further contribution of this study. The qualitative data reported in Chapter Four indicates that the more experienced respondents were of the opinion that they would be able to identify when something was inappropriate or amiss, and adjust their actions accordingly which, in turn, suggests that they drew reassurance concerning the marketplace and the industry from their own prior experience, contributing to structural assurance.

6.2.2.6 Size of Organisation

The quantitative results reject H_{12b}, and indicate that the size of the organisation employing a financial adviser does not contribute to structural assurance. Whilst this result was against expectations, as discussed earlier, size of organisation has been shown by this study to have an impact upon trusting beliefs and intentions and is fully discussed in Section 6.2.1 above.

6.2.2.7 The Presence of a Well-Known Brand

In line with expectation, H_{13b} is supported by the quantitative results, and this study therefore finds that the presence of a well-known brand contributes to structural assurance. This finding is not suggested by current academic literature and is therefore a further contribution of this study. In addition to suggesting that this may be the case, the qualitative data also indicates that less experienced respondents in particular drew reassurance from the presence of a well-known brand, suggesting that other factors, such as a lack of experience, may play a role in this, This may explain the ambiguity relating to the role of brand in the financial services industry in the academic literature noted and discussed in Chapter Two.

6.2.2.8 Summary

Based upon this discussion and the results reported in both Chapters Four and Five, the second key contribution of this study is therefore to effectively extend existing knowledge, including the McKnight and Chervany (2001) proposed framework for trust. This has been achieved through the identification of the following as predictors of structural assurance:

- Consumer protection provided by statutory regulation (provided by the FCA in the context of this study)
- Data security and protection provided by statutory regulation
- Self-regulation
- Redress in the form of guarantees and warranties
- Prior experience
- The presence of a well-known brand

6.2.3 Situational Normality

The results reported in Chapter Five showed that the R^2 value for situational normality is low at 0.21, indicating that other factors not examined by this study that contribute to situational normality remain to be identified.

6.2.3.1 Meeting Expectations Regarding Attire and Appearance

The results reported in Chapter Five show that H_{3a} is supported, demonstrating that consumers hold expectations regarding attire and appearance, and that meeting those expectations contributes to situational normality (McKnight *et al.,* 1998; Gefen *et al.,* 2003). This finding is consistent with the results reported in Chapter Four, based upon the qualitative data, which also indicates that exact expectations vary between individuals, and that attire and appearance is particularly important at the first meeting, which several participants likened to a job interview scenario. The qualitative data also indicates that the difference in exact expectations may be influenced by age or a perception of similarity between themselves and the financial adviser, i.e. if the consumer wears a suit to work there is an expectation that the adviser will wear also a suit. The qualitative data also shows that expectation in this regard can be moderated by competence, as several participants suggested that, if investment performance based upon the recommendations of the adviser was good, then they would be more tolerant regarding appearance.

Whilst the findings of this study are consistent with suggestions in the academic literature, this study is the first to provide empirical evidence to support such suggestions, which is a further contribution of the research.

Examination of the qualitative data also indicates that the failure to meet expectations relating to attire and appearance would give rise to a situation where consumers perceived there to be an absence of respect and care towards them on the part of the financial adviser. Effectively the financial adviser would lack benevolence. In addition, the qualitative data indicates that consumers could also perceive the failure to meet such expectations as a lack of professionalism, which effectively amounts to a lack of integrity on the part of the financial adviser. Meeting expectations relating to attire and appearance would therefore contribute to the benevolence and integrity components of trustworthiness.

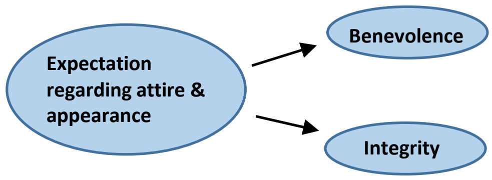


Figure 6.4: Expectation regarding Attire and Appearance

6.2.3.2 Meeting Expectations Regarding Business Premises

The results reported in Chapter Five also show that H_{3b} is supported, showing that consumers hold expectations regarding the business premises of their financial adviser, and that meeting those expectations contributes to situational normality (McKnight *et al.,* 1998; Gefen *et al.,* 2003). This is consistent with the qualitative findings reported in Chapter Six, with the data indicating that consumers hold an expectation that the business premises would be similar to a bank.

Whilst the findings of this study are consistent with suggestions in the academic literature, this research is the first to provide empirical evidence to support such suggestions, which is a further contribution of this study.

6.2.3.3 Confidentiality, Privacy, and Data Security Expectations

In addition to an expectation that the business premises of a financial adviser should be clean, tidy, and presentable at all times, a further suggestion that consumers hold expectations regarding standards of confidentiality, privacy, and data security relating to the business premises of their financial adviser emerged from the qualitative data, rather than being suggested by the academic literature. The quantitative findings reported in Chapter Five confirm this suggestion by showing support for H_{15}.

Whilst the need for privacy, including the need to avoid unwanted contact or persons during an interaction (Goodwin 1991), and the need for data security (Yousafzai *et al.,* 2005; McCole *et al.,* 2010) have long been recognised in the academic literature, this is the first study that shows that consumers hold such expectations, and the first to demonstrate that meeting those expectations contributes to situational normality. This is therefore a further contribution of this study.

6.2.3.4 Provision of Testimonials

The quantitative results reported in Chapter Five reject H_{3f} and show that the provision of testimonials does not contribute to situational normality. This is consistent with the qualitative findings reported in Chapter Four, with the data indicating the consumers are generally sceptical of testimonials, as they are of the belief that no organisation would provide a bad testimonial and that it would be easy for an organisation to manufacture fake testimonials. Furthermore, several participants indicated that, in the particular context of this study, they perceived that, as their own financial circumstances were unique, testimonials from others whose circumstances were different would be irrelevant. Given the findings based upon the qualitative data reported in Chapter Four, the rejection of H_{3f} was not unexpected. However, this finding is contrary to current literature, suggesting that the provision of testimonials may foster trust by means of providing information that a third party has the ability to successfully conclude a transaction (Yousafzai, 2005).

6.2.3.5 Prior Knowledge of the Financial Advice Industry

Support for H_{3c}, shown by the quantitative findings reported in Chapter Five, confirms the suggestion based upon the qualitative findings reported in Chapter Four - that prior knowledge of the financial advice industry, however obtained, gives inexperienced consumers the ability to anticipate what they might experience, thereby fostering situational normality. Effectively, consumers who received such information would have at least some idea of what to expect when meeting a financial adviser and, if those expectations were met, the consumer would feel reassured. This finding is not suggested by the academic literature, and is therefore a further contribution of this study.

6.2.3.6 Size of Organisation

The quantitative results reject H_{12c} and indicate that the size of the organisation employing a financial adviser does not contribute to situational normality. Whilst this result was against expectation, as discussed earlier, size of organisation has been shown by this study to have an impact upon trusting beliefs and intentions.

6.2.3.7 Brand

Whilst the findings from the quantitative phase support H_{3d}, showing that the presence of a well-known brand predicts situational normality, it should be noted that this is contrary to the findings of the qualitative phase of research. Whilst the data shows no specific explanation for this, the data does indicate that many of the participants in the qualitative phase of research chose not to use an adviser employed by an organisation with a well-known brand name as they perceived that the adviser would not be independent. This implies that the participants were aware of the differences between advisers who are independent and those are not, and that they valued that independence. This suggests that these participants may be either more knowledgeable about the financial advice industry, or have more experience transacting with financial advisers and, based upon that knowledge or experience, chose not to utilise the services of a financial adviser employed by a well-known brand. The difference in the findings between the two phases of research could therefore be explained by differences in either the knowledge or experience levels of participants in the two phases of research.

Despite these differences, given that the quantitative results show that the presence of a well-known brand has a greater effect upon situational normality (C.R.=3.02) than structural assurance (C.R.=1.97), this study finds that the presence of a well-known brand contributes to situational normality. Whilst this is consistent with some suggestions in the academic literature that the presence of a recognised brand can foster trust (Yousafzai *et al*., 2005), this is contrary to other suggestions, such as the arguments put forward by Devlin (2007) that UK consumers do not engage with financial services brands. The qualitative data suggests that this ambiguity may be caused by differing experience levels, which is consistent with the findings relating to the effect of the presence of well-known brand upon structural assurance, as previously discussed in Section 6.2.2.7.

6.2.3.8 Summary

Based upon this discussion and the results reported in both Chapters Four and Five, the third key contribution of this study is therefore to effectively extend existing knowledge, including the McKnight and Chervany (2001) proposed framework for trust, with the identification of the following as predictors of situational normality:

- Meeting expectations regarding attire and appearance
- Meeting expectations regarding business premises

- Meeting expectations regarding the condition of business premises, including the need for privacy, confidentiality, and data security
- Prior knowledge
- The presence of a well-known brand

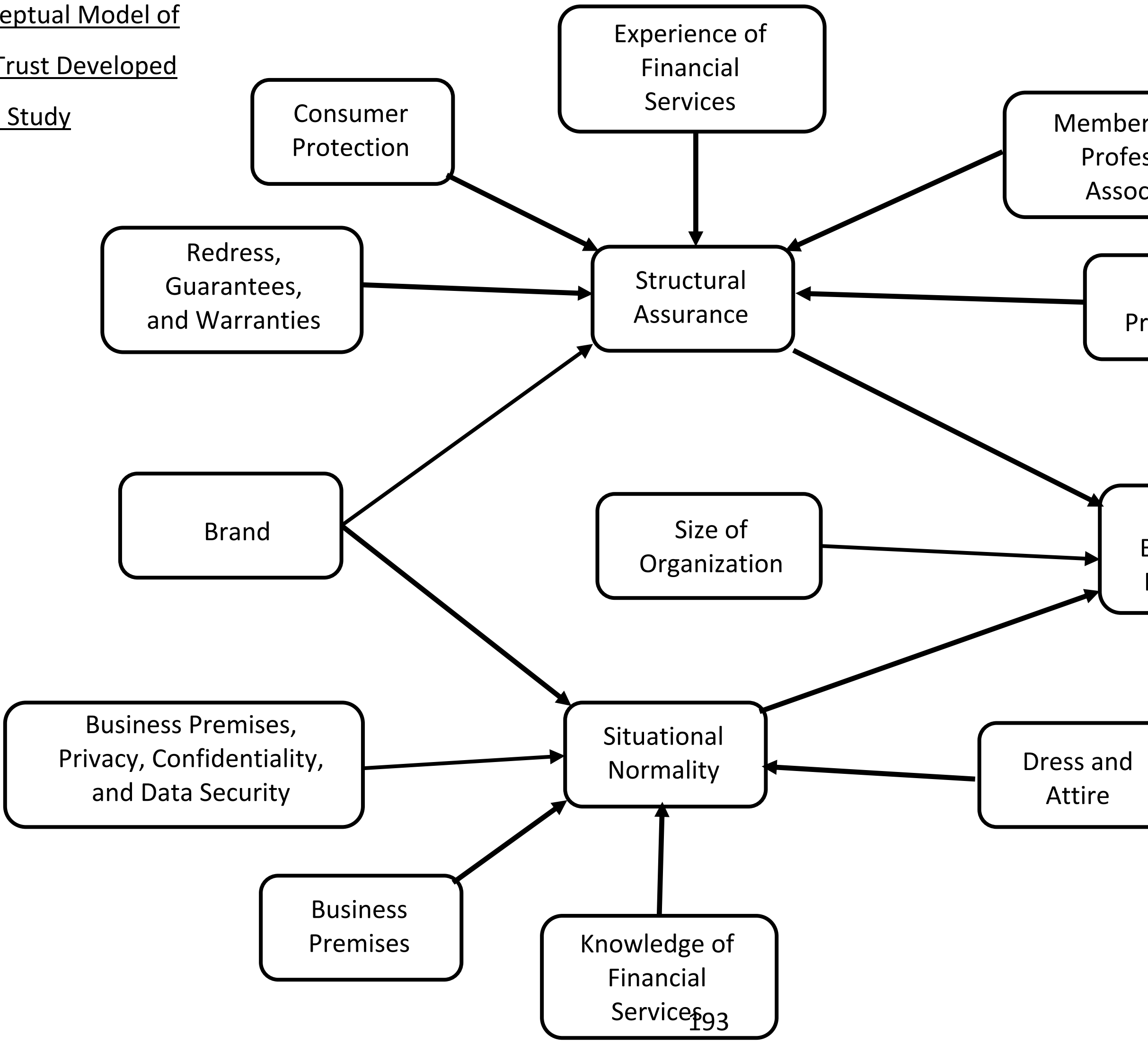
Both the qualitative findings of this study presented in Chapter Four, and the quantitative findings presented in Chapter Five, clearly demonstrate that consumers hold expectations, and that meeting those expectations provides situational normality and, in doing so, fosters trust. Meeting those expectations therefore effectively represents the meeting of an expectation of an orthodoxy, shared understanding, or schema that provides certainty when present or uncertainty when absent.

As such, fostering trust by the presence of situational normality, as demonstrated by this study, is shown to represent the third '*cultural-cognitive pillar*' of institutional theory (Scott, 2014).

6.2.3.9 Conceptual Model

The conceptual model of environmental trust in the context of the relationship between a UK consumer and their financial adviser, developed by this study and based upon these findings, is shown in Figure 6.5.

Figure 6.5: Conceptual Model of Environmental Trust Developed by this Study



6.2.4 The Moderating Effect of Demographic Factors

The results of various *t*-tests and one-way ANOVA tests, which examine the moderating effect of the demographic factors of gender, age, educational attainment, income, and occupation, are reported in Chapter Five. Whilst the *t*-tests examining gender differences show that gender does have a significant effect upon a number of factors relating to environmental trust, the ANOVA tests indicate that the other demographic factors, with one or two exceptions, have little effect.

6.2.4.1 Gender

The findings reported in Chapter Five broadly indicate that females are more trusting than males and that females generally draw more reassurance than males from the different predictors of structural assurance, as the calculated means of the items were higher for females for all constructs other than prior experience of financial services. Whilst this shows support for H_{7g}, it should, however, be noted that the difference was not statistically significant, and that the effect of prior experience upon structural assurance in the SEM model was slightly higher for females (C.R.=4.33) than males (C.R.=4.29). Whilst the differences were statistically significant between the means of the items for structural assurance, and its predictors of consumer protection, data protection, and brand, the differences between the means for self-regulation were marginally non-significant (*p*=.05) and non-significant for redress, guarantees, and warranties. The SEM model shows that the effects of brand and consumer protection upon structural assurance are slightly weaker for females than males, with the effect being stronger for females for the other predictors. This shows general support for H_{7a}, H_{7b}, and H_{7c}.

With regard to brand, it is also notable that, in addition to the difference between means being statistically significant (with the value for females being higher), the path between brand and situational normality in the SEM model is non-significant for males but significant for females which, taken together, indicates support for H_{7d}.

H_{7e} is rejected as, whilst the paths in the SEM model between prior knowledge and situational normality have identical C.R. values of 2.98, the *t*-tests show that the mean of the items relating to prior knowledge of the financial advice industry is statistically significantly higher for males, indicating that males draw more reassurance from knowledge than females. H_{7f} is also rejected as, despite the difference being non-statistically significant, the mean of the items relating to the knowledge of the adviser is lower for females than males. Whilst the mean of the items for situational normality and for the other predictors of situational normality is higher for females than males, the difference is only statistically significant for the condition of the business premises. This, coupled with mixed results for the effect of gender upon the paths between the predictors and situational normality in the SEM model, indicates that gender has little overall effect on situational normality, thus supporting H_{7i}. H_{7j}, H_{7K}, and H_{7L} are also broadly supported, as none of the differences between the means of the times is statistically significant and there is little difference in the effect strengths in the SEM model, other than the path between the size of the organisation and trusting beliefs and intentions, where the effect is noticeably larger for males (C.R.=-3.29) than for females (C.R.=-2.59).

Taken together, these results indicate that gender only really has an impact upon structural assurance in the context of this study, and that females draw more support than males from structural assurance. This finding is supportive of current academic literature, which indicates that females are more trusting of the financial services industry than males (Ennew and Sekhon, 2007; Ennew *et al.,* 2011; Lachance and Tang 2012). However, it should also be noted that there are large differences in the R^2 values between males and females for both situational normality and intention to purchase, showing that the predictors of those variables identified in this study do play differing roles, and that other predictors for both constructs remain to be identified, particularly for females.

6.2.4.2 Age

Whilst none of the ANOVA tests relating to age show any statistically significant differences, the mean of the items for all but three constructs (attire and appearance, brand, and employing organisation) are lower for the 60 plus age group than for the 46 to 60 age group, indicating support for the argument that trust declines after a certain age (Bellemare and Kröger 2007; Dittrich 2015). No distinct pattern emerges from the means to indicate support for the argument that levels of trust are lower for younger people, with roughly half of the means being lower for the 26 to 45 age group than for the 46 to 60 age group, and half being higher. The hypotheses relating to age (H_{8a} to H_{8d}) are all therefore rejected, but the quantitative data does indicate that factors relating to environmental trust generally decline after a certain age. It should be noted, however, that whilst this study demonstrates that this decline occurs in the 60 plus age group relative to the 46 to 60 age group, this study did not collect data to allow the identification of a particular age when that decline actually begins. It is quite possible that the decline begins before the age of 60.

It is also worth noting that the SEM model shows that those in the 60 plus age group hold a high level of expectation that a recognisable brand will be present, drawing more reassurance from statutory consumer protection than the other age groups, and that younger consumers draw far more reassurance from self-regulation than older consumers.

6.2.4.3 Educational Attainment

Apart from the test relating to condition of business premises, the ANOVA tests showed no significant differences between the means for the constructs relating to educational attainment. Examination of those means indicates that generally they were lower for the middle groupings of professional diploma and undergraduate than for the secondary school/college and post-graduate groupings, with the means for the lowest grouping of secondary/college having the highest mean for 10 of the individual constructs and the lowest mean for only two constructs, (prior knowledge of the advisor and prior knowledge of the financial advice industry). The hypotheses relating to educational attainment (H_{9a} to H_{9d}) are all therefore rejected, and this study finds that educational effect has a negligible impact upon environmental trust.

However, it is worth noting from the SEM model that there are marked differences in the strength of several paths between the two groupings analysed using SEM, and that those paths relating to situational normality were generally more salient to those with a better education, whilst those relating to structural assurance were generally more salient to those with lower educational attainment. This is also reflected in the R^2 values for the two groupings. These findings ostensibly indicate that those with lower educational attainment place more reliance upon institutions, which is contrary to the argument that lower educational attainment is linked through disadvantage to lower trust in institutions (Schoon and Cheng, 2011). Those with higher educational attainment may place more emphasis upon expectations being met, suggesting that they may have a greater perception and understanding of cultural codes that govern interactions, thereby making them more resistant to deceit (Newton, 1997; Hooghe, 2007, Newton, 2007) which, in turn, leads to higher levels of trust amongst those who are better educated.

6.2.4.4 Income

The ANOVA tests relating to income only showed statistically significant differences in the means for the constructs of prior knowledge of the financial advice industry and intentions to purchase, with the lowest level of income being shown to have the lowest intention to purchase, indicating support for H_{10d}. Whilst the differences between the means relating to income for the other constructs was not statistically significant, the means for the lowest income groups, relating to structural assurance and trusting beliefs and intentions, were the lowest, demonstrating support for H_{10a} and H_{10c}. This does indicate that those with the lowest levels of income generally have lower levels of trust, including trust in institutions (Salehi *et al*., 2015).

H_{10b}, relating to situational normality, is rejected. The mean for the lowest income group was not the lowest. This finding is reflected in the SEM paths, which show that, whilst the path between situational normality and trusting beliefs and intentions for lowest income grouping was significant at the p<.05 level (C.R.=2.64), it was not significant for the larger income grouping (C.R.=0.45).

However, as the differences in means relating to structural assurance, situational normality, and trusting beliefs and intentions were not statistically significant, this study therefore finds that level of income does not significantly affect levels of environmental trust, which is consistent with the argument that levels of trust are not affected by income (Dittrich, 2015).

6.2.4.5 Occupation

The ANOVA tests relating to occupation only showed statistically significant differences in the means for the constructs of prior knowledge of the financial advice industry and self-regulation, with no distinct patterns emerging from the SEM model. H_{11} is therefore supported, and this study finds that those in different occupations display different levels of environmental trust.

Based upon this discussion and the findings reported in Chapter Five, the fourth key contribution of this study is that, of the demographic factors examined, only gender has a significant impact upon environmental trust, with females generally displaying higher levels of trust than males, and that females draw more reassurance than males from the various predictors of environmental trust.

6.3 Implications for Theory and Research

6.3.1 Implications for Trust Research

This study has major implications for trust research, as it is the first to empirically examine and identify the predictors of environmental trust, and demonstrates the importance of a variety of factors in the formation of environmental trust, including many that are not suggested by the academic literature. Whilst the importance of both statutory and self-regulation in the formation of trust is identified and demonstrated, this study also indicates that there is at least some scepticism amongst consumers regarding self-regulation, suggesting that the role of self-regulation in fostering trust cannot be taken as read, but as something that needs further examination.

The findings of this study that show that prior experience is a predictor of structural assurance suggest that experience in transacting with a particular industry mediates consumers' needs for reassurance provided by regulation. One potential explanation for this finding is the linkage found by Mitra *et al.,* (1999) between lower levels of consumer knowledge and experience and higher levels of perceived risk. This linkage may also explain the finding that shows that prior knowledge contributes to situational normality, and indicates that the role of perceived risk in the formation of trust is worthy of further study.

6.3.2 Implications for Financial Services Trust Research

This study has answered calls for further examination of trust in the UK financial services industry and, in doing so, has reduced the paucity of research into this subject, as noted by Ennew *et al*., (2011), by empirically examining and identifying various predictors of trust in the context of the UK financial advice industry. In addition, this study has endeavoured to address various ambiguities identified in current academic literature, such as those relating to the role of brand in the UK financial services industry.

The findings of this study indicate that the presence of a well-known brand can influence consumers' perceptions of how trustworthy a particular financial adviser may or may not be. However, there were differences between the findings drawn from the qualitative data and those from the quantitative data relating to situational normality, which demonstrates that the role of brand in consumer trust relating to the financial advice industry services is complex and that there may well be an interaction with other factors that requires further investigation. As previously noted, examination of the qualitative data indicates that possible factors may be the level of either knowledge or experience held by the consumer. Accordingly, the effect that brand has upon trust in the financial advice industry, and the role that knowledge and experience play in that, is a subject that warrants further examination and is thus an opportunity for further research.

It is also worth noting that this study has been carried out in its entirety after the events of 2008, whereas many studies examining trust in the financial services industry were carried out at least partially, if not entirely, before those events. Accordingly, the findings of this study will reflect any changes in consumer perceptions of both trust and the financial services industry caused by those events.

6.3.3 Implications for Theory

In addition to empirically demonstrating the application of the McKnight and Chervany (2001) model in the context of this study, together with identifying various predictors of institution-based trust in that model, this study has demonstrated that one of the central dilemmas of agency theory is operational in this context. This specific dilemma centres on the question of how the principal in a relationship ensures that the agent is conducting themselves in an appropriate manner and behaving with integrity and in their best interests. This dilemma is operationalised in the practical context of this study as 'how does a consumer minimise the risk to themselves of utilising the services of a financial adviser?'

This study has empirically answered this question by demonstrating that consumers effectively mitigate this risk by relying upon the rules and regulations provided by both the statutory and self-regulatory bodies charged with regulating the UK financial advice industry - effectively, structural assurance; and by relying upon what amounts to a series of cues that a given situation is both expected and as it should be - effectively, situational normality.

This study has therefore also empirically demonstrated that the theoretical foundations of environmental trust, as hypothesised in the McKnight and Chervany (2001) proposed framework for trust, are the three pillars of institutional theory (Scott, 2014). The first, or 'regulative pillar', has been shown to be the theoretical basis of statutory regulation; the second, or 'normative pillar', has been shown to be the theoretical basis of self-regulation; and the third, or 'cultural-cognitive pillar', has been shown to be the theoretical basis of situational normality.

The fifth key contribution of this study is therefore the finding that environmental trust is essentially an interaction between agency theory and institutional theory, with institutional theory being used as a risk mitigation tool in the agency theory dilemma outlined above. Effectively, the principal resolves the agency theory dilemma by utilising the three pillars of institutional theory to constrain the actions of the agent in order to minimise risk to themselves. This is believed to be the first study to empirically demonstrate this and, in doing so, extends the application of both agency theory and institutional theory.

6.4 Implications for Managers

This study demonstrates that consumers draw considerable reassurance from both statutory and self-regulation, suggesting that regulation should be both welcomed and embraced. Details regarding regulation should therefore be communicated with both clients and potential clients, with particular emphasis being placed upon inexperienced consumers, as the qualitative data indicates that they may place more value on the protection offered by regulations than experienced consumers. Managers could achieve this by ensuring that clients are aware that the organisation is regulated, and by whom, by placing information to that effect in promotional material and on stationery regarding the implications of that regulation. In addition, financial advisers should portray regulation in a positive manner when meeting with their clients by referring to it as a means of protecting their clients' best interests, rather than as a bureaucratic burden as is often currently the case.

These findings also show that consumers hold expectations regarding both the attire of their financial advisers and the condition and design of their business premises, and that consumers' intentions to transact can be adversely affected if such expectations are not to be met. Managers should therefore ensure that financial advisers dress appropriately, particularly at their first meeting with a potential client, as several of the qualitative respondents compare the scenario to that of a job interview. Managers should also ensure that their business premises convey that consumer expectations regarding the link between their business premises and the issues of privacy, confidentiality, and data security are taken seriously. The implementation of a strict clear desk policy, filing cabinets that are clearly locked and secure, private meeting rooms, and workstation screens that are not visible to visitors would all help to convey that such issues are taken seriously.

6.5 Implications for Policy Makers

This study also provides valuable insight into consumer perceptions and opinions of the regulation of the financial services industry in the UK for policy makers and those charged with creating and enforcing the regulatory structure of the industry and similar industries.

For example, whilst this study has demonstrated the importance and central role of statutory regulation, provided by both the FCA and the DPA/ICO, despite the scepticism of self-regulation held by some consumers as shown by the qualitative data, the quantitative results of this study empirically demonstrate that self-regulation has a role to play in fostering consumer trust in the industry. Indeed, the results of the quantitative data analysis suggest that self-regulation (C.R.=4.06) has a greater effect upon levels of trust than either statutory regulation, concerned with consumer protection (C.R.=3.20), or statutory regulation, concerned with data protection, privacy, and confidentiality (C.R.=2.33). This finding is further reinforced by the independent *t*-test results, which show significant differences between those who thought their financial adviser was member of a professional association and those who did not for 16 of the composite variables, with the mean values being higher for those that did for every composite variable.

Whilst the scepticism of self-regulation noted above perhaps vindicates and justifies the move away from self-regulation of the industry towards statutory regulation undertaken in the late 1990's at the behest of the Blair Government, this study therefore clearly demonstrates that self-regulation still has a role to play in the regulation of the financial services and financial advice industries.

Such understandings may help in managing a sudden crisis where consumer trust is a major issue, as it indicates that, when there is a need to reassure consumers in the wake of such a crisis, reliance upon both statutory and self-regulation could be more effective than reliance upon either statutory regulation or self-regulation alone.

This study also finds that redress through means of guarantees and warranties (PII and the FSCS in the case of this study) contributes towards structural assurance. However, the qualitative data clearly indicates that many consumers are unaware of either the requirement for financial advisers to hold PII, or that the FSCS covers funds invested through financial advisers. This carries the implication that levels of trust in the financial advice industry could be enhanced by educating consumers regarding such issues by means of better communication, particularly as the independent *t*-tests show that 18 out of 20 of the composite variable means were significantly higher for those who thought their financial advisers were part of the FSCS, compared to those who thought otherwise, and that 14 of the 20 composite variable means were significantly higher for those who thought their financial advisers held PII, compared to those who thought otherwise. Similarly, the finding of this study that prior knowledge of the financial advice industry is a predictor of situational normality demonstrates a potential need for wider consumer education regarding the industry, as enhancing levels of knowledge about the industry would enable inexperienced consumers to be more confident when transacting with the industry.

In addition, this study finds that the employment of a financial adviser by a larger company, irrespective of the possession of a well-known brand, is reassuring to consumers. The qualitative data indicates that consumers perceive this reassurance as they hold a belief that larger companies attempt to avoid reputational damage by ensuring the competence, integrity, and benevolence (in effect, the trustworthiness) of those that they employ as financial advisers. This perception highlights a need for regulators to ensure that the employing organisations possess the necessary skills, competences, and controls to meet consumer perceptions in this area, and that they are doing so.

6.6 Limitations

Due to the unique nature of the ways in which the UK financial advice industry is regulated and structured, particularly with regard to the predominance of independent financial advisers, further research in other contexts to verify the findings of this study should be undertaken before these results can be generalised. Such research should also ensure that the views of the full population are taken into account as, despite the best efforts of the author to recruit participants from different ethnic backgrounds, the participants in both the quantitative and qualitative stages of research were predominantly classified as white British. This was particularly the case with the qualitative research (see page 96, Section 4.2 of Chapter Four) where it was possible to recruit only one participant from a different ethnic background. This study therefore effectively also has the limitation that it does not take account of the differing ethnic backgrounds that make up the UK population and the effect that such differences in ethnicity have upon the formation of trust, particularly as different cultural backgrounds (such as an individualistic or collectivistic background) have been shown to have an effect upon trust formation (Grayson *et al.,* 2008).

Another limitation of this study is that the study focuses upon respondents who had used a financial adviser within the previous 12 months, which carries the implication that participants had at least enough trust in the financial advice industry to utilise the services of a financial adviser. This could explain why the distribution of data for some of the variables in the quantitative phase of research, as reported in Table 5.24 on page 155, was skewed away from a normal distribution towards higher values, effectively showing high levels of trust amongst UK consumers for the industry, (as explained on page 156 of Section 5.12.3, bootstrapping was used during the SEM analysis to account for this skewness in the data). Whilst this sample is justified given the high percentage of complex long term financial services products purchased through financial advisers (87% in the case of pensions – see page 5, Section 1.3.2 of Chapter One), this does mean that the views of those who do not use the services of a financial adviser to purchase such products are not included in this study. Accordingly, this study may not take into account possible reasons why such people may not trust the financial advice industry, if indeed a lack of trust is the reason why some choose not to use the services of a financial adviser (there are many other potential reasons for this, such as wishing to avoid the costs involved with utilising such services). Again, this limitation could be addressed in future research by ensuring that such individuals are included in the sample frame.

This study has also focused on face to face financial advice which, based upon the authors experience of the industry, is the prevalent form of advice. Whilst there is some limited backing for this claim in the literature (e.g. Gough and Nurullah, 2009), the author has been unable to find definitive data relating to this, but what is available suggests that the majority of consumers do seek and prefer face to face advice when purchasing complex long term financial services products. It is however acknowledged that some individuals choose to seek financial advice by other methods, such as utilising the telephone, and that other individuals purchase such products without advice, for example by relying upon information available online. Whilst this latter category effectively falls into the group of individuals who do not seek the services of a financial adviser, those that seek advice by methods other than face to face interaction would not be knowledgeable about some aspects of environmental trust covered by this study, such the condition of a financial advisers' business premises. This is acknowledged as a limitation that should also be addressed in future studies.

Furthermore, other factors, such as financial literacy, financial knowledge, financial healthiness, satisfaction, pervious experience, and empathy that could affect both the decision by an individual to engage the services of a financial adviser and, along with other factors such as satisfaction with previous experiences and empathy, affect the development of interpersonal trust, were not included in this study. Whilst these factors are acknowledged as being important to the development of interpersonal trust, the focus of this study has been to identify the predictors of environmental trust. As such, these issues lie outside of the primary focus and scope of this research and have therefore not been included. A further reason for their exclusion was time and resource constraints. This is acknowledged as a limitation that should be addressed in future studies.

A further issue relates to the differences in findings between the qualitative and quantitative phases of research relating to brand and self-regulation. Whilst the qualitative data suggests a possible explanation for the differences relating to brand, i.e. levels of knowledge and experience, the data suggests no explanation for the differences relating to self-regulation, and the findings relating to self-regulation must therefore be treated with caution.

Given the seemingly endless series of scandals that the financial services industry seems to be enduring, along with continuing adjustments to the regulatory regime, some form of longitudinal research should be undertaken in order to test the stability of the findings of this study over time. Doing so would have the additional advantage of further demonstrating causality in a more robust manner, as causality in cross-sectional studies such as this can only be inferred through theory (Cook and Campbell, 1979).

6.7 Directions for Future Research

This study has highlighted a number of areas where future research would be of value, not least of which is the potential to verify and generalise the findings of this study across other contexts identified in the preceding section, along with the need to further examine the roles of perceived risk and brand in the formation of environmental trust identified earlier in this chapter.

In addition, the low R^2 values reported in Chapter Five for both situational normality (where the value was particularly low) and for trusting beliefs and intentions also present further opportunities for research, as other factors not identified or examined by this study clearly contribute to both constructs. Such research relating to situational normality would be of particular benefit, as this is the first study to empirically examine the predictors of situational normality, meaning that the literature examining situational normality is currently very sparse.

Other opportunities for further research highlighted by this study include examining the potential for the use of insurance bonds providing guarantees and warranties to cause lax internal controls and carelessness which can result in breaches of trust. Whilst there is nothing in this study to suggest such things are occurring, it should be noted that, as this study has only examined consumer perceptions relating to guarantees and warranties, this study can only demonstrate that consumers are not perceiving this risk, rather than determining if such practices are occurring and that consumers are at risk as a result.

6.8 Conclusions

The primary research objective of this study was to identify and examine the predictors of environmental trust and the effect that those predictors have upon consumer beliefs, intentions, and behaviour. This study has been successful in achieving this objective as it has successfully identified various predictors of both structural assurance and situational normality, many of which were not suggested by the academic literature. In doing so, this study has answered the primary research question, i.e. “what are the most beneficial ways to build environmental trust in the context of the personal financial advice industry?”, as identifying the predictors of environmental trusts effectively allows managers to focus upon factors that will build such trust. For example, as both statutory and self-regulation have been found to predict structural assurance, managers could enhance trust by promoting awareness of both types of regulation amongst consumers and how such regulation applies to their organisation, and also by ensuring that their organisation fully complies with that regulation. In addition to answering the primary research question and achieving the primary research objective, the identification of the predictors of environmental trust and the effect they have upon trusting beliefs, intentions, and behaviour, discussed earlier in this chapter, also achieves the first two of the four research aims identified in Section 1.5 on page 8 of Chapter One, and repeated at the start of this chapter - specifically the role of structural assurance and situational normality in predicating interpersonal trust and the identification of predictors of both. In doing so the fourth research aim of providing managers with insights into the role of environmental trust is also achieved.

The third research aim of this study was to examine the effect of the demographic factors of gender, age, educational attainment, occupation, and income upon environmental trust. This research aim has also been achieved as this study has shown that, of those factors, only gender has a significant and identifiable impact, with females holding both higher levels of environmental trust and also drawing more reassurance from the various predictors of environmental trust. The other demographic factors examined were shown not to have a significant effect in the context of this study.

This study also demonstrates that trust is a complex issue, and that environmental trust plays a central and important role in the formation of interpersonal trust in a commercial environment, as many of the respondents demonstrated either a clear reliance upon the predictors of environmental trust, or that they drew considerable reassurance from them. It would, therefore, not be unfair to conclude that environmental trust is a vital part of overall trust, and that the formation of interpersonal trust in a commercial environment would be difficult, if not impossible, without it. However, it should be noted that, whilst environmental trust fosters interpersonal trust, there is nothing in either the qualitative or quantitative data that suggests that environmental trust substitutes for interpersonal trust (Grayson *et al.,* 2008).

Finally, this study has also empirically demonstrated a clear link between environmental trust and the three pillars of institutional theory. In doing so, this study has empirically demonstrated that environmental trust effectively amounts to an interaction between institutional theory and agency theory. This study has therefore extended the application of both agency theory and institutional theory and therefore also proposes a new definition of environmental trust that reflects this, based upon Scott's (2014) three pillars, specifically:

"Environmental trust is where an individual (the principal) places themselves at risk to the actions of a third party (the agent) based upon their trust in the regulative, normative, and cultural cognitive institutions that govern the environment within which that third party operates".

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Appendix One – Literature Search Keywords

The following keywords were used to carry out searches of the academic literature using Cardiff University library digital search facility during the course of this research, with the final search being carried out in March 2016 .

- Trust Financial Services
- Trust Financial Advice
- Trust Financial Adviser (Advisor)
- Trust Financial Planner
- Trust Financial Planning
- Trust Broker
- Trust IFA
- Trust Pension
- Trust Investment
- Trust Mortgage
- Financial Services Trust
- Financial Advice Trust
- Financial Adviser (Advisor) Trust
- Financial Planner Trust
- Financial Planning Trust
- Broker Trust
- IFA Trust
- Pension Trust
- Investment Trust
- Mortgage Trust
- Financial Adviser (Advisor) Trust
- Situational Normality
- Situational Normality Antecedents
- Situational Normality Financial Services
- Situational Normality Financial Advice
- Structural Assurance
- Structural Assurance Antecedents
- Structural Assurance Financial Services
- Structural Assurance Financial Advice

Appendix Two – Qualitative Discussion Guide

The following are designed as example questions to initiate discussion. Follow up questions should be asked as appropriate.

Topic to explore	Suggested Questions
Legal and regulatory compliance	• Are you aware of how financial advisers are regulated, and by whom? • Are you aware of the compulsory nature of the regulation? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Compensation schemes	• Are you aware of the Financial Services Compensation Scheme and what it covers? • Are you aware that it is compulsory for your adviser to be a member of this scheme? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Professional Indemnity Insurance	• Are you aware that your financial adviser (or the organisation that he/she works for) must hold Professional Indemnity insurance? (Explain if required) • How does this contribute to the formation of trust/trust between you and your financial adviser?
Membership of professional bodies and associations	• Is your adviser a member of a professional body or association? • If so, how does membership of that organisation contribute to your trust in your financial adviser?
Confidentiality and privacy	• Are you concerned about the security and confidentiality of the information that your adviser holds about you? • Are you aware of the Data Protection Act, and that your adviser must comply with data protection regulations? • How does this contribute to the formation of trust/trust between you and your financial adviser? • What actions, if any, could your financial adviser take to reassure you in this respect?

	• Do you perceive that you have control over the information your financial adviser holds about you and how it is used? • Does this control/lack of control affect the trust you place in your financial adviser?
Testimonials, recommendation of others and reputation	• To what extent does the recommendation of others influence the formation of trust/trust between you and your financial adviser? • To what extent is this formation of trust/trust affected by the source of the recommendation (i.e. family, friend, professional, etc)? • Would the provision of testimonials from other clients of the financial adviser enhance your trust of that financial adviser?
Physical evidence	• To what extent does the physical appearance of an adviser's office influence the formation of trust/trust between you and your financial adviser? • To what extent does the physical appearance of the adviser them self (and associated items such as car, briefcase, etc.) influence the formation of trust/trust between you and your financial adviser?
Brand	• To what extent does the employment of your adviser by a well-known brand influence the formation of trust/trust between you and your financial adviser? • To what extent does the lack of a well-known brand hinder this?
Qualifications	• Does your financial adviser hold formal qualifications? • If so, to what extent does this influence the formation of trust/trust between you and your financial adviser?

Appendix Three - Protocol for Conducting Qualitative Research

Purpose

The research is being carried out in order to address the following aims and objectives:

- To collect primary data in order to explore and identify drivers, components, and predictors of institution-based trust.
- Provide a greater understanding of the subject, including why the identified drivers, components, and predictors are important.

The context examined will be the relationship between a UK consumer and their financial adviser.

This will lead to a better understanding of institution based trust and what drives the formation of trust in the context of the study.

Key Features of the method

The key methods used will be:

- Semi-structured interviews with individuals who have been screened to ensure that they used the services of an IFA within the last 12 months.
- Focus groups comprised of individuals who have been screened to ensure that they used the services of an IFA within the last 12 months.

Interviews are to be conducted, wherever possible, on one to one basis and face to face basis. A suitable environment will be selected for each interview that is free from potential distraction and is both comfortable to the interviewee and respects their privacy.

Focus groups are to be conducted at a suitable venue in an environment that is free from potential distraction and is both comfortable to the participants and respects their privacy.

All data collection is to be carried out in a manner that respects both the relevant laws and rules and regulations of professional bodies for such data collection, and to the highest possible ethical standards.

Procedures

<u>Scheduling of interviews</u>

All interviews and focus groups will be scheduled/arranged either face to face or by telephone in advance, and confirmed by telephone no more than 24 hours before they are scheduled to take place.

In both cases, the initial conversation/telephone call should include the following points:

- Interviews are expected to take around 45 minutes, focus groups around 2 hours.
- The research will be confidential, and resultant data will be held in a secure manner.
- That the interviews/focus groups will be recorded and subsequently transcribed.
- The research is being carried out for academic reasons only.

- Questions will not be asked regarding the financial circumstances of the interviewee/participants, in particular they will not be asked to disclose details of their income or the amount of assets they hold.
- All interviewees/participants should be given an opportunity to ask questions.
- If the interview is to be conducted at the interviewee's home address, or an address in their locality, directions will be obtained from the interviewees as required.

Documentation and other equipment

The following items should be taken to each interview/focus group:

- Blank consent forms – 2 per interview, 10 for focus groups.
- Information sheets - 2 per interview, 10 for focus groups.
- 2 x Copies of the discussion guide.
- Dictaphone.
- Spare batteries for the dictaphone.
- A4 pad of paper.
- 5 x pens.

Procedure for Interviews and Focus groups

General points

- If the interview is not being held at the interviewees home, the researcher should endeavor to find a suitable area for the interview to be conducted that allows for privacy and is quiet and distraction free.
- The researcher should do everything to ensure that the interviewee is at ease and comfortable and should ask for/arrange for refreshments to be available.
- At the focus groups, the researcher should ensure that each of the participants is introduced to all other participants.

Prior to Starting

- The researcher should read this protocol in full before each interview/focus group.
- The researcher should hand a copy of the Information Sheet to the interviewee/each participant in the focus groups and read through it in order to ensure that the interviewee/each participant understands what is expected and that they are comfortable with this.
- The researcher should then give the interviewee/each participant a chance to ask questions.
- The researcher should then hand the interviewee/each participant a consent form and a pen and ask the interviewee to read and sign the form.
- Once this has been completed the researcher should ask the interviewee/each participant if they are ready to proceed. Once they are, the researcher should ensure that the dictaphone is recording and proceed with the interview.

During the Interview/Focus Group

- Using the interviewer's guide, the researcher should work through each question in turn, listening carefully to the answers given and exploring each subject with further questioning based upon the interviewee's/participant's answers.
- The questions should be framed in such a way that the interviewee/participant is not lead towards giving a specific answer but rather is free to express his or her own views and feelings.
- The researcher should periodically reassure the interviewee/participants that the interview/focus group is proceeding well and that the answers being given are both interesting and useful.
- The researcher should reassure the interviewee/participants that there are no right or wrong answers as and when required.
- The researcher should periodically check that the dictaphone is working and that the battery levels are okay.
- The researcher should make notes as appropriate.

At the Conclusion of the interview

- When drawing the interview to a close, the researcher should thank the interviewee/participants for their time and effort and express the opinion that their input has been valuable.
- The researcher should ensure that the dictaphone has been switched off and is in their possession.
- The researcher should ensure the interviewee/each participant has a copy of the information sheet and offer them a copy of the interviewers guide.
- The researcher should then explain that the interview/focus group will be transcribed and then analyzed along with several other interviews. The researcher should explain the timings of the project, i.e. completion by early September 2013 and results in December 2013.
- The researcher should specifically state that they will contact the interviewee/each participant with the results (marks) of the project if this is requested by the interviewee/participant.
- The researcher should give the interviewee/each participant an opportunity to ask further questions before thanking the interviewee/each participant again.

After the interview

After the interview/focus group, the recording should be electronically transferred onto the researcher's laptop. The dictaphone should be checked to ensure that the recording has been deleted.

The file on the researcher's laptop should be encrypted, and a copy made to a secure cloud based data storage facility.

The researcher should assign the interviewee/each participant a random pseudonym.

The researcher should then transcribe the interview using this pseudonym. Any place names that are mentioned should be changed and, if a partner or any other individual's name is mentioned, a further pseudonym should be assigned to that individual. Any other data that may enable identification of the individual should also be changed in such a way that the validity of the data is not affected, whilst enabling the anonymity of the interviewee/each participant to be established and secured.

On completion, the resultant Word document should be encrypted, and a copy made to a secure cloud based data storage facility.

Appendix Four – Qualitative Sample Frame

The following table gives further details of each of the participants.

Participant/interview number	Gender	Ethnicity	Age Group	Status	Occupation
Participant 1	Male	Br White	40-45	Single	Self-Employed
Participant 2	Male	Br White	50-55	Married	Manager
Male Participant 3	Male	Br White	40-45	Married	RAF Pilot
Female Participant 3	Female	Br White	35-40	Married	Senior Nurse
Participant 4	Male	Br White	70 +	Married	Retired
Participant 5	Female	Br White	40-45	Divorced	Lecturer
Participant 6	Female	Br White	60-65	Married	Semi-retired clerk
Participant 7	Male	Br White	55-60	Married	Chaplain
Participant 8	Male	Br Black A/C	40-45	Married	Manager
Participant 9	Female	Br White	25-30	Single	Manager
Participant 10	Male	Br White	55-60	Married	Semi-retired
Participant 11	Female	Br White	55-60	Divorced	Retired
Participant 12	Female	Br White	65-70	Widowed	Retired
Participant 13	Female	Br White	80+	Widowed	Retired
Participant 1 of FG1	Male	Br White	20-25	Single	Planning Consultant
Participant 2 of FG1	Male	Br White	40-45	Single	Self-employed
Participant 3 of FG1	Male	Br White	25-30	Single	Mature Student
Participant 1 of FG2	Male	Br White	65-70	Married	Retired
Participant 2 of FG2	Male	Br White	70 +	Married	Retired
Participant 3 of FG2	Male	Br White	45-50	Married	IT Manager
Participant 4 of FG2	Male	Br White	50-55	Married	Manager
Participant 5 of FG2	Male	Br White	40-45	Single	Self- Employed
Participant 6 of FG2	Male	Br White	60-65	Married	Farmer

Appendix Five - Interview Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components, and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I am carrying out a series of interviews and you have been invited to participate. It is anticipated that each interview will last approximately 45 minutes.

The following subjects and their role in the formation, development, and meaning of trust between you and your financial adviser will be discussed:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the interview, you will be invited to discuss your views, opinions, and perceptions of these subjects, and their importance to you. There are no right or wrong answers to any of the questions that will be asked.

Each interview will be recorded and subsequently transcribed. The information that you give will be treated as strictly confidential and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage, in order to guarantee your anonymity.

The information that you give, along with information from the other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question, or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

Appendix Six - Focus Group Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components, and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I am carrying out a series of focus groups, and you have been invited to participate in one of those focus groups. It is anticipated that each focus group will last approximately one and a half hours.

The following subjects and their role in the formation, development, and meaning of trust between you and your financial adviser will be discussed at each focus group:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the focus group, you will be invited to discuss your views, opinions, and perceptions of these subjects, and their importance to you. There are no right or wrong answers to any of the questions that will be asked.

Each focus group will be recorded and subsequently transcribed. The information that you give will be treated as strictly confidential, and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage, in order to guarantee your anonymity.

The information that you have given, along with information from the other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question, or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

Appendix Seven - Consent Form

Research conducted by Adam Poole into the the formation, components, and meaning of trust between a consumer and his or her financial adviser.

Please tick the relevant box below concerning the collection and use of the research data.

	YES	NO
I have read and understood the information sheet		
I have been given the opportunity to ask questions about the study		
I have had my questions answered satisfactorily		
I understand that I am granting permission to become a participant in this research study		
I give my permission for the interview to be recorded		
I understand that I can refuse to answer any question or withdraw from the study at any time without having to give an explanation or reason		

Name

(Printed)………………………………………………………………………………

Signature…………………………………………………….Date…………………

Please feel free to contact me if you have any further questions.

Contact details: Adam Poole (07981732156)

Appendix Eight - Measurement Scales

Construct	Adapted Scale	Source	Original Scale
Trusting Beliefs (TB)	My financial adviser conducts transactions fairly	Yousafzai *et al.* (2009)	I believe that my bank is fair with its internet banking customers
	I believe that my financial adviser would act in my best interests	McKnight *et al*. (2002)	I believe that LegalAdvice.com would act in my best interest.
	is effective at providing financial advice	McKnight *et al*. (2002)	LegalAdvice.com is competent and effective in providing legal advice
Trusting Intentions (TI)	When an important financial or investment issue or problem arises, I would feel comfortable depending on the information provided by my financial adviser	McKnight *et al*. (2002)	When an important legal issue or problem arises, I would feel comfortable depending on the information provided by LegalAdvice.com
	I can always rely on my financial adviser in a tough financial or investment situation	McKnight *et al*. (2002)	I can always rely on LegalAdvice.com in a tough legal situation
	If I had a challenging financial or investment problem, I would want to use my financial adviser	McKnight *et al*. (2002)	If I had a challenging legal problem, I would want to sue LegalAdvice.com again
Structural Assurance (SA)	I feel safe conducting business with my financial adviser because they are regulated by the FCA and the DPA/ICO	McKnight *et al*. (2002)	I feel confident that encryption and other technological advances on the Internet make it safe for me to do business there
	I feel reassured conducting business with my financial adviser because they are regulated by the FCA and the DPA/ICO	McKnight *et al*. (2002)	I feel assured that legal and technical structures adequately protect me from problems on the internet
	The Financial Services Industry has enough safeguards to make me feel comfortable transacting with my financial adviser	McKnight *et al*. (2002)	The internet has enough safeguards to make me feel comfortable using it to transact personal business
Situational Normality (SN)	The steps required to purchase a product from my financial adviser are typical of those required by other financial advisers	Gefen *et al*. (2003)	The steps required to search for and order a CD/book are typical of other similar Web sites
	The information requested by my financial adviser is typical of the information requested by other financial advisers	Gefen *et al*. (2003)	The information requested of me at this Web site is the type of information most similar type Web sites request
	The nature of the interaction with my financial adviser is typical of the interaction between other people and their financial advisers	Gefen *et al.* (2003)	The nature of the interaction with the Web site is typical of other similar type Web sites
Intention to Purchase (INPU)	Please indicate how likely you are to engage in the following activities sometime in the next 18 months:		Please indicate how likely you are to engage in the following activities sometime in the next 18 months:
	Continue doing business with your financial adviser.	Johnson and Grayson (2005)	Continue doing business with your financial adviser.
	Use your financial adviser if you need to make further investments.	Johnson and Grayson (2005)	Use your financial adviser if you need to make further investments.
	Use your financial adviser to manage your investments to better suit your needs.	Johnson and Grayson (2005)	Use your financial adviser to manage your investments to better suit your needs.

Construct	Adapted Scale	Source	Original Scale
Adviser Expectation (AA)	The dress and appearance of my financial adviser is important to me	New	NA
	My financial adviser's dress and appearance should meet my expectations	New	NA
	If my financial adviser's dress and appearance failed to meet my expectations:	New	NA
	my estimation of his or her ability to do their job competently would be reduced	New	NA
	I would question whether or not my money would be safe with him or her	New	NA
	If my financial adviser's dress and appearance met my expectations:	New	NA
	it would enhance my trust in him or her	New	NA
	it would enhance my opinion of him or her	New	NA
Privacy, Confidentiality and Data Security Expectation (PCDE)	My financial adviser’s business premises should:	New	NA
	meet my expectations	New	NA
	be kept clean, tidy and presentable at all times	New	NA
	have a secure filing system to keep personal information safe	New	NA
	offer a facility to discuss my financial affairs confidentially and privately	New	NA
Business Premises (BP)	If the business premises of my financial adviser failed to meet my expectations:	New	NA
	I would think less of my financial adviser	New	NA
	my estimation of his or her ability to do their job effectively would be reduced	New	NA
	I would question whether or not my money would be safe with him or her	New	NA
	it would reduce my level of trust in my financial adviser	New	NA
	I expect my financial adviser to provide testimonials	New	NA
	The failure to provide testimonials by my financial adviser would reduce my opinion of him or her	New	NA

Provision of Testimonials (PT)	The provision of testimonials by my financial adviser would enhance my level of trust in him or her	New	NA

Construct	Adapted Scale	Source	Original Scale
Display of Qualifications (DQ)	I expect my financial adviser to display his or her certificates of qualification	New	NA
	The failure to display certificates of qualification by my financial adviser would reduce my opinion of him or her	New	NA
	The display of certificates of qualification by my financial adviser would enhance my level of trust in him or her	New	NA
Data Protection (DP)	I believe the Information Commissioners Office (ICO) will ensure that:		
	my personal information is not revealed to a third party without my consent	Yousafzai *et al.* (2009)	I believe my Internet banking transaction information will be shared with others with my consent
	my personal information is used only for the purpose for which it was collected	Yousafzai *et al*. (2009)	I believe my Internet banking transaction information will only be used for the purpose of the original transaction
	I am only asked to provide my financial adviser with information that is relevant	New	NA
	I control the use of my personal information	Yousafzai et al.. (2009)	While using Internet banking, I believe that I control the sue of my information
	the personal information I provide to my financial adviser will be protected	Yousafzai *et al*. (2009)	While using Internet banking, I believe the security system provides a secure environment in which to bank
	the personal information I provide to my financial adviser will be stored in a safe manner	Yousafzai *et al*. (2009)	While using Internet banking, I believe the security system will confirm my identify before disclosing account information
	only authorised people will be able to access the personal information that I disclose to my financial adviser	Yousafzai *et al.* (2009)	While using Internet banking, I believe the security system does not allow unauthorized access to the account
Membership of a Professional Organisation (MP)	I think professional associations for financial advisers such as the IFP and the CII are doing a good job	Bianchi and Andrews (2012)	I think third party certification bodies (entities) such as e-trust are doing a good job
	Professional associations for financial advisers such as the IFP and the CII are adequate for the protection of consumers	Bianchi and Andrews (2012)	Existing third party certification bodies (entities) are adequate for the protection of internet shoppers interests
	When making important decisions about regulating financial advisers the IFP, the CII and other professional associations are concerned about the welfare of people like me	Grayson *et al.* (2008)	When making important decisions about regulating financial advisers, the FITA are concerned about the welfare of people like me
	If I were to have problems with my financial adviser the IFP, the CII, and other professional associations would offer me assistance and support	Grayson *et al*. (2008)	If I were to have problems with my financial adviser, the FITA would offer me assistance and support
	Those who run the IFP, the CII, and other professional associations seem to understand the needs of people like me	Grayson *et al*. (2008)	Those who run FITA in this country seem to understand the needs of people like me
Communication by the	Frequent communication by the regulators helps me to trust the financial services industry	New	NA
	Timely communication by the regulators helps me to trust the financial services industry	New	NA

Regulator (COMR)	Regular communication by the regulators helps me to trust the financial services industry	New	NA

Construct	Adapted Scale	Source	Original Scale
Redress, Guarantees and Warranties (RGW)	The Financial Services Compensation Scheme and Professional Indemnity Insurance:		The escrow method in Amazon's auction marketplace:
	guarantee that I will get what I pay for.	Pavlou and Gefen (2004)	guarantees that I will get what I pay for
	protects me from inappropriate behaviour by financial advisers	Pavlou and Gefen (2004)	protects me for an inappropriate behaviour of sellers
	protects me from bad advice given to me by financial advisers	New	NA
	protects me in case of problematic transactions with a financial adviser	Pavlou and Gefen (2004)	I believe my credit card company will protect me I case of problematic transactions with sellers in Amazon's auction marketplace
Consumer Protection (CP)	I believe the Financial Conduct Authority (FCA) will:		
	act in my best interests	New	NA
	protect me if I have problems with my financial adviser	Pavlou and Gefen (2004)	I believe my credit card company will protect me I case of problematic transactions with sellers in Amazon's auction marketplace
	offer me advice and support if I have problems with my financial adviser	Grayson *et al*. (2008)	If I were to have problems with my financial adviser, government agencies are available to offer me assistance and support
	protect my rights as a consumer	New	NA
	ensure that my financial adviser will act in my best interests	New	NA
Knowledge of Financial Services (KNFS)	I am familiar with financial services products and the financial services industry	Kennedy *et al.* (2001)	In general, would you consider yourself familiar or unfamiliar with the make of this car, before you first visited the dealership?
	I consider myself to be well-informed about financial services products and the financial services industry	Kennedy *et al*. (2001)	Would you consider yourself informed or uninformed about the make of this car, prior to visiting the dealership?
	I consider myself knowledgeable about financial services products and the financial services industry	Kennedy *et al*. (2001)	Would you consider yourself knowledgeable or unknowledgeable about the make of this vehicle before you first visited the dealership?
	Compared to others I consider myself more knowledgeable about financial services products and the financial services industry	Hanson (2012)	Compared to other you know, how knowledgeable are you are you about the features of different [the service in question] in the market?
Experience of Financial Services (EXFS)	Based upon my experience with the financial services industry I know it:		Based upon my experience with the online vendor in the past I know it
	is honest	Gefen *et al.* (2003)	is honest
	cares about customers	Gefen *et al*. (2003)	cares about customers
	is not opportunistic	Gefen *et al*. (2003)	is not opportunistic
	is predictable	Gefen *et al*. (2003)	is predictable
	is trustworthy	Gefen *et al*. (2003)	is trustworthy

Construct	Adapted Scale	Source	Original Scale
Brand (BR)	It is important to me that my financial adviser works for a company with a well-known brand	New	NA
	The company my financial adviser works for is a well-known in the marketplace	New	NA
	The company my financial adviser works for has a well-established brand name	Chen and Barnes (2007)	The web-site has well-established operations in the e-marketplace
Size of Organisation (SO)	It is important to me that my financial adviser works for a large company	New	NA
	The company my financial adviser works for has a large presence in the marketplace	Chen and Barnes (2007)	The web-site has a large presence in the e-marketplace
	I would not engage in business with a financial adviser who worked alone	New	NA
Culture of Trust (CT)	A high degree of trust exists in my family	Bianchi and Andrews (2012)	A high degree of trust exits in my family
	People in my community trust each other	Bianchi and Andrews (2012)	People in my community trust each other
	I live in a high trust society	Bianchi and Andrews (2012)	I live in a high trust society
Knowledge of Adviser (KA)	I am familiar with my financial adviser	Kennedy (2001)	In general, would you consider yourself familiar or unfamiliar with the make of this car, before you first visited the dealership?
	I consider myself to be well-informed about my financial adviser	Kennedy *et al*. (2001)	Would you consider yourself informed or uninformed about the make of this car, prior to visiting the dealership?
	I consider myself knowledgeable about my financial adviser	Kennedy *et al*. (2001)	Would you consider yourself knowledgeable or unknowledgeable about the make of this vehicle before you first visited the dealership?
	Compared to others I consider myself more knowledgeable about my financial adviser	Hanson (2012)	Compared to other you know, how knowledgeable are you are you about the features of different [the service in question] in the market?
Reputation of Adviser (REPA)	I consider my financial adviser to be:		
	highly regarded in the financial services industry	Johnson and Grayson (2005)	Firm XYZ is highly regarded in the financial industry
	one of the most capable in the industry	Johnson and Grayson (2005)	Firm XYZ is one of the most capable forms in the financial industry
	well known	Koufaris and Hampton-Sousa (2004)	This company is well known

	Reliable	Chen and Barnes (2007)	This web-site is well known and reliable

Appendix Nine - Trust and the Financial Adviser

Thank you for taking part in this survey. This survey investigates the role of regulation in the formation of trust between a consumer and their financial adviser. It is estimated that this survey should take you about 20 minutes. Participation is entirely voluntary and you do not need to answer all of the questions, however we ask that you do if at all possible.

Further information, including the results of this research can be obtained by e-mailing pooleac@cardiff.ac.uk. The information you provide will be used for academic research only and no other purpose and will be kept strictly confidential. Your participation will not be revealed to any third party.

This survey is open to those that have used a financial adviser in the previous 12 months to discuss or purchase a mortgage or an investment product (such as an ISA, a pension or an investment product.

Q1. Was the financial adviser you met with an Independent Financial Adviser (IFA)

Yes Don't know No

Q2. Your knowledge and familiarity with the financial services industry

	Strongly Agree			Neutral			Strongly Disagree
I am familiar with financial services products and the financial services industry	1	2	3	4	5	6	7
I consider myself to be well-informed about financial services products and the financial services industry	1	2	3	4	5	6	7
I consider myself knowledgeable about financial services products and the financial services industry	1	2	3	4	5	6	7
Compared to others I am more knowledgeable about financial services products and the financial services industry	1	2	3	4	5	6	7

Q3. Based upon my experience with the financial services industry in the past I know it:

	Strongly Agree			Neutral			Strongly Disagree
is honest	1	2	3	4	5	6	7
cares about customers	1	2	3	4	5	6	7
is not opportunistic	1	2	3	4	5	6	7
is predictable	1	2	3	4	5	6	7
is trustworthy	1	2	3	4	5	6	7

Q4. Your knowledge of your financial adviser

	Strongly Agree			Neutral			Strongly Disagree
I am familiar with my financial adviser	1	2	3	4	5	6	7
I consider myself to be well-informed about my financial adviser	1	2	3	4	5	6	7
I consider myself knowledgeable about my financial adviser	1	2	3	4	5	6	7
Compared to others I am more knowledgeable about my financial adviser	1	2	3	4	5	6	7

Q5. My financial adviser is:

	Strongly Agree			Neutral			Strongly Disagree
highly regarded in the financial services industry	1	2	3	4	5	6	7
one of the most capable in the industry	1	2	3	4	5	6	7
well known & reliable	1	2	3	4	5	6	7

Q6. About your financial adviser

	Strongly Agree			Neutral			Strongly Disagree
My financial adviser conducts transactions fairly	1	2	3	4	5	6	7
I believe that my financial adviser would act in my best interests	1	2	3	4	5	6	7
My financial adviser is effective at providing financial advice	1	2	3	4	5	6	7

Q7. Your intentions regarding using your financial adviser

	Strongly Agree			Neutral			Strongly Disagree
When an important financial or investment issue or problem arises, I would feel comfortable depending on the information provided by my financial adviser	1	2	3	4	5	6	7
I can always rely on my financial adviser in a tough financial or investment situation	1	2	3	4	5	6	7
If I had a challenging financial or investment problem, I would want to use my financial adviser	1	2	3	4	5	6	7

Q8. Please indicate how likely you are to engage in the following activities sometime in the next 18 months:

	Very Unlikely			Undecided			Very Likely
Continue doing business with your financial adviser.	1	2	3	4	5	6	7
Use your financial adviser if you need to make further investments.	1	2	3	4	5	6	7
Use your financial adviser to manage your investments to better suit your needs.	1	2	3	4	5	6	7

Q9. About the company your financial adviser works for

	Strongly Agree			Neutral			Strongly Disagree
It is important to me that my financial adviser works for a company with a well-known brand	1	2	3	4	5	6	7
The company my financial adviser works for is a well-known brand in the marketplace	1	2	3	4	5	6	7
The company my financial adviser works for has a well-established brand name	1	2	3	4	5	6	7

Q10. The size of the organization that your financial adviser works for

	Strongly Agree			Neutral			Strongly Disagree
It is important to me that my financial adviser works for a large company	1	2	3	4	5	6	7
The company my financial adviser works for has a large presence in the marketplace	1	2	3	4	5	6	7
I would not engage in business with a financial adviser who worked alone	1	2	3	4	5	6	7

Q11. How do you feel about the regulation of the financial services industry by the Financial Conduct Authority (FCA), the Data Protection Act (DPA) and the Information Commissioners Office (ICO)

	Strongly Agree			Neutral			Strongly Disagree
I feel safe conducting business with my financial adviser because they are regulated by the FCA and the DPA/ICO	1	2	3	4	5	6	7
I feel reassured conducting business with my financial adviser because they are regulated by the FCA and the DPA/ICO	1	2	3	4	5	6	7
The Financial Services Industry has enough safeguards to make me feel comfortable transacting with my financial adviser	1	2	3	4	5	6	7

Q12. Membership of professional associations such as the Institute of financial Planning (IFP) and the Chartered Institute of Insurance (CII)

	Strongly Agree			Neutral			Strongly Disagree
I think professional associations for financial advisers such as the IFP and the CII are doing a good job	1	2	3	4	5	6	7
Professional associations for financial advisers such as the IFP and the CII are adequate for the protection of consumers	1	2	3	4	5	6	7
When making important decisions about regulating financial advisers the IFP, the CII and other professional associations are concerned about the welfare of people like me	1	2	3	4	5	6	7
If I were to have problems with my financial adviser the IFP, the CII, and other professional associations would offer me assistance and support	1	2	3	4	5	6	7
Those who run the IFP, the CII, and other professional associations seem to understand the needs of people like me	1	2	3	4	5	6	7

Q13. My financial adviser is a member of a professional association such as the IFP or the CII (please circle.)

Yes Don't know No

Q14. The best way for a financial adviser to communicate membership of a professional body is: (please enter your answer in the box below.)

Q15. The Financial Services Compensation Scheme and Professional Indemnity Insurance:

	Strongly Agree			Neutral			Strongly Disagree
guarantee that I will get what I pay for	1	2	3	4	5	6	7
protects me from inappropriate behaviour by financial advisers	1	2	3	4	5	6	7
protects me from bad advice given to me by financial advisers	1	2	3	4	5	6	7
protects me in case of problematic transactions with a financial adviser.	1	2	3	4	5	6	7

Q16. My financial adviser is a member of the Financial Services Compensation Scheme (please circle.)

Yes Don't know No

Q17. My financial adviser is covered by Professional Indemnity Insurance (please circle.)

Yes Don't know No

Q18. The best way for a financial adviser to communicate membership of the Financial Services Compensation Scheme and the fact that s/he holds Professional Indemnity Insurance is: (please enter your answer in the box below)

Q19. I believe the FCA will:

	Strongly Agree			Neutral			Strongly Disagree
act in my best interests	1	2	3	4	5	6	7
protect me if I have problems with my financial adviser	1	2	3	4	5	6	7
offer me advice and support if I have problems with my financial adviser	1	2	3	4	5	6	7
protect my rights as a consumer	1	2	3	4	5	6	7

Q20. I believe the ICO will ensure that:

	Strongly Agree			Neutral			Strongly Disagree
my personal information is not revealed to a third party without my consent	1	2	3	4	5	6	7
my personal information is used only for the purpose for which it was collected	1	2	3	4	5	6	7
I am only asked to provide my financial adviser with information that is relevant	1	2	3	4	5	6	7
I control the use of my personal information	1	2	3	4	5	6	7

Q21. I believe that the ICO will ensure that:

	Strongly Agree			Neutral			Strongly Disagree
the personal information I provide to my financial adviser will be protected	1	2	3	4	5	6	7
the personal information I provide to my financial adviser will be stored in a safe manner	1	2	3	4	5	6	7
only authorised people will be able to access the personal information that I disclose to my financial adviser	1	2	3	4	5	6	7

Q22. Communication by the regulators (FCA and the ICO)

	Strongly Agree			Neutral			Strongly Disagree
Frequent communication by the regulators helps me to trust the financial services industry	1	2	3	4	5	6	7
Timely communication by the regulators helps me to trust the financial services industry	1	2	3	4	5	6	7
Regular communication by the regulators helps me to trust the financial services industry	1	2	3	4	5	6	7

Q23. Your financial adviser compared to others

	Strongly Agree			Neutral			Strongly Disagree
The steps required to purchase a product from my financial adviser are typical of those required by other financial advisers	1	2	3	4	5	6	7
The information requested by my financial adviser is typical of the information requested by other financial advisers	1	2	3	4	5	6	7
The nature of the interaction with my financial adviser is typical of the interaction between other people and their financial advisers	1	2	3	4	5	6	7

Q24. The provision of testimonials by a financial adviser

	Strongly Agree			Neutral			Strongly Disagree
I expect my financial adviser to provide testimonials	1	2	3	4	5	6	7
The failure to provide testimonials by my financial adviser would reduce my opinion of him or her	1	2	3	4	5	6	7
The provision of testimonials by my financial adviser would enhance my level of trust in him or her	1	2	3	4	5	6	7

Q25. A financial adviser's business premises/office

	Strongly Agree			Neutral			Strongly Disagree
I expect my financial adviser's business premises to meet my expectations	1	2	3	4	5	6	7

Q26. My financial adviser's business premises should:

	Strongly Agree			Neutral			Strongly Disagree
be kept clean, tidy and presentable at all times	1	2	3	4	5	6	7
have a secure filing system to keep personal information safe	1	2	3	4	5	6	7
offer a facility to discuss my financial affairs confidentially and privately	1	2	3	4	5	6	7

Q27. If the business premises of my financial adviser failed to meet my expectations:

	Strongly Agree			Neutral			Strongly Disagree
I would think less of my financial adviser	1	2	3	4	5	6	7
my estimation of his or her ability to do their job effectively would be reduced	1	2	3	4	5	6	7
I would question whether or not my money would be safe with him or her	1	2	3	4	5	6	7

Q28. If my financial advisers dress and appearance failed to meet my expectations:

	Strongly Agree			Neutral			Strongly Disagree
my estimation of his or her ability to do their job competently would be reduced	1	2	3	4	5	6	7
I would question whether or not my money would be safe with him or her	1	2	3	4	5	6	7

Q29. If my financial advisers dress and appearance met my expectations:

	Strongly Agree			Neutral			Strongly Disagree
it would enhance my trust in him or her	1	2	3	4	5	6	7
it would enhance my opinion of him or her	1	2	3	4	5	6	7

Q30. Culture

	Strongly Agree			Neutral			Strongly Disagree
A high degree of trust exists in my family	1	2	3	4	5	6	7
People in my community trust each other	1	2	3	4	5	6	7
I live in a high trust society	1	2	3	4	5	6	7

Finally just a few questions about yourself. Please circle the appropriate answer.

I am: Male Female

My Age is: 18-25 years 26-45 years

46-60 years over 60 years

My highest level of education is:

Secondary School/College Professional Diploma

University (Undergraduate) University (Post graduate)

My Household income is:

Under £20,000 pa £20,000 to £40,000 pa

£40,000 pa to £1000,000 pa £100,000 pa plus

My Occupation is:

Professional Self-employed

Retired Clerical/Secretarial

Technical House wife/husband

Other……………………………………..

I consider myself to be:

White British Mixed – White\Asian

Asian/Asian British – Bangledeshi Black/Black British – African

Other White Other

Asian/Asian British – Indian Asian/Asian British – Other

Black/Black British – Other Mixed – White\Black

Asian/Asian British – Pakistani Black/Black British – Caribbean

Chinese/Chinese British

If there any comments that you would like to make that you feel may help us better understand the role played by regulation in the initial formation of trust between a consumer and a financial adviser please enter them in the box below. If you have any questions please email pooleac@cardiff.ac.uk

Appendix Ten – Qualtrics

Following the conclusion that it would not be possible to obtain sufficient data by the originally planned means (i.e. recruitment of IFA's to e-mail their clients, a decision was taken to obtain the required data from a commercial panel.

Qualtrics was chosen for this exercise as Cardiff Business School held an account with the company for these purposes and are the preferred provider of such services to the business school.

During the course of late January and February 2015 a series of telephone discussions were held with representatives of the company and e-mails exchanged to discuss possibilities. Discussions were also held with the PHD office and the Director of PhD studies in the Business School and agreement was reached to proceed with data collection utilising the services of Qualtrics with a maximum budget of £1,000 total.

Further discussions were then held with Qualtrics who were instructed to collected data from UK residents aged over 25 who had transacted with an IFA in the previous 12 months. These criteria were used in order to maintain consistency with the data collected via IFA's described above, and consistency with sample for the qualitative phase of research already conducted.

After discussion with Qualtrics it was also agreed that they would screen for non-engagement, principally by means of inclusion of a series of questions to check respondents were paying attention (i.e. please select answer 4 for this question), and checking that respondents were not simply selecting the same answer for every question.

Qualtrics indicated that they could provide 250 responses for the budget of £1,000 and were instructed to proceed on that basis. As the initial data collection via IFA's had utilised Qualtrics software by means of a personal account held by the author, Qualtrics transferred this questionnaire to a commercial account set up by the ICT department of Cardiff University for the author. Non-engagement questions were inserted, and the questionnaire was then checked before distribution to the panel in March 2015. The data was then collected over the course of five days when Qualtrics informed the author that they had collected the agreed 250 responses and requested permission to cease data collection. Permission was given.

The entire dataset was subsequently forwarded to the author. Examination of the data revealed that at the cessation of data collection 271 sets of complete usable data had been collected from engaged respondents. This was checked with Qualtrics who informed the author that a few additional responses over and above the agreed number were to be expected as data collection continued until agreement to stop was obtained. No additional charge was made for the additional data. The author then proceeded with analysis of the data as described in Chapters Five.

As an administrative note the PhD office completed the necessary paperwork for a purchase order to be raised and sent to Qualtrics with subsequent payment of the relevant invoice being dealt with by the appropriate department of Cardiff University.

Some time later Qualtrics telephoned the author to ensure that the data met the requirements and that the author was satisfied with the service they had provided.

Appendix Eleven – *t-test* Results for Gender

Group Statistics

Gender		N	Mean	Std. Deviation	Std. Error Mean
BRX_MEAN	Male	156	4.8547	1.48502	.11890
	Female	146	5.1758	1.23499	.10221
TBEI_MEAN	Male	156	5.6934	1.14277	.09149
	Female	146	5.8002	1.11445	.09223
SO_MEAN	Male	156	3.5983	1.60050	.12814
	Female	146	3.9429	1.46131	.12094
INPU_MEAN	Male	156	5.7778	1.35696	.10864
	Female	146	5.5982	1.43354	.11864
REPA_MEAN	Male	156	4.9594	1.22772	.09830
	Female	146	4.9018	1.15548	.09563
KA_MEAN	Male	156	5.2628	1.21841	.09755
	Female	146	5.1387	1.34614	.11141
EXFS_MEAN	Male	156	4.3269	1.19182	.09542
	Female	146	4.3178	1.06549	.08818
KNFS_MEAN	Male	156	5.0080	1.14280	.09150
	Female	146	4.6233	1.22166	.10111
BP_MEAN	Male	156	5.3355	1.20244	.09627
	Female	146	5.4269	.94422	.07814
PCDE_MEAN	Male	156	5.9760	.92666	.07419
	Female	146	6.2414	.66138	.05474
AA_MEAN	Male	156	4.9696	1.14629	.09178
	Female	146	5.0839	1.14706	.09493
MEAN_SA	Male	156	5.2628	1.25867	.10077
	Female	146	5.5548	1.14623	.09486
Mean_INPU	Male	156	5.7778	1.35696	.10864
	Female	146	5.5982	1.43354	.11864
Mean_PT	Male	156	4.9487	1.22235	.09787
	Female	146	5.0708	1.14818	.09502
Mean_SN	Male	156	5.5748	.83350	.06673
	Female	146	5.5890	.75307	.06232
Average_COMR	Male	156	4.6068	1.42355	.11398
	Female	146	4.9703	1.16456	.09638
Average_MP	Male	156	4.9513	1.22751	.09828
	Female	146	5.2110	1.05144	.08702
Average_RGW	Male	156	5.1186	1.19827	.09594
	Female	146	5.3134	1.02209	.08459
DP_mean	Male	156	5.2070	1.27179	.10182
	Female	146	5.4814	1.07273	.08878
CP_mean	Male	156	5.1782	1.13355	.09076
	Female	146	5.5315	.92489	.07654

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
BRX_MEAN	Equal variances assumed	5.437	.020	-2.036	300	.043	-.32110	.15774	-.63152	-.01068
	Equal variances not assumed			-2.048	295.961	.041	-.32110	.15679	-.62966	-.01253
TBEI_MEAN	Equal variances assumed	.014	.908	-.822	300	.412	-.10685	.13002	-.36273	.14902
	Equal variances not assumed			-.822	299.487	.411	-.10685	.12992	-.36252	.14881
SO_MEAN	Equal variances assumed	3.055	.081	-1.950	300	.052	-.34463	.17673	-.69242	.00316
	Equal variances not assumed			-1.956	299.820	.051	-.34463	.17620	-.69138	.00211
INPU_MEAN	Equal variances assumed	.680	.410	1.118	300	.264	.17960	.16058	-.13640	.49560
	Equal variances not assumed			1.116	295.657	.265	.17960	.16087	-.13699	.49620
REPA_MEAN	Equal variances assumed	2.282	.132	.419	300	.676	.05758	.13741	-.21284	.32799
	Equal variances not assumed			.420	299.990	.675	.05758	.13714	-.21230	.32745
KA_MEAN	Equal variances assumed	.401	.527	.841	300	.401	.12412	.14759	-.16632	.41457
	Equal variances not assumed			.838	292.005	.403	.12412	.14808	-.16732	.41556

EXFS_MEAN	Equal variances assumed	2.304	.130	.070	300	.944	.00911	.13041	-.24752	.26575
	Equal variances not assumed			.070	299.382	.944	.00911	.12993	-.24657	.26480
KNFS_MEAN	Equal variances assumed	1.763	.185	2.828	300	.005	.38473	.13606	.11698	.65247
	Equal variances not assumed			2.821	294.791	.005	.38473	.13636	.11636	.65309
BP_MEAN	Equal variances assumed	8.054	.005	-.732	300	.465	-.09147	.12498	-.33741	.15447
	Equal variances not assumed			-.738	291.340	.461	-.09147	.12400	-.33551	.15257
PCDE_MEAN	Equal variances assumed	8.108	.005	-2.848	300	.005	-.26548	.09320	-.44888	-.08207
	Equal variances not assumed			-2.879	280.744	.004	-.26548	.09220	-.44696	-.08399
AA_MEAN	Equal variances assumed	.015	.902	-.866	300	.387	-.11435	.13204	-.37419	.14549
	Equal variances not assumed			-.866	298.653	.387	-.11435	.13204	-.37420	.14550
MEAN_SA	Equal variances assumed	.376	.540	-2.103	300	.036	-.29197	.13883	-.56518	-.01877
	Equal variances not assumed			-2.110	299.780	.036	-.29197	.13840	-.56433	-.01962
Mean_INPU	Equal variances assumed	.680	.410	1.118	300	.264	.17960	.16058	-.13640	.49560
	Equal variances not assumed			1.116	295.657	.265	.17960	.16087	-.13699	.49620
Mean_PT	Equal variances assumed	.278	.598	-.893	300	.373	-.12206	.13669	-.39106	.14694
	Equal variances not assumed			-.895	299.995	.372	-.12206	.13641	-.39050	.14638
Mean_SN	Equal variances assumed	2.031	.155	-.156	300	.876	-.01425	.09162	-.19455	.16604

	Equal variances not assumed			-.156	299.634	.876	-.01425	.09131	-.19395	.16544
Average_COMR	Equal variances assumed	6.152	.014	-2.419	300	.016	-.36348	.15025	-.65916	-.06781
	Equal variances not assumed			-2.435	294.795	.015	-.36348	.14926	-.65724	-.06973
Average_MP	Equal variances assumed	1.964	.162	-1.968	300	.050	-.25968	.13194	-.51932	-.00004
	Equal variances not assumed			-1.978	297.704	.049	-.25968	.13127	-.51801	-.00135
Average_RGW	Equal variances assumed	1.685	.195	-1.515	300	.131	-.19477	.12858	-.44779	.05826
	Equal variances not assumed			-1.523	297.484	.129	-.19477	.12790	-.44648	.05694
DP_mean	Equal variances assumed	1.775	.184	-2.020	300	.044	-.27445	.13585	-.54179	-.00711
	Equal variances not assumed			-2.032	296.852	.043	-.27445	.13509	-.54031	-.00859
CP_mean	Equal variances assumed	1.764	.185	-2.956	300	.003	-.35330	.11952	-.58851	-.11810
	Equal variances not assumed			-2.976	294.597	.003	-.35330	.11873	-.58696	-.11964

Appendix Twelve – *t-test* Results for Membership of a Professional Association

Group Statistics

revised_MP		N	Mean	Std. Deviation	Std. Error Mean
CP_mean	Yes	200	5.5370	.99113	.07008
	Dont know and no	102	4.9804	1.07261	.10620
DP_mean	Yes	200	5.5250	1.12038	.07922
	Dont know and no	102	4.9762	1.23122	.12191
BRX_MEAN	Yes	200	5.0983	1.35609	.09589
	Dont know and no	102	4.8366	1.40778	.13939
TBEI_MEAN	Yes	200	5.9608	.98905	.06994
	Dont know and no	102	5.3219	1.26305	.12506
SO_MEAN	Yes	200	3.7750	1.58191	.11186
	Dont know and no	102	3.7451	1.46779	.14533
INPU_MEAN	Yes	200	5.9050	1.25853	.08899
	Dont know and no	102	5.2712	1.55269	.15374
REPA_MEAN	Yes	200	5.1817	1.16615	.08246
	Dont know and no	102	4.4412	1.08916	.10784
KA_MEAN	Yes	200	5.4525	1.16653	.08249
	Dont know and no	102	4.7132	1.35814	.13448
EXFS_MEAN	Yes	200	4.5070	1.17681	.08321
	Dont know and no	102	3.9608	.93894	.09297
KNFS_MEAN	Yes	200	4.9838	1.18037	.08346
	Dont know and no	102	4.5049	1.16571	.11542
BP_MEAN	Yes	200	5.4450	1.05794	.07481

	Dont know and no	102	5.2516	1.12911	.11180
PCDE_MEAN	Yes	200	6.1688	.79372	.05612
	Dont know and no	102	5.9779	.85604	.08476
AA_MEAN	Yes	200	5.1663	1.15758	.08185
	Dont know and no	102	4.7475	1.07601	.10654
MEAN_SA	Yes	200	5.6617	1.08308	.07659
	Dont know and no	102	4.8987	1.29634	.12836
Mean_INPU	Yes	200	5.9050	1.25853	.08899
	Dont know and no	102	5.2712	1.55269	.15374
Mean_PT	Yes	200	5.1633	1.19416	.08444
	Dont know and no	102	4.7026	1.11585	.11049
Mean_DQ	Yes	200	5.5950	1.04445	.07385
	Dont know and no	102	5.1405	1.15797	.11466
Mean_SN	Yes	200	5.7300	.78895	.05579
	Dont know and no	102	5.2908	.72466	.07175
Average_COMR	Yes	200	5.0017	1.30604	.09235
	Dont know and no	102	4.3529	1.23019	.12181
Average_MP	Yes	200	5.3260	1.10809	.07835
	Dont know and no	102	4.5882	1.08009	.10694
Average_RGW	Yes	200	5.4350	1.07631	.07611
	Dont know and no	102	4.7770	1.07682	.10662

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CP_mean	Equal variances assumed	.041	.841	4.488	300	.000	.55661	.12402	.31255	.80066
	Equal variances not assumed			4.374	189.844	.000	.55661	.12724	.30561	.80760
DP_mean	Equal variances assumed	.412	.522	3.892	300	.000	.54881	.14100	.27133	.82629
	Equal variances not assumed			3.775	187.360	.000	.54881	.14539	.26200	.83562
BRX_MEAN	Equal variances assumed	.135	.714	1.566	300	.118	.26173	.16714	-.06718	.59065
	Equal variances not assumed			1.547	196.839	.123	.26173	.16919	-.07192	.59539
TBEI_MEAN	Equal variances assumed	9.017	.003	4.822	300	.000	.63894	.13250	.37819	.89969
	Equal variances not assumed			4.459	165.818	.000	.63894	.14329	.35603	.92184
SO_MEAN	Equal variances assumed	2.307	.130	.159	300	.874	.02990	.18791	-.33989	.39970
	Equal variances not assumed			.163	217.388	.871	.02990	.18340	-.33156	.39136
INPU_MEAN	Equal variances assumed	6.993	.009	3.817	300	.000	.63376	.16604	.30701	.96051
	Equal variances not assumed			3.568	170.317	.000	.63376	.17764	.28310	.98441
REPA_MEAN	Equal variances assumed	2.454	.118	5.335	300	.000	.74049	.13880	.46734	1.01364
	Equal variances not assumed			5.455	216.128	.000	.74049	.13576	.47292	1.00807

KA_MEAN	Equal variances assumed	3.795	.052	4.922	300	.000	.73926	.15019	.44371	1.03482
	Equal variances not assumed			4.686	178.476	.000	.73926	.15776	.42795	1.05058
EXFS_MEAN	Equal variances assumed	7.378	.007	4.072	300	.000	.54622	.13414	.28224	.81019
	Equal variances not assumed			4.378	247.145	.000	.54622	.12477	.30047	.79196
KNFS_MEAN	Equal variances assumed	.000	.994	3.348	300	.001	.47885	.14302	.19740	.76030
	Equal variances not assumed			3.362	205.697	.001	.47885	.14244	.19802	.75967
BP_MEAN	Equal variances assumed	.643	.423	1.468	300	.143	.19337	.13170	-.06581	.45254
	Equal variances not assumed			1.437	192.140	.152	.19337	.13452	-.07196	.45869
PCDE_MEAN	Equal variances assumed	.010	.920	1.924	300	.055	.19081	.09919	-.00439	.38601
	Equal variances not assumed			1.877	190.405	.062	.19081	.10166	-.00971	.39133
AA_MEAN	Equal variances assumed	.056	.814	3.043	300	.003	.41870	.13758	.14795	.68945
	Equal variances not assumed			3.116	217.042	.002	.41870	.13435	.15390	.68351
MEAN_SA	Equal variances assumed	2.108	.148	5.409	300	.000	.76297	.14105	.48540	1.04055
	Equal variances not assumed			5.105	174.489	.000	.76297	.14947	.46797	1.05797
Mean_INPU	Equal variances assumed	6.993	.009	3.817	300	.000	.63376	.16604	.30701	.96051
	Equal variances not assumed			3.568	170.317	.000	.63376	.17764	.28310	.98441
Mean_PT	Equal variances assumed	1.493	.223	3.241	300	.001	.46072	.14216	.18097	.74047

	Equal variances not assumed			3.313	216.037	.001	.46072	.13906	.18664	.73480
Mean_DQ	Equal variances assumed	2.027	.156	3.446	300	.001	.45448	.13189	.19493	.71403
	Equal variances not assumed			3.332	185.951	.001	.45448	.13638	.18542	.72353
Mean_SN	Equal variances assumed	3.646	.057	4.700	300	.000	.43915	.09343	.25529	.62302
	Equal variances not assumed			4.832	219.337	.000	.43915	.09089	.26003	.61827
Average_COMR	Equal variances assumed	.668	.414	4.162	300	.000	.64873	.15586	.34200	.95545
	Equal variances not assumed			4.244	214.514	.000	.64873	.15286	.34743	.95002
Average_MP	Equal variances assumed	.071	.789	5.519	300	.000	.73776	.13369	.47468	1.00084
	Equal variances not assumed			5.565	208.100	.000	.73776	.13258	.47640	.99913
Average_RGW	Equal variances assumed	.013	.909	5.024	300	.000	.65804	.13098	.40029	.91579
	Equal variances not assumed			5.023	203.350	.000	.65804	.13100	.39975	.91633

Appendix Thirteen – *t-test* Results for Membership of the FSCS

Group Statistics

FSCSYN		N	Mean	Std. Deviation	Std. Error Mean
CP_mean	Yes	167	5.5868	.93348	.07224
	Don't know	134	5.0612	1.11752	.09654
DP_mean	Yes	167	5.5766	1.11165	.08602
	Don't know	134	5.0512	1.21628	.10507
BRX_MEAN	Yes	167	5.1776	1.35217	.10463
	Don't know	134	4.7861	1.37613	.11888
TBEI_MEAN	Yes	167	5.9551	.93719	.07252
	Don't know	134	5.4950	1.28417	.11094
SO_MEAN	Yes	167	3.9182	1.60132	.12391
	Don't know	134	3.5622	1.44600	.12492
REPA_MEAN	Yes	167	5.2096	1.20157	.09298
	Don't know	134	4.5896	1.09294	.09442
KA_MEAN	Yes	167	5.4895	1.15231	.08917
	Don't know	134	4.8563	1.34799	.11645
EXFS_MEAN	Yes	167	4.4862	1.20650	.09336
	Don't know	134	4.1254	.99855	.08626
KNFS_MEAN	Yes	167	5.0584	1.17931	.09126
	Don't know	134	4.5373	1.15423	.09971
BP_MEAN	Yes	167	5.4770	1.06451	.08237
	Don't know	134	5.2488	1.09810	.09486
PCDE_MEAN	Yes	167	6.1766	.74714	.05782
	Don't know	134	6.0149	.89787	.07756
AA_MEAN	Yes	167	5.1677	1.15365	.08927
	Don't know	134	4.8470	1.12010	.09676
MEAN_SA	Yes	167	5.6667	1.00866	.07805
	Don't know	134	5.0721	1.36269	.11772
Mean_INPU	Yes	167	5.9481	1.19065	.09213
	Don't know	134	5.3831	1.56053	.13481
Mean_PT	Yes	167	5.1776	1.19166	.09221
	Don't know	134	4.7811	1.13875	.09837
Mean_DQ	Yes	167	5.6208	1.02572	.07937
	Don't know	134	5.2065	1.15238	.09955
Mean_SN	Yes	167	5.7884	.80190	.06205

	Don't know	134	5.3358	.70147	.06060
Average_COMR	Yes	167	5.0180	1.29527	.10023
	Don't know	134	4.5100	1.27221	.10990
Average_MP	Yes	167	5.3749	1.08887	.08426
	Don't know	134	4.7224	1.11474	.09630
Average_RGW	Yes	167	5.5150	1.01558	.07859
	Don't know	134	4.8470	1.13178	.09777

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CP_mean	Equal variances assumed	1.899	.169	4.446	299	.000	.52563	.11823	.29296	.75831
	Equal variances not assumed			4.359	258.656	.000	.52563	.12057	.28820	.76306
DP_mean	Equal variances assumed	.165	.685	3.907	299	.000	.52539	.13446	.26078	.78999
	Equal variances not assumed			3.869	272.838	.000	.52539	.13579	.25805	.79272
BRX_MEAN	Equal variances assumed	.999	.318	2.477	299	.014	.39158	.15806	.08052	.70263
	Equal variances not assumed			2.473	282.872	.014	.39158	.15837	.07984	.70331
TBEI_MEAN	Equal variances assumed	8.520	.004	3.590	299	.000	.46006	.12816	.20785	.71228
	Equal variances not assumed			3.471	236.380	.001	.46006	.13254	.19896	.72117
SO_MEAN	Equal variances assumed	3.264	.072	2.001	299	.046	.35597	.17793	.00582	.70613
	Equal variances not assumed			2.023	294.815	.044	.35597	.17595	.00970	.70225

REPA_MEAN	Equal variances assumed	3.509	.062	4.631	299	.000	.62003	.13390	.35653	.88353
	Equal variances not assumed			4.679	294.294	.000	.62003	.13251	.35924	.88082
KA_MEAN	Equal variances assumed	3.395	.066	4.392	299	.000	.63318	.14418	.34944	.91691
	Equal variances not assumed			4.317	262.411	.000	.63318	.14667	.34438	.92197
EXFS_MEAN	Equal variances assumed	7.132	.008	2.781	299	.006	.36085	.12975	.10551	.61620
	Equal variances not assumed			2.839	298.701	.005	.36085	.12711	.11071	.61100
KNFS_MEAN	Equal variances assumed	.011	.917	3.846	299	.000	.52107	.13549	.25444	.78770
	Equal variances not assumed			3.855	287.507	.000	.52107	.13517	.25503	.78711
BP_MEAN	Equal variances assumed	.062	.804	1.823	299	.069	.22829	.12521	-.01811	.47469
	Equal variances not assumed			1.817	281.129	.070	.22829	.12564	-.01902	.47559
PCDE_MEAN	Equal variances assumed	.517	.472	1.705	299	.089	.16172	.09483	-.02489	.34833
	Equal variances not assumed			1.672	258.029	.096	.16172	.09674	-.02878	.35222
AA_MEAN	Equal variances assumed	.690	.407	2.428	299	.016	.32065	.13208	.06073	.58057
	Equal variances not assumed			2.436	288.377	.015	.32065	.13165	.06153	.57977
MEAN_SA	Equal variances assumed	7.571	.006	4.347	299	.000	.59453	.13678	.32536	.86369
	Equal variances not assumed			4.209	238.686	.000	.59453	.14124	.31628	.87277
Mean_INPU	Equal variances assumed	9.926	.002	3.562	299	.000	.56502	.15861	.25289	.87715

	Equal variances not assumed			3.460	243.671	.001	.56502	.16329	.24339	.88665
Mean_PT	Equal variances assumed	1.115	.292	2.926	299	.004	.39655	.13551	.12988	.66322
	Equal variances not assumed			2.941	290.015	.004	.39655	.13484	.13117	.66193
Mean_DQ	Equal variances assumed	1.772	.184	3.296	299	.001	.41429	.12571	.16691	.66167
	Equal variances not assumed			3.254	268.809	.001	.41429	.12732	.16362	.66496
Mean_SN	Equal variances assumed	5.249	.023	5.143	299	.000	.45260	.08801	.27940	.62580
	Equal variances not assumed			5.218	296.745	.000	.45260	.08673	.28191	.62329
Average_COMR	Equal variances assumed	.623	.431	3.409	299	.001	.50801	.14904	.21472	.80131
	Equal variances not assumed			3.415	287.114	.001	.50801	.14874	.21525	.80078
Average_MP	Equal variances assumed	.015	.902	5.112	299	.000	.65246	.12763	.40130	.90362
	Equal variances not assumed			5.099	282.116	.000	.65246	.12796	.40059	.90433
Average_RGW	Equal variances assumed	2.851	.092	5.388	299	.000	.66796	.12396	.42401	.91190
	Equal variances not assumed			5.325	270.057	.000	.66796	.12544	.42099	.91492

Appendix Fourteen – *t-test* Results for Holding PII

Group Statistics

PIIYN		N	Mean	Std. Deviation	Std. Error Mean
CP_mean	Yes	189	5.5407	1.01325	.07370
	Don't know	113	5.0283	1.03953	.09779
DP_mean	Yes	189	5.5631	1.13420	.08250
	Don't know	113	4.9659	1.18085	.11109
BRX_MEAN	Yes	189	5.1640	1.31576	.09571
	Don't know	113	4.7522	1.44322	.13577
TBEI_MEAN	Yes	189	5.9541	1.00587	.07317
	Don't know	113	5.3953	1.23587	.11626
SO_MEAN	Yes	189	3.8536	1.55143	.11285
	Don't know	113	3.6165	1.52116	.14310
REPA_MEAN	Yes	189	5.1446	1.16500	.08474
	Don't know	113	4.5752	1.15491	.10865
KA_MEAN	Yes	189	5.4550	1.17824	.08570
	Don't know	113	4.7810	1.33928	.12599
EXFS_MEAN	Yes	189	4.4677	1.15153	.08376
	Don't know	113	4.0796	1.05578	.09932
KNFS_MEAN	Yes	189	4.9828	1.17234	.08527
	Don't know	113	4.5531	1.18982	.11193
BP_MEAN	Yes	189	5.4286	1.06318	.07734
	Don't know	113	5.2979	1.11924	.10529
PCDE_MEAN	Yes	189	6.1323	.76949	.05597
	Don't know	113	6.0575	.89705	.08439
AA_MEAN	Yes	189	5.1071	1.16496	.08474
	Don't know	113	4.8872	1.10548	.10399
MEAN_SA	Yes	189	5.6155	1.10676	.08050
	Don't know	113	5.0501	1.30111	.12240
Mean_INPU	Yes	189	5.9471	1.23561	.08988
	Don't know	113	5.2625	1.54011	.14488
Mean_PT	Yes	189	5.0705	1.24663	.09068
	Don't know	113	4.9027	1.07615	.10124
Mean_DQ	Yes	189	5.5097	1.11276	.08094
	Don't know	113	5.3274	1.08286	.10187
Mean_SN	Yes	189	5.7601	.81727	.05945

	Don't know	113	5.2832	.65650	.06176
Average_COMR	Yes	189	4.9594	1.31283	.09549
	Don't know	113	4.4867	1.27089	.11955
Average_MP	Yes	189	5.2825	1.15148	.08376
	Don't know	113	4.7327	1.07025	.10068
Average_RGW	Yes	189	5.4484	1.06644	.07757
	Don't know	113	4.8186	1.09801	.10329

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CP_mean	Equal variances assumed	.084	.773	4.212	300	.000	.51242	.12167	.27300	.75185
	Equal variances not assumed			4.185	230.979	.000	.51242	.12245	.27115	.75369
DP_mean	Equal variances assumed	.007	.931	4.360	300	.000	.59725	.13697	.32771	.86679
	Equal variances not assumed			4.316	228.256	.000	.59725	.13837	.32460	.86989
BRX_MEAN	Equal variances assumed	.210	.647	2.538	300	.012	.41181	.16229	.09244	.73117
	Equal variances not assumed			2.479	218.785	.014	.41181	.16611	.08443	.73919
TBEI_MEAN	Equal variances assumed	4.152	.042	4.283	300	.000	.55886	.13050	.30206	.81567
	Equal variances not assumed			4.068	199.629	.000	.55886	.13737	.28799	.82974
SO_MEAN	Equal variances assumed	.183	.669	1.295	300	.196	.23710	.18315	-.12333	.59752

	Equal variances not assumed			1.301	239.453	.195	.23710	.18224	-.12191	.59610
REPA_MEAN	Equal variances assumed	.830	.363	4.123	300	.000	.56940	.13809	.29766	.84114
	Equal variances not assumed			4.133	237.386	.000	.56940	.13779	.29796	.84084
KA_MEAN	Equal variances assumed	2.028	.155	4.568	300	.000	.67405	.14755	.38369	.96442
	Equal variances not assumed			4.424	212.526	.000	.67405	.15238	.37369	.97442
EXFS_MEAN	Equal variances assumed	2.031	.155	2.922	300	.004	.38808	.13280	.12675	.64941
	Equal variances not assumed			2.987	252.025	.003	.38808	.12992	.13220	.64395
KNFS_MEAN	Equal variances assumed	.000	.994	3.065	300	.002	.42971	.14019	.15383	.70558
	Equal variances not assumed			3.054	232.988	.003	.42971	.14071	.15248	.70694
BP_MEAN	Equal variances assumed	.001	.981	1.013	300	.312	.13064	.12896	-.12314	.38441
	Equal variances not assumed			1.000	226.219	.318	.13064	.13064	-.12679	.38806
PCDE_MEAN	Equal variances assumed	1.160	.282	.767	300	.444	.07475	.09744	-.11701	.26651
	Equal variances not assumed			.738	208.215	.461	.07475	.10126	-.12488	.27438
AA_MEAN	Equal variances assumed	.026	.871	1.618	300	.107	.21997	.13593	-.04753	.48748
	Equal variances not assumed			1.640	245.599	.102	.21997	.13415	-.04425	.48420
MEAN_SA	Equal variances assumed	2.445	.119	4.019	300	.000	.56537	.14068	.28852	.84222
	Equal variances not assumed			3.859	206.806	.000	.56537	.14650	.27655	.85420

Mean_INPU	Equal variances assumed	5.273	.022	4.241	300	.000	.68455	.16140	.36693	1.00218
	Equal variances not assumed			4.015	197.377	.000	.68455	.17049	.34833	1.02078
Mean_PT	Equal variances assumed	3.405	.066	1.191	300	.235	.16789	.14102	-.10961	.44540
	Equal variances not assumed			1.235	262.970	.218	.16789	.13591	-.09972	.43550
Mean_DQ	Equal variances assumed	.002	.969	1.391	300	.165	.18227	.13101	-.07554	.44007
	Equal variances not assumed			1.401	240.869	.163	.18227	.13011	-.07403	.43856
Mean_SN	Equal variances assumed	10.723	.001	5.269	300	.000	.47696	.09052	.29882	.65509
	Equal variances not assumed			5.564	275.035	.000	.47696	.08572	.30820	.64571
Average_COMR	Equal variances assumed	.351	.554	3.064	300	.002	.47271	.15427	.16912	.77630
	Equal variances not assumed			3.089	241.853	.002	.47271	.15301	.17130	.77412
Average_MP	Equal variances assumed	.913	.340	4.121	300	.000	.54980	.13340	.28727	.81232
	Equal variances not assumed			4.198	249.483	.000	.54980	.13097	.29186	.80774
Average_RGW	Equal variances assumed	.249	.618	4.912	300	.000	.62983	.12823	.37749	.88217
	Equal variances not assumed			4.876	230.315	.000	.62983	.12918	.37531	.88435

Appendix Fifteen – *t-test* Status of Adviser

Group Statistics

revised_IFA		N	Mean	Std. Deviation	Std. Error Mean
CP_mean	Yes	244	5.3918	1.05578	.06759
	Don't know and no	58	5.1690	1.02104	.13407
DP_mean	Yes	244	5.4262	1.18066	.07558
	Don't know and no	58	4.9754	1.14697	.15060
BRX_MEAN	Yes	244	4.8429	1.34746	.08626
	Don't know and no	58	5.7126	1.28486	.16871
TBEI_MEAN	Yes	244	5.9262	1.01172	.06477
	Don't know and no	58	4.9828	1.27683	.16766
SO_MEAN	Yes	244	3.5943	1.56047	.09990
	Don't know and no	58	4.4828	1.23492	.16215
REPA_MEAN	Yes	244	5.0642	1.17782	.07540
	Don't know and no	58	4.3736	1.09238	.14344
KA_MEAN	Yes	244	5.4467	1.11837	.07160
	Don't know and no	58	4.1767	1.41732	.18610
EXFS_MEAN	Yes	244	4.3893	1.16607	.07465
	Don't know and no	58	4.0414	.92434	.12137
KNFS_MEAN	Yes	244	4.8832	1.18859	.07609
	Don't know and no	58	4.5647	1.19901	.15744
BP_MEAN	Yes	244	5.3538	1.09580	.07015
	Don't know and no	58	5.4885	1.03772	.13626
PCDE_MEAN	Yes	244	6.0850	.86137	.05514
	Don't know and no	58	6.1853	.60799	.07983

AA_MEAN	Yes	244	5.0205	1.20360	.07705
	Don't know and no	58	5.0431	.87251	.11457
MEAN_SA	Yes	244	5.4945	1.18228	.07569
	Don't know and no	58	5.0230	1.27330	.16719
Mean_INPU	Yes	244	5.9139	1.27992	.08194
	Don't know and no	58	4.7529	1.47832	.19411
Mean_PT	Yes	244	5.0301	1.19365	.07642
	Don't know and no	58	4.9138	1.16237	.15263
Mean_DQ	Yes	244	5.4454	1.12957	.07231
	Don't know and no	58	5.4253	.99471	.13061
Mean_SN	Yes	244	5.6216	.80764	.05170
	Don't know and no	58	5.4138	.71821	.09431
Average_COMR	Yes	244	4.8265	1.32661	.08493
	Don't know and no	58	4.5977	1.26083	.16556
Average_MP	Yes	244	5.1311	1.16287	.07445
	Don't know and no	58	4.8483	1.08081	.14192
Average_RGW	Yes	244	5.2736	1.12157	.07180
	Don't know and no	58	4.9569	1.08026	.14185

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CP_mean	Equal variances assumed	.393	.531	1.454	300	.147	.22284	.15328	-.07880	.52447
	Equal variances not assumed			1.484	88.317	.141	.22284	.15014	-.07553	.52120
DP_mean	Equal variances assumed	.428	.513	2.628	300	.009	.45086	.17155	.11327	.78845
	Equal variances not assumed			2.676	88.020	.009	.45086	.16851	.11599	.78573
BRX_MEAN	Equal variances assumed	1.826	.178	-4.457	300	.000	-.86975	.19513	-1.25375	-.48574
	Equal variances not assumed			-4.590	89.268	.000	-.86975	.18948	-1.24623	-.49326
TBEI_MEAN	Equal variances assumed	3.784	.053	6.052	300	.000	.94347	.15589	.63669	1.25025
	Equal variances not assumed			5.249	74.892	.000	.94347	.17973	.58542	1.30152
SO_MEAN	Equal variances assumed	7.626	.006	-4.044	300	.000	-.88850	.21971	-1.32087	-.45612
	Equal variances not assumed			-4.665	104.934	.000	-.88850	.19046	-1.26614	-.51085
REPA_MEAN	Equal variances assumed	4.201	.041	4.068	300	.000	.69064	.16976	.35658	1.02471
	Equal variances not assumed			4.262	91.222	.000	.69064	.16205	.36877	1.01252
KA_MEAN	Equal variances assumed	3.816	.052	7.361	300	.000	1.27000	.17252	.93049	1.60951
	Equal variances not assumed			6.369	74.737	.000	1.27000	.19940	.87275	1.66725

EXFS_MEAN	Equal variances assumed	6.152	.014	2.119	300	.035	.34796	.16422	.02480	.67113
	Equal variances not assumed			2.442	104.766	.016	.34796	.14249	.06542	.63051
KNFS_MEAN	Equal variances assumed	.009	.926	1.832	300	.068	.31854	.17392	-.02372	.66080
	Equal variances not assumed			1.822	85.643	.072	.31854	.17486	-.02909	.66618
BP_MEAN	Equal variances assumed	.077	.782	-.850	300	.396	-.13468	.15850	-.44659	.17723
	Equal variances not assumed			-.879	89.742	.382	-.13468	.15326	-.43916	.16980
PCDE_MEAN	Equal variances assumed	3.723	.055	-.838	300	.403	-.10030	.11968	-.33583	.13522
	Equal variances not assumed			-1.034	118.064	.303	-.10030	.09703	-.29244	.09183
AA_MEAN	Equal variances assumed	6.230	.013	-.135	300	.893	-.02261	.16771	-.35265	.30743
	Equal variances not assumed			-.164	114.723	.870	-.02261	.13807	-.29610	.25088
MEAN_SA	Equal variances assumed	.180	.672	2.690	300	.008	.47155	.17531	.12655	.81654
	Equal variances not assumed			2.569	81.949	.012	.47155	.18353	.10645	.83664
Mean_INPU	Equal variances assumed	1.987	.160	6.022	300	.000	1.16106	.19281	.78162	1.54050
	Equal variances not assumed			5.511	78.538	.000	1.16106	.21070	.74164	1.58048
Mean_PT	Equal variances assumed	.540	.463	.670	300	.503	.11626	.17351	-.22519	.45771
	Equal variances not assumed			.681	87.863	.498	.11626	.17069	-.22295	.45548
Mean_DQ	Equal variances assumed	1.276	.260	.124	300	.901	.02007	.16145	-.29765	.33779

	Equal variances not assumed			.134	95.202	.893	.02007	.14929	-.27631	.31645
Mean_SN	Equal variances assumed	1.578	.210	1.797	300	.073	.20779	.11561	-.01972	.43531
	Equal variances not assumed			1.932	94.416	.056	.20779	.10755	-.00574	.42132
Average_COMR	Equal variances assumed	.515	.473	1.192	300	.234	.22880	.19200	-.14904	.60665
	Equal variances not assumed			1.230	89.493	.222	.22880	.18607	-.14088	.59849
Average_MP	Equal variances assumed	1.726	.190	1.687	300	.093	.28287	.16766	-.04707	.61282
	Equal variances not assumed			1.765	91.068	.081	.28287	.16026	-.03546	.60120
Average_RGW	Equal variances assumed	1.492	.223	1.946	300	.053	.31667	.16271	-.00353	.63687
	Equal variances not assumed			1.992	88.589	.049	.31667	.15898	.00075	.63259

Appendix Sixteen – Model Three

As noted in the literature review, trust changes over time, particularly as individuals gain experience of transacting with a third party, resulting in a scenario environmental trust becomes less important and interpersonal trust more important.

The original intention of this study was to demonstrate this by means of introducing three further factors into the conceptual model (Knowledge of Adviser, Reputation of adviser and Culture of Trust) and further model, model three, was developed to represent these changes over time.

With hindsight, including model three added little value to the study and caused confusion. It was therefore decided to remove model three from the study.

In the interests of comprehensive record of this study, all material relating to model three is included in this appendix. The material has been removed from the study verbatim and is presented in the same order (including g the original chapter/numbering system) with no material added to improve the flow or narrative. As such the material is not intended to add value but simply to provide a record.

3.5 The Changing Nature of Trust

As discussed in Section 3.2 earlier, the nature of trust changes over time, with environmental factors being more important in the earlier stages of a relationship and interpersonal factors becoming more important as the relationship changes and develops over time, as the parties involved in a transaction gain knowledge of each other and the environment within which they are transacting (Zucker; 1986; Mayer *et al*., 1995; McKnight *et al*., 1998, Rousseau *et al*., 1998 and McKnight and Chervany, 2006).

<u>3.5.1 Knowledge of a Particular Third Party</u>

Experience of transacting with a particular third party has been shown to have an effect upon different components of trust, for example, disposition to trust only predicts trust before the different parties involved in a transaction have the experience of dealing with each other (Mayer *et al*., 1995; McKnight *et al.,* 1998) which has been empirically demonstrated by comparing the strength of the relationship between disposition to trust and trust between potential customers and repeat customers of Amazon. Whilst the path was found to be significant in both cases, the strength of the relationship was significantly lower for repeat customers (Gefen *et al.*, 2003). This suggests that as consumers gain knowledge about a particular third party, other aspects of trust may also be affected.

The change of emphasis with the passage of time, with interpersonal factors becoming more important and environmental factors less important noted above therefore suggests that both structural assurance and situational normality will reduce in importance over time as an individual gains either knowledge of or experience in transacting with a specific third party.

A possible theoretical explanation for this effect may be found in agency theory as, where an individual possesses knowledge about a specific third party as a result of transacting with them, that individual has information available that enables them to assess and verify the behaviour of that third party. As a result, the third party is more likely to act in the best interests of the individual and in a manner that is perceived by the individual to present less risk to their own best interests (Eisenhardt 1989). Accordingly, as a consumer gains knowledge of a particular financial adviser, their trust in that adviser is more likely to be based upon that information leading to a reduction in the importance of both structural assurance and situational normality.

For the purposes of this study, ‘knowledge of adviser’ is defined as ‘a consumer’s perception of their knowledge about a financial adviser that they are transacting with’, and is proposed to reduce the importance of both structural assurance and situational normality. Therefore:

H_{4a} Knowledge of adviser (KA) reduces the importance of structural assurance (SA) and situational normality (SN).

Furthermore as parties gain experience of transacting with each other, the quality of that transactional experience has been shown to become a significant predictor of both trusting beliefs and trusting intentions, whereas the quantity of that experience was shown not to be a significant predictor of either (McKnight and Chervany 2005).

This suggests that, as an individual gains positive knowledge of a specific third party by means of experience of transacting with that third party, that knowledge may positively influence a variety of factors such as the individual’s confidence in the environment within which they are transacting, and also the likelihood that they will successfully transact.

Accordingly, such knowledge of a specific third party with whom an individual is transacting, in the context of this study, a financial adviser, may be a predictor of structural assurance and trust related behaviour. Therefore:

H_{4b} Knowledge of adviser (KA) will have a positive effect upon intention to purchase (INPU).

H_{4c} Knowledge of adviser (KA) will have a positive effect upon structural assurance (SA).

3.5.3 Reputation

Individuals may also gain credible information from a variety of sources, such as family and friends, relating to the intentions and competences of a particular third party that they are considering transacting with, effectively the reputation of that third party (Rousseau *et al.,* 1998).

It is possible for trusting beliefs to develop about a third party based upon reputation alone, without the need for first-hand knowledge of transacting with that third party (McKnight *et al.,* 1998) as reputation has been shown to positively influence levels of trust (Pennington *et al.,* 2003; Nienaber *et al*., 2014) and also to be a predictor of both trusting intentions and trusting beliefs (McKnight *et al.,* 2002b).

Knowledge of the reputation of a financial adviser could therefore also be a predictor of trusting beliefs, trusting intentions, and trust related behaviour in this context, and may also reduce the importance of both situational normality and structural assurance. For the purposes of this study, ‘reputation’ is defined as ‘a consumer’s perception of a financial adviser gained from a third party’ and is proposed to have a direct positive effect upon both trust related behaviour and trusting beliefs and intentions, and also to reduce the importance of both structural assurance and situational normality. Therefore:

H_{5a} Reputation of adviser (REPA) will have a positive effect upon intention to purchase (INPU).

H_{5b} Reputation of adviser (REPA) will have a positive effect upon trusting beliefs and intentions (TBEI).

H_{5c} Reputation of adviser (REPA) reduces the importance of structural assurance (SA) and situational normality (SN).

3.5.4 Culture

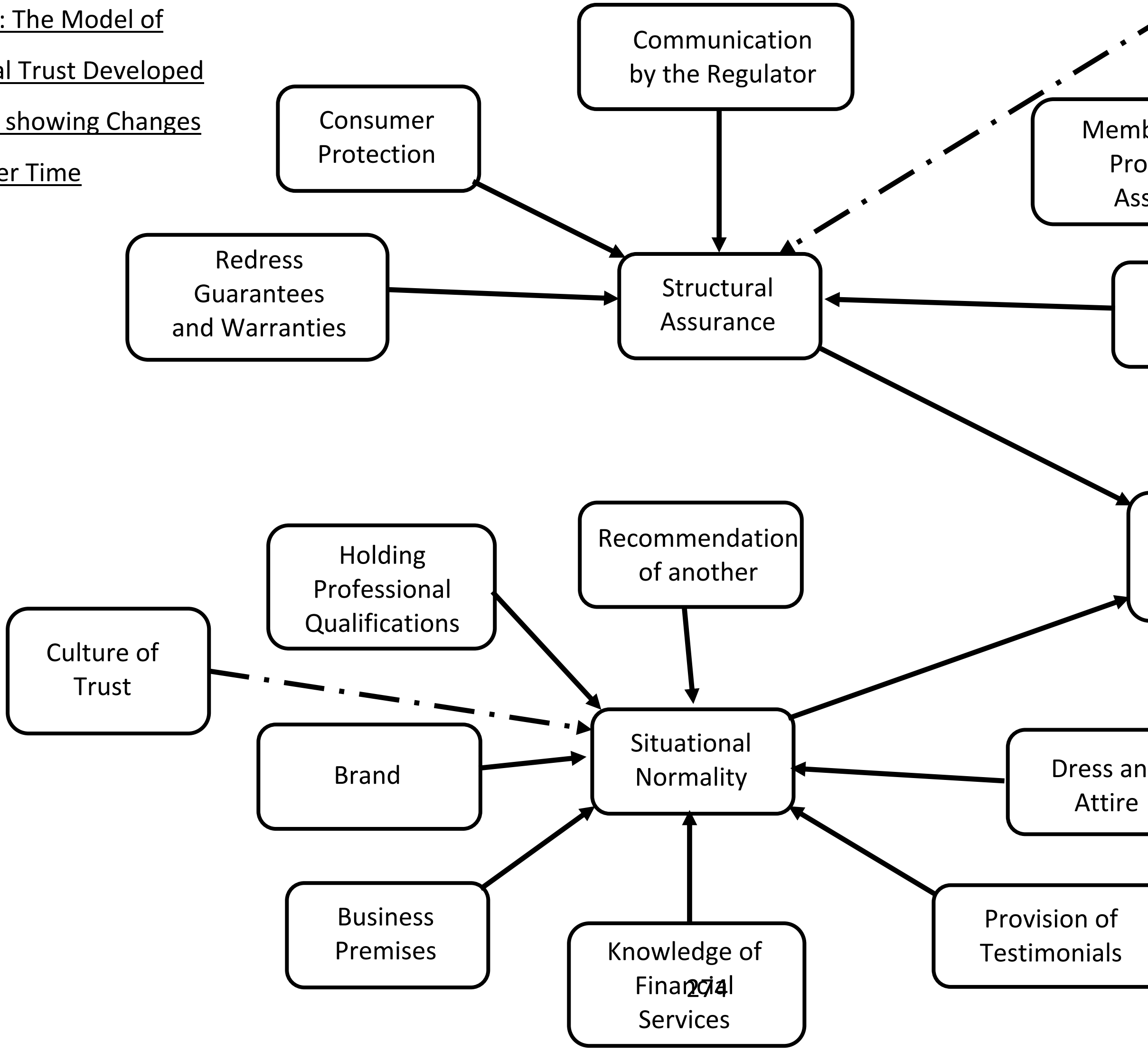
Culture has been widely studied, with the central concept being a group of individuals sharing of a set of common values that influence their behaviour (Solomon *et al.,* 2010). Culture can influence an individual's trust in third parties with certain cultures being more trusting than others (Mayer *et al.,* 1995, Zhao *et al.,* 2010; Nienaber *et al*., 2014; Bianchi and Andrews, 2012). This implies that members of any one particular culture may be either more or less pre-disposed to trust, or it may be normal and expected within a particular culture to extend trust. This argument is reflected by McKnight and Chervany (2001) who theorise in their framework that an individual can be more pre-disposed or willing to depend upon or trust others. This suggests that coming from a cultural background where it is normal to extend trust may also be a predictor of situational normality for some individuals in the context of this study. For the purpose of this study, 'culture of trust' is defined as 'the level of trust displayed by members of an individual's family and/or cultural grouping', and is proposed to have a direct positive effect upon situational normality. Therefore:

H_6 Culture of trust (CT) has a positive effect upon situational normality (SN).

3.5.5 Effect upon the Conceptual Model

A further conceptual model, shown in Figure 3.3 below, was developed to reflect the discussion above, showing how trust may develop over time with the three further constructs identified (knowledge of a particular third party, reputation, and culture of trust) being added to the model.

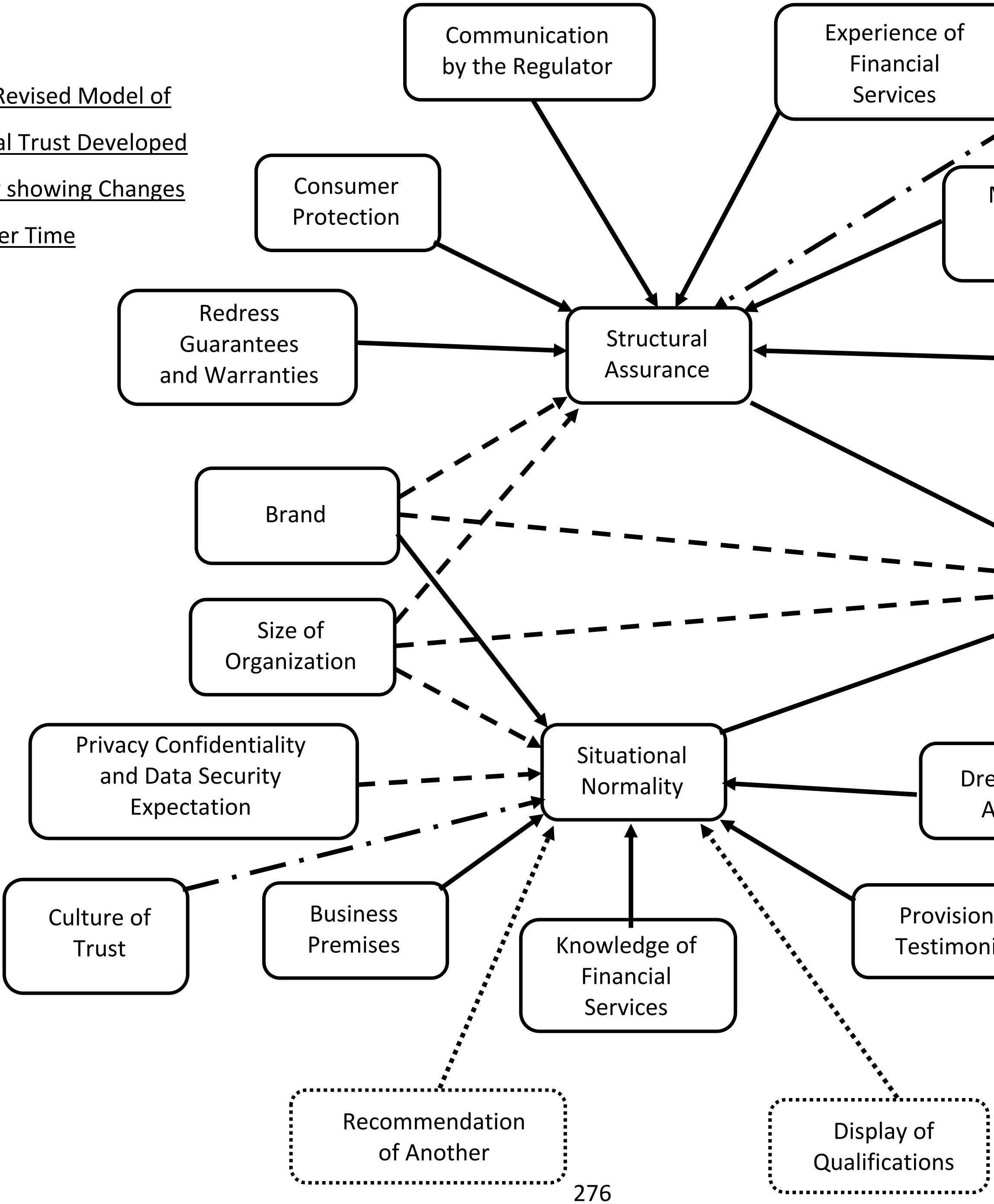
Figure 3.3: The Model of Environmental Trust Developed for this Study showing Changes over Time



6.7.4 The Changing Nature of Trust

In addition to the revisions made to the conceptual model discussed above and shown in Figure 6.1, the conceptual model reflecting the changing nature of trust over time was also revised to reflect the findings of the qualitative research. This revised conceptual model is shown below in Figure 6.2.

Figure 6.2: Revised Model of Environmental Trust Developed for this Study showing Changes over Time



7.8.5 Knowledge of the Adviser

Knowledge of the financial adviser captures the respondent's level of knowledge about their own financial advisers. Figure 7.12 below provides an overall profile of the distribution of responses.

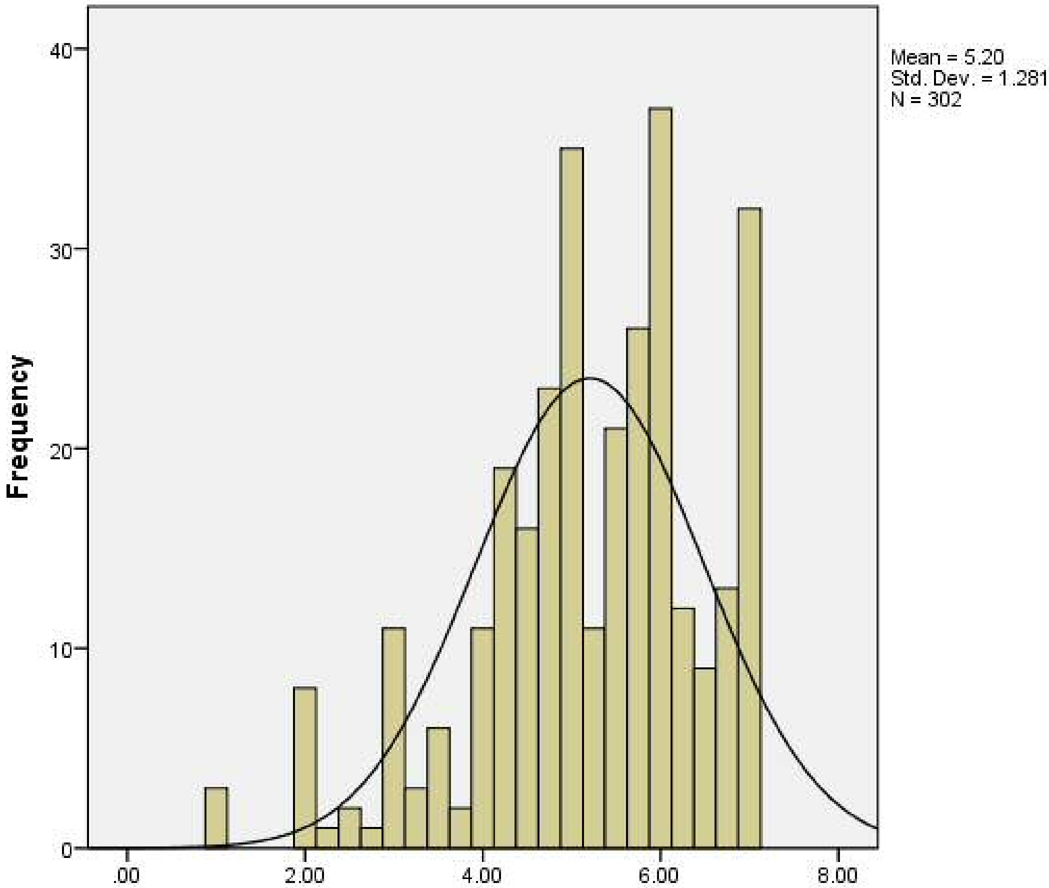


Figure 7.12: Distribution of Responses for Prior Knowledge of Adviser

The skewed distribution, with a mean score of 5.20 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents felt that they knew their financial adviser well, with the small left hand tail indicating a small minority who did not.

The findings show that:

1. 81.8% of respondents agreed that they were familiar with their financial adviser (KA1: Mean = 5.42; SD = 1.402).

2. 75.5% of respondents considered themselves well informed about their financial adviser (KA2: Mean = 5.24; SD = 1.335).
3. 73.8% of respondents considered themselves knowledgeable about their financial adviser (KA3: Mean = 5.18; SD = 1.338).
4. 63.2% of respondents indicated that they believed they were more knowledgeable about their financial adviser than others (KA4: Mean = 4.97; SD = 1.409).

Table 7.12: Descriptive Statistics for Prior Knowledge of Adviser

	KA1	KA2	KA3	KA4
Total	81.8%	75.5%	73.8%	63.2%
Male	83.3%	74.4%	73.7%	62.8%
Female	80.1%	76.7%	74.0%	63.7%
26-45 years	76.5%	71.4%	70.4%	63.3%
46-60 years	82.5%	77.2%	75.4%	64.9%
Over 60	86.7%	77.8%	75.6%	61.1%
Income< £20k pa	75.0%	68.8%	70.8%	56.3%
£20K pa to £40K pa	77.4%	71.0%	71.0%	56.5%
£40k pa to £100k	87.9%	80.2%	75.9%	71.6%
Income> £100K pa	92.9%	100.0%	92.9%	78.6%
Secondary	82.8%	75.0%	71.1%	61.7%
Diploma	76.6%	72.3%	70.2%	57.4%
Under Grad	79.5%	75.6%	76.9%	64.1%
Post Grad	87.8%	79.6%	79.6%	71.4%
Professional	84.2%	76.8%	76.8%	66.3%
Self-Employed	79.3%	75.9%	75.9%	69.0%
Retired	84.9%	76.7%	74.0%	61.6%
Clerical/Secretarial	86.8%	86.8%	84.2%	65.8%
Technical	90.9%	86.4%	77.3%	72.7%
Housewife/Husband	72.2%	61.1%	66.7%	55.6%
Other	59.3%	51.9%	48.1%	44.4%

Table 7.12 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore indicated that they had a good knowledge of their financial adviser.

Table 7.12 above suggests that the respondent's knowledge of their financial adviser generally increased with age, income, and educational level, and that respondents' knowledge was generally highest amongst the clerical/secretarial and technical occupational groups and lowest in the other occupational group. Whilst respondents' knowledge varied by gender, no clear pattern emerges. Other than the other occupational group, respondents generally indicated that they felt they were more knowledgeable about their financial adviser than others.

7.8.6 Reputation of the Adviser

Reputation of the adviser captures respondents' opinion of their financial adviser's reputation. Figure 7.13 below provides an overall profile of the distribution of responses.

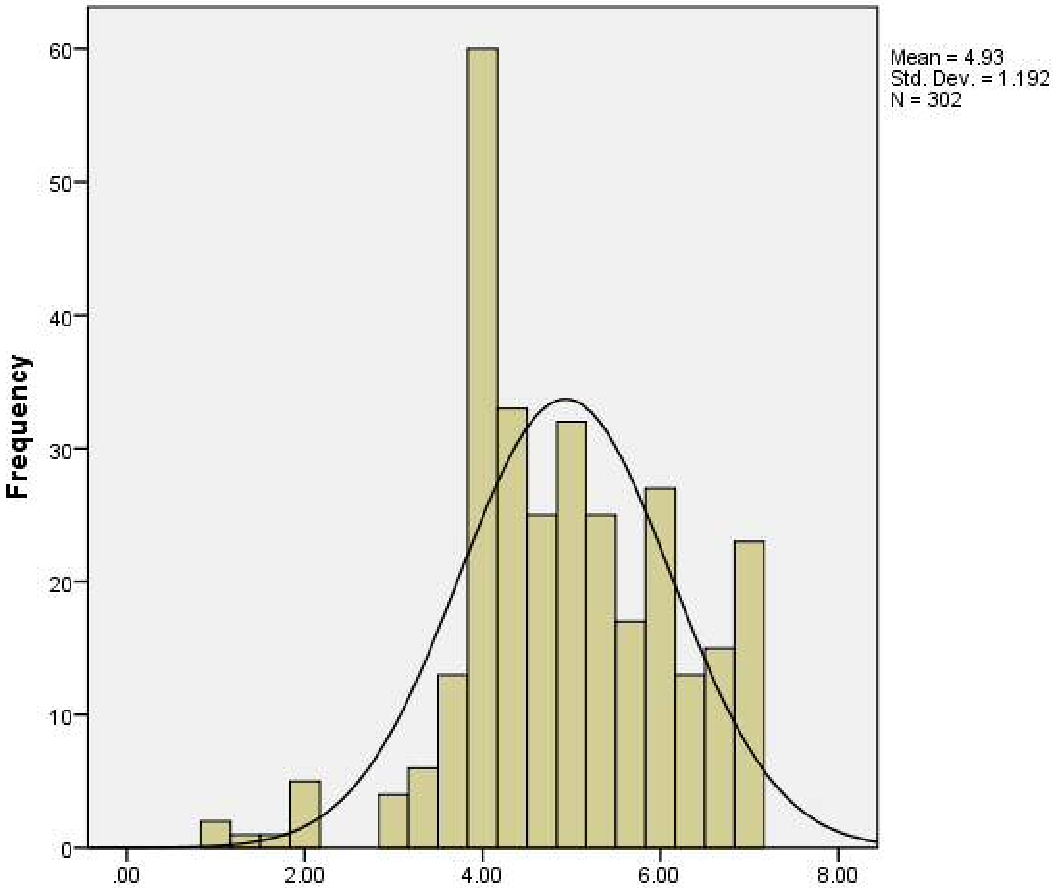


Figure 7.13: Distribution of Responses for Reputation of the Adviser

The skewed distribution, with a mean score of 4.93 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that most respondents were of the opinion that their financial adviser had a good reputation, with the small left had tail indicating a minority felt their financial adviser had a poor reputation. However, the peak at the centre of the graph indicates that many respondents held a neutral view of their financial adviser's reputation.

The findings show that:

1. 65.6% of respondents agreed that their financial adviser was highly regarded in the industry (REPA1: Mean = 5.12; SD = 1.263).
2. 55.0% of respondents agreed that their financial adviser was one of the most capable in the industry (REPA2: Mean = 4.92; SD = 1.280).
3. 51.7% of respondents agreed that their financial adviser was well known and reliable (REPA3: Mean = 4.75; SD = 1.271).

Table 7.13: Descriptive Statistics for Reputation			
	REPA1	REPA2	REPA3
Total	65.6%	55.0%	51.7%
Male	62.2%	53.8%	50.0%
Female	69.2%	56.2%	53.4%
26-45 years	63.3%	55.1%	57.1%
46-60 years	66.7%	54.4%	45.6%
Over 60	66.7%	55.6%	53.3%
Income< £20k pa	66.7%	52.1%	41.7%
£20K pa to £40K pa	64.5%	55.6%	53.2%
£40k pa to £100k	63.8%	52.6%	52.6%
Income> £100K pa	85.7%	78.6%	64.3%
Secondary	70.3%	55.5%	52.3%
Diploma	66.0%	51.1%	57.4%
Under Grad	59.0%	53.8%	47.4%
Post Grad	63.3%	59.2%	51.0%
Professional	68.4%	61.1%	51.6%
Self-Employed	65.5%	58.6%	58.6%
Retired	68.5%	52.1%	53.4%
Clerical/Secretarial	76.3%	63.2%	63.2%
Technical	63.6%	54.5%	54.5%
Housewife/Husband	44.4%	38.9%	33.3%
Other	48.1%	37.0%	33.3%

Table 7.13 Note: The percentage counts shown are for those respondents who agreed with the statements and were therefore of the opinion that their financial adviser had a good reputation.

Table 7.13 above suggests that more females were of the opinion than males that their financial adviser had a good reputation, along with those with higher rather than lower incomes. The results for the age and educational groupings were mixed. More respondents in the clerical/secretarial groupings were of the opinion that their financial adviser had a good reputation than in the other groupings, with those in the housewife/husband and other occupational groupings being least likely to be of the same opinion.

7.9.7 Culture of Trust

Culture of trust is the sixth facet of situational normality and captures respondents' feelings regarding the levels of trust in their family, community, and society. Figure 7.20 shows the overall profile of the distribution of responses for this facet.

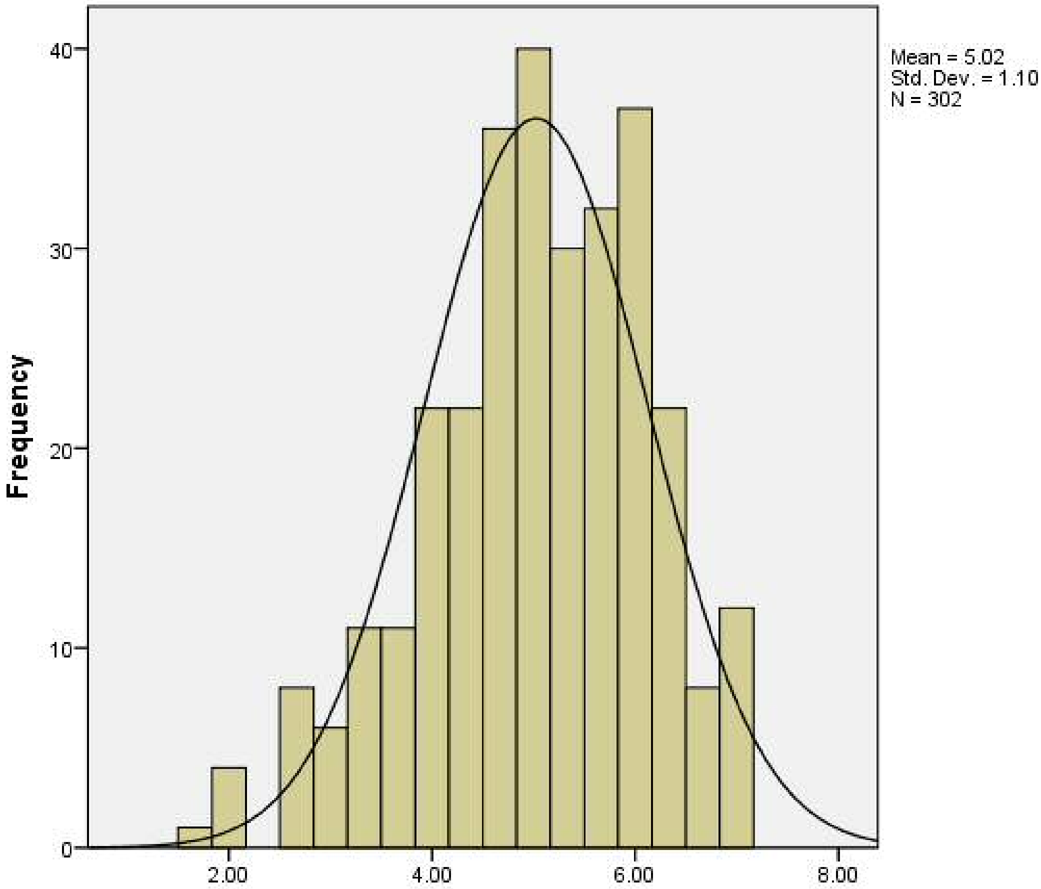


Figure 7.20: Distribution of Responses for Culture of Trust

The skewed distribution, with a mean score of 5.02 on the seven point Likert scale (1 = strongly disagree to 7 = strongly agree), implies that a majority of respondents felt that there were high levels of trust in their family, community, and society. The small left hand tail indicates that some respondents felt this was not the case.

The findings show that:

1. 85.8% of respondents agreed that a high degree of trust existed in their family (CT1: Mean = 5.78; SD = 1.249).
2. 63.2% of respondents agreed that a high degree of trust existed in their community (CT2: Mean = 4.91; SD = 1.270).
3. 48.3% of respondents agreed that a high degree of trust existed in their society (CT3: Mean = 4.38; SD = 1.473).

Table 7.20: Descriptive Statistics for Culture of Trust			
	CT1	CT2	CT3
Total	85.8%	63.2%	48.3%
Male	87.2%	63.5%	49.4%
Female	84.2%	63.0%	47.3%
26-45 years	87.8%	65.3%	54.1%
46-60 years	83.3%	57.9%	44.7%
Over 60	86.7%	67.8%	46.7%
Income< £20k pa	81.3%	56.3%	37.5%
£20K pa to £40K pa	86.3%	60.5%	43.5%
£40k pa to £100k	85.3%	67.2%	55.2%
Income> £100K pa	100.0%	78.6%	71.4%
Secondary	88.3%	69.5%	50.0%
Diploma	87.2%	57.4%	40.4%
Under Grad	84.6%	62.8%	55.1%
Post Grad	79.6%	53.1%	40.8%
Professional	86.3%	62.1%	51.6%
Self-Employed	69.0%	34.5%	24.1%
Retired	90.4%	69.9%	50.7%
Clerical/Secretarial	92.1%	73.7%	60.5%
Technical	90.9%	81.8%	68.2%
Housewife/Husband	83.3%	61.1%	44.4%
Other	77.8%	51.9%	25.9%

Table 7.20 Note: The percentage counts shown are for those respondents who agreed with the statements and therefore indicated that they were of the opinion that a high level of trust existed in their family, community, or society.

Table 7.20 above suggests that males are marginally more likely to be of the opinion that a high level of trust exists in their family, community, or society than females, along with those in the higher income groupings. Those with a higher level of education were generally less likely to be of the same opinion, along with those in the self-employed and other occupational groupings. Respondents were generally less likely to be of the opinion that high levels of trust existed in society and more likely to be of the opinion that high levels of trust existed within their family.

8.8 Analysis of the Effects of Reputation of the Adviser, Knowledge of Adviser, and Culture of Trust.

Implicit in the model tested above is the assumption that the consumer is unaware of the financial adviser that he or she is considering using. Whilst this may often be the case, there will also be occasions where the consumer is aware of particular adviser and that the adviser has a good reputation. A consumer may also come from a cultural background where trust is the norm. In order to examine the effects of this scenario, a further model (Model Three) was constructed and examined.

Firstly, the variables for both communication by a regulator and provision of testimonials were removed, as none of the paths relevant to these particular variables had been shown to be significant in either the full model of for any of the moderated groups examined above. Secondly, variables representing reputation of the adviser (a three-item scale) and knowledge of the adviser (a four item scale) as predictors of structural assurance and culture of trust (a two item scale), as a predictor of situational normality, were introduced into the model, which was then run. All criteria were met, the model ran successfully as bootstrapping was also successful. Table 8.39 below shows a small variation in model fit statistics between Models One and Three.

Table 8.39: Comparison of Fit Indicies		
	Model One	Model Three
χ2	2960.335	3206.963
df	1844	2021
χ^2/df	1.605	1.587
TLI	0.942	0.942
CFI	0.947	0.947
RMSEA	0.045	0.044

Table 8.40 below shows a comparison of R^2 values. Whilst no change can be seen in the variance associated with structural assurance, there is a small increase in the variance associated with intention to purchase - from 73% to 74.3%. The variance associated with trusting beliefs and intentions increases from 47.1% to 65.9% and the variance associated with intention to purchase increases from 20.6% to 25.3%.

Table 8.40: Comparison of R^2 Values		
Variable	R^2	
	Model one	Model three
SA	0.61	0.61
SN	0.21	0.25
TBEI	0.47	0.66
INPU	0.73	0.74

Table 8.41 shows that the hypothesised paths between reputation and both intention to purchase and trusting beliefs and intentions are significant at the p<.001 level along with the path between cultural of trust and situational normality. The paths between knowledge of the adviser and both intention to purchase and structural assurance are shown to be significant at the p<.05 level indicating support for H_{21} to H_{25} as expected.

The table also shows a comparison of the hypothesised paths between Model One and Model Three. Paths that lose their significance are those between situational normality and trusting beliefs and intentions, business premises and situational normality, adviser expectation and situational normality, and brand and structural assurance. All of the other paths that were significant in Model One retain their significance at the same level in Model Three. In addition to the critical ration (t-value) relating to the path between situational normality and trusting beliefs falling below a level that is statistically significant, there is also a marked reduction in the critical ratio (t-value) relating to the path between structural assurance and trusting beliefs and intentions. This indicates that the importance of both structural assurance and situational normality is reduced by the introduction of knowledge of the adviser and reputation of the adviser into the model, indicating support for H_{27} and H_{28}, as expected.

Table 8.41: Comparison of Significant Paths				
Hypothesised relationship	model one		Model three	
	Estimate	Critical Ratio (t-value)	Estimate	Critical Ratio (t-value)
Reputation → Intention to Purchase	Na	Na	-0.26	-3.55***
Reputation → Trusting Beliefs and Intentions	Na	Na	0.47	10.72***
Knowledge of Adviser → Structural Assurance	Na	Na	0.10	2.24**
Knowledge of Adviser → Intention to Purchase	Na	Na	0.16	2.71**
Culture of Trust → Situational Normality	Na	Na	0.15	4.13***
Trusting Beliefs and Intentions → Intention to Purchase	1.10	17.62***	1.20	14.62***
Structural Assurance → Trusting Beliefs and Intentions	0.54	11.73***	0.32	7.98***
Situational Normality → Trusting Beliefs and Intentions	0.18	2.46**	0.10	1.70
Size of Organisation → Trusting Beliefs and Intentions	-0.23	-4.04***	-0.20	-4.11***
Brand → Trusting Beliefs and Intentions	0.10	0.14	0.05	0.84
Business Premises → Situational Normality	-0.13	-2.32**	-0.08	-1.46
Business Premises Expectation → Situational Normality	0.14	2.02**	0.14	2.17**
Adviser Expectation → Situational Normality	0.18	2.53**	0.08	1.63
Provision of Testimonials → Situational Normality	0.04	0.83	na	na
Knowledge of Financial Services → Situational Normality	0.09	2.60**	0.07	2.12**
Brand → Situational Normality	0.17	3.02**	0.16	2.94**
Size of Organisation → Situational Normality	-0.08	-1.55	-0.08	-1.53
Consumer Protection → Structural Assurance	0.38	3.20**	0.37	3.22**
Data Protection → Structural Assurance	0.20	2.33**	0.19	2.30**
Membership of a Professional Assoc → Structural Assurance	0.34	4.06***	0.34	4.05***
Communication by Regulator → Structural Assurance	0.02	0.27	na	na
Redress, Guarantees and Warranties → Structural Assurance	-0.35	-3.97***	-0.33	-3.86***
Brand → Structural Assurance	0.12	1.97**	0.12	1.84
Size of Organisation → Structural Assurance	-0.10	-1.80	-0.09	-1.47
Experience of Financial Services→ Structural Assurance	0.27	6.18***	0.24	5.16***

Finally, a further model, Model Three, was examined. It introduced variables representing culture of trust, reputation of adviser, and knowledge of adviser into the model, all of which were found to be significant predictors thereby supporting H_{4b}, H_{4c}, H_{5a}, H_{5b}, H_{5c}, and H_6. With the introduction of cultural trust as a significant predictor of situational normality, the critical ratios (t-values) for the other predictors of situational normality saw a marked reduction, with business premises and adviser expectation losing their significance as predictors.

Furthermore, the introduction of the variables for knowledge of adviser and reputation of adviser also saw a marked reduction in the critical ratios (t-values) for the paths between both structural assurance and trusting beliefs and intentions, and situational normality and trusting beliefs, and intentions indicating support for H_{4a} and H_{5c}. This, perhaps, best demonstrates that the nature of trust will change over time as a consumer develops knowledge regarding their adviser and the reputation of that adviser, i.e. that the importance of institutional trust will reduce as the consumer gains knowledge of the adviser.

9.2.5 The Effects of Reputation of the Adviser, Knowledge of Adviser and Culture of Trust

The effects of reputation and knowledge concerning a particular financial adviser, together with the impact of coming from a cultural background where extending trust was either more likely or the norm, were examined by Model Three using SEM in Chapter Eight.

The findings reported in Chapter Eight relating to Model Three show a substantial increase in the variance explained for trusting beliefs and intentions, following the introduction of the reputation of adviser variable (Model One R^2=0.47, Model Three R^2=0.66), with the path between reputation and trusting beliefs and intentions being significant at the p<.001 level (C.R.=10.75), indicating strong support for H_{5b}. Furthermore, the results also show support for H_{5a} relating to intentions to purchase. Taken together, these findings are consistent with existing academic literature as they clearly demonstrate that knowledge of a third party's reputation has a significant impact upon both trusting beliefs and intentions (McKnight *et al.,* 2002b) and also upon intentions to purchase - effectively, trust related behaviour. In addition, the findings reported in Chapter Eight also show that the paths between the knowledge of adviser variable and both intention to purchase and structural assurance are significant at the p<.005 level (C.R.=2.24 and 2.71 respectively), showing support for both H_{4b} and $H_{4c.}$ Furthermore, following the introduction of these variables, the findings reported in Chapter Eight also show a marked reduction in strength of the paths between both situational normality and structural assurance, and trusting beliefs and intentions, indicating support for H_{4a} and H_{5c}.

Taken together, and in conjunction with the other findings reported in Chapter Eight relating to Model Three, that show a reduction in importance of various other predictors of both structural assurance and situational normality, this demonstrates that the nature of trust between a consumer and financial adviser changes as a consumer gains knowledge about an adviser through either becoming aware of the reputation of that adviser, by means of gaining such knowledge from an external information source about that adviser, or through some form of interaction with that adviser. The findings of this study are therefore consistent with the notion that trust changes over time, and that the importance of environmental trust decreases in favour of interpersonal trust (Mayer *et al.,* 1995; and McKnight *et al.,* 1998).

Model Three also examined the impact of culture upon situational normality, with the findings reported in Chapter Eight showing an increase in the variance explained for situational normality following the introduction of the culture of trust variable (Model One R^2=0.21, Model Three R^2=0.25), with the path between culture of trust and situational normality being significant at the p<.001 level. H_6 is therefore supported, which demonstrates that those who are from a cultural background where it is either more likely or usual to extend trust are more likely to perceive a particular environment to be normal, and therefore extend trust. This study therefore finds that, in addition to influencing trust in third parties (Mayer *et al.,* 1995; Zhao *et al.,* 2010; Nienaber *et al*., 2014), culture also influences an individual's level of environmental trust which is a further contribution of this study.

The R^2 increased slightly to 74.3% in Model Three, when knowledge of adviser (H_{4b}:0.14) was introduced as a further predictor of intention to purchase. This was found to be significant at the p<.05 level in line with expectations.

This R^2 value increased to 65.9% in Model Three, when another significant predictor, reputation of adviser (H_{5b}: 0.52), was included in the model. However, both brand (0.06) and situational normality (0.07) lost their significance as predictors of trusting beliefs and intentions, following the inclusion of reputation of adviser. Whilst this loss of significance for situational normality (H_{4a} and H_{5c}) was as expected, the loss of significance for brand was not expected.

The R^2 value for structural assurance remained at 0.61 when the further significant predictor (at the p<.05 level) of knowledge of the adviser (H_{4c}: 0.10) was added to the model in Model Three. However, brand (0.13) lost its significance as a predictor of structural assurance following the inclusion of knowledge of adviser, which was not expected.

The R^2 value for situational normality rose to 0.25 when a further significant predictor, culture of trust (H_6: 0.27), was added to the model in Model Three. However, both business premises (-0.11) and adviser expectation (0.12) lost their significance as predictors of situational normality following the inclusion of culture of trust, which was not expected.

Appendix Seventeen – Ethics Forms

ETHICS 2

Cardiff Business School
Cardiff University

Ysgol Fusnes Caerdydd
Prifysgol Caerdydd

FULL ETHICAL APPROVAL FORM

(For guidance on how to complete this form, please see Learning Central – CARBS RESEARCH ETHICS)

If your research will involve patients or patient data in the NHS then you should secure approval from the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/

Name of Lead Researcher : **Adam Poole**

School: CARBS

Email: pooleac@cardiff.ac.uk

Names of other Researchers: none

Email addresses of other Researchers : na

Title of Project:

Trust and the Financial Adviser

Start and Estimated End Date of Project: Start: 22nd February 2013 Finish: May 15th 2013

Aims and Objectives of the Research Project:

An investigation into the formation, components and meaning of trust between a consumer and a financial adviser

Please indicate any sources of funding for this project:

None

1. Describe the methodology to be applied in the project

It is proposed to conduct a series of semi-structured interviews with between two and five individuals in order to initially explore the subject area and assist with scale development for later use in a survey instrument or questionnaire. (Ethical approval for this subsequent stage of research will be requested at a later date).

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

2. Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria

Individuals who are currently known to the primary researcher will be contacted and invited to participate in the study. It is anticipated that no more than seven individuals will be approached with a view to recruitment. Once the required number of respondents have been recruited no further approaches will be made.

Inclusion criteria:

Individuals will be asked if they have used or had meetings with a personal financial adviser within the past 12 months and are willing to discuss their opinions of their financial adviser with regard to trust for the purposes of this research.

Exclusion criteria:

As the individuals who are to be approached will include members of the primary researcher's social circle, a full description of the research will be given during the initial approach. Potential respondents will be advised that if they are in anyway uncomfortable with the discussing the subject of this research with the primary researcher that they should decline to participate. Individuals who have not had contact with their financial adviser within the last 12 months will also be excluded.

Individuals that may be approached to participate in this study are of both genders and are aged between 30 and 70.

3. Describe the method by which you intend to gain consent from participants.

Each interviewee will be given an information sheet (attached) containing details of the proposed research and also asked to complete and sign a consent form (attached) that states that they understand the purpose of the research, participate in it voluntarily and give their consent.

The information sheet will also contain written assurances regarding both confidentiality and anonymity.

The consent form contains a statement that they may choose to decline to answer any question or withdraw from the research at any time without giving an explanation or reason.

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).

4. *Please make a clear and concise statement of the ethical considerations raised by the project and how you intend to deal with them throughout the duration of the project (please use additional sheets where necessary)*
1. Sensitive financial related information. The interviews will be conducted in a private place i.e. respondents home or office. 2. Data security. All data will be stored digitally using AES 256 military strength encryption. All data will be securely disposed of once the project is complete. 3. Safety issues for researcher. An assessment of the place of interview will be made by the researcher upon arrival and the researcher will make appropriate excuses and leave if safety is in doubt in any way. 4. Complaints by the interviewee concerning an adviser. The researchers will not become involved should an interviewee make a complaint about an adviser, but will refer the interviewee to either: • the hand-outs given to the interviewee by the adviser (which should details the procedure for complaints) • the advisers employer • the relevant regulator **PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).** **PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION** APPLICATION APPROVED RESEARCH ETHICS COMMITTEE CARDIFF BUSINESS SCHOOL CARDIFF UNIVERSITY
STUDENTS SHOULD BIND THE SIGNED AND APPROVED FORM INTO THEIR REPORT, DISSERTATION OR THESIS.

Please complete the following in relation to your research project:

		Yes	No	n/a
(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	x	☐	☐
(b)	Will you tell participants that their participation is voluntary?	x	☐	☐
(c)	Will you obtain written consent for participation?	x	☐	☐
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	x	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	x	☐	☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	x	☐	☐
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	x	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the principal researcher/student to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Signed:
(Principal Researcher/Student) A Poole

Print Name: ADAM POOLE

Date: 19/2/2013

SUPERVISOR'S DECLARATION (Student researchers only): As the supervisor for this student project I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed:

Print Name: DR Ahmed Jamal

Date: 19/2/13

TWO copies of this form (and attachments) MUST BE OFFICIALLY STAMPED by Ms Lainey Clayton, Room F43, Cardiff Business School

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Official stamp of approval of the School Research Ethics Committee:

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Date: 19/2/2013

Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I would like to carry out an interview with you that will last approximately one hour. This will focus upon the following subjects and their role in the formation, development and meaning of trust between you and your financial adviser:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the interview I will ask you for your views, opinions and perceptions of these subjects, and their importance to you. There are no right or wrong answers to the questions that I will ask.

The interview will be recorded and subsequently transcribed. The Information that you give will be treated as strictly confidential and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage in order to guarantee your anonymity.

The information that you have given, along with information from other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

Consent Form

Research conducted by Adam Poole into the the formation, components and meaning of trust between a consumer and his or her financial adviser.

Please tick the relevant box below concerning the collection and use of the research data.

	YES	NO
I have read and understood the information sheet		
I have been given the opportunity to ask questions about the study		
I have had my questions answered satisfactorily		
I understand that I am granting permission to become a participant in this research study		
I give my permission for the interview to be recorded		
I understand that I can refuse to answer any question or withdraw from the study at any time without having to give an explanation or reason		

Name

(Printed)……………………………………………………………………………

Signature…………………………………………………….Date…………………

Please feel free to contact me if you have any further questions.

Contact details: Adam Poole (07981732156)

Trust and the Financial Adviser – Topic Guide

Topic to explore	Suggested Questions
Legal and regulatory compliance	• Are you aware of how financial advisers are regulated and by whom? • Are you aware of the compulsory nature of the regulation? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Compensation schemes	• Are you aware of the Financial Services Compensation Scheme and what it covers? • Are you aware that it is compulsory for your adviser to be a member of this scheme? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Membership of professional bodies and associations	• Is your adviser a member of a professional body or association? • If so, does how does membership of that organisation contribute to your trust in your financial adviser?
Confidentiality and privacy	• Are you concerned about the security, confidentiality of the information that your adviser holds about you? • Are you aware of the Data Protection Act and that your adviser must comply with data protection regulations? • How does this contribute to the formation of trust\trust between you and your financial adviser? • What actions, if any, could your financial adviser take to reassure you in this respect? • Do you perceive that you have control over the information your financial adviser holds about you and how it is used? • Does this control\lack of control affect the trust you place in your financial adviser?

Testimonials, recommendation of others and reputation	• To what extent does the recommendation of others influence the formation of trust \ trust between you and your financial adviser? • To what extent is this formation of trust \ trust affected by the source of the recommendation (i.e. family, friend, professional etc)? • Would the provision of testimonials from other clients of the financial adviser enhance your trust of that financial adviser?
Physical evidence	• To what extent does the physical appearance of an adviser's office influence the formation of trust \ trust between you and your financial adviser? • To what extent does the physical appearance of the adviser them self (and associated items such as car, briefcase etc.) influence the formation of trust \ trust between you and your financial adviser?
Brand	• To what extent does the employment of your adviser by a well-known brand influence the formation of trust \ trust between you and your financial adviser? • To what extent does the lack of a well-known brand hinder this?
Qualifications	• Does your financial adviser hold formal qualifications? • If so, to what extent does this influence the formation of trust \ trust between you and your financial adviser?

ETHICS 2

Cardiff Business School
Cardiff University

Ysgol Fusnes Caerdydd
Prifysgol Caerdydd

FULL ETHICAL APPROVAL FORM

(For guidance on how to complete this form, please see Learning Central – CARBS RESEARCH ETHICS)

If your research will involve patients or patient data in the NHS then you should secure approval from the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/

Name of Lead Researcher : Adam Poole

School: CARBS

Email: pooleac@cardiff.ac.uk

Names of other Researchers: none

Email addresses of other Researchers : na

Title of Project:

Trust and the Financial Adviser

Start and Estimated End Date of Project: Start: 1st May 2013 Finish: September 15th 2013

Aims and Objectives of the Research Project:

An investigation into the formation, components and meaning of trust between a consumer and a financial adviser

Please indicate any sources of funding for this project:

None

1. Describe the methodology to be applied in the project

It is proposed to conduct a series of focus groups with between eight and ten individuals in order to initially explore the subject area and assist with scale development for later use in a survey instrument or questionnaire. (Ethical approval for this subsequent stage of research will be requested separately at a later date.)

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PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

2. *Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria*

Individuals will be recruited for the focus groups will be recruited in the following ways:

1. Individuals who are currently known to the primary researcher will be contacted directly by the primary researcher and invited to participate. These individuals will also be asked if they know any other individuals who may wish to participate who will then be approached and also invited to participate.

2. A notice will be circulated amongst the membership of the White Horse Cricket Club (which is based in Broad Hinton near Swindon) inviting members and their partners to participate.

3. Notices will be placed in various local magazines that circulate in the Swindon area inviting readers to participate.

Inclusion criteria:

Individuals will be asked if they have used or had meetings with a personal financial adviser within the past 12 months and are willing to discuss their opinions of their financial adviser with regard to trust for the purposes of this research.

Exclusion criteria:

All individuals who either volunteer or are contacted by the primary researcher will be given a full description of the research during the first contact. Volunteers will be advised that if they are in anyway uncomfortable with discussing the subject of this research in a group, with the primary researcher present, that they should decline to participate. This will be particularly important where those individuals are members of the primary researcher's social circle.

Individuals who have not had contact with a personal financial adviser within the last 12 months will be excluded.

No individuals under the age of 18 will be invited to participate.

Efforts will be made to recruit a sample that is representative of wider society which includes, for example, both genders together with representatives of different age groups and ethical backgrounds.

1. *Describe the method by which you intend to gain consent from participants.*

Each interviewee will be given an information sheet (attached) containing details of the proposed research and also asked to complete and sign a consent form (attached) that states that they understand the purpose of the research, participate in it voluntarily and give their consent.

The information sheet will also contain written assurances regarding both confidentiality and anonymity.

The consent form contains a statement that they may choose to decline to answer any question or withdraw from the research at any time without giving an explanation or reason.

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).

2. *Please make a clear and concise statement of the ethical considerations raised by the project and how you intend to deal with them throughout the duration of the project (please use additional sheets where necessary)*

1. Whilst there is no intention to discuss personally sensitive financially related information, it is possible that some participants may think that this is the case. Therefore all participants will be re-assured prior to the start of each focus group that this is not the case and that they should not disclose any information if they are in any way uncomfortable in so doing.
2. Data security. All data will be digitally encrypted using AES 256 military strength encryption and will be further protected with the use of a 'strong' password. All data will be securely disposed of once the project is complete.
3. Safety issues. A safety assessment of potential venues for the focus groups will be made prior to booking them. Only those that are deemed safe will be used. For example only those venues that have a current fire certificate will be considered.
4. Complaints by a participant concerning an adviser. The researchers will not become involved should a participant make a complaint about an adviser, but will refer the participant to either:

- the hand-outs given to the participant by the adviser (which should details the procedure for complaints)
- the advisers employer
- the relevant regulator

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).
PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

STUDENTS SHOULD BIND THE SIGNED AND APPROVED FORM INTO THEIR REPORT, DISSERTATION OR THESIS.

Please complete the following in relation to your research project:

		Yes	No	n/a
(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	x	☐	☐
(b)	Will you tell participants that their participation is voluntary?	x	☐	☐
(c)	Will you obtain written consent for participation?	x	☐	☐
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	x	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	x	☐	☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	x	☐	☐
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	x	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the principal researcher/student to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Signed:
(Principal Researcher/Student)

Print Name:

Date:

SUPERVISOR'S DECLARATION (Student researchers only): As the supervisor for this student project I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed: AL A J P

Print Name: DR A. Jamar

Date: 17 / 4 / 13

TWO copies of this form (and attachments) MUST BE OFFICIALLY STAMPED by Ms Lainey Clayton, Room F43, Cardiff Business School

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Official stamp of approval of the School Research Ethics Committee:

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Date: 17/4/2013

<u>**Focus Group Consent Form**</u>

Research conducted by Adam Poole into the the formation, components and meaning of trust between a consumer and his or her financial adviser.

Please tick the relevant box below concerning the collection and use of the research data.

	YES	NO
I have read and understood the information sheet		
I have been given the opportunity to ask questions about the study		
I have had my questions answered satisfactorily		
I understand that I am granting permission to become a participant in this research study		
I give my permission for the interview to be recorded		
I understand that I can refuse to answer any question or withdraw from the study at any time without having to give an explanation or reason		

Name

(Printed)……………………………………………………………………………………

Signature……………………………………………………Date…………………

Please feel free to contact me if you have any further questions.

Contact details: Adam Poole (07981732156)

Focus Group Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I am carrying out a series of focus groups and you have been invited to participate in one of those focus groups. It is anticipated that each focus group will last approximately one and a half hours.

The following subjects and their role in the formation, development and meaning of trust between you and your financial adviser will be discussed at each focus group:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the focus group you will be invited to discuss your views, opinions and perceptions of these subjects, and their importance to you. There are no right or wrong answers to any of the questions that will be asked.

Each focus group will be recorded and subsequently transcribed. The Information that you give will be treated as strictly confidential and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage in order to guarantee your anonymity.

The information that you have given, along with information from the other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

APPLICATION APPROVED
RESEAR HICS COMMITTEE
CARDIFF
CARDIFF SINESS SCHOOL

Trust and the Financial Adviser – Focus Group Topic Guide

Topic to explore	Suggested Questions
Legal and regulatory compliance	• Are you aware of how financial advisers are regulated and by whom? • Are you aware of the compulsory nature of the regulation? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Compensation schemes	• Are you aware of the Financial Services Compensation Scheme and what it covers? • Are you aware that it is compulsory for your adviser to be a member of this scheme? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Professional Indemnity Insurance	• Are you aware that your financial adviser (or the organisation that he/she works for must hold Professional Indemnity insurance? (Explain if required) • How does this contribute to the formation of trust\trust between you and your financial adviser?
Membership of professional bodies and associations	• Is your adviser a member of a professional body or association? • If so, does how does membership of that organisation contribute to your trust in your financial adviser?
Confidentiality and privacy	• Are you concerned about the security, confidentiality of the information that your adviser holds about you? • Are you aware of the Data Protection Act and that your adviser must comply with data protection regulations? • How does this contribute to the formation of trust\trust between you and your financial adviser? • What actions, if any, could your financial adviser take to reassure you in this respect? • Do you perceive that you have control over the information your financial adviser holds about you and how it is

	used? • Does this control\lack of control affect the trust you place in your financial adviser?
Testimonials, recommendation of others and reputation	• To what extent does the recommendation of others influence the formation of trust \ trust between you and your financial adviser? • To what extent is this formation of trust \ trust affected by the source of the recommendation (i.e. family, friend, professional etc)? • Would the provision of testimonials from other clients of the financial adviser enhance your trust of that financial adviser?
Physical evidence	• To what extent does the physical appearance of an adviser's office influence the formation of trust \ trust between you and your financial adviser? • To what extent does the physical appearance of the adviser them self (and associated items such as car, briefcase etc.) influence the formation of trust \ trust between you and your financial adviser?
Brand	• To what extent does the employment of your adviser by a well-known brand influence the formation of trust \ trust between you and your financial adviser? • To what extent does the lack of a well-known brand hinder this?
Qualifications	• Does your financial adviser hold formal qualifications? • If so, to what extent does this influence the formation of trust \ trust between you and your financial adviser?

ESRM - Dissertation, Ms

ETHICS 2

Cardiff Business School
Cardiff University

Ysgol Fusnes Caerdydd
Prifysgol Caerdydd

FULL ETHICAL APPROVAL FORM

(For guidance on how to complete this form, please see Learning Central – CARBS RESEARCH ETHICS)

If your research will involve patients or patient data in the NHS then you should secure approval from the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/

Name of Lead Researcher : **Adam Poole**

School: CARBS

Email: pooleac@cardiff.ac.uk

Names of other Researchers: none

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Email addresses of other Researchers : na

Title of Project:

Trust and the Financial Adviser

Start and Estimated End Date of Project: Start: 15th July 2013 Finish: September 15th 2013

Aims and Objectives of the Research Project:

An investigation into the formation, components and meaning of trust between a consumer and a financial adviser

Please indicate any sources of funding for this project:

None

1. Describe the methodology to be applied in the project

It is proposed to conduct a series of interviews with around ten to fifteen individuals in order to initially explore the subject area and assist with scale development for later use in a survey instrument or questionnaire. (Ethical approval for this subsequent stage of research will be requested separately at a later date.)

PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

2. Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria

Individuals will be recruited for the interviews in the following ways:

1. Individuals who are currently known to the primary researcher will be contacted directly by the primary researcher and invited to participate. These individuals will also be asked if they know any other individuals who may wish to participate who will then be approached and also invited to participate.

2. A notice will be circulated amongst the membership of the White Horse Cricket Club (which is based in Broad Hinton near Swindon) inviting members and their partners to participate.

3. Notices will be placed in various local magazines that circulate in the Swindon area inviting readers to participate.

Inclusion criteria:

Individuals will be asked if they have used or had meetings with a personal financial adviser within the past 12 months and are willing to discuss their opinions of their financial adviser with regard to trust for the purposes of this research.

Exclusion criteria:

All individuals who either volunteer or are contacted by the primary researcher will be given a full description of the research during the first contact. Volunteers will be advised that if they are in anyway uncomfortable with discussing the subject of this research in a group, with the primary researcher present, that they should decline to participate. This will be particularly important where those individuals are members of the primary researcher's social circle.

Individuals who have not had contact with a personal financial adviser within the last 12 months will be excluded.

No individuals under the age of 18 will be invited to participate.

Efforts will be made to recruit a sample that is representative of wider society which includes, for example, both genders together with representatives of different age groups and ethical backgrounds.

1. Describe the method by which you intend to gain consent from participants.

Each interviewee will be given an information sheet (attached) containing details of the proposed research and also asked to complete and sign a consent form (attached) that states that they understand the purpose of the research, participate in it voluntarily and give their consent.

The information sheet will also contain written assurances regarding both confidentiality and anonymity.

The consent form contains a statement that they may choose to decline to answer any question or withdraw from the research at any time without giving an explanation or reason.

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).

2. Please make a clear and concise statement of the ethical considerations raised by the project and how you intend to deal with them throughout the duration of the project (please use additional sheets where necessary)

1. Whilst there is no intention to discuss personally sensitive financially related information, it is possible that some participants may think that this is the case. Therefore all participants will be re-assured prior to the start of each interview that this is not the case and that they should not disclose any information if they are in any way uncomfortable in so doing.
2. Data security. All data will be digitally encrypted using AES 256 military strength encryption and will be further protected with the use of a 'strong' password. All data will be securely disposed of once the project is complete.
3. Safety issues.
4. Complaints by a participant concerning an adviser. The researchers will not become involved should a participant make a complaint about an adviser, but will refer the participant to either:

- the hand-outs given to the participant by the adviser (which should details the procedure for complaints)
- the advisers employer
- the relevant regulator

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).
PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

STUDENTS SHOULD BIND THE SIGNED AND APPROVED FORM INTO THEIR REPORT, DISSERTATION OR THESIS.

Please complete the following in relation to your research project:

		Yes	No	n/a

(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	x	☐	☐
(b)	Will you tell participants that their participation is voluntary?	x	☐	☐
(c)	Will you obtain written consent for participation?	x	☐	☐
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	x	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	x	☐	☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	x	☐	☐
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	x	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the principal researcher/student to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Signed:
(Principal Researcher/Student) A. Poole

Print Name: ADAM POOLE

Date: 3/7/2013

SUPERVISOR'S DECLARATION (Student researchers only): As the supervisor for this student project I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed: Shumaila Yousafzai

Print Name: SHUMAILA YOUSAFZAI

Date: 3rd July 2013

TWO copies of this form (and attachments) MUST BE OFFICIALLY STAMPED by Ms Lainey Clayton, Room F43, Cardiff Business School

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Official stamp of approval of the School Research Ethics Committee:

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Date: 3/7/2013

Trust and the Financial Adviser – Interview Topic Guide

Topic to explore	Suggested Questions
Legal and regulatory compliance	• Are you aware of how financial advisers are regulated and by whom? • Are you aware of the compulsory nature of the regulation? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Compensation schemes	• Are you aware of the Financial Services Compensation Scheme and what it covers? • Are you aware that it is compulsory for your adviser to be a member of this scheme? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Professional Indemnity Insurance	• Are you aware that your financial adviser (or the organisation that he/she works for must hold Professional Indemnity insurance? (Explain if required) • How does this contribute to the formation of trust\trust between you and your financial adviser?
Membership of professional bodies and associations	• Is your adviser a member of a professional body or association? • If so, does how does membership of that organisation contribute to your trust in your financial adviser?
Confidentiality and privacy	• Are you concerned about the security, confidentiality of the information that your adviser holds about you? • Are you aware of the Data Protection Act and that your adviser must comply with data protection regulations? • How does this contribute to the formation of trust\trust between you and your financial adviser? • What actions, if any, could your financial adviser take to reassure you in this respect? • Do you perceive that you have control over the information your financial adviser holds about you and how it is

	used? • Does this control\lack of control affect the trust you place in your financial adviser?
Testimonials, recommendation of others and reputation	• To what extent does the recommendation of others influence the formation of trust \ trust between you and your financial adviser? • To what extent is this formation of trust \ trust affected by the source of the recommendation (i.e. family, friend, professional etc)? • Would the provision of testimonials from other clients of the financial adviser enhance your trust of that financial adviser?
Physical evidence	• To what extent does the physical appearance of an adviser's office influence the formation of trust \ trust between you and your financial adviser? • To what extent does the physical appearance of the adviser them self (and associated items such as car, briefcase etc.) influence the formation of trust \ trust between you and your financial adviser?
Brand	• To what extent does the employment of your adviser by a well-known brand influence the formation of trust \ trust between you and your financial adviser? • To what extent does the lack of a well-known brand hinder this?
Qualifications	• Does your financial adviser hold formal qualifications? • If so, to what extent does this influence the formation of trust \ trust between you and your financial adviser?

Interview Consent Form

Research conducted by Adam Poole into the the formation, components and meaning of trust between a consumer and his or her financial adviser.

Please tick the relevant box below concerning the collection and use of the research data.

	YES	NO
I have read and understood the information sheet		
I have been given the opportunity to ask questions about the study		
I have had my questions answered satisfactorily		
I understand that I am granting permission to become a participant in this research study		
I give my permission for the interview to be recorded		
I understand that I can refuse to answer any question or withdraw from the study at any time without having to give an explanation or reason		

Name

(Printed)………………………………………………………………………………

Signature…………………………………………………….Date…………………

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Please feel free to contact me if you have any further questions.

Contact details: Adam Poole (07981732156)

Interview Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I am carrying out a series of interviews and you have been invited to participate. It is anticipated that each interview will last approximately 45 minutes.

The following subjects and their role in the formation, development and meaning of trust between you and your financial adviser will be discussed:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the interview you will be invited to discuss your views, opinions and perceptions of these subjects, and their importance to you. There are no right or wrong answers to any of the questions that will be asked.

Each interview will be recorded and subsequently transcribed. The Information that you give will be treated as strictly confidential and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage in order to guarantee your anonymity.

The information that you have given, along with information from the other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

ETHICS 2

FULL ETHICAL APPROVAL FORM

Cardiff Business School
Cardiff University

Ysgol Fusnes Caerdydd
Prifysgol Caerdydd

(For guidance on how to complete this form, please see Learning Central – CARBS RESEARCH ETHICS)

If your research will involve patients or patient data in the NHS then you should secure approval from the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/

Name of Lead Researcher : Adam Poole

School: CARBS

Email: pooleac@cardiff.ac.uk

Names of other Researchers: none

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Email addresses of other Researchers : na

Title of Project:

Trust and the Financial Adviser

Start and Estimated End Date of Project: Start: 8th April 2014 Finish: 30th May 2014

Aims and Objectives of the Research Project:

An investigation into the formation, components and meaning of trust between a consumer and a financial adviser. Further interviews to investigate themes that emerged from research conducted in summer 2013

Please indicate any sources of funding for this project:

None

1. Describe the methodology to be applied in the project

It is proposed to conduct a series of interviews with around five to ten individuals in order to investigate themes that emerged from research conducted in summer 2013 and assist with scale development for later use in a survey instrument or questionnaire to be used in a later stage of the same project. (Ethical approval for this subsequent stage of research will be requested separately at a later date.)

PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

2. Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria

Individuals will be recruited for the interviews in the following ways:

1. Individuals who are currently known to the primary researcher or family members of the primary researcher will be contacted directly by the primary researcher and invited to participate. These individuals will also be asked if they know any other individuals who may wish to participate who will then be approached and also invited to participate.

2. Notices will be placed in various local magazines and a newspaper that circulate in the Swindon area inviting readers to participate.

Inclusion criteria:

Individuals will be asked if they have used or had meetings with a personal financial adviser within the past 18 months and are willing to discuss their opinions of their financial adviser with regard to trust for the purposes of this research.

Exclusion criteria:

All individuals who either volunteer or are contacted by the primary researcher will be given a full description of the research during the first contact. Volunteers will be advised that if they are in anyway uncomfortable with discussing the subject of this research with the primary researcher that they should decline to participate. This will be particularly important where those individuals are members of the primary researcher's social circle.

Individuals who have not had contact with a personal financial adviser within the last 18 months will be excluded.

No individuals under the age of 18 will be invited to participate.

Efforts will be made to recruit a sample that is representative of wider society which includes, for example, both genders together with representatives of different age groups and ethnic backgrounds.

1. Describe the method by which you intend to gain consent from participants.

Each interviewee will be given an information sheet (attached) containing details of the proposed research and also asked to complete and sign a consent form (attached) that states that they understand the purpose of the research, participate in it voluntarily and give their consent.

The information sheet will also contain written assurances regarding both confidentiality and anonymity.

The consent form contains a statement that they may choose to decline to answer any question or withdraw from the research at any time without giving an explanation or reason.

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).

2. ***Please make a clear and concise statement of the ethical considerations raised by the project and how you intend to deal with them throughout the duration of the project (please use additional sheets where necessary)***

1. Whilst there is no intention to discuss personally sensitive financially related information, it is possible that some participants may think that this is the case. Therefore all participants will be re-assured prior to the start of each interview that this is not the case and that they should not disclose any information if they are in any way uncomfortable in so doing.
2. Data security. All data will be digitally encrypted using AES 256 military strength encryption and will be further protected with the use of a 'strong' password. All data will be securely disposed of once the project is complete.
3. Safety issues.
4. Complaints by a participant concerning an adviser. The researchers will not become involved should a participant make a complaint about an adviser, but will refer the participant to either:

- the hand-outs given to the participant by the adviser (which should detail the procedure for complaints)
- the advisers employer
- the relevant regulator

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).
PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

STUDENTS SHOULD BIND THE SIGNED AND APPROVED FORM INTO THEIR REPORT, DISSERTATION OR THESIS.

Please complete the following in relation to your research project:

		Yes	No	n/a
(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	x	☐	☐
(b)	Will you tell participants that their participation is voluntary?	x	☐	☐
(c)	Will you obtain written consent for participation?	x	☐	☐
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	x	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	x	☐	☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	x	☐	☐
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	x	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the principal researcher/student to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Signed:
(Principal Researcher/Student) [signature]

Print Name: ADAM POOLE

Date: 3/4/2014

SUPERVISOR'S DECLARATION (Student researchers only): As the supervisor for this student project I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed: Shumaila Yousafzai

Print Name: SHUMAILA YOUSAFZAI

Date: 3rd April 2014.

TWO copies of this form (and attachments) MUST BE OFFICIALLY STAMPED by Ms Lainey Clayton, Room F43, Cardiff Business School

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Official stamp of approval of the School Research Ethics Committee:

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Date:

X Chair of Ethics [signature] Foster.

Trust and the Financial Adviser – Follow up Topic Guide

Section one – general information

Gender, Age, Occupation, Ethnic background, Marital Status

Type of adviser used i.e. bank, IFA, well known company etc

If not a well-known company size of company

How was the participant introduced to the adviser/find the adviser?

Section two

Topic to explore	Suggested Questions
Legal and regulatory compliance	• Are you aware of how financial advisers are regulated and by whom? • Are you aware of the compulsory nature of the regulation? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Compensation schemes	• Are you aware of the Financial Services Compensation Scheme and what it covers? • Are you aware that it is compulsory for your adviser to be a member of this scheme? • How does this contribute to the formation of trust\trust between you and your financial adviser?
Professional Indemnity Insurance	• Are you aware that your financial adviser (or the organisation that he/she works for must hold Professional Indemnity insurance? (Explain if required) • How does this contribute to the formation of trust\trust between you and your financial adviser?
Confidentiality and privacy	• Are you concerned about the security, confidentiality of the information that your adviser holds about you? • Are you aware of the Data Protection Act and that your adviser must comply with data protection regulations? • How does this contribute to the formation of trust\trust between you and your financial adviser?

	• What actions, if any, could your financial adviser take to reassure you in this respect? • Do you perceive that you have control over the information your financial adviser holds about you and how it is used? • Does this control\lack of control affect the trust you place in your financial adviser?
Redress and the provision of sanction or punishment	• How important is it to you and why that regulations include provisions for compensation if an adviser gets it wrong? • Should regulations also include the provision of sanctions or punishment for financial advisers that fail to act in their best interests? Why? • What effect do either of these have upon your trust\ formation of trust with the financial adviser?
Membership of professional bodies and associations	• Is your adviser a member of a professional body or association? • If so, does how does membership of that organisation contribute to your trust in your financial adviser?
Brand – if applicable. Does the existence of a brand mediate the need for structural assurance	• To what extent does the employment of your adviser by a well-known brand influence the formation of trust \ trust between you and your financial adviser? • To what extent does the lack of a well-known brand hinder this? • Would you trust an adviser more or less if the worked for a major well-known brand or company? Why?
Employment by an organisation if applicable – does this mediate the need for structural assurance	• Does the fact that the financial adviser works for a company influence how you view them? Why? • Do you trust them more or less because of this? • Would you still trust them more or less if they were a one man band? Why?

If the adviser was introduced by the participants employer what effect did this have with regard to their perception of the adviser	• What effect did this have upon your perception of the adviser? • Did this make you trust the adviser more or less? Why?
What was the effect of the level of experience and knowledge of the participant upon their need for structural assurance	• How experienced and knowledgeable are you about financial services? • What affect does this have upon you when dealing with a financial adviser? Does it make your more cautious? • Does it make you more reliant upon the regulations? Why? • Does this make it easier/harder for you to trust a financial adviser? Why?
Testimonials, recommendation of others, qualifications and reputation	• To what extent does the recommendation of others influence the formation of trust \ trust between you and your financial adviser? • To what extent is this formation of trust \ trust affected by the source of the recommendation (i.e. family, friend, professional etc)? • Would the provision of testimonials from other clients of the financial adviser enhance your trust of that financial adviser? • Does your financial adviser hold formal qualifications? • Does your financial adviser display evidence of his or her qualifications? • If so, to what extent does this influence the formation of trust \ trust between you and your financial adviser?
Physical evidence	• To what extent does the physical appearance of an adviser's office influence the formation of trust \ trust between you and your financial adviser? • To what extent does the physical appearance of the adviser them self (and associated items such as car, briefcase etc.) influence the formation of trust \ trust between you and your financial adviser?

Link between the need for data security, privacy and confidentiality and situational normality	• If you visit a financial adviser in their office – what do you expect that office to look like? • What sort of layout do you expect? • Do you expect there to be meeting rooms where you can discuss your business confidentially and in privacy? • How would you feel if you could see confidential documents relating to other clients? Would this make you concerned for the security of your own confidential information? • What would happen if the offices did not meet these expectations?
Do ability and similarity moderate the expectation of adviser appearance?	• IF your adviser attended a meeting poorly dressed what would you think and why? • Would this make you trust them more or less and why? • Would you be more or less concerned about this if you considered your adviser to be very good at his job? Why? • Would you be more or less concerned about this if you considered your adviser to be dressed and appear similar to you? Why?
Meaning of professional in this context	• Do you expect your adviser to be professional\act in a professional manner? • If yes – define what you mean by professional?

Interview Information Sheet

I am currently studying for a PhD at Cardiff University Business School. As part of my studies I am researching the formation, components and meaning of trust between a consumer and his or her financial adviser. This research is for academic purposes only.

As part of this research I am carrying out a series of interviews and you have been invited to participate. It is anticipated that each interview will last approximately 45 minutes.

The following subjects and their role in the formation, development and meaning of trust between you and your financial adviser will be discussed:

- Regulatory and other legal requirements
- Brand
- Physical appearance of the adviser and their place of business
- The recommendation of others
- Formal qualifications held by the adviser

During the interview you will be invited to discuss your views, opinions and perceptions of these subjects, and their importance to you. There are no right or wrong answers to any of the questions that will be asked.

Each interview will be recorded and subsequently transcribed. The Information that you give will be treated as strictly confidential and will be stored in a secure method. Any part of the information that you give that could subsequently lead to your identification will be either removed or changed at this stage in order to guarantee your anonymity.

The information that you have given, along with information from the other participants, will then be analysed and used to assist with my on-going research.

Please do ask any questions that you may have at any time. I will do my best to answer them for you in a full and frank manner.

You will be asked to sign a form to say you have read this information sheet, that you agree to take part in the research, and that you give your permission for the interview to be recorded.

You have the right to decline to answer any question or to withdraw from the research at any time without giving a reason or explanation.

I can be contacted on 07981 732156.

Adam Poole MSc

APPLICATION APPROVED
RESEARCH ETHICS COMMITTEE
CARDIFF BUSINESS SCHOOL
CARDIFF UNIVERSITY

Interview Consent Form

Research conducted by Adam Poole into the the formation, components and meaning of trust between a consumer and his or her financial adviser.

Please tick the relevant box below concerning the collection and use of the research data.

	YES	NO
I have read and understood the information sheet		
I have been given the opportunity to ask questions about the study		
I have had my questions answered satisfactorily		
I understand that I am granting permission to become a participant in this research study		
I give my permission for the interview to be recorded		
I understand that I can refuse to answer any question or withdraw from the study at any time without having to give an explanation or reason		

Name

(Printed)..

Signature...Date.....................

Please feel free to contact me if you have any further questions.

Contact details: Adam Poole (07981732156)

ETHICS 2

FULL ETHICAL APPROVAL FORM

Cardiff Business School
Cardiff University

Ysgol Fusnes Caerdydd
Prifysgol Caerdydd

(For guidance on how to complete this form, please see Learning Central – CARBS RESEARCH ETHICS)

If your research will involve patients or patient data in the NHS then you should secure approval from the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/

Name of Lead Researcher : Adam Poole

School: CARBS

Email: pooleac@cardiff.ac.uk

Names of other Researchers: none

APPLICATION APPROVED
Research Ethics Committee
Cardiff Business School
Cardiff University

Email addresses of other Researchers : na

Title of Project:

Trust and the Financial Adviser

Start and Estimated End Date of Project: 1st September 2014 until 30 August 2015

Aims and Objectives of the Research Project:

An investigation into the formation, components and meaning of trust between a consumer and a financial adviser. This is the quantitative phase of research following an initial exploratory qualitative phase conducted between May 2013 and March 2014

Please indicate any sources of funding for this project:

None

1. Describe the methodology to be applied in the project

It is proposed to distribute a questionnaire to approximately 1,200 clients of one or possibly more financial advisers. The questionnaire will be available online for completion and also in a paper based format. The focus will be on the online version with suitable participants being e mailed a link together with a request to complete the survey by the financial advisers concerned. Upon the advice of one of the financial advisers concerned a paper based questionnaire has also been produced to be sent to those clients who the adviser feels are less computer literate along with a letter from the financial adviser requesting completion. The questions asked will be the same for both however it there will be small differences in the instructions etc to account for the differing formats. It is proposed to offer an incentive to participants by means of a draw for a small number of low value amazon vouchers.

A small pilot study will be carried out with six to eight friends of the principal researcher to validate the paper based survey and a larger (estimated 50 to 100) pilot study will be carried out by means of an e-mail being sent around Cardiff University by Elsie Phillips.

The results from these pilot studies will be used to fine tune the questionnaire. If it proves necessary to make more than very minor changes to the questionnaire, the revised questionnaire will be submitted for further ethical approval.

Qualtircs.com will be used as a platform for the online survey.

Copies of the e mails and letters that the financial advisers will use will be forwarded when available.

PLEASE ATTACH COPIES OF QUESTIONNAIRES OR INTERVIEW TOPIC GUIDES TO THIS APPLICATION

2. Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria

The questionnaire will be made available to the entire active client bank of the financial advisers in question which are believed to number around 1,200. The financial advisers in question deem an active client to be one that they have been in contact within the last 18 months.

The demographic background will therefore be varied, however all have had sufficient income and/or funds available at some point in the past to feel it necessary to engage a professional financial adviser. Furthermore, in order to engage a financial adviser an individual must be over the age of 18 and therefore no children will be included in the sample.

I consider it prudent to follow the advice of the financial advisers concerned regarding clients who should be included or excluded for any reason.

3. Describe the method by which you intend to gain consent from participants.

Potential participants will be deemed to have given their consent by their voluntary completion of the questionnaire.

PLEASE ATTACH A COPY OF ALL INFORMATION WHICH WILL BE GIVEN TO PROSPECTIVE PARTICIPANTS (including invitation letter, briefing documents and, if appropriate, the consent form you will be using).

4. Please make a clear and concise statement of the ethical considerations raised by the project and how you intend to deal with them throughout the duration of the project (please use additional sheets where necessary)

Data security

1. All data will be collected anonymously and the subsequently digitally encrypted using AES 256 military strength encryption and will be further protected with the use of a 'strong' password.
2. E-mails collected for the incentive draw will be segregated from the main body of the data at the earliest opportunity and then sorted in such a way that it becomes impossible to identify data belonging to a particular individual. Once the incentive draw has been completed and the winners contacted the e-mail addresses will be securely disposed of.

Question content

1. The content of the questions is almost entirely non-contentious.

   One section which is potentially contentious is the section relating to ethnicity amounting to a total of three questions. Despite the inclusion of these questions it is not felt that any harm could be done or distress caused to any participants as a result of their participation in this study.

   A further section which is potentially contentious concerns questions that ask the participants to effectively comment upon whether or not their adviser behaves in a manner which is legal and or ethical. It is possible that as a result of the questions in this section a participant(s) could raise the subject of their adviser's behaviour with the researcher. Should this situation arise I would advise the participant(s) concerned to contact the relevant regulator and nothing more.
2. If a financial adviser who assisted me in this research asked for information regarding this question (or indeed any other question) I would decline stating that I am only prepared to discuss the overall results of my research which I would do in academic terms i.e. 'the model was proved or disproved' rather than 'your clients think you have integrity or do not think you have integrity.'

Confidentiality of respondents:

1. There is no intention to share the raw data with anyone although during the analysis phase I may well ask for the assistance of other academics with the data analysis such as my supervisor.

Both the paper version and the online version state on the front page/at the start 'The information you provide will be used for academic purposes only and no other purpose and will be kept strictly confidential. Your participation will not be revealed to any third party.'

2. On the final page and at the end of the online questionnaire respondents are invited to enter the prize draw by means of entering their email address - this is the only way that an individual participant could be identified with any degree of certainty. As part of the invitation to enter the draw the following text is used next to the entry box for the participants e-mail address (which is the only information asked for) 'Your information will only be used to facilitate the prize draw and nothing else.'

Raw data:

1. I have no intention of making the data available to the financial advisers. Instead I have offered to provide 'the results of my research' (by which I mean thesis and/or any papers) to the adviser(s) in question and discuss the results with them. I will not be discussing any questions along the lines of 'you clients think/do not think you act with integrity' with any of the financial advisers involved.

2. The above point will be emphasised to potential participants in the e-mail/letter inviting them to participate.

Data protection regulations:

1. From my discussions with the only financial adviser who has fully committed to this so far it is apparent that he is fully aware of the data protection act and its provisions.

2. None of the financial advisers concerned will be asked to disclose any client information to myself as they (or their staff) will be sending out the invitation to participate rather than myself. Although it is possible that I may assist with this process, I will not record or 'gain' any client data in so doing.

3. The financial advisers will have gained client approval to contact their clients by e-mail, however I doubt that they have gained specific permission to invite their clients to participate in an academic study as I very much doubt if any financial adviser has ever anticipated such as request. One could perhaps ask each adviser to e-mail their clients first to ask them if this is okay, however I would suggest this will produce little if any response.

STUDENTS SHOULD BIND THE SIGNED AND APPROVED FORM INTO THEIR REPORT, DISSERTATION OR THESIS.

APPLICATION APPROVED
Research Ethics Committee
Cardiff Business School
Cardiff University

Please complete the following in relation to your research project:

		Yes	No	n/a
(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	X	☐	☐
(b)	Will you tell participants that their participation is voluntary?	X	☐	☐
(c)	Will you obtain written consent for participation?	☐	☐	X
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	X	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	X	☐	☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if	X	☐	☐

	published, it will not be identifiable as theirs?			
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	X	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the principal researcher/student to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Signed:
(Principal Researcher/Student)

Print Name:

Date:

SUPERVISOR'S DECLARATION (Student researchers only): As the supervisor for this student project I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed:

Print Name:

Date:

TWO copies of this form (and attachments) MUST BE OFFICIALLY STAMPED by Ms Lainey Clayton, Room F43, Cardiff Business School

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Official stamp of approval of the School Research Ethics Committee:

APPLICATION APPROVED
Research Ethics Committee
Cardiff Business School
Cardiff University

Date:

Sept 2014.

Trust and the Financial Adviser

Thank you for taking part in this survey. This survey investigates the formation of trust between a consumer and their financial adviser and the role that regulation plays in that. It is estimated that this survey should take you about 20 minutes. Participation is entirely voluntary and you do not need to answer all of the questions, however we ask that you do if at all possible.

Further information, including the results of this research can be obtained by e-mailing pooleac@cardiff.ac.uk. The information you provide will be used for academic research only and no other purpose and will be kept strictly confidential. Your participation will not be revealed to any third party.

Q1. Your knowledge and familiarity with the financial services industry

	Strongly Agree			Neutral			Somewhat Disagree
I am familiar with financial services products and the financial services industry	1	2	3	4	5	6	7
I consider myself to be well-informed about financial services products and the financial services industry	1	2	3	4	5	6	7
I consider myself knowledgeable about financial services products and the financial services industry	1	2	3	4	5	6	7
Compared to others I am more knowledgeable about financial services products and the financial services industry	1	2	3	4	5	6	7

Trust and the Financial Adviser

Q1 Thank you for taking part in this survey. This survey investigates the formation of trust between a consumer and their financial adviser and the role that regulation plays in that.It is estimated that this survey should take you about 20 minutes. Please answer all of the questions. Further information can be obtained by e-mailing pooleac@cardiff.ac.uk. The information you provide will be used for academic research only and no other purpose.

Q2 Your knowledge and familiarity with the financial services industry

	Strongly Agree (1)	Agree (2)	Somewhat Agree (3)	Neither Agree nor Disagree (4)	Somewhat Disagree (5)	Disagree (6)	Strongly Disagree (7)
I am familiar with financial services products and the financial services industry (1)	○	○	○	○	○	○	○
I consider myself to be well-informed about financial services products and the financial services industry (2)	○	○	○	○	○	○	○
I consider myself knowledgeable about financial services products and the financial services industry (3)	○	○	○	○	○	○	○
Compared to others I am more knowledgeable about financial services products and the financial services industry (4)	○	○	○	○	○	○	○