

CHAPTER 6:

QUALITATIVE RESEARCH METHOD AND ANALYSIS

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SYNOPSIS

This chapter focuses on the qualitative component of the research. The method used is introduced. Content analysis is used. The summary of the interview results are briefly given. The importance of this chapter is to confirm or reject the results of the quantitative research under the armpit of this study.



CHAPTER 6:

QUALITATIVE RESEARCH METHOD AND ANALYSIS

6.1 INTRODUCTION

The purpose of this chapter is to describe the qualitative methods used in this study, compare the quantitative results as discussed in chapter 5 and the qualitative results in chapter 6 of the research in order to confirm or reject the results of the initial quantitative research.

6.2 QUALITATIVE RESEARCH COMPONENT

The objective of this qualitative research is to confirm or reject the results of the quantitative research study conducted earlier.

6.2.1 Method used



Semi-structured Interviews were conducted with 8 members of risk management teams from the four major banks in the South African banking industry, namely ABSA, Standard Bank, First National Bank and Nedbank. A set agenda or discussion guide was drawn up (refer Annexure K) to obtain pertinent opinions from the risk executives of the four major commercial banks. Two risk executives were chosen from each bank identified as bank A, B, C, and D in order to protect their anonymity. Results from each of the four players were regarded as confidential due to the highly competitive positions between the banks. Interviews were done in confidentiality and tactfully. The confidential list of interviewees from each of the 4 banks was given to the supervisor. The main aim was of this qualitative component of the study was to confirm or reject the results of an earlier quantitative research study done in the same industry.

6.2.2 Sample frame

The sample frame was risk executives in the big four commercial banks in South Africa, namely ABSA, First National Bank, Standard Bank and Nedbank. Since the intention was to maximise the usefulness of the information gathered from the interviewees, it was felt that the individual or individuals in strategic planning of risk management in the South African banking industry (such as a chief risk officer) would be the most suitable interviewee. A sample of 8 risk managers were therefore obtained. In attempting to gather the most meaningful data possible, respondents with some prior exposure to the concept was preferred. This was achieved to a large extent as 8 out of 8 respondents had good exposure to risk management. Since this qualitative research was done in addition to the quantitative research it was decided that the big four banks would be sufficient. Two risk executives were chosen from each bank identified as bank A, B, C, and D in order to protect their anonymity.

6.2.3 Choice of research method

The importance of interviews is summarised by Burgess (1990 : 22) The author defines semi structured interviews as an opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience. As a result, the semi-structured interview was chosen as the preferred method. This technique allowed maximum flexibility in pursuing issues that would arise, allowed the respondents to clarify some of the concepts underlying the concept whenever they will be unclear - thus resulting in more meaningful data, and allowing the researcher to follow up on leads for other suitable respondents. The interview length varied considerably depending upon the respondent's interest, time availability and knowledge of the subject. The interviews commenced with the researcher explaining his background and his reasons for pursuing the topic, and then moved onto the questions. The level of usefulness of the data obtained also

varied considerably depending upon the respondent's knowledge and exposure to the concept of holistic risk management in the banking industry.

6.2.4 Interview / discussion guide design

A copy of the interview / discussion guide is included in (Annexure K). The questions in the interview /discussion guide were designed, to confirm or reject results of the quantitative research.

6.2.5 Thematic / content analysis

Content analysis according to Churchill (2000 : 162) is largely the generation of pertinent concepts from relevant documents and in-depth structured and unstructured interviews. The analysis was qualitative in nature due to the confirmatory nature of the research. Although this potentially maximised the amount of information that was derived from the interviews, it did, however, posed analysis problems because of the semi-structured, text-based nature of the data itself. In order to translate this unstructured data into something meaningful, it was felt that it would then be necessary to restructure the data into manageable groupings thereafter. These were then reorganised in order to be more accurate.

The summarised answers of each question were then analysed across respondents, and identical or similar concepts identified, in order to allow analysis of general trends across the sample. Identification of trends within specific areas was also conducted in a similar fashion, by visually identifying and tallying the number of like responses from interviewees within a single industry.

6.3 INSIGHTS GAINED FROM INTERVIEWS

An open-ended interview schedule / discussion guide (Annexure K) was used to expand on the concepts already generated from the literature. The reason for using an open-ended technique was to allow interviewees to respond freely and to build on their ideas (Churchill, 2000 : 83).

A copy of the discussion guide was forwarded to the interviewee at least two days before the scheduled interview. The intention was to allow the individual to give each issue some thought. A total of eight interviewees were chosen, based on their “expert and intimate” knowledge of the subject matter. Eight risk executives were targeted. Holders of this “expert and intimate” knowledge were defined as follows: banking risk strategists and issues surrounding strategic and operational risk in the South African banking industry.

The purpose of performing this content analysis was to identify information in order to confirm or reject the aspects of the quantitative research as mentioned in Section 6.4. The qualitative research attempted to find answers to the following groupings. The interviews were done with the structure guideline as listed in Annexure K generated the responses as illustrated in Table 6: 1.

- Culture of risk management: norms, trust, history, values behaviours, policies and dress code;
- Analysis of current position: SWOT analysis, gap analysis, losses, economic trends, management competencies and efficiencies;
- Formulation of holistic risk management strategies: strategic intend, strategic agenda, strategic decision, follow-up, continuity, history, future possibilities, fact base, assumptions, processes, environmental scans, performances, costs, profits and targets;
- Establishing a plan for holistic risk management: planning wheel, PDCA (plan do check and act) targets, planning for owners, planning for the board, annual plans, half yearly plans, quarterly plans, and monthly plans;
- Implementation of holistic risk management: goals, targets, guidelines, vision, and opportunities;

- Review of results: set goals against targets, guidelines, costs, profits and performances;
- Evaluation and plan modification: evaluation of the past, the present and the future, overall plan change over time, mid air change of gears and proactive management;
- Systems review: system overview is done on a continuous basis, from hardware to software, from engineering to software development;
- Motivation and Control: yes motivation and control is done on a continuous basis in conjunction with Human Resources and Internal Audit Control;



EXHIBIT: 6 : 1 MEASUREMENT OF CONTENT GENERATED FROM INTERVIEWS

	Bank A	Bank B	Bank C	Bank D
1. Culture of risk management: Not formalized, but we do have a culture in the bank. Norms, Trust, History, Values, Structure, Behaviour, Vision, Dress Code, Policies,	yes yes	yes yes	yes yes	yes yes
2. Analysis of current position: Yes to a certain extent we do analyze the current position of risk of SWOT analysis, Losses, Economic trends, Management competencies, Efficiencies, gap analysis, value at risk, risk adjusted return on capital, economic value adding.	yes yes	yes yes	yes yes	yes yes
3. Formulation of holistic risk management strategies: Processes, Environmental scans, Performances, Costs, Profits, Targets, strategic intend, strategic agenda, strategic decision, future possibilities, fact base, assumptions, follow-up, consistency,	yes yes	yes yes	yes yes	yes yes
4. Establish a plan for holistic risk management: targets, planning wheel, PDCA (plan do check and act) planning for owners, Planning for the board, Annual plans, Half yearly plans, quarterly plans and Monthly plans.	yes yes	yes yes	yes yes	yes yes
5. Implementation if holistic risk management: Goals, Targets, Guidelines, Vision, and Opportunities.	yes yes	yes yes	yes yes	yes yes
6. Review of results: Set goals against targets, Guidelines, Costs, Profits, Performances.	yes yes	yes yes	yes yes	yes yes
7. Evaluation and plan modification: Evaluation yes, Overall plan change over time, Mid air change of gears, Proactive management, evaluation of the past, the present and the future.	yes yes	yes yes	yes yes	yes yes
8. Systems review: System overview is done on a continuous basis, From hardware to software, From engineering to software development.	yes yes	yes yes	no no	yes yes
9. Motivation and Control: Yes motivation and Control is done on a continuous basis in conjunction with Human Resources and Internal Audit Control.	yes yes	yes yes	yes yes	yes yes

Source: Own research

The responses as illustrated in Exhibit 6.1 relate closely to the groups identified in the literature and quantitative research already done.

6.4 SUMMARY OF FINDINGS FROM THE QUALITATIVE RESEARCH

The summary of findings are as follows:

- **Culture of risk management;**

All eight interviewees from bank A, B C, and D indicated that there was a risk culture in their banks which was not formalized.

It is clear from the content analysis that all four banks do have a culture of risk management within their banks and that there is evidence of the things mentioned in the previous empirical research such as norms, trust, history, values, structure, behaviour, vision and dress code. There was consensus on the norms, trust, history, values, behaviour, dress code and policies. Two interviewees from bank C mentioned structure and vision to support the culture which was not mentioned in the empirical research.

- **Analysis of current position;**

Eight interviewees from bank A, B, C and D indicated that they analyse the current position of their risk management division. There is conclusive evidence that all banks do analyze the current position of their holistic risk management on a regular basis. However, they all use different methods of analyzing their current position of holistic risk management such as SWOT analysis, gap analysis, efficiency of the bank, economic trends, management competencies, value at risk, risk adjusted return on capital, economic value adding.

- **Formulation of holistic risk management strategies;**

In terms of formulation of holistic risk management strategies, all eight interviewees indicated that they do formulate holistic risk management strategies using a variety of tools namely, environmental scans, targets on costs and profits, strategic intent, strategic agenda, strategic decision, future possibilities, fact base, assumptions, follow-up, consistency, history and others.

- **Establish a plan for holistic risk management;**

In terms of establishing a plan for holistic risk management all eight interviewees indicated that without a plan they are actually planning to fail. There was consensus in the use of the following methods; targets, planning wheel, PDCA

(plan do check and act) planning for owners, Planning for the board, Annual plans, Half yearly plans, quarterly plans and Monthly plans.

- **Implementation of holistic risk management;**

When it comes to the implementing of holistic risk management all eight interviewees indicated that they do implement holistic risk management and in the process use the following tools; goal setting, targets, guidelines, vision and opportunity seeking as drivers for the implementation of holistic risk management.

- **Review of results;**

All eight interviewees indicated that they do review the results of their holistic risk management on a regular basis, in terms of set goals against targets, guidelines, costs, profits and performance of the bank.

- **Evaluation and plan modification;**

All eight interviewees from bank A, B, C and D indicated that they do a proper evaluation and plan modification of the risk management unit. The following systems were mentioned; Overall plan change over time, mid air change of gears, proactive management, evaluation of the past, the present and the future of risk management.

- **Systems review;**

Under systems review only one bank (bank C) out of four banks indicated that they not do a proper review of their systems on a continuous basis. Bank D indicated that systems review was of paramount importance to the bank and has invested millions of rands for the development of automated systems. The following were mentioned; System overview is done on a continuous basis, from hardware to software, from engineering to software development.

- **Motivation and Control;**

All eight interviewees from all banks indicated that they take interest in the motivation and control of the risk management unit and its resources. However they tend to delegate the function of motivation and control to the departments of Human resources and Internal Audit respectively.

6.5 GAPS BETWEEN QUANTITATIVE AND QUALITATIVE RESULTS

The only gap that emerged between the quantitative results and the qualitative results was in the aspect of systems review. Banks C indicated that systems review was not part of their mandate: therefore they tend to leave it to the IT department to manage and review the system. Bank B went further and stated that banking was not about systems review, it is about taking calculated and educated risks. Bank C emerged as the only bank that does not do a proper systems review on a regular basis. Both respondents from banks A, B and D indicated that their banks were systems driven and that their banks had layers of different systems. In the event that one of the layers fails or the unexpected happens, the other system would kick in within a split of seconds. The quantitative research however, indicated that the majority of South African banks do review their systems on a regular basis. The discrepancies between the results of the quantitative and qualitative research may be because managers of certain banks (C) are not involved in the systems review processes used in their banks. This discrepancy is however, not significant in the larger picture of the results to this study.

6.6 CONCLUSIONS

In this chapter a summary of qualitative methodology and the qualitative results were briefly discussed. The sample frame and the interview guide were stated. The insights gained from the interviewees were given and the summary of the qualitative research results were also given. It can be concluded that the results of the qualitative research confirms the quantitative research making the study more recent and therefore strengthens the basis of the study.

Chapter 7 concludes the study and will ascertain whether the research objectives were met and the final recommendations will be made with regard to the significance of the research.

