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Investment Advisor Succession Planning: Attitudes, Norms, and Control

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Abstract

This study investigated succession planning intentions of investment advisors who lead their small businesses. We employed the theory of planned behavior to better understand the attitudes, norms and perceptions of control that impact these business leaders' intentions to plan. Our research included a pilot study of interviews with 10 investment advisors and a main study of advisor survey responses. With a sample size of 198 participants, we analyzed survey responses measuring traditional TPB constructs as well as involvement in outside activities. Using two-step structural equation modeling, our model fit was acceptable, and our results supported our hypotheses that beliefs, attitudes, and perceptions of control impact intentions to plan for succession. Our hypotheses related to subjective norms, motivation to comply to norms, and involvement in outside activities were not supported. Based on our results, industry leaders and those hoping to convince more advisors to plan for succession should focus on the unique benefits of succession planning and provide practitioners with hands-on tools to nudge them toward implementation. Peer pressure and testimonials appear not to affect the intentions of these business leaders.

Keywords: Succession, Theory of planned behavior, Investment advisors, Attitudes, Subjective norms, and Perceptions of control

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Chapter 1: Introduction

Millions of Americans rely on professional investment advisors for guidance in financial matters during tumultuous times such as those we have experienced in 2020 and for more routine challenges like long-term retirement planning. However, many of these advisors are moving toward their own retirements which may force investors to act alone or go through the difficult process of finding a new advisor. The Investment Advice sub-industry (NAICS code 523930) is comprised of over 20,000 firms, 96% of which have fewer than 20 employees (U.S. Census, 2016). According to a 2017 survey sponsored by Cerulli Associates, the average age of financial advisors was 51 and nearly 40% of them expected to retire within the next 10 years (Forbes, 2017). Presumably, those same advisors are now three years closer to retirement and their clients are three years closer to searching for someone else to provide financial guidance. For many investment advisors, transitioning their business to a successor is critical to ensuring uninterrupted, high quality service for clients and enhancing the advisor’s own financial position in retirement.

Investment Advice Industry

The Financial Planning and Investment Advice sub-industry within the NAICS sector of Finance and Insurance “comprises establishments primarily engaged in providing customized investment advice to clients on a fee basis, but do not have the authority to execute trades. Primary activities performed by establishments in this industry are providing financial planning advice and investment counseling to meet the goals and needs of specific clients” (NAICS, 2019, “523930 – Investment Advice,” para. 1). Though this definition is fairly precise, there is no consensus as to the exact number of organizations which fit the definition or the number of employees in the industry.

According to the U.S. Census Bureau, the investment advice industry included 20,798 firms and employed 106,791 people as of 2016 (U.S. Census, 2016). AnythingResearch.com, a private research organization, reviewed 2.9 million public and private firms in the IncFact database in 2018 and turned up 17,333 firms and 133,475 employees in the industry. Securities and Exchange Commission (SEC) data indicates that there are 12,993 federally registered firms employing 436,256 professionals who provide investment advisory services (IAA, 2019). Regardless of the exact number of firms and individual advisors, a high percentage of these establishments are very small businesses averaging just eight employees (Anything Research, 2019) (Table 1.1).

Table 1.1
Investment Advice Industry Statistics

Metrics	2012	2013	2014	2015	2016	2017	2018
Market Size ($ Billions)	$32.23	$34.58	$40.38	$41.85	$42.82	$45.99	$47.58
Total Firms	13,782	14,279	15,062	15,858	16,341	16,819	17,333
Total Locations HQ & Branch)	15,735	16,303	17,197	18,105	18,657	19,203	19,790
Total Employees	101,953	112,955	118,936	125,852	129,712	131,596	133,475
Avg Revenue Per Firm ($ millions)	$2.30	$2.40	$2.70	$2.60	$2.60	$2.70	$2.70
Avg Employees Per Firm	7	8	8	8	8	8	8

Source: AnythingResearch analysis of US Census and federal statistics

Despite their small size, these investment advisory firms serve a significant amount of client assets. SEC data shows that the median advisory firm has $341 million of assets under management and exercises discretion over the majority of their 141 client accounts. During the period 2012 through 2019, the Federal Reserve reports that non-government net worth in the U.S. increased from $70.9 trillion to $118.4 trillion (Federal Reserve Bank, 2019), and though that number fluctuates with market volatility, U.S. households own trillions of dollars of liquid assets of which approximately $80 trillion are managed by the investment advice industry (SEC, 2019). The industry is large and fragmented, serving more than 40 million clients across the country. Research indicates that investors do not necessarily understand the difference between investment advisors, broker/dealers and other financial professionals (Scholl & Hung, 2018), but we confined our research to the investment advice sub-industry because it is a relatively well-defined breakout of a specific financial service that allows us to focus our research efforts on an industry that has direct, day to day impact on the investing public.

Succession Planning

Succession planning is a topic that many investment advisory business owners think about, but few carry out. A Financial Planning Association (FPA) survey found that while only 28% of advisers have a succession plan in place, 97% of advisers who do not currently have a plan indicated that they will develop one in the future (FPA, 2015). Studies highlighting the dismal statistics of succession have been around for years with a survey of family businesses finding that 70% of those firms are sold or liquidated when the founders leave the business as a result of death or retirement (Lansberg, 1988). Morris, Williams, and Nel (1996) stated it from the opposite perspective by pointing out that only 30% of family firms endure into the second generation. The topic is not exclusive to family firms or investment advisory firms, with Amato (2013) finding that among CPA firm owners, 79% say that succession planning will be a significant problem in the future but that fewer than 50% have a plan in place. The issue is large enough across all businesses that William Rothwell wrote a book on the topic over 25 years ago and updates it regularly as he tries to convince businesses to give the topic more attention (Rothwell, 1994).

Succession planning in large firms is generally related to the C-Suite and the planning required to identify and train a firm's next generation of leaders. Succession planning in this realm is constant and ongoing and requires firms to identify key positions along with key performers in the organization. If the firm commits to the process, transitions from one leader to the next can be relatively smooth and ultimately improve the value of the enterprise. Many firms do not commit to an ongoing process and choose to find successors on an as-needed basis because they do not believe the time and money investment required to find and train replacements is worth it. Whether large organizations adopt succession planning processes or not, they generally have the financial and human resources necessary to allow for the orderly transition from one leader to the next. Unfortunately, small businesses are not in the same position. They often do not have the people on board at the firm who are suited to running the business in the future and they do not have the financial capital or time to invest in finding the next leader.

When considering the topic of succession planning in the financial advice industry, only 25% of advisors without a plan are absolutely or somewhat clear about their own retirement, and though advisors acknowledge that a lack of succession planning is risky, just 41% have any sort of succession plan and only 27% have a formal plan in place (FPA, 2018). Succession planning would seem to increase the potential for future cash flows in any business and therefore increase the present value of the organization. Furthermore, planning should reduce the risk of losing clients and the ongoing fees they pay to the business. The financial advice industry is in the business of increasing returns and reducing risk for investor clients and this leads us to ask, if succession planning reduces business risk and increases the return on an advisor's business, why do so few investment advisors implement succession planning?

Our research includes personal observations, interviews with business leaders in the financial services industry, survey responses, and a detailed analysis of the combined information. Our personal observations come from 35 years of experience in the financial services industry across multiple roles including investment sales, operations, trading, research, and portfolio management. Most recently and for the past 15 years we have provided executive leadership, primarily as a chief operating officer of an institutional investment consulting firm. Our management experience coupled with 20 years of work as a practitioner in the retail space of financial services provides deep and varied perspective on the investment advice industry.

Specific to the subject of this research, our years spent in retail investment advising allowed us to work closely with professionals who are the focus of this study. As the investment advisory business transitioned from commission-based brokerage to fee-based wealth management, we observed the changing business model and saw the growth of individual investment advisory practices. Over those first 20 years in the industry we worked closely with independent investment advisors daily and grew to understand the issues and challenges these individuals face. Our executive leadership experience over the past 15 years has highlighted the importance of planning for expected and unexpected changes in the industry. We have seen firsthand how successful investment advisory firms prepare for the future through ongoing planning to address seen and unseen future events. Succession is most certainly an event that all business owners know is coming at some point in the future. Yet as surely as that future event is growing nearer, most advisor-owners have not put a plan in place. As we have observed this phenomenon over the years, we have witnessed how behaviors, attitudes and perceptions influence the decisions of business leaders who are otherwise logical and financially minded.

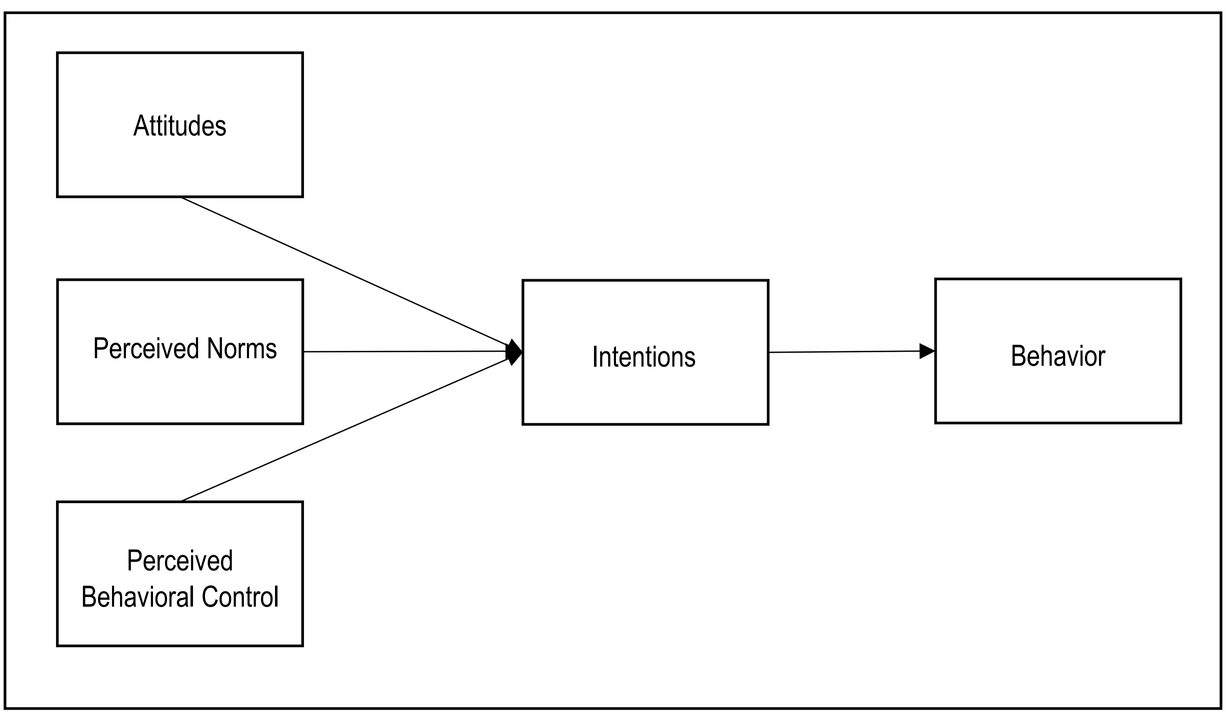
Behavioral Issues

Within the financial advice industry, much research has been done to explain the inconsistencies between what logical investors should do as compared to what they actually do. The neoclassical economic school of thought argues that financial decisions are based on utility theory and the amount of saving and investing is either a function of a person's stage in life or a function of his/her income. For example, saving now is considered a rational allocation of current income for future consumption. In the classic finance textbook, *Financial Theory and Corporate Policy* (Copeland & Weston 1988), the authors describe the theory of investor choice of whether to consume now or save now and consume later. The theory assumes that individuals make completely rational decisions and that people can make these rational decisions among thousands of less-than-optimum alternatives. The authors state that economists have done almost no empirical testing of the validity of these assumptions, but psychologists have, and they determined that the assumptions are demonstrably false. O'Donoghue and Rabin (2001) state that human nature is ignored in the traditional economic model of intertemporal choice. They observe that people like to behave in one manner but choose to behave differently. As a result of this reality, several newer models seek to explain seemingly irrational behavior exhibited by otherwise logical people regarding financial decisions.

Economic psychology studies the mechanisms that form the basis for economic decisions and as a theory attempts to factor in expectations, perceptions, and attitudes on saving, investing and other economic choices (Alos-Ferrer & Yechiam, 2020). It deals with preferences, judgments, choices, economic interaction, and factors influencing these phenomena, as well as the consequences of judgments and decisions for economic processes (Alos-Ferrer & Yechiam, 2020). Behavioral finance could be considered a subset of economic psychology and is a field made popular by the work of Richard Thaler, Daniel Kahneman and others in attempting to combine economic and psychological insights by recognizing that individuals have limited intellectual capabilities (Thaler, 1994). Research in this area "identified pervasive, deep-seeded, subconscious biases and heuristics that occur in human decision-making, and revealed an entirely new perspective on why we behave as we do" (Lehman & Moffitt, 2020, "Money, Investing, and the Human Spirit," para. 1). Behavioral finance research is now used by investors, portfolio managers, financial planners, and leaders of business. The inconsistencies and biases originally identified in decisions made by individual savers and investors are also likely to apply to owners and leaders of financial advisory firms and their approach to succession planning.

We wanted to better understand why this was so and as we focused on the behavioral aspects of investment advisors' actions related to succession planning, we decided to base our work on the Theory of Planned Behavior (TPB). The theory posits that human behavior is guided by an individual's attitude toward a behavior, perceptions of social pressure related to that behavior, and perceptions of behavioral control over the behavior (Ajzen, 2013). Ajzen's theoretical model states that attitudes and perceptions lead to intentions and intentions lead to behavior. We wanted to understand why some advisors plan for succession and why some do not, so we looked at the advisors' attitudes toward succession planning, their perceptions of how others, including their peers, view succession planning, and their perceptions of how much control they have over the act of succession planning. Ajzen states that "as a general rule, the more favorable the attitude and subjective norm, and the greater the perceived control, the stronger should be the person's intention to perform the behavior in question" (Ajzen, 2013, p. 1). Sharma, Chrisman, and Chua (2003) applied the TPB to succession planning in family firms and pointed out that there must be a succession initiator, and the anticipated outcome must be desirable to the initiator, acceptable to a reference group, and the initiator's perceptions affect intention and behavior. Drawing on the TPB (Figure 1.1), our research attempts to answer the question: **how do attitudes, perceived industry norms and perceptions of behavioral control affect investment advisors' intentions to plan for succession?**

Figure 1.1
The Theory of Planned Behavior



Performing research in this area is important for at least three reasons. First, succession planning is shown to positively impact firm valuation. For leaders of small investment advisory firms, increasing the value of their practice means increasing the value of their personal retirement funds. Lack of succession planning among 2,500 large, publicly traded firms was shown to negatively impact market capitalization by an average of $1.8 billion (Harrell, 2016) and Wendee, Sussan, and Chinta (2018) theorize that the ability of firms to create value is closely tied to succession planning. Though our research is focused on small businesses, many of the same business valuation concepts apply. Namely, planning could solidify and lengthen client relationships thereby ensuring a steadier stream of future cash flows which would increase the firm's present value. Second, research indicates that roughly 10,000 baby boomers are retiring every day (Rothwell, 2016). Investment advisors are part of this wave, and 67% of advisors worry that their business will not be successful when they are not there to run the firm (FPA, 2018). That same study showed that the top two challenges for advisors regarding succession are finding a competent heir and addressing their clients' concerns about the future of the firm. Rothwell (2016) identifies the creation of a succession planning process, which includes finding talent and developing that talent, as a key to future success. Third, most advisory firms employ fewer than 20 people (U.S. Census, 2016) and when the leader of the organization is ready to step down or retire, there may not be qualified heirs on hand or a talent acquisition team available to help find an outside successor. Small business owners in the investment advice industry have limited time and resources to allocate to the issue of succession planning. Our study identifies key succession planning aspects to which the investment advice industry in general and small business owners in particular can refer as they look to the future.

The investment advice industry has significant impact on the financial lives of millions of Americans and their collective assets. Many advisors own and operate their investment advice firms and are approaching retirement age, so investors are right to be concerned about who will provide advice on their assets when their current investment advisor retires. Investment advisors for their part could solidify their client relationships by planning an orderly succession which may increase the market value of the advisor’s organization, but despite the logic behind it, many advisors do not plan for succession. Our research investigated this inconsistency and we identified attitudes and perceptions that impact small investment firm owners’ intentions to plan for succession. With a better understanding of why some investment advisors intend to plan and why some do not, we provide a practical perspective to the investment advice industry on what it will take to get more advisors to act on this important initiative.

Chapter 2: Literature Review

The term "succession" conjures up images of the perennial discussion about who will replace Warren Buffett at the helm of Berkshire Hathaway, or Prince Charles waiting for his turn at the throne in Great Britain, or even the award-winning HBO drama by the same name. In the more mundane world of business however, leadership transition in S&P 500 firms is a common news event with 56 announced successions in 2019, and an ongoing challenge for business since the average tenure of large firm CEO's is only about 10 years. (Harvard Law School Forum, 2019). Beyond the headlines though, there are thousands of changes in leadership each year among the 7.7 million businesses in the United States (Census Bureau, 2016). Research on business succession and succession planning is wide ranging and the topic has been studied for many years. In the 1980s, business management authors covered the topic from a personnel development standpoint (Drucker, 1985) and leadership articles stated that succession planning was the key to success in corporations (Deegan, 1986). More recently, William Rothwell has written extensively on the topic, publishing the first of five editions of his book, *Effective Succession Planning*, 26 years ago (Rothwell, 1994). Newspapers, industry journals, and business books continue to include succession planning as a topic but despite all this content, we have not found significant academic research on succession planning in the investment advice industry.

Succession planning means different things to different audiences and indeed formal definitions range from broad to specific. In a meta-analysis of succession planning strategies, Weisblat (2018, p. 12) stated that "succession planning is an intentional process aimed at identifying and cultivating employees within an organization who have the potential to lead the company and sustain its success in the long run." This definition focuses on internal succession and the research paper in which it resides applies mostly to large organizations that have a pipeline of potential future leaders. Meanwhile, Rothwell (2016, p. 6) states that succession planning is a “means of identifying critical management positions, starting at the levels of project manager and supervisor and extending up to the highest position in the organization.” Again, the focus is on large organizations and emphasizes the process of developing future leaders and making sure that all levels of firm management responsibilities are covered when incumbents leave their firms. Other definitions are broader such as stating that succession simply means “planning for key transitions in leadership within organizations” (Garman & Glawe, 2004, p. 119). Meanwhile a definition that focuses on small business owners states that succession planning is “the transfer of a business that results from the owner’s wish to retire or to leave the business for some other reason” (Ip & Jacobs, 2006, p. 326). Our research is focused on small business owners, so Redman’s (2003, p. 292) description may be most applicable to our work when he states, “succession planning consists of assessing and planning for future leadership needs in the organization.”

Succession planning is more than a transaction or a point in time transfer of an asset from one owner to the next. For one, small business owners should also plan for unforeseen events such as death or disability in addition to expected events such as retirement. For many small business owners, their firm is one of the most valuable assets they own, so protecting the value of that asset over the near-term and long-term is a most prudent thing to do. Succession planning addresses planned and unplanned departures from a business by the owner or leader of that business and provides some assurance that the business will carry on after the owner leaves the firm.

As outlined in Table 2.1, the following sections are a review of the literature relevant to our area of study, namely: the size, scope and importance of the investment advice industry, the approach to succession planning, organizational performance of firms engaging in succession planning, human resources issues related to succession, family and small business successions, behavioral finance topics, and the theory of planned behavior as the basis of our study.

Table 2.1
Literature Review Categories

Category	Topic	Description	Typical Sources
Background	Investment Advice Industry	Demographic Data	U.S. Census Bureau
		Industry Statistics	Federal Reserve
Succession	Approach	How-to guides	Rothwell (2016)
	Organizational Performance	Financial impact of succession planning	Karaevli (2007)
	HR Practices	Retention and development of key personnel	Newhall (2015)
	Family and Small Businesses	Succession issues in small businesses	Lansberg (1988)
Behavior	Behavioral Finance	Irrational investment decision-making	Thaler (1994)
	Theory of Planned Behavior	Predictors of specific behaviors	Ajzen (2013)

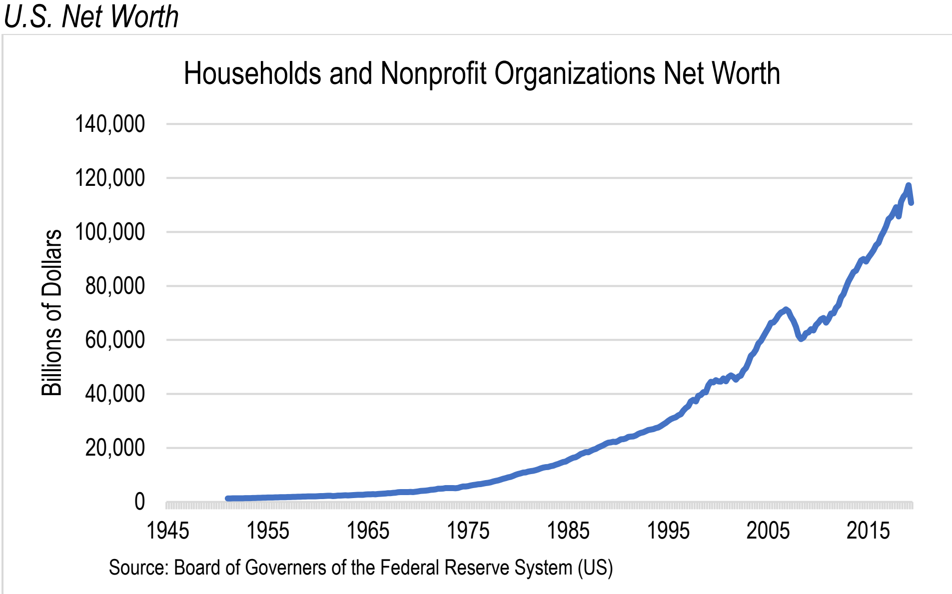
Investment Advice Industry

Our research is focused on small business owners and concentrated on the investment advice industry because of our deep interest in the industry and its wide reach throughout the United States. Though industry categorization within economic sectors is very broad, U.S. industries are more precisely categorized by Standard Industrial Classification (SIC) codes and the North American Industry Classification System (NAICS). In particular, the NAICS is used by businesses and governments to classify and measure economic activity and this 6-digit coding system is currently the standard used by federal statistical agencies in classifying individual business establishments. NAICS organizes establishments into industries based on the similarity of goods or services they produce and organizes the economy into 17 sectors, which are then subdivided into 1,057 six-digit U.S. industries.

Our research centers on the Financial Planning and Advice sub-industry, NAICS code 523930, which involves ongoing interactions with the investing public and their heirs in the U.S.

where household net worth as of Q4 2019 was $118.4 trillion (Figure 2.1) (Federal Reserve Bank, 2019). Industry analyst Cerulli & Associates estimates that 40 million American households use an investment advisor of some type to help establish and reach financial goals (Kitces, 2018). These individual investors seek advice on establishing a budget, developing an investment strategy, saving for educational expenses, planning for retirement, and many other financial matters. The investment advice industry, separate from asset management, insurance, banks, broker/dealers and other financial services firms, employs a wide variety of workers at all levels totaling over 100,000 people (U.S. Census, 2016; AnythingResearch, 2019). Though some firms in the industry are owned by large corporate parents, many are small, and owner-managed (U.S. Census, 2016). The stakeholders of these firms have a vested interest in the ongoing viability of these advisory businesses well into the future. Clients want to know that they will continue to receive good advice regarding their financial matters, employees want to know that they will have a job long into the future and the business owners want to know that the value of their business will continue to grow or at least provide some ongoing income.

Figure 2.1
U.S. Net Worth

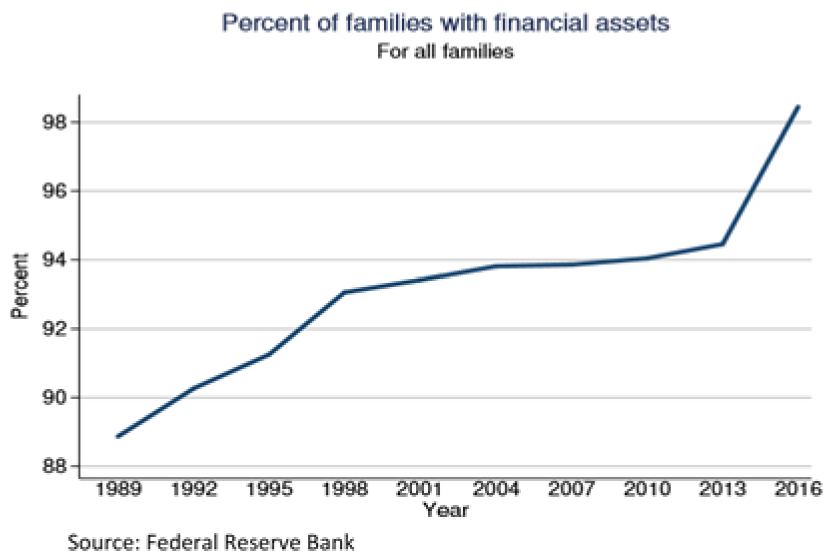


Indirect stakeholders in these small investment advisory firms include government and industry regulators, investment product issuers, and other product suppliers. Regulators such as FINRA and the SEC are the primary overseers of industry participants, but state regulatory agencies oversee firms with less the $100 million under management (FINRA, 2019). As pointed out by the SEC, government oversite of the securities business helps capital formation and ultimately leads to economic growth and job creation (SEC, 2020). FINRA states that their role is to safeguard the investment industry which “enables investors and firms to participate in the markets with confidence” (FINRA, 2020). Ongoing success of the investment industry with integrity is a goal of the regulators and successful investment advice to individual investors over time is an important component of that.

Issuers of stocks, bonds, and other investment products such as corporations and all levels of government rely on investment advisors to distribute securities to the public. Additionally, investment management firms such as mutual fund companies and exchange traded fund providers also distribute their products through advisors. The investment advice industry also has a vast network of data and service providers like Bloomberg L.P., Morningstar, and SS&C Advent. They too have a vested interest in the ongoing success of businesses in the industry as they expand their offerings and attempt to increase revenues.

Each of these stakeholders may look at the investment advice industry differently, but collectively they want and need the industry to be well-run, efficient, and contributory to the success of the overall economy. Investment advice, when done well, can bring stability and confidence to the entire financial system in our country and assist individuals in achieving their personal financial goals. Though personal investment advice plays an important role in our society and in the lives of many investors, as financial technology improves and changes the way investors interact with financial services, the industry acknowledges the role of the advisor will continue to change. Even as individual investors utilize new online tools to help them make decisions or lower trading costs, advisors continue to provide a level of confidence and stability to individual investors, the markets, and the overall economy.

Figure 2.2
Financial Assets of U.S. Families



The U.S. Census Bureau estimated that the total U.S. population of those between the ages of 25 and 65, the prime investing age range, was approximately 169.5 million in 2016. According to the 2016 Federal Reserve Survey of Consumer Finances, 52% of Americans held a retirement account of some type while 98.5% held some type of financial asset (Figure 2.1) (Federal Reserve Bank, 2019). Furthermore, according to FINRA's 2016 survey, 56% of investors work with an investment advisor for at least some of their investment decisions and 65% of those with over $250,000 in portfolio value say they use an advisor (FINRA, 2016). As investors age and approach retirement, FINRA studies show that they are even more interested in seeking investment advice (FINRA, 2016). The marketplace for the investment advice industry is very large in terms of both assets on which to advise and number of potential customers.

The industry literature relevant to our study of succession tends to be comprised of surveys on the prevalence of plans, articles on firm valuation metrics, and white papers that provide suggestions on how advisors should go about selling their firms. The Financial Planning Association regularly publishes the results of a survey of advisors that shows a low percentage of advisors have a plan in place and that those who do have a plan tend to focus on valuation more than any other issue (FPA, 2018). The study highlights the concerns of advisors and points out that most do not feel prepared to transition their business. It also lays out the risks of not having a plan in place and the challenge of finding a successor (FPA, 2018). While this study and others like it provide great perspective to the size and scope of the problem, they do not delve into the behavioral aspects behind the inconsistencies suggested by the statistics. Meanwhile, Institutional Investor published an article covering the keys to successful transitions for registered investment advisors. The article was published in conjunction with an institutional money manager that serves the RIA marketplace and was referenced by industry publications such as ThinkAdvisor. It focused on the mergers and acquisitions marketplace and discussed valuation techniques for prospective sellers (II, 2019). Anecdotal quotes in the article touch on the behavioral issues such as ego as barriers to successful succession plans but it did not study these issues closely. Allan Newman Research published a short guide with suggestions on how their advisors should plan for a business transition, or in industry parlance, “move their books” (ANR, 2017). It focused on the reasons for implementing a plan and provided steps on how to begin the process but it also mentioned some of the emotional difficulties of stepping away from the business including the loss of client relationships and a change in lifestyle. This is not a rigorous analysis of the issues, however, and calls for actual research on the subject. The most consistent provider of information on the topic of succession planning in the investment advice industry is likely Michael Kitces. His website contains a plethora of articles, blog posts, and podcasts which cover many technical aspects, best practices, and valuation methodologies of industry successions (Kitces, 2020). Most of the information related to behavioral aspects of succession are observation and opinion based so we hope to add more rigor to this area of industry research.

We have made the point that the investment industry is large and important, touching millions of investors in the country while led by thousands of individual advisors running small businesses. As these advisors age and near retirement or even death, their clients are right to be concerned about who will carry on the business of providing them with investment advice. Meanwhile, advisors and their families are concerned about how to maximize the value of the organization that many of them have spent decades building up. This is where the topic of succession planning comes in to play. Weisblat (2018) points out that there is a lack of standardization in succession planning and many advisors do not seem to know how to approach it. Though it is a topic that has been studied and written about for many years, much of the research tends toward issues facing large firms or detailed issues related to specific industries or business types. Despite a lack of academic research on succession planning in small investment advisory firms, we have identified literature that studies the approach to succession, its impact on organizational performance, human resources issues, and family business successions as four categories of research relevant to our study.

Succession Planning Approach Literature

Approach literature focuses on how-to guides, suggestions, and tips on implementing succession plans and tends to be published in practitioner outlets such as *Harvard Business Review, Investment News*, *Barrons*, or *Financial Planner* magazine. *Investment News* ran a series of articles on succession in 2019 that presented actual cases of advisors working through succession issues (Benjamin, 2019). Typical of succession approach research, Conger and Fulmer (2003) provided five rules for developing a succession pipeline with an emphasis on combining succession planning with leadership development. Their first rule states that the development of future leaders must be flexible and not just about filling open positions. They go on to state that organizations should identify key positions across multiple levels of the firm, be transparent about the overall development program, regularly measure the progress of participants, and then they reiterate the importance of being flexible. Redman (2006) draws on Conger and Fulmer (2003) to provide a succession approach guide for the healthcare industry. Groves (2006) offers six success factors for leadership and succession planning including the development of mentoring relationships, identification of talent, assignment of leadership development tasks, enhancement of the potential successor's profile within the firm, selection of the ultimate successor, and reinforcement of the culture of development within the firm. Most of this research is focused on large firms with multiple levels of management from which to draw leadership talent.

Other research in the approach category focuses on specific industries or organization types. Cavanaugh (2017) provided suggestions to higher education institutions and wrote that of all the approaches to succession, planning for emergencies and predictable transitions are the two most applicable to his area of study. Though focused on a specific industry, the author provided key considerations for succession planning in any industry by suggesting professional development programs for internal candidates but also stated that organizations should consider successors from outside as well. He notes that in higher education, educators typically must move out to move up and he, like many researchers in this area, concludes with six recommendations regarding succession: create a professional development program, capitalize on internal talent, challenge assumptions, separate short term and long term needs, make all incumbents eligible for future leadership, and make internal successions the default option.

Other industries are faced with similar succession issues, particularly professional service firms in the field of public accounting (Amato, 2013). Surveys from practice management journals find that many professionals lack confidence in finding successors and are too busy to train successors. Amato (2013) encourages professionals to carry out a succession plan by offering several tips such as writing a plan, developing staff, evaluating billing rates and clients, and implementing a practice continuation agreement. Government agencies face succession issues as well and literature focused on those organizations also provide guidance. Datt (2013) listed six dimensions of succession planning including strategy development; attracting and retaining key skills; motivating and developing future leaders; deploying and managing those key people; connecting and enabling the individuals targeted for advancement; and transforming and sustaining change within the agency.

Some approach literature focuses on specific aspects of the succession planning process such as identifying high potential contributors in an organization (Newhall, 2015). This author also provides tips for succession management including identifying future potential and not just past performance in successor candidates, making sure candidates understand broad business strategy, providing development opportunities unique to the individual, reviewing the development of candidates on an ongoing basis, and considering all of the strengths, weaknesses and experiences of successor candidates.

Rothwell (2002) summarizes the approach stream of literature on succession planning and states that succession planning begins by addressing emergency replacement events and then moves on to long-term strategic replacements. Rothwell (2016) points out that millions of Americans are leaving the workforce each year and organizations must be prepared to deal with the turnover. He offers 11 best practices which include many of the same themes suggested by other authors but with added emphasis on practical matters such as developing competency models for job categories, documenting competency needs, and establishing measurement metrics to judge the success of the succession program in the organization. His textbook on the subject goes into much more detail and provides 16 chapters of tips, tricks, suggestions, and guidance (Rothwell, 2016). The book offers multiple checklists and guides on how to begin the succession planning process and how to monitor it over time. The point of the book and the entire stream of approach research is to provide practical steps that professionals may undertake to get over the hump of dealing with succession. Broadly, it is focused on large organizations but even when addressing small businesses, the literature in this area does not delve into why firms do or do not undertake succession planning. A brief case is usually made as to why succession planning is a good idea and then the literature quickly transitions into the steps required to get it done. From a practitioner' perspective, these guides and step-by-step instructions tend to be overly simplistic and usually do not truly address the issues facing business leaders as they decide whether to implement succession planning.

Organizational Performance Literature

Organizational success may be measured by metrics such as sales, revenue, profit, or overall valuation and there is a stream of research literature that examines succession planning's effect on these measurements (Daily, Certo, & Dalton, 2000; Davidson, Nemec, & Worrell, 2001; Durst & Wilhelm, 2012; Harrell, 2016; Naveen, 2006; Shen & Cannella, 2003; Zhang & Rajagopalan, 2004). Shen and Cannella (2003) looked at succession planning's impact on shareholder wealth and investor reactions related to relay successions of CEOs. Relay successions are those where a successor to the incumbent executive is named as the heir apparent prior to his/her promotion to a leadership role. These successions are mapped out well in advance of an actual succession event and the organization prepares the successor by assigning specific tasks and job responsibilities. The authors studied the wealth effect of these successions by comparing investor behavior following heirs being named, heirs being promoted, and heirs exiting the organization prior to taking over. They also looked at non-relay successions with candidates coming from inside the firm and from outside organizations. Though Shen and Cannella did not find support for their hypothesis that the naming of an heir to the incumbent CEO of large firms would increase shareholder wealth as measured by abnormal returns, they did find that when an heir apparent is promoted, shareholder wealth increases and when an heir apparent leaves before being promoted, shareholder wealth is reduced. They also found that non-relay, insider successions negatively impacted shareholder wealth while outside successions had a positive effect on shareholder wealth. They conclude that shareholders want firms to commit to relay succession when performance is good but outside successions when performance is poor. Perhaps most applicable to our research is their finding that one third of heirs-apparent leave organizations before they are promoted and that a major reason for this is the incumbent's reluctance to withdraw from the firm and hand power over to the successor.

Meanwhile, Zhang and Rajagopalan (2004) looked at succession planning's impact on firm performance as measured by return on assets, return on sales, and the ratio of the firms' market value to book value and found that pre-planned leadership transfers led to better post-succession firm performance. The authors focused on U.S. manufacturing firms and studied over 200 CEO successions between 1993 and 1998. They found support for their hypothesis that relay successions would lead to better post-succession firm performance. They based this on the beliefs that relay successors have knowledge specific to their organization, can learn from their experience in the firm, and are given opportunities to manage existing relationships in the firm. The authors also compared non-relay successions from inside candidates and outside candidates but found no effect on firm performance following the succession event. They concluded that the grooming period in relay successions allows both parties, the firm and the successor, to learn about each other and thereby increase the odds of success. This research, like that of Shen and Cannella (2003), looks at archival data of large, publicly traded organizations. Though their findings inform our research they do not address the idiosyncrasies of small, investment advisory firms.

Karaevli (2007) turned her attention to outside successors and their impact on firm performance. The author surmises that the performance effects of outside successors are based on factors such as the capacity for growth, pre-succession firm performance, and strategic changes made in conjunction with a change in leadership but that the "outsiderness" of a successor alone does not have an effect on firm performance. Her study suggests that successors from outside the firm are more likely to turn a struggling organization around. Though focused on larger organizations, this literature provides perspective on the potential impact successors can have on existing firms, even small investment advisory firms.

Huson, Malatesta, and Parrino (2004) also studied outside successors' impact but more broadly looked at managerial succession and overall firm performance as measured by accounting metrics and abnormal stock returns. The authors found that firm performance declines prior to a succession event and that stock returns improve following a succession announcement. They conclude that "investors view turnover announcements as good news because they expect that turnover will prompt performance improvements on average" (Huson et al., 2004, p. 263). This indicates that succession planning may indeed improve firm performance and increase shareholder value. Harris and Helfat (1998) and Davidson et al.(2002) studied stock market returns when considering different types of successions based on agency theory and succession planning theory. They specifically looked at what happens when successions occur in various combinations of President, CEO, or Chairperson positions in a firm. Harris and Helfat (1998) suggested that poor returns when executives hold all three positions may be caused by shareholders' perceptions that the firm lacks a succession plan. They also implied that if shareholders do not worry about succession planning, then returns would not be negative when a single individual holds all three leadership positions. Davidson et al. extended this research and found that there are costs and benefits to each type of succession, but that succession planning was generally better for shareholders, especially when roles are clearly delineated. Though these research papers studied the performance of publicly traded organizations, they point broadly to the importance of succession planning from a financial standpoint.

Garg and Van Weele (2012) focused on the risk of not planning for succession and studied small businesses in South Africa. They found that the lack of succession planning can result in the destruction of small businesses when the key people retire or otherwise leave the business. The authors also found that the leaders of small firms perceive succession planning to be advantageous to their organization by having a positive impact on the firm's value (Garg & Van Weele, 2012). Despite these perceptions, many of the firms they studied did not have a proper succession plan in place and the authors surmise that other factors such as a fear of loss of control or the high cost of training successors may be at play. These factors are likely to affect owners of all businesses including those who own small investment advisory firms.

Wendee, Sussan, and Chinta (2018) stated that business valuation can decline dramatically when successions are not carried out smoothly. They proposed a value driver theory and created a value creation process chart to measure value in an organization. They concluded that value creation in a business is indeed linked to its succession planning because the process ensures ongoing and continuous growth of the firm. Overall, this category of research typically focuses on large firms and executive suite successions while studying a diverse set of antecedents and possible outcomes. Intuitively and based on the research outlined here, succession planning would seem to improve the value of an organization by ensuring a steadier stream of future revenue. Despite this link, business owners still do not engage in succession planning as much as one might expect but the performance stream of research rarely studies why this might be the case.

Human Resources Practices Literature

This significant stream of research focuses on topics such talent management, professional development, and human resources policies in examining succession planning. This aspect of succession within organizations has been a research topic for many years. For example, Hall (1986) suggested that the three stages in succession systems include position staffing, replacement planning and ultimately succession planning. He sought to connect the selection of heirs apparent with training and development. He stressed that executive development is "personal learning as well as task learning" (Hall, 1986, p. 235). Hall (1986) defined personal learning is the mastery of behaviors, attitudes, and identity at a certain stage of life. To Hall, personal learning is as important as task learning and is an ongoing process best facilitated by human resources professionals.

Rothwell (1994, 2011, 2016) picked up on the topic of replacement planning being a critical step in the overall succession planning and talent management process. The author states that replacement planning provides "a foundation on which to build toward those more sophisticated approaches (Rothwell, 2016, p. 96). It helps firms identify the training necessary to allow employees to fill a roll in an emergency and it helps firms determine which employees may be candidates for longer term development and future successions. In his work, Rothwell clearly delineates between replacement planning and succession planning. The former is finding internal people to fill in as necessary when a position becomes available. Succession planning is more strategic in nature and focuses on the needs by level of the organization and pools talent at each level. Replacement planning focuses on positions, succession planning focuses on levels and this subtle difference illustrates the higher sophistication of succession planning in larger organizations. Small firms do not have the luxury of being able to differentiate between filling a position whenever needed and filling pools of high performers at different levels within the organization.

McDonnell, Lamare, Gunnigle, and Lavelle (2009) studied talent management of global entities in developing their future leaders. They argued that talent management is more important to multi-national firms because of the need for international high performers, the difficulty of recruiting and retaining international managers, and the complexity of international positions. Their study showed that more firms have global development programs in place than succession planning programs and not surprisingly, the authors found that larger multi-national firms are more likely than smaller firms to have training programs.

Sambrook (2005) interviewed owners and employees of small firms in Wales, stating that a key factor in succession planning is the role of human resource development including career development and the learning and development of successors. Her key points were that small firms usually do not have a human resources department, training is done by the owner and it happens on the job. (Sambrook, 2005). She observes that small business owners often reach a point where they cannot handle all managerial tasks alone and are forced to add higher level staff to ease the burden. Finding successors who are willing and able to move into leadership roles is a significant challenge for small firms (Sambrook, 2005).

Many industry journals provide guidance to organizations regarding the importance of talent management in the succession planning process. Seymour (2008) emphasizes the benefits of training current employees, stating that investing in employees can be very beneficial to a firm and that employees may make a bigger commitment to the organization. He also points out that investors are interested in the "quality of the next generation and its preparedness to propel the enterprise to new heights" (Seymour, 2008, p. 5). Haskins and Shaffer (2010) emphasize the importance of maximizing the return on investment in executive education. Their guide recommends that firms, after selecting candidates for executive development, perform assessments on those candidates with a goal of identifying a pool of worthy successors throughout the organization. This approach is a reversal from some suggested programs where needs are identified first and then candidates located to fill those needs. Here the authors suggest finding potential high performers first, assess their potential, and then develop a more focused list of possible heirs based on those assessments. Whelan and Carcary (2011) linked talent management to knowledge management. The authors believe that succession is about filling knowledge gaps and that talent management should be used to close knowledge gaps of key performers (Whelan and Carcary 2011). They suggest the talent management process offers the benefits of identifying key employees, creating knowledge, sharing knowledge, developing competencies, and retaining knowledge.

Succession planning helps firms prepare for unpredictable events and determines whether an organization will continue to succeed after a leader departs, whether planned or unplanned (Johnson, Pepper, Adkins, & Emejon, 2018). The authors reviewed multiple streams of literature on the general topic of succession planning and developed four themes around talent management and human resources practices. The themes include candidacy and development; competencies and capabilities; knowledge transfer; and leadership and sustainability (Johnson et al., 2018). In other words, succession planning is a process which includes developing future leaders, assessing leader candidates' skills, transferring knowledge to the candidates, and visionary leaders are necessary to make this planning process successful.

Other human resources related research focuses on talent management as a precursor to attracting and retaining talent (Mellahi & Collings, 2009). These authors focus on multi-national organizations' failures in this area and their inability to utilize talented people to their fullest potential. Talent management is the identification of key positions, the development of talented people, and the development of a human resources structure which supports the first two requirements (Mellahi & Collings, 2009). The authors found that top managers are not opposed to the talent management process, but the process requirements and the time investment may prevent those managers from making it a top priority. Garman and Glawe (2004) concluded that succession planning was becoming a key component of talent management in many firms and noted the importance of linking succession planning to a firm's long-term strategy. Keller (2018) suggested that succession management is dependent on talent management. In his view, succession planning increases competitiveness in an organization through continuity of key leadership. He believes that it is critical for the human resources department of a firm to lead the way in developing and maintaining a succession management program. An ongoing succession program leads to better firm performance, improves employee retention, and reduces skills gaps in key positions. A key element of a successful succession program is the appraisal of potential successors on an ongoing basis and because succession planning is fundamental to the business it should be tracked like monthly sales numbers (Keller, 2018).

Hills (2009, p. 3) goes a step further and defines succession planning as smart talent management by having the "right people in the right jobs at the right time." She presents succession strategies as a series of buy versus build decisions. "Buy" refers to recruiting talent from the outside while "build" relates to developing internal candidates for future leadership roles. Succession planning is more than filling the top leadership positions in a firm, it also includes the ongoing management of employees that can improve retention and ensure that they have the necessary skills to take over key spots in the future (Hills, 2009).

Sabo (2014) broadened the scope of succession planning to workforce planning to emphasize the importance of the process across an entire organization and not just on top management positions. She focused on talent management in individual employees and points out that succession planning, leadership development, career planning and performance management are similar yet distinct aspects of the process (Sabo, 2014). Naveen (2006) stated that the cost of succession can be high due to the time it takes a new CEO to become competent in his/her new job. One way to lower that cost is to prepare an internal candidate through training and development. Furthermore, she found that having a succession plan in place helps reduce the risks associated with CEOs staying in place too long.

Most of the research in this stream applies to large firms with human resources departments. The focus on talent management necessarily emphasizes recruiting, development, and retention of personnel by human resources professionals, which is usually not a dedicated role in small firms. The leaders of small investment advisory firms are usually the de facto human resources department in their organizations and generally do not have time to focus on these matters, but this stream of research provides a definite perspective on personnel related issues business owners should consider.

Family and Small Business Succession Literature

This literature covers many of the same topics that the other streams of succession research cover, but focuses on issues that specifically affect small, family businesses such as communication, family politics, and cultural idiosyncrasies. Morris, Williams and Nel (1996) categorized family succession issues into three groups including preparation of successors, family relationships, and planning activities. Preparation of the future leader includes education, training, job experience (inside and outside the family firm), starting position in the firm, the number of years working in the firm, reasons the individual joined the firm and the individual's self-perception of readiness to lead. Family relationship factors include communication, trust, loyalty, turmoil, rivalry, conflict, and shared values. Planning activities include succession planning, tax planning, development of an advisory board, engagement of third-party consultants, and the development of a family committee (Morris, Williams, and Nel, 1996). Collectively, it is easy to see how most of these issues could affect all small businesses where employees of the firm work side by side and become a business family. From the employees' standpoints, rivalries and conflict can build over years of working together. Meanwhile, the owner considers the readiness of all potential successors by evaluating their mix of education, experience, and aptitude. It is the third group of issues, planning activities, that are often not carried out or even considered by small business owners. Morris, Williams, and Nel (1996) found that planning activities are informal and most of the work done in this area is related to tax planning, but not necessarily succession planning.

Lansberg (1988) looked at family business succession from the perspectives of the family, the owners, and the managers and showed that each have separate motivations and issues with which to deal. He points out that when a family firm does not have a plan for succession or a successor to take over leadership when the owner dies or retires, there is a great risk of liquidation. When that occurs, there is a financial loss to the family, to the employees and to the community (Lansberg, 1988). He found that a small firm is part of a family's legacy and a source of financial security. Employees and managers in the firm see the organization through the lens of career development and earnings. Owners see the firm as an investment in time, capital, and effort and expect a reasonable return on their investment. Applicable to our research, his study considered issues such as the founder's fear of losing control, fear of his/her own mortality, and fear of losing one's identity as potential roadblocks to implementing a succession plan. Lansberg (1988) stated that succession planning is a type of death ritual in which business owners are reluctant to participate. He also found that turning over the day-to-day control of the business to a successor or heir apparent is difficult for entrepreneurs to do as it signals a loss of control over life itself (Lansberg, 1988). Owners of family firms were also found to fear retirement in some cases because it would lead to a lesser role with the owner's family, from leader and primary bread winner to a mere family member with certain dependencies (Lansberg, 1988). The author also points out that a business may be the accomplishment of which the owner is most proud and most identified. By stepping away from that accomplishment and success story, the owner risks losing his/her identity (Lansberg, 1988).

Sharma, Chrisman, and Chua (2003) acknowledged that there was no general theory of succession in family firms, so they embedded their study in the theory of planned behavior. They investigated the factors that have an impact on family business transitions including the desire to keep the business in the family, the commitment to the business, and desire of the successor to take over the leadership of the firm. Their conclusion was that succession planning may come more from the successor's persistent pressing on the issue and less from the incumbent's engagement in the topic (Sharma, Chrisman, & Chua, 2003). Their findings on the importance of a competent successor in initiating the succession process in family businesses is consistent with the views of investment advisors seeking to transition out of their businesses (FPA, 2018).

Nicholson (2008) studied evolutionary psychology and family firms and introduced a theoretical construct that seeks to explain the distinctiveness of family firms. He found that family businesses are advantaged by the family relationships of firm management, but they are vulnerable to family conflicts that occur inside and outside the business itself. Cheokos (2013) focused on the second generation of leaders in family businesses and explored reasons why some family firms are successful after the transfer of ownership and why some fail. His case study of 12 family firms found that most of the businesses had a trigger event that initiated the succession and, in several cases, that trigger was centered on growing technology needs in the firm. He also found that succession is not an event as much as it is an ongoing process. A major part of the process is the development of the successor, including individual learning on the part of the heir. A major theme of the work is the fact that small businesses usually lack a formal succession process even though successors seem to desire a more formal plan (Cheokos, 2013).

Kjellander (2018) also studied succession planning in small, family owned businesses, stating that family members are chosen as successors in 85% of the occasions of business transfer. 35% of these businesses fail after the transfer to the next generation, oftentimes because of the successor being unprepared (Kjellander, 2018). She also points out that avoidance of the topic by the owner is another primary reason that successions often fail. In fact, uncertainty over who will be in charge, having no succession plan, and deliberate avoidance of the subject are common in family firms and small businesses in general. She states that small family business succession fails primarily because the owner does not dedicate the appropriate time and attention to planning nor to developing and training the potential successor (Kjellander, 2018).

Hibbler-Britt and Wheatley (2018) observed that succession planning is important to the ongoing survival of family businesses. The authors provide a typical list of steps necessary to implement a succession process including selecting a successor, training that successor, developing a long-term strategic plan, defining roles for the incumbent and successor, communicating the plan to employees and monitoring and adjusting the plan over time (Hibbler-Britt & Wheatley, 2018). The article also addressed the global aspect of succession and points out that the challenges may vary by country, “but the need to have a system in place to identify and train successors does not” (Hibbler-Britt & Wheatley, 2018, p.80). Small business owners in most countries seem to lack planning, professional management, financial resources, and up-to-date business tactics and that only about 30% of businesses survive after the transfer of leadership to a successor.

Reeves (2018) points out that most research on succession planning has been done on medium to large size businesses while she focused on small, private practice health care organizations. Though her research is not necessarily intended for family businesses, many of the points she makes are consistent with family business succession research, including the need for leadership development, the lengthy timeline to implement succession plans, and the factors that make succession difficult. Some of these factors include incumbents' potential fear of losing control and stage of life issues that prevent a successor from taking over at a particular time. Finding a successor who is willing and able to take over leadership in a small firm is a common problem (Reeves, 2018). The author outlines horse-race and relay successions as options for small firms which are strategies also utilized by large firms. Relays are best for when a successor is identified well in advance and is provided ample time for development and transition into the leadership role. Horse races are established by the board of directors where candidates compete against each other over a pre-determined amount of time (Reeves, 2018). Both options have pros and cons, but both assume that suitable candidates are accessible which the author stated was an ongoing problem for small firms.

Brockhaus (2004) summarized past research in family business succession and among other things discussed successor selection and the development of the successor. He pointed out that the attitude of the family is a key consideration in succession as is the mix of abilities that the successor maintains. Just like in non-family businesses, finding the right successor is critically important and the successor needs to have some combination of the right education, technology skills, management skills, and financial expertise. Other factors, such as age, sex and birth order are considered in family firm succession but those are of lesser importance. In fact, Brockhaus (2004) found that integrity and commitment are more important than sex and birth order. The author goes on to point out that the succession process takes a significant amount of time and that personal skills and organizational development are required for a successful succession event. Brockhaus (2004) builds on Lansberg (1988) in discussing the many relationship issues that affect successions in family businesses and suggests that loss of identity and loss of control among the incumbent and his/her family members are critical aspects of the succession process in family firms.

Succession related research has also covered topics such as sustainability, ethics and specific industry idiosyncrasies in CPA firms (Amato, 2013); higher education (Cavanaugh, 2017); non-profit healthcare (Richins, 2018); and federal agencies (Loomis, 2018). However, of all the streams of research we have uncovered, little of the work delves deeply into the behavioral aspects of succession in small businesses. The family succession literature stream has some common elements with our proposed research such as leaders' unwillingness to relinquish control and other emotional factors (Hibbler-Britt & Wheatley, 2018), but none of the research we identified focuses on small investment advisory firms and their unique succession issues.

Behavioral Influences

One purpose of our research is to better understand why businesspeople whose firms' mission is to improve the returns and lower the risk of their clients' portfolios would not do the same for one of their own major assets, namely their business. The objectives of investment advisors are to guide clients through difficult decisions, help set return expectations, establish risk parameters, and work with clients to define financial success (Forbes, 2017). The fields of behavioral economics and behavioral finance have clearly demonstrated that investors are not rational, do not have willpower and have bounded self-interest (Mullainathan & Thaler, 2000). This reality explains why it is so difficult for individuals to meet their financial goals and why investment advisors are needed to coach investors through this psychological minefield.

Economics is a science of behavior and its principles are used to explain the choices that people make (Hursh, 1984). Behavioral economists such as Thaler, Kahneman, Tversky, and Ariely have shown that individuals make and avoid decisions for psychological reasons.

Kahneman (2003) sums up much of his research by pointing out that emotion plays a central role in economic behavior. Issues such as over-confidence, procrastination, selfless actions, loss aversion, anchoring, context, hyperbolic discounting and framing play a major role in how financial decisions are made by human beings, professionals and laypeople alike (Kahneman, 2003; Barberis & Thaler, 2002). Many of these psychological issues are likely at play in the decision making of leaders of investment advisory firms.

For example, when considering the effect of context on decision making, firm leaders must consider what other options are available before choosing a path forward. A choice is merely the process people use to make decisions (Barberis & Thaler, 2002). How choices are framed make a difference, as does anchoring but for investment advisors considering succession planning, the concept of hyperbolic discounting may be most relevant. Otherwise known as time discounting, this concept describes how people make far-sighted, rational decisions when planning in advance, but they make short-sighted, irrational decisions when the costs or benefits are more immediate. In the case of succession planning, many advisors may say that it is an important thing to do in the long-run and have plans to do so at some point in the future. However, when nearing retirement, they may consider the immediate costs of doing so and then avoid implementing a plan. Alternatively, advisors may just succumb to procrastination, an element of bounded willpower (Mullainathan & Thaler, 2000) even if it is not in their best interest. The fact that so few leaders of investment advisory firms implement succession planning seems to indicate that behavioral issues and attitudes are at play.

Theoretical Basis

Prior research looked at succession through many theoretical lenses including Agency Theory and Resource Based View (RBV) (Davidson et al., 2001; Hibbler-Britt & Wheatley, 2018; Durst & Wilhelm, 2012; Nicholson, 2008). Worrell, Nemec, and Davidson (1997) studied stock market returns following announced successions of the roles of President, CEO, and Chairperson of publicly traded firms. They found that when one person assumes all three positions in the same firm, the market reaction is negative, and they explain that reaction as being consistent with agency theory. Harris and Helfat (1998) responded to that research by suggesting that the poor market reaction to a successor taking all three roles could be due to inadequate succession planning. Davidson et al. responded to that research and compared agency theory with succession planning hypotheses. They found that there are pros and cons to each type of succession announcement in the form of leadership advantages and agency costs. They conclude that succession planning is important in a corporation and better for shareholders but concentrating power in one person is a form of agency cost.

Hibbler-Britt and Wheatley (2018) looked at succession from a resource-based view, specifically noting that the dearth of qualified family members available to take over the family business is a function of the theory. Successors are a non-substitutable resource in their view and many family firms struggle to find successors who have the necessary resource capital to assume a leadership position. Furthermore, when qualified successors are identified there is no assurance that they will be willing to assume the lead role (Hibbler-Britt & Wheatley, 2018). Durst and Wilhelm (2012) studied the link between knowledge management and succession from a resource-based perspective. They point out that an incumbent’s knowledge may be a firm’s competitive advantage and the loss of that knowledge can be devastating to small and mid-sized firms (Durst & Wilhelm, 2012). The transfer of knowledge from incumbents to successors is extremely important and among the firms they interviewed it was the third most important succession issue facing these firms, following the identification of a successor and taxation issues (Durst & Wilhelm, 2012).

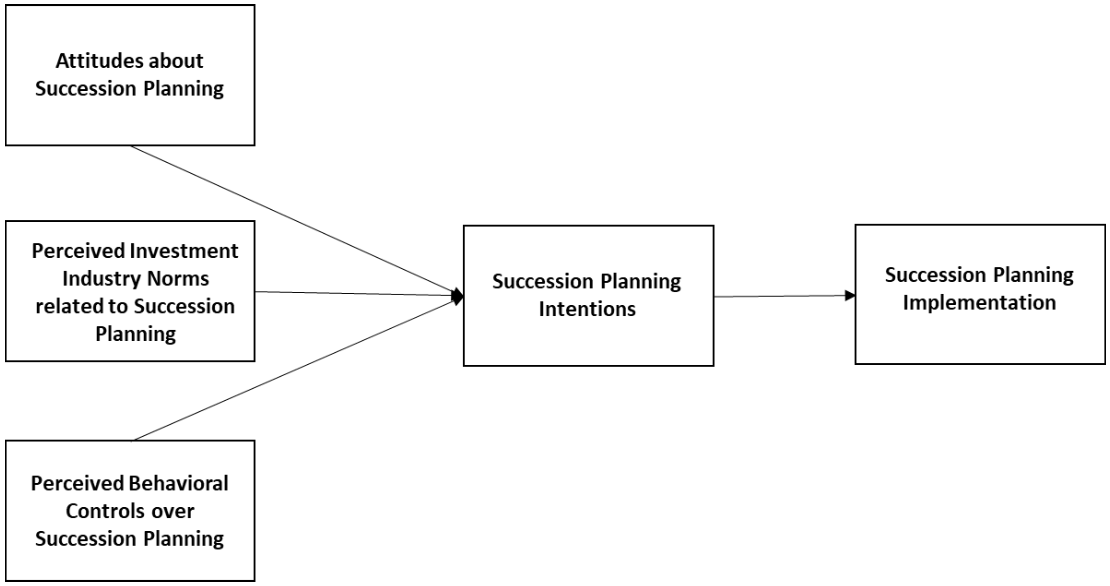
Nicholson (2008) found the use of resource-based theory and agency theory lacking as stand-alone theories in the study of family businesses and succession and proposed the use of evolutionary psychology to bring the two sets of ideas together. He argues that agency costs are not limited to short-term gains and that agents and principals may have fundamentally different goals and objectives in small firms (Nicholson, 2008). The author believes that evolutionary psychology or a Darwinian perspective is necessary to understand the individual situations within each family business succession event.

These theories provide a framework for understanding the costs and benefits of succession planning, but they do not address the behavioral aspects of why some business owners implement succession planning while others forego it. We wanted to gain an understanding of why business owners behave in the way they do regarding succession and potentially predict who will plan in the future, so we based the theoretical framework of our research on the TPB. The TPB posits that attitudes lead to behavioral intentions and these intentions lead to desired behavior (Sharma, Chrisman & Chua, 2003). Fishbein and Ajzen (1975) began work on TPB, then called the theory of reasoned action, by studying attitudes toward objects as predictors of behavior. Their early conclusion was that an attitude toward something does not need to be related to a specific behavior, but it should be related to an overall pattern of behaviors (Fishbein & Ajzen, 1974). Since then, Azjen went on to refine the theory and develop many practical applications. He stated that "the TPB has been shown to afford consistent prediction of behaviour from intention and perceived behavioural control and that a large change in intentions is found to also produce changes in behaviour" (Ajzen, 2015, p. 131). The theory posits that attitudes, subjective norms, and perceptions of control follow from beliefs and that they then affect intentions and behavior (Ajzen, 2015). He further states that TPB is meant to assist in explaining and predicting an individual's intentions and behaviors (Ajzen, 2015). TPB has been used in a multitude of research disciplines such as sociology, psychology, and management behavior so its wide ranging constructs provide a framework that we tailored to our study area and allowed us to look deeper into why advisors may or may not participate in succession planning. Ajzen (2014) points out that TPB looks at attitudes and perceptions as antecedents to intentions and actual behavior which is the primary focus of our research.

Though other theories may present suitable frameworks for researching certain aspects of succession planning, TPB was the best to address the research questions we were interested in answering. Koropp, Kellermanns, Grichnik, and Stanley (2014) utilized the TPB to study financial decisions made by family firms. By applying the theory and looking at attitudes and perceptions about financing options, they found that family norms related to the use of debt and equity had a major effect on the family firm's intentions to use debt or equity. Similarly, we used the TPB to better understand how a business owner's attitudes and perceptions about succession planning would affect their intentions to implement a plan.

In our study, succession planning intentions was the dependent variable preceded by attitudes toward succession planning in general, perceptions of industry norms, and perceptions of behavioral control over implementing a succession plan. We studied small advisory firms, targeting those with 30 or fewer employees, to identify attitudes, perceived norms, and perceived behavioral control of the heads of advisory firms and their impact on succession intentions (Figure 2.3).

Figure 2.3
Theoretical Framework



Of the components of TPB, there is significant prior research on attitudes, subjective norms and perceptions of control and their effects on behavioral intentions. Attitudes are an expression of favor or disfavor toward an object such as a person, place, thing, event, or idea. Attitudes can be classified as thoughts and beliefs (cognitive), feelings toward the object (affective), or attitudinal influence (behavioral) (Fishbein & Ajzen, 1974). Attitudes in turn come from an individual's beliefs about performing a behavior (Wiklund, Davidsson, & Delmar, 1997). Specific to our research, surveys have shown that advisors often fail to plan for succession because they fear a loss of identity and a loss of control (FPA, 2018). These fears likely influence advisors' overall attitude toward succession planning. A social factor that may influence advisors' attitudes toward succession planning is their involvement in a professional society. Interactions with peers may help business founders develop a greater understanding of issues related to succession (Lansberg, 1988). Investment industry organizations are keenly aware of succession issues and encourage members to plan. These organizations also have many members who are addressing the issue and may reduce some of the fears felt by advisors who are avoiding the topic. To benefit from the advantages of any peer group, advisors must first become active members of the organization. We also studied these components which make up overall attitudes toward succession planning.

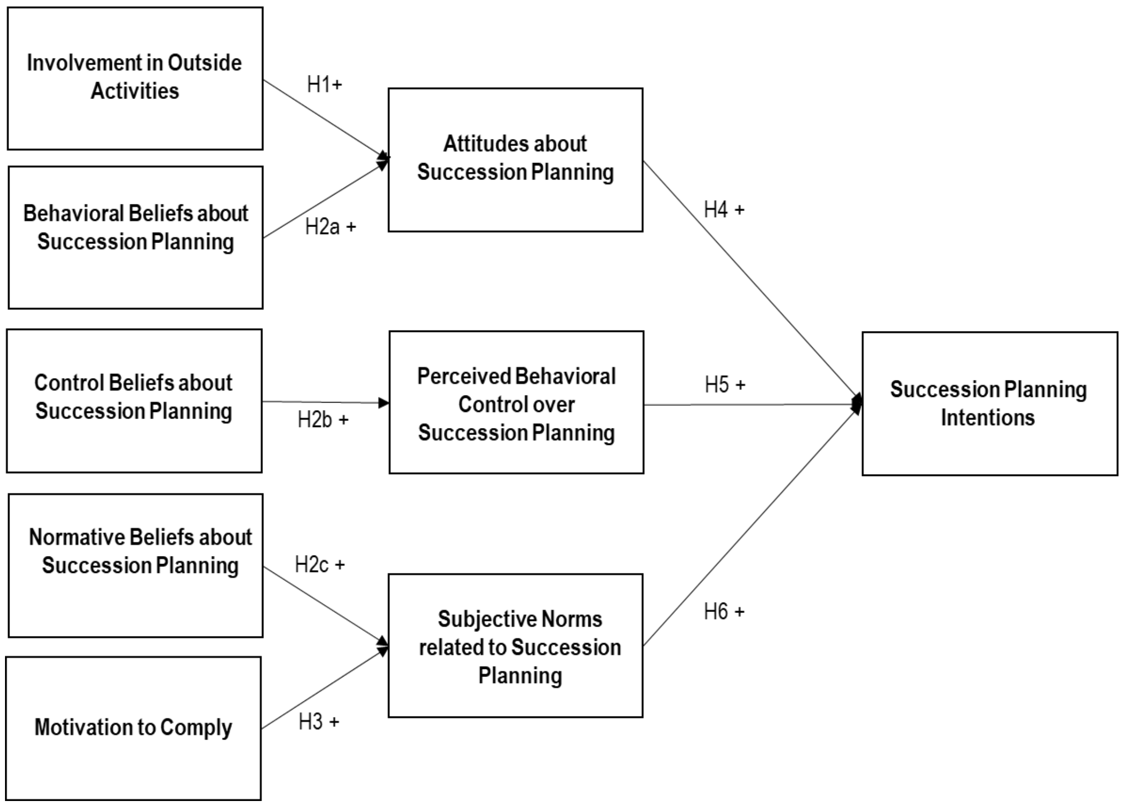
Norms are codes of conduct that prescribe or proscribe behaviors among a group and are often described as either descriptive or injunctive. Descriptive norms are defined as individuals' beliefs about how common a behavior is among a reference group (Rimal & Real, 2003). Meanwhile, injunctive norms are defined as the extent to which individuals feel pressured into engaging in behavior (Rimal & Real, 2013). We were interested in learning about advisors' perceptions of both descriptive and injunctive norms within the investment advice industry and their relationship with intentions to enact succession planning. Mackie, Moneti, Shakya, and Denny (2015) suggested studying beliefs about others, identification of reference groups, and expected reactions of those in the reference group to measure social norms, that is, what an individual thinks others do and of what they approve.

Control is related to the concept of responsibility and can be defined as the ability to secure desired outcomes and prevent undesired outcomes (Davis, 2004). Prior research has shown that perception of control has two parts: locus of control and self-efficacy (Thompson & Schlehofer, 2008). Individuals with an internal locus believe that their success comes from their own skills and abilities while those with an external locus believe that success is a result of luck or fate (Internal locus, 2019). Self-efficacy is an individual's belief that he/she has the skills and abilities required to carry out an activity or event (Self-efficacy, 2019). We studied investment advisors' perceptions of control over succession planning from both perspectives.

Model and Hypotheses

Our model follows the TPB framework as illustrated in Figure 2.4. TPB states that attitudes about an event, perceptions of social norms related to the event, and perceptions of behavioral control over the event are all related to the event itself. The event for our study is the intention to undertake succession planning. We chose intent as the dependent variable for this research because the actual implementation of a succession plan is a process that takes many years to complete, a timeframe well beyond our research window.

Figure 2.4
Theoretical Model with Hypotheses



We expected that there were many attitudes and perceptions that cause investment advisors to choose whether to pursue succession planning. Surveys (FPA, 2018) and research (Kjellander, 2018) indicate that fear of losing their identity is a significant factor in business leaders' avoidance of succession planning. Lansberg (1988) found that the creators of family owned businesses fear losing control of their businesses and that retiring from their firm will result in a loss of identity. More recently, a study commissioned by the Financial Planning Association (2018) found that 63% of advisors have a hard time thinking about moving on from their businesses and

67% worry that their businesses will not be as successful when they are gone. Additionally, our interviews of investment advisors and business leaders provided insight into the notion that many business owners are so focused on the success of their organization that they have no time for other activities. These advisors and business leaders suggested that being involved in outside activities may mitigate the feelings of lost identity when considering succession. Therefore, we studied advisors' level of involvement in outside activities beyond the time they spend working on their business and hypothesized that business leaders' activity in outside organizations has an impact on one's attitudes toward future succession.

H1: Active involvement in outside activities will be positively related to advisors' attitudes toward succession planning.

According to the TPB, behavioral beliefs have a direct impact on one's attitudes toward a certain behavior. Viewing one's business as their identity is one attitude but there are many others that come into play. Our interviews with investment advisors pointed out that business leaders are concerned about the valuation of their business, the continuation of it as a going concern, personal financial stability, and ongoing client service, among other things. We hypothesized that if advisors have positive beliefs about the impact of succession planning on their businesses, they will have positive attitudes toward succession planning in general.

H2a: Advisors' positive beliefs regarding succession planning will be positively related to their attitudes toward succession planning.

TPB also addresses perceptions of control over a certain behavior. Our interviews of investment advisors demonstrated that business owners are concerned about the day to day control over their organizations and that control over whether they plan for succession may depend on their family obligations, health, and other life events. Additionally, whether an advisor plans for succession may depend on their own ability to do so and having the tools and information necessary to put a plan together. We hypothesized that these beliefs related to control over succession planning will impact an advisor's perceptions of control over the matter.

H2b: Advisors' positive beliefs regarding succession planning will be positively related to their perceptions of control over succession planning.

The TPB states that normative beliefs impact an individual's subjective norms regarding a certain event or behavior. In our case, our interviews of investment advisors showed us that business owners are concerned about what their industry is doing but also what peers, family, employees, and clients expect them to do in the area of succession planning. We hypothesized that advisors' beliefs about what others expect from them regarding succession planning will impact their subjective norms on the topic.

H2c: Advisors' positive beliefs regarding succession planning will be positively related to their subjective norms regarding succession planning.

It is one thing to have beliefs about how others think and feel about a certain behavior but one's motivation to follow those norms is something else entirely. Ajzen (2013) recommends measuring subjects' motivation to comply with the perceived norms as another way to determine whether an individual will undertake a behavior. Group norms are more likely to influence behavior when individuals identify more closely with the group and want to do what the group does. We hypothesized that advisors' motivation to do what their reference groups want them to do will be related to their own subjective norms on the topic of succession planning.

H3: Advisors' positive motivation to comply with reference groups is positively related to advisors' subjective norms regarding succession planning.

Fishbein and Ajzen (1974) point out that attitudes are multidimensional and our interviews with investment advisors reiterated that view. Attitude is generally an individual's viewpoint regarding a specific behavior and business owners have a lot to consider when thinking about succession planning. When it comes to succession, owners are thinking about serving their current clients, protecting their employees, meeting their future business goals, and providing financial security in their own retirement. The owner's views, negative or positive, on succession planning will impact their intent to carry it out.

H4: Advisors' positive attitudes toward succession planning will be positively related to advisors' intention to perform succession planning.

Perceived behavioral control is associated with a greater likelihood of making behavioral changes (Thompson & Schlehofer, 2008). Individual perceived control comes from people believing that their actions control outcomes (internal locus of control) and that they possess the skills to take those actions (Thompson & Schlehofer, 2008). Perceived control includes beliefs that the action in question is possible and results in a good outcome and it also includes beliefs that the individual has the skills to carry out the action (self-efficacy). We hypothesized that advisors who perceive they have the ability, personal skills, and information necessary to carry out succession planning will be more likely to have intentions to write a succession plan.

H5: Advisors' positive perceptions of control over succession planning is positively related to advisors' intention to perform succession planning.

Social norms are what we believe others do and of what we believe others in our reference group approve (Mackie et al., 2015). If respondents believe that peers perform a particular activity and approve of that activity, then they are influenced by that social norm (Mackie et al.). We hypothesized that leaders who perceive industry participants as embarking on succession planning, and approve of succession planning generally, will be more likely to do so themselves.

H6: Advisors' subjective norms regarding succession planning is positively related to advisors' intention to perform succession planning.

Consistent with the TPB, we expect that greater intentions to pursue succession planning leads to a greater likelihood of implementing succession planning. Although the analysis of this relationship was not part of this initial study, we gathered data on whether advisors have implemented a succession plan so that we may use this information in future longitudinal studies.

Chapter 3: Method

There is no standardized instrument available for all applications of the TPB, so the development of a custom questionnaire was required to carry out this research. Our procedure included two phases, a pilot study and a main study. The pilot study was comprised of semi-structured interviews to elicit themes related to our theoretical construct. Once we identified those themes, we proceeded to our main study and created a survey questionnaire which was distributed to a larger set of participants. The following is a description of the participants, procedures, and measures used for each phase.

Pilot Study Participants

In phase one we interviewed ten current leaders of small investment advisory organizations, using our personal contacts to identify these business leaders. Four of our subjects are colleagues from prior workplaces, two are personal acquaintances, and four were referred to us by other business acquaintances. All ten participants are white males ranging in age from 48 to 72 with an average age of 59.6 years old. Eight of the ten are married and two are divorced. All participants have children, but most of those children are grown and living on their own. The youngest participant has middle school and high school aged children while the oldest participants have children in their 30s and 40s. Most of the participants have been in the financial services industry for more than 25 years and the average tenure of the group is 29.8 years. Two of the participants entered the business after a career change but they too have worked in the industry for quite some time, 15 and 21 years, respectively.

The participants came into the financial services industry with a wide range of prior job experience including blue collar, accounting, healthcare, and retail positions. The highest educational level for five of the ten is a master's degree while one did not finish college. Most of the participants hold FINRA security licenses, six of them are Certified Financial Planners and two are Certified Public Accountants. Seven of the ten stated that they are members of industry organizations but only four of them were active in those organizations at the time of our interviews.

Our interviewees all readily listed several outside activities in which they are interested though most also pointed out that they spend a lot of time working. The individual participants have at least partially owned their firms for an average of 15.6 years with a median of 16.5 and the ownership tenure ranges from seven to 21 years. Five of the firms are Limited Liability Companies, two are S Corporations, two are sole owners/practitioners and one's business includes multiple legal entities. Our interviewees' share of ownership ranges from 17% to 100%. The number of owners in the ten businesses averages 2.8 with a median of 2 and range from one to seven. Table 3.1 summarizes the characteristics of our interviewees and a more complete description of participants can be found in Appendix A.

Table 3.1
Pilot Participant Characteristics

Interviewee	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Age	53	65	57	52	48	60	59	67	72	63
Gender	M	M	M	M	M	M	M	M	M	M
Years in business	30	39	33	29	27	30	21	15	35	40
Educational Level	BSBA	MSFS	MSFS	BSBA	BSBA	MBA	M ED	B.Acct	MBA	HS
Years owned firm	20	14	15	18	19	7	21	15	20	7
Legal Structure	Sole owner	LLC	LLC	LLC	LLC	S Corp	Sole practitioner	2 HoldCos., 3 Operating	LLC	S Corp
Percentage ownership	100%	50%	100%	18%	17%	80%	100%	33%	100%	50%
Number of owners	1	2	1	4	7	2	1	3 Founders, 4 Phantom	1	2

Pilot Study Procedures and Measures

Ajzen (2013) provides a guide to developing TPB questionnaires and divides the process into five steps (Table 3.2). First, researchers must define the action, target, time element and context of the research. In our case, the action is planning for succession, the target is a succession work plan, and the context is investment advisors who own their businesses. The definitions of the action, the target and the context are all straightforward based on the purpose of our research, however, we recognize that our study is not action research and does not include a time element. Our focus is on investment advisors' self-reported intentions to plan for succession and we placed a three-year boundary on those intentions for the purpose of this study. That time frame seems to be reasonable because in our experience it is consistent with business planning and strategic planning timelines often used by business leaders, however we recognize that it is arbitrary.

Table 3.2
Major Steps in TPB Questionnaire Development

Step	Title	Description
1	Define	Identify action, target, time element, and context
2	Pilot Questionnaire	Identify advantages and disadvantages of action
3	Label	Categorize responses as behavioral, normative, and control
4	Validate	Rate items for content adequacy and representation of constructs
5	Main Survey	Formulate 5 or 6 items for each construct

The second step in the process of developing a questionnaire is to identify the advantages and disadvantages of the action (planning for succession), the reference group of the subjects, and barriers to or facilitators of the action (Ajzen, 2013). Adapted to our study, we asked subjects about what they liked and disliked about succession planning, what the advantages and disadvantages were, and what concerns they had about engaging in succession planning. To capture this information, we administered a pilot questionnaire to the 10 investment advisors profiled above, whose businesses each employ between 2 and 40 people. All interviews were one on one and in person with the ultimate purpose to elicit salient behaviors, norms, and control factors (Ajzen, 2013). The interviews were semi-structured, and we asked the subjects about their personal background, firm structure, career paths, and firm operations in addition to behavioral outcomes, normative referents, control factors, attitudes, and perceptions related to succession planning. There were approximately 50 questions in each interview, each one was recorded with approval from the interviewees, and all were completed within about 60 minutes. We provided each participant with an Informed Consent Form (Appendix A) and our phase-one interview guide (Appendix C) in advance. We followed this guide for all 10 interviews and asked follow-up questions when appropriate to clarify answers and elicit additional information. Following the completion of the pilot interviews, we utilized a professional transcription service to convert the recordings of our discussions to written scripts. These transcriptions were then used in the next two steps.

We proceeded to Ajzen's (2013) recommended third step in the development of a custom TPB questionnaire at the conclusion of the pilot interviews. In this step, the goal is to label all responses as behavioral, normative, or control beliefs and retain the most cited. We created a coding guide and capture sheet to be used by six independent coders, allowing them to efficiently categorize the approximately 50 answers to the questions we asked in each interview. Responses were categorized into eight major groupings including Personal Information, Firm Information, Career Background, Firm Details, Attitudes about Succession Planning, Perceptions of Others' Attitudes, Perceptions of Control, and Succession Planning Intentions. Our coders included a university professor, four graduate students, and an independent, professional coding service. Each of the six reviewed the transcripts independently and provided their summaries to us without reviewing any work completed by other coders.

In completing the fourth step in the questionnaire development process, which is validating the coding, our panel of coders reviewed and rated the responses for content adequacy and representation of our constructs within the TPB. Code frames were developed for the four primary elements of our theoretical framework, namely Attitudes about Succession Planning, Perceptions of Others related to Succession Planning, Perceptions of Control over Succession Planning, and Succession Planning Intentions. Each code frame contained our specific questions and groupings of responses. For example, we asked participants what they like about succession planning and our coders identified six general answers across all 10 participants. Those summarized answers were Certainty, Good for Clients, Maintains Culture, Maximizes Value, Provides Structure, and Offers Flexibility. Answers captured by each coder were tallied across all code frames and all subcategories within each code frame. A tally sheet was constructed for each coder to identify the most common answers to our questions within each code frame. We then consolidated all the tallies from each coder and calculated the average frequencies of responses to our questions. We calculated the average responses identified by our coders to determine which responses were most prevalent to each question. Following the guidance provided by Azjen (2013) we retained the most cited responses to each of our primary theoretical constructs and used this information in the next step. Table 3.3 is a summary of the most highly cited responses in the pilot study. A full summary of our coding from this phase may be found in Appendix D.

Table 3.3
Most Highly Cited Responses in Pilot Study

Category	Question	Answer/Theme	Response Frequency
Attitudes	Business Goals	Growth/hiring (general or specific areas)	10%
Attitudes	Business Goals	Succession planning	7%
Attitudes	Like/Advantages of Succession Planning	Provides structure/a roadmap to follow	11%
Attitudes	Like/Advantages of Succession Planning	Maintain/maximize value/revenue/profitability	9%
Attitudes	Dislike/Disadvantages of Succession Planning	Too restrictive/not enough flexibility/can force disadvantageous actions	10%
Attitudes	Dislike/Disadvantages of Succession Planning	Finding suitable successor (younger/competent/shares my values/etc.)	8%
Perceptions of Others	Who Approves of Succession Planning	Clients	11%
Perceptions of Others	Who Approves of Succession Planning	Families/people with families	9%
Perceptions of Others	Who Disapproves of Succession Planning	Nobody	10%
Perceptions of Others	Who Writes Plan/Has Plan	Few people/businesses/(successful) written plans are rare	8%
Perceptions of Others	Who Writes Plan/Has Plan	People with families/married/with kids/grandkids	6%
Perceptions of Others	Who Writes Plan/Has Plan	Older/(close to) retirement age	6%
Perceptions of Control	Have Control over Business	I control business environment/destiny (for the most part)	17%
Perceptions of Control	Experienced Serious Life Event	Health issues/serious illnesses	8%
Perceptions of Control	Factors Making Succession Planning Easier	Finding the right successor/someone who shares your values/way of doing business	8%
Perceptions of Control	Could Your Write Succession Plan	Yes, I/we could write succession plan now	12%
Intentions	Do You Have a Succession Plan	No, do not have a written succession plan now	38%
Intentions	Do You Intend to Have Plan	Yes, intend to have written succession plan	24%

The fifth and final step in developing the instrument for the main study was to formulate five to six items for each construct within our framework, that is, attitudes, perceived norms, perceived behavioral control, and succession planning intentions. Taking the most highly cited responses to our questions in our pilot study interviews as listed in Table 3.3, we created a survey that captured demographic information in addition to beliefs, attitudes, norms, behavioral control, and intentions. The following is a detailed review of the main study.

Main Study Participants

For the main study, we initially coordinated with two separate centers of influence (COI) in the financial services industry to assist with the distribution of the survey. The first was a senior management team of a nationwide network of independent investment advisors. This group distributed the survey to 800 advisors within their network over the course of three weeks. The response rate was rather low over this period, so we expanded distribution through the second COI who owns and operates a firm that assists independent advisory firms in advisor recruiting. The owner of the firm distributed surveys to a small group of his key business partners who further distributed the survey link to individual advisors. Additionally, this second COI distributed the survey to over 500 advisors through LinkedIn. As a result of these two initiatives, we received responses from 30 individuals, so we enacted phase three of our data collection strategy. Here we were able to gain access to a public database containing email addresses of investment advisors and their employees and from this database we emailed our survey to over 20,000 advisors. Over the course of about three weeks we received 176 additional survey responses bringing our total to 206. From those we eliminated five surveys due to missing data on multiple questions and ended up with 201 valid survey responses.

In our email requests, recipients of the survey were asked to respond to shed additional light on the succession issues facing the investment advice industry. Recipients were offered a copy of this study and the overall results of the survey if they provided contact information at the conclusion of the survey and 140 requested survey results be sent to them. The respondents to the survey were 56 years old on average and 82% were male. An overwhelming majority (88%) owned their firms and 95% were executives (either owner or non-owner) at their firms. There were seven relationship managers and two investment analysts among respondents while two individuals declined to answer that question. As far as firm size, 73% of respondents have fewer than five employees working at their firms and 93% have 15 or fewer employees.

The median respondent's firm works with between 100 and 500 clients and values itself at $500,000 to $1,000,000. Just over half of respondents (55%) report having a succession plan and of those who do not, 74% agree at least somewhat that they intend to plan for succession. The makeup of our respondents as summarized in Table 3.4 is consistent with industry census and survey data mentioned earlier and generally fit the profile of our target audience for this study.

Table 3.4
Main Study Participant Characteristics

	Owner Executive	Non-owner Executive	Relationship Manager	Investment Analyst	Administration	Missing				
Role	176	14	7	2	0	2				
	< 30	30 - 40	41 - 50	51 - 55	56 - 60	61 -65	66 - 70	71 - 75	> 75	Missing
Age	5	15	38	23	39	32	23	15	10	1
	Male	Female	Missing							
Gender	166	35	0							
	< 5	5 - 15	15 - 30	30 - 50	> 50	Missing				
Number of Employees	145	41	7	2	5	1				
	< 100	100 - 500	> 500	Missing						
Number of Clients	40	115	45	1						
	< $500,000	$500k - $1mil	$1mil - $5mil	> $5mil	Missing					
Firm Valuation	66	46	72	15	2					

Main Study Procedures

Following the validation of the coding of responses in the pilot study and prior to conducting our main study, our preliminary survey was distributed to our dissertation committee, two investment advisor representatives, and our two COIs for review and validation. Several recommendations were made regarding the format and wording of the survey and its length.

Reviewers were concerned that potential respondents would lose interest if the survey required more than 10 minutes to complete. We eliminated and reworded four questions and added questions about future activities before finalizing the instrument. Our final questionnaire contained 60 items, including eight questions related to demographic information such as role, age, gender, firm size, firm valuation, and non-business activities. The instrument was published through Qualtrics.com and in the end the median time to complete the survey was six minutes, 51 seconds.

Utilizing a 7-point Likert scale format, we asked a series of questions about outcome evaluations to determine the motivations of the respondents. Using Azjen"s (2013) sample TPB questionnaire as a guide and informed by our pilot study, we inquired about perceived behavioral control, subjective norms, attitudes, and intentions related to succession planning. We also asked about the respondents' motivation to comply, behavioral beliefs, control beliefs, and normative beliefs. Finally, we asked participants whether they have implemented a succession plan or if they have intentions to establish a succession plan. Our survey instrument was created, distributed, and monitored through Qualtrics.com using the survey tools offered through their website. The complete survey can be found in Appendix E.

Main Study Measures

Upon receipt of our final list of survey responses, we exported all data from Qualtrics,com into SPSS 26 for data analysis. We reviewed the data table looking for missing values and found 75 missing items across 52 questions of interest for the 201 respondents. One item was missing five values, four items were missing four values, six items were missing three values, 11 items were missing two values, 14 items were missing one value, and 16 items were missing zero values. To determine whether the missing data was Missing Completely at Random (MCAR), Missing at Random (MAR), or Not Missing at Random (NMAR), we ran Little's MCAR Test and found it to be insignificant based on the p-value (p =.254). This indicates that the data meets the

MCAR condition, meaning that the probability of missing values does not depend on the item itself or any other measured variable. Despite the missing data being completely at random, we needed a complete data set to test model fit. To retain as much data as possible we decided to perform imputation procedures on the missing values rather than exclude responses listwise or pairwise. We initially performed Maximum Likelihood Estimation via the EM Algorithm within SPSS 26, but upon reviewing the completed data table found multiple values outside the valid range of responses. For example, for items allowing scores of 1 – 7 we found values of 0, -1, and -2. As an alternative approach, we ran multiple regression, also in SPSS 26, to predict the missing values. This approach yielded valid responses in all data fields, so we decided to move forward with our analysis of this imputed data.

Our next step in the data screen process was to create composites through the SPSS 26 Compute Variable function using the mean scores of selected items. Once composites were created, we tested for individual and multivariate outliers. Our composites included the following categories:

Attitudes – participants' attitudes toward succession planning

Norms – subjective views on what peers think of succession planning and how they act toward it

Control – respondents' perceived behavioral control to undertake succession planning

Behavioral Beliefs – participants' beliefs about the consequences of planning for succession

Normative Beliefs – participants' beliefs on what family members, employees, clients, and peers expect regarding succession planning

Control Beliefs – respondents' beliefs about certain items that may make succession planning easier or harder

Motivation to Comply – participants' motivation to comply with what important others expect

Activities – respondents' involvement in current and future outside activities

Intent – participants' intentions to plan for succession

Survey items were grouped together based on these categories and tested for reliability using Cronbach's Alpha. Certain items were found to weaken the reliability of the composites and after reviewing the survey itself we found a few questions to be poorly worded or tautological. We removed these items from the composites and the remaining items resulted in an average Cronbach's Alpha across of all nine composites of α = .777 (reliability scores of each composite can be found in the detailed sections below). We determined that the reliability of the groupings of our items was acceptable, so we screened the composites for outliers. Attitudes, control, and intent exhibited high levels of skewness and kurtosis. Specifically, skewness for those three composites were 1.616, 2.086, and 2.078, respectively. Kurtosis statistics were 2.98, 6.295, and 5.369, respectively. In an attempt to normalize the data, we transformed it by calculating the log10 of each composite through SPSS 26. We compared this data set with our original data and compared regression outputs but did not find meaningful differences in outcome or conclusions. As a result, we made a judgment call to retain the full data at this point. Next, univariate outliers were examined using Z-scores on all nine composites and we found several outliers beyond 2.5 standard deviations from the mean. Eliminating all outliers for all nine composites would have resulted in a significant reduction in N to 180. We compared the output of the screened data with the full data set in our later analysis of our models using Confirmatory Factor Analysis and Structural Equation Modeling but the screened data results were not significantly different than the full data results. At this step we retained all 201 responses and tested for multivariate outliers. Our research is focused on patterns involving multiple variables, so this was an important step in the screening process. We studied the Mahalanobis distances of our nine composites and found three significant outliers beyond the critical Chi-Square value of 27.877 for nine degrees of freedom at $p = .001$. We eliminated these three outliers which resulted in an effective sample size of $N = 198$.

Attitudes. Measures for attitudes were based on the concepts in Ajzen and Fishbein's expectancy value approach. According to this theory, attitudes toward any object are a function of the strength of that person's beliefs about the object and the satisfaction they would derive from that object (Cohen, Fishbein, & Ahtola, 1972). We asked six questions about the participants' views on succession planning related to their businesses. Participants were asked to respond to questions such as "Planning for succession will help me meet my business goals" using a Likert scale ranging from extremely likely to extremely unlikely and a question "For me to plan for succession is" using a scale of extremely good to extremely bad. We ran a reliability test on an aggregation of these six measures which yielded Cronbach's $\alpha = .820$. Eliminating the question measuring the degree to which succession planning is good or bad improved reliability to $\alpha = .862$ for the remaining five questions.

Norms. TPB and the related Reasoned Action Approach is a source of measurement ideas for social norms (Mackie, et al, 2015). To measure perceived social norms, we investigated our subjects' beliefs about others, their identity with a reference group, and their reactions to others in that group (Mackie, et al, 2015). For our study, the reference group was investment industry peers and industry organizations of which their peers are members. We asked participants their view on whether advisors have planned for succession using a scale ranging from definitely true to definitely false. We then asked how much the participant wants to be like others using a scale ranging from very much to not at all. Finally, we asked whether succession planning is common in the investment advice industry using a scale of strongly agree to strongly disagree. We tested the reliability of these three items which yielded Cronbach's α = .760.

Control. Perceived control is a measurable construct. (Peterson & Stunkard, 1989; Skinner, 1996). According to Ajzen (2002, p. 668) it may best be measured "by asking direct questions about capability to perform a behavior or indirectly on the basis of beliefs about ability to deal with specific inhibiting or facilitating factors." We asked questions to assess subjects' internal locus of control as well as questions to assess the subjects' self-efficacy as it relates to succession planning. We asked six questions related to control including whether the participant has control over the future of his/her business using a scale of strongly agree to strongly disagree. We asked the participant to rate the degree to which planning for succession is easy or hard. Then we asked the participant to rate the statements "Whether I plan for succession is completely up to me" and "If I wanted to I could plan for succession" on a scale ranging from strongly agree to strongly disagree. Finally, we asked participants to rate the degree to which planning is possible. We tested the group of measures for reliability and calculated Cronbach's α = .735. We ultimately eliminated the items rating the respondent's control over their business and the relative ease of planning for succession due to poor factor loadings in our model. The resulting reliability score for the remaining four items was α = .782.

Behavioral Beliefs. To measure respondents' beliefs about succession planning, we asked a series of six questions about the participants evaluations of their business goals and outcomes related to succession planning. Respondents were asked to rate their agreement with the six statements such as "Succession planning is one of my business goals" and "The continuation of my business after I retire is important to me" on a 7-point scale ranging from strongly agree to strongly disagree. We tested the reliability of these six items which yielded Cronbach's α = .762.

Normative Beliefs. To measure normative beliefs, we asked to what extent participants think that their industry approves of succession planning and to what extent their peers, clients, family, and employees think they should plan for succession. Responses were provided on a scale ranging from strongly agree to strongly disagree. A reliability test of these five items resulted in α = .775.

Control Beliefs. These beliefs were measured by asking respondents to rate their level of agreement, ranging from strongly agree to strongly disagree, on four statements including whether not having information would make succession planning more difficult and knowing what steps to take would make succession planning easier engage in. The resulting reliability score of the four questions was α = .639.

Motivation to Comply. This measure included four questions which asked the degree to which respondents want to do what their family, employees, clients, and peers want them to do. These questions were scored on a scale ranging from strongly agree to strongly disagree and our reliability test resulted in Cronbach's α = .765 for the group of four questions.

Activities. We included questions related to outside activities in our survey based on salient points raised by our interviewees in our pilot study. The purpose of these questions was to determine whether outside activities have an impact on attitudes toward succession planning. We asked a set of seven questions regarding respondents' current and future involvement in community activities, personal hobbies, charitable activities, and other non-business activities. Our reliability test of these seven questions resulted in α = .826.

Dependent Variable. Intent. Although actual behavior is the ultimate dependent variable in TPB models, we focused on the intent to plan. Intention is the intermediary step between attitudes, norms, control, and behavior. Observing actual behavior related to succession planning is a multi-year endeavor and therefore impossible for this research project. To measure intent, we asked participants how likely there were to plan for succession and the degree to which they agreed with the statement, “I will make an effort to plan for succession” on a scale ranging from strongly agree to strongly disagree. We also asked participants the degree to which they agree with the statement, “I intend to plan for succession within the next 3 years.” This final question followed a binomial question as to whether the participant has a succession plan currently. We inferred for those who have a plan in place now that they also intend to plan for succession in the next three years. Combining the three questions related to succession planning intent resulted in Cronbach’s α = .661.

Items not included. Since there is no standardized TPB instrument applicable to all areas of research which may utilize the theory (Ajzen, 2013), much of our research is exploratory, especially the questions used in our main survey. Our pilot study of 10 investment advisors uncovered several topics and items that we thought would inform our overall research of the topic of succession planning. For example, one aspect of control that became apparent in the pilot study was the impact that a lack of a successor has on the succession process. Our interviewees were very consistent in identifying this issue as a challenge to initiating and implementing a succession plan. We therefore included questions in our survey asking whether participants had identified a successor and if doing so would make succession planning easier. These questions were expected to be part of the control aspect of the model but were not additive to the construct of the composite and in fact detracted from the reliability scale. As a result, we decided to exclude these items from the final analysis.

Another area of interest identified in the pilot study was related to the impact current situations and past experiences have on advisors' ability to plan for succession. We specifically asked questions about participants' family obligations and prior serious life events. These items also detracted from control composite reliability, so we excluded them.

Finally, our preliminary research on the topic of succession suggested that feelings of a loss of identity and a loss of control would negatively impact respondents' attitudes intentions toward succession planning. We asked participants for their views on their business as identity, level of control and the impact leaving their business would have on them. These four items were not reliable as a group and were not additive to other attitudes in the model, so we did not include them in our analysis. Overall, we settled on a more parsimonious model with a straightforward look at attitudes, norms, control, beliefs, motivation to comply, and activities as independent variables and intent as our dependent variable. As we moved into the testing our measurement model and structural model, we were analyzing 37 items across nine factors.

Model Analyses

After addressing missing data, screening for outliers, and developing our composite measures we moved on to two-step Structural Equation Modeling (SEM) through SPSS Amos 26. The first step is to use Confirmatory Factor Analysis (CFA) to evaluate the measurement model. We tested our model using nine factors and focused on model-fit indices including Standardized RMSR (SRMSR), acceptable fit between .07 to .08 but lower is better; RMSEA, acceptable fit .07 to .08 but lower is better; and CFI, acceptable fit .90 or higher.

In testing our 9-factor model we found model fit to be marginally acceptable to unacceptable across our three mode-fit indices. We reviewed factor loadings through SPSS Amos 26 and eliminated the following items (Table 3.5):

Table 3.5
Construct Item Eliminations

Factor	Item Eliminated	# of Items Remaining
Control	Q15	3
Behavioral Beliefs	Q9-6	5
Normative Beliefs	Q27-2	4
Control Beliefs	Q32-2	3
Activities	Q7-2	6
Activities	Q7-4	5

Following the elimination of these items, we recalculated our model-fit indices and found that our factor loadings improved but our overall fit was still marginal. We reviewed modification indices provided by the Amos 26 tool and identified several suggested correlations of error terms. The purpose of correlating error terms is to reduce the redundancy of measurement items within the same latent variable. Scholars suggest that it may be appropriate to correlate error terms because items may be dependent on each other within similar response categories or when questions within a single construct are worded similarly (Smolkowski, 2020). We carefully reviewed the sets of questions within our latent variable composites that were most highly correlated.

Two sets of questions related to attitudes were statistically correlated. Item 24-1, “Planning for succession will help me meet my business goals” and item 24-2 “Planning for succession will help the long-term value of my business” used similar language and confer similar meaning. Likewise, item 24-3, “Planning for succession will help my business continue after I retire” and item 24-4, Planning for succession will allow my clients to be served after I retire” were similarly worded and implied similar meaning. Within the Normative Beliefs construct, three questions appeared to be strongly correlated with each other. Item 27-4, “My clients think that I should plan for succession,” item 27-5, “My family thinks that I should plan for succession,” and item 27-6, “My employees think that I should plan for succession” are all similarly worded and relate to the views of important others in the lives of respondents.

Within our Behavioral Beliefs construct, item 9-1, “Succession planning is one of my business goals” and item 9-2, “Succession planning is good for the long-term value of my business” used similar language and confer similar meaning. Item 9-4, “The continuation of my business after I retire is important to me” and item 9-5, “Continued service to my firm’s clients after I retire is important to me” also used similar language with similar meaning attached. Finally, within the Activities composite, item 7-1, “I am involved in community activities,” item 7-3, “I participate in charitable or religious activities,” and item 8-3, “ When I retire I plan to participate more often in charitable or religious activities” all use related language and could confer related meaning to respondents. We should also point out that each of these sets of questions were part of a matrix table format within a Qualtrics.com survey and were therefore in close proximity to each other. The combination of proximity, similar wording, and similar meaning likely led to redundancy and the higher levels of correlation which seems to justify correlating the error terms as suggested by the Modification Indices table in SPSS Amos 26.

After correlating these error terms our model fit was improved and deemed marginally adequate, but we evaluated a more parsimonious model that collapsed the three latent variables related to beliefs into one combined Belief composite. Based on de Leeuw, Valois, Ajzen, and Schmidt (2013, p. 132),[1] we evaluated a 7-factor model which collapsed all belief items into one

[1] De Leeuw et al. (2013) point out that belief composites are used because according to the TPB “the total sets of behavioral, normative, and control beliefs correlate, respectively with attitudes, subjective norms, and perceptions of control.”

latent variable. Combining our survey items related to the three beliefs resulted in a modified, 7-factor model and yielded modestly acceptable model-fit indices though an analysis of modification indices output suggested the removal of additional items including items 27-3, 32-1, 32-3, and 32-4 from the Belief composite. This final modification of our measurement model resulted in satisfactory RMSEA, CFI, SRMR indices and we confirmed that our reliability scales remained in the acceptable range, calculated as an average α = .782 across the seven factors as described in Table 3.6. Our final factor loadings can be found in Appendix F.

Table 3.6
Model Indices Summary

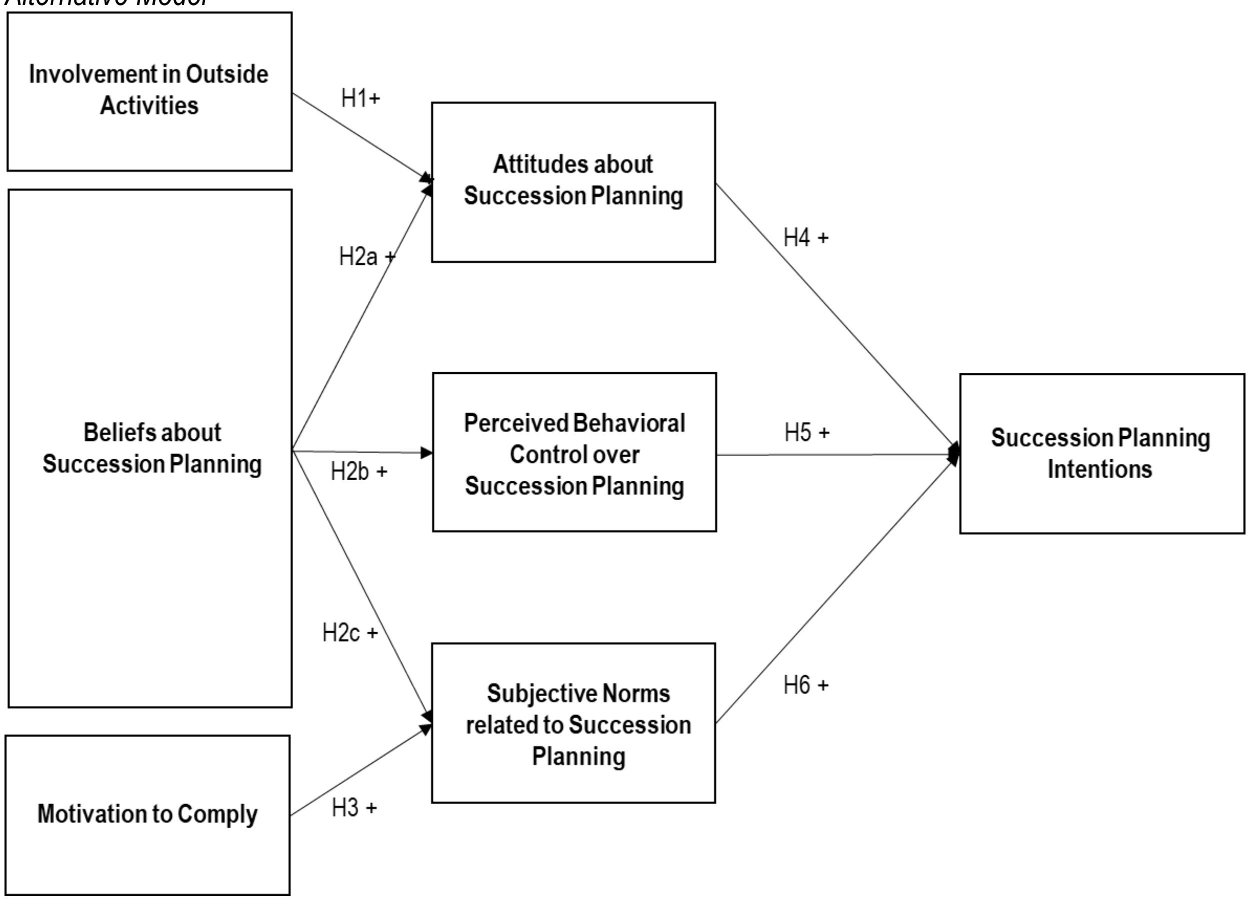
		Primary Model	Alternative Model
Number of Responses		198	198
Number of Factors		9	7
Number of Items		34	30
Average Alpha		0.763	0.782
CFA	ChiSq	830.265	674.824
	df	484	377
	RMSEA	0.060	0.063
	CFI	0.893	0.902
	SRMR	0.0641	0.0640
SEM	ChiSq	621.272	695.808
	df	502	387
	RMSEA	0.065	0.064
	CFI	0.871	0.898
	SRMR	0.1086	0.0668

We moved on to the SEM phase of the analysis to evaluate the structural model, testing the causal relationships between attitudes, norms, control, beliefs, motivation to comply, activities, and intent to plan for succession. The resulting SEM output of our 9-factor model produced an unacceptable SRMR statistic of greater than .1000. However, the 30 item, 7-factor model produced acceptable structural model fit indices (Table 3.7 and Figure 3.1).

Table 3.7
Number of Items per Factor

Factor	# of Items
Activities	4
Beliefs	8
Motivation to Comply	4
Attitudes	5
Control	3
Norms	3
Intent	3

Figure 3.1
Alternative Model



Chapter 4: Results

Descriptive Statistics

Table 4.1 provides the means, standard deviations, and correlations between the model variables in this study. Our discussion of results partitions the findings into “very strong”, “strong”, and “moderate”. Participants’ (n = 198) intentions to plan for succession were very strong (M = 1.60, SD = .88), as were their perceptions of control (M = 1.57, SD = .73), and attitudes toward succession (M = 1.48, SD = .59). Overall beliefs were strong (M = 2.04, SD = .685) as were behavioral beliefs (M = 1.81, SD = .73). Participants reported moderate subjective norms related to succession (M = 3.98, SD 1.39), motivation to comply (M = 3.74, SD = 1.11), and activity involvement (M= 3.16, SD = 1.29) as well as normative beliefs (M = 2.41, SD .90) and control beliefs (M = 2.70, SD = 1.13). Descriptive statistics of our factors can be found in Appendix G.

The correlations in Table 4.1 were computed to test the significance of relationship between our independent variables and behavioral intentions. The overall intent score was most highly and significantly correlated with control (r = .688, p < .001), beliefs composite (r = .564, p < .001), behavioral beliefs (r = .532, p < .001), attitudes (r = .518, p < .001), and normative beliefs (r = .381, p < .001). Intent had a non-significant relationship with motivation to comply (r = .096, p = .179), activities (r = .084, p = .238), control beliefs (r = .026, p = .720), and norms (r = -.030, p = .672). In studying our other endogenous variables, attitudes were significantly correlated with beliefs composite (r = .690, p < .001), behavioral beliefs (r = .690, p < .001) and with activities (r = .175, p = .013) and all relationships were in the expected direction. Control was significantly correlated with beliefs composite (r = .474, p < .001) and in a positive direction but was not significantly correlated with control beliefs (r = .050, p = 488). Norms were significantly and positively correlated with motivation to comply (r = .145, p = .041) but were not significantly correlated with beliefs composite (r = -.033, p = .643) nor normative beliefs (r = .045, p = .525).

Table 4.1
Means, standard deviations, and correlations between variables

Variable	*M*	*SD*	Attitudes	Norms	Control	BehBel	NorBel	ConBel	Beliefs	MotCom	Activities	Intent
Attitudes	1.48	0.591	1	.004	.513**	.690**	.422**	.187**	.690**	.189**	.175*	.518**
Norms	3.98	1.389		1	-.023	-.053	.045	.141*	-.033	.145*	-.007	-.030
Control	1.57	0.728			1	.430**	.359**	.050	.474**	.065	.021	.688**
Beh Bel	1.81	0.727				1	.342**	.165*	.864**	.098	.273**	.532**
NorBel	2.41	0.904					1	.083	.748**	.200**	.070	.381**
ConBel	2.70	1.133						1	.140*	.157*	-.006	.026
Beliefs	2.04	0.685							1	.166*	.235**	.564**
MotCom	3.74	1.114								1	.203**	.096
Activities	3.16	1.292									1	.084
Intent	1.60	1.601										1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Results also illustrate the relationships between behavioral beliefs, control beliefs and normative beliefs within our different constructs. Behavioral beliefs correlations with normative beliefs and control beliefs are $r = .342$, $p <.001$ and $r = .165$, $p = .02$, respectively. Normative beliefs correlation with control beliefs is $r = .083$, $p = .247$ (Table 4.2). The rolled-up composite of beliefs correlation with behavioral beliefs is $r = .864$, $p < .001$, its correlation with normative beliefs is $r = .748$, $p < .001$, and with control beliefs is $r = .140$, $p = .05$.

Measurement Model

We investigated the factor structure of our application of the TPB in succession planning. Our *a priori* model was based on guidance from Ajzen (2013) on the construction of a TPB questionnaire. Our instrument included 41 items loading on nine factors: attitudes (5 items), norms (3 items), control (4 items), intent (3 items), behavioral beliefs (6 items), normative beliefs (5 items), control beliefs (4 items), motivation to comply (4 items), and activities (7 items). To evaluate model-data fit, we examined the following indices and indications of acceptable fit according to Meyers, Gamst, and Guarino (2017): RMSEA values between .06 and .08, CFI values between .90 and .95, and SRMR values less than .10. The fit of our initial model was not acceptable (X^2[743] = 1518.35, p < .001, RMSEA = .073, CFI = .794, SRMR = .0759).

Modifications were considered in three steps: eliminating certain items due to poor factor loadings, correlating error terms within specific latent variables, and comparing an alternative model to our *a priori* model. We examined factor loadings and though all were statistically significant, seven items showed weak magnitude. We eliminated item 15 from control, item 9-6 from behavioral beliefs, item 27-2 from normative beliefs, item 32-2 from control beliefs, and items 7-1, -2,-3 from activities improved model fit (ΔX^2[252] = 617.449, p < .001). However, these changes did not result in acceptable overall fit (X^2[491] = 900.901, p < .001, RMSEA = .065, CFI = .873, SRMR = .0647. After studying additional modification indices produced through SPSS Amos 26, we correlated the error terms associated with items 9-1 and 9-1, items 9-4 and 9-5, items 24-1 and 24-2, items 24-3 and 24-4, and items 27-4, 27-5, and 27-6. These modifications improved model fit (X^2[7] = 70.636, p < .001) and resulted in marginally acceptable fit indices (X^2[484] = 830.265, p < .001, RMSEA = .060, CFI = .893, SRMR = .0641).

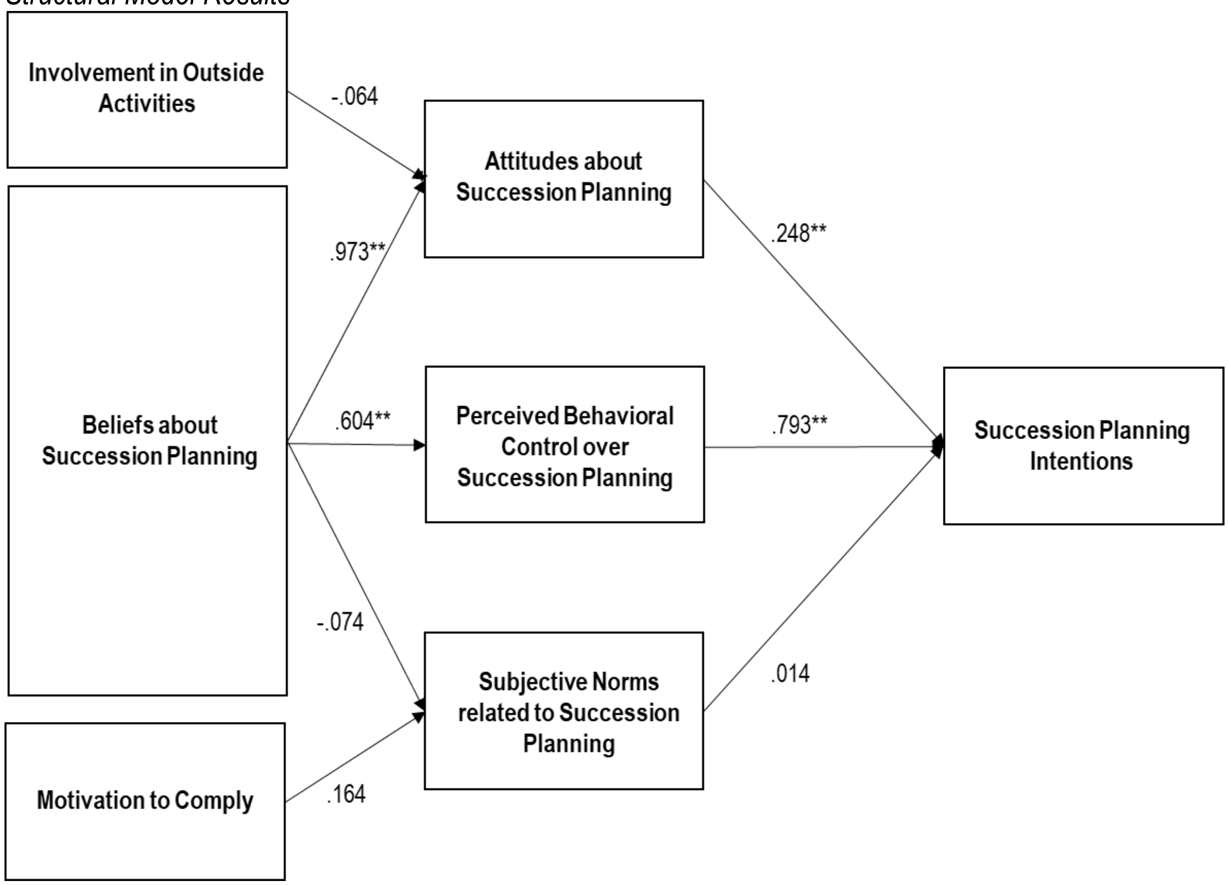
We also compared the fit of the *a priori* 9-factor model against the alternative 7-factor model. Following a review of modification indices, we eliminated items 27-3, 32-1, 32-3, and 32-4 which resulted in 30 items loading onto the 7 factors. The model was acceptable (X^2[377] = 674.824, p < .001, RMSEA = .063, CFI = .902, SRMR = .064). Due to the similarity in model fit of the two alternatives we evaluated the structural models of each.

Structural Model

To test our hypothesized model, structural equation modeling was conducted. The results are presented in Table 4.3 and summarized in Figure 4.1. In evaluating our *a priori* 9-factor model, the structural fit was poor (X^2[502] = 621.272, p < .001, RMSEA = .065, CFI = .871, SRMR = .1086). We then evaluated the alternate 7-factor model and found a better, more acceptable fit

(X^2[387] = 695.808, $p < .001$, RMSEA = .064, CFI = .898, SRMR = .0668). We accepted the 7-factor model and no additional modifications were made (Figure 4.1 and Table 4.2). Complete diagrams of our measurement and structural models can be found in Appendix H and Appendix I, respectively.

Figure 4.1
Structural Model Results



**. Correlation is significant at the 0.01 level (2-tailed).

H1: Outside activities were negatively and insignificantly related to attitudes about succession planning ($\gamma = -.064$, $p = .244$) so hypothesis 1 is not supported.

H2a: Beliefs were positively and significantly related to attitudes ($\gamma = .973$, $p < .001$) so hypothesis 2a is supported.

H2b: Beliefs were positively and significantly related to perceptions of control over succession planning (γ = .604, p < .001), supporting hypothesis 2b.

H2c: Beliefs were negatively and insignificantly related to subjective norms related to succession planning (γ = -.074, p = .407) so hypothesis 2c was not supported.

H3: Motivation to comply was positively but not significantly related to subjective norms related to succession planning (γ = .164, p = .081) so hypothesis 3 was not supported.

H4: Attitudes about succession planning was positively and significantly related to intent to plan for succession (β = .248, p < .001) so hypothesis 4 is supported.

H5: Perceptions of control was positively and significantly related to intent to plan for succession (β = .793, p < .001), supporting hypothesis 5.

H6: Subjective norms related to succession planning was positively but not significantly related to intent to plan for succession (β = .014, p = .787) so hypothesis 6 is not supported.

Table 4.2
Maximum Likelihood Regression Weights

IV		DV	Estimate	S.E.	C.R.	P	Standardized Estimate
Activities	⟶	Attitudes	-0.035	0.03	-1.165	0.244	-0.064
Beliefs	⟶	Attitudes	0.776	0.11	7.074	***	0.973
Beliefs	⟶	Control	0.463	0.08	5.794	***	0.604
Beliefs	⟶	Norms	-0.115	0.138	-0.828	0.407	-0.074
Motivation to Comply	⟶	Norms	0.218	0.125	1.743	0.081	0.164
Attitudes	⟶	Intent	0.299	0.084	3.551	***	0.248
Control	⟶	Intent	0.996	0.117	8.514	***	0.793
Norms	⟶	Intent	0.009	0.032	0.27	0.787	0.014

We also investigated the indirect effects of activities, beliefs, and motivation to comply on intent using 2000 bootstrap samples and a 95% confidence interval. The results of this analysis are summarized in Table 4.3. The standardized indirect effect was positive, and because the 95%

confidence interval does not include zero the effect was statistically significant (Z = .720, 95% CI: .537, .843).

Table 4.3
Bootstrapped Standardized Indirect Effects

				95% CI	
IV		**DV**	**Estimate**	**LL**	**UL**
Activities	→	Intent	-0.016	-0.088	0.014
Beliefs	→	Intent	0.720	0.537	0.843
Motivation to Comply	→	Intent	0.002	-0.013	0.031

Note . CI = confidence interval; LL = lower limit, UL = upper limit

Chapter 5: Discussion

We utilized the Theory of Planned Behavior as a framework to study the succession planning intentions of leaders of small investment advisory firms. According to Ajzen (2015), TPB focuses on individual's attitudes, subjective norms, and perceptions of control to predict behavior, in this case succession planning intentions. Specifically, we sought to answer the question, how do attitudes, perceived industry norms and perceptions of behavioral control affect investment advisors' intentions to plan for succession? The statistical results of our study showed mixed support for our hypotheses as to why the subjects of our research intend to plan for succession. Our hypotheses that attitudes and perceptions of control are related to succession planning intent were supported (H4 and H5). Similarly, our hypotheses that beliefs are related to attitudes and perceptions of control were also supported (H2a and H2b). However, our hypothesis regarding involvement in activities relating to attitudes was not supported (H1), nor were our hypotheses related to subjective norms' relation to intent, beliefs' relation to norms, and the relation of one's motivation to comply with subjective norms (H2c, H3, H6).

It appears that if leaders of small investment advisory firms believe that succession planning is positive for their business and if they perceive that they have control over the process, they will engage in succession planning. Perhaps more interesting are the findings that the normative environment does not seem to impact these business leaders' intent to plan for succession. Based on prior anecdotal evidence and research on family norms' impact on succession plans (Koropp et al, 2014), we surmised that business leaders would be affected by the views of important others like their family members, employees, and clients. However, it seems that successful investment advisors are not influenced by what they think others want them to do nor are they influenced by what they think their peers are doing. Perhaps these business leaders are busy dealing with their own issues and they do not have time to consider what others may be thinking or maybe these leaders have a high level of self-confidence in their own views and do not see the need to consider other perspectives.

We also thought that a business owner's involvement in non-business activities would impact their intent to plan for a future transition of their business, but the data suggests otherwise. More specifically, we expected to find a relationship between involvement in outside activities and attitudes such as a fear of losing identity and fear of losing control. Prior research in family business succession (Sharma et al. 2003)) found that business owners often do not want to give up their creation because that they are uncomfortable with what the future may hold for them. Our interviews with industry leaders and our observations over the past several years also pointed to a possible link between outside activity involvement and an owner's willingness to transition the business to someone else. Logically, it would seem that people who have more interests, hobbies, and non-business commitments would be more inclined to step away from their businesses when the time was right. That the results showed no relationship between outside activities and attitudes and no relationship between outside activities and succession planning intentions may also indicate that business owners are just busy and have no time for outside activities. It may also be a case of owners being able to compartmentalize their lives such that some are involved in activities and some are not but neither group relates outside involvement to decisions about their businesses.

Implications for Research

Researchers have pointed out that a problem with the study of succession planning is the lack of theory in hypothesis testing (Sharma et al., 2003; Brockhaus, 2004). Our research demonstrated another application of TPB by applying it to succession planning in the investment advice industry. Though our model needs refinement, the framework provides some much-needed rigor to the area of succession planning and it reinforces the evidence that TPB is suitable for a wide variety of research studies covering any number of behaviors (Ajzen, 2015). Furthermore, academia can build on this framework to study other areas of decision-making related to small business owners to predict business behaviors.

Our study of succession planning also included elements of behavioral finance and included a behavioral aspect to what has largely been considered a financial decision-making process. The study reinforced some of the tenets of behavioral finance, specifically the notion of hyperbolic discounting where most participants indicated that they intend to plan for succession while industry statistics show that well under half of advisors actual do so. Procrastination is another behavioral trait exhibited in financial decision -making and that phenomena may overwhelm advisors as they near retirement age (Mullainathan & Thaler, 2000). Conversely, herd behavior, another aspect of behavioral finance, does not seem to be a factor in succession planning, based on our results related to subjective norms and motivation to comply with norms. That said, perhaps herd behavior plays a part in advisors' planning decisions if deep down they do not believe their peers are really planning for a succession. Industry statistics show that a small percentage of advisors have a plan in place (FPA, 2018). Collectively, our research seems to be consistent with many of the tenets of behavioral finance and researchers could continue to tailor this theoretical line of study to the areas of small business management, leadership, and business transition.

Implications for Practice

Our study indicates that the investment advice industry should focus on and emphasize the benefits of succession planning, its impact on increasing the value of firm, how it can help ensure continued service to clients, how it can provide opportunities for continued employment for current workers in the industry, and how it helps provide future financial stability for the family of the leaders of investment advisory firms. Conversely, testimonials from other advisors or case studies about what has worked for other business owners may not be effective in convincing advisors to plan for succession. Perhaps this is because of the unique nature of every business and the unique viewpoint of every business owner. Suggesting an owner undertake a certain behavior because everyone else is doing it is not a valid strategy based on our research. Rather, the discussion should be focused on the benefits that pertain to each individual owner.

However, having a positive attitude about succession planning is probably not enough. The industry should also focus on specific tools that advisors can utilize to engage in succession planning, not just generic steps but actual, required steps from human relations, client service, legal, tax, and financial perspectives. Advisors should be armed with the complete set of information needed to carry out a plan. Too often, industry influencers offer generic, one-size-fits-all solutions that do not resonate with individual advisors. Identifying the specific elements important to an owner and then providing step by step information on how to carry out the plan will increase the percentage of advisors who plan for succession.

Though we focused on investment advisors, our study may also be applied to small, professional services organizations of all types including, but not limited to accounting firms, law firms, and health care practices. Though our study showed that the relationship of the normative beliefs of peer groups and overall subjective norms related to the topic were insignificant, that may not be the case in other industries. Changing the industry focus or their peer groups may not change these findings though it would be worth testing. Whether or not norms play a role in intentions to plan for succession, the lessons of our overall study area are likely applicable to small businesses of all types.

Limitations and Future Research

This was essentially an exploratory research project in that there was no pre-validated instrument to use and test. We developed our questions based on our knowledge of the industry and succession planning in general as well as the themes that came out of our pilot study of advisors. The relevancy of our constructs as measured by Cronbach's Alpha scores were acceptable but could be stronger with more refinement of survey questions. The goal should be to create better composite variables and build a stronger model from the ground up, item by item.

Our final sample size was only 198 and we had significant skewness and kurtosis in our responses. Studying a larger sample would provide more confidence in applying the findings to the broad population of investment advisors. The characteristics of our respondents was also skewed to older, male business owners. These characteristics are consistent with industry statistics, but it would be helpful to gather more responses from a larger, more diverse set of respondents.

We also focused only on smaller firms and the respondents were primarily from that set of firms. However, owners of firms with only five employees likely have very different views about succession than the leaders of larger organizations. Widening the universe to slightly larger firms would provide deeper perspectives into the topic and a comparison of perspectives between very small and slightly larger firms could further inform industry participants.

Our theoretical model was only marginally acceptable according to model fit indices calculated when running CFA and SEM in SPSS Amos 26. Better questions and more responses would hopefully strengthen the model, but other adjustments should be considered as well. For example, the elimination of involvement in activities as an exogenous variable seems warranted based on our results. The wording, format, and proximity of questions also needs improvement. We utilized matrices in our survey to assist respondents in the efficient completion of the instrument, but in hindsight the structure of the questions likely resulted in significant correlation between questions. Additional questions are also necessary to strengthen the factors included in the model to flesh out all aspects of the TPB.

Succession planning is a long-term endeavor and it takes many years to exhibit the behavior, so we were only able to focus our research on the intentions to plan. Future researchers could potentially investigate whether our respondents' intentions turned into behavior. Even if future research does not track the participants for the long term, it would be interesting to re-survey our respondents in six to 12 months to see if their views have changed in any way. We are in the middle of an historic pandemic which has upended work and small business ownership. Comparing attitudes of owners while living in a pandemic with attitudes in more normal times may provide additional context.

Our focus was on small firm owners in the investment advice industry and that was largely the description of our participants. Future research could also introduce control variables such as ownership structure, number of partners, size of firm, number of employees, gender, or age of the owner to see if any of these variable have an impact on attitudes, norms or perceptions of control when it comes to planning for succession.

General Conclusions

Succession is an issue in the investment advice industry that affects many stakeholders. Planning for a smooth ownership transition would potentially improve outcomes for clients, employees, business owners and their families. Despite knowing this, at least in general terms, many owners do not plan for the succession of their business to future leaders. Though the results of our study do not fully support our hypotheses, we are still convinced that succession planning is an important area of research. As pointed out at the beginning of this paper, succession planning can improve the future financial value of an organization, it can provide a smooth business transition as current owners exit their firms, and small business owners need more help in implementing a plan. Our research showed that positive attitudes about succession along with perceptions of control over the topic impact an owner's intention to plan. If owners can be nudged to understand the positive effects of succession planning in the areas of business valuation, employee continuity, client retention, and financial stability for their families, they will likely increase their intention to plan. Furthermore, if they are provided the necessary tools to make the process possible, we believe that more business owners will undertake succession planning for the good of all.

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Appendix A

Pilot Study Participants' Characteristics

Interviewee	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Age	53	65	57	52	48	60	59	67	72	63
Sex	M	M	M	M	M	M	M	M	M	M
Marital Status	M	M	D	D	M	M	M	M	M	M
Dependents (Ages)	3 (19,18,12)	3 (17,20,23)	2 (16,18)	2 (19,21)	2 (2,15)	0 (31,28,25)	0 (26,28,30)	0 (41,39,35,33)	0 (41,38,35)	4 (15,17,19,22)
Years in business	30	39	33	29	27	30	21	15	35	40
Prior Career(s)	Farmer, Factory Worker	Grocery	Restaurants	Business Consulting	None	Direct Mail	Healthcare	Telecom	CPA	Sales
Educational Level	BSBA	MSFS	MSFS	BSBA	BSBA	MBA	M ED	B.Acct	MBA	HS
Designations	FINRA	CFP	CFP, CLU CHFC, CEA	CFP, CEPA	FINRA	FINRA, CFP, Enrolled Agent	CFP, CHFC, RICP, FINRA	CPA, FINRA	CPA	CFP, FINRA
Industry Organization	SIFMA	None	CFP Assoc, FSSP	Exit Planning Inst.	None	None	FPA	ADISA	Revere Coalition	FIS
Currently Active	No	No	No	Yes	No	No	Yes	No	Yes	Yes
Outside Interests	Travel, fishing, outdoors, and cars	Planning for Retirement	Music, outdoors, sports, travel, kids	Bridge, fencing, water sports	Kids, coaching, home repair, golf	Magician, reading	Hospital volunteer, outdoors	Photography, gardening	Outdoors, weekend farm	History, Social Activism, Religion
Years owned firm	20	14	15	18	19	7	21	15	20	7
Legal Structure	Sole owner	LLC	LLC	LLC	LLC	S Corp	Sole practitioner	2 HoldCos., 3 Operating	LLC	S Corp
Percentage ownership	100%	50%	100%	18%	17%	80%	100%	33%	100%	50%
Number of owners	1	2	1	4	7	2	NA	3 Founders, 4 Phantom	1	2

Appendix B

Informed Consent Form

UMSL

College of Business Administration
One University Boulevard
St. Louis, Missouri 63121-4499
Telephone: 314-516-6142
E-mail: djmqqv@mail.umsl.edu

INFORMED CONSENT FORM

I am a Doctor of Business Administration (DBA) student at the University of Missouri- St. Louis. The goal of this interview is to gain information about attitudes and perceptions of investment advisors who lead their organizations on the topic of succession planning. *The identity of the interviewees and the identity of the organizations for which they work will remain anonymous unless we are given explicit written permission to share that information.* The interview is one part of our research for my dissertation project as a graduate student in the UMSL DBA program.

<u>Why am I being asked to participate?</u>

You have been asked to participate in the research because of your status as an advisor/owner of an organization we have selected to research. We ask that you read this form and ask any questions you may have before agreeing to be in the research. Your participation in this research is voluntary. If you decide not to participate, you are free to withdraw at any time.

<u>What is the purpose of this research?</u>

The purpose of this research is for the researchers to gain a better understanding of advisor/owners' opinions, viewpoints and attitudes regarding their organizations and the topic of succession planning.

<u>What procedures are involved?</u>

You are being asked to participate in an interview. Up to 15 individuals will be involved in this research and each interview will take approximately 60 minutes. Your participation is voluntary, and you may discontinue involvement in the study at any time. You may refuse to answer any of the questions and you can stop the interview at any time. No one will know or be informed of your refusal to answer.

<u>What are the potential risks and discomforts?</u>

There are no foreseeable risks associated with participation in this study. If some questions cause distress or discomfort, you have the ability to refrain from discussion. Again, you can refuse to answer any of the questions and you can stop the interview at any time.

<u>Are there benefits to taking part in the research?</u>

Research subjects will not obtain any direct benefits from participating in the research study.

Will I be told about new information that may affect my decision to participate?

During the course of the study, you will be informed of any significant new findings that might cause you to change your mind about continuing in the study. If new information is provided to you, your consent to continue to participate in this study will be re-obtained.

What about privacy and confidentiality?

The only people who will know that you are a research participant are the researcher (Don Mueth) and his faculty sponsor (Steve Moehrle) at the University of Missouri – St. Louis. No information about you, or provided by you during the research, will be disclosed to others.
When the results of the research are published or discussed, no information will be included that would reveal your identity, or your organization's identity. Any information that is obtained in connection with this study, and that can be identified with you, will remain confidential.

Will I be paid for my participation in this research?

There are no monetary costs associated with participation and you will not receive any compensation for the initial interview.

Who should I contact if I have questions?

The researcher conducting this study is Don Mueth. You may ask any questions you have now. If you have questions later, you may contact Don Mueth at 314-754-7613.

You will be given a copy of this form for your information and to keep for your records.

I have read the above statement and have been able to express my concerns, to which the investigator has (researchers have) responded satisfactorily. I believe I understand the purpose of the study, as well as the potential benefits and risks that are involved. I give my permission to participate in the research described above.

____

Participant's Signature Date

____

Researcher's Signature Date

Appendix C

Interview Guide

Personal Information

Name: Age: Sex:

What is your family situation? Dependents? Married?

How many years have you been in the financial services business?

Have you had other careers?

What are your interests outside of work?

What is the highest educational level you've achieved?

Which industry designations and/or licenses have you achieved?

Are you a member of an industry organization? If yes, are you active in the organization?

Firm Structure

How many years have you owned the business?

What is the legal structure of the organization? C-Corp, LLC, Partnership?

What is your percentage ownership?

How many owners?

What is the value of the organization?

How much debt? How much equity?

Background

How did you become the owner/principal?

Why did you start the business?

What were your plans for the business when you started?

How much experience did you have when you started the business?

Firm Details

Where is the primary location of your business?

How many offices/locations are there?

How involved are you in day-to-day operations of the business?

How many employees do you have?

Describe the services and products offered to your clients.

What are the top 3 differentiating factors of your firm?

Attitudes

What are your business goals over the next 3 to 5 years?

What do you like about written succession plans?

What do you dislike about written succession plans?

What are some advantages of writing a succession plan?

What are the disadvantages?

What else comes to mind when thinking about executing a written SP?

Perceptions of Others

Please list the individuals/groups who would approve of you executing a written SP

Who would be opposed to you writing a succession plan?

Who can you think of that would write their own succession plan?

Please list individuals or groups who are likely to have executed a written SP

Please list individuals or groups unlikely to have executed a written SP

Perceptions of Control

How would you describe your ability to control your work environment? i.e. your own boss?

Have you ever experienced a serious life event like illness or close encounter with death?

Did it change your outlook on your business or work in general?

Please list any factors or circumstances that would make it easier to execute a written SP.

What things make it hard for you to write a succession plan?

If you wanted to write a succession plan, how certain are you that you can?

Succession Planning

Have you identified a potential heir?

Do you have a written succession plan in place?

If yes: How often do you review it and update it?

Does your heir know he/she is in the plan?

Have you done any formal development of the heir?

When is the succession event scheduled to occur?

If no: Have you considered writing one?

Do you foresee a time where you will write one?

What would the time horizon look like?

Is there anything else you would like to mention regarding your business and its future?

Appendix D

Pilot Coding Summary

	CODER	**#1**	**#2**	**#3**	**#4**	**#5**	**#6**	**Average**
Attitudes	GOALS OVER NEXT 3-5 YEARS - NET							
	Growth/hiring (general or specific areas)	15%	6%	13%	8%	4%	13%	**10%**
	Improving/maintaining client service/experience		2%		2%	4%		**3%**
	Succession planning	4%	6%	9%	8%	7%	10%	**7%**
	Other mentions (Goals Over Next 3-5 Years)			3%		4%	6%	**5%**
	LIKE/ADVANTAGES OF SUCCESSION PLANNING - NET							
	Certainty/no ambiguity	2%	8%		6%	3%	0%	**4%**
	Good for clients/stakeholders	13%	8%	6%	6%	3%	13%	**8%**
	Maintain culture/strategy/values			6%		6%	0%	**4%**
	Maintain/maximize value/revenue/profitability	17%	6%		10%	7%	6%	**9%**
	Provides structure/a roadmap to follow	6%	2%	22%	6%	13%	19%	**11%**
	Flexibility/ways to deal with multiple people/situations	2%			2%	4%	3%	**3%**
	Other mentions (Likes/Advantages of Succession Planning)	2%	6%	3%		3%	0%	**3%**
	DISLIKES/DISADVANTAGES OF SUCCESSION PLANNING - NET							
	Complicated/takes time/energy	8%	10%	3%	4%	9%	3%	**6%**
	Finding suitable successor (younger/competent/shares my values/etc.)	4%	4%	13%	10%	9%	10%	**8%**
	Too restrictive/not enough flexibility/can force disadvantageous actions	17%	8%	13%	8%	6%	10%	**10%**
	Limited disadvantage/outweighed by advantage		8%	6%	6%	4%	6%	**6%**
	Don't want to stop working/face end of career	2%		3%		3%	0%	**2%**
	Other mentions (Dislikes/Disadvantages of Succession Planning)	8%	2%			3%	0%	**3%**
	MISCELLANEOUS - NET							
	Other mentions					0%		**0%**
	Don't know / Not sure					1%		**1%**
	Nothing / N/A		22%		22%	3%		**16%**
	No detailed mentions				2%	0%		**1%**

	CODER	#1	#2	#3	#4	#5	#6	Average
Perceptions of Others	TYPES/GROUPS OF PEOPLE - NET							
	APPROVES OF SUCCESSION PLANNING - SUBNET							
	Broker dealers	4%	2%	5%		3%	5%	**4%**
	Clients	15%	12%	10%	4%	11%	15%	**11%**
	Families/people with families	7%	8%	10%	6%	11%	12%	**9%**
	Vendors	2%	2%	3%		3%	2%	**2%**
	Employees (general)	9%	6%		4%	6%	10%	**7%**
	Partners	7%	6%		4%	5%	7%	**6%**
	Other mentions (Approves of Succession Planning)	2%				2%	2%	**2%**
	DISAPPROVES OF SUCCESSION PLANNING - SUBNET							
	Managers/branch managers	7%	4%	8%	4%	3%	5%	**5%**
	Nobody	7%	10%	15%	6%	8%	12%	**10%**
	People who can take advantage/pick up business/reps	4%	2%		4%	3%	2%	**3%**
	Other mentions (Disapproves of Succession Planning_)		4%		4%	3%		**4%**
	HAS A SUCCESSION PLAN - SUBNET							
	Older/(close to) retirement age	2%	2%	13%	8%	6%	2%	**6%**
	People with families/married/with kids/grandkids	2%	6%	3%	14%	6%		**6%**
	Cares about clients/wants them to get continued good service	2%	2%			3%		**2%**
	Few people/businesses / (successful) written plans are rare	7%	12%			6%	5%	**8%**
	Specific named individuals/no more specific	11%	2%			6%	2%	**5%**
	Other mentions (Has A Succession Plan)	2%	8%			3%	2%	**4%**
	DOESN'T HAVE A SUCCESSION PLAN - SUBNET							
	Don't want to spend time/effort	4%	4%	3%	8%	5%	2%	**4%**
	Poor interpersonal skills/micromanager/unwilling to compromise	2%	2%		4%	5%	2%	**3%**
	Other mentions (Doesn't Have A Succession Plan)	4%	4%		2%	2%	5%	**3%**
	MISCELLANEOUS - NET							
	Other mentions			25%	6%			**16%**
	Don't know / Not sure			3%				**3%**
	Nothing / N/A			3%	22%			**12%**
	No detailed mentions			3%				**3%**

	CODER	#1	#2	#3	#4	#5	#6	Average
Perceptions of Control	BUSINESS CONTROL - NET							
	I control business environment/destiny (for the most part)	18%	19%	25%	18%	12%	10%	**17%**
	Share control with other people	2%	5%	3%	2%	4%	3%	**3%**
	Control (can be) reduced by other factors/events (state of market/hectic days/etc.)	2%	3%			6%		**4%**
	SERIOUS LIFE EVENTS - NET							
	Death of family member/friend/colleague	4%	5%	6%	4%	9%	8%	**6%**
	Health issues/serious illnesses	11%	8%	9%	4%	7%	10%	**8%**
	Marriage issues/divorce/seperation	2%	5%	6%	4%	3%		**4%**
	I have not, but colleagues have	2%	5%			3%	8%	**5%**
	Serious life events, but didn't change outlook				4%	6%		**5%**
	Other mentions (Serious Life Events)				4%	1%	3%	**3%**
	FACTORS MAKING IT EASIER TO WRITE SUCCESSION PLAN - NET							
	Getting older/closer to retirement age/focuses the mind	2%			4%	3%	3%	**3%**
	Finding the right successor/someone who shares (to some extent) your values/way of doing business	9%	5%	9%	6%	6%	13%	**8%**
	Consultations with experts/being educated/having your awareness raised	4%			2%	3%	5%	**4%**
	Having a team/good relationships with multiple people		5%		4%	3%	3%	**4%**
	Other mentions (Factors Making It Easier To Write Succession Plan)	2%				1%		**2%**
	FACTORS MAKING IT MORE DIFFICULT TO WRITE SUCCESSION PLAN - NET							
	Emotional issues/facing aging/end of career	4%	5%	6%		4%		**5%**
	Not knowing/finding the right successor	4%	8%	6%	2%	6%	5%	**5%**
	Conflicts with others/differences of opinion	4%				3%	5%	**4%**
	Lack of understanding/don't know what to do/lack clear goals	7%			2%	3%	3%	**4%**
	Other mentions (Factors Making It More Difficult To Write Succession Plan)		3%		2%	3%	3%	**3%**
	COULD YOU WRITE SUCCESSION PLAN? - NET							
	Yes, I/we could write succession plan now	13%	16%	13%		7%	13%	**12%**
	Yes, I/we could write a succession plan, but some challenges to overcome	7%	5%	3%	10%	6%	8%	**6%**
	MISCELLANEOUS - NET							
	Other mentions			13%	4%			**8%**
	Don't know / Not sure					0%		**0%**
	Nothing / N/A				24%	1%		**13%**
	No detailed mentions					0%		**0%**

	CODER	#1	#2	#3	#4	#5	#6	Average
Intentions	HAVE WRITTEN SUCCESSION PLAN - NET							
	Yes, I have written succession plan/at least part of one	6%	21%	27%	5%	16%	15%	**15%**
	No, do not have a written succession plan now	35%	50%	45%	30%	20%	46%	**38%**
	Protective/continuity mechanisms other than written succession plan (insurance/estate plan/etc.)	18%		9%	15%	12%	8%	**12%**
	INTEND TO HAVE WRITTEN SUCCESSION PLAN - NET							
	Yes, intend to have written succession plan	35%	21%	18%	20%	24%	23%	**24%**
	Timeframe mentions	6%	7%		10%	12%		**9%**
	Other mentions (Intend To Have Written Succession Plan)					8%	8%	**8%**
	MISCELLANEOUS - NET							
	Other mentions					0%		**0%**
	Don't know / Not sure / Haven't decided					4%		**4%**
	Nothing / N/A				20%	4%		**12%**
	No detailed mentions					0		**0%**

Appendix E

Main Survey

Q1 What is your role in your firm? (select the option that best describes you)

- ○ Owner - executive (3)
- ○ Non-owner - executive (10)
- ○ Client Relationship Manager (11)
- ○ Investment Analyst (12)
- ○ Administration (13)

Q2 What is your age?

▼ Under 30 (1) ... 76 or older (9)

Q3 What is your gender?

- ○ Male (1)
- ○ Female (2)
- ○ Other (3)

Q4 How many people does your business employ?

- ○ Fewer than 5 (1)
- ○ Between 5 and 15 (2)
- ○ Between 15 and 30 (3)
- ○ Between 30 and 50 (4)
- ○ More than 50 (5)

Q5 How many clients does your firm work with?

- ○ Fewer than 100 (1)
- ○ Between 100 and 500 (2)
- ○ More than 500 (3)

Q6 If you were to sell your business today, what is the estimated market value of your practice/firm?

- ○ Less than $500,000 (1)
- ○ Between $500,000 and $1,000,000 (2)
- ○ Between $1,000,000 and $5,000,000 (3)
- ○ Greater than $5,000,000 (4)

Q7 Outside/Non-business Activities

	Very frequently (29)	Frequently (30)	Somewhat frequently (31)	Neither frequently nor rarely (32)	Somewhat rarely (33)	Rarely (34)	Very rarely (35)
I am involved in community activities (3)	○	○	○	○	○	○	○
I am engaged in personal hobbies (4)	○	○	○	○	○	○	○
I participate in charitable or religious activities (5)	○	○	○	○	○	○	○
I am involved in other non-business activities (6)	○	○	○	○	○	○	○

Q8 Future Activities

	Strongly agree (8)	Agree (9)	Somewhat agree (10)	Neither agree nor disagree (11)	Somewhat disagree (12)	Disagree (13)	Strongly disagree (14)
When I retire I plan to get more involved in community activities (8)	○	○	○	○	○	○	○
When I retire I plan to be more engaged in community activities (9)	○	○	○	○	○	○	○
When I retire I plan to participate more often in charitable or religious activities (10)	○	○	○	○	○	○	○

I don't plan to retire (11)	○	○	○	○	○	○	○

Q9

	Strongly agree (1)	Agree (2)	Somewhat agree (3)	Neither agree nor disagree (4)	Somewhat disagree (5)	Disagree (6)	Strongly disagree (7)
Succession planning is one of my business goals (1)	○	○	○	○	○	○	○
Succession planning is good for the long-term value of my business (2)	○	○	○	○	○	○	○
Increasing the value of my firm is important to me (3)	○	○	○	○	○	○	○
The continuation of my business after I retire is important to me (4)	○	○	○	○	○	○	○
Continued service to my firm's clients after I retire is important to me (5)	○	○	○	○	○	○	○
Providing financial stability to my family after I leave my firm is important to me (6)	○	○	○	○	○	○	○

Q10 My business is my identity

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Q11 I have control over the future of my business

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q12 For me to plan for succession is

- Extremely easy (1)
- Moderately easy (2)
- Slightly easy (3)
- Neither easy nor difficult (4)
- Slightly difficult (5)
- Moderately difficult (6)
- Extremely difficult (7)

Q13 For me to plan for succession is

- Extremely good (1)
- Moderately good (2)
- Slightly good (3)
- Neither good nor bad (4)
- Slightly bad (5)
- Moderately bad (6)
- Extremely bad (7)

Q14 I intend to plan for succession

- Extremely likely (1)
- Moderately likely (2)
- Slightly likely (3)
- Neither likely nor unlikely (4)
- Slightly unlikely (5)
- Moderately unlikely (6)
- Extremely unlikely (7)

Q15 Whether I plan for succession is completely up to me

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q16 If I wanted to I could plan for succession

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q17 I will make an effort to plan for succession

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Q18 For me to plan for succession is

- ○ Definitely possible (1)
- ○ Probably possible (2)
- ○ Possibly possible (3)
- ○ Neither possible nor impossible (4)
- ○ Possibly impossible (5)
- ○ Probably impossible (6)
- ○ Definitely impossible (7)

Q19 Most experienced investment advisors have formally planned for succession

- ○ Definitely true (1)
- ○ Probably true (2)
- ○ Possibly true (3)
- ○ Neither true nor false (4)
- ○ Possibly false (5)
- ○ Probably false (6)
- ○ Definitely false (7)

Q20 When it comes to succession planning, how much do you want to be like other advisors?

- Very much (1)
- A lot (2)
- Somewhat (3)
- Moderately (4)
- Slightly (5)
- Barely (6)
- Not at all (7)

Q21 I have identified a successor to lead my firm

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q22 Identifying a successor will allow me to develop a succession plan

- Strongly disagree (1)
- Disagree (2)
- Somewhat disagree (3)
- Neither agree nor disagree (4)
- Somewhat agree (5)
- Agree (6)
- Strongly agree (7)

Q23

	Strongly agree (1)	Agree (2)	Somewhat agree (3)	Neither agree nor disagree (4)	Somewhat disagree (5)	Disagree (6)	Strongly disagree (7)
I want to do what my spouse and/or family think I should do (1)	○	○	○	○	○	○	○
I want to do what my employees think I should do (2)	○	○	○	○	○	○	○
I want to do what my clients think I should do (3)	○	○	○	○	○	○	○
I want to do what my peers think I should do (4)	○	○	○	○	○	○	○

Q24

	Extremely likely (1)	Somewhat likely (2)	Neither likely nor unlikely (3)	Somewhat unlikely (4)	Extremely unlikely (5)
Planning for succession will help me meet my business goals (1)	○	○	○	○	○
Planning for succession will help the long-term value of my business (2)	○	○	○	○	○
Planning for succession will help my business continue after I retire (3)	○	○	○	○	○
Planning for succession will allow my clients to be served after I retire (4)	○	○	○	○	○

Planning for succession will provide financial stability to my family after I retire (5)	○	○	○	○	○
Planning for succession will cause me to stop working even if I'm physically and mentally able (6)	○	○	○	○	○

Q25 If I leave my business I will lose my identity

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Q26 If I develop a succession plan I will lose control over my business

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Q27

	Strongly agree (1)	Agree (2)	Somewhat agree (3)	Neither agree nor disagree (4)	Somewhat disagree (5)	Disagree (6)	Strongly disagree (7)
Succession planning Is common in my industry (1)	○	○	○	○	○	○	○

My industry approves of me developing a succession plan (2)	○	○	○	○	○	○	○
My peers think I should plan for succession (3)	○	○	○	○	○	○	○
My clients think that I should plan for succession (4)	○	○	○	○	○	○	○
My family thinks that I should plan for succession (5)	○	○	○	○	○	○	○
My employees think that I should plan for succession (6)	○	○	○	○	○	○	○

Q28 I have experienced a serious life event such as the death of someone close, an illness or a tragedy that affected my business

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Q29 I have family obligations that place demands on my time

- ○ Very frequently (1)
- ○ Frequently (2)
- ○ Somewhat frequently (3)
- ○ Neither frequently nor rarely (4)
- ○ Somewhat rarely (5)

- Rarely (6)
- Very rarely (7)

Q30 I have access to information about succession planning to help me through the process

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q31 I believe that succession planning for my business is possible

- Strongly agree (1)
- Agree (2)
- Somewhat agree (3)
- Neither agree nor disagree (4)
- Somewhat disagree (5)
- Disagree (6)
- Strongly disagree (7)

Q32

	Strongly agree (1)	Agree (2)	Somewhat agree (3)	Neither agree nor disagree (4)	Somewhat disagree (5)	Disagree (6)	Strongly disagree (7)
Experiencing a serious life event would make it more difficult for me to plan for succession (1)	○	○	○	○	○	○	○

Family obligations that place a demand on my time would make it more difficult for me to plan for succession (2)	○	○	○	○	○	○	○
Not having access to information about succession planning would make it more difficult for me to plan for succession (3)	○	○	○	○	○	○	○
Knowing what steps to take would make it easier for me to engage in succession planning (4)	○	○	○	○	○	○	○

Q33 I have a succession plan in place

- ○ Yes (1)
- ○ No (2)

Skip To: End of Survey If I have a succession plan in place = *Yes*

Q34 I intend to plan for succession within the next 3 years

- ○ Strongly agree (1)
- ○ Agree (2)
- ○ Somewhat agree (3)
- ○ Neither agree nor disagree (4)
- ○ Somewhat disagree (5)
- ○ Disagree (6)
- ○ Strongly disagree (7)

Appendix F

Factor Loadings

Factor	Items
Activities	7.1, 8.1, 8.2, 8.3
Behavioral Beliefs	9.1, 9.2, 9.3, 9.4, 9.5
Attitudes	24.1, 24.2, 24.3, 24.4, 24.5
Normative Beliefs	27.3, 27.4, 27.5, 27.6
Motivation to Comply	23.1, 23.2, 23.3, 23.4
Subjective Norms	19, 20, 27.1
Control Beliefs	32.1, 32.3, 32.4
Perceptions of Control	16, 18, 31
Beliefs Composite	9.1, 9.2, 9.3, 9.4, 9.5, 27.4, 27.5, 27.6
Intentions to Plan	14, 17, 34

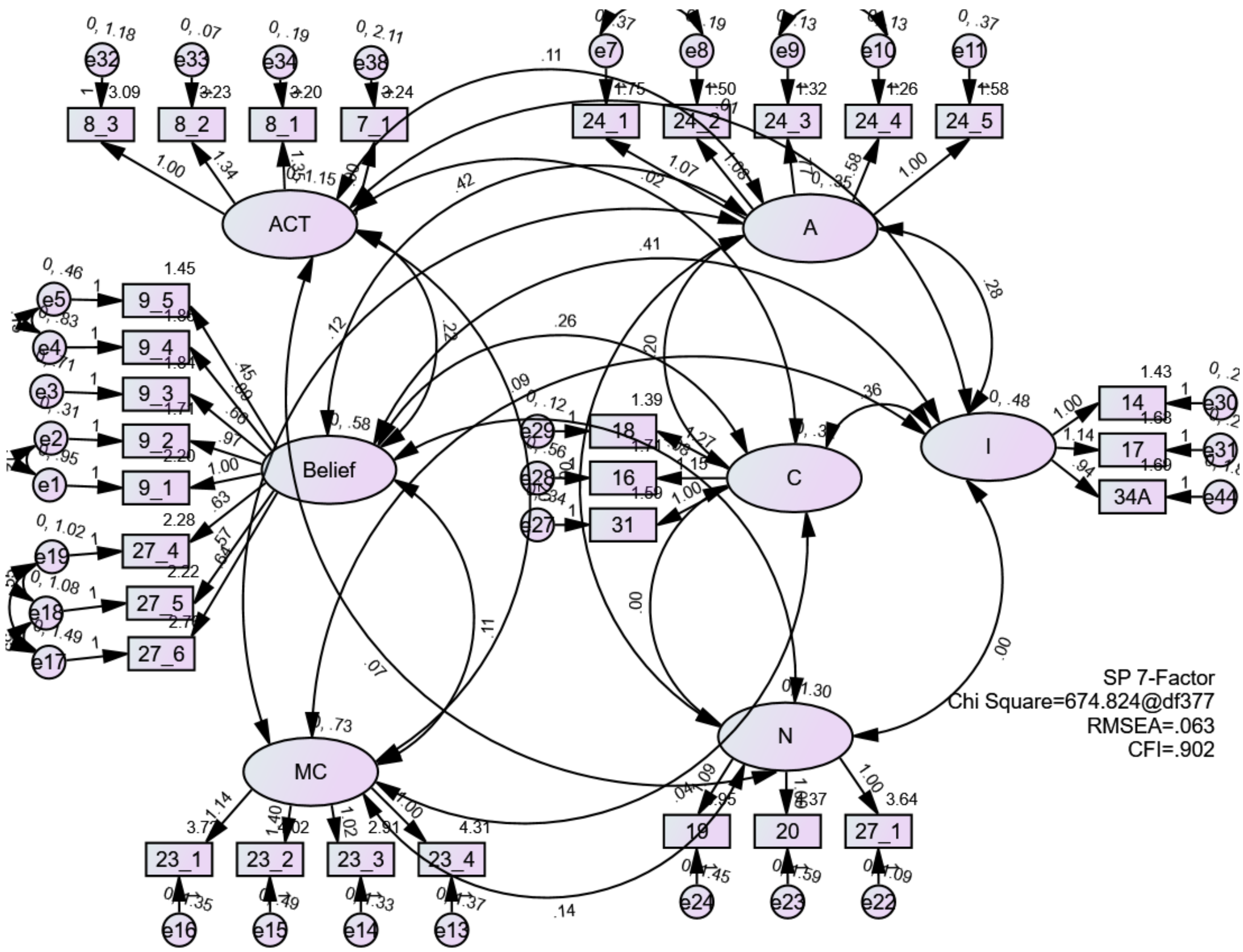
Appendix G

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Activities	198	1	7	3.1583	1.29245	0.716	0.173	0.339	0.344
BehBel	198	1	4.26	1.8136	0.72693	0.974	0.173	0.794	0.344
Attitudes	198	1	4.2	1.4838	0.59079	1.616	0.173	2.98	0.344
NorBel	198	1	5.03	2.4144	0.90422	0.195	0.173	-0.522	0.344
MotCom	198	1	7	3.7414	1.11373	0.332	0.173	0.14	0.344
Norms	198	1	7	3.984	1.38853	0.069	0.173	-0.867	0.344
ConBel	198	1	7	2.6977	1.13277	0.996	0.173	1.147	0.344
Control	198	1	5.67	1.5657	0.72806	2.086	0.173	6.295	0.344
Beliefs	198	1	4.38	2.0415	0.68545	0.793	0.173	0.674	0.344
Intent	198	1	6	1.6006	0.876	2.078	0.173	5.369	0.344
Valid N (listwise)	198								

Appendix H

Confirmatory Factor Analysis



Appendix I

Structural Equation Model