ANTECEDENTS TO BUSINESS SUCCESSION PLANNING IN SMALL RELATIONSHIP-DEPENDENT SERVICE BUSINESSES

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Submitted to the Faculty of the
Graduate College of the
Oklahoma State University
in partial fulfillment of
the requirements for
the Degree of
DOCTOR OF PHILOSOPHY
December, 2015

ANTECEDENTS TO BUSINESS SUCCESSION

PLANNING IN SMALL RELATIONSHIP-

DEPENDENT SERVICE BUSINESSES

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ACKNOWLEDGEMENTS

There are a tremendous number of people to whom I owe a debt of gratitude for my educational journey. First and foremost, my parents, the late Mr. Leman H. Wilson and the late Mrs. Eula L. Wilson, who first encouraged me to achieve, particularly when I did not want to put forth the effort. I only wish they had lived to see this day!

To my dissertation chair, Dr. Margaret A. White, I thank you for your tireless support, advice, availability, and for showing your love of research. I cannot thank you enough for being willing to work with me and for knowing how best to encourage and prod me along to the finish.

To my committee members, Dr. Bryan D. Edwards, who brought me to a whole new level of understanding of methods; to Dr. Aaron Hill and Dr. Gary L. Trennepohl, who inspired and encouraged me.

To all of the faculty who made the Executive PhD program a reality at Oklahoma State University.

A big thank you to the support, not only of my cohort, but to the members of the trailblazing cohort that preceded us. special word of thanks to Dr. Thomas Bennett who educated me about the program during the year I was considering enrolling and served as a constant source of encouragement during those critical times when the combination of work and study seemed overwhelming.

Finally, and most importantly to me, I want to thank my family, friends, and employees. To my best friend in the whole world, my wife, Debra Wilson, to whom I dedicate this dissertation. She not only had to put up with my seemingly 24/7 schedule, she also held our business together, growing it, when I was too busy to pay it sufficient attention. To my children, Mrs. Somer Johnson, Dr. Adam Wilson, and Taylor Wilson, Esq., who, though thinking me crazy, still encouraged me. And thanks to all of the friends and employees who supported me with their time and encouragement throughout this process

This work is dedicated to my wife,

Debra Wilson

I can never adequately express my gratitude for all you have done for me and all you have inspired me to be throughout our fantastic life journey together.

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Date of Degree: DECEMBER, 2015

Title of Study: ANTECEDENTS TO BUSINESS SUCCESSION PLANNING IN SMALL RELATIONSHIP-DEPENDENT SERVICE BUSINESSES

Major Field: BUSINESS ADMINISTRATION

Abstract: As the baby boom generation approaches and enters traditional retirement ages, the owners of small professional service firms are being inundated with advice concerning how to implement a business succession plan. While much of the advice may be valuable and sound, a significant portion of this advice appears to be derived from a one-size-fits-all approach that ignores, or fails to address, the needs, desires, and personal characteristics of the business owner. Small business succession planning advice often involves growing the business into a self-perpetuating organism. However, many small business owners may not want to do what is necessary to manage a business for optimum succession planning. The researcher used a quantitative research methodology to identify antecedents to business succession planning in small, relationship-dependent service businesses. The research combines concepts from the Theory of Planned Behavior and from the family business succession planning literature to identify potential owner characteristic and situational antecedents to business succession planning. The study focused on a sample population of owners of small financial-services businesses affiliated with one broker-dealer. Most of the sample population offers tax and accounting services in addition to their financial services. The population is in the business of planning for their customers but to a large extent neglect or choose not to plan for their own ultimate exit from the business. While business owners face many choices and obstacles in preparing their firms for their eventual exit, this study indicates that the decision to pursue business succession planning by the owners of small, relationship-dependent service businesses is overwhelmingly driven by the business owners' perception of the availability of a qualified successor. Thus the decision to pursue business succession planning by this sample population is more likely to be a reaction to circumstances than a proactive choice driving the owners' business decisions.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER I

INTRODUCTION

Management research has a rich history of examining business transitions, specifically the efficacy of the transition of ownership or management from incumbent to successor. Some researchers have focused on business succession planning (BSP) for over 70 years (Ip & Jacobs, 2006), while others dating back to the 1960s have focused on effective management transitions (Sharma, Chrisman, & Chua, 2003b). This interest in business transitions has evolved into research covering virtually any type of business change: ownership change, leadership change, management change, personnel change, structural change, and more. Change has long fascinated philosophers and academics; we find quotes dating back some 2,500 years or so from the Greek philosopher Heraclitus, including “the only thing that is constant is change” and “nothing endures but change.” However, to those who have witnessed the rapid technological and social changes dating from World War II, change is more than a philosophical interest. It has daily implications, and change seems to be accelerating. Academics are fascinated not only by change itself, but by what causes change and what the implications are of that change. We want to understand the cause and effect in order to be able to impact future outcomes. Accordingly, business transition researchers are interested not only the change itself, but the antecedents and consequences of that change (Ip & Jacobs, 2006).

At times it feels as though the rate of change in business management is outpacing academic research; by the time we can research, validate, and replicate, business managers are already on to the next issue of change. In spite of that, the theories that are being developed and tested help us to shed light on new and developing issues and help us to develop practical approaches to today's rapidly evolving business management issues. Business transitions is one such area. Like fingerprints, no two transitions are identical; however, some distinguishing characteristics enable us to study existing or completed transitions in order to better plan future transitions.

Much of the existing business transition research is couched in the terms of business succession planning; however "planning" is only a part of the process. Successful implementation of the plan is the vitally important outcome of successful BSP. A great deal of this research focuses on one of two business succession aspects: CEO succession planning in publicly traded businesses (Barnett & Davis, 2008; Carey & Ogden, 2000; Crumpacker & Crumpacker, 2007), and generational business succession in family-owned businesses (Morris, Williams, Allen, & Avila, 1997; Motwani, Levenburg, Schwarz, & Blankson, 2006; Hnatek, 2012). Perhaps due to cultural differences, our literature shows more interest in CEO succession in publicly owned businesses in the United States (Carey & Ogden, 2000) and more interest in transitions of small and family owned businesses in Europe (Stavrou, 2003; Hnatek, 2012). As a practical matter, much of the quantitative research targets larger companies that are required to disclose information publicly. This may be more predominate and more accessible with publicly traded companies in the U.S. Much of the European research concerning intergenerational family business succession consists of qualitative studies (Durst & Gueldenberg, 2010; Durst & Wilhelm, 2012; Hnatek, 2012).

As CEO research has gained strength over the last couple of decades, some researchers have focused on CEO characteristics (Datta & Rajagopalan, 1998; Datta & Guthrie, 1994). Others are interested in the CEO succession or transition process (Carey & Ogden, 2000; Pissaris, Kostova, & Dirks, 2010). Even within the context of CEO succession or transition, there are a variety of foci: antecedents of CEO succession, impact of CEO succession on firm performance, impact of CEO succession on management and other personnel, impact of CEO succession on firm focus, the process of selecting a successor CEO, and internal versus external successor CEOs. The extent of perspectives on CEO succession are many. CEO succession has been extensively examined, yet there is still a lack of consensus on how a firm can best undertake a CEO search and transition. Perhaps this is because there are a large number of variables influencing firms and CEOs. As stated earlier, much of the CEO research in the U.S. is focused on publicly held companies, which are generally large enterprises.

There are extensive academic writings in the context of intergenerational family succession planning (Ip & Jacobs, 2006). This primarily addresses the transition from the founder to the next generation within the same family (Nordqvist, Wennberg, Bau', & Hellerstedt, 2013; Morris et al., 1997; Hnatek, 2012). That is not to imply that all family-owned business succession research is about intra-family transitions; there are also lines of research concerning sales of family businesses to non-family successors (Durst & Gueldenberg, 2010; Niedermeyer, Jaskiewicz, & Klein, 2010). While most of the businesses studied would be classified as small- to medium-sized enterprises (SMEs), many of these family businesses are well established, sizeable businesses. Smaller, sometimes called "micro," businesses are underrepresented in the current academic research.

The United States has approximately 28 million small business firms employing over 60 million people. Excluding over 21 million of these small business that have no employees (all of the activity is carried out by the founder/owner), there are 6 million small businesses in the U.S. that have fewer than 100 employees. This latter group accounts for about 40 million jobs in the U.S. (www.census. gov/ econ/ smallbus.html). Many of these very small businesses are currently owned and managed by their founders.

BSP is vitally important; one way or another all business founders will exit the businesses they created. A large proportion of current founder/managers are members of the baby boom generation in the United States; they are rapidly approaching what many consider retirement age or simply the desire to retire. The baby boom generation is roughly defined as those born in the United States between 1946 and 1964 (Sullivan, Forret, Carraher, & Mainiero, 2009). The front end of this group is 69 years of age, the midpoint of the generation is approximately 60, and the trailing edge are entering their mid-fifties. What are these baby-boom founders of small and micro businesses to do? Often they have spent years – if not an entire career – building a business, sacrificing, and risking much in the earlier years to start and maintain their businesses. These businesses are often viewed by the founders as much more than a financial asset to be used or disposed of; these founders have an emotional attachment to the businesses they built (Cardon et al., 2005; Pierce, Kostova, & Dirks, 2001).

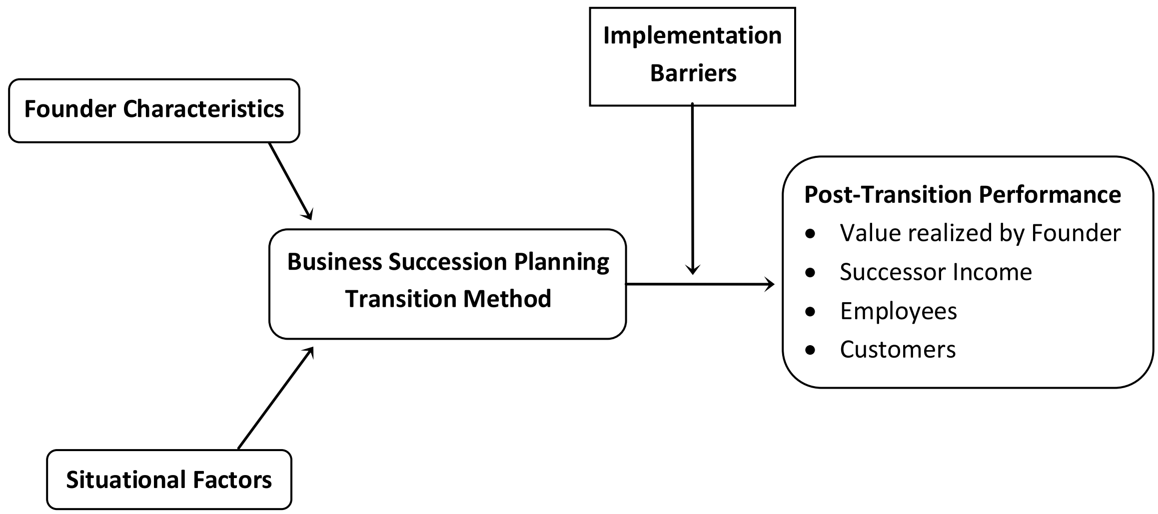
While there is extensive research on family business succession planning, many of the small businesses in the United States do not have a family succession option. The modern mobile society of the post-World War II United States has provided the offspring of the baby boomers with many career choices other than following in the family business. Business founders face a choice of selling or walking away from their businesses. Given emotional attachment and/or financial need, there is evidence that many baby boom generation business founders are continuing in their businesses past age 65 (Knafo & Dennis, 2014) or past the time at which they desired to retire (Wadeson & Ciccotosto, 2013). Some trade journals describe situations where owners of small businesses are working well past their planned retirement age because they cannot find a suitable or qualified successor, and yet they are not willing to walk away from the businesses they built (Wadeson & Ciccotosto, 2013). In other cases, they have unsuccessfully attempted to sell and retire, only to be drawn back into the business due to failure of the successor to complete the transition (Wadeson & Ciccotosto, 2013). Still other research (IN Advisers Solutions, 2012; Soleimanof, Syed, & Morris, 2014) identifies practitioners who are resigned to the concept of just walking away when they feel they are done.

Determining how and when to go about transitioning a business can be stressful for the founder, perhaps causing delays or even failure to initiate a BSP. BSPs take many different forms depending on the needs and desires of the founder and, in many cases, the founders' confidence in the successors (Sharma et al., 2003a). In this paper, I identify three business succession methods other than family succession: management (employee) buy-out, an outright external sale, or a merger with another enterprise. A founder may utilize any one of these methods or any combination of them to transition the business. Types and methods of business succession are limited only by the imagination of the participants. While closing and walking away is a “transition” option for an owner, it is not a transition of the business itself, so it is not a business transition method for purposes of this research, though it will be considered as one retirement planning option.

Some small businesses that are asset-based will generally sell for an amount approximating the fair market value of the assets, with perhaps some goodwill or going-concern value. Businesses such as oil and gas production, farming and ranching, ownership of rental real estate, or even some manufacturing concerns may simply be worth the sum of the value of their owned assets less associated debt. Selling these types of businesses may be relatively easy and not require a great deal of advanced planning if there is a ready and willing market. On the other hand, in today’s information age, many small businesses are service-oriented businesses whose principal value is in intangible goodwill. The value of those businesses is a function of the ability of the business to generate cash flow, and that ability is highly dependent on relationships with customers. These businesses typically provide services of a type such that the outcome is not necessarily known at the time the services are engaged. In many cases, the customer does not have the ability to objectively determine the quality of services they received. Examples of these relationship-dependent small service businesses include physicians, dentists, attorneys, CPAs, financial advisors, architects, and engineers.

The importance of developing effective succession plans for this latter group can hardly be overstated. If practitioner journals are a reliable indicator, this may well be the number-one issue confronting founders of relationship-dependent businesses. Not only is the interest in the subject intense, relationship-dependent businesses also face some of the greatest challenges in designing and implementing a BSP strategy. These difficulties may cause some business owners to work until they drop, or to simply walk away as their client base ages and shrinks (Wadeson & Ciccotosto, 2013). In addition, if the driver of the succession plan is age and retirement, the successful succession plan will need to cross one or more generational cohorts that may have different approaches to maintenance of relationships or to work in general. Given these difficulties, the front-end of the processes, selecting a method and a successor, is of utmost importance. Accordingly, I address these considerations as the primary focus of the "planning" portion of BSP. The relationship of these important considerations is depicted in Figure 1.

Figure 1. Framework for Study of Successful BSP



Theoretical Basis of the Study

This study combines concepts from various sources in the quest to develop an improved approach to succession planning in relationship-based businesses. I will draw on the Theory of Planned Behavior (TPB) (Ajzen, 1991). I will also draw on findings in the family succession planning literature (Breton-Miller, Miller, & Steier, 2004; Motwani et al., 2006; Niedermeyer et al., 2010), and I will look toward CEO succession literature (DeTienne, 2010; Naveen, 2006). Taking a page from TPB, I examine founder characteristics that may motivate a business owner toward business succession planning, including such attributes as owner attitude, age, and perceived behavioral control. I examine additional characteristics that may influence the decision to perform succession planning, including founder self-identity factors (Ashforth & Mael, 1989), incumbent psychological ownership (Pierce et al., 2001), overconfidence or denial (Busenitz & Barney, 1997; Hamburger & Walter, 2009), and generational cohort issues (Crumpacker & Crumpacker, 2007). I then look at situational variables that may also influence the decision to pursue a business succession plan, such as family participation in the business, costs associated with succession planning, and the availability of a successor. There is no one overriding theory on which to base this study as it deals with relationships between service providers and customers as well as those between employers and employees and founders and successors. Rather I will borrow ideas from entrepreneurial research; CEO, management, and leadership transition research; and social capital and relationship management research, weaving them into a comprehensive view of succession planning in relationship-based industries. As one cannot study entrepreneurship or the characteristics of business founders through the lens of a single academic theory (Low & MacMillan, 1988), neither can we focus on one theory to learn how these founders successfully transition their businesses to their successors.

Contributions of the Study

Academic Literature

This study was designed to contribute to the academic literature concerning SME founder succession planning in three ways. First, to understand the unique challenges and considerations faced by exiting founders in relationship-based industries as they develop their retirement plans; second, to identify, describe, and rigorously test some of the owner/manager characteristics that are expected to be antecedents to business succession planning; and third, to identify situational factors that influence the actors' intentions to perform succession planning for a relationship-dependent service business. In addition, I hope to stimulate interest in further study of the psychological and relational issues that need to be addressed when developing a successful BSP.

Practitioner Community

As we in the United States approach the peak retirement years of the baby boom generation, effective planning and management of relationship-based businesses will directly or indirectly affect millions of people. Many pre-retiree business founders have spent a significant portion of their careers creating a valuable business, but with no understanding of – or perhaps interest in – the issues involved in monetizing that business. Those impacted include not only the retirees who may anticipate monetizing the businesses they have built, but also the employees of those businesses, the successor owners, and the consumers of those services. Practitioners are seemingly overwhelmed by "how to" succession articles these days. It is rare that one can pick up a current volume of a professional trade journal that does not contain a succession planning article. However, most of the current practitioner-focused articles are opinion pieces often based on an N of 1, or are written by well-seasoned consultants promoting their own businesses. These articles too often fail to address the founder and successor characteristics, beliefs, and motivations that need to be in place in order to create and implement the best of plans. It is hoped that this study will in some small way contribute to the successful transition and, ultimately, maintenance of relationship-based small businesses with minimal disruption to the affected parties.

Overview of the Study

The remainder of this study is organized as follows. Chapter II begins with a review of current practitioner literature addressing succession planning. Following the practitioner literature, I will review the theory of planned behavior (Ajzen, 1991). Next, I review relevant succession planning literature, including CEO and top management succession in both public and family or non-public enterprises, SME founder exit paths and strategies, transfers of goodwill in relationship-based businesses, and generational differences applicable to small business leadership. The chapter concludes with the development of hypotheses to be tested. Chapter III is a discussion of the research methodology to be employed, including information about the sample and the techniques utilized. Chapter IV is a presentation of the results of the analysis. Chapter V contains a discussion of the implications of my analysis, a reflective discussion of the limitations of this dissertation, and suggestions for further research on this important topic.

CHAPTER II

LITERATURE REVIEW AND HYPOTHESES

In this chapter, I review practitioner literature bearing on succession planning for small relationship-dependent service businesses . I then review academic literature bearing on succession planning (BSP) in general in order to develop a high-level picture of the dilemmas faced by small-business founders as they consider exit planning. I start by reviewing practitioner literature to learn what advice is currently being provided to small relationship-dependent businesses and what the practitioners view as antecedents to BSP. This will be followed by a look to the Theory of Planned Behavior (TPB) (Ajzen, 1991) and how it may be utilized to aid in the prediction of BSP behaviors. I will look to CEO and top management team (TMT) succession issues, including firm characteristics and antecedents to succession. This section will overview my findings from large-firm CEO succession literature and how that may relate to founder BSP in small businesses. This will be followed by a review of family firm succession literature and SME founder exit strategies. I then look toward various succession planning issues that the relationship-dependent service business incumbent might face, such as founder and successor traits and characteristics, role identity, and situational concerns.

As reflected in Chapter I, the framework for this study is as shown in Figure 1. My review finds rich literature outlining many issues faced by firms and founders as they consider the business succession planning process. Very little of this research, however, specifically addresses a small relationship-driven service business founders’ needs. Synthesizing the various available themes, I will show that the literature supports the need for further study in this area. My review will incorporate owner/manager characteristics that are antecedents to BSP as well as situational issues that also influence the intention for BSP. Utilizing the concepts developed in my review, I will then develop the hypotheses that will be the focus of the empirical study.

Practice Implications

Succession has been a popular topic in small business practitioner journals over the last few years. As the baby boom generation approaches – and in fact is now entering – the traditional retirement age range, there has been increased interest in BSP. The increasing interest can be demonstrated by an article search of Google Scholar for the term "Business Succession Planning." A search of that term for publication year 1985 turned up 1,210 articles; for 1995, the search turned up 2,950 articles; for 2005, 7,270 articles, and for 2014, 16,000 articles. The increased interest is from both the point of view of the business founder, who may want to reap a harvest for a lifetime of work (Boudreaux, 2011; Canning, 2015; Gillis, 2012), and also from the standpoint of the potential successor, who may wish to step into the founder's role (Pitzl, 2012; Wenger, 2013). As will be discussed in a later section, the literature review found much rich academic literature concerning CEO succession, family business succession and nonfamily small business succession. However, the review turned up little academic work specifically related to small relationship-dependent service businesses. The lack of scholarly work in this area is contrasted with the plethora of articles available in industry-specific journals giving advice and recommendations concerning this subject. Much of the work presented in professional journals is opinion based and derived from personal experience or an N of one (DeTienne & Cardon, 2012), rather than being grounded with empirical data from a statistically meaningful sample. In addition to being limited as to evidence, I also found that most of the articles focused on technical, or how-to, issues with little thought to the antecedents of a successful transition – such as psychological or emotional concerns – or situational variables that will influence BSP.

I reviewed a sample of 29 articles found in professional practitioner journals of certified public accountants, financial advisors, and attorneys published from 2000 through 2014. Of those, two were academic research articles (Jinkens & Camillo, 2011; Wadeson & Ciccotosto, 2013); the remaining 27 were advice or opinion pieces. Of those, 12 were authored by persons offering consulting services to these professionals and eight were written by editors or professional writers employed by the publications. I found none that addressed the characteristics of the incumbent, none that addressed the upfront costs of succession planning, one that addressed impediments to a successful transition (Wadeson & Ciccotosto, 2013), and only two that addressed emotional issues applicable to a transition (Bernstein, 2005; Kautt, 2007). While I saw little that addressed barriers to BSP or the emotional aspects, many articles attempted to tell the reader how to conduct a business transition. Thirteen addressed how to conduct a management or employee buyout (Boudreaux, 2011; Gillis, 2012; Knowlton, 2010; Wadeson & Ciccotosto, 2013), nine addressed how to conduct an external sale (Kautt, 2007; Grau, 2007; Wadeson & Ciccotosto, 2013), and five addressed the processes of a merger (Goad, 2003; Grau, 2007; McIntyre-Smith, 2005). I did note the paradox of a common lament in these articles, that in spite of the fact that these particular professions are geared toward helping their clients plan for the future, many practitioners fail to plan their own succession or retirement (Bernstein, 2005; Murray, 2007). In summary, the focus was primarily on how to conduct a transition. But I found little on dealing with the perception, beliefs, and emotions that may influence the choice of a type of BSP or even, more fundamentally, whether to initiate BSP.

The majority of the advice articles were written from the perspective of instituting some form of "relay" succession, wherein the successor works with the incumbent for a period of time and gradually assumes more and more responsibility and ownership. This method can be used whether the succession plan involves family succession, employee succession, external sale, or merger. Common themes in this literature included practice management as a mechanism to position a firm for a transition, succession planning as a long-term process that should begin as soon as the firm is established, and use of outside consultants to assist in planning and executing the plan. Generally, the practice management theme was to "institutionalize" the relationship-dependent service business in order to create a more readily transferable business. Most of the articles were written solely from the standpoint of the incumbent, yet they seemed to lack a consideration of the incumbent's traits, characteristics, and desires. Many of the processes involved in institutionalizing the business may run counter to the very nature of the founder/incumbent, who may have founded the business to escape the institutional focus of other businesses. It was as if the authors were telling people how to build a house to sell without regard to the desires of the reader to live in the house first.

In spite of the shortcomings and marketing tone of much of this literature, I do not intend to detract from the advice; much of it appears to be sound, practical advice, useful for those who are committed to BSP. However, since the advice is not based on empirical research, my concern is whether people are learning what really works in their particular situations. Much of the advice presupposes the antecedents to succession planning with little regard for the human side of the equation. While I would not expect a complete psychological analysis in succession planning in professional journals, there is a risk that readers think that there is a simple, cookbook approach in which they can turn to the right recipe when they are ready to retire, rather than considering their own needs and desires and the need and desires of the other stakeholders, including employees and customers. Not only do I consider a risk that an incumbent might try to oversimplify the succession process, I suspect that there is just as much risk that a novice business acquirer might place too much emphasis on technical aspects while overlooking human capital and stakeholder issues. One extremely positive aspect of the advice is that it all seems to indicate that most of the practitioner journals recognize that succession planning should be a long-term process, not simply a quick exit.

A particularly interesting article was published in the *Australian Accounting Review* (Wadeson & Ciccotosto, 2013). This was a qualitative look at succession planning for chartered accountants in a relatively isolated areas. However, the insights they gained into the views of baby-boomer accounting business owners may provide direction for others. Using a model of principals recruiting employees/ protégés as a part of a succession plan (Sambrook, 2005), they found that many principals no longer considered business succession planning possible, due in large part to generational difference in workplace expectations, though one could also see incumbent hubris as a potential concern. As will be seen in this chapter, my model, relying in part on TPB, will look into some of the same BSP issues that were noted by Wadeson & Ciccotosto (2013).

Overview of the Theory of Planned Behavior

The Theory of Planned Behavior (TPB) (Ajzen, 1991), a widely used social psychology theory, attempts to predict human behavior based on behavioral intentions. The theory is an outgrowth of the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975). TPB extended TRA by adding perceived behavioral control to the theory. TPB holds that the intention to perform a particular behavior is heavily dependent on three factors: 1) the individual's attitude toward the behavior (ATT), 2) the individual's perception of the subjective norms applicable to the behavior (SN), and 3) the individual's perceived behavioral control (PBC). That is, if the individual has a positive attitude toward the behavior, the behavior is socially acceptable in the setting, and the individual perceives that he or she has the necessary control of the behavior, there is a high likelihood that the individual will attempt the behavior. TPB has been utilized in studies in the fields of entrepreneurial start-up intentions (Kautonen, Gelderen, & Tornikoski, 2013), succession planning in family firms (Sharma, Chrisman, Pablo, & Chua, 2001; Sharma et al., 2003b; Stavrou, 1999), entrepreneurial behaviors (Krueger & Carsrud, 1993), and retirement intention impact on entrepreneurial exit (Soleimanof, Syed, & Morris, 2014). TPB is not just a psychological tool used in the study of business settings. It has been used in a variety of personal choice settings such as on-line grocery buying (Hansen, Møller-Jensen, & Stubbe, 2004; Hansen, 2008) and willingness to relocate (Petty, 2010). Ajzen and Driver (1991) applied TPB to leisure activities; and Davis, Ajzen, Saunders, and Williams (2002) applied the theory to educational attainment. These studies demonstrated the versatility of TPB in predicting behavior based on behavioral attitudes. Its versatility is further demonstrated by Notani (1998), who identified 37 studies using TPB in multiple contexts, including student activities, teacher activities, weight control, health and exercise intentions, and gift giving, to name a few. Many more studies, which I discuss in following paragraphs,, in various contexts have utilized TPB since 1998. But few have applied it to the context of business succession planning.

Notani (1998) explored PBC and its value as a predictor in different contexts. PBC is influenced by its relationship to the other variables, so its predictor value will vary by context and – as the name implies - the perception of the actor. The actor's perception of behavioral control need not be accurate in order for his perception to be predictive of behavioral intention. PBC may be difficult to measure in certain contexts; when cooperation of others is crucial to the ability to perform a particular behavior, the actor's perception of control becomes more difficult to measure (Notani, 1998). At the same time, other scholars advocated an extension of TPB (Conner & Armitage, 1998). These scholars argued that TPB should be expanded to include belief salience, past behavior and habit, PBC/self-efficacy, moral norms, self-identity, and affect. Ajzen (2002) rebutted the Conner & Armitage (1998) arguments, contending that those items were subsumed within PBC. However, as we will see, PBC may be significantly impaired in situations that lack temporal stability.

While Notani (1998) developed some interesting findings about PBC across studies in multiple contexts, his review of 37 studies was tiny compared to later meta-analyses of TPB (Armitage & Conner, 2001; Boudewyns, 2013). Since its introduction, the theory has been adopted for many different research studies. Ajzen (2011) noted that a Google Scholar search for articles on TPB disclosed 22 citations in 1985; the number grew steadily every year, reaching 4,550 citations in 2010. TPB has been particularly popular in studies of health-related behaviors. A 2011 meta-analysis of TPB and health-related behaviors used 237 studies containing prospective testing (McEachan, Conner, Taylor, & Lawton, 2011); however, the paper indicated that their initial search of TPB, before being limited to prospective health-related behaviors, turned up 5,802 potential TPB studies. In general, these studies support the efficacy of TPB, yet – as shown by McEachan et al. (2011) – the predictive power of TPB is contextual. The extent of the actor's actual control over a behavior, the actor's commitment to the behavior, and previous experience with the behavior all served to influence the predictive power of TPB. However, I suspect that in this context, many of the situational or contextual variables may overwhelm the power of TPB to predict actual behavior.

A central tenant of TPB is the actor's intention to perform a given behavior. Intention in this sense captures motivational factors, including how hard the actor is willing to try to perform a behavior and how much effort the actor is willing to exert (Ajzen, 1991). Some entrepreneurial researchers have used a similar theory, goal theory, to explain entrepreneurial exit (DeTienne, 2010). The nature of goal setting leads into TPB; for example, the entrepreneur sets a goal and then must develop the plan of behaviors necessary to achieve the objective goal. DeTienne (2010) argues that those entrepreneurs who set goals are more likely to develop and implement a succession process. Goals in this context may include monetizing the business, creating a legacy, or simply no longer working. While motivational factors are a critical antecedent to behavioral action, nonmotivational factors such as availability of opportunity and availability of resources (time, money, skills, and cooperation) are also important antecedents to the performance of the intended behavior. The individual's perception of these nonmotivational factors will influence the individual's PBC –the individual's perception that control over the performance of the behavior is present. If individuals perceive that no personal control exists, they are unlikely to attempt the behavior. In any specific situation, there may be a significant difference between an individual's perceived behavioral control and this or her actual behavioral control as PBC is a psychological state that will be influenced by the actor's own characteristics. PBC is a situational variable that differs from, yet may be influenced by, an individual's locus of control, which is an internal general expectancy regarding control (Ajzen, 2002).

Entrepreneurs tend to have a high internal locus of control (Ahmed, 1985; Hansemark, 1998, 2003; Hay, Kash, & Carpenter, 1990); they have a strong belief in themselves and their abilities to achieve their goals. Thus, internal locus of control is an actor's internal belief in his or her own abilities to execute behaviors and achieve goals. Entrepreneurs or small business owners with a high internal locus of control need not be the founders. Research has shown that small business managers also tend to have high internal locus of control (Begley & Boyd, 1987). Accordingly, whether dealing with a founding business owner or a business owner who acquired the business from the founder, it is likely that the leader tends to a higher-than-average internal locus of control. A high internal locus of control may enhance an actor's PBC in a particular situation (Ajzen, 2002). At the same time, an actor with high internal locus of control may encounter situational or external variables that preclude him or her from PBC in a specific context. Self-efficacy may well enhance PBC as used in TPB, but it is a not the same thing as PBC (Ajzen, 2002). PBC is about the actor's perceived ability to perform a given behavior within a given context, while locus of control is about the actor's general expectancy of self and remains relatively stable over time and across contexts.

In addition to PBC, actors will also consider their perceived probability of success (Atkinson, 1964). The higher the perceived probability of success, the higher the likelihood the individual will attempt the behavior. Stated another way, behavioral action will be strongly influenced by individuals' confidence in their ability to perform the behavior with a successful outcome (Ajzen, 1991). This confidence in the ability to create a successful outcome is a confidence based on actors' assessments of both the variables under their control and the variables outside their control. As discussed above, the actor's internal locus of control, which focuses on self, will generally have a positive influence on the actor's PBC. However, as noted, PBC includes actors' perceptions of the probability of success considering the variables they control as well as the variables outside their control. Since research provides evidence that entrepreneurs tend to a high level of internal locus of control (Hay et al., 1990; Kroeck, Bullough, & Reynolds, 2010), my focus population of founders/ entrepreneurs is expected to have a relatively high level of confidence in their own ability to successfully perform their chosen behaviors. As I will discuss later, this confidence may enhance their succession planning, or it may extend to counterproductive hubris or even denial of the current need to initiate BSP.

In order for TPB to reliably predict actual behavior, the control and success conditions must remain relatively stable during the interval between the individual's assessment of the planned behavior and behavioral performance (Ajzen, 1991). If after assessment, but prior to action, the individual's attitude, perception of control, or perception of probability of success are altered, the individual will move back to the assessment stage and/or abandon the planned behavior. For example, an overweight individual with a weakness for chocolate develops a plan to lose weight that includes avoiding chocolate; he has a good attitude toward the behavior and sets up a situation in which he perceives that he has behavioral control and begins to diet. After a few days he is having some success, yet he feels hungry when he attends a business lunch. During the lunch, he is shown and offered a piece of chocolate pie. Now the control and success conditions have changed; he feels hunger, and someone has interjected a condition – temptation – that was not part of the plan. The changing conditions do not dictate that the actor will not follow through on the planned behavior; rather, the changing conditions simply alter the likelihood of following through with the planned behavior (Bagozzi, Moore, & Leone, 2004). In this context, many life events will unfold during the period leading to, and throughout the process of, BSP. I expect to find that an actor's intention to retire may often be either positively or negatively affected by both expected and unexpected life happenings. Retirement intentions may thus be accelerated, decelerated, or abandoned.

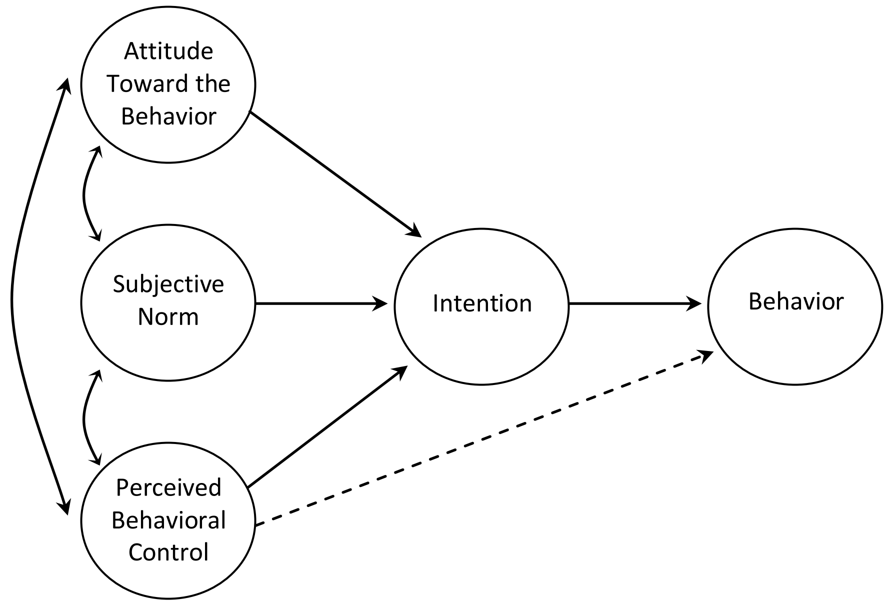
While there has been much focus on PBC (Notani, 1998), I believe that attitude towards a behavior must not be overlooked in the context of BSP. Researchers may presume a positive attitude toward BSP due to inevitability, but the reported low percentage of founders/entrepreneurs who actually implement BSP belie that presumed positive attitude. A survey of financial advisors notes that "the vast majority of respondents believed that not having a succession plan is risky, but only half of firms had a plan" (IN Adviser Study, 2012, p. v). Accordingly, believing that the behavior of BSP should be performed is not sufficient to produce the requisite favorable attitude to inspire the intention and ultimately the behavior.

To further complicate the issue, BSP is a long-term process and the attitude toward it may change over time as circumstances and experiences vary. Thus, situational factors and temporal stability are key issues. BSP is also subject to the temporal stability of the actor's attitude toward the behavior

(Conner, Sheeran, Norman, & Armitage, 2000). For example, an actor may have a very positive attitude toward BSP early on; however, as the actor ages and the perceived loss of identity (discussed in a later section) associated with the planned behavior becomes more important, there may be a temporal shift in the actor's attitude. This temporal shift may apply to attitude toward the behavior, subject norm, or perceived behavioral control. The longer the process, the greater the risk of a change in the relationship of the variables antecedent to behavioral intention in TPB.

In summary, the TPB relies on three conceptually independent determinants of intention to perform a specific behavior: 1) attitude (favorable/unfavorable) towards the behavior, 2) subjective norm (perceived social pressure to perform or not perform), and 3) perceived behavioral control. These three determinants can be viewed as dependent on three salient beliefs: 1) behavioral beliefs – the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question (Ajzen, 1991), 2) normative beliefs – the perceived social pressure to perform or not perform the behavior (Ajzen, 1991), and 3) control beliefs – the perceived ease or difficulty of performing the behavior (Ajzen, 1991). Finally, these determinants of behavioral intention may be evaluated in consideration of the actor's past behavior (Ajzen, 1991). The theory of planned behavior as modeled by Ajzen is reflected below in Figure 2.

Figure 2. The Theory of Planned Behavior (Ajzen, 1991, p. 182)



TPB and Succession Planning

As mentioned earlier, TPB has been utilized to study succession planning in family-owned businesses (Carr & Sequeira, 2007; Sharma et al., 2003b; Mejbri & Affes, 2012). It has also been adapted to explain entrepreneurial behavior (Carr & Sequeira, 2007; Krueger & Carsrud, 1993) and entrepreneurial intent (Schwarz, Wdowiak, Almere-Jarz, & Breitenecker, 2009), and to explain business successors' intentions (Stavrou, 1999). These researchers found that intention to perform a given behavior is molded by individuals' attitudes. Attitudes are in turn shaped by the actors' desires to achieve certain potential outcomes, their perceptions of the social acceptability of those outcomes to the impacted group, and their perceptions that the behaviors will lead to desired outcomes (Sharma et al., 2003b). However, as we will see in the section concerning family succession planning, those desires and perceptions are subject to a lack of temporal stability in the long-term context of BSP (Sharma et al., 2003b).

Planned succession is a planned behavior. Thus, TPB specifies that succession behaviors should be motivated by an anticipated desirable outcome for the initiator, acceptance of the outcome by other stakeholders, and an initiator's perception that he can perform the behavior to result in a desired outcome (Sharma et al., 2003b). Succession is generally controlled by the incumbent leader of small firm. Sharma et al. were focused on family firms and specifically the incumbent's desire to keep the business in the family. They suggested the following characteristics corresponding with the three attitudes of TPB within a family firm context (p. 2)

1. "An incumbent's desire to keep the business in the family is an indication of the desirability of succession to the incumbent.
2. The family's commitment to retain the business within the family is an indication of the acceptability of succession to the family – the reference group.
3. The propensity of a trusted capable successor to take over is an indication of the feasibility of a succession that will be successful."

In my view, these same characteristics may be modified to address succession and the TPB in nonfamily succession events as follows.

1. An incumbent's desire to monetize his business is an indication of the desirability of succession to the incumbent.
2. The stakeholders' (successor, employees, clients) commitment to maintain the business as a going concern is an indication of the acceptability of the succession to the reference group.
3. The perceived availability of a trusted successor (employee, buyer, etc.) is an indication of the feasibility of a succession that will be successful.

Of much importance to my study, Sharma et al. (2003b) were surprised by the failure of TPB to more fully explain family-firm succession in their study. They noted that the results suggested that family-firm succession planning was driven more by the availability of a trusted successor than by the incumbent's or family's need for succession. Accordingly, we see that at least in family firms, the perceived *opportunity* for succession may outweigh the *desire* for succession. However, several authors reference one form or another of owner/manager hubris as an impediment to execution of a family succession plan (Sharma et al., 2003a; Handler & Kram, 1988; Lansberg, 1988; Malone, 1989;

Morris, Williams, Allen, & Avuka, 1997; and Poza, Alfred, & Maheshwari, 1997). A potential danger of waiting for opportunity before developing, or acting on, intention is delaying to the point that options are limited. Succession is a process, not an event; planning for succession is not a process that begins only after potential successors are involved in the business or otherwise identified. It is a process that should begin before the successor is available (Stavrou, 1999). In the case of family firms, the delays potentially force the incumbent to forego family succession and opt for a sale or liquidation (Sharma et al., 2003a).

Planning CEO Succession

In the United States, CEO succession planning – primarily in larger, publicly held companies – is a popular topic of study. The popularity of the subject is in part due to the highly visible nature of the position and the media attention accompanying CEO succession and, in part, on the availability of data about publicly held companies. Much of the CEO succession literature is focused on how firm performance is impacted by a change in leadership (DeTienne, 2010). However, in the early 2000s we began to see some focus on the process of succession (e.g., Naveen, 2006).

Investors are particularly interested in the impact of major organizational changes on firm performance. CEO succession is a major organizational change that every firm will face; one way or another all firms will have a CEO succession event (Behn, Dawley, Riley, & Ya-wen, 2006). Publicly traded firms will generally require multiple CEOs over their lifetimes (Kesner & Sebora, 1994); small private firms will also deal with succession issues, or they will have to be sold or liquidated. However, measurement of the impact of CEO succession is difficult due to a host of influences and variables (Pitcher, Chreim, & Kisfalvi, 2000), the fact that it is generally an infrequent, discreet event (Pissaris, Weinstein, & Stephan, 2010), and the lack of researchers' ability to establish a "control group."

Much of the research focuses on firm performance during and after a succession event (DeTienne, 2010); other research focuses on the antecedents to CEO succession. The most often-considered antecedent is poor firm performance (Bommer & Ellstrand, 1996; Datta & Guthrie, 1994; Pissaris et al., 2010). Other antecedents to succession, however, include death or disability of the incumbent CEO (Behn et al., 2006) and retirement (Pitcher et al., 2000). In other words, there are a number of reasons a firm will have to face succession and a host of circumstances surround the succession. A CEO succession may be planned or unplanned (DeTienne & Cardon, 2012; Behn et al., 2006), voluntary or involuntary (Pitcher et al., 2000), or simply to meet evolutionary changes to the firm's environment (White, Smith, & Barnett, 1997).

Some researchers approach CEO succession as a crisis event as though CEO succession typically occurred when a firm was underperforming expectations (Datta & Guthrie, 1994; Dyck, Mauws, Starke, & Mischke, 2002; Pitcher et al., 2000; White et al., 1997). While there may be some statistical correlation between underperforming firms and CEO succession, this is merely a question of timing. All CEOs will depart their positions eventually. Some may stay involved with the firm, often remaining on the board for a time, but all will leave the CEO ranks whether through planned processes or unplanned ones (DeTienne & Cardon, 2012). In small founder-managed firms, an unplanned exit of the CEO may simply result in the closure and liquidation of the firm. However, in publicly held firms, CEO succession is a normal process (Quigley & Hambrick, 2012; Kesner & Sebora, 1994). As such, CEO transitions are a matter of strategic choice for the firm. Given the inevitability of CEO change (Quigley & Hambrick, 2012; Cardon & DeTienne, 2012; DeTienne & Cardon, 2012), it seems that no firm, large or small, should be without a succession plan and that CEO succession should not necessarily be a crisis even if it is initiated by a crisis such as underperformance or sudden evolutionary change. Succession planning, be it for the CEO or other personnel, should be a normal part of human resources/human capital planning (Sambrook, 2005).

In many instances, an exiting CEO will not fully depart the firm, but will stay on as a member of the board of directors or even as chairman of the board (Quigly & Hambrick, 2012). The transition of an exiting CEO to chairman may assist in continuity at a firm; it may also have the effect of restricting the activities of the new CEO. The changing of the CEO is a time when a firm needs to be adapting to change. If, however, the former CEO becomes the chairman, he or she may not be open minded about change. The chairman may believe that past conditions persist and that existing strategies should continue (Quigley & Hambrick, 2012). Similar beliefs about continuity have been found as firms migrate from founder-CEO to professional-CEO status (Abebe & Alvarado, 2013). In a well-performing firm, such a move may reassure investors and customers of continuity (Pitcher et al., 2000). In a relationship-dependent service business, the continued involvement of the retiring incumbent may be comforting to some of those relationships while at the same time restrictive to the new owner/CEO.

Most CEO research involves public companies where management and ownership functions are segregated and management acts as agent for the owners. In a small relationship-dependent business, the owners typically are the day-to-day managers. In addition, most of the firms that have been examined manufacture or sell tangible products rather than existing in a relationship-dependent service industry. In spite of some differences in antecedents to large-firm and small-firm CEO succession, enough similarities in the process exist to warrant our consideration. For example, the fit between the firm and the new leader is a key to future success and succession, regardless of the type of firm. In the small relationship-driven business, in addition to technical competence, the successor must be a fit with the customers and employees in order to maximize the value of the transition. In order to look at fit, Datta and Guthrie (1994) considered how the potential CEO's background related to organizational factors of the firm.

Fit is an issue that factors into one of the first considerations in CEO succession planning: whether to plan for an insider ascending to the position or for the board to hire an outsider (Datta & Guthrie, 1994; Bommer & Elistrand, 1996; Pitcher et al., 2000). Internal ascension may assure fit, mitigate costs associated with change, as well as lessen the changes that will occur (Dyck et al., 2002; Zhang & Rajagopalan, 2004; Naveen, 2006). Internal succession is viewed as a way of retaining firm intellectual capital and maintaining continuity (Zhang & Rajagopalan, 2004). Such internal succession may also be coupled with maintaining the incumbent CEO on the board or even as chairman of the board. In a small relationship-dependent service business, minimizing change and retaining firm intellectual capital are important aspects of succession planning. Accordingly, internal succession, often accompanied with some continued involvement on the part of the incumbent, is a widely recommended succession planning approach, as noted inmy earlier discussion of the practitioner literature.

As noted previously, over time all firms will need more than one CEO (Bommer & Ellstrand, 1996). This has been more and more recognized in the business community. As boards of directors take a greater watchdog role, CEO succession planning today is more likely to be associated with a normal, planned process rather than a forced succession (Naveen, 2006). As a normal, planned process, we see more conceptual overlap of CEO succession and founder/entrepreneur succession. One of these areas of commonality is what the literature refers to as the “relay” form of succession. The relay form of succession has been identified by researchers as the most common internal succession method of installing a new CEO (Oliver, 1996) in which a successor is identified and works closely with the incumbent for a period of time (Zhang & Rajagopalan, 2004). It has been said that this method is most likely in larger firms where human capital is not easily transferred (Naveen, 2006). However, it seems that this method is just as applicable to small relationship-dependent businesses as they too are highly dependent on human capital that may be difficult to transfer. Another approach mentioned in the CEO succession literature is to simply wait for a succession event and then start a search for a new CEO (Oliver, 1996; Zhang & Rajagopalan, 2004; Naveen, 2006). This approach is generally not acceptable to most publicly held companies. It is mentioned here because this approach is chosen, consciously or subconsciously, more than any other in small relationship-dependent businesses. Unfortunately, a small relationship-dependent service business is unlikely to survive the no succession plan approach, and the sale value of such a firm will dissipate rapidly after an “event.”

While there are vast differences between leadership transitions in publicly traded companies and in founder-owned and managed small relationship-dependent businesses, there are also some similarities that may allow us to draw on the CEO succession research.

1. Top-level change may have a dramatic effect on the firm and on all stakeholders.
2. Firm performance will be contingent on the success of the transition, whether in a small firm or large.
3. Selection of the successor is critical to the survival of the firm.
4. Properly implemented, internal succession will be less disruptive, less costly, and more stable than simply waiting for a succession crisis or selling to an outsider.

I have looked to CEO succession research to develop similarities to founder/entrepreneur exit from relationship-dependent firms. One gaping difference between large, publicly held firms and the typical small relationship-dependent firm can be identified with agency theory. In the large publicly held firm, ownership and management functions are separated. In the large firm, a board of directors may serve as an antecedent to CEO succession and a significant factor in selection of the successor. In the small firm, the incumbent owner decides when to leave and how to select his/her own successor. In large firms, the agents manage the change; in small firms, the owner directly manages the change. Regardless of the differences, much can be learned from the experience of larger firms and applied to relationship-dependent service businesses.

Family Firm Succession Planning

As noted in Chapter I, my target of examination is the business succession planning of small, relationship-dependent, service enterprises. Many of these firms either are, or started as, micro firms consisting of the founder and few, if any, employees. It is not uncommon to see founder family members involved in the business, even if they have no intention of transitioning the business to another generation of the family. Although I am looking at nonfamily transitions, the nature of these small and mid-sized enterprises (SMEs) is very similar to the SMEs explored in the family firm succession research. I believe that they face many of the same succession challenges. Much has been written about entrepreneurial succession in family firms; however, little if any of this research has focused on small founder-owned and managed firms specifically involved in a relationship-dependent service business. I looked at CEO succession models as they generally will examine the succession process from an economic perspective without the emotional involvement of family firms. I suggest that small relationship-dependent business succession may be more similar to the family business model than to the public CEO succession model. Succession in small and family firms is thought to involve more emotional and psychological issues compared to large firm CEO succession (Motwani et al., 2006; Niedermeyer et al., 2010).

Much of the research on family-owned business succession is devoted to the study of processes and procedures designed for retaining management and ownership within the founder's family (Breton-Miller et al., 2004). However, founder exit and family succession are two distinct constructs (Wennberg, Wiklund, DeTienne, & Cardon, 2010; Wennberg, Wiklund, Hellerstedt, & Nordqvist, 2011). Within-family succession requires overcoming specific technical and emotional hurdles through the development of a successor from a potentially very small pool of qualified candidates. Only about one-third of family-owned businesses transition to a second generation within the same family, and only a very few will survive into a third generation (Breton-Miller et al., 2004). Even these statistics may be skewed by the number of family businesses in various industries. For example, the transfer of a manufacturing concern, a retail establishment, or a wholesale business-to-business concern moving tangible goods may be easier to move or keep within a family than a relationship-dependent business. Larger business, too, may be more easily transferred within families as they are more likely to have a wider base of nonfamily agent employees managing day-to-day operations than will be found in the small or micro-sized business. Emotional or sentimental factors may drive a family to keep a business within the family in spite of potential deficiencies, but a founder's entrepreneurial exit, unfettered by preconceived exit intentions, includes many forms of exit. Among exit methods noted by DeTienne and Cardon (2012) were IPO, within-family succession, employee/ management buyout, independent sale, and liquidation.

Nordqvist et al. (2013), utilizing a “process perspective” to evaluate the research on family firm succession, raised some interesting issues. They suggest that succession in small firms may be an important component of both entrepreneurial entry (new owners) and entrepreneurial exit (incumbent owners). In their view, the pursuit of new opportunities may be just as applicable to the exiting owner as to the new owners. While I am primarily interested in the retirement-minded exit and transition to a new generation of ownership, much of their process perspective on succession will be just as applicable to small, nonfamily firms as to family firms regardless of the motivation of the exiting incumbent. Research on entrepreneurship tends to focus on how people start and manage firms, with little focus on founder exit (Nordqvist et al., 2013). As has been noted by a few researchers, entrepreneurial exit is inevitable; whether by choice or *force majeure*, founders will exit the firms they have created just as surely as CEOs will leave large firms (Dyck et al., 2002; Quigley & Hambrick, 2012; DeTienne & Cardon, 2012). Accordingly, the entrepreneurial process does not end with creation of a venture; it continues through the operation and exit phases. Seen from this viewpoint, founder exit should be considered an equally important part of the entrepreneurial process (DeTienne, 2010).

Many early researchers equated entrepreneurial founder exit with failure (Neidermeyer et al., 2010; DeTienne & Cardon, 2012; Wennberg et al.,02010). Given that all founders will exit and that there are a multitude of exit processes, it is clear that founder exit is a different construct than failure. Founders will exit even the most successful enterprises. Rather than failure, founder exit may often be better described as the harvest (De Tienne, 2010; Niedermeyer et al., 2010; DeTienne & Cardon, 2012). From the founder’s perspective, maximizing the harvest may simply amount to creating the maximum personal return for the founder, without an overt concern with post-transition firm performance (DeTienne, 2010; DeTienne & Cardon, 2012). I do not believe that entrepreneurial exit is to be equated with failure. Rather, for the goal-oriented founder, exit is success.

A large proportion of entrepreneurs begin their businesses with no thought concerning their ultimate exit paths (DeTienne, 2010). Excepting serial entrepreneurs whose joy is in creating, building, and exiting a business so that they can start the cycle anew, most entrepreneurs/founders begin considering the exit strategy in a reactive way; that is, only after some more important factor causes the owner to consider exit. As noted earlier, this may be family issues, health issues, other more intriguing opportunities, or simply boredom with the business. Perhaps as a default, with no real planning, it has been estimated that 80% of business owners expect to transfer their businesses to another family member or to key employees of the firm. However, such a convenient transition occurs only about 20% the time (DeTienne & Cardon, 2012). Accordingly, what many business owners expect rarely happens. Why the significant disconnect between owner expectations and actual succession? Through the lens of TPB, what one “expects” to happen does not constitute a plan. A plan is something that is thought out and presumably under the control or partial control of the actor; an expectation does not necessitate management control. DeTienne (2010) observed that founders with a growth objective are more likely to plan a future transition than are those who founded a firm for lifestyle or income replacement purposes. The literature I reviewed indicates that small relationship-dependent businesses are more likely to be founded with a lifestyle or income replacement approach than with a growth-oriented foundation. With seemingly overwhelming evidence that founders are well served by planning for succession (IN Adviser Study, 2012), why do so many wait so late to work on a succession plan?

Some researchers look at entrepreneurship through the lens of a parenthood metaphor; this metaphor is interesting in that it interjects more emotional issues into the context of entrepreneurial study. Even the terms used by entrepreneurs to describe their businesses may draw on that parenthood metaphor: their businesses are “their babies,” they are at an “adolescent stage,” they are “all grown up,” etc. (Cardon et al., 2005). Like parenting, the entrepreneurial experience is often full of unexpected twists and turns. Also like parenting, some firms will flourish or flounder on their own with little but reactive guidance; others will be guided and directed with the ultimate objective of creating a fully developed firm that will be able to function independent of its founder (parent). My focus is on the founder and successors successfully transitioning the firm from dependency to fully functioning independence.

DeTienne and Cardon, (2012) examined “the impact of founder experience on exit intentions.” They continued the study of entrepreneurial exit as a construct distinct from CEO succession. Taking the “harvest” approach to entrepreneurial exit described above, they draw on the Theory of Planned Behavior (Ajzen, 1991) (TPB) to examine entrepreneurs’ exit intentions. As TPB contends that past behavior is a good indicator of future behavior, the entrepreneurs’ past experiences will heavily influence the succession plan they attempt to implement. They observed that entrepreneurial exit is prevalent and increasing as many founders are part of the baby boom generation. In their opinion, though, this is an understudied construct, garnering little scholarly attention. What attention it has drawn relies on generalizations derived from single individual experiences rather than from systematic analysis and scholarly rigor (DeTienne & Cardon, 2012; Forster-Holt, 2013).

DeTienne and Cardon (2012) contend that individual founder attributes are good indicators of founder exit intentions. The attributes they examined are not to be confused with the commonly known Five Factor Model of personality traits; rather, they examine specific attributes of interest and test those against exit intentions. They look only at founders’ intentions to exit, using TPB to contend that the intention to exit in a particular manner is the leading indicator as to what the founder will ultimately attempt to do. A five-year post-data collection review found that 55% of the participants who had considered exit planning were still with their firms. Of those participants who had actually exited and could be located, 70% exited in the manner they had reported as their most likely exit path. Of those who did not exit in the specific manner planned, 6% simply sold their firms in a manner different than planned and 24% gave up on their planned exit and liquidated their firms. These findings support the predictive value of the factors examined in TPB, while at the same time demonstrating that planning and execution are distinct. They further support the theory of planned behavior by showing the difference between the “expectations” referred to above that were only met

20% of the time (DeTienne & Cardon, 2012) and actual planning behaviors that generally led to implementation of the planned behavior. While DeTienne and Cardon (2012) use their analysis as support for TPB, I look at the numbers and note that 55% of the participants who considered exit planning were still with their firms. Of the ones who actually exited, 70% exited in the manner that they had expected. However, as we look at the percentages, it appears that TPB was predictive of the method of exit of those who apparently were ready to exit, but was less predictive when looking at the total sample, as 55% did not exit at all.

The DeTienne and Cardon (2012) survey approach found that age was a factor in intended method of exit . Younger entrepreneurs were more likely to pursue growth style exits, such as taking their firm public (IPO) or divestiture. The authors also found that founders at higher education levels were less likely to pursue family succession plans and that higher industry experience was more related to employee buyout approaches. Their survey focused on industries manufacturing and selling specific electronic and medical equipment, with no sampling of service industries. While I am interested in the relationship-dependent service sector, I believe that some of their findings may be generalizable to this group. At first glance, my focus on the retirement-minded founder may seem to make the age factor findings moot. However, as I see succession and succession planning as a long-term process, the growth strategy interests of younger entrepreneurs may be part of a long-term plan to increase the value of their firms as a prelude to exploring other exit intentions. DeTienne and Cardon (2012) found that entrepreneurs have specific exit intentions and that many of them are focused on the “harvest” aspect of their entrepreneurial roles. However, I note the specificity of their sample and cannot help but wonder if even the determinants of who responded to the survey were influenced by the entrepreneurs’ own positive views of exit as part of the entrepreneurial experience.

DeTienne and Cardon (2012) cautioned that their research was limited to a relatively small sample, limiting the power of their analysis. As mentioned earlier, their sample drew from manufacturing industries that are not similar to my relationship-driven target industries. Their findings still bring intriguing questions to mind for my study. They noted that older ages were related to family succession, but that higher education levels were negatively related to family succession. In my study, I am most likely to see older and highly educated founders. They also noted that small firms with higher founder industry experience were positively associated with employee buyouts. They speculate that this may be due to the relatively high value of human capital within these small firms. In my study, I will be looking at small relationship-dependent firms; the types of businesses I will look at will generally include founders who are older, relatively highly educated, and with a great deal of industry experience. DeTienne and Cardon (2012) did not include in their exit path options. The choice to not have an exit path or plan, however, in my target group appears to be a very common approach (IN Adviser Study, 2012). Without referring specifically to role identity, DeTienne and Cardon (2012) noted that self-image may have a deterring influence on older entrepreneurs, preventing them from pursing a business succession plan. Role identity as a potential factor influencing BSP behavior is discussed further in a later section of this dissertation.

Though entrepreneurs/founders may have specific exit intentions, many issues will serve to hinder development and successful implementation of a succession plan. Some of the hindrances may be psychological; some may be family issues. Within-family transfers are dependent on nurturing and mentoring a family successor; nonfamily transfers face other general management issues. A family-owned SME may have difficult succession issues even though the succession plan does not involve keeping the firm within the family (Ip & Jacobs, 2006). The socio-emotional wealth provided by a family firm to the stakeholders is an example of a potential impediment to succession planning in family firms (DeTienne & Chirico, 2013). While many of these concepts have been developed in the context of family firms, the psychological and emotional issues faced by exiting entrepreneurs/ founders will have many similarities whether the objective is to keep the business in the family or to entirely disengage from the business they built.

The cost of business succession planning must be viewed from multiple perspectives – financial as well as psychological and emotional. Succession planning is a troublesome process; it not only has a financial costs, it may have psychological costs. It can interfere with or take the incumbent away from other work and time demands. Any succession plan can meet with resistance from other stakeholders as well. Many entrepreneurs may attempt to simply stumble through the process, but research clearly demonstrates that a formal plan increases the likelihood of success (Dyck et al., 2002; Garmen & Glawe, 2004; Ip & Jacobs, 2006; Sambrook, 2005).

Other Issues Influencing Transitions

CEO succession, as viewed from the firm's point of view, is (hopefully) an infrequent but critically important event. Infrequent events do not provide the option of "practice makes perfect." Given a critically important but infrequent event, a firm's decision makers will often resort to cognitive simplification – that is, biases and heuristics (Pissaris et al., 2010). To the founder of a relationship-dependent business, these biases and heuristics may lead the founder to search for someone like him or her self. Businesses change and evolve; the skills needed by a founder are not identical to the skills needed by a successor. The founder does not need to look for a successor who is like the founder in every way (Katz, 2010; Pitzl, 2012). Technological change, generational cohort issues, an aging clientele being replaced by a younger clientele, or simply the evolution of the business from a rainmaker-driven business to manager-driven business (Herbers, 2013), all dictate looking for someone different. Those founders who are members of the baby boom generation have seen business evolve from paper and pencil; to massive computers relying on punchcards; to desktop computing; to mobile, handheld, or cloud computing. Are founders who experienced the business and technological advances of the last 50 years limiting themselves and their firms if they let their own personal biases and heuristics unduly influence the selection of a successor? If the answer to that question is yes, but we have already seen that founder experience influences BSP (DeTienne & Cardon, 2012), how does the founder go about the process of BSP? If these biases serve to limit the incumbent's potential successors, they may serve to reduce the incumbent's perception of the availability of a successor, reducing the likelihood that the incumbent will follow through with BSP.

Identity

Everyone has a self image, an identity. Identity may best be considered through the lens of social identity theory. Social identity theory describes the ways in which one categorizes or classifies self. One's knowledge that he or she belongs to a particular group or classification of persons is their social identity. In society, one's sense of self and identity is largely derived from one's perception of his or her fit into specific social categories (Stets & Burke, 2000; Ashforth & Mael, 1989). A very similar theory, identity theory, holds that one's identity is one's categorization of self as occupying a particular role (Ashforth & Mael, 1989). The roles in which one defines oneself create meaning and expectations of behavior. Social identity generally refers to identification of self as belonging to a group, whereas role identity generally refers to striving to fulfill expectations of a particular role as one interacts with others. It is important to note that the theories are internal – they are about self-categorization. Self-categorization, however, or role identification gives meaning only as viewed in relation to other categories and roles (Stets & Burke, 2000). Self-categorization or group identification is not an exclusive identification; most people will be members of or identify with many different groups. Some of these multiple group identifications will be simultaneous while others will vary over time as situations change. For example, one may be a student, a team member, a son, a father, a church member, a country club member, and an employee: seven different groups (or roles) simultaneously. (And this is but a very small example of group identification.)

Psychological ownership is an aspect of identity that may be extremely important to the incumbent owner. Psychological ownership acknowledges that people identify with things they own (Pierce et al., 2001). Ownership, or possession, of things may involve tangible or intangible things. The incumbent owner may feel strong psychological ownership of the firm, or even of the relationships that the firm has with others, as well as the incumbent's relationships with employees. Psychological ownership is distinct from legal ownership and may continue after legal ownership has been terminated. Psychological ownership of possessions, whether tangible or intangible, may be such a dominant role in the incumbent's identity that the possessions are actually perceived as an extension of self (Pierce et al., 2001).

That an incumbent owner/manager identifies with his/her role in the firm is unavoidable. The salience of that role identity will be key to its impact on business succession planning (Callero, 1985; Conner & Armitage, 1998). If the actor's role as owner/manager is the actor's most salient identity, it may be difficult to envision self outside of that role. Continuity of self-identity may be dependent on a continued psychological ownership of the firm or the role (Pierce et al., 20001). Absent a planned alternative role, the actor's inability to see self outside of that role may impact the actor's willingness to pursue BSP, even though the need to do so is known intellectually. The emotion of leaving the incumbent role has been described as grief (Hull, 2009). If the incumbent owner is emotionally unable to see self outside of that role, the attitude toward the behavior will be negatively affected, resulting in a breakdown in the actor's intention to pursue succession planning behavior. TPB does not assume some sort of unbiased rationality; an actor may intellectually accept that a succession plan is necessary, but identity salience may cause anticipated regret, negatively affecting attitude toward the behavior (Azjen, 2011).

Denial

BSP in connection with planned retirement is often referred to as exit planning. As such, BSP is planning for a major life transition (Walker, 2013). If the actor's role as founder/owner is the actor's most salient identity, retirement planning is about exiting the actor's identity, which simply may not provide the motivation to follow through with BSP. As noted by Walker (2013, p. 37) "Use of the term 'exit strategies' with a business owner may be akin to suggesting that we spend the afternoon discussing his or her funeral or planning for a root canal." Retirement BSP requires that the incumbent face age/mortality issues; denial is a common reaction (Hamburger & Walter, 2009). As noted by Downes (2015), even those in the business of helping others plan for their retirement are in denial about their own need to plan for retirement.

Overconfidence may also serve to increase denial. Overconfidence has been shown to exist in a number of situations and is very common to decision makers such as founders/owners (Busenitz & Barney, 1997). The term "overconfidence" has been used in a variety of ways in literature (Hill, Kern, & White, 2014). For my purposes overconfidence is a condition in which decision makers are overly optimistic in their initial analysis of a situation and hesitant or resistant to incorporate new information into their assessments. Durst and Wilhem (2012) identified successor overconfidence as an impediment to successful succession in SMEs in general. Additionally, a number of researchers looking at family succession literature identify overconfidence as an impediment to successful succession (Handler & Kram, 1988; Lansberg, 1988; Malone, 1989; Morris et al., 1997; and Poza et al., 1997).

Overconfidence has been associated with denial of risk by entrepreneurs (Barnes, 1984). In my context, that may be denial of the need to begin BSP or overconfidence in the ability to initiate and follow through BSP in a relatively short amount of time (IN Adviser Solutions, 2012). It may extend to the incumbent's overconfidence in his/her ability to sell the business without significant resources devoted to BSP. As TPB requires that the actor have a level of PBC, incumbent denial or overconfidence may contribute to his/her intention, or lack thereof, towards succession planning behavior (Handler & Kram, 1988; Lansberg, 1988; Malone, 1989; Morris et al., 1997; and Poza et al., 1997). Like other factors, denial and overconfidence may also be subject to a lack of temporal stability.

Practice Implications

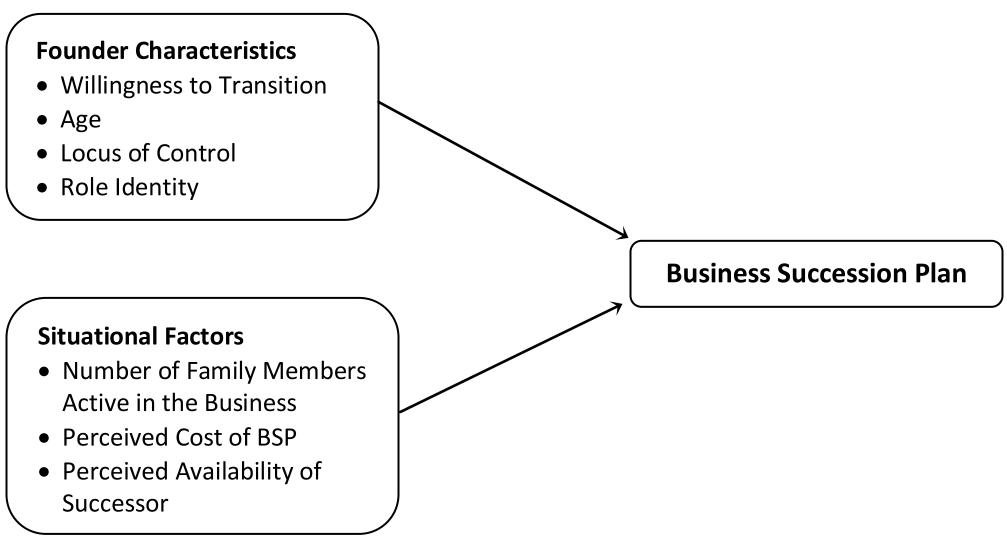
As discussed in earlier discussion of literature published in professional journals, BSP in small relationship-dependent service businesses is not only important to founders/entrepreneurs, but also to all of a firm's stakeholders: employees, customers, and community. Business succession planning is a process necessary to the efficient transfer of businesses and business relationships from one generation to the next. As important as the economic implications are, the psychological issues may be more important to the instigation of BSP in small firms. Psychological issues may advance BSP, as in the case of the incumbent who wants to pursue other activities or dreams, or they may serve to negatively affect BSP, as when the incumbent's role identity as founder/owner is the actor's salient identity.

Summary of Literature Review

This dissertation is intended to develop a better understanding of the antecedents of successful business succession planning and transitions of relationship-dependent businesses. More specifically, I hope to help owners/managers of small businesses understand the issues behind the apparent disconnect between what most of them say they want to do and those that actually develop a BSP. The literature review reinforces the belief that successful planning and transition is a process, not simply an event. It is a natural and an unavoidable stage in the business lifecycle. Professional literature provides anecdotal messages concerning business succession planning, but little discussion of the antecedents that should be considered by an incumbent as succession plans are developed. Too often the published advice is presented as a one-size-fits-all solution. My literature review clearly discloses that there is no one solution to business succession planning (Ip & Jacobs, 2006; Sambrook, 2005). Ultimately my goal is to provide insight from the starting point of BSP through the successful transition and early post-transition phase. My literature review, however, shows that the complete study is beyond the scope of one paper. Accordingly, based on the literature review, I have narrowed the current study down to the front end of the model displayed in Figure 1as shown in Figure 3 below.

My review presented the Theory of Planned Behavior as a potential theory to selection of a contemplated course of business succession planning. TPB tells us that the planned behavior will be significantly influenced by the incumbent's personal characteristics and experiences. However, BSP is a long-term process. We have seen that the predictive power of TPB is subject to temporal stability of the context, which is difficult to maintain in a long-term business setting. In addition, my context is very different from most of the succession planning contexts covered by the literature. I expect that many of the owners/managers in this context found their businesses as something of an income replacement concept rather than with a growth objective, as discussed by DeTienne (2010). Accordingly, BSP may be opportunistically driven for these owners/managers, as opposed to a planned behavior. As noted earlier, Sharma et al. (2003b) were surprised by the failure of TPB to more fully explain family firm succession. I theorize that the short-comings of the TPB model are due to the lack of temporal stability and contextual factors that the actor must consider when planning for the future of the firm. Therefore, my model draws from TPB as a starting point and adds contextual factors that may have the direct effect of having or developing a BSP. For my purposes. I divide the model into two categories, Founder Characteristics and Situational Factors. My first three founder characteristics draw from TPB; to that I add owner/manager role identity, due to its significance in family firm succession planning (Sharma et al., 2003b). My situational factors include the number of family members currently working in the business, the perceived cost of BSP, and the perceived availability of a qualified successor (Sharma et al., 2003a, DeTienne & Cardon, 2012).

Figure 3. Antecedents to Performance of BSP



Hypotheses

This section will be devoted to development of hypotheses linking owner/manager characteristics, motivation, and situational factors to develop a business succession plan. For purposes of my study and later analysis, each of my hypotheses will be stated in relationship to having a BSP versus not planning, then stated as a relationship to developing a BSP versus not planning, and finally stated as a relationship to having a BSP versus being in a state of developing a BSP. In other words, I will be looking at the characteristics of those who already have a plan as compared to those who are not addressing planning, then comparing those who are developing a plan to those who are not addressing planning, and finally comparing those that have a plan in place to those that simply say they are developing a plan. My initial analysis is an attempt to identify differences between my reference groups, those having a plan, those developing a plan, and those who are not currently planning.

Attitude

TPB includes as a central factor an individual's intention to perform a given behavior (Azjen, 1991). In Azjen's theory, this "intention" is more than just a desire to perform a particular behavior. Rather, intention in TPB captures motivational factors that drive an actor towards a certain behavior. This includes motivational cues such as how hard they will try and how much effort they are willing to exert. One might consider this as the extent to which the actor is willing to deviate from the current status quo, or that the desire for a new state (retired) outweighs the comfort of the current state (owner/manager). Sharma, Chrisman, Pablo, and Chua (2001) and Sambrook (2005) considered, among other things, the propensity of the incumbent to "step aside." Most owner/managers of a small business think about the business as the keystone of their retirement plan, yet most do not take that first step of actually developing a plan (Forster-Holt, 2013), indicating that intellectual thought concerning a behavior is not sufficient. Rather, the actor needs to be motivated to act. My first analysis of attitude will compare those who have a BSP with those who are not currently addressing BSP. Accordingly, I offer my first hypothesis.

Hypothesis 1a: When comparing owners/managers who have a BSP with those who are not addressing BSP, owner/manager willingness to transfer ownership and control will have a positive relationship to the firm having a business succession plan.

Similarly, for those who have not yet developed a BSP, the same characteristic of willingness to transfer ownership and control is expected to lead a small business owner to be more inclined to work on developing a BSP. Thus, as to the sample that excludes those who already have a BSP, my hypothesis states the following.

Hypothesis 2a: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, owner/manager willingness to transfer ownership and control will have a positive relationship to the firm developing a business succession plan.

For the same reasons outlined above, isolating those who have a plan and those who are developing a plan, I expect to see that owner/manager willingness to transfer control will be reflected in a greater likelihood that the owner/manager will already have a BSP as compared to being in a state of developing a BSP. Accordingly, as to the sample that excludes those who are not addressing BSP, my hypothesis is the same as 1a above.

Hypothesis 3a: When comparing owners/managers who have a BSP with those who are simply developing a BSP, owner/manager willingness to transfer ownership and control will have a positive relationship to the firm having a business succession plan.

Subjective Norm

As my study is specific to the transition intentions of founders and other small business owners/ managers and with the exception of serial entrepreneurs, most owners/managers will transition as a part of their own retirement process. Thus I expect the incumbent to have a normative belief concerning an appropriate age for retirement. Since age is a characteristic beyond the control of the owner/manager, I expect to see that the greater the age of the incumbent, the higher the likelihood of having a BSP in my sample groups 1 and 3, or of developing a BSP in sample group 2. My second hypothesis is simple.

Hypothesis1b: When comparing owners/managers who have a BSP with those who are not addressing BSP, owner/manager age will have a positive relationship to the firm having a business succession plan.

Hypothesis 2b: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, owner/manager age will have a positive relationship to the firm developing a business succession plan.

Hypothesis 3b: When comparing owners/managers who have a BSP with those who are simply developing a BSP, owner/manager age will have a positive relationship to the firm having a business succession plan.

Perceived Behavioral Control

As noted earlier, TPB is an outgrowth of the Theory of Reasoned Action (Azjen & Fishbein, 1980; Fishbein & Azjen, 1975) by adding perceived behavioral control to the model. Simply stated, a willingness to perform a particular behavior is not enough to be predictive of that behavior; actors needs to believe that they have volitional control over the behavior. It does not mean that they have actual control over the entire behavior. In fact, in a business succession planning context with the involvement of multiple parties all of whom have their own objectives, it would be impossible for any one person to have complete control. However, as I have noted earlier, most entrepreneurs have strong beliefs in their own abilities to accomplish goals. That is, they tend to have a high internal locus of control (Hansemark, 2003; Hay et al., 1990). Accordingly, comparing those who have a plan in place to those who have not addressed BSP, my third hypothesis is as follows.

Hypothesis 1c: When comparing owners/managers who have a BSP with those who are not addressing BSP, owner/manager internal locus of control will have a positive relationship to the firm having a business succession plan.

Similarly, for those who have not yet developed a BSP, a higher internal locus of control is expected to lead the incumbent to perceive a greater level of behavioral control over BSP and result in the incumbent being more likely to be in the process of developing a BSP. As to the sample that excludes those who already have a BSP, my Hypothesis 2c states the following.

Hypothesis 2c: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, owner/manager internal locus of control will have a positive relationship to the firm developing a business succession plan.

Isolating those who have a plan and those who are developing a plan, and following the above rationale, I expect to see that owner/manager propensity to an internal locus of control will correspond to greater likelihood that the owner/manager will already have a BSP as compared to being in a state of developing a BSP. As to the sample that excludes those who are not addressing BSP, my Hypothesis 3c is the same as 3a above.

Hypothesis 3c: When comparing owners/managers who have a BSP with those who are simply developing a BSP, owner/manager internal locus of control will have a positive relationship to the firm having a business succession plan.

Work Role Identification

Many founders or small business owners intimately identify with their roles as the owners/ manager of their businesses (Wasserman, 2003). These founders have often invested many years of their lives and careers in the effort to develop their businesses. They may well think of their businesses in familial terms as if they were their children (Cardon et al., 2005). In some cases, actors' own identities are so closely tied to their business roles that they find it difficult to envision their lives without that role. Or, as with the rainmaker who cannot make the transition to manager (Herbers, 2013), they simply enjoy what they are doing too much to commit to the needed transition. Boudreaux (2011) describes this identity issue as a lack of options driving a lack of will. Put another way, he asks whether the incumbent is retiring *from* something or *to* something. Coupled with lack of temporal stability as the incumbent owner nears the planned retirement date, this role identity may serve to inhibit the incumbent's intention to follow through on retirement intentions. Thus, as to the group that has either developed a BSP or has not addressed the issue, my fourth hypothesis is as follows.

Hypothesis 1d: When comparing owners/managers who have a BSP with those who are not addressing BSP, the owner/manager's role identity with the firm will have a negative relationship with the firm having a business succession plan.

Likewise, as to the group that does not yet have a plan and may or may not be developing one, I expect work role identity to be a significant factor in determining whether an incumbent will develop a BSP or simply not address the issue. As Boudreax (2011) described it, work role identity may simply drive a question of whether the incumbent is retiring *to* or *from* something. Therefore, as to the sample that does not have a BSP in place, my Hypothesis 2d states the following.

Hypothesis 2d: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, the owner/manager's role identity with the firm will have a negative relationship with the firm developing a business succession plan.

My review of the family succession planning literature indicates that prior research has pointed to work role identity having a negative influence on BSP (Wasserman, 2003; Cardon et al., 2005). As to the portion of the sample that either has a BSP in place or ismerely developing a BSP, I expect the owner/manager work role identity to be an impediment to actually developing a BSP. Stated another way, my Hypothesis 3d reads as 1d above.

Hypothesis 3d: When comparing owners/managers who have a BSP with those who are simply developing a BSP, the owner/manager's role identity with the firm will have a negative relationship with the firm having a business succession plan.

Family Involvement

The family-firm succession literature is replete with obstacles to overcome in transitions (De Massis et al., 2008; Durst & Gueldenberg 2010; Ip & Jacobs, 2006). Families, like founders, may have identity issues with their status within the community or the firm. Family members may not want the role of CEO but are comfortable working for the family business. Family members working for a family-owned business may be faced with loss of income if the founder retires and/or sells. Those family members may also face some of the same psychological issues, including mortality or identity, that the retiring entrepreneur faces (Motwani et al., 2006). As the transitioning owner/ manager may well be the patriarch or matriarch of the family, he/she may be the one that the family looks to for psychological support and family stability. With all of these concerns added to the owner/manager's own personal psychological issues, comparing the sample who has a BSP with those who have not addressed BSP, my fifth hypothesis follows.

Hypothesis 1e: When comparing owners/managers who have a BSP with those who are not addressing BSP, the number of family members involved in the firm will have a negative relationship with the firm having a business succession plan.

In the same manner that I expect family involvement to have a negative relationship with having a BSP, in the portion of my sample indicating that they do not yet have a BSP, I expect family involvement to have a negative relationship to even developing a BSP.

Hypothesis 2e: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, the number of family members involved in the firm will have a negative relationship with the firm developing a business succession plan.

Relating family involvement to my third comparison group, those who have a plan and those who are in the process of developing a plan, consistent with the above described concepts of family identity and income as well as the psychological issues faced by the incumbent (Motwani et al., 2006), I expect family involvement with the firm to have a negative relationship with having a BSP as compared to being in a state of developing a BSP.

Hypothesis 3e: When comparing owners/managers who have a BSP with those who are simply developing a BSP, the number of family members involved in the firm will have a negative relationship with the firm having a business succession plan.

Cost of Business Succession Planning

As mentioned earlier, attitude toward a behavior and perceived behavioral control are not simply dyadic relationships. That is, the actor does not simply have a yes or no perception of those issues; rather it will be a range. As with my earlier example, maybe my weight-loss candidate has a very positive attitude and can resist most temptations. But some one thing, in my example chocolate pie, will drive them over the edge and they will temporarily or permanently abandon the desired behavior. Or they will perceive that they have control over the behavior, only to be confronted with an obstacle that they perceive to require a choice between the intended behavior and some other desired behavior. In most relationship-driven businesses, as with most businesses in general, the objective of the business is to make a profit to benefit the owners and their families. In many relationship-driven businesses – accounting, law, engineering, to name a few – the professional's time is the basis for generating revenue. No matter the approach to business succession planning, it will take time away from other tasks. Some aspects of business succession planning may be outsourced or substantially performed by consultants. But all successful plans will require a time commitment from the owner/manager. Whether it be cash payments to consultants or less time to devote to revenue generation, all business succession plans have a cost. That cost, or the perception of that potential cost, may influence the actor's attitude toward the behavior or even influence the actor's perception of control over the behavior. Thus, my first group, those who either have a BSP or have not addressed the issue, my sixth hypothesis follows.

Hypothesis 1f: When comparing owners/managers who have a BSP with those who are not addressing BSP, the perceived cost of business succession planning (including time *requirements) will be negatively associated with the firm having a business succession plan.*

For the same reasons stated in support of H1f, in my second sample group that includes those who are developing a BSP and those who have not addressed it, I expect the perceived cost of BSP to have a negative impact on the decision to pursue BSP.:

Hypothesis 2f: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, the perceived cost of business succession planning (including time requirements) will be negatively associated with the firm developing a business succession plan.

As to my third grouping, those who have a BSP and those who are in a state of developing a BSP, and for the same reasons outlined above, I expect those that perceived the cost of BSP to be greater will be less likely to have actually completed development of their BSP.

Hypothesis 3f: When comparing owners/managers who have a BSP with those who are simply developing a BSP, the perceived cost of business succession planning (including time requirements) will be negatively associated with the firm having a business succession plan.

Availability of a Qualified Successor

TPB presupposes that the opportunity exists to follow through on the desired behavior. This represents an interesting issue with succession planning. Some may argue that opportunities exist and it is just a matter of willingness to pursue the opportunities; others may question whether the succession opportunities are practically available (Wadeson & Ciccotosto, 2013). As I am looking at small relationship-driven businesses, the potential successor needs a combination of technical expertise, the personality to work with the customers, and the financial resources to be a part of the succession plan. For the incumbent, the timing of when a successor is available may be critical to the process. Some incumbents may try to “grow their own,” while others may try to transition their businesses to outsiders or merge them with other similar firms. Regardless of the form of potential transition, I argue that an incumbent must have a belief that a qualified successor is available before he or she will go to the time and expense of developing a BSP.

Hypothesis 1g: When comparing owners/managers who have a BSP with those who are not addressing BSP, the perceived availability of a qualified successor will have a positive relationship with a firm having a business succession plan.

Likewise, excluding those who already have a BSP, I expect the remaining respondents to be more likely to begin developing if they perceive that a qualified successor is available; otherwise they will likely not bother with developing a plan.

Hypothesis 2g: When comparing owners/managers who are developing a BSP with those who are not addressing BSP, the perceived availability of a qualified successor will have a positive relationship with a firm developing a business succession plan.

Finally, of the group of respondents who have a BSP or are developing a BSP, for the reasons outlined above, I expect that those who have a greater perception of the availability of a qualified successor will be farther along the path toward executing a BSP.

Hypothesis 3g: When comparing owners/managers who have a BSP with those who are simply developing a BSP, the perceived availability of a qualified successor will have a positive relationship with a firm having a business succession plan.

Summary

In this chapter, a literature review was provided that narrowed the framework for BSP that was outlined in Chapter I. Specifically, I narrowed my focus to the antecedents to BSP in small relationship-dependent service businesses. I reviewed the practitioner literature to determine the need for research in this area and some of the key areas of interest. I then reviewed the Theory of Planned Behavior and its applicability to business succession planning. I also reviewed literature pertaining to CEO succession planning and family-firm succession planning in search of analogous or parallel issues that will be faced in BSP of small firms in relationship-dependent service industries. These reviews led me to the sense that BSP in small relationship-dependent service firms is a very individualized behavior that is driven by very individualized needs and motivations of the incumbent, similar to family business succession planning. Unlike most of the literature on small- and medium-sized business succession planning, my focus is on firms without significant tangible assets with readily ascertainable values. My study is concerned with firms that are dependent on the continued goodwill of their service customers. From this literature review, I developed four hypothesized relationships concerning founder attitudes, normative beliefs, perceived behavioral control, and role identity driving BSP or the development of a business succession plan, and three potential situational factors that may have a positive or negative influence on BSP. As will be addressed in Chapter III, each of my hypotheses will be tested against three sample groups: Group 1 consists of those who have a BSP and those who are not addressing the issue; Group 2 consists of those who are developing a BSP and those who are not addressing the issue; and finally, Group 3 consists of those who have a BSP and those who are developing a BPS.

CHAPTER III

METHODOLOGY

This chapter describes the methodology that was employed to test the hypotheses developed in Chapter II. There will be a discussion of the sample population and the method of data collection. I will describe the variables of interest and the measures I will use in my analysis of the variables of interest.

Sample Population and Data Collection

The population for this study was drawn from independent financial advisors affiliated with a specific "broker-dealer." Most of the members of the population also offer tax return preparation and tax planning, adding financial services to their established tax businesses. Many of the financial advisors are certified public accountants, attorneys, or enrolled agents as well as having the necessary securities licenses in order to be affiliated with their broker-dealer. Appendix A presents a copy of the letter to the organization inviting them to participate. In order to protect participant privacy, rather than gathering advisors' names and e-mail addresses, I asked the broker-dealers to forward an invitation letter to their advisors on my behalf. Appendix B presents a copy of the letter to potential participants.

The data collection instrument was a web-based survey that was administered using Qualtrics. The survey included general demographic questions for control purposes and questions specifically designed to address my seven hypothesis.

Measures

Dependent Variables (DVs)

Our dependent variable in this study, as discussed in Chapter II, is the status of an incumbent's Business Succession Plan (BSP), if any. It is coded as a categorical variable derived from question 22 of the survey that simply asked respondents to select their answer to the following.

My business succession plan:

1.	has been implemented	30 Respondents	(16.8%)
2.	is ready to be implemented	12 Respondents	(6.7%)
3.	is being developed	82 Respondents	(45.8%)
4.	has not been addressed	55 Respondents	(30.7%)

For purposes of my analysis, I considered 1 and 2 above as "having a BSP" (variable named Existing Plan), 3 as a BSP is being developed (variable named Developing Plan), and 4 as not currently addressing BSP (variable named No Plan). My hypotheses are stated as relationships with these various states as measured within specific groups.

In my analysis, discussed in the next section, each hypothesis is measured within one of three sample groups. Group 1 includes all respondents who indicated that they have a business succession plan (1 or 2 from above) and those who have not addressed BSP (4 from above). Group 1 includes 97 responses. Group 2 includes all respondents who indicated that they are developing a BSP (3 from above) and those who have not addressed BSP (4 from above). Group 2 includes 137 responses. Group 3 includes all respondents who indicated that they have a business succession plan (1 or 2 from above) and all respondents who indicated that they are developing a BSP (3 from above). Group 3 contains 124 responses. For each sample group, the DV is as follows.

Group 1 - 1 if respondent has a BSP, else 0.

Group 2 - 1 if respondent is developing a BSP, else 0.

Group 3 - 1 if respondent has a BSP, else 0.

Independent Variables (IVs) - Incumbent Characteristics

As discussed in Chapter II, the theory of planned behavior (TPB) has been utilized to study succession planning in family-owned businesses (Carr & Sequeira, 2007; Sharma et al., 200b; Mejbri & Affes, 2012) and has been adapted to study entrepreneurs (Carr & Sequeira, 2007; Krueger & Carsrud, 1993; Schwarz et al., 2009). As TPB has been used to study many of the characteristics that I find in my sample population, I developed the first three incumbent characteristic IVs by use of the TPB model. TPB is driven by attitude toward a behavior, the subjective norm applicable to the behavior, and the actor's perceived behavioral control (Azjen, 1991). My selected independent variables corresponding with the TPB factors are as shown below.

Theory of Planned Behavior Variable	My Variable
Attitude	Attitude (toward retirement)
Subjective Norm	Age
Perceived Behavioral Control	Locus of Control

Willingness of Incumbent to Transition Ownership and Control (Attitude). This IV was measured by Question 1 in my survey (Appendix C) and includes five statements measured using a seven-point Likert scale, from (1) strongly disagree to (7) strongly agree. I developed this scale with a review by academic peers and a further review by CPA practitioners. Four of the items addressed willingness to retire, and one item addressed desirability of remaining in the current position. Accordingly, that item was reverse scored. I ran a Scale Reliability Analysis on the five items, which achieved a Cronbach's Alpha of .758 and noted that removal of any item would decrease reliability. An alpha in excess of .70 is generally considered an acceptable level of reliability; thus I deemed my scale a reliable measure of incumbent willingness to retire. In my TPB model, this is a measure of attitude toward the behavior and is represented with the name ATT.

Incumbent's Age (Subjective Norm). My second IV, representing subjective norm (SN) is self reported age in years. My premise is that the older the respondent, the more will be the personal and social norms that would indicate that planning for retirement is an acceptable behavior. This variable is represented by the name Age.

Incumbent's Locus of Control (Perceived Behavioral Control). My third IV, representing perceived behavioral control (PBC) is my measure of the respondent's internal verses external locus of control (LOC). While PBC is context sensitive, I theorized that those with a higher internal locus of control will perceive that they have more behavioral control in the BSP context. LOC is probably best measured with Rotter's (1966) classic LOC; however, that involves respondents choosing between 19 pairs of responses. Using Rotter's full analysis would have made my survey far too long for me to expect a high level of participation. Because of length of survey requirements, I modified Lumpkin's (1985) six-item short measure of LOC. My fourth survey item, as shown in Appendix C, consists of modified wording of four of the six items to reflect LOC in a business environment. The six items consist of three addressing internal LOC and three addressing external LOC. As with my first survey question, these items were scored on a seven -oint Likert scale ranging from (1) strongly disagree to (7) strongly agree. Lumpkin's (1985) scale was marginally reliable, with a Cronbach's Alpha of .685. Reverse coding the items measuring external locus in my modified scale and running a scale reliability in SPSS, my data reflects a Cronbach's Alpha of .635, indicating marginal reliability. This variable is represented with the variable name LOC. The mean of the items (reverse coding the last three), was 5.18 on the Likert scale of 1 to 7, indicating a moderate level of internal LOC in my sample.

Incumbent's Role Identity with the Firm. My fourth IV, the final incumbent characteristic, is a measure of the incumbent's role identity with the firm. Role identity had been identified as a potential impediment to family succession planning, as discussed in the sections on family firm succession planning and on role identity in Chapter II (Conner & Armitage, 1988; Pierce et al.,2001; Sharma et al., 2003a; DeTienne & Cardon, 2012). Question 3 of my survey (Appendix C) was designed to measure work-role identity with the incumbent's firm. I measured work-role identity through modification of a previously validated scale used to measure role identity in a business leadership context (Waldman, Galvin, & Walumbwa, 2013). My question involved six items measured on a seven-point Likert scale from (1) strongly disagree to (7) strongly agree. I noted that items 5 and 6 were measures of nonwork role identity issues, while the first four items addressed business-related identity issues. Excluding from my analysis the items that inquire about nonwork identity and utilizing only the first four that directly address work-role identity, I obtain an alpha of .751, indicating an acceptable level of reliability. This variable is reflected as Role Identity in my analyses.

Independent Variables (IVs)–- Situational Characteristics

Number of Incumbent's Family Members Working in the Firm. My fifth IV is incumbent family participation in the business. As discussed in the section on family firm succession planning in Chapter II, there may be socio-emotional wealth attributed to the family that may serve as an impediment to BSP (DeTienne & Chirico, 2013). I hypothesized that an incumbent will be less likely to have, or to develop, a BSP if the incumbent has family members involved in the business. Item 12 of my survey (Appendix C) requested the number of family members currently involved in the respondent's business. Fifty percent of my respondents indicated that one or more family members are currently involved in the business. Half of those (46 of 93) expect a family member to continue in the business after they retire. Obviously, the inverse is also true: half of them (47 of 93) expect their retirement to terminate the family involvement in the business. The complete results of item 12 for my sample are shown in Table 1. This variable is represented in my analyses with the name FAM_C.

Table 1. Family Involvement in the Business

Number of Family Members in the Business	Number of Responses	Percentage of Sample
0	93	50
1	48	26
2	27	14
3	11	6
4	5	3
5	2	1
Total	186	

Incumbent's Perception of the Cost of Business Succession Planning. My sixth IV is a measure of the incumbent's perceived cost of BSP. I hypothesized that perceived cost would be a deterrent to BSP. As with virtually any behavior, the actor will consider, often unconsciously, any costs associated with performance of the behavior. Item 16 of my survey (Appendix C) asked respondents about their perception of the cost of BSP. For this variable, I developed seven items measured in a Likert scale format, ranging from (1) strongly disagree to (7) strongly agree. I developed this scale with a review by academic peers and a further review by CPA practitioners. Noting that the first six items addressed perceived cost and long-term benefit and that item 7 requested the respondent's opinion of perceived cost and a short-term benefit, I dropped item 7 from my scale. Reverse coding items 3 and 6, I ran scale reliability in SPSS and achieved a Cronbach's Alpha of .737, indicating an acceptable level of reliability. This variable is represented in my analyses with the name Cost.

Incumbent's Perception of the Availability of a Successor. My seventh IV, the respondents' perception of the availability of a qualified successo,r was derived from my review of the family firm succession planning literature in Chapter II. More specifically, Sharma et al. (2003a), upon seeing the failure of TPB to explain family firm succession planning in their study, speculated that succession planning was driven more by the availability of a successor than by the incumbent's needs or desires. Therefore, I hypothesized that the perceived availability of a qualified successor would be associated with an increased likelihood of having or developing a BSP. Thus, item 17 of the survey (Appendix C) asked respondents about their perceptions of the availability of a qualified successor. I developed this scale with a review by academic peers and a further review by CPA practitioners. Similar to the scale concerning cost, I developed a seven-item scale measure in a seven-point Likert style format from (1) strongly disagree to (7) strongly agree. I noted that the first two of the seven items were distinguishable from the other five items. The first two start with "I have" while the remaining items ask about what the respondent expects to have in the future. Discarding the first two items and reverse coding the last item, I obtained a Cronbach's Alpha of .752, indicating an acceptable level of reliability. Excluding those first two items, I created the variable Avail.

Control Variables (CVs)

Of interest to my study are the variations in BSP, if any, based on size of the business, longevity of the business, and gender. The control variables utilized include:

1. firm gross revenue in dollars,
2. number of firm employees (professional service providers/support staff),
3. number of years in business,
4. gender.

In order to better protect the anonymity of respondents and to encourage participation, I did not ask about specific numbers of employees or specific amounts of revenue. Instead, I asked for identification of firm size by ranges. Firm size based on revenue consisted of five categories: less than $500,000, $500,001 to $1,000,000, $1,000,001 to $1,500,000, $1,500,001 to $2,000,000, and more than $2,000,000. Firm size based on employment also consisted of five categories: 1 to 5, 6 to 10, 11 to 15, 16 to 20, and more than 20.

Analysis

My hypotheses consist of statements of direct relationships. Each hypothesis preceded by a number 1 is a statement that a particular IV bears a particular relationship with the existence of a BSP and is tested with Group 1 of the sample. (Group 1 includes those who have a BSP and those who have not addressed BSP.) Each hypothesis preceded by a number 2 is a statement that a particular IV bears a particular relationship with the state of developing a BSP and is tested with Group 2 of the sample. (Group 2 includes those who are developing a plan and those who have not addressed BSP.) Each hypothesis preceded by a number 3 is a statement that a particular IV will have a stronger relationship with being in a state of having a BSP than with being in a state of developing a BSP and is tested with Group 3 of the sample. (Group 3 consists of those respondents who have a BSP or are developing a BSP). Accordingly, my hypotheses will be analyzed by review of the nonparametric correlation of the IVs with the indicated DV utilizing the SPSS statistical software. I will judge the strength of the correlations in relation to the attitude to behavior, attitude to intention, and intention to behavior correlation effect size benchmarks set forth by Bosco et al. (2015).

I will then conduct post-hoc analysis of the data by combining the IVs in a manner that represents my indicated owner/manager characteristics, applying binary logistic regression analysis to the data, again utilizing the SPSS statistical software. I will also apply the regression analysis to my owner/manager characteristics combined with my various situational variables. As my survey will capture more data than is necessary to simply analyze my IVs and their relationship to the DVs, I will perform other post-hoc analysis as the opportunities arise.

CHAPTER IV

RESULTS

This chapter presents the results of the statistical analyses used to test the hypotheses that were presented in Chapter II. The results will be presented in four sections. The first section will provide information about my data collection process. The second section reports on the statistical analysis of the data and the correlations of the key variables. The third section reports the specific results of the hypothesis testing. In the fourth section, I provide post-hoc analysis of the data and a summary of my key findings.

Data Collection

As described in Chapter III, the sample was drawn from independent financial advisors affiliated with a specific broker-dealer. I solicited voluntary participation from multiple broker-dealers working with independent financial advisors. These broker-dealers are keenly aware of the succession issues facing their aging affiliated workforce; their business success is driven by the business success of their independent affiliates. As such, they have a genuine interest in the business succession plans of their affiliates, particularly in assuring that the business succession plans are designed to keep the business with the broker-dealer. Some broker-dealers are beginning to develop, or have established, entire departments dedicated to assisting their affiliates with business succession issues. The broker-dealer participating in this study offers coaching and limited assistance to affiliates who are developing a BSP or to persons involved in emergency business transitions, but does not have a full time department dedicated solely to this function.

My solicitation efforts were met with enthusiasm, followed by many conversations with the management teams of the various broker-dealers. While none of the solicited broker-dealers affirmatively declined to participate, in the end only one broker-dealer, headquartered in the midwestern United States, agreed to participate in a timely fashion. Most of the affiliates of the participating broker-dealer established their businesses as accounting, tax return preparation, and tax planning, adding financial advisory services and affiliating with the broker-dealer after establishing their firms. Many of the participants are certified public accountants, attorneys or enrolled agents who obtained the necessary securities licenses in order to affiliate with the broker-dealer. On one hand, this group may have very narrow ideas on what constitutes a "qualified successor:; on the other hand, the group represents a number of different professional points of view.

The broker-dealer forwarded an invitation letter to the highest producing 1,000 advisors affiliated with their firm. The invitation letter is included in Appendix A. The invitation included an anonymous link to the survey through the Qualtrics survey tool. Two hundred thirteen advisors followed the link to the survey, 195 advisors began the survey, and 179 advisors completed the survey. This provided me with an 18% response rate. The broker-dealer regularly surveys its advisors concerning different subjects; they indicated that they were very impressed with the 18% response rate to a survey as long as this. They felt this indicated that the level of interest that currently exists concerning this subject is high.

The broker-dealer provided us with a mean age of 59.2 years for the 1,000 advisors invited to participate; the mean age of the 179 who completed the survey was 59.93, with a standard deviation of 8.57. As we will see, the mean age of this sample corresponds very closely with the current mid-point age of the baby boom generation (Crumpacker & Crumpacker, 2007). The similarity in the mean age of the population and the mean age of respondents gives us some indication that the respondents are representative of the population at large. Noting that there were a few very young respondents (minimum age 30) and a few that were over 70 years of age (maximum age 80), I recalculated the mean age excluding respondents under the age of 45 and over the age of 70. This recalculated mean was 59.9, indicating that my youngest and oldest respondents had little impact on the mean age. I also reviewed the responses of the youngest and oldest respondents, noting that the patterns of answers were generally indistinguishable from any other respondent. Accordingly, I did not exclude any response due to age extremes.

All respondents who completed the survey appeared to take a reasonable amount of time to thoughtfully respond. While no incentives were offered for completion of the survey, I did review responses for any that looked irregular. None of the responses demonstrated a pattern of choosing a specific response throughout; that is, not all items were marked with the same number on the various Likert-style items. In addition, considering the many items that needed to be reverse coded for analysis purposes, the responses were generally consistent with expectations. That is, if the respondent gave high or low Likert responses to the positive statements, they generally gave the reverse level of response to negatively worded statements. This indicated a good level of understanding and contemplation on the part of the respondents.

The baby boom generation comprises 79% of my respondent sample. This generation is in the age range of 51 to 69 at the time of this writing, generally reflecting a birth year of 1946 through 1964 (Sullivan et al., 2009). At first glance, one might think that generally older respondents were more interested in the subject and therefore more likely to complete the survey. However, based on the information provided by the broker-dealer reported above, the respondent population appears to be a fairly accurate representation of the target population.

Statistics and Correlations

All of the following statistical analysis was performed utilizing the SPSS statistical software package.

Control Variables

My control variables, described in Chapter III, included firm size as measured by the number of employees, firm size as measured by revenue, number of years in business, and gender. I found that firm size measured by revenue was strongly correlated with size measured by number of employees, with a correlation of .668. Firm size as measured by revenue was moderately positively correlated with an incumbent, indicating they were developing a BSP, with a *p*-value of less than .05. The measure did not demonstrate statistically significant correlation with a firm actually having a BSP. Firm size as measured by number of employees was not significantly correlated with any DV. Thus, for my analysis, I simplified my control variables to firm size measure by revenue (Revenue), number of years in business (Years), and gender (Gender).

The questions concerning firm size are indicative of the types of small businesses I was interested in evaluating. Of 178 responses, only 20 (11.2%) indicated annual gross revenue in excess of $1 million, and only three of those (1.7% of the sample) indicated annual revenue in excess of $2 million. Similarly, only 14 (7.9%) indicated their firm had more than 10 employees, and only one firm indicated more than 20 employees.

Hypothesis Testing

Due to the categorical nature of my dependent variables, I tested my hypotheses via nonparametric correlation analysis performed in three steps. I first addressed Hypotheses 1a through 1g. This first analysis was a correlation of my DV Existing_Plan to my IVs. In an effort to identify characteristics that might distinguish an incumbent with a BSP from one who has not addressed BSP, I excluded from my sample all of the respondents who indicated that they were developing a plan and only included those who either had a plan or had not addressed a plan. This is Group 1, a sample of 97; as shown in Chapter III, my sample contained 42 respondents with a plan and 55 who have not addressed BSP. The correlations are as reflected in Table 2.

As shown in Table 2, my willingness variable (Attitude) has a positive (.343) and significant correlation with the respondent having a BSP. Utilizing the Bosco et al. (2015) analysis of correlation effect size benchmarks, specifically their benchmark for attitudes to behaviors, my willingness variable has a strong correlation with having a plan. Accordingly, Hypothesis H1a is supported. As

Table 2. Correlation Table, Group 1

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Revenue	1.52	0.68										
2. Gender	1.08	0.82	.002									
3. Years in Business	26.18	9.93	.246*	.174								
4. Attitude	4.14	1.34	-.049	.102	.214*							
5. Age	60.93	8.31	-.121	-.024	.354**	.341**						
6. LOC	5.07	0.69	.004	.130	.055	-.049	.032					
7. FAM_C	0.81	1.12	.257*	.049	.268**	.120	.024	.112				
8. Cost	2.72	1.06	-.290**	-.133	-.159	-.156	-.007	-.057	-.081			
9. Availability	4.92	1.06	.156	-.126	.193	.215*	.245*	.105	.045	.375**		
10. Role Identity	5.56	0.86	.231*	.078	.239*	-.069	-.039	.132	.202*	-.387**	.174	
11. Existing Plan	0.43	0.05	.186	-.032	.164	.343**	.395**	-.008	.158	-.374**	.617**	.226*

N = 97, * *p* < .05, ** *p* < .01

expected, age has a robust (.395) and significant correlation with a firm having a BSP. Hypothesis H1b is supported.

As noted earlier in the chapter, I was disappointed in the lack of robustness of my LOC measure; however, the measure of locus of control did reflect the sample's tendency to internal locus of control. As shown in Table 2, locus of control had no correlation with my respondents who have a BSP in place. Hypothesis H1c is not supported.

Owner/manager role identity with the firm has a moderate and significant positive correlation with the firm having a BSP. This was a surprise finding as I expected the strength of the owner/manager's role identity with the firm to serve to reduce BSP as I had been observed in other contexts as discussed in Chapter II (Conner & Armitage, 1988; Pierce et al., 2001;Sharma et al., 2003a; DeTienne & Cardon, 2012). My theory was that if there was high role identity, the owner/manager would not want to retire from the firm. This correlation reflects the opposite, indicating that high role identity has a positive relationship with firm BSP, perhaps indicative of an enhanced desire to see the business they built continue after their retirement. Accordingly Hypothesis H1d is not supported.

As indicated in Chapter II, family businesses have their own unique obstacles to overcome when developing or implementing a succession plan. If all family members are "on board" with the totality of the succession plan, family business succession planning may be a wonderful process. However, to the extent that family members have differing roles and ambitions, family business succession planning may be so difficult that the incumbent is not willing to deal with it. Further, family socioeconomic wealth may create resistance among family members (DeTienne & Chirico, 2013). In this sample shown in Table 2, family participation has no significant relationship with having a BSP in place. Accordingly, my sample does not reflect family involvement having either a positive or negative impact on a firm having a BSP. My specific hypothesis was that family involvement would have a negative impact on having a BSP. Therefore, Hypothesis H1e is not supported.

The perceived cost of business succession planning has a strong, negative (-.374), and significant effect on a firm having a BSP. Accordingly Hypothesis H1f is supported.

As shown in Table 2, not only does availability of a qualified successor have a strong, positive, and significant correlation with having a BSP, this is the most pronounced correlation with having a BSP of any of my variables. The perception that a qualified successor is available may be one of the most important factors that influences an incumbent to have a plan or to decide not to have a plan. This finding is consistent with prior research in the family succession planning literature indicating that firm BSP may be more dependent on the perceived availability of a qualified successor than the needs and desires of the incumbent owner/manager (Sharma et al., 2003a). Accordingly Hypothesis H1g is supported. Table 3 summarizes the results of my Hypotheses 1 concerning a firm having a BSP in place.

Table 3. Summary of Support of Hypotheses 1a Through 1g

Hypothesis	Supported	Not Supported
H1a	X	
H1b	X	
H1c		X
H1d		X (Opposite)
H1e		X
H1f	X	
H1g	X	

The next step in my correlation analysis was structured to address Hypotheses H2a through H2g, which address developing a BSP. This second analysis was a correlation of my DV Developing_Plan to my IVs. In an effort to identify characteristics that might distinguish an incumbent who is developing a BSP from one who has not addressed BSP, I excluded from my sample all of the respondents who indicated that they already had a plan and only include those that indicated that they were either developing a plan or had not addressed a plan. This is Group 2, a sample of 137: 82 respondents who were developing a plan and 55 who have not addressed BSP. The correlations are as reflected in Table 4 below.

Table 4. Correlation Analysis, Group 2

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Revenue	1.57	0.84										
2. Gender	1.20	0.84	-.003									
3. Years in Business	24.24	8.83	.224**	-.150								
4. Attitude	3.91	1.23	-.142	-.115	.203*							
5. Age	58.52	8.73	-.176*	-.164	.392**	.240**						
6. LOC	5.21	0.74	.178*	.221**	-.078	-.114	-.151					
7. FAM_C	0.87	1.14	.332**	.229**	.079	-.046	-.108	.248**				
8. Cost	2.76	0.92	-.250**	-.130	.112	.026	.198*	-.127	-.016			
9. Availability	4.72	0.99	.225**	-.053	-.042	.000	-.107	.191*	.088	.237**		
10. Role Identity	5.62	0.90	.273**	.289**	.051	-.156	-.193*	.203*	.248**	-.317**	.156	
11. Developing BSP	0.60	0.49	.197*	.219*	-.033	.117	.018	.188*	.164	-.233**	.297**	.210*

N = 137, * $p < .05$, ** $p < .01$

As shown in Table 4, my willingness variable (Attitude) does not have a significant correlation with the respondent developing a BSP. Accordingly, Hypothesis H2a is not supported.

Contrary to what we saw with the existing plan populations, age does not have a significant correlation with a firm developing a BSP. Accordingly, Hypothesis H2b is not supported.

Hypothesis H2c states that: *When comparing owner/managers who are developing a BSP with those who are not addressing BSP, owner/manager internal locus of control will have a positive relationship to the firm developing a business succession plan.* This sample also reflected this group having a tendency to internal locus of control. As shown in Table 4, locus of control had a moderate and significant correlation with my respondents who are developing a BSP. Hypothesis H2c is supported.

Owner/manager role identity with the firm has a moderate and significant positive correlation with the firm developing a BSP. This was again a surprise finding as I expected the strength of the owner/manager's role identity with the firm to serve to reduce the development of a firm's BSP. The assumption was that if there was high role identity, the owner/manager would not want to retire from the firm. This correlation reflects the opposite, indicating that high role identity has a positive relationship with a firm developing a BSP. Hypothesis H2d is not supported.

Family participation has no significant relationship with developing a BSP in place. Accordingly, my sample does not reflect family involvement having either a positive or negative impact on a firm developing a BSP; my specific hypothesis was that family involvement would have a negative impact having a BSP. Hypothesis H2e thus is not supported. As expected and as shown in Table 4, the perceived cost of business succession planning has a moderate, negative (-.233), and significant effect on a firm developing a BSP. Accordingly Hypothesis H2f is supported. Availability of a qualified successor has a strong, positive, and significant correlation with developing a BSP. As with my earlier examination of firms with a BSP, this is the most pronounced correlation with developing a BSP of any of my variables. Accordingly Hypothesis H2g is supported.

Table 5 summarizes the results of my Hypotheses 2 concerning a firm being in the state of developing a BSP.

Table 5. Summary of Support for Hypotheses 2a Through 2g

Hypothesis	Supported	Not Supported
H2a		X
H2b		X
H2c	X	
H2d		X (Opposite)
H2e		X
H2f	X	
H2g	X	

For purposes of further analysis and consideration, below I present the results of Hypotheses 1 and 2 side by side.

Table 6. Comparison of Tables 3 and 5

Table 3 – Hypothesis 1a - 1g Firm Having a Plan			Table 5 – Hypothesis 2a - 2g Firm Developing a Plan		
Hypothesis	Supported	Not Supported	Hypothesis	Supported	Not Supported
H1a	X		H2a		X
H1b	X		H2b		X
H1c		X	H2c	X	
H1d		X (Opposite)	H2d		X (Opposite)
H1e		X	H2e		X
H1f	X		H2f	X	
H1g	X		H2g	X	

Comparing the results side by side, we see an interesting pattern. For my first three items, which were developed to represent the three characteristics of TPB, my results are the opposite between the two groups. That is, among those who have a plan compared to those who have not addressed a BSP, attitude and age are correlated with having a plan. On the other hand, in the group that is developing a plan compared to those who have not addressed a plan, those factors are not correlated with BSP. Likewise, locus of control is not supported as a factor for those who already have a plan, though it is supported for those developing a plan.

The third step in my correlation analysis was structured to address Hypotheses H3a through H3g. These are the same as H1a through H1g, but are tested with Sample Group 3 rather than Sample

Group 1. This Group 3 is a sample of 124, 42 respondents who have a BSP and 82 respondents who were developing a plan. The correlations are as reflected in Table 7.

My willingness variable (Attitude) does have a moderate and significant correlation with the respondent having a BSP. Accordingly, Hypothesis H3a is supported. Age does have a strong and significant correlation with a firm developing a BSP and thus Hypothesis H3b is supported. This sample also reflected this group having a tendency to internal locus of control. As shown in Table 7, locus of control does not have a significant correlation with the existence of a BSP in this specific sample, and Hypothesis H2c is not supported.

Owner/manager role identity with the firm has a strong and significant positive correlation with the existence of a BSP. This surprise finding is consistent with H1d and H2d. Based on research in the family succession literature, I expected the strength of the owner/manager's role identity with the firm to serve as an impediment to developing or having a BSP. The assumption was that if there was high role identity, the owner/manager would not want to retire from the firm. This correlation reflects the opposite, indicating that high role identity has a positive relationship with a firm developing a BSP. Accordingly, Hypothesis H3d is not supported.

Family participation has no significant relationship with developing a BSP in place. Thus, the sample does not reflect family involvement having either a positive or negative impact on a firm developing a BSP. My specific hypothesis was that family involvement would have a negative impact on having a BSP, so Hypothesis H3e is not supported. As expected and as shown in Table 7, the perceived cost of business succession planning has a moderate, negative (-.190), and significant correlation with a firm having a BSP in this sample. This indicates that perceived cost is more of an impediment to actually having a plan than to being in a state of developing a plan. This was the expected correlation, and Hypothesis H3f is supported. Availability of a qualified successor has a strong, positive, and significant correlation with the existence of a BSP in this sample. As with my earlier correlations, this is the most pronounced correlation with the existence of a BSP of any of my

.

Table 7 - Correlation Analysis, Group 3

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Revenue	1.70	0.92										
2. Gender	1.20	0.40	-.001									
3. Years in Business	25.37	9.72	.241**	-.237**								
4. Attitude	4.24	1.36	-.197*	-.220*	.146							
5. Age	60.72	8.42	-.197*	-.187*	.337**	.302**						
6. LOC	5.24	0.82	.057	.226*	-.109	-.179	-.082					
7. FAM_C	1.00	1.17	.266**	.121	.140	-.069	-.077	.083				
8. Cost	2.47	0.89	-.251**	-.046	-.099	.013	..078	-.127	-.001			
9. Availability	5.18	0.87	.204*	-.104	-.202*	.013	-.014	.066	.104	-.347**		
10. Role Identity	5.78	0.87	.257**	.173	.053	-.359**	-.229*	.090	-.225*	-.201*	.255**	
11. Existing BSP	0.34	0.48	.004	-.229*	-.185*	.216*	.337**	.155	.004	-.190*	.348**	.001

N = 124, *$p < .05$, **$p < .01$

variables. This was not unexpected, as the availability of a qualified successor seems to be the most important factor to having or developing a BSP. Therefore, Hypothesis H3g is supported.

Table 8 summarizes the results of my Hypotheses 3 concerning a firm having a BSP in place versus having a plan under development.

Table 8. Summary of Support for Hypotheses 3a Through 3g

Hypothesis	Supported	Not Supported
H3a	X	
H3b	X	
H3c		X
H3d		X (Opposite)
H3e		X
H3f	X	
H3g	X	

For ease of comparison we present the summarized results of all three sets of hypotheses in Table 9 below.

As we see from the above table, the results of the hypotheses concerning a firm having a BSP versus not addressing BSP, and the results of the hypotheses concerning a firm having a BSP versus being in a state of developing a BSP are exactly the same. In each case, personal factors of attitude, age, and work role identity are positively and significantly associated with having a BSP, the situational factor of perceived cost is negatively and significantly associated with having a BSP, and the situational factor of perceived availability of a qualified successor is strongly positively and significantly associated with having a BSP.

As noted earlier, the portion of the sample that is in a state of developing a plan is not correlated with attitude and age, but is positively associated with the incumbent tending towards an internal locus of control. As with the respondents who have a plan, work role identity is positively and significantly associated with developing a plan. In addition, perceived cost and perceived availability of a successor appear to have a similar impact on those developing as plan as on those who have a plan, though the impact it stronger on those who have a plan. As attitude, age, and work role identity are internal to the owner/manager, my analysis indicates that those such as the broker-.

Table 9. Comparison of Tables 3, 5, and 7

Table 3 Hypotheses 1a - 1g Firm Having a Plan Versus No Plan			Table 5 Hypotheses 2a - 2g Firm Developing a Plan Versus No Plan			Table 7 Hypotheses 3a - 3g Firm Having a Plan/Developing a Plan		
Hypothesis	Supported	Not Supported	Hypothesis	Supported	Not Supported	Hypothesis	Supported	Not Supported
H1a	X		H2a		X	H3a	X	
H1b	X		H2b		X	H3b	X	
H1c		X	H2c	X		H3c		X
H1d		X (Opposite)	H2d		X (Opposite)	H3d		X (Opposite)
H1e		X	H2e		X	H3e		X
H1f	X		H2f	X		H3f	X	
H1g	X		H2g	X		H3g	X	

dealer who have an interest in the succession planning efforts of aging incumbents need to devise a plan to minimize the cost of succession planning and insure a stable and visible supply of potential successors.

I evaluated my respondents by categorizing them into three distinct categories: 1) those with an existing BSP, 2) those developing a BSP, and 3) those who have not addressed BSP. I am discussing retirement and succession planning. Therefore, as I consider the results of my correlation analyses and later regression analyses, it should be noted that the mean age of the group with an existing BSP is 64.6 years of age, nearly six years older than the group that is just now developing a BSP. The mean age of those developing a BSP is 58.8, and the mean age of those who have not addressed BSP is 58.2.

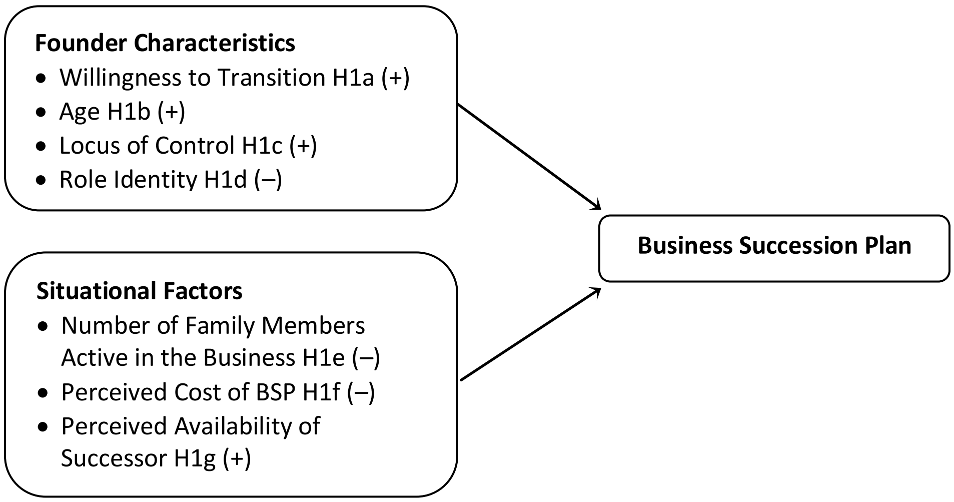
Post-Hoc Analysis

I tested my hypotheses via correlation analysis of each of the referenced independent variables directly with my dependent variables. However, the genesis of my general research question is the applicability of the theory of planned behavior to succession planning in small relationship-dependent business. As indicated earlier, as with Sharma et al. (2003b) and family succession planning, I did not anticipate that TPB by itself could explain BSP in my context. It is important to understand not only what factors correlate with BSP, but how those factors interact with one another to drive an incumbent to succession planning or to choose not to develop a succession plan. TPB is based on the interaction of attitude, subjective norm, and perceived behavioral control. Accordingly, I will begin my post-hoc analysis with Binary Logistic Regression analysis of the variables that originated from the TPB literature review, plus the additional founder characteristic we measured – role identity with the firm. I will then introduce individually and in various combinations the situational factors represented in my model to determine its predictability. My post-hoc analysis will then focus on different combinations of factors that may be combined to produce a practical predictive model.

Founder Characteristics

My model as discussed in Chapters I and II is as shown in Figure 4.

Figure 4. Potential Antecedents to BSP



Similar to my preceding correlation analyses, my post hoc analysis of the general model is divided into three sample sets. Sample 1 includes 97 respondents: the 42 who indicated that they had a BSP in existence and the 55 who indicated that they had not addressed BSP. Sample 2 includes 137 responses: the 82 who indicated that they were developing a BSP and the 55 who indicated that they had not addressed BSP. Sample 3 includes 124 responses: the 42 who indicated that they have a BSP in existence and the 82 who indicated that they were developing a BSP. Each of the three sample sets will be analyzed through binary regression analysis of four models containing the variables as shown in Table 10.

In the first section, I will discuss the application of my model to identification of those with a BSP. This analysis will include the 42 responses from those who indicated they had a plan and the 55 who indicated they had not addressed BSP. The second section will focus on the application of my model to identifying those who are developing a BSP; this analysis will exclude the responses from the 42 respondents who indicated that they already have a BSP. The third step will apply my model to identifying differences between those that have a BSP and those that are simply developing a BSP. In each step, I used as control variables firm size as measured by revenue, number of years in business, and gender.

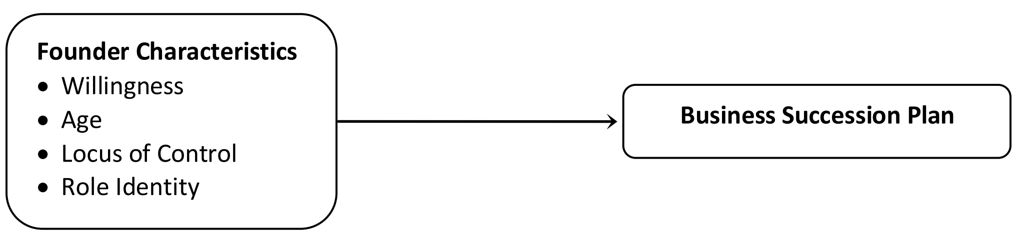
Table 10. Binary Regression Models

	Model 1	Model 2	Model 3	Model 4
Control Variables:				
Revenue	X	X	X	X
Gender	X	X	X	X
Years in Business	X	X	X	X
Independent Variables:				
Attitude	X	X	X	X
Age	X	X	X	X
LOC	X	X	X	X
Role Identity	X	X	X	X
Availability		X	X	X
Cost			X	X
Fam_C				X

Sample Set 1

As a first step in my post-hoc analysis, I regressed the dependent variable "Existing_Plan," representing the existence of a business succession plan with the four variables that represent the founder characteristics as discussed earlier in this chapter. See Figure 5 below.

Figure 5. Founder Characteristics



This regression applied to this sample produced fairly strong predictability. Due to the ratio of Existing_Plan to No_plan, the null model assumes that no one will have a plan, and that will produce a correct prediction in 56.8% of the cases. The model as regressed produces a correct prediction in 74.7% of the cases, an increase of 17.9%. This model had a Nagelkerke R^2 of .485; the Hosmer and Lemeshow Test displayed a χ^2 of 4.826, with 8 degrees of freedom (df) and Sig. of .776. (Nonsignificance is the desirable state in the Hosmer and Lemeshow test.) The model correctly predicted 27 of the cases of a plan being in existence. As shown in Table 11, Attitude, Age, and Role Identity displayed significance. Only LOC and the control variables were nonsignificant. While I hypothesized a different relationship between role identity and having a BSP, the correlation analysis and logistic regression analysis both support the concept that Attitude, Age, and Role Identities are drivers of having a BSP and Locus of Control is not significant.

Table 11. Results of Binary Logistic Regression of Sample 1 - Existing Plan and No Plan

Predictor Variables	Model 1	Model 2	Model 3	Model 4
Intercept	-33.38	-39.94	-38.02	-39.42
	(40,192.99)	(40,192.86)	(40,193.02)	(40,193.08)
Attitude	0.59^{*}	0.54	0.52	0.46
	(0.24)	(0.32)	(0.32)	(0.33)
Age	0.16^{**}	0.21^{*}	0.21^{*}	0.22^{*}
	(0.05)	(.07)	(0.07)	(0.07)
LOC	-0.08	-0.53	-0.54	-0.52
	(0.40)	(0.52)	(0.52)	(0.53)
Role Identity	0.90^{*}	0.90	0.48	0.54
	(0.40)	(0.51)	(0.52)	(0.54)
Availability		2.18^{***}	2.07^{***}	2.16^{***}
		(0.56)	(0.58)	(0.60)
Cost			-0.34	-0.33
			(0.38)	(0.38)
FAM_C				0.38
				(0.38)
Log Likelihood	87.33	58.06	57.25	56.25

$^{*}p < 0.05$ $^{**}p < .01$ $^{***}p < .001$

I next began adding each of the three situational variables from my original model and regressed having BSP on those variables. Based on the strength of correlations, I first added the moderator Perceived Availability of Successor, followed by Perceived Cost of BSP and finally Number of Family Members Active in the Business.

Adding the variable Availability increased the prediction of Existing_Plan nicely, from 73.7% in my base model to 83.2% with the availability variable. This analysis displayed a Nagelkerke R^2 of .712 and, as the preceding analysis, showed a nonsignificant χ^2 in the Hosmer and Lemeshow Test. This grouping of variables correctly predicted 33 of the Existing_Plan cases and 46 of the No_Plan cases. As shown in Table 11, Availability had the highest Beta at 2.175 and a Sig. of .000. Age continued to be significant, though Attitude and Role Identity were not significant in this model.

For my third model, I added the variable Cost, which slightly increased the prediction of Existing_Plan to 85.3% correct, though Cost did not reflect significance. While not reflecting statistical significance, Cost clearly had some minimal effect on the model. This grouping of variables correctly predicted 33 of the Existing_Plan cases and 48 of the No_Plan cases.

My fourth model added my family involvement variable, FAM_C, which had no impact on my percentage correct. In addition, as shown in Table 11, this variable was nonsignificant, consistent with my finding in the correlation analysis.

I continued to run binary logistic regression on multiple combinations of factors. However, no combination performed better than my third model, which contained Attitude, Age, LOC, Role Identity, Availability, and Cost. While that combination caused all but Age and Availability to fail to be significant, to only include Age and Availability lowered the predictive value of the model slightly to 81.1%. Thus it appears that age and the perceived availability of a qualified successor are the main drivers of having a BSP, though Attitude, Locus, Role Identity, and Cost all demonstrate some impact on having a BSP.

Sample Set 2

While the regression analysis concerning the respondents having a BSP provides useful insight, of perhaps more interest and importance is identifying small relationship-driven business owners who do not have a BSP in place but who will develop a BSP. Therefore, I ran the same binary logistic regression analyses on the sample that included all respondents except those who indicated they already had a BSP. This sample was comprised of the 55 who had not addressed a plan and the 82 who indicated that they were developing a plan. These regression analyses were run in the same model sequence as the prior sample.

Unlike my prior sample, in this sample there are more developing a plan than not planning. Accordingly, the null case is that everyone will plan. Based on the ratios of answers, the null case will be correct 60.3% of the time. My base model with this group did not display anything impressive. As above, the base model consisted of owner/manager characteristics Attitude, Age, Locus of Control, and Role Identity. This combination does increase the predictability of the model from a null case of 60.3% to 69.1%. It displayed a Nagelkerke R^2 of .249, a Hosmer and Lemeshow Test χ^2 of 7.492, and a *p* -alue of .485. The only variable reflecting significance was Attitude. However, since my correlation analysis clearly demonstrated differences with this group as compared to the prior sample, these result were not surprising.

In order to maintain consistency for comparison purposes, I continued with this second analysis by adding the Availability variable and running the logistic regression. Adding this variable slightly increased the Nagelkerke R^2 to .307 and passed the Hosmer and Lemeshow test with a χ^2 of 5.108, and a *p*-value of .746. This combination of variables did not increase the percentage correct in the prediction table; it remained at 69.1%. As shown in Table 12, the only variable reflecting significance was Availability.

Table 12. Results of Binary Logistic Regression of Sample 2 – Developing a Plan and No Plan

Predictor Variables	Model 1	Model 2	Model 3	Model 4
Intercept	-4.07	-6.10	-4.97	-5.01
	(2.91)	(3.07)	(3.23)	(3.23)
Attitude	0.37*	0.30	0.28	0.27
	(0.18)	(0.19)	(0.19)	(0.19)
Age	0.04	0.05	0.05	0.06
	(0.03)	(0.03)	(0.03)	(0.03)
LOC	0.30	0.27	0.27	-0.26
	(0.28)	(0.29)	(0.29)	(0.29)
Role Identity	0.36	0.30	0.24	0.21
	(0.24)	(0.25)	(0.25)	(0.26)
Availability		0.61*	0.56*	0.58*
		(0.24)	(0.24)	(0.24)
Cost			-0.27	-0.29
			(0.24)	(0.24)
FAM_C				0.15
				(0.21)
Log Likelihood	155.02	147.69	146.45	145.97

$^{*}p < 0.05$ $^{**}p < .01$ $^{***}p < .001$

My third model adds Cost to the equation, which slightly improves the prediction capabilities of the model to 70.6%. However, I still have only one significant IV, Availability. My fourth model adds family involvement to the equation. Adding FAM_C has no impact on the usefulness of the model as a prediction tool, and I still have only one significant IV, Availability.

As with my other sample, I continued to run logistic regression with various combinations of factors. The most predictive model I observed included the IVs Attitude, Availability, and Cost. This combination provided a percentage correct of 72.1% and an increase of 11.8% over the null model. As with my other regression analyses with this sample, the only IV displaying significance was Availability.

Sample Set 3

I next ran the same binary logistic regression analyses on the sample that included all respondents who indicated that they either had an existing plan or were developing a plan; all respondents who indicated that they had not addressed BSP were excluded from this analysis. This sample was comprised of the 42 who had an existing BSP and the 84 who indicated that they were developing one. These regression analyses were run in the same model sequence as the prior sample.

In this sample, more indicated that they were developing a plan than already had a plan. Therefore, the null case is that everyone will be in a state of developing a plan. Based on the ratios of answers, the null case will be correct 66.7% of the time. My base model with this group only increased the percentage correct to 70.7%, correctly predicting 15 of the respondents as having a plan. As above, the based model consisted of owner/manager characteristics Attitude, Age, Locus of Control, and Role Identity. This combination had a Nagelkerke R^2 of .280, and an Hosmer and Lemeshow Test χ^2 of 7.710, with a *p*-value of .462. The only variable reflecting significance was Age.

Continuing with my consistent models for comparison purposes, I continued this third analysis by adding the Availability variable and running the logistic regression. Adding this variable slightly increased the Nagelkerke R^2 to .378 and passed the Hosmer and Lemeshow test with a χ^2 of 5.691, *p*-value of .682. This combination of variables increased the percentage correct in the prediction table to

74.8; 8.1% better than the null model. As shown in Table 13, Age and Availability were the only IVs reflecting significance.

Table 13. Results of Binary Logistic Regression of Sample 3 – Existing Plan and Developing a Plan

Predictor Variables	Model 1	Model 2	Model 3	Model 4
Intercept	-29.64	-31.30	-29.21	-29.22
	(27,496.86)	(28,382.17)	(28,407.27)	(28,407.49)
Attitude	0.27	0.19	0.17	0.17
	(0.18)	(0.20)	(0.20)	(0.20)
Age	0.10^{**}	0.11^{**}	0.11^{*}	0.11^{*}
	(0.04)	(0.04)	(0.04)	(0.04)
LOC	-0.23	-0.33	-.40	-0.40
	(0.27)	(0.29)	(0.30)	(0.30)
Role Identity	0.30	0.09	-0.01	-0.01
	(0.28)	(0.31)	(0.32)	(0.33)
Availability		0.89^{*}	0.80^{*}	0.80^{*}
		(0.29)	(0.30)	(0.30)
Cost			-0.34	-0.34
			(0.30)	(0.30)
FAM_C				0.00
				(0.21)
Log Likelihood	128.84	117.48	116.21	116.21

$^{*}p < 0.05$ $^{**}p < .01$ $^{***}p < .001$

Adding cost to my regression model, once again, slightly improves the prediction capabilities of the model. This model correctly predicted 77.2% of the cases, an improvement of 10.5% compared to the null model. However, I still show significance for only Age and Availability, as shown in Table 13 below. My fourth model adds family involvement to the equation, which has no impact on the usefulness of the model as a prediction tool; Age and Availability are still the only IVs with significance.

As with my other sample, I continued to run logistic regression with various combinations of factors. Removing all IVs that do not show significance reduces the prediction capability of the model to 73.2%. The most predictive model observed was the third model in this series, which included the IVs Attitude, Age, Work Role Identity, Availability, and Cost. As noted above, only Age and Availability IVs displayed significance.

Multinomial Regression Analysis

In my preceding binary regression analysis, I examined dichotomous DVs associated with each of my three previously defined sample groups. These analyses generally corresponded with my findings using the nonparametric correlation analyses, helping to identify differences between selected groups. While each of these has helped determine the relationship of my IVs to sample sets restricted to a dichotomous outcome, the world is not comprised of dichotomous DVs. Accordingly, I next looked to identify differences among the sample groups. For this, I ran a multinomial regression analysis on the entire sample population utilizing the three DVs Existing Plan, Developing a Plan, and No Plan. The binomial logistic regression analyses in the prior section each excluded one of the DV groups from the sample on which the binomial regression was performed. In those cases, the IVs were able to distinguish those with a plan from those not planning and those only developing a plan fairly well as compared to the null model. The binomial regression was less robust in distinguishing those developing a plan from those not planning. In the multinomial case whereby I include the entire sample and attempt to predict which of the three groups they will fall into, the results were somewhat more interesting.

My usable responses, as reported earlier, consisted of 41 respondents with a BSP, 82 working on a BSP, and 54 not currently addressing BSP. As my multinomial logistic regression will be used to determine my ability to correctly predict the DV from my combination of IVs, I first calculated the proportional by-chance accuracy rate as 36.12%. With this, I then calculated my proportional by-chance accuracy criteria as 45.15% (36.12% × 1.25). Thus, I will consider my model useful if it can accurately predict the DV in more than 45% of cases.

For this procedure, I used my DV coded as 1 = no plan, 2 = developing a plan, and 3 = existing BSP. I included the control variables Revenue, Gender, and Years as well as my IVs Attitude, Age, LOC, Work Role Identity, Family Involved, Cost, and Availability. My model showed good fit in the Likelihood Ratio Tests with a χ^2 of 97.109, 26 df, and Sig. of .000. The model also demonstrated acceptable Goodness-of-Fit with highly nonsignificant Pearson and Deviance χ^2. (A complete listing of the SPSS output is contained in Appendix D.) While the model had reasonably good fit, the Likelihood Ratio Tests disclosed that the only IVs that were significant were Age and Availability. Although the other IVs were nonsignificant, excluding the other IVs reduced classification accuracy of my model. The classification matrix is presented below in Table 14.

Table 14. Multinomial Logistic Regression Classification Matrix

	Predicted			
Observed	1.00	2.00	3.00	Percent Correct
1.00	29	24	1	53.7%
2.00	16	56	10	68.3%
3.00	2	14	25	61.0%
Overall Percentage	26.6%	53.1%	20.3%	62.1%

As we see, the model was able to correctly predict 61% of those who have a BSP and 68.3% of those developing a BSP. My overall percentage correct of 62.1% exceeds my proportional by-chance accuracy criteria of 45.15% , so I consider the model a useful predictor of BSP and intent to BSP.

Discriminant Analysis

To further analyze difference among groups and as a final test of my model, I ran a step-wise discriminant analysis in SPSS. As with my multinomial logistic regression, my DV consisted of 1 = no plan, 2 = developing a plan, and 3 = existing BSP and included all of the IVs used in my correlation analyses – Attitude, Age, LOC, Work Role Identity, Family Involved, Cost, and Availability. Table 15 below reflects the means and standard deviations of each IV by DV group and the corresponding Wilks' Lambda, F-ratio, and Significance from the Test of Equality of Group Means.

Table 15. Discriminant Analysis Results

Variable	Existing Plan Mean (SD)	Developing Plan Mean (SD)	No Plan Mean (SD)	Wilks' Lambda	*F*-ratio	Sig
Attitude	4.65 (1.42)	4.02 (1.29)	3.75 (1.13)	.934	6.195	.003
Age	64.55 (6.13)	58.76 (8.78)	58.16 (8.73)	.910	8.731	.000
LOC	5.10 (.81)	5.31 (.81)	5.05 (.58)	.975	2.293	.104
Role Identity	5.79 (.82)	5.77 (.90)	5.39 (.86)	.958	3.873	.023
Family_C	1.00 (1.17)	1.00 (1.18)	0.67 (1.07)	.983	1.561	.213
Cost	2.29 (1.00)	2.57 (0.81)	3.05 (0.98)	.908	8.908	.000
Availability	5.65 (0.84)	4.95 (1.01)	4.37 (0.86)	.797	22.436	.000

The table indicates that the differences between the group means of the variables Attitude, Age, Role Identity, Cost, and Availability are significant. However, as IVs are entered into the stepwise analysis based on highest F statistic, only Availability, Age, and Cost are entered into the analysis. (A more complete listing of the SPSS Discriminant Analysis output is included in Appendix E.)

The function coefficients, the function loadings in the structure matrix, the functions at group centroids, and the Summary of Canonical Discriminant Functions indicate that Availability is clearly the most important determinant of having a BSP. Availability is driving IV in Function 1, and Function 1 accounts for 95.5% of the variance explained. Age and Cost are influencing factors on Function 2, though the second function only accounts for 4.5% of the explained variance. The classification matrix from my discriminant analysis is show in Table 16.

Table 16. Classification Results[a,c]

			Predicted Group Membership			
		DV	1.00	2.00	3.00	Total
Original	Count	1.00	22.0	32.0	1.0	55.0
		2.00	17.0	55.0	10.0	82.0
		3.00	4.0	18.0	20.0	42.0
	%	1.00	40.0	58.2	1.8	100.0
		2.00	20.7	67.1	12.2	100.0
		3.00	9.5	42.9	47.6	100.0
Cross-Validated[b]	Count	1.00	20.0	34.0	1.0	55.0
		2.00	18.0	50.0	14.0	82.0
		3.00	4.0	18.0	20.0	42.0
	%	1.00	36.4	61.8	1.8	100.0
		2.00	22.0	61.0	17.1	100.0
		3.00	9.5	42.9	47.6	100.0

a. 54.2% of original grouped cases correctly classified.
b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.
c. 50.3% of cross-validated grouped cases correctly classified.

In this analysis, as with multinomial logistic regression, I compare the percentage of correctly classified cases with the proportional by-chance accuracy criteria in order to say whether the model has predictive ability. More specifically, I look to the percentage of cross-validated cases correctly classified. In this sample, my proportional by-chance accuracy criteria is 45% and my cross-validated correctly classified cases is 50.3%, indicating that the model has predictive validity.

Summary

My correlation analyses, regression analyses, and discriminant analyses all point to perceived availability of a qualified successor as a very important consideration in pursing or executing a BSP. In specific circumstances Age, Attitude, LOC, and Role Identity may significantly contribute to having or developing a BSP. In Chapter V, I will review my results, discuss the limitations of my analyses, and offer suggestions for future research.

CHAPTER V

CONCLUSION

In Chapter V I will review the empirical results of my analysis, suggest limitations of my findings, develop ideas for future research, and discuss the implications for practitioners. The motivation for my study was to look for causal factors influencing the success of business transitions in small relationship-dependent businesses as reflected in Figure 1 in Chapter I. However, a complete examination of business succession processes will require a longitudinal study that is beyond the scope of this dissertation. Accordingly, I narrowed my question to searching for antecedents to business succession planning (BSP) in small relationship-dependent service businesses. Very small independent service businesses have not received much attention in the academic literature, though those proprietors are inundated on a regular basis with advice and recommendations on implementing business succession plans in their various practitioner journals.

I began my narrowed study with a focus on the theory of planned behavior (TPB). However, it quickly became apparent that there was more to BSP in small relationship-dependent businesses than could be accounted for solely by TPB. While TPB has been utilized to predict and explain many behaviors in many contexts, others have tried to apply TPB to small business transitions in other contexts, such as family business succession planning, with only limited success (Sharma et al., 2003b). Like Sharma et al., I believe that TPB can help, but that the lack of temporal stability significantly reduces the ability of TPB to predict this particular behavior. My situation involves aging practitioners with multiple motivations to work or retire and situations that may be ever changing. Lack of temporal stability is a significant obstacle to the application of TPB in this context. Therefore, I initiated my research by looking at owner/manager characteristics that reflect the three factors of TPB. I then added owner/manager role identity due to its significance in the family succession planning literature along with three situational variables in an attempt to enhance my ability to identify antecedents to BSP in small relationship-driven businesses.

As a first step in my planned longer term study of business transitions in small relationship-dependent businesses, I examined potential antecedents to business succession planning in small relationship-dependent businesses, for without a motivation to initiate a plan there will be no plan to further study. In this chapter, I will discuss my empirical results as well as limitations of this research and the application of those findings in both academic and practice terms. I will conclude with a discussion of possible avenues for further research.

Review of Empirical Results

I began by looking toward owner/manager characteristics that I theorized would influence the owner to initiate BSP. I initially looked to factors that might be used to apply the Theory of Planned Behavior (Azjen, 1991) to my question. The first three owner/manager characteristics in my model as shown in Figure 1 in Chapter I reflected variables corresponding with the three factors utilized in TPB. Since TPB had not robustly explained succession planning in other contexts, I turned to other characteristics that had been revealed in those other succession planning contexts, particularly in the family succession planning literature (Sharma et al., 2003a). Among those were the owner/manager's role identity with the firm, which had been identified as an impediment to BSP in the family succession planning context (DeMassis, Chua, & Chrisman, 2008). Additional, contextual factors impacting family succession included the availability, or ability to develop, a qualified successor and other family member involvement in the business (DeMassis et al., 2008).

Much of the prior research into small business or family business succession planning was conducted using qualitative methods. I attempted to apply quantitative methods to the study of small business succession planning. As far as I know, this is the first attempt to apply quantitative methods in this particular context. My first step in this process was to identify antecedents to BSP, so I chose to test my potential antecedents via correlation analysis. The results of my research reflect some moderate to strong correlations. Attitude has a moderate and positive correlation to respondents having an existing BSP, but no significant correlation to respondents being in the state of developing a plan. Comparing the states of having a BSP (Existing_Plan) and not having addressed BSP (No_Plan), four of my seven hypotheses were supported and three were not supported. The strong correlations between having a BSP, Attitude, Age, and Availability of a successor appear to correspond to the Sharma et al. (2003b) conclusion in the family succession planning context: availability of a successor seemed to be more of a driver of BSP than the incumbent's actual need for BSP. This finding belies application of TPB in this context in that BSP in this context may be more reactive than proactive. That is, in this context, there may be a lack of motivation to create the environment that leads to BSP; rather, BSP may be driven more by an interested successor pulling the incumbent along.

I then looked at the same hypotheses and their relationships with the state of being of developing a plan versus having not addressed BSP. In this case, only three of seven hypotheses were supported. The relationships of Locus of Control (LOC), Availability, and Cost were supported, while the others were not supported. In my first sample, Attitude and Age were positively and significantly correlated with having a BSP, while LOC was not. In my second sample, however, Attitude and Age were not significantly correlated with developing a BSP, yet LOC was positively and significantly correlated with developing a plan.

Finally, I looked at the same hypotheses and their relationships with the state of being of having a BSP versus the state of being of developing a BSP. Not surprisingly, the supported hypotheses were exactly the same as in my first group comparing having a BSP with not planning. That is to say, those same factors tended to distinguish those who had a plan from those who are merely working on a plan. However, as noted earlier, the average age of those with a plan is higher than the average age of the other groups. One would expect the older respondent to be farther along in the BSP process. The other significant factor was that the group with a plan was much more likely to perceive that a qualified successor was available. As with Age, this result seems intuitive; that is, if a qualified successor is readily available, it is relatively easy to migrate from the state of developing a plan to the state of having a plan.

I hypothesized that owner/manager Role Identity with the firm would inhibit BSP, as indicated by the family succession planning literature (DeMassis et al., 2008; Sharma et al., 2001). While much to my surprise this hypothesis was not supported in any of my samples, I still gained useful information. The anticipated inhibiting factor of owner/manager Role Identity with the firm was not only rejected, but in each sample I found a moderate and significant correlation with having or developing a BSP. While further study is needed, in this context it seems that owner/manager Role Identity with the firm actually encourages or motivates the owner/manager to establish a BSP. This insight is all the more intriguing due to the conflict with the impact of role identity and succession planning in the family business succession planning literature.

As researchers have noted, BSP is a process, not a singular event (Stavrou, 1999). Further study is necessary to more fully understand the driving forces of BSP in small relationship-dependent businesses. However, I believe that the lack of temporal stability inhibits our ability to solely rely on TPB to predict small business succession planning. For example, when there is a perception that there is no readily available qualified successor, incumbents may be inclined to simply forego development of a BSP rather than develop a qualified successor. The sudden appearance of a qualified successor, however, may immediately move the actor to develop a BSP. In other words, as the circumstances change, the intention to behave may also change, leaving our ability to predict at the mercy of factors that may be ever-changing or evolving.

Further potential evidence that drives my concern regarding temporal stability was the strong correlation with age and anticipated retirement age. As shown in Table 17, for a one-year increase in age, we saw a mean increase in anticipated retirement age of slightly over one-half year, indicating that as the respondents aged, their attitude or time frame changes.

Table 17. Correlation of Age and Anticipated Retirement Age

	Mean	SD	1
Age	59.93	8.570	
Planned Retirement Age	70.94	7.986	0.53**

N = 179, ** *p*-value < .01

It was somewhat surprising that my findings regarding BSP in this context seemed to so closely parallel the many findings of those prior researchers who have studied family succession planning. In this context, I was dealing with a population that is generally in the business of helping their clients develop and execute plans. I expected to see similar behavior applied to their own futures, yet this population seems to be more reactive in this context than proactive as I expected. Stavrou (1999) noted that there was a potential danger in waiting for opportunity before developing or acting on a plan. An incumbent may delay to the point that the BSP options are very limited or nonexistent.

TPB is a theory that is intended to capture motivational factors. My information, including some of the comments posted by respondents, may demonstrate less motivation to retire among this population than I had anticipated. As expected, age had a strong correlation with the existence of a BSP, though I was surprised that the anticipated mean retirement age was 71. I was also surprised that 40% of the respondents intend to retire after age 70; 6% do not plan to ever retire, which was not unexpected. Of 13 respondents over the age of 70, only one plans never to retire. So BSP is still a consideration to the over-70 group. Conversely, age does not seem to be a factor in the intent not to retire; of the 14 respondents who indicated they did not plan to retire, the mean age was 60, with a low of age 39 and a high of age 75.

Factors other than planned retirement age may, however, mitigate the BSP need for practitioners over the age of 70. For example, my correlations displayed a moderate and negative correlation of revenue with age, indicating the possibility that practices may go into a decline as the practitioner ages and defers retirement.

Table 18. Correlation of Age and Rev_1

	Mean	SD	
Rev_1	1.60	0.870	
Age	59.93	8.571	-.168*

N = 178 * *p*-value < .05

As noted in Chapter II, my variable representing PBC as utilized in TPB was locus of control. As discussed in Chapter IV, my locus of control variable did not have a high reliability score. I also discussed in Chapter II that Rotter's concept of locus of control is a general personality trait but that Azjen's PBC is context specific. That is, individuals may have an external locus of control but, in any given circumstance, perceive themselves as having specific behavioral control or the reverse. I began this study theorizing that prior research supporting the concept that entrepreneurs in general tended to have a higher internal locus of control (Hansemark, 1998; Kroeck et al., 2010) would translate into my small business owners feeling in control of their succession planning efforts. While my correlation analyses show some moderate correlation between LOC and developing a BSP, perceived availability of a qualified successor has a much higher correlation with a respondent developing a BSP. Accordingly, in my sample population, the general tendency to an internal locus of control does not translate into a perception of having behavioral control over BSP. My data indicate that perceived cost and perceived availability of a successor are more closely aligned with the concept of perceived behavioral control than is my measure of locus of control.

While my LOC variable did not correlate with having a BSP, it did have a moderate correlation with those developing a BSP. I note with some interest that the mean level of Internal LOC of the group developing a BSP was slightly higher than the Internal LOC of the total respondents, 5.31 versus 5.18. Those with a BSP were at a slightly lower level of internal LOC, 5.1. Further study would be necessary to determine whether the variation in Internal LOC is meaningful. For example, do those with lower Internal LOC either make a better effort to put a plan in place? Or do they just give up on a plan altogether because they do not feel in control? Do those with the stronger Internal LOC continue to feel that they have time to finish their plan in the future? Further study with more reliable data is necessary to determine whether high Internal LOC factors into incumbents developing or delaying a plan.

As reflected in Tables 4 and 6, perceived availability of a qualified successor has a strong positive correlation with the existence of a BSP and a moderate positive correlation with the state of developing a BSP. I find this strong correlation perhaps the most important aspect of this study. Many aspects of this study point to the importance of the availability of a qualified successor.

I followed my correlation analyses with binomial regression analysis in an attempt to see whether the IVs were predictive. I found some predictive value. However, similar to my correlations, the binomial regression was performed on the three sample groups, each with a dichotomous outcome. This regression analysis closely paralleled what I had observed through my correlations. As mentioned in Chapter IV, while the binary logistic regression did offer a predictive capability, it only did so when perceived availability of a qualified successor was one of the included variables. The combination of age, attitude, and availability was the strongest predictor. As long as that combination was included, inclusion of other potentially moderating variables made little difference in the logistic regression.

Recognizing value in my initial review of correlations and binomial regression analysis in helping us to identify potential antecedents to BSP, I also recognize the limitations of relying solely on evaluations of dichotomous DVs when the world is not dichotomous. Thus I first applied multinomial logistic regression to my sample and my three DV outcomes: having a plan, developing a plan, and not addressing BSP. The multinomial regression analysis indicated that my model has predictive value. But once again, only two IVs, Availability and Age, were significant.

As a final test, I ran a discriminant analysis on my model and found similar results to those I found in the multinomial regression. That is, the model has predictive value, but that is primarily due to the Availability and Age variables. This analysis seems to show the most clearly that availability of a qualified successor is an overwhelming factor in BSP in this context. My discriminant analysis demonstrated that my model did help discriminate among potential outcomes. But a combination of my correlations, regressions, and discriminant analysis led me to believe that further research needs to be done with different characteristics and situational variables in an effort to find better variables to be utilized. Another interesting observation from the discriminant analysis is that of the three IVs that I developed from my study of TPB, only one – Age – had any significant influence on having or developing a BSP.

While my research might lead us to conclude that TPB is not applicable in this context, I believe that Ajzen would argue that TPB is not the issue here. Rather, it is a combination of lack of temporal stability and the fact that we have not identified the proper variables to represent TPB. Perhaps in future research we can better identify a variable to capture attitude – something more than just willingness to transfer ownership and control, something that truly measures motivation to conduct the behavior in question. Future research may also utilize the perceived availability of a qualified successor as part of a measure of perceived behavioral control. Temporal stability will be a difficult obstacle to overcome, but it seems clear that many of Ajzen's concepts still come into play in this context.

Not only did my quantitative data cause me to focus on the perceived availability of a qualified successor as a key variable in this context, additionally, of 42 respondents who offered insightful comments in response to my survey, 15 referred directly or indirectly to the perceived availability, or lack thereof, of a qualified successor. A few sample comments are as follows.

"...sale to employees was marked, but I doubt it will happen because...is not capable..."

" If I could find a viable candidate (employee) to groom as my successor, that would be ideal."

"I have no clear exit strategy from my firm. The possible brain damage of merging with another larger CPA firm is very unappealing."

"...I am not sure if my #2 guy is management material..."

“One of my biggest concerns is whether or not there will be a firm or person to acquire my practice in 10 years.”

“I am seeking to hire qualified individual who....will eventually take over and purchase my business.”

“I am very interested in succession planning. I thought I had one started but it fell through. The person I chose turned out not to be committed to putting the time in, so I am in the process of starting over! I need to find a new person.”

“The most challenging issue for succession planning and/or firm sustainability is finding and keeping qualified staff.”

“I had a plan in place to sell.....could not pass the CPA exam...”

“...hiring a young employee and training them to take over the business. This would be my most preferred, however, finding someone like that is very difficult. I have been looking for over 2 years...”

As I noted in my literature review, Wadeson and Ciccotosto (2013) identified lack of available successors as an impediment to succession planning for small accounting firms in North Queensland, Australia. As baby boom generation incumbents reach a point that they want to sell or retire, it will be important to find or develop those qualified successors. The development of those successors to the satisfaction of the exiting baby boomer may be all the more difficult due to generational differences in approaches to work, as identified by Crumpacker and Crumpacker (2007).

Applications

As noted earlier, I received enthusiastic feedback when I began my quest for organizations to provide a survey population. While never overtly turned down, the delays were usually blamed on the “legal department” out of a concern for anonymity. Two organizations did enthusiastically embrace my survey, one being the broker-dealer whose data I used and one being a state trade organization in the midwestern United States. The trade organization was enthusiastic, as were many of the respondents. However, I was only able to obtain about 109 responses, a response rate of about 10%. Thus I focused solely on the broker-dealer's respondents.

From a research standpoint, I demonstrated that TPB alone does not adequately explain BSP in this context. I demonstrated, however modestly, that business succession planning can be addressed through quantitative as well as qualitative research. TPB's weakness in the study of BSP is primarily due to the need for temporal stability between the time of contemplating a behavior and executing the behavior. my responses showed a 53% correlation between age and anticipated retirement age; the older the incumbent, the later they plan to retire. I believe that this demonstrates a lack of temporal stability, thus weakening TPB. However, more research is needed to determine why incumbents delay retirement as they age. For example, is it need for continued income? Lack of alternative opportunities? Role identity? General denial?

While not a weakness of TPB, I demonstrated that application of TPB to this context holds little promise so long as the population sees little perceived behavioral control. The correlation and regression analyses discussed in Chapter IV indicate that similar to findings in family succession planning (Sharma et al., 2003a), BSP in this context is highly dependent on the perceived existence of a qualified successor. I anticipated that incumbents with a high internal locus of control would simply plan with the idea that they would create, or find, a qualified successor. My results do not bear that out.

I believe that my literature review demonstrated that there are both differences and many similarities between family succession planning and nonfamily-business succession planning. I note that generational differences that impede BSP may be more pronounced than at any time in history. I also believe that the results show that there is still a great lack of information on an area that is extremely important to an aging baby boom generation. On one hand, time is rapidly running out for the baby boom generation to develop BSPs; on the other hand, baby boomers in this context seem content to extend their careers much past the traditional retirement age of 65.

From a practice standpoint, I have identified variables that leaders and shapers of businesses can use to improve the succession planning process in small relationship-dependent businesses. As shown in my data, only 23.5% of my respondents have a business succession plan, though 63% of them plan on retiring within the next 10 years. Thirty-one percent indicate that they have no plan, and the remaining 46% have simply indicated that they are developing a plan. As this research did not incorporate qualitative analysis, I have no way to understand the reasoning of those who indicated they were working on a plan. So I have no way to know whether they are serious about planning or simply paying lip service to the idea. It appears that the most important thing to be done by those with a long-term vested interest in the successful BSP of my target population is to work towards insuring a consistent supply of qualified successors, as perceived by the aging incumbents. Further research will be needed to develop a plan to provide that consistent supply of successors from future generations.

The broker-dealer has a dilemma: its average respondent is over 59 years old and plans on retiring in about 10 years. As independent financial advisors defer retiring to age 70 or later, the broker-dealer as well as the advisors face a greater risk of a sudden or unplanned business succession. Unplanned transitions may be costly to the broker-dealer and may significantly reduce the value of a practice. My research indicates that attitude toward retiring and age are clearly significant drivers of succession planning. But more than anything else, the incumbent's willingness to pursue BSP is influenced by his or her perception of the availability of a qualified successor. Without further research, at this point it appears to be incumbent on the broker-dealer to develop a plan to have potential successors available and willing to step into a succession plan. In fact, a few of the comments provided by respondents were directed toward the broker-dealer as a party that should be helping with BSP. Some examples follow.

" (broker-dealer) has not allocated sufficient resources toward succession planning for my age group."

"Need input and help from my broker dealer as retirement nears."

"I wish my broker dealer - (broker-dealer) had a structured program for sale of practices to other reps in the firm."

"I am very happy that (broker-dealer) and their advisors are aware of the importance of succession planning."

Limitations and Future Research

We have attempted to apply quantitative research techniques to a field that has been dominated by qualitative research and we believe that future research will require a mixed methods approach. A survey going into enough depth to reliably quantify all of the variables applicable to BSP would be far too long for the typical incumbent business owner to be willing to complete. However, my experience is that incumbent business owners are often quite willing to spend time talking about BSP and their perceptions, good and bad, of BSP. My research has shown that BSP for this small group is heavily dependent on the perceived availability of qualified successors. However, my population is generally composed of professionals who have multiple licenses and professional designations; which may make it even harder for this group to identify qualified successors. Further surveys by larger organizations in various professional service fields will be necessary to determine if these concerns are applicable to other professions.

My research, perhaps naively, was initiated and approached from an assumption that owners of small businesses would be motivated to monetize the businesses they developed as they retired. Future research will need to consider the incumbent's purpose and motivation for creating and operating their firms. Some firms are created by the founder for the purpose of growth and monetization. While perhaps rare in this context, many entrepreneurs create a business with an exit strategy in mind (DeTienne, 2010). Other small business owners created their firms for what has been termed an income replacement purpose; that is, they simply created the firm to generate income without concern about monetizing the firm itself. My sample population seems to indicate that a large portion of the target population does not view their small businesses through a growth lens. Some of my respondent comments reflect the income replacement approach as opposed to the business growth concept.

"...in the back of my mind is the idea that I will stay in the firm until I am no longer physically or mentally competent."

"I feel I do not want to be involved in succession planning because of the contractual liability."

"I love my work but haven't taken any new work on in several years. I'll stay in the business as long as my health and mind stay sound...my clients are nearly as old as I - and when I stop working, my employee will take clients (they) want and the rest will have to find a new accountant."

"Part of my plan has been not to take new clients and I have asked a few to find another professional..."

"...most of my clients are long-term and are now among my closest friends. I would no more "sell" them than I would "sell" my other friends..."

If my population is primarily made up of income generators as opposed to business builders, future research may need to take an entirely different approach to further study of the issue in this context. From my comments section and my findings on work role identity, it appears that many of the respondents are not particularly interested in monetizing their firms so much as they are interested in seeing that their clients and employees are adequately cared for.

A further limitation is that my research and conclusions are based on a sample of attitudes and opinions at a static point in time. As my literature review demonstrates, attitudes and opinions change over time. One's attitude toward retirement may well change as one ages; in fact, my data show a correlation between age and planned retirement age of .53. That is, for a one-year increase in age, there is a half-year increase in planned retirement age. A comprehensive understanding of BSP in small relationship-dependent service businesses will require a multi-year longitudinal study, including information on why planned retirement age changes over time. For example, my correlation implies that as owners/managers age, they defer their anticipated retirement. Is this driven by income and need factors, denial that they are nearing retirement, or simply a realization that they enjoy what they are doing and want to continue as long as they continue to enjoy their work? Additionally, the most compelling factor, the perceived availability of a qualified successor, will easily change over time. That perception may change due to the changing availability of qualified successors or the incumbent's changing perception of what constitutes a qualified successor.

My research is limited to affiliates of one broker-dealer that currently has no proactive process in place to assist iys independent advisors in arranging for qualified successors. Other broker-dealers may have processes and procedures in place to assist their independent affiliates in ways that differ from this sample population. Few other broker-dealers target tax advisors as their affiliates, so extension of my findings to affiliates of other broker-dealers may not be appropriate.

One thing I did not do in my survey was to define retirement. I left it up to the respondents to use their own attitudes and visions of retirement. As indicated by some written comments, future research may need to focus on a definition of retirement. Is retirement a cessation of paid work? A cessation of a career but the beginning of another? Is it perhaps just a slowing down, but not a cessation? One respondent indicated that he modified his practice to the point that he was only doing things he enjoyed, so in a sense he already considered himself retired.

Future research may also want to consider family involvement in more depth than I did in this study. Specifically, researchers may want to gather more detail about family involvement such as the generational cohorts of family members currently involved in the business – a spouse versus children. Drawing from family succession planning research, my hypothesis concerning family involvement was premised on the idea that family was content with the status quo and would resist a change at the incumbent level. However, we need more data regarding the various roles played by family participants rather than simply the number of family participants.

Another issue not included in my research, but mentioned by advisors informally and in at least one comment section in my survey, is that an incumbent's desire to retire may change as a successor takes over management duties of a firm. One such comment we received was, "*If I could merge forces with another qualified professional in my area, I think that might even give me incentive to work longer so that the entire workload would not be on my shoulders alone.*" I have informally heard of situations like that, wherein after the incumbent brought in a successor and the successor assumed much of the day-to-day management and operations duties, the incumbent so enjoyed the new role that he/she would not, or at least did not want to, leave. I have also been informed of two cases in which retirement-minded professionals merged their small practices with a larger, though still small, practices. However, when the planned retirement date arrived, they were not willing to retire. In one case, the surviving firm was happy about the decision; the other case resulted in an uncomfortable separation. This represents another area of research that should be considered when evaluating BSP.

The reported ages of my respondents indicate a population that is comprised 79% of members of the baby-boom generation, those respondents indicating an age range of 51 to 69 (generally reflecting a birth year of 1946 through 1964) (Sullivan et al., 2009). As noted in Chapter IV, this is not unexpected in relation to the information provided by the broker-dealer, and it appears that my respondent population is a fairly accurate representation of the target population. My research is very limited in evaluating the role that age plays in BSP. While I was able to see a correlation between age and BSP, there may be other age-related factors that will come into play when a baby boomer attempts to execute on a BSP.

I came across much literature that indicated that generational differences play a large inhibiting factor in today's business environment as well as in developing and executing a BSP. While generational differences were beyond the scope of this dissertation, I believe that this is an important area of future research. If retirement is the primary emphasis for succession planning, then it is highly likely that the successor will be younger than the incumbent and very likely from a different generational cohort. Therefore, generational differences should be contemplated in planning a business transition.

Generational differences as basic as the approach to work-life balance, or even communication, may make it difficult for a baby-boom generation incumbent to work with a much younger successor (Crumpaker & Crumpaker, 2007). This very issue was demonstrated in attempted succession planning for accountants in North Queensland, Australia, in the qualitative research conducted by Wadeson and Ciccotosto (2013). In addition to the potential generational differences between incumbent and successor, indications such as those discussed in the next paragraph – that age/generation of clients may have a strong correlation with the age/generation of the incumbent – lead us to recommend that further research should be conducted on the ability of younger generation professionals to effectively work with baby-boom and older customers.

Generational values and attitudes influence the manner in which an individual approaches his or her work. As individuals enter the workforce and begin to relate to others in the workforce, they will develop specific beliefs about what is expected of them and what they can expect of others. Such core beliefs may be considered values. While individuals have values, values tend to be common to groups of people and may be used to fashion a smoothly functioning society. Values are fairly fixed; that is, they may change over time, but very slowly. Attitudes, on the other hand, are more flexible and will likely change over time based on interactions with others as well as education, age, and life experience (Crumpacker & Crumpacker, 2007). While this is but a brief overview of some generational issues, the important issue is that there are differences that must be addressed during BSP.

As stated earlier, succession planning in small relationship-dependent enterprises is often a retirement planning exercise. This planning will often be an exercise in “passing the baton” from a member of one generational cohort to one or more members of a younger cohort. How is a retirement-minded founder to deal with generational issues? Does he hope to find a generational outlier – that is someone from another generation who for some reason has values and attitudes more akin to the founder and her generation than of the generation of which the successor is a member? Or does the founder incorporate certain flexibilities in the succession process to allow the firm to culturally adapt to a new generation of ownership? Or, to look at it from the successor's point of view, does the potential successor want to lead a relationship driven business that is based on the cultural values and attitudes of a previous generation? The generational issues present problems, risks, and opportunities for all of the stakeholders in a business transition from founder to next generation owner/manager. While generational issues are typically communication and worldview issues (Crumpacker & Crumpacker, 2007), perceived generational differences have been strongly identified as impediments to succession planning (Wadeson & Ciccotosto, 2013). These same generational issues may affect the incumbent's perceptions of the availability of a qualified successor. Similarly, generational adaptability may be necessary to the survival of the firm as future clients will likely come from younger generations.

While not part of my research, many of my target population have pointed out that their clients tend to be similar in age to the advisor. Comments were provided about clients becoming close friends, or clients being with the professional for 25 to 40 years. The most often informally described age relationship is that most of their clients are in an age range of plus or minus 10 years from the age of the advisor. This has not been quantified in any reliable way as far as I know. It has just been presented as a general feeling. If that is the case, small relationship-dependent businesses, owned by an incumbent who does not plan to retire until age 70, may have a client base that is viewed as having too limited an economic life to be valuable to a successor. As with many exchanges, this may result in a wide variance in the perceived value of a firm from the standpoint of a retiring incumbent and a much younger potential successor. Further, if this is the case, should succession planning be about monetizing the business or simply about arranging for continuing care for clients and work opportunities for employees?

More research is needed to address the appropriate variables that should be included in a model of the antecedents to BSP in small relationship-dependent businesses. As mentioned in Chapter II, TPB relies in part on the temporal stability of attitude toward the behavior in question. With all of the variables, both internal and external to the incumbent, that will likely change over time, I am not convinced that an incumbent owner of a small relationship-dependent service business will possess an attitude that will maintain temporal stability. As I outlined in the preceding paragraphs, not all incumbent owners are even motivated to realize a final harvest from a sale of their businesses. However, as the broker-dealers look to assist their affiliates, the concepts of TPB may be core to driving the development of a BSP. Understanding the lack of temporal stability may drive the development of flexible BSPs. For example, industry leaders can look toward TPB as a guide in developing systems and procedures to encourage or motivate incumbents and successors to successfully implement BSP. Such processes may require trying to change incumbent and successor outlooks on BSP. I will use generational issues as an example.

My sample, as noted earlier, is 79% comprised of baby boomers. Among the attributes of baby boomers is that they tend to be competitive, place work ahead of other priorities, value one-on-one communication, are strong in networking, and yet work individually (Crumpaker & Crumpaker, 2007). Not surprisingly, of the 142 baby boomers who completed my survey, 95 indicated that their firm consists of five or fewer employees. That is, 67% of my baby boomer respondents work in the firms with the fewest employees. The millennial generation (those born during the years 1980 through 1999), on the other hand, prefer to work in groups, place family and friends ahead of work, and are considered to have substandard communication and problem-solving skills (Crumpaker & Crumpaker, 2007). Given those differences, how does a solo practitioner even begin to go about BSP?

The broker-dealers who depend on these independent advisors as their source of business will have to think outside the box as their baby boom generation advisors begin removing themselves from the business. As so many large firms today are lead by baby boomer generation managers, it may be difficult for those managers to envision the firms of the future. They cannot simply rely on a repetitive model of moving clients from one generation of advisor to the next, expecting business to continue as usual. It is imperative that they develop systems to assure a reliable supply of qualified successors. At the same time, those qualified successors must have access to younger clientele while they work with the older clientele of the retiring incumbent. Finally, they may need to consider creation of multi-owner millennial generation firms receptive to baby-boom generation advisors merging with them and phasing out over time. The possibilities are too numerous to itemize. However, we must consider that traditional succession planning may not be the norm of the future.

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Appendix A

E-mail asking organizations for e-mail participant list

For participating organizations:

Thank you for allowing us to survey affiliates (members) of your organization for this research project. The results of this research will help us better understand the antecedents to retirement and succession planning by owners of small professional firms. We hope this will ultimately lead to better matching of succession planning techniques with exit minded professionals. At your convenience, please provide us with a list of e-mails addresses to be used to solicit participation in our research. We will enter the e-mails into Qualtrics which is survey software that will send out the survey to those listed in the e-mail. We will only use the e-mail to send out the survey. We promise to keep all responses confidential and Mr. Wilson will be the only person with access to the secure Qualtrics database. Once we have downloaded the response data, it will be erased from the Qualtrics database permanently. We will store the confidential data in an encrypted file on a password-protected computer.

Again, we appreciate your support for this project.

Sincerely,

Margaret A. White, Ph.D.

Steven Wilson, MS

Oklahoma State University

Appendix B: Recruitment Materials

E-mail recruiting participants

We are researchers at Oklahoma State University working to better understand factors affecting succession planning by principals of small (one to three owner) professional service firms. As part of this effort, we developed a survey and we are very interested in your perspective. Your responses to the survey are important to our project because they will help us understand how professionals initiate plans to exit their businesses.

If you agree to participate, you will be asked to answer questions regarding your perceptions of retirement or succession planning. Participation is purely voluntary and your identity will remain strictly confidential.

Below is a link to the survey we have developed. If you are a principal in your firm, we are asking that you spend approximately 10-15 minutes completing our survey. It is critical to our project that you complete the survey within the next three weeks.

Your survey responses will be sent directly to us and we will not share your responses with anyone. We would appreciate your participation. If you are interested in helping with this project please follow the link below and it will take you to the survey.
Thank you for assistance.

[insert survey link]

Best regards,
Margaret A. White, Ph.D.
Steven Wilson, MS.

Oklahoma State University

Appendix C: Measures

Q1 As a business owner:

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I think about retirement often	❍	❍	❍	❍	❍	❍	❍
I have desirable alternatives to continuing in my current role	❍	❍	❍	❍	❍	❍	❍
I am committed to retiring from my current role in order to do other things in life	❍	❍	❍	❍	❍	❍	❍
I would prefer to continue in my present work role than to retire	❍	❍	❍	❍	❍	❍	❍
I will most likely exit my current role within the next five years	❍	❍	❍	❍	❍	❍	❍

Q2 For each of the following statements please indicate your level of agreement:

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I enjoy going to work	❍	❍	❍	❍	❍	❍	❍
I am passionate about a hobby outside of my work	❍	❍	❍	❍	❍	❍	❍
I would be at a loss if I did not have a job to go to	❍	❍	❍	❍	❍	❍	❍
The continuation of my Firm is an important part of my legacy	❍	❍	❍	❍	❍	❍	❍
My clients are concerned about my succession plan	❍	❍	❍	❍	❍	❍	❍

Q3 Think about yourself and for each of the following statements please indicate your level of agreement or disagreement

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
My business is central to who I am	❍	❍	❍	❍	❍	❍	❍
I obtain fulfillment in my client relationships	❍	❍	❍	❍	❍	❍	❍
I obtain fulfillment with my employee relationships	❍	❍	❍	❍	❍	❍	❍
I enjoy associating with my professional peers	❍	❍	❍	❍	❍	❍	❍
I fulfill other, non-business roles that are more important to me than my business role	❍	❍	❍	❍	❍	❍	❍
I have non-business roles for which I am passionate	❍	❍	❍	❍	❍	❍	❍

Q4 For each of the following statements please indicate your level of agreement

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
When I make plans, I am almost certain that I can make them work	❍	❍	❍	❍	❍	❍	❍
Being successful is a matter of ability; luck has nothing to do with it	❍	❍	❍	❍	❍	❍	❍
What happens to me is my own doing	❍	❍	❍	❍	❍	❍	❍
Many of the unfortunate things in business are partly due to bad luck	❍	❍	❍	❍	❍	❍	❍
Being successful depends mainly on being in the right place at the right time	❍	❍	❍	❍	❍	❍	❍
Many times I feel that I have little influence over the things that happen in my business	❍	❍	❍	❍	❍	❍	❍

Q5 What is your current age? (Drop down selection, 25- 80)

Q6 At what age do you plan to retire? (Drop down selection, 40-89, Never)

Q7 Please tell us about your commitment to the retirement age you identified

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I am committed to retiring by the age identified above	❍	❍	❍	❍	❍

Q8 Business succession planning should begin_______ years prior to the planned exit from the business.

❍ (Drop down selection, 1 - 10)

Q9 My family believes that __________ is a reasonable retirement age

❍ (Drop down selection, 40-89, never)

Q10 My friends or peers believe that _______ is a reasonable retirement age

❍ (Drop down selection, 40-89, never)

Q11 Think about how you envision spending your time when you retire from your current position and rank the following with 1 being the most likely use of your time. Click on the statement and move it to the position that reflects your ranking.

______ I want to spend more time with my spouse/partner/family when I retire
______ I want to spend more time with my hobbies when I retire
______ I want to spend more time with my friends when I retire
______ I have a passion that will consume my time when I retire
______ I do not know what I will do with my time when I retire
______ I intend to continue working, but in another role when I retire from my current position

Q12 How many family members work in your firm?

- ❍ (Drop down selection, 0 - 10)

Q13 How many family members are planning on working with your firm after you retire?

- ❍ (Drop down selection, 0 - 10)

Q14 Have you informed family members of your succession plan, if any?

- ❍ yes
- ❍ no

Q15 Please indicate your agreement or disagreement with the following statement:

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
My family members are supportive of my succession plan	❍	❍	❍	❍	❍	❍	❍

Q16 Please indicate your agreement or disagreement with the following statements:

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Succession planning is too costly in terms of my money	❍	❍	❍	❍	❍	❍	❍
Succession planning is too costly in terms of my time	❍	❍	❍	❍	❍	❍	❍
The cost of succession planning is minor compared to the benefits	❍	❍	❍	❍	❍	❍	❍
I will gain more by working more now, than by spending time on business succession planning	❍	❍	❍	❍	❍	❍	❍
Time invested in business succession planning now will pay off financially in the long run	❍	❍	❍	❍	❍	❍	❍
Time invested in business succession planning now will pay off financially in the near term	❍	❍	❍	❍	❍	❍	❍

Q17 Please indicate your agreement or disagreement with the following statements:

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I have a family member who is qualified to succeed me	❍	❍	❍	❍	❍	❍	❍
I have an employee(s) who is qualified to succeed me	❍	❍	❍	❍	❍	❍	❍
There will be qualified successors available when am I ready to exit	❍	❍	❍	❍	❍	❍	❍
There will be Firms that will want to purchase my business when I am ready to retire	❍	❍	❍	❍	❍	❍	❍
Finding a successor will not be difficult	❍	❍	❍	❍	❍	❍	❍
My clients will work with a successor that I choose	❍	❍	❍	❍	❍	❍	❍
I do not expect to find a qualified and willing successor	❍	❍	❍	❍	❍	❍	❍

Q18 Based on how you feel right now, please rank the following with 1 being closest to how you feel right now.

Click on each statement and place in the order of your ranking.

______ I feel I will have sufficient time for succession planning in the future
______ I feel that I will run my business well into my 70s
______ I feel that am too young to worry about succession planning at this time
______ I feel that I am behind where I should be as far as business succession planning
______ I feel that I will simply sell my business whenever I am ready to exit my current role
______ I do not feel a need for business succession planning

Q19 Please indicate how long you think succession planning will take, in terms of years

- ❍ (drop down menu, 1-10, more than 10)

Q20 Please rank your three most preferred choices for exiting your business with 1 being your most preferred method.

Place the numbers 1, 2, or 3 in the appropriate boxes

_______ Family Succession
_______ Sell to employee(s)
_______ External Sale
_______ Merge with another firm, then exit
_______ Close/dissolve and liquidate the business
_______ I do not intend to leave my business

Q21 Given your current circumstances please tell us what you believe to be the most likely method by which you will exit your

business, with 1 being the most likely. Place you number in the appropriate boxes; provide 1, 2, and 3 at a minimum.

_______ Family Succession
_______ Sell to employee(s)
_______ External Sale
_______ Merge with another firm, then exit
_______ Close/dissolve and liquidate the business
_______ I do not expect to leave my business

Q22 My business succession plan:

- ❍ Has already been implemented
- ❍ Is ready to be implemented
- ❍ Is being developed
- ❍ Has not been addressed

Q23 Please tell us a bit about your firm (Optional)

	1-5	6-10	11-15	16-20	more than 20
Total number of employees including yourself	❍	❍	❍	❍	❍

Answer If Please tell us a bit about your firm - more than 20 Is Selected

Q24 If you have more than 20 employees, please tell us approximately how many employees

Q25 Please tell us more about your firm (Optional)

	Less than $500,000	$500,001 to $1,000,000	$1,000,001 to $1,500,000	$1,500,001 to $2,000,000	Greater than $2,000,000
Current annual revenue	❍	❍	❍	❍	❍

Answer If Please tell us more about your firm - Greater than $2,000,000 Is Selected

Q26 If your Firms' annual revenue is greater than $2 Million, please tell us your approximate annual revenue rounded to the

nearest $500,000.

Q27 Please tell us how many years you have been in business

❍ (Drop down menu 1-50)

Q28 Please tell us about the five year growth rate of your firm. (Or current growth rate if you have owned this business fewer

than five years.) (Optional)

	Negative growth;	0-5%	6-10%	10-15%	More than 15%
The five year annual growth rate of my firm is approximately	❍	❍	❍	❍	❍

Q29 I am:

- ❍ Male
- ❍ Female

Q30 During what calendar year do you expect to retire?

- ❍ (Drop down menu, 2015 - 2045)

Q31 Please feel free to provide any comments, questions or concerns you have about this survey. Thank you.

Appendix D: Multinomial Regression Analysis Results from SPSS

Nominal Regression

Case Processing Summary

		N	Marginal Percentage
DV_R2	1.00	54	30.5%
	2.00	82	46.3%
	3.00	41	23.2%
Rev_1	1	101	57.1%
	2	56	31.6%
	3	12	6.8%
	4	5	2.8%
	5	3	1.7%
Gender	1	147	83.1%
	2	30	16.9%
Valid		177	100.0%
Missing		2	
Total		179	
Subpopulation		177[a]	

a. The dependent variable has only one value observed in 177 (100.0%) subpopulations.

Model Fitting Information

	Model Fitting Criteria	Likelihood Ratio Tests		
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	374.332			
Final	277.223	97.109	26	.000

Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	295.275	326	.888
Deviance	277.223	326	.977

Pseudo R-Square

Cox and Snell	.422
Nagelkerke	.480
McFadden	.259

Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	277.223[a]	.000	0	.
Yrs	281.241	4.018	2	.134
Att_1_M	280.992	3.769	2	.152
AGE	292.926	15.703	2	.000
LOC_1_M	279.962	2.738	2	.254
RI_2_m	278.537	1.314	2	.518
FAM_C	278.141	.918	2	.632
Cost_M	280.075	2.852	2	.240
Avail_M	299.532	22.309	2	.000
Rev_1	286.656	9.433	8	.307
Gender	283.116	5.893	2	.053

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Classification

Observed	Predicted			
	1.00	2.00	3.00	Percent Correct
1.00	29	24	1	53.7%
2.00	16	56	10	68.3%
3.00	2	14	25	61.0%
Overall Percentage	26.6%	53.1%	20.3%	62.1%

Appendix E: Discriminant Analysis Results from SPSS

Analysis Case Processing Summary

Unweighted Cases		N	Percent
Valid		179	100.0
Excluded	Missing or out-of-range group codes	0	.0
	At least one missing discriminating variable	0	.0
	Both missing or out-of-range group codes and at least one missing discriminating variable	0	.0
	Total	0	.0
Total		179	100.0

Group Statistics

DV		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
1.00	Attitude	3.7455	1.13167	55	55.000
	AGE	58.1636	8.72791	55	55.000
	LOC	5.0545	.58095	55	55.000
	Role Identity	5.3864	.86310	55	55.000
	FAM_C	.6727	1.07246	55	55.000
	Cost	3.0509	.98373	55	55.000
	Availability	4.3709	.85930	55	55.000
2.00	Attitude	4.0220	1.28889	82	82.000
	AGE	58.7561	8.77786	82	82.000
	LOC	5.3110	.81345	82	82.000
	Role Identity	5.7744	.89633	82	82.000
	FAM_C	1.0000	1.17589	82	82.000
	Cost	2.5707	.81838	82	82.000
	Availability	4.9463	1.01400	82	82.000
3.00	Attitude	4.6524	1.42319	42	42.000
	AGE	64.5476	6.12951	42	42.000
	LOC	5.0952	.81079	42	42.000
	Role Identity	5.7857	.82190	42	42.000
	FAM_C	1.0000	1.16870	42	42.000
	Cost	2.2857	.99965	42	42.000
	Availability	5.6476	.84370	42	42.000
Total	Attitude	4.0849	1.31318	179	179.000

AGE	59.9330	8.57066	179	179.000
LOC	5.1816	.75457	179	179.000
Role Identity	5.6578	.88322	179	179.000
FAM_C	.8994	1.14703	179	179.000
Cost	2.6514	.95520	179	179.000
Availability	4.9341	1.03637	179	179.000

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Attitude	.934	6.195	2	176	.003
AGE	.910	8.731	2	176	.000
LOC	.975	2.293	2	176	.104
Role Identity	.958	3.873	2	176	.023
FAM_C	.983	1.561	2	176	.213
Cost	.908	8.908	2	176	.000
Availability	.797	22.436	2	176	.000

Pooled Within-Groups Matrices

		Attitude	AGE	LOC	Role Identity	FAM_C	Cost	Availability
Correlation	Attitude	1.000	.204	-.104	-.252	-.026	.032	-.039
	AGE	.204	1.000	-.086	-.207	-.065	.171	-.092
	LOC	-.104	-.086	1.000	.091	.099	-.101	.103
	Role Identity	-.252	-.207	.091	1.000	.193	-.294	.142
	FAM_C	-.026	-.065	.099	.193	1.000	-.035	.006
	Cost	.032	.171	-.101	-.294	-.035	1.000	-.249
	Availability	-.039	-.092	.103	.142	.006	-.249	1.000

Analysis 1

Box's Test of Equality of Covariance Matrices

Log Determinants

DV	Rank	Log Determinant
1.00	3	3.904
2.00	3	3.867
3.00	3	3.073
Pooled within-groups	3	3.796

The ranks and natural logarithms of determinants printed are those of the group covariance matrices.

Test Results

Box's M		18.066
F	Approx.	1.465
	df1	12
	df2	87170.007
	Sig.	.129

Tests null hypothesis of equal population covariance matrices.

Stepwise Statistics

Variables Entered/Removed[a,b,c,d]

		Wilks' Lambda							
						Exact F			
Step	Entered	Statistic	df1	df2	df3	Statistic	df1	df2	Sig.
1	Availability	.797	1	2	176.000	22.436	2	176.000	.000
2	AGE	.720	2	2	176.000	15.616	4	350.000	.000
3	Cost	.687	3	2	176.000	11.954	6	348.000	.000

At each step, the variable that minimizes the overall Wilks' Lambda is entered.

a. Maximum number of steps is 14.

b. Minimum partial F to enter is 3.84.

c. Maximum partial F to remove is 2.71.

d. F level, tolerance, or VIN insufficient for further computation.

Variables in the Analysis

Step		Tolerance	F to Remove	Wilks' Lambda
1	Availability	1.000	22.436	
2	Availability	.991	23.050	.910
	AGE	.991	9.331	.797
3	Availability	.936	15.243	.808
	AGE	.968	10.475	.770
	Cost	.916	4.129	.720

Variables Not in the Analysis

Step		Tolerance	Min. Tolerance	F to Enter	Wilks' Lambda
0	Attitude	1.000	1.000	6.195	.934
	AGE	1.000	1.000	8.731	.910
	LOC	1.000	1.000	2.293	.975
	Role Identity	1.000	1.000	3.873	.958
	FAM_C	1.000	1.000	1.561	.983
	Cost	1.000	1.000	8.908	.908
	Availability	1.000	1.000	22.436	.797
1	Attitude	.999	.999	5.698	.748
	AGE	.991	.991	9.331	.720
	LOC	.989	.989	2.310	.776
	Role Identity	.980	.980	2.006	.779
	FAM_C	1.000	1.000	1.305	.785
	Cost	.938	.938	3.026	.770
2	Attitude	.958	.951	3.046	.696
	LOC	.984	.982	1.925	.704
	Role Identity	.942	.942	2.712	.698
	FAM_C	.996	.987	1.485	.708
	Cost	.916	.916	4.129	.687
3	Attitude	.958	.916	2.862	.665
	LOC	.979	.912	1.834	.673
	Role Identity	.884	.860	1.415	.676
	FAM_C	.995	.916	1.306	.677

Wilks' Lambda

Step	Number of Variables	Lambda	df1	df2	df3	Exact F Statistic	df1	df2	Sig.
1	1	.797	1	2	176	22.436	2	176.000	.000
2	2	.720	2	2	176	15.616	4	350.000	.000
3	3	.687	3	2	176	11.954	6	348.000	.000

Summary of Canonical Discriminant Functions

Eigenvalues

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.426[a]	95.5	95.5	.547
2	.020[a]	4.5	100.0	.140

a. First 2 canonical discriminant functions were used in the analysis.

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	.687	65.589	6	.000
2	.980	3.485	2	.175

Standardized Canonical Discriminant Function Coefficients

	Function 1	Function 2
AGE	.581	.717
Cost	-.381	.555
Availability	.730	-.084

Structure Matrix

	Function 1	Function 2
Availability	.771*	-.288
AGE	.448	.820*
Cost	-.463	.698*
Role Identity[b]	.096	-.323*
Attitude[b]	.078	.168*
LOC[b]	.064	-.126*

FAM_C[b]	-.020	-.067*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

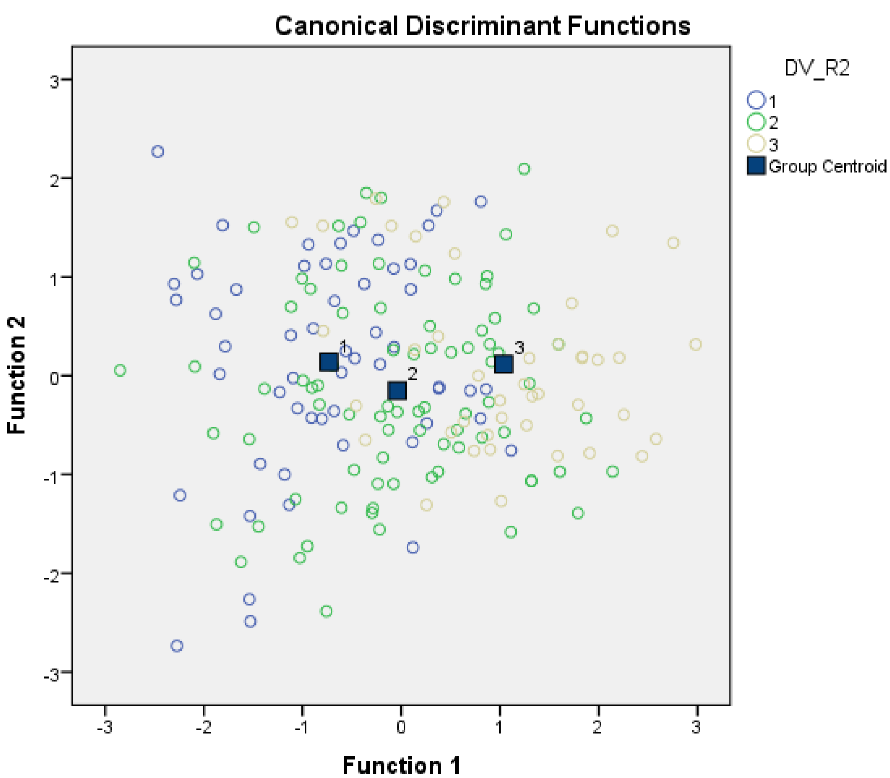
*. Largest absolute correlation between each variable and any discriminant function

b. This variable not used in the analysis.

Functions at Group Centroids

DV	Function 1	Function 2
1.00	-.733	.139
2.00	-.040	-.153
3.00	1.038	.117

Unstandardized canonical discriminant functions evaluated at group means



Classification Statistics

Classification Processing Summary

Processed		179
Excluded	Missing or out-of-range group codes	0
	At least one missing discriminating variable	0
Used in Output		179

Classification Function Coefficients

	DV		
	1.00	2.00	3.00
AGE	.854	.878	.978
Cost	4.031	3.565	3.280
Availability	6.732	7.303	8.124
(Constant)	-46.885	-49.213	-59.689

Fisher's linear discriminant functions

Classification Results[a,c]

			Predicted Group Membership			
		DV	1.00	2.00	3.00	Total
Original	Count	1.00	22	32	1	55
		2.00	17	55	10	82
		3.00	4	18	20	42
	%	1.00	40.0	58.2	1.8	100.0
		2.00	20.7	67.1	12.2	100.0
		3.00	9.5	42.9	47.6	100.0
Cross-validated[b]	Count	1.00	20	34	1	55
		2.00	18	50	14	82
		3.00	4	18	20	42
	%	1.00	36.4	61.8	1.8	100.0
		2.00	22.0	61.0	17.1	100.0
		3.00	9.5	42.9	47.6	100.0

a. 54.2% of original grouped cases correctly classified.

b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

c. 50.3% of cross-validated grouped cases correctly classified.

produce varying results.

VITA

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Doctor of Philosophy

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