CONTRIBUTING SUCCESS FACTORS WITHIN THE FINANCIAL PLANNING PROFESSION: OBJECTIVE AND SUBJECTIVE FACTORS

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Abstract

This work examines the nature of objective and subjective factors and their contribution to perceived level of success among financial planning professionals. The data utilized within this study were gathered via a survey instrument developed and administered in an online format during the months of June and July 2008. The respondents consisted of 349 Financial Planning Association (FPA) members (3.5% response rate). Findings of this study indicate that independence, pay, sense of meaning and purpose of the profession, personal growth, variety, and creativity are 'very important factors' to 'very successful' financial planners.

1. Introduction

Little if any empirical research has been conducted to this point conceptualizing and evaluating career success within financial planning. The relatively new profession of financial planning and the nature of duties performed within the profession provide a unique opportunity for scholars and practitioners alike. Research conducted to identify and define characteristics and/or contributing factors to the success of individuals working within the financial planning framework is timely. Career success dimensions based on objective and subjective measures will provide further insight into the financial planner, their job functions, and their perception of success.

Studies discussing success within financial planning have been open to definitional interpretation and without regard to both the objective and subjective elements of success. Empirical studies considering objective and subjective dimensions of success within the financial planning profession have been limited at best. This research is the first to empirically examine the importance of both objective and subjective factors important to the financial planning profession and to the individual financial planning professional's perceived level of success. The purpose of this research is to analyze the manner upon which objective factors (pay, promotion, status, and rank or affiliation) and subjective factors (work/life balance, sense of meaning and purpose of profession, personal growth, creativity, variety, and independence) have contributed to the perceived level of success of individuals working as financial planners. This study also examines the importance of the objective and subjective factors and their importance within the financial planning profession.

2. Literature Review

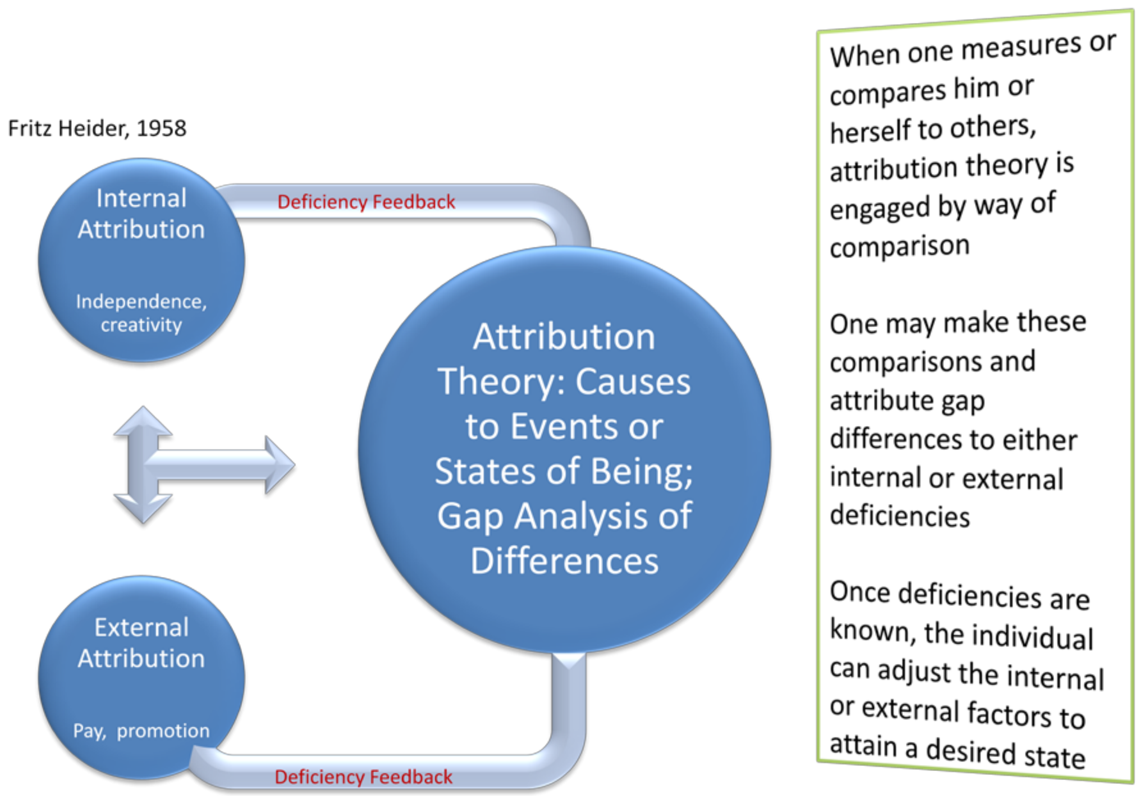
In the 1950's, noted social psychologist Fritz Heider developed a theory explaining how individuals attribute behavior of themselves and others. Heider's work, known as attribution theory, is a cognitive theory associated with success and interpersonal relationships (Heider, 1958). Attribution theory is the exploration of an individual's awareness of cause and effect scenarios and how the outcomes of such scenarios affect the individual's perception of usefulness. Heider proposed that people strive for prediction and understanding of daily events in order to give their lives stability and predictability (Heider, 1958).

Fullin and Mills (1995) write of attribution theory as applied to the field of sports, whereby athletes use awareness of cause and effect scenarios to adjust performance output. Attribution theory divides the way an individual attributes causes to events into two distinct categories: internal and external. External attribution assigns causality to an outside factor, such as pay or promotion in the current study, or competition in the sports analogy. Internal attribution assigns causality to inside factors of the person, such as independence and creativity in the current study, or ability and luck in the sports analogy. Thus, when one measures his or herself or compares his or herself to others, attribution theory is engaged by way of comparison.

One may make these comparisons and attribute differences to either internal or external deficiencies. Once the deficiencies are known, the individual can adjust the internal or external factors to attain a desired state. In the case of an athlete, once deficiencies are known, adjustments to ability, effort, and task difficulty can be made. Mittra, Potts, and LaBrecque (2005) argue the financial planner is at times like a football quarterback moderating the plays of financial life around the key planning areas in a strategic manner. In much the same way as the quarterback athlete, the financial planner can learn from deficiencies and adjust strategy by way of attribution theory.

For example, as shown in Figure 2.1, a financial planner may make comparisons of other planners and oneself finding potential deficiencies within the context of certain success contributors, such as internal attribution factors (independence or creativity for illustration purposes) or external attribution factors (pay or promotion for illustrative purposes). The planner may then realize any shortcomings or potential deficiencies and may at this point make adjustments to achieve a more desirable state. After an adjustment has been made, for example, working harder to develop client relationships, the planner will then reevaluate and the process again cycles until a desirable state is attained.

Figure 2.1. Theoretical Framework Application



3. Career Success Dimensions

Practically anyone involved within a profession leading to a career has at one point had interest in the contributors to their own success (Hall, 1976, 2002). Heslin (2003) argues little scholarly attention has been given to analyzing the nature of career success in general. Hughes (1937, 1958) defined career success with the theoretical distinction between two realms of career: objective and subjective. Hughes further defined the objective career as those elements directly observable (e.g., pay, promotion, status, rank and affiliation). The objective career, Hughes argued, could be easily identified, defined, measurable, and verifiable by a third party. The subjective career conceptualized by Hughes, is that part of a career that is experienced by the individual. Subjective career dimensions, Hughes states, consists of individuals reactions to stimuli within the nature of the chosen career path (e.g., work/life balance, sense of meaning and purpose of the profession, personal growth, creativity, variety, and independence).

Objective criteria have dominated much of the overall career success literature (Heslin, 2005); however, in recent years, studies involving subjective criteria have increased as more people adopt and customize the criteria within career research. As far back as 1934, Thorndike recognized the importance of subjective criteria important to career success. Thorndike conducted studies on the objective criteria; however, was one of the first researchers to examine factors such as job satisfaction to be an important facet of career success. Heslin (2005) argues four inherent assumptions are prevalent in the current career success literature: 1) objective outcomes (pay and/or promotions) stand as a measure of career success, 2) job and career satisfaction provide reactive stimuli to individuals' chosen career paths, 3) people in general exhibit the same level of concern about success achieved by objective criteria, yet, do not exhibit the same level of concern regarding the subjective criteria, 4) a presumption exists that people evaluate their respective success relative to self referent criteria, e.g., career aspirations. Heslin states the scholar should transcend the assumptions and look further than merely objective criteria, focusing on a decent level of subjective criteria as the two together form one's total career.

4. Perceptions of Success and Financial Planning

Van Auken, Hira, and Norris (1989) examined factors influencing success within financial planning among a study of 275 respondents practicing financial planning and holding the CFP® mark. The results of this work revealed that planning professionals serving larger markets, offering more products and services, and using a commission based fee structure tend to exhibit higher income levels than those who did not exhibit these characteristics. Other contributors examined within this study were business practices such as affiliation, business structure, span of practice, operating characteristics such as method of making initial contact, functions performed by the planner, and client characteristics such as income differences among clients. This study utilized an analysis with a breakpoint of $50,000 as the metric for "success." Those individuals practicing financial planning, holding the CFP® designation, and reporting income greater than $50,000 were defined as successful, whereas individuals practicing financial planning, holding the CFP® designation, and reporting income less than $50,000 were defined as unsuccessful.

Author and practitioner Ross Levin (2001) of Accredited Investors, Inc., calculates success holistically by way of a sophisticated tool developed in 1996 as a method for quantifying the success of financial planning against a client's long-term life plan. If wealth of client is a measure of success, Levin integrates all aspects of a client's resources "financial, emotional, physical, and spiritual." Gresham and Cooper (2001) posit a grading system for the financial planner as a tool for assessing success. Three components given by this practitioner study are: additional assets, referral business, and new business. Each component is placed into a worksheet from which the planner grades his or her success by comparing to client goals and expectations.

The Financial Planning Association conducted a study on compensation and staffing in 2001 claiming personnel management in financial advisory firms in the United States dramatically affected the success of the financial planning firm (Tibergien & Palaveev, 2001). This study showed the delicate issues owners and financial planning managers' face when dealing with human resource tasks. The study also identified a compensation model of paying competitively within the industry across firms. In particular, advantages were found in hiring specialized financial professionals (staffing) as well as an understanding of how corporate culture can limit the growth of employees of the firm. Peatey (2007) writes that the key to success in financial planning is the ability to provide quality service, which is ultimately dependent upon the quality of staff within the financial planning organization.

Noted financial planning author, Bob Veres, writing for the *Journal of Financial Planning* (2002) discusses important lessons of life and business stating how few they are in the article entitled "The Eternal Determinants of Success." Veres states time and time management to be two of the most important keys to financial planner success. Following this article in the same journal in 2003, Veres writes of a well trodden path to success for financial planners but is puzzled in that the path within the profession (e.g., success) is hardly ever written about in a scholarly fashion (Veres, 2003).

Alexander Scholp (2004) notes that monetary gain and recognition are not the only keys considered important to financial planner success. Scholp's argument bridges the great divide within the general career success planning by virtue of blending the objective criteria of pay, promotions, and recognition with subjective criteria such as work/life balance. Financial advisor Cindy Vance (2004) provides a “Recipe for Success” rooted heavily in subjective criteria. Vance states the ingredients to success as a professional in the financial planning domain are trust building with the client and giving back to the community.

Financial planner and author Harold Evensky (2005) reviews changes during the last 20 years within financial planning. Evensky stipulates practitioners should focus on realistic planning success, such as meeting client’s lifelong goals, as opposed to emphasis on performance of a portfolio. Evensky also notes success will no longer be measured by the planner’s ability to outperform other planners or fund managers, but rather how well one meets or exceeds a client’s long term life planning goals. Katherine Vessenes (2005) produced a quiz for which financial advisers could self administer to see where they relate relative to their peers defined as superstars, or those planners commanding a gross annual income of one million dollars or more and serving an average of 350 clients. Vessenes closed her article by stating the importance of the path to success as getting individual clients across the table from the planner and closing business with clients at least seven times per week.

The College for Financial Planning conducted a study entitled “2005 Survey of Trends” indicating rising levels in CFP® certificant incomes as well as reporting an increase in job satisfaction among financial planners. The study also indicated that when asked about factors that contributed to their own success, planners gave the highest score to people and communication skills followed by referrals and having the CFP® designation. The study was replicated in 2007 with the same factors of people and communication skills holding as the number one choice by respondents as to the top factors contributing to their own success (O’Brien, 2007).

Mahli (2005), writing of independent planner success, states the planner should get back to the basics of marketing fundamentals when creating a successful practice. Knowing the client by way of a profile can aid the planner on the course to success. Mahli lists marketing functions such as referrals, targeted emails and mailing campaigns, public relations initiatives, community functions, benchmarking data, and best practice profiles to be of importance to financial planner success. Hayden (2006) developed a planner pyramid of success based on an idea from basketball coach John Wooden in which success is largely based on acquisition of clients that generate renewal income and the repetition of quality service for those clients over a lifetime. This logistical approach posed by Hayden creates customer loyalty over time when combined with high ethical standards, continued self-improvement, and a focus on innovation and preparation.

Others, such as Steven Drozdeck (2005) and Gregory Gagne (2005) visualize success within financial planning as more of an attitude, trait, and habit situation. Drozdeck states success within financial planning is based around the habits and attitudes of staying focused, staying motivated, increasing proficiency in financial and psychological profiling and practice management while improving professional knowledge. Gagne posits practices that lead to success for financial planners include the habit of seeking to first understand before being understood, obtaining a field of specialization, being organized and keeping neat records, keeping one’s word, and always reading and learning.

Dr. John C. Maxwell, author of *The 21 Irrefutable Laws of Leadership* and *Developing the Leader within You,* spoke to a group of financial advisors at the 2006 National Association of Insurance and Financial Advisors (NAIFA), a nonprofit association representing the interests of insurance and financial planning professionals across the United States. At this NAIFA

Convention and Career Conference, Maxwell provided insight into success that it is different for everyone and each person needs to discover what his or her personal version of success is (Leyes, 2006). Maxwell stated the key to success lies within three principle things: 1) successful people know their purpose in life, 2) success means growing to your maximum potential, and 3) success means sowing seeds to benefit others. In this way, related to what Maxwell stated, one can understand that success even for financial planners is something that possibly occurs over time within a cultivation framework and mindset; the successful financial planner knows his or her purpose, understands what it takes to grow to maximum potential, and provides services that benefit others.

Current financial planning practitioner literature as exhibited in the previous paragraphs, mentions the concepts of success many times, however, most work has been open to definitional interpretation and without regard to both the objective and subjective elements of success. Gunz and Heslin (2005) show a cursory search of the practitioner literature in general terms yields literally thousands of books and articles about career success in many different formats. More specifically, within financial planning there are many different ideas regarding the definition of success as a financial planning professional, however, empirical evidence supporting these ideas is lacking.

5. Data and Methodology

5.1 Data

The data utilized within this study were gathered via a survey instrument developed and administered in an online format during the months of June and July 2008. Contact procedures for this Web survey followed a modified Dillman Email methodology consisting of pre-notice, survey invitation, thank you message, and reminder emails (Dillman, 2000). Three days prior to the launch of the survey instrument, an informational pre-notice email was sent to 10,000 members of The Financial Planning Association (FPA) randomly selected by FPA research administrators. Following the pre-notice, FPA administrators distributed an invitation to participate in the research survey to potential sample participants via an email that included an embedded Web survey link.

Participation in the survey was voluntary and participants had the option to withdraw at any time without penalty. Respondents choosing to participate in the survey were re-directed to an online survey instrument hosted by Survey Monkey, a secure third party. The Web survey link provided by Survey Monkey professional edition ensures all respondent data were collected via two-way secure socket layer (SSL3) security protocols. At no time did the researcher or Survey Monkey have access to any identifying or highly sensitive respondent information in conjunction with the survey instrument.

A total of 403 geographically diverse respondents (4% response rate) who are members of the FPA and agree to receive email from the organization answered the survey. This research is statistically representative of the FPA membership with a 5% margin of error at a 95% confidence interval. The final sample used after significant non-response cases were eliminated was 349 respondents (3.5%). All representative data were to reflect the information given by respondents practicing financial services consistent with the six step financial planning process. Of those 403 respondents, 23 cases were deleted as respondents reported job or FPA membership tasks not related to the financial planning process. Further, of the remaining 380 respondent cases, 31 additional significant non-response cases were eliminated, providing 349 respondent cases for the final dataset.

Upon completion or exit of the 47 question survey instrument, the respondent received a 'thank you' message including a link to an incentive drawing. The voluntary incentive drawing was hosted completely separate from the initial survey. Basic information such as name and email address was captured for the purposes of notifying incentive drawing winners. The incentive utilized for this study consisted of free FPA conference fees to a conference of choice. Ten days after the initial launch of the survey instrument a reminder email was sent to all potential sample participants by FPA administrators. The survey remained open from June 4th to July 3rd, 2008.

5.2 Instrumentation

The instrument utilized within this study comprised seven sections complete with 47 questions: 1) introduction / qualifying statement, 2) individual objective and subjective factors contributing to success within the financial planning profession originating from previously established career success literature, 3) perceived individual level of success within financial planning, 4) factors contributing to success within the financial planning profession originating from articles found in journals and the popular press, 5) preference for numerical information (PNI) originating from the work of Viswanathan (1993), 6) need for emotion (NFE) originating from the work of Raman, Chattopadhyay, and Hoyer (1995), and 7) demographic information. The final instrument was examined by experts in the financial planning profession for content, readability, and flow. The instrument was pilot tested by a group of 14 individuals two weeks prior to survey launch. The purpose of this pilot test was to ensure the instrument functioned properly via the Internet.

The first section of the instrument consisted of a question qualifying respondents on the basis of their job task in relation to the six step financial planning process outlined by CFP Board of Standards definition of financial planning (CFP Board of Standards Code of Ethics and Professional Responsibility, 2007). Those respondents answering in the affirmative to the first question were noted as financial planning professionals and moved to the second section, second question, within the survey instrument. Not all questions were applicable to all respondents based on the qualifying question. Those respondents answering in the negative to the first question were moved via survey skip logic to section five to answer the remaining sections of the survey.

The objective factors used within the two question sets below represent external factors present in attribution theory. Pay, promotion, status, rank or affiliation can be seen as outside, external factors, or factors in existence from external sources. The subjective factors used within the two questions sets represent internal factors present in attribution theory. Work/life balance, sense of meaning and purpose of their profession, personal growth, creativity, variety, and independence represent factors in existence from internal sources.

Of particular interest to this study are the questions from sections two and three of the survey instrument. The first question asks the respondent to rate, on a scale of 1 (unimportant) to 5 (very important), the following objective and subjective factors, (identified as important from current perceptions of success and financial planning literature) within their chosen profession: pay, promotions, status, rank or affiliation, work/life balance, sense of meaning and purpose of their profession, personal growth, creativity, variety, and independence. This question was tested for reliability and resulted in satisfactory Cronbach's Alpha of .71 for the 10 item scale. Cronbach's Alpha provides an empirical tool necessary for analyzing the extent to which items on a scale are ambiguous, values closer to zero, or consistent, values closer to one (Green &

Salkind, 2005). The coefficient alpha of .71 suggests that the scale scores are reasonably reliable for respondents like those in the study.

The second question asks the respondent to rate, on a scale of 1 (no contribution) to 5 (considerable contribution) the objective and subjective factors (identified as important from current perceptions of success and financial planning literature) that have contributed to their own personal success as a financial planning professional: pay, promotions, status, rank or affiliation, work/life balance, sense of meaning and purpose of their profession, personal growth, creativity, variety, and independence. This question was tested for reliability and resulted in satisfactory Cronbach's Alpha of .72 for the 10-item scale. The coefficient alpha of .71 suggests that the scale scores are reasonably reliable for respondents like those in the study.

5.3 Methodology

The hypotheses tested for this study consist of two separate models. The first model is factors important to financial planning and the hypothesis is as follows; H_{Oa}: There is no mean difference between perceived importance of objective and subjective factors found within the scope of financial planning and groups of successful and non successful financial planners. The second model is factors contributing to individual financial planner perceived success and the hypothesis is as follows; $H_{Ob:}$ There is no mean difference between perceived importance of objective and subjective factors for individual financial planner success and groups of successful and non successful financial planners. Stated another way, the objective factors such as pay, promotion, status, rank, and affiliation should not be any more significant than the subjective factors such as work/life balance, variety, creativity, sense of meaning and purpose of the profession, personal growth, and independence to financial planning in general or to the individual financial planner's perceived level of success.

Respondents were asked to identify their perceived level of success within the financial planning profession. This variable consisted of five levels, from which the respondent could select only one, representing their self perceived level respectively. When asked to “rate your level of success within the financial planning profession,” five categories or groups were possible: unsuccessful, slightly successful, somewhat successful, moderately successful, and very successful. This variable was then utilized as the independent variable.

This study consisted of the need to analyze population means for the independent variable in an effort to find any differences among those means. Multivariate analysis of variance (MANOVA) was utilized to assess how each of the groups of the perceived level of success independent variable rates the contributing factors, both objective and subjective, on a five point scale with (1) being unimportant, (2) slightly unimportant, (3) somewhat important, (4) important, and (5) very important, within the scope of the financial planning profession. The quantitative dependent variables, both question sets mentioned above with said Alpha, were analyzed with respect to the independent variable, perceived level of success within the financial planning profession.

Considering the assumptions for MANOVA, the dependent variables are mulitvariately normally distributed for each population mean, with the different populations being defined by the levels of the independent variable, perceived level of success within the financial planning profession. Tests for homogeneity of variance yielded satisfactory results. Participants were randomly sampled and the score on a variable for any one participant is independent from the scores on this variable for all other participants, thus satisfying the assumptions of MANOVA. Results from each MANOVA are discussed below.

6. Results

6.1 Respondent Characteristics

This dataset reflects information gathered from 349 FPA members stating they practice the financial planning process consistent with that defined by CFP Board of Standards. Respondents to the survey were predominantly male (70.2%). Respondent ethnicity was predominantly Caucasian / White (79.4%). The work environment situation for respondents was characterized by almost 50% (49.5%) who described themselves as owners or partners in their current position. The typical work week for this group of respondents showed that 55% work more than 40 hours per week. See Table 2.1 below for a summary of respondent characteristics.

Table 2.1

Respondent Characteristics, n=349	%
Gender	
Male	70.2
Female	29.8
Ethnicity	
African American	0.0
Asian or Pacific Islander	1.7
Caucasian / White	79.4
Hispanic / Latino	.3
Multi-Ethnic	.6
Native American	.6
Other or N/A	17.4
Total Annual Compensation Range	
$0 - $50,000	8.9
$51,000 - $100,000	19.2
$101,000 - $150,000	21.5
$151,000 - $200,000	9.5
$201,000 - $250,000	7.2
$251,000 - $300,000	6.6
More than $300,000	10.6
Other or N/A	16.5
Total Annual Compensation Range a Successful Financial Planner Should Earn	
$0 - $50,000	.9
$51,000 - $100,000	2.9
$101,000 - $150,000	18.6
$151,000 - $200,000	19.8
$201,000 - $250,000	17.8
$251,000 - $300,000	9.7
More than $300,000	20.6
Other or N/A	9.7
Perceived Level of Success within the Financial Planning Profession	
Unsuccessful	1.7
Slightly Successful	6.0
Somewhat Successful	20.9
Moderately Successful	45.0
Very Successful	26.4

When asked to select a range representing the respondent's annual total compensation, 8.9% earn less than $50,000. Almost 20% (19.2%) of respondents earn annual compensation of $51,000 to $100,000. More than 20% (21.2%) reported annual compensation of $101,000 to $150,000. Just fewer than 10% (9.5%) of respondents of this sample earn annual compensation of $101,000 to $200,000. Just more than seven percent (7.2%) of respondents of this sample earn annual compensation of $201,000 to $250,000 and 6.6% earn annual compensation of $251,000 to $300,000 with more than 10% (10.6%) reporting annual compensation greater than $300,000.

When asked what total annual compensation range the respondent thinks a successful financial planner should earn, 20.6% stated a successful financial planner should earn annual compensation above $300,000. Almost 20% (19.8%) stated a successful financial planner should earn $151,000 to $200,000 annually. Eighteen percent (18.6%) stated a successful financial planner should earn $101,000 to $150,000 annually. More than 17% selected $201,000 to $250,000 as 9.7% selected $251,000 to $300,000 as the annual compensation a successful financial planner should earn. Just fewer than four percent (3.8%) of respondents said a successful financial planner would earn less than $100,000 in annual compensation.

When asked to rate their own success within the financial planning profession, more than 26.4% of the respondents stated they perceived themselves as very successful. Forty five percent (45%) stated they perceived themselves as moderately successful, 20.9% stated they were somewhat successful, six percent (6%) stated they were only slightly successful with almost two percent (1.7%) stating they perceived themselves as unsuccessful within the financial planning profession.

6.2 Data Analysis: Model One: Factors important to financial planning

A one-way multivariate analysis of variance (MANOVA) was conducted to determine the effect of the five levels of the independent variable, perceived level of success (unsuccessful, slightly successful, somewhat successful, moderately successful, and very successful) on the 10 objective and subjective factors important to the financial planning profession (pay, promotion, status, rank, work / life balance, sense of meaning and purpose of profession, personal growth, creativity, variety, and independence), Wilks's $\Lambda = .81$, $F(40, 1177.33)$, $p < .01$. The multivariate η^2 based on Wilks's Λ was .051.

Analyses of variances (ANOVA) on each dependent variable were conducted as follow-up tests to the MANOVA. Using the Bonferroni correction method, in an effort to control for a possible Type I error, each ANOVA was tested at the .005 level (.05 divided by 10). The ANOVA was significant on the dependent variable independence, $F(4, 319) = 9.95$, $p <.005$, $\eta^2 = .11$. The ANOVA was not significant on the dependent variables pay, promotion, status, rank, work / life balance, sense of meaning and purpose of profession, personal growth, creativity, nor variety.

Post hoc analyses to the univariate ANOVA for the significant variable independence, mentioned above, consisted of conducting pair wise comparisons to find which variables affected perceived level of success most strongly. For the dependent variable independence, somewhat successful, moderately successful, and very successful planner groups of the independent variable perceived level of success differed significantly from the other groups. The very successful financial planner group rated independence, showing the greatest mean difference, as important to the financial planning profession, followed by moderately successful, and somewhat successful. Table 2.2 below provides a summary of the means and the standard deviations on the dependent variables for the five groups.

Table 2.2

Model One Information

Factors (DV)	Unsuccessful		Level of perceived success groups (IV): Slightly successful		Somewhat successful		Moderately successful		Very successful	
Objective Factors										
	M	SD	M	SD	M	SD	M	SD	M	SD
Pay	3.80	.837	3.67	.913	3.71	.897	3.90	.764	3.97	.769
Promotions	1.40	.548	2.38	1.20	2.20	1.27	2.10	1.23	2.14	1.32
Status	2.40	1.14	3.14	.91	2.83	1.04	2.82	1.15	3.08	1.13
Rank or affiliation	2.40	1.14	2.90	.89	2.68	1.11	2.59	1.14	2.89	1.21
Subjective Factors										
Work / life balance	4.80	.48	4.43	.68	4.42	.846	4.58	.63	4.60	.64
Sense of meaning and purpose of my profession	4.20	.84	4.48	.60	4.40	.86	4.68	.58	4.75	.65
Personal growth	4.40	.55	4.29	.64	4.26	.76	4.47	.61	4.48	.78
Creativity	4.20	.45	3.95	.92	3.75	.90	4.04	.84	4.22	.87
Variety	4.00	1.23	4.05	.67	3.77	.83	4.11	.80	4.17	.91
Independence	4.00	1.73	4.52	.68	4.09	.86	4.66	.60	4.75	.69

6.3 Data Analysis: Model Two: Factors contributing to individual financial planner success

A one-way multivariate analysis of variance (MANOVA) was conducted to determine the effect of the five levels of the independent variable, perceived level of success within the financial planning profession (unsuccessful, slightly successful, somewhat successful, moderately successful, and very successful) on the 10 objective and subjective factors contributing to individual success as a financial planning professional (pay, promotion, status, rank, work / life balance, sense of meaning and purpose of profession, personal growth, creativity, variety, and independence), Wilks's $\Lambda = .68$, $F(40, 1177.33)$, $p < .01$. The multivariate η^2 based on Wilks's Λ was .093.

Analyses of variances (ANOVA) on each dependent variable were conducted as follow-up tests to the MANOVA. Using the Bonferroni method, each ANOVA was tested at the .005 level (.05 divided by 10). The ANOVA was significant on the dependent variables: work / life balance, $F(4, 319) = 4.25$, $p <.005$, $\eta^2 = .05$, status, $F(4, 319) = 4.15$, $p <.005$, $\eta^2 = .05$, creativity, $F(4, 319) = 5.46$, $p <.005$, $\eta^2 = .06$, variety, $F(4, 319) = 5.96$, $p <.005$, $\eta^2 = .07$, personal growth, $F(4, 319) = 5.98$, $p <.005$, $\eta^2 = .07$, sense of meaning and purpose in my profession, $F(4, 319) = 8.27$, $p <.005$, $\eta^2 = .09$, pay, $F(4, 319) = 8.78$, $p <.005$, $\eta^2 = .10$, and, independence, $F(4, 319) = 11.51$, $p <.005$, $\eta^2 = .13$. The ANOVA was not significant on the dependent variables promotion and rank or affiliation. Table 2.3 below provides a summary of the means and the standard deviations on the dependent variables for the five groups.

Table 2.3

Model Two Information

Factors (DV)	Level of perceived success groups (IV) Unsuccessful		Slightly successful		Somewhat successful		Moderately successful		Very successful	
Objective Factors										
	M	SD	M	SD	M	SD	M	SD	M	SD
Pay	2.20	.84	2.84	1.21	2.88	.92	3.29	1.03	3.70	1.01
Promotions	1.60	.89	1.68	.82	1.94	1.12	1.90	1.042	2.16	1.32
Status	1.60	.894	2.32	.95	2.55	1.03	2.68	1.19	3.06	1.19
Rank or affiliation	1.60	.89	2.58	.96	2.62	1.12	2.58	1.20	2.76	1.24
Subjective Factors										
Work / life balance	4.60	.89	3.47	1.02	3.68	1.03	3.91	1.06	4.22	.94
Sense of meaning and purpose of my profession	4.00	1.41	3.68	1.0	4.12	.78	4.41	.64	4.57	.69
Personal growth	4.20	.48	3.89	.81	4.02	.79	4.39	.68	4.48	.73
Creativity	3.80	.84	3.37	1.21	3.44	.90	3.80	.93	4.09	.94
Variety	4.00	1.0	3.42	1.12	3.52	.93	3.97	.81	4.11	.92
Independence	4.00	1.73	3.84	.90	3.83	.83	4.45	.80	4.63	.76

Post hoc analyses to the univariate ANOVA for significant variables mentioned above consisted of conducting pair wise comparisons to find which variables affected perceived level of success most strongly. For the dependent variables status and work / life balance, no significant post hoc analysis was found to be relevant within the pair wise comparisons. For the dependent variable pay, very successful and somewhat successful planner groups produced significantly different results as compared to the other groups within the independent variable perceived level of success. For the dependent variable sense of meaning and purpose of my profession, slightly successful, moderately successful, and very successful financial planner groups produced significantly different results as compared to the other groups within the independent variable perceived level of success.

The dependent variable personal growth showed two groups, somewhat successful and very successful financial planners as being significant outperforming the other groups within the independent variable perceived level of success. Regarding the dependent variables creativity and variety, somewhat successful and very successful financial planning groups differed significantly from the other independent variable groups. The dependent variable independence pair wise comparison revealed somewhat successful, moderately successful, and very successful financial planner groups of the independent variable perceived level of success differed significantly from the other groups.

7. Discussion

This research is not without limitations. The accuracy of self reported data can be questioned and shown to be limited in scope. Only the members of FPA responded to this survey creating a localized respondent pool that could limit external reliability. An important variable utilized within this study, perceived level of success, is perceptual in nature. The factors important to financial planning and those shown to be contributing to the financial planner's success are in no way an exhaustive list of all possible factors, however, a review of the literature and expert content validity were utilized in the research process.

Results from the study provide a unique view of the financial planner. When examining the gender of respondents, most of the respondents are male, emulating the current landscape of the financial planning profession. With almost 80% of respondents being Caucasian / White, diversity is lacking within this particular sample. It could be that women and minorities are underrepresented within the membership of the FPA and the profession; and this topic should be reviewed and examined in future research.

Another interesting point of information from this study worth review is reported total annual compensation, annual compensation one thinks a successful financial planner should earn, and self perceived level of success. As the data have shown, most financial planners from the sample report to earn less than $200,000 per year (59.1%). Of this group of respondents 26.4% report their level of success as being very successful with another 45% stating they are moderately successful, or 71.4% collectively.

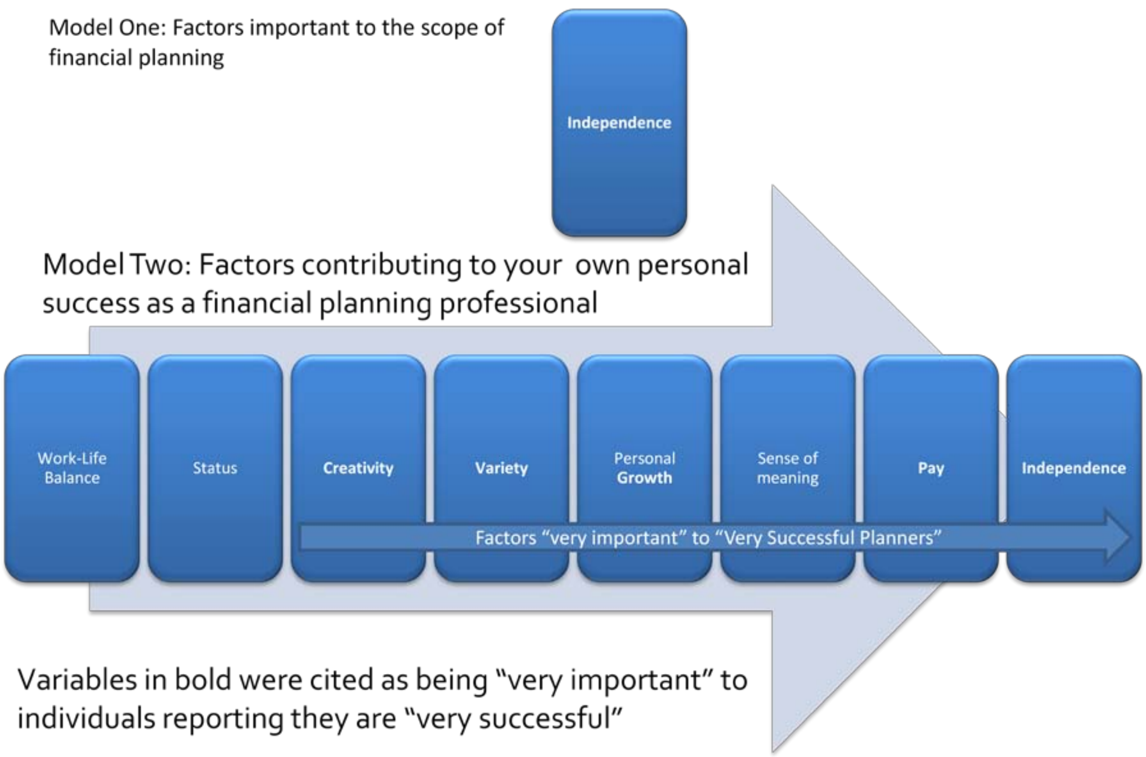
However, when asked what a successful financial planner should earn, 48.1% of respondents think this level of compensation should be above $200,000 annually. The data show a discrepancy in perceived level of success, actual annual compensation, and annual compensation a financial planner who is successful should earn. Quite possibly the respondents in this particular sample are equating success to annual compensation, reinforcing the idea presented in the Van Auken, Hira, and Norris (1989) study revealing successful financial planners are identified and categorized by a monetary threshold. This idea holds true to the 48.1% of respondents to the current study with the perception of successful financial planners earning annual compensation above $200,000.

Of the objective and subjective factors examined, independence became a variable of importance throughout the study to factors important to financial planning in general and as a factor contributing to the perceived success of the financial planning professional. When examining factors important to the financial planning profession, respondents listed independence as very important to the profession. When asked what objective and subjective factors have contributed to the perceived success of the personal financial planner, however, independence was very important and pay was seen to be very important but at a lesser level of significance. This information could possibly provide an insight to the lure of financial planning as a career fitting those individuals who desire and have a need for independence. This information also could possibly show that while independence is important both within the profession and to the individual financial planning professional's success, pay could be an indicator of perceived level of success, meaning the higher level of pay for the financial planning professional could be perceived as being more successful.

There are two major "take-aways" from this research. Model one empirically shows that "independence" is seen as very important to the financial planning profession. When asked what factors the financial planner feels are important to the financial planning profession, independence, by way of post hoc analysis, was the only significant factor shown to be "very important" to "very successful financial planners." Those financial planners who report themselves as very successful rate independence as the key factor.

Secondly, when examining model two, factors contributing to the planner's own personal success as a financial planning profession, eight of the ten factors are statistically significant. Independence again tops the list of significant factors, however, this time to the planner's own personal perceived level of success. Factors rated and found statistically significant from least to greatest were work-life balance, status, creativity, variety, personal growth, sense of meaning and purpose of the profession, pay, and independence. Interestingly, reported as "very important" to "very successful" financial planners, as analyzed by post hoc analysis, in order of significance least to greatest, creativity, variety, personal growth, sense of meaning and purpose of the profession, pay, and independence. For a graphical representation of the above discussion, please see Figure 2.2, Model Summaries.

Figure 2.2. MANOVA model summary results, factors important to financial planning and factors contributing to your own personal success as a financial planning professional.



8. Implications and Conclusions

Throughout the examination of each respective significant MANOVA model, a theme of objective and subjective factors surfaced. Within financial planning, those individuals reporting themselves to be very successful reported the dependent variable independence as being a major factor contributing to the financial planning profession. Many financial planners work independently (24% of respondents of this study) or have less than five financial advisers working within their office or firm (39% of respondents of this study). It should be noted that independence is a subjective factor that is not currently utilized to measure objective performance outcomes such as pay, promotion, etc. The characteristic trait and desire of independence may be one of the most important factors contributing to perceived success within financial planning. Measuring one's proclivity for independence might be a good indicator as to the appropriateness of the selected career as a financial planner or potential within the financial planning profession.

The theme of objective and subjective factors importance surfaced more strongly regarding the groups of financial planners when asked to identify which of the factors has contributed to their own personal success as a financial planning professional. When examining the detailed pair wise comparisons, very successful financial planners cite pay, sense of meaning and purpose of profession, personal growth, creativity, variety, and independence as the most important contributors for their own personal success within financial planning. Moderately successful planners cite sense of meaning and purpose of profession, as well as independence to be the most important contributors for their own personal success within financial planning. Somewhat successful financial planners cite pay, personal growth, creativity, and independence as the most important contributors for their own personal success within financial planning. As might be expected, very successful financial planners showed higher significant means along the contributing factors when looking at pair wise comparisons within the post hoc analysis.

The results of this research should help individuals understand the importance of not only the objective factors but also the subjective factors as important to different levels of successful financial planners, possibly educators working within financial planning academic programs. The results of this study could also prove helpful to individual financial planners who are trying to understand how one persists to the next level of perceived success within the financial planning profession. Implications for these findings are rooted in assessment, training, and measurement. Implications of this research could vary from development of marketing materials for financial planners' attraction and retention to a potential firm to the development of assessment tools to analyze certain subjective factor conditions such as whether the need for independence and sense of purpose exist within the perceptions of an up and coming financial planner. Quite possibly making an effort to assess the proclivity of the factors important to personal success as a financial planner could provide indicators of individuals who show potential within financial planning. For an individual that would like to be more successful, a clear understanding of the contributors mentioned above and any gap that exists for that individual could prove paramount to success.

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