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PROFESSIONALISM AND BUSINESS ATTIRE: THE IMPACT OF GENERATIONAL PREFERENCES, CULTURAL TRENDS, AND WORKPLACE EXPECTATIONS

Allie Guinn, Tennessee Tech University
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ABSTRACT

Business attire is an essential aspect of personal branding as well as corporate branding activities. Fashion, cultural trends, and workplace expectations play critical roles in determining acceptable work attire. Corporations even use their definitions of work attire in their advertising activities as a part of identity development. Examples include State Farm Insurance, Progressive, and Enterprise Rent a Car. Observations during career development activities at multiple universities revealed that Millennials might have a different interpretation of professional attire.

The literature review indicated a gap regarding how perceptions change from generation to generation related to this topic. This paper used the Grounded Theory methodology to investigate the factors that may influence the definition of professional attire among three generational groups, including early career, mid-career, and retired professionals. Further research implications are presented in this paper.

INTRODUCTION

Fashion is continuously changing. Whether because of the change of the seasons, a cultural shift, or various contexts of daily life, the clothes people choose to wear may vary widely and often change (Cain, 2018). While this is quite evident by observing passersby or glancing around the office, this is even more noticeable when considering how dramatically some trends in fashion and dressing habits have changed. It is almost comical to look back at old photos, historical accounts, and other photographic evidence revealing some of the more questionable fashion choices made over the years (Woolf, 2015). Almost every aspect of life is in some way influenced by fashion, for better or for worse.

The workplace is a location this change in cultural preferences is observed. Because of the ever-changing nature of the fashion industry, professional attire, too, has seen countless redefinitions regarding what is considered acceptable for office wear (Woolf, 2015). A changing definition of professionalism implies that the well-intended advice to "dress for success" can be difficult to measure over time (Ruetzler et al., 2012). Questions of what can be considered

"professional" and by whom have increasingly arisen as overall trends continue to shift away from a uniform and towards casualness.

This blurred line is further clouded by the varying views of different generational groups. The current workforce consists of more generations and more significant age differences than any in history. This age difference is evident in different skill sets, psychological traits, and attitudes (Twenge & Campbell, 2008). The distinct experiences of each generation are in many ways reflected in their choices while on the job, specifically concerning clothing expectations and dress codes. While generation is a major factor to consider in this respect, when combined with other environmental and personal factors that affect these decisions, it poses a problem for managers across industries. They are facing difficulties in knowing what should be expected of employees, how to communicate those expectations, and how to balance the conflicting emphases between conservatism and trendiness at hand (Ruetzler et al., 2012).

This study evaluated how the definition of professionalism and overall expectations of workplace fashion have changed as new generations are entering the workforce. Furthermore, this study was intended to better understand the best practices for management professionals trying to balance or shift their outlook on office dress code. However, before dissecting how various industry groups and generational segments perceive professional attire trends based on qualitative research, it is vital to study the history of these trends as well as the different social theories that pertain to them. Also necessary is the extent to which they may or may not affect how these perceptions have formed.

LITERATURE REVIEW

Historical Development

Since the 1950s, the style has become progressively less conservative and formal, and the world of business and professionalism has experienced the same shift (Cain, 2018). Recent trends in fashion and workplace expectations reveal that the definition of "formality" and "professional" have changed due to multiple factors. Men in the professional world have seen shifts from loose-fitted suits to skinnier and slimmer fits year after year. As women have entered the workforce, they too have seen not only an increase in their power and responsibility but also a decrease in the necessity for their attire to consist of stockings and ensembles (Woolf, 2015). Women, in particular, have at length juggled fitting femininity with a male-dominated industry, from sporting tall heels to make up for height differences to wearing pantsuits to blend into the crowd. However, women have seen their fashion standards progress with the rise of the feminist movement. As straight seams became less of a priority, statement pieces became the goal.

Decades passed as "groovy" styles and long hair became acceptable, and then not acceptable, and then acceptable again. Collars loosened at the influence of cultural icons, and workplace fashion shifted toward the "every day." It is inevitable that the definition of "business professional" will constantly change with the culture and times. Because of the ever-changing nature of this definition, different generations have opposing interpretations of professional clothing. These differences in interpretation are causing issues in managing a diverse workforce (Twenge & Campbell, 2008). This is particularly true when looking at the changes associated

with one of the younger segments, Generation Y, more commonly known as Millennials. They have brought about the need to address how managers should not only discern what specific factors are affecting their workforce but also how to create and enforce dress codes that balance the trendy with the professional based on the beliefs of the younger generations.

Millennials

While "professional dress" has been identified as necessary to many individuals in stages of employment and career (Ruetzler et al., 2012), the definition of what classifies as "professional" not only varies throughout history but also between current generations in the workforce. Values, particularly among Millennials and Generation Z who are entering the workforce and just beginning their careers, are not only significantly different from the generations before them, but are also increasingly important in terms of making effective management decisions (Twenge & Campbell, 2008). Previous research reports that trendiness and its effects on nonconformity are generational (Ruetzler et al., 2012). Managers can expect Millennials and subsequent generations to challenge the norms, normalize more casual dress expectations, and push the limits on creativity (Twenge & Campbell, 2008).

It is important to note that culture often influences the preferences of Millennials and Generation Z (Johansson & Winroth, 2017). Growing trends in sustainability, growing gaps between intentions and behaviors, and overall sporadic responses to cultural shifts make the exact demands of these generations complicated to assess (Johansson & Winroth, 2017). Additionally, generational differences have caused a stigma around Millennials and Gen Z, stereotyping these individuals to have lesser respect for authority and therefore less dedication to the seriousness of their work. Few research studies directly address whether or not this attitude has a significant effect on productivity or overall professional output.

Professional dress codes are in place to serve as standards in a company, both for guidelines on what is appropriate and for internal identity and cohesiveness. As trends and perspectives look different across generations, widespread disagreement on those dress codes creates a lack of identity and collective mindset across companies. The current research comparing older generations with the younger is limited but necessary to better understand an era with such strong characteristics of authenticity, fulfillment, high expectations, and narcissism (Twenge & Campbell, 2008). Therefore, the best place to start is to look at different theories that may explain how these differences form.

Fashion and Business Attire

One prominent theory is status signaling based on materialism and appearance (Wang & Wallendorf, 2006). Since it is fairly well established that materialism is a consumer value present in Western culture, this value affects how many consumers evaluate a product purchased. It "is negatively related to product satisfaction in product categories with high potential for status signaling" (Wang & Wallendorf, 2006, p. 503). Signaling, particularly in marketing, refers to the concept that more factors are communicating beyond an initial message (Herbig, 1996). Status signaling is the idea that the clothing people wear in the workplace affects how that person is received, particularly in terms of authority or respectability. This phenomenon occurs in all

aspects of marketing. It is just as prevalent in social circles and workplace dynamics, both between employee and employer as well as employee and customer or client (Furnham et al., 2013).

Signaling often leads to status assumptions and judgments. In a world where signaling plays a significant role in consumers' preferences, factors such as brand equity can affect certain styles and the "unobservable quality" of specific brand names (Rao et al., 1999). For example, in the market for athletic attire, brands like Nike may give an athlete more credibility than a lesser-known brand. Similarly, certain brands in professional attire give that same status signal. Thus, this study aimed to discern how each generation determines what brands are signaling professionalism and why.

Additionally, this same effect occurs when celebrities use their status to influence the definition of style (Rao et al., 1999). As early as the 1960s, status icons such as the Kennedy administration greatly affected what men and women would wear at the office (Cain, 2018). Today, industries beyond politics influence professional attire as well, as social media "influencers" and pop culture celebrities venture into this sector of fashion (Cain, 2018).

Another theory to consider is external conformity - the idea that humans are influenced by the choices and actions of those around them (Price & Feick, 1984). Interpersonal sources are often used when consumers are making purchasing decisions. Although there is little precision in knowing to what extent these interpersonal sources affect the decision process, it is also true that this phenomenon is present when making any judgment of a product (Price & Feick, 1984). This means that the perception of attire in the workplace is partly based on how individuals predict others will respond to a specific style or trend (Reutzler et al., 2012). While consumer susceptibility to this outside pressure to conform can vary across individuals, it is generally found in all organizations. Bearden et al. (1989) defined this theory as:

the need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and the tendency to learn about products and services by observing others or seeking information from others (p. 474).

In the workplace, expectations of others, particularly those of superiors, peers, and subordinates, play a significant role in everyday actions. By observing the behavior of other employees, new hires determine the attitudes and routines, and approval of others affects confidence in one's working ability Bearden et al. (1989). In terms of fashion and professionalism, one can then assume that these are directly affected by workgroup influencing too.

This study aimed to advance the body of knowledge on factors that influence professional attire preferences across generations and how those factors affect the workplace. Additionally, through qualitative research, this study revealed some practical ways for managers to understand each generation better, and how to best respond to the differing generational perspectives within organizations.

METHOD

Grounded Theory

Qualitative research is deemed the most appropriate method for the question at hand. Grounded theory methodology encourages researchers to collect critically analyze data, recognize any potential tendencies for bias, and consider the findings as a whole (Corbin & Strauss, 2008). By conducting interviews with three distinct groups of subjects that represent the various generations that the researchers are hoping to analyze, the findings use comparative thinking to evaluate the different traits of the responses and discern any similarities and differences. Three groups are separated based on ranges of work experience reflecting generational differences between them: (near retirement, representing the Baby Boomers, mid-career, representing Generation X, and early career, representing both some Generation X and Generation Y). These three groups simplified the much more complex distinctions between generational workers for this study. Since this research aimed to determine the perceptions across generational groups, as shown through previous research formatted and conducted similarly, a qualitative research method is most applicable (Johansson & Winroth, 2017).

As previously mentioned, the primary data collection method was an electronically conducted interview. Collecting data in this manner assisted both in overcoming geographic barriers to best reach the demographic groups being targeted and in gathering information in a way that is convenient and accessible to those in the professional environment that this research question addresses. A discussion guide was used to control the flow of interviews and explore various dimensions of the research question. The descriptions used in this interview were selectively chosen to allow respondents to use words and phrases that may align with their generational group's expectations that led to the interpretation of the abstract ideas at the basis of their responses (Corbin & Strauss, 2008).

This investigation structure also included conceptual ordering, as Corbin & Strauss (2008) described. The data was organized into discrete categories based on specific properties, and the relationships among those categories were explained. As noted in the discussion of the findings, this ordering was used in the interviews to reveal perspectives, stages of thinking, and specific actions amongst the respondents (Corbin & Strauss, 2008). Upon completed evaluation of the interview data, potential theorizing and suggestions for continued research can take place in a substantive way (Corbin & Strauss, 2008).

The interview questions were crafted partially to address initial theories and ideas about how each generation would respond and left ample room for new perspectives to arise. The format was made to reflect best a well-rounded collection of questions, including sensitizing, theoretical, practical, structural, and guiding questions (Corbin & Strauss, 2008). Looking past the structure, the evaluation of this qualitative research process as a whole is grounded in the necessary criteria for research conducted in this way (Corbin & Strauss, 2008).

Recruitment of Participants

The research required participants from multiple generational groups. The career readiness program of a public university in Tennessee was used to recruit individuals that fit the criteria of each group. Participants were reached through email communications and connections sustained through LinkedIn, and preliminary groups of five to six members each were organized into one of three categories: (1) Millennials and Gen Z who are starting their career with some work experience, (2) Gen X who are currently mid-career, and (3) Baby Boomers who are nearing retirement or recently retired. Participants consisted of differing ages, genders, and industries, with the main differences being years of work experience reflecting these generational differences. This population is justifiable due to the scope of the research and the necessity of compiling information from various generations. The insight gained from each group illustrates overall perceptions of professionalism.

The only selection criteria for the study was the willingness to participate and the availability of experience. None were excluded from this study unless work experience was deemed inappropriate or availability did not coordinate with the project's timeline. The primary researcher decided to include or exclude participants, justified by the research objective of finding an accurate definition for a generational and work-related phenomenon.

Non-random selection was used to ensure proper representation for each generation needed; participants were chosen randomly. The study was entirely voluntary, communicated across multiple mediums to participants. Using Blind Carbon Copy via email communication to ask participants to sign up on a Doodle Poll scheduler with anonymity settings ensured this, allowing individuals not to be identified should they have chosen not to participate.

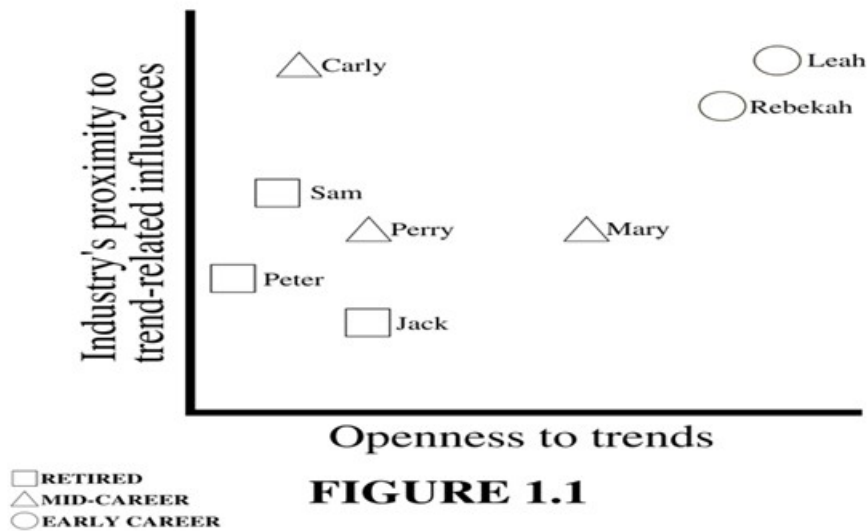
Initially, five to six respondents were recruited at the beginning of the study. Unfortunately, some preferred not to contribute due to personal restrictions stemming from Covid-19. As a result, the study had three retired, three mid-career, and two early-career respondents. The researchers started the data analysis as suggested by Corbin & Strauss (2008). Once eight interviews were conducted, researchers realized that each category was saturated. So, search for new respondents halted as the theoretical saturation reached where no new properties, dimensions, or relationships emerged during the analysis. All respondents were given pseudonyms to ensure their anonymity. Characteristics of each individual are revealed in the findings section in detail.

FINDINGS

The following findings were organized based on how closely participant responses aligned with the abovementioned theories and new theories that were not initially outlined in the planning period. Additionally, insights were drawn based on the discussion guide that organized each interview. Many trends and observations have overlapping themes and are best when viewed together. Following this outline of findings is a further discussion on what theories researchers predict may affect professional dress choices.

Fashion and Business Attire Trends

One of the first points used to determine participants' perspectives on fashion in the business setting was understanding the qualities of fashion trends that resonate most with each group. Each interview began with a prompt for participants to provide personal accounts of fashion preferences. **Figure 1.1** notes how each individual expressed openness to these trends compared to how closely their industry is typically exposed to these trends.



There was a distinct difference in responses from each generational group regarding the trends liked most. The retired professionals often reported that their preferences fall on the conservative side of fashion. Although they did not always claim that newer, less-conservative trends affected one's ability to be professional, they quickly pointed out aspects of the trends they disliked more than what they did like. More often than not, these individuals compared their style preferences to what many of them referred to as "church attire." This frame of reference reflects on a common stereotype within the "Bible Belt" region where many participants reside. One retired female respondent gave the following testament:

"I don't agree in going to church and seeing people in warm-up suits. You know, if you're in God's house, you should dress appropriately. You know, and you only have one time to make a first impression. So you might as well, you know, make that impression in, you know, nice clothes."

A male retiree also had a similar response to the idea of church attire being its own category. However, he made a point that even his conservative tendencies have slacked off a bit in that regard:

"Well, being in my mid-eighties, I'm really not plugged into some of the new fashions that I'm still kind of a conservative dresser. Although I've thrown away my ties. I don't wear them to church anymore much and to funerals, well, when we were able to have them."

It seems that many Baby Boomers were more likely to note trends they did not like rather than elaborate on the trends they enjoyed or saw as appropriate. One respondent told a story on a particular experience when he changed his job location. He said:

"One of the problems I had with the contact people, who were 100% casual with another company I was with, they were already there when I started. Salespeople, I went down to Tampa, and we lived down there a while, and some of the contact people wore their shirts outside, and it wasn't one of those designed for it. It had a scalloped bottom or whatever instead of a flat one. And I just couldn't handle that."

In addition to being asked about their general preferences, individuals were asked about what factors they believe influence daily choices for choosing their work attire in the hopes of obtaining a more accurate depiction of what the actual behaviors were in terms of professional dress. "Well, it was pretty much dictated what we could wear and what we could not wear," claimed one respondent in the retired classification. It seems for this generation, fashion was and remains less about choice and more about what is expected or asked of you. Another respondent noted that men like himself who saw themselves as a "breadwinner" of the family needed to dress in a way that reflected that and showed people around him that he was fulfilling this role. These responses can be aggregated to imply those dress choices were made out of an equal influence of respect to societal norms and the impression one wanted to have on those around them.

Sam, another retiree, gave this insight to her opinion on some trends:

Interviewer: What are some recent trends in fashion that you as an individual like the most?

Sam: Oh my gosh. I think the more conservative trend; I do like the big tops and the, I'm going to say, trim pants. I'm not gonna say leggings, because not everyone, I think should wear those kinds of clothes. But I do like the oversized tops with the slim bottoms.

Individuals interviewed in the middle or peak of their career actually had similar perspectives on dress choices reflecting one's ability to work hard and respect others. However,

this experienced Generation X seemed more willing to dive deeper into specific trends and new styles that they did enjoy. Of particular interest was that even when individuals noted different trends they liked or changes in the overall world of professional fashion, most individuals claimed that their styles did not change. Mary, who noted that conservative styles and trends were what she consistently chose throughout her career, also had this to say about her individual choices:

Interviewer: Would you say there's a lot of color in your outfits? Or do you keep it pretty navy, white, blacks?

Mary: No, there's still, there's still a fair amount of color. My staples are black slacks, and I have a couple of black blazers. But almost always, I have, even with the grays and the whites that you know, for my tops. I love scarves. And so I'll throw some color in with that.

Interviewer: I like that. Do you think that your choices like that and just your style at the workplace, in general, have changed a lot over the years compared to when you first entered the workforce?

Mary: Um, no, not a lot. Not a lot. Pretty stable.

Another participant in this group, Carly, leans more on the more experienced end of this demographic group but works alongside many early-career professionals. She also had a fascinating insight into this "difficult question." She shared:

"You know your belt, your shoes, your earring, your necklace, your purse all matched through the 70s and 80s and didn't start to change really until maybe the late 80s early 90s. Women started wearing pants, and men started wearing sports coats with blue jeans. So when I go shopping now, asking about trends now, it is very difficult to find tailored blouses with collars and long sleeves that you can either cuff up over your sweater your blazer, you know, because I'm stuck with a look, not only from my upbringing, that's my professional life as well. And so for me, tailored, decent, not form-fitting, not holes. I hate blue jeans with holes, and I, how do I, you know, I'm being phased out. I'm not relevant to current trends. But I also think that the current trends kind of speak to a lot of values that I grew up with that are being lost. And so my stores would be the tailored stores like Ann Taylor or Loft or, you know, higher-end, Macy's, Dillards. I can't; I cannot usually find anything at trendy stores if I can't find clothing that still fits that model. I don't buy trendy clothing."

Based on both of these perspectives, it appears that, to a certain extent, this middle group feels trapped quite literally in the middle of the current fashion trends. They are holding on to their values. Yet, their individual preferences are limited by their professional environment or the fashion industry's shift in standards. Suppose fashion stores are moving more toward targeting

the younger demographic than this generation. In that case, they must choose between conforming to the standards set above them or by the new changes inspired below them.

Finally, in terms of business and fashion attire, the younger segment of the workforce, a mix of Millennials and Gen Z, provided fascinating responses when asked about fashion trends in professional clothing. It was clear from the responses received that this generation takes the most creative approach to attire. When asked what trends they like, this group elaborated on specific pieces more than any other, emphasizing how they keep track of trends and experiment with them. For example:

- Interviewer: So, just in general, what are some recent trends in fashion that you, as an individual, like the most?*
- Rebekah: Trends in fashion regarding professional dress, or just?*
- Interviewer: Either way*
- Rebekah: I love animal print. The blazers, This is professional dress related, but the blazers that are kind of like longer they don't have they're not the ones with the buttons. I like the simple. Yeah, I love those. And then I'm trying to think I really tend to go towards more dresses than I do like pants and tops for professional dress. And then I always love patterns, especially floral.*

Another respondent in this generation took this elaboration one step further, making sure they are following trends without losing one's individuality. This theme was evident throughout her interview. For example:

- Interviewer: So, just in general, what are some recent fashion trends that you like the most or that stand out to you?*
- Leah: So, one trend that I've seen is like the booties, you know big chunky heels or heels like having more out there styles with it. So like, you know, like snakeskin, polka dots, white, like completely white boots. I love things like that. With like, flowy skirts too like, I think that's really cute. I think right now, it's starting to get into more because I feel like for a while, I've kind of gone down from like crazy like you know, fun colors, patterns to like basics. And now it's like getting back to more like you know, have fun with your wardrobe have that statement color. I really like that.*
- Interviewer: Do you have that kind of stuff? Like, do you have booties and flowy skirts?*
- Leah: Yes. Yeah, I do. And I think I wouldn't say I'm like a trendy person, but I feel like whenever things are trendy, I like to have a couple of them in my wardrobe, but not be like that every time something goes, you know, viral or something. Everyone has it; then immediately, I have to have it. I'm not like that. It's just the more I*

see something, the more I kind of well; it depends on what it is. [For] example, so white tennis shoes. For years, I'd always seen people with those like white Converse tennis shoes, like you know the high tops like shorts. Whatever those styles, I love them. But I was thinking I was like, Well, everyone has those, that's one thing. I feel like at this point if I get them, I'm just going with the trend like I'm not I'm not really wanting them because they're cute. I want them because everyone else has them because I see them everywhere.

The above script provides exciting insight into this group's value of being trendy but not so mainstream that an individual looks utterly identical to others in their age group. This presents a possibility of "hipster" culture, following trends outside of the cultural mainstream, into the business realm.

As a whole, the findings address fashion and business trends in terms of how much attention each generational group pays to the messages from the fashion industry. Younger generations undoubtedly reveal a much greater emphasis on fashion culture, while the older generations are worried less about their individuality and more about their consistency. Additionally, this group also seemed less concerned with their own choices and more concerned about whether those around them, including the fashion retailers themselves, were meeting the same standards as them. The other segment, made up of middle-career individuals, is torn between the two mindsets, enjoying the change to a certain extent but recognizing the importance of respect and awareness.

External Conformity

The most significant indicator of fashion choice found throughout each interview conducted was external conformity. To a certain degree, each individual made dress choices or observations based on the opinions or decisions of those around them, particularly an organization's client base. Those retired or near retirement recalled examples of interactions with clients that were greatly influenced by the anticipated reactions professional attire would invoke. Jack, a member of this generation who spent part of his career working as a contractor, made comments that showed he identified with the feelings associated with this theory. He said:

"If I'm dealing with a client, I wanted that client to be comfortable, in the way they were looking at me, and to believe that I was professional because I was asking them to treat me as a professional, not as a contractor. And I wanted them to treat me with the same deferential treatment as they would an architect. Architects, for some reason, are given a much more professional reputation than contractors are. Because most of the architects you know dress differently than most contractors you know, and so owners tend to treat them different, bankers tend to treat them differently. They have an expanded higher education; they've

got an advanced degree beyond just a bachelor's. And so, I think they garner more or more respect."

This theme was indirectly apparent throughout each age group. However, it was mildly experienced in the mid-career group, as they feel external conformity in meeting expectations and keeping standards. As Carly noted:

"It was part of the era; it was part of the professional world. It was the corporate expectation. I mean, you know, IBM kind of set that standard back in the 70s when you worked for a company that had any kind of business presence, that business presence was reflected in business attire. And business attire was pretty much set by the IBM's of that time."

Additionally, Perry, another gentleman in this group, made a similar note on dressing to the client's expectation, saying, "I have always tried to dress to the level of my customer, occasion, and purpose of the interaction."

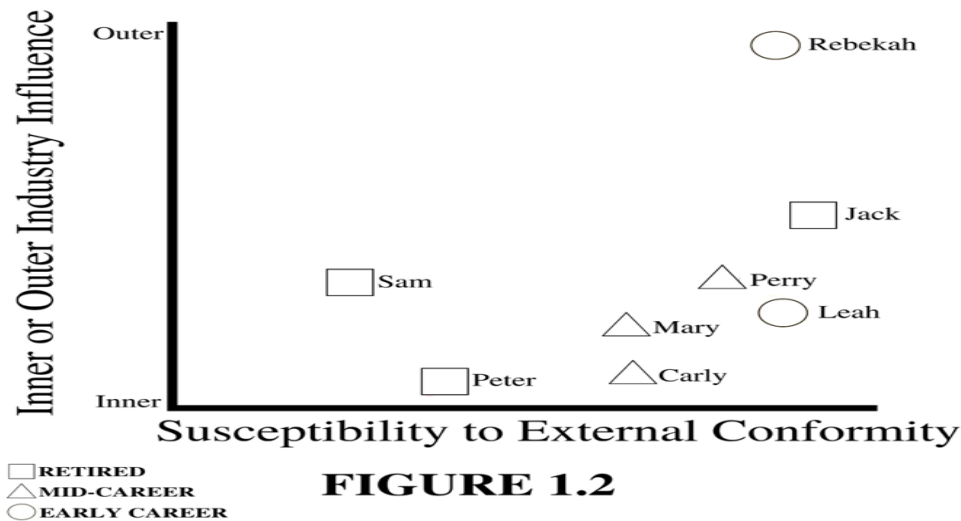
Perhaps the most fascinating comparison in this category was between the responses of retired individuals and the early-career professionals. Both mentioned "unspoken" expectations, in which clothing decisions were made with the thoughts of others in mind. At the same time, the retired individuals noted the necessity of looking like those in authority and dressing in a way that showed team unity and cohesion. Jack noted:

"But if you are all matching, if y'all are dressed the same way, you look more like a team. A team has all the same jerseys on, all the same helmets, all the same pants. Why is that? Because it is a team atmosphere, and they're all one of many."

In contrast, the Gen Z and Millennial groups made choices more to be noticed and expressed desire to stand out professionally. In a way, this group feels the need not to simply blend in but to "prove themselves." Leah shared her thought process:

"Do I want to be more impressive, especially with like me being the younger person in the office for the most part? I feel like I can be taken more seriously if I do dress up a little bit. And that way, it's not me coming in, you know, like, this 23-year-old girl in jeans and a sweater talking to like my HR VP. Because I feel like you get as you get older and you progress in your career, you kind of get the luxury of being able to relax a little bit more because people stop taking the outside things and start really looking at your personality and know that they can trust you, you've been there forever, you know, you've been your career for 30 years, whatever. And that you don't really have to prove to them that you know what you're talking about. And I think the outfit, it kind of is the first impression."

Figure 1.2 depicts each participant in terms of how much they practice external conformity in relation to how much of their influence stems from inner industry forces (i.e., coworkers) compared to outer industry forces (i.e., clients, mentors).



Status Signaling

The theory of status signaling, as predicted, was also an underlying theme throughout the interview process. As previously mentioned, while retired, Jack confessed to dressing in his career so a client would feel comfortable working with him and perceive him as professional and as worthy of their business as someone with a higher degree.

Status signaling can occur in a client-agent relationship and amongst teams and workplaces themselves. Jack also experienced this with intentional status signaling in attire on the job, and he shared this particularly illustrative example:

"So, we get our men to think about their families differently, to think about their customers differently, to think about themselves differently, and then generated a change in the way they dress. And then we put stickers on their helmets on the hard hats. And we put stickers on those when they did something really good, or when they pass a course of certification, we put that on there. So, what would happen is new guys would come to the company, see these guys wearing the white shirts, not the blue shirt, but the white shirts, with the helmets that had all those recognitions on them, and they would say "Who is that? What are all those awards he's got on his helmet?" "He's the field manager, and if you will do what he says, you'll one day have those on your helmet." I'd tell them to stay there, work hard, and maybe their crew will get some recognition for safety, and we put

that on everybody's helmet. And then it got to be a pride thing for them. That's not dressing specifically in the way you're talking about. But my point is if you ever heard "dress for success," what people are saying is dress the way you should in a given job. And it will help you to work your way to success; you will begin to think like a successful person, go through the motions of a successful person. And so, the one thing I've said over and over that I learned early in my life was, if you will do the things successful people do, you'll be successful. It's one of those things."

Signaling status to clients was a significant motivator for this group. Peter also noted, "If I had an installer or a cable splicer or something like that, they could wear jeans. Contact people cannot. But I'm talking about the people that met with the customers. They ought to look a little sharper." Jeans, to this group, were undoubtedly unprofessional for people who made contact with clients and customers.

Likewise, status signaling appeared in Carly's stories. However, her experience was primarily rooted in the theory of external conformity and the need to dress that reflected and respected the authority of those she was working with.

"And so depending on where I'm taking those adults - if I'm taking them into, like economic development of industry, I will not wear my finer suit. Okay. But if I'm taking them to the state capitol to meet Governor Lee, I will wear my finer suit...I always tended to be more administrative, more leadership in professional companies or professional career paths. So, I reflected that as well. But certainly, there were counterparts here, secretaries that were not necessarily held to those same standards."

Of the early-career segment, Leah made one interesting note on status signaling. The idea, as she explained, of "settling in" to a level of status is prevalent at her company. Touching on themes of both external conformity and status signaling, she said:

"Okay, if I have a meeting, do I need to wear like something a little bit more business casual? Do I want to be more impressive, especially with like me being the younger person in the office for the most part? I feel like I can be taken more seriously if I do dress up a little bit. And that way, it's not me coming in, you know, like, this 23-year-old girl in jeans and a sweater talking to like my HR VP. Because I feel like you get as you get older and you progress in your career, you kind of get the luxury of being able to relax a little bit more because people stop taking the outside things and start really looking at your personality and know that they can trust you, you've been there forever, you know, you've been your career for 30 years, whatever. And that you don't really have to prove to them that you know what you're talking about. And I think if like the outfit, it kind of is the first impression. So if you're wearing a blazer, it kind of shows that like, you

know, in a way, this is kind of like a joke, but like you mean business because you're wearing a blazer."

But, the early career professionals were not the only ones who made this observation. Peter, who is retired, told a similar story from when he first began his career:

"Last year, we had a meeting scheduled with a banker. And he was going to come to our office. I'm in Murfreesboro; this was in Huntsville, Alabama. I was trying to decide how to dress. You know, this guy's president of the bank. He's not some rookie teller; this is the president. And so, I decided that I would just make sure my pants were pressed and my shoes were shined and that sort of thing. And I wore a polo shirt, a golf shirt. Well, I go to the meeting, and he comes out with the son of the mayor who was working at the bank. And they were dressed like I was. No shirt. I mean, no dress shirt, no tie, loafers, that sort of thing. Which, I guess, still kind of surprises me just a little bit. I would just kind of, you know. He dressed a little bit like his customers, I guess. And not many people wore ties anymore, though I'm not sure what that has to do with it all, but maybe there's something to that. It was the first time I'd ever met with the president of the bank to borrow money. I'd met with him for other reasons. But you don't want to make an unfavorable impression, you know. He was dressed like the rest of us."

From this, it can be deduced that two similar yet conflicting forces are at play: proving your status by dressing more "professional" and the privilege of slacking in "professionalism" based on your position. All ages can likely be exposed to and aware of this. Further research on this phenomenon is suggested.

Rather than signaling only status, Rebekah, early in her career, wants her professional attire to signal confidence in her role. If she can express herself, she feels freer to act professionally and own her role. She states:

"It felt so ugly. I was like, I don't know what I'm doing. I don't know what I'm shopping for. I remember the first blazer I found; it was navy, and I just hated the way I looked in it. I just didn't like it at all. And so, but through the years, like through the jobs that I've been in, I'm thinking back to in high school, at Merle Norman, we had to wear all black all the time. So like, I started to, you know, get more used to looking for that stuff. And then, of course, with being the GA at Student to Career, I really started to find my style, and like, I learned that it doesn't have to be just plain cut black all the time. Like you can still be yourself and have your own style and still dress professionally as well."

Work Environment

In terms of industry and responsibilities, the work environment was also a significant factor for dress decisions for all generations. This aspect seemed to be the most directly

addressed for all participants of all the factors at play in influencing what is deemed "professional." The retired generation seemed to have quite the grasp on this, as Jack implied:

"But also playing the role is important; we're all professionals, and that's what you look like, and you can't play that role if you don't look that role. That's why it's important. If you are going to go to an interview at a bank, you won't go looking like I do right now with just a shirt and vest and a pair of slacks."

Jeans came back into the conversation with Peter, who noted that one's work environment could deem them appropriate. "The last few years...they were having the consideration of wearing jeans. Otherwise, they wore khakis or some kind of work clothes unless they're digging in the mud. Which did happen occasionally."

The statement above from Carly encompasses this theme for her leadership development group:

"And so depending on where I'm taking those adults - if I'm taking them into, like economic development of industry, I will not wear my finer suit. Okay. But if I'm taking them to the state capitol to meet Governor Lee, I will wear my finer suit."

When asked what factors they deemed essential when picking out their daily work outfits, the other mid-career individuals, Perry and Mary, touched on the influence of their industries' physical demands and infrastructure. Perry, who, while in banking, interacted with professionals across sectors, similar to our retired Jack, said, "Touring a customer's manufacturing plant dressed in a full suit and dress shoes does not work and is dangerous." Mary elaborated:

"Number one is comfort. Because I'm in a manufacturing environment again, I'm often on the floor. And so I'm in the manufacturing arena. And so I want to be able to be comfortable. Shoes are important there. We don't wear heels, and so comfort again is important. Also, select pieces that are easily matched with lots of things."

Early career individuals noted a similar theme; however, they were more open to finding jeans "professional" in settings other than just "digging in the mud." Leah mentioned how different groups themselves and the purposes of their gatherings affect what is deemed appropriate:

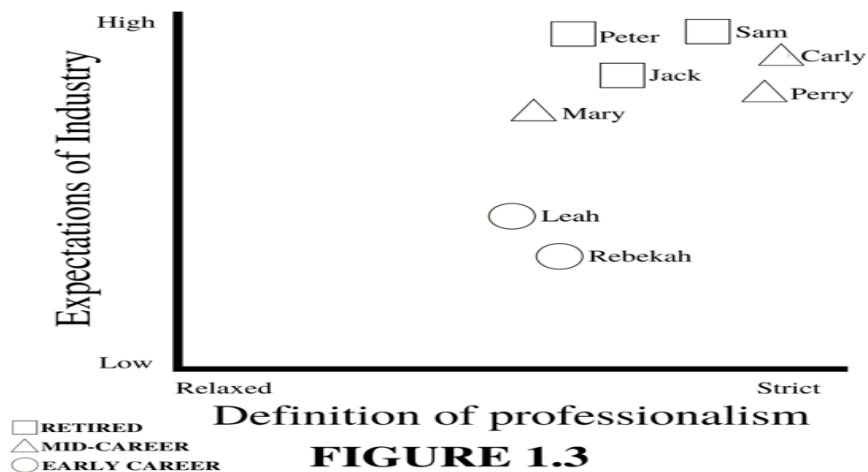
"I kind of look and say, okay, you know, am I going to have any meetings with my HR VP's in person, or am I going to be going to any employee engagement group events? We have a couple of different ones. So we have like millennial ones. We have like, Pan-Asian network we have like all across the board. There are all kinds of different groups that have tried to support as many groups as there are. So if there is, I'm going to those like, you know, maybe I might want to dress up

more because at work our dress code is the dress for your day. And that means that we can wear jeans. And so my typical outfit would be like jeans and a sweater, but then it kind of goes into Okay, if I have a meeting, do I need to wear something a little bit more business casual?"

Rebekah, a self-employed business owner, confirmed this mindset:

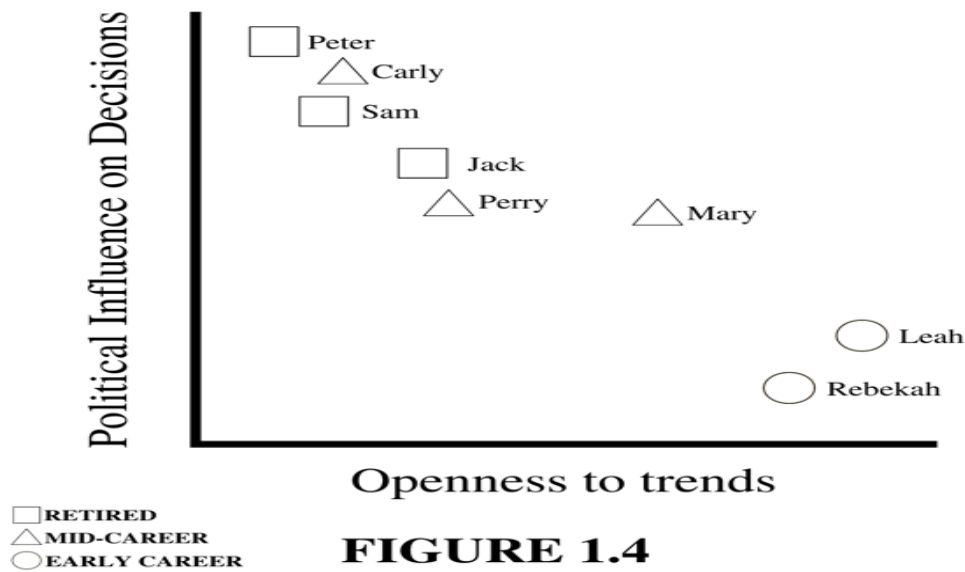
"I guess it really depends on what type of meeting it is. It's just like, once a month, getting together for the client to ask me questions. I'll usually just wear like a simple top and jeans or a top like khaki pants. But if it's like my first consultation with someone or if it's a meeting to review their like financial statements, it's more like important I guess. I tend to dress up more for those."

Figure 1.3 reflects how the work environment expectations and demands of specific industries are related to the degree individuals found their definition of professionalism in the workplace to be more or less strict.



Political Climate

During the interviews with early-career professionals, little was said about the current political and social climate affecting their definition of "professionalism"; however, the retired and mid-career individuals almost all in some way saw this as a significant influence on their choices of professional attire. **Figure 1.4** depicts how these influences are correlated with each individual's openness to trends.

**FIGURE 1.4**

When asked what triggers she saw that affected professional attire expectations, Sam stated, "Well, I would say maybe the industry, the social climate at the time. Everything else was changing." Changes to the structure of society coincided with changes in fashion, even in the workplace. Peter, who is currently in his mid-eighties, noted:

"Nobody had to tell you to wear a shirt and tie or coat and tie. All management people, if you will, they did that. It was accepted. That wasn't too far out of World War Two and Korea. I think we had a little bit of the military in it."

The mid-career individuals agreed, though they saw these changes from a slightly different angle. Moving from the wartime mindset, this group noted its climate upon entering the workforce. Carly shared some personal ideals that she saw as correlated with the shift in attire:

"I think Ben Franklin has a, carried this on for 40 years; it was called the Ben Franklin virtues. And out of those virtues, he and his group of guys met at the pub every week, but the post office came out of it, the library came out of it, you know, very, but if you look up those 13 virtues, I would say that, that they were pivotal in earlier generations, from Ben Franklin until the 60s when revolting against everything became the way so, in those revolts. We recognize that homosexuality should not be a target for hate. Religion should not be. So the revolution of the 60s was wonderful for expanding our humanity. Not necessarily so wonderful to

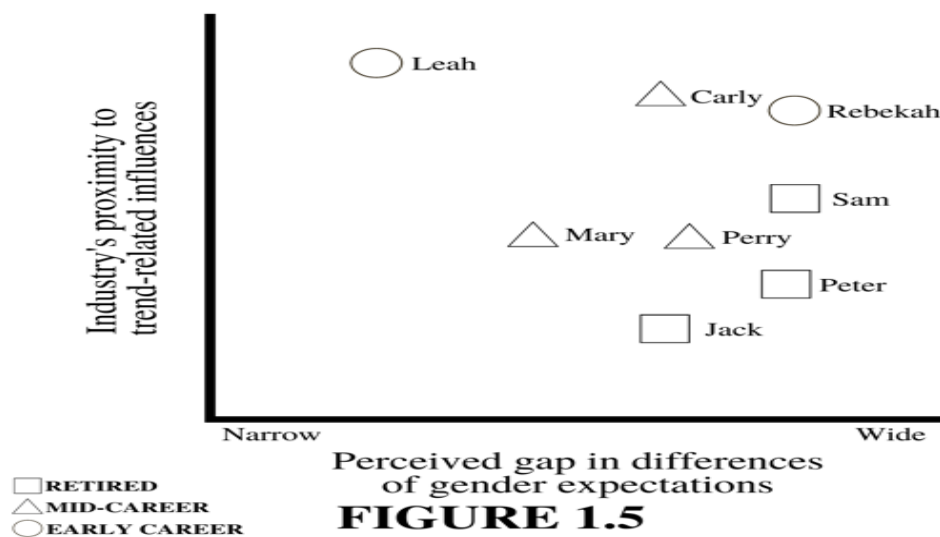
let the pendulum swing so far to the other side that now we're still trying to recover my network still trying to find a middle ground."

According to these two observations, although more of an underlying theme, political effect on workplace attire is important. Carly also observed that the increasingly "melting pot" environment of business in the United States in particular affects what can be considered professional:

"I think another contributing factor to makeup and dress and accessories has been a lot of the Muslim influence in what women are allowed, and I am very familiar with having lived in Egypt during the late 80s for a month, just a month. It was kind of a joke that among American women that they Muslim women always looked like they were in mourning with their black. The color was black. Their hijab, whatever that thing is called, and long sleeves, and it didn't matter if it was 120 degrees. And men did not like waiting or talking to American women because they believed our dress was very indecent, very indecent."

Gender Differences and Expectations

Expectedly, gender was also a characteristic mentioned commonly throughout these interviews, especially among the older generations. The current cultural climate that encourages individualization and freedom even in gender roles may also impact this theme. Although clearly aware of "glass ceilings" and other gender barriers and issues in the workplace, early-career respondents spoke less about being restricted by them and more so being liberated by them. Gender expectations by different generations were still fairly consistent and instrumental in what they chose to wear and what norms they expected peers to cohere. **Figure 1.5** shows how individuals industry's proximity to trends played a role in how wide the gap in gender expectations was perceived.



The following are perspectives shared by the retired group:

"The only rule I had for women was, I don't want your dress to be the kind dress that would call attention to you say, in a negative way. So if they came in with a lot of cleavage showing, I'd have another woman in the company tell them to stop that if they dress too short in the office, we did; we had a few in the field, but not very many because it is hard work. And most women just couldn't bear it, but occasionally we'd have some there, and we required them to wear slacks just like the guys did, had to wear the same shirts the guys did. And that way, they will. They won't call attention to themselves. If they started tying their shirt up, you and showing midriff, or skin, naturally, we just didn't do that. Because we didn't want it to be about them, we wanted it to be about the client. And in the office, I just wanted them to dress professionally. I didn't have a set standard. So one of the women started coming in and blue jeans, you know you can't do that. If they started coming in t-shirts, no, you can't do that."

"I don't know; it was kind of slow happening somewhere in the 80's maybe early 90's. It started to drift a little more to the casual, but if you got too far out of line, somebody would let you know. That's as well as too revealing dress for the women. That became an issue at one time too. A very delicate issue. But I think if you have standards, you've got to adhere to them, or else people will drift into not following them anymore."

"Well, it was pretty much dictated what we could wear and what we could not wear. Now I was hired into General Motors in 1977. And we were women, and

now I'm talking women. Women were not allowed to wear pants. Every day we wore a suit with stockings and heels and usually three-inch heels that were the norm. Your jacket had to cover your bottom, and you could take your jacket off at your desk, but if you left your desk you had to put your jacket on."

Clearly, standards, though slightly different depending on the industry, were set that varied based on gender. However, even mid-career individuals do not always see those as restricting. Instead, their industry experience has molded how accepting they have become of those standards as necessary. For example, Mary noted:

"I don't necessarily like to see women in dresses because I work in manufacturing, and so I'm, you know, I've gone away from that completely. If I were in public accounting or things like that, I might be more open to that. But my preference for women is that they wear business suits just like men, you know, obviously, there's a lot of room for individualism in that within that scope."

Carly shared her understanding of why this occurs and why it is necessary to a certain extent. Based on her exposure to the values of both her generation and those of younger generations, she even cited a study that revealed the following:

"In fact, there was a study at Harvard that I thought was I'll come back to your question, but a woman studied men's brains. You should look it up. I think she developed a swimsuit line. But she said, you can show a picture of a woman, as a mother teaching a kid how to ride a bike, you can show a picture of a woman with a computer and a business suit on you can show a picture of a woman in many modes of operation, but in a string bikini. So how men translate in their brain is they think of a woman relationally with children, they think of a woman, maybe relationally in a team doing professional work. But then, when they see a picture of a woman in a bikini, they think of them like a hammer. It's an object, and it gets objectified. And so Harvard did some studies on how men's brains categorize women in different settings. I think that's relevant to trying to be professional. It's relevant how we, men and women, present themselves to not be suggestive, indecent, or objectifying. So, the reason I'm a little bit more open-minded is because everybody I deal with in a leadership training session is typically under 45."

This open-mindedness, Carly claims, comes from her interaction with the younger generations. A similar sentiment is apparent in what Leah shared in her interview:

"But now it's literally like you can do whatever you want. And it's starting to be. There's a less like, there's still a level of like what is professional, but at the same time, there's a lot of variations of it, which is really awesome because everyone's

different. And it's not a standard that you can just cross a Like do across the line and make everyone follow. And that's like, okay, you're not, you know, you're wearing red like bright red. That's not professional. That's not a thing anymore. It's, oh, you're wearing a cheetah skirt. Like that's awesome. You go girl, and like, you have like this bold personality that's going to shine through, and I really love that."

POTENTIAL THEORIZING

Before discussing drawing conclusions and potential for theorizing, the measures of establishing credibility must be addressed. Researchers for this study used multiple methods of data collection and analysis. Multiple researchers with different backgrounds analyzed the data. This triangulation helped establish the credibility of the research. Emic validity was achieved when researchers shared their interpretation with the participants and received feedback that resonated with the respondents.

Interpretations of the above findings can best be outlined in the various themes found throughout the interviews and the theories they imply. In this discussion section, each theme is analyzed and further research avenues are suggested. The researchers recognized these concepts appearing to be essential for the participants. The objective was to produce guidelines for action, as this research cannot explain how these themes are systematically related to each other.

Building Trust

A major theme emerging among all individuals, whether from personal experience or through the observation of others, is the need to build trust. It seems those trying to prove their trustworthiness as a professional use their consistent attire to communicate that trust, mainly to superiors and clients. Using dress to show clients that one is to be respected in their profession was common among individuals who either worked in service-providing industries or had some reason for needing an upper hand in their field. Additionally, superiors tend to expect those younger or less experienced than them to prove themselves worthy of being trusted to convey the company's image or to carry more responsibility. Therefore, the professional dress can be attributed to an indirect way of communicating and building trust in an organization. As Leah mentioned, part of the need for external conformity comes from eliciting trust, especially from clients when the employee looks very young and inexperienced.

Blending in and Standing Out

Another consistent message apparent in these findings is that there are specific scenarios when individuals may need a professional dress to help them blend in and others when it is required to stand out. In more client-based roles, such as the contracting example from one of the participants, specific attire is needed to blend in with one's team and the environment in which one is working. If an individual's clothing is misplaced with their workplace or their team does not have a visual consistency, they may be seen as unprofessional. Additionally, in roles that may seem less credible than others, such as contractors compared to architects or even less

educated compared to higher educated, consistently communicating a particular message through dress can make up for the lack of other competitive advantages. The same can be said for needing professional clothing to stand out. In more competitive environments, both internal and external relationships, individuals may need to employ more eye-catching or individualized style options to appear more credible than competition, or even co-workers. Although this is more effective in creative or relationship-based roles, people can stand out while giving a professional impression by using the same theory of consistently communicating a message of individualization. Indeed, Furnham et al. (2013) reported a similar finding on how formal dentist attire elicited trust, among other sentiments.

Belonging

It was also apparent that each generation wants to feel a certain sense of belonging within their professional role. That is often done with messages communicated through attire. While this is true, there appears to be a subtle shift in this thinking as the younger generations enter the workforce. For mid-career Millennials and older, belonging is found when their attire reflects their similarities with others in their industry or company. However, belonging is found for younger Millennials and Gen Z when they are accepted and integrated into a group while still showcasing their differences. This younger group wants to assimilate into the workforce, just like the older generations who expressed a desire for team-based image and dressing to your role but not at the expense of their individuality. The belonging concept in the existing research has been similar to the theory of blending in. Still, it is moving more towards allowing individuals to stand out and be identified as valued team members. Belonging is no longer defined by uniformity in the dress code.

Attitudes

Decision-making for professional clothing is not always positive, and participants revealed just how variable attitudes could be towards the professional dress. Many individuals, particularly males, expressed indifference towards picking out their outfits. One even admitted to his wife still taking more interest and precision in picking out his outfits than he does. Older women in a professional role varied on whether or not they dreaded choosing an outfit for a day or found it refreshing to experiment with accessories and new trends. Younger women had more positive attitudes toward putting together professional outfit pieces and ensembles. Age and gender are likely significant determinants of whether or not an individual has a positive outlook on professional attire; however, this is only true due to that demographic's perception of the fashion industry and their personal experience when shopping for and trying on professional outfits. Further research could reveal other forces at work in developing these attitudes.

Recognition

Most of the participants' stories regarding professional attire in their career were about incidences in which they were recognized for what they were wearing. Recognition, therefore, is a primary underlying motivation for why professionals in most industries dress in certain styles. However, the type of recognition sought out does seem to vary by industry. Those in banking

noted situations in which their attire recognized their status and company. At the same time, those in other clients-and-service-based roles valued the recognition of being welcoming and comforting to the people they were serving.

Additionally, those who spent most of their days in office spaces and staff meetings valued the recognition by upper-level management and co-workers for their style and individuality. Recognition can, according to these findings, play a significant role in both how decisions are made initially as well as how individuals feel others receive their fashion choices. More research is suggested to develop other theories on how different industries reveal this phenomenon.

Signaling Expertise

Like the motivation found in recognition, signaling expertise is a goal many individuals express when explaining their professional attire decisions. It seems that individuals not only want to be recognized for their presence and identity in their company alone but also want their attire to signal what they know and separate them from those with differing expertise. The contractor wanted to appear different, yet just as respectable, as the architect. The human resource specialist tried to distinguish themselves from those with other specializations and recognized that her VP signaled her expertise through her attire. However, perhaps the strangest aspect of this theory is that sometimes expertise is signaled not through a more professional outfit but a less professional one. Once an individual has become comfortable in their role and has been recognized for their top-level expertise, they can reflect this expert status by dressing down according to the younger members of the workforce. Dressing slightly down could be interpreted as a signal that the individual has genuinely "settled in" to their role and does not need to prove their expertise through dressing their best. In this scenario, the definition of professionalism shifts, as most professional experts are no longer held to a standard of professional dress. The idea that an individual can in some ways prove themselves more remarkable than any dress codes or standards is another area in which further research is suggested.

Social Class Expectations

An underlying theme to consider is the implication of social class expectations on this sample and further research. Many of these participants are upper-middle class and upper class working individuals whose perspectives of what is deemed professional are significantly based on their personal experiences with individuals in the same or similar social class rankings. Therefore, many of the expectations expressed have to be evaluated considering the roles individuals aspire to play and the means to dress according to their desired level of professionalism. Rarely in these interviews was the consideration of financial ability considered in determining if a specific outfit was deemed professional due to the unspoken truth that those in these positions should be able to dress up to the expectations associated with their social class. A further study that seeks out individual cases known to come from lower social classes or who work more closely with individuals from various social statuses would perhaps give an even deeper explanation of how professionalism can and should be defined.

Success

The phrase "dress to success" came up commonly amongst participants of this study. This phrase is used in multiple scenarios in the fashion industry and the business world. In this study, seeking to define the term "professionalism" created the need to define "success." Regardless of generation, individuals varied on what they seemed to believe warranted their professional career as a success. Some seemed to measure their success on their overall job fulfillment and to what level they felt their roles positively impacted those they worked with and made a difference. Others based their success on the recognition and acknowledgment of others. Few explicitly mentioned salary as their measurement for success, but promotions and titles were hinted at for indicators of whether someone was successful. There is ambiguity on how one would then "dress for success" with different interpretations for success. Further questions comparing what each individual, perhaps dependent on industry, felt determined their success and how they dressed to meet that standard would further reveal any direct relationship between success, professional dress, and other contributing factors.

Work Ethic

One of the more shocking developments from these interviews was how many individuals expressed that professional dress is not always related to an individual's work ethic. This view was reflected in the aforementioned angle on status signaling. The more distinguished experts who are held to having a high level of work ethic are not obligated to dress in a way that reflects that aspect of their professionalism. The responses of the retired and mid-career individuals reflect this sentiment. They agreed that work ethic itself is not always related to attire. In some scenarios, they reported that work ethic increased when professionals were given the freedom to "dress for their day" or wear attire that is comfortable for them and their responsibilities the day ahead. While one individual claimed choices in clothing reflected work ethic, their explanation hinted that it was less about their work ethic diminishing and more about their respect for those they were working with not being conveyed through their outfits of choice. Work ethic, therefore, seems not to be affected by attire and is its independent aspect of one's definition of professional.

In conclusion, the central interpretation of these findings is the overarching theme that the definition of professionalism is more complex than the influence of only a few factors. Each factor, as discussed, can open up new research avenues to investigate professionalism and motivating factors. Integration of forces from past and present workplace elements is creating a non-static environment, arguably as dynamic and influential on the workforce as technological advancement. Generation alone is not the determining factor, but it adds to the differing perceptions of the overall trends.

Summary of Each Generation

Based on these interviews, the following consistencies were observed amongst each generational group concerning how they define professionalism:

Baby Boomers

This generation's dominating factors when determining something as professional are levels of conservatism and conformity to clients' values, showing they take their role and profession seriously. This seriousness largely stems from growing up in a climate of immense patriotism and wartime order and respect. They acknowledge trends but see the workplace as more of a place of consistency rather than fashion mirroring. They are well aware that "professionals" look different across industries and work environments, and they believe it is crucial for the people you work with to feel comfortable and valued. For the most part, they still respect and adhere to traditional gender roles and stereotypes; however, they attribute younger generations' tendencies to challenge those less about their lack of work ethic or professionalism and more about their growing individualization and willingness to challenge authority. Perhaps their view is best summarized by one individual's perspective:

"Most of the world's daily young, like my grandchildren, don't know what an iron is; however, it comes out, a few wrinkles that's the way they wear it. Now that wouldn't be true if they were going for a job interview, but that's the way they dress in college. I seriously doubt if some of them have an ironing board and an iron."

Gen X

The mid-career individuals were revealed to be more flexible than initially predicted. Although adhering to many of the standards and expectations set by the prior generation, they generally observed more fashion trends. They considered their occasional occurrence in the workplace as permissible primarily due to their consistent interaction with the younger generations who spearhead these trends. Growing up amid significant shifts in social climates, they are more familiar with change and have proved just as flexible in professional attire. They, too, revealed traces of external conformity, but less in terms of with whom they work and more about for whom they are working. Surprisingly, though, this group responded with more criticism of gender differences, identifying some specific attributes of men's and women's attire that they found appropriate or preferred. Regardless of this, their overall openness to changes proved that trends such as bright colors do not negatively influence what they consider professional. To summarize:

"And so, what I see there is very professional; the brighter colors don't bother me at all. Like I said, you know, I kind of like those bright colors too, even though my staples are multipurpose. And I, I'm just trying to think back. I don't think I've ever seen anything that I thought was unprofessional."

Gen Y and Z

The most glaring difference between this group and the others is their lack of reference to political climate or societal norms determining what is considered professional. Although they

dress to prove themselves, they do not compromise individuality in favor of traditional conformity. Instead, they are more susceptible to external unity from the fashion industry. They mirror outfits for specific work environments, employing "dress for your day" attitudes; however, when given the opportunity, they are more likely to show their personality and test the waters than other generations. They do not view professionalism in terms of outfit pieces in color schemes; instead, highlighting how their performance and outfits help them stand out and make a name for themselves in a professional setting. More than others, this generation embraces, as Leah would say, the "You go girl" attitude.

Overall, it seems the definition of "professional" has not changed, as each generation recognizes the traditional style choices as professional in their way. However, changes in where and how work is performed have brought about whether or not dressing "professionally" is required for being professional. While each generation, to a certain degree, thought dress codes were good, most agreed that it was easy for written codes to go too far in restrictiveness when different work responsibilities could be called for more relaxed attire. It was clear that unspoken expectations and external conformity guided most individuals in limitations. Instead, verbal affirmation was the preferred way of determining what dress code works and what does not.

By this logic, it is the responsibility of the manager to employ an organizational culture of understanding and transparency. Many of the perspectives revealed in this study could easily be perceived as prejudices and judgments when only seen on the surface through workplace interactions. In reality, the generations may hold different values and have different expectations for workplace professionalism. Still, as a whole, each generation simply wants to contribute to the success of their company, perform their jobs productively and efficiently, and build upon the image the company wants to convey to its customers or clients. Managers should encourage each individual on their team to communicate their perspectives and affirm to each generation that their viewpoints (and how they were formed) are valid. There are many factors at play in this situation, so managers should also bring those to light, addressing the change drivers themselves and telling employees to be aware of how their response to those drivers may be affecting their workplace relationships. All generations want to be professional. While that may be reflected differently amongst dress choices, the motivation is still the same. That is why, even when those reflections conflict, multigenerational workforce teams can still be productive and successful.

Further Research Implications

To further explore some of the theories revealed in this study, further research should be conducted on quantifying how often different generations dress in outfits deemed business professional compared to business casual. This latter term often appeared in the interviews and could benefit from a more refined definition and appropriate usage.

Additionally, findings may be more conclusive when confined to a specific industry. Many of our participants brought fascinating insight from their personal experiences, covering a wide range of industries and indicating a detailed description of the phenomena. A similar study conducted in a select industry or a company can provide more practical managerial implications.

Follow-up studies could also be conducted looking at each of these factors mentioned in isolation. To uncover a more definitive view of how, for example, political and social climate affects professional dress, the correlation between those two alone could determine the structures of the interviews.

One of the more interesting theories that arose across these conversations was that of a status signaling shift as an employee climbs the levels of management. While the original theory states that the clothes people wear in the workplace affect how that person is received, many individuals noted that more esteemed individuals of authority could "earn" the right to dress down rather than up. Follow-up studies on that theory and how often it appears could provide another exciting factor contributing to the varying definitions of professionalism in terms of attire.

LIMITATIONS AND CONCLUDING COMMENTS

The objective of this research was to understand the phenomena and identify the underlying themes or concepts of the impact of generational preferences, cultural trends, and workplace expectations on professionalism and business attire. The intent was not to generalize any groups or industries. The sample was limited in size and to the individuals coming from the Bible Belt geography. As the grounded theory methodology suggested, the researchers did not begin this project with a preconceived theory in mind. Instead, they let the data reveal the concepts critical to the three different groups of respondents. This research was an attempt to build the theory, not test it. Further research may show how the emerging concepts fit the existing knowledge body. Such research may use larger representative samples for testing these concepts and investigating their fit to existing research on professionalism expectations and dress codes.

While generational values play a partial role in differences in perceptions of professionalism, there are more factors at play in terms of how this is conveyed through professional attire. Influences from trends in the fashion industry, workplace expectations, and environment, political and social climate, as well as implications of status signaling, external conformity, and lack of intergenerational understanding, play a role in how individuals not only make professional outfit choices themselves but how they perceive the professional outfit choices of others. This research revealed that the definition of professionalism has not changed over time. However, the areas where it is deemed applicable have shifted in light of the aforementioned factors. Based on these findings and discussion, managers should consider the multifaceted nature of professionalism when leading multigenerational teams, fostering a culture of transparency and communication, and allowing individuals to openly discuss whether specific attire is or is not appropriate. Managers set the standard, but a manager who considers all of the perspectives uncovered by this study can better understand where each generation is coming from and develop their company's definition of "professional."

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A STRUCTURAL EQUATIONS MODEL OF EMOTIONAL INTELLIGENCE AND RESPONSES TO THE COVID-19 PANDEMIC

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ABSTRACT

This study investigates the relationship between an ability-based measure of emotional intelligence (EI) and responses to the COVID-19 virus (RCV) of employed students at a university in the United States. We test our model with questionnaire data from 143 participants. Data analysis including confirmatory factor analysis and structural equation modeling using LISREL suggests that EI is positively associated with RCV. Implications for management, directions for future research, and limitations of the study are discussed.

Keywords: Intelligence, Emotional intelligence, Non-cognitive intelligence, Responses to COVID-19

INTRODUCTION

The coronavirus 2019 (COVID-19) is a contagious disease initially discovered in Wuhan, China in December 2019 (CDC, 2021). Due to the highly contagious nature of COVID-19, the World Health Organization (WHO) issued recommendations for how individuals could best protect themselves and others from contracting the virus. Those recommendations included maintaining a social distance of approximately 6 feet from others, wearing a face mask, avoiding crowds, washing hands with soap and water frequently, and self-isolating, followed by getting tested for COVID-19, upon becoming symptomatic or becoming aware of possible COVID-19 exposure (WHO, 2020).

A number of studies are now being published that examine the effects of the COVID-19 pandemic has had on individuals, societies, and economies worldwide. Organizational behavior and psychology scholars have been particularly interested in how individuals have been impacted at home and at work. The pandemic itself, as well as the preventative measures for slowing the spread of the virus, created upheaval in the rhythm of everyday life for individuals worldwide. While it is vital for researchers to ask and understand how COVID-19 has impacted variables such as job performance (Alonazi, 2020; Sadovyy, Sanchez-Gomez, & Bresó, 2021), stress (Sadovy et al., 2021), coping strategies (Chandra, 2021), and career development (Guan, Deng,

& Zhou, 2020), this study seeks to understand *why* individuals may have varied their adoption of recommended preventative practices outlined by the WHO and other health organizations.

Within the United States, citizens engaged in a spectrum of adherence to the recommended health guidelines. Some citizens strongly adhered by engaging in strict social distancing, staying at home as much possible, and when leaving the house, wearing a facial covering. Other citizens did not adhere to the guidelines at all, or when they did, it was out of force (e.g., the store would not allow them to enter unless wearing a mask). Between these two polar opposites, a whole host of behaviors and varying levels of adherence were observed. Clearly, there are a number of different factors that could contribute to an individual's level of adherence, with one of them likely being an individual's level of emotional intelligence (EI).

Emotional intelligence is described as, "the ability to monitor one's own and other's feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (Salovey & Mayer, 1990, p. 189). Davies, Stankov, and Roberts (1998) go on to further describe four dimensions of emotional intelligence that include: appraisal and recognition of emotion in oneself, appraisal and recognition of emotion in others, regulation of emotion in oneself and others, and using emotion to facilitate performance. As individuals navigated their way through the COVID-19 crisis, each person's emotional intelligence capacity likely impacted the degree to which he or she felt a responsibility to follow public health guidelines.

In the present study, we review the EI literature as well as the relevant literature on COVID-19. We outline our hypotheses and the methodology used to test these hypotheses. We discuss how each of the four dimensions of emotional intelligence likely impact individuals' level of adherence to public health protocols. We collected data on EI and the extent of respondents' adherence to public health protocols relating to COVID. The hypotheses were tested with the LISREL statistical package. Lastly, we discuss implications of the study for organizations, limitations of the study, and directions for future research.

THE EMOTIONAL INTELLIGENCE CONSTRUCT

Salovey and Mayer (1990) were the first to identify the term emotional intelligence (EI). The authors drew on research findings from the areas of emotion, intelligence, psychotherapy, and cognition in order to suggest that some individuals may be more intelligent about emotions than others (Salovey & Mayer, 1990; Mayer, Causo, & Salovey, 2016). Coining the term EI directed people's attention to individuals' problem-solving skills as it relates to emotion. It was argued that skills such as recognizing emotions in others, understanding meanings of emotion words, and managing the feelings of others, collectively, indicated the existence of a broader competence to reason about emotions, i.e. emotional intelligence (Cacioppo, Semin, & Bernston, 2004).

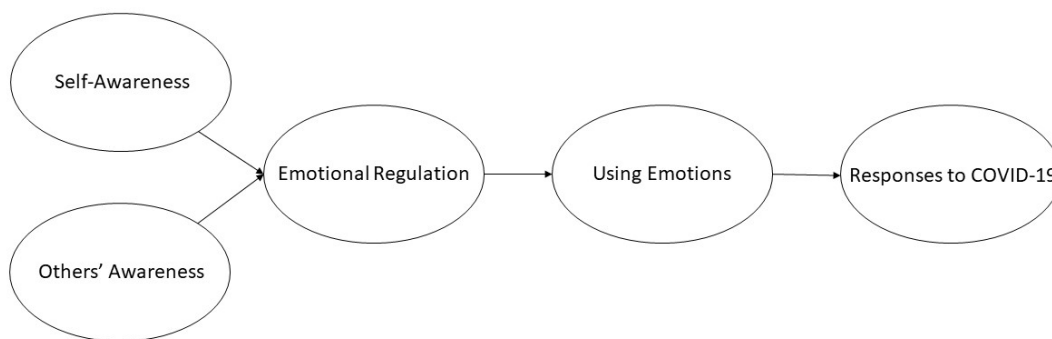
Some organizational leaders believe that employees' emotions are not directly relevant to organizational outcomes. However, research has shown that emotions, whether positive, negative, or indifferent, accompany employees to their workplace (Nelton, 1996). The ability of

supervisors to manage those emotions astutely can help to improve individual, group, and organizational outcomes.

THE MODEL OF EI

We adopted Rahim's (2019) conceptualization of EI which are composed of four components – self-awareness, awareness of other's emotions, regulation of emotions in self and others, and using emotions for productive purposes. Figure 1 shows how the components are linked with each other and how they are linked with responses to COVID-19 (RCV).

Figure 1
A Process Model of Emotional Intelligence and Responses to COVID-19



Note: Others' awareness = Awareness of others' emotions, Emotional regulation = Regulation of emotions in self and others, Using emotions = Using emotions for productive purposes

Self-awareness. The self-awareness component of EI refers to the ability to recognize and understand one's own emotions and express emotions genuinely (Mayer, Salovey, & Caruso, 2008). Goleman (1996) identifies self-awareness as the keystone of emotional intelligence. This

awareness gives individuals the capacity for understanding which emotions and feelings they are experiencing and why (Rahim, 2019). In addition, this allows for said individuals to have a greater understanding of their own strengths, weaknesses, and motivations, enabling them to be able to hone their strengths and develop the areas in which they are weak (Rahim, 2019). Individuals who are self-aware are better skilled at incorporating information that they receive from others into their own self-appraisals, which in turn, impacts their behavior (Moshavi, Brown, & Dodd, 2003).

Awareness of Others' Emotions. The ability to perceive and understand the emotions of others is an important and integral component to EI. In fact, foundational EI scholars concluded that, "appraisal of one's own feelings and appraisal of the feelings of others may be inseparable. Thus, empathy may involve both one's ability to identify with the feelings of others and general access to one's own feelings state" (Davies et al., 1998, p. 991; see also Rahim and Ismail, 2020 for further discussion of this component). Empathy allows individuals to view the world, including their own personal behavior, from the vantage point of another (Hollin, 1994). This ability allows individuals to have an affective response that is catered more towards someone else's situation rather than one's own (Hoffman, 1987).

Emotional Regulation in Self and Others. This EI component refers to an individual's ability to control their own emotions and impulses, remain calm in potentially unstable situations, and keep their composure regardless of what they may be feeling internally (Rahim et al., 2002). Individuals who are effective at emotional regulation typically rate higher in aspects of physical and mental health (Gross & Munoz, 1995), as they are less likely to lose their temper and thereby can return to a normal psychological state after experiencing an emotional encounter.

Individuals who have the ability to regulate their own emotions are also equipped to regulate emotions in those around them. This skill is vital, especially as it relates to being effective in stressful situations. When one can remain calm and help to relieve the negative emotions of others, successful goal attainment becomes more likely (Salovey & Mayer, 1990). This skillset also equips individuals to better handle interpersonal conflict by incorporating collaborative, win-win approaches with both internal and external stakeholders (Rahim, 2019).

It is important to consider how the various components of EI interact with and impact one another. For example, self-awareness not only allows the individual to perceive emotions within themselves, but it also relates to that person's ability to assess emotions in others (Barbuto & Burbach, 2006). Therefore, we predict self-awareness will positively relate to an individual's ability to regulate their own emotions, as well as positively relate to their ability to be aware of others' emotions. In addition, the ability to recognize and empathize with emotions of others should better equip individuals to maintain composure in stressful situations and handle interpersonal conflict effectively. Therefore, we predict that an individual's awareness of others' emotions will positively impact their ability to regulate emotions within themselves and others.

Using Emotions for Productive Purposes. The final component of EI refers to an individual's capacity to focus and employ emotions in order to achieve effective outcomes in their personal and professional lives (Rahim, 2019). Deploying emotions in the process of goal attainment is essential for selective attention and self-motivation (Davies et al., 1998). Goleman

(1996) asserts that emotional self-control and the ability to delay gratification serve as an underlying factor to all human accomplishments. Individuals who are effective at using emotions for productive purposes are not only efficient at motivating themselves, but they also serve as compelling role models for others in terms of improving performance (Davies et al., 1998).

Previous research has shown that the three components of self-awareness, emotional regulation in self and others, and awareness of others' emotions are antecedents to one's ability to use emotions for productive purposes (Rahim, 2019; Rahim et al, 2015a, 2015b). As previously discussed, awareness of emotions in oneself and others typically contributes to an individual's capacity for overall emotional regulation. Emotional regulation often leads to more collaborative approaches. Collaboration involves cognitive abilities of forming goals and creative solutions (Thomas, 1977), as well as emotional abilities to identify the emotional requirements of others and control one's own emotions in an attempt to reach shared goals (Jordan & Troth, 2002). We can expect these approaches to lead to positive outcomes and better chances of goal attainment. Therefore, we predict that an individual's ability to regulate emotions within themselves and others will positively contribute to their likelihood of using emotions for productive purposes.

The Proposed Model and Hypotheses

Hypothesis 1: Self-awareness is positively associated with regulation of emotions.

Hypothesis 2: Self-awareness is positively associated with awareness of others' emotions.

Hypothesis 3: Awareness of others' emotions is positively associated with regulation of emotions.

Hypothesis 4: Regulation of emotions is positively associated with using emotions for productive purposes.

Hypothesis 5: Using emotions for productive purposes is positively associated with one's responses to COVID-19.

COVID RESEARCH AND EMOTIONAL INTELLIGENCE

Not surprisingly, we are seeing a surge in studies examining the various effects of the recent global pandemic. No individual, group, organization, or society was not impacted in one way or another. There are a number of metrics or factors that scholars can examine, but the construct of interest in this study is EI and its impact on individual behavior as it relates to COVID. Before discussing our fifth and final hypothesis, it is important that we briefly review some of the emerging literature surrounding EI and the pandemic.

Certain populations were dramatically impacted on a daily basis by the COVID-19 crisis, the greatest of which were healthcare workers. Alonzai (2020) performed a cross-sectional study surveying 340 nurses in Saudi Arabia during the peak months the pandemic (March & April, 2020). Alonzai (2020) examined the relationship between EI and job performance among nurses

who had direct contact with COVID-19 patients. The study revealed that even with slightly elevated levels of EI, there were still minor decreases in performance reported. The author attributes this counter-intuitive phenomenon as a likely product of the catastrophic nature that was the height of the pandemic. Essentially, coping with change and responding to others' needs (i.e. patients in this case) may work to increase EI, but there comes a point where individuals (i.e. nurses) can no longer adhere to their emotions effectively (Moghdam, Tehrani, & Amin, 2011).

Higher education is another industry that was heavily impacted during the height of the pandemic. Face-to-face class meetings were substituted for online formats almost overnight, creating great strain on faculty and students alike. In Pakistan, 305 undergraduate students were surveyed in order to better understand EI's direct and indirect influence on academic performance. (Iqbal, Qureshi, Ashraf, Rasool, & Asghar, 2021). The dimensions of self-awareness and self-regulation showed significant positive direct effects on academic performance, as well as significant positive indirect effects via academic social networking sites (Iqbal et al., 2021).

In Poland, Moroń, and Biolik-Moroń (2021) conducted a daily diary study during the first full week of lockdown (March 16 – 22). The authors examined trait EI as a predictor of emotional reactions during the initial lockdown phase. One hundred-thirty individuals participated in a baseline measurement of trait EI, positive and negative affect, and affect intensity, as well as a one-week daily diary. The study showed multifaceted, dynamic emotional experiences within the first week of the COVID-19 outbreak. Most notably, trait EI served to protect individuals from experiencing negative emotions (fear, anxiety, and sadness) as intensely, but not less frequently (Moroń & Biolik-Moroń, 2021). The authors explain that EI may moderate reactions to stressful events. Individuals with high EI typically assess stressful events less negatively (Mikolajczak & Luminet, 2008; Ruiz-Aranda, Extremera, & Pineda-Galan, 2014) and utilize more effective, adaptive coping and emotion regulation strategies (Mikolajczak, Nelis, Hansenne, & Quoidbach, 2008).

While these early studies provide helpful information, there is still much to be explored as to how EI impacts individuals' reactions and behaviors within the context of a global crisis like the pandemic. It is also important to note that these studies have been conducted across the globe, yet little has been published as of yet from within the context of the United States. Given that our sample population consisted of U.S. undergraduate students, this may provide some nuance and insight into how global and organizational cultures potentially played a role in our participants' behaviors.

Given the high stakes involved with COVID-19 and the importance that individuals' behaviors played in the well-being of the overall collective, we wanted to better understand why some individuals strongly adhered to COVID safety recommendations, while others seemingly disregarded such guidelines. We believe that the components of EI served as antecedents for individuals to recognize the implications of their actions and thereby regulate their behaviors to more closely follow COVID safety guidelines. It takes a high level of EI in order to work towards effective outcomes while trying to navigate one's own complex emotions and still being aware of others during a time of crisis. Therefore, we expect individuals who are able to use emotions for productive purposes to be more likely to follow COVID-related safety guidelines.

METHOD

Sample

Data for this study came from a collegiate sample of 143 employed management students in an American university. The data for this study was collected through the Qualtrics technology and the response rate was about 65%.

Average age and job experience of the respondents were 24.15 ($SD = 21.64$) and 1.43 ($SD = .50$), respectively. About 39.2% of the respondents were female. The student respondents in our sample had working experience in various industries: manufacturing, banking, retailing, service, and healthcare. They were mainly in lower-level management and some were in the non-management positions.

Measurement

Emotional Intelligence. This was measured with the 28 items (7 items for each of the four components) of the EQ Index (EQI) developed by Rahim (2002) and revised and improved by Rahim (2019). The EQI was designed on the basis of repeated feedback from respondents and faculty and an iterative process of exploratory and confirmatory factor analyses of various sets of items in multiple samples. Considerable attention was devoted to the study of published instruments on EQ. The final revision of the instrument was made on the basis of a confirmatory factor analysis of the observed variables (items).

The instrument uses a 5-point Likert scale (5 = Strongly Agree . . . 1 = Strongly Disagree) for ranking each of the items and a higher score indicates a greater EI component of an employee. The subscales were created by averaging responses to their respective items. Sample items are: “I am aware of my impulses” (self-awareness); “I have good sense of the emotions of others” (awareness of others’ emotions); “I am able to calm distressing emotions of others” (regulation of others’ emotions); “I am able to maintain my composure irrespective of my emotions” (self-regulation); and “Sometimes I hesitate to make sacrifices to achieve organizational goals” (using emotions for productive purposes, *reverse coded*). Rahim (2019) provided evidence of internal consistency and indicator reliabilities and convergent and discriminant validities of the instrument and that it was free from social desirability response bias. The present study also provides evidence of psychometric properties of the revised instrument.

Responses to COVID-19 (RCV). This was measured with a 10-item scale prepared for the present study. The scale measures a person’s responses to the COVID-19. The items are cast on a Yes = 1 and No = 0 scale. Sample items are “Do you use a face mask when you are outside.” “Do you generally maintain social distance of about 6 feet with others.” The scale was created by adding the responses to the 10 items and a higher score indicates greater positive response to COVID-19. The two scales were completed at the beginning of the 2021 Fall semester.

Analysis and Results

The first part of the analysis was designed to test the psychometric properties of the EI and RCV. Next analysis was designed to test the five hypotheses of the study. The statistical packages, SPSS-16 and LISREL 10.23 Jöreskog & Sörbom (1996a, 1996b) were used for data analysis.

Measurement Model. A confirmatory factor analysis (CFA) of the EI and RCV observed variables (items) were computed. First, the observed variables were allowed to load on a single factor. Second, the 5-factor solution was computed, i.e. the observed variables were allowed to load on their specified factors. Table 1 shows that the 5-factor solution has a better fit than the single-factor solution. The result from the single-factor analysis indicates that common method variance is absent in the five factors.

Table 1
LISREL CFA Summary Statistics

Statistic	Measurement Model		Structural	
	1-Factor	5-Factors	Equations Model	
χ^2/df	7.56	1.98	1.70	
RMSEA	.11	.03	.07	
MSR	.07	.02	.03	
Normed Fit Index	.95	.97	.95	
Comparative Fit Index	.87	.99	.98	
Incremental Fit Index	.87	.99	.98	
Relative Fit Index	.82	.95	.92	
Goodness-of-fit Index		.90	.98	.97

Note: N = 143 respondents, RMSEA = Root mean square error of Approximation

We also computed additional CFAs. A 2-factor analysis for EI and RCV items showed poor fit indexes ($\chi^2/df = 3.61$, RMSEA = .14, RMSR = .08, NFI = .77, CFI = .82, IFI = .83, RFI = .70, GFI = .85). A 3-factor analysis for self-awareness and awareness of others' emotions; regulation in self and others; and RCV also showed poor fit indexes ($\chi^2/df = 2.91$, RMSEA = .11, RMSR = .08, NFI = .83, CFI = .88, IFI = .88, RFI = .76, GFI = .88). Another CFA was computed with the four components of the EQ Index and the fit indexes were satisfactory ($\chi^2/df = 1.51$, RMSEA = .06, RMSR = .03, NFI = .95, CFI = .98, IFI = .98, RFI = .96, GFI = .95). These and the findings from three other studies (Rahim et al., 2002; Rahim, 2019; Rahim & Ismail, 2020) indicate that the EQ Index has construct validity. These CFAs showed no existence of common method variance among the five latent variables.

Univariate Normality. For all the factors, skewness and kurtosis statistics were within the acceptable levels of 1 and 7. Therefore, the samples exhibited a high degree of univariate normality for the five factors. Table 2 shows the descriptive statistics and internal consistency and indicator reliabilities. Overall, these coefficients are satisfactory. The internal consistency reliability, as measured by Cronbach α , for the five latent variables, ranged between .63 and .84. These reliability coefficients were judged adequate. Multicollinearity was not a problem as the variance inflation factors (VIFs) (ranged between 1.61 and 2.91) were lower than 10.00.

Table 2
Means, Standard Deviations, Cronbach α and Indicator Reliabilities, Pearson Correlations, and Variance Inflation Factor

Variable	<i>M</i>	<i>SD</i>	α	1	2	3	4	VIF
1. Self-awareness	2.11	.50	.72					1.55
2. Awareness of others	2.05	.55	.77	.44				1.43
3. Regulation	2.25	.66	.78	.52	.51			1.76
4. Using emotions	2.13	.53	.63	.46	.33	.51		1.45
5. RCV	2.40	.53	.84	-.03	-.15	.10	.04	

Note: $N = 143$. IR = Indicator reliability, VIF = Variance inflation factor. Correlations $\geq .10$ are significant at $p < .01$ (two-tailed). Awareness of others = Awareness of others' emotions, Regulation = Regulation of emotions of self and others, Using emotions = Using emotions for productive purposes,

Structural Equations Model. To test the five study hypotheses a LISREL model was computed. Table 2 shows that fit indexes for the full structural equations model were satisfactory. The relationships in Figure 1, represented by the six links, their estimates were all positive and significant. Results provide full support for the five study hypotheses.

Table 3
Parameter Estimates for Structural Equations

Parameter path	Statistic	z-value
Self-awareness → Regulation of emotions	.89	9.25***
Self-awareness → Awareness of others	.89	10.31***
Awareness of others' → Regulation of emotions	.90	4.77***
Regulation of emotions → Using emotions	.82	13.13***
Using emotions → RCV	.99	7.78***

Note: These values are based on the causal model run on the covariance matrix. Regulation of emotions = Regulation of emotions in self and others, Awareness of others' = Awareness of others' emotions, Using emotions = Using emotions for productive purposes, RCV = Response to CORONA virus

** $p < .01$. *** $p < .001$.

DISCUSSION

For this study, we were interested in examining whether one's emotional intelligence influences how employees respond to significant and unexpected external events affecting their safety, the safety of others, and their collective responses to the changes that result from those external events. Specifically, we were interested in understanding the causes of an individual's responses to a significant external event, such as the COVID-19 pandemic. As reported in the popular press, some people voluntarily follow the governmental and organizational guidelines to deal with the external risks related to COVID-19 (face masking, maintaining physical distance from others, washing hands with soap and water, avoiding a crowd and so on) while others have not (Sadovy et al., 2021).

The present study investigated the relationship between the four components of EI (self-awareness, awareness of others' emotions, regulating emotions in self and others, and using emotions for productive purposes) and the dependent variable, one's responses to COVID-19. The first phase of our analysis tested the psychometric properties of the measures used. Related analysis techniques included confirmatory factor analysis of items, internal consistency and indicator reliabilities, and convergent and discriminant validities (as reported in Tables 1-3, respectively).

We learned through this study that the intra- and inter-relationships between the component factors of emotional intelligence and the behavioral responses of individuals to external changes in their lives is clearly an area worthy of further investigation. Specifically, self-awareness and awareness of others' emotions are important aspects influencing the regulation of one's emotions. Using one's emotions to evaluate and respond to an immediate

situation has direct and indirect effects on actions that will properly address an external change in the individual's world.

The dynamic and ever-changing environment that the COVID-19 pandemic has created is calling on individuals to utilize and strengthen their levels of emotional intelligence. While people may maintain differing beliefs about how to navigate daily life in the midst of a pandemic, scientists around the world have shown the efficacy of practices such as masking, social distancing, and diligent hand-washing in slowing and managing the spread of COVID-19.

Implications for Organizations

This study underscores that while emotional intelligence is a prior condition within each worker, their behaviors in the workplace are strengthened by the planned use of organizational factors such as selection, training, and cultural awareness, serving to heighten an individual's responses to external threats (Goleman, 1996). In particular, awareness of others' emotions is an important area for researchers and management practitioners to investigate. For those having lower scores on this factor, providing additional education and cultural sensitivity resources regarding *why* certain responses and behaviors to external threats are important can have a significant positive impact (Milolajczak et al., 2008; Salovey & Mayer, 1990).

While we all hope that world-wide pandemics do not become regular occurrences that organizations and society as a whole need to prepare for directly, organizational and individual responses to the current pandemic speak to our capabilities when it comes to change and crisis management. The COVID-19 pandemic has shed light on the significance of "expecting the unexpected" and how important it is for organizations to hire and train employees in areas of emotional intelligence and adaptability.

Modern organizations are constantly seeking change adaptability in order to improve and/or maintain a competitive advantage (Druskat & Wolff, 2001; Huy, 1999). The stresses and strains induced by the pandemic put organizations to the test and revealed their true capacity (or lack thereof) to adapt rapidly to an ever-changing climate. According to the Organization for Economic Co-operation and Development (OECD, 2020), the COVID-19 pandemic is considered one of the largest simultaneous public health and economic crises of the modern era.

Given this unprecedented environment, organizations need a workforce that is prepared for change more than ever before. Employees who rank high in emotional intelligence are uniquely equipped to take on this task. Firstly, these individuals understand their own emotions and thereby can more accurately recognize those emotions and change their responses if so needed (Scott-Ladd & Chan, 2004). Second, through their intellectual use of emotions, these individuals are better able to integrate information, make judgement calls, or adapt creative problem solving when needed (Scott-Ladd & Chan, 2004). These skills suggest that people who are emotionally intelligent are more self-aware of their strengths and limitations, and as a result, they have shown to display more confidence, optimism, flexibility, innovativeness, and comfortability with new ideas (e.g. Goleman, 1995; Mayer & Salovey, 1997). Emotionally intelligent employees clearly offer advantages to organizations who seek to meet the demands of a rapidly changing economic environment.

Limitations

As with all studies, there are limitations that should be noted. Data were collected via self-report, and while self-report data is appropriate for studying individuals' perceptions, attitudes, and subsequent behaviors, it can be subject to potential common method variance bias. Conway and Lance (2010) discuss that while self-reports can be subject to potential method variance effects, literature reviews have shown that "suspected biasing factors including social desirability (Ones et al., 1996) and negative affect and acquiescence (Spector 2006) do not display strong, consistent effects (e.g., Williams & Anderson, 1994). The results were not influenced by common method variance, which takes place when data are collected at the same time, from the same subjects, and with same measures. The five-factor confirmatory factor analysis provided better fit indexes than the single-factor analysis of the observed variables. The limitation of this field study should be noted. Data were collected from two collegiate samples might limit generalizability of the results.

Directions for Future Research

Our study employed a convenience sample of college students from one university, but we believe this opens up conversations for future research. Given our study was exploratory in nature, we recognize that the results may not be generalizable to other populations and that additional research is needed in order to gain a more holistic understanding of the role that EI plays in individuals' response behaviors to the COVID-19 pandemic. Our sample consisted of relatively young adults, who by in large did not appear to be as negatively impacted from the effects of COVID-19 when compared to older populations. The study was conducted at a university within the United States, which is known to have a highly-individualistic culture. We recommend that future research efforts include populations with larger variations in age range, as well as those from both individualistic and collectivistic cultures. Early research has already indicated collectivism as a significant and positive predictor of mask usage (Lu, Jin, & English, 2021).

While our study points to EI as an apparent key factor in whether or not individuals adopt RCV behaviors, we certainly do not claim that it is the only indicator. A recent paper published in the U.S. discussed the key role that political ideology has played in RCV. Cavillo, Ross, Garcia, Smelter, and Rutchick (2020) found that conservatism was associated with perceiving less personal vulnerability to the virus and that the virus' severity was lower. Given that conservatives appear to perceive COVID-19 as less threatening, we can assume that these beliefs would also impact RCV, making them less likely to adopt preventative or precautionary measures. While many U.S. residents witnessed and experienced the role that politics played in individual responses to COVID-19, it would be interesting to compare and contrast how political ideology played a role in RCV throughout various countries and differing political landscapes.

While one might assume that personality is an important factor in understanding RCV, global research has indicated that situational factors are explaining more variance than

dispositional factors (Zajenkowski, Jonason, Leniarska, & Kozakiewicz, 2020). By situational factors, the authors were examining how individuals perceived and evaluated a current and immediate situation (in this case, the COVID-19 pandemic) and used those perceptions to predict whether one would comply with preventative measures or not. Future research could expand on this work by exploring what shaped the differing interpretations of the same global pandemic. Knowing what these factors are could help us in predicting and understanding future individual and employee behaviors when faced with crisis situations.

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FAMILY BUSINESS SUCCESSION: A SURVEY-BASED ANALYSIS OF SUCCESSION READINESS

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ABSTRACT

The family-owned and controlled businesses represent a significant portion of the United States economy and have a massive impact on economic prosperity. Family businesses also contribute to societal stability. While their economic roles are significant, the Achilles' heel of the family business is succession. Family business succession is a complex interaction between competing individuals with unique and distinct goals. Logistical considerations on the business side and emotional tension from the family side complicate the process of succession. Business owners must ensure that the company is ready for the transition, a successor has been chosen, and the successor is prepared to assume their role. This paper first develops a novel survey-based succession readiness index ($n=310$). Then, using path analysis, it explores the relationship between succession readiness and other latent indicators such as characteristics of a potential successor, the firms, the business owners, and the level of communication among family members. The study findings provide a fresh perspective into the relationships between succession readiness and business characteristics.

Keywords: family business, succession readiness, path analysis

INTRODUCTION

According to a seminal study conducted by Astrachan and Shanker (2003), family businesses comprise roughly 29 to 64 percent of US GDP (Gross Domestic Product), approximately 5.9 trillion US dollars, and employ 27 to 62 percent of the US workforce. This range is based on three definitions with various assumptions. The broad definition assumes that family businesses informally utilize family labor without reporting income. The middle definition includes an assumption that the family business must be the “principal occupation” of the sole proprietor even if the sole proprietor earns income elsewhere (p. 215). In contrast to the broad definition, the narrow definition requires that family businesses have family members explicitly reported on the payroll. Studies have also indicated that family businesses are ubiquitous, as family businesses range from 90 to 98 percent of all businesses in the United States (Beckhard & Dyer, 1983; Hershon, 1975; Stern, 1986). A recent update to this study suggests that the broadest definition of family business accounts for 87 percent of the business units, 59 percent of the workforce, and 54 percent of the GDP (Pieper et al., 2021).

In their 2021 Trust Barometer report, Edelman noted that business is the sole institution seen as being both ethical and competent in the public's eye, compared to NGOs, the

government, and the media. Given the prevalence and importance of family businesses, their longevity is of serious concern, focused in this study on the factors that affect succession readiness.

This paper is a result of the survey conducted in 2020 as part of empirical investigations of succession-related matters in the family business. This paper uses path analysis to understand the relationship between succession readiness and family business dynamics. This empirical work contributes to the scholarly conversation on family business dynamics by identifying factors accounting for succession readiness.

BACKGROUND

Before creating the index, business succession should be defined, and the importance of business succession in the literature should be addressed. Beckhard and Dyer (1983a) view succession through a relatively straightforward lens of two stages. The first stage requires a triggering event that creates a shock to the family business system, which results in turbulence in the family business unit. The passage of the triggering event requires a time of adaptation to the desires of the individuals within that family unit until either succession has been declared or dissolution of the family business unit has occurred (Beckhard & Dyer, 1983b).

Murray (2003) defines business succession as a transitional cycle that includes six phases that can take years to complete. The phases are defined as 1) "Readiness of the whole family enterprise system for change," 2) "The trigger-in initiating the transition," 3) "The resting period," 4) "Exploration period," 5) "The trigger-out to end exploration and initiate closure," and 6) choice and commitment (p. 23). This paper focuses on phase one to determine what creates a readiness for the family enterprise robust enough to successfully survive phase two of the Murray framework or the first state of the Beckhard and Dyer framework of family business succession.

LITERATURE SUPPORT

Succession is fraught with logistical complications from the business side and emotional tension from the family side. A successor must be chosen and prepared to assume the role to lay the foundation for this transition. Many elements prepare businesses for succession, including buy-sell agreements, liquidity plans, clear roles for the family, and more. Literature focusing on the succession readiness and succession planning process in family businesses explains the importance of these various factors. This paper explores ten critical variables that will be used to identify the family business succession readiness index and other covariates we wish to compare with that index to determine if a relationship exists.

For an effective succession, the incumbent business owner must be ready and psychologically prepared for the process of letting go of the business (de Pontet et al., 2007; Gagné et al., 2011). Marler et al. (2017) define a "succession ready" business owner as someone willing and mentally ready to relinquish their role and transfer authority and decision-making authority to a successor. A proactive and succession-ready incumbent will likely feel the need to

assimilate the successor into the firm's network structures—both internal and external (Marler et al., 2017). This assimilation lends credibility to the upcoming successor. The process of assimilation is an essential component of succession planning in general.

Due to the number of decisions that need to be made well before a transition, succession planning is vital for an effective succession (Ward, 1987). An incumbent intending to pursue succession is more likely to plan for succession (Sharma et al., 2003). A review of the related literature suggests that the succession-planning process consists of several activities: selecting and training a successor, communicating that decision to stakeholders, and developing a vision or strategic plan for the company post-succession (Sharma et al., 2003). Communication of the decision to stakeholders can be likened to the process of assimilation mentioned previously.

Periods of ownership and leadership transition are expected to be difficult for every business. The added complexity of deciding whether to pass leadership to a family member or an "outsider" compounds the stress. There are varying perspectives on whether family ownership benefits firms. Villalonga and Amit (2020) find that family ownership creates value for the business as long as family control over ownership does not outweigh the advantages of family ownership and family management). The careful balance among these factors shifts when ownership changes hands; it is found that "relative to non-family business, founder-led firms outperform, while descendant-led firms underperform" (Villalonga & Amit, 2020, p. 251). Even given these potential drawbacks, family business owners, particularly founding owners, tend to place higher importance on aspects that create emotional wealth, such as pride in family management and wanting to continue a legacy (Villalonga & Amit, 2020).

In addition to deciding to pass the business to a family member or non-family employee, family firm owners must examine a range of factors that influence their decision about the successor. Notably, these factors include the successor's willingness to lead in the business, the level of preparation, and the intrinsic motivation of both successor and owner (Venter et al., 2005). Initially, it is essential to know whether the successor has a passionate desire to pursue a career in the family business and would be willing to take over the company. Parker (2016) found that when owner-managers raise incentives of a potential family successor by increasing the stock of tangible and intangible assets, the probability that the successor would be willing to run the family business and assume responsibility for its long-term development also rises.

Another motive of the successor to take on a leadership role in the family business is the relationship between owner and successor. A kind of high-quality relationship is distinguished by a high level of trust, mutual support, open and earnest communication, and eagerness to recognize achievement (Harvey & Evans, 1995). Venter et al. (2005) suggest that the more the successor is eager to take over the business, the better the relationship between the successor and owner, which leads to a more successful transition. This kind of enthusiastic attitude fosters a "harmonious owner-manager-successor relationship" (Venter et al., 2005 p. 299), in which the founder and successor support each other to overcome leadership transitions and role adjustments, engage in mentorship activities, and share knowledge and experience (Lee et al., 2019). These actions assist the successor in the transition and lessen the founder's fear of losing control in the family business (Lee et al., 2019).

Although the relationship between the business owner and successor is an influential factor, the experience and expertise of the potential successor are likely even more so. An internal successor is preferred when family-business-specific experiential knowledge is considered predominant (Royer et al., 2008). In contrast, when industry-specific general and technical knowledge are needed, family firm owners are prone to consider external successors (Royer et al., 2008). Also, an internal successor is preferred when thought to possess more collective knowledge than the external successor (Royer et al., 2008). This information suggests that a family business owner will generally prefer a family member when selecting a successor unless a suitable candidate cannot be found in the family; if that is the case, a non-family successor will be chosen based on merit. Once a successor has been selected, their commitment to running the family business and profitability becomes crucial to a smooth generational transition.

Identifying if each of the factors mentioned above has been considered or implemented can indicate whether a family business is prepared for succession. Other scholars have investigated the readiness of family businesses for succession and created readiness scales (Davis & Harveston, 1998; Coffman, 2014). For example, Davis and Harveston (1998) developed a six-question scale that focused on the successor selection process based on family business survey data. The extensiveness of the businesses' succession planning acted as the dependent variable, analyzed through questions such as "has a successor been chosen who will assume operating control of your business?" and "have you informed others?" (Davis & Harveston, 1998). Responses to these questions were assigned a score of either six or one, and those scores were summed to generate total scores (Davis & Harveston, 1998). Once these succession preparedness scores were captured, four categories were regressed on the readiness scores, including owner/manager characteristics, family variables, organizational attributes, and resource effects (Davis & Harveston, 1998). Coffman (2014) expanded on this model by adding additional questions and then contacting business transition experts to pair the questions down to those most important; eight questions were selected, and the collection of survey data from a sample of family businesses (Coffman, 2014). Following the procedures of Davis and Harveston (1998), Coffman (2014) scored and summed the responses to measure succession preparedness. This paper expands further on this field of research by creating a succession readiness scale similar to those made by Davis and Harveston (1998) and Coffman (2014).

RESEARCH QUESTIONS

A family business survey was conducted in 2020 to explore family business dynamics in the US. This paper explores answers to the following major research questions using survey results:

RQ1: What percent of the family business is succession ready?

RQ2: What are the characteristics of family businesses that are succession ready?

RQ3: Is there a relationship between succession readiness and family business characteristics?

RQ4: Is there a relationship between succession readiness and the attributes of potential successors?

RQ5: Is there a relationship between succession readiness and the characteristics of the business owner?

RQ6: Is there a relationship between succession readiness and family business governance?

We address these research questions by first reviewing the data and methodology. Under the method, we will introduce a conceptual framework informed by family business literature. We will then introduce the study findings and discuss the implications of the results for the family businesses.

METHODOLOGY

Data

A family business survey was created by the authors and conducted in cooperation with Qualtrics. Survey data were collected from February 13, 2020, to May 23, 2020. Qualtrics initiated four separate attempts to get as many as 300 responses from family business owners. Survey respondents were compensated for their participation through Qualtrics. Responses from 311 family business owners were received and recorded for analysis.

Several questions were asked in the survey to filter out irrelevant responses. Those questions include:

1. *My family owns more than 50% of the business (true/false)*
2. *My family has voting control in the company (true/false)*
3. *My family has power over strategic decisions in the company (true/false)*
4. *Our family's annual revenue is... (multi-select)*

Only responses with affirmative answers for the first three questions and more than a million dollars in revenue were kept. Additional descriptive statistics for the survey respondents' companies are listed in Table 1.

Descriptive statistics are separated into two parts featuring the company characteristics and industry/location. The company statistics include a descriptive summary about the number of employees, year founded, and annual sales of participating family businesses. The number of employees is divided among the following categories: less than 100, 101 to 200, 201 to 500, and 501 or more. A large portion of our sample includes family businesses with less than 100 employees (32%) and 101 to 200 employees (28%). The year founded is categorized in the subsequent order: before 2000, 2000-2009, and 2010-2019. Out of 302 respondents, 48% of the family businesses were founded in the last nine years, 31% in the previous 19 years, and the other 21% more than 19 years. Regarding the company's annual sales, 29% of respondents have \$11 or \$50 million in total annual sales, and 26% have less than \$10 million. The remaining 45% have over \$51 million in annual sales.

The industry and location statistics portion contains family businesses' industry classification, area of primary operation, and the location of headquarters (the headquarters represent the participant companies in our sample, found in table 1). The top three industries that family businesses operate in were construction, retail trade, and information. The primary operation of family businesses was grouped into four parts, of which 34% operate regionally, 29% locally, 28% nationally, and 9% internationally. The top three locations were Florida, Georgia, and Virginia regarding participating family businesses' headquarters.

Table 1: Descriptive statistics from survey respondents

Descriptive Statistics			
Company Statistics			
Number of Employees	Count	Annual Sales	Count
Less than 100	99	Less than \$10 million	81
101 to 200	86	\$11 to \$50 million	89
201 to 500	81	\$51 to \$100 million	32
501 or more	44	\$101 to \$200 million	30
		\$201 to \$300 million	21
Year Founded	Count	\$301 to \$400 million	14
Before 2000	63	\$401 to \$500 million	25
2000-2009	93	\$501 to \$750 million	19
2010-2019	146		
Industry and Location Statistics			
Industry Classification	Count	Area of Primary Operation	Count
Accommodation and Food Services	16	Local	90
Administrative and Support and Waste Management and Remediation Services	3	Regional	106
Agriculture, Forestry, Fishing and Hunting	8	National	87
Arts, Entertainment, and Recreation	3	International	28
Construction	46		
Educational Services	2	Headquarters	Count
Finance and Insurance	37	Alabama	14
Health Care and Social Assistance	5	California	15
Information	40	Delaware	4
Management of Companies and Enterprises	6	Florida	61
Manufacturing	32	Georgia	50
Mining	1	Kentucky	13
Other Services (except Public Administration)	7	Maryland	9
Professional, Scientific, and Technical Services	29	Mississippi	3
Real Estate Rental and Leasing	8	North Carolina	21
Retail Trade	42	Ohio	2
Transportation and Warehousing	7	Tennessee	27
Utilities	4	Virginia	30
Wholesale Trade	15	Washington D.C.	29
		West Virginia	7
		Other	25

Dependent Variable

The dependent variable in this study is the succession readiness index. Family business owners were asked these twelve yes/no questions to gauge how prepared they are for succession:

1. *Is there an Ownership Transition or Estate Plan in place at your company?*
2. *Is there a Buy-Sell Agreement in place at your company?*
3. *Is there a formal Redemption or Liquidity Plan in place at your company?*
4. *Is there a Valuation Formula in place at your company?*
5. *If you were to poll the other family members in your business and your key employees, is there an explicitly agreed-upon vision for where your family company is headed in the next five years?*
6. *Do you and your family business have clearly defined values and goals that transcend generations?*
7. *If you die tomorrow, is there a transition plan in place to ensure your family is taken care of and your business will be able to continue without your leadership?*
8. *Is the future ownership of your family company clearly defined?*
9. *The following few questions are related to business succession. Do you have a successor selected?*
10. *Does the person you have chosen know they are the successor?*
11. *Does your family know who the successor is?*
12. *Does your business team know who the successor is?*

To create the succession readiness index, twelve yes/no questions related to succession were pulled from the data set. The succession readiness index is a simple addition of all "yes" answers to the 12 questions mentioned above. This conceptualization of the family business succession readiness index is broader than the ones seen in the literature. In most cases, the index is the composite measure of questions 8-12 above.

Table 2: Succession Readiness Index: Exploratory Factor Analysis					
Rotated Factor Matrix					
		Factor			Assigned Name
Variable Name	Question Format	1	2	3	
Transition2	Is there an Ownership Transition or Estate Plan in place at your company?		0.661		Legal
BuySell2	Is there a Buy-Sell Agreement in place at your company?		0.748		
Liquidity2	Is there a formal Redemption or Liquidity plan in place at your company?		0.795		
Valuation2	Is there a Valuation Formula in place at your company?		0.639		
Vision2	If you were to poll the other family members in your business and your key employees, is there an explicitly agreed-upon vision for where your family company is headed in the next five years?			0.535	Family
Goals2	Do you and your family business have clearly defined values and goals that transcend generations?			0.525	
TransitionP2	If you die tomorrow, is there a transition plan in place to ensure your family is taken care of and your business will be able to continue without your leadership?			0.838	
FutureOwn2	Is the future ownership of your family company clearly defined?			0.588	
Successor2	The following few questions are related to business succession. Do you have a successor selected?	0.680			Public
SuccKnw2	Does the person you have chosen know they are the successor?	0.863			
SuccFaKnow2	Does your family know who the successor is?	0.898			
SuccBusTea2	Does your business team know who the successor is?	0.807			
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					

The first component (factor) is named "Legal," which includes the legal side of succession readiness variables. These indicators include estate plan, buy-sell agreement, liquidity, and valuation formula. The second component (factor) is named "Family," which includes variables such as vision, goals, leadership, and future ownership. The third component (factor) is named "Public," which is about selecting a successor and disseminating the information about the successor across family and business teams.

Table 3: Succession Readiness by Components

Succession Readiness Component	Succession Ready (1) N (%)	Not Succession Ready N (%)
Overall Succession Readiness	114 (36.7%)	197 (63.34%)
By Component (2)		
Succession Readiness (Legal)	168 (54.0%)	143 (56.0%)
Succession Readiness (Family)	261 (83.9%)	50 (16.1%)
Succession Readiness (Public)	209 (67.2%)	102 (32.8%)

(1) A business is defined as succession ready if the business answers "yes" to all of 12 questions about succession readiness!

(2) For each succession readiness components, the family businesses should answer "yes" to all of four succession readiness questions under each component.

Based on Table 3, only 36.7% of family businesses can be defined as succession ready. A little over 63% of family businesses have some problems in this area. The data review also suggests that about 30% of the family businesses are missing only one or two items from the checklist to be succession ready.

When we look at the components of succession readiness, the problem areas become visible: about 54% of the family businesses have all the legal considerations completed for a smooth succession. A little over 67% of these businesses created public awareness about the successor's identity. The only area in which many of these businesses are doing relatively better is the family side of the succession: identifying visions, goals, transition plans, and future ownership of the company.

Conceptual Framework

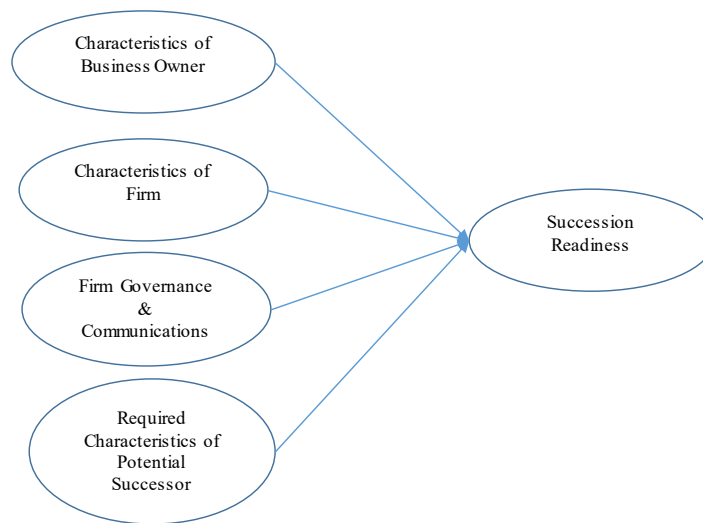
A review of the literature suggests that succession readiness is associated with the following significant variables (Figure 1):

1. *Characteristics of the business owner*
2. *Characteristics of the firm*
3. *Firm governance structure and communications*

In addition to these variables, we also believe that succession readiness is related to

4. *Required characteristics of the potential successor.*

Figure 1: A Conceptual Framework of Factors Affecting Succession Readiness



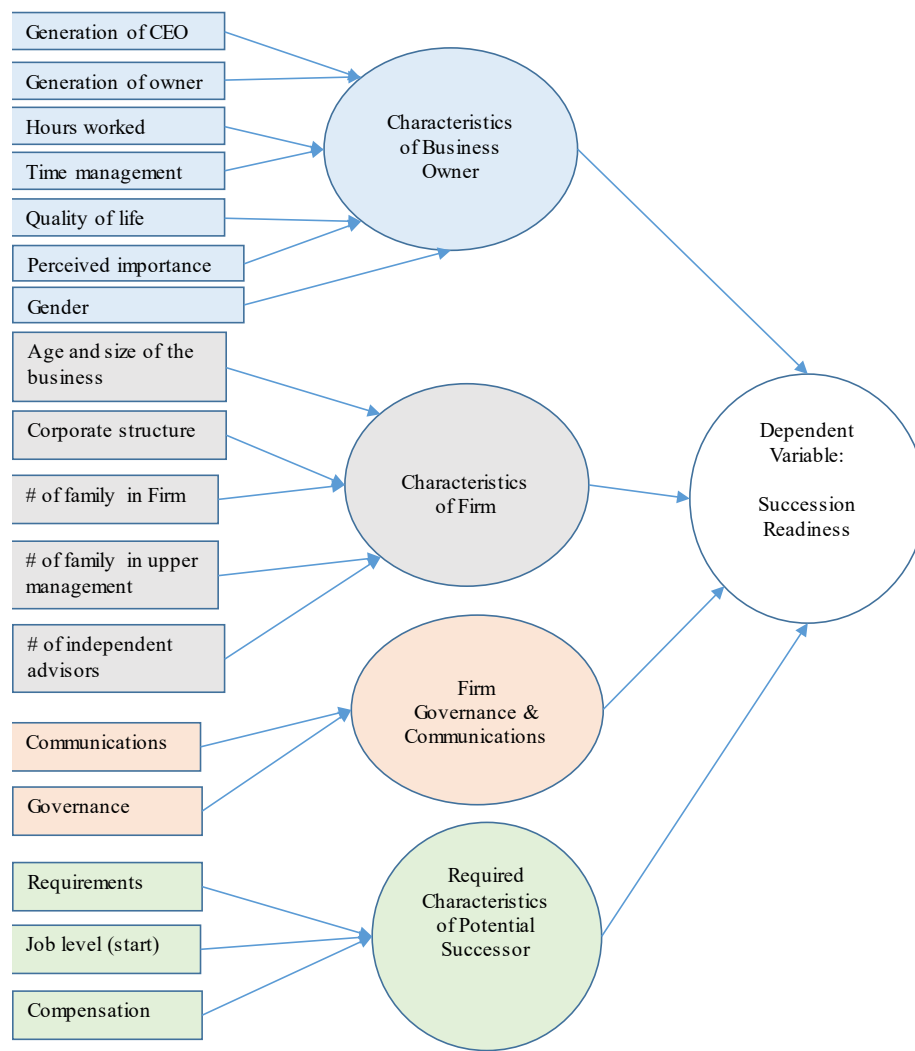
Source: Authors

Operationalizing the Conceptual Framework

Figure 2 presents major indicators (latent¹) and proxy variables used to identify the relationship between these indicators and succession readiness (dependent variable).

¹ For the purposes of this study, latent is defined econometrically as a variable that is unobserved and cannot be directly measured.

Figure 2: Operationalizing the Factors Affecting Succession Readiness



Source: Authors

Required Characteristics of Potential Successors

In succession readiness literature, the focus is primarily on the firm owner. However, among other factors, this paper also aims to test if the characteristics of the successor are important factors in business succession readiness. We used the following variables for this latent factor:

- (1) *Requirements: What does your company require of family members who want to work in the family business?*
- (2) *Job Level (start): When new family members enter the business, they start at what level?*
- (3) *Compensation: Are the family members employed by the business compensated fairly and adequately?*

Lee and Goebel (2003) found that business owners who treated their working children fairly would be more likely to have a business succession plan. Here, we aim to test if a business owner's self-perception of fair compensation leads to higher levels of business succession readiness.

Firm Governance and Communications

This latent variable includes two major questions:

- (1) *Governance: Please select if your company has/holds any of the following. (Select all that apply)*
- (2) *Communications: Please rate the quality of communication within your business family on a scale of 1 to 10, with 10 being perfect and 1 being terrible.*

Helin and Jabri (2015) explored the importance of quality in communication in business succession. We aim to empirically test Helin and Jabri's hypothesis that quality communication leads to better business succession outcomes. This latent variable also incorporates the classic Three-Circle Model of Family Business Governance (Davis & Tagiuri, 1989). This model emphasizes "Business," "Family," and "Ownership" dynamics and suggests that once companies balance these three relationships, they are ready for the future.

Characteristics of Business Owners

We used the following seven variables for this latent variable:

- (1) *Generation of CEO: Please select the family generation of your company's current CEO.*
- (2) *Generation of the Owner: Please select the family generation of current owners (select all that apply).*
- (3) *Hours worked: How many hours per week are you working now? (Please enter the number below)*
- (4) *Time management: How well do you manage your time on a scale from 1 to 10, with 10 being perfect and 1 being terrible?*
- (5) *Quality of life: At this stage in your business life, being brutally honest, is your business generally adding to the quality of your life, or is it gradually draining your energy and quality of life away from you?*
- (6) *Perceived importance: If you didn't come to work for the next six (6) months, in what condition would your business be upon your return? Please rank from 1 to 10, with 1 being irreversibly damaged and 10 being exactly the same as you left it.*
- (7) *Gender: What is your gender? (Selected choice)*

Statistically, most new businesses tend to fail, which is especially true if the businesses are small. This paper hypothesizes that there would be an inverse relationship between business succession readiness and the generation of the CEO. The literature is sparse when it focuses on

succession through the lens of the business owner, but Venter, Boshoff, and Maas (2005) found that businesses that succeeded tended to have successors that found a higher quality of life when working for the family business. If the owner finds a lower quality of life in their work, if they work excessive hours, or if the business owner has poor time management, then their successor will likely not wish to inherit the business. In other words, there could be a lagged effect. We intend to investigate the impact of "hours worked" negatively on business succession readiness and the positive relationship between time management and quality of life working at the business.

Characteristics of the Firm

This latent variable is measured using the following six proxy variables:

- (1) *Age of the business: What year was your company founded? (Type answer below)*
- (2) *Size of the business: What is your current number of employees? (Type number below)*
- (3) *Corporate structure: What is your organization type? (Select all that apply)*
- (4) *# of family in the firm: Please fill in the number of shareholders in your company by category—Family*
- (5) *# of family in upper management: How many family members are active in upper management (VP or higher)? (Type number below)*
- (6) *# of independent advisors: How many board members are independent directors/advisers? (Type number below)*

Beckhard and Dyer (1983) explained the critical role that the family council and other advisory roles play in the robustness of the family business unit against triggering events. This paper also includes "number of family in the firm" and "number of family in upper management" to see how the analysis of Beckhard and Dyer (1983) relates to the family succession readiness index. Beckhard and Dyer (1983) stated that when family members move to upper management roles, it signals a trigger event that could destabilize the family business unit. This would logically follow that the businesses with more families in upper management would either be succession ready or are currently going through their trigger event. Beckhard and Dyer (1983) indicated that the conflict created by some families moving to management while others do not could cause conflict within the business, so we additionally intend to test if the number of families in the business could create more opportunities for conflict. Inversely, more individuals in an advisory or independent role on the board of directors would create a stabilizing effect and make the business more succession ready.

Methods

Confirmatory Factor Analysis and Structural Equation Modeling with Missing Data

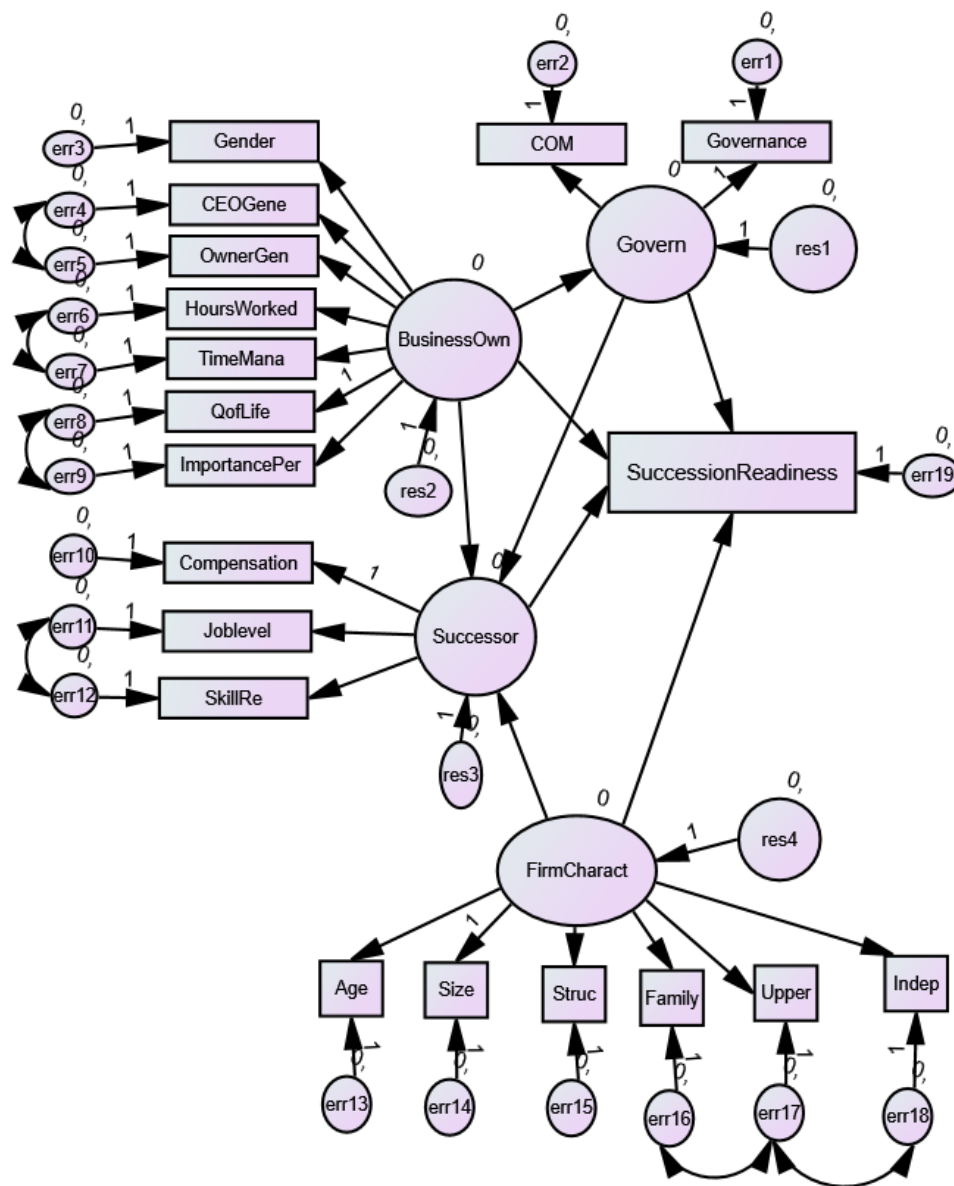
The next stage of analysis involves setting up the confirmatory factor analysis (CFA) and measurement model based on detailed hypothesized relationships. Amos 26 allows us to set up the path diagrams and hypothesized relationships on the screen. Single-headed arrows indicate

correlations, and double-headed arrows covariance among indicators. Based on the literature review, we hypothesized the relationships on the path diagram in Figure 3.

Since our data involves several missing data, we need to estimate intercepts and means in the analysis. Furthermore, to correctly calculate regression coefficients in the model, we need to impose fixed regression weights across the equations. These regression weights appear as "1" across the path diagrams.

As previously mentioned, Amos 26 allows us to obtain maximum likelihood estimates of model parameters with missing data. Furthermore, one can simultaneously run the same structural model for several groups to test whether path coefficients change by a group.

Figure 3: Proposed Relationship between Succession Readiness and Family Business Characteristics



Confirmatory Factor Analysis Model Summary

Before presenting the results, we would like to discuss the model summary for the path analysis. The structural equation models can be "overidentified," "just identified," or "underidentified." A structural equation model should be either "just identified" or "overidentified" to move forward with the analysis (Byrne, 2010). In this paper, we have 209 distinct sample moments and 70 distinct parameters to be estimated, with 139 degrees of freedom. In this case, our model is "overidentified," which allows us to move forward with model estimates. According to Byrne (2010), "specification of an overidentified is necessary, but not sufficient, condition to resolve the identification problem" (p. 34).

Binary Logit Model with Missing Data Summary

We also utilize a binary logit model that allows us to supplement the previous CFA model and focus on the relationship between the characteristics of the firm and the likelihood of the firm's business succession readiness regressed against the components of our major indicators. To find the log odds of the explanatory variables, the dependent variable is binary rather than the previous index, which extends from 0 to 12. Firms with a business succession readiness value of less than 12 are coded as 0, and those that are business succession ready with a fully 12 index value are coded as 1.

The approach of making the outcome variable binary limits the model in that it cannot explain the relationship of the independent variable on the jump from one index value to another index value (i.e., how gender or time management will cause a firm to increase or decrease by 1 unit in the business succession readiness index in a general way). This approach only tells us the likelihood that the chosen independent variables have on the change from an index value of 11 to 12 or 12 to 11. Though this limits the scope of interpretation for the independent variables, it does allow a strict limit on the model and provides a way to find only the most critical explanatory variables in business succession readiness from the survey sample.

Discussion and Research Questions Regarding Succession Readiness Level

In this section, we will use explanatory factor analysis to discuss the study findings to answer the following four research questions:

RQ3: Is there a relationship between succession readiness level and family business characteristics?

RQ4: Is there a relationship between succession readiness level and attributes of potential successors?

RQ5: Is there a relationship between succession readiness level and characteristics of the business owner?

RQ6: Is there a relationship between succession readiness level and family business governance?

Succession Readiness Levels in the context of these research questions involve changing from any business succession readiness index value to the next. We do not apply any restrictions to the index, which will be seen later in the paper where we incorporate a binary logit model. In that section, we explore the relationship between our explanatory regressors within the conceptual framework with a binary outcome of the business achieving succession readiness or not. This creates a strict restriction where the observations in our dataset are either succession ready with an index score of 12 or not ready with an index score of 0 to 11. This stricter interpretation of business succession readiness will be referred to as business readiness status.

STUDY FINDINGS AND DISCUSSION: CONFIRMATORY FACTOR ANALYSIS

Descriptive Statistics

Summary Data

Table 4 below summarizes the indicators used in this analysis. The table includes the number of responses, mean, standard deviation, minimum, and maximum values for each of the 19 indicators used in this analysis.

Table 4: Descriptive Statistics for Variables Used in This Analysis						
Variable	Short Description	N	Minimum	Maximum	Mean	Std. Deviation
Age (1)	Age of Company	301	2	98	16	14
Size (2)	Employment	311	2	7	5	1
Struc (3)	Company Type	311	1	6	4	2
Family (4)	Family Shareholders	310	0	110	10	14
Upper (5)	Upper Management Family Members	310	0	25	4	3
Indep (6)	Independent Directors	311	0	53	4	5
Gender (7)	Gender of Owner	311	0	1	1	0
CEOGene (8)	Generation of CEOs	311	1	4	2	1
OwnerGen (9)	Generation of Owners	311	1	5	3	1
HoursWorked (10)	Hours Worked	309	3	360	44	23
TimeMana (11)	Time Management Skill	311	1	10	9	1
QofLife (12)	Quality of Life	311	1	5	4	1
ImportancePer (13)	Perceived Central Role	311	1	10	7	2
Compensation (14)	Compensation	311	0	1	1	0
BegJob (15)	Beginning Job	311	1	5	3	1
SkillRe (16)	Skill Requirement	311	0	15	8	4
COM (17)	Quality of Communications	311	1	10	9	1
Governance (18)	Family Business Governance	311	0	6	3	2
SuccessionIndex	Succession Index	311	0	12	10	2

Correlation Matrix

Table 5 presents the correlation matrix for the indicators used in this paper. The correlations with bold fonts are statistically significant. Some of the indicators with high

correlations with other indicators were dropped from the model before estimating the path coefficients. The table shows that the succession readiness index is significantly correlated with: the employment size of the company, generation of the current CEOs, family business governance, presence of the independent directors or advisors, the required skill of potential successors, the beginning job of the family members at the company, the quality of communications, time management skill, quality of life, and the perceived central role of the current owner.

Table 5: Pearson Correlations

Variable	Short Description	1	2	3	4	5	6	7	8	9
Age (1)	Age of Company									
Size (2)	Employment	0.051								
Struc (3)	Company Type	0.013	0.034							
Family (4)	Family Shareholders	0.003	0.020	0.013						
Upper (5)	Upper Management Family Members	0.048	0.062	0.078	.483**					
Indep (6)	Independent Directors	0.092	.260**	0.067	.183**	.349**				
Gender (7)	Gender of Owner	0.012	.158**	-0.002	-.145*	-.123*	0.052			
CEOGene (8)	Generation of CEOs	.157**	.115*	-0.045	0.004	0.036	0.095	-0.004		
OwnerGen (9)	Generation of Owners	0.058	-0.053	-0.065	.149**	.193**	0.023	0.029	.477**	
HoursWorked (10)	Hours Worked	.118*	-0.083	-0.104	-0.025	-0.065	-.120*	-0.082	-0.066	-0.058
TimeMana (11)	Time Management Skill	-0.050	.125*	-0.015	-0.002	-.141*	0.072	0.053	-0.001	-0.009
QofLife (12)	Quality of Life	-.209**	-0.021	-0.062	.119*	0.008	0.013	-0.066	-0.001	0.060
ImportancePer (13)	Perceived Central Role	-.137*	.170**	0.079	-0.021	-0.019	0.058	.121*	0.052	-0.021
Compensation (14)	Compensation	0.035	-0.074	0.030	0.038	0.075	0.053	-0.049	-.124*	0.067
BegJob (15)	Beginning Job	0.078	.170**	-0.046	-0.099	-0.021	0.044	0.097	0.023	-0.016
SkillRe (16)	Skill Requirement	0.020	.254**	-0.037	-0.034	0.111	.226**	.152**	.134*	0.023
COM (17)	Quality of Communications	-0.042	0.055	0.039	0.024	-0.036	0.043	0.064	0.004	0.008
Governance (18)	Family Business Governance	-0.095	-0.061	0.021	.244**	.239**	.177**	-.191**	.129*	.187**
SuccessionReadiness	Succession Readiness Index	-0.084	.149**	0.111	0.056	0.047	.165**	0.079	.124*	0.051

Table 5: Pearson Correlations (Continued)

Variable	Short Description	10	11	12	13	14	15	16	17	18
Age (1)	Age of Company									
Size (2)	Employment									
Struc (3)	Company Type									
Family (4)	Family Shareholders									
Upper (5)	Upper Management Family Members									
Indep (6)	Independent Directors									
Gender (7)	Gender of Owner									
CEOGene (8)	Generation of CEOs									
OwnerGen (9)	Generation of Owners									
HoursWorked (10)	Hours Worked									
TimeMana (11)	Time Management Skill	0.087								
QofLife (12)	Quality of Life	0.005	0.072							
ImportancePer (13)	Perceived Central Role	-0.048	.399**	0.026						
Compensation (14)	Compensation	0.072	0.050	0.031	-0.058					
BegJob (15)	Beginning Job	0.019	0.083	-.148**	0.077	0.039				
SkillRe (16)	Skill Requirement	-0.072	.121*	-0.022	.128*	0.081	0.068			
COM (17)	Quality of Communications	0.054	.577**	.118*	.353**	0.029	0.016	0.035		
Governance (18)	Family Business Governance	-0.073	0.103	0.086	-0.008	0.051	-0.093	.192**	0.022	
SuccessionReadiness	Succession Readiness Index	-0.005	.262**	.166**	.215**	0.061	.123*	.192**	.313**	.226**

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

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

(RQ1) What percent of family businesses are succession ready? (RQ2) What are the characteristics of those businesses that are succession ready? To answer these research questions, we summarized the survey data in Table 6:

Table 6: Succession Readiness and Characteristics of Succession-Ready Firms		
Succession Readiness (N=311)	Companies	Percent
Not Ready (Scores between 0 and 7)	34	10.93%
Somewhat Ready (Scores between 8 and 11)	163	52.41%
Fully Ready (Score of 12)	114	36.66%
Characteristics of the Succession-Ready Firms (N=114)		
Age	Companies	Percent
Before 1999	22	19.30%
2000-2009	31	27.19%
2010-2019	60	52.63%
Employment	Companies	Percent
Less than 100	27	23.68%
100-200	36	31.58%
201-500	28	24.56%
More than 500	23	20.18%
Generation of Owners	Companies	Percent
First Generation	42	36.84%
Second Generation	17	14.91%
Third Generation	7	6.14%
Multiple Generation	35	30.70%
Fourth Generation and Higher	13	11.40%
Generation of CEOs	Companies	Percent
First Generation	60	52.63%
Second Generation	27	23.68%
Third Generation	16	14.04%
Multiple Generation	11	9.65%
Type of Company	Companies	Percent
Sole Proprietorship	17	14.91%
General Partnership	11	9.65%
Limited Liability	38	33.33%
S-Corporation	9	7.89%
B-Corporation	3	2.63%
C-Corporation	36	31.58%

According to Table 6, about 37% of family businesses scored a succession index value of 12 out of 12, indicating that they are fully ready for the future transition of their businesses. We believe that achieving a 12 out of 12 is a high bar for businesses. However, any missing item from the list in the succession readiness index may create hiccups and delays in business

succession, which can be avoided. Table 6 also suggests that 52% of family businesses are somewhat ready, while 11% are not ready for succession.

Table 6 provides frequency tables for age, employment size, generation of owners, generations of CEOs, and type of company. In terms of the age of family business, more than 52% of the succession-ready family businesses were established in the last decade. We do not see any difference across the groups in terms of the employment size. However, one-third of the succession-ready companies has an employment range from 100 to 200.

We also look at the generation of owners and current CEOs. Nearly 37% of the succession-ready family businesses have first-generation owners. Unsurprisingly, 52% of the succession-ready businesses are headed by first-generation CEOs. Concerning the type of company and succession-readiness relationship, two types of family businesses stand out clearly from Table 6: nearly two-thirds of succession-ready family businesses are either limited liability companies or C-corporations. These companies are formally organized business entities, unlike sole proprietorships or general partnerships.

Table 7 shows the standardized coefficients for each component of the succession readiness index. Table 7 includes only coefficients that are higher than 0.10. We will discuss the findings in Table 7 within the context of the research questions below.

Discussion and Research Questions Regarding Succession Readiness Status

In this section, we will use a binary logit model to discuss the study findings to answer the following four research questions:

RQ7: Is there a relationship between succession readiness status and family business characteristics?

RQ8: Is there a relationship between succession readiness status and attributes of potential successors?

RQ9: Is there a relationship between succession readiness status and characteristics of the business owner?

RQ10: Is there a relationship between succession readiness status and family business governance?

Table 7: Standardized Total Effects (Path Analysis)

Variable	BusinessOwn	FirmCharact	Govern	Successor	Public	Legal	Family
Original Model							
SuccessionReadiness	0.338	0.238	-0.070	0.032			
Govern	2.297						
Successor	0.129	0.368					
Succession Index Components							
(1) Legal	0.279	0.602	0.031	-1.590			
(2) Family	0.301	0.197	-0.053	-4.782			
(3) Public	0.191	-0.096	-0.117	-2.243			
Govern	1.875						
Successor	0.423	0.945	0.200				
SuccBusTea2				-1.165	0.519		
SuccFaKnow2	0.121			-1.427	0.636		
SuccKnw2	0.211	-0.107	-0.129	-2.482	1.107		
Successor2	0.172		-0.106	-2.027	0.903		
Valuation2	0.117	0.253		-0.667		0.420	
Liquidity2	0.159	0.344		-0.908		0.571	
BuySell2	0.213	0.460		-1.215		0.764	
Transition2	0.181	0.390		-1.031		0.649	
FutureOwn2	0.115			-1.831			0.383
TransitionP2	0.163	0.106		-2.583			0.540
Goals2	0.191	0.125		-3.035			0.635
Vision2	0.127			-2.009			0.420
Indep		0.487					
COM	0.722		0.385				
Size		0.500					
Struc		0.112					
Family		0.132					
Upper		0.319					
Joblevel		0.219		0.232			
SkillRe	0.179	0.398		0.422			
ImportancePer	0.504						
QofLife	0.103						
TimeMana	0.784						

Note 1: Read the table from column to row. For example, standardized total effect of "BusinessOwn" on "Successor" is 0.129. This tells us that when "BusinessOwn" goes up by 1 standard deviation, "Successor" goes up by 0.129 standard deviations.

Note 2: Direct Effect=Unmediated Effect; Indirect Effect = Mediated Effect; Total Effect = Direct Effect + Indirect Effect.

Note 3: Figures within the range of (-0.10) and (0.10) are excluded from the table, except for SuccessionReadiness and its components.

Is There a Relationship Between Succession Readiness and Family Business Characteristics?

The first row in Table 7 presents the standardized total effects of latent indicators on succession readiness. We use standardized effects to make the interpretation easy. According to the findings, firm characteristics (a latent indicator) have a moderate impact on succession readiness. A one standard deviation increase in firm characteristics will increase succession readiness by 0.238 standard deviations. Firm characteristics latent indicator has also positively related to "Successor" latent indicator. One standard deviation increase in firm characteristics will increase the Successor latent indicator, associated with the required quality of potential successors, by 0.368 standard deviations.

Is There a Relationship Between Succession Readiness and Characteristics of Potential Successors?

Table 7 (first row) in the original model suggests no significant relationship between the requirements for potential successors and succession readiness. One standard deviation increase in the requirements for a potential successor will increase succession readiness by only 0.032 standard deviations.

However, each component of the succession readiness index shows that the requirements for potential successors have an outsized negative impact on each of the succession index components. For example, a one standard deviation increase in Successor latent variable will decrease the family component of the succession readiness index by 4.782 standard deviations. Similarly, the legal and public component ratios are 1 to -1.590 and 1 to -2.243, respectively.

Is There a Relationship Between Succession Readiness and the Characteristics of the Business Owner?

This is the original model's most important latent indicator in Table 7. Business owner characteristics and succession readiness have significant relationships: one standard deviation increase in the business owner characteristics latent indicator will increase succession readiness by 0.338 standard deviations. The latent business owner characteristics are strongly related to two other latent indicators: family business governance (govern) and requirements for a potential successor (successor). For example, a one standard deviation increase in the business owner characteristics will increase 2.297 standard deviations in the family business governance latent indicator.

Is There a Relationship Between Succession Readiness and Family Business Governance?

Table 7 shows that the relationship between succession readiness and family governance structure is negative but insignificant in the original model. A one standard deviation increase in the latent family business governance indicator will decrease succession readiness by a -0.070 standard deviation.

STUDY FINDINGS AND DISCUSSION: BINARY LOGIT MODEL

The following section of this research splits the variables into each component category and individually compares them against business succession readiness. The first section looks at the relationship between business owner characteristics and business succession readiness, while the second, third, and fourth sections analyze the relationship between business succession readiness and firm characteristics, business successor characteristics, and firm governance characteristics, respectively. The fifth and final binary logit model will incorporate the totality of characteristics in the model rather than individual components of the theoretical framework.

Is There a Relationship Between Succession Readiness and Family Business Characteristics?

Table 8: Succession Readiness Status and Family Business Characteristics

Modelling SuccessB by Logit using robust standard errors						
The estimation sample is 1-131						
Dropped 12 observations with missing values from the sample						
$\hat{Y} = [1 + \exp(-(-Const * 2.128 - Age * .023 + Size * .325 + Stuc * .044 - Family * .001 - Upper * .0001 + Indep * .03))]^{-1}$						
SuccessB	Coefficient	Std.Error	z-value	z-prob	Odds Ratio	%ΔOR
Constant	-2.128	0.6843324	-3.110	0.002	0.119	-88.087%
Age	-0.023	0.0098637	-2.300	0.021	0.978	-2.244%
Size	0.325	0.1238991	2.620	0.009	1.384	38.364%
Struc	0.044	0.0714216	0.610	0.542	1.044	4.446%
Family	-0.001	0.010	-0.140	0.890	0.999	-0.133%
Upper	-0.001	0.0500075	-0.020	0.980	0.999	-0.125%
Indep	0.030	0.0277766	1.080	0.282	1.030	3.033%
log-likelihood		-189.127	# of states	2		
# of observations		299	# of parameters	7		
baseline log-lik		-196.69	Test: Chi ² (6)	14.08 [.029]		
AIC		392.253	Pseudo R ²	0.039		

"Age" and "size" were found to have an effect statistically distinct from zero (Table 8). The age of the firm was unexpectedly found to have a negative correlation with business succession readiness in this model. "Age" was found to have a 2.2% decrease on the odds of a business achieving business succession readiness for every year added to the business age. The findings are confounding, as one would expect to see older firms survive longer periods of time because of their business succession readiness in a previous period. It seems unlikely that once a business has gone through one successful change in firm leadership, the firm will not be ready for another change in leadership. This may be explained by the complexity and individual nature of business succession to each firm owner. A firm's plans of business succession in an initial time period may not be a one-size plan for the firm in a later time period once the firm leadership

has changed. These confounding results could be evidence that each individual component of the latent variable framework is not the best fit for business succession readiness status as there could be omitting variable bias or some other bias in the error term.

Business size measured by the logged number of employees was more intuitively consistent with theory as business size is positively associated with business succession readiness. For every one unit increase in a firm's logged size, we can expect a 38.4% increase in the odds of business succession readiness. As firms grow, they earn higher profits from increased economies of scale that can be reinvested into better management which is associated with "ImportancePer" and "Timemana" from the business owner characteristics. Better management could afford firm owners more time to plan for the future of the business and allows the firm owner to divert less time to non-critical tasks that management could handle. If this is true, then the need for the business owner diminishes over time, creating that "ImportancePer" relationship with business succession readiness. Higher profits can also be reinvested into better avenues of firm governance like attorneys for the firm, board of directors, and accountants, which will be addressed later in the paper.

Is There a Relationship Between Succession Readiness and Characteristics of Potential Successors?

Table 9: Succession Readiness Status and Characteristics of Potential Successors

Modelling SuccessB by Logit using robust standard errors						
The estimation sample is 1 - 311						
$\hat{Y} = [1 + \exp(-(-Const * 2.154 + Compensation * 1.022 + Joblevel * .087 + SkillRe * .043))]^{\wedge} - 1$						
SuccessB	Coefficient	Std.Error	t-value	t-prob	Odds Ratio	%ΔOR
Constant	-2.154	0.914	-2.360	0.018	0.116	-88.404%
Compensation	1.022	0.804	1.270	0.204	2.779	177.894%
Joblevel	0.087	0.103	0.860	0.392	1.092	9.180%
SkillRe	0.043	0.034	1.280	0.200	1.044	4.433%
log-likelihood		-201.935	# of states	2		
# of observations		311	# of parameters	4		
baseline log-lik		-204.358	Test: Chi ² (3)	3.84 [0.2791]		
AIC		411.87	Pseudo R ²	0.012		

Surprisingly, none of the characteristics associated with the firm's successor are correlated with business succession readiness status with or without robust standard errors (Table 9). The Chi-Squared test also found that the model was statistically insignificant from a null model. This model indicates that regardless of the merit or skills of the successor, the successor plays little part in the firm's business succession readiness status. This could be because, ultimately, the decision of business succession comes down to the firm owner, who may be indifferent to the past work or educational experience their family may have if the family member expresses interest in continuing the family business. One addition to the research that could account for this hypothesis would be to ask the firm owner if there is an initial time frame that they expect their family to work at the firm before the firm owner is comfortable with business succession.

Is There a Relationship Between Succession Readiness and the Characteristics of the Business Owner?

Table 10: Succession Readiness Status and Characteristics of the Business Owner

Modelling SuccessB by Logit using robust standard errors						
Estimation sample is 1 - 311						
Dropped 2 observations with missing values from the sample						
$\hat{Y} = [1 + \exp(-(-Const * 5.169 + Gender * .097 + CEOGene * .056 - OwnerGen * .046 - HoursWorked * .009 + TimeMana * .307 + QofLife * .251 + ImportancePer * .168))]^{\wedge} - 1$						
SuccessB	Coefficient	Std. Error	z-value	z-prob	Odds Ratio	%ΔOR
Constant	-5.169	1.265	-4.090	0.000	0.006	-99.431%
Gender	0.097	0.293	0.330	0.738	1.102	10.161%
CEOGene	0.056	0.155	0.360	0.723	1.058	5.753%
OwnerGen	-0.046	0.104	-0.440	0.648	0.955	-4.476%
HoursWorked	-0.009	0.006	-1.580	0.212	0.991	-0.882%
TimeMana	0.307	0.150	2.050	0.011	1.359	35.902%
QofLife	0.251	0.098	2.570	0.011	1.286	28.579%
ImportancePer	0.168	0.065	2.770	0.006	1.183	18.252%
Log-Likelihood		-184.585	# of states	2		
# of Observations		309	# of parameters	8		
Baseline log-lik		-202.339	Test: Chi ² (7)	29.30 [.0001]		
AIC		385.169	Pseudo R ²	0.088		

Only "ImportancePer," "QofLife," and "TimeMana" were able to pass statistical significance in the above model (Table 10). The self-perceived importance that the owner has in their role over the firm shows the smallest effect despite having the largest z-value. For every unit change where the business owner feels that their involvement in the day-to-day operations is unnecessary for the firm's survival, we expect an 18.3% increase in the odds of a firm being classified as succession ready within this model. "QofLife" and "TimeMana" have the same statistical significance, but "TimeMana" has a larger effect on the odds of the firm's classification as business succession ready. For every one unit increase where working at the firm increases the quality of life for the owner, the model predicts a 28.6% increase in the odds of the firm attaining business succession readiness. "TimeMana" found a 35.9% increase in the odds of a firm attaining business succession readiness for every one unit increase of the business owner's self-perceived time management skills.

Intuitively, these findings make sense as business succession readiness requires meticulous planning over a long period of time. If a firm's owner is miserable running their business, they may put off taking care of the necessary requirements needed for business succession readiness. Alternatively, if the firm owner is not equipped with robust time management skills, they may simply be unable to tackle the requirements necessary for business succession readiness. Suppose a firm owner is capable of robust time management skills, and they find that the firm adds to their quality of life. In that case, they will be more likely to put in

the work required to enable their firm to run more efficiently without their input which would increase their "ImportancePer" score.

Is There a Relationship Between Succession Readiness and Family Business Governance?

Table 11: Succession Readiness Status and Family Business Governance

Modelling SuccessB by Logit using robust standard errors						
The estimation sample is 1 -311						
$\hat{Y} = [1 + \exp(-(-Const * 6.618 + COM * .605 + Governance * .197))]^{-1} - 1$						
SuccessB	Coefficient	Std.Error	t-value	t-prob	Odds Ratio	%ΔOR
Constant	-6.618	1.276	-5.190	0.000	0.001	-99.866%
COM	0.605	0.136	4.460	0.000	1.831	83.106%
Governance	0.197	0.074	2.670	0.008	1.218	21.779%
log-likelihood		-187.802	# of states	2.000		
# of observations		311	# of parameters	3.000		
baseline log-like		-204.358	Test: Chi ² (2)	26.47 [.0000]		
AIC		381.603	Pseudo R ²	0.081		

All components were statistically significant for this model (Table 11). A one unit increase in "Governance" was found to have a 21.78% increase on the odds of business succession readiness, while a one unit increase in "COM" was found to have a considerable 83.11% increase on the odds of business succession readiness. The model predicts that as a firm owner increases their access to semi-independent review from board members or family council, a firm will increase its likelihood of becoming business succession ready. One possible answer for this finding may lie in the tendency for humans to procrastinate. Economist Richard Thaler (2016) argues that individuals have a "present bias" that creates time-inconsistent decisions. A firm owner may want to get their firm business succession ready, but it requires work today for a future reward that the business owner never technically receives themselves. Having semi-independent governance could alleviate that present bias and force the firm owner to engage in preparations for business succession readiness.

The findings for "COM" are likely straightforward. If a business owner is not engaged in healthy, robust communication with the family management of the firm, then no one will know their future role if the current firm owner departs from the firm.

Is There a Relationship Between the Latent Variable Components and Business Succession Readiness Status?

Table 11: Succession Readiness Status and Family Business Characteristics

Modelling SuccessB by Logit using robust standard errors						
Estimation sample is 1 - 311						
Dropped 14 observations with missing values from the sample						
$\hat{Y} = [1 + \exp(-(Const * -11.898 + Com * .471 + Gov * .259 - Age * .012 + Size * .327 - OwnGen * .126 + CeoGen * .126 + Upper * .025 - Family * .01 + Indep * .001 + Struc * .032 - SkillRe * .013 + Joblevel * .137 + Comp * 2.005 - HoursWrkd * .003 + TimeMana * .081 + QofLife * .202 + ImportancePer * .136 + Gender * .164))]^{\wedge} - 1$						
SuccessB	Coefficient	Std.Error	t-value	t-prob	Odds Ratio	%ΔOR
Constant	-11.898	2.117	-5.620	0.000	0.000	-99.999%
Gender	0.164	0.327	0.500	0.616	1.178	17.820%
CEOGene	0.126	0.177	0.710	0.477	1.134	13.433%
OwnerGen	-0.126	0.118	-1.070	0.286	0.881	-11.876%
HoursWorked	-0.003	0.011	-0.240	0.811	0.997	-0.271%
TimeMana	0.081	0.132	0.610	0.539	1.085	8.459%
QofLife	0.202	0.110	1.850	0.065	1.224	22.404%
ImportancePer	0.136	0.065	2.080	0.038	1.146	14.568%
Age	-0.012	0.010	-1.190	0.234	0.988	-1.234%
Size	0.327	0.152	2.150	0.031	1.387	38.676%
Struc	0.032	0.077	0.410	0.682	1.032	3.213%
Family	-0.010	0.010	-0.980	0.325	0.990	-0.988%
Upper	0.025	0.065	0.380	0.702	1.025	2.520%
Indep	0.001	0.029	-0.040	0.970	0.999	-0.109%
Compensation	2.005	1.162	1.730	0.084	7.424	642.426%
Joblevel	0.137	0.126	1.090	0.276	1.147	14.705%
SkillRe	-0.013	0.044	-0.290	0.773	0.987	-1.261%
COM	0.471	0.168	2.810	0.005	1.602	60.211%
Governance	0.259	0.095	2.720	0.007	1.296	29.593%
log-likelihood		-162.468	# of states	2		
# of observations		297	# of parameters	19		
baseline log-lik		-194.678	Test: Chi^2(18)	51.40 [0.0000]		
AIC		362.936	Pseudo R^2	0.1655		

The full model incorporates all 18 variables from the four latent categories discussed above (Table 12). The full model will show any changes in the effect of the variables and ameliorate omitted variable bias from the previous four models. The full model found that only four variables of the 18 were statistically significant. The four variables found to be statistically significant in the full model are from the previous individual latent variable model. These variables are "ImportancePer," "Size," "COM," and "Governance." Assuming that the average effect that the unseen error term is equal to zero, it can be concluded that the four statistically significant variables can be viewed as critical components to the business succession readiness status of a firm.

Each of the four critical components is found to have a positive impact on business succession readiness status. Under the full model, a one unit increase in "ImportancePer" has a 14.6% increase on the odds of a firm becoming business succession ready. "Governance" has the second smallest impact on business succession readiness status, with a one-unit increase producing a 29.6% increase in the odds of business succession readiness. Firm size had the second largest effect, with a one-unit increase in the logged number of employees hired,

indicating a 38.7% increase in the odds of a firm becoming business succession ready. "COM" held the largest impact again within the full model, with one increase in interfamily communication leading to a 60.2% odds of business succession readiness.

Unsurprisingly, communication is the strongest predictor of business succession readiness within the context of the last four models. Communication is likely a foundation for other statistically significant variables as good communication is likely linked to "ImportancePer," "QofLife," and "TimeMana."

Firms control of their number of employees only to the extent that market forces are favorable to the firm, so "Size" in this model is likely endogenous and a function of the other three critical components and is likely to be a result of the factors that influence "ImportancePer" and "Governance," which are likely in turn related to "COM." The firm owner must have strong communication with their family management to create known expectations of the firm, and the firm owner must surround themselves with semi-independent advisors that can push the firm owner to produce and execute a plan of business succession when needed. Once the firm owner has produced this plan and created a robust communication line with their family management, the firm owner should expect that their participation in the day-to-day activity of the firm is less critical over time, leading to a self-sustaining firm.

LIMITATIONS

This study is an attempt to uncover underlying factors that are related to succession readiness. One of the limitations of this study is that further analysis of the relationship between succession readiness and family business governance is needed. The study does not find a relationship between succession readiness and family governance latent indicators. As the literature suggests, when family businesses successfully organize their efforts along the line suggested by the Three-Circle Model of Family Business Governance: Business, Family, and Ownership, many of these companies are ready for the future. However, once we explored, using a logit model, the relationship between succession readiness status and characteristics of the family business, family governance was highly statistically significant, suggesting further investigation is needed to explore this topic.

Another limitation is that this study does not initiate an exploratory factor modeling process to identify missing components from the analysis. We used literature to identify key factors for the path analysis modeling.

CONCLUSION

Study findings suggest that less than 40% of family businesses are fully succession ready. At the variable-level correlations, succession readiness is correlated with the size of the company, generation of the current CEOs, family business governance structure, presence of independent advisors and directors, skill requirement for a potential successor, beginning job of the new family members, quality of communications, time management skill of owners, quality

of life of owners, and perceived central role of owners. However, we do not know from these correlations about the direction of causality.

To shed light on some of these indicators from the literature, for example, if firm owners have meaningful gains in their quality of life, it increases the likelihood that the business will have a candidate to succeed. The findings of Venter, Boshoff, and Maas (2005) intuitively predict that if the business owner is miserable in their firm, they likely will not draw family to succeed.

Similarly, when a firm adopts the model for firm governance derived from Davis and Tagiuri (1989), they are more likely to become business succession ready. As firms bring family into employee roles, ownership roles bolster communication and incentives that drive the firms to adopt a business succession readiness plan. This finding also goes in tandem with the role of meaningful communication between inter-firm families, shareholders, and attorneys in business readiness. The results indicate that the business will become more ready for the future as communication becomes richer between those who make decisions.

The path analysis suggests two implications: business owners and characteristics of firms do matter in succession readiness. Business owners' characteristics include the generation of owners and current CEOs, how owners manage time, quality of life derived from the business, gender of the owner, and perceived central role played by the owner in the business. Firms' characteristics include the number of family members in business and upper management, independent advisors, business structure, business size, and age.

To conclude, the study found that a significant percentage of family businesses are missing several items from the succession readiness checklist. Even a single missing item from the succession readiness checklist may substantially impact the family business's future. Several factors are correlated with the succession readiness index. This study identifies the business owner and firm characteristics as two significant latent indicators that affect the succession readiness of the family businesses, which implies that communication appears to be the strongest indicator of whether a firm will reach full succession readiness. Firm owners should take note that the results of the logit model indicate that they have the power to increase the likelihood of successful business succession by strengthening their communication between themselves, their management, and family members working in the firm.

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