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**Financial Advisor Ethics: How Institutional Logics and Self-Determination
Influence Advisors and Their Fiduciary Duty**

by

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Submitted in fulfillment of the requirements of the Degree of Doctor of Philosophy
(Management)

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ABSTRACT

In the United States, Registered Investment Advisor firms have a legal and arguably moral duty to provide advice in the best interest of their clients. However, advisors sometimes fall short of their responsibility leading to clients receiving suboptimal advice, paying for services they do not need, or willingly paying for needed advisory services but are underserved. To find solutions, the researcher begins by determining what gives rise to ethical failures among financial advisors. For this purpose, the researcher investigates competing intra-institutional logics at a large U.S.-based financial advisory firm utilizing a Q methodology study and semi-structured interviews.

Institutional logics theory and self-determination theory constitute the theoretical lenses used in the thesis. The current state of the literature is robust insofar as works relating to various forms of institutional logics and self-determination theory. However, the institutional logics literature is not so well developed regarding *intra*-institutional logics, which is the relevant issue here. Regarding self-determination theory, where the availability of relevant literature is deep, the researcher finds room to fill a gap by proposing a novel theoretical contribution to update the current self-determination theory framework model. At its essence, the thesis is a work about professional ethics with financial advisors as the focus. Within works found in the popular press, one can discover many articles dealing with financial advisor ethics. However, based on a systematic literature review, the same cannot be said for peer-reviewed academic works. This PhD research project is intended to help fill this along with the aforementioned gaps. The researcher also touches on agency theory and why it was not chosen as a theoretical lens to examine the organization, even though some might assume it would have been an obvious choice.

The empirical contribution derives from findings suggesting that although advisors are intrinsically motivated and care about client wellbeing, they lack sufficient autonomy, are unduly influenced by sales pressure, and are uneasy working in a sales culture that undermines executing their fiduciary responsibilities. The researcher concludes that it is necessary to change the standards for advisor performance evaluations and compensation plans for which recommendations are provided.

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A note about the appendix

Due to word count constraints, a significant portion of the original appendix has been eliminated from the final thesis. This additional appendix information includes raw data relating to the Q methodology study and interview data coding analysis and mapping. The appendix is available upon request at g.rubin.1@research.gla.ac.uk.

PREFACE

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it (Smith, 1790, pp. Part 1, Section 1, Chapter 1, Paragraph 1).

I begin with a quote by Adam Smith, whose name is synonymous with business and a free-market economy and who famously gave the world the notion of an “invisible hand” (Smith, 1776, p. 349) which, in referring to someone engaged in business activities:

... intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention (Smith, 1776, pp. 349-350).

In the first quote, Smith expresses a sentiment for morally right behavior for its own sake because having ‘the pleasure of seeing it’ is sufficient. However, in the second quote, he speaks of self-interest in business whereby society benefits, albeit unintentionally.

Smith, therefore, can be described as a figure immersed in the pragmatic world of business, or ‘industry’ as well as having an appreciation for moral principles based upon seeing the good for the sake of itself. Perhaps the combination leads to *enlightened* self-interest. This dynamic is inspiring because it suggests that the phrase ‘business ethics’ need not be considered, as cynics claim, an oxymoron.

It is in this spirit that this work is dedicated to an ideal of having financial services delivered to investors in their best interest, ‘for the pleasure of seeing it’ as well as to be supportive of business which in turn works for the benefit of society.

The researcher believes the two aims; interest in the happiness of others and striving for business success, are not only not mutually exclusive but that clients, firms, and society as a whole are better off when firms take ‘pleasure’ in pursuing the moral high ground.

Acknowledgements

A heartfelt thank you to Sue Husted, my spouse and the one to whom I am the most indebted for her unwavering moral support.

Author's declaration

I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my own work and had not been submitted for any other degree at the University of Glasgow or any other institution.

Printed Name: Gary Rubin

Signature:

Definitions / Abbreviations

PCIA	Private Client Investment Advisory: The subsidiary organization where the research occurs.
PCA	Private Client Advisor
FC	Financial Consultant
RIA	Registered Investment Advisor (a type of firm, not a person)

CHAPTER 1: PREVIEW

1.1 Introduction

People rely on financial advisors to make sound recommendations about how best to create, grow and protect their wealth. Moreover, the quality of financial advice provided by professional financial advisors influences financial outcomes and hence, quality of life (Honigsberg et al., 2022). However, a problem lies in the fact that the ethics of financial advisors are sometimes compromised, leading to sub-optimal advice.

The researcher argues that competing intra-institutional logics are important and relevant as a precursor for ethical lapses because they can undermine support for productivity, adaptability, and wellbeing of advisors and, in turn, influence how and why their ethics may be compromised. For example, ethical dilemmas arise for advisors whereby the obligation to hit targets (sales logic) conflicts with acting in the client's best interest (fiduciary /compliance logic) (Englehardt et al., 2021). The dominant logic is determined situationally, but the research suggests that sales logics often prevails, which catalyzes ethical lapses.

This thesis utilizes institutional logics and self-determination theories as theoretical frameworks and is comprised of two studies: semi-structured interviews and a Q study. The aim is to illuminate how, within a U.S. based financial advisory firm, coexisting but sometimes conflicting institutional logics influence the ethics of individual field-level contributors (Private Client Advisors) and how this influence can be supportive or detrimental to maintaining ethical standards among them.

The researcher has been employed in the financial industry since 1984 and with an anonymized organization in various capacities since 1991. He presently works as a Private Client Advisor (PCA) since 2011. Hence, he has an understanding of the culture of such organizations having an appreciation for both the spoken and written policies and the unspoken and tacit unwritten rules that influence beliefs, attitudes, ways of thinking, and behaving.

The subject organization is referred to as Private Client Investment Advisory (PCIA), which is a Registered Investment Advisory (RIA) firm and a separate but wholly owned company of ‘The Corporation’ (also anonymized). ‘The Corporation’ is among the largest financial firms in the U.S., with more details to follow.

1.1.2 Culture vs. institutional logics

Institutional logics theory is sometimes confused with the study of culture. The word ‘culture’ in organizations refers broadly to:

A shared orientation to social reality created through the negotiation of meaning and the use of symbolism in social interactions. Organizational culture is understood to be a system of common symbols and meanings, [but] not the totality of a group’s way of life (Alvesson, 2011, p. 14).

Culture provides the “shared rules of governing cognitive and affective aspects of membership in an organization, and the means whereby they are shaped and expressed” (Alvesson, 2011, p. 14, as cited in Kunda, 1992). Hinings (2012) points out [both] “organizational culture scholars and institutional theorists are concerned with understanding meaning; how it is developed, shared between actors, and institutionalized (or not.)” (Hinings, 2012, p. 100).

In contrast, insofar as logics is concerned, Thornton et al. (2012) explain that institutional logics is a metatheory of cultural systems and micro and macro behavior. They crystalize these dynamics in their often quoted definition of institutional logics:

Socially constructed, historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity (Thornton et al., 2012, p. 51).

That said, to understand the key differences between organizational culture and institutional logics, one must first look more deeply at how scholars understand the meaning of ‘culture’.

Thornton (2015) acknowledges the considerable debate among culture scholars. She argues that some cultural sociologists limit their attention to the *internal* mechanisms of socialization and cognitive attributions and instead focus outside the person and toward the *external* world in which the individual is embedded. In contrast, other cultural sociologists focus on the exact opposite.

For Thornton (2015), the institutional logics perspective is a “scaffolding to understand both the interiority and exteriority of culture” (Thornton, 2015, p. 555). Hence instead of making sense of culture from either external or internal influences, the institutional logics perspective examines culture from both viewpoints. The institutional logics perspective, as it applies in the case of a particular organization, is a means by which culture is examined in a circular pattern flowing between how not only upper levels of the organization influence the behavior of individual actors but also how individual actors can affect change at the upper levels. The reader will see this dynamic illustrated visually in Chapter 3, Figure 1-3, ‘Micro foundations of institutional logics’, which offers details followed by further explanation.

1.1.3 Competing logics

We also know from the literature that logics can compete with each other but not always so excessively to cause a splinter from the overarching culture (Hinings, 2012). The present research examines how essential activities may be accomplished in an environment of competing logics yet may also lead to ethical lapses. For some examples of works dealing with competing institutional logics see: (Albats et al., 2022; Englehardt et al., 2021; Vogelgsang, 2022) to name only a few.

In the present study, such conflicts between institutional logics can be seen in a simplified example where Private Client Advisors (PCAs) are judged for performance evaluations and incentive compensation based on their success in attracting new clients and net new

assets into the advisory offer. At the same time, they have a fiduciary duty to ensure the program is appropriate for a given client. Hence, their objective to sell the offer as much as possible (sales logic) can come into conflict with their competing objective and fiduciary duty (fiduciary/compliance logic) to ensure they recommend the service and work to retain only those clients for whom the advisory program is appropriate based upon their unique circumstances and financial goals.

The firm explicitly states that what is desired are *both* high sales and strict adherence to fiduciary standards. However, in practice, quarterly team meetings that review accomplishments honor those who have increased their practice size and net new assets under management. It has rarely been the case where a PCA was honored because they initiated action to remove a client from their practice for whom the offer was inappropriate. Enrollments and new assets are encouraged (understandably) and honored. Removals are to be avoided (understandably). However, even ‘good’ removals are not celebrated or acknowledged as regrettable, albeit in the best interest of the client, the firm, and arguably the PCA and Financial Consultant (FC) in the long run, and thus worthy of praise.

Regardless of the reason, removals add a negative weight to annual performance evaluations. Refusing new enrollments, even for what may be fiduciary reasons, could have negative consequences for performance evaluations because doing so reduces progress toward achieving enrollment and net new asset sales targets. Moreover, attracting future business referrals from FCs will be impaired because the PCA will be deemed too hard to work with by referring FCs.

Hence, inside the organization, the sales logic is dominant not solely because of what is said but what is left unsaid about the importance of adhering to fiduciary duty for the firm and ensuring that clients are treated fairly.

It is not, however, enough to convey merely verbally how important it is. It must also be observable in actions that ‘speak louder than words.’ An example would be PCAs observing peers not being penalized and maybe being praised for refusing certain

prospective clients for whom the advisory offer is not a good fit and hence not in anyone's best interest.

Selectively turning away some business opportunities that, prima face, seem lucrative is not without precedent. Among organizations that try to recognize workers for identifying projects or other areas that should be refrained from (Kuvalekar & Ravi, 2019) is Google which famously pays bonuses for recognizing failures (Bauman & Stieglitz, 2014). Such recognition encourages innovation, improves engagement, removes inefficiencies, and provides valuable learning opportunities (Morgan, 2015).

1.1.4 Self-determination theory

In addition to institutional logics, the research also leans upon self-determination theory. (Gagné & Forest, 2008; Ionescu et al., 2022; Stone et al., 2010), and (Ankli & Palliam, 2012; E. Deci & R. Ryan, 2008; Landry et al., 2017). Self-determination theory stipulates that humans have three core psychological needs influencing productivity, wellbeing, and adaptability. These core needs are autonomy, competence, and relatedness, with autonomy directly influencing ethical behavior.

Autonomy concerns itself with acting with a sense of choice, volition, and self-determination (Landry et al., 2017). SDT suggests that those who engage in their work autonomously will display higher levels of satisfaction and performance (Monnot, 2018).

Competence refers to the importance of people wanting to be effective in their roles and contributes to feelings of self-worth. Furthermore, the desire for competence motivates the interest to improve skills (Ankli, 2009).

Relatedness refers to creating satisfying and supportive social relationships (Stone et al., 2010). Like competence and autonomy, relatedness is also an important predictor of intrinsic motivation and performance. In business, managerial behaviors that support relatedness include but are not limited to conducting team meetings, creating incentive plans that support collaboration, and sharing vital information unless, for regulatory or contractual reasons, precludes doing so (Ankli, 2009; Baard et al., 2004).

Self-determination theory provides a lens through which the researcher discovers gaps in practice standards that lead to ethical lapses. SDT also helps to formulate recommendations for practice standards and offers suggestions for how the compensation model for advisors can be modified to enhance engagement and ethical behavior.

1.2 Research aims and objectives

1.2.1 Problem:

In the United States, Registered Investment Advisory firms like PCIA have a legal and arguably moral duty to provide advice in the best interest of their clients. However, this fiduciary duty is sometimes compromised because of 1) competing heterogeneous intra-institutional logics and 2) lack of sufficient autonomy, relatedness, and competence as understood through the lens of self-determination theory which in turn leads to suboptimal advice, paying for services they do not need, or willingly paying for needed advisory services but are underserved.

1.2.2 Aim:

The quality of professional financial advice for those seeking help in making sound investment decisions to create, grow and protect their wealth is crucial. In recognizing the importance of supporting this essential service, the thesis takes the novel approach of focusing on the conflict between intra-institutional logics, self-determination, and advisor ethics as a means of mitigating challenges to advisor ethics with the ultimate aim of improving the quality of advice investors receive while being supportive of financial institutions; improving the quality of life for clients and financial advisors alike.

The researcher recognizes that exposing various aspects of how and why financial advisors succumb to ethical lapses could be disruptive to the industry status quo. It is the expectation of the researcher that the proposed solutions involving recommendations for changes to financial advisor performance reviews and compensation plans will be judged innovative and worthy of consideration. While it may be challenging to gain traction

toward industry adoption, it is possible, and it is the aim of the researcher that this work be a catalyst for changing the way the U.S. (and possibly beyond) delivers financial advice.

1.2.3 Research Question:

RQ1. In what ways do intra-institutional logics influence the ethics of financial advisors?

RQ2. In what ways does self-determination influence the ethics of financial advisors?

RQ3. Is the fiduciary duty owed to clients undermined by conflicting intra-institutional logics and lack of self-determination in a financial institution?

1.2.4 Research Objectives:

1. To present empirical evidence that illuminates the nature of various institutional logics in the organization.
2. To advance an understanding of positive and negative factors influencing advisor behavior.
3. To inspire future research to identify ways to support positive and mitigate negative factors.
4. Contribute to ethical theory vis-à-vis the relationship between self-determination theory and ethical conduct.

1.3 Gaps in the literature

The institutional logics perspective as a theory used to analyze institutions has become popular in recent years, with more than one-hundred articles published in each of the last several years. Thornton, Ocasio, and Lounsbury (2012) note, though, that extant literature dealing with *intra*-institutional logics is somewhat thin, stating, “the study of how institutional logics relates to the intra-organizational dynamics of practices and

identities remains an underdeveloped yet promising area of research” (Thornton et al., 2012, p. 133). This is a gap the research attempts to help fill.

In an empirical article by Meyer and Höllerer, *Laying a smoke screen: Ambiguity and neutralization as strategic responses to intra-institutional complexity* (Meyer & Höllerer, 2016), the authors discuss the importance of distinguishing between *inter*-institutional and *intra*-institutional logics. They also point out that although Thornton, Ocasio, and Lounsbury (2012) touch on the relevance of intra-institutional logics, the topic remains under-represented in the extant literature. More recently, others who note that competing intra-institutional logics is under-researched include (Albats et al., 2022; Ståhle & Ahola, 2022). This further supports the need for additional research in this area. The researcher believes institutional logics theory provides a unique lens through which to view the dynamics that influence the ethics of financial advisors.

Much of the institutional logics literature explores dynamics across institutions rather than within an organization. In contrast, this study examines field-level actors within a single enterprise, which is a subset of a large multi-enterprise organization. The project also bridges a gap between institutional logics and professional ethics by illuminating how self-determination theory relates to the ethical behavior of advisors. It is also novel for the institutional logics perspective to be used in conjunction with self-determination theory to study social phenomena.

Concerning self-determination theory, the thesis increases the explanatory power of how this theory can illuminate the influence of autonomy on ethical behavior within a new setting consisting of retail financial advisors.

Self-determination theory is extended by expanding our understanding by proposing an update to the existing SDT model, demonstrating how forms of motivation, regulation, engagement, and ethical behavior are interwoven.

Positioning the thesis research against relevant institutional logics theory literature

In order to explore the extant literature related to institutional logics theory and how the thesis research is positioned relative to it, an in-depth search for relevant works was conducted using two databases: Web of Science and Scopus. What follows are descriptions of the search terms utilized for entering queries, along with the results of the search efforts. Following this is a summary and abbreviated preview of some of the works that will be reviewed in detail in the literature review section of the thesis.

Web of Science database: queries and results for literature search efforts

Query 1. A search for all articles with the phrase ‘**institutional logic(s)**’ in the title produced 750 records dating back to as early as 1969.

Query 2. A search for all articles with the phrase ‘**institutional logic(s)**’ in the title *limited to business economics* focused articles produced 413 records dating back to 1994.

Query 3. Screening all articles with the phrase ‘**competing institutional logic(s)**’ in the title produced 49 items dating to as early as 2009.

Query 4. Screening all articles with the phrase ‘**competing institutional logic(s)**’ in the title, *limited to articles focused on business economics* produced 27 works also dating to as early as 2009.

Query 5. Screening all articles with the phrase ‘**intra-institutional logic(s)**’ in the title produced no items. Casting a wider net using the same phrase but searching instead for ‘topics’ rather than ‘titles’ returned seven articles.

Query 6. Likewise, screening all articles with the phrase ‘**intra-institutional logic(s)**’ in the title, *limited to articles focused on business economics* produced no items. But when expanding the search parameter to include ‘topics’ the query produced three articles.

Query 7. Screening all articles with the phrase ‘**competing intra-institutional logic(s)**’ in the title produced no items. An expanded search including ‘topics’ yielded two articles.

Query 8. Likewise, screening all articles with the phrase ‘**competing intra-institutional logic(s)**’ in the title, *limited to articles focused on business economics* produced no items. Similarly, an expanded search including ‘topics’ yields the same two articles noted just above.

For the current year through 26 July 2022:

Query 1. Year-to-date as of 26 July 2022 screening for all articles with the phrase ‘**institutional logic(s)**’ in the title produced 60 results.

Query 2. Year-to-date as of 26 July 2022 screening for all articles with the phrase, ‘**institutional logic(s)**’ in the title and *limited to business economics* produced 40 records.

Query 3. Screening for all articles published year-to-date through 26 July 2022 for ‘**competing institutional logic(s)**’ in the title produced four items.

Query 4. Screening articles published year-to-date through 26 July 2022 for ‘**competing institutional logic(s)**’ in the title, *limited to business economics*, produced two items.

Query 5. Year-to-date screening for all articles with the phrase, ‘**intra-institutional logic(s)**’ in the title without any filter limitations produced no records. An expanded search including topics found two articles.

Query 6. Likewise, year-to-date screening for all articles with the phrase ‘**intra-institutional logic(s)**’ in the title and *limited to business economics* produced no records. An expanded search including topics found the same two articles.

Query 7. Year-to-date screening for all articles with the phrase ‘**competing intra-institutional logic(s)**’ in the title produced no results. Expanding the search criteria to include topics returned one article.

Query 8. Likewise, year-to-date screening all articles with the phrase ‘**competing intra-institutional logic(s)**’ in the title, *limited to articles focused on business economics*

produced no results. Expanding the search criteria to include ‘topics’ returned one article. The same one noted just above.

The foregoing details may not reveal an accurate count of research conducted in the areas searched for various reasons. The results of the screenings may over or undercount relevant works. The reasons are; first, the queries do not include closely related topics, such as ‘institutional complexity’, a phrase sometimes used synonymously with ‘institutional logics’. Second, there are instances whereby the topic of institutional logics, although the subject of an article, may not be explicitly stated in the title or even the topic describing the work. Hence the screening process would not have picked these up and undercounted the scope of literature covering relevant subjects. Also, other databases, such as Scopus, might have produced different results, which will be discussed shortly.

Despite drawbacks to identifying relevant literature, what is nevertheless clear is that the subject of intra-institutional logics, which is at the center of the thesis, continues to be underrepresented in all areas, including business. This is evidenced by the search for all articles with the search term, ‘**intra-institutional logic(s)**’ in the title without any filter limitations having produced so few records. Even when the search scope was expanded to include ‘topics’, the number of relevant articles was small. As important is the possibility that the search overcounted relevant articles insofar as the search terms, while present in the results, may not have been represented consecutively. Thus, for example, the word ‘institution’ may refer to something other than logics.

Scopus database: queries and results of literature search efforts:

A similar but not identical screening for articles using the database, Scopus yielded different numbers than those produced via Web of Science. This is partly due to how each database differs in how the search term phrases are evaluated against their respective databases. The phrases used for each database were identical. However, the filter limitation differed because each database uses its own proprietary filter language. With Web of Science, the limiting filter was “business economics” whereas the closest alternative available in Scopus was “business, management and accounting”. Also, whereas with Web of Science, the query reflected phrases listed in the title of the

documents while sometimes expanding the search to include ‘topics’, Scopus applied the search term phrases used to query to: ‘titles, abstracts, and keywords’.

Here are the queries and results of the Scopus database article search:

Query 1. A search for all articles with the phrase ‘**institutional logic(s)**’ produced 6,415 records dating back to 1925.

Query 2. A search for all articles with the phrase ‘**institutional logic(s)**’ *limited to business, management and accounting* focused articles produced 2,130 records dating back to 1977.

Query 3. Screening all articles with the phrase ‘**competing institutional logic(s)**’ produced 433 items dating to as early as 1981.

Query 4. Screening all articles with the phrase ‘**competing institutional logic(s)**’ *limited to articles focused on business, management and accounting* produced 244 articles also dating to as early as 1981.

Query 5. A search for all articles with the phrase ‘**intra-institutional logic(s)**’ produced only five documents.

Query 6. A search for all articles with the phrase ‘**intra-institutional logic(s)**’ *limited to business, management and accounting* produced one document.

Query 7. A search for all articles with the phrase ‘**competing intra-institutional logic(s)**’ produced two documents.

Query 8. A search for all articles with the phrase ‘**competing intra-institutional logic(s)**’ *limited to business, management and accounting* produced one document.

For the current year through 26 July 2022:

Query 1. Year-to-date as of 26 July 2022 screening for all articles with the phrase ‘**institutional logic(s)**’ produced 389 results.

Query 2. Year-to-date as of 26 July 2022 screening for all articles with the phrase, ‘**institutional logic(s)**’ and *limited to business, management and accounting* produced 155 records.

Query 3. Screening for all articles published year-to-date through 26 July 2022 for ‘**competing institutional logic(s)**’ produced 37 items.

Query 4. Screening articles published year-to-date through 26 July 2022 for ‘**competing institutional logic(s)**’ *limited to business, management and accounting*, produced 22 items.

Query 5. A search for all articles with the phrase ‘**intra-institutional logic(s)**’ produced only one record. It was dated January 1, 2022.

Query 6. A search for all articles with the phrase ‘**intra-institutional logic(s)**’ *limited to business, management and accounting* produced only one record dating from 1 January 2022 to 26 July 2022 which was the same article produced in the query noted just above.

Query 7. A search for works with the phrase ‘**competing intra-institutional logic(s)**’ without the limitation of any filters yielded two results.

Query 8. A search for works with the phrase ‘**competing intra-institutional logic(s)**’ *limited to business, management and accounting* produced one result.

Although the absolute numbers produced for each category queried differ between Scopus and Web of Science, there is a similar overall pattern. Importantly, regardless of the database consulted, it is clear that research focusing upon intra-institutional logics is thin and even more sparse for competing intra-institutional logics, which is the focus of

this thesis. Hence, this literature search seems to corroborate the belief, along with what has been written, that the thesis addresses a gap in the literature.

The thesis leans on older, seminal, institutional logics works and evidences an appreciation for newer literature. Groundbreaking works referred to in the thesis include pieces that one might expect to see, such as those by (Friedland & Alford, 1991; Jackall, 1988a; Powell & DiMaggio, 1991; Reay & Hinings, 2009; Thornton & Ocasio, 1999; Thornton et al., 2012) among others. Examples of newer works important to the field generally and influential to this thesis, in particular, include these articles among others from (Alvesson & Jonsson, 2022; Richards et al., 2021; Ståhle & Ahola, 2022; Vogelgsang, 2022). Further details about the literature underpinning the thesis are found in the literature review in Chapter 3.

1.3.1 Literature research protocol (Ethics of financial advisors)

Professionalism, fiduciary duty, and ethics of financial advisors are discussed in detail in the thesis. For this reason, we should review relevant extant literature, mostly recent, concerning the ethics of financial advisors. The phrase ‘mostly recent’ is used advisedly because there are some works that, although they may not be considered new, are nonetheless valuable. It would be a disservice to discard them merely because of their dated date.

To begin, it is worth noting that the popular press is rife with articles that call out the misconduct of financial advisors or discuss various aspects of advisor ethics. However, the same is not true of peer-reviewed academic work in this area. The researcher mainly used two databases to search for relevant academic articles: Web of Science and Scopus. Several queries using various search terms were conducted. The queries were as follows:

Web of Science Search:

Query 1: Search phrase: ‘Financial Advisor Misconduct’ in ‘Topics’ or ‘Titles’ with no date or other restriction turned up 27 items. Among these 15 were relevant with the oldest dating to 2018.

Query 2: Search phrase: 'Financial Advisor Ethics' in 'Topics' or 'Titles' with no date or other restriction returned 45 items. Among these six were relevant, four of which were among the items returned in the first query (Query 1) noted above.

Query 3: Search phrase: 'Investment Advisor Ethics' in 'Topics' or 'Titles' with no date or other restriction returned 18 items with the earliest dating back to 1978 of which only one was relevant and it was dated 2020. It too was included in a prior query list.

Query 4: Search phrase: 'Wealth Advisor Ethics' in 'Topics' or 'Titles' with no date or other restriction turned up no articles.

Query 5: Search phrase: 'Financial Planner Ethics' in 'Topics' or 'Title' with no date or other restriction returned 16 articles dating back to 1982 of which three were relevant and dated as early as 2000 with one having been previously identified in earlier searches.

Query 6: Search phrase 'Financial Planner Misconduct' in 'Topics' or 'Title' with no date or other restriction returned two documents as of 2020 with one being relevant.

Scopus search:

The Scopus search utilized the same search phrases but rather than within 'Title' or 'Topic' the search phrases were made within: 'Article title', 'Abstract and Keywords' with no date or other restrictions.

Query 1: 'Financial Advisor Misconduct' returned 12 articles five of which were relevant dating back to 2018.

Query 2: Search phrase: 'Financial Advisor Ethics' returned 35 documents dating back to 1997. Two were relevant dating back to 2019.

Query 3: Search phrase: 'Investment Advisor Ethics' returned 12 items dating back to 1998 with one relevant dated 2005.

Query 4: Search phrase: 'Wealth Advisor Ethics' returned no articles.

Query 5: Search phrase: 'Financial Planner Ethics' returned 19 articles from as early as 1982 with five relevant dating as early as 2000.

Query 6: Search phrase 'Financial Planner Misconduct' returned three articles from as early as 2020 with one relevant dated 2022.

1.3.2 Literature research protocol (Self-determination theory)

Self-determination theory is a popular area and well researched. It was less complex searching for relevant articles in this area than in other areas such as institutional logics because, whereas there were numerous variations of the search term 'institutional logics,' there were no variations in search terms necessary to find relevant works within self-determination theory. Web of Science and Scopus were the two primary resources utilized.

Web of Science

Query 1: 'self-determination theory' without restriction: 15,266 results (works of all types).

Query 2: 'self-determination theory' limited to Business Economics 2,080 (works of all types).

Query 3: Articles published since 2019: 1,516 (articles only).

Query 4: Articles published since 2019 limited to Business Economics: 284 (articles only).

Query 5: Articles published since January 2022 through September 3 limited to Business Economics: 204 (articles only).

Scopus

Query 1: 'self-determination theory' limited to 'Title': 1,322 document results.

Query 2: 'self-determination theory' limited to 'Title' and 'Articles': 1,081 document results.

Query 3: 'self-determination theory' limited to 'Title' and 'Articles' and 'Business, Management and Accounting': 145 document results.

Query3: 'self-determination theory' limited to 'Title' and 'Articles' and published since 2019: 90 document results.

Query 4: 'self-determination theory' limited to 'Title' and 'Articles' and published since 2019 and limited to 'Business, Management and Accounting': 12 document results.

1.4 Thesis structure

Chapter 2: The Organization. This chapter provides an overview of the subject organization (anonymized).

Chapter 3: Underlying Assumptions and Critical Review of the Literature. This chapter offers a discussion of the literature relating to institutional logics, self-determination theory, and the ethics of financial advisors. Additionally, agency theory is discussed, albeit in less detail, because, although relevant to the subject, it is not used as a key theoretical lens to examine the organization.

Chapter 4: Research Philosophy. Numerous aspects of research philosophy are discussed, including the research design, methods, quality, axiology, ontology, epistemology, and logical reasoning.

Chapter 5: Q Study. This chapter offers a review of the data collection, analysis, findings, and critical discussion of the results of the Q study, including limitations and suggestions for future research. The chapter begins with a discussion of why Q methodology was chosen and its legitimacy as a methodology. The chapter also discusses generalizability, the fit with abduction, limitations, and common objections to Q. The chapter also outlines

the main steps used to analyze the Q data and the relationship between Q and reflexivity and ethnography.

Chapter 6: Semi-Structured Interviews. This chapter discusses the main steps in analyzing the semi-structured interviews, including the data collection strategy, discussion of biases, data analysis approach, and coding process. Also included is a discussion of ideal types, which are categories intended to illuminate how PCAs represent, internalize, self-identify with, and express patterns of beliefs and behaviors associated with particular institutional logics. The chapter also includes the empirical findings.

Chapter 7: Discussion. This chapter critically discusses the common themes between the Q and interview studies, the synthesized results, the contribution to business ethics, particularly financial advisor ethics, and the theoretical contribution of the thesis.

Chapter 8: Conclusion. The researcher shares his professional insights about influential authors concerning financial advisor ethics, reflecting on the research design limitations, implications for future research, and the root causes that give rise to competing institutional logics in the first place. We finish by discussing the implications and recommendations for practice and public policy.

1.5 Conclusion

This chapter explained that the thesis topic is important because people rely on financial advisors to provide quality advice. However, problems arise in that the ethics of advisors are sometimes compromised, leading to sub-optimal advice.

The chapter helped the reader become acquainted with institutional logics and self-determination theories and the argument that competing intra-institutional logics can undermine support for core psychological needs, thus representing a reason why the ethics of financial advisors can be compromised. In addition to using institutional logics and self-determination theories as theoretical frameworks, it was noted that the

researcher employs semi-structured interviews and a Q methodology study to illuminate how and why ethical lapses occur.

The chapter described that the research questions fall into three main categories: 1) the nature of institutional logics present in the organization, and 2) how self-determination theory can be combined with the institutional logics perspective to examine ethics and develop recommendations for policy and practice. Finally, 3) from a moral viewpoint, are financial advisors members of a profession requiring a fiduciary duty, or are advisors salespersons held to a lesser standard of care associated with non-professional occupations?

The chapter also conveyed that while extensive academic literature is available relating to institutional logics and self-determination theories, the same cannot be said for literature dealing with the ethics of financial advisors. Furthermore, literature dealing specifically with competing *intra*-institutional logics is sparse. These are areas where the thesis seeks to contribute to knowledge. There was also a hint about how a theoretical contribution is made by proposing an update to the current self-determination theory model.

In order to familiarize the reader with the social scene in which the study is situated, what follows next is a description of the organization where the research took place.

CHAPTER 2: THE ORGANIZATION

2.1 Introduction

As noted earlier, the organization under study has been anonymized. Within this limitation, this chapter provides an overview of the organization to help the reader appreciate its overall size and the scope of services offered. The following is adapted from the ‘The Corporation’s’ 2021 Annual Report:

‘The Corporation’ is a large U.S. based financial services firm. Its legal structure is that of a savings and loan holding company. The business began operations in the mid 1970’s and was incorporated into its present form in the mid 1980’s. It engages in wealth management and securities brokerage with over 400 domestic (U.S.) branch offices, as well as locations outside the U.S. ‘The Corporation’ also operates a bank and an investment management company that serves as the investment advisor for its proprietary mutual funds and exchange-traded funds. ‘The Corporation’ also provides securities custody and financial advisory services.

As of December 31, 2021, total brokerage accounts were over 33 million; total client assets were over \$8 trillion. Annual revenue was over \$18 billion, earnings were nearly \$6 billion, and year-end market capitalization was over \$150 billion. Furthermore, as of December 31, 2021, there were approximately 32,000 full-time employees.

‘The Corporation’ offers clients seeking investment help, guidance, or advice with several alternatives ranging from occasional consultations to an ongoing relationship with a branch-based Financial Consultant (FC) or participation in one of ‘The Corporation’s’ advisory programs like the Private Client Advisory program which is the subject of this thesis.

Private Client Investment Advisory (PCIA) consists in a personal advice relationship with a designated Private Client Advisor (PCA), supported by a team whose role is to provide individualized service, including comprehensive financial planning; customized

investment strategies developed in collaboration with the client, and ongoing guidance and execution of transactions. PCIA serves approximately 75,000 households. At the time the study was conducted, each PCA works with approximately 200+ families, each with an average portfolio size of about 2.2 million ranging from \$1 million to \$10 million, although sometimes much higher.

2.2 Types of advisory programs

For clients seeking an advisory relationship in which investment decisions are fully delegated, three main alternatives are available:

1. ‘The Corporation’ provides investors access to professional investment management self-contained within a single diversified account known as separately managed accounts (SMAs). These types of accounts may consist of, either separately or in combination with, the following types of investments: individual stocks, individual bonds, exchanged traded funds, and mutual funds. In these arrangements, investors consent to the discretionary management of the investments within specially designated accounts. These types of accounts are available in two forms; 1) those managed by the firm itself and 2) those managed by specific third-party investment managers especially vetted and approved for this purpose.
2. ‘The Corporation’ also offers a suite of ‘robo’ portfolios intended for clients who wish to have their assets professionally managed via a fully automated online investment advisory service. In 2016, ‘The Corporation’ introduced a hybrid advisory service that offers clients an advisory service that combines unlimited guidance provided by a Certified Financial Planner and the robo-advice technology driven by proprietary algorithms for automatic rebalancing. Both versions of the ‘robo’ advice offer are fully delegated, discretionary forms of advisory services.
3. Clients who want the assistance of a professional in managing their finances can be referred to an independent registered investment advisor (RIA) within the confines of a network of specially vetted and approved third-party, independent advisors. These RIAs provide personalized portfolio management, financial planning, and wealth management solutions.

Finally, for clients seeking a relationship in which investment decisions are not fully delegated but are made in collaboration with the client, 'The Corporation' offers PCIA, which is the subject of the thesis.

2.3 The subject enterprise

PCIA is an RIA firm and a separate but wholly owned company of 'The Corporation'. It is one of several enterprises part of the broader organization described above. Briefly, with PCIA's business model, Financial Consultants (FCs) work in various branch offices throughout the U.S. PCAs work in one of four centralized business centers in different geographic regions. Approximately 100 PCAs are housed in each of the four centralized business centers.

The 100 PCAs are grouped into teams of 8–12. And each team of PCAs serves a different geographic region of the United States, supporting the sales efforts of local FCs and providing clients referred by them with ongoing financial advice, for which clients pay an ongoing advisory fee.

Importantly, how clients are charged for services differs from how PCAs and FCs are compensated. Clients pay the company a fee based on a percentage of the assets managed. The fee clients pay amounts to about one percent annually of the assets under management.

At the time of this writing, PCAs earn a set salary and are eligible for annual bonuses. Unlike the locally based FCs, whose compensation is tied entirely to sales, performance evaluations and bonuses of PCAs are based on achieving a variety of performance targets which include retaining a sufficient percentage of clients who are currently enrolled in the fee-based advisory offer, maintaining a certain minimum frequency of contacts with clients (practice penetration percent target) and adding new households and net new assets to the PCAs practice. It is also required that a specific percentage (numeric target) of all clients must have had at least one financial plan delivered within the past two years. This is planning that is ancillary to the ongoing investment planning routinely provided. And finally, PCAs are expected to maintain high ratings as measured by client

satisfaction survey scores (also a numeric target). These criteria are used to evaluate performance via a modified forced ranking system (Johnson, 2004; Woike & Hafenbrädl, 2020) which will be discussed in more detail later and by having minimum expectations in certain areas of special focus that management may have. For example, as of the time of this writing, it is expected that Private Client Advisors reach a minimum of 70% of their assigned clients to have some form of planning ancillary to the routine investment planning provided throughout the year. Private Client Advisors might exceed expectations in all other areas; however, if the advisor falls short of 70% in this category, they will finish the year with an unsatisfactory rating and lower bonus payout, if any.

Here is an example to help clarify how the process works: An FC, based in a branch office in New Orleans, Louisiana, may refer a client to work with a PCA stationed in Dallas, Texas – one of the four centralized business locations. The relationship PCAs have with clients is primarily phone-based, where video conferences are also available. PCAs will also make occasional journeys to the local areas where their clients live to meet with them in person.

If the client chooses to enroll in the advisory program, the referring FC will earn various forms of compensation consisting primarily of a combination of a lump sum payment plus ongoing compensation for as long as the client remains enrolled in the advisory program. The lump-sum payment can be ‘clawed-back’ from the FC if the client un-enrolls from the advisory program within two years. As noted earlier, a PCA’s performance is also measured by how many prospective customers they can convince to enroll in the program.

FCs sales records are force-ranked against all other FCs in the company. FCs ranking in the bottom quartile for six months or so risk losing their job. FCs in the uppermost quartiles earn the most money and may qualify for unique benefits. There is much to be discussed relative to the ethics and efficacy of force-ranking or stack-ranking systems, as they are also called, which are examined in the future.

Under this arrangement PCAs have two types of customers; 1) the end client and 2) the local, branch-based FC upon whom PCAs rely for referrals to grow their practice. In

short, if a PCA fails to impress the local FC, the FC can simply avoid that PCA and refer new business to other PCAs who cover the same territory. If PCAs fail to impress clients, they will leave the advisory offer. This, in turn, causes the FC to lose money and affects the bonus pay of PCAs too. When clients decide to discontinue the advisory service for nearly any reason, this often has the effect of reducing the level of confidence FCs place in PCAs. This, in turn, can lead to fewer future referrals by FCs to a given PCA.

For further clarification, Figure 1-2 below describes various investor types or, put another way, investors with certain advice orientations, including: “passive investors; self-directed investors, advice seekers and those who are advisor reliant” (Cerulli, 2022, p. 1).

2.4 Types of investor orientations

Passive investors are fee-sensitive, meaning they have no desire to pay fees for financial advice. They prefer to make just a single decision to make one investment that can operate automatically without making ongoing rebalancing or other investment decisions. This is also referred to as ‘set it and forget it.’ They like using technology and appreciate the cost savings achieved by not working with an advisor.

Self-directed investors have the time and inclination to manage their own finances and feel they have access to quality research tools and resources that will enable them to make informed decisions and invest confidently.

Advice seekers are investors who either do not have the time or do not enjoy engaging in the work necessary to research and monitor their finances adequately – or both. They appreciate the involvement of a professional advisor. They are willing to pay advisory fees for access to experience and expertise. However, they do not wish to give up complete discretion over the investing process and instead prefer to *validate* recommendations and make the final decisions about their finances. The cadence or frequency of communication with their advisor is based upon client preferences, but typically there are four scheduled meetings per year – once per quarter. However, some

clients prefer more or less frequent scheduled contact. This is the group that most closely resembles those for whom PCIA is appropriate.

Advisor-reliant investors prefer to delegate financial decisions to a professional fully and are willing to pay for these services. They do not have the time or inclination to manage their own finances, nor do they wish to validate individual recommendations. As long as they have confidence that their advisor understands their situation and what they wish to accomplish with their finances, they are happy to have an advisor take care of everything. In-person progress reports usually occur annually.

It is the responsibility of the FC to understand a prospective advisory client well enough to recommend the service that is in their best interest. Table 1-2 below, FCs Decision Tree, describes the process.

Table 1-2: FCs Decision Tree

Investor Type / Advice Orientation			
Passive Investor	Self-Directed	Advice Seeker	Advisor-Reliant
'Set it and forget it' investors who are not highly concerned with a need for advice or services.	Independent, self-sufficient investors who are highly hands on with their finances and are not interested in paying for advice.	A hybrid segment of investors who have the DIY characteristics of the Self-Directed but actively are looking for more / new advice and insight.	Investors who are heavily depended on the use and involvement of traditional financial professionals, with little self-guided decision making.

Sources: Phoenix Marketing International, Cerulli Associates (Cerulli, 2022)

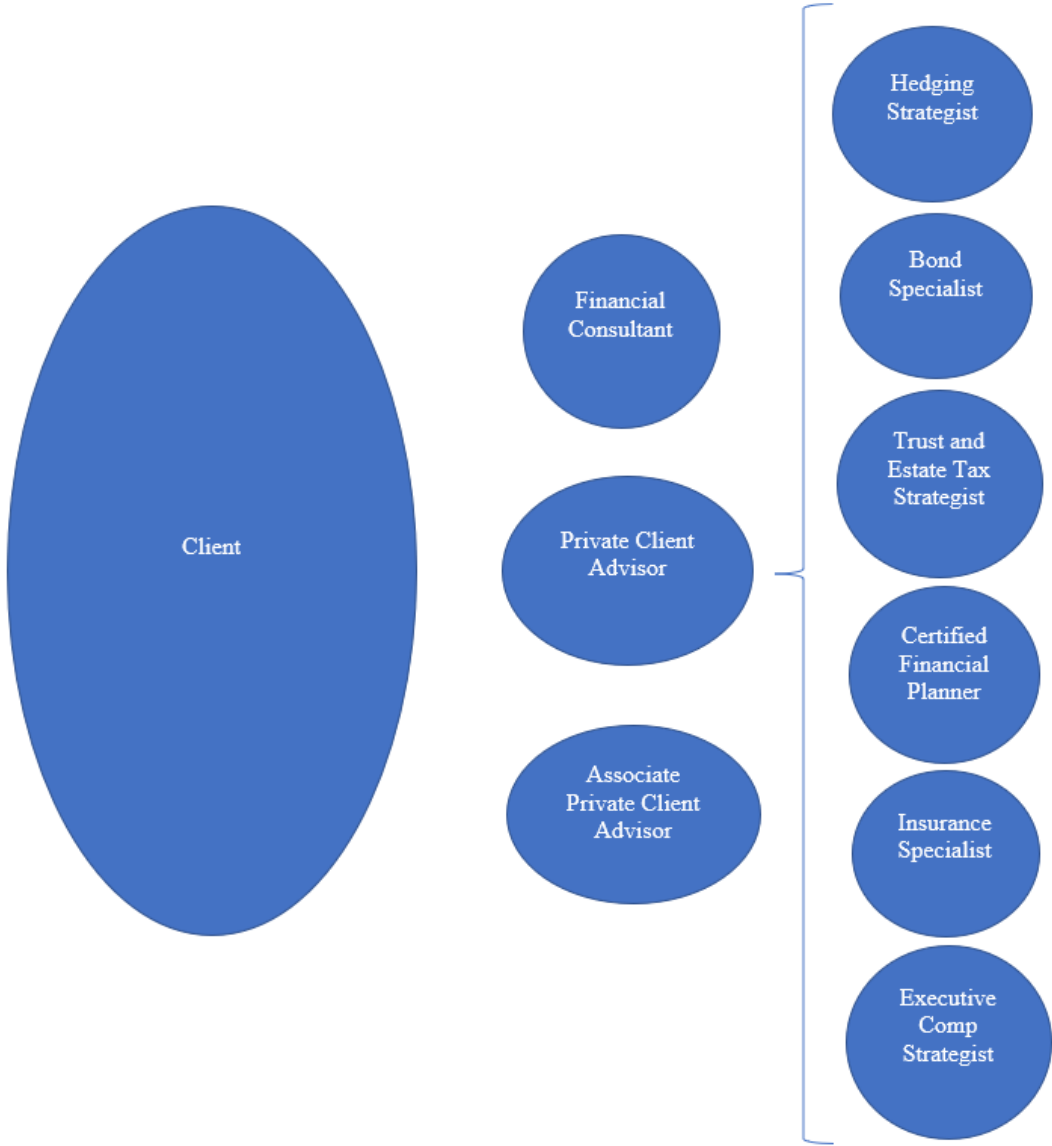
FC Recommends Advice Solution(s)			
Robo Advice	Self-Directed	Private Client Investment Advisory	Independent, Third-Party Registered Investment Advisor
FC refers prospect to the "Robo" advice website which is a fully automated online investment advisory service. \$5,000 min.	FC explains availability and use of web-based tools for education, research, planning, and trading. No min. investment.	FC recommends a particular Private Client Investment Advisory advisor. This is a non-discretionary investment advisory / wealth management offer. \$1 million min for those who need and want advice but do not want to grant full discretion over investing decisions.	FC recommends a separately managed account strategy or refers prospect to an independent RIA. Both invest with discretionary authority. \$500,000 min investment.

This is the subject organization for this thesis – Private Client Investment Advisory

The top half of Table 1-2 above describes the various investor types. The bottom section of Table 1-2 illustrates how advisory preferences are ‘mapped’ to each advisory program offer. Just below, Figure 1-2 illustrates how the PCIA program offer is structured.

2.5 The advisory program structure

Figure 1-2: PCIA Offer Structure: ‘The Players’



The FC, occupying largely a sales role, refers new clients to a specific PCA of their choice or another advisory offer(s) as they feel appropriate. The PCA is supported by an Associate PCA whose role is mainly administrative, providing operational support to the PCA. The PCA typically shares their APCA with two to three other PCAs.

A team of subject matter experts also supports PCAs: 1) a Hedging Strategist with expertise in the use of derivatives intended to increase portfolio income or to attempt to hedge portfolios against downturns in the market. 2) a Bond Specialist with special fixed-income (bond) investing expertise. 3) a Trust and Estate Planning & Tax Strategist with expertise in the titling of assets and tax-efficient means of wealth transition planning. Trust and estate planning also includes education about how best to plan for determining who is authorized to make medical and financial decisions on behalf of the client in the event of incapacity. 4) a Certified Financial Planner with expertise in complex financial planning issues. This subject matter expert may also work closely with PCAs by offering what is referred to internally as ‘single-topic solutions’ (STS). Examples of STSs are discussions with clients that run the gamut from social security strategies, Medicare education, specialty retirement planning strategies such as Roth IRA conversion discussions, and comprehensive financial planning. 5) an Insurance Specialist with expertise in various forms of insurance and annuities. 6) an Executive Compensation Strategist having expertise in helping investors navigate the complexities of employee stock options and restricted stock grants.

The primary focus of PCAs is investment planning and discussing numerous, though relatively less complex, financial planning issues. They will take a subject matter expert ‘off the shelf’ as needed to support the PCA in working with clients with more complicated situations.

Noteworthy is that each time a PCA engages either a Trust & Estate Strategist, Executive Compensation Strategist, or Certified Financial Planner for client consultations or produces a comprehensive financial plan, the PCA receives credit toward their planning target.

2.6 Conclusion

In this chapter, ‘The Organization’ was discussed regarding its size to help the reader appreciate that it is large, employing many people and serving numerous clients. The chapter also illustrated the depth and breadth of its extensive array of financial products and services. This is important because context matters. The fact that ‘The Organization’ including PCIA, has a significant presence in the industry serving many investors means that its business practices have far-reaching implications for the financial wellbeing of its clients and, therefore, society generally.

At a high level, the chapter also touches on advisors' compensation and performance assessments. This is important because this provides insights for and sensitizes the reader to how these areas catalyze advisors' behavior.

Next, a description of investor types was offered. Further to this was a discussion of the different financial advisory programs offered by The Organization and how particular investor orientations are intended to match with corresponding advisory program offer(s). This is essential information because matching a client’s advice orientation with the proper advisory offer(s) is crucial to serving clients in their best interests. This is also important because it informs the reader that since investors have different advice orientations, choosing an advisory program is not a ‘one size fits all’ proposition.

The chapter finished with a description of the various roles found within the PCIA advisory program- the players. This was important to discuss because it provided the reader with further context and insight into the vast tapestry of human resources available to clients through the PCIA advisory program.

What follows in Chapter 3 is a detailed discussion of the academic literature relating to institutional logics, self-determination theory, and the ethics of financial advisors. In addition, Chapter 3 explores agency theory, which, despite the argument that it represents a natural choice as a theoretical lens through which to study the organization, its use for this purpose was avoided.

CHAPTER 3: UNDERLYING ASSUMPTIONS AND CRITICAL REVIEW OF THE LITERATURE

Part I: Institutional logics

3.1 Introduction

The literature review proceeds as follows: Part I covers institutional logics. Part II deals with self-determination theory, and Part III discusses the ethics of financial advisors. The objectives for Part I are threefold: 1) to define the meaning of institutional logics while distinguishing between the forms, *inter* and *intra*-institutional logics. 2) to critique important works of representative literature, and 3) to briefly explain why this framework was chosen for use with the PhD research project. Part II and III critique the literature for SDT and advisor ethics, respectively. Finally, in the ‘Roads not traveled’ section the researcher touches on agency theory and why it was not chosen as a primary theoretical lens through which to examine the organization.

3.2 The institutional logics perspective defined

To define institutional logics, we must first understand the term ‘institution’. In order to define ‘institution’, we should consider that the institutional logics perspective stands on the shoulders of neo-institutional theory (Dulude & Milley, 2021; Sayari & Marcum, 2022) and that neo-intuitional theory is itself an expansion of intuitional theory (Risi et al., 2022; Struckell et al., 2022; Thornton et al., 2012). Hence, we look to these precursors to help define ‘institution’ in the context of the study.

What one notices immediately is that numerous definitions inhabit the extant literature. For instance, the institutional theorist, Lepsius (2017) considers institutions as “social regulations that symbolize principles and claim validity of a social order” (Lepsius, 2017, p. 7).

Struckell et al. (2022) have a preference for the definition offered by Scott (2005), stating, “Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior” (Scott, 2005, p. 8; Struckell et al., 2022, p. 2). Another institutional theorist, Jepperson, views an institution as “a social pattern that is regulated by rewards and sanctions” (Jepperson, 1991, p. 2, as quoted in Lepsius, 2017). Still others, such as Meyer and Rowan (1991), consider institutions to be “scripts that are almost unconsciously enacted by individuals” (Meyer J W, 1991, p. 3, as quoted in Lepsius, 2017). March and Olsen (1996) point out that “actions of individuals and collectivities occur within these shared meanings and practices, which can be called institutions and identities” (March J. G., 1996, p. 3, as quoted in Lepsius, 2017).

None of these definitions is fully satisfying. But themes emerge. Take, for example, the claim that institutions ‘symbolize principles and claim validity of social order’. Here one can consider financial firms as members of the community of financial institutions. In this example, financial firms symbolize the stability of the financial system and the reliable processing of transactions. The fact that society, on a global scale, notwithstanding Bitcoin and other cryptocurrency adherents, relies utterly on financial institutions for their financial transactions is a testament to the social order derived from such institutions.

Jepperson (1991) adds another element to the definition by asserting that institutions are ‘regulated by rewards and sanctions.’ In this sense, Jepperson makes us aware of some of the dynamics that can contribute to or detract from the stability of institutions. Take financial institutions once again as an example. During the 2008 global financial crisis, the meltdown was in part the result of the misguided weighing of rewards and sanctions by financial institutions, putting too much weight on the potential rewards of sub-prime mortgages and too little consideration for the possibility of sanctions in the form of firms, such as Lehman Brothers, going bankrupt (Schoen, 2017; Van Scotter & Roglio, 2020) and inviting what could also be termed sanctions in the form of tighter regulation and government oversight, not to mention public sanctions meted out in the form of fractured trust and ensuing new competition à la cryptocurrencies (Oniha & Sanchez Jr, 2020).

Yet another interpretation alluded to earlier is that institutions are ‘scripts that are almost unconsciously enacted by individuals.’ This speaks to the normative aspects of institutional membership. This is so because there are typically certain cultural norms that are present. Take, for instance, the institution of marriage. There are wedding ceremonies with an exchange of vows and anniversaries to be celebrated, which are, in a sense, scripts that are followed. In business, there are accounting rules, board meetings, and organizational hierarchies, each with its own ‘part to play’ where behavior is guided by a ‘script’ particular to its intended ‘role’ within the organization.

It was noted earlier that ‘actions of individuals and collectivities occur within these shared meanings and practices, which can be called institutions and identities.’ This speaks to the notion that members of an institution can share similar values and self-identities. Think about how members of the medical profession may feel a similar sense of duty (shared identity) toward delivering quality medical care. This may be so because physicians have a shared code of conduct in the hypocritic oath (Wiesing, 2020) and similar medical training, education, and experience required to practice medicine. Therefore, these shared practices shape how they understand their world, uniquely influencing identities, in how they self-identify and how society identifies with them. Various institutions each have their own sense of identity. Whether it is fashion, finance, or physician, each has its own practical behavior and identity norms.

From these varying accounts of the meaning of the word institution comes the observation from influential neo-institutional scholars that it is difficult to agree on the meaning of ‘institution’ because institutions have become anything people wish to label as such. (Alvesson & Spicer, 2018; Brown & Toyoki, 2013; Montgomery & Oliver, 1996; Powell & DiMaggio, 1991).

An institution is a living, breathing thing. It has form and function. It is a social entity in that the presence, or at least influence, of people is a precondition. Institutions can be a single individual or a community. For example, actor and comedian Bob Hope was actively performing for so many years and was so popular that he was considered an institution, sometimes called an “American Institution” (Staff, Undated). As we have

seen, some professions are, in a sense, communities and are considered institutions, such as the medical and legal professions. As pointed out, various sectors of the economy, such as financial firms, are also referred to as financial ‘institutions’.

In terms of form and function, in the context of the current project, we speak of a corporation that obtains its existence and form through a business license to operate granted by society through public policy. This is so because society deems that businesses are in the public interest and deserve or require licensure and special provisions in the tax code to support them and which, importantly, individuals do not enjoy. As a result, and because they are a social construct, the main purpose (function) of business should therefore be to produce products and services that do some good for society, the benefit of which may be increasing shareowner value (Duska & Bowie, 2022; Duska, 1997; Rubin, 2015; Young, 2014). This is not the case with all institutions, however. For example, the mafia can be considered a criminal ‘institution’ whose aim is self-serving and destructive to society. Hence, the term ‘institution’ is neither inherently good nor bad. Thus, context matters.

Nevertheless, a distinguishing feature of all institutions is that people rely on them. Both members and users of institutions must find them trustworthy. This comes to the fore, as we discussed earlier, in terms of rewards and sanctions experienced during the financial crisis. Even insofar as the mafia is concerned, while it can be said there is no honor among thieves, even mobsters must have a certain level of trust that the boss will behave according to mafia norms, albeit evil, in order to function (A Thompson, 2021). Certainly, society must trust financial institutions for the economy to function smoothly. From these definitions and descriptions of the term institution, we can now go further to define institutional logics in two parts.

3.3 Institutional Logics: definition (Part A)

Friedland and Alford (1991), the originators of institutional logics theory, assert in their seminal work, *Bringing Society Back In: Symbols, Practices, and Institutional Contradictions*, that society, in Western culture, is made up of five institutional orders

which comprise an *interinstitutional* social system. In the following table, Friedland and Alford (1991) provide an outline to describe Institutional Orders as symbolic and material content of culture.

Table 1-3: Interinstitutional System of Institutional Orders: Symbolic and Material Content of Culture

Organizing principles	Capitalist market	Bureaucratic State	Democracy	Nuclear family	Christian religion
Rituals that reinforce beliefs	Signing contracts	Issuance of budget & plans	Voting	Marriage	Communion
Relativization of values	Accumulation & commodification of human activity	Rationalization & regulation of human activity	Popular control over human activity	Motivation of human activity	Symbolic construction of human activity
Basis of affiliation		Legal & bureaucratic hierarchies	Citizen participation	Community	Membership in congregation
Basis of obligation	Convert human activity to a price	Convert diverse individual issues into consensus		Reproduction of family members	Convert issues into moral principles
Basis of loyalty				Unconditional to members	Faith of congregation

Source: Friedland and Alford (1991) as cited in Thornton et al (2012), p. 43

As seen in Table 1-3 above, Friedland and Alford (1991) believe Western society consists in five main institutional orders: the capitalist market, the bureaucratic State, Democracy, the nuclear family, and the Christian religion. In their view, each is a distinctive and separate institution.

Notably, in their conception of institutional orders, Friedland and Alford (1991) identify Western culture and Democracy as separate orders excluding other cultures and forms of

government. They also include the Christian religion to the exclusion of all others. These are important distinctions because researchers coming in the wake of Friedland and Alford extend their description of what institutional orders consist in asserting that the institutional logics perspective, as a theoretical framework, is more generalizable than this. For example, Thornton and Ocasio (2008) note that institutional logics apply across religions and cultures, including a multi-cultural view of society rather than singling out Western culture as a distinct order.

In referring back to Table 1-3, 'rituals of beliefs' refers to ceremonies such as marriage and graduation ceremonies that provide a sense of foundation and legitimacy for a given institutional order. Similarly, the 'relativation of values' speaks to each order and describes how members think, feel, and behave. The relativation of values is important because each of the orders shown in the table forces its own unique norms upon its constituents and are potentially contradictory. Hence, "this makes multiple logics available to individuals and organizations" (Friedland & Alford, 1991, p. 232). The 'basis of affiliation' describes the make-up and form of members of a given institutional order, as in the case of 'Democracy' consisting of citizens who participate as members by voting and being governed. Continuing with the institutional order of 'Democracy' as an example, the 'basis of obligation' consists in the obligation to conduct oneself according to the law and perhaps can be further extended to include the moral obligation to vote. The 'basis of loyalty' may include the concept that one should have loyalty toward one's own employer, at least to the extent that while working for that employer, one should not work against it by, for example, 'selling away,' which is the practice of taking advantage of the accessibility of an employer's customer to sell them products and or services offered by a business in direct competition with them.

A single individual can be and usually is a member of more than one institutional order. A physician, for example, can at the same time hold strong religious beliefs, be a member of a multi-member nuclear family, and run an independent medical practice, thereby participating in the capitalist market while also participating in the political process (bureaucratic State) by volunteering time to an election campaign. This may all seem obvious. However, what is more nuanced, is that the aims of each institution, with its

own logics, will either support and coincide with other logics or send conflicting messages that the physician, in our example, will have to then choose between and will ultimately behave according to the dictates of the dominant logic.

Institutional logics also provides a framework through which society may be deconstructed from its whole into parts allowing for analysis both within and among institutional orders. Hence the terms ‘inter’ and ‘intra’ institutional logics. Institutions can be unpacked. For example, ‘Democracy’ can be broken down into parts such as political parties, voting, campaigning, and the functioning of government, which can then be reduced further still. Each sub-category also manifests its own form of institutional logic.

This research is a study in intra-institutional logics focusing on an enterprise within a single organization and how various departments; internal customers, and end (external) customers vie for emotional connection; dominance, and ‘mind space’ of advisors in order to accomplish particular objectives.

3.4 Institutional logics: definition (Part B)

3.4.1 Inter-institutional System: Ideal Types

As noted earlier, Thornton et al. (2012) differ in their interpretation of the institutional logics perspective from Friedland and Alford (1991) regarding what they believe institutional orders consist in. Thornton et al. (2012) expand and revise the list of institutional orders creating a system of ideal types to include family, community, religion, State, market, profession, and corporation, with each institutional order distinguished by particular categories. These categories include root metaphor, sources of legitimacy, sources of authority, sources of identity, basis of norms, basis of attention, basis of strategy, informal control mechanisms, and economic systems. The table below illustrates Thornton et al. (2012) view of institutional orders as ideal types.

Table 2-3: Institutional Orders and Categories

		X-Axis: Institutional Orders					
Y: Axis: Categories	Family	Community	Religion	State	Market	Profession	Corporation
Root metaphor	Family as firm	Common boundary	Temple as bank	State as redistribution mechanism	Transaction	Profession as relational network	Corporate as hierarchy
Sources of Legitimacy	Unconditional loyalty	Unity of will. Belief in trust & reciprocity	Importance of faith & sacredness in economy & society	Democratic participation	Share price	Personal expertise	Market position of firm
Sources of Authority	Patriarchal domination	Commitment to community values and ideology	Priesthood charisma	Bureaucratic domination	Shareholder activism	Professional association	Board of directors. Top management
Sources of Identity	Family reputation	Emotional connection. Ego satisfaction & reputation	Association with deities	Social and economic class	Faceless	Association with quality of craft. Personal reputation	Bureaucratic roles
Basis of Norms	Membership in household	Group membership	Membership in congregation	Citizenship in nation	Self-interest	Membership in guild & association	Employment in firm
Basis of Attention	Status in household	Personal investment in group	Relation to supernatural	Status of interest group	Status in market	Status in profession	Status in hierarchy
Basis of Strategy	Increase family honour	Increase status & honour of members & practices	Increase religious symbolism of natural events	Increase community good	Increase efficiency profit	Increase personal reputation	Increase size and diversification of firm
Informal Control Mechanisms	Family politics	Visibility of actions	Worship of calling	Backroom politics	industry analysts	Celebrity professionals	Organization culture
Economic System	Family capitalism	Cooperative capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Personal capitalism	Managerial capitalism

Source: (Thornton et al., 2012, p. 73)

Institutional orders are listed on the horizontal X-axis. The categories on the vertical Y-axis serve as frames of reference to differentiate institutions from each other. For example, applying a ‘root metaphor’ to each institutional order creates a way to see each institution more in terms of what it does rather than what it is called.

Hence a family, for example, according to this representation, is thought to be a type of ‘firm’ in the sense that it is an order described by categories which, in turn, form the basis

of a typology. Families like firms have a unique culture and hierarchy, with each member having a distinct role and expectations. The substance of the family, or ‘source of legitimacy’ comes from the ‘unconditional loyalty’ (Thornton et al., 2012) (and perhaps unconditional love) that each member has for each other. Although exceptions may apply, children and parents typically are unconditionally loyal to each other. Families have an identity, both a self-identity and the identity others perceive in the form of reputation.

Furthermore, as a member of the family, one understands acceptable and expected norms of behavior. The overarching point is that intuitional orders have distinctive attributes that can be teased out to become visible by applying categories. In doing so, clarify what institutional orders consist in and which, in turn, form the ‘skeleton’ of typologies.

As one reviews each category, one begins to see a picture of the sort of logics produced by each order: ‘Markets’ are concerned with impersonal transactions intended to create and grow wealth. ‘Professions’ have more to do with reputation and excellence in service. ‘Religion’ focuses on moral character and faith. These few orders are examples of a large and diverse tapestry of social worlds, each with its own character and expectations of its members. Said another way, each order has its own form of institutional logics.

3.4.2 Institutional logics perspective versus neo-institutional theory

As mentioned earlier, Friedland and Alford’s (1991) work on institutional logics springs from earlier work on neo-institutional theory. Institutional logics does not simply consider the ‘tone from the top’ and how this can have a unifying effect (homogeneity) on corporate or other institutional culture, thereby influencing thought and behavior of individual actors. Instead, institutional logics is a more circular and dynamic set of influences moving from not only the macro to the micro level but from the bottom-up as well. And, importantly, institutional logics considers not only unifying influences but the dynamics of competing logics as well.

Thornton et al. (2012) expand upon Friedland and Alford's (1991) definition and theorizes that individual agency is both shaped by and shapes organizational practices and identities, as opposed to Friedland and Alford (1991) whose theory of institutional logics is centered more on macro-level inter-institutional logics touching less on the role of individual agency. As a refresher, Thornton and Ocasio (2008) define institutional logics as:

The socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences (Thornton & Ocasio, 2008, p. 101).

A careful reading of this definition is required to appreciate its meaning fully. First, it is important to note that institutional logics are socially constructed and describe the dynamics of society in action as a function of multicultural influences rather than a theory based solely upon natural science. For example, behavioral finance theory, having roots in cognitive psychology and neuroscience, claims that people's brains may be 'hard-wired' to influence behavior under numerous circumstances (Chabris, 2010).

Thornton et al. (2012) assert that people differ, though, in their interpretation of the truth and their understanding of the construct and meaning of the world they inhabit. For example, the meaning and significance of the word 'teamwork' can differ among employees of the same department. Some may argue that the best team players contribute most to achieving quantitatively measurable business results. While others may contend that the best team players help others (the team generally) by focusing on less easily measured but necessary tasks that help the team as a whole achieve its quantitative goals. Hence, it may be said that efforts toward such tasks, although difficult to measure, are nonetheless valuable.

Behavior is influenced by people's institutional affiliations and not always by how we are 'wired' to behave as natural science dictates. For example, we may be inclined to either fight or flee when threatened, as our brain's instinctive wiring might instruct.

However, we might also choose a third way, as Gandhi did by doing neither and instead going on hunger strikes, possibly due to the influence of a dominant institutional logic rooted in religion. This is speculation, of course, but plausible.

Institutional affiliation can also contribute to individual members having limited agency (Corbett et al., 2018). Thornton et al. (2012) recognize that limited agency is a symptom of institutional logics competing for dominance. Take the example of a salesperson who, because of the pressure to sell (market logic), may not feel they have the luxury to be fully candid (related to professional logic) with customers and will instead put little or no weight on the suitability of the product for fear of not selling enough which could in turn lead to the loss of the job. Hence, a salesperson, having limited agency, may extol the virtues of a handbag that may clearly be too large for a particular body type. This type of internal conflict caused by competing logics is a cognitive process, much like conversing with oneself (Brett, 2010; Thornton et al., 2012).

Going back to Thornton and Ocasio's (2008) definition, we turn now to understand what is meant by 'symbolism', and 'symbols'. The Hippocratic Oath is one such symbol. It is symbolic of the medical profession. It is a physical symbol in the form of a written document. It is also symbolic because it is aspirational, informing 'material practices' or, said another way, right behavior for physicians. It has its own historical context for how it came into existence and why it continues in use. It is part of the institutional logics of the medical profession. By deconstructing further, the medical profession can be viewed as a sub-order of the intuitional order of 'professions'. As we have discussed, it may be only one of many orders competing for dominance among physicians.

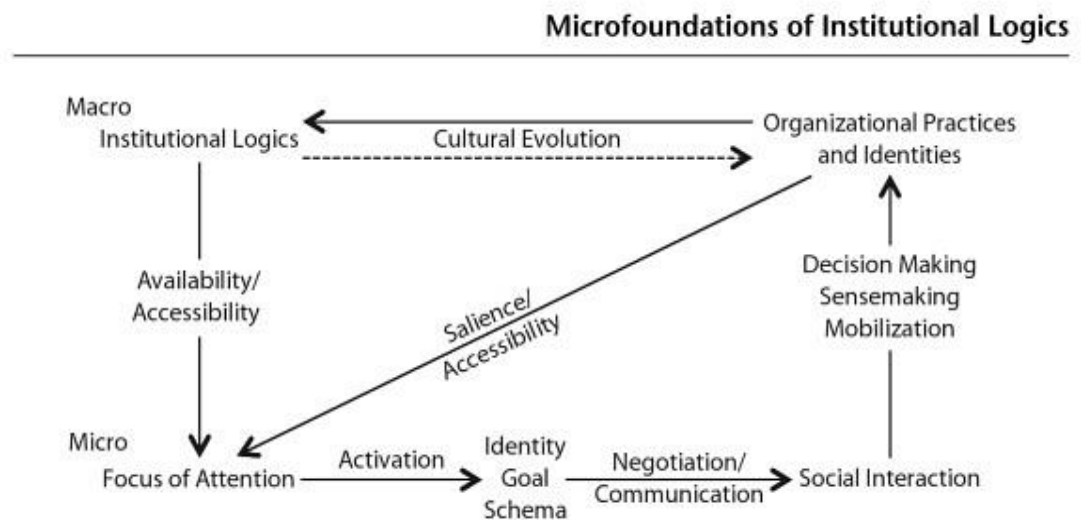
Furthermore, people and places have histories that provide grounding and context through which people in society in various cultural settings view their normative lives and which creates and adds to the existing symbols and symbolism that support how people find meaning in their lives. This means there is more than merely rational choice theory that can explain influences on behavior.

Rational choice theory (Fumagalli, 2020; Herfeld, 2022; Zyuzev, 2022) centers on individualistic interests as a means by which individuals assess what is right and how to behave. ‘Rational choice’ does not always hold sway, however. Other motivations for behavior, such as acting for reasons of altruism, familial duty, or religious convictions, are recognized by the institutional logics perspective as forces that may be dominant situationally, as opposed to all decisions resulting from rational choice.

3.4.3 Micro foundations of institutional logics

The following figure from Thornton et al. (2012) provides a visual example that helps explain the micro-foundations of institutional logics or, said another way, the underpinnings of the institutional logics perspective in terms of its social dynamics. This is then followed by further discussion of some of its key elements.

Figure 1-3: Micro Foundations



Source: (Thornton et al., 2012, p. 85)

3.5 Micro foundations of institutional logics

3.5.1 Identities

Figure 1-3 demonstrates the circular and dynamic social nature of institutional logics as portrayed by Thornton et al. (2012). To understand the dynamics at work, we first note that the institutional logics perspective assumes people have multiple social identities. As in our earlier example, a physician has a role and identity associated with being a medical professional, another role and identity as one who practices religion and a different role as one who is involved in the bureaucratic State, and yet another as an owner of a medical practice intent on maximizing owner value (market logics).

The important point about roles and memberships is that each affiliation is embedded within an institutional logic. Each may coincide or compete with other institutional logics. And different logics will have their own influence on behavior. At times and under varying circumstances, one logic might be dominant. At other times and under other circumstances a different logic may hold sway. For example, in a business setting, thoughts and behaviors might be dominated by market logics, primarily focusing on increasing owner value. The same person dealing with non-business-related matters might be dominated by familial or religious logics, which may suggest behavior stemming from altruism or religious faith rather than a business-oriented, cost-benefit analysis.

The influence of institutional logics is situational. Different logics will dominate at different times based on the circumstances and not because of the person's morality. To illustrate, we can speak of the religiously faithful person extolling the virtue of honesty when situated among family or congregants and who, in their business life, deceives customers but rationalizes doing so in the belief that the primary purpose of business is to make money. Hence, competing institutional logics introduces a dynamic of competing identities and contributes to the compartmentalization and fragmentation of character, which diminishes the ability to be fully autonomous and live an 'integrated' life wherein ethical behavior would be interwoven through all situations.

In this context, an ‘integrated’ life means living a life of ‘wholeness’ where we do not ‘become different people’ or behave differently just because circumstances dictate it. The concept of wholeness can be equated to integrity (Baxter, 2012; Chesnut, 2020; Cottingham, 2010; Cowton, 2007; Cowton, 2002; Duska, 2013; Megone, 1995; Nguyen et al., 2022) insofar as the origin and root of the word, ‘integrity’ is ‘*integer*’ and means whole, as in whole number. And it is integrity (wholeness) in turn, that is to say, living a fully integrated whole, rather than fragmented, life that contributes to human flourishing (Megone, 2002). Competing identities raises moral issues about integrity on the one hand versus fragmentation of character on the other.

The institutional logics perspective helps us not only understand the forces that motivate action it also helps us understand the underpinnings of moral dilemmas. Here I refer to conflicts of interest arising as part of one’s daily activity in various roles. Friedland and Alford (1991) offer a useful example of such a scenario of conflicting institutional logics concerning identities. They reminds us of the ancient Greek dramatists representing individual choice through role conflict, as in the case of Antigone by Sophocles, who is “torn between familial duty to bury her brother and political obligation not to bury a traitor” (Friedland & Alford, 1991, p. 255; Sophocles, 1993 / 440s B.C.). In Friedland and Alford’s terms, this represents a conflict between familial duty driven by Family logics and political duty as a characteristic of bureaucratic State logics.

3.5.2 Goals

Turning back to Thornton et al. (2012) Fig.1-3, we now consider ‘goals’. The institutional logics perspective posits that goals, like social identities, are culturally embedded within alternative institutional logics. For example, as we noted earlier, for a businessperson whose behavior is dominated by a market logic, the goal and main purpose of business may be to make as much money as possible. Another businessperson whose behavior is more heavily influenced by altruism as the dominant logic may believe the purpose of business is to provide products and services that benefit society in some way, the benefit of which is making money and not the other way around. As in the example noted earlier, during the discussion of identities, goals are embedded in

institutional logics. And different actors can see the same world differently, just as was the case surrounding the debate about teamwork. Competing institutional logics may form a catalyst for goals that conflict. Just as in the case of identities, the dominant goal is a derivation of the dominant logic.

3.5.3 Schemas

Turning now to schemas: they ... “guide expectations of behavior by helping individuals resolve ambiguities, draw inferences, and guide evaluation” (Thornton et al., 2012, p. 88). For example, in the corporate arena, written policies may specify norms of behavior that are acceptable and unacceptable. In addition to written rules, schemas also take into consideration those unwritten rules of behavior that ‘telegraph’ the types of behavior that likely reaps the rewards and promotions and the kinds of behavior that might be frowned upon and create ‘career limiting moves’ or in the vernacular of the street, CLMs. Finding a section titled ‘CLMs’ in the official policies and guidelines handbook is doubtful. However, through verbal and non-verbal cues, actors understand what types of behavior are to be avoided or encouraged.

3.5.4 Focus of attention

Given that humans have limited capacity and must necessarily limit what can be focused upon, organizations develop structures and processes that shape what individuals and groups are meant to focus most keenly on. “Institutional logics guide the allocation of attention by shaping what problems and issues get attended to and what solutions are likely to be considered in decision-making” (Thornton et al., 2012, p. 90). Taking an example from PCIA, its sales logic is a derivation of the market order, and the focus of attention is on gathering assets and gaining as many new clients for financial advisory services as possible. Whereas, under the fiduciary /compliance logic, a derivation of the ‘profession’ order, the focus of attention is to act as a fiduciary to ensure the advisory services are sold only to those for whom the service is suitable and in the best interest of clients. Where there are conflicts, the dominant logic order will be the catalyst for the focus of attention carrying the greatest weight.

3.5.5 From activation to social interaction

To move from ‘activation to social interaction’, the dynamics can be construed this way: 1) Institutional logics influences actors’ focus of attention and social interactions. 2) Social interactions include negotiations and conversations and are influenced by identities, goals, and schemas, which together allow actors to make sense of their world, make decisions, and collaborate with others to create social change and hence generate, reproduce, or transform organizational practices (Thornton et al., 2012).

3.5.6 Availability, accessibility, and activation

Availability, accessibility, and activation account for how institutional logics forms a circular, top-down, and bottom-up dynamic instead of purely a top-down way of explaining culture. Where there is a focus of attention, it is so because the issue resonates and is thereby ‘accessible’. In turn, this becomes an issue that can, should, or must be addressed. Thornton et al. (2012) support this assertion by stating, “Given a social actor’s embeddedness within institutional logics, ... specific identities, goals, and schemas will be readily accessible to attend to salient environmental stimuli” (Thornton et al., 2012, p. 92).

Table 3-3 summarizes institutional logics and is intended to help support readers’ understanding of Figure 1-3 shown earlier.

Table 3-3: Underpinnings of Institutional Logics

Underpinnings of Institutional Logics	
Institutional Logics	The socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences. (P. H. O. Thornton, William, 2008).
Availability & Accessibility	Elements that together construct the means by which institutional logics forms a circular and top-down as well as bottom-up dynamic instead of purely a top-down way of explaining culture.
Focus of Attention	Institutional logics guide the allocation of attention by shaping what problems and issues get attended to. Sales logics' focus of attention is on gathering assets and gaining as many new clients as possible. Whereas, under the Legal /Compliance logic, the focus of attention is to act as a fiduciary to ensure the advisory services are sold only to those for whom the service is in their best interests. This in turn shapes identity, goals, and schema which in turn becomes activated through communication with peers.
Identity	Role and Membership categories: How people identify with an industry; occupation or profession, employer, department, voluntary organization affiliations, race, gender, ethnicity, nationality, and geography. Sometimes competing while at other times coinciding.
Goals	Culturally embedded within each institutional logic. Dictated by the dominant institutional logic For some the main purpose of business may be to make as much money as possible. Others, whose dominant logic is Religion may be influenced by altruism associated with their faith and may believe the main purpose of business is to provide products and services that benefit society.
Schemas	Guide expectations of behavior. Schemas take into consideration those unwritten rules of behavior that 'telegraph' the types of behavior that likely reaps rewards and promotions and the kinds of behavior that might be frowned upon.
From Activation to Social Interaction	People carry out their work not solely as isolated individuals operating in silos, but as social actors interacting with others. Shared identity, goals, and schema leads to communication / negotiation. This is what is required for social interaction.
Social interaction	As people communicate with one another, this leads to how people make sense of their condition and creates a catalyst to create or influence new practices and identities.
Salience / Accessibility	Where there is a focus of attention it is so because the issue resonates and is thereby 'accessible'. Additionally, this is an issue which is noticeable or prominent enough (salient) such that there can be agreement that it can, should or must be addressed.

3.5.7 The institutional logics perspective in research

As noted, field-level institution logic orders (logics) can compete with and influence each other. This is the interplay of inter-institutional logics as in the case, for example, when economic factors (institutional order of capitalist markets in the field of economics) affect public policy (the institutional order of the State in the field of public politics). The result may be adopting new public policy because of economic logics. Also true is that this type of inter-institutional influence cuts in more than one direction. Thus, just as logics having to do with the economy can have political consequences, political decisions rooted in State logics can affect the field of economics, which has its roots in market logics. To further clarify, what follows is a discussion of works that highlight the use of institutional logics as a method of culture analysis:

In Thornton and Ocasio's *Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958-1990* (Thornton & Ocasio, 1999) the researchers identify how institutional logics changed in higher education publishing from an environment where editorial logics were dominant to a new period where market-based logics became dominant. Their findings indicated that a shift in logics led to different determinants of executive succession. Under an editorial logic, executive attention was directed to author-editor relationships, family, and individual ownership characterized by internal growth. Under a market logic, executive attention evolved to be directed to issues of competition and growth through acquisition. Executive succession evolved to be determined largely by external competitive factors instead of internal relationships (Thornton & Ocasio, 1999).

One of the strengths of this work is that it illuminates, first, how institutional logics can be understood as existing in the first place. Second, the work shows how forces rooted in institutional logics exert influence on behavior at the macro-organizational level. This work also illustrates how competing inter-institutional logics vie for dominance and how dominance can evolve over time.

The area that was less developed in the work has to do with the behavior of individual actors in relation to the competing logics at the individual actor level. Thus, the work does not examine individual actors at different levels throughout an organization and the effect of this evolution on their behavior. This, however, is not a drawback per se since this work was intended to analyze competing logics at the inter-institutional level rather than the intra-institutional level. The work is relevant to this research project as it clearly demonstrates the institutional logics perspective as a theory having practical application toward informing empirical research.

In Robert Jackall's ethnographic book *Moral Mazes: The World of Corporate Managers* (Jackall, 1988b), he details cases involving intra-institutional logics. The work is compelling because of 1) the use of rich narratives, including direct quotes from individual actors, and 2) because the narrative demonstrates the practical application of research that blends moral philosophy with the institutional logics perspective by clearly detailing how and why competing intra-institutional logics coexist and how these heterogeneous logics present themselves normatively.

Jackall's work examines institutional logics present, which in turn informs how and why, in his words, "men and women, battle fiercely with one another to position themselves, their products, and their allies favorably in the eyes of their president and of the CEO" (Jackall, 1988b, p. 35).

Jackall's work is important because it illustrates how rules in organizations are spoken and unspoken, tacit and explicit. Hence, one of the significant contributions the intra-institutional logics perspective makes concerns the ability to capture this type of tacit communication and normative behavior. One of the strengths of this work is its rich narrative. However, it differs from this research project because it is a conceptual rather than an empirical work. I do not suggest this diminishes its usefulness. I merely point this out as a matter of fact.

In Berggren and Karabag's (2018) article titled, *Scientific Misconduct at an Elite Medical Institute: The Role of Competing Institutional Logics and Fragmented Control* (Berggren

& Karabag, 2018), the researchers distinguish between three competing logics: a market-oriented, a medical, and an academic logic in a case involving medical and scientific misconduct at a leading research institute. The study analyzes how various actors sustained or tried to expose the misconduct (Berggren & Karabag, 2018). This work is of interest because it represents a more recent work concerning intra-institutional logics suggesting continued academic interest using institutional logics, generally, and intra-institutional logics, in particular, as a framework for institutional analysis. In addition, this work examines the dynamics of not just two but three different competing institutional logics making this a more nuanced piece of research than others reviewed heretofore that identify only two competing logics. The researchers make a clear connection between these logics and how some are contentious while others are harmonious.

As noted earlier, in an article by Meyer and Höllerer, *Laying a smoke screen: Ambiguity and neutralization as strategic responses to intra-institutional complexity* (Meyer & Höllerer, 2016), the authors explore the importance of distinguishing between inter-institutional and intra-institutional logics, or as they term it, 'complexity'. They point out that although Thornton et al. (2012) touch on the relevance of intra-institutional logics, the topic remains under-represented in the extant literature. This supports the already expressed view of a gap in the literature and the need for further research in this area.

The Meyer and Höllerer (2016) article uniquely contributes to the extant literature but lacks individual contributor depth. Importantly, however, this supports the present PhD research in that it too deals with competing logics embedded not only across but within institutional orders.

Their study makes a unique contribution not only because of the use of intra-institutional logics but also because of the novel findings of their research. Meyer and Höllerer (2016) describe the competing dynamics between a shareholder value orientation (SHV) versus a culture where corporate social responsibility (CSR) dominates. They concluded that organizations sometimes find it useful to deal with such complexity by being

purposefully ambiguous, taking a position that ‘neutralizes’ the complexities. In my naiveté, I found this surprising and disturbing.

Their study found “that ambiguity may be a powerful means of balancing disparate institutional demands, gaining time to find out how ongoing debates may evolve, or keeping future lines of action open” (Meyer & Höllerer, 2016, p. 397). They note that this strategy is not without risks, as it may lead to internal tensions about the organization’s strategic goals or how corporate policies are to be interpreted (Meyer & Höllerer, 2016). This work is useful because one often thinks of homogeneity in an organization as a positive attribute to be encouraged and its opposite condition as detrimental so that individuals move together toward a common goal with the same sense of purpose. However, Meyer and Höllerer (2016) reject this by making a supposed detriment into an outcome that may be desirable, notwithstanding concerns about professional ethics.

One attribute that becomes noticeable as one reviews the literature on institutional logics is that it has broad applicability even within the limits of business subjects. The following articles demonstrate this by addressing problems in several unrelated business areas.

Knowledge Transfer Intermediaries:

Traditional, Virtual, and Digital Intermediaries in University-Industry Collaboration: Exploring Institutional Logics and Bounded Rationality by Albats, Ekaterina; Alexander, Allen T.; Cunningham, James A. (2022). This is a quantitative work utilizing cluster analysis. The authors examine 20 international knowledge transfer intermediaries from around the world. The authors define knowledge transfer intermediaries (KTIs) as hybrid organizations bridging academia and business. KTIs involve “the process of managed and targeted facilitation occurring between universities and industrial partners (that includes activities of technology and knowledge transfer)” (Albats et al., 2022, p. 1).

The study aimed to develop an approach that compared different forms of KTIs. To do this, the authors compared KTIs by examining the institutional logics of ‘*structure*’ versus the institutional logics of ‘*agency*’. The authors define ‘structure’ and ‘agency’ whereby “structure is seen as patterned arrangements limiting the opportunities and choices of intermediary organizations, while agency represents intermediaries’ ability to act independently and make free choices” (Albats et al., 2022, p. 2).

The authors also lean on bounded rationality as a theoretical lens to help understand differences in the effectiveness of the organizations studied. Their analysis identified four types of knowledge transfer intermediaries: “rigid, rigid unbounded, agent-bounded, and agile” (Albats et al., 2022, p. 1). One of the intriguing aspects of this article is how the authors relate institutional logics to the problem, particularly intra-institutional logics. They describe the issue of competing intra-institutional logics as a ‘clash of logics’ between those who are ‘curiosity-driven’ and those who are oriented toward supporting the ‘impact agenda’ of the university.

Although the researcher found the writing style dense and, at times, opaque, this article makes an important contribution to institutional logics theory generally and competing intra-institutional logics in particular, which, the authors agree, continues to be an under-researched area. The article also combines institutional logics with bounded rationality, which is attractive to the researcher because this topic also arises in connection with the thesis.

Pharmaceutical Professionals/ethnography:

We now turn to another work titled, *When Creativity Gets You Fired-Why Professionals Tasked with Innovation Employ Subversion When Facing Competing Institutional Demands in Hybrid Organizations* by Lucas Vogelgsang (2022). This ethnographic study discusses how pharmaceutical innovation professionals within an internationally operating life science company deal with competing institutional logics. Data were collected from several clinical studies conducted within the organization between

September and November 2018. The data comprises participant observations, meetings, interviews, informal talks, and ad hoc interactions.

One difference between the thesis and the article is that the analysis for the article was not intended to identify ideal types of institutional logics as does the thesis. Instead, the article's research was based on the development of categories alone, which is one element of the thesis, but where this was also combined with the creation of ideal types.

One further difference is that the article studies competing interinstitutional logics combined with competing intra-institutional logics as opposed to competing intra-institutional logics alone, as is the case with the thesis, making this work unique in exploring both forms of institutional logics.

The article examines how pharmaceutical professionals must balance the need to design new ideas to meet the oversight requirements of industry regulators with competing expectations of managers within their organization whose focus is on efficiency. Internal scientists desire to produce high-quality products that meet rigorous external scientific requirements. In contrast, internal management pushes for efficiency so much that quality may suffer. This describes competing institutional logics that pits professional logics against market logics.

To resolve this, internal scientists “utilize a strategy of subversion to undermine the power and authority of [management] by employing tactics of withdrawal, manipulation, collusion, and ambushing” (Vogelgsang, 2022, p. 1). The author asserts that using ‘subversion’ explains how professionals maintain a desired level of quality despite pressure from management to focus on efficiency to the degree that doing so compromises their duty to act professionally.

A parallel can be drawn here with the thesis, which examines the conflict between fiduciary/compliance logics, which can be equated with professional logics, and efficiency logics, which is comparable with sales logics, a subcategory of market logics.

Similarly, the article uses rich descriptions from codes that ably support the findings and is written with a high degree of clarity and thus easy to follow.

One fascinating aspect of this work is how internal scientists find ways to bridge the gap between the competing logics so that the logics can coexist, thereby maintaining productivity, albeit through ethically questionable subversive tactics, notwithstanding an important advantage. As the author frames it, “Subversive ingenuity offers an explanation for how professionals can innovate without dissolving institutional complexity and without escalating conflict causing organizational paralysis” (Vogelgsang, 2022, p. 17). Such works demonstrating how conflicting logics can coexist without impairing productivity are sparse in the literature.

Sustainability in retailing:

The next article, *Exploring Institutional Competing Logic for Sustainability Implementation of Retail Chains* was written by Dagiliene, Lina; Varaniute, Viktorija; Puetter, Judith Maja (2022). This is a qualitative work utilizing competing institutional logics as a theoretical lens. The methods include in-depth semi-structured interviews with major supermarket retail chains. They also use one expert group discussion. The data were gathered targeting retailers located in Germany and Lithuania and supplemented with analysis of corporate social responsibility reports and management reports (Dagiliene et al., 2022).

In this work, the authors discuss the drivers of competing institutional logics and how they are influencing a shift to more sustainable business models in the retail industry. The results show that retail chains implement their sustainability strategies based on three main competing institutional logics “drivers: 1) environmental, 2) legal, and 3) financial with financial as the dominant logic” (Dagiliene et al., 2022, p. 17).

This work is similar to the thesis in discussing competing institutional logics. It differs from the thesis because it deals with interinstitutional logics instead of intra-institutional logics. The article makes interesting use of this theoretical lens to examine sustainability

issues generally and concerning retailers in particular. In doing so, the work demonstrates the flexibility of how the institutional logics perspective can be applied in novel ways.

Project business:

We turn to the next article titled, *Balancing on a Tightrope: Coping with Concurrent Institutional Logics in Project Business* by Ståhle M. and Ahola T. (2022). This work is a single case study and deals with conflicting sales logics that “focuses on Gatekeeper (pseudonym), a medium-sized firm operating in the security solutions business. Gatekeeper serves the needs of various industries by providing secure access solutions for buildings and other areas” (Ståhle & Ahola, 2022, p. 55).

This work differs from the thesis in that while the thesis identifies and evaluates sales logics, it does not consider conflicts that can occur *within* different types of sales logics. This is an interesting feature of the article. A similarity arises insofar as, although not a formal case study, the thesis also involves a single organization. There is another similarity in that the organization in both studies is anonymized. Also, like the thesis, the authors use a purposive sampling technique. Yet another similarity to the thesis is that the article study uses a small dataset. In the case of the article, the researchers used 11 semi-structured interviews collected within the target organization. Furthermore, like the thesis, the authors employ rich descriptions of the setting taken from the interviews, which helps support their findings.

The competing intra-institutional logics are related to two product/service offerings; equipment sales and project sales. The authors explain how sales logics can compete in this setting, stating that both processes will likely call for the best resources available, “resulting in inter-process competition for the most valuable resources (e.g., experienced sales managers)” (Ståhle & Ahola, 2022, p. 61). In terms of the article’s position within the extant literature, the authors reflect on the need for more attention concerning studies relating to tensions arising from competing intra-institutional logics at the employee level. This is something the thesis is sympathetic to and seeks to help remedy.

Science and technology parks:

The next piece is titled, *Between Rationalism and Romanticism: Metaphors in Managing Conflicting Institutional Logics in Science and Technology Parks* by Vähä-Savo et al. (2021). The dataset includes “interviews with science and technology park managers and representatives of client companies, parliamentary debates, and self-presentations by the parks” (Vähä-Savo et al., 2021, p. 46).

The authors identify two conflicting institutional logics that exist within science and technology parks: *instrumental rationalism* and *romanticism*. The authors note that instrumental rationalism logics involve appreciating “following standardized managerial and administrative guidelines formulated by educated professionals” (Vähä-Savo et al., 2021, p. 49). Whereas from the viewpoint of romanticism logics, “it is unacceptable to sacrifice individual creativity, passion, and a sense of community on the altar of efficient and predictable production” (Vähä-Savo et al., 2021, p. 59).

The authors explain how the two conflicting logics are internalized by the actors involved: “They may not want to make themselves look like daydreaming romantics instead of cool-headed businesspeople. But neither do they want to present themselves as just regular office workers in another grey office building” (Vähä-Savo et al., 2021, p. 59).

The findings uncover the existence of six key metaphors that are effective in bridging the gap between the two competing logics. These metaphors provide a common language that describes the shared environmental setting in ways in which adherents of both logics can relate, thus increasing the compatibility of the people occupying the technology parks.

This work is unique since much of the extant literature in the field, while commonly identifying the existence of competing institutional logics, does not propose ways those competing logics might become unified – or at least coexist without conflict.

Sustainability:

This brings us to our next work for discussion: *Analyzing Competing Logics Towards Sustainable Supplier Management* by León Bravo V., Jaramillo Villacrés M., Silva M.E. (2022). This paper is an example of a multiple-case study. “The authors interviewed different cocoa supply chain (SC) members in Ecuador and used a ground-up approach to analyze the data and reveal singularities influencing sustainability management” (Leon Bravo et al., 2022, p. 49). The authors seek to understand the “sustainable supplier management (SSM) process (i.e., selection, development, and evaluation)” (Leon Bravo et al., 2022, p. 49) present in the Ecuadorian cocoa supply chain (SC) using institutional logics as a theoretical lens.

By considering local characteristics and sustainability practices, this study illustrates how competing logics influences SSM. The main findings of the research suggest that ‘supplier development’, a subset of the sustainability logic is dominant. The authors assert that by understanding the differences in the logics, supply chain managers can better develop strategies for sustainable supplier management processes. In this sense, like the article previously reviewed, *Between Rationalism and Romanticism: Metaphors in Managing Conflicting Institutional Logics in Science and Technology Parks* by, Vähä-Savo, Valtteri; Luomanen, Jari; Alasuutari, Pertti (2021) this article, in addition to its value to academia, offers a pathway for practical application.

Similarities with the thesis include using rich interview narratives, which help support their findings. A further similarity is that the study covers competing institutional logics, albeit *inter* rather than *intra*-institutional competing logics. It is also interesting to see institutional logics applied to businesses and an industry based within emerging market economies. This, and the fact that the article deals with sustainability issues, further demonstrate the flexibility and universality of applying the institutional logics perspective.

Financial services – business ethics:

This brings us to a highly relevant work because, like this thesis, it is set within the retail financial services industry. *The Professionalization of Financial Planning in Australia: An Institutional Logics Perspective* by authors Richards, D. W., Ukwatte Jalathge, S. L., & Senarath Yapa, P. W. (2021). The readers of the thesis will also see this article listed among those discussed in the literature review section related to the ethics of financial advisors. To avoid redundancy, nothing further in this section is said about this work. However, it was relevant to list it within this section because it relates to the ethics of financial advisors using the institutional logics perspective to do so, making this a highly valuable and unique crossover academic work.

Science and engineering ethics:

In their conceptual work, *Leadership, Engineering and Ethical Clashes at Boeing*, Englehardt, Elaine; Werhane, Patricia H.; Newton, Lisa H. (2021), the authors provide an ethical analysis of the Boeing Corporation and its 737 MAX aircraft crashes examining organizational challenges leading to changes in management, ultimately culminating in three fatal aircraft accidents garnering international media attention (Englehardt et al., 2021).

The authors reference ‘blind spots’, which is related to the concepts of bounded awareness and bounded rationality. Furthermore, as a point of commonality, this thesis also mentions these terms. The authors discuss a ‘dominant logic’ focusing on production and profitability and how it crowds out engineering safety logics. The authors argue that in addition to becoming so entrenched that it creates blind spots and thwarts change, as organizations become increasingly more successful, it becomes more challenging to unlearn established ways of doing things.

Other concepts under consideration in this work have points of commonality with the thesis, which include: intra as opposed to interinstitutional logics used as a theoretical lens, ‘siloes mentalities,’ in that different operating departments within each

organization have their own set of deliverables which are grounded in numerical targets or objectives, creating 'blind spots' as previously noted. Also, the profitability-first logic parallels the sales logics discussed in the thesis. Moreover, at its heart, both the article and the thesis are about business ethics and understanding and exposing reasons for the unethical behavior of professionals.

Part II: Self-determination theory

3.6 Introduction

We thus far have reviewed the literature dealing with institutional logics with special attention to competing heterogeneous intra-institutional logics and begun to show the connection from it to the literature involving the moral dimensions of financial advisor behavior. We now review the literature involving self-determination theory (SDT).

We first discuss the importance of three core psychological needs which SDT assumes humans have: competence, autonomy, and relatedness. Next, we turn to a discussion about intrinsic versus extrinsic motivation. We then acknowledge the existence of contradictory research and the debate surrounding the effectiveness of monetary rewards for tasks and accomplishments as a means of motivation. We then discuss how SDT has been extended to include theories concerning financial materialism and financial altruism. After this, we discuss empirical research suggesting how distributive justice can be a moderating influence on compensation paid as a means of motivation. We then turn to a discussion of the value of SDT in the context of the PhD research project.

3.7 Self-determination theory: core psychological needs

SDT is a macro-theory of human motivation that seeks to explain human adaptation, wellbeing, and productivity (Ankli & Palliam, 2012; E. Deci & R. Ryan, 2008; Gagné & Forest, 2008; Landry et al., 2017; Ryan & Deci, 2020; Stone et al., 2010). SDT assumes “modern humans have three core psychological needs: competence, autonomy, and relatedness” (E. Deci & R. Ryan, 2008; Stone et al., 2010, p. 107). This is relevant to the PhD research since it is insufficient to focus solely on the needs of financial advisors, specifically and in a vacuum. Instead, since financial advisors are humans first and only secondarily financial advisors and identify with various institutional orders, as has been previously discussed, it follows that advisors, as humans, have the same core psychological needs as others.

SDT further assumes that people are active agents with innate tendencies toward psychological growth and development (Deci & Ryan, 2008). This implies that workers, including financial advisors, as part of their humanity, have a natural desire to engage in work that supports personal growth and development through challenging tasks.

Challenging work forces one out of one's 'comfort zone' and to 'stretch' oneself to produce work at desired levels. At this juncture, it is important to distinguish between work environments that promote 'stretching' as a median between, on one extreme, panic, or on the other extreme, being complacent or operating well within one's comfort zone. The phrase 'optimally challenged' is used later to describe this state of operating in the stretch zone (Heaps, 2017), which lies between complacency and panic.

The social environment and goal choices can nurture or thwart the three core psychological needs. As an example, some workers, including financial advisors, are motivated primarily by money and look forward to coming to work each day to make as much money as possible. While other advisors may be motivated by altruism, finding deep personal meaning in the opportunity to help as many clients as possible become 'financially fit'.

Some environments and goal choices facilitate the fulfillment of core human psychological needs, while others do not. "The central focus of SDT is the dialectic between individual choice and social context, and the corresponding movement toward or away from the fulfillment of core psychological needs" (Stone et al., 2010, p. 107).

3.8 Intrinsic versus extrinsic motivation

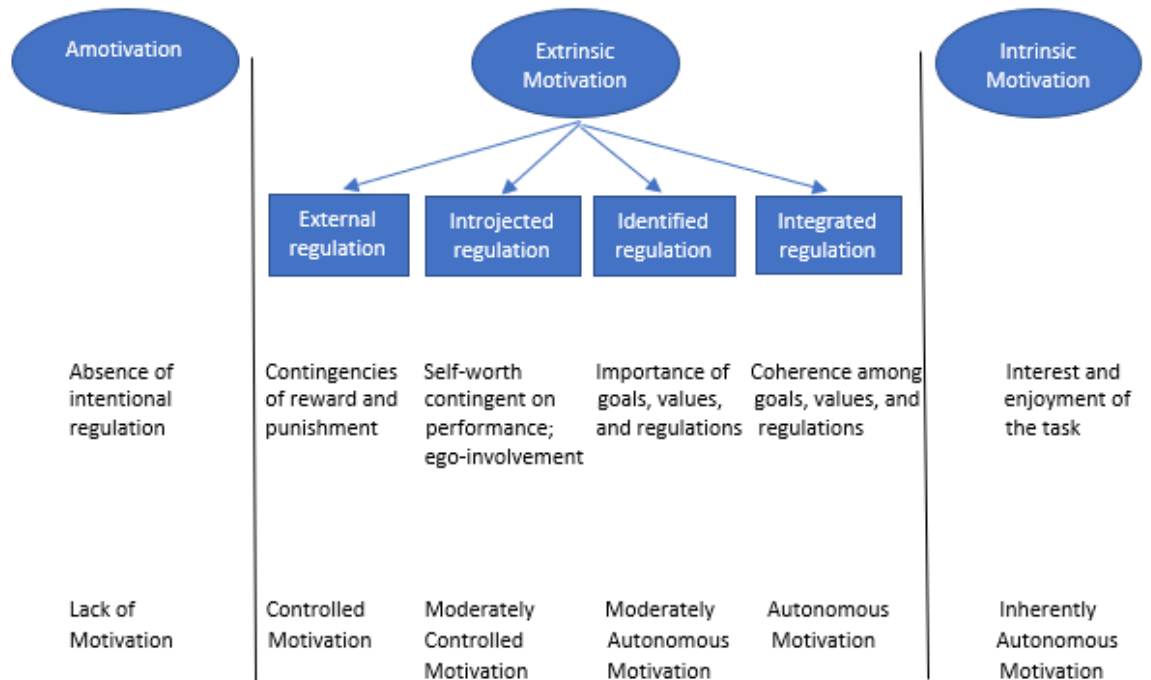
SDT posits, and empirical research supports (Ryan, 2000; Deci, 2008), the assertion that workers perform better and garner a greater sense of wellbeing when intrinsically versus extrinsically motivated. Intrinsic motivation involves doing a behavior because the activity itself is interesting and spontaneously satisfying. When intrinsically motivated, people perform activities because of the positive feelings resulting from the activities themselves. People are interested in applying themselves to achieve stretch goals and are

curious about learning new things that can help them improve their skillset. (Deci, 1975; White, 1959; Deci & Ryan, 2008).

Extrinsic motivation, in contrast, involves engaging in an activity because it may lead to some desired consequence. The clearest examples of extrinsically motivated behaviors are those performed to obtain a tangible reward or to avoid punishment (E. Deci & R. Ryan, 2008). Presumably, working out of desire is preferable to working because one has to, notwithstanding the need to earn a sufficient amount to support one's living expenses.

SDT posits a self-determination continuum (see Figure 2-3). It ranges from amotivation, which is entirely lacking in self-determination, to intrinsic motivation, which is entirely self-determined. Between amotivation and intrinsic motivation, along this descriptive continuum, are four types of extrinsic motivations, with External regulation being the most controlled (and thus the least self-determined) type of extrinsic motivation, and Introjected, Identified, and Integrated regulations being progressively more self-determined (Gagné & Deci, 2005, p. 335).

Figure 2-3: Self-determination Theory



(Gagné & Deci, 2005, p. 335)

3.9 Motivation types and how each is regulated

At one end of the regulation spectrum is amotivation, which is, as just noted, lacking in self-determination and motivation of any kind. On the other end, we see intrinsic motivation, a wholly self-determined motivation characterized by actions taken because the activities are interesting, even if one may not fully appreciate why one does them.

Regulation types associated with extrinsic motivation include external introjected, identified, and integrated. ‘External regulation’ supports engaging in behavior to get a raise or, so the boss will not be upset. Whereas ‘introjected regulation’ suggests reasons for behavior that include acting to avoid guilt or to feel worthy. ‘Identified regulation’ and ‘integrated regulation’ reasons for behavior are those reasons that are associated with personally valuing the behavior and having fully accepted its importance for personal, self-selected goals and which in turn promote wellbeing (Gagné & Deci, 2005).

3.10 Competence

Within SDT's construct of human psychological needs, competence, according to Ankli (2009), refers to “feeling effective in one’s interactions with the social environment and experiencing opportunities to exercise and express one’s capacities” (Ankli, 2009, p. 33). The need for competence leads people to seek out challenges that may be a stretch but seems possible to attain. To be competent, it is understood that it is necessary to determinedly attempt to maintain and enhance skills by engaging in the relevant activities. “Competence is not, however, an attained skill or capability, but rather is a felt sense of confidence and effectiveness in action” (Deci 2002, as cited in Ankli 2009, p. 33).

A link between competence and intrinsic motivation has been confirmed empirically. Activities that are challenging in the sense of ‘stretch goals’ can be intrinsically motivating (e.g., Danner & Lonky, 1981; Gagné & Deci, 2005). A virtuous cycle establishes itself as optimal challenges lead to successful performance and a greater sense of competence (Ryan, 1982, Deci & Ryan, 2008).

3.11 Autonomy

Autonomy concerns itself with acting with a sense of choice, volition, and self-determination; it does not refer to independence since people may volitionally choose to depend on others while acting autonomously (Landry et al., 2017). As Monnot asserts, “when individuals act with a sense of agency and volition, they are enacting autonomous behavior. It is the opposite of servility” (Monnot, 2018, p. 676). In contrast, rather than feeling pressured to work, “the autonomous employee chooses to engage in work typically for autotelic reasons” (Monnot, 2018, p. 676). SDT suggests that workers who are engaged in their work autonomously have higher levels of satisfaction and performance because they are satisfying a core psychological need (Monnot, 2018).

Recent research suggests that autonomous behavior is associated with greater wellbeing (Chirkov, Ryan, Kim, & Kaplan, 2003; Ferguson, Kasser, & Jahng, 2011; Lynch, La Guardia, & Ryan, 2009; Gagné & Deci, 2005) as well as higher levels of work engagement (Deci et al., 2001). Gagné (2005) goes on to state that autonomous motivation (associated with intrinsic motivation) has been associated with active information seeking (Koestner & Losier, 2002; Gagné, 2005), goal attainment (Sheldon & Elliot, 1998; Gagné, 2005), better performance (Amabile, Goldfarb, & Brackfield, 1990; Baard et al., 2004; Gagné, 2005), and increased wellbeing (Hardi et al., 1993; Gagné, 2005).

Controlled motivation is associated with “acting with a sense of pressure *having* to engage in the actions” (Gagné & Deci, 2005, p. 334), linked with extrinsic motivation, and associated with inconsistent goal striving (Koestner, Losier, Vallerand, & Carducci, 1996), vulnerability to persuasion (Koestner & Losier, 2002), and impaired performance and persistence. The accomplishment of intrinsically rewarding goals is associated with greater life satisfaction and wellbeing in general compared to extrinsically rewarding goals (Niemic et al., 2009; Monnot, 2018).

3.12 Relatedness

Relatedness refers to creating satisfying and supportive social relationships (Stone et al., 2010). Students, for example, who report a warm and caring relationship with their teacher exhibit greater intrinsic motivation in the classroom (Ryan, Stiller, & Lynch, 1994; Monnot, 2018). Like competence and autonomy, relatedness is also an important predictor of intrinsic motivation and eventual individual outcomes. Relatedness also refers to feeling connected to others, caring for and being cared for by those others, and having a sense of belongingness with other individuals and with one’s community. Relatedness reflects the integrative tendency of life, the tendency to connect with and be integral to and accepted by others. In business, managerial behaviors that support relatedness include but are not limited to facilitating team meetings, creating incentive

plans that support collaboration, and sharing information unless doing so is not possible, perhaps for legal reasons. (Ankli, 2009; Baard et al., 2004).

3.13 Contradictory claims

Early SDT experiments on monetary incentives proved counterintuitive in that intrinsic motivation was actually less influential (e.g., Deci, 1971). Early experiments suggested a unique relationship between incentives and motivation whereby extrinsic rewards seem to weaken initial intrinsic reward mechanisms. This finding has been widely replicated (Deci et al., 1999). Indeed, the consistent assumption of many studies (Coletti et al., 2005; Drake, 1999; Drake et al., 2007; Sprinkle, 2000) is that “financial incentives and other organizational controls increase effort and thereby produce ‘incentivized’ behavior” (Stone et al., 2010, p. 106).

However, Bonner and Sprinkle (2002) review four theories (social-cognitive, expectancy, agency, and goal setting) that are the predominant explanations offered for the effects of monetary incentives on effort direction, duration, and intensity. Yet, research shows that in both controlled laboratory and field studies, financial incentives fail to produce desired behaviors about as often as they succeed (Baker et al., 1988; Bonner et al., 2000; Bonner & Sprinkle, 2002; Camerer & Hogarth, 1999; Prendergast, 1999). Furthermore, research suggests that financial rewards can diminish trust in the organization, inhibit cooperation with others (Christ et al., 2008; Frey, 1997) and reduce feelings of proficiency and independence (Drake et al., 2007). Hence, according to Stone et al. (2010), “theories of incentives that fail to explain their inconsistency and dysfunctional effects are incomplete” (Stone et al., 2010, p. 106).

SDT predicts that “individuals’ levels of happiness are partially a function of the extent to which their social environment supports the fulfillment of, and their values and motivations are congruent with, the three core psychological needs” (Stone et al., 2010, p. 107).

3.14 Financial materialism vs financial altruism

To extend SDT theory and to understand what causes the inconsistency in the empirical research, Stone, Bryant, and Wier (2010) distinguish between financial materialism and financial altruism. According to the authors, “financial materialism is defined as a value of, or motivation for, obtaining financial wealth, economic luxury, or economically based individual power to increase one’s social position or prestige” (Kasser & Kanner, 2003, as cited in Stone et al., 2010, p. 107).

Stone, Bryant, and Wier (2010) define *financial altruism* as “a value of obtaining and using financial resources to enhance one’s community or interpersonal relationships” (Stone et al., 2010, p 108). Stone, Bryant, and Wier (2010) extend SDT and posit that financial altruism is a value that positively contributes to core psychological needs. And an important empirical result observed in SDT research is that “materialistic financial values, which do not align with the three core psychological needs posited by SDT, decrease psychological health” (Kasser, 2002; Stone et al., 2010, p. 107).

For example, Burroughs and Rindfleisch (2002) review the results of 18 studies investigating the relationship between alternative measures of financial materialism and physical and psychological health. All studies provide evidence of a negative relationship between financial materialism and wellbeing. Indeed, even critics of SDT find evidence of a negative relationship between financial materialism and wellbeing (e.g., see; Nickerson et al., 2003; Srivastava et al., 2001; Stone et al., 2010). Stone, Bryant and, Wier (2010) observe that individuals may have values including both financial materialism, financial altruism, or neither.

Through empirical studies, Stone, Bryant, and Wier (2010) found considerable variability in the degree to which participants exhibit financial altruism and financial materialism values. It was also discovered that incentives sometimes fail to produce the desired behavior since some workers may not value financial rewards enough to induce them to behave to earn them. In addition, some workers, just generally, are not motivated by financial rewards. As Stone, Bryant, and Wier (2010) point out, “evidence suggests

that financial incentives are less effective in complex, creative, and heuristic tasks and more effective in work requiring less complex transaction-oriented tasks” (Stone et al., 2010, p. 122). This supports the assertion that knowledge workers, such as those occupying professional status, may tend to act more from financial altruism.

The researcher asserts that to the degree workers are autonomous, acting based on financial altruism rather than materialism may be more common. This might be the case if, for example, the social environment of a worker is financially stable and confident about where their next meal is coming from. Alternatively, workers whose social environment includes experiencing personal financial stress may, because of this, effectively have only limited autonomy because of what might be a dominant necessity to make as much money as possible without regard to altruistic motivation. To behave from a position of financial altruism may be a luxury some workers simply cannot afford. Where the social environment is supportive of financial altruism values, it can “contribute to hedonic [happiness] utility while financial materialism values contribute either negatively or not at all to hedonic utility” (Stone et al., 2010, p. 105).

In addition, larger individual differences may exist insofar as the effectiveness of incentives grounded in financial materialism than financial altruism. Hence, “altruistic financial values may be a more effective and reliable motivator than materialistic financial values” (Stone et al., 2010, p. 124).

3.15 Pay workers well and fairly

Kohn (1993) recommends that “employers pay workers well and fairly and then do everything possible to help them forget about money. A preoccupation with money distracts everyone—employers and employees—from the issues that really matter” (Kohn, 1993, p. 3).

Ankli (2009) suggests that money should be considered in the context of the core physiological need of ‘relatedness’ in SDT. As he puts it, “Your salary can indicate your relative importance to an organization. If I am the best, then why doesn’t my

compensation reflect this? If you are underpaid, you will feel a sense of un-relatedness” (Ankli, 2009, p. 34). Later in the thesis, recommendations for practice relative to advisors’ compensation are made, which leverages this ‘relatedness’ aspect of SDT.

Ankli (2009) cautions about the possible damage encountered through the use of some performance appraisal systems tied to rewards, arguing that even team appraisals can be demotivating if the employee being appraised “feels that one or more persons are preventing them from getting an award” (Ankli, 2009, p. 32).

Deci and Ryan (2008, 1999) agree that money, distributed based on goal, quota, target achievement, and alike, can motivate, at least in the short run,. However, it comes at a price because it reduces intrinsic motivation. All things being equal, being motivated for intrinsic reasons seems more desirable than extrinsic ones for promoting productivity, wellbeing, and adaptability.

3.16 Distributive justice as a moderating influence

Because up to this point, it has been unsettled as to the adequacy of using financial incentives to bolster performance in work settings Thibault-Landry et al. (2017) conducted research that considered the moderating role of distributive justice in the relationship between financial incentives, motivation, and performance. Landry et al. (2017) noted that when financial incentives are used to meet targets and deadlines, they are more likely to perceive them as a controlling means of evaluation and surveillance. This comports with research relating to agency theory, discussed later, that posits workers require such tactics to mitigate shirking but which, according to SDT, “lowers feelings of autonomy and competence” (Landry et al., 2017, p. 64). However, bonuses are justified if such incentives are administered fairly (distributive justice) and in appreciation for a worker’s contribution rather than used to control behavior.

3.17 The value of SDT in the context of the PhD research

If the researcher were a member of management making decisions concerning financial advisor compensation and incentives, he would want to employ workers motivated by intrinsic, or at least an integrated regulation form of extrinsic motivation, rather than extrinsic factors associated with less autonomy. This would be the case since doing so would promote worker wellbeing; engagement with the mission; vision, and values of the organization, and support authenticity in how services are rendered to clients because advisors act from personal conviction. This, in turn, supports productivity, wellbeing, and adaptability.

3.18 Organization perspective

In the case of the subject organization, it may be too much to ask that most workers work for the sake of enjoyment alone. In contrast, however, extrinsically motivated advisors, if required to produce a certain number of financial plans, for instance, may give quality in the creation of the financial plans short-shrift and be tempted to simply ‘tick-the-box’ by producing the required number but without adequate regard for quality as opposed to someone who is not feeling pressured to produce a certain quantity of plans. The thesis address this with empirical evidence in the findings section.

Intrinsically motivated advisors and possibly those motivated through integrated regulation will be motivated to produce as many plans as can be completed, but only that which can be done with as high a degree of competence as the advisor is capable of delivering. From a practical aspect, it seems reasonable for management to devise compensation and incentive plans that support intrinsic motivation and which support autonomy whereby people personally value executing on the expected behavior and will have fully accepted its importance for their own personal self-selected goals for productivity and wellbeing.

3.19 Client perspective

Philosopher John Rawls (1921) asserts that one way to ascertain fairness is to view an issue through what he refers to as a ‘veil of ignorance’ (Rawls, 1921). Applying this criterion to this project, the advisor would consider that they may have no advance knowledge about whether they will be the client or advisor. Therefore, policies must be created with this in mind. This reminds us that an advisor who one day must become the client will be forced to ‘eat their own cooking’ so they should create for others what they themselves would like to be served. If the researcher were an investor, there would be a preference to work with an intrinsically motivated advisor since they would trust that person to look after their best interest more so than an advisor who feels pressure to meet quotas and who may thus be prone to simply go through a perfunctory exercise in order to ‘tick-a-box’. As a client, the researcher would not wish to think of himself as merely a means to an end, helping an advisor to ‘tick-the-box’ towards achieving their quotas.

The question then becomes, What incentives/compensation plans give rise to intrinsically motivated financial advisors? In looking at the question through a SDT lens we are addressing how advisor compensation plans can be morally grounded *and* good for business because:

- 1) Advisors will benefit because they will be acting from a place of intrinsic, or near intrinsic motivation, stemming from financial altruism wherein advisor wellbeing is supported because their human needs of autonomy, competence, and relatedness are being supported.

- 2) Organization interests will benefit because, if (1) is true, then they will have an engaged workforce of advisors since advisors will have an intrinsic, or near intrinsic, desire to live the mission, vision, and values of the organization and seek to serve as many clients as competently as possible.

3) Clients will benefit because they will receive advisory services from advisors who, because it is part of who they are as human beings, will innately provide advice in the client's best interest, notwithstanding the competency to do so.

Part III: Ethics of financial advisors

3.20 Introduction

The significance of financial advice: size and scope

Investors choose to work with financial advisors in an attempt to achieve a variety of objectives. Although potentially elusive, one such goal may be to have an opportunity to achieve superior investment performance. One study involving 16,000 investors in the Netherlands adds credence to the possibility of achieving this aim. In Kramer's (2012) article, *Financial Advice and Individual Investor Portfolio Performance* findings indicate that portfolios of advised investors "are better diversified and carry significantly less idiosyncratic risk. In addition, evidence from an analysis of investors who switch to advice-taking indicates that these findings (at least in part) reflect the effect of advisory intervention" (Kramer, 2012, p. 395). Results are mixed, however, as evidenced by another study by Hackethal (2012) where it is found "that advised accounts offer on average lower net returns and inferior risk-return tradeoffs" (Hackethal et al., 2012, p. 509).

In addition to *potentially* improved investment performance, other reasons advisors are sought include opportunities to obtain help with non-portfolio financial issues such as tax & estate planning, retirement planning, planning for incapacity, business succession planning, risk mitigation, insurance planning, and executive compensation analysis to name just a few.

According to the consulting firm *IBISWorld*, At present, the market size for the financial planning and advice industry in the U.S., as measured by revenue, is \$59.3 billion. It employs 227,237 people working in 146,794 businesses (staff-IBIS, 2022). As of December 31, 2021, 56.5% of American families relied on a financial advisor for assistance, including help in managing their retirement assets nationally valued at \$39.4 trillion (Honigsberg et al., 2022). From this brief snapshot, it is clear that the size and

scope of the industry are large, with significant influence on wellbeing. Clients' wellbeing can be compromised when advisors do not properly execute their fiduciary duties. The thesis entertains a variety of reasons for this.

3.20.1 Fiduciary duty

At its heart, this thesis is about professional ethics, and perhaps chief among several characteristics that define what it means to be a professional is the requirement to adhere to a fiduciary standard of care.

There are numerous definitions of fiduciary duty. However, before this is discussed, it is helpful to first clarify how the need for fiduciary duty arises. From a moral viewpoint, Brown (2013) suggests three criteria for morally substantial fiduciary duties: 1) The need for trusting relationships whereby one person must place their trust and confidence in another. 2) When one person is vulnerable to another. And 3) One person, the fiduciary, has voluntarily accepted responsibility for looking out for the best interests of another.

From a moral viewpoint, Keller (2018) observes that being a fiduciary transcends purely legal obligations stating, "Being an excellent doctor, for example, involves more than just being a doctor who does not do anything illegal" (Keller, 2018, p. 484). Similarly, what underlies how a good nurse discharges their fiduciary duty in caring for suffering patients "is not a body of law, in the first instance, but rather a conception of the function and calling of a nurse and of what it takes to achieve excellence as a member of the nursing profession" (Keller, 2018, p. 485).

A moral obligation of fiduciary duty goes beyond what is required by the letter of the law. Instead, it is more akin to what we hear, called the 'spirit' of the law. It asks, why do we need this fiduciary duty law, to begin with? It is to support others.

Legally speaking, according to the U.S. Securities and Exchange Commission's (SEC) Chairman Jay Clayton, fiduciary duty in the context of financial advisory relationships is defined as:

[A fiduciary duty is] the duty an investment adviser owes to its clients. This duty—comprised of both a duty of care and a duty of loyalty—is principles-based and applies to the entire relationship between the investment adviser and the client. The *Fiduciary Interpretation* confirms the Commission’s longstanding view that an investment adviser must, at all times, serve the best interest of its client and not subordinate its client’s interest to its own (Clayton, 2019).

To the disappointment of many, ‘best interest’ is not clearly defined, only loosely explained through various examples offered by the SEC and the Financial Industry Regulatory Authority (FINRA). Researcher Steve Lydenberg (2014) also discusses what defines ‘prudent’, ‘rational’, and ‘reasonable’ regarding advisors’ fiduciary duty.

From the researcher’s perspective, acting as a fiduciary requires blending the moral and legal aspects. The moral aspects that require those acting in this capacity to go above and beyond what the law requires are essential because respect for human dignity insists upon it. The legal elements must also be attended to for the consistent functioning of society. This blending of perspectives is how the researcher wishes readers to understand how the concept of fiduciary duty applies to the thesis. Moreover, it should be noted that the thesis examines fiduciary duty from the self-perceptions of advisors and the reality of actual consequences when this duty is breached.

Notably, among all FINRA arbitration cases settled in the U.S. of the eight most common controversy types of customer arbitrations, the top issue involved a breach of fiduciary duty. This can be seen in Table 4-3, after which we critically review the financial advisor literature.

Table 4-3: Top Eight Controversy Types in Customer Arbitrations

Controversy		2022 Cases served	2021	2020	2019	2018
Breach of Fiduciary Duty	Through July	705	925	995	1,138	1,339
	Year-End	--	1,445	1,714	2,053	2,290
Negligence	Through July	641	867	914	1,021	1,127
	Year-End	--	1,371	1,592	1,826	1,974
Failure to Supervise	Through July	566	766	838	954	1,110
	Year-End	--	1,218	1,433	1,731	1,935
Breach of Contract	Through July	527	721	736	850	963
	Year-End	--	1,110	1,292	1,563	1,711
Misrepresentation	Through July	519	772	793	885	1,092
	Year-End	--	1,181	1,384	1,688	1,775
Suitability	Through July	503	651	732	836	1,127
	Year-End	--	1,071	1,220	1,580	1,779
Omission of Facts	Through July	421	627	699	790	939
	Year-End	--	958	1,215	1,468	1,547
Fraud	Through July	375	476	582	819	984
	Year-End	--	744	918	1,499	1,707
	Year-End	--	72	39	63	36

*These categories were not tracked for the years in which no data appears. A single arbitration case may include multiple controversy types.

(FINRA, 2022)

3.21 Critical review of the literature

What follows is a critical review of a culled list of relevant articles grouped by theme. Themes are associated with various areas but are not always mentioned in the thesis. For instance, the theme of gender differences is not reflected in the thesis except for references to gender in the demographics of study participants. However, given the issue's importance and the article's quality, it was chosen for inclusion in this literature review. It is hoped that clustering articles by theme will help the reader take a step back to see the panorama of research problems that form a mosaic of literature in the field rather than focusing narrowly on how each article contributes to the field in isolation. In some instances, there are clusters of several articles that speak to a common theme. In other cases, only one article is associated with a particular theme. The number of articles corresponding to a particular theme is noted in parentheses next to the theme description.

Some articles fall into multiple categories, but only one main theme has been chosen for each.

Theme: Consequentialism (1)

Austin-Campbell's (2021) *Wells Fargo: An Examination of a Corporate Scandal and the Economic Impact on the Value of the Stock*. This quantitative article examines the relationship between the scandal at Wells Fargo Bank over opening unauthorized accounts and the effects on the company's stock price performance.

Surprisingly, the findings showed that the scandal did little to discourage investors, nor did it result in poor stock performance for the time period measured. "Some major corporations that are involved in damaging activity almost never recover as in the case of the Enron Corporation. However, WFC managed to weather the storm and continue as a formidable competitor" (Austin-Campbell, 2021, p. 13).

The significance of this article relative to the thesis is that it underscores how it is difficult to ascertain consequences over relatively short periods of time. It could well be that over a longer period, the consequences of this debacle will be reflected more fully in the stock price performance. It is stated in the thesis that over longer periods, what may at first seem a profitable decision may, in fact, in the long-run result in a liability or liabilities, possibly on more than one level; monetary and reputational.

It should also be noted that viewing investing decisions through the ESG (environmental, social, governance) lens (de Vincentiis, 2022; Sabbaghi, 2022; Shanaev & Ghimire, 2022) may not have influenced stock prices in the past as much as other traditional metrics such as earnings, revenue, and cashflow, to name a few, at least in the short-run. However, this criteria for making investment decisions is gaining momentum. This is relevant because investors who use ESG as a criterion for selecting investments might well avoid investing in WFC based on its record concerning governance. For example, a study by de Vincentiis (2022) found that "managers need to be aware that not only economic and financial information, but also ESG news may significantly affect the

market price of negotiable financial instruments issued by the company” (de Vincentiis, 2022, p. 9). de Vincentiis (2022) went further to assert that not only managers but investors should be cognizant of the influence of ESG related news because evidence suggests it can “produce pricing adjustments including overreaction of stock prices to ESG news, especially when concerning major controversies” (de Vincentiis, 2022, p. 9).

And according to Shanaev et al. (2022), “ESG rating downgrades are shown to materially depress stock prices, highlighting the importance of ESG risk factors and the informational value of ESG ratings to institutional and individual investors alike” (Shanaev & Ghimire, 2022, p. 6).

Theme: Fiduciary duty (2)

Another work, although not relatively recent, but crucial nonetheless, is John Bogle’s (2009), *The Fiduciary Principle: No Man Can Serve Two Masters*. This is a qualitative journal article written by the founder of the mammoth firm, The Vanguard Group. In the article, Bogle refers primarily to institutional investment advisors rather than retail advisors working directly with the general public. But the advice and admonition have relevance in both settings. According to Bogle, “the concept of fiduciary duty, essentially ‘no man can serve two masters’ is centuries old. But over the past few decades, too many institutional money managers have placed their own interests ahead of the principals that they represent” (Bogle, 2009).

Another relevant aspect of the article arises from Bogle spending a good deal of time on the problem of how sales on the one hand and fiduciary duty on the other should be considered mutually exclusive because their objectives and attendant obligations are in diametric opposition to one another. Bogle’s concern is similar to the problem outlined in the thesis of dominant sales logics superseding fiduciary/compliance logics, which in turn leads to ethical lapses.

We now turn to another work by Richards, D. W., Ahmed, A. D., & Bruce, K. (2022) titled, *Ethics in Financial Planning: Analysis of Ombudsman Decisions Using Codes of*

Ethics and Fiduciary Duty Standards. It should be noted that this is the second article reviewed where Richards is a lead co-author. Richards is a leader in the field, concentrating on the behavior of financial professionals. The authors perform a quantitative cluster analysis study examining adjudication of external consumer complaints, called ‘decisions’. They examine 212 decisions pertaining to personal financial advice selected from the three financial ombudsperson services in Australia from 8 August 2013 to 9 August 2018.

The authors note that the cluster analysis identified nine clusters of decisions. One of which - the largest, contained over half of the decisions and which, it happens, clients were more likely to win. “This cluster was characterized by two ethical elements: diligence and client’s best interest, and the ‘conduct type’ of ‘no reasonable basis for advice’”(Richards et al., 2022, p. 414). Although the thesis spends significant time discussing fiduciary duty and the client’s best interests, this article drills down further to highlight ‘diligence’ which is related closely to the concept of fiduciary duty – possibly part of what defines it.

The authors provide examples of shortfalls concerning diligence and note that ethical lapses can occur through 1) the fault of the advisor, 2) the influence of the organization, or may be due to 3) issues related to the industry. Or, failures and attendant adverse judgments against advisors due to lack of diligence may be caused by all three.

These points in the article explain what happens and why but do not go to the root causes for why, nor does it offer suggestions for practice improvements. The thesis, on the other hand, as readers will discover, goes further as it draws out a deeper ‘why’, unearthing root causes.

Theme: Informed consent and client responsibility (1)

Next, we turn to Bruhn, A., & Asher, A. (2021) *The Primacy of Ethics In the Provision of Financial Advice*. This qualitative work was carried out with 23 interviews and a

review of public financial dispute arbitration hearings in Australia. There were three main findings:

First, the authors confirmed a need for the public to have access to trustworthy advice. Second, the authors identified “the need for clients to be led into an understanding of their needs and the risks attached to investment. This need is not met by disclosure only” (Bruhn & Asher, 2021, p. 3312). This is important because it points to the importance of informed consent (Kim & Routledge, 2022; Loi et al., 2022) rather than merely disclosure which may be made in purely a perfunctory and ineffective fashion. The third finding noted: “Given that regulations have limits, our ... findings turn to the ethical disposition of both clients and service providers” (Bruhn & Asher, 2021, p. 3318).

This final finding relates to the thesis insofar as it recognizes that both *client* and advisor ethics contribute to the quality of service provided. The thesis discusses how Private Client Advisors feel pressure from clients along with pressure originating from other sources as catalysts for ethical lapses. It also relates to the thesis in that ‘ethical disposition’, which stems from one’s self-identity, is closely linked with forms of motivation associated with self-determination theory discussed at length in the thesis.

Before leaving Bruhn & Asher (2021), it is worth noting that for some, the question arises as to when or under what circumstances it might be reasonable to hold clients accountable for ethical lapses. The thesis discusses pressure from clients as a factor that sometimes leads advisors to compromise their ethics. Clients, like customers generally, are not always right in what they believe or demand (Baker & Kim, 2020; Kim & Baker, 2020; Sorell, 1994). Business ethicist Tom Sorell (1994) notes that according to one perspective, “A business is after all at the mercy of the economic power of its customers, who are always being enticed to buy from competitors; so it pays to do what it takes to keep one's customers loyal ...” (Sorell, 1994, p. 913). He further suggests that since it can be argued that consumers are weak and the firms they buy from are strong, consumers need protection and need it on the moral grounds of protecting the weak from the strong.

On the other hand, “It can sometimes be morally expensive to give the customer what he wants” (Sorell, 1994, p. 914). For example, it would be morally impermissible to go along with customer demands when customer satisfaction requires waiving the reasonable standards of a commercial association, profession, art, or craft, whereby this pressure leads to lowering standards that, in turn, creates a threat to safety or the environment (Sorell, 1994). This example relates to customer demands conflicting with advisors’ fiduciary duty to act in their best interest. It is discussed in the thesis, particularly in how such pressure is supported by the need to achieve targets and overshadows what one understands to be one’s fiduciary duty.

Theme: Self-determination theory (1)

Next, we turn to Ronald Duska’s (2017), *Ethics Before Law: The Ethical Fiduciary*. This is a conceptual, qualitative piece. Duska, who was an ethicist specializing in financial services, argued that despite the legal debate happening at that time, and which persists, around the duty of care advisors owe their clients, advisors should place more emphasis on their moral duty versus whatever the law ultimately determines as their legal obligation. Morally speaking, he asserted, advisors should “ignore the legality [because] planners know what is right. We are not merely salespeople; we are financial planning professionals, and we need to act accordingly” (Duska, 2017, p. 27).

Duska points out that although something may not be illegal, it may not be morally right. In admonishing advisors to ‘act accordingly’ he insists that financial advisors develop their own sense of self-identity, so that right behavior finds its way from internal motivations even if the law ultimately requires only a weaker standard. This is closely related to the thesis since the concept of motivation, ranging from intrinsic to extrinsic, is reviewed and shows how each relates to ethical behavior.

An ethical dilemma arises in that, whereas the focus on self-determination in the thesis highlights how advisors develop their ethical dispositions and wish to be able to act on these inclinations as a matter of personal and professional integrity. However, competing intra-institutional logics create norms and raise expectations of certain types of behavior

and organizational priorities, which, in turn, create external motivation and, perhaps even externally driven moral values, including organizational dispositions that may or may not be consistent with deeply held personal ethics. This is an example of conflicting institutional logics and how these logics are interwoven with aspects of self-determination theory, which is at the heart of this thesis.

Theme: Misconduct (3)

In another nod to Duska for what is likely one of the most significant pieces of literature in terms of its relevance to financial advisor ethics is not a piece of literature at all. Federwisch (2006) interviews Ronald Duska and James A. Mitchell to discuss their joint presentation for the Oct. 24, 2006, Business and Organizational Ethics Partnership conference.

In the interview Duska, referring to the financial services industry, notes that ethical lapses occur for five main reasons, listed below. Regrettably, there is insufficient space to share the examples Duska uses to illuminate each reason:

- 1) Self-interest sometimes morphs into greed and selfishness, which is unchecked self-interest at the expense of someone else.
- 2) Some people suffer from stunted moral development.
- 3) Some people equate moral behavior with legal behavior, disregarding the fact that even though an action may not be illegal, it still may not be moral.
- 4) Professional duty can conflict with company demands.
- 5) Individual responsibility can wither under the demands of the client (Duska, 2006, p. 2).

These five reasons are used as discussion points in the thesis. Moreover, the researcher believes the significance of these explanations has important implications for further research into the ethics of financial advisors. From an anecdotal viewpoint, the researcher finds these reasons fascinating, partly because he has observed examples of how they have arisen in actual situations.

We now examine, *Is Fraud Contagious? Coworker Influence on Misconduct by Financial Advisors* by Dimmock, S. G., Gerken, W. C., & Graham, N. P. (2018). This is a quantitative work wherein the researchers work with a large database of U.S. federal regulatory disclosure forms called Form U4 and other state-level databases. The data are screened for advisor misconduct wherein the advisors also have a history of moving to another firm due to a merger. The idea was to see what the influence of peers might be on advisor misconduct.

The authors found evidence of coworker influence on misconduct committed by financial advisors. They show that “an advisor is 37% more likely to commit misconduct if his ‘introduced branch’ coworkers have a history of misconduct” (Dimmock et al., 2018, p. 1419).

The thesis supports these results because as Chesnut (2020) finds: “Most people can lie just a little and still feel good about themselves. Moreover, this tendency to misbehave actually increases if the subjects believe that others around them are probably doing the same thing” (Chesnut, 2020, p. 112).

Next, we look at Egan, M., Matvos, G., & Seru, A. (2019) *The Market for Financial Adviser Misconduct*. First, it should be noted that Egan has been cited by others included in this literature review list and has co-authored several other articles in this field. Other works for which he is the lead author include: (Egan, 2019; Egan, Lewellen, et al., 2022; Egan et al., 2021a, 2021b; Egan, Matvos, et al., 2022).

This article uses quantitative methods, with the authors having constructed a database from government records of all U.S. financial advisors (about 1.2 million). This is the same dataset used by two other articles in this literature review. The authors found large differences in misconduct across financial advisory firms in that “some firms employ substantially more advisers with records of misconduct than others” (Egan et al., 2019, p. 235).

This points to an interesting disparity between firms. It would also be interesting to understand the demographics of the clients relative to each firm. For example, ‘Do Oppenheimer, Wells Fargo, and First Allied, where more than one in seven financial advisers have a record of misconduct, cater to larger investors?’ At the same time, ‘Does USAA, where the ratio of wrongdoers is roughly one in 36, work with investors with, on average, smaller-sized accounts?’ (USAA, 2022).

Their findings indicate that “advisors working for firms whose executives and officers have records of misconduct are more than twice as likely to engage in misconduct” (Egan et al., 2019, p. 235). This may account for consequences that arise from the ‘tone from the top’ (Baxter, 2012; Ormiston et al., 2022).

Their results also suggest that “misconduct is widespread in regions with relatively high incomes, low education, and elderly populations” (Egan et al., 2019, p. 289). It seems the wolves know where the chicken coops are located. Interestingly, the authors also find “similar patterns of misconduct among investment advisors subject to fiduciary standards. This result suggests that fiduciary standards may not be a simple solution to decreasing misconduct” (Egan et al., 2019, p. 290).

This researcher speculates, based upon purely anecdotal evidence that it may be more difficult for those who have disclosures of client complaints listed in their government records to obtain a job with a new advisory firm if doing so requires them to complete an online job application first. This is believed to be the case because of the technology used in modern recruiting methods whereby the computer application used to screen applicants will automatically eliminate those applications where the candidate makes a tick-mark next to a commonly utilized question pertaining to the existence of such disclosures.

It, therefore, seems more likely that advisors with such ‘black-marks’ against them will find jobs at new firms based upon a preexisting personal relationship with someone already working at the target firm and who can personally recommend them to the hiring manager. This may be another plausible reason why advisors with such disclosures seem

to find themselves working together. Obviously, this assertion is based solely on anecdotal, personal observation. However, it does point the way to what could be intriguing empirical research that should be conducted.

Theme: Institutional logics (3)

This brings us to *Administrative Evil and the Pressure to Conform* by Lilly, J., Durr, D., Grogan, A., & Super, J. F. (2021). This intriguing qualitative work reviewed the Wells Fargo Bank scandal referred to earlier by Austin-Campbell, S. (2021). In this work, the authors assert that although unethical behavior often originates with top management, they do not act entirely alone. They argue that the misbehavior of top management often requires the support of those who work in roles far down the ladder.

The authors find the following reasons lay the foundation for such support: “social conformity; groupthink, group polarization, bystander effect, diffusion of responsibility, and organizational culture” (Lilly et al., 2021, p. 587). The authors explain each in turn.

Social conformity relates to peer pressure. The authors explain that “researchers ... have identified three motives for conforming to group pressure: (1) compliance; (2) identification; and (3) internalization” (Lilly et al., 2021, p. 588). The ‘compliance motive’ relates to a form of extrinsic motivation. This is discussed at length in the thesis relative to self-determination theory. The ‘identification motive’ relates closely to the institutional logics perspective regarding how actors self-identify with their roles. The ‘internalization motive’ relates both to institutional logics theory for the same reason that it concerns self-identification and self-determination theory as it involves intrinsic motivation.

Groupthink is defined as “a situation in which people make irrational decisions because of a desire to maintain group cohesion and harmony” (Lilly et al., 2021, p. 589).

Group polarization refers to “group decisions and actions that become more extreme in a group setting than would otherwise occur if the individual acted on his own” (Lilly et al., 2021, p. 592).

The bystander effect refers to a situation “when a victim is ignored even when other people are present and witness the situation” (Lilly et al., 2021, p. 592).

Diffusion of responsibility refers to “an individual taking less responsibility for a situation if other people are present. ... responsibility is spread among all present if something bad happens rather than responsibility placed on one individual” (Lilly et al., 2021, p. 593). This comports with Robert Chesnut’s (2020) assertion noted earlier that most people can lie and still feel good about themselves if they feel others around them are doing the same thing.

Organizational culture consists in three forms: artifacts, values, and assumptions. *Artifacts* “are the surface level of culture that include verbal and visible cues to indicate the organization’s way of doing things. Wells Fargo *artifacts* included publicizing their cross-sell metric in corporate memos and by telling employees: “Every customer needs a credit card” (Lilly et al., 2021, p. 593).

Values “are the next higher level of cultural understanding and reflect members’ shared opinions of how things should be. At Wells Fargo, apparent values included engaging in misconduct to achieve sales goals” (Lilly et al., 2021, p. 593).

Assumptions “are beliefs that are taken for granted in an organization and form the core culture of the organization” (Lilly et al., 2021, p. 593).

Much of the foregoing, particularly concerning assumptions, hews closely to the institutional logics perspective as discussed in the thesis. ‘Assumptions’ strikes a special chord, in particular, because the institutional logics perspective also takes into account the tone from the top, what is said and unsaid, what is understood through tacit or explicit communication, with peers and those in higher positions, in terms of what it takes to be

successful or to fail in the role. As the thesis explains, these assumptions are internalized, and workers self-identify with them and, in the process, influence behavior.

Next, we look at *Conflict of Interest Disclosure as a Reminder of Professional Norms: Clients First!* By Sunita Sah (2019). Before exploring the article, it should be noted that Sah is a thought leader in the realm of financial advisor ethics with several articles and citations by other authors working in this area. This article involves a quantitative study with 225 participants (155 men, 66 women, 4 genders unreported) from a U.S. graduate school who played the role of two types of advisors; physicians and financial advisors.

The author notes that disclosing information about conflicts of interest is a common approach to managing them and reminds the reader this is true across a number of occupations and professions. The study reveals how perceived professional norms may influence reactions of advisors to conflicts of interest disclosure and finds disclosure of conflicts of interest can increase as well as decrease bias in advice. “The effect of disclosure depends on whether the perceived norms of the context in which the advice is provided are “clients first” or “self-interests first” (Sah, 2019, p. 62). The ascertained ‘context’ is based upon research participants’ perceptions of the role they played in experiments. One group of participants (non-experts) were asked to play the role of physicians while another group, also non-experts, played the role of financial advisors.

Participants’ expectations were thought to be “strongly influenced by schemas and descriptive stereotypes of the particular type of advisor being portrayed (physician or financial advisor) where medicine is considered a caring profession and finance viewed as a self-interested profit-driven profession ... and that “people (non-experts) trust physicians more than other professionals, such as financial advisors and bankers, even though physicians possess, and succumb to, similar conflicts of interest as other advisors” (Sah, 2019, p. 65).

Depending upon the prevailing norm, the author finds that disclosing conflicts of interest “increases the salience of that perceived professional norm (‘clients first’ or ‘self-interest first’) and correspondingly, the level of bias in the advice [provided by the advisor]”

(Sah, 2019, p. 62). The findings revealed that “conflict of interest disclosure resulted in increased bias for participants playing the role of a financial-advising role but decreased bias for participants playing a medical-advising role” (Sah, 2019, p. 75).

The study focuses on how schemas and descriptive stereotypes influence behavior and suggests a possible link to institutional logics in the sense of how financial advisors self-identify and behave. These findings are interesting and may form the basis for further research on the ethical behavior of advisors.

Sah (2019) also finds that disclosing conflicts of interest can pose difficulties for those *receiving* the advice. Sah asserts that “unsure of how to react, advisees often ignore the disclosure, trust the advisor more, or trust the advisor less, even when the advice is of demonstrably high quality” (Sah, 2019, p. 62). This may account for why advisors might be reluctant to disclose conflicts of interest since they may be concerned that doing so may hurt their ability to conduct business.

The researcher speculates that this could be why financial advisors, as well as those in other professions, rely on disclosure documents with fine-print assuming clients will be unwilling to read the information. This then becomes merely a perfunctory form of disclosure without actually effectively providing the information needed for informed consent (Breen et al., 2020; Burkhardt et al., 2022; Eabrasu, 2019). Sah (2019) also finds “advisees may also feel increased pressure to comply with the advice despite trusting it less” (Sah, 2019, p. 63). Furthermore, “whether due to cost, time, a reluctance to insult their primary advisor, advisees do not regularly seek second opinions” (Sah, 2019, p. 63). In something of a lamentation, Sah notes, “it is much easier to ask advisors to disclose than to engage in a thoughtful critique and reform to increase the salience of professional norms to place clients first” (Sah, 2019, p. 77). For the researcher, this suggests that professionals, if they are indeed working in clients’ best interests, need to take the act of disclosure seriously and ensure clients are informed about the meaning and applicability of the disclosures to which they are asked to consent through sincere attempts to verbally check for understanding.

We now turn to *The Professionalization of Financial Planning in Australia: An Institutional Logics Perspective* by authors Richards, D. W., Ukwatte Jalathge, S. L., & Senarath Yapa, P. W. This is a qualitative study “that uses documentary analysis of government inquiries into Australian financial services from 1997 to 2017 to ascertain the various institutional logics relating to the professionalization of financial planning” (Richards et al., 2021, p. 238). This is a uniquely relevant article in that, just as the thesis, it applies institutional logics theory as a framework in understanding financial services. In this case the article relates specifically to “impediments to the professionalization of financial planning in Australia” (Richards et al., 2021, p. 238). The thesis discusses professionalism and professionals versus the responsibilities of those who occupy other occupations which is different in its emphasis from the Richards et al. (2021) article. As with the present thesis, the authors identify and evaluate the presence of various competing institutional logics: a self-regulation logic, a logic of profit maximization, and a logic of attracting and retaining members (Richards et al., 2021).

One main difference between the thesis and the article is that the focus of the thesis is competing intra-institutional logics. In contrast, the attention of the article is directed to competing interinstitutional logics.

Theme: Gender differences (1)

We now reflect on the work titled, *Who is Less Likely to be Involved in Financial Advisor Misconduct?* by authors Camarda, J., Chira, I., & De Jong, P. J. (2018). This is a quantitative piece whereby the authors study Florida financial advisors with a record of at least one complaint in the government database.

Their main objective was to “examine whether the misconduct of female financial advisors differs from that of males and if professional designations can serve as an additional differentiation signal of reduced misconduct for female advisors” (Camarda et al., 2018, p. 15). The authors found that ‘generally, women advisors are associated with much less misconduct than males’ (Camarda et al., 2018, p. 15).

This study, although important in terms of what it contributes to the literature regarding the ethics of financial advisors, does not relate closely to the thesis. One reason for this that soon becomes obvious to the reader is the fact that there are so few women financial advisors in the organization where the PhD project is set. However, the researcher has an interest in conducting future research in this area, particularly to determine if the findings remain consistent across different types of financial advisory firms. One wonders if there might be any difference in results depending on whether or not the firm where the advisor works is a registered investment advisory firm, an insurance company, or a broker-dealer, for example.

Theme: Social Constructionism (1)

Next is the article by Bai, J. J., Shang, C., Wan, C., & Zhao, Y. E. (2021) titled *Social Capital and Individual Ethics: Evidence From Financial Adviser Misconduct*. This is a quantitative piece. The data consists in a panel of investment advisor representatives [IARs] in the United States. This panel was identified in another study by Egan et al. (2019). It contained information about 460,503 advisors who registered with a state and/or the Securities and Exchange Commission as IARs between 2007 and 2015.

For the uninitiated, IARs are those advisors whose duty of care owed toward clients requires them to be fiduciaries. This contrasts with registered representatives (RRs) who work for broker-dealers and are held to a weaker suitability standard of care (Charoenwong et al., 2019; Russ, 2019). This difference in the duty of care has been established through case law dating back to the 1940s. However, it is worth noting that this distinction is now being challenged by newer language coming from regulators suggesting both IARs and RRs owe the same duty, which is to act in clients' best interests without specifying this to mean fiduciary duty (SEC, 2019). Hence, this issue is evolving as of the date of this writing.

In this paper, the authors “study the role of social capital in mitigating financial adviser misconduct”(Bai et al., 2021, p. 21). The authors suggest that social capital is the “fabric that connects members of a society and plays a critical role in nurturing the norms that

prevail within a community and maintain that human behaviors are inevitably influenced by social forces” (Bai et al., 2021, p. 21).

The authors created an index of advisor participation in civic activities such as voting, completing census questionnaires, and the number of non-profit organization affiliations. The authors screened for advisors with criminal, regulatory, internal, civil, or customer-related investigations that were ultimately resolved against them. They found “strong evidence that financial advisers located in higher social capital regions are associated with significantly lower incidence of misconduct” (Bai et al., 2021, p. 21).

This is an interesting work, in part, because it does not consider typical explanations for advisor misconduct, such as defective compensation systems or other variables related to the firm. These findings take a more holistic view of what shapes character rather than the tension between greed and altruism or conflicting intra-institutional logics.

3.22 Roads not traveled

While it will become apparent in due course why the institutional logics perspective and self-determination theories were selected as theoretical lenses to examine the organization under study, questions may arise as to why other theories were excluded. Several other relevant theories could have been chosen, such as those involving neo-institutional theory (Alvesson & Spicer, 2018; Sayari & Marcum, 2022), institutional theory (Lepsius, 2017; Risi et al., 2022), stewardship theory (Davis et al., 2018), environmental, social, and governance (ESG) issues (Armstrong, 2020), and stakeholder theory (Bridoux & Stoelhorst, 2022), to mention only a few. The thesis also excludes agency theory (Dierksmeier, 2020; Eugene F Fama & Michael C Jensen, 1983; Jensen & Meckling, 1976), which some may regard as an obvious choice for inclusion. Understandably, including all of these theories would have been unwieldy. However, because of the strength of its potential application, what follows is a discussion about agency theory and why it was omitted as a foundational theoretical lens for this research project.

3.23 Agency theory

Agency theory encompasses two main elements; agents and principals. Jensen & Meckling (1976) “define an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent” (Jensen & Meckling, 1976, p. 308). Principals are considered the beneficiaries of the services provided by their agents. Agency theory is constructed around seven essential assumptions about people: self-interest; goal conflict, bounded rationality, information asymmetry, information is a commodity, risk aversion, and efficiency (Eisenhardt, 1989).

Self interest

Agency theory concerns the “dilemma that the principal and agent, while nominally working toward the same goal, may not always share the same interests” (Delves & Patrick, 2010, p. 1). People act in ways in which they perceive to be in their self-interest behaving opportunistically such that if the opportunity arises, agents will expend the least amount of effort toward their work as can be gotten away with – shirking (Eisenhardt, 1989; Fama, 1980).

Information asymmetry

In addition to agents’ interests often differing from principals, agents often have better information or so-called “hidden information” (Bergh et al., 2018; Payne & Petrenko, 2019) about activities related to their work than principals. The literature refers to this as “information asymmetries,” which are unequal levels of knowledge or skills between the principals and their agents (Kiser, 1999). For example, think of a large corporation that employs scientists who must perform highly technical research in the healthcare or aerospace industries. There may be few, if any, members of the board of directors who are qualified to evaluate the work of the scientists.

Agency theory centers on how principals try to mitigate the problems of differing interests and asymmetry of knowledge by selecting agents whom they feel possess the requisite skills, training and credentials. Principals also institute various methods of monitoring and implement executive contract arrangements designed to avoid poor hiring decisions ala agents who lack adequate competency and to deter opportunistic behavior on the part of agents thereby helping to ensure that agents work to maximize the welfare of the principal. Related to information asymmetry is the benefit of specialization.

The separation of decision-making processes from ownership leads to specialization and its attendant advantages (Olson, 2000; Van Osnabrugge, 2000). Moreover, Eugene F. Fama and Michael C. Jensen (1983) assert that the benefits of specialization are fundamental to the survival of complex organizations (Fama, 1980; Eugene F Fama & Michael C Jensen, 1983).

Information is a commodity

In agency theory, information is regarded as a commodity. Information is something that can be obtained through technology and other means that provide monitoring capabilities. The information produced has various ascertainable costs, and like other commodities can be purchased. “The implication is that organizations can invest in information systems in order to control agent opportunism” (Eisenhardt, 1989, p. 64).

Risk aversion

It is thought that generally agents are more risk averse than principals since agents are unable to diversify their employment whereas principals are capable of diversifying their investments, and therefore are more likely to be risk neutral (Eisenhardt, 1989). That said, as agents become wealthier, they may be willing to accept greater risks.

If / when an agent becomes more willing to accept financial risk, it then becomes more attractive for the principal to pass on more risk to the agent using an outcome-based

compensation contract. Conversely, as the agent becomes less willing to take on risk, it becomes increasingly more expensive to pass risk to the agent. Hence, the risk aversion of the agent is positively related to behavior-based contracts (fixed salary oriented) and negatively related to outcome-based contracts (stock options and other incentives that use organizational performance as the metric for compensation) (Eisenhardt, 1989).

Efficiency

Managers are monitored to ensure competency and to prevent shirking. The capital markets monitor business results such as earnings, revenue, cashflow, etc. and by extension, the effectiveness of the board of directors, rewarding or punishing organizations through stock price valuations. Also, when executives of a firm seek employment elsewhere, the value of their labor in the marketplace will be influenced by the success of the firm they seek to leave. Ineffectual management can also lead to corporate takeovers. These are all monitoring mechanisms that lead to efficiency (Fama, 1980).

Bounded rationality

People are boundedly rational. That is to say, people are goal-oriented where behavior is determined by how they are incentivized. Self-interested people with a focus on maximizing the benefits of their incentive structure adjust to their incentives instantaneously with no learning curves (Eisenhardt, 1989; Jones, 1999).

Historical context

Modern business discussions concerning agency can be traced to Berle and Means (1932). The authors noted that in business, problems arise in organizations wherein there is a separation of ownership and control over how a company operates. This refers, for example, to how the interests of the board of directors, whose responsibility is to monitor the management of the business, can conflict with corporate executives charged with running the company's operations.

Agency theory dates back to at least the time of Adam Smith (Smith, 1776, as cited in Jensen & Meckling, 1976, p. 305). Smith describes a tension between agent and principal and a palpable degree of distrust to be expected between the parties. According to Delves and Patrick (2010), the earliest works dedicated solely to agency theory surfaced in the early and mid-1970s through the works of Stephen Ross (1973) and Barry Mitnick (1975), who, working independently, offered their respective versions of agency theory.

However, it is economist Michael C. Jensen (born 1939-), who has been described as a renowned academic in management theory (Dierksmeier, 2020), having joined the faculty of Harvard Business School in 1985, and as of the time of this writing, holds Emeritus status there and is credited, along with William Meckling, with founding agency theory as it is known today. As such, Jensen and Meckling, given their widely influential academic contributions, are arguably responsible for shaping much of modern business culture. Along with Jensen and Meckling, another prominent academic with respect to agency theory is Eugene Fama. He is influential both individually and as a co-author with Jensen. For example, see Eugene F Fama and Michael C Jensen (1983), whose work titled, *Separation of Ownership and Control* (1983) is considered essential to the field.

Importantly, Jensen and Meckling (1976) consider conflicts of interest to be an inherent aspect of principal-agent relationships (Thirion et al., 2022). Moreover, crucial to defining agency theory, Kidder (2005) asserts that:

Agency theory posits that conflicts arise because all agents are self-interested opportunists. ... The principal wants to obtain maximal performance from ‘agents’, whereas agents wish to put in minimal effort (shirk) ... [and] agents will behave opportunistically if given the chance, i.e., employees will always shirk or misrepresent their capabilities if they can get away with it. And the way to mitigate shirking is for principals to establish effective monitoring or controlling methods (Kidder, 2005, p. 391).

Beginning in 1976 and until 2002, Jensen and Meckling argued *against* integrating moral values into how one should think about the nature and purpose of business. Instead, businesses were considered places where “self-interested ‘principals’ and ‘agents’ confront one another in opportunistic relationships”(Dierksmeier, 2020, p. 73; Jensen & Meckling, 1976). In their seminal work, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure* (Jensen & Meckling, 1976), the authors argue that the best way to get humans to engage in desired behaviors and to produce the required results is to ‘condition them’ through enticements and penalties (Dierksmeier, 2020; Jensen & Meckling, 1976). According to Dierksmeier (2020), this ultimately led to the global use of monetary incentive systems to motivate desired behavior.

Then, in the wake of the 2008 global financial crisis and market meltdown, Jensen reevaluated the premise that values have no place in business. Reflecting on agency theory’s outsized influence on global business culture, the authors, in their book titled, *A Positive Theory of the Normative Virtues*, Erhard and Jensen (2011) take some responsibility for their contribution to the economic and social devastation stating, “Like most people, the authors of this book have both lived in and made their personal contributions to the mess generated by out-of-integrity behavior” (Erhard & Jensen, 2011, p. VII).

Notwithstanding the global financial crisis, the blame for which was squarely laid at the feet of self-interested, unrestrained opportunistic businesspeople, there remain those who continue to advocate for agency theory even though its academic parents have distanced themselves from it. In his work, *The Uses and Abuses of Agency Theory*, Heath (2009) defends agency theory while at the same time recognizing that “others argue that these scandals might not even have occurred had it not been for the widespread teaching of agency theory in business schools” (Heath, 2009, p. 497).

As Jensen has evolved his thinking, his writing now focuses on what has been dubbed ‘integrity theory’ or sometimes referred to as the ‘positive theory of integrity’ with an emphasis on *the importance of including personal values with authenticity* in business (Erhard et al., 2013; Erhard et al., 2009). However, some point to potential ethical

shortcomings with this new values orientation because it relies on a positivist rationale. Regrettably, because of space constraints, further discussion of integrity theory is precluded here. However, this brings us to an important implication of agency theory and why it was decided to exclude it as a foundational theoretical lens for this project.

Agency theory posits that everyone is naturally inclined to act unethically if it supports their self-interest (Kidder, 2005). Prima facie, this is, indeed, a sad commentary on humanity, rendering the theory viscerally unappealing to the researcher because, notwithstanding numerous high-profile business scandals reaching statistical significance over many years, in my naiveté, I am not yet willing to resign myself to believe this to be the general rule. More substantively, self-determination and stewardship theories convincingly counter some of agency theory's foundational attributes. Furthermore, the reader will learn how knowledge workers, in particular, may have altruistic tendencies, be intrinsically motivated about their work, and care about the wellbeing of others. Hence, agency theory misses the mark for inclusion in this study in several critical ways.

First, while the agency theory model *assumes businesspeople are self-interested and opportunistic*, it does not follow that all businesspeople fit into this category. To this point, Noreen (1988) argues that: “At least some varieties of ethical behavior are not to be scorned; they are a necessary lubricant for the functioning of markets” (Noreen, 1988, p. 368).

Second, the researcher is convinced that *ethics and values matter in business just as elsewhere in society*, whereas agency theory is said to be a values-neutral proposition (Gomez-Mejia & Wiseman, 2007). Hence this is problematic given what was noted a moment ago, wherein the researcher believes including values and ethics in business is essential.

Third, for reasons explained later in the thesis, the researcher finds *extrinsic* rewards are better suited to motivate those engaged in piecemeal work, such as factory workers whose responsibility is to produce a certain number of things based on a rigid process.

On the other hand, knowledge workers tend to be motivated more by *intrinsic* factors because they believe their work is important and gratifying. Notably, agency theory is exemplified by applying *extrinsic* monetary rewards, “making a portion of the agent’s pay contingent on achieving outcomes important to the principal” (Eugene F Fama & Michael C Jensen, 1983; Jensen & Meckling, 1976; Thirion et al., 2022, p. 994).

Fourth, much of the agency theory literature applies to corporate governance at the level of boards of directors (agents) and shareholders (principals) and boards of directors and their executive managers. As such, agency theory research is often *far removed from the lives of individual frontline contributors* to have practical applicability to the thesis, which seeks, not exclusively but primarily, to understand the dynamics between the levels of management having a direct influence on creating and implementing policy and business plans for advisors working on the frontlines of the organization.

Fifth, although agency theory describes agents as individualistic, opportunistic, and self-serving, other approaches to examining governance and motivation, such as self-determination theory, which is discussed in detail in the thesis, take a different, more constructive view. For another example, stewardship theory, which in some ways is antithetical to agency theory and mentioned in passing earlier, portrays subordinates as “collectivists, pro-organizational, and trustworthy” (Davis et al., 2018, p. 20).

For these reasons, the researcher deems it unattractive to apply agency theory in the context of this study as a primary theoretical lens. That said, the researcher feels agency theory has value in understanding the root causes for how and why competing institutional logics came to exist in the first place. To this end, the reader will notice a discussion on this topic in Chapter 8, section 8.4, titled *Root causes, responsibility, and agency theory*.

As discussed earlier, in addition to agency theory, neo-institutional and rational choice theories were excluded as primary theoretical frameworks. Neither is as well situated to analyze PCIA as is the institutional logics perspective. This is because the research project is firmly rooted in business ethics. This is relevant because the intuitional logics

perspective uncovers, as Jackall (1988) demonstrated, the moral dimensions and normative settings within institutions and the influence of institutional logics on behavior. The PhD project uses intra-institutional logics as a framework and, like Jackall, examines the influence of logics on the behavior of individual actors.

Another reason for the appeal of the institutional logics perspective for use as a framework is that it allows for some flexibility in its application to ontology, epistemology, and analysis. Coming from a social constructionist epistemology, interpretivist axiology, and relativist ontology where there is recognition of the possibility of there being more than one truth to describe the same social setting and employing mixed methods, this research lends itself to the use of institutional logics and leans on, to a large extent, Reay's pattern inducing approach to identify institutional logics (Reay, 2016) which is discussed in further detail in Chapter 6.

3.24 Conclusion

Of the numerous academic theories touched on throughout the thesis, this chapter critically reviewed the literature in just three crucial categories: institutional logics, self-determination theory, and the ethics of financial advisors, making this the largest and arguably most complex of the eight thesis chapters.

Institutional logics literature review

The chapter began by defining institutional logics as a sophisticated way to examine culture distinguishing between *intra* and *inter*-forms of institutional logics. Moreover, examples of how different logics vie for dominance were offered, including how logics can coincide or conflict. This was important because, by defining institutional logics, a common point of reference was created, minimizing possible confusion with other theories, such as neo-institutional, institutional, and rational choice theories.

An important feature of the institutional logics perspective to remember is its flexibility. It accounts for how behavior is influenced from the top down and how change can be

influenced from the bottom up. Similarly, institutional logics considers how actors self-identify with and can influence their culture and, simultaneously, be influenced by external forces, making institutional logics both interior and exterior-focused.

The flexibility of the theory is important because of its adaptability in examining culture in various settings. The literature review exemplifies this. The reader may recall examples of fields where institutional logics were applied in academic research, including, but not limited to, ethnography, knowledge transfer intermediaries, pharmaceutical professionals, retailing, project businesses, science and technology parks, sustainability, financial services – business ethics and science and engineering ethics. The institutional logics theory also adapts itself well to examining different levels of society, from macro to micro. Hence, it is important to note that institutional logics can be helpful in examining culture at the societal, organizational, and individual actor levels.

Self-determination literature review

The chapter then turned to the self-determination theory of human motivation, which, as discussed, posits that everyone has three core psychological needs that influence productivity, adaptability, and wellbeing. Key takeaways include that while some are motivated by extrinsic factors, others, particularly knowledge workers, tend to be intrinsically motivated. The vital aspect of this observation is that organizations must understand the source of motivation to develop effective compensation plans and how organizational culture can best support their workers' productivity, relatedness, and wellbeing. Related to this was the discussion concerning financial materialism versus financial altruism. Again, understanding the implications of each can be helpful to organizations in developing policies and practices.

Ethics of financial advisor literature review

Whereas in Chapter 2, we discussed the size and scope of the organization being studied, in this chapter, time is devoted to understanding the significance of financial advice by

reviewing the size and scope of the financial advisory industry. The importance of providing these details lies in the fact that the organization is just one, albeit a significant, participant in a larger industry serving many of the world's citizens, particularly in developed countries. Since the organization under scrutiny in this thesis is not the only one of its kind, similar issues raised in this project may apply on an even bigger scale – affecting even more clients. Further research can be performed to determine the extent to which this might be the case.

After discussing the financial industry, the chapter turned to a critical review of the literature. As was noted in Chapter 1, the extant literature dealing specifically with financial advisor ethics is sparse, which came as a surprise given the plethora of such articles published by numerous journalists in the popular press over the years.

A discussion of the nature of financial advisor ethics is not included in this chapter. Instead, this is addressed in Chapter 7, where a significant amount of space is given to answer these questions: What is the purpose of business? What is business ethics? Why is there a need for *business* ethics, per se, rather than simply *ethics*? Moreover, we discuss that financial advisor ethics is captured within the scope of professional ethics – *maybe*.

Hence, as the general ethics discussion is postponed until Chapter 7, a critical review of the literature, organized by various themes, was offered. The importance of approaching the literature review this way lies in demonstrating the usefulness of examining advisor ethics through different theoretical lenses associated with ethical concepts such as consequentialism, fiduciary duty, and informed consent, to name only a few.

The chapter finishes with a section titled 'Roads not traveled'. The main thrust of this part was to provide the reader with some reflections about why other, arguably pertinent theories, particularly agency theory, were not used as a primary theoretical lens through which to view the project. Out of many possibilities, the researcher focused on agency theory because some may argue that it would have been an obvious choice to use as a primary theoretical framework.

The important thing to remember is that the researcher feels that agency theory, although helpful in explaining how institutional logics arise in the organization to begin with, it is not as helpful in examining the social scene as it is to explore the logics themselves. While recognizing others may disagree, the researcher considers agency theory, in this case, akin to the outer layer of an onion. Agency theory resides in the outermost layer. When the outer layer is peeled back, one can then see the exposed institutional logics. Hence, agency theory is applicable, but at a higher level than how the researcher wished to proceed.

Up next is Chapter 4, where numerous aspects of research philosophy are discussed, including research design, methods, quality, axiology, ontology, epistemology, and logical reasoning.

CHAPTER 4: RESEARCH PHILOSOPHY

4.1 Introduction

This section precedes the Methods section and is intended to outline the research approach concerning the following: research philosophy, epistemology, ontology, axiology, and approach to logical reasoning.

The research does not fall squarely within one type of research philosophy. The researcher leans on elements of both interpretivism and pragmatism. Following Dudovskiy (2020), interpretivism is relevant because, in terms of axiology, the research is grounded in personal values. The researcher is part of what is being researched and cannot be separated entirely. Hence, the research will include subjectivity. Data collection includes small samples using Q methodology and in-depth investigations using semi-structured interviews. This is characteristic of interpretivism (Dudovskiy, 2020).

Pragmatism is also relevant in terms of axiology and following Dudovskiy (2020), wherein values play a role in interpreting results as with interpretivism. However, consistent with pragmatism, the researcher also adopts objective and subjective points of view with data collection, which includes a mixed-methods design. This coheres with Q methodology since it is a mixed-methods approach that yields qualitative and quantitative data (Dudovskiy, 2020).

4.2 Research design

The research design involves semi-structured interviews. These interviews and a Q methodology study form the overall design. Semi-structured interviews were chosen to complement the Q methodology study carried out within the same organization to determine the extent to which the Q study findings might be confirmed, contradicted, or augmented.

In addition to the extant literature and textual data, the researcher also uses his personal experience. As of this writing, the researcher is a Private Client Advisor (PCA) with 37+ years of financial services experience with 11 + years working as a financial advisor. The researcher believes having personal experience is beneficial for micro-institutional research such as this project, “because [the researcher is able to] focus on individual actors and generate detailed insights into the minutiae of their daily work” (Smets et al., 2012, p. 880).

Also, as Smets suggests, see: (Jarzabkowski et al., 2009; Kellog, 2009). Although the findings are derived empirically through analysis of the coded interviews and Q study data, the personal experience of the researcher supports his familiarity of the scene via easily observable behaviors, experiences, through language, expressions and actions, and by understanding how others interpret their reality (Smets et al., 2012; Zilber, 2002). In this PhD project, the point of focusing on individuals is to provide a means through which it can be understood how institutional logics shape and influence the ethics of those individual actors.

The researcher began the project with a general guiding research question, in this case having to do with institutional logics, self-determination theory, and the ethics of financial advisors, believing that interesting answers might arise and which, ultimately, the business might find helpful.

4.3 Research methods: data collection and data analysis

Although not an auto-ethnographic study, the fact that the researcher is a full participant makes observation unavoidable. Thus, at least to some extent, data was gathered through personal observation. In addition to personal observation, major emphasis is placed on data gathered through semi-structured interviews and a Q methodology study. The researcher alternates between gathering data and analyzing it as part of utilizing techniques associated with grounded theory, including NVivo computer software, to help

with analysis by coding phrases to discover common themes and, ultimately, to build theory.

Concerning the Q methodology aspect of the research project, Q-methodology is used to investigate the perspectives of participants who represent different stances on an issue by having participants rank and sort a series of statements. Participant responses were then analyzed using factor analysis (BetterEvaluation, 2019). The researcher follows William Stephenson, the originator of Q-methodology, as interpreted by Watts & Stenner (2012). Participants were provided with a heterogeneous population of stimuli which consisted of a set of statements that produced a concourse of descriptions intended to cover the scene being studied. Each statement was assigned a ranking position relative to all the others by each participant using a provided distribution model. This process was carried out by participants along “a simple, face-valid dimension” (Watts & Stenner, 2012, p. 16) from ‘most agree’ to ‘most disagree’.

Hence, by interacting with the statements in this way, each participant created a Q sort, independently acting on each statement by ranking each against the others. This aspect of the participant being required to act makes this form of data gathering more than purely a qualitative approach. Decisions are made, and actions are taken that can then be measured. Therefore, this is considered a mixed methods form of research.

Watts and Stenner (2012) articulate this concept by referring to William Stephenson, stating, “[T]he production of a Q sort is not to be understood as a phenomenological matter involving introspection (or looking within)” (Watts & Stenner, 2012, p. 26). Q methodology is a means through which it is possible to measure subjective thoughts, feelings, and preferences. “Q sorting is a means of capturing subjectivity – reliably, scientifically, and experimentally – in the very act of being an operant” (Watts & Stenner, 2012, p. 26). Hence, since Q methodology requires participants to physically place statement items into a ranking order, it measures what people do, not just what they say they would do.

Moreover, in this way, Q-methodology complements the semi-structured interviews utilized in the research project. It is also worth noting that, unlike surveys, the response variable in Q methodology is the participant in the study, not their answers to a series of questions (Brown, 1980; McKeown & Thomas, 2013; Watts & Stenner, 2012).

4.4 Research quality

Insofar as evaluating the quality of the research is concerned the researcher follows (Guba & Lincoln, 1994; Lincoln, 1985) and (Bryman & Bell, 2015) who note:

[Sound] research entails an evaluation of 1) its trustworthiness and 2) authenticity, where trustworthiness comprises four criteria: credibility, transferability, dependability, and confirmability and authenticity comprises five elements: fairness, ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity (Bryman & Bell, 2015, p. 400).

4.4.1 Trustworthiness: credibility, transferability, dependability, and confirmability

Credibility, as Bryman & Bell (2015) posit, includes two preconditions for credible findings. First, the research must be conducted properly “according to the canons of good practice” (Bryman & Bell, 2015, p. 401). Second, the researcher should also submit the findings to the participants of the study for “confirmation that the investigator has correctly understood that social world” (Bryman & Bell, 2015, p. 401). Hence, the researcher utilized the technique of respondent validation wherein the researcher feeds-back findings to those being researched. This communication aimed to help determine if the researcher had captured the meaning of what the participants intended to convey, minimizing the influence of researcher confirmation bias.

Transferability includes, as Guba and Lincoln argue, “use of ‘thick descriptions’ which are rich accounts of the details of a culture that ... provide others with a database for making judgments about the possible transferability of findings to other milieus” (Bryman & Bell, 2015, p. 402; Guba, 1994).

A limitation of the research design and its transferability lies in the claim critics of qualitative research make. Namely, the “research is too subjective, difficult to replicate, with problems of generalization and lacking in transparency” (Bryman & Bell, 2015, p. 414). Hence, the researcher acknowledges that it may be difficult for other researchers to replicate all aspects of the study, particularly given the unique position of the researcher as an insider. Therefore, the intention has been to lead interviews and conduct Q sorts in ways that enable other researchers similarly situated to conduct similar activities, albeit modified to fit their particular circumstances, with the expectation that their findings will be similar and, thus, transferable.

Dependability entails researchers embracing an auditing (and self-auditing) approach to ensure “complete records are kept of all phases of the research process – problem formulation, selection of research participants ... interview transcripts, data analysis decisions – in an accessible manner” (Bryman and Bell, 2015, p. 403). The PhD supervisors have acted as ‘auditors’ through discussions with the researcher, albeit at a distance, thus ensuring adherence to the appropriate protocol.

Confirmability is said to consider that complete objectivity is impossible in business research. Hence, Guba and Lincoln (1994) propose that “establishing confirmability should be one of the objectives of auditors” (Bryman & Bell, 2015, p. 403). Confirmability is challenging because the researcher realizes personal biases, discussed later in the thesis, exist. The issue is surmountable, however, with there being an effective check against this risk by using PhD supervisors as auditors and adhering to inductive and abductive principles of logic in developing theory.

4.4.2 Authenticity: fairness; ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity.

Fairness asks, “Does the research fairly represent different viewpoints among members of the social setting?” (Guba, 1994, as quoted in Bryman, 2015, p. 403). In answering this, the researcher expects his training as part of earning a Master of Arts degree in Applied and Professional Ethics to be useful since he has experience with philosophical argument and critical thinking wherein multiple viewpoints are given due consideration, and assertions and conclusions are supported by logical argumentation.

Ontological authenticity asks, “Does the research help members to arrive at a better understanding of their social milieu?” (Guba, 1994, as quoted in Bryman, 2015, p. 403). In answering this question, it should be noted that since one of the aims of the research is to have practical application, the researcher, therefore, endeavors to write in a form that is both of high academic quality and ‘accessible’ to non-academic audiences. The belief and inspiration that underpin this view derive from Kogelman (1978), who asserts that there are no concepts so complex that they cannot be clearly explained in ways that are easy to understand (Kogelman, 1978).

Educative authenticity asks, “Does the research help members to appreciate better the perspectives of other members of their social setting?” (Bryman & Bell, 2015, p. 403). It is expected that through rich narratives, readers will be clear on the strengths and weaknesses of differing views. Again, the researcher’s training in critical thinking and philosophical argument should make this a strong aspect of the research.

Catalytic authenticity asks, “Has the research acted as an impetus to members to engage in action to change their circumstances?” (Guba, 1994, as quoted in Bryman & Bell, 2015, p. 403). While it is uncertain if the research will ultimately result in changes in behavior, policies, etc., it is nevertheless an important aim of the research to do precisely this.

Tactical authenticity asks, “Has the research empowered members to take the steps necessary for engaging in action?” (Guba, 1994, as quoted in Bryman & Bell, 2015, p. 403). In answering this question, it should be noted that whether or not action is taken, the research is intended to offer a theoretical ‘roadmap’ and intellectual basis for doing so.

4.4.3 Risks

There are risks to this research design. For example, as Bryman & Bell (2015) point out, it may be possible that as the researcher attempts to see through the eyes of those being studied, the researcher “will be able to see through the eyes of only some of the people who form part of a social scene, but not others ...” (Bryman & Bell, 2015, p. 406).

Also, there is a risk that, as Lofland and Lofland (1995) assert, the “researcher becomes too embroiled in descriptive detail (Lofland, 1995) whereby the amount of detail overwhelms or inhibits the analysis of data” (Lofland, 1995 as quoted in Bryman & Bell, 2015, p. 406). While these are significant risks, using auditors and inductive/abductive methods are mitigating factors. It may also be difficult to convince executives that the findings are credible since the researcher will rely heavily on interviews and subjectivity rather than engaging in research solely as a positivist using purely quantitative analysis.

4.4.4 Advantages

The key advantages of adopting this orientation include that 1) the researcher has extensive industry experience enabling him to bring credibility to the research. 2) the researcher has relatively easy access to subjects for Q sorts, interviews, and observations.

4.5 Worldview: reality has multiple interpretations

As the researcher reflects on his thirty-plus-year career, his perception of the world is that different people can view the same issue and reach different conclusions about meaning, not only what the topic means but also what responses are appropriate.

In addition to the earlier example concerning how different people interpret the word ‘teamwork’, politics is another realm where this dynamic is exemplified. Consider that in the United States, as elsewhere in other democracies, voters are exposed to social issues whereby there is widespread dissonance about their meaning and appropriate solutions such that we live in a society of highly polarized political parties, each with their own perception of the same reality. Even within political parties, there are sharp differences in perceptions and potential responses to those perceptions.

4.6 Axiology: Engaged

As a participant researcher using mixed methods, the research is influenced by personal values. The personal values orientation of the researcher operates through the lens of Aristotelian virtue ethics, which emphasizes the role of character and virtue in moral philosophy rather than either doing one’s duty as with deontology or acting in order to bring about good consequences (consequentialism) or seeking the greatest good for the greatest number as associated with utilitarianism.

As an observer fully participating in the social setting being researched, the researcher is both subject and researcher. Hence, the axiology is ‘engaged’. The researcher’s personal values drive the choices of philosophical approach, data collection, and data analysis. For now, it is worth noting that Easterby-Smith et al. (2015) offer a generalized example that relates well to the researcher’s values associated with axiology. They note that,

To conduct a study where you place a great deal of importance in data collected through interview work suggests that what is valued is personal interaction with respondents rather than their anonymous views expressed through survey data (Easterby-Smith et al., 2015).

That said, Q methodology is also used to collect data. Although participants do not answer survey questions, they interact with statements, sorting them according to the degree to which there is agreement, disagreement, and neutral opinions. Furthermore, Easterby et al. (2015) describe Heron’s (1996) idea concerning axiology whereby the

researcher writes their own statement of personal values about the topic being studied (Easterby-Smith et al., 2002).

In the present case, such a statement describing personal values is not incorporated in the description of the research design. Yet, statements of personal values are included in the preface, which serves as a foundation for research design choices. The following is an adaptation of the table shown in Dudovskiy’s Research Methodology (2020), which helps to clarify the basis upon which the reasoning around data collection was influenced.

Table 1-4: Axiology and Data Collection Techniques

Research Philosophy	Axiology	Popular data collection techniques
Interpretivism	Research is values bound, the researcher is part of what is being researched, cannot be separated and so will be subjective	Small samples, in-depth investigations, qualitative
Pragmatism	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view	Mixed or multiple method designs, quantitative and qualitative

Source (Dudovskiy, 2020).

Table 1-4 lists research philosophies on the left and how each relates to customary ways of thinking about how axiology is manifested, along with the typical form of data collection technique associated with each. Although not definitive, interpretivism is the primary guiding research philosophy for this project because of the degree to which researcher subjectivity is included in the study. Pragmatism, however, relates to the Q study.

4.7 Ontology: Relativist

The research reflects a relativist ontology emphasizing that, in the social realm, it is assumed that different observers of the same conditions may have different viewpoints (Easterby-Smith et al., 2015). This is consistent with the aforementioned worldview and with the PhD study, which attempts to understand the subjective experiences of reality and the many accompanying truths of financial advisors working in the subject organization. In so doing, it reveals how competing intra-institutional logics influences their ethics.

4.8 Epistemology: Social constructionism

The research philosophy concerning the nature of knowledge, or how one knows what is known, reflects the epistemological paradigm of constructionism, following (Berger, 1966; Easterby-Smith et al., 2015; Shotter, 1993; Watzlawick, 1984). An interpretive paradigm (Creswell et al., 2007), constructionism is intended to “appreciate the different constructions and meanings that people place upon their experiences” (Easterby-Smith et al., 2015, p. 52). This is relevant in the case of this research because advisors may differ in their views of the reality constituting their work environment vis-à-vis the influence of various and sometimes competing institutional logics.

A Q study can be successfully performed with a single participant to discover that individual’s viewpoints and with many participants to understand the individual and commonalities among groups of individuals (Watts & Stenner, 2012). The Q study associated with this PhD research examines 21 participants’ attitudes and the extent to which these subjective opinions are shared with the other research participants.

Bringing the broad concept of social constructionism into narrower focus and in closer proximity to this PhD project which seeks to understand how competing intra-institutional logics bear on investment advisor ethics, Werhane et al. (2020) explains,

Social construction theory ... claim[s] that our shared mental models or schemes frame *all* of our experiences in the sense that they guide the ways in which we recognize and organize what we then call the world. From this claim it follows that the categories that we apply to reality are socially structured (Gorman, 1992; Werhane et al., 2020, p. 2).

Indeed, “according to social constructionism, this is the only way in which human beings can understand *anything*” (Werhane et al., 2020, p. 2). This is relevant because, in the subject organization, it is inculcated in workers that they are all representatives of a firm that considers itself ethical, seeking to view business decisions as if viewing them from the client’s perspective. This is made explicitly clear through regular internal communications. This contributes to forming a ‘category’ of which employees are members and creates a typology, described later in the thesis, which illustrates how employees internalize and apply beliefs as they consider their role within the corporate social structure.

Continuing the discussion concerning social constructionism, the suggestion is not that we each construct our own reality. It is simply that, in many cases, we each can and do *interpret the same reality* differently. The problem has less to do with the mere desire to be right in everything we believe or are ‘sure’ we know. We simply cannot recognize and assimilate all the details of our experiences. Then as we finally understand our experiences, we often ignore or rationalize, consciously or unconsciously, details or other information which does not comport with who we are as individuals. “This phenomenon, called ‘bounded awareness,’ is unavoidable and common, but it can create what Moberg, Bazerman, and Tenbrunsel have called “blind spots,” where we miss or ignore essential data” (Bazerman, 2011; Moberg, 2006; Werhane et al., 2020, p. 2).

It follows then that to the extent bounded awareness (also referred to elsewhere as bounded rationality) issues exist in the context of the present PhD study, intra-institutional logics compete for dominance and can leave financial advisors in the subject organization less emotionally concerned with, and cognitively less sensitive to, or ‘aware’ of, other non-dominant institutional logics (Thornton et al., 2012). And in this

sense, the awareness of advisors is ‘bounded’ or blinkered by the dominant logic. For clarity, Werhane defines ‘dominant logic’ as: “The most prominent or overriding ‘logic’ or mindset by which an organization operates; its customs, culture, habits of decision-making and even organizational charts” (Werhane et al., 2020, p. 3).

Werhane (2020) goes on to assert, “A dominant logic can create blind spots by constantly reinforced sets of habits that preclude creative thinking and adaptability to change.” (Werhane et al., 2020, p. 3). The recognition that ‘blind-spots’ are a product of bounded awareness and are a consequence of the influence of dominant institutional logics is significant since ‘blind-spots’ are frequently cited as the basis of a multitude of ethical lapses, particularly among the professions (Bazerman, 2011). This is of consequence in the context of the present PhD project since it is primarily concerned with professional ethics.

These understandings of reality form logics through which sense-making occurs. Within an organization, various elements of corporate culture operationalized by disparate departments, each with unique objectives, promote a logic of expectations and behavior (Thornton et al., 2012). Among these logics, some are more dominant than others. Within the subject organization, as with others, various department objectives and associated logics may either coincide or compete. This study deals with how competing logics within an organization (intra-institutional) influences the ethics of financial advisors.

Table 2-4, sourced from Easterby-Smith et al. (2015), compares positivism and social constructionism. Table 2-4 discusses why social constructionism is the relevant epistemology versus an alternative such as positivism.

Table 2-4: Positivism and Social Constructionism

	Positivism	Social Constructionism
The observer	must be independent	is part of what is being observed
Human interests	should be irrelevant	are the main drivers of science
Explanations	must demonstrate causality	aim to increase general understanding of the situation
Research progresses through	hypotheses and deductions	gathering rich data from which ideas are induced
Concepts	need to be defined so that they can be measured	should incorporate stakeholder perspectives
Units of analysis	should be reduced to simplest terms	may include the complexity of 'whole' situations
Generalization through	statistical probability	theoretical abstraction
Sampling requires	large numbers selected randomly	small numbers of cases chosen for specific reasons

Source: (Easterby-Smith et al., 2015, p. 53)

The observer: First, in terms of observation, the researcher is the 'observer' and a Private Client Advisor, thereby a member of the participant peer group and, as such, 'is part of what is being observed'. As can be seen from Table 2-4, this characteristic corresponds with social constructionism.

Human Interests: Instead of being irrelevant, for the researcher, 'human interests' are what matters because the research aims to understand the subjective viewpoints of participants and not only understand what advisors do but *why* they do what they do.

Explanations: The research seeks 'explanations' to 'increase general understanding of the situation' regarding how advisor ethics are influenced by institutional logics within

the organization. Again, this falls within the scope of constructionism shown in Table 2-4.

Research progresses through: In terms of how the research ‘progresses’, it does so through ‘rich data’, both qualitative and quantitative, to abductively generate hypotheses and ‘inductively form theory’ from the findings.

Concepts: Regarding ‘concepts’, the study includes multiple ‘stakeholder perspectives’, including Private Client Advisors, with consideration for investors and the firm.

Units of analysis: Concerning ‘units of analysis’, the use of Q methodology and semi-structured interviews allows analysis to include the ‘complexity of the situation’ broadly rather than being ‘reduced to their simplest terms’ as is the case with positivism.

Generalization: In terms of ‘generalization’, rather than generalizing to a statistical inference, Q methodology generalizes to a substantive inference, i.e., ‘theoretical abstraction’ discussed in further detail in Chapter 5.

Sampling requirements: Insofar as ‘sampling requirements’ are concerned, small purposive sample sizes are used to target qualified participants as opposed to large numbers selected randomly commonly associated with positivism.

4.9 Logic: abduction / induction

Insofar as semi-structured interviews and Q methodology are utilized, the logic of abduction is relevant. In using abduction, an attempt is made to explain why the observed phenomenon manifests itself in a particular way. “In trying to achieve this end, abductive reasoning never treats observations ... for themselves, but [always] as a sign of other things” (Shank, 1998, as cited in Watts and Stenner, 2012, p. 39). These signs of ‘other things’ form hints from which hypotheses or theories are derived.

According to Bryman & Bell (2015), abduction is “a type of reasoning with strong ties to inductive reasoning that grounds social scientific accounts of social worlds in the perspectives and meanings of participants in those social worlds” (Bryman & Bell, 2015, p. 721). This is relevant since the study seeks to understand the social world and the subjective viewpoints of participants.

Abduction is also instrumental in how data of the Q study are analyzed in the sense that, as Watts and Stenner (2012) point out, “abduction informs both factor rotation choices and factor interpretation” (Watts & Stenner, 2012, p. 46). Abduction informs these choices because the researcher has at least an inkling about what to expect.

The thesis blends the use of abduction with induction. This is the case because, while patterns emerged inductively from the interview data through a continuous comparison process across interview transcripts, it should be noted that because the researcher has been immersed in the organization setting for several years, he also had some idea about what to look for in the data (abductive).

4.10 Conclusion

This chapter discussed several aspects of research philosophy, including Q methodology. Utilizing Q was beneficial because, as a mixed-methods approach, it provides ‘guardrails’ against too much subjectivity and the potential for researcher confirmation bias through its quantitative results. The Q study describes *what* issues advisors feel most strongly about through its forced ranking approach. The semi-structured interviews, conversely, reveal *why* they feel as they do. Hence, combining the two methodologies is more potent than using one or the other.

A discussion concerning research quality arose in which the thesis was sensitive to two main criteria: trustworthiness and authenticity. Consideration of trustworthiness and authenticity helps ensure that the research is credible and taken seriously. One criticism discussed is that the researcher may be too narrowly focused, thereby seeing through the

eyes of only some participants and not more broadly. This and other biases are reasonable concerns and require airing to support the credibility of the research.

The axiology of the researcher can be described as ‘engaged’ as opposed to detached as an independent observer, as with positivism. This is an accurate account for two main reasons. First, personal values drive the research approach, and second, the researcher is an active member of the community he studies.

Regarding ontology, the researcher is a relativist, believing that different observers of the same conditions may have different viewpoints. As opposed to realists, for whom only a single truth exists (natural sciences), or nominalists believing there is no truth.

Concerning epistemology, the researcher is a social constructionist. This is significant because, besides the importance of facts, the researcher appreciates the different constructions and meanings people place on their experiences. The focus is on discovering people's thoughts and feelings individually and collectively (Easterby-Smith, Thorpe, & Jackson, 2015).

Finally, a discussion of the forms of logic applied in the thesis consisted of combining abduction with induction, whereby findings were induced from the ‘bottom up’ but with a sense of expectancy (abduction).

What follows in Chapter 5 are the details about how Q methodology was used in the research.

CHAPTER 5: Q STUDY

5.1 Introduction

In terms of the structure of the chapter, we begin with a discussion about methods starting with the origins of Q methodology to provide important context and to show how it is derivative of what may be the more familiar R methodology. Next, a discussion about the relationship of Q methodology to reflexivity is presented. After which, an outline of what is entailed with conducting a Q study is offered. This leads to a discussion concerning generalizability and small sample sizes. These are relatively short parts, but arguably the most important aspect of this entire section since 1) this is where the distinction between the concepts of statistical inference vs. substantive inference is made. And 2) the importance for researchers to have an appreciation for when the use of Q methodology is indicated and when it is not.

Next, the limitations of Likert-type scales are discussed. A discussion about the fit Q methodology enjoys with the logic of abduction follows. And finally, a review of ten objections to Q methodology developed by Gjalte de Graaf and Job van Exel (2008) are offered where they are quoted extensively.

We then turn to data collection and analysis. Factor analysis was used in classifying the Q sorts to identify patterns in the data. The research demonstrates how the correlation of the individual rankings of Q sorts exemplifies similar participant perspectives (Chung, 2019; Exel et al., 2007; Watts & Stenner, 2012).

Factor scores are then calculated, which results in a single Q sort for each factor that reflects the composite of the Q sorts of the participants that make up that factor (Brown, 1986; Chung, 2019; Watts & Stenner, 2012). Each composite Q sort is known as a factor array and comprises the primary sources of information used to interpret the viewpoints held in common within each (Baker et al., 2014; Brown, 1986; Chung, 2019; Watts & Stenner, 2012).

5.2 Method

Why Q methodology: Origins

The sole purpose of Q methodology is to quantify subjective viewpoints, opinions, attitudes, and beliefs empirically and experimentally (Watts & Stenner, 2012). And this is the study's objective; to understand how participants feel. The methodology is in harmony with the project environment since each participant has their own viewpoint and concept of reality about their work environment, which, to varying degrees, may have views in common with their peers. Q methodology seeks to qualitatively discover, describe, and quantify subjective viewpoints held in common.

William Stephenson originated and developed Q-methodology in 1935. Stephenson was a psychologist and physicist interested in understanding subjective feelings, perceptions, beliefs, and viewpoints empirically. Stephenson's Q methodology is an adaptation of his mentor, Charles Spearman's traditional method of factor analysis which Stephenson later dubbed *R Methodology* (Watts & Stenner, 2012).

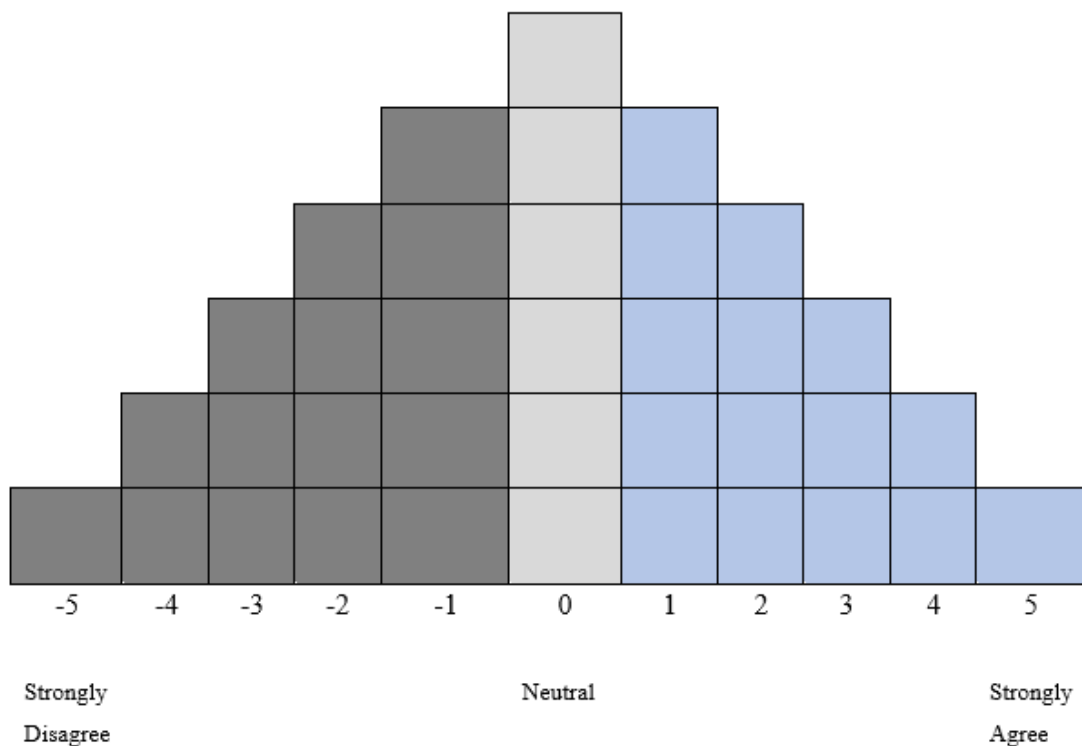
In Spearman's method of factor analysis, attention focuses on measuring the relationships between variables. The concern, then, is in revealing patterns of association between all the variables in a given data matrix. "The letter 'R' in R methodology is a generalization of Pearson's product moment r , which has most often been used in the study of *relationships* (my emphasis) among objective characteristics such as traits, attributes, abilities, and so forth" (de Graaf & Exel, 2008, p. 65). In contrast to R methodology, Stephenson correlated people rather than test items (de Graaf & Exel, 2008). In this way, R methodological technique is inverted. "Hence, it is possible to run by-person and by-variable factor analyses. This shift in analytical focus is the basis of Q methodology" (Watts & Stenner, 2012, p. 12).

Q methodology focuses on the subjective or first-person viewpoints of participants. The basic method combines the data gathering in the form of Q sorts and their subsequent intercorrelation and factor analysis. A Q sort is "a heterogeneous population of stimulus

items” (Watts & Stenner, 2012, p. 16) such as statements, pictures, or other items, of which each is assigned a ranking position by the participant, relative to all the other stimuli, in a provided distribution model.

In this study, short statements relating to advisor practices are the stimuli. The distribution model provided for the sorting of statements is shown below in Fig. 1-5:

Figure 1-5: Q-Sort Distribution Model



This sorting process is carried out by each participant along a simple, face-valid dimension, for example, from ‘Strongly Agree’ to ‘Neutral’ to ‘Strongly Disagree’ as in the case of this PhD project. Alternatively, it is common to see ‘most characteristic’ to ‘most uncharacteristic’; ‘most attractive to most unattractive’. This study is configured with 36 statements (the stimuli) using a flat distribution model to force highly discerning judgments regarding statement placements. For example, there is only one placement available for ‘Strongly Agree’ and only one placement available for ‘Strongly Disagree’ as opposed to having two or three available spaces for each. This is what is meant by a

‘flat’ distribution model. A flat distribution model is best suited when the subject participants are keenly familiar with the topic and can distinguish subtle differences between the stimuli (Watts & Stenner, 2012). Stimuli need not consist of statements. Stimuli might also be smells, colors, pictures, and alike. A Q study reveals the key viewpoints to be understood holistically, quantitatively, and to a high level of qualitative detail.

Q methodology is concerned with correlating attitudes or opinions of individuals with an aggregate of attitudes or opinions of others. Hence, Q methodology is also known as by-person factor analysis instead of by variable factor analysis as with R methodology.

A data matrix for Q methodology looks like this:

Table 1-5: Q Methodology Data Matrix

Q Methodology					
Multi-faceted homogeneous issue (Rather than disparate heterogeneous traits or tests as with R methodology)	People as Variables				
	Person 1	Person 2	Person 3	Person 4	Person 5
The influence of institutional logics on investment advisor ethics.	Q sort 1	Q sort 2	Q sort 3	Q sort 4	Q sort 5

The table illustrates that, rather than using traits or tests as variables, the people are the variables. The data defining each person is constituted by the Q sort produced by each. A Q sort is the product of each participant having sorted the stimuli on the distribution matrix like the one shown in Fig. 1-5. And instead of measuring heterogeneous traits or tests, one multi-faceted homogeneous issue is explored. In the case of this study, the influence of institutional logics on investment advisor ethics is the single multi-faceted homogeneous issue.

Many R-methodological research questions focus on comparisons and the testing of group differences. However, Q methodology is not a test of difference. Q methodology is designed to facilitate the expression of personal viewpoints. “It allows specific individuals to self-categorize on the basis of the Q sort they produce. At the end of the analyses, we may come to understand an individual in terms of their association with a particular group or factor” (Watts & Stenner, 2012, p. 53). Similarly completed Q sorts, when grouped together, form composites called factor arrays. For example: Factor Array 1, Factor Array 2, Factor Array 3.

Q methodology explores subjective viewpoints, and this exploratory heritage is relevant because this is exactly what this research is geared toward; exploring subjective viewpoints that have a bearing on the ethics of financial advisors. The project is about how financial advisors treat clients in terms of the degree to which they look after their best interests. This is a highly subjective realm, and Q methodology offers an empirical method for quantifying the subjective, making it an appropriate methodology for the study. The fact that the realm undergoing study is subjective does not make the information obtained any less relevant or less important than if we were simply counting facts.

Q methodology, properly understood, is “a combination of interrelated components: technique (Q sorting), analytic methods (correlation, factor analysis, and computing factor scores), and methodology (a comprehensive logic of inquiry drawing on behaviorism, indeterminacy, quantum theory, and abductive logic)” (McKeown, 2014, p. 5).

Legitimacy as a methodology

Although possibly considered less conventional than R factor analysis by some, Q methodology is situated atop a sound academic foundation. As a physicist and psychologist, “Stephenson was able to blend the concepts of factor analysis [popular in the field of psychology] with concepts from quantum mechanics in order to address his desire to objectively measure subjectivity” (Newman, 2015, p. 3).

Why Q methodology: Relationship to reflexivity and ethnography

Stephenson's approach considers the principles that form the basis of reflexivity, acknowledging the interdependence between subject and object. In referring to Stephenson, Wijngaarden (2017) states, "consequently, he understands science not as the gathering of facts, but as a search for understanding" (Wijngaarden, 2017, p. 871). This is an important reason for choosing Q methodology over other methods that measure facts. With Q methodology, there is the promise of understanding context, the reason 'why' people behave as they do, not just the simple fact of 'what' they do. If we can understand why we can better ably build or alter policy to address shortcomings or improve on what is already working well. This is an exciting aspect of this research since we already know what advisors do through transparent actions. We do not know, in an empirical sense, *why* they do what they do. This PhD research project promises to illuminate the 'why' so that policy can be developed that reinforces ethical behavior and discourages unethical behavior.

As the research project progressed, the initial approach included the element of autoethnography. However, it was later determined that the project's scope is not broad enough to include this aspect and will need to be considered as part of a future project. Nevertheless, it remains important to note that Q methodology lends itself well to ethnography. Ethnography is a method through which researchers gain insight into the understanding of their research subjects by sharing life experiences with them. In the case of this project, the researcher has been 'living' with the subjects, albeit only during working hours, for several years. One of the legitimate concerns arising from this and auto-ethnography generally stems from the fact that because the researcher is also a participant, he is subject to certain biases. Q methodology offers a way for the researcher to gather and analyze data systematically; therefore, using this methodology can act as a check against such biases.

Even though the concourse (the initial universe of statements slated for use as stimuli and sorting) and Q-set (the final set of stimuli utilized) are developed by the researcher, the Q-sorting is conducted by the participant who, because they are operating alone with

the statements, are not influenced by the researcher during the process. Hence, Q-sorts and their analysis can offer results that may surprise the researcher. This is another reason Q methodology is exciting to the researcher. Acknowledging this, Wijngaarden (2017) notes that “as ethnographers use their humanness as a research instrument, reflexivity is of utmost importance. Reflexivity in social sciences entails incorporating the awareness that a researcher’s subjectivity influences the findings [produced]” (Wijngaarden, 2017, p. 870). The use of Q methodology, however, helps to mitigate this influence.

As a participant researcher, in a sense, ‘living’ with those being observed for many years, the researcher has some idea about some of the influences on advisor behavior. This is, in part, why the study involves abduction. Nevertheless, biases, either conscious or unconscious, exist. Importantly, Q methodology keeps the ethnographer ‘honest’ because there is more that influences the interpretation of findings than the researcher’s opinion.

Q methodology: Addressing the research question

The choice of using Q methodology is effective in addressing the research question. As a reminder, the research question is:

RQ1. In what ways do competing intra-institutional logics influence the ethics of financial advisors?

RQ2. In what ways does self-determination influence the ethics of financial advisors?

RQ3. Is the fiduciary duty owed to clients by advisors undermined by conflicting intra-institutional logics and lack of self-determination in a financial institution?

The issues underpinning the research question are subjective and thus open for debate. A Q study was chosen as one of two methodologies used for this project because the researcher sought an empirical means by which insights into these subjective issues can be measured and explained scientifically. Q methodology quantifies subjectivity

providing the researcher with useful insights about the setting generally and, importantly, the relative significance actors place on each aspect of a wide range of disparate issues that define their role and influence their behavior. A second methodology, semi-structured interviews, was also employed. The interviews are discussed in the next chapter.

What is entailed with conducting a Q study?

First, the researcher develops a *concourse* which, in the case of this study, consists of statements covering a wide spectrum of issues financial advisors in our subject organization can relate to using language they are accustomed to hearing and using, including the use of acronyms familiar only to those who are either highly familiar with or who have worked in the role. A concourse of statements that covers the entirety of a complex topic might never be complete. The concourse should, however, to the extent that it can be developed, cover as much of the topic as thoroughly as possible (Watts & Stenner, 2012).

In the case of this research, the concourse was developed by the researcher who has knowledge of the topic under study. The statements use ‘insider’ language, including jargon and acronyms that only someone intimately familiar with the role would understand. Hence, the concourse is highly specific to the role and to those taking part as participants. Participants, in the language of Q methodology, are known as the ‘P-set’. The P-set were purposively selected, each having been in the role for at least a year and have at least 100 clients and, therefore, can relate to the statements in a highly selective and discriminating way that others cannot.

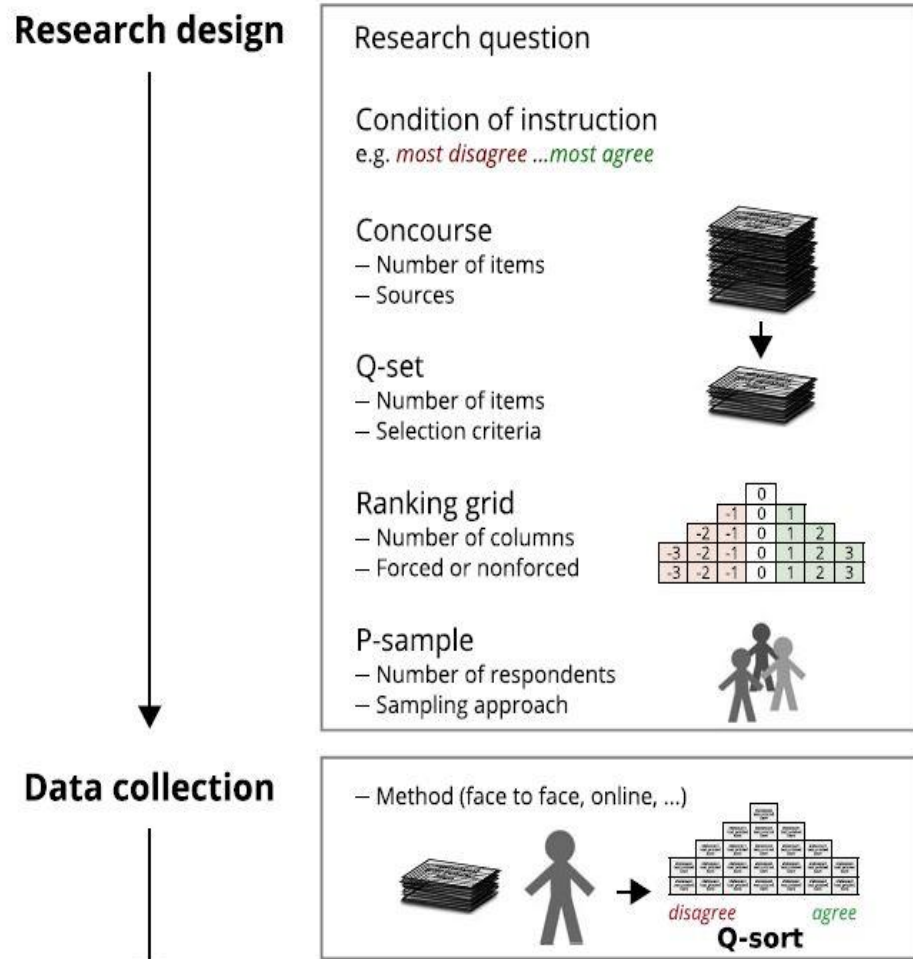
Through beta testing with two participants, 36 statements were culled from the original concourse of 50 to form the Q-set. The Q-set is the final list of statements that participants then rank order. In this study, 21 respondents, or the P-set, were asked to rank-order the statements from their individual points of view according to their own preference, judgment, or feeling about them, using a quasi-normal distribution (as noted above). Once respondents sorted the items on the distribution matrix, what was produced is

known as a Q-sort. Through this process of Q-sorting, people give their subjective meaning to the statements and, in doing so, reveal their subjective viewpoints or personal profiles (de Graaf & Exel, 2008).

The individual rankings (or viewpoints) are subjected to factor analysis. If each individual had specific likes and dislikes, unique only to each participant, Stephenson (Stephenson, 1935) argued, the profiles of the respondents would not correlate; if, however, significant clusters of correlations existed, they could be factorized and described as common viewpoints (or tastes, preferences, dominant accounts, typologies, etc.), and individuals could be measured with respect to them (de Graaf & Exel, 2008; Stephenson, 1935).

Below, Fig. 2-5, is an image from Zabala et al. (2018) that provides a visual reference for the process discussed thus far. It provides a generalized description rather than one specific to this project. The 'Ranking grid,' for example, has a slightly different shape than the one used in this study but does not detract from the usefulness of the visual benefit of the image overall.

Figure 2-5: Q Method Research Design



(Zabala et al., 2018, p. 1188)

Each participant engaged in the sorting process online in the privacy of their home using a software application called Q Method Software. Once the online activity was completed, the researcher followed-up with participants by conducting semi-structured interviews lasting about 30 minutes each. The interviews are discussed in Chapter 6.

Small number of participants

As discussed, Stephenson (1935) presented Q methodology as an inversion of conventional factor analysis because Q correlates persons instead of tests. “Whereas previously a large number of people were given a small number of tests, now we give a small number of people a large number of test-items” (Stephenson, 1935, p. 18).

As noted earlier, the P-set was not randomly selected. Typically, “it is a structured sample of respondents who are theoretically relevant to the problem under consideration” (de Graaf & Exel, 2008, p. 75). The P-set is usually smaller than the Q-set (Brouwer, 1992) and, “because it is intensive, Q typically works with small numbers of subjects (10 - 40)” (Dryzek, 2005, p. 205; Raje, 2007, p. 470). Watts and Stenner (2012) suggest “a minimum ratio of two Q-set items to every participant” (Watts & Stenner, 2012, p. 73). Although, there is flexibility here as these are guidelines, not requirements.

Generalizability

Gjalt de Graaf and Job van Exel (2008) make it clear that “Q can be very helpful in exploring tastes, preferences, sentiments, motives, and goals—the parts of personality that have great influence on behavior but often remain unexplored” (de Graaf & Exel, 2008, p. 66). de Graaf and van Exel (2008) go on to say that “where single case studies have problems with generalizations, Q offers the opportunity to generalize clusters of viewpoints within a given population, clusters of subjectivity that are operant” (de Graaf & Exel, 2008, p. 66). This is particularly relevant to this study since it consists of participants working in a single organization where generalizability to a wider population might be more of an issue. It is common in qualitative research to see effective empirical studies with small sample sizes purposively sampled from within a single organization. As one such example, see (Ståhle & Ahola, 2022).

As has been demonstrated, Q methodology is an academically legitimate methodology. However, in some academic circles, Q methodology is relegated to “fugitive” status (Wijngaarden, 2017, p. 871). Typically, concerns about Q are issues related to small sample sizes and generalizability. These objections will be addressed shortly.

Q methodology is growing in popularity but may not be as widely employed as other research methodologies. This may have something to do with appreciating when it is most appropriate to use given the circumstances and objectives of the project involved.

Physicist Susan Ramlo (2006) accepts that some researchers may be more used to or comfortable with R factor analysis but that it is useful to be thoughtful about the choice of methodology – considering Q before simply relying on what the researcher feels safely familiar with. This researcher feels Q methodology offers a uniquely relevant approach for reasons noted earlier having to do with ontology, epistemology, reflexivity, and the fact that this study entails a single organization.

Further to the concept of generalizability, de Graaf and van Exel (2008) explain, “Often an explorative and inductive research strategy is chosen which is fitting when little is known about the phenomenon or when the phenomenon is so complex that the variables and their interrelationships are hard to define” (de Graaf & van Exel, 2008, p. 64). This is not the case in the situation at hand. In contrast, the researcher and P-set are highly familiar with the issues under study. de Graaf and van Exel (2008) further state, “Case studies offer the advantage of the rich detail of actual situations and their contextuality. Nonetheless, most are about only one case. The question that remains is whether the conclusions of case studies can be generalized to a larger population” (de Graaf & van Exel, 2008, p. 64).

It is not possible to generalize from Q methodological findings in the usual sense - typically not to a population of people. However, one can generalize in relation to concepts, categories, theoretical propositions, and practice models, as is intended in this study.

Generalizing: Statistical inference vs. substantive inference

Typically, generalizability is a desirable goal of social science research. However, as briefly touched already, Q is not generalizable in the typical sense of that term. To illuminate, Thomas and Baas (1992/1993) distinguish two types of generalizability in social science research: statistical inference and substantive inference. The more typical generalizability is statistical inference, where the purpose is generalizing to a larger audience from a large, random sample of participants (Thomas, 1992/1993). Q methodology uses substantive inference, where the focus is more qualitative and about a

phenomenon. “Generalizations in Q relate to general principles such as the relations of and between factors” (Ramlo, 2015, p. 218).

This point is important because, with Q studies, the researcher seeks to make inferences that lead to generalizations concerning *concepts* such as ethics and *categories* of people or *typologies* such as investment advisors who may cluster around certain points of view and ways of thinking. Also, Q leads to generalizations concerning *theoretical propositions* such as institutional logics and self-determination theory, as well as the importance of adopting *changes to performance metrics* for advisors and changes to the *models of practice* allowing for more autonomy.

Thomas and Baas (1992 /1993) assert, “Large numbers are not required to sustain a good Q methodological study. This conclusion is supported by the idea that participants are the variables in the context of Q methodology. The number of variables employed in a single research study is invariably limited” (Thomas, 1992/1993; Watts & Stenner, 2012, p. 72).

This is relevant to this study since the goal is to utilize Q to uncover what typologies or categories of advisors in the subject company exist and to use this information to identify policies that reinforce ethical behavior and deemphasize policies that may lead to ethical lapses.

Limitations of Likert-type scales

Why not simply use Likert-type scales instead of Q methodology? Likert-type scales are commonly used in many research fields but are not without limitations because “using Likert-type surveys to measure perceptions and attitudes is an attempt to provide numerical data for psychological constructs that inherently lack quantitative structure” (Ho, 2017, p. 677).

This is relevant because this study offers rich descriptive narratives and relies upon understanding perceptions and attitudes. Hence, this is another reason for adopting Q methodology rather than creating a study that utilizes Likert-type scales.

For another example, Gjalt de Graaf and Job van Exel (2008) point out that most of the published empirical research in the field of administrative ethics consists of studies based on surveys and, as such, may be problematic because of how values are socially constructed and subject to debate about their meaning. While this example relates specifically to administrative ethics, this is not to suggest that this should be considered an exclusive application. To expand on this point, de Graaf and van Exel (2008) state:

While surveys have an advantage of offering a basis for generalizing about populations, they also have a disadvantage because the context of the researched phenomenon is lost. This is especially problematic ... because the researched concepts are socially constructed and often heavily debated. (de Graaf & Exel, 2008, p. 64).

This comports with our earlier reference to the debate around the meaning of the word ‘teamwork’.

As a researcher engaged in understanding the social dynamics in a particular work environment, in this case, to understand how ethics is understood and how behaviors are influenced by the understanding of ethics, it follows that gaining an understanding of how subjects of our study perceive their world is not only relevant but critical.

The fit with abduction

Stephenson felt, and keenly promoted, the idea that there was “room in Q methodology, and in academic study in general, for data to be approached with ‘theoretical expectancies in mind’ and that researchers might, on occasion, ‘know what to look for’” (Watts & Stenner, 2012, p. 96 citing Stephenson, 1953 p. 44). This is important to the PhD project because, having been immersed in the subject company for such a long time, it would be

doubtful if the researcher did not have some sense of the issue and have a feel for what to look for in terms of the issues that drive financial advisor ethics.

Watts and Stenner (2012) go a step further, stating, “The truth is we’d hardly be human, let alone good academics, if we didn’t harbor some expectations about our subject matter. [Hence,] pure induction is a fallacy” (Watts & Stenner, 2012, p. 96). Whether ‘pure’ induction is a fallacy is not at stake here and may be ignoring that use of the logics of induction or deduction is not without merit. Nevertheless, Watts and Stenner (2012) rightly point out that “subject experts can often ‘be relied upon to observe facts that a routine [or purely statistical] method of analysis could miss altogether” (Watts & Stenner, 2012, p. 96 citing Stephenson, 1953 p.44).

This is another supporting reason for adopting Q methodology in the present study, as doing so acknowledges the value the immersed researcher brings to the study. Watts and Stenner (2012) continue this theme stating, “Entering the analytic domain with certain theoretical expectancies, or even a series of less defined hopes or hunches, is certainly acceptable. It will even be a positive in the context of a wider abductive approach to analysis” (Watts & Stenner, 2012, p. 96).

Just as Q methodology is something of a fugitive from the ordinary, so is abduction. As a form of logic, it seems to occupy a similar space among some academics. However, as Watts and Stenner (2012) point out, “Abduction and discovery, not deduction from a priori premises, ordinarily provide a foundation for strong Q methodological studies” (Watts & Stenner, 2012, p. 53). This is another reason why abduction, and Q methodology, are appropriate for this study.

Objections to Q methodology

In what follows, Gjalte de Graaf and Job van Exel (2008) are quoted extensively. They offer a thorough overview of ten main objections to Q: 1) Conducting Q studies, from a logistical viewpoint, is challenging and time consuming. 2) Creating the stimuli is time consuming. 3) Evaluating subjectivity rather than facts are viewed as problematic. 4) The

possibility of different shape distribution models may produce different results. 5) Lack of reliability insofar as studies can be replicated. 6) Small sample sizes are not useful for generalizability. 7) Forced distribution models may lack effectiveness. 8) Too much potential for researcher bias. 9) Too much subjectivity is involved with data analysis, and 10) Covering the entirety of a subject with a given Q set may not be possible.

Logistical challenges

First, logistically speaking, de Graaf and van Exel (2008) point out how it may be difficult to coordinate the schedules of participants to coincide with the researcher's calendar, which was, in fact, the case with this PhD project. Just the time required to have an initial conversation with potential participants about the project, sometimes individually and at other times in small groups, proved challenging to allocate adequate time both for potential participants as well as the researcher because of time constraints on all parties related to business commitments as well as personal responsibilities.

Hence, scheduling time to discuss the project, get buy-in to do the Q sorts, and conduct the interviews was challenging. Added to this was the need to work around issues related to the pandemic. The business of participant Q-sorting was done at home to enhance confidentiality, without the researcher present, using their personal rather than business a computer. Therefore, they needed to also find time, albeit only about 20 minutes, during their off hours to create their Q-sorts.

Stimuli creation challenges

Second, de Graaf and van Exel point out that “generating [creating] statements can be time-consuming, especially when they are derived through personal observation or interviews, as is often the case” (de Graaf & Exel, 2008, p. 70). It was, indeed, time consuming to create the concourse, taking approximately three weeks to create, from which a final Q-set was established. Part of why it took so long had to do with the fact that feedback was solicited among several peers regarding the concourse content as it was under development to help ensure the statements were clear and that they covered

as much of the topic as possible. Furthermore, this also served to keep personal biases in check.

Subjective opinions versus facts

Third, another objection to Q is that it evaluates subjective opinions, preferences, etc. “and thus is not suited to study matters of fact.”(de Graaf & Exel, 2008, p. 70). However, this is only a drawback if one intends to study facts rather than subjective issues.

Distribution model shape objection

Fourth, researchers can use different distribution model structures to create their Q-sets. The concern is that flat versus steep Q-sort distribution models may lead to differing Q-sets from the same set of statements (the Q-set). And that using different stimuli such as different statements or different stimuli other than statements altogether – perhaps substituting pictures for statements, might lead to differing outcomes.

However, many Q methodologists do not consider these concerns significant enough to taint a study. First, whatever form the structure takes on, the aim is always the same, namely, to produce a Q-set that, regardless of the structure and whatever the researcher considers logical, it is the participant that eventually gives meaning to the statements by sorting them (Brown, 1993). Furthermore, “the limited number of comparative studies that have been carried out indicate that different sets of statements structured in different ways can nevertheless be expected to converge on the same conclusions” (Thomas, 1992/1993, as cited in de Graaf & Exel, 2008, p. 70).

Reliability

Fifth, the lack of reliability of results insofar as replicability is an issue sometimes raised as a criticism “because Q is a small-sample investigation of human subjectivity based on sorting items of unknown reliability” (de Graaf & van Exel, 2008, p. 70; Thomas, 1992/1993). Yet, according to Brown (Brown, 1980), an important notion behind Q

methodology is that only a limited number of distinct viewpoints exist on any topic. And based on the findings of two pairs of tandem studies, Thomas and Baas (1992/1993) concluded that skepticism about this type of reliability is unwarranted (de Graaf & van Exel, 2008, p. 70; Thomas, 1992/1993).

Small samples not well suited to cross-sectional studies

Sixth, as a small-sample methodology, “Q is not well suited to cross-sectional or large-sample purposes” (de Graaf & Exel, 2008, p. 70). This is not disputed. But this is not the purpose for which Q methodology should be applied.

Forced choices are unnatural

Seventh, some object that the distribution model in Q requires participants to make forced choices that do not always reflect the participant’s genuine opinion about a particular piece of stimuli. For example, as noted earlier, there may only be one slot to place a statement for which the participant most strongly agrees, while other statements for which the participant may feel they have an equal level of agreement must be categorized in a lesser agreement category or categories. To some, this forced ranking feels unnatural and limits the extent to which researchers can claim to understand the subject of the study.

This concern seems unfounded, however, based on studies that seek to understand outcomes under various conditions. As Block (1956) and others have countered, “Studies comparing forced versus unforced distributions have shown that this has no bearing on the qualitative and statistical results (Block, 1956, as cited in de Graaf and van Exel, 2008, p. 70; Brown, 1971).

Researcher bias at the interpretation stage

Eighth, there is a risk of bias at the interpretation stage because of the researcher’s various biases. Yet, for the researcher, the point of conducting this study is grounded in

the notion that the researcher's interpretation adds value to the empirical evidence unobtainable through other means. So, while there is a possibility of weakness due to bias, there is also some strength to be gained through familiarity with the subject matter.

Too much subjectivity of data analysis

Ninth, as an objection, some argue there is the potential for too much subjectivity in analyzing the data. This is an important criticism, albeit not unique to Q methodology. In response, it should be noted that there are analytically based and academically accepted guidelines for determining how many distinct groupings (also known as factors) of commonality among participants exist.

Just as valid is the point of view of the researcher, who, in this case, is also an integral part of what is being researched. Hence, one expects the application of the researcher's personal experience along with the 'color' contributed through the use of rich narrative derived through participant interviews, conducted post Q-sort, and should be a reason to appreciate the research precisely because it does include the researcher's subjective contribution applied to the interpretation of the data, albeit conducted within academically accepted standards.

Difficulty with covering the subject with a given Q set

Tenth, there is the criticism that covering all the views and circumstances of what is being studied with a given Q set is problematic. In most Q studies, however, there is a sufficient number of stimuli to cover the topic thoroughly. In this study, 36 statements were included to cover the breadth of a single, albeit multi-faceted, topic that the researcher believes was adequate for the task and was further substantiated through beta testing and interviews.

5.3 Data collection

Between June 29, 2019, and March 22, 2020, 21 people were purposively selected and comprised the P set. PCAs were physically situated on the second floor of a large four-story office building. The floor was occupied entirely by PCIA employees, of which PCAs accounted for approximately 65 of about 100 of the total staff. PCAs worked in an open ‘cubical farm’ setting. In order to recruit participants for the study, the researcher utilized two strategies. One strategy entailed the researcher walking around the floor looking for PCAs who were not on the phone. Those who were not engaged were approached, whereby the researcher explained the doctoral project and invited them to participate in the study. If they agreed *and* met the purposive sampling requirements discussed momentarily, they were provided with the university Research Ethics Consent form. Once the form was signed by both the researcher and participant, a photocopy was provided to the participant to retain for their records. The second strategy for obtaining participants included presenting the project participation opportunity during in-person staff meetings held by the various PCIA teams. The researcher was allowed approximately twenty minutes to introduce the project and request volunteers.

The P set included 19 males and two females. Each member of the P set included Private Client Advisors responsible for at least 100 clients with at least one year of experience in the role. The average length of employment with the organization was 17 years, ranging from three to 28 years. The average time in the role was ten years, ranging from two years to 18 years. The researcher developed a concourse of 50 statements. A total of 36 statements were culled from the original concourse to form the Q-set. The individual rankings (or viewpoints) produced by the P set were then subjected to factor analysis.

5.4 Data analysis

Three factors emerged (clusters of opinion) from the correlation and factor analysis of the 21 Q sorts, as shown in Table 2-5. This suggests that three groups of participants had identifiably different clusters of perceptions of how institutional logics bears on the ethics of investment advisors. Via data reduction, 20 participants were identified as comprising the three factors, which explained 63% of the variance. One participant did not load on any factor. Consequently, they were not included in the analysis. There were no confounded Q sorts, which refers to Q sorts significantly loading on multiple factors.

Table 2-5: Factor Matrix of Q Analysis and Demographics (N=21)

Q Sorter ID	Factor 1	Factor 2	Factor 3	Gender	Firm Tenure	Role Tenure	No. of Clients
9	0.8304X	0.1421	0.2590	M	21	18	190
19	0.7172X	0.1129	0.1193	M	20	18	230
21	0.6976X	0.2558	0.3272	M	3	3	235
8	0.6952X	0.3760	0.2868	M	22	18	237
14	0.6773X	0.2441	0.2437	M	22	14	200
17	0.6367X	0.3679	0.1112	M	9	5	220
18	0.5980X	0.1458	0.4823	M	11	5	210
10	0.5907X	0.3254	0.4262	M	12	5	270
13	0.5771X	0.4587	-0.0044	M	22	18	240
11	0.6071	-0.0139	0.6339X	M	5	4	155
2	0.4591	0.6943X	0.0780	M	28	9	165
12	0.4271	0.5055X	0.1854	M	24	18	215
3	0.3146	0.6580X	0.1735	M	9	9	184
4	0.2959	0.4394	0.5155	M	5	4	170
20	0.2924	0.4914	0.6313X	F	20	2	150
1	0.2558	0.6146X	0.5497	M	6	3	150
7	0.2516	0.1278	0.8388X	M	22	18	205
15	0.2023	0.6338X	0.3031	M	5	2	160
6	0.1632	0.8589X	-0.0561	F	24	12	210
16	0.0985	0.5890X	0.4914	M	20	18	220
5	0.0847	0.6300X	0.2719	M	20	9	220

Factor loadings identified with an 'X' are significant at the $p < 0.01$ level. Three factors accounting for 63% of the variance emerged from the analysis of the 21 Q sorts.

Table 3-5: Mean / Median for Time with Firm, Role and No. of Clients

	No. Clients Mean / Median	Firm Tenure Mean / Median	Role Tenure Mean / Median
Factor 1	226 / 230	16 / 20	12 / 14
Factor 2	190 / 197	17 / 20	10 / 9
Factor 3	170 / 155	15 / 20	8 / 4

This table illustrates that, perhaps as expected, the longer a Private Client Advisor has been in the role, the larger the practice size becomes. Also, the data show that Private Client Advisors with larger practice sizes tend to think more similarly about their situation, as evidenced by Factor Array 1 consisting of nine respondents, whereas Factor Arrays 2 and 3 consist of eight and three respondents, respectively.

5.4.1 Factor array 1: Having too many clients and numerical targets are detrimental

Factor 1: As fiduciaries, Private Client Advisors have too many clients to serve them all well. And performance metrics hinder fiduciary effectiveness because of a requirement to meet various quotas/targets.

Eigenvalue:

Factor 1 has an eigenvalue of 10.1882 and explains 49% of the study variance. Eigenvalues help determine what factors to include in the study and which to discard. Low factor eigenvalues (EVs), specifically EVs of less than 1.00, are often taken as a cut-off point for the extraction and retention of factors (Watts & Stenner, 2012). Nine participants were significantly loaded on Factor 1, one female and eight males, with an average time in the role of 12 years.

Composite reliability score

The quality of a factor can be determined by the composite reliability score (Chung, 2019; Ward, 2009). This signifies that as more participants share a viewpoint, there is greater confidence in the score of the items composing the factor array (**Brown, 1980; Chung, 2019**). The higher the score, the higher the reliability. For Factor 1, the composite reliability was 0.973.

The participants loading on Factor 1 have strong views that, as fiduciaries, they have too many clients to serve them all well. The statement they ranked as ‘strongly agree’ highlights this key viewpoint (see Figure 3-5 below).

The numbers in parentheses below show how the participants scored statement (#31) for Factors 1, 2, and 3, respectively: Statement items are truncated in Figure 3-5 but can be read in their entirety in the appendix.

(+5, +3, 0) Statement #31: “As a fiduciary I have too many clients to serve them all well”.

Financial services industry consultant, blogger, and Head of Planning Strategy at Buckingham Wealth Partners, Michael Kitces (2012), addresses the issue of advisor practice sizes. Kitces leans on an empirical study by R. Dunbar (1992), whose research suggests primates, including humans, can maintain only a limited number of relationships. Dunbar studied the average size of the neocortex of 38 kinds of non-human primate species, along with the corresponding average group sizes for each. Dunbar then extrapolated this information to suggest a maximum group size number for humans of 150 people. In applying this to advisors, Kitces reminds us that this 150-person figure represents everyone the advisor knows, including colleagues, family members, and alike. Clients are a subset of this 150.

As Kitces points out, this number might be disputed given the influence of efficiencies gained through technology. Although technology may help with scalability, Kitces suggests that based on his reading of Dunbar, “... even as financial planning businesses

become more efficient, and time becomes more leveraged with technology, it may be unrealistic to expect that planners will ever be able to maintain more than about 75-125 real client relationships” (Kitces, 2012, p. 4).

Kitces goes on further to state that “Technology may make it easier for us to maintain the relationships *at a distance* and with less in-person interaction than we have historically as a species ... but it’s not changing *how many* of those relationships we can maintain” (Kitces, 2012, p. 4).

Data derived from open-ended responses from participants exemplify some of the frustration advisors feel about practice sizes and support the Q study finding about their selection of statement #31 for placement in the extreme positive (+5) column for Factor array 1. The comments selected for exposition here are typical of several others and were carefully considered as a means to understand the viewpoints of the participants in this Factor.

One respondent strongly associated with this Factor, Q sorter 6, said that because she has so many clients, she worries over the weekend about what might have fallen through the cracks and wonders what she will be hit with on Monday because she just has too many clients. Another participant, Q sorter 10, said he wished there were more that he could do in his role as a fiduciary to control the number of clients he works with so he can give them better attention. The desire to control the number of clients advisors work with raises an issue relating to professionalism and self-determination theory, particularly regarding autonomy, which is discussed later.

To contextualize and help explain why this finding of having too many clients is significant, one must first understand that, generally, Private Client Advisors believe in the company’s culture, which inculcates being advocates for clients. This is known through personal observation over many years and is borne out in the interview data. This notion of advocacy also comes with an admonition to always do what is best for the client. This is inculcated in members of the organization explicitly through internal

communications. It is part of what it means to be an accepted member of the organization and part of the 'DNA' comprising an element of the institutional logic to which all members are expected to willingly, if not enthusiastically, ascribe.

The issue that arises from this finding is a moral one and presents an ethical dilemma in that the inculcated drive to serve clients' best interests is at odds with the advisor's ability to do so based upon the fact that they have too many clients to serve them well. Moreover, they have too many clients because the firm deems it necessary for the scalability of the advisory offer. This ultimately leads to a challenge to the advisor's integrity and presents ethical dilemmas. For some, it is said that the only thing they can call their own is their integrity. Hence, a policy that causes friction in this area is of serious concern. This issue creates a moral strain between competing institutional logics because advisors have the dual mandate to grow their practice sizes to unmanageable levels and, at the same time, provide a fiduciary duty of care for their clients. Hence, the ability of advisors to be their client's advocates and look out for their best interests is compromised.

This is the intersection where sales logics confronts and competes with compliance / fiduciary logics in the form of fiduciary duty. The data suggests that sales logics dominates and, in so doing, undermines fiduciary duty and company orthodoxy always to do the right thing for clients. A further concern is that when an organization's actions undermine its own institutional culture, unhealthy cynicism can gain an advantage over positive employee engagement (Baxter, 2012). According to this perspective, Private Client Advisors should have more autonomy to determine how many clients they work with to support their ability to act effectively as fiduciaries.

Not surprisingly, these participants ranked the idea of tying bonuses to how many financial plans and single-topic solutions their clients receive, as most disagree (see figure 3-5 below). This is not surprising since having a target for planning creates the effect of paying for piecemeal labor, which is contra to leaving it up to fiduciaries to determine when special planning is warranted. The numbers in parentheses below show how participants scored statement #22 for Factors 1, 2, and 3, respectively:

(-5, -3, -1) “It is best to tie bonuses to how many financial plans and single topic solutions my clients receive.” The below comments from participants are useful examples of how participants view planning targets:

Q sorter 14 said: “No, everyone doesn't need a plan. Everyone should need help. Some people don't need a plan for help. Many of our clients don't need a plan. It, it does nothing to them. Most of our clients need help. And we should be able to judge what that help is.”

Q sorter 18: “We feel like we're pushing planning on the clients that don't want it; potentially don't need it. To put a 50% target or whatever that is for your whole practice is arbitrary.”

Q sorter 13: “I think I probably also disagreed on having performance targets for financial planning, and single topic solutions as a desirable way to motivate. Because just let me do, let me develop a relationship, in that if you have a good relationship with the client, you're going to address those issues in time rather than being forced to do it in a particular range.”

Three key phrases from these quotes are: 1) ‘[W]e should be able to judge what that help is’, 2) ‘To put a 50% target or whatever that is for your whole practice is arbitrary.’ And 3) ‘[I]f you have a good relationship with the client, you're going to address those issues in time rather than being forced to do it...’

The common theme flowing through these comments touches on professionalism and self-determination theory. Both theories involve autonomy. Moreover, because a registered investment advisory firm employs them, Private Client Advisors have a moral and legal obligation to act as fiduciaries, one of several hallmarks associated with professionals and professionalism (Cowton, 2007; Freidson, 1994; Goss, 1989).

Part of what it means to be a professional is that because of the required licensure, specialized training, ongoing education, credentialing, and skills possessed by professionals, they are expected to exercise some degree of autonomy in the exercise of their fiduciary duty. Private Client Advisor's autonomy is restricted by the firm in that advisors do not have control over their practice sizes or in determining the make-up of their practices based on the appropriateness of the offer. Their control over what services they should offer clients, ancillary to portfolio management, is also limited. This lack of control limits the ability of advisors to act effectively as fiduciaries.

Private Client Advisors lack self-determination and, thereby, the autonomy to determine which clients need what form of help. According to self-determination theory, performance incentives based on targets or quotas are not always the most effective motivators, particularly among professionals (**Cerasoli et al., 2016**). Professionals are more likely to be intrinsically motivated because they feel their work is important and gratifying. This is why having a target for delivering a minimum number of financial plans beyond the typical investment plan is demotivating and frustrating. Not only do Private Client Advisors lack the autonomy to manage the character and size of their practices, but the requirement to meet hard targets for delivering planning beyond the portfolio provides the wrong form of motivation. Targets for piecework, which is what providing planning in order to meet a target becomes, is more effective as a means of motivation for those who are non-professionals and more likely to be motivated by extrinsic factors (**Baard et al., 2004; Deci et al., 1999; Monnot, 2018**).

The following interview dialog between the researcher and participant exemplifies the advisor's feelings of lack of autonomy:

Researcher: So, how difficult is it to weed your practice out if clients, if you just know they really aren't, Private Client is really not a very good fit for them? Participant: Well, there's, there's really no weeding-out at this point, right? I mean, someone who is much more tenured than me probably might have some leeway. I don't know, but ...
Researcher: So, where's the? Why would you not have a leeway? Participant: I mean, that's a great question. I don't know if it's like an implied, it seems like it's almost implied

in Private Client. Like, people don't fire, PCs don't fire clients. An FC might fire a client, but unlikely. That maybe, it's an unspoken rule. I would, it should totally, it shouldn't be that, it shouldn't be that way at all. It should be that PCs and FCs both have equal say in who gets in the practice, who fits in the offer. But it's just not, right?

Figure 3-5: Factor Array 1 with Truncated Statements

Factor 1 Array with Truncated Statements										
					#35 My success depends heavily on getting new referral from					
				#13 I must keep in mind as important that clients equate inac	#20 The only way to allocation bonuses fairly is through	#16 Because some of my performance targets are not				
		#26 I feel I can easily control which clients I work with and	#18 Concern about getting good Client Promoter scores may some	#12 I must keep in mind as important that clients equate trad	#32 PCAs should be able to soft close or reopen their	#36 I feel my role is sales oriented because I have to sell				
	#15 Having a performance target for financial planning and	#29 Having to please FCs can sometimes lead me to have to com	#10 The thing my clients say matter most to them are the broad	#11 The thing my clients say matters most to them is the performanc	#28 There are too many PCAs competing with each other to cover	#33 PCAs may be hesitant to tell FCs about the true nature	#34 It is awkward when a client asks, How often do you review			
	#7 My main motivation for working is to get praise from my boss	#14 Adhering to compliance rules is onerous and unproductiv	#23 It is best to tie bonuses to how well the company	#6 My main motivation for working is for me to succeed	#4 I would work with less stress and be more effective if I	#27 I sometimes have to depend on FCs for referrals	#24 Sometimes an employees contribution to the firms	#25 Prospects and clients might wonder if they will	#19As long as I were well paid, if I didn't have performanc	
#22 It is best to tie bonuses to how many financial plans and	#30 My performance targets do a good job of measuring how well	#2 Management expresses concerns and/or interest	#8 My main motivation for working is to help the company	#5 My main motivation for working is to help as many investors	#1 A focus on planning may sometimes be a way of deflecting	#21 If we were really looking through clients eyes it would be	#9 PCAs may be reluctant to 'fire' a client because of the	#17 Having a big target can lead to having a 'check-the-box	#3 Because of my workload I sometimes worry about the	#31 As a fiduciary I have too many clients to serve them all
-5	-4	-3	-2	-1	0	1	2	3	4	5

For Factor 1, three distinguishing statements register significantly at $P < .01$. These are statements that the participants loading on Factor 1 rated statistically similarly (see Table 4-5). These key statements help define and differentiate the viewpoints of Factor 1 participants from those loading on other factors.

Table 4-5: Factor 1 Distinguishing Statements at $P < .01$

Statement Number	Statement	Assigned Q Sort Value
19	As long as I were well paid, if I didn't have performance targets I would be motivated anyway because I find the work I do is important and personally gratifying.	+4
34	It is awkward when a client asks, "How often do you review my investments?" because the real answer may not seem like it would be often enough to them.	+3
35	My success depends heavily on getting new referrals from FCs so I should be careful not to contradict or alienate them.	0

As might be expected, advisors view themselves as professionals in the sense that extrinsic motivators and incentives, such as specific performance targets, do not hold as much meaning as their intrinsic desire for the work. Advisors are motivated not because they will receive a bonus if they deliver a certain number of plans but because they find the work important and personally gratifying. This is borne out in the data by observing how they ranked statement #19 as +4.

Statement #34 ranks fairly high among the distinguishing statements at +3. Private Client Advisors find it awkward to answer the question, "How often do you review my investments." Because if they tell the truth, they risk alienating prospective clients who may believe the advisor is too busy to serve them well. Private Client Advisors often try to avoid discussing, or sometimes hedge or lie about the size of their practices in order to attract business. Hence the firm, possibly unknowingly, places their employees in an untenable position having to weigh the ethics of answering what should otherwise be a straightforward question honestly or risk alienating prospective clients and their referring Financial Consultants.

5.4.2 Factor array 2: Altruistic tendencies are thwarted because of sales pressure

Factor 2: Private Client Advisors lean toward altruism and feel a sense of personal connection with clients. But pressure exists to keep some clients enrolled for whom the offer is not well suited.

Eigenvalue and composite reliability score

Factor 2 has an eigenvalue of 1.8413 and explains 9% of the study variance. Eight respondents were loaded significantly on Factor 2. One was female, and seven were male. The average time in the role was ten years. For Factor 2, the composite factor reliability score was 0.970.

Participants in Factor 2 strongly agreed that, rather than being mainly motivated by money or to please the boss or help the company succeed, their main motivation for working is to help as many investors succeed as possible (see Figure 4-5). This statement highlights a key viewpoint of this group. The numbers in parentheses below show the score for statement #5 for Factors 1, 2, and 3, respectively:

(-1, +5, -2) Statement #5: “My main motivation for working is to help as many investors succeed as possible.”

To explain the significance of this statement, one must first consider the ranking of alternative statements relating to main motivation: a) to get praise from the boss (see statement #7 rated at -4), b) to help the company succeed (see statement #8 ranked at 0) and c) to help me (the advisor) succeed (see statement #6 rated at 0).

This group ranks ‘helping clients’ over other priority choices: ‘earning praise from the boss’, ‘serving the company’s interest first’, and ‘self-interest first’. If one is to use stories in the popular press about the ethics of investment advisors as a guide, one might expect that advisors are generally self-interested, with the desire to make as much money

for themselves as possible as their main motivation. Hence the results offer a different order of priority than expected.

The institutional logics present in this organization inculcates in its workers the importance of service to others, both toward clients and the community. Internal communications urge workers to create and deliver products and services as if *they* were the client. The organization also sponsors volunteer opportunities for employees in each of the local communities in which it operates. The company recognizes service to the community with annual employee awards recognizing the commitment to service and offers paid time off from work to volunteer to all employees. The company's espoused values support selfless service to others. The foregoing context reveals the altruism that exists in the organization. For more about altruism in organizations, see (Szulc, 2019b) (Mallén et al., 2019) and (Breitsohl & Ehrig, 2017). To illustrate this leaning toward altruism, consider the following participant comments:

In the open-ended responses, one participant, Q sorter (3), said he likes when clients say they can sleep at night because they know we're watching their finances and they don't have to worry about it.

Another Q sorter (6) said that the most gratifying aspect of the role is just the relationships she has felt with the clients over the years, getting to know them, their families, and their personal situations. According to this viewpoint, Private Client Advisors have a personal and emotional feeling of connectedness to their clients. The below responses in Factor 2 are good examples of how they feel about what they find most gratifying about their role:

Q sorter 5: "My main motivation for working is to help as many investors succeed as possible. I'm just trying to help the clients best I can."

Q sorter 6: "The main thing that I like about my job is being able to develop that relationship and learn more about those people and kind of go through the years with them."

Q sorter 16: “I like the interactions that we get to have and the conversations, more of the non-business part of it probably than I do the just delving deep into performance and everything else that goes with it, right?”

The verbatims above further support the assertion that Private Client Advisors are not just in it for the money. They are genuinely interested in the financial wellbeing of those they serve. Building meaningful relationships, helping clients succeed, and putting clients’ interests ahead of their own is a hallmark of the study and describes traits that one would hope to see in a fiduciary.

The participants loading significantly on Factor 2 ranked statement #26 as strongly disagree. The numbers in parentheses below show the score for statement #26 for factors 1, 2, and 3, respectively:

(-2, -5, -4) Statement #26: “I feel I can easily control which clients I work with and which ones to remove from my practice.” The below comments from the participants are good examples of not being able to control the make-up of their practice and why this is an issue.

Q sorter 5: “I think ... onboarding a client where you wonder if they're kind of suitable for the offer and then for you to maybe push back or say no, or suggest them not working with me, maybe another Private Client Advisor instead. You may get kind of that pushback or there is that, I mean, that may suggest you're difficult to do business with - you are kind of high maintenance. Or, so there could be some of those, where it's kind of feel like you need to take almost anything on. Or it could ultimately, you run the risk where people may not like you. Or they say, yeah, and they'll just find someone else to give business to.”

Q sorter 16: “And so that's where, for what we do, it's so vital for us to try and figure out, even if it's somebody who might be a bad fit. And I guess maybe this isn't an ethical as much as it's just awkward, to try and find a way to make that client who doesn't

necessarily fit, how can we keep them in? Because it's, it hurts everybody. Because the fact that I just needed, I need my numbers to look like one thing, and then I'll try to figure everything else out later. And so, I think we are unfortunately incented to take anything with the hopes that we can get enough good out of it.”

The intrinsic motivation advisors have to be helpful is undermined by the lack of autonomy to control the make-up of one's practice. Advisors feel forced to continue to work with at least some clients for whom they do not feel the offer is appropriate. They feel pressure from the fact that if they recommend a client be removed from the advisory program, this will necessarily affect their performance evaluation and their Financial Consultant colleague's pay and performance evaluation and will therefore limit future referrals from them in retaliation. This is another example of how the institutional logics of sales dominate compliance logics / fiduciary duty logics. For examples of similar competing institutional logics see (Berggren & Karabag, 2018; Bruneel, 2016; Spitzmueller, 2016).

Figure 4-5: Factor Array 2 with Truncated Statements

Factor 2 Array with Truncated Statements										
					#6 My main motivation for working is for me to succeed					
				#34 It is awkward when a client asks, How often do you review	#8 My main motivation for working is to help the company succeed	#23 It is best to tie bonuses to how well the company performs				
			#2 Management expresses concern and/or interest about indiv	#25 Prospects and clients might wonder if they will rec a	#32 PCAs should be allowed to soft-close their practice and or re-open their	#19 As long as I were well paid if I didn't have performanc	#33 PCAs may be hesitant to tell an FC about the true nature			
		#30 My performance targets do a good job of measuring how well	#12 I must keep in mind as important that clients equate trad	#20 The only way to allocation bonuses fairly is through specif	#9 PCAs may be reluctant to 'fire' a client because of the	#16 Because at least some of my performance targets are not	#35 My success depends heavily on getting new referrals from	#27 I sometimes have to rely on FCs for referrals whose focus		
	#7 My main motivation for working is to get praise from my boss	#22 It is best to tie bonuses to how many financial plans and	#29 Having to please FCs can sometimes lead me to have to com	#13 I must keep in mind as important that clients equate inac	#3 Because of my workload I sometimes worry about the possib	#11 The think my clients say matters most to them is the perf	#36 I feel my role is sales oriented because I have to sell	#31 As a fiduciary I have too many clients to serve them all	#24 Sometimes an employee contribution to the firms business	
#26 I feel I can easily control which clients I work with and	#14 Adhering to compliance rules is onerous and unproductive	#18 Concern about getting good Client Promoter scores may sometime	#15 Having a performance target for financial planning and	#10 The thing my clients say matters most to them are broad	#1 A focus on planning may sometimes be a way of deflecting	#4 I would work with less stress and be more effective if	#17 Having a big target can lead to having a 'check-the-box' mentality	#21 If we were really looking through clients' eyes it would be	#28 There are too many PCAs competing with each other to cover	#5 My main motivation for working to help as many investors
-5	-4	-3	-2	-1	0	1	2	3	4	5

For Factor 2, there were six distinguishing statements registering significantly at $P < .01$. These are statements that the participants loading on Factor 2 rated statistically similarly (see Table 5-5). These key statements help define and differentiate the viewpoints of Factor 2 participants from those loading on other factors.

Table 5-5: Factor 2 Distinguishing Statements at $P < .01$

Statement Number	Statement	Assigned Q Sort Value
5	My main motivation for working is to help as many investors succeed as possible.	+5
23	It is best to tie bonuses to how well the company performed.	+1
8	My main motivation for working is to help the company succeed.	0
3	Because of my workload I sometimes worry about the possibility of important things falling through the cracks.	0
25	Prospects and clients might wonder if they would receive adequate attention if they know I have responsibility for 185 clients.	-1
12	I must keep in mind as important that clients equate trading activity with progress.	-2

As can be seen, five of the six statements above are in some way related to altruism. This has already been discussed in relation to the first statement listed, #5. As for statements #23, #8, and #3, none are self-regarding. Each of these three concerns others, signifying an interest in teamwork and providing service to others.

5.4.3 Factor array 3: Fiduciary responsibility conflicts with sales obligation

Advisors are uneasy with the evolution of the firm moving from a service to sales culture.

Eigenvalue and composite reliability

Factor 3 has an eigenvalue of 1.2576 and explains 6% of the study variance. Three participants were loaded on Factor 3, one female and two males. The average time in the role was eight years. For Factor 3, the composite factor reliability was 0.923. The statement they ranked as 'strongly agree' was #36, highlighting a key viewpoint for this

factor: “I feel my role is sales oriented because I have to sell myself to FCs and sell myself to clients” (see Figure 5-5 below).

The numbers in parentheses below show the score for statement #36 for Factors 1, 2, and 3, respectively:

(+2, +2, +5) Statement #36: “I feel my role is sales oriented because I have to sell myself to FCs and sell myself to clients.”

The participants loading significantly on Factor 3 ranked statement #2 as, most disagree. The numbers in parentheses below show the score for statement #2 for factors 1, 2, and 3, respectively:

(-3, -2, -5) Statement #2: “Management expresses concern and /or interest about individual PCIA investor portfolio performance.” There were no verbatim comments directly related to this factor which made the results of this factor array surprising. The fact that there was strong disagreement with this statement suggests that it may be an issue they have not given a great deal of thought to heretofore. Nevertheless, the fact that they strongly disagreed with it signifies this is an issue the company may wish to study to determine if additional resources should be deployed to enhance how the firm views and conveys its view of the significance of individual investor investment performance.

Participants in Factor 3 agree that Private Client Advisors may be reluctant to remove a client from their practice because of the damage it may cause to their relationship with the referring Financial Consultant (see statement #9, ranked at +3). In keeping with this theme of lack of autonomy, constituents of this factor negatively scored the idea that they feel they can easily control which clients they work with and which ones to remove from their practice (see statement #26 ranked at -4).

Figure 5-5: Factor Array 3 with Truncated Statements

Factor 3 Array with Truncated Statements											
					#4 I would work with less stress and be more effective if I						
				#10 The thing my clients say matters most to them are broad	#5 My main motivation for working is to help as many investor	#27 I sometimes have to depend on FCs for referrals whose foc					
			#1 A focus on planning may sometimes be a way of deflecting	#11 The think my clients say matters most to them is the perf	#14 Adhering to compliance rules is onerous and unproductive	#24 Sometimes an employee contribution to the firms business	#33 PCAs may be hesitant to tell an FC about the true nature				
		#8 My main motivation for working is to help the company succ	#6 My main motivation for working is for me to succeed	#21 If we were really looking through clients eyess it would be	#29 Having to please FCs can sometimes lead me to have to com	#19 As long as I were well paid if I didn't have performanc	#32 PCAs should be allowed to soft-close and or re-open their	#35 My success depends heavily on getting new referrals from			
	#7 My main motivation for working is to get praise from my	#18 Concern about getting good Client Promoter Scores may some	#15 Having a performanc target for financial planning and	#22 It is best to tie bonuses to how many financial plans and	#30 My performanc targets do a good job of measuring how well	#13 I must keep in mind as important that clients equate inac	#28 There are too many PCAs competing with each other to cove	#25 Prospects and clients might wonder if they weill receive a	#17 Having a big target can lead to a 'check-the-box mentalit		
#2 Management expresses concern and /or interest about indiv	#26 I feel I can easily control which clients I work with and	#23 It is best to tie bonuses to how well the company perform	#20 The only way to allocate bonuses fairly is through specif	#34 It is awkward when a client asks, How often do you review	#31 As a fiduciary I have too many clients to serve them all	#12 I must keep in mind as important that clients equate trad	#16 Because at least some of my performanc targets are not	#9 PCAs may be reluctant to 'fire' a client because of the	#3 Because of my workload I sometimes worry about the possibi	#36 I feel my role is sales oriented because I have to sell	
	-5	-4	-3	-2	-1	0	1	2	3	4	5

For Factor 3, five distinguishing statements registered significantly at $P < .01$. These are statements that the participants loading on Factor 3 rated statistically similarly (see Table 6-5). These key statements help define and differentiate the viewpoints of Factor 3 participants from those loading on other factors.

Table 6-5: Factor 3 Distinguishing Statements at P < .01

Statement Number	Statement	Assigned Q Sort Value
36	I feel my role is sales oriented because I have to sell myself to FCs and sell myself to clients.	+5
30	My performance targets do a good job of measuring how well I serve clients.	0
31	As a fiduciary, I have too many clients to serve them all well.	0
14	Adhering to compliance rules is onerous and unproductive.	0
22	It is best to tie bonuses to how many financial plans and single topic solutions my clients receive.	-1

Although their role does not include sole responsibility for sales, the participant group comprising Factor 3 expressed concerns about the sales aspect of their work. The role has been evolving from almost exclusively being service-oriented toward a sales orientation. One participant said it seems to have become more of a core way- the drive for sales. However, in this world of specialization, he does not think you can be strong in sales and a strong provider of service. He thinks there must be a delineation of responsibility. Another participant said she has struggled with the Private Client Advisor role being a sales role because she thinks she is doubling up with the Financial Consultant, which has traditionally been more of a sale role.

5.5 Findings

Private Client Advisors are intrinsically motivated to act in the client's best interest. However, they feel they have too many clients to serve them all well. Because they are intrinsically motivated, numerical targets are ineffective and detrimental to engagement and motivation.

Private Client Advisors are altruistic and feel a sense of personal connection with clients. But altruistic tendencies are thwarted because sales pressure exists to keep some clients enrolled for whom the offer is not well suited.

Private client advisors are uneasy with the firm's evolution from a service to a sales culture. The dual mandates encompassing sales and fiduciary duties are mutually exclusive obligations. This leads to ethical dilemmas and sometimes lapses in ethical behavior.

5.6 Discussion

Using a Q methodology study, the researcher investigated the subjective viewpoints of participants to identify and examine influences on their behavior. The study identified three different clusters of participants. By revealing shared viewpoints (the factors), the findings contribute to the literature on how intra-institutional logics influence advisors' behavior. The results are significant because the three factors that emerged came from the Q sorts based on the participant's subjective rank-ordering of the statement items, factor analysis, and interpretation of their Q sorts.

The first group's viewpoint was that, as fiduciaries, they have too many clients to serve them all well. They also felt linking bonuses to a target number for financial plans and single-topic solutions undermines fiduciary effectiveness. This was the most significant determining factor that emerged from analyzing the participant's perspectives in Factor 1.

In the United States, Registered Investment Advisor firms such as Private Client Investment Advisory have a legal (and arguably moral) duty to provide advice in the best interest of their clients – a fiduciary duty of care is owed. Yet advisors sometimes fall short of their responsibility. There is extensive literature covering this topic (Duska, 2017; Geller, 2017; Guerriero, 2017), to name only a few.

Private Client Advisors are intrinsically motivated to act in the client's best interest. However, they feel they have too many clients to serve them all well. Furthermore, because they are intrinsically motivated, they do not like tying bonuses to metrics such as how many financial plans and single-topic solutions have been delivered. Instead, they feel it should be left to their discretion, as fiduciaries, to determine what types of planning are recommended beyond the realm of the investment portfolio. From a typology standpoint, this group can be described as intrinsically motivated.

The second group expressed a sense of personal connection with clients, which one might hope for from a fiduciary. But pressure exists from competing sales logics to keep some clients enrolled in the advisory offer for whom it is not well suited. Private Client Advisors have an altruistic desire to help investors, but a lack of autonomy to determine the character and number of practice clients inhibits the execution of fiduciary responsibilities. They feel obligated to work with at least some clients for whom they feel the offer is inappropriate to satisfy sales objectives and avoid alienating referring Financial Consultants. Clients for whom the offer may not be suitable remain enrolled due to a conflict of interest arising from the tension between competing intra-institutional logics, namely, fiduciary duty /compliance logics and sales logics. From a typology standpoint, this group is motivated by altruism but hampered by conflicts of interest.

The third group indicated they were uneasy with the organization's evolution from a service to a sales-oriented culture. They believe that the two roles should be clearly defined and separated.

The main findings of the Q study are that Private Client Advisors have 1) an appreciation for the company. 2) They see value in the company's products and services. 3) They feel the work they do is important and gratifying. 4) They have a strong desire to do a good job for clients and are intrinsically motivated to do so. However, 5) because they have too many clients and insufficient autonomy to act as professionals, they find it difficult, as fiduciaries, to serve them all well.

Considering ubiquitous accounts in the popular press of advisor misconduct motivated by excessive self-interest having morphed into greed, the findings of this study are unique in that it is the advisors who desire to act ethically but are limited in doing so because the firm mandates practice sizes that are too large to permit advisors to execute their fiduciary duty effectively.

The results of this study can provide important insights for PCIA management when considering what motivates Private Client Advisors and are useful in informing how future compensation and performance evaluation plans are designed.

5.7 Limitations

While the aim was accomplished, namely, to uncover the different perspectives of the factors that influence the ethics of Private Client Advisors using Q methodology, this study has limitations. Although the Q items likely covered the topic sufficiently, the limited number of participants obtained through structured, purposive sampling may have left out other important clusters of viewpoints which might have resulted in additional factor arrays. However, the researcher believes this represents a relatively small risk because Q methodology studies are typically conducted with small groups. Furthermore, the first two factors contain much of the study variance. So, while possible, it is not likely different viewpoints would have arisen given a larger P set.

5.8 Conclusion

The researcher began the chapter by discussing Q methodology's origins and how a study of this type is conducted since it is not as well-known as other methodologies. The discussion about Q was also intended to help the reader appreciate its validity as a methodology and its robustness regarding the data it produces. Moreover, an attempt was made to provide insight as to why Q was an obvious choice for this project, namely that Q offers an effective empirical means of quantifying subjectivity.

In addition to discussing the origins and uses of Q methodology, the chapter covers how data was gathered and analyzed. One of the benefits of offering these details is that it may help inform the approach researchers can follow should others wish to carry out similar studies.

The researcher emphasized the nature of generalizability as it relates to Q methodological studies, which is an essential consideration for any empirical research. This research is not generalizable in the usual sense because Q methodology is associated with substantive inference where the focus is qualitative and about phenomenon, as opposed to statistical inference, which is intended to generalize to a larger audience from a large, random sample. Following the concept of substantive inference, the Q study generalizes to concepts, categories, established theoretical propositions that are generalizable, and practice models. The crucial point is that although this study comprises a small number of purposively chosen participants and does not generalize to a larger group, it is nonetheless valuable as an empirical piece of research.

The main findings are that 1) advisors are intrinsically motivated, leaning toward altruism 2) advisors are uneasy with the firm's evolution from a service to a sales organization 3) advisors find numerical targets demotivating and diminish fiduciary effectiveness 4) advisors feel pressure to keep some clients enrolled in the advisory offer for whom it is not well suited 5) advisors have too many clients to serve them all well, given their fiduciary duty. The findings were not surprising, except for advisors leaning toward altruism, which was unexpected, given the ubiquitous popular press stories highlighting advisor wrongdoing. These findings have important implications for public policy and practice, which are addressed later in the thesis.

Insights vis-à-vis the research question

In conclusion, the findings from the Q study provide valuable insights insofar as the research question is concerned in the following ways:

Competing intra-institutional logics influences the ethics of financial advisors (RQ1) in that although advisors are intrinsically motivated to serve the best interests of their clients, they are uneasy with working within a sales culture because of the need to achieve numerical sales targets and simultaneously act as a fiduciary. This causes confusion since these are mutually exclusive mandates. This is an example of how intra-institutional sales logics competes with intra-institutional fiduciary logics, whereby sales logics dominates and stifles fiduciary effectiveness giving rise to ethical lapses.

Self-determination influences the ethics of financial advisors (RQ2) insofar as advisors lack the authority to determine for themselves how many and which clients should be included in their practice and what services to offer them. Advisor ethics can be compromised because some clients pay for an advisory service they do not need.

The fiduciary duty owed to clients by advisors is undermined by conflicting intra-institutional logics and lack of self-determination in the subject financial institution (RQ3) in part because advisors have too many clients owing to the fact that they are required to continue to grow their practice sizes irrespective of their ability to execute their fiduciary duty effectively. Advisor ethics can be compromised because some clients, although they pay a fee for the advisory service, may be underserved due to time constraints on the advisor due to having too many clients in their practice.

Chapter 6 is next, where we discuss the second part of the research design – the semi-structured interviews.

CHAPTER 6: SEMI-STRUCTURED INTERVIEWS

6.1 Introduction

We begin with a description of the research method and then turn to the data collection strategy, followed by the researcher acknowledging the potential for biases, both confirmation bias and social desirability response bias. Next is a description of the data analysis approach by first providing an overview of three commonly used methods for determining the presence of institutional logics. The three methods considered were: pattern deducing, pattern matching, and pattern inducing. An explanation is offered for how and why pattern inducing was the primary method utilized, supported by aspects of pattern matching.

Following the discussion around the data analysis approach, the coding process is presented along with specific examples of how and why particular passages were coded as such. A curated list of verbatim quotations from the semi-structured interviews illustrates the rationale for the manual coding procedure using an iterative process moving back and forth between the literature, the raw data, and personal experience.

The discussion then turns to ‘Ideal Types’ which, in the context of this study, are categories intended to illuminate how Private Client Advisors (PCAs), to varying degrees, represent, internalize, self-identify with, and express patterns of beliefs and behaviors associated with particular institutional logics. Finally, the empirical findings are presented.

6.2 Method

6.2.1 Interviews

Semi-structured interviews comprised two primary/initial open-ended questions: 1) What do you find most gratifying about your role? 2) What do you find most challenging about your role?

Although semi-structured, the researcher, following Easterby-Smith (2015), allowed the flow of the interviews to drift within a wide boundary in order to capture information the researcher might not otherwise ask about or expect and which allowed for the possibility for the researcher to be surprised by the discovery of unanticipated information (Easterby-Smith et al., 2015).

The interviews were recorded using either an iPhone application called Voice Recorder or another application called Otter and then transcribed using NVivo or Otter software. Each participant consented in advance to the interview and its recording by signing a University of Glasgow Ethics Review Committee approved Participant Consent form, wherein the form required each participant to explicitly opt-in for the recorded interview.

Participants were asked two main interview questions. 1) What do you find most gratifying about your role? 2) What do you find most challenging about your role? Following Easterby-Smith (2015), the researcher used the interviewing techniques of laddering-up and laddering-down. Laddering-up involves asking ‘why’ questions which is a way to help interviewees share their personal values as opposed to just describing facts.

Laddering-down is a technique used to help the researcher picture how interviewees understand the constructs of their experiences. Asking for illustrations and examples are ways of approaching this. For example, the researcher might ask, ‘Could you give me an example of that?’ and ‘Can you tell me about a time when this happened?’ (Easterby-Smith et al., 2015).

Again, following Easterby-Smith (2015), probing questions were also used. Examples of probes are questions such as, ‘Can you explain a little more?’ ‘How do you mean?’ ‘Have you thought about?’ (Easterby-Smith et al., 2015).

Semi-structured interviews: Addressing the research question

The choice of using semi-structured interviews is an effective technique to address the research question. As a reminder, the research question is:

RQ1. In what ways do competing intra-institutional logics influence the ethics of financial advisors?

RQ2. In what ways does self-determination influence the ethics of financial advisors?

RQ3. Is the fiduciary duty owed to clients by advisors undermined by conflicting intra-institutional logics and lack of self-determination in a financial institution?

The semi-structured interviews afford an opportunity to either confirm, refute, or uncover new insights that the Q study alone might overlook. Moreover, a rigorous systematic approach to coding participant passages provides an empirical way to discover not only what advisors feel but also, importantly, the context for those feelings.

6.2.2 Mitigating researcher bias

As noted earlier, the process of laddering-up, laddering down, and probing questions were employed to mitigate interviewer bias. In addition, the researcher believes that, just as Q methodology offered a way for the researcher to gather and analyze data in a systematic way to act as a check against researcher biases, the process used to code statements and phrases with the assistance of NVivo software helped to systematize the analysis of the raw interview data. The researcher also beta tested the coding process by his thesis supervisors, each coding one interview independently to determine the degree

to which coding was consistent among all three coders. This beta test helped to address concerns over possible confirmation bias by the researcher.

In addition to concerns around confirmation bias, Campbell and Cowton (2015) point out that social desirability response bias, which Randall & Fernandes (1991) define as “to deny socially undesirable traits and behaviors and to admit to socially desirable ones” (Randall & Fernandes, 1991, p. 805) is also potentially present in this study since the researcher is a peer of the participants. Even though participants were given verbal and written assurances of confidentiality and anonymity, there may have been some reluctance for participants to be completely candid during their interviews.

6.3 Data collection

A total of 14 semi-structured interviews were conducted with PCAs. All of whom had previously participated in the Q methodology study. The interviews were conducted on the premises of the subject company (pre-pandemic) either before, during, or after regular business hours in the privacy of a small two-person conference room reserved for this purpose and via Zoom (during the pandemic). The interviews took place from October 4, 2019 through July 7, 2020. Each interview lasted approximately 30 minutes.

Using purposive sampling, the interview participants included only PCAs with at least one year of acting in the role and having responsibility for at least 100 clients. The average time employed at the firm for participant advisors was 14.5 years. The average time acting in the role of a PCA was nine years, ranging from two years to 18 years. Participants included two women and 12 men. The median number of clients per PCA was 210, ranging from 150 to 270.

6.4 Data analysis

The researcher considered three main analytical methods for analyzing the interview texts to identify the existence of intra-institutional logics. Each form of analysis has been described as a common approach for identifying the existence of particular institutional

logics present in given settings (Reay & Jones, 2016). Thus, by employing the appropriate method(s) of analysis, the presence of specific logics associated with an organization can be identified. The three methods of analysis the researcher considered were: 1) pattern deducing, 2) pattern matching, and 3) pattern inducing analysis techniques (Reay & Jones, 2016).

It is worth noting that not strictly adhering to one method is not uncommon. In fact, Reay (2016) asserts that all three techniques could be present in a single study. This study includes pattern inducing analysis and, to some extent pattern matching analysis. A purely pattern deducing method was dismissed for reasons explained later. For clarity, Reay (2016) defines the term ‘pattern’ in this context as a way “to describe a set of symbols and beliefs expressed in discourse (verbal, visual, or written), norms seen in behaviors and activities, and material practices that are recognizable and associated with an institutional logic or logics” (Reay & Jones, 2016, p. 442).

Reay (2016) asserts, “When studying logics, researchers must ground their insights and abstractions to the context through quotes, observations, and thick description” (Reay & Jones, 2016, p. 442). To that end, the researcher draws on three main sources from which detailed descriptions of findings are derived: 1) the 14 interview transcripts noted earlier, which were manually coded using NVivo software; 2) his industry and extensive experience within the subject organization, and 3) the extant literature. What follows is a discussion of the three main analytical methods for analyzing the interview texts.

6.4.1 Pattern deducing

A pattern deducing approach entails counting occurrences, co-occurrences, and non-occurrences of words that one might expect to see but are absent to reveal patterns that would then capture logics. Using NVivo software, a pattern deducing technique was initially attempted converting the transcript data to countable occurrences and employing analytic methods to reveal patterns intended to illuminate the logics present in the organization through occurrences and co-occurrences of words within and across participant interview transcripts. Below is a count of the twenty most frequently

occurring words given a minimum length of four letters, allowing for stemmed words and eliminating unimportant/irrelevant words.

Table 1-6: Word Count

Word	Length	Count	Weighted Percentage	Similar Words
market	6	57	0.50	market, marketing, markets
still	5	57	0.50	still
private	7	62	0.54	private
find	4	65	0.57	find
meeting	7	67	0.59	meeting, meet, meetings
talk	4	67	0.59	talk, talked, talking, talks
portfolio	9	71	0.62	portfolio
work	4	76	0.67	work, working, works
practice	8	77	0.68	practice
people	6	80	0.70	people
financial	9	88	0.77	financial
feel	4	101	0.89	feel, feeling, feels
kind	4	101	0.89	kind
time	4	101	0.89	time, times
business	8	120	1.05	business
number	6	136	1.19	number, numbers
need	4	151	1.33	need, needed, needs
want	4	166	1.46	want, wanted, wants
plans	5	296	2.60	plan, planning, plans
client	6	664	5.83	Client, clients, clients'

words occurring with less frequency than others may be assigned more importance by the software algorithm, ranking importance based on a mix of frequency and contextual significance. In and of themselves, the words or combinations thereof do not express or reveal a particular logic or deeper meaning.

Individually, the words, though occurring frequently, are disembodied from the meaning of the transcribed interviews because there are no significant instances where co-occurrences exist between these frequently occurring words and others. This lack of association with other words makes it difficult to ascertain a relationship that might constitute the existence of a logic or other meaning. Neither the words themselves nor the combinations thereof capture the emotional pull Private Client Advisors (PCAs) feel insofar as working in the best interest of their clients. This may be because each advisor has their own way of expressing this or for some other unascertainable reason.

Similarly, there is an absence of words and association of words that relate to PCA emotions that would signal negativity toward the organization even though concerns over perceived shortcomings and flaws are present. This ‘missing’ language may explain the observation that PCAs support the organization’s stated values, most notably to let their actions be guided by assuming *they* are the client to empathize with those using the products and services. This support, albeit without much direct evidence from the data, is nevertheless palpable from the tone of the interview conversations. However, one cannot overlook the possibility that it may also be evidence of social desirability response bias (Campbell and Cowton, 2015), whereby participants, despite assurances, were unwilling to be completely candid with the researcher.

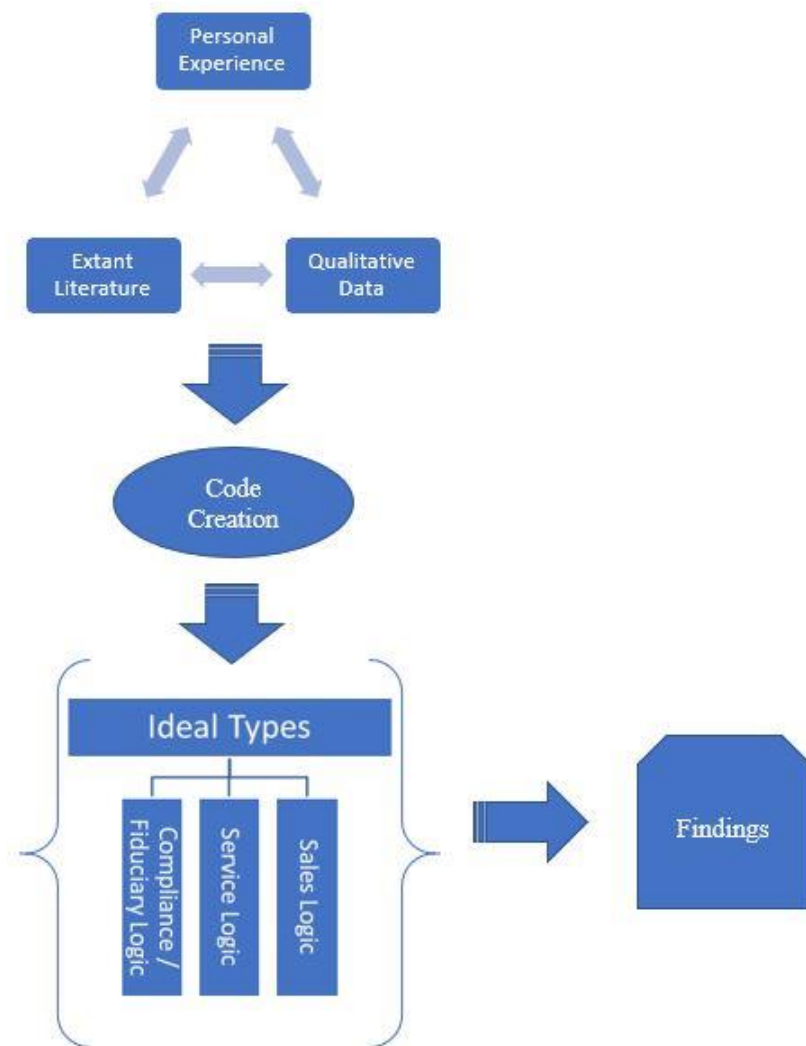
Upon further reflection, the researcher has considered that a pattern deducing method might have been better suited to the task had the interviews been highly structured. If the questions were identical for each participant, the choices of answers might have been more limited, possibly making the pattern deducing method more plausible for use. This is merely speculation, however.

6.4.2 Pattern matching

As an alternative to the pattern deducing analysis technique, the researcher included a modified use of pattern matching analysis. This was conducted by matching patterns observed in the data with ‘Ideal Types’. What are Ideal Types? Broadly, ideal types are categories of institutional logics contextualized by the characteristics which exemplify or define each particular logic. Narrowly speaking, ‘Ideal Types’, in the context of this study, illuminate how PCAs, to varying degrees, represent, internalize, self-identify with, and express patterns of beliefs and behaviors associated with particular institutional logics. Later in the chapter, there will be further details concerning ‘Ideal Types’.

Through a manual coding process, the researcher matched patterns observed in the raw data with a particular logic(s). In doing so, this led to the development of ‘Ideal Types’ themselves. As mentioned earlier, the ‘Ideal Types’ exemplify each identified logic. Each ‘Ideal Type’, which defines each logic, was derived through an iterative process whereby the researcher moved back and forth between 1) the raw data, 2) personal experience, and 3) the extant literature associated with institutional logics. The three institutional logics that comprise the ‘Ideal Types’ are Sales Logic, Service Logic, and Compliance/Fiduciary Logic. More will be said about what each of these logics consists in later in the chapter. For now, suffice it to say that findings emerged through this iterative process. Just below, you will see Figure 2-6, which summarizes the process.

Figure 2-6: Ideal Types Development



Applying pattern matching analysis is intended to capture institutional logics by either comparing categories of logics against each other or “to compare changes in behavior at different points in time” (Reay & Jones, 2016, p. 448). Comparing categories against each other is relevant to the study. However, since this research aims not to compare categories over different points in time, this method of analysis was integrated with, but subjugated to, the pattern inducing approach. And it is in this respect that the pattern matching approach has been modified for this project.

6.4.3 Pattern inducing

A third approach to identifying the existence of institutional logics is pattern inducing analysis, an interpretivist approach that closely hews to this study. As noted, the main data types used in this study are 1) knowledge of the extant literature, 2) textual semi-structured interview data, and 3) the researcher's experience.

Following Reay (2016), the researcher, in part, "identified logics by analyzing and coding (grouping) text in ways that show behavior or beliefs guided by particular logics...." (Reay & Jones, 2016, p. 449). While patterns emerged inductively from the data through a continuous comparison process considering the relationship to, or in comparison with, other interview transcripts, it should be noted that because the researcher has been immersed in the organization setting for several years, the researcher also had some idea about what to look for in the data.

Because of this experience, it is fair to suggest a certain degree of abduction is also present in the analysis. This sense of knowing what to look for facilitated identifying the three key institutional logics discussed in more detail later. This suggests a blending of induction with abduction. This is not an uncommon phenomenon as Gioia (2013) points out, "Upon consulting the literature, the research process might be viewed as transitioning from inductive to a form of abductive research, in that data and existing theory are now considered in tandem" (Gioia et al., 2013). That said, the approach is bottom-up (inductive) but with a sense of expectancy (abductive).

In the case of this study, the researcher began by considering the literature first and deductively found codes to match. Undoubtedly, an empirical study that includes personal experience is subject to certain biases, such as confirmation bias, as alluded to earlier. However, ignoring such an understanding of the organization acquired over many years seems imprudent and 'unlearnable' in any case. The researcher believes his understanding of the organization contributes to the ability to offer rich descriptions of personal insights that might otherwise be difficult to identify, let alone describe if left to a researcher from the outside. This is not uncommon or without precedent, as Reay

(2016) acknowledges that such studies “often include direct observation and personal experiences” (Reay & Jones, 2016, p. 449). That said, being aware of the concern surrounding bias, the researcher has attempted to mitigate bias to the extent possible.

The approach of pattern inducing analysis involves the researcher identifying logics by categorizing text segments taken directly from interview transcripts and grouping them into meaningful categories (codes in the parlance of NVivo software) that constitute a pattern of beliefs and behavior associated with one or more logics or another theoretical theme that might emerge.

6.4.4 The coding process

As outlined earlier, the development of ideal types partly informed the basis of NVivo codes. Hence, some of the NVivo codes were developed a priori, recognizing certain intra-institutional logics exist in the organization. As noted earlier, this assumption was justified by two main anchors, 1) the personal experience of the researcher and 2) his understanding of the institutional logics theory literature and then making a connection between the two.

Code development also occurred posteriori as emerging themes arose from the raw data as analysis progressed. Those logics were created as categories (codes) in NVivo software early in the data analysis. As the transcripts were examined, sections of texts were coded to the relevant category or categories as appropriate. As the research proceeded, additional, unexpected themes emerged. Themes, not to be confused with logics, having to do with self-determination theory and wellbeing are the two main themes that emerged as something of a surprise. Hence, this is an example of some of the fruit arising out of the iterative process whereby in the first instance, understanding the literature, the researcher had some idea of how those concepts applied to the text. And in the second place, by being open-minded in examining the text, the researcher identified promising applications of two other complementary theories.

Coding was also accomplished, in part, by using the literature to delimit the empirical field to organize codes. In this way, the literature supported the researcher in keeping the focus of examination sufficiently narrow and relevant - identifying issues to consider more deeply and alternatively recognizing ones to discard (Locke et al., 2020). Hence, the literature was used to sensitize the researcher to data themes and focus attention on the coding process (Locke et al., 2020).

For example, sections of text in the data describing concerns about PCAs not being permitted to determine for themselves the maximum number of clients a PCA is required to work with speak to themes relating to self-determination theory. The researcher, having an understanding of the literature in this area a priori, sensitized the researcher to identify such statements as codes associated with these themes.

This is similar to the description of a study by Howard-Grenville et al. (2013) which “reported on the use of [the term] ‘carriers’ as a sensitizing concept that helped researchers provisionally conceptualize a pattern that had emerged through their coding process” (Locke et al., 2020, p. 10). In the case of this study, the researcher used words and concepts relating to ‘autonomy’; ‘intrinsic motivation’ and ‘extrinsic motivation’ in a similar fashion to uncover patterns related to self-determination theory. Table 2-6 expresses the elements involved with the coding practices and the associated action steps.

Table 2-6: Coding Practices

Elements of Coding	Coding Actions
1. Developing codes	<ol style="list-style-type: none"> 1. Codes drawn from interview transcripts 2. Codes drawn from the literature 3. Codes drawn from personal experience 4. Assess assumed codes for appropriateness 5. Application of decision rules – the extent to which the theme recurs.
2. Organizing to code	<ol style="list-style-type: none"> 1. Using the literature to delimit empirical field
3. Putting patterns together	<ol style="list-style-type: none"> 1. Compare patterns across data and theory 2. Compare patterns across theory 3. Compare patterns across data

Although labeled numerically, the reader should not assume this was a sequential or linear process. Codes were developed by scrutinizing the textual data while considering the fit, if one existed, with the literature. Putting patterns together mainly involved observing a sufficient number of similarities among the data to justify creating a code. Comments that appear pervasively across the data are included in code creation decisions versus coding textual data that may be interesting but isolated or ‘one-off’.

In a similar fashion to how Gioia (2013) describes, the researcher found that “a myriad of informant terms, codes, and categories emerged early in the research ...” (Gioia et al., 2013, p. 20). Gioia continues, “In this 1st-order [coding] analysis, which tries to adhere faithfully to informant terms, we make little attempt to distill categories, so the number of categories tends to explode on the front end of a study” (Gioia et al., 2013, p. 20).

The researcher attempted to ‘adhere faithfully’ to informant *meanings* more so than use their *terms*, per se. The researcher, as mentioned, also paid close attention to delimiting the categories via the literature. Hence, there was no ‘explosion’ of categories at the beginning of the study. That said, drawing on the literature to delimit the empirical field

made it surprising when other categories, such as self-determination theory and wellbeing, emerged from the data.

Like Gioia, the researcher describes his research process, in part, by stating that as the research progressed, “similarities and differences” among the categories were considered, which reduced the germane categories to a more manageable number (Gioia et al., 2013). Unlike Gioia, though, the researcher’s experience was that, while not ‘exploding’, the number of categories expanded beyond the initial handful conceived at the start.

Following Gioia’s process, the researcher code labels/names (Gioia et al., 2013), albeit without retaining participant terminology. The researcher created labels from top-down analysis, beginning with identifying various logics, while other codes were derived from the bottom-up through inductive analysis identifying themes such as those having to do with self-determination theory and wellbeing.

In no case were the descriptors directly taken from participant terms. Instead, the researcher developed the descriptors to exemplify the deeper meaning of phrases and sentences taken from the text and how these aligned with the literature. With these differences in mind, the reader might conclude that the researcher’s approach was not inductive at all but rather that it was deductive.

However, the researcher argues that a priori knowledge of the literature and looking for the best fit in the data was only one aspect of the analysis. It is also true that the process was iterative, “cycling between emergent data, themes, concepts, and dimensions and the relevant literature, not only to see whether what we are finding has precedents, but also whether we have discovered new concepts” (Gioia et al., 2013, p. 19). This statement from Gioia seems to contradict what has just been described earlier from Gioia, which describes codes emerging exclusively from the data.

To address this inconsistency Gioia notes:

There is value in semi-ignorance or enforced ignorance of the literature if you will. Up to this stage in the research, we make a point of not knowing the literature in great detail, because knowing the literature intimately too early puts blinders on and leads to prior hypothesis bias (confirmation bias) (Gioia et al., 2013, p. 19).

This is an important point of divergence between this aspect of Gioia's method and the researcher's approach. In the case of this study, the researcher's knowledge of the literature and his experience could not be unlearned before undertaking the study. As Gioia points out, this can lead to researcher confirmation bias. And it may be true that this study has a certain degree of bias. However, to address this concern, in conducting the interviews, the researcher used the techniques discussed earlier and was mindful of letting the interviewees do the 'lion's share' of the talking. In fact, it was not uncommon to receive post-interview feedback from participants noting that they did most of the talking. One participant remarked that he felt the researcher would make a good psychologist because the researcher would ask a short question and then just listen the rest of the time.

6.4.5 Coding framework

Just below in Table 3-6 is the coding framework or the 'Code Book' in the parlance of NVivo software. It lists the identified codes along with a short description of each. Codes were developed as categories, sub-categories, and in some instances, sub-subcategories. For example, Institutional Logics is comprised of three sub-categories: Compliance / Fiduciary Logics, Sales Logics, and Service Logics. Within the Compliance / Fiduciary Logics sub-category resides a sub-subcategory of Ethics Compromise. The three main sub-subcategories of Sales Logics consists of Aggressive Targets, Pressure from Clients, and Pressure from FCs.

Table 3-6: NVivo Code Book

Code Name	Description
1. Intra-Institutional Logics	Codes related to the various institutional logics.
a. Compliance/ Fiduciary Logics	Statements from participants that exemplify the influence of Compliance / Fiduciary Logics.
i. Ethics Compromise	Issues / behaviours that exemplify when or how the ethics of advisors are compromised.
b. Sales Logics	Statements that are associated with Sales Logics.
i. Aggressive targets	Passages that relate to behavior influenced by aggressive sales targets.
ii. Pressure from clients	Passages that exemplify behavior or expressions of concern where pressure from clients is the cause.
iii. Pressure from FCs	Passages that identify how behavior is influenced because of pressure advisors feel from FCs.
c. Service Logics	Statements that reflect an association with Service Logics.
2. Self-Determination Theory	Codes associated with self-determination theory.
a. Extrinsic Motivation	Statements associated with extrinsic motivation.
b. Intrinsic Motivation	Statements associated with intrinsic motivation.
c. Professional Autonomy	Statements associated with professional autonomy.
i. Required (but perfunctory) activity	Quantity over quality: The question becomes not; did you create quality financial plans? Rather, how many financial plans did you create? This has to do with both service and professionalism. But hews most closely with professionalism.
3. Wellbeing	Codes related to wellbeing of advisors or clients.
a. Advisor Wellbeing	Statements associated with advisor wellbeing.
b. Client Wellbeing	Passages associated with client wellbeing.
4. Advisor satisfaction with the organization	Passages associated with positive feelings about the organization

The objective of the analysis activity, just as Reay (2016) suggests, was to identify and group phrases common across all the interview texts into coded categories related to institutional logics that can help account for advisors' behaviors (Reay & Jones, 2016).

Table 4-6 details how many participants had data points associated with each code and how many data points identified across all participants were associated with each code.

Table 4-6: Number of Participants and Data Points Associated with Each Logic

Code Name	Number of participants having data points mapped to the code	Number of individual data points identified as relevant to the code
1. Institutional Logics*	14	201
a. Compliance/ Fiduciary Logics	12	44
i. Ethics Compromise	12	38
b. Sales Logics	14	49
i. Aggressive targets	13	29
ii. Pressure from clients	5	9
iii. Pressure from FCs	9	16
c. Service Logics	8	16
2. Self-Determination Theory**	13	77
a. Extrinsic Motivation	1	1
b. Intrinsic Motivation	7	7
c. Professional Autonomy	12	28
i. Required (but perfunctory) Activity	7	10
3. Wellbeing***	14	95
a. Advisor Wellbeing	9	20
b. Client Wellbeing	12	29
4. Advisor satisfaction with the organization	7	14

*Includes a + b + c plus all sub logics within

**Includes a + b + c plus SDT generally

***Includes a + b plus wellbeing generally for clients, advisors & firm

Table 5-6 below shows each participant on the left and the degree to which each participant contributed to a given coding category. For example, participant 1AFN2 contributed 12.77% of the Compliance / Fiduciary logics category coding.

Table 5-6: Participant Coverage: Percent of Unique Contributions to Each Category Per Participant.

Participant	Fiduciary / Compliance	Sales Logics	Service Logics	Self-Determination Theory	Wellbeing
1AFN2	12.77%	9.80%	10.00%	3.13%	4.35%
2X80RQ1	17.02%	15.69%	35%	15.63%	8.70%
36LFERM3	6.38%	5.88%	0	3.13%	8.70%
AQMVPJZ	6.38%	5.88%	5.00%	12.50%	2.17%
BY6EKXQ	12.77%	11.76%	0	15.63%	17.39%
CRJ7IDT	4.26%	1.96%	0	9.38%	4.35%
K1TGXP	8.51%	7.84%	10%	9.38%	2.17%
MRIHRF	4.26%	7.84%	10%	9.38%	6.52%
NCBKRA41	2.13%	1.96%	5%	3.13%	2.17%
NGR2	8.51%	7.84%	5%	9.38%	10.87%
PO78	8.51%	13.73%	20%	3.13%	10.87%
QGDOKM	8.51%	1.96%	0	3.13%	10.87%
YS9OKEFI	0	3.92%	0	0	4.35%
YXTO	0	3.92%	10.00%	3.13%	6.52%
1AFN2	12.77%	9.80%	35%	3.13%	4.35%
2X80RQ1	17.02%	15.69%	0	15.63%	8.70%
36LFERM3	6.38%	5.88%	5.00%	3.13%	8.70%

6.4.6 Rationale for coding decisions

The following three participant quotes are a small sampling of all text segments coded to particular logics or themes and were considered for inclusion in relation to the researcher's personal experience and the literature. What follows is an explanation for why certain segments of texts were coded as such.

Verbatim 1: *Really being able to build relationships with, and wrap your head around 250 clients, yeah, in general, it's for one person, I don't think it's feasible.*

The statement is coded in four ways: Three 1st order intra-institutional logics and one theme as follows:

In the first instance, the statement is coded to the 1st order theme of 'Ethics Compromise'. Ethics Compromise is itself a subset of the 2nd order theme of Fiduciary / Compliance Logics, which is one of the three logics aggregated at the theoretical dimension of 'Intra-Institutional Logics'. See Table 4-6 above for a visual reference.

This coding decision is justified based on 12 advisors who made a total of 38 statements of a similar sentiment falling into the same category of Ethics Compromise (see Table 4-6). This is an example of an ethics compromise since the PCA must commit to working with more clients than feasible to serve properly, given their duty to act as fiduciaries.

The same statement is coded to a 1st order 'Aggressive Targets' theme. Aggressive Sales Targets is a subset of the 2nd order theme of 'Sales Logics', another one of the three logics aggregated at the theoretical dimension of 'Intra-Institutional Logics'.

This is justified based on 13 advisors who made a total of 29 statements of a similar sentiment falling into the same category of Aggressive Targets (see Table 4-6). This is an example of aggressive targets insofar as advisors must work with as many clients as possible to achieve goals for growing their practice. These goals are essentially sales

targets. Moreover, the sales targets are ‘aggressive’ because the organizations’ expectations are too high relative to the number of clients that can be properly served.

The verbatim was also coded to the 1st order theme of ‘Pressure from FCs’. Pressure from FCs is a subset of the 2nd order theme of ‘Sales Logics’, one of the three logics aggregated at the theoretical dimension of Intra-Institutional Logics.

This coding is justified based on nine advisors who made a total of 16 statements of a similar nature falling into the same category of Sales Logics (see Table 4-6). This is a representative example of ‘Pressure from FCs’ because FCs succeed by enrolling clients in the Private Client Advisory program. FCs become accustomed to working with particular PCAs and expect them to continue accepting new business regardless of their capacity.

In fact, PCAs, because of the pressure to meet aggressive targets, are hesitant, if not outright unwilling, to let FCs know of concerns they may have about capacity and their ability to accept new business, let alone express concerns about the ability to serve clients they already have properly. This creates an ethical dilemma in that PCAs need business referrals for new clients from FCs. However, they dare not express concerns over capacity issues for fear that the FCs will refrain from referring new business to them, thereby hurting FC and PCA sales production.

The same verbatim was coded directly to ‘Service Logics’ with no intervening 1st or 2nd order themes. Service Logics is one of the three logics aggregated at the theoretical dimension of Intra-Institutional Logics. Concerning Service Logics, eight advisors made a total of 16 statements of a similar nature. This quote is an example of Service Logics insofar as one of the concerns about ‘wrapping your head around 250 clients’ is that ensuring adequate levels of service are provided is difficult given this large number.

This is an interesting verbatim to highlight among the many examples because it demonstrates the tension between all three logics: Fiduciary / Compliance, Aggressive Sales, and Service.

Each of these logics competes for mind space and emotional connection. FCs understand the importance of building relationships with clients to understand their goals and objectives and any unstated, or at least not as easily quantified, emotional needs such as risk tolerance. FCs need to build and maintain relationships with clients so that service needs clients may not even be aware of can be identified and addressed by an advisor who understands who they are as people – the ‘wrapping their head around’ aspect of their role.

The study provides an empirical process whereby the researcher was able to understand the dynamics around how PCAs appraise the competing influence of each logic: Service, Sales, and Fiduciary / Compliance duty, such that it becomes possible to evaluate the influence and dominance, or lack thereof, of each.

The frequency with which occurrences of statements of similar sentiment associated with each of the themes found across interviews demonstrated a clear pattern that justifies creating the codes at the aggregate level and 1st and 2nd order level coding for Sales, Compliance / Fiduciary and directly to ‘Service Logic’ without need to map it to a 1st or 2nd order logic.

The quote also is mapped to the theme of Wellbeing because having too many clients creates stress for the advisor, which impacts the advisor’s wellbeing. In addition, having too many clients influences the proper exercise of fiduciary duty and the degree to which an adequate level of service can be provided, impacting the client’s financial wellbeing.

Verbatim 2: *If you are giving the FCs the impression that you don’t have that capacity then you aren’t going to reach your NSF target.*

Referring to Verbatim 2, the acronym ‘NSF’ stands for Net Solutions Flow which refers to the number of (net) new clients enrolled in the offer while accounting for any who may have unenrolled.

As seen in Table 4-6 above, the quote is coded to one 1st order logic: ‘Aggressive Targets’ and then is further mapped to two 2nd order logics: ‘Fiduciary / Compliance Logics’ and ‘Sales Logics’. This quote is one of 29 statements having a similar sentiment coming from 13 advisors coded to ‘Aggressive Targets’ and one of 16 statements of similar sentiment coming from 9 different advisors coded to ‘Pressure from FCs’, both of which are subsets of ‘Sales Logics’.

The ethical concern this statement suggests is that PCAs must be careful always to appear to have the capacity to accept new clients regardless of if they do or not. Disclosure on the part of PCAs will likely cause FCs to select a different PCA for referrals of new business and thus adversely affect the ability of the PCA to meet the NSF (sales) target. PCAs must choose between being honest with FCs about the number of clients they serve, hence their capacity to act effectively as fiduciaries on the one hand, and risk not getting referrals to meet their targets for business growth on the other. There is, therefore, tension between Sales Logics and Service Logics. It might also be argued that it demonstrates the tension between Sales Logics on the one hand and Service *and* Fiduciary Logics on the other.

Verbatim 3: *As we say, are we what we say we are? Which is wealth managers. Because I think we were talking out of both sides of our mouth. I think we; we’re marketing ourselves as wealth managers, but all of our energy was focused on sales. So, to me that was, that was a huge pit in my stomach. And it just, I just thought it was incongruent with all the marketing and you know, how we position Private Client to prospects, right?*

This statement is coded to ‘Ethics Compromise’ (Fiduciary / Compliance Logics), ‘Aggressive Targets’ (Sales Logics), and ‘Service Logics’. This quote is one of 29 statements with a similar sentiment coming from 13 advisors coded to ‘Aggressive Targets’ (see Table 4-6). Concerning ‘Service Logics’ there were eight advisors who made a total of 16 statements of a similar nature (also see Table 4-6).

The phrase, ‘pit in my stomach’ can be tied to the theme of ‘Wellbeing’ where ‘wellbeing’ is understood by the researcher in the Aristotelian sense through the Greek

word, '*eudaimonia*'. The difficulty of providing an exact translation of this word is well known, but it is often translated as 'happiness', although 'flourishing' and 'wellbeing' are also sometimes used (Christopher Megone, 2013).

When advisors express concerns about how the culture creates a 'pit in the stomach' this speaks to the wellbeing of the advisor insofar as wellbeing can be equated with flourishing and true happiness. This is relevant because 'Advisor Wellbeing' is a theme that garnered 20 pertinent comments from nine advisors. Hence, though this does not code directly to an Institutional Logic, it does represent an important theme arising from the data.

Table 6-6 (a & b) below illustrates the thought process for how certain passages were chosen to represent particular codes and, therefore, various intra-institutional logics.

Table 6-6a: How Text Segments (codes) Were Mapped (examples A)

1 st Order Representative Codes (Quotes From Data)	Related Logics / Themes	How Logics Conflict / Rationale for Coding
<p><i>Really being able to build relationships with, and wrap your head around 250 clients, yeah, in general, it's for one person, I don't think it's feasible.</i></p>	<ul style="list-style-type: none"> • Fiduciary/ • Compliance Logics • Service Logics • Sales Logics • Wellbeing (theme) 	<p>Having too many clients creates stress for the advisor which impacts advisor wellbeing.</p> <p>Impacts proper exercise of fiduciary duty, and the degree to which an adequate level of service can be provided which impacts client financial wellbeing.</p> <p>PCAs feel pressure from FCs to accept an unlimited number of new clients. Hence, conflicts arise between Sales, Service, Wellbeing and Fiduciary Duty/ Compliance</p>
<p><i>If you are giving the FCs the impression that you don't have that capacity then you aren't going to reach your NSF target</i></p>	<ul style="list-style-type: none"> • Sales Logics • Fiduciary /Compliance Logics 	<p>FCs must be confident that the PCA has capacity to handle new, and existing clients or they will cease making referrals to them.</p> <p>However, regardless of capacity, PCAs must accept new referrals in order to hit their targets.</p> <p>Having too many clients strains the ability of PCAs to provide each client adequate attention to fulfill their fiduciary duty.</p>
<p><i>As we say, are we what we say we are? Which is wealth managers. Because I think we were talking out of both sides of our mouth. I think we, we're marketing ourselves as wealth managers, but all of our energy was focused on sales.</i></p> <p><i>So, to me that was, that was a huge pit in my stomach. And it just, I just thought it was incongruent with all the marketing and you know, how we position Private Client to prospects, right?</i></p>	<ul style="list-style-type: none"> • Sales Logics • Service Logics • Fiduciary / Compliance logics • Wellbeing (theme) 	<p>Highlights tension between Sales Logics and Service Logics with implications for tensions between Sales Logics and Compliance / Fiduciary Logics ('incongruent') and implications for advisor wellbeing ('pit of my stomach').</p>

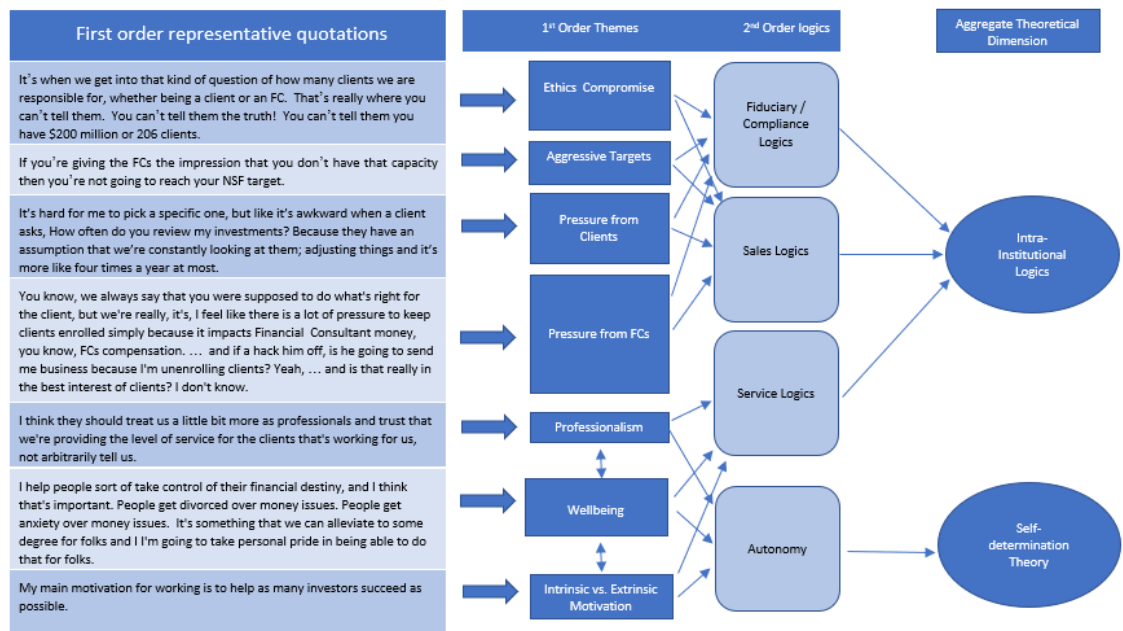
Table 6-6b: How Text Segments (codes) Were Mapped (examples B)

1 st Order Representative Codes (Quotes From Data)	Related Logics / Themes	How Logics Conflict / Rationale for Coding
<i>It's hard for me to pick a specific one, but like it's awkward when a client asks how often do you review my investments because they have an assumption that we're constantly looking at them adjusting things and it's more like four times a year at most.</i>	<ul style="list-style-type: none"> • Service Logics • Sales Logics • Fiduciary / Compliance Logics 	This highlights the tension between Service with Sales Logics. And Sales Logics with Fiduciary / Compliance Logics. This requires the PCA to make ethical compromises.
<p><i>It's when we get into that kind of question of how many clients we are responsible for, whether being a client or an FC.</i></p> <p><i>That's really where you can't tell them, you can't tell them the truth! You can't tell them you have \$200 mil (under management) or 206 clients.</i></p>	<ul style="list-style-type: none"> • Fiduciary / Compliance Logics • Sales Logics 	This highlights the tension between Sales Logics and Fiduciary / Compliance Logics and causes the PCA to enter into ethical compromises.
<i>But yeah, it just seems like a bit burdensome, you know, and it's in, you know, when the, when the expectation is, you know, you just 'do Suitability', you just 'check-the-box' and move on. You know, it's like, it's the last of my priorities.</i>	<ul style="list-style-type: none"> • Sales Logics • Service Logics • Fiduciary / Compliance Logics 	<p>This highlights the tension between dominant Sales Logics and less dominant Fiduciary / Compliance Logics.</p> <p>Also tensions between Sales Logics and Service Logics since providing appropriate service requires attention to fiduciary/compliance duty.</p>

Table 7-6 below describes how quotes relate to 1st and 2nd order logics and how those themes are aggregated to relate to theory, either institutional logics or self-determination theory.

For clarity Table 7-6 has been simplified in that each First Order Representative Code quotation is mapped to only one 1st Order Theme. However, this one-to-one matching is an oversimplification of reality because, as has just been described, there is considerable crossover among different 1st Order themes. A single quotation might well be mapped to multiple 1st Order themes.

Table 7-6: How Quotes Relate to Themes, Logics and Theory



(Table adapted from Corley & Gioia, 2004, p. 184)

6.4.7 Institutional logics vs. organizational issues

A reader might question whether the observed issues were, in fact, indicative of institutional logics rather than less consequential organizational issues. What distinguishes institutional logics from general organizational issues, in this case, is the influence on PCAs' sense of self and personal identity rather than merely understanding their various activities.

Friedland, (2012) in his book review of Thornton et al. (2012), refers to "their sense of self and identity: that is, who they are, their logics of action, how they act, their vocabularies of motive..." (Thornton et al., 2012, p. 54). Moreover, Friedland (2012) says speaking of "identification and internalization [they are] ...both a critical anchor and source of agency, the latter because of the former" (Friedland, 2012, p. 586). The researcher takes this to mean that within the organization, social reality follows in the wake of cultural meaning-making.

Competing intra-institutional logics are identified as such because they cause participants to be challenged regarding their self-image and identity. For example, participants in the

study personally identify at once as a *salesperson* with an obligation to achieve targets and, at the same time, as a *professional* having a fiduciary duty. Each logic: Sales and Fiduciary / Compliance, creates a pull for attention and dominance. In what may be an oversimplification, consider this viewpoint: Within the organization, success in sales is rewarded with praise, recognition, promotions, and financial incentives. In contrast, the proper exercise of fiduciary duty is a minimum expectation and punished should a lapse occur *and* be discovered.

There are times when PCAs consider and sometimes feel compelled to skimp on aspects of their fiduciary duty where the consequences of negligence may be difficult, if not impossible, to fully appreciate or detect by managers except over a long time, if even then. This neglect occurs because of the more urgent need to achieve sales goals or other targets.

Take this verbatim example from the interviews:

It's just I need to get a number. And so, I'm going to do my Investment Policy Statements - 100 in one day to get them off. Does that create any quality? No. But it 'checks the box' to say we're, we're done.

An Investment Policy Statement (IPS) is a document that is typically associated with institutional investors and foundations. PCIA uses it for individual investors, too, and with good reason. At a high level, it is intended to illustrate the investment philosophy the firm intends to use in helping the client manage their finances. It is largely a standardized document. However, portions of the document are customizable using client and PCA co-created language. It is intended to ensure that PCAs' understanding aligns with the client's goals and objectives. It explicitly includes any special investing preferences the client has expressed and which the PCA has agreed to be cognizant of when making investment recommendations.

PCAs must revisit and update the IPS with each client at least annually or more frequently if client circumstances have changed since the last iteration of the document. It is the 'playbook' by which PCAs ensure they are on the same page with each of their clients in

terms of understanding what they are trying to accomplish and how. The IPS includes the agreed upon asset allocation strategy and may also include statements regarding unique preferences or restrictions the client may have about investments they may be permitted to make. For example, a client who has already accumulated a large number of shares of stock of the company where they are employed may wish to explicitly exclude buying more shares to avoid further concentration in this area. Accordingly, this may be noted in the IPS. Or a client who is a contractor to companies in the aerospace industry, for example, may be contractually precluded from investing directly in shares of industrials sector stocks in order to avoid potential insider trading or other conflicts of interest issues. Noting this restriction helps form the language of the IPS.

An annual requirement to review and update the IPS for each client can be onerous, though, particularly given 200~ clients for whom this must be accomplished against the pressure to spend time on other activities that seem more urgent. Further, PCAs make assumptions about their clients, believing falsely sometimes that nothing has changed since their last IPS update and, therefore, sometimes view the activity as largely perfunctory. So, they sometimes feel as though they can ‘get by’ with a quick update of the document (basically just updating the date) with no material changes noted based on what they believe to be the circumstances but without confirming this to be the case. The document is then posted to the client’s online confidential portal as a means of disclosure where because it may appear innocuous, it can go unnoticed by the client.

PCAs take their chances with what they may deem as minor transgressions of their fiduciary duty in favor of meeting what they perceive as a more immediate need, namely, to achieve sales goals or other targets. Hence, these two logics compete to dominate PCAs self-identity and behavior. This study has to do with the influence of these types of competing logics on advisor ethics.

6.4.8 Intra-institutional logics and ideal types

Emerging from the data, the researcher uncovered patterns expressed as three main *expected* logics. The first theme suggests the existence of idealized types of institutional logics comprised of: Sales logics, Fiduciary / Compliance logics, and Service logics.

Other *unexpected* themes also emerged, which include self-determination theory, wellbeing, and to a lesser extent, advisor satisfaction with the organization. Table 8-6 lays out the three main logics identified along with what each consists in vis-à-vis their ‘ideal type’ descriptors. A discussion of the table follows.

Table 8-6: Intra-institutional Logics / Ideal Types

		(Y-Axis): Intra-Institutional Logics		
		Sales Logic	Service Logic	Compliance / Fiduciary Logic
(X-Axis): Components and Aspects of Ideal Types	Root metaphor	Role success	Customer focus	Legal and moral duty
	Sources of Legitimacy	Exceeding targets	Retention of clients	Following compliance policy
	Sources of Authority	Expectation of management	Seeing everything through 'client's eyes'	Compliance department surveillance
	Sources of Identity	<ol style="list-style-type: none"> 1. Performance evaluation 2. Scoreboards 3. Recognition 	Emotional connection with clients and firm associated with intrinsic motivation	Professional reputation
	Basis of Norms	Necessary to be relevant in role	Group Membership as an 'Org-bee'	Essential requirement to remain a member of the firm / industry
	Basis of Attention	Sales rank status among peers	<ol style="list-style-type: none"> 1. Informal recognition from peers. 2. Recognition from management 	Publicly accessible regulatory disclosures / documentation
	Basis of Strategy	Outperform peers	Achieve high Client Promoter Scores	Comply with policy to preserve reputation and employability
	Informal Control Mechanisms	Internal and external customers	<ol style="list-style-type: none"> 1. End clients 2. Cooperation from internal departments 	Advisors must act in client's best interest which is both a legal term but with moral (subjective) obligations
	Economic System	Intra-organizational competition	Implications for bonus allocations	Non-compliance may result in termination of employment and employability elsewhere.

Adapted from (Thornton et al., 2012, p. 73)

In Table 8-6, three main categories of intra-institutional logics have been identified and listed across the top: the ‘Y’ axis. They are intra-institutional logics insofar as each is distinctive and can be defined separately by the set of ‘components and aspects’ that encompass the items listed along the ‘X’ axis. They are elemental categories in the sense that, while possible, it is difficult to split or combine these individual categories further and still have them retain their original meaning.

Each logic is a distinct and separate category. This is not to say that people experience only one logic ever or only one logic at a time. To clarify, one might attempt to further split or blur the lines between categories by suggesting, as an executive was fond of saying, “Good sales equals good service, and good service equals good sales.” This expression presupposes that if workers provide good service, then success in sales follows. Moreover, by the same token, if you are successful in sales, it must be because customers feel well served. There is truth to this assertion only when Service Logics *coexists* with Sales Logics without friction. It is not valid insofar as the two logics may also sometimes *compete*.

Collaborative coexistence versus competition is determined situationally. If an advisor believes that providing good service will support sales efforts in a given situation, then the two logics can coexist in collaboration – without friction. If, on the other hand, the advisor believes that providing a certain type or level of service is either unnecessary or a hindrance to the sales process, then these two logics conflict. If one views the preparation and delivery of an IPS, as discussed earlier, as an example of providing a service fulfilling a fiduciary duty, we can see how, if there are competing priorities, providing a meaningful IPS discussion may be subjugated to spending time and effort on activities that will lead more directly to the satisfaction of specific goals or targets where it may be rationalized as ‘checking the box’ to say you got your IPSs done.

Without adequate reflection, thinking that sales and service always enjoy a symbiotic relationship unfairly blurs the line between Sales and Service Logics. This is so because the dominance of any given logic can be based on the situation. In practice, Sales and Service (along with other logics) exert influence. Both are present simultaneously in self-identity along side many other logics, at the macro, mezzo, and micro levels. Each

competes for dominance of ‘mind space’ and emotional connection leading to behaviors. Yet, they remain distinct, all while held in the mind at once. As noted, in some circumstances, it may be possible for logics to coexist without competing. Whereas at other times, under other circumstances, they compete for dominance. Otherwise, one could argue there would be no need for comparison in the first place, and there would be no ethical dilemma in trying to determine what the right thing to do is – keep a piece of business because of sales pressure or let it go for compliance reasons, for example. Or, choose to accept additional clients (Sales Logics), knowing that it will be challenging to provide adequate service by doing so (Service Logics).

As an aid to understanding Table 8-6, it will be helpful to review the ‘Sales Logic’ details in light of the relevant ‘Components and Aspects of Ideal Types’. Using this as an example should help with interpreting the entire table.

6.4.9 Root Metaphor

Each logic: Sales, Service, and Fiduciary/Compliance, is defined by a root metaphor which is a short-hand way of describing the main theme associated with each logic. For example, when a PCA thinks about sales or engages in selling, they self-identify with the idea that to succeed in their role, they will need to excel at selling. How do they know if or when they have been successful? They will know they have been successful if / when they exceed their sales goals. Exceeding sales goals is the relevant proof that ‘legitimizes’ success. Hence, the rationale for including the phrase ‘source of legitimacy’ in Table 8-6.

Success in sales is an expectation of management. Management is the ‘source’ or party having the authority to set sales targets. It should be pointed out that this is a form of extrinsic motivation as opposed to PCAs being motivated by intrinsic factors such as a personal desire to accomplish goals where the ‘source of authority’ is the self.

6.4.10 Source of identity

Continuing with Sales Logics, we consider the ‘source of identity’ in this context to include performance evaluations and scoreboards. Scoreboards, updated frequently, are data sets that compare the performance of PCAs against each other across various sales metrics, which makes it possible to stack-rank, or force-rank as it is also referred to, each PCA against all PCAs so that each PCA can see where they stand relative to all other PCAs in the various categories for which there are sales-oriented targets.

This serves as a public forum for garnering a sort of fame or shame among peers and managers depending upon the standing of a PCA in the rankings. Through private performance reviews and publicly viewable (internally) stack-ranking scoreboards, PCAs self-identify as either struggling or succeeding in meeting sales targets. Moreover, because of the dominance of this logic, it is also interpreted as struggling or succeeding generally. This placement as to relative success becomes part of a PCAs way of thinking and self-identifying with themselves and peers, which also gives rise to establishing an informal hierarchy.

6.4.11 Basis of attention

The ‘basis of attention’ forms the foundation of norms relating to how PCAs are treated formally and informally. These norms of behavior influence the kind of attention a PCA might experience from peers and managers. This ‘basis of attention’ is tied to their personal sales ranking versus their peers. A PCA low in the rankings will have fewer chances for special opportunities than others who rank more highly, particularly in the Sales Logic category versus the other categories.

6.4.12 Basis of strategy

The ‘basis of strategy’ is to outperform one’s peers. Importantly, the basis of strategy is not centered on quality as a client might perceive it. Instead, the basis of strategy relates to quantity – to have better numbers than your peers.

6.4.13 Informal control mechanisms

‘Informal control mechanisms’ include those factors that can limit autonomy and influence ethics of behavior, such as pressure from internal partners like FCs as well as end clients. Each of these pressures are influences that funnel-up to a relevant logic. In the case of Sales Logics, PCAs might behave in ways that accommodate prospective clients, which might otherwise be avoided to obtain a new client or keep a current client from un-enrolling from the service. FCs may be accommodated with requests that might otherwise be denied to maintain the flow of new referrals from that FC or other FCs who could influence their peer’s selection of PCAs.

6.4.14 Economic system

Finally, the ‘economic system’ applicable in this case might also be considered a sort of eco-system that arises from how these various ‘components and aspects’ unfold. PCAs must compete with each other (intra-organizational competition). They must also balance pressure from clients and internal partners to succeed in sales. Hence, the concern arises when an unhealthy level of competition causes PCAs to take ethical shortcuts.

It should be noted that ‘Ideal Types’ are not regarded necessarily as representative of social reality. Instead, they are “tool(s) to interpret cultural meaning” (Thornton et al., 2012, p. 52). The researcher interprets ‘cultural meaning’ as concerning personal identity, self-image, and personal values. In contrast, social reality is exemplified by how actors interact with one another. Hence the former is interior-focused, while the latter is about external relationships.

‘Ideal Types’ developed here are intra-institutional logics identified at the mezzo level. They are subcategories of field-level institutional logics. For example, because of their connection to business and the economy, Sales Logics and Service Logics are arguably subcategories of the institutional logics order that Thornton et al. (2012) refer to as the ‘Market Order’(refer back to Table 2-3). The Fiduciary / Compliance logic is closely related to the State Order and Professions Order, also shown in the same table, because the realm of compliance is related to the law, and laws are promulgated by officials

representing the State. Fiduciary duty is also a legal obligation associated with the State. However, it is also closely related to, and a subcategory of, what it means to be a member of a profession since fiduciary duty, in part, defines what it means to be a professional.

PCAs are not siloed exclusively within one or another ‘Ideal Type’. Rather, each PCA is influenced, to some degree, by each institutional logic. Sometimes the logics and attendant ‘Ideal Types’ co-exist harmoniously, as noted earlier. In other situations, they compete for dominance – dominance for mind space, self-identity, emotional connection, and behavior. Therefore, each PCA internally negotiates, consciously or subconsciously, the degree to which a particular logic exemplified by an ‘Ideal Type’ will dominate.

Keep in mind that these logics have only to do with their working environment. In addition to being members of a financial services organization influenced by the logics associated with a financial institution, PCAs are also members of the larger society. They, therefore, are influenced by other conditions and affiliations, each with its own set of logics.

Other conditions or affiliations might include practicing a particular religion or being a family or political party member. This is a highly abbreviated list meant only to help the reader understand that, as members of society with varying interests, affiliations, and responsibilities spanning the spectrum from global to micro levels PCAs, like all others, are subject to a wide variety of institutional logics influences. Each affiliation will have its own logics and sublogics that influence beliefs and behavior. For a further example, Thornton et al. (2012) asserts that on a macro level, institutional orders (logics) consist in the following: “Family, Religion, State, Market, Profession and Corporation”(Thornton et al., 2012, p. 56). As an exercise, consider the influence that logics associated with religious beliefs may have on behavior in the context of one’s work.

PCAs, just as those involved in other occupations, may intentionally attempt to compartmentalize their work life away from their religious life and beliefs, keeping the two separate. However, others may deliberately integrate religious beliefs with how they approach their work – keeping in mind the Judeo-Christian ethic of doing unto others as

you would have them do unto you, for instance. In each case, the logics of one is considered alongside the logics of the other (Profession and Religion). One or the other logic may hold dominance, thereby influencing behavior more. This research project focuses solely on those logics that arise from the PCA's work environment. Hence, some may consider this study an oversimplification of reality and, therefore, a limitation of the study.

Through personal experience and while leaning on established literature, the researcher has conceived each institutional logics category and how each can be understood as an 'Ideal Type'. The researcher also evaluated the data to determine the extent to which it matched with a given 'Ideal Type' (Reay & Jones, 2016). This process is discussed in several works. Most notably: (Thornton & Ocasio, 1999; Thornton et al., 2012).

Since the literature demonstrates that ideal types can and do exist at the macro level, the researcher felt it was not a far leap to apply similar reasoning to the organizational level. Thornton et al. (2012) suggest this is an under-explored area. Hence, conceptually, the literature inspired the notion of the applicability of ideal types to organizations generally and to this organization in particular. The researcher sought to understand and identify linkages between the adaptation of the literature and personal perceptions based upon experience and inferred through analysis of the interview data.

The reverse was also the case. Instead of strictly beginning with preconceived notions of what ideal types at the organizational level consist in, the researcher sometimes used the data as the catalyst in establishing their presence. Hence, as the qualitative data (semi-structured interviews) were analyzed, it became apparent that the data supported the formation of 'Ideal Types' as well.

The researcher used 'Ideal Types' to interpret the interview data and, in part, inferred/developed them based on the data. Ideal types, then, are a lens through which the researcher interprets the data *and* a means by which institutional logics were inferred as the researcher analyzed the data through the lens of institutional logics theory.

In determining what constitutes ideal types for each institutional logics category, researchers, as in this case, can sometimes rely on established literature for this purpose. For example, Reay (2016) points out that “[In] determining the ideal type for the ‘market logic’ academics such as Adam Smith provide well accepted descriptions of expected behavior” (Reay & Jones, 2016, p. 448). But, in other situations, such as with a study that Thornton (2004) conducted exploring higher education publishing (Thornton, 2004), she asserts that “researchers must first fully investigate the context to develop an understanding of the ideal type and then focus analysis on the observed behaviors” (Reay & Jones, 2016, p. 448; Thornton, 2004). Similarly, in the case of the present study, the researcher developed the ‘Ideal Types’, in part, by understanding the context, as Thornton suggests, through emersion and personal observation over more than ten years in the role.

Key observation:

Private Client Advisors believe in the organization’s mission, vision, and values. They want to do the right thing for clients, but the culture (logics) of the organization creates roadblocks for advisors to act ethically. A key roadblock is a lack of self-determination in practice management. Specifically, Private Client Advisors lack the degree of autonomy typically associated with those occupying professional status. In this case, lack of sufficient autonomy to determine the size of their practices harms the ability to operate them in a way consistent with their fiduciary responsibilities.

The concept of autonomy is one of three core psychological needs identified by self-determination theory, in addition to ‘competence’ and ‘relatedness’ intended to explain human adaptation, wellbeing, and productivity (Gagné & Forest, 2008; Stone et al., 2010), (Ankli & Palliam, 2012; E. Deci & R. Ryan, 2008; Landry et al., 2017). In the final chapter, the researcher will offer suggestions for how the organization can reinforce practices having a positive influence on advisor ethics and how to mitigate negative influences in part by using self-determination theory as a theoretical framing.

6.5 Findings

6.5.1 Empirical Contributions: Five main findings

1. *Private Client Advisors have too many clients.*
2. *Lack of autonomy due to the presence of numerical targets diminishes fiduciary effectiveness.*
3. *Pressure exists to keep clients enrolled for whom the offer is not appropriate.*
4. *Private Client Advisors care about client wellbeing.*
5. *Some Private Client Advisors are uneasy with having a sales role.*

6.6 Discussion

6.6.1 Discussion of findings

Finding 1: *Private Client Advisors have too many clients.* PCAs have too many clients to serve them all well as fiduciaries. The size of their practices prevents them from fulfilling their fiduciary duty to act in the client's best interest. While further research is required to determine the maximum or optimal number of clients a PCA should be responsible for, it is clear that PCAs feel their present workload contributes to subpar service and advice for their clients.

What follows are quotes from the raw data that exemplify the finding that PCAs have too many clients to serve them all well as fiduciaries.

Quote 1: Too many clients / autonomy and fiduciary duty.

So, I wish there was more that I could do as a fiduciary in my role to control the number of clients that I work with so that I can give them better attention.

Quote 2: Too many clients / pressure from FCs and aggressive sales targets.

I've never really shared the number of clients issue because I think that creates a barrier of them (FCs); scratching their head as to, "Okay, can she handle these new clients?" And that's the challenge - is that, you know, you have so many clients already, but you still have an NSF (Net Solutions Flow) goal.

The fact that the participant in Quote 2 above does not share the number of clients she has is an example of withholding information that might be relevant to someone considering hiring her. Therefore, this is an example of how advisor ethics are influenced by competing institutional logics (Sales vs. Fiduciary / Compliance).

Investors may be reluctant to hire an advisor with too few clients out of concern that the advisor may have so few because of a lack of experience or expertise. On the other hand, investors may not wish to hire an advisor with so many clients, fearing they might not receive the level of attention desired. This deliberate omission of material information is arguably unethical because disclosing the information might influence the client to refrain from hiring her.

However, this is not entirely the fault of the advisor. Absent the current employee performance metrics, this would likely not be an issue since, given sufficient autonomy, the PCA would have no other reason to stretch her capacity beyond the limits of what would be required to execute her fiduciary duty effectively. This inference follows from the literature related to self-determination theory which suggests knowledge workers, such as advisors, would be more naturally inclined to do the right thing if they were not subject to employee performance metrics that measure the quantity of items produced rather than the quality of the worker's contribution.

Failure to 'do the right thing' is an ethical issue. However, ethical issues may or may not always rise to the level of criminality. Although, considering what might be deemed an extreme possibility, there is said to be a correlation between agentic behavior – the ability to direct one's behavior with criminal tendencies (Petrich, 2020).

For more on how STD bears on moral behavior, see Krettenauer's (2020) work which assesses how SDT provides a framework for focusing on questions about moral identity and how it is linked to moral action. According to SDT, a lack of power to control one's goals, actions, and destiny may influence moral identity and moral actions (Krettenauer, 2020). Thus, while the PCA can disclose the number of clients she works with, as a practical matter, it is not feasible. From a practical point of view, her power to control her own destiny is too limited because she lacks control over her own goals – in this case, the number of clients with whom she desires to work. In so doing, she feels pressure to compromise on ethics. In this example, the ethics compromise involves withholding material information from her prospective and current clients.

In addition to acknowledging that the PCA has too many clients, Quote 2 above exemplifies why PCAs feel pressure from FCs. In this case, aggressive sales goals force PCAs to hide that they have too many clients from their FC colleagues for fear of eliminating a source of future client referrals, which will be essential to meet their 'NSF' goal.

Finding 2: *Lack of autonomy due to the presence of numerical targets diminishes fiduciary effectiveness.* Current performance evaluation metrics for Private Client Advisors, including numerical targets, hinder fiduciary effectiveness. In addition, as shall be explained shortly, this also diminishes advisor engagement and detracts from wellbeing of clients and advisors.

These negative consequences were made visible by viewing the issue through the lens of self-determination theory (Ankli, 2009; Cerasoli et al., 2016; Monnot, 2018, and others), where it became clear that advisors lack sufficient autonomy to determine for themselves how best to care for their client's financial wellbeing based upon their professional judgment.

Levels of worker engagement and wellbeing are two elements associated with autonomy, which are important dimensions of SDT that posits "modern humans have three core psychological needs: competence, autonomy, and relatedness" (Stone et al., 2010, p. 107).

According to SDT, professionals such as PCAs, are motivated as much or more by intrinsic factors rather than purely by money or other extrinsic influences such as achieving numerical goals (Deci et al., 1999; Niemiec et al., 2009; Ryan & Deci, 2020).

The findings suggest that PCAs are more motivated by intrinsic preferences (such as helping clients succeed) than purely extrinsic factors (such as monetary compensation). The organization uses numerical targets to judge the quantity of items advisors produce against various metrics. Such ‘scorekeeping’ may produce the desired number of ‘things’ being measured but does little to achieve the organization’s more important goal of understanding and enhancing the skill level needed to deliver those ‘things’ to clients in a high-quality fashion.

It is problematic to have quotas for knowledge workers such as advisors, presumably occupying professional status (Krieger, 2010; McLeod & Lotardo, 2021). What is missed is an appreciation for the quality of advisors’ interactions with their clients. Instead, PCAs and their supervisors focus on ‘getting the numbers’ rather than the more crucially desired *quality* of behavior(s) which was the organizations’ primary purpose for wanting PCAs to engage in the activity, at the start.

Private Client Advisors lack sufficient autonomy and self-determination to effectively exercise their role as professionals to determine how their practices should be managed. When PCAs cannot determine for themselves what services should be offered to clients using their professional judgment as fiduciaries, this negatively affects advisor engagement. This also influences wellbeing both for the advisor and client alike. It is in the best interest of clients, advisors, and the organization to grant advisors more leeway for self-determination, even if it means having fewer clients per advisor. From a profitability standpoint, it seems the tradeoff entails, on the one hand, increased costs in order to increase the number of advisors to lower the advisor/client ratio from what is currently (unsustainably) an unlimited number of clients per advisor to some more manageable, yet undetermined number.

On the other hand, this increased cost can, in theory, be offset by reducing client attrition for lack of proper attention and exercise of fiduciary duty. Just as adding to staff is costly,

obtaining new clients has a monetary cost too. Hence, the assumption, from purely a profitability perspective, is that in the long run, striking a better balance of advisor/client ratio leads to more profits because more existing clients are retained than would otherwise be, and perhaps over time, those clients may even produce referrals of other new clients. Although the exact numbers are not available to the researcher, management has long stated that keeping a client is less expensive than acquiring a new one. Given a more reasonable advisor/client ratio, advisors have more time to spend with each client, resulting in 'stickier' clients and more referrals from existing ones with less acquisition expense.

That said, considering the issue from a profitability aspect, one must determine the scope of time profitability takes into consideration. In the short run, profitability may be adversely affected by reducing the number of clients per advisor. To reduce the number of clients per advisor, some clients that comprise a given practice will need to be transitioned to a different advisor with more capacity to handle the workload. Hence, short-run profitability may suffer if some transitioned clients do not like the new arrangement and then decide to leave the advisory service. Furthermore, the addition to payroll by adding to staff will adversely impact profitability in the short run.

However, it should be cautioned that although a utilitarian cost/benefit analysis has long been a staple of the corporate decision-making processes to assure profitability. It has arguably not always been the most valuable means to measure the actual costs and impact of policy decisions. One need only look at the well-worn case from the 1960s of the Ford Pinto automobile. The gas tank was prone to explode due to even very minor rear-end collisions. "By conservative estimates, Pinto crashes caused as high as 900 burn deaths to people who would not have been seriously injured if the car had not burst into flames"(Dowie, 1977, p. 2). Ford executives had conducted a cost-benefit analysis and determined that the benefits of fixing the car (in lives saved and injuries prevented) were not worth the eleven dollars per car it would have cost to equip each car with a device that would have made the gas tank safer (Sandel, 2009a).

The company's fateful decision eventually cost it millions of dollars in court settlements and damaged its reputation, not to mention the toll on those whose lives were affected.

Since then, the press has been littered with the failure of organizational cost/benefit analysis related to their misguided use of the technique. Here are a very few examples: The 2001 Enron accounting scandal (Rashid, 2020), the 2019 & 2020 Boeing aircraft crashes (Welch, 2020), the 2015 Volkswagen emissions scandal (Jacobs & Singhal, 2020), and more recently, the blood testing scandal involving pharma company, Theranos (Griffin, 2020). Unfortunately, this is only a small fraction of organizational wrongdoing that exemplifies too much focus on short-term profitability for its own sake.

The researcher has stated elsewhere that because corporations are a social construct provided a special license to operate from society, with its own tax code intended to support business, the main purpose of business is, or should be, to do some good for society. The benefit of this includes profit making. Making money is a potential benefit, not its purpose (Young, 2014).

In trying to see the issue from the client's perspective, it is incontrovertible that clients would prefer having an advisor focused on providing high quality service rather than obsessing about getting the numbers they need to achieve a favorable performance evaluation. A quick analogy: If one were a patient in a hospital, it would be more desirable to have a physician whose performance evaluation was based on the quality of the physician's processes and patient outcomes rather than how many surgeries of a particular type were performed.

To further illustrate, soon to follow is an extensive passage of interview text. The participant begins by first acknowledging a favorable view of the overarching direction of the firm as it has rolled-out new expectations of PCAs over time. The main thrust of the passage, however, illuminates the dehumanizing consequences of evaluating behaviors by imposing numerical targets for PCAs. The passage illustrates 1) how numerical targets hinder fiduciary effectiveness and 2) how lack of autonomy, because of the imposition of numerical targets, can have negative consequences for engagement and wellbeing (see Baard et al., 2004).

Before turning to the participant text, it should be noted that a Devil's advocate might assert that it may be the case that the firm does not have to care about fiduciary

effectiveness because doing so does not maximize profit. But as we have noted earlier in the cases of Enron, Volkswagen, Boeing, Theranos, etc., company earnings can be adversely affected if their fiduciary duty is neglected. Enron, for example, is no longer in business.

Another important reason the organization cares (or should care) about fiduciary effectiveness is that registered investment advisory firms, such as the organization under review, have a legal duty under federal regulation to act as fiduciaries to their clients. To ignore this legal responsibility is to invite regulatory based fines, censure, suspension, or more severe penalties.

In some cases, such as with this project, rather than attempting to ascertain costs versus benefits to determine appropriate policy, a more enlightened and arguably effective approach is to lean upon the literature having to do with self-determination theory which supports the assertion that a positive correlation exists between self-determination and positive financial performance. As van Tuin et al. (2020) asserts, “Companies pursuing a higher purpose have the better case compared to companies primarily seeking profit maximization”(van Tuin et al., 2020, p. 2). The concept of ‘purpose’ is relevant to self-determination theory insofar as it leads to improved employee motivation and work engagement.

van Tuin et al. (2020) argue that motivation driven by purpose operates in a similar dynamic that basic psychological needs, as understood in the context of SDT, explain the relationship between transformational leadership and work engagement or between team values and work engagement. Interestingly, the study notes that workers motivated by a higher sense of purpose “display enhanced wellbeing. van Tuin uses the term ‘wellbeing’ in the eudemonic sense, which coincidentally is the same Aristotelian conception of wellbeing as this researcher leans upon in this study, as noted earlier in the chapter.

Let us move on to finally examine a lengthy but significant passage from one of the participants in the study:

It's, it's tough because I feel like a lot of, over the years and having been doing this for as long as I have, the vast majority of things, the bigger themes that they, that they work on us with, are, they are, they kind of bring out in terms of, you know, CPS (Client Promoter Survey scores) or IPS (Investment Policy Statement) or planning, or whatever it might be, I feel like it's 75% good. And I feel like it is trending us in a direction that is, that is better at, at the end. Because I do think that things like planning are more holistic, because I've got so many times where I meet somebody, and I have (only) three things to do in their portfolio. So, it is nice to have a broader conversation, to have other things to work on. So, I get the idea behind it.

The issue is always, here is a number. And it is not ... What they're trying to do is find a way to evaluate what the behaviors they want to have done. And it's really hard to evaluate a behavior without some sort of numeric to put through. Unless you're just sitting with them all the time and listening to the conversations or not. So, you have to put a number to say, well, you need to do this many things. Well, since you put a number on it. Well, now, it's not that I'm trying to get the behaviors that you're trying to do, I'm trying to get that number. And that's where I think the struggle comes in.

So, I don't know how you get, I definitely see my calls differently now than I did three years ago; than six years ago, 10 years ago because of these different themes that we've been adding to it and doing different things. But at the end of it all, it still says, OK, well, I need to get to 50% planning. So, I'm going to try something in here just to 'shoehorn' a plan in.

I can talk about the bigger, what we want to do as we manage this. We want to talk about how are we going as planned. But if literally I did a plan 10 months ago. And the markets have just kind of been along the line of a 5% growth over that 10 months. Zero has changed on that plan.

We build a plan to say, 'What happens when the markets are good? What happens when the markets are bad?' And it almost makes it seem like it to me, I feel like we're almost invalidating what we're doing by saying, well, every year we have to do another one, because... every five years maybe I could see, every three years. But it's just, we're like,

saying to clients, we do this to see what happens in different financial situations. And then we're saying, let's do it again or let's do it again, let's do it again.

And that's where I think the conflict comes in, saying, 'This is what we'd like you to do - this is how we'd like it to look.' And by making it, the way we get you to do that is by putting a number in place. But it always ends up being, you know, 'Here is, here is the cheese, find it!' The rat will always get to it. But, not in the path that they necessarily want. And then they say, well, to put the cheese over here, OK. We'll always find a way to get those numbers. It's just not the behavior sometimes they want to get out of it.

This passage unveils negative implications for both fiduciary effectiveness and advisor wellbeing. As well as how the organization thwarts its own effort to motivate advisors to devote energy to honing their skills to deliver the desired behaviors that both they and the firm would like to see demonstrated and from which the client would benefit most. Hence, neither clients, PCAs, nor the firm is well served.

In the final part of the passage, the participant mentions that the ‘rat will always get to the cheese’. Meaning the PCA will always find a way to get to the quota – to make the numbers. This is a meaningful point and compelling image because it equates a PCA with a rat. In doing so, one begins to understand the dehumanizing effect that numeric targets, used to measure qualitative behavior, have on PCAs. The organization may get the numbers they require but not necessarily the desired quality of behavior. Here is the final part of the passage again: “Here is, here is the cheese, find it! The rat will always get to it. But, not in the path that they (the organization) necessarily want. And then they say, well, to put the cheese over here, OK. We'll always find a way to get those numbers. It's just not the behavior sometimes they (the organization) want to get out of it.” The PCA, like a rat, is trained to get the cheese no matter where the firm places it.

This strategy of imposing numerical targets, *if* it has any legitimate use, seems better suited for non-knowledge workers staffing production lines in factory settings and alike where the quality of outputs is not related to the emotional intelligence (Ashkanasy & Daus, 2020; Zeidner et al., 2004) necessary to advise people about their life savings. Although beyond the scope of this project to allow a detailed discussion about ‘emotional

intelligence’, the phrase is used here to refer to the advisor’s “personality / psychological adjustment; self-awareness, self-motivation, self-regulation, empathy, social skills, assertiveness, stress tolerance, impulse control, coping with stress, reality testing, and social problem solving (ability)” (Zeidner et al., 2004, p. 386).

The rat analogy is symptomatic of cynicism which is antithetical to what might otherwise be the kind of personal engagement the organization would prefer its advisors feel. Having PCAs focus on ‘getting the numbers’ is anathema to advisor engagement and undermines the ability of advisors to work in the client’s best interest. Even if the firm does not intend for this approach to be dehumanizing, and it is taken in good faith that this is indeed the case, one must consider the awareness of this information as an opportunity for the organization to reevaluate its use of numeric goals as a means of measuring desired qualitative behaviors.

The following quote is another among many similar ones that exemplifies how current performance metrics hinders fiduciary effectiveness:

Probably most recently it's the goal of planning penetration and I get the sense that, you know, and just look at clients who've had plans done in the last year or two, and just send it out, you know, (just) update the assets and send it out. You don't even need to talk to the client before you send it out. And I'm uncomfortable with that. Maybe a handful of clients I can do that with because they have very simple plans, you know, they're retired and they only have (income from) Social Security and a pension, that's it. So that's easy enough. But otherwise, I want to make sure that the information in the plan that I'm sending them is correct and still, still relevant. So, you know, trying to get plans out to get my planning penetration numbers up, I don't necessarily like that.

In saying, “I’m uncomfortable with that” the participant is expressing the ethical tension experienced when choosing between the directive to achieve aggressive sales targets (Sales logics) and the personal desire to provide information that is ‘correct and still relevant’ (Fiduciary / Compliance logics). ‘Correct and still relevant’ is what a professional exercising fiduciary duty would expect of themselves and what society expects of professionals. Hence, because this tension between the two logics is

detectable, we can discern the existence of both types of intra-institutional logics and the ethical dilemma that PCAs experience.

The next quote illustrates how having a numeric target for producing comprehensive financial plans leads to cynicism and highlights the frustration that arises when PCAs are not permitted the autonomy to self-determine, as professionals, what type of help each client should be offered.

I mean, you know, the whole, I mean the other dumb thing is, is 'everybody needs a plan'. No, everyone doesn't need a plan. Everyone should need help.

The preceding quote exemplifies others expressing a similar sentiment and offers evidence for why the researcher believes PCAs lack sufficient autonomy to make fundamental decisions about their practice. The tone of the comment is one of cynicism. Noteworthy is that this runs counter to the organization's self-described interest in increasing worker engagement, as evidenced by the fact that the firm administers an annual employee engagement survey. The firm strives for engagement, but by stifling autonomy, its opposite – cynicism surfaces instead. The quote serves as an example of how the theme involving self-determination theory arose from the raw data.

PCAs are placed in an awkward position when they feel forced to provide a 'plan' when none, beyond investment planning, may be warranted, posing an ethical dilemma. Even though clients are not explicitly charged an additional fee for planning conversations, the PCA feels forced to find an excuse to provide further planning which the client may not need, may not find valuable, and may, in fact, feel was something of a non-sequitur to have been offered and executed in a largely perfunctory fashion. Hence, the client might become confused about why the PCA felt it was necessary to offer it in the first place.

When the PCA knowingly provides a service that they believe is unnecessary – not having a bearing on the client's best interest, this creates an ethical dilemma for the advisor because the motivation for offering the plan was to hit a target rather than to serve the client's best interest.

Finding 3: *Pressure exists to keep clients enrolled for whom the offer is not appropriate.* This sales pressure conflicts with fiduciary duty. PCAs want to act in client's best interest but are sometimes hindered from doing so because of pressure stemming from aggressive sales targets to enroll and keep some clients enrolled in the offer for whom it is not appropriate.

What follows are several quotes that exemplify how pressure exists to keep some clients enrolled for whom the offer is not well suited.

Quote 1: Pressure for enrollments

Yes, so that definitely happens. That's happened since day one. That, that I think will, because it's never... their, their (referring to FCs) role in some ways is in contrast to our role, not in contrast, but, but in more of, it's just, it's different. And because of that, they're going to be incented to get people through the door and hope it works. And if it doesn't, they're going to get a little bit of a sting. But, their hope is, they get it (referring to prospects) to us, and we then wrangled the wild horse (referring to prospects for whom the offer is not a good fit) and get it in the pen. And if we can do that, then we're gonna, then they (the FCs) appreciate us and they like us, and you know they'll give us, you know, they'll keep bringing it to us. And so that's where, for what we do, it's so vital for us to try and figure out, even if it's somebody who might be a bad fit. And I guess maybe, this isn't an ethical as much as it's just awkward, to try and find a way to make that client who doesn't necessarily fit, how can we keep them in? Because it hurts everybody. It helps everybody on the way in and hurts everybody on the way out and we're the ones who work the back door. So, we've got to try and do everything we can to keep him in that place.

This is an interesting quote because the PCA being interviewed senses the 'awkwardness' of the situation but does not recognize it as sufficiently worthy to rise to the level of an 'ethical' issue, per se. However, the researcher speculates that this awkwardness is likely the manifestation of an ethical dilemma that the PCA does not recognize as such, perhaps for reasons involving bounded awareness.

As discussed earlier in the thesis, this phenomenon can create what Moberg (2006), Bazerman, and Tenbrunsel (2011) have called ‘blind spots,’ “where we miss or ignore essential data” (Bazerman, 2011, as cited in Werhane, 2020, p. 2; Moberg, 2006). Alternatively, the researcher considers the possibility that, because of social desirability response bias, the participant is unable or unwilling to admit to themselves or the researcher (or both) that this tension does fall within the scope of an ethical dilemma.

Quote 2: Pressure for enrollments

And a lot of younger guys that are relatively new, it's, I feel like I have to say yes to anything that comes my way, even though I feel like it's a dubious fit or it's maybe not appropriate or the investment philosophy that the client, maybe explicitly, you know, maybe explicit or implicit is not a strategy that I'm fully on board with, but I can't turn it away, right?

This quote expresses a sentiment that is ubiquitous among PCAs. Having to say ‘yes to anything’ even though it is a ‘dubious fit’ illustrates a lack of autonomy and self-determination regarding what business to accept and reject. The lack of sufficient autonomy places fiduciary / compliance duty, thereby, professionalism at odds with the requirements to hit numeric targets. Lacking self-determination to make these decisions does not negate the ethical dilemma that arises since the PCA still self-identifies as a professional with a fiduciary duty to judge what business to accept on the one hand and self-identifies as someone with a duty to hit sales targets on the other. Hence, for these competing institutional logics, both ends of the horn of the dilemma are present even though the PCA, from a practical standpoint, has little choice in the matter.

This is precisely the type of situation that places a strain on one’s ethical compass. Supervisors have stated that PCAs have every right not to accept new business if they feel the offer is inappropriate for a particular client. Yet, in practice, this is difficult since doing so puts the PCA in the ‘hard to do business with’ category with FCs and, as such, jeopardizes the PCAs working relationship with FCs, including threatening the possibility of receiving future referrals from that FC or any FC he or she speaks with

about the issue. What follows are three additional verbatim quotes, further supporting Finding 3.

Quote 3: Offer appropriateness / pressure from FCs

I have a few instances of that, you know; transition client that I got from somebody and not once have they taken any recommendations. In fact, they've, you know, won't meet with me. So, you know, how can you justify charging them? He's a CFA (the client). I'm not exactly sure why he's in Private Client. He's on his mom's account as power of attorney. So, he's been managing his mom's account. So why are they in Private Client? But if I say anything, that's a \$1,000,000 un-enrollment, and you know, then I gotta justify that (to the FC). I can't even get them on the calendar.

Quote 4: Offer appropriateness / pressure from FCs

I feel like there is a lot of pressure to keep clients enrolled simply because it impacts Financial Consultant money, you know, FCs compensation. And, you know, furthermore, you know, because then they gotta, they got to make that up, right? It rolls up into, into their sales figures which puts pressure on them with their manager. So, it's like you're on the front line and you do everything to manage. Remember ... I need this Financial Consultant to send me business and if I hack him off, is he going to send me business because I'm unenrolling clients?

Quote 5: Offer appropriateness / pressure from FCs

But you know, you kind of danced that fine line there of saying no, I'm, I'm not going to take this client because I don't think that they're actually a right fit to an FC because, essentially, you know, our FCs are our biggest clients, right - where, where our business comes from. So, to sit there and say, no, I don't think this is a great fit. I'll say, personally, Bob (anonymized colleague) and myself, with us still having capacity and getting up to, to that point, we're not necessarily in the position to do too much as far as our picking and choosing - just to not burn any of those bridges with, with FCs.

Finding 4: *Private Client Advisors care about client wellbeing.* They feel a sense of personal connection with them which goes beyond transactional considerations about making optimal investment decisions.

Here are three of several similar quotes that exemplify how PCAs care about client wellbeing and feel a sense of personal connection with them.

Quote 1: Interest in the client

I help people sort of take control of their financial destiny, and I think that's important. People get divorced over money issues. People get anxiety over money issues. It's something that we can alleviate to some degree for folks and I, I'm going to take personal pride in being able to do that for folks.

For those outside the organization, this may be a surprising comment representing a theme because it seems to defy perceptions held by the general public that financial advisors, generally speaking, are motivated primarily by the money they can make rather than mainly because of a genuine, intrinsic desire to help clients be successful with their finances.

This also supports the identification of the theme of self-determination theory, since intrinsic motivation; doing the work because the work itself is thought to be important, meaningful, and gratifying rather than doing it mainly for the money – an extrinsic motivator is a main tenant of self-determination theory.

Quote 2: Interest in the client

I think what's gratifying about it is that at least where we work, right? It really does allow you to get to know a client on a very personal level and to really understand their circumstances, which I think I know it sounds silly, but I mean, it really is true that the more you know somebody, the more you tend to have a better grasp of their situation.

The above quote illustrates the awareness on the part of the PCA that getting to know clients on a personal level is beneficial for helping them, and it contributes to their personal gratification. This is also an example of an intrinsic versus an extrinsic form of motivation.

Quote 3: Interest in the client

So as far as most gratifying, is just the relationships that I have felt with the clients over the years getting to know them - their family, their personal situation.

The above quote expresses a similar sentiment as the one just above it. PCAs care about client wellbeing and feel a sense of personal connection with them, which goes beyond transactional considerations about making optimal investment decisions. Because of the personal gratification felt in building relationships, sometimes over several years, PCAs *want* to act in the client's best interest.

Finding 5: *Some Private Client Advisors are uneasy with having a sales role.* With the evolution of the firm moving from a service to more of a sales culture some advisors expressed confusion around roles. There is a sense that PCAs believe their primary role should be that of fiduciaries delivering a service. But as the offer has evolved, PCAs are taking on greater responsibility to close new and retain existing clients which may require more expertise having to do with sales than what the PCA is comfortable or has experience with. This also can be a catalyst that creates friction between their self-identities as fiduciaries as opposed to salespeople. Hence, this exposes competing intra-institutional logics where Fiduciary / Compliance logics come into conflict with Sales logics, where Sales logics has become dominant.

Two of several quotes that exemplify how Private Client Advisors are uneasy with the evolution of the organization evolving from a service to more of a sales culture:

Quote 1:

I've struggled with the Private Client Advisor role being a sales role.

Quote 2:

I think it's, I don't, I don't feel like we should have a sales component. I feel like that's the Financial Consultant's job. Do we have to have some type of incentive structure? Yes. Is it on retention? Is it on client service? Is it keeping the client's content? Is it, maybe, you know, some asset consolidation? What we are capable of doing there. But I think it's very hard to have those two roles (FC and PCA) both have a sales component.

6.6.2 Tension and ethical dilemma: How the data expresses a relationship with institutional logics

Participant quotes viewed in isolation do not signify the existence of a given institutional logic. It is only when considered as part of a whole transcript when one observes patterns emerging based on similar sentiment that one can appreciate that as a group, PCAs feel there are, in the parlance of institutional logics theory, '*rules*' that come with '*sanctions*' if rules, including achieving targets, go unmet. Furthermore, in keeping with institutional logics, PCAs can qualify to receive '*premiums*' in the form of material and non-material compensation if expectations are met or exceeded.

These '*rules*' that come with '*sanctions*' and '*premiums*' (think stick & carrot) influence how advisors '*create and re-create*' how they manage and '*provide meaning*' to their '*social reality*' at work. Their '*behavior and accompanying perspectives* unfold into '*predictable patterns*' of work toward goals which shape an identifiable '*objective set of norms*' in the form of formal performance expectations.

Simply put, PCAs understand that they must continue to grow their practice to be rewarded (premiums earned) and avoid negative performance evaluations or loss of employment (sanctions). They understand the processes needed to engage in, made normative through sufficient role clarity.

This all adds up to an emphasis the organization places on the growth of the offer accomplished through sales efforts (Sales logics) by *existing* PCAs rather than expanding the number of PCAs to grow the offer and to limit the number of clients each PCA must

take responsibility for. At the same time, Private Client Advisors feel a competing pull, albeit less dominant, from what they understand as their fiduciary duty to always act in their client's best interest (Fiduciary / Compliance logic).

PCAs are conflicted, and efforts are confounded when what it means to be a fiduciary entails working with such a large number of clients. This tension between sales requirements and fiduciary / compliance duties helps to establish the existence of both Sales and Fiduciary / Compliance logics. Standing them side-by-side in relief against each other through the foregoing quotes, one sees what each consists in; the tension between the two and the attendant ethical dilemmas.

6.6.3 Who's in charge? How the data communicates a relationship with self-determination theory

As has been noted, self-determination theory (SDT) is a macro-theory of human motivation that seeks to explain human adaptation, wellbeing, and productivity (Ankli & Palliam, 2012; E. Deci & R. Ryan, 2008; Gagné & Forest, 2008; Landry et al., 2017; Stone et al., 2010). SDT, also as noted earlier, assumes "modern humans have three core psychological needs: competence, autonomy, and relatedness" (Stone et al., 2010, p. 107).

Autonomy, which figures quite prominently in this study, concerns itself with acting with a sense of choice, volition, and self-determination. Landry et al. (2017) distinguish autonomy from independence in that some may willingly choose to rely on others even as they do so autonomously. This is in contrast to relying on external rewards and punishments for motivation.

An autonomous employee chooses to engage in work typically for its own sake as an end in itself and is motivated by intrinsic rather than extrinsic factors (Monnot, 2018). SDT suggests that workers who engage in their work autonomously will display higher levels of satisfaction and performance because they are satiating a basic psychological need (Monnot, 2018). Research also suggests that autonomous behavior is associated with

greater well-being (Chirkov et al., 2003; Ferguson et al., 2011; Gagné & Deci, 2005; Lynch et al., 2009) and higher levels of work engagement (Deci et al., 2001).

Under this canopy of self-determination theory relating to the core psychological need for advisors to have a sense of autonomy, a common theme emerged from the data. Concerns around lack of autonomy, particularly about control over practice sizes and numeric quotas for the number of financial planning discussions that go beyond portfolio recommendations, were evident.

6.6.4 Advisor as occupation or profession? The data's relationship with professionalism

The researcher argues that autonomy is not only a core psychological need as understood through self-determination theory but also a concept associated with what it means to be a professional. Neither the professions nor what it means to be a professional were direct extractions from the data. However, the connection between autonomy and professionalism and what it means to be a professional is clear.

A professional is defined as one who, unlike an amateur, requires special skill or expertise. Professionals adhere to codes of conduct, are required to complete annual continuing education courses, and are expected to perform their duties in the best interest of their clients. Professionals typically must meet certain minimum education qualifications, require licensure, and possess adequate experience before being allowed to practice. In exchange for such requirements, society cedes some of its power to professionals. This ceding of power is how society grants a degree of autonomy to professionals in order to carry out their work (Rubin, 2015). One can argue whether or not the work of a financial advisor rises to the level of a profession but should advisors or their employers aspire to be considered as such, a wider degree of autonomy is indicated and certainly desired by advisors.

6.6.5 Recommendations for practice

A summary of the recommendations follows which shall be elaborated upon in the next chapter.

1. Further study is needed to determine the optimal and maximum number of clients each PCA should reasonably be responsible for to execute their fiduciary duty properly. There is an urgent need to strike a better balance between scalability with capacity.

2. Management should give further consideration to allowing PCAs the flexibility to determine what types of plans or other products and services are recommended by advisors to their clients. Management should defer to the PCA, who, acting as a professional with fiduciary duty, is in the best position to determine what products and services are in the best interest of the client.

3. Eliminate numeric quotas. This will help reduce cynicism and increase engagement and wellbeing for both clients and advisors. This will also support intrinsically motivated advisors who wish to work in the client's best interest but feel the pull to do otherwise. Performance can be differentiated by establishing different levels/ hierarchies of advisors intended to recognize various levels of competency, such as advanced advisor, intermediate advisor, and early career advisor levels, each with its own salary structure. Advisors would advance from one level to the next based on consistent, observable qualitative behaviors.

4. Management should consider reviewing their advisor compensation plan, which should reward quality over quantity of activities. This ties in with #3 above but bears stating explicitly.

5. Management should make the referral process from FCs to PCAs 'blind' and randomized so that PCAs are not beholden to FCs. This will put less stress on PCAs to ignore important fiduciary duties to maintain strong referral relationships with particular FCs. This might also create more referrals to advisors who are members of minority or protected groups. This addresses fairness and inclusion issues that have not been

discussed but which may be argued are an issue that this change would address. The researcher believes that acting on these five recommendations will address ways to support and reinforce ethical behavior and simultaneously remove factors that strain the ethics of advisors.

6.7 Limitations

There are three main potential limitations to pattern inducing analysis. As Reay (2016) points out: First, “The nature of an interpretivist methodology means that explanations are relevant to the context of the study, but it is not known [and it is not the point of the study] whether findings are generalizable beyond the specific context” (Reay & Jones, 2016, p. 451). This is not a concern for this study since the goal is not to generalize from a small random sample to a larger population.

Second, by maintaining a close connection between the raw data and the context, the design of a pattern inducing study is “tailored to each particular case, making it difficult to make comparison across cases” (Reay & Jones, 2016, p. 451). This, too, does not pose a significant concern because this study is not intended to serve the function of comparing with other organizations. However, this does not foreclose on expanding this study more widely within the organization or other organizations for comparison and generalization in the future.

Third, it can be “difficult to persuade readers that the quotes or other data segments selected represent characteristics of logics as asserted” (Reay & Jones, 2016, p. 451). The readers will judge this for themselves. However, it is believed that the rich descriptions will help the reader make clear connections between the codes and the logics, and the other emergent themes.

6.7.1 Advantages

According to Reay (2016), the four main advantages of pattern inducing analysis are: First, a pattern inducing analysis strategy facilitates a researcher’s ability to provide deep insights into practices idiosyncratic to the local level. Second, through verbatim

participant quotes, researchers can illustrate data alongside a rich narrative enhancing the reading experience. Third, a pattern inducing approach allows researchers to provide insights into valuable context as to why actors behave as they do, “thus helping to show values and beliefs that may guide practices” (Reay & Jones, 2016, p. 451). Fourth and highly relevant to this study, “the pattern-inducing approach can be a particularly interesting way to build new theory, particularly in terms of linking micro-level phenomenon to institutional concepts” (Reay & Jones, 2016, p. 451).

6.8 Conclusion

The chapter began with a description of the data collection strategy. The researcher had an advantage since potential participants were located in the same building as the researcher and thus were easily identified. However, even though potential participants were nearby, the fact that advisors maintain busy schedules made it challenging to ask them to break away from their duties for even short periods to discuss possible participation in the PhD project.

The researcher acknowledges the potential for biases, both confirmation bias on the part of the researcher and social desirability response bias by participants. The importance of this is that the awareness of these issues created a catalyst to mitigate these biases leading to the decision to beta-test the coding process and utilize the interview techniques discussed in the chapter, thereby supporting the study’s credibility.

Next, the researcher described the data analysis approach by providing an overview of three commonly used methods for determining the presence of institutional logics. It was important for the researcher to make clear that each had been considered and that the rationale was clear for the chosen approaches. This was important to clarify because ‘one size does not fit all’ in that various settings are better suited to one approach or another. Alternatively, as in this case, using multiple approaches was appropriate.

A curated list of verbatim quotations from the semi-structured interviews was used to illustrate the rationale for the manual coding procedure. The coding process was presented along with examples of how and why particular passages were coded as such.

The significance of this is that from a credibility standpoint, it was crucial that the readers appreciate the relevance between the verbatims and the assigned codes as uncontroversial, coinciding with what common sense suggests.

The discussion turned to the creation of 'Ideal Types'. This essential process illuminated how PCAs represent, internalize, self-identify with, and express patterns of beliefs and behaviors associated with particular institutional logics.

The semi-structured interviews were combined with the Q study to understand the degree to which the findings from each study might confirm or refute the other. Results show that the interview findings coincide with those of the Q study, further supporting what the reader will see regarding recommendations for practice and public policy discussed later in the thesis.

Insights vis-à-vis the research question

In conclusion, the findings from the semi-structured interviews provide valuable insights insofar as the research question is concerned in the following ways:

The semi-structured interviews find that *competing intra-institutional logics influences the ethics of financial advisors* (RQ1). As discovered from the Q study, advisors feel pressure to keep clients enrolled in the advisory offer for whom, in their judgment, the offer is not appropriate. This leads to ethical lapses for reasons discussed earlier.

Likewise, the semi-structured interviews find that *self-determination influences the ethics of financial advisors* (RQ2) insofar as advisors do not control their practice sizes nor what services each client is offered. This lack of autonomy, combined with the presence of numerical targets, diminishes fiduciary effectiveness.

The semi-structured interviews illuminate how *the fiduciary duty owed to clients by advisors is undermined by conflicting intra-institutional logics and lack of self-determination in the subject financial institution* (RQ3). Ethical lapses can occur because

advisors focus on achieving numerical sales-oriented targets rather than the quality of how the services are provided – quantity over quality.

Next is Chapter 7, where we discuss common themes between the Q and interview studies, the contribution to business ethics, particularly financial advisor ethics, and the theoretical contribution of the thesis.

CHAPTER 7: DISCUSSION

7.1 Introduction

In this chapter, the researcher brings together the meaning of the combined Q study and semi-structured interview studies. First, an examination of common themes synthesized from both studies is put forward. Next, a discussion regarding the theoretical contribution of the thesis is discussed. Following this, the empirical contribution is considered. Finally, additional limitations of the project are examined.

7.2 Q-study and interviews: common themes

Through analysis of the interviews and the Q study, the thesis provides new perspectives, among which are: 1) Financial advisors want to do right by their clients and are generally more motivated by intrinsic rather than extrinsic factors. 2) For advisors to provide more effective fiduciary care to their clients, they will need to be able to control more – have more autonomy than they presently enjoy in order to make the best decisions about what types of services their clients should be offered and how many clients they should be required to serve. 3) Too much pressure to achieve sales and other related targets detracts from and competes with their fiduciary duty.

The study also offers lessons learned about the importance for fiduciaries who should, as professionals, be permitted to determine for themselves how to best manage their practices (Davis, 1991; Murdock et al., 2021; Richards et al., 2021; Sah, 2019; Tharp et al., 2021; Vogelgsang, 2022) particularly concerning allowing them to determine for themselves the size of their practices and what types of services to offer clients. The analysis of the data suggests agreement with the literature, which asserts that knowledge workers are more inclined to be intrinsically (or some form of intrinsically) rather than extrinsically motivated (Lombardi et al., 2020; McLeod & Lotardo, 2021; Petrich, 2020; Ryan & Deci, 2020).

Below is a matrix of the key findings common to both the Q study and interviews:

Table 1-7: Key Findings of Q Study and Interviews

Q Study Findings	Semi-Structured Interview Study Findings
As fiduciaries, Private Client Advisors have too many clients to serve them all well. And performance metrics hinders fiduciary effectiveness because of a requirement to meet various quotas / targets.	Private Client Advisors have too many clients.
Private Client Advisors are altruistic and feel a sense of personal connection with clients. But pressure exists to keep some clients enrolled for whom the offer is not well suited.	Advisors feel pressure to keep clients enrolled for whom, in their judgment, the offer is not appropriate.
Advisors are uneasy with the evolution of the firm moving from a service to sales culture.	Some Private Client Advisors are uneasy with having a sales role.
	Private Client Advisors care about client wellbeing.
	Lack of autonomy due to the presence of numerical targets diminishes fiduciary effectiveness.

Findings of both studies have similarities but each makes its own contribution whereby the whole is greater than the sum of the two parts. The researcher synthesizes the overall findings of both studies into five common themes as follows:

Table 2-7: Combined Themes

Combined themes: Synthesized Based Upon Both Studies	
1.	Private Client Advisors have too many clients to serve them all well.
2.	Lack of autonomy due to the presence of numerical targets diminishes fiduciary effectiveness.
3.	Advisors feel pressure to keep clients enrolled for whom, in their judgement, the offer is not appropriate.
4.	To the extent that Private Client Advisors care about client wellbeing they are altruistic.
5.	Advisors are uneasy with the evolution of the firm moving from a service to sales culture.

Quantitative results provide evidence for what participants actually did – their actions by physically sorting statement items. The Q sorting process was a mental and physical activity versus the qualitative semi-structured interviews, which were about what participants said, and how they felt, and why. What follows is a review of the combined themes and examples of how each study complemented the other.

Theme 1: Private Client Advisors have too many clients to serve them all well.

The two studies reveal that Private Client Advisors (PCA) have too many clients to serve them all well. Quantitative results from the Q study provide evidence discovered by the ranking of the Q statement item #31: “As a fiduciary, I have too many clients to serve them all well.”

The Q study revealed this as the single most important statement of the most significant Factor Array (Factor 1), explaining 49% of the variance of the entire study due to the number of participants rating this at the +5 position, which is ‘Strongly Agree’. In plain language, this is the most important issue upon which PCAs most strongly agree.

From the foregoing, it can be understood from the quantitative results derived from the Q study that having too many clients is an important issue shared by a large percentage of the participants. What remains unknown from the Q study evidence alone is why this

is the case. Hence, to fully appreciate this as an important and widely held view, we need to combine this information with the interview data, which contributes to our understanding of this data point by explaining *why* PCAs feel as they do about this statement.

As previously shared, the following excerpt from one of the semi-structured interviews aids in the understanding of this issue identified by the Q study data:

I've never really shared the number of clients issue because I think that creates a barrier of them (FCs); scratching their head as to, "Okay, can she handle these new clients? And that's the challenge - is that, you know, you have so many clients already, but you still have an NSF (Net Solutions Flow) goal.

The general insight about this quote, which is highly representative thematically across all interviews, represents one example of how current practice standards are dominated by the influence of Sales Logics such that it causes PCAs to compromise on ethics. This is because the number of clients an advisor is responsible for is material information in determining if an advisor should be hired.

This is certainly the case from an investor's perspective, and for any referring FC interested in the financial wellbeing of clients they refer to PCAs. Why? From the clients' standpoint, if an advisor has too few clients, it suggests the advisor is unpopular, possibly because they are new and inexperienced, or perhaps something else has hindered their ability to grow their practice. If, on the other hand, an advisor has too many clients, prospective clients, and even current clients may believe the advisor is too busy to devote an appropriate level of time and attention to their finances. In either case, too few or too many clients may weigh on a decision to hire an advisor.

According to some (but not all) forms of philosophical reasoning, motivation matters when it comes to ethics (Kant et al., 2012; Liao, 2012; Sandel, 2009b). For example, in his interpretation of philosopher Immanuel Kant, political philosopher Michael Sandel (2009) states:

What makes an action morally worthy is the motive for which the act is done. ... where the person does the right thing for the right reason Where an action is morally worthy not because of the consequences or results that flow from it. [Furthermore] the motive confers the moral worth on an action. ... and the only kind of motive that confers moral worth is the motive of duty (Sandel, 2009b).

Another example of why motivation matters is reflected in the intention principle, “according to which an agent’s intention in performing an act can sometimes make an act that would otherwise have been permissible impermissible, other things being equal” (Liao, 2012, p. 704).

And while everyone makes honest mistakes (Penner, 2018), either accidentally or due to incompetence (Marczyk & Marks, 2014; Peterson, 2004), to intentionally withhold material information that would otherwise have a bearing on a decision to be hired, the PCA, and by extension, the organization, is arguably using others merely as a means to further their self-benefiting objective.

Philosopher Immanuel Kant famously admonishes against such behavior. Noted as one of his three categorical imperatives, Kantian deontological theory mandates that people have the duty to “Always treat humanity in a person as an end, and never as a means merely” (Kant, Translated 1898; Rachels, 1986). The fact that PCAs do not share the material information regarding the number of clients they serve because of how it might be perceived and therefore affect their ability to achieve their target for net new assets under management is unethical because doing so *intentionally* uses others merely as a means for self-serving ends.

Aristotle’s virtue ethics also “focuses on the intentions and character of a person involved in a morally salient situation ... if the character and intentions of a person are good, and the action is good, individuals may be more likely to excuse bad consequences” (Dubljević et al., 2018, p. 2).

Current practice, as promulgated by the organization, does not force PCAs to be silent on the question of practice sizes. However, because of the dominance of Sales Logics, the organization does influence the decision on the part of PCAs to avoid discussing it.

It might be argued that PCAs, since they are autonomous rational agents, are blameworthy too or perhaps solely to blame. However, if they are culpable this responsibility must be shared with the organization (Lilly et al., 2021). The influence of dominant Sales Logics, over which the organization has some control, weakens autonomy and inhibits PCAs from sharing material information. From a practical aspect, if your job success depends upon not sharing this information, one can appreciate how and why Sales Logics is not an inconsequential influence.

Although not reported in the findings, it is known to the researcher that some PCAs intentionally lie about this topic. Although they realize lying is wrong, their sense of sales competition is such that closing business for both themselves and the organization is more important than telling people the exact number of clients they work with. For them, it does not seem important, and they fear disclosure will harm their ability to gain referrals from FCs. They rationalize that to understate the number of clients is to engage in mere puffery. PCAs in this category desire to earn new business to the exclusion of other ethical considerations because of the dominance of Sales Logics. This is how their performance is judged. Hence, as someone who may be extrinsically motivated, they will do what is necessary to achieve the numeric results – whatever it takes to get the numbers.

The researcher acknowledges that this is an outlier sentiment. Hence not captured in the study findings. Although an outlier, the issue is consistent with the overall sentiment of interview participants' unwillingness to be transparent regarding the number of clients for whom they are responsible. The ethical lapse arises from what is said and left unspoken - omitting a material fact and being untruthful.

This serves as an example of how some PCAs may be influenced to prize and prioritize achieving or exceeding targets even at the expense of their personal integrity (Austin-Campbell, 2021; Duska, 2017; McLean, 2018). PCAs in this category are motivated by the praise and incentive compensation that accompanies this success and therefore

exemplifies those who are more extrinsically motivated, unlike someone who is more intrinsically motivated for altruistic reasons or for the sake of their fiduciary duty.

It may also be fair to describe those who are more extrinsically motivated as consequentialists, weighing the possible costs of being untruthful versus the benefit of achieving success against targets. One can see this calculation revealed as the PCA weighs the cost /benefit of not telling the truth with the cost/benefit of future referrals.

Aside from the ethical issue associated with lying, one of the problems with this line of reasoning, as with consequentialism generally, is the fact that it may be difficult, if not impossible, to determine how far into the future one should look in weighing the potential consequences of an action (Dubljević et al., 2018; Scheffler, 1982). For example, if the PCA were to consider the possible long-term costs rather than short-term benefits of achieving near-term targets, their decision to lie might change. In the longer run, if the lie were discovered, this might result in losing the client, possibly even subjecting the PCA to costly legal claims of misrepresentation as well as a tarnished public reputation for themselves and the firm such that it may inhibit their ability to attract and retain clients in the future for both the PCA and the organization overall.

The PCA should not be held solely to blame for lying, however, since it is unfair of the organization to put the PCA in the position of worrying about experiencing potential adverse consequences in terms of jeopardizing their ability to achieve their targets by merely telling the truth. Telling the truth, under current practice, requires PCAs to practice a form of *felo-de-se* in ways that go unnoticed or underappreciated by management. Hence, being transparent requires moral courage in the order of supererogation. In short, this is too much to ask of mere mortals.

Viewed from a different vantage point, this may be an example of bounded rationality whereby PCAs and the organization at large suffer from some 'blind spot' that prevents them from fully appreciating the issue. Since if, as the PCA claims, it does not matter, then why lie? The reason is that by telling the truth PCAs risk the ability to 'win' as current practice standards define winning. The researcher feels the research findings call

into question current practice standards because of the negative influence they have on the ethics of advisors.

True, the organization does not instruct PCAs to lie about the number of clients they serve. Nor does the organization explicitly support lying about anything. On the contrary, the organization explicitly expects honesty and integrity. Consequently, PCAs should neither lie nor feel the need to do so under these or other circumstances. One can also argue that personal integrity and the requirement to act as a fiduciary should hold sway over the desire or pressure, as the case may be, to attain a target. However, PCAs should not be placed in a situation by the organization where they instinctively feel that lying may be necessary in order to ‘win’ where winning is defined by how PCAs self-identify with the meaning of ‘winning’ in the context of their role and this meaning of winning which is shaped by the logics of the organization equates with what it means to be successful. This demonstrates the heavy dominance and negative influence of Sales Logics on the ethics of advisors.

These findings are consistent with what is known from other institutional logics perspective studies in various settings. Namely, that logics are powerful influencers on self-identity, such as being a ‘winner’ (Currie & Spyridonidis, 2016; Rautiainen & Järvenpää, 2012; Toubiana, 2020) and knowing through personal observation and tacit communication (Dulude & Milley, 2021; Eide, 2020) what behaviors are necessary as a means to attain goals; be recognized, and earn promotions (Berglund-Snodgrass & Mukhtar-Landgren, 2020).

In the case of lying about the size of their practice, the PCA self-identifies as someone who is competitive and wants to win, which, in and of themselves, could be considered virtues. The problem arises when the wholesome ambition to succeed morphs into unhealthy greed or fear of failure to the extent that one feels justified in rationalizing lying about a material fact.

From the Q study data, we understand *what* the issue is and that it is shared by many as an important concern. From the widely representative semi-structured interview quotation, we discover *why* this is the case and, in the process, reveal how this influences

the ethics of advisors. And although the ‘liar’ is an outlier, discussing it serves a useful purpose in helping the reader understand just how powerful the negative influence on ethics associated with Sales Logics can be. Considering the combined Q study data and interview quotes, one appreciates that neither the Q study nor the interview details alone would be as impactful and useful for understanding the situation and formulating remedies as having both to consider.

This thesis provides empirical evidence from Private Client Advisors suggesting that, among other things, existing policies undermine their ability to adequately execute their fiduciary duty because they are overburdened by having too many clients.

The thesis findings are consistent with other research related to financial professionals (Dunbar, 1992; Kitces, 2012) and many others (Altschuler et al., 2012; Schimpff, 2014; Solutions, 2020; Weber, 2019) whose work underscores the problem and consequences of large practice sizes, particularly among medical professionals which, *prima facie* may seem unrelated, is nevertheless relevant if we are to assume financial advisors, like medical professionals, owe a fiduciary duty of care toward their clients. In fact, one of the unique features of this thesis is that it adds to the body of work involving overburdened fiduciaries who are *not* medical professionals and who have been underrepresented in the literature.

Furthermore, in agreement with the study themes, previous work has demonstrated how institutional logics theory, particularly those elements having to do with competing institutional logics (Ashraf et al., 2017; Berggren & Karabag, 2018; Green et al., 2008; Pache & Santos, 2013; Pina e Cunha et al., 2017; Reay & Hinings, 2009; Spitzmueller, 2016), and others, influences self-identity and behavior of individual actors such that even though Fiduciary / Compliance Logics exert a degree of influence on behavior, this impact is subjugated to competing dominant Sales Logics.

Theme 2: Lack of autonomy due to the presence of numerical targets diminishes fiduciary effectiveness.

The two studies (Q study and interviews) confirm that advisors lack sufficient autonomy, which in turn diminishes fiduciary effectiveness, and this is due, in part, to the presence of numerical targets.

Quantitative results from the Q study provides evidence for this, revealed by the ranking of the Q statement item #26: “I feel I can easily control which clients I work with and which ones to remove from my practice.” This statement was ranked at the (-5) position indicating ‘Strongly Disagree’. It was the strongest negative factor associated with Factor Array 2. This Factor accounts for 9% of the variance of the entire study. This simply means this was a strongly felt, widely held view of participants – the statement they collectively disagreed with the most.

As further quantitative evidence, Q statement item #19: “As long as I were well paid, if I didn’t have performance targets I would be motivated anyway because I find the work I do is important and personally gratifying.” was ranked second highest at +4 and was identified as a Distinguishing Statement for Factor 1. This is a key point reflecting intrinsic motivation.

And in the (-4) category of Factor 1 is the Q statement item #30: “My performance targets do a good job of measuring how well I serve clients” along with Q statement item #22 ranking at the most negative at (-5): “It is best to tie bonuses to how many financial plans and single topic solutions my clients receive.” These are key statements that, collectively, participants strongly disagree with.

This issue of lack of autonomy has been empirically proved to be widely regarded as important among participants, as can be seen from the quantitative data above. This is a nuanced issue, though, because it crosses many lines and has multiple dimensions as illustrated by these earlier provided excerpts from interviews, the first having to do with autonomy, the second examines targets:

With respect to autonomy

So, I wish there was more that I could do as a fiduciary in my role to control the number of clients that I work with so that I can give them better attention.

The general insight about this quote concerning autonomy is representative thematically across all interviews. It represents one of several examples that suggests current practices are dominated by Sales Logics such that it influences PCAs to compromise on ethics. The justification for this assertion lies in the concern expressed in the above quotation by a PCA lamenting that, as a professional required to adhere to a fiduciary standard of care toward their clients, they have insufficient control over how they manage their practice. In this case, such limitations have to do with lacking the autonomy to control the size of their practice.

The discussion from which this quotation originates conveyed that this is important to the PCA because of an intrinsic desire to provide clients with ‘better attention as a fiduciary’. Evidence of their intrinsic motivation is also supported by the phrase, ‘I wish’ near the beginning of the passage. Being a fiduciary is personally important to them. It is also a legal obligation. Moreover, because they also self-identify as a fiduciary, it becomes a moral obligation with implications for ethical behavior.

This quotation helps the reader understand how lack of self-determination by those engaged in the professions in general and advisors, as in this particular case, can negatively influence their ethics. How is this so? Unlike the PCA who admits lying, this PCA seems more self-aware and unblinkered by issues related to bounded rationality. The evidence for this is that the PCA recognizes they have a fiduciary duty. Furthermore, they also recognize that they are limited by the current practice of not allowing PCAs to decide how many clients to work with.

This PCA’s fiduciary duty is both a legal and moral obligation. And by not having sufficient control over the number of clients for whom the PCA must be responsible, the organization places the PCA on the horns of an ethical dilemma - situating them on one end, requiring them to act as a fiduciary but without allowing the capability to fulfill this

obligation on the other. Therefore, it becomes necessary to continue accepting additional business or risk exposing themselves to negative performance reviews and adverse feedback, both tacit and explicit.

This reasoning exemplifies how a bridge is created between institutional logics theory and self-determination theory, namely, how the institutional logics perspective enables the identification of a dominant logic (Vargo & Lusch, 2017; Werhane et al., 2020; Woodside, 2018), in this case, the dominance of Sales Logics as a negative influencer of advisor ethics. In addition, with self-determination theory having long associated autonomy as a significant factor in influencing wellbeing (Carayon, 1993; Demerouti et al., 2001) and correlating with performance (Stiglbauer & Kovacs, 2018), this study also examines autonomy as understood through self-determination theory as a way to reveal how institutional logics influences ethics. This ‘bridging’ is also a way in which this thesis makes a unique contribution by combining these two separate theories to study the same phenomena.

With respect to targets

So, you have to put a number to say, well, you need to do this many things. Well, since you put a number on it. Well, now, it's not that I'm trying to get the behaviors that you're trying to do, I'm trying to get that number. And that's where I think the struggle comes in.

The general insight about this quote concerning targets which is also representative thematically across all interviews, as evidenced by the results of the Q study, suggests that current practice is dominated by Sales Logics such that it influences PCAs to compromise on ethics.

To understand why this is so, one can look back on the ‘Ideal Types’ in Table 8-6 to see that success in the PCA role depends on exceeding sales-oriented targets. Also noted in the Table, exceeding targets is how PCAs ‘legitimize’ their efforts and becomes a source of self-identity (Bae & Fiet, 2021; Goto, 2021; Gregori et al., 2021) and a basis upon which normative relevance in the role is exemplified.

As noted earlier, the ambition to achieve or exceed established targets is not, in and of itself, unethical. On the contrary, this may be a virtue. And ‘sales’ is not a disparaging word. Although interestingly, during the early years of the firm’s existence, the word ‘sales’ was explicitly avoided in favor of the phrase ‘business development’ because of, as it was explained, the negative connotation associated with the word ‘sales’. At that time in the organization ‘sales’ was considered synonymous with aggressiveness and manipulative behavior intended to use customers merely as a means to serve self-interests.

Rather than Sales, Service Logics, during those formative years, was the dominant logic. The organization looked favorably upon ‘developing new business’ taking the form of reacting to inquiries acquired through national advertising and providing unbiased education on a reactive rather than proactive basis to help people make informed decisions. Being new to the organization, I used the word ‘sales’ *once* in a conversation with a fairly high-ranking marketing executive and was informed that “Sales is a dirty word around here. We prefer business development.”

Today, the organization embraces a needs-based sales technique, which in and of itself is not unethical. The organization describes one who engages in this method of selling explicitly as a ‘sales professional’. This is where ethical issues arise. The phrase ‘sales professional’ is problematic generally and for the organization in particular. This is the case because it can easily be argued that the work of a salesperson does not rise to a level such that it should be included among professions such as physicians, lawyers, engineers, accountants, and perhaps a few others like financial advisors who, among many other requirements, are legally obligated to have a fiduciary duty toward those whom they serve (Duska, 2017; Herzog, 2019; Kelly, 2018).

This stands in contrast to general occupations such as sales, whereby as economist Milton Friedman once asserted, the goal is to “make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom” (Friedman, 1970, p. 1). It should be noted that ‘ethical custom’ is a far weaker standard applicable to general occupations rather than the

professions. This is the case since, among other requirements, it does not include a fiduciary duty of care.

While they may feel they look after customers' best interests, those engaged in general business activities are not required by law to act as fiduciaries. This represents a significant difference. The requirement to act as a fiduciary is a feature solely within the domain of members of the professions. Advisors, as sales professionals, may therefore describe an oxymoron. Because whereas advisors are fiduciaries, salespeople are not. This change in culturally acceptable terminology from 'business development' to 'sales professional' demonstrates how the organization began to reposition itself differently regarding self-identity and evolve from being Service Logics oriented to Sales Logics dominated.

Motivation toward achieving goals of various types, including sales goals, is an inherent dynamic embedded in the institutional logics perspective whereby logics can be influenced both from the top down and from the grassroots upward (Dequech, 2013). See also *Goals, Commitment, and Identity* (Sen, 1985). The challenge to ethics arises when achieving success against the targets becomes more important than to execute those *activities* being measured in a way consistent with *behaviors* expected of one having obligations as a fiduciary. 'Ticking-the-box' to achieve a required sales activity does not describe or measure the quality of those desired behaviors being counted. This may not be as crucial when counting how many blue jeans a clerk in a store sells, but it is significant for professionals in how they interact with their clients or patients.

Some argue that because financial advice is a business commonly considered a sales role (Bluethgen et al., 2008; Bruhn & Asher, 2021; McMeel, 2013) financial salespeople need not be bound by fiduciary standards normally associated with the professions. Lesser standards of care associated with the principles of fair-play, acting within the law, and ethical custom should apply instead, as this is appropriate for occupations outside the professions.

This may, in fact, be the case from an organization's viewpoint, as evidenced in numerous ways, not the least of which are 'Help Wanted' ads for financial advisors

whereby sales experience/ability is explicitly sought or sometimes framed euphemistically as, “seeking demonstrated success in client acquisition” or similar language. But, the law deems PCAs and others similarly situated are fiduciaries. Moreover, it is an incongruent fragmentation of personality (For more on integrity versus fragmentation see: Berghaus & Cartagena, 2013; Cottingham, 2010; De Caro et al., 2018) to be both a fiduciary and salesperson. This is the case because the one person is fragmented into two – a salesperson and an advisor, each with different priorities. The salesperson strives to make as much money as possible as their primary motivator, while the advisor must put clients’ interests before their own. As noted in the literature review, John Bogle (2009), founder of the Vanguard Group, in writing about advisors having fiduciary duty with sales obligations, sums up by invoking a biblical reference to make a point about this exact issue by asking us to consider that, “No man can serve two masters” (Bogle, 2009, p. 15).

The PCA quote above that began this section concerning targets highlights this problem because the incentive for the PCA is not on performing the desired behavior *quality*. Furthermore, the tendency to misbehave increases if people perceive this can be done without adverse consequences to themselves to reach their targets. According to former chief Compliance Officer and General Counsel for Airbnb, Robert Chesnut (2020), “Most people can lie just a little and still feel good about themselves. And this tendency to misbehave actually increases if the subjects believe that others around them are probably doing the same thing” (Chesnut, 2020, p. 112).

While some, like Chesnut, argue the fault lies with the actor for ‘misbehaving’, institutional logics theory empirically demonstrates that forces outside of the individual can also influence unethical behavior. Hence, it may be no coincidence that ‘others around them are doing the same thing’ too. This is why the organization has an opportunity, and an obligation, to work toward alleviating the pressure exerted on PCAs vis-à-vis the dominance of Sales Logics within the organization.

Concerning self-determination theory and targets, as has been stated earlier, a large number of participants in the study are intrinsically motivated, and hence extrinsically oriented incentives such as rewards/punishments for progress made toward attaining

certain targets do not especially create a source of motivation (McLeod & Lotardo, 2021). However, in fairness, Landry et al. (2017) state that “the effect of financial incentives is contextual and that compensation plans using financial incentives and bonuses can be effective when properly managed” (Landry et al., 2017, p. 61). This suggests that extrinsic incentives for knowledge workers such as advisors need not be entirely abandoned. But, care should be taken to ensure such incentives are based upon more holistic measures encompassing quality rather than simply quantity-counting how many times the advisor could ‘tick-the-box’ for a given performance metric.

Financial organizations would be well advised to be mindful of the large U.S.-based bank, Wells Fargo, which continues to experience negative fallout against their public reputation as well as their balance sheet for ethical transgressions (Austin-Campbell, 2021; Lilly et al., 2021) committed by their employees, many of whom were never explicitly instructed to cheat, nevertheless felt the dominance of Sales Logics to such a degree that it was discovered that a large number of bank accounts were opened and other services established for customers who never requested them.

While the organization which is the subject of this PhD study is not opening accounts for people who did not request them, a parallel can be drawn insofar as the pressure to perform and attain certain targets can move from an environment that nurtures healthy competition and ambition in order to achieve shared goals, to devolve toward an unhealthy drive to attain goals ahead of their duty to act ethically.

Other professionals also required to be fiduciaries, such as physicians, may be populated by those who run the spectrum from being intrinsically motivated to extrinsically motivated. It may be an oversimplification, but also fair to say that many prospective patients might also be skeptical of going to a physician who is expected to work with too many patients (Altschuler et al., 2012; Solutions, 2020; Weber, 2019) complete a certain number of surgical procedures or prescribe medications in certain quantities without sufficient regard to necessity in order to influence their compensation favorably.

An egregious and high-profile example of this is the ongoing opioid crisis in the U.S., characterized by the overprescribing of Oxycontin. (See: U.S. House of Representatives,

2021), (Bodnar et al., 2021; DeCamp & Snyder Sulmasy, 2021). Another incentives-based source of conflict of interest specific to the medical profession has to do with ‘cream skimming’ (Kjøstolfsen et al., 2021), which is the practice of choosing patients for some reason(s) other than their need for care, such as being less ill, which in turn is intended to improve the profitability or reputation of the physician or practice.

The preceding discussion surrounding physicians underscores that ethical lapses resulting from Sales or Market logics are not the exclusive domain of financial advisors. Those occupying professional status in areas other than finance are also subject to similar negative institutional logics and extrinsic influences. The researcher draws this comparison since the practice of medicine entails matters of life and death. Hence, it is uncontroversial that physicians, as professionals, must be fiduciaries. As such, society can easily and justifiably be appalled when ethical lapses are uncovered in the medical profession. However, a question that requires further exploration is whether or not financial advisors, with responsibility for clients’ financial health, must be similarly regarded. If fiscal fitness is as important as physical wellbeing, then advisory firms must attempt to move the incentive system further away from supporting Sales Logics toward Service Logics as dominant.

The verbatim at the beginning of this section concerning targets helps the reader not only realize its importance based on the quantitative data but helps to provide a deeper understanding of *why* it is important. The issue is relevant for advisors and the organization having implications for how clients are served and, crucially, the influence on the ethics of advisors.

This study provides empirical evidence from Private Client Advisors suggesting that existing policies undermine fiduciary effectiveness as advisors find it useful to skimp or, in one form or another, underserve their clients even though they explicitly have the authority to act as necessary to perform their fiduciary obligations. However, this does not always unfold in practice because of the dominant concern to attain numerical targets.

The study’s findings are analogous to those of (Cerasoli et al., 2016; Chirkov et al., 2003; Ferguson et al., 2011; Lynch et al., 2009; McLeod & Lotardo, 2021; Sheldon & Elliot,

1998; Stiglbauer & Kovacs, 2018; Väänänen et al., 2020) and others whose work emphasizes the influences of targets and autonomy, particularly concerning knowledge workers.

Additionally, in harmony with the study findings, previous work from (Baard et al., 2004; Bonner & Sprinkle, 2002; Drake et al., 2007; Kuvaas et al., 2016; Landry et al., 2017; Sprinkle, 2000) to name a few, demonstrates how self-determination theory, particularly those elements of self-determination theory having to do with incentives, influence performance.

Theme 3: Advisors feel pressure to keep clients enrolled for whom, in their judgement, the offer is not appropriate.

The two studies reveal that Private Client Advisors are pressured to keep clients enrolled in the advisory offer for whom, in their judgment, it may not be appropriate. Quantitative results from the Q study provide evidence for this, revealed by the ranking of the Q statement item #9 loading on Factor Array 1 at the +2 position: “PCAs may be reluctant to 'fire' a client because of the damage it may cause to their relationship with the referring FC.” This means this was a widely held agreed upon view.

A further quantitative example of evidence from the Q study is found in the Q statement item #27: “I sometimes have to depend on FCs for referrals whose focus on sales may require me to work with clients for whom the advisory offer may not be well suited.” This statement item ranked +1 on Factor Array 1 and Factor Array 3, and +3 on Factor Array 2. This means that this was a widely held view across each of the three main elements of the study – all three Factor Arrays.

We have just empirically and quantitatively demonstrated the ‘what’ insofar as what Private Client Advisors believe about the appropriateness of the offer for some clients. The semi-structured interviews concern themselves with the ‘why’. Here are excerpts provided earlier, from verbatims that, from two participants’ way of thinking, helps to add important context.

And I guess maybe, this isn't an ethical as much as it's just awkward, to try and find a way to make that client who doesn't necessarily fit, how can we keep them in? Because it's it hurts everybody. It helps everybody on the way in and hurts everybody on the way out and we're the ones who work the back door. So, we've got to try and do everything we can to keep him in that place.

And this excerpt:

And a lot of younger guys that are relatively new, it's, I feel like I have to say yes to anything that comes my way, even though I feel like it's a dubious fit or it's maybe not appropriate or the investment philosophy that the client, maybe explicitly, you know, maybe explicit or implicit is not a strategy that I'm fully on board with, but I can't turn it away, right?

The general insight about these quotes, which are representative thematically across the interviews, is that the current practice standards are dominated by Sales Logics, such that PCAs compromise on ethics. How so? Investors pay a fee to be enrolled in the advisory service, which is intended to help those who do not wish to manage their finances solely on their own. Nor do they desire to relinquish full discretion to a financial manager to act on their behalf. The advisory program, which is the subject of this study, is thought to be an appropriate fit for those seeking comprehensive financial advice where they are provided with financial planning and investment recommendations and where the client retains the right (and obligation) to approve recommendations prior to implementation by the advisor. The advisor, in these circumstances, is precluded from making changes in the portfolio without first obtaining verbal consent from the client. This arrangement describes what is referred to as a non-discretionary advisory offer.

It is expected that clients will be engaged with their finances and their advisor, at least to the extent that conversations about planning topics, the state of the financial markets, investment recommendations, and performance will occur at regular intervals during the year. It is understood that investment recommendations, customized to each client's situation, will nevertheless follow an approved framework based on academically accepted standards endorsed by the organization.

However, some clients do not agree with following an academically accepted approach to managing their finances and/or would prefer to take care of their finances without assistance from an advisor. They may enjoy and have the time to conduct their own research and have access to the resources that will allow them to have confidence in their financial decisions. Others, by contrast, may either not have the time, inclination, or knowledge to manage their finances and therefore prefer to delegate this to an advisor with discretionary authority to make changes in their portfolio without being required to obtain prior consent for each or any transaction.

The problem of appropriate fit for the offer arises in two main ways, 1) when an FC misunderstands how a client wishes to engage with their finances and refers them to a PCA when they should have been referred to another service such as a discretionary financial advisor. And 2) when an FC refers an investor to a PCA who, in reality, prefers to manage their own investments and may actually harbor resentment for paying a fee for investment advice, especially during market downturns. Such clients have been known to express a sentiment such as, ‘I don’t need to spend 1% per year in advisory fees just to lose money in the market. If I want to lose money, I can do that on my own without paying a fee for the privilege!’

In some instances, referrals to PCAs of clients who actually prefer to self-direct the management of their finances is the result of an honest misunderstanding. The FC simply misunderstands how the investor wishes to engage with their finances and the organization. In other cases, however, rather than adhering to a needs-based sales approach, the FC, because they have a sales target to meet, uses language intended to persuade investors to enroll in the advisory service, *hoping* the business will be retained as clients may become accustomed to the arrangement, albeit realizing the fit may be dubious. The reason for this effort at persuasion is that in addition to sales expectations, FCs earn more revenue from clients enrolled in the advisory offer than by helping them take advantage of other advisory solutions, including helping those who are self-directed utilize the broad array of online tools and resources offered by the firm which can help them be more effective as they manage their own finances. In placing their interest to achieve sales targets before the client's best interest, the FC runs afoul of their fiduciary duty and is unethical.

As noted in the literature review, financial ethicist, Ronald Duska (2006) theorized that generally speaking, there are five reasons why ethical lapses occur in financial organizations.

1) Self-interest sometimes morphs into greed and selfishness, which is unchecked self-interest at the expense of someone else. 2) Some people suffer from stunted moral development. 3) Some people equate moral behavior with legal behavior, disregarding the fact that even though an action may not be illegal, it still may not be moral. 4) Individual responsibility can wither under the demands of the client. 5) Professional duty can conflict with company demands. For example, a faulty reward system can induce unethical behavior (Duska, 2006).

Each of these five reasons offers useful insight. However, the research study findings suggest that reasons 1, 3, 4, and 5 also result from the negative influence of competing institutional logics and lack of sufficient autonomy within the organization.

The two common threads that run through these issues are the influence of dominant Sales Logics and an inadequate level of autonomy as understood through self-determination theory. While Fiduciary/Compliance Logics exert a competing set of logics that insist PCAs ensure the appropriateness of the offer for each of their clients, the dominance of Sales Logics takes precedence in terms of how current practice can be characterized.

The verbatim participant passages at the beginning of this section further underscore the benefit of combining the two methodologies. The Q study explains *what* is important; the semi-structured interviews illuminate *why* this is the case. As remedies are sought, the Q study helps researchers understand which areas are of most and least concern and, therefore, can serve as the basis for understanding where the greatest amount of resources and energy should be directed first.

This study provides empirical evidence from Private Client Advisors suggesting that existing policies support their reluctance to cull from their practice those clients for whom the advisory offer is not in their best interest. The study's findings are in harmony

with (Ankli & Palliam, 2012; Krettenauer, 2020; Krieger, 2010; Schweitzer et al., 2004) and others whose work highlights the effects of extrinsic goals on motivation and ethics.

Also, as with the study findings, previous work has demonstrated how self-determination theory, particularly those elements of self-determination theory having to do with conflicting values and goal setting (Burroughs & Rindfleisch, 2002; Gagné & Deci, 2005; McLean, 2018), influence ethics.

Theme 4: To the extent that Private Client Advisors care about client wellbeing they demonstrate altruism.

Concerning altruistic tendencies of advisors, quantitative results from the Q study provide evidence for this, as revealed by the ranking of the Q statement item #5 on Factor Array 2: “My main motivation for working is to help as many investors succeed as possible.” This is the second most important sentiment revealed in Factor 2. Participants loading on Factor Array 2 strongly agreed (+5) that, rather than being mainly motivated by money, to please the boss, or to help the company succeed, their main motivation for working is to help as many investors succeed as possible. Factor Array 2 explains 9% of the variance of the entire study. Hence, this is an opinion held widely among participants.

Importantly, the following Q statement item #19 loaded on Factor Array 1 as a Distinguishing Statement in the + 4 position, “As long as I were well paid, if I didn’t have performance targets I would be motivated anyway because I find the work I do is important and personally gratifying.”

Again, we have just quantitatively demonstrated the ‘what’ insofar as what Private Client Advisors believe about the importance of working in clients’ best interest before considering their own. Again, as can be observed, the semi-structured interviews concern themselves with the ‘why’. Here are excerpts provided earlier from verbatims that, from two participants' ways of thinking, help add meaningful context.

I help people sort of take control of their financial destiny, and I think that's important. People get divorced over money issues. People get anxiety over money issues. It's

something that we can alleviate to some degree for folks and I, I'm going to take personal pride in being able to do that for folks.

And this excerpt:

I think what's gratifying about it is that at least where we work, right? It really does allow you to get to know a client on a very personal level and to really understand their circumstances, which I think I know it sounds silly, but I mean, it really is true that the more you know somebody, the more you tend to have a better grasp of their situation.

The general insight about these quotes, which are representative thematically across the interviews, is that with only limited exceptions (such as illustrated in the 'liar' scenario offered earlier), PCAs lean toward being intrinsically motivated for altruistic reasons. This claim is supported insofar as, in addition to the Q study data described at the beginning of this section, the study also shows that the choice of 'making money' as a main motivation for working scored low. Therefore, combined with previously shared empirical evidence, it can be stated with confidence that PCAs are, generally speaking, intrinsically motivated for altruistic reasons.

Reservations and reflexivity

This finding regarding intrinsic motivation for altruistic reasons may not seem to, *prima facie*, coincide with what we know about competing institutional logics present in the organization and which clearly points to the dominance of Sales Logics. Indeed, skeptics might argue that this either suggests that Sales Logics and intrinsic motivation need not be mutually exclusive in terms of self-identity development or that the researcher has missed something in defining what Sales Logics consists in. If we are to understand that Sales Logics crowds out Fiduciary/Compliance Logics and Service Logics, how do we account for the strong sense of *willingness* (but inability), on the part of PCAs, to work in clients' best interest? In other words, if the focus on sales is so dominant, how is it that PCAs seem to inherently want to look after their client's best interests? This reflection calls into question whether or not Sales Logics are, in fact, dominant.

This is questionable, in part, because this study does not examine the motivating factors of those in leadership positions. However, the answer lies in the leadership's genuine interest to do what is right for clients but may, as an organization, suffer from some form of bounded awareness, also called bounded rationality, that produces 'blind spots' (Bazerman, 2011; Hindman et al., 2021; Jia et al., 2021). 'Blind spots' may inhibit the organizations' ability to adequately appreciate the consequences of dominant Sales Logics. This is because, although the organization explicitly and tacitly communicates the importance of acting in clients' best interests, leaders in the organization simply do not fully apprehend the significance of the role Sales Logics plays because the germane issues are underappreciated.

The organization's self-identity includes aiming to be ethical. This we must accept at face value if we are to give the organization the benefit of the doubt, which this researcher believes the organization deserves. As such, as advisors are recruited to the organization, this expectation of high ethical standards of its advisor candidates, while difficult to ascertain, is a quality that is sought after. Those hired are subsequently inculcated with this objective embedded in the organization's explicitly stated mission and values. Moreover, in the fullness of time, the ambition to work in clients' best interest becomes part of how advisors (and those occupying other roles inside the organization) self-identify.

However, the problem arises that, although the organization may have a genuine interest to always put the client's interest first, they may not be sufficiently sensitive to the negative influences of competing institutional logics and the consequences of lack of sufficient autonomy.

This thesis provides empirical evidence from Private Client Advisors suggesting that, as a rule, PCAs care about client wellbeing and are motivated by altruistic reasons rather than their main motivation for working being merely to make money and driven by extrinsic incentives. However, existing practices can undermine client wellbeing because of advisors' perceived necessity to take shortcuts in how clients are served. This is the case even though the organization's culture explicitly supports client wellbeing.

The study's findings are comparable with those of (Burroughs & Rindfleisch, 2002; Ionescu et al., 2022; Krettenauer, 2020; Srivastava et al., 2001), and others whose work features how autonomy influences wellbeing, and how moral self-identification bears upon action. Further, consistent with the study findings, previous works in other settings have demonstrated the applicability of self-determination theory, particularly concerning altruism (Chen et al., 2018; Qiao et al., 2020; Salas-Vallina & Alegre, 2018), as a means of identifying and explaining intrinsic motivation.

Theme 5: Advisors are uneasy with the evolution of the firm moving from a service to sales culture.

Both studies suggest that advisors are uneasy with the firm's evolution from a service to a sales culture. Factor Array 3, which explains 6% of the study variance, ranked as "Strongly Agree" at +5 statement item #36: "I feel my role is sales oriented because I have to sell myself to FCs and sell myself to clients." This means this statement represents a widely held strong opinion among participants.

Factor Array 1 locates this statement in the +3 position, Q statement item #17: "Having a big target can lead to a 'check-the-box' mentality where the quality of the work can be secondary to getting it done."

The foregoing quantitatively demonstrates the 'what' insofar as what Private Client Advisors believe about being uncomfortable working in a culture more focused on sales. Again, as can be observed, the semi-structured interviews concern themselves with the 'why'. To illustrate this point, here is an excerpt provided earlier from a verbatim that, from one participant's way of thinking, helps add important context.

I think it's, I don't, I don't feel like we should have a sales component. I feel like that's the Financial Consultant's job. Do we have to have some type of incentive structure? Yes. Is it on retention? Is it on client service? Is it keeping the client's content? Is it, maybe, you know, some asset consolidation? What we are capable of doing there. But I think it's very hard to have those two roles (FC and PCA) both have a sales component.

The quotation expresses how the PCA feels there should be a separation between sales and service. If the firm needs people to sell the advisory offer, that responsibility should not rest with the one who is charged with a fiduciary duty to ensure the offer is in the best interest of clients— ahead of their own self-interest. To be required to enroll and maintain enrollments of clients *and* at the same time be accountable as a fiduciary to refuse to accept clients for whom the offer is not in their best interest, or cull others for whom it is later determined the offer is not in their best interest, represents a preventable conflict of interest.

To illustrate this unease the following interview quote is offered:

But in this world of specialization, I do not think you can be strong in sales and a strong provider of service. I think there must be a delineation of responsibility.

This sentiment also harkens back to what John Bogle (2009) described earlier as the inability to do both.

To summarize, the quantitative results from the Q study provide evidence for what participants actually did, not just what they say they would do under certain proposed circumstances. The semi-structured interviews explain why participants did what they did and feel as they do. Moreover, the combination of quantitative findings and rich narrative from the interviews provides a clear picture of the social environment of the subject organization.

This study provides empirical evidence from Private Client Advisors suggesting that existing policies support a Sales Logic that can undermine fiduciary duty and compromise advisors' ethics. The study's findings are in line with Thornton et al. (2012) and many others such as (Ashraf et al., 2017; Berggren & Karabag, 2018; Bruneel, 2016; Pache & Santos, 2013; Pina e Cunha et al., 2017; Reay & Hinings, 2009; Spitzmueller, 2016) whose work underscores the forces emanating from competing institutional logics, particularly the influence on behavior generally, and the ethics of advisors specifically.

Moreover, in accordance with the thesis findings, previous work has demonstrated how self-determination theory, particularly those elements of self-determination theory having to do with autonomy and wellbeing (Baard et al. (2004); Cerasoli et al. (2016); E. L. Deci and R. M. Ryan (2008); Lynch et al. (2009); Ryan and Deci (2000, 2020)) influence the behavior and performance (Baard et al., 2004; Cerasoli et al., 2016; Kuklick et al., 2016; Landry et al., 2017; Rautiainen & Järvenpää, 2012) of knowledge workers; a category to which the researcher assigns financial advisors.

Throughout most of the thesis, the researcher has focused on understanding the ethics of financial advisors through the lenses of institutional logics and self-determination theory. What has been lacking is more dialogue about ethics, particularly business-related ethics. This next section seeks to remedy this underrepresented discussion.

7.3 The contribution to business ethics in relation to financial advisor ethics

In addition to applying institutional logics and self-determination theories as theoretical lenses, the thesis leverages moral philosophy to help evaluate the study's ethical facets. Ethics generally, business ethics, professional ethics, and, by extension, financial advisor ethics are crucial considerations since the researcher feels that, at its heart, the thesis is a business ethics piece with a particular focus on financial advisor ethics. Therefore, we should review these concepts, and since financial advisors are engaged in a type of business, we begin the discussion by exploring the primary purpose of business.

Purpose of business

In various parts of the thesis, the researcher asserts that the sole purpose of business is not simply to make as much money as possible for owners. The main purpose of business should be to provide products and services that do some good for society, the benefit of which is making money and not the other way around (Young, 2014). Making money is a potential benefit, not to be confused with its purpose.

Importantly, this is so because *business is a social construct* requiring a license to operate granted by society, i.e., the citizens, as represented by their elected officials holding office in various municipalities authorized to grant business licenses. And although there are detractors, business is generally considered desirable for numerous reasons, particularly its potentially positive social and economic impact on society.

Hence, societies support business growth, in part, by sometimes authorizing the creation of exclusive tax-favored industry zones and special tax credits, applying a tax code specific to businesses, and allowing various tax deductions and depreciation of equipment, buildings, and alike. While not an exhaustive list, these are several special considerations that, in contrast, individuals do not enjoy. Thus, because of these and other unique benefits society grants to businesses through public policy encouraging business growth, a moral imperative arises that requires businesses to do more than merely aspire to do no harm. Instead, they must, in the affirmative, do some good for society in return for this favorable treatment. Moreover, this perspective supports how the researcher, in part, defines an ethical business.

Again, many disagree, including authors of seminal works such as Friedman (1970) and Sternberg (1994). Others, however, take a positive view, such as Armstrong (2020), who is a proponent of approaches to business that are sensitive to (ESG) environmental, social, and issues. Also, others who support stakeholder theory, such as Bridoux and Stoelhorst (2022), argue there is more to business than a narrow focus on shareowner value – especially when viewed in the short term. The reader may also wish to consult Young (2014) as a significant resource to learn how the researcher developed his view on the purpose of business.

What is business ethics?

Defining business ethics is a tricky endeavor, so much so that it has been compared to trying to nail Jell-O to a wall (Lewis, 1985). From a functional standpoint, the researcher views business ethics as a lens through which ethical dilemmas arising in a business context can be identified and evaluated. There are numerous thoughtful definitions of business ethics. However, the researcher offers just two for consideration in the interest

of space. According to Lewis (1985), the term ‘business ethics’ describes “rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness in specific situations” (Lewis, 1985, p. 381). While according to Nelson and Stout (2022), “Business ethics are the set of moral principles that govern behavior in a specific sphere of life: the world of business ... offering guidance for how to behave in business dealings, including advice for difficult situations” (Nelson & Stout, 2022, p. 1).

Often people have exposure to business ethics only once a scandal makes headlines in the popular press. Sadly, examples abound, several of which are mentioned in the thesis. Although the headlines draw attention to ethical lapses in business, they do not offer an empirical method for analysis. However, one approach to parse ethical issues in business, and which has been utilized in this thesis, is to apply traditional philosophical frameworks such as Kantian deontology (Kant et al., 2012), John Stuart Mill’s consequentialism (Mill, 1998), and Aristotelian virtue ethics (Audi, 2012). Alternatively, sometimes determining the morally right thing in business comes down to a debate between proponents of stockholders and those sympathetic to stakeholders (Bridoux & Stoelhorst, 2022). Although in recent years, the rise in appreciation for sustainability (Cugueró-Escofet & Fortin, 2022) and ESG (Armstrong, 2020) issues are beginning to diffuse some differences between these two camps.

The need for *business* ethics rather than simply ethics

Business ethics is a unique sub-discipline of the broad traditional philosophies noted earlier. As C. Megone (2013) acknowledges, some may question the need for such a targeted sub-discipline since, as we know from Socrates, ethics is concerned with answering the central question of what kind of life should one live. Given such an overarching litmus test of a question, why is there any need for *business* ethics, particularly, why not just ethics?

Megone (2013) agrees that the general over-arching question posed by Socrates applies to those from all walks of life. However, he reminds us that unique ethical issues arise within specific occupations. For example, physicians deal with ethical issues unique to their field established in the Hippocratic Oath. Police officers also navigate life and death

issues grounded in the duty to protect and serve the public. As members of state bar associations, lawyers have ethical considerations unique to their profession. Hence, if those occupying various occupations are subject to dealing with ethical issues unique to their field, then it can be helpful to view ethical decisions with more granularity. Thus, the usefulness of specialized fields within ethics like bioethics, medical ethics, professional ethics, and AI ethics, among others, becomes more apparent.

Financial advisor ethics is captured within the scope of professional ethics - *maybe*

Notably, there is no separate field within ethics identified as financial advisor ethics. However, financial advisor ethics *might* fall within the category of professional ethics. The word ‘might’ is used advisedly because it is not established that financial advisors are, in fact, members of a profession. The thesis discusses this question in some detail elsewhere. Hence, for the sake of space, we will not go into further detail about it here. Suffice it to say that in a legal sense, some forms of financial advisors are fiduciaries (Droms, 1992). Therefore, the researcher grants that they belong to those occupying professional status while recognizing that this is not a settled question.

Professional ethics is differentiated from business ethics because not all occupations rise to professional status. The thesis discusses the various elements that distinguish professionals from those occupying other occupations, and as such, in order to avoid redundancy, we will not review those characteristics again here. Suffice it to say that for now, non-professionals are held to less rigid standards of care than professionals. For one oversimplified example of the differences between them, both non-professionals and professionals alike should serve the best interest of their clients/customers. However, professionals have an added *legal* obligation, among many others, to serve the best interests of their clients and customers *ahead* of their own or that of their firm.

This brings us to financial advisor ethics. The thesis deals deeply with the ethics of financial advisors, which has been shown to be influenced by several factors. The thesis discusses how, consistent with agency theory, boards of directors are responsible for creating or at least condoning financial advisor compensation plans and performance evaluation policies which, in turn, senior management ensures are implemented. This

structure sets the ‘tone from the top’ and catalyzes various institutional logics, some of which either coincide or conflict. These logics, in turn, influence the ethics of financial advisors. The thesis contributes to the financial advisor ethics literature by showing how this process operates.

The theoretical contribution lies within two main categories: institutional logics theory and self-determination theory, discussed next.

7.4 Theoretical contribution

Thornton et al. (2012) interpretation of institutional logics theory was expanded by their use of Institutional Orders and Ideal Types (Arena et al., 2018; Franco-Torres et al., 2021; Reay & Jones, 2016; Thornton et al., 2012). Similarly, the researcher’s contribution to institutional logics theory includes the development of ‘Ideal Types’ specific to micro-level actors. This may, *prima facie*, seem more like an empirical rather than a theoretical contribution. However, the researcher argues, this is novel and hence advances the extant institutional logics theory literature by demonstrating the process by which ideal types can be developed to describe complex, competing intra-organizational dynamics that illuminate factors responsible for influencing the ethical behavior of individual actors. And, in so doing, change our understanding of the field.

The substance of institutional logics theory is moved forward in how the use of ideal types allows the researcher to ‘crop out’ the influence of macro-level institutional logics over which an organization has little if any, measure of control. What is being ‘cropped out’ are the macro level logics, including the State, Market, and Religion, to name a few.

What has been added to the substance of the theory is how these macro-level ideal types are superseded by micro-focused ‘Ideal Types’ developed by the researcher. Simply put, researchers who wish to study how organizational culture influences the ethics of their workers can use the framework used in developing this thesis as a template for studying other organizations, particularly those occupied by professionals having a fiduciary duty toward clients/patients. This serves as a roadmap to other researchers who may consider applying the institutional logics theory similarly in other front-line worker settings.

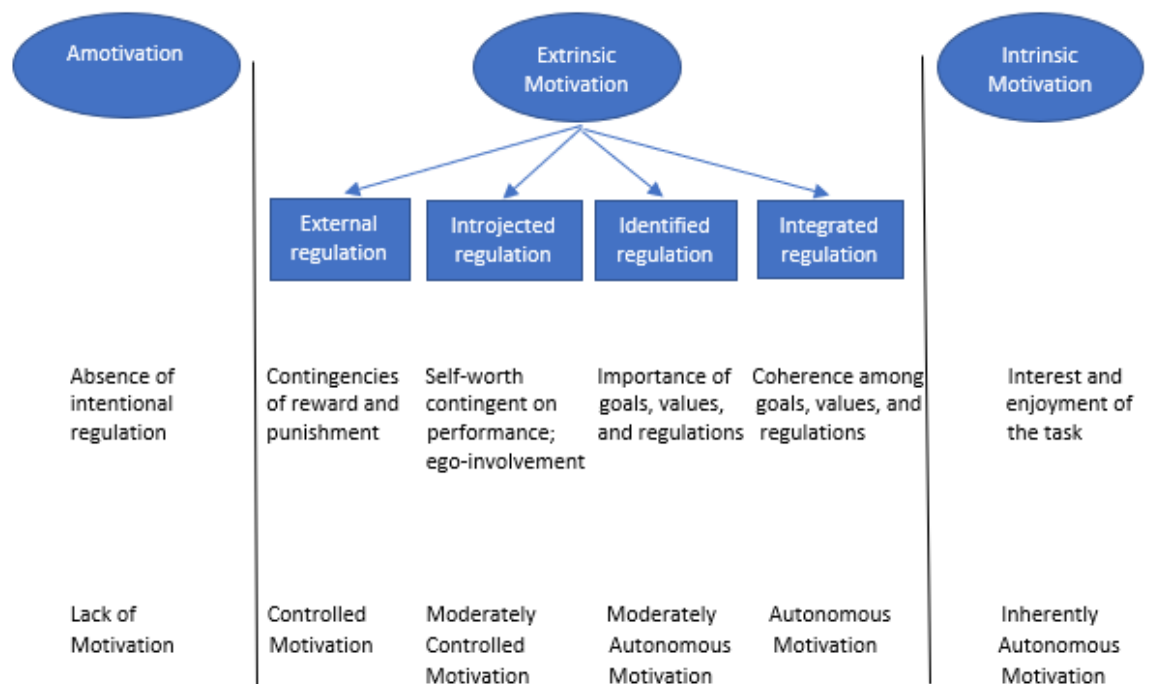
Another significant addition to the substance of the institutional logics perspective is the novel way it has been integrated with and applied alongside self-determination theory. In doing so, the thesis makes a theoretical contribution in two main ways. First, in how the use of self-determination theory aids in the development of new *typologies* ('Ideal Types'), identification of *categories* (various Logics such as Sales Logics, etc.) within which typologies exist, and *concepts* (findings) that establish the existence of viewpoints that calls in to question current professional practice concerning those categories. Second, by increasing the explanatory power of self-determination theory such that it can now account for the influence of autonomy on ethical behavior. This extension of self-determination theory can be visualized by comparing the existing model of self-determination theory with an updated version.

Self-determination theory catalyzes developing typologies by facilitating an understanding of motivations that give rise to particular ideal types. For example, it is helpful if one understands modes of motivation as promulgated by SDT to distinguish between Sales, Service, and Fiduciary Logics. Sales Logics can, for instance, be more closely identified with extrinsic motivation, i.e., attaining targets to satisfy self-serving rewards. While Service and Fiduciary Logics hew more closely with intrinsic motivation and a more altruistic desire to put others' interests first. Referring back to Table 8-6: Intra-institutional logics / Ideal Types, one can further see the influence of STD on delineating between Sales and Service Logics as just one example, specifically about 'Sources of Authority' whereby Sales Logics is exemplified in this context by the 'Expectation of Management' which is an extrinsic motivational factor. Whereas Service Logics is distinguished by viewing everything through clients' perspectives which is other-regarding. To be other-regarding requires being motivated by something other than extrinsic rewards.

It is not that it is impossible to develop ideal types without the aid of self-determination theory. However, understanding various forms of motivation and the significance of relatedness, competence, and autonomy in a front-line field-level actor setting aids researchers in their ability to see the scene from a broader perspective and thereby better able to differentiate between, and support the confirmation of the existence of, one ideal type from another.

The thesis increases the explanatory power of self-determination theory so that it can now account for the influence of autonomy on ethical behavior. This can be seen by first looking at Figure 1-7 below. Traditionally SDT asserts that motivation runs the spectrum from amotivation through intrinsic motivation. The model posits that motivation is regulated by various factors: external, introjected, identified, and integrated forms of regulation. Each form of regulation is associated with various degrees of autonomy. The thesis expands upon the current theory to explain that autonomy is linked to ethical behavior. To see how, we begin by reviewing Figure 1-7 below, which depicts the current conception of self-determination theory. Following this are arguments and accompanying figures to support modifying it.

Figure 1-7: Existing Concept of Self-Determination Theory With Respect to Motivation



(Gagné & Deci, 2005, p. 336)

The above figure illustrates a correlation between the subscales and autonomy. As one moves toward the left on the subscale spectrum, the less autonomous the motivation, and the reverse is true as one moves further to the right.

What the researcher proposes is to add to the substance of the existing model in several ways in order to more clearly illustrate how each of the three types of motivation

(amotivation, extrinsic motivation, and intrinsic motivation) associated with self-determination theory relate to employee engagement, autonomy, and ultimately influence ethical behavior.

First, 'Integrated' forms of regulation are moved from the subscales associated with 'Extrinsic Motivation' and realigned under the umbrella of 'Intrinsic Motivation' along with a new subscale called 'Autonomous regulation'. See Fig. 2-7 below. The reason for this is that the research suggests 'Integrated' forms of regulation, rather than being associated with different forms of controlled (extrinsic) motivation, are more closely related to varying degrees of autonomy which is allied with 'Intrinsic Motivation'.

Under the current model, 'Intrinsic Motivation' is distinguished solely by an *inherent* autonomous motivation which is too narrow a test since it crowds out 'Integrated' forms of regulation even though 'Integrated' regulation, because of its association with autonomy, hews more closely to intrinsic rather than extrinsic sources of motivation.

For example, under the current model, as seen in Figure 1-7, '*Autonomous Motivation*' is a descriptor that falls within the realm of 'Integrated regulation', which, according to the existing model, is considered a form of 'Extrinsic Motivation'. '*Inherently Autonomous Motivation*' is aligned with 'Intrinsic Motivation' under the current model.

This raises the question of what distinguishes 'Autonomous Motivation' from 'Inherently Autonomous Motivation'? The word 'inherently' used in the current model seems to suggest that not only is autonomous motivation a basic or fundamental element, but it must also be an exclusive factor with no suggestion of any other motivational influences. This is too narrow a distinction. There are, as we have seen, degrees of autonomy. And, from a practical perspective limiting 'autonomy' to the exclusion of any other influences is unhelpful because of the unlikelihood this state exists in such a strict sense and because autonomy belongs with intrinsic rather than extrinsic motivation even in its weaker forms.

Hence, aligning 'Integrated' forms of regulation with autonomous motivation is intuitively and logically more appropriate. 'Autonomous regulation' has been elevated

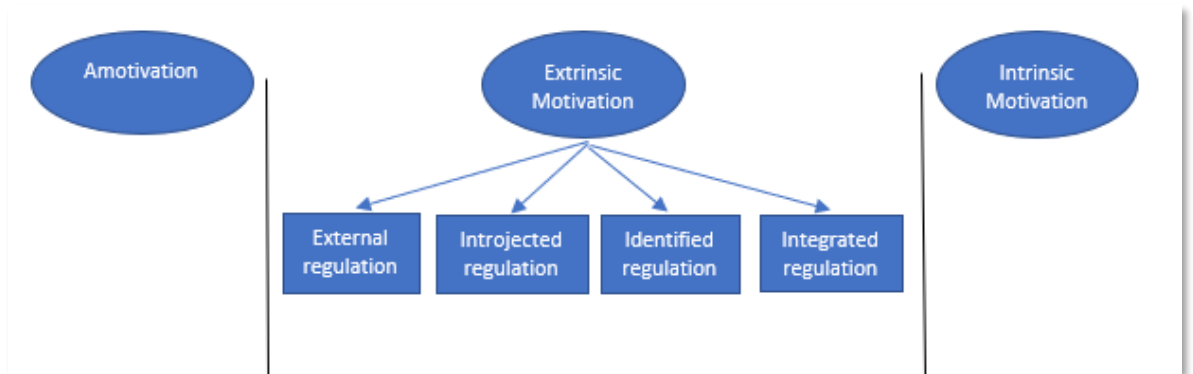
as its own subscale since it is a form of regulation and, as such, deserves a place among other forms of regulation alongside the other subscales.

Second, 'Absence of Intentional Regulation' has been elevated to a subscale associated with 'Amotivation' rather than it being a descriptor. See Fig. 2-7 below. Under the current model, as can be seen, 'Absence of Internal regulation' is referred to as a form of regulation, but it is mistakenly downplayed as such. For consistency and clarity, it should be listed alongside the other forms of regulation subscales: 'External', 'Introjected', 'Identified', 'Integrated' and another new addition, 'Autonomous regulation'. With the additions of 'Absence of Intentional regulation' and 'Autonomous regulation' this brings the number of subscales to a total of six from the current number of four. See Figure 2-7 for a visual representation of the difference between the current and proposed models. The reason for this change is to create consistency with the other subscale points on the continuum, each of which describes the form of regulation associated with its associated type of motivation.

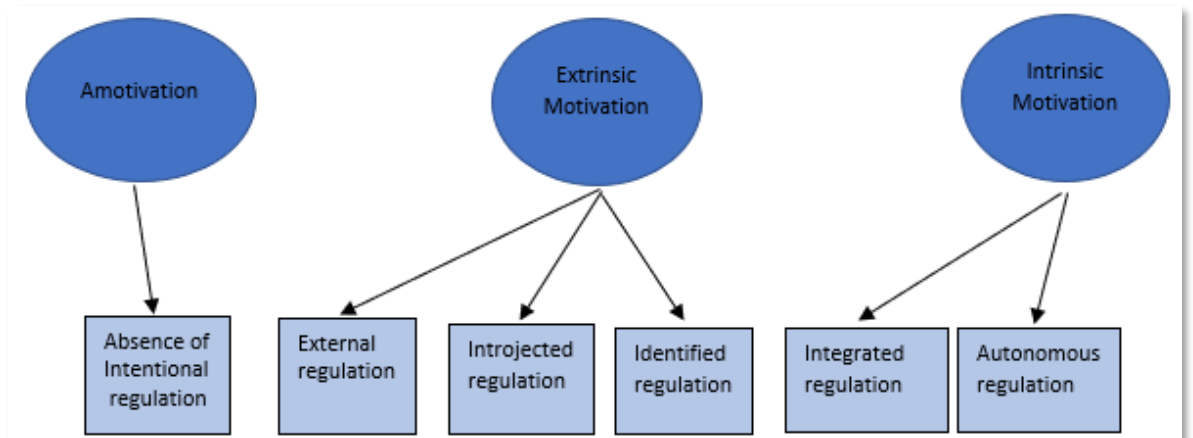
Also, in the current model, 'External', 'Introjected', 'Identified' and 'Integrated regulations' are mapped as subscales of 'Extrinsic Motivation.' In the proposed model, the new subscale 'Absence of Intentional regulation' appears and is mapped to 'Amotivation' where no subscale previously existed. And, 'Integrated regulation' is redirected from its current association with 'Extrinsic Motivation' and more appropriately mapped to "Intrinsic Motivation." The proposed changes from the current model can be compared in Figure 2-7.

Figure 2-7: Current and Proposed Models

Current model:



Proposed new model:



Third, the new proposed model adds the descriptors: 'Disengaged' and 'Possibly actively disengaged' to the existing descriptor, 'Lack of motivation' to describe 'Absence of Intentional regulation' which is the subscale of 'Amotivation'.

As the current model descriptor suggests, 'Absence of Intentional regulation' is more complex than merely a lack of motivation. Left in the current state, 'Absence of intentional regulation' would leave the impression that workers falling into this category live in a motivational vacuum; without motivation. But, this leaves nothing in the current

model to aid in understanding what exists in the void. Because of this, the researcher suggests borrowing from employee engagement theory to fill the gap.

Employee engagement: Employee engagement theory posits workers experience degrees of engagement which, in addition to ‘engaged’, include ‘highly engaged’; ‘moderately engaged’, ‘passively engaged’, ‘disengaged’, and ‘actively disengaged’ (Afrahi et al., 2021, p. 1; Attridge, 2009, p. 386; Demerouti et al., 2001; Hultman, 2020, p. 37; Kahn, 1990, p. 698; Rassameethes et al., 2021; Wachid & Pangestu, 2019, p. 541). The two categories particularly relevant to the subject of ‘Amotivation’ are 1) ‘disengaged’ (also referred to as non-engaged or unengaged) and 2) ‘actively disengaged’. Before the focus turns to disengaged and actively disengaged, it is useful to understand what engagement means. Among several definitions of engagement, the following is the most thoroughgoing, and because of this and in the interest of space, others are not offered.

Employee engagement is defined as a positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption, whereby vigor refers to high levels of energy and mettle resilience while working. The willingness to invest effort in one’s work and persistence even in the face of difficulties; dedication refers to being strongly involved in one’s work, and experiencing a sense of significance, enthusiasm, inspiration, pride and challenge; and absorption refers to being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work (Rice et al., 2012, as cited in Khalid, 2021, p. 73).

A worker who is ‘disengaged’, as it will be referred to hereafter, primarily focuses on “completing the tasks with some efforts but does not show any interests in learning” (Rassameethes et al., 2021, p. 784). Disengagement entails “distancing oneself from one’s work, and experiencing negative attitudes toward the work object, work content, or one’s work in general”(Demerouti et al., 2001, p. 501). “Theoretical models used with this definition are often burnout theory or the Job Demands-Resources theory, where disengagement is regarded as an aspect of burnout” (Afrahi et al., 2021, p. 5). It is an

“uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances” (Afrahi et al., 2021, p. 6).

Khan (1990) defines disengaged employees as:

People [who] perform tasks at some distance from their preferred selves, which remain split off and hidden. They perform roles as external scripts indicate they should rather than internally interpret those roles; they act as custodians rather than innovators. They become physically uninvolved in tasks, cognitively unvigilant, and emotionally disconnected from others in ways that hide what they think and feel, their creativity, their beliefs and values, and their personal connections to others (Kahn, 1990, p. 698).

Actively disengaged employees take being disengaged a step further. As Attridge (2009) notes, “Actively disengaged employees aren’t just unhappy at work—they are busy acting out their unhappiness. Every day, these workers undermine what their more engaged coworkers try to accomplish”(Attridge, 2009, p. 387). “Actively disengaged employees clearly endanger the company, meaning that in fact, it is possible that the company must bear losses due to actively disengaged employees” (Wachid & Pangestu, 2019, p. 541). Similarly, Hultman (2020) notes, “Actively disengaged describe those who are disgruntled and work against engaged coworkers” (Hultman, 2020, p. 37).

In fairness, it could be argued that being actively disengaged is not a form of amotivation at all. The argument goes that instead, it can actually be a form of intrinsic motivation. For example, one can point to politicians and writers who have been successful by being actively disengaged. The most effective actively disengaged might even encourage others to follow them. This line of argument suggests that in society, this is a hallmark of the behavior in which successful opposition politicians and writers commonly engage.

The researcher feels this line of reasoning is flawed, however. Those who are actively disengaged refer to people who are *employees* rather than others such as politicians, writers, and alike, who, although they may be *members* of political parties, writer’s

guilds, trade unions, etc., are not employees of the organization where the active disengagement is directed. Perhaps if an actively disengaged worker leaves to start their own organization or becomes employed by another one that competes directly with their former employer, they could be seen as intrinsically motivated and engaged to compete against them. However, the distinction is that they are no longer an employee of the organization where they were actively disengaged.

By adding ‘disengaged’ and ‘actively disengaged’ forms of engagement concepts to the model describing self-determination theory, we fill in an important contextual gap. While there is some distance between employee engagement theory and self-determination theory, they are related in the sense that engagement levels increase or decrease with autonomy and intrinsic motivation and thus deserve representation in the model. This assertion about the relationship between autonomy, intrinsic motivation, and engagement is well documented in the self-determination literature. And to support the claim of this relationship, several examples derived from self-determination theory literature follow:

Baard et al. (2004) recognize the interrelationship between autonomy, relatedness, and engagement. People who consider themselves independent with the ability to act autonomously are more likely to view those in authority as supportive of their self-reliance rather than viewing them as an overseer monitoring their behavior. Such people feel in control of themselves, more competent, and feel a greater sense of relatedness to their managers and coworkers because they tend to be more engaged with their social milieu (Baard et al., 2004). Moreover, Baard et al. (2004) found “*intrinsic need satisfaction to be correlated positively with work engagement, overall job satisfaction, and psychological adjustment ...*” (Baard et al., 2004, p. 2052) (emphasis added).

Cerasoli et al., (2016) makes the linkage between engagement, intrinsic motivation and autonomy stating:

Organizations seeking to be better corporate citizens can boost *engagement, intrinsic motivation*, and psychological wellbeing by instituting policies and programs that help employees meet their need for *autonomy*, competence, and relatedness (Cerasoli et al., 2016, p. 805). (emphasis added).

Chirkov et al. (2003) links support for autonomy with improved satisfaction of needs, of which autonomy is an element, and work engagement: “Autonomy support on the job significantly predicted greater need satisfaction, facilitating both work engagement and well-being” (Chirkov et al., 2003, p. 99).

As noted earlier, levels of engagement increases or decreases with autonomy and intrinsic motivation. Unlike the foregoing examples, which are examples of how engagement increases with greater autonomy, this next example demonstrates the opposite correlation. As the environment relies more on extrinsic motivating influences the quality of engagement is worse. Deci & Ryan, (2008) state that,

In particular, practices and policies focused on motivating studies through sanctions, rewards, evaluations, and other external manipulations undermine quality engagement, whereas those that foster interest, value, and volition result in both greater persistence and better quality learning (E. Deci & R. Ryan, 2008, p. 19).

In another demonstration of how greater emphasis on extrinsic motivation influences the quality of engagement negatively, Gagné & Forest, (2008) state: “Those systems that thwart need satisfaction [of which autonomy is a part] will detract from employee engagement and well-being, which will ultimately cost the organization” (Gagné & Forest, 2008, p. 229). Also see (Kuvaas et al., 2016).

Noting an application in a manufacturing setting in how autonomy relates to engagement: Gagné, & Deci, (2005) note that, “Providing the assembly cells with autonomous decision making not only led to greater strategic understanding and acceptance but also to greater engagement with the new roles and greater effort expenditure toward achieving the strategic vision” (Gagné & Deci, 2005, p. 355).

Monnot (2018) further supports the argument that autonomy is associated with engagement asserting that: “Recent research suggests that autonomous behavior is associated with greater well-being as well as higher levels of work engagement” (Monnot, 2018, p. 676).

Citing other research, Monnot (2018) notes Deci et al. (2001) who claim: “Satisfaction of needs for competence, autonomy, and relatedness has been shown to act as an antecedent of engagement and well-being at work in the United States and Bulgaria” (Deci et al., 2001; Monnot, 2018, p. 677).

Speaking specifically about amotivation in education and its relationship to engagement and wellness, Ryan & Deci (2020) claim: “Amotivation, all too common in classroom settings, can result from either lack of felt competence to perform, or lack of value or interest. Amotivation has been a strong negative predictor of engagement, learning, and wellness” (Ryan & Deci, 2020, p. 3).

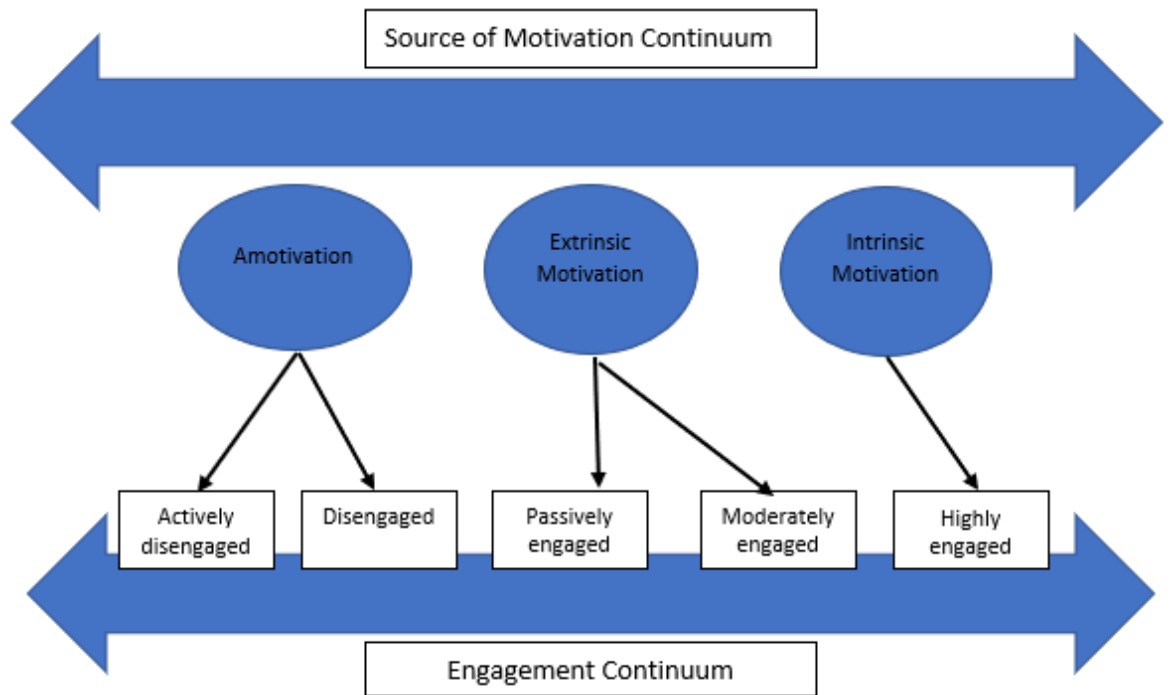
Because of the direct relationship between amotivation and engagement, the foregoing example particularly supports the researcher’s interest in blending-in engagement theory to update the self-determination theory model.

Finally, in this example, Landry et al. (2017) point to several works encompassing different settings that demonstrate the relationship between autonomous motivation and engagement: “It was found that autonomous motivation positively predicted individuals’ current task engagement and effort, and many studies from different contexts, including in the workplace, corroborate these findings” (Landry et al., 2017, p. 62).

Based on what is known about engagement and its relationship to self-determination theory, the researcher argues that the full spectrum of engagement forms should be added to the updated self-determination theory model. By full spectrum, what is meant is to include five forms of engagement ranging from highly engaged, moderately engaged, passively engaged, disengaged, and actively disengaged to the model.

The researcher envisions adding these forms of engagement at fairly loosely defined points along a continuum intended to coincide with the three main sources of motivation: amotivation, extrinsic motivation, and intrinsic motivation, as in Figure 3-7.

Figure 3-7: SDT Sources of Motivation and Engagement Relationship



For the sake of context, Wachid and Pangestu (2019) offer convenient, if incomplete, explanations of those forms of engagement shown in Figure 3-7 but which have yet to be discussed, as follows.

Employees who are categorized as highly engaged will work on their work routines with more effort than they previously did. Employees who are moderately engaged will perform tasks and responsibilities well but are very unlikely to make improvements. They will continue to communicate well with their office colleagues in order to compare their duties but may not give a positive or positive impact on what their colleagues are doing. A passive employee shows changeable behavior; sometimes they show that positive behavior, and it leads to good performance and sometimes shows negative behavior and suggests poor performance too (Wachid & Pangestu, 2019, p. 541).

The research demonstrates that self-determination theory is a theory of motivation and that, by definition, lack of sufficient self-determination, particularly among knowledge

workers, compromises competence, relatedness, and autonomy with an attendant negative influence on wellbeing, adaptability, and productivity (Ionescu et al., 2022).

If it can be further agreed that, as the findings of this study suggest, the status of autonomy can influence ethical behavior; whereby ethics is viewed through the lens of Kantian deontological theory and Aristotelian virtue theory, then it safely follows that ethical behavior is likely strengthened or weakened based upon where one falls on the continuum of autonomy, which in turn influences engagement.

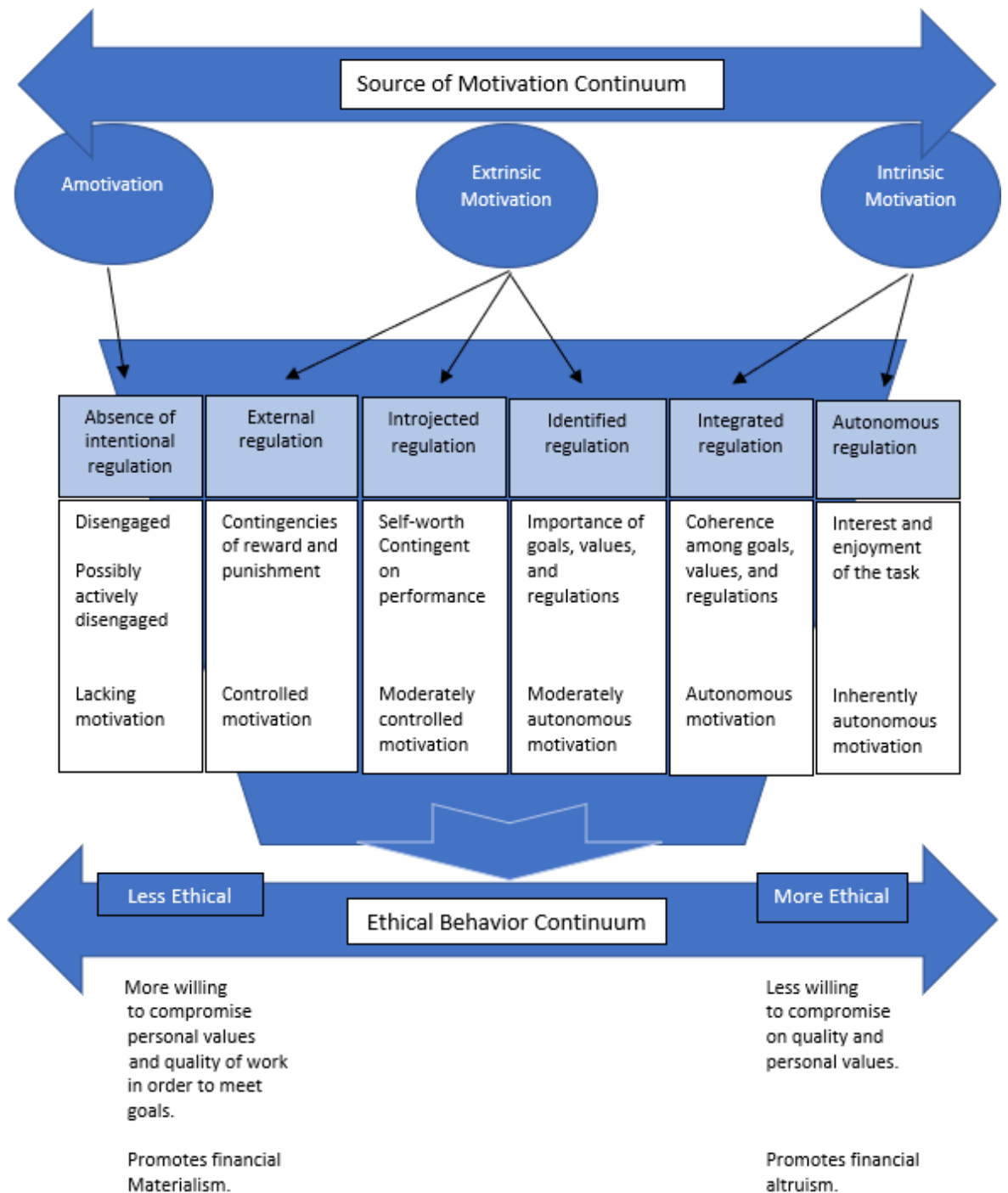
Even if one is not prepared to accept earlier arguments that deontology or virtue theory are relevant theoretical frameworks to determine what constitutes moral behavior in the context of this project, we find support for this within the SDT literature.

Arvanitis (2017) asserts that “the notions of will and autonomy are central elements in self-determination theory, just as they are in Kant’s account of morality. With regard to morality, a SDT account would especially focus on exploring when the will energizes support for ethical decisions” (Arvanitis, 2017, p. 58). Arvanitis (2017) argues that motivations/intentions matter when it comes to judging the moral worth of an act as understood using Kant’s deontology as a theoretical lens. “Norms of behavior are rooted in autonomy as individuals exercise their free will. The will is ‘energized’ by intrinsic motivation which is itself ‘facilitated’ by autonomy along with the other core psychological needs” (Arvanitis, 2017, p. 57). Hence, as has been put forward in this thesis, Arvanitis (2017) makes the link between 1) ethics as seen through a Kantian deontological moral reasoning framework, 2) autonomy and 3) intrinsic motivation as understood via SDT.

To further add credence to this line of reasoning, there are works among which include Krieger (2010), whose empirical research exploring how SDT addresses the ethics and professionalism of lawyers is among the most salient. Krieger (2010) established clear links between SDT and ethical and professional behavior. This directly relates to this thesis, assuming financial advisors are included within the scope of what constitutes professional status (Krieger, 2010).

The PhD research findings, not unlike those of (Arvanitis, 2017; Krieger, 2010) suggest that when autonomy is lacking, especially among knowledge workers such as advisors, engagement wanes, and ethical compromises follow. An updated model that illustrates this is shown below in Figure 4-7:

Figure 4-7: SDT Sources of Motivation and Ethical Behavior Relationship

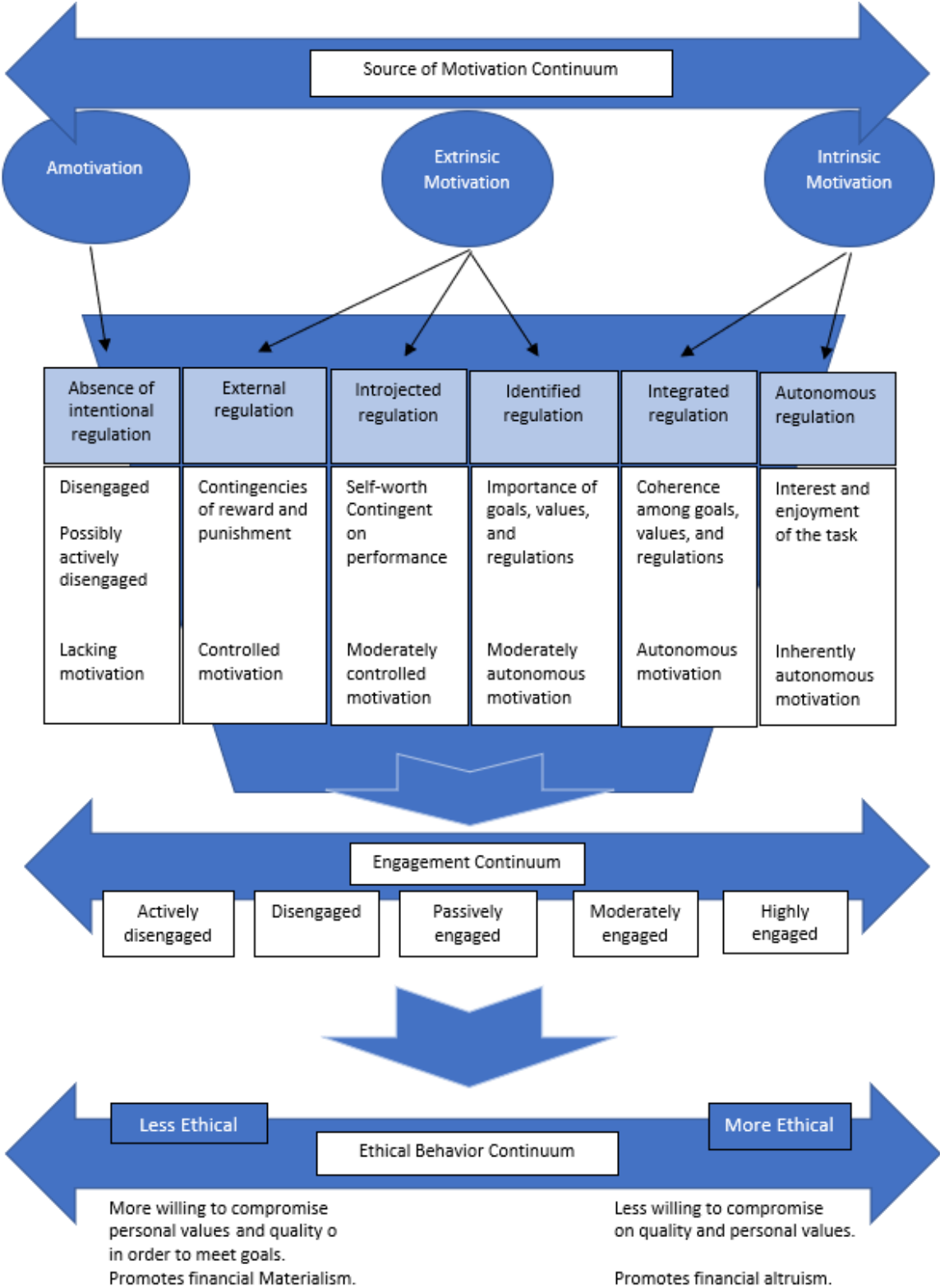


If one were to add the five forms of employee engagement to this model: actively disengaged, disengaged, passively engaged, moderately engaged, and highly engaged as points on a continuum as illustrated in Figure 5-7, the three sources of motivation help explain engagement and it, in turn, helps contextualize ethical behavior.

The proposed new self-determination theory model depicted in Figure 5-7 below begins at the top with three sources of motivation that can be found on a spectrum ranging from amotivation to intrinsic motivation. Each of the three forms of motivation listed near the top is associated with various forms of regulation, of which there are six varieties.

Each of the six forms of regulation are then described using brief descriptors. These various forms of regulation relate to one of five forms of employee engagement, which are also located on a continuum. From the literature we discussed, we know there is a correlation between engagement levels and motivation. We also know from the literature that motivation and engagement are correlated with ethical behavior. The proposed new model, as adapted from the current one (Gagné & Deci, 2005, p. 335), attempts to offer a way these relationships can be visualized:

Figure 5-7: SDT Proposed Model: Sources of Motivation, Engagement, and Ethics Relationship



In examining Figure 5-7, one notices how forms of engagement are linked to the ‘Sources of Motivation Continuum’ above and the ‘Ethical Behavior Continuum’ below. Each of the three continuums moves in lockstep with one another. As autonomy increases/decreases, so do engagement and ethics.

As advisors are more intrinsically motivated, they are less willing to compromise on quality and personal values. For those motivated by extrinsic factors, the willingness or feeling of the necessity to ‘cut corners’ to meet targets increases. The fact that advisors are generally intrinsically motivated rather than motivated by extrinsic factors is a key reason why friction occurs between competing intra-institutional logics as described earlier in the thesis.

In addition to the influence autonomy has on ethics and engagement, evidence from the Q study, in particular, supports the idea that intrinsically motivated advisors value financial altruism more than financial materialism. As a refresher, ‘financial materialism’ is defined as “a value of, or motivation for, obtaining financial wealth, economic luxury, or economically based individual power to increase one’s social position or prestige” (Stone et al., 2010, p. 107). Whereas financial altruism is defined as “a value of obtaining and using financial resources to enhance one’s community or interpersonal relationships” (Stone et al., 2010, p. 108).

In summary, self-determination and institutional logics theories have been underutilized in micro and mezzo levels of institutional logics theory. The researcher makes a theoretical contribution in two ways. 1) by proposing a new way to model self-determination theory by incorporating aspects of engagement theory to fill gaps in the current model and 2) by demonstrating the linkage between autonomy, engagement, and ethical behavior. Additionally, a further theoretical contribution is made by demonstrating how studies relying on institutional logics as a theoretical lens can be enhanced by combining self-determination theory with the institutional logics perspective.

7.5 Limitations

The studies are small. There are only 21 Q study participants and 14 semi-structured interviews. Moreover, the 21 Q study participants included the 14 semi-structured interview participants. Hence, because of the small purposive selected sample size, some may fault the project for lack of generalizability. The researcher has addressed, at some length, elsewhere in the thesis issues concerning the generalizability of small qualitative studies.

However, it is worth further noting that, with qualitative research, generalizability is often considered a weakness and discussed in the limitations section of an empirical piece of research. Brett Smith (2018) acknowledges, “qualitative research does lack generalizability when it is understood only through one particular type of generalizability, that is, *statistical-probabilistic generalizability*.” (Smith, 2018, p. 138). Smith points out that “applying statistical-probabilistic generalizability to qualitative research is itself problematic” (Smith, 2018, p. 138).

Smith points out how qualitative researchers believe that reality is multiple and dependent on the researcher, participants, and other people. This observation applies to this study. As described elsewhere in this thesis, the researcher is a social constructionist who understands how it might be possible for different financial advisors, while considering the same issues, may have a wide variety of interpretations of these same issues and, by extension, ‘their world’ as advisors. Noteworthy is that another form of generalization, discussed shortly, analytical generalization, is rooted in ontological relativism and epistemological constructionism, which also describes this thesis (Smith, 2018). Moreover, Smith (2018) asserts:

Qualitative research is about examining people’s lives in rich detail, and to achieve that goal, small numbers of people are often chosen through purposive or purposeful sampling. Rich knowledge and small samples purposefully chosen are thus unique strengths of qualitative research, not weaknesses (Smith, 2018, p. 138).

This research examined people's lives in their workplace with a great degree of intimacy. To achieve this, a small number of purposively chosen people were invited to participate. Hence, for these reasons and numerous others noted within the thesis, the researcher is unapologetic about whether this work can be described as generalizable. Instead, this thesis generalizes to established theories (self-determination theory and institutional logics theory) and extends the knowledge base on how these well-established generalizable theories operate. This is what Smith (2018) refers to as analytical generalization.

Smith (2018) states that analytical generalization “can occur through concept generalization and theoretical generalization” (Smith, 2018, p. 141). This is precisely what this work does. This research generalizes the results to established concepts and theories, thus displaying concept generalizability and theoretical generalizability. As noted, this thesis extends the literature concerning institutional logics theory and self-determination theory. Both of which are theories which are well recognized as generalizable in the traditional sense of the term. Regarding analytical generalization, as this thesis exemplifies, “it is the concepts or theories that are generalizable, not the specific context or populations” (Smith, 2018, p. 141). For further exploration Smith (2018) notes that examples of analytical generalization can be found in works by (Allen-Collinson & Hockey, 2011; Kuklick et al., 2016; McGannon & Spence, 2010), to name just a few.

7.4.1 Potential criticisms as limitations from the organization's viewpoint

The organization might argue that the Q study concourse of statements and final Q set were insufficient to the task because their development did not include input from management. Therefore, an argument could be made that the study was tainted because of confirmation and social desirability response biases.

Hence one cannot know with any certainty if management will agree with the findings. Even if management agrees that advisors have indeed expressed legitimate concerns and are sympathetic, there may be conclusions that management reaches that differ from that of the researcher. For example, management may conclude that if advisors have too much

difficulty serving the number of clients they have properly, it may be a case whereby the advisor is simply not a good fit for the role. Or, if advisors are unhappy with the organization, they should consider looking for other employment opportunities where they might be happier.

Second, the organization may also be fully aware of and sensitive to the advisor's concerns, as outlined in the findings of this thesis. However, the organization may be of the mindset that while unfortunate, it would likely be impractical to add a sufficient number of advisors to allow for whatever is, or as yet to be, determined as a reasonable workload – a reasonable number of clients per advisor. It would; the argument might go, be impractical because the additional cost of hiring sufficient advisors would be untenable in terms of the impact on the profitability of the offer.

Third, and more cynically, the organization may feel that turnover among the client base is inevitable. It is an expected cost of doing business. Turnover among advisors - employees is inevitable. It is an expected cost of doing business. All clients and advisors (all workers at all levels of the organization have a 'shelf-life'). Turnover is expected and possibly even desirable.

Fourth, the organization's leadership might balk at changing how advisors are judged for performance, particularly concerning quantitative sales and sales-like targets, in the sincere belief that, as the old adage goes, that which is measured gets done. Or, if it is not being measured, it is just a hobby.

Fifth, the organization may be concerned that without hard targets, advisors cannot be trusted, or at least expected, to apply themselves to their work fully and will produce only minimal results.

Sixth, the organization believes in a meritocracy where performance can be easily quantified and compared versus determining the validity and desirability of qualitative measures, which are subjective and, by definition, difficult to measure quantitatively.

Seventh, the organization may realize there are problems but not know, for example, what the optimum number of clients per advisor should be, or how best to make this determination.

Eighth, the organization may realize there are problems but not know, or be undecided about, how advisors should be compensated and measured for performance if not how they are currently judged and paid.

Ninth, the organization may not desire to change policies and processes or not know how to restructure the way referrals to advisors are generated to remove conflicts of interest between FCs and PCAs.

Tenth, if the organization is aware of some or all of competing institutional logics which influence the ethics of advisors in various forms, they may view these as intractable issues for which they do not have acceptable solutions and must therefore be viewed simply as a part of the cost of doing business that must be accepted.

Eleventh, the organization may well be aware of many or all of the competing institutional logics that influence the ethics of financial advisors adversely and, as such, have plans, yet undisclosed, to address some or all of them.

7.4.2 Response to organization criticisms:

Before answering these criticisms, it may be useful to compare the findings of this study with an article published in the *Wall Street Journal*. Mark Maremont's (2021) article titled, *Dominant Eye Surgery Chain LasikPlus Put Profits Over Patient Care, Some Doctors Say They describe pressure to do dozens of operations a day. Firm says good care is paramount concern*. The article highlights concerns strikingly similar to some of the main findings in this PhD study. The article describes eye surgeons complaining about too much pressure from the organization to conduct too many medical procedures each day, worrying they could not keep up, and feeling "pressure to approve clients for whom the standard vision-correction procedure might not be suitable and saying the company discouraged them from recommending surgical alternatives that could be better

for the patient” (Maremont, 2021, p. 1). The organization spokesperson asserts that physicians control which patients and how many are served. Nevertheless, it seems plausible that, just as in the case of this PhD study, there are institutional logics at work, likely some form of sales logics, that compete with and may dominate physicians’ professional fiduciary duty logics.

This example is not so far removed from this PhD project because the organization has developed a comparatively unblemished reputation for trustworthiness over many years, and the policies related to fiduciary/compliance logics are widely supported and enforced. However, the organization is dominated by sales logics whose influence sometimes overshadows the advisor’s fiduciary duty, similar to the eye surgery organization.

Hence, to answer potential criticisms, the organization must first be willing to recognize that issues raised in the thesis are legitimate concerns worthy of further investigation. Let us now turn to answers to the potential limitations as seen through the eyes of the organization.

First, since no one from management was interviewed or consulted, this may well be a legitimate limitation since it narrows the scope of the study and excludes important stakeholders. However, the research aimed to understand feelings, perceptions, and behavior from a front-line ‘grassroots’ level because while management has a ‘voice’ in the conduct of the business from day-to-day, individual front-line advisors, while not entirely mute, have much less say and hence influence on policy.

Second, as far as some advisors perhaps not being a good fit for the organization because of the demands of the role, or that it may be better if they moved to a different job if they do not like it where they are. In the first instance, it may well be that some advisors are not a good fit for the role because of the demands it places on them. However, the concerns expressed were ubiquitous to the extent that they could rise to the level of inclusion in the findings. The findings were not based on one-off observations. The assertion that the demands, such as they are, call into question the fit for most participants, many of whom the company considers high performers seems weak. It does

not seem likely that so many advisors, including successful ones (successful by current standards), would not be a good fit.

The second part of the response suggests that advisors who are unhappy should find another job. Although the researcher does not have data regarding employee turnover among advisors, turnover likely occurs for several reasons, including the role's demands. Perhaps just as important is that some who would like to leave to find other jobs are precluded from doing so for various reasons. More can be said about this, but the scope of this work limits a fair examination. However, one clear mitigating factor for leaving is that all PCAs must sign an 18-month non-compete agreement that forbids advisors from contacting any of their existing clients during this period. Also, sometimes finding a new job for which one is better suited requires new training and/or education and time to complete. Hence, simply leaving and getting a new job may be more quickly and efficiently managed for, say, restaurant servers and more difficult and time consuming for those who realize being an advisor is no longer a good fit and wish instead to, for example, go into academia. It may require several years to earn the requisite degrees or credentials to qualify for an appropriate position in academia or another field.

Third, the organization may recognize the existence of the problems as outlined here but feels, for example, it would likely be impractical to add more advisors to improve the advisor-client ratio because of the additional cost of hiring sufficient advisors. For this argument, there are alternative costs to consider: the cost of hiring and training new advisors to replace existing ones who leave because of working conditions, the cost of acquiring new clients because of attrition caused by lack of appropriate care due to having too few advisors looking after too many clients, the cost to the organization's reputation as former clients spread the word - just through word of mouth about their unsatisfactory experience as a client. And finally, the cost to the organization's reputation if an unflattering article or articles is published in high-profile media outlets such as *The Wall Street Journal*, as was the case of the LasikPlus organization noted above.

As far as the notion of 'that which is measured gets done' is concerned, this is a point already addressed in the thesis. According to what we understand about self-determination theory, for knowledge workers, extrinsic measurements are not as

motivating as intrinsic ones. Measuring accomplishments ‘by the piece’ has more relevance to factory production workers and alike.

The organization may be concerned that without hard targets, advisors cannot be trusted, or at least expected, to apply themselves to their work fully and will produce only minimal results. This point may be the most intractable to overcome because to disprove it, the organization would have to be willing to test alternatives which, in their view, may be too risky to attempt due to concern about the impact on productivity should their apprehension bear itself out in reality. Hence, this would require a leap of faith on the part of management. Based upon the findings, however, this may be a reasonable risk as the empirical data supports the finding that PCAs *want* to do a good job for and care about their clients for intrinsic value reasons. The desire to work in clients’ best interests born from an intrinsic desire to do so could be quite powerful, indeed. The prospect of which is worthy of at least piloting, if not rolling out fully at once.

Management may find qualitative measures, which are subjective and difficult to measure, too problematic to implement versus traditional quantitative measures. To this argument, the researcher falls back on the notion that not only are advisors knowledge workers their managers and supervisors are too. As such, they can learn and apply new skills for fairly measuring advisors’ performance based on a qualitative paradigm. This, in turn, will help them understand the context for performance, which may be a critical factor in long-term success. Consider one simplistic example: Was outperformance the result of a windfall not likely to be repeated, or was underperformance the result of some one-time event for which the advisor had little or no control? If managers only consider quantitative results, unwarranted credit or blame may be assigned due to one-time events.

Performance evaluations based upon quantitative measures can have the effect of reflecting brute bad luck or just being lucky. Whereas thinking in qualitative terms, managers can judge performance based upon factors that, while possibly not quantifiable in the traditional sense, may nevertheless be even more important and beneficial to building teams through individualized coaching leading to advisors producing desired results with greater prospects for repeatability.

Following the empirical findings, if the organization realizes there are problems with practice sizes being too large but needs clarification as to the optimum number of clients per advisor, this is a question for advisors to answer for themselves, ideally in dialog with their supervisor. This is not a question that management alone can properly answer in a vacuum, however well-intentioned. Doing otherwise perpetuates the current paternalistic but unhelpful policy that sends the message to advisors that, although you are “professionals” with a fiduciary duty, management knows better than you do regarding managing your practice sizes.

Insofar as the organization may not desire to change policies and processes or not know how to restructure how referrals to advisors are generated to remove conflicts of interest between FCs and PCAs, one answer might be to restructure the referral process such that referrals are made blindly to a pool of available advisors who, by their own reckoning, have the willingness and capacity to accept new clients. One drawback of this approach is that FCs will no longer be able to describe why a particular advisor is being recommended. However, the FC can just as easily sell the offer rather than the individual PCA since there should be broad consistency in what all clients of the offer should expect in terms of deliverables. This is not a perfect solution because personalities matter. Having the personality of the advisor, FC, and client mesh is desirable to set the stage for a long and close relationship. Nevertheless, making this change will alleviate a host of potential conflicts of interest emanating from the pressure PCAs feel to please FCs and address issues relating to discrimination against minority or protected class advisors.

Concerning the limitation noted earlier suggesting, if the organization is aware of some or all of the competing institutional logics which influence the ethics of advisors in various forms, they may view these as intractable issues for which they do not have acceptable solutions and must therefore be viewed simply as a part of the cost of doing business that must be accepted. If the organization has knowledge of these issues and chooses not to attempt to address them because it just seems too hard or not worth the effort, this is simply unacceptable in that it runs counter to the purpose of business which, because businesses are granted a license to operate from society, they must have as their primary purpose to do some good for it, the benefit of which is to increase shareholder

value. Not the other way around. To ignore this responsibility would be akin to declaring moral bankruptcy for lack of imagination.

7.6 Conclusion

The research design employed two methods. The objective was to discover if the findings of the Q study and semi-structured interviews coincided or differed. As discussed, several points of commonality exist between the findings of the two studies, while neither study refuted or conflicted with the findings of the other. Moreover, the Q study added value by illuminating what advisors think and quantifying the relative importance of the various issues. The interviews, on the other hand, explore not only what advisors think but, crucially, also why they feel as they do.

Understanding the ‘*what*’ helps practitioners identify the existence of significant issues, while the ‘*why*’ provides valuable context that can assist in formulating responses and remedies. Knowledge of the intensity of the feelings, which the Q study conveniently quantitatively provides, can help prioritize the order in which issues should be addressed.

The thesis achieves its objectives and answers the original research questions

As a reminder, the research seeks to address the following:

RQ1. In what ways do competing intra-institutional logics influence the ethics of financial advisors?

RQ2. In what ways does self-determination influence the ethics of financial advisors?

RQ3. Is the fiduciary duty owed to clients by advisors undermined by conflicting intra-institutional logics and lack of self-determination in a financial institution?

Regarding RQ1, the research advances an understanding of the positive and negative factors influencing advisor behavior via the findings, which provide empirical evidence of the existence of institutional logics within the organization and that they do, indeed, influence the ethics of financial advisors such that their ability to execute their fiduciary duty is weakened with the effect of creating ethical dilemmas and causing ethical lapses.

Concerning RQ2, the thesis illuminates how elements of self-determination theory can be used in formulating advisor compensation plans (discussed in the next chapter), which support autonomy, competence, and relatedness, which, in turn, support productivity, adaptability, and wellbeing and ethical behavior.

Considering RQ3, the thesis successfully argues that it is appropriate to regard advisors as members of the professions necessitating the exercise of fiduciary duty versus members of non-professional occupations, such as salespersons, required to adhere to a lesser standard of care.

The thesis also contributes to ethical theory vis-à-vis the relationship between self-determination theory and ethical conduct, demonstrating how different forms of motivation, regulation, engagement, and ethical behavior are interwoven.

In the next chapter, we conclude with the researcher sharing his professional insights about influential authors dealing with financial advisor ethics, reflecting on the research design limitations, implications for future research, and root causes that give rise to competing institutional logics in the first place. We finish by discussing the implications and recommendations for practice and public policy.

CHAPTER 8: CONCLUSION

8.1 Introduction

This final chapter begins by discussing the researcher's insights, as a financial services professional, about how the work of influential authors working in the ethics field relates to the thesis. Next, we reflect on the limitations of the PhD project, after which we discuss what the thesis suggests for future research. The chapter then shifts to explore agency theory and how it can account for the competing institutional logics present in the organization coming into existence, thereby ultimately shaping the contours of the logics. Finally, we explore what the implications are for practice and public policy.

8.2 Professional insights: relating influential authors to financial advisor ethics

What follows is a narrative of several works referred to throughout the thesis representing influential authors' work that the researcher leverages to explore financial advisor ethics. Doing so provides a platform upon which the researcher offers professional insights relative to the literature. These works all have one common characteristic. They each illuminate how the ethics of financial advisors can be understood through various traditional philosophical frameworks. Each philosophical concept is emphasized in italicized bold font for ease of identification.

To begin, Michael Sandel (2009) discusses the pitfalls of *consequentialism* as a business decision mechanism as he recounts the loss of life and other injuries caused by Ford Motor Co.'s refusal to fix the gas tanks on its Pinto vehicles. Though not insignificant in the aggregate, the cost to modify the vehicles to make them safe would only have been eleven dollars per car. The expense of fixing the problem when first discovered would have been a fraction of what the long-term costs turned out to be. The thesis relates to this example because advisors sometimes prioritize short-term results over long-term effects, albeit without fatal consequences. For example, advisors will sometimes take short-cuts that allow them to meet numerical targets today. However, in the long term,

they lead to degrading their fiduciary effectiveness and encourage providing sub-optimal advice.

Sandel (2009) also provides insight into ethical motivation by enlisting the assistance of Immanuel Kant's *deontology*, explaining that the motive confers the moral worth of an action (Srivastava et al., 2001), and, unlike consequentialism, which assesses moral worth by the consequences or results that flow from it the only kind of motive that confers moral worth is the motive of duty. The thesis relates to this in the sense that advisors are knowledge workers who, as a result, are generally intrinsically rather than extrinsically motivated to do right by clients. However, an ethical dilemma arises as confusion about their *duty* to serve clients' best interests conflicts with the need to meet numerical targets, which is more closely associated with extrinsic motivational techniques.

In considering the concept of *distributive justice*, John Rawls (1921) asserts that one way to ascertain *fairness* is to view the issue through what he refers to as a '*veil of ignorance*' (Rawls, 1921). The thesis relates to this insofar as by applying this criterion, the advisor must consider that they may not know in advance whether they will be the client or advisor. Therefore, policies must be created with this in mind. In addition, discussions concerning institutional logics brought up the ethical concept of *limited agency* (Pereira & Tay, 2023; Thomson & Jones, 2017), whereby advisors are free to refuse to add a new client, for example, but this rarely, if ever, happens in practice because doing so would shut down the possibility of receiving new referrals in the future.

Austin-Campbell (2021) has readers consider the literature about *consequentialism* (see also Dubljević et al., 2018). Using the example of the Wells Fargo scandal, the author provides a window into misguided consequentialist philosophy by showing evidence of how a drive for immediate results can be detrimental to long-term sustainability. Blinded by the insatiable drive for sales results, the bank failed to consider the wider, longer-term possible consequences of its sales policies which had far-reaching implications for its credibility.

Wells Fargo may or may not have suffered from what the ethics literature describes, and what has been discussed in the thesis, as *blind spots/bounded rationality* (Bazerman,

2011; Hindman et al., 2021). However, ‘blind spots’ may have contributed to the willingness and ability of Wells Fargo employees to ‘fragment’ their moral self (work life versus personal life) because, after all, this was ‘just business’. And, paraphrasing Milton Friedman, the business of business better be business and nothing more. This fragmentation is anathema to its contra, namely integrity, and is an example of how and why the ethics literature on *integrity vs. fragmentation* (Cottingham, 2010) is relevant. How the thesis relates to this: The interview transcript data shows examples of advisors describing situations that *are* ethical dilemmas. However, although they may recognize these situations as puzzlements, they do not feel these issues rise to the level of being ethical dilemmas, or even recognize them as ethical in nature. While the researcher speculates this may be due to social desirability response bias, it may also be because of issues related to blind spots/bounded awareness.

John Bogle (2009) raises issues about *altruism* (Mallén et al., 2019; Szulc, 2019a, 2019b). In distinguishing between sales & marketing versus the need for advisors to look after an investor’s best interest, Bogle asserts that in discussing advisor fiduciary duty, ‘no man can serve two masters’. How the thesis relates to this: Concern over splitting one’s loyalty and responsibility is relevant because *fiduciary duty* (Laby, 2012; Lydenberg, 2014) requires, among other things, for advisors to look out for the best interests of their principals (clients) before their own or their firm’s interests. Looking out for someone else before one’s own interests or that of one’s firm is other-regarding. To be so disposed defines, in part, what it means to be altruistic. Furthermore, as noted in the preface of this thesis, Adam Smith is referenced as one who appreciates altruism in business, expressing a sentiment for morally right behavior for its own sake because having ‘the pleasure of seeing it’ is sufficient. This relates to the thesis because if advisors are, in practice, required to accept and retain clients for whom the offer is inappropriate, they must split their loyalty between the firm and their fiduciary duty.

Bruhn, A., & Asher, A. (2021) discusses the ethics of *informed consent* (see also Ben-shahar & Schneider, 2011) whereby merely disclosing what is legally required is ineffective toward fulfilling the spirit of the law, namely, that clients should have a reasonable understanding of what they are agreeing to. Even though they may evidence their understanding and agreement by signing a document, they often still do not know

what they have agreed to. Similarly, Sah (2019) and Sah et al. (2019) discuss the effects of *disclosing conflicts of interest* on those being advised. How the thesis relates to this: Although not discussed in great detail in the thesis, advisors will sometimes provide what is largely perfunctory quality disclosure of material facts as required by the compliance department. Disclosures become merely perfunctory exercises when, for example, advisors provide written or read verbal disclosures where clients do not fully appreciate what they consent to because of the legalese style of language used. Nevertheless, the agreement is obtained because clients trust their advisors. However, this can hardly be considered *informed* consent.

Duska (2017) believes advisors should place more emphasis on their moral duty versus whatever the law determines as their legal obligation. Morally speaking, he asserted, advisors should “ignore the legality [because] planners know what is right. We are not merely salespeople; we are financial planning professionals, and we need to act accordingly” (Duska, 2017, p. 27). This speaks to the literature on *professionalism* (DG & Rao, 2019; Freidson, 1994) and fiduciary duty, which is, itself, a characteristic of professionalism. The thesis relates to this insofar as advisors must sometimes exhibit what might be considered an unrealistic level of moral courage to act as professionals versus making decisions that, although legal, may not be ethical.

Lilly et al. (2021) touch on several issues with ethical implications for financial advisors and those in other occupations, such as “*social conformity, groupthink, group polarization, the bystander effect, and diffusion of responsibility*” (Lilly et al., 2021, p. 588). The thesis relates to these insofar as each of these issues discussed in the thesis, while not elements of traditional philosophical ethics, influence ethical decision-making. We can see their influence, particularly in how and why advisors may not speak up about ethical questions, even if the issues are recognized as ethical matters.

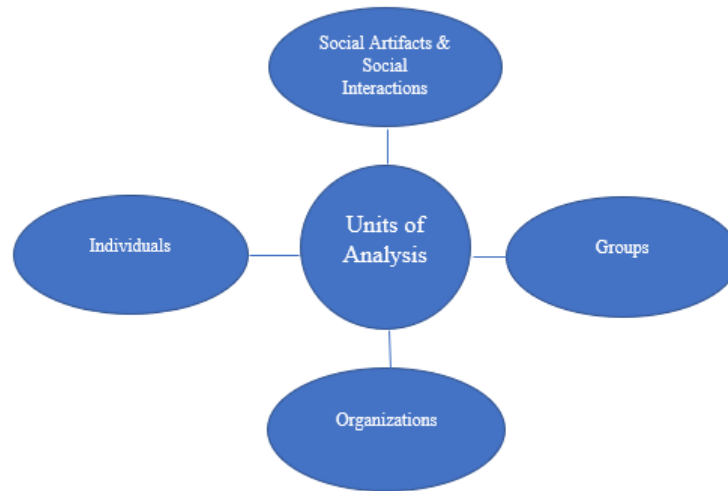
By showing how these various philosophical concepts relate to financial advisor ethics, the researcher feels that the PhD study contributes to extending the knowledge base concerning financial advisor ethics and increases the amount and quality of relevant literature.

8.3 Reflection on limitations

As noted in Chapter 4, one limitation of the research design lies in the claim critics of qualitative research generally make; namely, the “research is too subjective, difficult to replicate, with problems of generalization and lacking in transparency” (Bryman & Bell, 2015, p. 414).

Studies with small sample sizes do not allow researchers to generalize their findings to a large population. This issue was also discussed in the previous chapter. Furthermore, however, as noted in Chapter 4, as a social constructionist (Airo, 2021; Ashraf et al., 2017), the aim was to gather data from which ideas could be induced and where the unit of analysis was the entire situation rather than reduced to its simplest terms (Kumar, 2018). To clarify, ‘the unit of analysis’ refers to the person or object from which data is collected. “It answers the question of ‘what’ and ‘who’ is being studied in a business research” (Kumar, 2018, p. 71). As Kumar (2018) points out, units of analysis can consist of numerous factors, such as individuals, groups, organizations, social artifacts, and social interactions. Hence, the researcher asserts that rather than studying elements (simplest terms) of analysis, nearly the entire situation was considered. This was also discussed in Chapter 4 and noted in Table 2-4. Figure 1-8 below further illustrates this.

Figure 1-8: Categories of Units of Analysis



(Adapted from Kumar, 2018, p. 72)

The entire situation consists of ‘individuals’ (Private Client Advisors) analyzed via semi-structured interviews, ‘groups’ of Private Client Advisors analyzed through the use of Q methodology, and the ‘organization’ as viewed through the institutional logics perspective, self-determination theory and to a lesser extent, ‘social artifacts and social interactions’ are understood insofar as these have been observed by the researcher having been emersed in the setting.

Rather than generalizing through statistical probability, the aim was to generalize through theoretical abstractions (Fairweather & Rinne, 2012), such as ideal types as understood through the institutional logics perspective and various elements of self-determination theory, primarily.

Concerning the small sample size, rather than sampling large numbers of people selected at random, the aim here, as is common with qualitative research, was to examine the lives of people at work with a great degree of intimacy and to achieve this a small number of participants were chosen purposively as a means through which a rich narrative set of data could be produced.

Future researchers, however, may wish to experiment quantitatively using a survey method. And, rather than with a small purposive sample, expand the participant universe to include a randomly sampled large segment of the entire population of financial advisors (those required by law to be fiduciaries) working not only within but also outside the organization. This provides an opportunity to produce a study generalizable in the traditional sense and, in so doing, complement this intimate study.

The benefits of a large-scale survey would be useful from a public policy and practice management standpoint. Such a study conducted in this fashion might reinforce and confirm the findings of this study. There is also the possibility that a large-scale study may contradict this one for currently opaque reasons. In either case, the issues and findings raised by this project are significant both from a public policy and practice management standpoint. Because of this, further study utilizing a large-scale approach may expose the need for some modification to recommendations for both public policy and practice management.

While it is true that the researcher was uniquely positioned as an insider, for others to replicate the results may be easier than some may assume. Although the sample was small and purposively selected within one organization, nothing precludes other researchers from conducting a similar Q study and semi-structured interviews in the same or other organizations using similar techniques.

While findings may differ from study to study, the semi-structured interviews, which, it might be argued, represent the most subjective aspect of the thesis, are likely the most easily replicated. This is the case primarily due to using just two broad, open-ended questions for the interviews: 1) What do you find most gratifying about your work? and 2) What do you find most challenging about your work? Follow-up questions were just as simply put and open-ended using laddering up and down techniques (Nasr et al., 2018; Takada et al., 2019; Yoshida et al., 2018) such as: Why is that? and “Can you tell me more about that?” These simple but effective open-ended questions produced an ocean of rich narratives. Other researchers can easily employ the same techniques.

Nevertheless, as noted earlier, findings may differ for several reasons. Not the least of which is that it is possible as time elapses between various similarly conducted studies, internal and certain external (regulatory) policies, as well as leadership within the organization that have a bearing on the current state of intra-institutional logics, may change and thus alter the logics landscape over time. Hence, the possibility of obtaining different findings exists.

Another limitation of the thesis project is that it focuses solely on those intra-institutional logics arising from a PCA's work environment. In doing so, the research ignores higher-level or higher-order institutional logics. These are the logics associated with areas such as religion, the State, family, and community, to name only a few. As the institutional logics perspective suggests (Thornton et al., 2012), each higher-order logic will have its own set of influences on behavior, attitudes, and beliefs that compete with the influence of lower-order intra-institutional logics identified in this study, such as Sales, Fiduciary / Compliance and Service logics.

One interesting outcome of exploring how higher-order logics interact with intra-institutional logics might be to understand the degree to which religious beliefs (institutional logic of Religion, which is a higher-order logic) conflict or coincides with the influence of Sales logics (a lower-order intra-institutional logic).

For example, how might the influence of the Judeo-Christian religious edict to follow the Golden Rule: do unto others as you would have them do unto you, coincide or compete with the priority to do what is deemed necessary to 'make the numbers' even at the expense of what can be morally justified. Which logic might dominate? Is it the case that advisors will compartmentalize being more inclined toward altruism in their place of worship and less so while working? Although this thesis briefly discussed this dynamic as it relates to integrity versus fragmentation, it would be interesting to see a future work using these concepts as a primary lens to view the ethical behavior of professionals, in particular.

It may be argued that further research limitations arise because the organization's leadership viewpoint(s) were not considered. Hence the thesis leaves out what might be

insightful context for why policies are in place such as they are, even though it may already be known to management that, as the research points out, current practice is wanting because of how such policies, in forming practice standards, are in fact, antecedents to ethical lapses.

Another potential criticism, and possible limitation, stems from the absence of clients' viewpoints. Arguably, clients' perceptions might be valuable, especially since the organization explicitly expresses the desire to craft products and services as if those who create them are also users. This is also true if clients, as participants, are educated about the issues that the thesis illuminates. It would be interesting to understand how well-informed clients might feel about these issues, particularly concerning areas pointed out as potential conflicts of interest.

One can speculate that clients may generally be under the impression that advisors have ample time to constantly monitor their investments and have time to easily communicate with them as issues of interest or concern arise relative to their investment holdings or other financial planning topics. However, their definition of ample time may differ from reality.

Currently, there is a disconnect with how the firm trains advisors to set expectations with clients for their advisors to have only two scheduled meetings per year, as opposed to historically four, whereby the main topic can be the investments and related topics such as rebalancing of the portfolio. Other communications throughout the year are expected to be ad hoc, including email contact and not necessarily phone or video meetings. This is arguably impersonal. For some clients for whom electronic communication is preferable, this may be less significant than those who prefer traditional means of communication such as voice or even not so traditional web video meetings.

On the other hand, clients, many of whom believe their advisor is constantly surveilling their investments (which they are not) and who equate trading activity with progress, expect a monthly or at least quarterly meeting to discuss the markets and their portfolio. In fact, clients who unenroll from the offer occasionally complain that they spent thousands of dollars a year and, in return, received just four phone calls per year from

their advisor (as has been the historical practice and positioning of the offer) leading them to feel they were not receiving fair value considering the amount of money paid.

These feelings can be especially pronounced during periods of investment underperformance or difficult market conditions generally since if their investments are going down in value, the fact they are still paying a fee exacerbates frustrations felt due to less personalized contact than desired, especially during periods when markets are in turmoil. These are the times clients desire to hear from their advisors the most and, simultaneously, the most difficult for advisors to be proactive with personalized contacts. Advisors can send a generic email ‘blast’ out to all of their 180~ clients nearly instantly. However, these types of communications may fall short of expectations considering the amount of money clients pay to be a member of what is marketed as a personalized wealth management service geared toward wealthy individuals whose average portfolio size is \$2,500,000., with many clients having substantially greater assets under management.

The organization’s leadership may place a different level of affinity around the new client communication cadence policy than clients do themselves. From the *organization’s viewpoint*, this provides a means to address scalability issues due to the size of advisor practices. In this case, the desire to scale may trump viewing from clients’ perspectives. Unless we hear directly from clients themselves, this business decision to reduce direct personal contacts in favor of increased use of less personalized ‘strategic’ email communications, often leveraging technology to send obviously ‘boilerplate’ emails to multiple clients simultaneously, may not reflect a ‘from clients’ perspectives’ mentality which is the very concept in which the firm takes pride insofar as far as how products and services are to be conceived and implemented. Furthermore, including clients’ perspectives may confirm or contradict the thesis findings for reasons currently unknown to the researcher.

As has been noted in the thesis, both confirmation bias (Koreň, 2022; Matthiesen et al., 2022) and social desirability response bias (Higgins et al., 2022; Lai et al., 2022) are two points of possible limitations in the study. Having a researcher from outside the organization conduct the study might help address both concerns. Although, this would

not be without its own constraints. Such limitations include the lack of easy accessibility to advisors and established peer-to-peer rapport, which formed the foundation of mutual trust between participants and the researcher. The researcher believes the pre-existing familiarity and the researcher's intimate knowledge of the social construct served to establish the basis for trust and easy dialogue between the researcher and participants in a way that might be challenging for a researcher coming from the outside.

8.4 Implications for future research

The various limitations of the thesis open pathways for future research, which could focus on repeating the study within the same organization and, if possible, but not necessarily, with the same participants. Repetition is typically characteristic of medical sciences research. However, given how internal policies would likely have evolved since the first study, the benefit would allow a basis for comparison over time. It might also be useful to expand the study to other business center locations.

Comparing results between different time periods can be useful since the organization may have changed leadership, advisors, and various policies in the interim. Hence, it would be useful to see to what degree these changes alter the influence of the various logics identified in the first study and their impact on ethical behavior. It is suspected, to the point of being taken for granted, that the dynamics surrounding institutional logics are consistent across the organization. However, it would be interesting to see whether the institutional logics are, in fact, the same across the centers and local branches. If not, learning what accounts for those differences would be interesting.

If in repeating the study, researchers wish to learn more about how to conduct a Q study, Watts & Stenner's (2012) *Doing Q Methodological Research: Theory, Method and Interpretation* is an indispensable primer and, in addition to theory, offers a step-by-step 'cookbook' for how to conduct a Q study. Other vital sources to consult include William Stephenson's (1935) seminal work, *Correlating Persons Instead of Tests*, and Steven R. Brown's (2019) article, *Subjectivity in the Human Sciences*.

Repeating the study would allow a researcher to apply a pattern matching analysis approach, which is intended to capture institutional logics not only by comparing categories of logics against each other, as is the case in this thesis, but also “to compare changes in behavior at different points in time” (Reay & Jones, 2016, p. 448).

To become well acquainted with institutional logics theory, researchers may wish to begin with Friedland & Alford’s (1991) work, *Bringing Society Back In: Symbols, Practices, and Institutional Contradictions*. It is a seminal article in the field which was followed by the highly influential book by Thornton & Ocasio (2008) titled, *The Institutional Logics Perspective*. Moreover, for a practical example of how institutional logics theory can be leveraged for empirical social science research, see Joel Gehman’s (2021) *Searching for Values in Practice-Driven Institutionalism: Practice Theory, Institutional Logics, and Values Work*. Other valuable works include: (Bae & Fiet, 2021; Franco-Torres et al., 2021; Kashan & Wiewiora, 2022; Werhane et al., 2020).

Perhaps the greatest opportunity for further research lies in how self-determination theory can continue to be expanded, particularly with respect to how it might be used to develop compensation structures, especially for those in professional practice. Essential works to refer to include: (Ankli, 2009; Gagné & Forest, 2008; Ryan & Deci, 2020).

8.5 Root causes, responsibility, and agency theory

The research finds that, because of the enormity of the task, advisors sometimes provide merely perfunctory value as they create Investment Policy Statements. This speaks to the finding that advisors have too many clients to serve them all well. Similarly, in an attempt to meet targets for a certain quantity of financial plans ancillary to investment planning, advisors focus more on quantity than quality to meet their targets. Furthermore, advisors sometimes feel it necessary to keep clients enrolled, or accept new enrollments, to meet sales targets despite suitability or the advisor’s capacity to add further clients to their practice. In each situation, empirical findings suggest competing institutional logics encourage ethical lapses that diminish fiduciary effectiveness, leading to sub-optimal advice.

Despite these findings, further questions remain. For example, What gives rise to these various conflicting logics, to begin with? How are *they* called into existence? Can theories beyond those already discussed shed further light on the issue? For answers, agency theory, discussed earlier in Chapter 3, offers an avenue that should be given further consideration.

In the parlance of agency theory, some might argue that, under these circumstances, an interesting problem arises whereby agents do not effectively represent principals' interests. Moreover, since agents generally recognize these problems, two further questions arise 1) To what extent are market forces responsible? 2) Can the reasons for the principal/agent difficulties be illuminated by agency theory?

It must first be determined which principal/agent relationships are most relevant. Is it the relationship between shareholders and the board of directors? Is it the relationship between the board of directors and senior management? Or is it the relationship between the management of the firm and advisors?

Without consulting those responsible for initiating the pertinent policy decisions, namely instituting numerical targets, for example, the answer remains unclear. Although, it is doubtful that shareholders made demands on the board of directors to set what are essentially granular esoteric targets for frontline advisors. It is plausible, however, that such targets could have arisen from either senior management or the board of directors. According to agency theory, "relevant decisions regarding firm-level policy choices are approved by boards" (Biswas et al., 2023, p. 181). Moreover, "agency theory suggests that boards are the primary mechanism for reducing agency problems" (Biswas et al., 2023, p. 178). Hence, regardless of where the ideas originated, it seems reasonable to give credit/blame to the board for, if not creating, at least condoning the application of policies that, however well-intended, lead to conflicting logics that, in turn, influence the ethics of advisors. Therefore, for argument's sake, it will be assumed that, for our purposes, the idea for numerical and other sales-oriented targets, as described through much of the thesis, originated from the board of directors or should be, at least, considered the responsible party. Thus, the applicable relationship is that of the board of directors and senior management.

Agency theory posits that “the performance of harmful behaviors is dependent on the level of monitoring in the organization and that principals can reduce ‘shirking’ if they install proper monitoring or controlling devices” (Kidder, 2005, p. 391). Closer monitoring is possible even though a great deal of time and effort goes into control and supervision already, which arguably even now reduces feelings of relatedness between advisors and managers.

Granted, compliance with desired behaviors could improve with closer monitoring, albeit at a cost. In addition to the psychological costs of closer monitoring, in the form of strained feelings of relatedness, one must consider the monetary expenses involved. Organizations can reduce operating expenses by managing their control and supervision budgets wisely – less is more. In any case, it would be more desirable for advisors to be intrinsically motivated to collaborate and cooperate rather than reluctantly comply. Micro-managing, through greater surveillance, detracts from feelings of relatedness, which we know to be a core psychological need for all humans and influences productivity, adaptability, and wellbeing.

Market forces

Before going further, to be clear, the researcher gives the benefit of the doubt to both the board of directors and senior managers insofar as the rationale behind requiring advisors to be subject to various sales-oriented targets. That said, let us assume it was determined that market forces mandated taking such action. It is within the realm of reason to assume a scenario whereby the board felt it was essential to broaden the scope of services offered because of competitive pressures. This determination could also have resulted from direct client feedback – perhaps some clients abandoned the offer because they were not provided various desired services. It could also be that it became known that key competitors offered such services, which was to their advantage regarding market share. Indeed, several other reasons could have been the catalyst for the firm’s decision to emphasize broadening the scope of its products and services. While still giving the organization the benefit of the doubt, the researcher is confident that while the organization was/is keen to offer more and better products and services and to remain competitive in the marketplace, it did not wish to do so in a way that would compromise

the ethics of its financial advisors. Nevertheless, there are unintended adverse consequences stemming from a well-intended desire to improve the offer and provide clients with a broader scope of products and services. This is the case since, while the agents do not effectively represent principals' interests, it could be argued that the board plays a role in the ethical lapses of its advisors, albeit unintentionally, since it was the board that created or condoned the incentive structure and performance metrics that, in turn, establish the dominance of sales logics thereby influencing advisor ethics.

Psychological contract theory

This does not entirely absolve advisors. However, it indicates that the observed advisor's behavior is understandable. A reason not yet touched upon that 'shirking' (unethical) behavior can be expected is based on what is known about psychological contract theory (Griep et al., 2022; Kutaula et al., 2022; Rousseau, 1989, 2001; Seeck & Parzefall, 2008) which posits "employees may resort to harmful behaviors if they feel that they work in an unjust environment" (Kidder, 2005, p. 391). For example, advisors may feel it is unjust to have too many clients because it forces them to evaluate the ethical dilemma of meeting targets versus delivering a fiduciary duty of care effectively. Along with works noted earlier, to learn more about psychological contract theory, see Denise Rousseau's (1989) *Psychological and Implied Contracts in Organizations*, which is considered a seminal work in this field.

Space constraints preclude a robust discussion of psychological contract theory. However, suffice it to say, some characterize psychological contract theory as "a series of mutual expectations of which the parties to the relationship may not themselves be dimly aware, but which nonetheless govern their relationship to each other" (Kutaula et al., 2022, p. 6). Others suggest psychological contracts arise through beliefs. Employees create an emotional 'psychological contract' with their organization when they form beliefs about the mutual obligations between themselves and their employer (Rousseau, 2001).

Importantly, psychological contract theory posits that when employees perceive their employer does not meet its obligations to them, a psychological contract breach ensues

whereby an employee may “develop a negative affective reaction” (Griep et al., 2022, p. 2). In other words, there are reasons beyond that which agency theory suggests for why advisors may focus their attention on ‘getting the numbers’- meeting quantitative targets more than on the quality with which those activities are engaged.

Speaking-up

If, as stated earlier in this section, agents generally recognize problems exist, why do they not speak up? Answers vary. And this may be an opportune juncture to consider whistleblower theory (Mesmer-Magnus & Viswesvaran, 2005; Miceli et al., 2012; Near & Miceli, 1985; Smaili et al., 2022; Vandekerckhove & Commers, 2004) which is defined as “organization members who disclose wrongdoing under the control of their employer to persons or organizations that may be able to effect action” (Near & Miceli, 1985; Smaili et al., 2022, p. 3). Unfortunately, the scope of this work does not allow for venturing down this path very far.

Even so, the researcher speculates that sometimes frontline employees are aware of problems and occasionally voice concerns. However, they may not be voicing them to managers who feel they can or wish to advocate for the employee by raising these concerns further up the ‘food chain’ to address them adequately. When speaking with one mid-level executive about such scenarios, the response was that mid-level managers and, in some cases, senior executives may escalate issues of concern but may downplay their importance if the subjects are considered sensitive and vulnerable to internal political fallout but not illegal.

Moreover, the same mid-level executive added that the concern is that every project, policy, or product has a creator – a ‘parent’. For the parent, the product is their ‘baby’. And nobody wants to be told their child is ugly. One avoids speaking truth to power, i.e., ‘You have an ugly baby,’ if possible. Aside from fears of retaliation, one does not want to develop a reputation as a naysayer or become known as the ‘squeaky wheel.’ Because while the squeaky wheel may get the grease (receive attention), it is also the first one replaced. One caveat is that what is being discussed here has to do with issues that are

not illegal. Nevertheless, as Duska pointed out earlier, although something may not be illegal, it may not be morally right.

8.6 Implications and recommendations for practice

1. FC referrals

As a refresher, one of the findings of this thesis is that PCAs are almost entirely reliant on referring FCs to grow their business. Doing so helps them achieve numerical targets for new client enrollments and (net) new assets under management. Because of this, PCAs are reluctant to decline any *prospective client*. PCAs are also reluctant to deny requests FCs make across a broad spectrum of issues, potentially conflicting with the exercise of their fiduciary duty. As we have outlined earlier, this is out of concern that doing so may alienate referring FCs with the effect of shutting down future referrals. Likewise, some *existing clients* whom a PCA discovers that, after enrollment, the offer is not in their best interest are loath to unenroll or even suggest to the FC to unenroll for fear of alienating referring FCs and thereby risking future referrals. These are just two examples of conflicts of interest under the current referral process whereby FCs can choose any PCA for new business.

Because of these and other conflicts of interest outlined in the findings, Private Client program referrals from FCs should be made ‘blindly’ into a pool of available advisors. Although each PCA differs in terms of personality, experience, and background, the organization goes to great lengths to ensure the consistency of the client experience delivered across all PCAs. Hence, although FCs may complain that they cannot direct business to their favorite PCA, weakening *their* autonomy, the client experience, in terms of deliverables, should be similar regardless of the PCA involved. This eliminates FC choice of PCA, which FCs and possibly some PCAs will view as a drawback. However, the advantage is that doing so will help eliminate race, gender, ethnicity, and other bias regarding PCA selection. It will also move the focus away from the personality of the PCA and onto the offer and what the offer is meant to deliver to clients.

Another possible drawback might be that FCs who are disappointed in their lack of control (reduced autonomy) over which PCA to refer business to may decide to avoid offering the Private Client program to prospective clients in retaliation or because of the lack of confidence they may have in the offer believing the choice of PCA is crucial. However, the researcher believes that supporting ethical conduct in this way outweighs the potential drawbacks. Particularly since PCAs will have less reason to have their ethics influenced by FCs since standing up for their fiduciary duty, even if doing so displeases FCs, will not affect future referrals from that or other FCs because the PCA selection process will be blind.

Moreover, while this recommendation for practice is specific to this organization, it should be considered by other similarly situated organizations that seek a way to eliminate or at least mitigate conflicts of interest within their organization.

2. Autonomy

Much of what has been discussed in the thesis concerning autonomy is that professionals require sufficient autonomy to exercise their fiduciary duty and positively influence productivity, adaptability, and wellbeing. What has yet to be considered is that this does not suggest that all occupations, including professionals, need or should be granted complete autonomy over their behavior. Indeed, as Martela et al. (2021) point out, limitations can be beneficial and considered reasonable, such as when laws are obeyed in a “volitional way when they are perceived as coming from a trustworthy source and are legitimate in intent and purpose (Martela et al., 2021, p. 308). Moreover, just as it is important in society to protect personal rights pertaining to freedom of speech, complete autonomy with respect to ‘free’ speech may lead to dangerous even life-threatening consequences and thus requires limitations.

For example, it is wrong to yell, ‘Fire!’ in a dark and crowded movie theater when there is no fire lest people trample one another needlessly as they panic to find an exit. The right to free speech ceases when doing so endangers others. Likewise, it is also wrong to expect or desire professionals to be completely autonomous. For example, physicians may be held accountable to the law and by their professional bodies, such as the

American Medical Association, if they are negligent or provide unnecessary or excessive use of procedures and prescriptions.

As a further example, concerning financial services organizations generally, including this organization in particular, it is entirely appropriate to preclude advisors from recommending securities or strategies known to be speculative, particularly for clients whose investment objectives include the preservation of capital. It is also within the realm of reason to limit recommendations to types of securities and strategies that the organization's investment committee approves. Autonomy without some degree of government or internal policy regulation is inherently reckless. Hence autonomy need not be absolute. However, the organization needs to strike a better balance that distinguishes between those behaviors and activities, which should be 1) left to the discretion of the professional, 2) required, and 3) which ones must be limited.

Internal policies and government regulations that limit professional autonomy can further an aim of the professions, which is to engender trust on the part of the public. Society cedes some individual authority to professionals in part because it believes professionals are (or can be) trustworthy for several reasons: possessing credentials bestowed by a governing body evidencing an extensive period of study and passing a rigorous examination; requirements to adhere to a written professional code of conduct, legal and professional governing body requirements to have a fiduciary duty toward their clients or patients, possessing the relevant education, training, ongoing continuing education requirements, and the fact that there are government regulations and internal policies that put limitations on professionals' behavior.

Internal policies not directly related to supporting legal compliance are areas where there is some flexibility to allow for more professional autonomy than is available at present in the organization. Even in this realm, it is difficult to determine the right balance. For example, it seems almost a cliché that when university professors achieve tenure, they do not always continue to conduct research and publish new works with the same enthusiasm as was the case before attaining tenure. According to Estes (2012) "faculty members who are not tenured tend to be motivated by extrinsic rewards, while tenured faculty tend to be intrinsically motivated with respect to conducting research" (Estes &

Polnick, 2012, p. 4) and that, “declines in productivity [in tenured faculty research] can be attributable to the idea that faculty members simply do not value the outcomes from sustaining higher levels of productivity, thus negatively affecting their motivational force” (Estes & Polnick, 2012, p. 6).

They have achieved tenure, so now they are more autonomous but lack the motivation to contribute to the research goals of the university. As an aside, under such a scenario, one might question the degree to which the professor was, in fact, intrinsically motivated toward the work to begin with. And organizations may find it a difficult task to determine this during the hiring process. Therefore, the degree of autonomy that should be granted professionals may be a matter of both science and art. Because, while making such determination may seem to fall within the realm of a well-defined organizational process, the notion that determining what constitutes appropriate autonomy may in some cases require policy making as an exercise in trial and error.

For example, it would be wrong to require a new and inexperienced advisor to work with a large number of clients with complex issues. This would be detrimental to the firm because it risks losing clients due to pairing them with overworked and inexperienced advisors. This would likewise be harmful to clients for the same reasons. This would also be damaging for advisors in terms of their ability to succeed in the role – in essence setting advisors up for failure in addition to the attendant negative influence such action would have on wellbeing.

Letting the new advisor begin their career with a small number of clients who have fairly simple financial situations and letting them gradually build their practice over time would be better for all concerned. Clients are different, and before pairing them with a new advisor, the complexity of their situation should be ascertained. Advisors are different too. Even new advisors bring differing levels of expertise to the role. Hence, their level of sophistication must be ascertained before matching them to appropriate clients whose complexity of circumstances coincides well with the sophistication of the advisor. This describes the art involved. The science is driven by time and motion studies and other scientific evidence that suggests the maximum number of relationships for an advisor should be ‘x’, for example. Where determining the value of ‘x’ requires further study.

Ultimately, if advisors are, in fact, considered as having professional status, they should determine for themselves if they are among those open to accepting new clients and whether or not they are an appropriate match for a given prospective client. This is an important level of autonomy that should be accorded individual professionals who understand better than anyone their capacity to accept new business.

Clients paying thousands of dollars in advisory fees deserve an advisor who has enough time to check-in with them once per month via phone or video conference as desired. Current practice standards suggest for some clients that two or three verbal contacts per year are sufficient if supported by email contacts of one type or another, where the email contacts may not be personalized but rather generic ones sent to a larger group of clients simultaneously.

As a means to leverage their time, PCAs are encouraged to make portfolio recommendations once or twice per year, only. And to supplement these contacts with other meetings intended to discuss bigger picture planning topics. The researcher agrees, and the thesis confirms that discussing ‘big-picture’ planning issues are relevant and potentially critical topics for discussion. However, clients take it for granted that PCAs have constant surveillance on their portfolio. They feel this is an important value add, particularly during times of heightened market turbulence, and an expectation, given the fee they pay to be a member of the advisory program. But this is not the case. And neither the PCAs nor the organization does anything to disabuse them of this false assumption. PCAs should have the autonomy to build practices sized appropriately to the needs and complexities of the particular clients for whom they have a fiduciary duty of care.

As noted earlier, this ‘lack of autonomy’ criticism does not mean the organization must fully cede autonomy to PCAs. Since just as having 230 clients is too many, ten clients are too few for experienced and effective advisors unless the circumstances are highly unusual. Noteworthy is that financial services industry consultant, blogger, and Head of Planning Strategy at Buckingham Wealth Partners, Michael Kitces (2019), states that research shows the “average lead advisor at an RIA is responsible for 71 clients...”(Kitces, 2019, p. 10).

Väänänen et al. (2020) argues, “One can have strong autonomy and be tied at the same time”(Väänänen et al., 2020, p. 83). What is meant by ‘tied’ is that according to Väänänen et al. (2020), autonomy is a state whereby there is a “high level of individual freedom to make decisions and plan one’s work, but also a high level of connectivity and temporal interdependency” (Väänänen et al., 2020, p. 84). Connectivity and interdependency could be experienced if, for example, PCAs were to enter into an ongoing dialog with their supervisor to discuss and ultimately agree on reasonable practice standards, including practice sizes, based upon the unique circumstances characterizing individual PCA practices. Determining what constitutes ‘reasonable’ practice standards may prove illusive (part of the art involved), but efforts should be made to change the status quo in order to relieve pressure on PCAs to act unethically because of practices sizes that are, based on the empirical evidence presented here, objectively too large.

As part of the art of this and other decisions where autonomy is a consideration, the organization should ask itself if it considers PCAs as members of the professions or not. The current law is clear: Registered Investment Advisors (RIAs) are required by law to act as fiduciaries. The organization may be committed to this finding more in name only than in practice, however.

This is because of the degree to which the organization permits the dominance of sales logics, focused on ‘making the numbers’ over fiduciary duty. This is a crucial question the firm must answer, letting it guide its policy accordingly. If the organization supports the law in spirit as well as the letter deeming PCAs to be professionals, this may lead them to reconsider the notion of having numerical targets for activities that should be determined by PCAs based upon their interpretation of how to best serve their clients as fiduciaries rather than sales professionals.

The researcher has noted elsewhere how the use of the phrase ‘sales professional’ is oxymoronic since just as ‘no man can serve two masters’ (Bogle, 2009) no one can be both a salesperson and fiduciary at the same time. This dual mandate, as the research demonstrates, bifurcates how advisors think, self-identify, and behave. This fragmentation is inconsistent with leading a life, professional or otherwise, of integrity

(Berghaus & Cartagena, 2013; Cottingham, 2010). This was discussed in Chapter 7 as well as in other places in the thesis.

3. Lead by example

All levels of management of the organization should be responsible for some degree of direct client relationships. Aside from those whose role is purely operational, everyone should have at least some clients for whom they are personally responsible. This will help managers understand the world their advisors occupy, including the ‘pain points’. It is not enough to have done the job in the past, which is itself not always the case among supervisors. Over time, not being in the role, managers lose touch with its requirements and realities and become desensitized to important issues. Having clients of their own keeps their skills sharp and personally engaged with the realities on the ground and gives them a means by which they can lead by example. Much has been written about the benefits of leading by example. For an excellent primer, see (Kouzes & Posner, 2002; Kouzes & Posner, 2017). See also: (Bramley & Ogilvie, 2021; Eisenkopf, 2020; Owen, 2018).

4. Eliminate use of stack-ranking or force-ranking of employees

As discussed in the thesis, one of the defining elements of self-determination theory includes ‘relatedness’ as one of three core psychological needs people have in addition to autonomy and competence. These are “social and cultural factors that facilitate or undermine people’s sense of volition and initiative, in addition to their well-being and the quality of their performance”(CSDT, 2022, p. 1). Relatedness refers to creating satisfying and supportive social relationships (Stone et al., 2010). Relatedness has to do with the development and maintenance of personal relationships and belonging to groups, such as members of organizations and employees having business relationships.

Forced-ranking programs are intended to demonstrate a meritocracy form of organizational culture. Where more successful workers are valued more highly than less successful workers and to motivate those in lower quartiles to work harder or smarter to move into the higher quartiles (CSDT, 2022; Ryan & Deci, 2000, 2020).

This may, *prima facie*, seem reasonable. However, neuroscientific studies show that relatedness (along with autonomy) is undermined by the use of forced ranking of employees (Rock et al., 2014). For example, studies conducted by Rock et al. (2014) reveal that “labeling people with any form of numerical rating or ranking automatically generates an overwhelming ‘fight or flight’ response that impairs good judgment” (Rock et al., 2014, p. 4). Also, see Michael Sandel’s (2020) book titled, *The Tyranny of Merit: What Became of the Common Good?* It critically examines the concepts of merit and meritocracy with surprising insight (Sandel, 2020). Regrettably, space constraints preclude further discussion of this work.

According to Rock et al. (2014) even if an employee is rated with a ranking intended as praiseworthy:

A typical employee immediately disengages. Knowing that others were ranked still higher is enough to provoke a ‘brain hijack.’ This neural response is the same type of ‘brain hijack’ that occurs when there is an imminent physical threat like a confrontation with a wild animal (Rock et al., 2014, p. 4).

Rock et al. (2014) point out that while proponents argue it may seem logical to use a forced ranking approach, both managers and employees find these systems “dispiriting and exhausting” (Rock et al., 2014, p. 5). A forced ranking approach runs counter to the aim of supporting relatedness. This is partly because “supervisors feel pressure to continue to show improvement, raising some people’s ratings over time. They also feel pressure to differentiate, leading them to scapegoat some of their subordinates” (Rock et al., 2014, p. 7).

The literature is rife with examples of drawbacks to this approach, however, especially so for front-line knowledge workers, see: (Brown et al., 2019; Clifton & Harter, 2019; Murphy et al., 2018; Thomason et al., 2018). Under forced-ranking structures, the top 25% of employees are more likely to feel valued because they are the ones ranked in the top quartile, while 75% of the workforce likely feels less valued and more likely to feel disengaged or estranged from the organization the further down the quartile ranking one goes (Thomason et al., 2018). Further illustrating this point, Watts et al. (2022) note that

“the use of forced ranking systems is negatively related to employee morale and positively related to reports of inaccuracy and unfairness in performance reviews” (Watts et al., 2022, p. 79).

Forced ranking systems may appeal to managers who feel that the turnover of employees, especially at the lower quartile rankings, is desirable. However, if the literature noted in the paragraph above, along with other works, offers credible evidence about how the lower 75% of the workforce likely feels less valued, disengaged, or estranged as a manager, one question to consider might be, ‘Am I comfortable with purposely contributing to 75% of my workforce feeling some level of disengagement?’

Another consideration is that the metrics used to determine the rankings may be faulty further straining relatedness. The metrics may focus on rewarding those motivated by extrinsic factors to ‘make the numbers’ rather than demonstrating or improving upon skills. Again, a question a manager might ask themselves could be, ‘Would it be better to have workers motivated for intrinsic reasons rather than extrinsic ones?’ The question is particularly relevant if we are considering knowledge workers, whose motivation, as fiduciaries, should ideally be to put their client's best interest ahead of their firm's or their own.

5. Eliminate numeric targets / goals (explicit and tacit)

The numeric targets/goals such systems use to determine rankings are closely related to forced-ranking systems. According to goal setting theory (Locke & Latham, 2019; 2020, and many others), “goals have a higher probability of motivating task performance when they are perceived as specific, measurable, challenging, accepted, and tied to desired outcomes” (Watts et al., 2022, p. 80). However, the thesis research suggests that numerical targets cause advisors to work toward meeting or exceeding the *quantity* of measured items and does little to promote the *quality* of behaviors involved in delivering those activities or services. Advisors focus on the wrong priorities and this accounts for ethical transgressions. Indeed, “goal setting, while a ubiquitous presence in organizations—from the C-suite to the factory floor—demonstrates that goals are

routinely set and then tied to incentive systems without considering potential side effects” (Watts et al., 2022, p. 80).

To illustrate, Watts et al. (2022) cite, as has been done elsewhere in the thesis, how goal setting contributed to fraud at Wells Fargo Bank, where thousands of employees were ultimately terminated because they opened over two million fake customer accounts and whereby the pervasive fraud was attributed in part to aggressive sales goals (Austin-Campbell, 2021; Lilly et al., 2021; Schoeff Jr., 2018; Tahmincioglu, 2017). Hence, eliminating numeric targets (goals), both tacit and explicit, will remove an influential antecedent to unethical behavior.

6. Reforming the compensation plan

As one considers compensation plans for advisors it might be useful to consider how other professionals such as physicians are paid. This is useful insofar as it can be granted that advisors are, in fact, members of a profession which the researcher recognizes is not a settled matter.

In their paper discussing German physicians compensation, Brosig-Koch et al. (2021) explain there are three types of payment schemes. 1) performance pay (P4P) which is earned when a quality threshold is reached. Or, more traditional payment systems are: 2) lump-sum capitation (CAP) being prevalent in primary care and 3) fee-for-service (FFS), in which physicians receive a fee for each service provided. FFS is typically used in specialty care (Brosig-Koch et al., 2021). CAP and FFS, generally, are not tied to the quality of care provided. FFS incentivizes physicians to overserve patients, whereas CAP embeds an incentive to underserve them.

The Brosig-Koch et al. (2021) study explores the effects of different P4P systems on the quantity and quality of care. In their experiment, a bonus is paid when a quality threshold tied to a patient’s optimal health outcome is reached (Brosig-Koch et al., 2021). Using this approach as a model, an incentive system for financial advisors should also ideally connect, or at least not stand in the way of, the *quantity* and *quality* of care investors receive.

P4P, however, is perhaps not so effectively transferable to financial advice. It is more effective for use in environments like medicine where a quality threshold can be easily determined over a relatively short period of time as opposed to determining quality thresholds for financial advisors where such thresholds might need to be judged over several years.

In the case of planning for retirement, using an oversimplified example, the quality threshold of a successful (financial) retirement plan may be defined as having accumulated sufficient assets such that there is a high statistical probability that the investor will not outlive their finances and leave a desired financial legacy to heirs.

It is different in medicine, though, where threshold attainment can be determined in a matter of days, weeks, or months. For example, if a patient must be readmitted to the hospital to address an ailment for which they were recently treated and discharged prematurely or for a new problem for which the cause can be traced to poorly executed treatment during their previous hospital stay. A predefined period of time after being discharged by the hospital would be easy to track and measure.

In order to implement a P4P bonus structure for advisors based on quality thresholds, the organization could compare how well clients are tracking relative to their financial plan assumptions, assuming a comprehensive financial plan was provided. To accomplish this, however, would require multiple three-to-five-year intervals to elapse because attempting to make assumptions about whether or not a client is on track by, say, conducting an annual review is far too short a period of time to provide statistically significant information. This is the case because markets and investments commonly used for this purpose are more volatile over short periods of time than over the long run. Attempting to make meaningful judgments as to quality thresholds over short periods, like twelve months, may lead to conveying a false sense of security on the one hand or unwarranted concern on the other.

An alternative to attempting to track quantitative performance over extended periods in order to connect the quality of care with bonuses for financial advisors, supervisors may

attempt to judge advisor quality. But to do so requires them to have the ability to appropriately assess the advisor's skill.

Supervisors must therefore possess highly developed assessment skills, including the ability and willingness to effectively coach and train and possessing the ability to ask thought provoking questions in order “to help individuals self-reflect as part of their learning and / or professional development with increased clarity, appreciation and confidence” (Brownhill, 2022, p. 279; Quaquebeke & Felps, 2018; Yaslioglu & SelenayErden, 2018).

As discussed earlier in the thesis, engaging with advisors in this way supports the core psychological need of relatedness. Also, for such coaching sessions to be effective, they must not merely be perfunctory, ‘tick-the-box’ exercises for the supervisor or advisor. Ideally, the supervisor creates an unhurried ‘safe’ environment where it is acceptable to make mistakes so that the parties can be committed to and engaged in learning and teaching.

Going down the path of P4P is too dependent upon how well the markets have performed during some arbitrarily selected period of time, how persuasive the advisor was in inspiring the client to implement the plan, and finally, the degree to which the client was willing and able to stick with the plan if initially implemented.

Therefore, P4P does not seem attractive in the financial advisor setting since there are too many variables upon which to base compensation decisions that are outside the control of the advisor. This lack of control and reliance on supervisors' fairness and consistency (or lack thereof) can, as we have discussed elsewhere, lead to concerns about distributive justice.

Also, paying bonuses to advisors using a P4P method involves many of the same limitations as merit pay systems, which “are notorious for relying too much on subjective performance appraisals (i.e., managers' impressions), which makes employees dissatisfied because of negative procedural justice perceptions” (Gagné & Forest, 2008, p. 229).

True, a counter argument might be that physicians cannot always count on their patients to follow-through to take their medication as prescribed. And patients do not always respond as expected with conventional academically accepted treatment. Numerous other factors outside the control of the physician can influence quality threshold attainment. However, the limitations of P4P for advisors seem to outweigh the possible benefits.

Also, before leaving P4P and the other physician oriented alternative compensation plans, it is worth noting that, there is a parallel that can be drawn with the way investors pay financial institutions. On the one hand, like FFS, when brokerages charge commissions for each transaction, advisors are incentivized to contact their clients frequently in order to transact a buy or sell to generate commissions – arguably overserving them as with FFS. On the other hand, like CAP, when investors pay a flat fee for advisory services advisors are less motivated to contact their clients because they will earn the same revenue whether or not a transaction or other revenue generating activity takes place.

However, we should be careful to set aside these comparisons because, for our purposes, we must distinguish between how the firm is paid with how advisors are incented. PCAs in the subject organization are salaried and have an opportunity to earn bonuses based upon a variety of factors such as their relative ranking for Net Promoter Scores (NPS). See: (Baquero, 2022; Rogers, 2019); net new assets acquired, retention of existing clients, and specific individual numerical financial planning, along with other ancillary, numerical targets.

An effective incentive structure should motivate advisors to help as many people as possible become financially ‘fit’ while putting clients’ best interests ahead of their own or their firm. This objective is highly consistent with the stated organizational goal to create and deliver products and services by assuming first that one was assessing them from clients’ perspectives. The paragraphs below will examine how reward mechanisms might be structured to achieve this.

Self-determination theory and compensation: Solutions to reforming compensation plans for professions are complex. Moreover, self-determination theory is more effective in pointing out what types of incentives are detrimental to satisfying core psychological needs versus specifying exactly how best to pay employees as a means of supporting them, especially with the added complexity of tailoring a plan for those occupying professional status. That said, self-determination theory proponents, Gagné & Forest (2008) propose compensation plans should consider taking the following into account:

Above market base pay: The organization should offer higher than the market average base pay because this is known to “foster better performance and affective commitment” (Gagné & Forest, 2008, p. 228). To employees, a higher than market average base pay conveys employer recognition of high employee competence and the value of the employer-employee relationship. “Base pay that is above market average will foster greater need satisfaction, partly because of desirable social comparisons and improved perceptions of distributive justice [fairness]” (Gagné & Forest, 2008, p. 228). For more information about distributive justice, see: (Cugueró-Escofet & Fortin, 2022; Nozick, 1974; Rawls, 1921). Furthermore, according to Kuvaas et al. (2016):

We expect, based on the findings, that base pay will have a more positive net effect on autonomous work motivation, that base pay will be more strongly and positively associated with work effort than annual and quarterly variable PFP. (Kuvaas et al., 2016, p. 670).

Base pay levels should be monitored annually for inflation and market comparisons and distinguished by establishing three levels of advisors. Level 1 (early career advisor), Level 2 (intermediate with solid skills, but not highly expert) and Level 3 (highly effective, with advanced skills). Each level would have a successively higher base pay and would be above the market average for each category.

As advisor effectiveness increases, they become eligible for the next pay level. Likewise, if advisors become less effective, they may incur a demotion. In taking this approach, advisors who contribute the most and are the most effective in the role make the most money. This approach supports fairness and distributive justice.

This method has drawbacks, however. One concern arises in that a subjective decision must be made about what constitutes competence at each level, which may be difficult to ascertain, particularly for new hires with extensive external experience. Subjectivity, therefore, is an inherent drawback because, although telephone calls and video meetings can be monitored and reviewed for quality, it can be argued that determining quality is too subjective, raising concerns about fairness. However, this drawback is not so significant that the idea should be withdrawn.

Team-based pay: Team-based incentives can potentially increase the satisfaction of the need for relatedness relative to individual incentives (Cerasoli et al., 2016). “Group incentives can also foster a cooperative culture, while individual incentives run the risk of creating a competitive culture” (Gagné & Forest, 2008, p. 229). However, as Gagné and Forest (2008) point out, group incentives can lead to monitoring between employees, who will want to avoid free-riding problems. Also, whereas supervisors may consider this advantageous, this “peer pressure can potentially decrease the satisfaction of the need for autonomy” (Gagné & Forest, 2008, p. 229).

Before proceeding further, the distinction between what constitutes a ‘team’ versus a ‘group’ of people must be explored. Because within the setting under examination, teams, if properly understood, should, in fact, be referred to as ‘groups’ instead. This distinction is important because team-level bonuses should be included in the compensation structure. Whereas, if what is present are, in fact, groups and not teams, there should be no inclusion for incentives for what is, in reality, a group-level element.

It is not true that a group by any other name is still a team. What is and what is not a team, and why does it matter? First, a group of people reporting to the same person does not, in and of itself, constitute a ‘team’. Because of space constraints and the scope of the thesis, only a brief, but hopefully sufficient, definition of the terms ‘team’ and ‘group’ and their differences shall be offered.

Serrat (2021), most recently, and many others previously, cite Katzenbach and Smith’s (1993) definition of a team as follows:

A team is a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable (Katzenbach & Smith, 1993, p. 112; Serrat, 2021). On the other hand, “a working group is a function of what its members do as individuals. (Katzenbach & Smith, 1993, p. 112; Serrat, 2021).

To further clarify, Demirci (2018) distinguishes ‘groups’ versus ‘teams’ as follows:

Members of groups take individual responsibility and are accountable for their actions only. Alternatively, teams involve mutual accountability and a collective responsibility of actions which has the potential to enhance team performance beyond the reach of groups (Demirci, 2018, p. 637).

Hence, by definition, members of teams work collaboratively with one another to achieve shared goals. Members of groups, on the other hand, work independently, which strains and undermines opportunities for relatedness. In addition, concerns about distributive justice may arise with respect to group-based bonuses. As noted earlier in the thesis, individual group members may object that their group-based compensation would be built on factors outside their control. They may complain that they have nothing to do with, and no influence over, how productive another group member might be. In the case of our organization, they do not even serve the same clients. Furthermore, it does not make sense to offer rewards to small groups even if they are called ‘teams’ because they are not, in fact, working as a team – there is no actual teamwork involved.

On the other hand, it makes sense to include an element of *team*-based compensation because doing so rewards collaboration versus working in silos, and which, as noted by Demirci (2018) earlier, offers the opportunity to both improve performance beyond what groups are capable of and supports one of the core physiological needs of relatedness.

A team-based pay structure with respect to financial advisors works best when all members of the team serve the same clients, whereby various members of the team bring specialized expertise as subject matter experts for which other team members may only possess a limited skill set, if any. For example, concerning the organization under study,

an appropriate team might be comprised of four members: 1) a Private Client Advisor whose main function is portfolio management; 2) a Junior Private Client Advisor (an apprentice filling the role of protégé to a PCA mentor), 3) a Financial Planner specializing in planning issues beyond investments and portfolio construction, and 4) a Wealth Strategist knowledgeable about specialized tax & estate planning subjects. In this way, different team members bring distinct functions and skill sets to bear for the same set of clients. Moreover, they do not duplicate efforts since each member's contribution to overall team performance is differentiated.

However, in the present setting, there are 'teams,' but this is in name only because currently, each member of a 'team' is actually part of a workgroup, not a team. They each perform largely the same functions and serve a different set of unique clients. When PCAs introduce a subject matter expert to assist, this expertise comes from outside the membership of the immediate so-called 'team'.

The organization positions these subject matter experts on their own separate 'teams,' which, in reality, are not teams at all. They are, by our definition, groups. They are kept separate to maximize the scalability of training and supervision. But, because PCAs and subject matter experts are housed within different work groups, they do not share in successes and failures in the same way as actual team members might, and they also lack the synergy that develops within actual teams.

Skills-based pay: Gagné (2008) asserts that skills-based pay plans are more likely to satisfy core psychological needs which improve the motivating potential of a job by providing workers with enriched job experiences. In contrast, numerical target-oriented pay systems breed more competition, which could diminish perceptions of relatedness and autonomy.

Rewarding skills, namely evaluating the quality of the advisory relationship as opposed to counting the number of particular activities the advisor engages in, is what is most relevant to supporting core psychological needs and avoiding unhealthy levels of competition where the primary motivation leads to using clients merely as a means to attain self-serving ends, namely, to get the numbers.

However, as discussed previously concerning establishing Levels 1,2 & 3 base pay scales, determining compensation based upon skills may suffer from some of the same limitations as determining merit pay and P4P in that advisors may have concerns about fairness based on the subjectivity of the supervisor making the decision. Skills assessments, however difficult and subjective, are what should establish the qualifications for each of the three Levels of advisors. Doing so does not eliminate subjectivity, but the adverse consequences are at least limited and potentially mitigated if decisions are made by committee.

Profit-sharing: The type of profit-sharing plan envisaged is the type commonly used in the U.S. whereby according to the U.S. Internal Revenue Service:

Determining each participant's allocation in a profit-sharing plan [utilizes] the 'comp-to-comp' method. Under this method, the employer calculates the sum of all of its employees' compensation (the total 'comp'). To determine each employee's allocation of the employer's contribution, you divide the employee's compensation (employee 'comp') by the total comp. You then multiply each employee's fraction by the amount of the employer contribution. Using this method will get you each employee's share of the employer contribution (Service, 2022).

In this structure, profit-sharing can be distributed fairly and in a way that coincides with an individual advisor's contribution to the organization and relates directly to their Level status. As alluded to earlier in the section above discussing above-market base pay, Level 1 advisors receive x salary, Level 2 receive $x+$, and Level 3 advisors receive $x++$. The salary amounts form the basis for profit-sharing calculations. This serves to strengthen the core physiological need of relatedness, supporting the need to feel emotionally connected with the larger organization and, at the same time, recognizes differences in the contribution of individual advisors reflected in their Level classification. More effective advisors will earn more than less effective ones, both in terms of base pay and profit-sharing, which in turn supports feelings of fairness.

As put forward here, the profit-sharing allocation does not suffer from the same group-based bonuses concerns noted earlier because profit-sharing bonuses are based on overall organization profit and not numeric group-level targets subject to tendencies that incent negative influences on ethical behavior.

Again, according to Gagné and Forest (2008):

Profit sharing relies on the output of a collective of individuals who will later share the fruit of their commonly created productivity. This is likely to foster greater relatedness, even if it could potentially decrease feelings of competence (because such systems are known to lack a clear link between individual performance and firm productivity (Gagné & Forest, 2008, p. 229).

The concern outlined by Gagné and Forest (2008) above about decreased feelings of competence is addressed when considering the researcher's conception of how the profit-sharing plan would be administered. This is because a higher base pay for more effective advisors would necessarily lead to their earning a larger amount of the profit-sharing plan 'pot' than those assigned as lower Level advisors.

Restricted stock grants are another form of variable compensation similar to profit-sharing arrangements. And, for the same reasons and benefits noted earlier, this too should be included in incentives for advisors. And, like profit-sharing, the calculation for distributing restricted stock grants would also be based on the comp-to-comp method.

No easy answer

Numeric targets are easy to administer, but a lazy and ineffective way to evaluate work performance and are, as the research demonstrated, an antecedent to ethical lapses. Using numerical targets is easy because a set of metrics can be developed. Employees either fall short, meet, or exceed the numeric targets as set forth in the metrics. This frees up time for supervisors to engage in other activities.

It can be argued that having targets for front-line workers is useful because it is consistent with the fact that public companies, for example, are judged, at least in the short term, by stock valuations. Public companies are also judged by how they perform against a wide set of metrics, including earnings, revenue, cash flow, and dividends – along with numerous other numeric factors, in both the short and long term. For simplicity's sake and sufficient for our purposes here, many argue that in the long-run, stock prices follow earnings – which is again a numeric metric¹. So why not have employee performance evaluations and incentives follow metrics directly linked to earnings growth?

One reason is that there can be significant disagreement over which employee activities and behaviors contribute most to earnings growth. This is so, in part, because we must first determine what constitutes an appropriate length of time to measure success. Some activities and behaviors may positively contribute to short-term earnings but detract from earnings growth in the long run. Hence, the organization must decide what is more critical, short-term success or long-term sustainable results.

In the short term, 'making the numbers' may well be rewarded in the form of a higher stock price but in the longer term, if what we have observed as adverse effects on ethical behavior become influential, say by attracting negative media attention, then the temporary elation associated with short term gains can be overshadowed by longer-term losses, both reputational and monetary.

The word 'lazy' was used a moment ago and was meant to underscore that by relying on numeric metrics, supervisors do not have to take the time or trouble (albeit necessary) to engage in the challenging work of evaluating individual employee performance quality. Among the drawbacks already discussed in this thesis, numeric targets wrongly do not consider the quality of the work output.

¹ For a useful primer on this topic, see the seminal work by legendary investor Warren Buffett's mentor, Benjamin Graham (1973), and its periodically revised editions with commentary by financial journalist Jason Zweig Graham, B. (2006). *The Intelligent Investor*. Harper Collins Publishers.

Judging performance against numeric targets also does not appreciate how well the employee performed given the circumstances presented to them. For example, did they perform well but not up to target expectations, given a particularly challenging set of circumstances that perhaps their peers were not subjected to? A PCA for example may have a better opportunity to exceed targets if their team is assigned to work with investors in California versus Arkansas, where the concentration of wealth and hence opportunities are vastly different.

A senior executive might retort (and privately did) that if the advisor wishes to be more successful, they should relocate to the more affluent part of the country. But, this surely is unreasonable since some employees simply are unwilling or unable to relocate for a variety of sensible reasons. It is, therefore, necessary, for the sake of fairness, for supervisors to be willing and able to judge performance based on how well the employee took advantage of the opportunities they were afforded and whether they are novices, intermediate, or highly skilled. It is expected that those with more experience and expertise should be more effective and more highly compensated than someone new in the role.

What to exclude

As important in determining what elements to include in a compensation arrangement are some often-used metrics which should be avoided. Among areas that should be excluded are numerical targets for net new assets, net new clients, financial plans and related ancillary services targets, Net Promoter Scores, and tenure. Here are some reasons why.

First, although prima facie, it seems ideal to use Net Promoter Scores (NPS) as a means to judge performance and allocation of bonuses since a key guiding principle of the organization is to produce products and services by first viewing them from the standpoint of a client. However, relying on NPS, as discussed earlier in the thesis, can lead to PCAs pandering to clients – telling them what they want to hear instead of what they need to know in order to garner favorable scores, thus undermining their fiduciary duty. Notably, the creator of Net Promoter Scores, Fred Reichheld, has stated that

although NPS has been utilized by organizations with extraordinary creativity, it is also being “terribly misused” (Rogers, 2019). In a recent interview, Reichheld stated:

Most people [organizations] are using and abusing the system. They’re making this cancerous decision to link it to compensation and the front line. But within a year or two it essentially destroys itself and you get begging and pleading for high scores (Reichheld, 2022).

An example of ‘begging and pleading for high scores’ can be found in how the fast-food chain McDonald’s solicits customers for feedback. Near the top of a McDonald’s restaurant receipt is written, “FREE Large Fry or McChicken IF YOU ARE ‘HIGHLY SATISFIED’ PLEASE Go to www.mcdvoice.com within 7 days and tell us about your visit.”

Figure 2-8: McDonald’s Restaurant Receipt



Once you log on to the website, McDonald’s states, “Your ability to take this survey, and to redeem that offer, does not depend in any way on the answers you give or how satisfied you were with your visit.” This disclosure seems a bit late and lacking in effectiveness. Since it is not part of the original receipt, customers may never see it unless they take the trouble to log on to the McDonald’s website. Without this information, customers might feel justified to think the restaurant chain is attempting to buy a ‘highly satisfied’ rating, akin to a minor form of bribery. What effect does such a form of marketing have on public perception of the trustworthiness of this organization?

Second, basing performance evaluations and incentives on retaining *existing* clients and assets discourages releasing clients for whom the offer is inappropriate. This bears on ethical compromises, as discussed in the thesis at length.

Third, basing performance evaluations on net *new* assets aggregated and net *new* clients acquired is also problematic because, as we have seen, this discourages limiting the offer to only those for whom it is appropriate. This is another issue that negatively affects advisor ethics.

Fourth, basing performance evaluations on the number of financial plans and ancillary services provided, again, as we have seen from the data, forces advisors to provide unnecessary, or unwanted, or poorly executed services in order to ‘make the numbers’ rather than provide quality services only in the quantity consistent with client needs and circumstances.

Fifth, it is also not useful to evaluate performance and pay based on time in the role because, although experience is often beneficial, it is not always synonymous with effectiveness. Hence assigning pay levels to advisors must entail some subjectivity.

Mitigating subjectivity limitations

First, this subjectivity might be mitigated if pay level determinations required decisions by a committee rather than an individual immediate supervisor. This would reduce the potential for unfair determinations based on an individual supervisor’s subjective opinion.

If a committee process is used, this does not necessitate that candidates for promotion interview or otherwise present a case to the committee. Even if made by a committee, the determination can be made by analyzing how effective the candidate is in working with clients. Much can be ascertained by reviewing audio recordings of advisor interactions with clients, the complexity and sophistication of the services their clients generally need and for which they are effective in delivering, and the extent to which they contribute to the team’s effort in serving clients.

Non-numeric metrics should be used in making these judgments in order to prevent advisors from seeking promotions via ‘making the numbers’ instead of demonstrating the quality and appropriate quantity of work output.

Second, offer merit pay increases based upon inflation adjustments but only in order to ensure maintaining base pay such that it remains above the market average. Merit pay awards are otherwise seen as too subjective and raise concerns about distributive justice.

Annual reviews: Performance evaluations should follow a simple pass-fail scenario because where variable ratings are utilized unless employees receive the highest rating, there is frequently the feeling of disappointment that diminishes their sense of relatedness, leading to reduced engagement (Rock et al., 2014; Thomason et al., 2018). If an advisor is underperforming as a Level 3 for some extended period without good cause, perhaps a demotion to a lower Level is appropriate. If it becomes questionable as to whether or not a particular advisor is slotted within the most appropriate Level, it will be up to the supervisor, or preferably a committee of supervisors, to determine if a given advisor is categorized appropriately or should be promoted or demoted.

The following depicts types of compensation that should be included in a PCAs plan and how each relates to self-determination theory.

Table 1-8: PCA Compensation Constituents

Above Market Skills-Based Base Pay	Corporate Profit-Sharing	Organization-Level Bonus Opportunity	Team-Level Bonus Opportunity	Restricted Stock Grants
<p>Level 1: Early career advisor</p> <p>Level 2: Intermediate with solid skills, but not highly expert</p> <p>Level 3: Highly effective, with advanced skills</p>	<p>Utilizes comp-to-comp method.</p> <p>Recognizes differences in effectiveness since higher level advisors earn more profit-sharing pay.</p>	<p>Utilizes comp-to-comp method</p> <p>Recognizes differences in effectiveness since higher level advisors earn more organization-level bonus pay.</p>	<p>Utilizes comp-to-comp method</p> <p>Teams consist of four members each offering a different type of expertise.</p>	<p>Utilizes comp-to-comp method</p> <p>Recognizes differences in effectiveness since higher level advisors earn larger restricted stock grants.</p>
<p>Skill level determination based on observed behavior.</p>	<p>Improves perceptions of fairness.</p>	<p>Improves perceptions of fairness.</p>	<p>Recognizes each individuals' unique contribution to the team.</p>	<p>Improves perceptions of fairness.</p>
<p>Supports core psychological needs satisfaction because of desirable social comparisons and improved perceptions of fairness, enriched job experiences and to avoid unhealthy levels of competition where the primary motivation leads to using clients merely as a means to attain self-serving ends, namely to 'get the numbers'</p>	<p>Supports core psychological need for relatedness connecting individuals with the mission, vision, and values of the broader organization.</p>	<p>Supports core psychological need for relatedness connecting individuals with the mission, vision, and values of their specific enterprise.</p>	<p>Supports core psychological need for relatedness with close co-workers.</p>	<p>Supports core psychological need for relatedness connecting individuals with mission, vision, and values of the broader organization.</p>

The setting of above-market, skills-based base pay, along with computations for profit-sharing, team-level bonuses, organization-level bonuses, and restricted stock bonus allocations, are to be based upon the earlier described comp-to-comp method. This

recognizes differences in individual effectiveness whereby better performers earn more than those who are less effective. This also supports perceptions of fairness in how bonuses are allocated. The approach also supports the core physiological need of relatedness, which, as has been discussed, strengthens productivity, wellbeing, and adaptability.

Referring FCs may object to this plan because they may feel that PCAs need more ‘skin in the game’. The thinking might be that if it hurts FCs when a client leaves the offer, it should hurt the PCAs too. But, this does not give sufficient weight to conflicts of interest that arise as PCAs will avoid removing those clients for whom the offer is unsuitable and will accept any new client even if not an appropriate fit. This is an issue discussed thoroughly elsewhere in the thesis.

Supporting both fiduciary duty obligations and the organization’s stated vision of itself insofar as the importance of viewing choices from clients’ perspectives makes supporting FCs in this way untenable. This may not seem fair for FCs. However, this highlights the need for FC compensation reform. The scope of this document does not permit a discussion about how to approach this. This is, however, an important opportunity for future research.

8.7 Implications for public policy

The landscape for financial advice continues to evolve, particularly with respect to fees and other costs having downward pressure for the past several years, beginning with the advent of negotiated commissions in 1975 (Zweig, 2015). For example, brokerage commissions charged for common stock trades have steadily decreased from hundreds of dollars per transaction to zero (Zweig, 2015). Hence, more and more emphasis has been placed on fees charged based on assets under management as part of the wealth management industry.

But, even this realm is increasingly fee-sensitive. Financial firms have, as a result, tended toward making their operations ever more scalable in an effort to serve the largest number of clients at the least cost. The competition has benefited investors because their costs

have declined dramatically over the years. Yet, it can be argued that this ‘democratization’ of investing has reduced personalization and made delivering on fiduciary duty more difficult for organizations (Wang, 2021). This has led some competitors to characterize firms, like the organization in this study, disparagingly as the ‘McDonald’s’ of wealth management.

Hence, the greatest implication for public policy is the need for awareness of this dynamic among policymakers and to potentially regulate the number of clients for whom an advisor should be responsible, particularly if organizations do not take it upon themselves to address this adequately on their own. Interestingly, a 2021 study based on survey responses from practice management professionals conducted by global financial services consulting firm Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association, discovered that having too many non-ideal clients ranked as the greatest concern among the top five challenges advisors say they face (Edge, 2022).

Such regulation has precedent. One need only look at long-haul truck drivers who are regulated so they stay within a certain number of miles driven within a 24-hour period (Cori et al., 2021) in order to mitigate the possibility of falling asleep at the wheel. Airline pilots are similarly regulated to prevent dangerous pilot fatigue (McCoy, 2022).

Furthermore, policymakers may need to help organizations define what is meant by someone who occupies professional status and, in so doing, provide guidance as to what occupations qualify, including the attendant rights and obligations that arise from such classification. Doing so will help make it easier for organizations to determine what level of autonomy advisors in their organizations should be accorded.

8.8 Conclusion

In this chapter, the researcher shared his professional insights about works of influential authors relevant to financial advisor ethics by illuminating how the ethics of financial advisors can be understood through various moral philosophical lenses. This important discussion made it possible for readers to understand how the thesis contributes to

business ethics literature, specifically concerning the ethics of financial advisors. This is particularly relevant since the extant literature covering this topic is sparse. Moreover, it is pertinent given that, at its heart, this thesis is a work of applied and professional ethics. It is ‘applied’ in that it deals with actual professional practice, assuming that one categorizes financial advisors, as the researcher has argued in favor of, as professionals.

The researcher reflected on research design limitations, recognizing that, in particular, studies with small sample sizes do not allow researchers to generalize their findings to a large population and, therefore, are viewed as a liability. Nevertheless, for numerous reasons noted within the thesis, the researcher is unapologetic about whether this work can be described as generalizable because, along with previously discussed attributes, it extends the knowledge base on how well-established generalizable theories operate. Hence, for this and other reasons previously discussed, the thesis makes important empirical and theoretical contributions to knowledge.

The chapter also addresses the root causes that give rise to competing institutional logics in the first place. For this purpose, agency theory, although not employed as a critical theoretical lens, proves helpful in understanding the dynamics of how institutional logics within an organization comes into existence.

However, agency theory plays only a small part in the thesis – possibly like an actor playing a small part but ‘stealing the show’ because although its part is limited, it accounts for the ‘big bang’ creating the universe, or at least the creation of institutional logics present in our organization. Therefore, there are implications for future research concerning the ethics of financial advisors that could feature agency theory more prominently.

Finally, the chapter and the thesis discuss implications and recommendations for practice and public policy. In doing so, the researcher hopes the research makes a meaningful contribution to society.

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Appendix A: Q Study Items (stimuli) Final Q-Set

Q Study Items (stimuli) Final Q-Set of 36 Statements

Statement #1: *A focus on planning may sometimes be a way of deflecting client concerns about portfolio performance.*

Statement #2: *Management expresses concern and /or interest about individual PCA investor portfolio performance.*

Statement #3: *Because of my workload I sometimes worry about the possibility of important things falling through the cracks.*

Statement #4: *I would work with less stress and be more effective if I didn't have specific measurable performance expectations*

Statement #5: *My main motivation for working is to help as many investors succeed as possible.*

Statement #6: *My main motivation for working is for me to succeed.*

Statement #7: *My main motivation for working is to get praise from my boss.*

Statement #8: *My main motivation for working is to help the company succeed.*

Statement #9: *PCAs may be reluctant to 'fire' a client because of the damage it may cause to their relationship with the referring FC.*

Statement #10: *The thing my clients say matters most to them are broad financial planning topics.*

Statement #11: *The thing my clients say matters most to them is the performance of their investments.*

Statement #12: *I must keep in mind as important that clients equate trading activity with progress.*

Statement #13: *I must keep in mind as important that clients equate inactivity with their advisor being 'asleep at the wheel.'*

Statement #14: *Adhering to compliance rules is onerous and unproductive.*

Statement #15: *Having a performance target for financial planning and single topic solutions provides a desirable way to motivate me.*

Statement #16: *Because at least some of my performance targets are not reasonable it is demotivating.*

Statement #17: *Having a big target can lead to a 'check-the-box-mentality' where the quality of the work can be secondary to getting it done.*

Statement #18: *Concern about getting good Client Promoter Scores may sometimes make me think twice about disagreeing with a client or delivering news that might be perceived negatively.*

Statement #19: *As long as I were well paid, if I didn't have performance targets I would be motivated anyway because I find the work I do is important and personally gratifying.*

Statement # 20: *The only way to allocate bonuses fairly is through specific measurable performance targets.*

Statement #21: *If we were really 'looking through client's eyes', it would be best to tie bonuses to how well clients are doing toward achieving their financial goals.*

Statement #22: *It is best to tie bonuses to how many financial plans and single topic solutions my clients receive.*

Statement #23: *It is best to tie bonuses to how well the company performed.*

Statement #24: *Sometimes an employees' contribution to the firm's business is not fully reflected in their production numbers.*

Statement #25: *Prospects and clients might wonder if they would receive adequate attention if they knew I have responsibility for 185 clients.*

Statement #26: *I feel I can easily control which clients I work with and which ones to remove from my practice.*

Statement #27: *I sometimes have to depend on FCs for referrals whose focus on sales may require me to work with clients for whom the PCIA offer may not be well suited.*

Statement #28: *There are too many PCAs competing with each other to cover the same branch locations.*

Statement #29: *Having to please FCs can sometimes lead me to have to compromise my ethical standards at least a little.*

Statement #30: *My performance targets do a good job of measuring how well I serve clients.*

Statement #31: *As a fiduciary, I have too many clients to serve them all well.*

Statement #32: *PCAs should be allowed to 'soft-close' and / or re-open their practice as desired based upon workload.*

Statement #33: *PCAs may be hesitant to tell an FC about the true nature of their workload because it might discourage getting new referrals.*

Statement #34: *It is awkward when a client asks, "How often do you review my investments?" because the real answer may not seem like it would be often enough to them.*

Statement #35: *My success depends heavily on getting new referrals from FCs so I should be careful not to contradict or alienate them.*

Statement #36: *I feel my role is sales oriented because I have to sell myself to FCs and sell myself to clients.*