

Racial and gender preferences when hiring a financial planner: An experimental design on
diversity in financial planning

by

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AN ABSTRACT OF A DISSERTATION

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Abstract

Using an experimental design, a series of cumulative logistic regression models were employed on a sample of Black and White MTurk respondents to investigate the association among race, gender, and five different Likert-type dependent variables related to working with a financial planner. These variables included (a) the likelihood to hire a financial planner; (b) the likelihood to take a financial planner's advice; (c) the likelihood to trust a financial planner; (d) consumers' perceptions of financial planner competence; and (e) consumers' perceptions of similarity between themselves and a financial planner. The hypotheses were guided by the similarity-attraction paradigm and prior literature. Respondents were randomly assigned to a hypothetical planner who was a Black female, a Black male, a White female, or White male and were asked to rate the planners on the aforementioned dependent variables. The planners' race was indicated by his or her name and gender was conveyed by name as well as with pronouns used in the hypothetical financial planning scenarios. Dyads in which the races of the consumer and the financial planner were similar (e.g., the same) were expected to have higher ratings for each of the five dependent variables. Likewise, dyads in which the gender of the consumer and the financial planner were similar (e.g., the same) were expected to have higher rating for each of the five dependent variables.

Results from this study revealed that, generally, consumers do not have racially biased preferences when evaluating whether they would hire, take advice from, or trust financial planners. White consumers perceived that Black planners were more competent than White planners, which was not expected. As hypothesized, Black consumers perceived themselves more similar to Black planners than White planners and White consumers perceived that they were more similar to White planners than Black planners.

As it relates to gender, consumers were found to have some biases but not particularly in relation to similarity as hypothesized. All consumers were more likely to hire, take advice from, and trust female financial planners than male financial planners. In addition, consumers perceived that female planners were more similar to them than male planners. There were no gender biases on the perception of competence. In addition, female planners were more likely to take advice, trust and hire financial planners. However, they were less likely than males to see themselves as similar to the financial planner.

When race and gender were separately analyzed with the dependent variable, likelihood to hire a financial planner and several covariates, married consumers were more likely to hire a financial planner than single consumers. Consumers in lower investable asset categories were more likely to hire a financial planner than those in the highest investable asset category. There was a slight decrease in the likelihood to hire a financial planner as individuals aged in the gender analysis.

Results from this study provide a starting point for understanding the association between race and consumers' preferences when hiring a financial planner and other related variables. In addition, this study builds upon the studies conducted on gender and consumers' preferences in financial planning. The results should be of interest to financial planning firms and organizations, financial planners, financial planning academic programs and students, and researchers.

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Table of Contents

List of Figures	xi
List of Tables	xii
Acknowledgements.....	xiv
Dedication	xv
Chapter 1 - Introduction.....	1
Theoretical Framework & Hypotheses	3
Research Purpose, Questions, and Hypotheses	4
State of Diversity in Financial Planning	6
Sample and Population of Interest	9
Potential Implications	10
Summary	11
Chapter 2 - Review of the Relevant Literature	12
Why Diversity Matters.....	12
Racial and Gender Diversity Research in Financial Planning.....	15
Choosing a Financial Professional.....	18
Gender Preferences When Hiring A Financial Professional.....	20
Racial Preferences When Hiring A Financial Professional	22
Evidence of Racial and Gender Preferences in Other Professions	22
Racial and Gender Matching and Congruency Research	26
Role of Discrimination.....	29
Theoretical Research Related to Consumers' Preferences and Perceptions	30
Similarity and Trust	34
Summary of the Literature Review.....	36
Research Questions.....	37
Conceptual Model and Hypotheses	38
Hypotheses.....	40
Chapter 3 - Methodology	43
Data and Sample	43
Experiment and Survey Design	48

Survey Questions	50
Screening Questions.....	51
Hypothetical Financial Planning Scenarios and Questions	53
Scenario Questions.....	56
Measurement.....	57
Missing Data	60
Statistical Analyses	60
Chapter 4 – Results	63
Descriptive Statistics.....	63
Descriptive Statistics of The Dependent Variables	69
Race Mechanism.....	74
Race Mechanism by Race and Gender of Respondents.....	75
Reduced Sample for Race Analyses	77
Statistical Analyses	85
Analysis of Likelihood to Hire a Financial Planner	90
Research Question 1: Race and Likelihood to Hire a Financial Planner.....	91
Cumulative Logistic Regression with Covariates for Research Question 1	92
Research Question 2: Gender and Likelihood to Hire a Financial Planner.....	93
Cumulative Logistic Regression with Covariates for Research Question 2	95
Interactions: Race, Gender, and Likelihood to Hire a Financial Planner	95
Research Question 3: Race and Likelihood to Take a Financial Planner’s Advice	101
Research Question 4: Gender and Likelihood to Take a Financial Planner’s Advice.....	102
Research Question 5: Race and Likelihood to Trust a Financial Planner	103
Research Question 6: Gender and Likelihood to Trust a Financial Planner.....	104
Research Question 7: Race and Perception of Financial Planner Competence	106
Research Question 8: Gender and Perception of Financial Planner Competence	108
Research Question 9: Race and Perception of Similarity to Financial Planner	109
Research Question 10: Gender and Perception of Similarity to Financial Planner	112
Summary.....	113
Chapter 5 – Discussion and Implications.....	124
Discussion of Research Findings.....	125

Likelihood to Hire A Financial Planner.....	125
Research Question One: Likelihood to Hire a Financial Planner by Race	126
Research Question Two: Likelihood to Hire a Financial Planner by Gender.....	128
Interaction Effects between Race and Gender: Likelihood to Hire a Financial Planner	129
Summary: Likelihood to Hire a Financial Planner	130
Research Question Three: Likelihood to Take Advice from a Financial Planner by Race	131
Research Question Four: Likelihood to Take Advice from a Financial Planner by Gender	132
Summary: Likelihood to Take Advice from a Financial Planner	132
Research Question Five: Likelihood to Trust a Financial Planner by Race	132
Research Question Six: Likelihood to Trust a Financial Planner by Gender	134
Summary: Likelihood to Trust a Financial Planner	134
Research Question Seven: Consumer Perception of Financial Planner Competence by Race.....	135
Research Question Eight: Consumer Perception of Financial Planner Competence by Gender.....	136
Summary: Consumer Perception of Financial Planner Competence.....	137
Research Question Nine: Consumer Perception of Similarity to Financial Planner by Race.....	138
Research Question Ten: Consumer Perception of Similarity to Financial Planner by Gender.....	139
Summary: Consumer Perception of Similarity to Financial Planner.....	140
Implications	145
Limitations and Suggestions for Future Research	147
Conclusion	153
References.....	154
Appendix A - Survey	178
Appendix B - Codebook	196
Appendix C – Additional Statistical Results	209

List of Figures

Figure 2.1. Illustration of the Conceptual Model.....	39
Figure 3.2. Experiment Flow Chart	50

List of Tables

Table 3.1. Measurement of Dependent Variables.....	57
Table 4.1. Characteristics of Total Sample (N = 777)	65
Table 4.2. Mean Rating Scores for Dependent Variables by Race (Full Scales, Rating 1 - 7)	72
Table 4.3. Mean Rating Scores for Dependent Variables by Gender (Full Scales, Rating 1 - 7).	73
Table 4.4. Race Mechanism by Race and Gender	77
Table 4.5. Characteristics of Reduced Sample: Guessed Planner Race Correctly (N = 595).....	81
Table 4.6. Results of Shapiro-Wilk and Levene's Tests for ANOVA Models	86
Table 4.7. Mean Rating Scores for Dependent Variables by Race (Collapsed Scales).....	88
Table 4.8. Mean Rating Scores for Dependent Variables by Gender (Collapsed Scales)	89
Table 4.9. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Hire a Financial Planner Overall (N = 777)	91
Table 4.10. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Hire a Financial Planner by Race (N = 595)	92
Table 4.11. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Hire a Financial Planner by Gender (N = 777)	94
Table 4.12. Results from Cumulative Logit Model, Differences of Least Squares Means: Likelihood to Hire Financial Planner by Gender	95
Table 4.13. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take a Financial Planner's Advice by Race and Gender - Interactions (N = 595).	96
Table 4.14. Results from Cumulative Logit Model, Differences of Least Squares Means: Likelihood to Hire a Financial Planner by Race and Gender, Two-Way Interaction - Respondent Race x Respondent Gender.....	99
Table 4.15. Results from Cumulative Logit Model, Differences of Least Squares Means: Likelihood to Hire a Financial Planner by Race and Gender, Three-Way Interaction - Respondent Gender * Planner Race x Planner Gender.....	100
Table 4.16. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take A Financial Planner's Advice by Race (N = 595)	101
Table 4.17. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take a Financial Planner's Advice by Gender (N = 777).....	102

Table 4.18. Results from Cumulative Logit Model, Differences of Least Squares Means: Likelihood to Take a Financial Planner's Advice by Gender	103
Table 4.19. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Trust a Financial Planner by Race (N = 595).....	104
Table 4.20. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Trust a Financial Planner by Gender (N = 777).....	105
Table 4.21. Results from Cumulative Logit Model, Differences of Least Squares Means: Likelihood to Trust a Financial Planner by Gender.....	106
Table 4.22. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Perception of Financial Planner Competence by Race (N = 595)	106
Table 4.23. Results from Cumulative Logit Model, Differences of Least Squares Means: Perception of Financial Planner Competence by Race	107
Table 4.24. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Perception of Financial Planner Competence by Gender (N = 777)	108
Table 4.25. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Perception of Similarity to Financial Planner by Race (N = 595)	109
Table 4.26. Results from Cumulative Logit Model, Differences of Least Squares Means: Estimating the Perception of Similarity to Financial Planner by Race.....	111
Table 4.27. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Estimating the Perception of Similarity to Financial Planner by Gender (N = 777)	112
Table 4.28. Results from Cumulative Logit Model, Differences of Least Squares Means: Perception of Similarity to A Financial Planner by Gender	113
Table 4.29. Summary of Results by Research Question.....	114
Table 5.1. Summary of Hypotheses.....	141

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Dedication

I walk on the shoulders of giants. As a descendant of slaves, many of my ancestors lived, worked, and died with a dream of a future wherein those who came after them could have the freedom, education, respect, and first-class citizenship that they were denied.

When I consider those more recent ancestors who intentionally lived their lives in such a way that made mine better, who had a hand in building my character through their undying encouragement and support, who made inconceivable sacrifices so that I could achieve some of the things that were not within their grasp... I think of many important figures in my life, especially my late grandparents: Mr. Carrel Moody, Mrs. Georgia Moody, Mr. Cleve Moore, and Ms. Genevieve Lee. I also think of the late Mrs. Ella Gaston and Mrs. Lucille Scott who, in many ways, took me under their wings as an unofficial granddaughter.

My giants, you have made a remarkable impact on my life. I thank you. I love you. I dedicate this dissertation to you.

I also dedicate this dissertation to my “favorite nephew”, Carter Alexander. You are such an incredible ray of sunshine. You are the smartest boy I know. You, too, walk on the shoulders of giants and I look forward to all the great things you will achieve. Love you *more*.

Chapter 1 - Introduction

The demand for financial planning advice in the United States is growing at a rapid pace. The Department of Labor estimated that employment for financial advisors¹ will grow by 15% between 2016 and 2026, which is faster than the average for all occupations (Bureau of Labor Statistics, 2018). At the same time, the racial demographics in the United States are also rapidly changing. It has been projected that by 2044, half of all Americans will belong to a minority group (Colby & Ortman, 2015), yet minority financial planners account for a small portion of the industry's professionals. It has been estimated that Black financial advisors represent only 1% to 6% of the financial advisor community (Paikert, 2014; U.S. Census Bureau, 2010a). The CFP Board, one of the most highly recognized financial planning certification organizations, approximates that of its nearly 80,900 planners, 1,500 are Latino and 1,200 are Black, which together equates to less than 3.5% of CFP® professionals (CFP Board, 2018a). The percentage of female CERTIFIED FINANCIAL PLANNERS™ has been stagnant at 23% for over two decades.

The financial planning industry has recognized that there is a critical issue regarding the lack of racial diversity amongst its advisors, particularly when considering the growing representation of minorities in the United States (Paikert, 2014). As a result, many initiatives have recently been established to address this industry-wide concern. The CFP Board has established the Center for Financial Planning in which one of its core initiatives is to increase diversity amongst its CERTIFIED FINANCIAL PLANNERS™. In addition to racial diversity, in

¹ For the purposes of this study, the terms “financial advisor,” “financial adviser,” “financial planner,” “planner” are used synonymously.

2013, the Center for Financial Planning began a campaign to increase the number of female financial planners.

While increasing the number of diverse financial planners is a responsible commitment (CFP Board, 2018b; Herring, 2017), to date, the support for diversity in the industry has heavily relied on the idea that advisors, who are mostly male and White, do not reflect the changing demographics of the American public and, thus, the pool of potential clients that could be served if there were more planners from diverse backgrounds (CFP Board, 2018b). No empirical data in financial planning has substantiated this notion that more diverse planners will lead to more diverse clients or that clients will want to work with financial planners who share their racial or ethnic backgrounds. Furthermore, other consumers' preferences related to working with financial planners, based on race, have not been examined in the literature.

Patterns show that financial planning clients have been mostly White (Hanna, 2011); Herring and Henderson (2016) have shown that this is likely due, in part, to the significant wealth gap between Blacks and Whites in the United States. Nevertheless, there are promising signals that more minorities could be potential financial planning clients. With an increase from \$995 billion to \$1.3 trillion in only five years, African-Americans' purchasing power has been growing (Gazdik, 2016). More Blacks have been joining the middle and upper classes as evidenced by the increased households making more than \$100,000 per year, which increased by 83% between 2004 and 2015 (Gazdik, 2016; Marsh, Darity, Cohen, Casper, & Salters, 2007). Research suggested that African-American households would be more likely to hire a financial planner than other racial groups, when other variables were controlled (Elmerick, Montalto, & Fox, 2002; White & Heckman, 2016). With the responsibility of retirement planning shifting from corporations to individuals (e.g., the disappearance of pension plans), middle-class

consumers, as well as those from underrepresented minority groups, might be more inclined than ever to seek out financial advice (Finke, Huston, & Winchester, 2011; White & Heckman, 2016).

While increasing diversity has been touted as a key objective for financial planning firms, financial associations, the CFP Board, and accrediting organizations (Blayne, 2016; Corbin, 2014), there has been little research that has empirically addressed the lack of racial and gender diversity in the field as well as the challenges these advisors face when entering the financial planning industry. Furthermore, with the push for more diverse financial planners, it is helpful to understand, from a consumer perspective, if there are racial and gender preferences when selecting a planner. Will consumers opt for racial and gender homophily when looking to work with a financial planner? Is heterophily preferable, or do consumers have no racial or gender preferences?

Theoretical Framework & Hypotheses

The similarity-attraction paradigm (Byrne, 1971) states “increased similarity with a target—with respect to attitudes, personality traits, or a number of other attributes—is associated with increased attraction to the target” (Montoya & Horton, 2012, p. 64). The similarity-atraction paradigm has two propositions which state that (a) if people share similarities with others, they are more apt to like them; and (b) similarity “generates positive evaluation (attraction) of the source of the similarity” (Santee, 1976, p. 153). This theory has been used to explain consumers’ gender preferences when selecting a financial planner. Söderberg (2013) explained Swedish consumers’ preferences for a financial advisor using similarity-atraction paradigm and social identity theory, stating that consumers are more likely to follow an advisor’s advice if they are gender-concordant. Sommer, MacDonald, and Lim (2018) used the similarity-atraction paradigm to explore whether gender similarity had a positive effect on financial

advisor choice, yet the researchers found no such connection. Another related study used the theory to explain buyer-seller relationships and gender bias between insurance agents and their clients (Dwyer, Orlando, & Shepherd, 1998). The researchers found that insurance salespersons prefer to sell to those who are similar to them in both age and gender (Dwyer et al., 1998).

This study applied similarity in attributes to both race and gender. Similarity was defined as sameness in gender and race. For example, a Black consumer is similar or the same in race to a Black financial planner. To the author's knowledge, no empirical study has yet applied similarity-attraction paradigm to explore racial and gender preferences among consumers in financial planning.

Research Purpose, Questions, and Hypotheses

The purpose of this study was to explore consumers' preferences when hiring a financial planner using primary research with a survey-based experiment. Specifically, this study investigated whether there were racial and gender preferences in the likelihood to hire, take advice from, and trust financial planners. Consumers' perceptions of planners' competencies and similarities were evaluated by race and gender of both the planner and the consumer. The main research question investigated the likelihood to hire, but the other variables were equally important. The five aforementioned variables were selected given their importance in selecting a financial planner. The specific research questions were:

- R₁ Do consumers have a higher likelihood to hire financial planners that share their same race than planners of a dissimilar race?
- R₂ Do consumers have a higher likelihood to hire financial planners that share their same gender than planners of a dissimilar gender?

- R₃ Do consumers have a higher likelihood to take a financial planner's advice in racially similar dyads than in racially dissimilar dyads?
- R₄ Do consumers have a higher likelihood to take a financial planner's advice in gender-similar dyads than in gender-dissimilar dyads?
- R₅ Do consumers have a higher likelihood to trust financial planners in racially similar dyads than in racially dissimilar dyads?
- R₆ Do consumers have a higher likelihood to trust financial planners in gender-similar dyads than in gender-dissimilar dyads?
- R₇ Do consumers have a higher perception of financial planner competence in racially similar dyads than in racially dissimilar dyads?
- R₈ Do consumers have a higher perception of financial planner competence in gender-similar dyads than in gender-dissimilar dyads?
- R₉ Do consumers have a higher perception of similarity to a financial planner in racially similar dyads than in racially dissimilar dyads?
- R₁₀ Do consumers have a higher perception of similarity to a financial planner in gender-similar dyads than in gender-dissimilar dyads?

Based on the similarity-attraction paradigm and relevant literature, the following hypotheses were proposed:

- H₁: Consumers' likelihood to hire a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.
- H₂: Consumers' likelihood to hire a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.

- H₃ Consumers' likelihood to take a financial planner's advice will be higher in racially similar dyads than in racially dissimilar dyads.
- H₄ Consumers' likelihood to take a financial planner's advice will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H₅ Consumers' likelihood to trust a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.
- H₆ Consumers' likelihood to trust a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H₇ Consumers' perception of a financial planner's competence level will be higher in racially similar dyads than in racially dissimilar dyads.
- H₈ Consumers' perception of a financial planner's competence level will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H₉ Consumers' perception of similarity to a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.
- H₁₀ Consumers' perception of similarity to a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.

State of Diversity in Financial Planning

The financial planning industry has a race and gender problem amongst its financial planners (CFP Board, 2018). Women represent 23-30% of financial planners (CFP Board, n.d.; U.S. Census Bureau, 2010a) and when it comes to racial minorities, the statistics are even grimmer. It has been estimated that Black financial advisors represent anywhere from 1-6% of the financial advisor community, and Hispanic financial planners comprise 2% of CERTIFIED FINANCIAL PLANNERS™ (CFP Board, 2018a; Paikert, 2014; U.S. Census Bureau, 2010a).

To give an understanding of how these numbers reflect each ethnicity's representation in the total U.S. population, according to the 2010 Census statistics, 72.4% of the population is White, 16.3% is Hispanic, 12.6% is Black, and 4.8% is Asian. Both Asian and White financial advisors overrepresent their groups' overall population, while Blacks and Hispanics largely underrepresent their groups' overall population (U.S. Census Bureau, 2010a).

The alarming nature of the diversity problem in the financial services industry has resulted in Congressional hearings dedicated to the topic (Miller & Tucker, 2013). The Equal Employment Opportunity Commission (EEOC) and the Government Accountability Office (GAO) have conducted studies on gender and racial inclusion in the financial services industry (Miller & Tucker 2013). While these studies have focused mainly on increasing minority management and leadership in financial services, they provide some insight into the problem. Miller and Tucker (2013) summarized much of the research conducted by the EEOC and GAO. Their paper detailed the change in workforce diversity in the financial industry during two periods: 1993 to 2008; and 2007 to 2011. They conferred that racial diversity in financial services management has advanced over a 15-year period mostly for Asians and Hispanics, by 80% and 71%, respectively. Blacks' representation increased only by 12.5%, comparatively (Miller & Tucker, 2013).

The financial planning industry has tried to address the lack of gender and racial diversity in the field (Paikert, 2014). There are plenty of diversity initiatives at financial planning firms and associations, which include recruiting more women and racial minorities. For example, the Financial Planning Association (FPA), one of the leading professional organizations for CERTIFIED FINANCIAL PLANNERS™ and other industry service providers and educators, offers diversity scholarships to promising professionals who display a commitment to diversity

in the field. Another example is the Women's Initiative (WIN), which is a platform that the CFP Board launched to research the lack of diversity among female planners and support prospective female planners. Many of the industry's brokerage firms have established scholarships and other support mechanisms dedicated to increasing diversity among their financial advisors.

The financial planning industry has mostly a white client base due to historical issues of discrimination, wealth distribution, and the racial wealth gap in the United States (CFP Board, 2018b). There is evidence that this may eventually change. The most common reason given for increasing diversity amongst financial planners is to meet a rising demand of consumers in an increasingly multifaceted society (CFP Board, 2018b). By the year 2065, Blacks and Hispanics are projected to make up nearly 40% of the inhabitants in the United States (Cohn & Caumont, 2016). The percentage of Asians will increase from 6-14% (Cohn & Caumont, 2016). At the same time, Whites will make up 46% of the U.S. population, down from 76% in 2019 (Cohn & Caumont, 2016; U.S. Census Bureau, 2019). The only racial group that is expected to decline is that of non-Hispanic Whites (Insurance Journal, 2018).

The purchasing power of African-Americans is on the rise, growing by almost 23%, from \$995 billion to \$1.3 trillion in only five years (Gazdik, 2016). The number of middle- and high-income Blacks is growing, and the number of Black households that make over \$100,000 has increased by 83% between 2004 and 2015 (Gazdik, 2016; Marsh et al., 2007). In addition, African-American households are significantly more likely to hire a financial planner than other racial groups, after controlling for other differences (White & Heckman, 2016). Hispanics have a combined purchasing power of 1.7 trillion dollars (Morse, 2019). Hispanics appear to be growing in economic mobility faster than any other ethnic group in the United States (Chetty, Hendren,

Jones, & Porter, 2018). Their median personal income rose by 5% between 2007 and 2017 (Kochhar, 2019).

Sample and Population of Interest

In this study, primary data were collected and respondents² were recruited through Amazon's Mechanical Turk (MTurk). To the knowledge of the researcher, no datasets contain the information needed to perform the analyses and therefore, primary data were needed. MTurk is an online labor market consisting of 500,000 respondents, or workers, across 200 countries. Over the last several years, MTurk has become an efficient and cost-effective way to find and pay respondents as well as collect data online (Buhrmester, Talaifar, & Gosling, 2018). Moreover, it is an ideal platform for this study as it has been used reliably in experimental research to recruit diverse respondents (Buhrmester, Kwang, & Gosling, 2011) and has been found to be more nationally representative than other typical convenience samples (Huff & Tingley, 2015).

The specific population of interest was Black and White consumers who have not worked with a financial planner. The study was limited to those who lived in the United States, who identified as non-Hispanic, male or female, spoke, wrote, and read English, were at least 25 years old, and had household incomes that exceeded \$63,179, which was the median income in the United States in 2018 according to the Census Bureau (Semega, Kollar, Creamer, & Mohanty, 2019).

² For the purposes of this study, respondents will be synonymously referred to as "respondents," "consumers," and "clients."

Potential Implications

The goal of this study was to uncover whether consumers had racial or gender-based preferences when choosing a financial planner and if so, what those preferences were.

Knowledge of consumers' racial and gender preferences in financial planning is relevant to several entities, including financial planning firms' employees (i.e., executive leadership, recruiters, hiring managers, etc.), financial planning associations, financial planners, and academic financial planning programs.

Financial planning firms could use this study's findings to learn more about how their perspective clients think. The findings might provide valuable information to help a firm decide how and to whom it markets. In addition, the findings could be used to commence or strengthen diversity initiatives. Financial planning associations may use the information to expand their current diversity efforts. Results of this study can also be used to inform financial planners about consumers' preferences, particularly as they seek new clients. In general, there may be pre-established thoughts about how consumers think about planners, and these findings could help rectify such preconceived notions. For example, some Black planners may believe they are less desirable to White clients and might not recruit them or female planners may believe that they are more attractive to female clients, which might not be case. This research could provide empirically-supported data to financial planners about prospective clients, which may help to bolster planners' confidence when soliciting clients or it may help them to direct their recruitment foci in areas where they are more likely to find receptivity. Financial planning academic programs might find this study's findings informative as they recruit and encourage potential diverse students to join the profession. Students who are underrepresented in a field may not be motivated to join; however, positive findings about the realities of consumers'

preferences may alleviate students' concerns who are reluctant to become planners based on preconceived notions of consumers' negative racial or gender biases.

Summary

The demand for financial planning advice in the United States is growing at a fast pace while the country's demographics are rapidly changing. Financial planning firms are increasingly seeing the value of diversifying their financial planners to meet the needs of their clients; although the assumption is that clients prefer to work with planners who are like them, whether that is in race, gender, or both. The current study sought to examine consumers' likelihood to hire, trust, and take financial planners' advice based on race and gender. It also examined consumers' perceptions of financial planners' similarity to themselves and consumers' perceptions of planners' competence based on race and gender. The similarity-attraction paradigm has been used to investigate consumers' preferences in hiring planners based on gender, but it has not been used to investigate consumers' racial preferences in financial planning. Results of this study should be of interest to financial planning firms, financial planning associations, financial planners, and academic financial planning programs and their students.

Chapter 2 - Review of the Relevant Literature

Why Diversity Matters

In addition to shifting demographics and growing purchasing power, there is plenty of research that makes the business case for diversity (Bendick, Egan, & Lanier, 2010; Herring, 2009; Herring 2017; Slater, Weigand, & Zwirlein, 2008; Stephenson, 2004). Much research has been conducted on the positive impacts of diversity, particularly on its business advantages such as higher cash flow returns and greater success rates on business investments (Credit Suisse, 2016; Gompers & Kovvali, 2018), increased revenue (Brayley & Nguyen, 2009; Ellison & Mullin, 2014; Lorenzo et al., 2017), higher sales growth (Credit Suisse, 2016), lower employee turnover (Ali, Metz, & Kulik, 2015), employee productivity (Avery, McKay, Tonidandel, Volpone, & Morris, 2012), better business outcomes (Herring, 2009), satisfied customers (Arendt & Karadas, 2019), culturally competent professions (Cohen, Gabriel, & Terrell, 2002) and increased innovation (Lorenzo et al., 2017). When it comes to gender and racial diversity specifically, research has indicated that businesses that choose to embrace inclusivity yield greater results in business performance. Frink et al. (2003) found that gender diversity is linked to perceived market performance. Several studies have associated diversity with positive or increased overall firm performance (Gonzalez & DeNisi, 2009; Hartenian & Gudmundson, 2000; Richard, 2000). Similarly, Herring (2009; 2017) uncovered that racial and gender diversity were associated with increased sales revenue, more customers, and greater relative profits. He also found that racial diversity provided an additional benefit over gender diversity, which results in a greater market share.

In a study on the impact of diversity in the banking industry, Richard, Ford, and Ismail (2006) found that gender and racial diversity elevated performance at banks in the early stages of

development when compared to banks in later stages. Gender diversity was also associated with boosting performance for banks with a narrow span of control when compared to banks with a broader span of control (Richard et al., 2006). Span of control indicates the number of employees per manager (e.g., narrow span of control indicates a relatively smaller number of employees reporting to a manager compared to broader span of control; Teuber, Backes-Gellner, & Ryan, 2016).

Richard, McMillan, Chadwick, and Dwyer (2003) found that there was an interaction between racial diversity and innovation strategy, which positively impacted firm performance. Diversity helped those firms that had innovation strategies in place when compared to firms that did not have such strategies in place (Richard et al., 2003). Other studies have supported the view that diversity has a positive impact on innovation (Dezsö & Ross, 2012; Johansson, 2004; Lorenzo et al., 2017).

At the highest level, many business leaders are aware that diversity pays off. PricewaterhouseCoopers (2015) published findings from its annual 18th global CEO survey on talent finding. Seventy-seven percent of the CEOs surveyed either had or intended to adopt a diversity strategy (PricewaterhouseCoopers, 2015). Of the 64% of CEOs with a formalized diversity strategy, 85% believed that it had a positive impact on business returns (PricewaterhouseCoopers, 2015). Out of 843 CEOs, a large percentage agreed that their diversity strategies had resulted in attracting talent (90%), enhancing business performance (85%), strengthening brand and reputation (83%), innovating (78%), enhancing customer satisfaction (77%), and helping compete in new geographies and industries (55%; PricewaterhouseCoopers, 2015).

While it is convincing to see how diversity is impacting global businesses and their leaders, it is important to consider specific trends seen in current and future clients, as well as in financial planning professionals. Millennials, the generation of young adults born between 1981 and 1996, are on the verge of surpassing Baby Boomers in population to become the largest living generation in the U.S. (Fry, 2018). These young adults are the future of the financial planning profession as both clients and employees. Simultaneously, when compared to older adult generations, millennials are more diverse (Frey, 2016) and are overwhelmingly supportive of diversity in the workplace (Johansson, 2017; Martinelli, 2018). In the 2018 Deloitte Millennial Survey, 74% of the respondents said that they believed their workplace is more innovative when it is inclusive of diversity. In another study, almost half of the millennial respondents stated that a company's diversity and inclusive strategy is important when considering a new job (Kochhar, 2019). When considering exclusively female millennials around the world, 86% of respondents consider a company's diversity and inclusive policy when deciding whether she would work for an employer (Flood, 2015). These statistics show how important diversity and inclusion are to the largest generation in the country. As they grow older, millennials will become more important to the financial planning industry by increasing their financial profile, planning for retirement, and looking for help in managing their assets.

Despite the many apparent findings on the positive impact that diversity has on businesses, the relationships are often complex, and the benefits may not hold across all scenarios (Roberson, Holmes, & Perry, 2017). Moreover, some studies have shown that diversity leads to adverse effects. Frink et al. (2003) found that gender diversity is negatively associated with perceived market performance when women make up more than 50% of the gender

representation in a firm. When it comes to group work performance, the effect of ethnic diversity has been mixed, and some work shows its effect is null or negative (Shore et al., 2009).

Even though there is some evidence that diversity has its drawbacks, the research overwhelmingly supports the benefits that diversity brings to businesses. In addition to the business benefits, sociologist and diversity authority, Cedric Herring stated that diversity is the right thing to do because it “reinforces the belief that everyone – no matter their race, ethnicity, gender, sexuality, or religion - deserves an equal opportunity” (Herring, 2017, p. 876).

Racial and Gender Diversity Research in Financial Planning

The CFP Board produced the research that is most relevant to this study. In 2014, the CFP Board published its first gender-related white paper, *Making More Room for Women in the Financial Planning Profession*. This study shed light on the many barriers that stymied the pursuit and retention of women in financial planning (CFP Board, 2014). While similar studies on the representation of women in financial services have been conducted (Insured Retirement Institute, 2013; Wyman, 2016), CFP Board (2014) used a wide range of respondents. They included both male and female from a variety of groups including students in financial planning programs, students in non-related degree programs, financial planners with the CFP® designation, financial planners without the CFP® designation, program directors from CFP Board registered programs, and representatives and executives from financial services firms (CFP Board, 2014). Several important findings arose. First, when considering careers and programs of study, women did not think of financial planning as an obvious choice when compared to traditional female-dominant fields such as education or nursing (CFP Board, 2014). Chen and Severns (2016) produced a similar finding. Second, women have differing views, and perhaps misunderstandings, about what opportunities are available in a career in financial

planning and the requirements of the job (CFP Board, 2014). For example, women who strongly believed that financial planning was a sales job were less likely to be interested in pursuing it in comparison to those who strongly believed it was a relationship-building job (CFP Board, 2014). This finding aligns with other studies conducted on women in sales (Bisco, Gradisher, & Mulholland, 2019; Karakaya, Quigley, & Bingham, 2011). Third, women's risk aversion and perceived gender bias on the job most likely played a part in women's decision to forego financial planning as a career. Lastly, respondents in this study presupposed that establishing mentoring programs was the best solution for increasing the number of women in the profession (CFP Board, 2014). Support for this solution has been echoed in other studies (Amelink & Creamer, 2010; Edmunds et al., 2016; Harris, Grappendorf, Aicher, & Veraldo 2015).

In 2015, the CFP Board created the Center for Financial Planning, which serves as the Board's initiative to increase a more sustainable and diverse profession. In 2018, the Center published the most extensive and comprehensive research study on racial diversity in the financial planning profession to date, *Racial Diversity in Financial Planning: Where We Are and Where We Must Go* (CFP Board, 2018b). Before this study, the CFP Board had never collected data on the race of CERTIFIED FINANCIAL PLANNERS™. Also, this was the first non-anecdotal research study to uncover the plight of Black and Hispanic financial planners as well as their barriers to entry into the profession (CFP Board, 2018b).

CFP Board (2018b) produced six key findings that revealed the following: (a) Blacks and Hispanics are not aware of the financial planning profession; (b) firms' hiring and onboarding processes serve as major barriers to inclusion and diversity in the financial services field; (c) clients' biases serve as a barrier to racial diversity in the profession; (d) respondents have incongruent ideas about why there is a lack of diversity in financial planning; (e) Black and

Hispanic CFP® professionals are as highly satisfied with their careers as their peers and are more likely to recommend the profession than their White counterparts; and (f) most segments of respondents including financial planners, clients, and industry leaders agree on the same three strategies for boosting diversity, which include mentoring, early exposure at the academic level, and boosting awareness (CFP Board, 2018b). The reasons cited for the lack of racial diversity in financial planning include low awareness among underrepresented groups, consumers' biases and discrimination, hiring and firms' onboarding practices (CFP Board, 2018b). The justifications cited for increasing the numbers of racially diverse financial planners in the included meeting a shortage in the workforce as ageing advisors retire, catering to millennials' preferences for diversity in financial organizations, having advisors who reflect the increasingly diverse population of the U.S., serving minority communities, curbing lost business opportunities and staying competitive, and being able to positively impact the wealth of minority consumers (CFP Board, 2018b). It was also noted in the study that diversifying the profession is more than a business decision; it is an ethical decision (CFP Board, 2018b).

Black and Hispanic financial planners expressed a lack of confidence that White consumers would accept them as their financial planner (CFP Board, 2018b). While it is not clear what impact this lack of confidence has on obtaining clients or racial preference for clients, White financial planners were more likely than Blacks and Hispanics to have White clients. White clients represented 83% of White planners' clients, 64% of Black planners' clients, and 67% of Hispanic planners' clients (CFP Board, 2018b). In contrast, 28% of Black planners' clients were Black, and 19% of Hispanic planners' clients were Hispanic (CFP Board, 2018b). Of the 2,276 respondents in the survey, 59% believed that Black financial planners had an advantage with Black clients, while 69% believed that Hispanic planners had an advantage with

Hispanic clients (CFP Board, 2018b). Human resource professionals at financial planning firms stated that White planners have a much greater advantage with White clients than Black and Hispanic financial planners. Beliefs such as these may be responsible for the prevalent practice of hiring predominantly White financial planners and pairing them with White clients (CFP Board, 2018b).

Despite some challenges, the efforts to diversify the financial planning workforce will most likely continue and expand (Tucker & Jones, 2019). With robust initiatives to increase racial and gender diversity of financial planning professionals, it is important to consider how this coincides with consumers' preferences. Currently, there is scant evidence to suggest what consumers prefer when it comes to choosing a financial planner by demographic features such as race. Interestingly, race has not been empirically examined as a factor in choosing a financial planner. Moreover, there have been very few empirical papers to approach the topic of racial underrepresentation in financial planning (Bielby, 2012; Miller & Tucker, 2013). Little is understood about consumers' desires as it relates to racial preferences when choosing a financial planner. However, research has found that consumers consider varying factors when hiring a financial planner, such as trust and expertise (Lachance & Tang, 2012; Peterson & Lucas, 2001).

Choosing a Financial Professional

When consumers make a choice to work with a financial professional, they are inherently taking a risk. Due to the sensitive nature of the job, financial planners get access to some of the most sensitive information about individuals and families and the advice they provide can highly influence a client's financial trajectory. It is not surprising that consumers may proceed with caution when looking to hire a financial planner. Research has shown that consumers desire

expertise, trustworthiness, compatibility, representation, and contribution when working with sales professionals (Peterson & Lucas, 2001).

Trust is one of the key factors in selecting a financial planner. Lachance and Tang (2012) found that trust, along with cost, was the most important determinant of financial advisor use. In an experimental research study using all male planners, Dean (2017) found that financial planners' facial appearance, credentials, and social information have an influence on patronage intent and consumer trust of the financial planner. Therefore, a planner's gender or race may influence a consumer's perceived level of trust in the financial professional.

Similarity has been shown to reduce barriers and increase trust (Berkovich, 2018). Customers may feel more comfortable with someone who is similar because they believe that the planner may be better positioned to help them and understand their preferences given similar cultural backgrounds (Jackson & Alvarez, 1992). In investigating life insurance sales, Evans (1963) found that the more alike salespeople were to their potential clients, the more likely they were to be successful with sales. The study considered characteristics such as age, height, income, religion, education, and personality factors. Several trade and news articles have asserted that consumers want to work with financial advisers who share physical similarities with them (Bier, 2019; Dagher, 2019; Malito, 2017; Walk-Morris, 2017). Finance researchers have assumed the position that financial planning clients, particularly minorities, will want to work with similar planners (Stevenson & Plath, 2007). Such articles state that more racially diverse planners will increase the use of financial planning services within these populations and demonstrate companies' willingness to work with diverse clientele (Stevenson & Plath, 2007). There is no empirical evidence in financial planning that these statements are true. While little research has been conducted on racial preferences when choosing a financial planner, there have

been several papers that have explored gender preferences among consumers when choosing a financial planner (Lascu, Babb, & Phillips, 1997; Söderberg, 2013; Sommer, Lim, & MacDonald, 2018; Stolper & Walter, 2018).

Gender Preferences When Hiring A Financial Professional

The data on gender preferences when hiring financial professionals is mixed. Söderberg (2013) conducted a study in Sweden in which the impact of advisor gender on consumers' willingness to follow financial advice, perception of advisor credibility, and perception of the amount of financial risk involved were examined. She hypothesized that gender was related to each of these variables and that consumers would be more likely to follow the advice of an advisor who matched their gender. She conducted a field experiment and administered surveys to 200 Swedish passengers at a train station. Consumers were shown photos of financial advisors and asked their opinions about the advisor, including if they would hire the advisor. Söderberg (2013) found that respondents, both males and females, were more likely to take advice from a female. They were more likely to rate the risk of the financial advice higher when shown the female planner photo and were more likely to find the male planner more credible (Söderberg, 2013). Lascu et al. (1997) found that only from female clients had a preference for female advisors and there were no gender preferences for professional qualities in a financial advisor. In a German study of 2,400 financial planning meetings, researchers also found preferences based on gender (Stolper & Walter, 2018). Stolper and Walter found that male clients were more likely to take the advice of male planners and planners who were similar in age. They found that women clients were more likely to follow advice based on sameness in marital and parental status.

In contrast to the studies conducted by Söderberg (2013), Lascu et al. (1997), and Stolper and Walter (2018), Sommer, Lim, and MacDonald (2018) found that there was no gender preference between men and women when choosing a financial planner. Neither men nor women had a preference for a financial planner of any gender. Using an experimental design, the researchers hypothesized that gender similarity would have an impact on the selection of a financial advisor (Sommer et al., 2018). An online survey was administered to 1,011 U.S.-based respondents who had at least \$250,000 in investable assets, at least \$250,000 net worth, and who were willing to engage with a financial planner within a two-year timeframe (Sommer et al., 2018). Respondents were shown short biographies of two different advisors, one named Barbara, who represented the female advisor, and the other named Paul, who represented the male advisor. Gender was conveyed via names only; no pictures were used. Respondents were to select the planner that they preferred. The differences in the profiles were the names of the advisers and their titles, which were either investment advisor or financial planner. Women were more likely to choose an advisor with the financial planner title, regardless of the professional's gender (Sommer et al., 2018). These findings show that consumers may find variables other than gender, such as title, more important when hiring a financial planner.

Like the Sommer et al. (2018) study, some industry papers have also found little support for gender preference when hiring financial professionals. Insurance giant Prudential (n.d.) conducted a study that found only 10% of their female respondents had a gender preference when working with a financial professional. Instead, women respondents stated they would judge an advisory relationship on the financial strength of the company issuing the products, the quality of those products, and the level of service (Prudential, n.d.). Likewise, CFP Board (2014) revealed that there was little gender preference for an advisor when examining both female and

male respondents. Only 11% of the respondents indicated that the gender of their financial planner was important or critical (CFP Board, 2014). At the same time, the study unveiled that women were more likely than men to work with a female planner (18% versus 12%), while men were more likely than women to work with a male planner (85% versus 78%) (CFP Board, 2014).

In summary, the research on gender preferences in financial planning has yielded mixed results. This study will further investigate the question of gender preference when choosing a financial planner. While the aforementioned studies have made important contributions on consumers' gender preferences in hiring financial planners, none have included race as a measure in their study.

Racial Preferences When Hiring A Financial Professional

The data on racial preferences when selecting a financial professional are far more limited than gender preference research. The data suggest that most minority clients do not have a particular racial preference when hiring a financial planning professional (Britton, 2014; Prudential, n.d.). In a study conducted by Prudential (n.d.), 80% of Black respondents stated that an advisor's ethnicity and gender did not matter. What did matter for these respondents is that financial companies maintain a strong code of business ethics, demonstrate an understanding of their unique needs, and offer high-quality products and services (Prudential, n.d.). In a similar study conducted by financial planning firm Edward Jones, only 8% of Hispanic and 12% of Black respondents preferred to work with a financial planner of their same racial and ethnic background (Britton, 2014). At the same time, 79% of these 2,046 respondents stated that it was important that financial firms hire advisors from diverse racial and ethnic backgrounds (Britton, 2014). These studies focused on examining the preferences of minority clients, but the evidence

is less clear when examining White clients' preferences. The CFP Board's research on racial barriers in the financial planning profession revealed both implicit and explicit bias against Black and Hispanic financial planning professionals. Respondents shared prejudiced beliefs such that Black-sounding names are associated with "hood rats" and "the uneducated" (CFP Board, 2018b, p. 37). One black female respondent shared how she does not trust Black financial planners and would never hire one given her past experiences (CFP Board, 2018b). While the research is lacking, it seems that firms have assumed that clients are racially biased and this has resulted in their reluctance to hire racial minority financial planners (CFP Board, 2018b).

Outside of these few studies, little else is known about financial planning clients' racial preferences. Research in other financial professions provides more insight to consumers' racial preferences. Black, Robinson, Schlottmann, and Schweitzer (2003) showed that banking consumers preferred banks that were owned by their racial group.

It seems that minority clients do not have strong racially congruent preferences and that there is not enough evidence to substantiate financial planning firms' practice of race-matching between advisors and clients. The evidence also somewhat weakens the argument that diversity is needed because prospective clients prefer planners who are similar to them. Diversity in a firm may be important to clients for other reasons, such that it may convey an understanding of their specific needs and that it supports inclusivity, even if they are not specifically working with a racially congruent financial professional (Britton, 2014; Prudential, n.d.). This current study further examines the question of racial preferences when choosing a financial planner amongst White and minority clients.

Evidence of Racial and Gender Preferences in Other Professions

Research on racial and gender preferences in financial professions is limited, but other professions, such as medical, counseling, education, sales, and marketing have explored consumers' demographic preferences much more. Much of the research measures whether consumers prefer racially or gender congruent service-providers and tends to focus on minority consumers' preferences. There is ample research to support the notion that consumers hold racial and gender preferences, particularly ones that are rooted in similarity. In a study on salesperson-consumer interaction in the retail environment, researchers found that Asian female consumers had a significantly greater preference for salespersons that looked like them when compared to Hispanic female consumers (Kwak & Sojka, 2011). Another study on consumer preference and race revealed that there was a significant correlation between the ability to choose one's doctor and having a doctor of the same racial or ethnic background among minority respondents, even when controlling for geographic proximity (Saha, Taggart, Komaromy, & Bindman, 2000). Nearly a quarter of both Black and Hispanic respondents stated that their doctor's race and ethnicity, when it matched theirs, influenced their choice of medical provider (Saha et al., 2000). Nevertheless, findings on consumers' preferences in the sales environment have uncovered conflicting evidence. Using an experimental approach with 634 college students, Krishnan, Niculescu, and Fredericks (2019) found that race was the most important determining factor when selecting a sales professional. Both male and female respondents preferred a White salesperson to a Black salesperson (Krishnan et al., 2019). Relative importance of race was 46% compared to age (31%), gender (13%), and attire (10%), respectively (Krishnan et al., 2019). On the contrary, Jones, Moore, Stanaland, and Wyatt (1998) found that Black salespersons were

perceived as more likable, more experienced, more trustworthy, and more attractive than White salespersons by all racial and ethnic groups.

Some studies have found that even though there are consumers who hold racial and gender preferences, they do not represent the majority. In a study on Black Americans' racial preferences for physicians, Malat and Hamilton (2006) found that two-thirds of the respondents did not have a racial preference, which is also supported by evidence found by Bender (2007). Malat and van Ryn (2005) that found only 20% of Black respondents and 6% of White respondents preferred a physician of the same racial background. These findings contradict another study that found Blacks were less likely to choose a same-race physician than Whites (Gerbert et al., 2003). In the study by Malat and van Ryn (2005), White consumers had mostly White doctors, while Black and Hispanic respondents had racially and ethnically dissimilar doctors. Interestingly, 10% of Black respondents with racially dissimilar physicians stated that race influenced their decision to choose their medical professional, which was higher than any other group (2% for White respondents and 5% for Hispanic respondents). In other words, these respondents intentionally chose not to work with someone of their same racial background. This type of consumer decision-making points to intergroup racial discrimination or perhaps pro-White attitudes (Dasgupta, McGhee, Greenwald, & Banaji, 2000).

Overall, the research literature provides evidence that some consumers do, in fact, have racial and gender preferences when selecting a financial professional. At the same time, there is also evidence that these preferences may not reflect majority views. Despite this, many articles, particularly from trade journals, continue to purport that financial planning consumers will prefer to work with planners who look like them and that this preference is why the industry needs to diversify (Bier, 2019; Dagher, 2019; Malito, 2017; Walk-Morris, 2017). The current research

will examine whether consumers hold certain preferences and whether these views are held by a majority of respondents.

Racial and Gender Matching and Congruency Research

Concordance is the practice of aligning a practitioner with a similar client. Racial and gender concordance refers to the act of matching clients and professionals based on racial and gender similarity. In some professions, clients are commonly matched to a service provider according to shared gender and racial profiles. Research has shown that some human resource professionals in financial planning assume that clients will be more comfortable with this type of concordance, even though evidence for its support has been mixed (CFP, 2018b).

There appears to be a single publication that documents this phenomenon in financial planning (CFP Board, 2018b), although other fields have published widely on racial and gender matching. The research is mixed on whether it is beneficial to match clients and professionals by race or gender. Some studies show improved business results and customer satisfaction, while others provide no such evidence. Studies from a variety of fields, such as sales, medical, education, counseling, and legal, have shown support for positive outcomes (Dee, 2004; Ehrenberg & Brewer, 1995; Schofield, Wang, & Chew, 2007; Zirkel, 2002). Gender similarity has been positively related to quality of relationship, greater trust, and satisfaction between salesperson and client (Crosby, Evan, & Cowles, 1990). Studies purport that concordance has a positive impact on education outcomes (Oates, 2003), perceived care (Padela, Schneider, He, Ali, & Richardson, 2010), intention to adhere to medical guidance (Street, O'Malley, Cooper, and Haidet, 2008), and overall outcomes (Arendt & Karadas, 2019).

In the financial and sales professions, there is some evidence that similarity between client and customer has its advantages. Insurance salespeople were found to be most attracted to

those who are like themselves when given a choice (Dwyer et al., 1998). Martin (2005) investigated the differences in the perceptions and performance between Black and White salespeople. He found that when sales representatives had managers of their same race, they exhibited stronger customer-oriented selling efforts when compared to racially discordant representatives and managers. In addition, when sales representatives and managers were racially similar, the representatives had higher performance scores, and scores on quota achieved were also higher (Martin, 2005).

The medical field has unveiled a great deal of evidence that clients prefer concordance. When patients are racially concordant with their physicians, they are more likely to use needed medical services, less likely to delay health care, and use a higher volume of health services (LaVeist, Nuru-Jeter, & Jones, 2003). In an experimental study of Turkish minorities, Germany's largest ethnic minority group, Arendt and Karadas (2019) found that ethnic concordance, pairing them with a Turkish physician rather than a German one, resulted in an improved belief in the doctor, less negative views of the doctor, and greater prevention-related knowledge transfer, particularly with low-knowledge respondents. Similarly, in a study of mostly White physicians' perceptions of patients' preferences, nearly a third of respondents stated that patients believe that they get better care when the doctor is racially concordant (Padela et al., 2010). In this study, the respondents believed that race was more important than both gender and religion (Padela et al., 2010). Likewise, Street et al. (2008) found that Black and White patients who were racially concordant to their physician perceived more personal and ethnic similarity to their physicians than minority patients who were not in racially and ethnically concordant patient-doctor relationships. The research shows that demographic similarity has benefits for both clients and

service providers. Moreover, it has been found that differences can have negative consequences for those who are receiving the services (Oates, 2003; Schofield et al., 2007).

Some studies refute the merit of matching based on demographic similarities (Bendick et al., 2010; Dwyer et al., 1998; Meghani et al., 2009) with one study calling the practice “perverse” (Bendick et al., 2010, p. 468). While the medical field has produced much research in support of concordance, it has also produced evidence that does not support client-provider matching and its purported benefits (Cabral & Smith, 2011; Schnittker & Liang, 2006). Meghani et al. (2009) found that racial concordance did not improve patients’ perceptions of receipt of medical services. Flocke and Gilchrist (2005) found that gender concordance between patient and doctor was not responsible for the delivery of more preventative care services but rather female doctors, regardless of the gender of their patient, provided more counseling and services. Street, O’Malley, Cooper, and Haidet (2008) found that gender concordance did not lead to perceptions of similarity among physicians’ patients.

In other fields, there is also evidence that demographic concordance is not effective. Using evidence from over 700 establishments, Leonard, Levine, and Joshi (2004) found customer-employee gender and race matching within a retail sales store environment did not increase store sales, while age diversity significantly predicted lower sales. A study on the perceptions of service quality revealed that gender differences between the service provider and the customer did not result in a perceived difference in the level of quality received (Pinar, Schiffel, Strasser, & Stück, 2014). Bendick et al. (2010) found that employee-client matching based on race led to stereotype-based segregation in work assignments and disparities in promotions and earnings for Black employees. Other studies do not support employee-customer race and gender-matching citing loss of business opportunities and neutral consumer preference

(Dwyer et al., 1998; Leonard et al., 2004). Dwyer et al. (1998) found that gender matching had no positive impact on sales performance, but rather salespersons and clients who were gender mismatched had better sales outcomes.

Some researchers believe that the desire for racial concordance has more to do with cognitive heuristics for those who prefer it (Cabral & Smith, 2011; CFP Board, 2018b; Schnittker & Liang, 2006). Consumers may have these preferences due to their perceptions of care, but concordance does not positively impact outcomes when the professional and client are racially concordant (Cabral & Smith, 2011). When evaluating the preferences of mental health service patients, Cabral and Smith (2001) found that most preferred a specialist who shared their same race, but once services were conducted, racial similarity had no bearing on how the patient rated the therapist on satisfaction or the benefit from the treatment. Even though concordance may not impact real outcomes in some cases, it seems that it may result in a positive effect for those who prefer it (Schnittker & Liang, 2006).

The results of these studies suggest that racial and gender concordance can be beneficial or not, depending on context and field. Given the contradictions, it is useful to understand if concordance is something that is desired among financial planning consumers.

Role of Discrimination

It is possible that some consumers prefer concordance due to their previous experiences with discrimination and their perceptions of trust in a given profession (Schnittker & Liang, 2006). Personal experience with discrimination is a determinant for preferring a clinician of the same race (Chen, Fryer, Phillips, Wilson, & Pathman, 2005; Malat & van Ryn, 2005). For this reason, research often explores racial concordance preferences of racial minority consumers,

such as Blacks and Hispanics, although there is evidence that White consumers prefer working with White professionals (Reynolds, Cowden, Brosco, & Lantos, 2015).

In one study, researchers found that African-Americans had a stronger preference for racial concordance than other groups (Cabral & Smith, 2011), which is likely related to their history of racial discrimination in the U.S. (Malat & Hamilton, 2006). In examining Black patients' preferences, Malat and Hamilton (2006) found that preference for a same race physician increased when the respondent believed that having a different race doctor would subject them to discrimination (Malat & Hamilton, 2006). Interestingly, for those who believed that discrimination occurs regardless of the doctor's race, preference for a same race physician was reduced (Malat & Hamilton, 2006). The researchers also discovered that respondents assessed potential discrimination to their racial group and to themselves separately. Those who perceived both frequent discrimination in the health care environment and who were also concerned about personal unfair treatment were more likely to have preferences for a Black health care provider (Malat & Hamilton, 2006). Nevertheless, even for these respondents, the predicted probability that they would choose a Black doctor was low (.35; Malat & Hamilton, 2006). This study raises important concerns about Black consumers' additional considerations of discrimination when selecting a service professional.

Theoretical Research Related to Consumers' Preferences and Perceptions

In reviewing the literature, it appears that many of the studies conducted on consumers' preferences and perceptions of providers or salespersons do not use an explicit theory to support their hypotheses (Arendt & Karadas, 2019; Bender, 2007; Malat & al., 2005; Roth, 2004; Saha et al., 2000). These research papers rely on an amalgamation of past literature, often rooted in similarity, relational demography, and homophily concepts to derive their hypotheses. For the

research papers that do explicitly state a theory, many have been guided by explanations found in psychology such as the similarity-attraction paradigm (Byrne, 1961; Byrne 1971) and social identity theory (Tajfel & Turner, 1979; Tajfel, 1982). Both theories share the premise that familiarity and the desire to engage with similar others leads to preferences for doing business with similar others (Leonard et al., 2004).

Social identity theory proposes that the groups to which people belong are important in determining one's self esteem and pride and therefore contribute to a sense of identity (Tajfel, 1982). To enhance one's self-image, individuals are motivated to enhance the group to which they belong by distancing themselves from the group to which they do not belong. Essentially, individuals are motivated to discriminate against those who are not in their group to aggrandize their own self-image. Tajfel and Turner (1979) suggested that there are three mental processes that individuals use to distinguish in-group versus out-group. These processes are social categorization, social identification, and social comparison. Social categories such as racial categories like Black and White are examples. Social identification involves identifying oneself with the group to which one belongs. One may act in ways that are associated with this group. The last process is social comparison where individuals compare their group to the outside group. This comparison acts as a mechanism to validate one's group as better than the other group to uphold a positive self-image. Research papers, which reference social identity theory to develop hypotheses about relationships between consumer and buyer similarity, often use this theory in conjunction with similarity-attraction paradigm (Dwyer et al., 1998; Leonard et al., 2004; Pinar et al., 2014; Söderberg, 2013).

The similarity-attraction paradigm, which is sometimes used synonymously with the terms relational demography and homophily in the literature (McNeilly & Russ, 2000; Tsui &

O'Reilly, 1989), states "increased similarity with a target—with respect to attitudes, personality traits, or a number of other attributes—is associated with increased attraction to the target" (Montoya & Horton, 2012, p. 64). It has been used to explain hiring decisions (Graves & Powell, 1995; Roebken, 2010), team performance (Wells & Aicher, 2013), and consumer preference in salespersons and service providers (Dwyer et al., 1998; Pinar et al., 2014), among other phenomena. The similarity-attraction paradigm has two propositions, which state the following: (a) if people share similarities with others, they are more apt to like them; and (b) similarity "generates positive evaluation of the source of the similarity" (Santee, 1976, p. 153). In the case of selecting a financial planner, demographic similarity may lead to perceived shared values and attitudes, which may then lead to interpersonal attraction between the planner and client. Interpersonal attraction may then lead clients to positively judge the planner (Graves & Powell, 1995).

It is common to see both social identity theory and similarity-attraction paradigm used conjointly in research papers to support hypotheses (Dwyer et al., 1998; Pinar et al., 2014; Smith, 1998; Söderberg, 2013). While social identity theory could possibly explain consumer preference in choosing a financial planner, similarity-attraction paradigm is more suited. It is possible that consumers are considering the differences between the in-group and out-group, but it is unlikely a full explanation when explaining why a woman might not choose a man for a financial planner. It is also unlikely that a consumer's choice in their financial planner is highly related to one's self esteem. It is conceivable that a potential client makes inferences about a prospective financial planner based on demographic traits such as race and gender.

Similarity-attraction paradigm has been used in several studies to explain buyer-seller similarity and preferences (Dwyer et al., 1998; Söderberg, 2013; Sommer et al., 2018). Three of

these studies are directly related to this research. Söderberg (2013) explained Swedish consumers' preference for a financial advisor using similarity-attraction paradigm and social identity theory, stating that consumers are more likely to follow an advisor's advice if they are gender-concordant. This hypothesis was rejected. Comparably, Sommer et al. (2018) investigated whether gender similarity had a positive effect on financial advisor choice. The researchers found that there was no effect. Dwyer et al. (1998) measured the effect of gender in the insurance selling process. The researchers found using gender and age as variables insurance salespersons prefer to sell to those who are similar to them (Dwyer et al., 1998). While the similarity-attraction paradigm has been tested to explain consumers' gender preferences when hiring a financial professional, it has not been used to explain consumers' racial preferences. Furthermore, no other theories have been tested to explain consumers' racial preferences when selecting a financial planner. This study will be the first to do so.

The evidence for similarity-attraction is overwhelming, but the empirical explanation for why it occurs is debatable (Montoya & Horton, 2012). Montoya and Horton conducted a meta-analysis of lab investigations on the similarity effect to understand why interpersonal attraction happens. They explored the two models that have attained the most empirical attention which are the information-processing model and the reinforcement model. The information-processing model states that individuals are attracted to others based on the information that they have on them. If the information they receive is favorable, it may act as a direct and positive influence on attraction. Within the similarity-attraction framework, this is often understood as information on one's attitudes, personality traits, or other attributes. The other explanation, reinforcement model, posits that individuals need validation of how they see the world, and the similarity in others affirms this view. This affirmation is associated with positive feelings and thus attraction. In their

meta-analysis of 240 similarity studies, Montoya and Horton found support for the information processing explanation.

Similarity and Trust

Individuals tend to rate those who are similar to themselves as more trustworthy (Ibarra, 1993; Mitra, 1999) and credible (Simons, Berkowitz, & Moyer, 1970) than those who are dissimilar (Cabral & Smith, 2011). There is sufficient evidence in the literature to support the notion that similarities such as race and gender influence higher trust and differences decrease trust (Alesina & La Ferrara, 2002; Glaeser, Laibson, Scheinkman, & Soutter, 1999; Hinds, Carley, Krackhardt, & Wholey, 2000). The medical field has conducted many studies supporting this (Van den Berk-Clark & McGuire, 2014). In a medical study on trust among HIV patients, researchers found that racial concordance was associated with more trust in the healthcare system (Sohler, Fitzpatrick, Lindsay, Anastos, & Cunningham, 2007). Bonds, Foley, Duga, Hall, & Extrom (2004) found that similarity to one's physician predicted trust in one's medical provider. Like racial similarities, gender similarity has been shown to increase one's trust in another (Berkovich, 2018). Smith (1998) discovered that gender concordance in business relationships was associated with greater relationship trust. Gender concordance influences more than just trust; it has a positive impact on credibility of advice and the intention to purchase (Beldad, Hegner, & Hoppen, 2016).

Some studies have found that gender and racial similarity have little to no bearing on trust (Benkert, Peters, Tate, & Dinardo, 2008; Levin, Cross, & Abrams, 2002; Scheid & Smith, 2017; Simons, Berkowitz, & Moyer, 1970). In a study on buyer-seller similarity, physical similarity had a negligible impact on trust, while attitudinal similarity had a positive impact on trust (Lichtenthal & Tellefsen, 2001). Thinking alike may be more important than looking alike.

In the absence of information on attitudinal similarities, clients may use the information available such as physical similarities to ascertain a professional's level of trustworthiness.

In examining the effects of similarity and dissimilarity between financial advisors and their clients, perceived level of trust did not differ between same-sex and mixed-sex dyads (Palmer & Bejou, 1995). There was no overall difference in ratings of perceived trustworthiness and expertise of Black and White professionals in a study on Black students' perceptions of mental health counselors (Porché & Banikiotes, 1982). White female counselors were rated higher in expertise than Black female counselors (Porché & Banikiotes, 1982). Perceived expertise and competence have been related to trust in the literature. Johnson and Grayson (2005) stated, "cognitive trust is a customer's confidence or willingness to rely on a service provider's competence and reliability" (p. 501).

Some researchers purport that social reputation, rather than trust, influences whether consumers might want to work with a professional. In this case, Blacks, when compared to Whites, sometimes have less social reputation and thus may be perceived as less trustworthy, regardless of a respondent's race (Stanley et al., 2012). It also has been well documented that African-Americans and other minorities, particularly those who have experienced discrimination, have less trust in service professionals (Alesina & La Ferrarra, 2002; Benkert et al., 2008; Boulware, Ratner, LaVeist, & Powe, 2003; Halbert, Armstrong, Gandy, & Shaker, 2006; Mainous, Smith, Geesey, & Tilley, 2006).

When considering service relationships, there are two types of trust to consider, which are cognitive and affective trust. Cognitive trust defines a consumer's willingness to rely on a professional's competence and reliability (Johnson & Grayson, 2005). In service interactions, trust is reliant upon knowledge of the provider, which is often lacking or incomplete (Johnson &

Grayson, 2005). Thus, consumers must use any known information such as initial behaviors and reported reputation (Johnson & Grayson, 2005). Affective trust is based on the confidence a consumer places on a professional based on the care and concern that has been shown to the consumer (Johnson & Grayson, 2005). This type of trust is based on feelings and interacting with a service provider and is related to the idea that a professional acts in benevolence on behalf of the client (Johnson & Grayson, 2005). The current research examines cognitive trust, as the experiment will not simulate care or concern from the financial planner, but rather, the planner's competence and knowledge will be simulated.

Summary of the Literature Review

While there have been some empirical studies on consumers' preferences in hiring a financial planner, the research is limited and focuses primarily on gender preferences (Söderberg, 2013; Sommer et al., 2018; Stolper & Walter, 2018). Two of these three studies were conducted outside of the U.S., which may have had some bearing on their results. Furthermore, none of these studies considered race as either a dependent variable or a key predictor variable. To the author's knowledge, no academic research thus far has examined consumers' racial preferences in hiring a financial planner. In related studies from other fields that have included race or ethnicity in considering consumers' preferences, the researchers relied on student respondents in their experiments as opposed to perspective clients (Jones et al., 1998; Krishnan et al., 2019). Research using respondents who are working with financial planners or plan to in the near future, such as in this study, may yield different, more relevant results.

The financial planning client base is diversifying and growing (CFP Board, 2018b), and the industry seems prepared to hire more female and racially diverse financial planners to meet the demand. The justification for diversifying the financial planning profession has been that

consumers want to work with demographically similar planners. Specifically, the assumption may be that White consumers want White financial planners, and Black consumers want Black financial planners. While there may be some credence to these hypotheses, there is currently no empirical data to confirm this preference, which may be out of touch particularly given the improvement in race relations over the past decades in the U.S. There is empirical data that sheds light on consumers' gender preferences when hiring a financial advisor (Söderberg, 2013; Sommer et al., 2018; Stolper & Walter, 2018). Yet, the evidence is mixed. This research will add to the body of literature on consumers' gender and racial preferences. Results of this study will be of interest to leaders in the financial planning industry, including executive leadership, recruiters, hiring managers, financial planning associations, the CFP Board, and financial planners. This research will inform the industry on what is important to consumers as they seek to work with financial planners.

Research Questions

The following research questions will be explored using the similarity-attraction paradigm and relevant literature to explain and predict outcomes:

- R₁ Do consumers have a higher likelihood to hire financial planners that share their same race than planners of a dissimilar race?
- R₂ Do consumers have a higher likelihood to hire financial planners that share their same gender than planners of a dissimilar gender?
- R₃ Do consumers have a higher likelihood to take a financial planner's advice in racially similar dyads than in racially dissimilar dyads?
- R₄ Do consumers have a higher likelihood to take a financial planner's advice in gender-similar dyads than in gender-dissimilar dyads?

- R₅ Do consumers have a higher likelihood to trust financial planners in racially similar dyads than in racially dissimilar dyads?
- R₆ Do consumers have a higher likelihood to trust financial planners in gender-similar dyads than in gender-dissimilar dyads?
- R₇ Do consumers have a higher perception of financial planner competence in racially similar dyads than in racially dissimilar dyads?
- R₈ Do consumers have a higher perception of financial planner competence in gender-similar dyads than in gender-dissimilar dyads?
- R₉ Do consumers have a higher perception of similarity to a financial planner in racially similar dyads than in racially dissimilar dyads?
- R₁₀ Do consumers have a higher perception of similarity to a financial planner in gender-similar dyads than in gender-dissimilar dyads?

Conceptual Model and Hypotheses

The similarity-attraction paradigm (Byrne, 1961; Byrne, 1971) can be used to investigate the factors that influence financial planner preference. This paradigm supports the view that consumers' preferences can be influenced by many determinants including race and gender. In reviewing the relevant literature and the similarity-attraction paradigm (Byrne, 1961; Byrne, 1971), the following conceptual model was drawn to show the relationship between demographic similarity and consumers' preferences in hiring a financial planner. It is similar to one created by Jones, Moore, Stanaland, and Wyatt (1998).

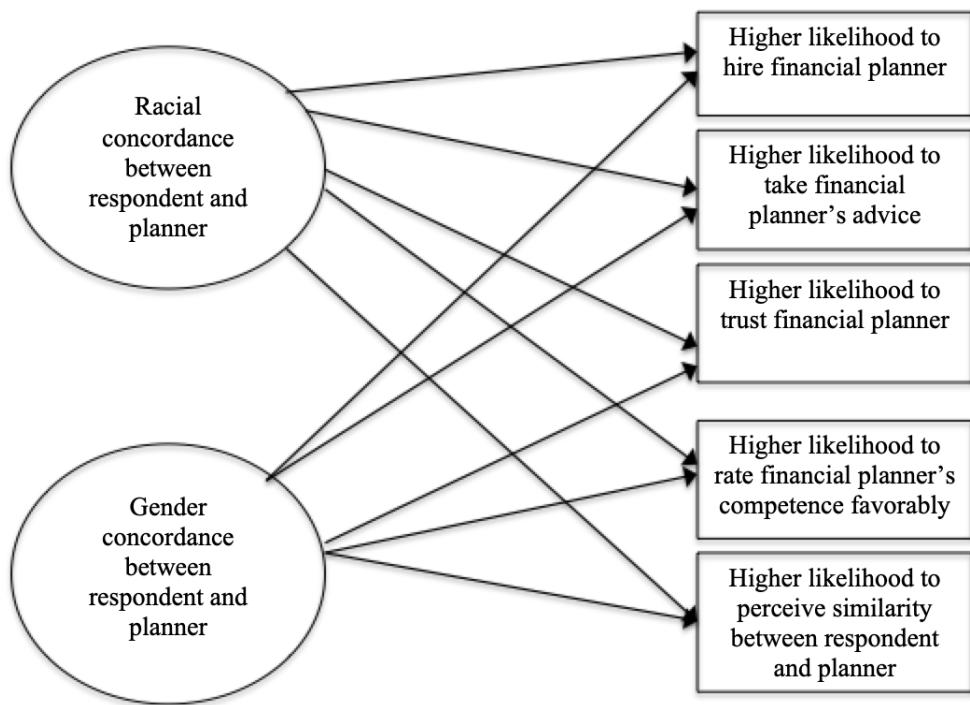


Figure 2.1. *Illustration of the Conceptual Model*

Hypotheses

Based on the similarity-attraction paradigm and relevant literature, the following hypotheses are proposed:

H₁: Consumers' likelihood to hire a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.

H_{1a}: Black consumers' likelihood to hire Black financial planners will be higher than Black consumers' likelihood to hire White financial planners.

H_{1b}: White consumers' likelihood to hire White financial planners will be higher than White consumers' likelihood to hire Black financial planners.

H₂: Consumers' likelihood to hire a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.

H_{2a}: Female consumers' likelihood to hire female financial planners will be higher than female consumers' likelihood to hire male financial planners.

H_{2b}: Male consumers' likelihood to hire male financial planners will be higher than male consumers' likelihood to hire female financial planners.

H₃: Consumers' likelihood to take a financial planner's advice will be higher in racially similar dyads than in racially dissimilar dyads.

H_{3a}: Black consumers will be more likely to take Black financial planners' advice than White financial planners' advice.

H_{3b}: White consumers will be more likely to take White financial planners' advice than Black planners' advice.

- H₄: Consumers' likelihood to take a financial planner's advice will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H_{4a}: Female consumers will be more likely to take female financial planners' advice than male financial planners' advice.
- H_{4b}: Male consumers will be more likely to take male financial planners' advice than female planners' advice.
- H₅: Consumers' likelihood to trust a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.
- H_{5a}: Black consumers will be more likely to trust Black financial planners than White financial planners.
- H_{5b}: White consumers will be more likely to trust White financial planners than Black financial planners.
- H₆: Consumers' likelihood to trust a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H_{6a}: Female consumers will be more likely to trust female financial planners than male financial planners.
- H_{6b}: Male consumers will be more likely to trust male financial planners than female financial planners.
- H₇: Consumers' perception of a financial planner's competence level will be higher in racially similar dyads than in racially dissimilar dyads.
- H_{7a}: Black consumers will perceive Black financial planners as more competent than White financial planners.

- H_{7b}: White consumers will perceive White financial planners as more competent than Black financial planners.
- H₈: Consumers' perception of a financial planner's competence level will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H_{8a}: Female consumers will perceive female financial planners as more competent than male financial planners.
- H_{8b}: Male consumers will perceive male financial planners as more competent than female financial planners.
- H₉: Consumers' perception of similarity to a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.
- H_{9a}: Black consumers will perceive Black financial planners as more similar to them than White financial planners.
- H_{9b}: White consumers will perceive White financial planners as more similar to them than Black financial planners.
- H₁₀: Consumers' perception of similarity to a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H_{10a}: Female consumers will perceive female financial planners as more similar to them than male financial planners.
- H_{10b}: Male consumers will perceive male financial planners as more similar to them than female financial planners.

Chapter 3 - Methodology

Data and Sample

Primary data were collected to explore consumers' racial and gender preferences when hiring a financial planner since no known datasets include this information. The convenience sample for this experimental study was recruited through Amazon's Mechanical Turk (MTurk) online panel, and a survey was administered via Qualtrics. The population of interest was consumers who identify as Black or White, and who have not worked with a financial planner. It was important to include those who have not worked with a financial planner before as to limit the possible bias that may be associated with having a previous or current advisor-client relationship. Respondents self-identifying with any other racial groups were disqualified from the study. Exploring the preferences of Hispanic, Latino, and/or Latinx consumers is important and may be examined in a follow-up study. In addition to racial restrictions, the current study was limited to those who live in the United States, who identify as male or female, who identify as non-Hispanic, speak, write, and read English, are at least 25 years old, have household incomes that exceeded \$63,179, which is the median income in the United States in 2018 according to the Census Bureau (Semega et al., 2019).

MTurk is an online labor market comprised of 500,000 individuals from around the world, in 200 countries, who are willing to take on tasks such as completing surveys to gain money and perhaps obtain other less extrinsic benefits such as pleasure (Paolacci & Chandler, 2014). There is no public information available on how many of these individuals are active on the MTurk website at any given time. The MTurk respondents are often referred to as workers, and the workers are sometimes described by the nickname MTurkers. Requesters such as researchers are those who seek to recruit MTurkers for surveys and other online-based projects,

which Amazon refers to as human intelligence tasks (HITs). Requesters pay workers after the successful completion of a HIT, but requesters have the power to reject the work if it is not satisfactory. At the same time, requesters may provide bonuses to ensure high quality work (Chandler, Mueller, & Paolacci, 2014). Overall, MTurk has allowed scientists an efficient and cost-effective way to find respondents, pay respondents, and collect data online (Buhrmester et al., 2018). MTurk has been used reliably in experimental research to recruit a diverse pool of respondents (Buhrmester et al., 2011). Furthermore, studies using MTurk respondents have successfully replicated classic cognitive tasks (Crump, McDonnell, & Gureckis, 2013) and classic findings in decision-making (Paolacci, Chandler, & Ipeirotis, 2010).

Even though MTurk has been deemed a sufficient replacement to traditional convenience samples, there are concerns regarding the quality of data derived from its use (Paolacci & Chandler, 2014). One of the major concerns is that MTurk workers are different from respondents pooled from more traditional sources. MTurkers tend to be younger and more educated than the general population (Paolacci & Chandler, 2014). Additionally, MTurkers are more diverse than undergraduate student populations (Buhrmester, Kwang, & Gosling, 2011). Compared to other internet-based samples, MTurk respondents are less likely to be White and are older (Buhrmester, Kwang, & Gosling, 2011). At the same time, MTurkers have been found to be more nationally representative than other typical convenience samples (Huff & Tingley, 2015) but are not nationally representative of the United States (Arditte, Çek, Shaw, & Timpano, 2016). Another common concern is related to the reliability in responses, namely inattention, dishonesty, and attrition (Buhrmester, Talaifar, & Gosling, 2018). Inattention points to respondents failing to take their time to answer questions appropriately. Some researchers have suggested using attention checks to reduce this reliability concern (Hunt & Scheetz, 2019);

however, others do not recommend such checks (Peer, Vosgerau, & Acquisti, 2014). Researchers who do not support attention checks state that it has downsides, such as increasing attrition, influencing responses to questions and contributing to shared answers on MTurk message boards (Chandler et al., 2014). Some assert that attention checks do not reduce inattention, and thus recommended using only the MTurk participants who have high approval ratings (e.g., 95% or greater; Peer et al., 2014). Still, others believe that MTurk approval ratings are inflated and do not agree that using high approval ratings will drastically improve attentiveness (Hunt & Scheetz, 2019). Despite these challenges, researchers have been able to replicate findings from time-sensitive tasks that MTurkers have completed (Crump et al., 2013). Also, when attentiveness is directly assessed, there are few differences between MTurk participants and other participants (Berinsky, Margolis, & Sances, 2014). Findings show that there is no significant difference in attentiveness from MTurk respondents when compared to non-MTurk respondents. Additionally, MTurk respondents have honestly reported their IP addresses (Rand, 2012) and have been consistent in demographic characteristics (Mason & Suri, 2012).

MTurkers, like other Internet survey respondents, have been found to engage in practices such as searching for answers online, completing surveys more than once, using bots (e.g., online robots) to answer surveys, revealing information on blogs about screening questions and attention questions, and other dishonest practices. Most, if not all, of these issues can be minimized using a combination of prescreening measures, attention checks, time checks, and thresholds for approval ratings and HITs (human intelligence tasks) or job tasks (Buchheit, Doxey, Pollard, & Stinson, 2018; Buhrmester, Talaifar, & Gosling, 2018; Hunt & Scheetz, 2019).

Attrition is a natural part of online surveys, but there are some measures that can be taken to curb it. Researchers can realistically set respondents' expectations as it relates to how long it might take to complete a task or survey (Buhrmester, Talaifar, & Gosling, 2018). In addition, researchers can let respondents know upfront what type of workers they are looking for so that workers can decide whether the survey is worth their time. In some cases, this technique may not be possible as it may unintentionally reveal aspects of the research that are kept from the respondents to minimize bias and dishonesty.

Given the aforementioned concerns, six separate measures were implemented in this study to increase reliability and data quality. In line with a study by Peer et al. (2014), workers were recruited with an approval rating of over 95% and those who had completed more than 500 HITs. Second, the survey included a timer mechanism that identified any random clicking, as suggested by Hunt and Scheetz (2019). This allowed the researcher to determine if respondents were completing the survey in a reasonable period of time given what was seen during the testing period and the pilot study. Completing the survey too quickly could point to bots taking the survey rather than humans. Completing the survey too slowly also would present a problem. The evidence was mixed regarding whether attention checks improve data quality beyond what can be done when recruiting workers with a high approval rating (Peer, Vosgerau, & Acquisti, 2013). Therefore, attention check questions were not used. Third, the title of the paper on the informed consent form was amended to hide the true intention of the study to minimize social desirability bias. Respondents saw the following title: Preferences When Hiring A Financial Planner. The racial, gender, and diversity components of the title were removed. Research has revealed that MTurk workers are more likely to want to please requesters (e.g., social desirability tends to be higher; Behrend, Sharek, Meade, & Wiebe, 2011). Therefore, it is prudent to take measures to

avoid such behavior. Fourth, using unpaid screening questions, an option within the MTurk platform, has been shown to increase data quality (Hunt & Scheetz, 2019). In the current study, these unpaid screening questions along with regular screening questions within the survey were used. In addition to the number of HITS qualification (e.g., more than 500) and the HIT approval rate, the unpaid screen of “location in the U.S.” was used. Fifth, screener questions, such as race, age, ethnicity, English language ability, financial planner use, and income, were not identified as screener questions so that MTurkers would not be alerted to which questions would qualify them to take the survey (Buchheit, Doxey, Pollard, & Stinson, 2018). The intent was to leave the survey open for only two days, as suggested by Hunt and Scheetz (2019), to diminish the chances of respondents discussing the survey on worker forums and thus manipulating the screening questions. It took longer to recruit enough Black respondents making the two-day maximum not achievable. Sixth, the ballot box feature was used in Qualtrics to ensure that respondents were not able to take the survey more than once. Since MTurkers were paid for their participation, some may have been motivated to attempt a survey multiple times.

An initial data collection, or pilot, was conducted to investigate the feasibility of the survey, and to ensure accurate set-up of the survey and experiment. Before pilot testing, the survey was sent out to a convenience sample of students to test its functionality and to ensure clarity of questions. Almost 97 surveys were collected from the pilot, which was about 12% of the overall sample. These data were retained and collapsed into the larger sample. Two weeks after the pilot, the remainder of the data were collected from another 680 respondents, reaching a total of 777. Most of the respondents who attempted to take the survey were rejected due to the limitations on the population of interest. There were 6,519 attempts to take the survey over the span of several weeks. Additionally, since there was an attempt by the researcher to obtain a

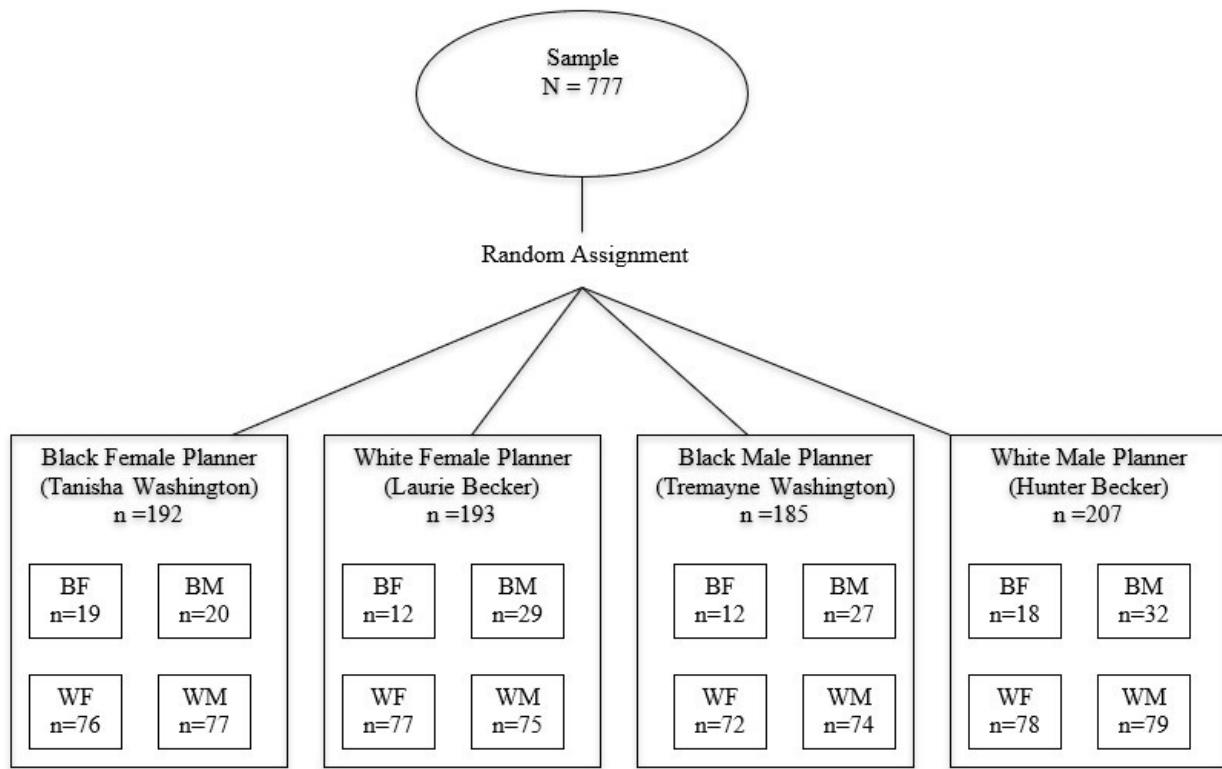
balanced number of Black and White respondents, White respondents began to be rejected by the survey within several days of the survey's opening whereas the quota for Black respondents was not met given the fact that many more MTurkers are White than Black (Huff & Tingley, 2015). When respondents successfully completed the survey, the Qualtrics survey program assigned them a randomized 7-digit code, which respondents used to validate that they had completed the survey. They pasted this code onto Amazon's MTurk requester platform. The researcher then manually confirmed that the 7-digit code, which was entered on the MTurk site, matched the code in Qualtrics. Fifty respondents had their HITs rejected due to wrong codes input into the Amazon platform. This means that they were not paid. About one third of these respondents were eventually paid when they contacted the researcher to request an investigation into the completion of their HIT. One of the adjustments made due to results from the pilot was the fee paid to respondents. Respondents involved in the pilot were paid \$0.75 for the HIT. In an attempt to minimize the data collection timeframe, the remainder of the sample was paid \$1.00 for completed surveys. It has been found that increasing the amount paid to respondents does not impact the quality but improves the data collection speed (Buhrmester et al., 2011). All surveys that were completed (e.g., last question answered) were used in the final analyses.

Experiment and Survey Design

The survey began with an informed consent form (Appendix A). Those who agreed to the terms of the informed consent form were able to move forward. Those who did not, were prohibited from continuing any further. For those who had agreed to the informed consent, the next items in the survey were seven screening questions (Appendix A). Respondents who did not pass the screening questions, were prohibited from continuing to take the survey. For those respondents who "passed" the screening questions, they were randomly assigned to a

hypothetical scenario in which they were to evaluate a financial planner. The financial planner could have belonged to one of four categories: (a) Black female (Tanisha Washington), (b) White female (Laurie Becker), (c) Black male (Tremayne Washington), (d) or White male (Hunter Becker). For example, if a respondent was assigned a Black female financial planner, they only saw a scenario about that particular planner but not the other three planners. Due to the randomization of the experiment, the respondent would not have known that another type of planner could have been assigned to them.

The hypothetical scenarios consisted of the financial planner's name, a brief biography of the planner, as well as some basic, hypothetical financial advice. All of the hypothetical scenarios were the same except for the race and gender of the financial planner. Respondents answered five questions directly related to the scenario, which were all measured on a seven-point Likert-type scale and served as the dependent variables of this study. After answering the scenario questions, respondents were asked to answer another nine questions, which were mostly demographical. The experimental design is shown in Figure 3.2.



Note: BF = Black female respondent, WF = White female respondent, BM= Black male respondent, WM= White male respondent

Figure 3.2. *Experiment Flow Chart*

The screener questions, hypothetical financial planner scenarios, and the post scenario questions are discussed in more detail below.

Survey Questions

Survey questions were asked in the following order: (a) initial screener questions, (b) hypothetical financial planner scenario questions, and (c) and post-scenario demographic and other questions.

Screening Questions

Seven screener questions were posed to respondents. These questions asked respondents about their age, gender, race, ethnicity, country of residence, English language abilities, financial planner use, and total annual household income.

Age. Respondents were presented with a dropdown option to input their current age. The ages ranged from 18 years old to 100 years old. Those who were younger than 25 years old were excluded from the study. Twenty-five was chosen as the cut-off age as it seemed reasonable that, in general, those below this age are less likely to consider engaging a financial planner.

Gender. Respondents were asked to choose one gender identity among the following options: female or male. Since this study specifically focused on determining gender differences between males and female, no other gender options were made available.

Race. Respondents were asked to self-identify with one racial group among the following: Asian, Black or African-American, Native-American, White, two or more races, or other. These categories were chosen based on the options available in the National Financial Capability Study (NFCS) and the options presented in the 2019 Census Quick Facts. Native Hawaiian and Other Pacific Islander was not accounted for and in this study would have been collapsed into another category based on how the respondent identified. As this survey examined customer preferences of Black and White respondents with Black and White planners, any responses other than Black or White caused the respondent to be screened out.

Ethnicity. Respondents were asked in a “yes or no” question if they identified with Hispanic, Latino/a, or Latinx. If the respondent answered “yes” to this question, he or she was screened out. This screening was done was to separate the effects of ethnicity with race. This

study wanted to focus on race. The researcher recognizes that the separation of race and ethnicity was likely not completely avoidable in the study.

Country of residence. Respondents were asked to indicate their country of residence.

The choices provided were the following: “outside of the United States”, “United States”, or “other.” Those choosing anything other than “United States” were disqualified from taking the survey. It was important to capture consumer sentiment within the U.S. financial planning context rather than one from another country. This was an important screener as it is estimated that 40% of MTurkers reside in India (Ipeirotis, 2012).

English language capability. Respondents were required to read, speak and write in English fluently to ensure data quality in answering the survey. This was asked in a “yes or no” styled question. Respondents who stated that they did not speak, read, and write English were screened out.

Financial planner use. Respondents were asked whether they have ever worked with a financial planner or financial advisor. This was a “yes or no” styled question. Those who selected yes were screened out. The reason why those who had previously worked with financial planners were screened out was to eliminate any potential bias, which might have been associated with any previous or current planning relationships.

Household income. Household income has been positively associated with financial planner use (Cheng, Kalenkoski, & Gibson, 2019; Hanna, 2011). Therefore, to reflect households that might be potential financial planning clients, only those in at least the 60th percentile of income among U.S. households in 2018 (at least \$63,180 annually) could continue taking the survey (Semega et al., 2019). Those who did not make at least \$63,180 were screened out. Respondents were asked to select their income based on categories. There were seven categories:

(a) Less than \$63,180; (b) between \$63,180 - \$79,542; (c) between \$79,543 - \$100,162; (d) between \$100,163 - \$130,000; (e) \$130,001 - \$184,292; (f) \$184,293 - \$248,728; and (g) more than \$248,728.

Hypothetical Financial Planning Scenarios and Questions

Planners. In the randomized scenarios, respondents were presented with the name of a financial planner, a short scenario including information about the planner, and a brief financial planning recommendation. The only thing that differed in each vignette was the name of the planner and their gender. The experiment was designed to subtly convey race by using names that have been empirically tested to show that they are common for a particular racial group (Gaddis, 2017). The researcher considered it important to convey race subtly to minimize social desirability bias. Gender was conveyed more overtly with the use of names commonly associated with male and female genders and the use of gendered pronouns.

Names. Based on research, some names are attributed to “whiteness” while others are perceived as “Black” (Bertrand & Mullainathan, 2004). The names chosen have been identified as those that consumers more accurately associate as White or Black names (Gaddis, 2017). Congruent perception rates are higher when both first and last names are included (Gaddis, 2017). The use of names has been identified as the most common way to signify race in experimental studies (Bertrand & Duflo, 2017). This technique has been widely employed in studies on workplace diversity (Bertrand & Mullainathan, 2004; Bursell, 2007; Kass & Manger, 2012; Widner & Chicoine, 2011). The names chosen for this experiment were: (a) Tanisha Washington (Black female), (b) Laurie Becker (White female), (c) Tremayne Washington (Black male), and (d) Hunter Becker (White male). These names were created based on the research conducted by Gaddis (2017), who found that certain names convey more whiteness, blackness,

low-socioeconomic status, and high-socioeconomic status than other names. According to the same study, using a last name that is racially congruent helps to strengthen the racial identity that the researcher hopes the respondent will perceive.

In Gaddis (2017), all names were highly associated with a specific race. Both Tremayne and Tanisha were perceived as Black names among more than 95% of the respondents. The last name Washington was also found to be highly congruent to Blacks than Whites. In Gaddis (2017), “Hunter” was one of the names that respondents perceived as highly congruent with a White male’s name. Similarly, congruent perception rates were very high for Laurie among respondents and even more so when a White last name was used with it (Gaddis, 2017). Over 90% of the respondents associated “Laurie” with a White female, and over 95% identified “Laurie” as White when she had a White last name (Gaddis, 2017). “Becker” was chosen as the last name for White planners since the population-level racial occurrence was 96.4% White, using the 2012 U.S. Census Bureau information (Gaddis, 2017). According to Gaddis (2017), when names are perceived as extremely racially congruent, they are ideal for using in experiments examining racial bias.

One issue that arises in using names is that names convey socioeconomic status (Fryer & Levitt, 2004; Gaddis, 2017). It is possible that respondents may rate Tanisha lower than Laurie, not simply due to race but because Tanisha conveys a lower socioeconomic status (Gaddis, 2017). Due to this complexity, based on the findings from Gaddis (2017), names that were associated with mothers in the lowest quartile in her race (based on her education) were not chosen. Similarly, names that were in the highest quartile of a mother’s education within her race were also not chosen. For example, Katelyn was highly associated with Whiteness but was also in the highest quartile of White mother’s education in the study (Gaddis, 2017). Similarly,

DaShawn was not selected as a male name even though it is highly congruent with a Black name because it is associated with the lowest quartile of Black mother's education in the sample (Gaddis, 2017). All first names chosen were in the middle quartiles of a mother's education, rather than the lowest or highest.

Scenario. The scenario presented to the respondents asked them to imagine inheriting \$250,000 from a life insurance policy of a family member. The respondent was told that they would have an opportunity to work with a financial planner from a reputable financial services company. The name of the financial planner along with his or her experience, education, continuing education, ethics, and awards history was detailed in the scenario. The planners were all portrayed as highly experienced, educated, ethical, and esteemed based on awards and accomplishments. This element of the hypothetical planner was established to equalize all planners. Again, the scenario was the same for all four hypothetical financial planners. The only items that changed among the scenarios were the names, races, and gender identities of the financial planners.

The last part of the scenario included a paragraph of generic financial advice, which the respondent was asked to read. The advice essentially explains that the planner will follow the seven-step *Code of Ethics and Standards of Conduct* (CFP Board, n.d.a). The advice was written in such a way that it is applicable to almost any potential client and was not specific to any given situation. This part was included partly to conceal the intentions of survey, which sought to capture preferences motivated by race and gender, an area that can be subject to social desirability bias if respondents become aware of the survey's true intent. Even though self-administered surveys tend to be lower in social desirability bias (Holbrook & Krosnik, 2010; Lind, Schober, Conrad, & Reichert, 2013). Another reason the advice portion was included was

to provide additional context and justification for asking the respondents the follow-up questions related to similarity-attraction.

Scenario Questions

After reading the scenario, with a perception of the planner's gender and race in mind, respondents were asked questions about their likelihood to hire the planner, their likelihood to take the planner's advice, their likelihood to trust the planner, and their perceived rating on the planner's competence, and their perceived similarity to the planner. All five questions were measured on a Likert-type scale measuring from one to seven. The questions were as follows:

1. Given what you know so far, how likely would you be to hire this financial planner?

(Rate on a scale of 1 to 7 where 1 is “not at all likely” and 7 is “very likely”.)

2. Given what you know so far, how likely would you be to take this financial planner's advice?

(Rate on a scale of 1 to 7 where 1 is “not at all likely” and 7 is “very likely”.)

3. Given what you know so far, how likely would you be to trust this financial planner?

(Rate on a scale of 1 to 7 where 1 is “not at all likely” and 7 is “very likely”.)

4. Given what you know so far, how would you rate this financial planner's competence level?

(Rate on a scale of 1 to 7 where 1 “very low” and 7 is “very high”.)

5. Given what you know so far, how similar would you say you are to this financial planner?

(Rate on a scale of 1 to 7 with one being “extremely dissimilar” and 7 being extremely similar.”)

Measurement

Table 3.1. *Measurement of Dependent Variables*

Variable	Measurement
Likeliness to hire financial planner	An ordinal variable measured on a 7-point scale with higher scores indicating higher likeliness to hire financial planner.
Likeliness to take financial planner’s advice	An ordinal variable measured on a 7-point scale with higher scores indicating higher likeliness to take financial planner’s advice.
Likeliness to trust financial planner	An ordinal variable measured on a 7-point scale with higher scores indicating higher likeliness to trust financial planner.
Perceived competence of financial planner	An ordinal variable measured on a 7-point scale with higher scores indicating higher perceived competence of financial planner.
Perceived similarity with financial planner	An ordinal variable measured on a 7-point scale with higher scores indicating higher perceived similarity with financial planner.

Demographic and Other Questions

After the screening questions, additional demographic and other questions were asked. These questions were not asked at the beginning of the survey, as some of them may have been deemed as sensitive. It is good practice for survey completion to leave sensitive questions towards the middle of a survey (Miller, n.d.). In addition, asking some of these questions sooner in the survey might have induced social desirability bias.

Perceived race of financial planner. The financial planners' names being used in this study have been highly correlated with being either a Black or White name (Gaddis, 2017). There is no guarantee that the respondents will properly identify the hypothetical planner as either Black or White. As such, a question was added to capture whether the assigned racial identity of the planner was correctly assumed. In other words, this question tested whether the race manipulation worked. The question was, "If you had to guess, which racial and/or ethnic group does the financial planner in the scenario that you just read belong to?" The respondent had six options to choose from: Asian, Black, Hispanic, Latino/a, or Latinx, Native-American, Other, or White.

Education. Respondents chose their education level from five categories including the following choices: less than high school, high school, some college, bachelor's degree, and master's degree or higher.

Marital status. Respondents chose from five marital categories including: currently married, divorced, widowed, separated, and never married. These categories reflect those that are reported in the U.S. Census Bureau 2018 American Community Survey.

Employment status. Respondents chose their employment status from three categories: employed, retired, or not employed.

Retirement plan. Respondents were asked in a yes or no question if they had a retirement plan such as an/a IRA, 403(b), 401(k), SEP IRA, SIMPLE IRA, TSP, pension, etc.

Subjective financial knowledge. Financial knowledge was assessed on a Likert-type scale from one to seven, where one means very low and seven means very high.

Risk tolerance. Risk tolerance was assessed on a Likert-type scale from one to ten, where one means not at all willing to take financial risks and ten means very willing to take financial risks.

Investable assets. It was important to understand the amount of investable assets a respondent possessed given that, traditionally, many financial planners have required their clients to have a minimum amount of investable money before engaging in financial planning relationships. Respondents were asked to select a category that reflected the amount of money they currently have in investable assets. They could have chosen to reflect money that was already invested or that could be invested in brokerage or retirement accounts. The choices given to respondents were: (a) less than \$25,000; (b) \$25,000 - \$49,999; (c) \$50,000 - \$99,999; (d) \$100,000 - \$250,000; and (e) More than \$250,000.

Experience with gender and racial discrimination. Prior research has suggested that those who have experienced discrimination may be more inclined to work with similar others (Chen et al., 2005; Malat & van Ryn, 2005). Two questions were asked to capture these data: (a) Have you ever experienced discrimination based on your gender when hiring a professional to provide a service? and (b) Have you ever experienced discrimination based on your race when hiring a professional to provide a service?

Missing Data

Since every question was required to complete the survey and no partial responses were used in the analyses, there was no missing data. There were respondents who started the survey and did not finish, but their responses were not counted. It is not suspected that survey attrition was related to the survey itself, and, therefore, attrition was treated as random. Yet, it is possible that some cases in which respondents dropped out were not random given the nature of this study and the sensitivity of examining topics such as race and gender. Nevertheless, an attempt was made through the experimental design to mask the true intentions of the study and limit the potential discomforts associated with race and gender questions.

Statistical Analyses

There were several steps involved in the statistical analysis process, which used SAS v. 9.4. The data were investigated starting at the univariate and bivariate levels. Simple descriptive statistics of the entire sample were produced. Frequencies were examined to determine the characteristics and percentage of the sample that correctly guessed their financial planner's race. This allowed the researcher to determine which respondents would be included in the final analyses. Respondents who did not correctly guess the race of their financial planner were excluded. As an additional measure, frequencies were also run to determine which respondents perceived racial similarity, even if it was not present. The mean scores for all five dependent variables were calculated and categorized by race and gender. These scores were analyzed on both full scales and collapsed scales. This analysis allowed for the examination of any initial differences in mean ratings among consumers and planners before conducting the multivariate analyses.

The five dependent variables were seven-point Likert-type variables. Strictly these are ordinal variables, but conventionally, when there are at least seven points in this type of scale, it may be appropriate to treat it as a continuous variable. Given this and the objective to determine if there was a statistically significant difference in the mean ratings of each of the dependent variables among groups, ANOVA was initially chosen as the method of analysis. ANOVA has three key assumptions that must be met. They are assumptions of independence, normal distribution, and homogeneity. As the sample was obtained from MTurk, it was assumed that the respondents and their responses were independent from each other. To test for normality, Shapiro-Wilk tests were conducted, and the associated histograms were reviewed. To test for homogeneity, Levene's tests were on the residuals of the models. Results of both the Shapiro-Wilk and Levene's tests are detailed in Chapter 4.

Since the ANOVA assumptions were not met, ordinal logistic regression was used to conduct the multivariate analyses given its flexibility with non-normal data and suggested use with ordered and categorical Likert-type data (Allison, 2012). The ordinal logistic regression model is expressed in Equation 3.1 as:

$$\log\left(\frac{F_{Ij}}{1-F_{Ij}}\right) = \alpha_j + \beta x_i \quad j = 1, \dots, J - 1 \quad (3.1)$$

where $\beta x_i = \beta_1 x_{i1} + \beta_k x_{ik}$ (Allison, 2012). The data were analyzed so that the cumulative probabilities are defined as the probability of being in the j th category or higher rather than the default, which is that the individual, i , is in the j th category or lower (Allison, 2012). The model was estimated by maximum likelihood.

Estimated marginal means (EM means)³ and the differences of those means were estimated. For this type of model, the EM means are a function of probabilities of the outcome variables across various levels of predictor variables of interest, while averaging over levels of other predictor variables. All possible pairwise comparisons of the mean rating for each independent variable were conducted. Additionally, when interactions were significant in the model, the slice statement was used to partition the interaction so that simple effects of certain variables could be analyzed while holding levels of other variables constant.

³ In Chapter 4, the results from estimated marginal means are referred to as least squares means as EM means are produced using the lsmeans command in SAS. Additionally, SAS output for EM means is labeled as “differences of least squares means.”

Chapter 4 – Results

This chapter presents the results of the experiment using primary data collected from Amazon's MTurk. First, the descriptive statistics of the full sample used in this study are discussed. Next, descriptive results specifically related to the mechanism of conveying race by name are presented followed by details of the reduced sample used for race analyses. Then, the steps taken to determine the appropriate statistical analyses to use in the study and the rationale for collapsing the dependent variables are described. In the next section, results from a series of cumulative logit models are reported. These cumulative logit models were used to predict the effects of race and gender on the following dependent variables: (a) the likelihood to hire a financial planner, (b) the likelihood to take a financial planner's advice, (c) the likelihood to trust a financial planner, (d) the perception of financial planner competence, and (e) the perception of similarity to a financial planner. Lastly, a summary of results is reported.

Descriptive Statistics

A complete descriptive, non-weighted statistics table is shown below in Table 4.1. There were a total of 777 respondents in the full sample. There were 169 Black respondents and 608 White respondents. The sample comprised of 364 females and 413 males. The mean age of the respondents was 38.82 years old ($SD = 10.70$); the youngest was 25 years old, and the oldest was 87 years old. Most respondents (38%) fell into the lowest income group in the survey, which was the \$63,180 to \$79,452 income group. The sample was highly educated with 79% holding a bachelor's degree or higher and 29% holding a master's degree or higher. Only 4.5% of the sample had a high school diploma as their highest level of education. None of the respondents in the sample had completed an educational level less than high school. Black respondents had higher levels of education than Whites. Almost three-fourths of the respondents were married

(72%), and 92% were employed. While most of the respondents stated that they owned a retirement account (69%), most of them reported holding investable assets, retirement and non-retirement, totaling less than \$25,000. The mean subjective financial knowledge score, on a scale from one to seven, was 4.88 ($SD = 1.26$), and the mean score for risk tolerance, on a scale from one to ten, was 5.95 ($SD = 2.35$).

In the experiment, respondents were randomized into one of four hypothetical scenarios in which they were assigned a financial planner. The planners consisted of a Black female (Tanisha Washington), a Black male (Tremayne Washington), a White female (Laurie Becker), and a White male (Hunter Becker). The greatest percentage of respondents was randomized into the Hunter Becker scenario (26.64%) with the other three planners sharing a roughly equal share of the respondents - 24.84% were assigned to Laurie Becker, 24.71% were assigned to Tanisha Washington, and 23.81% were assigned to Tremayne Washington.

Table 4.1. *Characteristics of Total Sample (N = 777)*

Variables	Total Sample		Black Respondents		White Respondents	
	N = 777	Proportion %	N = 169	Proportion %	N = 608	Proportion %
Race						
Black	22%	-	-	-	-	-
White	78%	-	-	-	-	-
Gender						
Female	47%	-	36%	-	50%	-
Male	53%	-	64%	-	50%	-
Age (years)	-	38.82 (10.70)	-	35.20 (8.93)	-	39.83 (10.93)
		Range 25 – 87		Range 25 - 70		Range 25 - 87
Household Income						
\$63,180 - \$79,542	38%	-	47%	-	36%	-
\$79,543 - \$100,162	31%	-	37%	-	30%	-
\$100,163 - \$130,000	14%	-	7%	-	17%	-

Variables	Total Sample		Black Respondents		White Respondents	
	N = 777	M (SD)	N = 169	M (SD)	N = 608	M (SD)
\$130,001 - \$184,292	11%	-	8%	-	11%	-
\$184,293 - \$248,728	4%	-	1%	-	5%	-
More than \$248,728	2%	-	0%	-	2%	-
Education						
High school grad	5%	-	3%	-	5%	-
Some college	16%	-	11%	-	18%	-
Bachelor's degree	50%	-	50%	-	50%	-
Master's degree or higher	29%	-	37%	-	27%	-
Marital Status						
Single	28%	-	30%	-	28%	-
Married	72%	-	70%	-	72%	-
Employment Status						

Variables	Total Sample		Black Respondents		White Respondents	
	N = 777	M (SD)	N = 169	M (SD)	N = 608	M (SD)
Employed	92%	-	96%	-	90%	-
Retired	3%	-	2%	-	3%	-
Not employed	5%	-	2%	-	7%	-
Retirement Plan						
Yes	69%	-	53%	-	73%	-
Subjective Financial Knowledge						
Both Genders	-	4.88 (1.26)	-	5.28 (1.29)	-	4.77 (1.23)
Females Only	-	4.51 (1.29)	-	4.75 (1.52)	-	4.46 (1.23)
Risk Tolerance						
Both Genders	-	5.95 (2.35)	-	7.14 (2.22)	-	6.62 (2.28)
Females Only	-	5.27 (2.31)	-	6.05 (2.48)	-	5.11 (2.25)
Investable Assets						
Less than \$25,000	29%	-	31%	-	31%	-

Variables	Total Sample		Black Respondents		White Respondents	
	N = 777		N = 169		N = 608	
\$25,000 - \$49,999	17%	-	16%	-	16%	-
\$50,000 - \$99,999	27%	-	22%	-	22%	-
\$100,000 - \$250,000	16%	-	18%	-	18%	-
More than \$250,000	11%	-	13%	-	13%	-
Experienced Gender Discrimination When Hiring Service Provider						
Yes – All	21%	-	30%	-	19%	-
Yes – Females Only	25%	-	25%	-	25%	-
Experienced Racial Discrimination When Hiring Service Provider						
Yes - All	16%	-	37%	-	10%	-
Yes – Females Only	13%	-	28%	-	10%	-

Note: Percentages rounded up to nearest whole number, and therefore, percentages may not equal 100%.

Descriptive Statistics of The Dependent Variables

A descriptive analysis was conducted on each of the five dependent variables to investigate any differences in the mean ratings among consumers and planner by race and gender using the full scale which ranged from 1 to 7. Tables 4.2 and 4.3 report the descriptive statistics of the dependent variables.

Likelihood to hire financial planner. When analyzing the descriptive results on the dependent variable, likelihood to hire a financial planner, Black respondents ($M = 5.69$) gave higher ratings to financial planners in general than White respondents ($M = 5.42$). Black respondents gave higher ratings to Black financial planners ($M = 5.76$) than they did for White financial planners ($M = 5.56$). For White respondents, the results were not the same. White respondents reported a slightly higher mean score for Black planners (5.45) as compared to White planners (5.40).

Regarding gender, the descriptive statistics showed that females ($M = 5.68$) gave higher ratings on the likelihood to hire than males ($M = 5.28$). Both female respondents ($M = 5.76$) and male respondents ($M = 5.41$) gave higher ratings to female planners than to male planners. Females gave an average score of 5.61 to male planners while males gave an average score of 5.17 to male planners.

Likelihood to take advice from financial planner. Black respondents gave a slightly higher rating on the likelihood to take advice from a financial planner than White respondents ($M = 5.66$ versus $M = 5.64$, respectively). Similarly, Black respondents gave a slightly higher rating to Black financial planners ($M = 5.68$) on likelihood to take advice than they did White financial planners ($M = 5.62$). White respondents, on the other hand, gave slightly higher ratings to Black planners ($M = 5.65$) than White planners ($M = 5.62$).

The average reported mean score for female respondents on the likelihood to hire variable was 5.78; it was 5.48 for male respondents. Female respondents had slightly higher reported mean scores when rating female planners ($M = 5.82$) than male planners ($M = 5.74$). Male respondents gave much higher mean scores when rating female planners ($M = 5.60$) rather than male planners ($M = 5.37$).

Likelihood to trust financial planner. Black respondents ($M = 5.59$) were slightly less likely to trust financial planners, in general, when compared to White respondents ($M = 5.63$). Black respondents gave Black planners ($M = 5.63$) higher ratings than White planners ($M = 5.53$), but White respondents gave slightly higher trust ratings to Black planners ($M = 5.69$) than White planners ($M = 5.58$).

In the descriptive statistics, female respondents ($M = 5.73$) gave higher ratings on the trust variable than did male respondents ($M = 5.49$). Female respondents gave female planners ($M = 5.82$) higher scores than they did male planners ($M = 5.64$). Male respondents gave higher trust ratings to female planners ($M = 5.59$) than male planners ($M = 5.41$).

Perceptions of competence of financial planner. Black respondents gave overall lower ratings on perceptions of financial planner competence ($M = 5.85$) than did White respondents ($M = 5.98$). This is the only variable for which the reported mean score given by Black respondents to Black planners ($M = 5.80$) was lower than what was given to White planners ($M = 5.94$). White respondents, on the other hand, gave a higher rating to Black planners ($M = 6.08$) than they did to White planners ($M = 5.90$). The 6.08 rating on financial planner competence was the highest reported mean in comparing ratings for all dependent variables in the descriptive analysis on race or gender.

Females ($M = 5.95$) had higher reported mean ratings than males ($M = 5.81$) on their perceptions of financial planner competence. Female respondents gave higher ratings to female planners ($M = 5.98$) than they did to male planners ($M = 5.91$). Male respondents gave female planners ($M = 5.88$) higher ratings on financial planner competence than they did male planners ($M = 5.75$).

Perceptions of similarity to financial planner. Black respondents ($M = 5.05$) gave higher scores on the similarity to the financial planner variable than did White respondents ($M = 4.40$). Likewise, Black respondents gave much higher scores to Black planners ($M = 5.29$) on similarity than they did White planners ($M = 4.65$). This variable was the only one in which White respondents rated White planners ($M = 4.52$) higher than Black planners ($M = 4.24$).

The similarity variable is the only measure in which female respondents ($M = 4.54$) gave lower overall mean scores than male respondents ($M = 4.75$). Female respondents still gave higher scores to female planners ($M = 4.71$) than male planners ($M = 4.37$) on similarity. Male respondents gave female planners ($M = 4.86$) higher ratings on similarity than they did male planners ($M = 4.65$).

In summary, Black respondents gave higher ratings in more categories than White respondents. Black respondents rated Black planners higher than White planners in all categories except perceived competence. White respondents rated White planners lower than Black planners in all categories except perceived similarity. Regarding gender, female respondents gave higher scores overall than male respondents except on the perceived similarity variable. Surprisingly, both females and males gave higher ratings to females on every dependent variable.

Table 4.2. *Mean Rating Scores for Dependent Variables by Race (Full Scales, Rating 1 - 7)*

Dependent Variable	Mean Rating Scores					
	Black Respondents N = 93	White Respondents N = 502	Black Respondent/ Black Planner N = 59	Black Respondent/ White Planner N = 34	White Respondent/ White Planner N = 291	White Respondent/ Black Planner N = 211
Likelihood to Hire a Financial Planner	5.69	5.42	5.76	5.56	5.40	5.45
Likelihood to Take Advice from Financial Planner	5.66	5.64	5.68	5.62	5.62	5.65
Likelihood to Trust Financial Planner	5.59	5.63	5.63	5.53	5.58	5.69
Perceptions of Competence of Financial Planner	5.85	5.98	5.80	5.94	5.90	6.08
Perceptions of Similarity to Financial Planner	5.05	4.40	5.29	4.65	4.52	4.24

Table 4.3. *Mean Rating Scores for Dependent Variables by Gender (Full Scales, Rating 1 - 7)*

Dependent Variable	Mean Rating Scores					
	Female Respondents N = 364	Male Respondents N = 413	Female Respondent/ Female Planner N = 184	Female Respondent/ Male Planner N = 180	Male Respondent/ Male Planner N = 212	Male Respondent/ Female Planner N = 201
Likelihood to Hire a Financial Planner	5.68	5.28	5.76	5.61	5.17	5.41
Likelihood to Take Advice from Financial Planner	5.78	5.48	5.82	5.74	5.37	5.60
Likelihood to Trust Financial Planner	5.73	5.49	5.82	5.64	5.41	5.59
Perceptions of Competence of Financial Planner	5.95	5.81	5.98	5.91	5.75	5.88
Perceptions of Similarity to Financial Planner	4.54	4.75	4.71	4.37	4.65	4.86

Race Mechanism

The purpose of this experiment was to examine consumers' racial and gender preferences when hiring a financial planner. While gender was conveyed to respondents through names and gender pronouns, race was not explicitly mentioned as to reduce the impact of social desirability bias. Therefore, as a subtler alternative, names were used to signify race. This manipulation is being referred to as a race mechanism in this study. As such, it is important to test whether respondents were able to appropriately guess the race of the financial planner that they were randomly assigned to. Each respondent was asked, "If you had to guess, which racial and/or ethnic group does the financial planner in the scenario that you just read belong to?" Of the 777 respondents, 72% properly guessed that the Black financial planners were Black, and 85% correctly guessed that the White planners were White. Overall, 77% of the respondents properly guessed the race of their hypothetical financial planner, and 23% incorrectly identified the race of their planner. Of those who guessed incorrectly, 39 respondents (5% of the total sample) identified their planner as Asian (10), Hispanic, Latino/a, or Latinx (8), Native-American (11), or other (10).

When considering the race of the financial planner, Tremayne Washington (black male planner) was the name, which was least correctly associated with the proper race (67% guessed correctly). Twenty-eight percent of the respondents guessed that Tremayne Washington was White, which points to issues with using this name to signal race, but it is unclear which name, the first or the last, is problematic. It would seem as if the first name is the issue because 76% of the respondents correctly guessed that Tanisha Washington (Black female planner) was Black. Regardless, the finding that 33% of the respondents guessed that Tremayne belonged to a racial group other than Black is contrary to findings conducted in previous studies on race and name

perceptions (Gaddis, 2017). Laurie Becker (White female planner) was the name that was most correctly associated with the proper race (82%), and Hunter Becker (White male planner) closely followed with 80% of the respondents guessing he was White. It is still interesting to note that 14% of the respondents guessed that both Laurie and Hunter were Black. Overall, Black respondents were more likely to correctly identify “Black” names and White respondents were more likely to correctly identify “White” names.

Race Mechanism by Race and Gender of Respondents

Tremayne Washington. There were 185 respondents who were randomized into the Tremayne scenario. These respondents were made up of 39 Black individuals (12 females and 27 males) and 146 White individuals (72 females and 74 males). Of these, 124 (67%) correctly guessed that he was Black, and 51 wrongly guessed that he was White. Of the Black respondents, 69% guessed that Tremayne was Black, and of the White respondents, 66% guessed that he was Black. Black respondents were a little more successful than White respondents at guessing Tremayne’s race. Almost 18% of Black respondents guessed that Tremayne was White, and 30% of White respondents guessed that he was White. The remaining 13% of Black respondents guessed that he belonged to another racial group, while only 4% of White respondents guessed that he belonged to another racial group. Females were better at identifying Tremayne’s race when compared to males (76% versus 59%, respectively). When combining race and gender, 75% of Black females, 67% of Black males, 76% of White females, and 57% of White males correctly guessed Tremayne’s race.

Tanisha Washington. Of the 192 respondents who were randomized into the Tanisha Washington scenario, 146 (76%) correctly guessed that she was Black. These respondents consisted of 20 Black males, 19 Black females, 77 White males, and 76 White females. Of the

Black respondents, 82% properly guessed Tanisha's race as Black, and 75% of the White respondents did the same. As with Tremayne, Black respondents were a little better than White respondents in guessing Tanisha's race. There was hardly any difference in identifying Tanisha's race by gender as 76% of both males and females correctly guessed Tanisha's race. When combining race and gender, 95% of Black females, 70% of Black males, 71% of White females, and 78% of White males correctly associated Tanisha's name with being Black.

Laurie Becker. Of the 193 respondents who were randomized into the Laurie Becker scenario, 159 correctly assessed that she was White. These respondents consisted of 29 Black males, 12 Black females, 75 White males, and 77 White females. Of the Black respondents, only 37% correctly guessed that Laurie was White, while 95% of the White respondents correctly guessed that she was White. Black respondents mostly associated Laurie with being Black (61%). Females were better at guessing Laurie's race (91%) when compared to males (75%). When combining race and gender, 67% of Black females, 24% of Black males, 95% of White females, and 95% of White males correctly associated Laurie's name with being White.

Hunter Becker. Of the 207 respondents who were randomized into the Hunter Becker scenario, 166 (80%) correctly guessed that he was White. The overall gender breakdown was 96 females and 111 males. These respondents consisted of 50 Black individuals (18 females and 32 males) and 157 White individuals (78 females and 79 males). Only 19 of the Black respondents (38%) guessed that Hunter was White, while 147 White respondents (94%) guessed that Hunter was White. Surprisingly, most of the Black respondents identified Hunter as Black (56%). There was no large gender difference in identifying Hunter's race. When combining race and gender, 50% of Black females, 31% of Black males, 94% of White females, and 94% of White males

correctly guessed Hunter's race. Table 4.4 shows all race mechanism statistics by race and gender.

Table 4.4. *Race Mechanism by Race and Gender*

Variables	Correctly Guessed Planner's Race			
	Black Respondents		White Respondents	
	Females	Males	Females	Males
Tremayne Washington (Black male planner)	75%	67%	76%	57%
Tanisha Washington (Black female planner)	95%	70%	71%	78%
Laurie Becker (White female planner)	67%	24%	95%	95%
Hunter Becker (White male planner)	50%	31%	94%	94%

Reduced Sample for Race Analyses

The hypotheses in this study tested racial and gender similarity. For example, Hypothesis 1 stated that consumers' likelihood to hire a financial planner will be higher in racially similar dyads than in racially dissimilar dyads. There are two ways of defining racial similarity in this study. One way of defining similarity could be called "actual similarity." That is to say that if a respondent who identified as Black and then properly guessed that Tanisha Washington was Black is a scenario in which there is actual racial similarity. Another way to define racial

similarity could be called “perceived similarity.” In this scenario, a respondent perceives their financial planner as sharing the same race as them, no matter if they do. For example, a Black respondent could have perceived that Laurie Becker was Black. That respondent would have been wrong in perceiving Laurie as Black. Nevertheless, the respondent’s perception is that there is a perceived similarity between themselves and the planner, even if this is not true.

Out of the entire sample of 777, 182 respondents did not correctly guess the race of the planner for which they answered questions about. In using the responses on race from these individuals, it is difficult to ascertain what is being measured if they did not identify the correct race. The remaining 595 individuals did correctly guess the race of the planner in the experiment. In answering the questions about their financial planner, these individuals had the racial identity in mind that the names were signaling. As mentioned above, there were also respondents who perceived that they shared the same race as their financial planner, when in fact, they did not. Therefore, there are two possible reduced samples that could be used when testing hypotheses that explore race in this study. The sample of respondents that guessed the planner’s race correctly could be used, or the sample of respondents that perceived the planner’s race as the same as their own could be used. Hypotheses that explore gender can use the full sample rather than a reduced one as gender hypotheses are not as affected by the ambiguity of names. Pronouns were used in addition to gender specific names to make the gender of the planner obvious.

Guessed planner’s race correctly. The first possibility is that respondents could be divided between those who correctly guessed the race of their financial planner and those who did not. Those who did not would be removed from the sample for analyses involving race. The reduced sample of those who correctly guessed the race of their financial planner in this study

equates to 595 individuals. Of those individuals, 49 are Black males, 44 are Black females, 247 are White males, and 255 are White females. Thus, only 16% of this reduced sample is Black, which is lower than the overall sample in which the representation is 22% Black. This is further evidence that, in this study, Black respondents, most notably males, were more likely than White respondents to guess incorrectly the race of their financial planner. Difficulty in conveying racial identification through names is likely part of the reason why 23% of all respondents did not correctly guess their planner's race in this study. Another explanation is that respondents who correctly guessed their planner's race might have been those who were more attentive in reading the scenario.

Perceived racial similarity. As aforementioned, some respondents perceived that they shared the same race as their planner, whether they did or not. There were 479 respondents, out of the total sample, who perceived that they were the same race as their hypothetical financial planner. Of these, 74 were Black males, 38 were Black females, 190 were White males, and 177 were White females. This reduced sample is 23% Black, greater than the overall sample and the reduced sample mentioned above. This sample is interesting because these are the individuals who perceived racial similarity, even if there was none. Of these 479 respondents, 73% were the same race as their hypothetical financial planner. If divided by race, 43% of Black males, 71% of Black females, 76% of White males, and 82% of White females perceived that they shared the same race that their planner did. Black respondents, most notably males, were most likely to perceive racial similarity when, in fact, there was none.

After evaluating the two options for reducing the sample by race, those who guessed the race of their hypothetical financial planning correctly (e.g., understood the race mechanism) were used in all hypotheses testing race. Those who did not guess the race of their planner

correctly were dropped from the sample for any hypotheses testing race due to the impossibility of interpreting their responses based on race. These respondents were not dropped for all analyses involving gender. The sample characteristics for both reduced samples are shown in

Table 4.5.

Table 4.5. *Characteristics of Reduced Sample: Guessed Planner Race Correctly (N = 595)*

Variables	Total Sample		Black Respondents		White Respondents	
	N = 595	M (SD)	N = 93	M (SD)	N = 502	M (SD)
Race						
Black	16%	-	-	-	-	-
White	84%	-	-	-	-	-
Gender						
Female	50%	-	44%	-	51%	-
Male	50%	-	53%	-	49%	-
Age (years)	-	39.83 (10.83)	-	36.13 (9.58)	-	40.51 (10.91)
		Range 25 - 76		Range 25 - 70		Range 25 - 76
Household Income						
\$63,180 - \$79,542	36%	-	47%	-	34%	-
\$79,543 - \$100,162	32%	-	39%	-	31%	-
\$100,163 - \$130,000	15%	-	8%	-	16%	-

Variables	Total Sample		Black Respondents		White Respondents	
	N = 595	M (SD)	N = 93	M (SD)	N = 502	M (SD)
\$130,001 - \$184,292	10%	-	4%	-	11%	-
\$184,293 - \$248,728	4%	-	2%	-	5%	-
More than \$248,728	2%	-	0%	-	2%	-
Education						
High school grad	5%	-	4%	-	5%	-
Some college	17%	-	16%	-	17%	-
Bachelor's degree	50%	-	42%	-	51%	-
Master's degree or Higher	29%	-	38%	-	27%	-
Marital Status						
Single	29%	-	39%	-	27%	-
Married	71%	-	61%	-	73%	-
Employment Status						

Variables	Total Sample		Black Respondents		White Respondents	
	N = 595	M (SD)	N = 93	M (SD)	N = 502	M (SD)
Employed	90%	-	94%	-	90%	-
Retired	3%	-	3%	-	3%	-
Not employed	6%	-	3%	-	7%	-
Retirement Plan						
Yes	69%	-	50%	-	73%	-
Subjective Financial Knowledge						
Both Genders	-	4.76 (1.23)	-	4.94 (1.35)	-	4.73 (1.21)
Females Only	-	4.43 (1.21)	-	4.41 (1.34)	-	4.44 (1.20)
Risk Tolerance						
Both Genders	-	5.62 (2.31)	-	6.43 (2.31)	-	5.47 (2.27)
Females Only	-	5.01 (2.25)	-	5.50 (2.33)	-	4.93 (2.22)
Investable Assets						
Less than \$25,000	33%	-	30%	-	33%	-

Variables	Total Sample		Black Respondents		White Respondents	
	N = 595	Proportion %	M (SD)	N = 93	Proportion %	M (SD)
\$25,000 - \$49,999	17%	-	-	19%	-	17%
\$50,000 - \$99,999	22%	-	-	41%	-	19%
\$100,000 - \$250,000	16%	-	-	9%	-	18%
More than \$250,000	12%	-	-	1%	-	14%
Experienced Gender Discrimination When Hiring Service Provider						
Yes – All	18%	-	-	23%	-	18%
Yes – Females Only	24%	-	-	20%	-	25%
Experienced Racial Discrimination When Hiring Service Provider						
Yes – All	12%	-	-	31%	-	8%
Yes – Females Only	11%	-	-	27%	-	8%

Note: Percentages rounded up to nearest whole number and therefore, percentages may not equal 100%.

Statistical Analyses

The dependent variables used in this analysis were ordinal, continuous variables with a seven-point Likert-type scale. Therefore, ANOVA was chosen as the initial method of analysis. Before moving forward with the ANOVA analyses, assumption checks were conducted. ANOVA has three key assumptions. These assumptions are (a) residuals of the model are independent, (b) the residuals of the model are normally distributed, and (c) the variability of the outcome is homogenous.

Since the study's sample was obtained from MTurk, it was assumed that respondents and their responses were independent from one another. To test whether the residuals were normally distributed, a Shapiro-Wilk test was conducted on each hypothesis. Results from Shapiro-Wilk tests reveal whether the distribution of the sample is significantly different from a normal distribution (Fields & Miles, 2010). If the test is significant ($p < .05$), this reveals that the distribution is likely significantly different from a normal distribution and that the results from an ANOVA are less reliable than another method (Fields & Miles, 2010). When the Shapiro-Wilk tests were run for this study, the assumption of normality for each hypothesis was violated as evidenced by significant p-values. This result was confirmed through visual examination of histograms, which showed strong left skew in the residuals of the model.

Levene's tests test whether the difference between the variances is zero (Fields & Miles, 2010). If the test is significant ($p < .05$), then assumptions of homogeneity have been violated, and the results from the ANOVA are less reliable than another method (Fields & Miles, 2010). For the current study, the results of the Levene's tests showed that the standards of deviation were significantly different from each other, and thus, the assumptions of homogeneity were violated for two of the ten hypotheses. The results are presented in Table 4.6.

Table 4.6. *Results of Shapiro-Wilk and Levene's Tests for ANOVA Models*

Hypothesis	<i>p</i> value for Shapiro-Wilk	<i>p</i> value for Levene's Test
Likelihood to Hire (Race)	<.001*	.10
Likelihood to Hire (Gender)	<.001*	.01*
Likelihood to Take Advice (Race)	<.001*	.42
Likelihood to Take Advice (Gender)	<.001*	.003*
Likelihood to Trust (Race)	<.001*	.42
Likelihood to Trust (Gender)	<.001*	.07
Perceptions of Competence (Race)	<.001*	.42
Perceptions of Competence (Gender)	<.001*	.59
Perceptions of Similarity (Race)	<.001*	1.00
Perceptions of Similarity (Gender)	<.001*	.82

*Significant, $p \leq .05$

Because assumptions of normality were violated for each hypothesis and assumptions of homogeneity were violated for most hypotheses, it was determined that a cumulative logistic regression, which does not require a normal distribution, was a more appropriate method to use to test the hypotheses in this study.

Cumulative Logistic Regression

Cumulative, also known as ordinal, logistic regression, assumes a dependent variable that is ordinal with three or more categories. An example of an ordinal variable includes the commonly used Likert-type variables such as the ones used in this study, which can be measured on a scale from one to seven. The independent variables should be continuous, categorical, or

ordinal. In addition, cumulative logistic regression assumes proportional odds (Allison, 2012). This means that the relationship between each pair of outcome groups is not different from each other, and therefore, the effect of an independent variable remains constant at each level of increase in the dependent variable (Parry, 2016).

To test whether each hypothesis had proportional odds, a score test for the proportional odds assumption was run in the SAS statistical software (version 9.4). If the results were significant ($p < .05$), then the proportional odds assumption had been violated. Initially, some hypotheses failed this test. To remedy this problem, the categories within the five dependent variables for the hypotheses were collapsed. For the variables (a) likelihood to hire a financial planner, (b) likelihood to take the financial planner's advice, (c) likelihood to trust the financial planner, and (d) perceived similarity to financial planner, responses in the categories between one and three were collapsed into one category, as very few respondents chose answers falling into these categories. For the variable that rated the respondents' perception of the financial planner's competence, categories one through five were combined to create one category, as most responses for this variable were concentrated in the upper two categories, six and seven. Tables 4.7 and 4.8 show the mean rating scores for the collapsed dependent variables by race and gender.

Table 4.7. *Mean Rating Scores for Dependent Variables by Race (Collapsed Scales)*

Outcome Variable	Mean Rating Scores					
	Black Respondents N = 93	White Respondents N = 502	Black Respondent/ Black Planner N = 59	Black Respondent/ White Planner N = 34	White Respondent/ White Planner N = 291	White Respondent/ Black Planner N = 211
Likelihood to Hire a Financial Planner (Scale = 1-5)	3.71	3.52	3.76	3.62	3.48	3.57
Likelihood to Take Advice from Financial Planner (Scale = 1-5)	3.68	3.68	3.68	3.68	3.65	3.71
Likelihood to Trust Financial Planner (Scale = 1-5)	3.61	3.65	3.66	3.53	3.60	3.73
Perceptions of Competence of Financial Planner (Scale = 1-3)	1.99	2.10	1.90	2.15	2.01	2.23
Perceptions of Similarity to Financial Planner (Scale = 1-5)	3.13	2.52	3.32	2.79	2.62	2.39

Table 4.8. *Mean Rating Scores for Dependent Variables by Gender (Collapsed Scales)*

Outcome Variable	Mean Rating Scores					
	Female Respondents N = 364	Male Respondents N = 413	Female Respondent/ Female Planner N = 184	Female Respondent/ Male Planner N = 180	Male Respondent/ Male Planner N = 212	Male Respondent/ Female Planner N = 201
Likelihood to Hire a Financial Planner (Scale = 1-5)	3.72	3.40	3.79	3.65	3.31	3.50
Likelihood to Take Advice from Financial Planner (Scale = 1-5)	3.79	3.54	3.83	3.75	3.43	3.65
Likelihood to Trust Financial Planner (Scale = 1-5)	3.74	3.53	3.84	3.64	3.44	3.64
Perceptions of Competence of Financial Planner (Scale = 1-3)	2.07	1.99	2.10	2.03	1.92	2.06
Perceptions of Similarity to Financial Planner (Scale = 1-5)	2.66	2.85	2.79	2.52	2.76	2.94

After collapsing all five dependent variables into fewer categories, the proportional odds assumptions for all hypotheses were met, indicating that the ordinal restrictions were valid (Allison, 2012) and that “the predicted probabilities from the model will be similar to the observed proportions” (Parry, 2016, para. 16). As such, collapsed variables were used in all cumulative logistic models.

Analysis of Likelihood to Hire a Financial Planner

An ordinal logistic regression was run to examine whether, in general, respondents were likely to hire a particular financial planner over another regardless of the respondent’s gender or race. Results are presented in Table 4.9.

When this analysis was conducted on the full sample, the results show that the model was not significant, $\chi^2(3) = 4.96, p = .17$, and therefore, respondents were not likely to hire any particular planner over the others. A cumulative logistic regression was also run on the reduced samples. When conducted using only those who correctly guessed the race of their planner, the model was not significant, $\chi^2(3) = 6.93, p = .07$. Likewise, when conducted using only those who perceived sameness in race between themselves and their planner, the model was not significant, $\chi^2(3) = 6.91, p = .07$

Table 4.9. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Hire a Financial Planner Overall (N = 777)*

Variables	B	SE	OR
Intercept 5	-1.27***	0.13	0.22
Intercept 4	0.43**	0.11	1.22
Intercept 3	1.87***	0.13	4.86
Intercept 2	2.63***	0.17	10.61
Black Female Planner	-	-	-
White Female Planner	0.04	0.18	1.04
Black Male Planner	-0.25	0.19	0.78
White Male Planner	-0.28	0.18	0.76

Note: $R^2 = .01$ (Cox & Snell), .01 (Nagelkerke). Model $\chi^2(3) = 3.33, p = .34$
 $*p < .05, **p < .01, ***p < .001$

Research Question 1: Race and Likelihood to Hire a Financial Planner

A cumulative logit model was estimated to investigate whether the respondent's race, planner's race, and the interaction of the two predict the likelihood to hire a financial planner. The results using the full sample are shown in Table 4.10. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 8.78, p = .46$. The model was not significant, $\chi^2(3) = 3.33, p = .34$. Based on the results from the Type 3 analysis of effects, overall, respondent race ($p = .32$) and the planner race ($p = .35$) were not significant either. This means that, overall, there was no statistical evidence to support that any particular race of respondents was more likely to hire a financial planner over another. It also means that no

particular race of planner was more likely to be hired. In addition, the interaction between respondent race and planner race was not significant ($p = .98$).

Table 4.10. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Hire a Financial Planner by Race (N = 595)*

Variables	B	SE	OR
Intercept 5	-1.53***	0.13	0.22
Intercept 4	0.29	0.11	1.22
Intercept 3	1.58***	0.13	4.86
Intercept 2	2.36***	0.17	10.61
Respondent Race (Black)	0.21	0.33	1.24
Planner Race (Black)	0.20	0.16	1.22
Respondent Race (Black) x Planner Race (Black)	-0.01	0.42	0.99

Note: $R^2 = .01$ (Cox & Snell), .01 (Nagelkerke), c-statistic = .53.

* $p < .05$, ** $p < .01$, *** $p < .001$

Cumulative Logistic Regression with Covariates for Research Question 1

A follow-up analysis with control variables was conducted to determine if random assignment worked and if there were systematic differences in the subgroups which might have been related to the insignificant results. The covariates included were education, amount of investable assets, marital status, age, risk tolerance, and subjective financial knowledge. Initially, income was included in the model, but since the score test for the proportional odds assumption was not met when including this variable, it was removed. For this model, the score test for the

proportional odds assumption was satisfactory, $\chi^2(42) = 48.97, p = .21$. The likelihood ratio indicated overall model significance, $\chi^2(14) = 36.80, p < .001$. Respondent race ($p = .85$), planner race ($p = .39$), and the interaction of the two ($p = .94$) were not significant. This analysis, which can be found in Appendix C, Table A.1, indicates that even after controlling for covariates, there is no relationship between race and the likelihood to hire a financial planner.

Research Question 2: Gender and Likelihood to Hire a Financial Planner

An ordered logit model with proportional odds was estimated to investigate whether the respondent's gender, planner's gender, and the interaction of the two predict the likelihood to hire a financial planner. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 6.32, p = .71$. The model was significant, $\chi^2(3) = 17.53, p < .001$. Respondent gender ($p < .001$) and planner gender ($p = .03$) were also significant based on Type 3 analysis of effects. This indicates that there is a statistically significant difference in female and male respondents' ratings on the likelihood to hire variable. This also indicates that there is a statistically significant difference in how male planners and female planners are rated when it comes to the likelihood to hire them. The interaction between respondent gender and planner gender was not significant ($p = .78$). The results can be found in Table 4.11.

Table 4.11. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:
Likelihood to Hire a Financial Planner by Gender (N = 777)

Variables	B	SE	OR
Intercept 5	-1.78***	0.14	0.17
Intercept 4	-0.06	0.14	0.94
Intercept 3	1.39***	0.16	4.00
Intercept 2	2.15***	0.18	8.62
Respondent Gender (Female)	0.50**	0.19	1.65
Planner Gender (Female)	0.32*	0.19	1.37
Respondent Gender (Female) x Planner Gender (Female)	-0.07	0.08	0.93

Note: R² = .02 (Cox & Snell), .02 (Nagelkerke), c-statistic = .56.

*p < .05, **p < .01, ***p < .001

Specifically, females were more likely than males to give higher ratings to planners on the likelihood to hire variable. Female respondents had 1.59 times the odds of rating a financial planner in a higher ordered category for likelihood to hire when compared to males.

Additionally, female planners were more likely than male planners to receive higher ratings. Specifically, female planners had 1.32 times the odds of being rated in a higher ordered category than male planners. See results in Table 4.12.

Table 4.12. Results from Cumulative Logit Model, Differences of Least Squares Means:

Likelihood to Hire Financial Planner by Gender

Variables	B	SE	OR
Female Respondent vs. Male Respondent	0.46***	0.13	1.59
Female Planner vs. Male Planner	0.28*	0.13	1.32

* $p < .05$, ** $p < .01$, *** $p < .001$

Cumulative Logistic Regression with Covariates for Research Question 2

As with research question 1, an analysis was run to test whether random assignment worked and if there were systematic differences in the subgroups. The covariates included were education, amount of investable assets, marital status, age, risk tolerance, and subjective financial knowledge. For this model, the score test for the proportional odds assumption was $\chi^2(42) = 46.50, p = .29$. The likelihood ratio indicated overall model significance, $\chi^2(14) = 65.87, p < .001$. As in the gender model without covariates, both respondent gender ($p < .001$) and planner gender ($p = .03$) were significant. This analysis, which can be found in Appendix C, Table A.2, indicates that after controlling for those variables, the relationship between gender and the likelihood to hire a financial planner remains, and there is no significance found with the interaction term.

Interactions: Race, Gender, and Likelihood to Hire a Financial Planner

An additional cumulative logit model was estimated to investigate the main effects of respondent race and gender as well as two-way, three-way, and four-way interaction effects, including respondent race, planner race, respondent gender and planner gender, to predict the likelihood to hire a financial planner. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(45) = 53.01, p = .19$. The model was significant, $\chi^2(15) =$

40.05, $p < .001$. Based on results from the Type 3 analysis of effects, the main effects were not significant; two interaction effects were significant. A two-way interaction, respondent gender and respondent race, was significant ($p = .02$) as well as a three-way interaction that included respondent gender, planner race, and planner gender ($p = .03$). Results from the analysis of maximum likelihood estimates output are presented in Tables 4.13.

Table 4.13. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take a Financial Planner's Advice by Race and Gender - Interactions (N = 595)*

Variables	B	SE	OR
Intercept 5	-2.17***	0.23	0.11
Intercept 4	-0.37	0.21	0.69
Intercept 3	1.07***	0.22	2.91
Intercept 2	1.87***	0.24	6.47
Respondent Race (Black)	0.29	0.61	1.34
Planner Race (Black)	0.10	0.35	1.10
Respondent Gender (Female)	0.70*	0.30	2.02
Planner Gender (Female)	0.65*	0.80	1.92
Respondent Race (Black) x Planner Race (Black)	0.74	0.89	2.11
Respondent Gender (Female) x Respondent Race (Black)	0.53	0.95	1.70
Respondent Race (Black) x Planner Gender (Female)	0.25	0.48	1.28

Variables	B	SE	OR
Respondent Gender (Female) x	0.28	0.47	1.33
Planner Race (Black)			
Planner Race (Black) x	-0.45	0.47	0.64
Planner Gender (Female)			
Respondent Gender (Female) x	-0.39	0.42	0.68
Planner Gender (Female)			
Respondent Gender (Female) x	-2.57*	1.22	0.08
Respondent Race (Black) x			
Planner Race (Black)			
Respondent Race (Black) x	-0.43	1.20	0.65
Planner Race (Black) x			
Planner Gender (Female)			
Respondent Gender (Female) x	-1.73	1.33	0.18
Respondent Race (Black) x			
Planner Gender (Female)			
Respondent Gender (Female) x	0.65	0.66	1.91
Planner Race (Black) x			
Planner Gender (Female)			
Respondent Gender (Female) x	2.56	1.73	12.91
Respondent Race (Black) x			
Planner Race (Black) x			
Planner Gender (Female)			

Note: $R^2 = .07$ (Cox & Snell), $.07$ (Nagelkerke), c-statistic = $.61$.
 $*p < .05$, $**p < .01$, $***p < .001$

Table 4.14 highlights the specifics of the significant two-way interactions. Regarding race and gender, White females had 2.25 times the odds of giving a higher rating on the likelihood to hire variable than White males. Black males were also significantly more likely to give higher ratings than White males. Black males had 1.97 times the odds of giving a higher ordered rating on the likelihood to hire variable when compared to White males.

Follow-up chi-square tests for the two-way interaction showed that when the respondent was a male, his race was statistically significant regarding the rating he gave for likelihood to hire, $\chi^2(1) = 5.01, p = .03$. When respondents were female, their race was not statistically significant, $\chi^2(1) = 0.95, p = .33$. Another chi-square test showed that when the respondent was White, gender was statistically significant in determining a respondent's likelihood to hire rating, $\chi^2(1) = 23.33, p < .001$. When the respondent was Black, gender was not statistically significant in determining the likelihood to hire rating, $\chi^2(1) = .18, p = .67$.

Table 4.14. Results from Cumulative Logit Model, Differences of Least Squares Means:
Likelihood to Hire a Financial Planner by Race and Gender, Two-Way Interaction - Respondent
Race x Respondent Gender

Variables	B	SE	OR
White Female Respondent vs. White Male Respondent	0.81***	0.17	2.25
Black Male Respondent vs. White Male Respondent	0.68*	0.30	1.97

* $p < .05$, ** $p < .01$, *** $p < .001$

The full two-way interaction table is shown in Appendix C, Table A.3.

Table 4.15 shows the results of the significant three-way interactions. When compared to male respondents, of any race, female respondents, of any race, had 2.63 times the odds of rating White male planners in a higher ordered category on the likelihood to hire scale. Female respondents had 3.37 times the odds of rating Black female planners in a higher ordered category when compared to male respondents rating White male planners. Female respondents had 2.11 times the odds of rating Black female planners in a higher ordered category when compared to male respondents rating Black male planners.

Table 4.15. Results from Cumulative Logit Model, Differences of Least Squares Means:

Likelihood to Hire a Financial Planner by Race and Gender, Three-Way Interaction -

*Respondent Gender * Planner Race x Planner Gender*

Variables	B	SE	OR
Female Respondent x White Male Planner vs. Male	0.19*	0.45	2.63
Respondent x White Male Planner			
Female Respondent x Black Female Planner vs.	1.22**	0.40	3.37
Male Respondent x White Male Planner			
Female Respondent x Black Female Planner vs.	0.75*	0.36	2.11
Male Respondent x Black Male Planner			

* $p < .05$, ** $p < .01$, *** $p < .001$

The full three-way interaction table is shown in Appendix C, Table A.4.

Follow-up chi-square tests for the three-way interaction showed that the respondent's gender was statistically significant ($\chi^2(1) = 4.68, p = .03$) when giving a likelihood to hire rating to a White male planner. The three-way interaction was not significant when the planners were Black males ($\chi^2(1) = .01, p = .93$), White females ($\chi^2(1) = .34, p = .56$), or Black females ($\chi^2(1) = 3.01, p = .08$). Another chi-square test on the same interaction showed borderline statistical significance ($\chi^2(1) = 3.62, p = .06$) for planner gender when the respondent was a female and the planner was Black.

Research Question 3: Race and Likelihood to Take a Financial Planner's Advice

A cumulative logistic regression model was estimated to investigate whether the respondent's race, planner's race, and the interaction of the two predict the likelihood to take a financial planner's advice. Results are shown in Table 4.16. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 10.90, p = .28$. The model was not significant, $\chi^2(3) = 0.90, p = .83$. Based on results from the Type 3 analysis of effects, overall, respondent race ($p = .68$) and the planner race ($p = .87$) were not significant either. In addition, the interaction between respondent race and planner race was not significant ($p = .63$).

Table 4.16. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take A Financial Planner's Advice by Race (N = 595)*

Variables	B	SE	OR
Intercept 5	-1.15***	0.12	0.32
Intercept 4	0.41**	0.11	1.51
Intercept 3	1.85***	0.14	6.37
Intercept 2	2.83***	0.20	16.89
Respondent Race (Black)	0.02	0.33	1.02
Planner Race (Black)	0.14	0.16	1.15
Respondent Race (Black) x Planner Race (Black)	-0.20	0.42	0.82

Note: R² = .00 (Cox & Snell), .00 (Nagelkerke), c-statistic = .52.
* $p < .05$, ** $p < .01$, *** $p < .001$

Research Question 4: Gender and Likelihood to Take a Financial Planner's Advice

An ordered logit model with proportional odds was estimated to investigate whether the respondent's gender, planner's gender, and the interaction of the two predict the likelihood to hire a financial planner. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 15.18, p = .09$. The model was significant, $\chi^2(3) = 10.10, p = .02$. Respondent gender ($p = .01$) was significant based on Type 3 analysis of effects. This means that there is a statistically significant difference in female and male respondents' ratings on the likelihood to take a financial planner's advice variable. Results can be found in Table 4.17. Planner gender ($p = .20$) and the interaction between respondent gender and planner gender ($p = .63$) were not significant.

Table 4.17. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Likelihood to Take a Financial Planner's Advice by Gender (N = 777)*

Variables	B	SE	OR
Intercept 5	-1.44***	0.14	0.24
Intercept 4	0.12	0.13	1.12
Intercept 3	1.54***	0.14	4.65
Intercept 2	2.55***	0.18	12.80
Respondent Gender (Female)	0.40*	0.18	1.49
Planner Gender (Female)	0.29	0.18	1.34

Variables	B	SE	OR
Respondent Gender (Female) x	-0.12	0.26	0.88
Planner Gender (Female)			

Note: $R^2 = .02$ (Cox & Snell), .02 (Nagelkerke), c-statistic = .55.
 $*p < .05$, $**p < .01$, $***p < .001$

Specifically, female respondents were more likely than males to take a financial planner's advice. Female respondents had 1.40 times the odds of being in a higher ordered category on the likelihood to take advice variable when compared to male respondents. Results are shown in Table 4.18.

Table 4.18. *Results from Cumulative Logit Model, Differences of Least Squares Means:*

Likelihood to Take a Financial Planner's Advice by Gender

Variables	B	SE	OR
Female Respondent vs. Male Respondent	0.28*	0.34	1.40

$*p < .05$, $**p < .01$, $***p < .001$

Research Question 5: Race and Likelihood to Trust a Financial Planner

A cumulative logistic regression model was estimated to investigate whether the respondent's race, planner's race, and the interaction of the two predict the likelihood to take a financial planner's advice. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 6.76$, $p = .66$. The model was not significant, $\chi^2(3) = 3.67$, $p = .30$ as evidenced by results from the likelihood ratio. Results are found in Table 4.19. Based on

results from the Type 3 analysis of effects, overall, respondent race ($p = .47$), planner race ($p = .19$), and the interaction between respondent race and planner race ($p = .96$) were not significant.

Table 4.19. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:*

Likelihood to Trust a Financial Planner by Race (N = 595)

Variables	B	SE	OR
Intercept 5	-1.32***	0.13	0.27
Intercept 4	0.34	0.11	1.40
Intercept 3	1.70***	0.14	5.46
Intercept 2	2.91***	0.21	18.42
Respondent Race (Black)	-0.14	0.33	0.87
Planner Race (Black)	0.29	0.16	1.33
Respondent Race (Black) x Planner Race (Black)	-0.02	0.42	0.98

Note: $R^2 = .01$ (Cox & Snell), .01 (Nagelkerke), c-statistic = .53.

* $p < .05$, ** $p < .01$, *** $p < .001$

Research Question 6: Gender and Likelihood to Trust a Financial Planner

A cumulative logistic regression model was used to explore the impact of respondent gender, financial planner gender, and the interaction of those two variables on the likelihood to trust a financial planner. The score test for the proportional odds assumption was met, $\chi^2(9) = 16.15$, $p = .06$, and the model was significant, $\chi^2(3) = 13.09$, $p = .004$. While the interaction effect was not significant, respondent gender ($p = .04$) and planner gender ($p = .004$) were significant according to the Type 3 analysis of effects. This indicates that there is a statistically

significant difference in female and male respondents' ratings on the likelihood to trust variable. In this case, female respondents gave higher trust ratings when compared to male respondents. Likewise, there was a statistically significant difference in the ratings that planners received based on their gender. Specifically, female planners received higher trust ratings than male planners. Table 4.20 shows the results from the analysis of maximum likelihood estimates.

*Table 4.20. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:
Likelihood to Trust a Financial Planner by Gender (N = 777)*

Variables	B	SE	OR
Intercept 5	-1.57***	0.14	0.21
Intercept 4	0.12	0.13	1.13
Intercept 3	1.49***	0.14	4.43
Intercept 2	2.63***	0.19	13.84
Respondent Gender (Female)	0.26	0.18	1.30
Planner Gender (Female)	0.37*	0.18	1.45
Respondent Gender (Female) x Planner Gender (Female)	0.02	0.26	1.02

Note: $R^2 = .02$ (Cox & Snell), .02 (Nagelkerke), c-statistic = .55.
 $*p < .05$, $**p < .01$, $***p < .001$

Table 4.21 shows the differences of least squares means. Female respondents had 1.31 times the odds of giving a higher ordered rating in the likelihood to trust a financial planner than male respondents. Similarly, female planners had 1.46 times the odds of being rated in a higher ordered category than male planners. In short, female planners were perceived as more trustworthy than male planners.

Table 4.21. Results from Cumulative Logit Model, Differences of Least Squares Means:
Likelihood to Trust a Financial Planner by Gender

Variables	B	SE	OR
Female Respondent vs. Male Respondent	0.27*	0.13	1.31
Female Planner vs. Male Planner	0.38**	0.13	1.46

* $p < .05$, ** $p < .01$, *** $p < .001$

Research Question 7: Race and Perception of Financial Planner Competence

Results from the cumulative logistic regression model are shown in Table 4.22. The model was estimated to determine if respondent race, planner race, and the interaction of the two predict the perception of planner competence. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(3) = 1.06$, $p = .79$. The model was significant, $\chi^2(3) = 13.70$, $p = .003$ as evidenced by results from the likelihood ratio test. Based on results from the Type 3 analysis of effects, overall, respondent race ($p = .47$) and the planner race ($p = .19$) were not significant. The interaction between respondent race and planner race was statistically significant ($p = .01$).

Table 4.22. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:
Perception of Financial Planner Competence by Race ($N = 595$)

Variables	B	SE	OR
Intercept 3	-0.85***	0.12	0.43
Intercept 2	0.91***	0.12	2.49
Respondent Race (Black)	0.31	0.34	1.37

Variables	B	SE	OR
Planner Race (Black)	0.52**	0.17	1.69
Respondent Race (Black) x Planner Race (Black)	-1.13**	0.43	0.32

Note: $R^2 = .02$ (Cox & Snell), $.03$ (Nagelkerke), c-statistic = $.53$.
 $*p < .05$, $**p < .01$, $***p < .001$

Specifically, the interaction term showed that a White respondent had 1.69 times the odds of rating their planner in a higher ordered category for competency when the planner was Black rather than White. On the other hand, a Black respondent had 44% of the odds of rating their planner in a higher ordered category for competency when the planner was Black when compared to a White respondent rating a Black planner. In this sample, it appears that White respondents were more likely to rate Black planners higher in competence when compared to any other respondent-planner combination. These results can be found in Table 4.23.

Table 4.23. Results from Cumulative Logit Model, Differences of Least Squares Means:

Perception of Financial Planner Competence by Race

Variables	B	SE	OR
White Respondent x Black Planner vs. White	0.52**	0.17	1.69
Respondent x White Planner			
Black Respondent x Black Planner vs. White	-0.81**	0.27	0.44
Respondent x Black Planner			

$*p < .05$, $**p < .01$, $***p < .001$
Only significant results shown. The full table can be found in Appendix C, Table A.5.

Further support for the findings using chi-square tests on the interaction term showed that when the respondent was White, the planner's race was statistically significant when assessing competence, $\chi^2(1) = 9.64, p = .002$, but when the respondent was Black, there was no significance. When the planner was Black, the respondent's race was statistically significant in assessing planner's competence $\chi^2(1) = 8.77, p = .003$, but when the planner was White there was not a statistically significant difference by respondent race.

Research Question 8: Gender and Perception of Financial Planner

Competence

The results of a cumulative logit model are presented below in Table 4.24. This model was used to explore the impact of respondent gender, financial planner gender, and the interaction of those two variables on the perception of financial planner competence. The score test for the proportional odds assumption was met, $\chi^2(3) = 0.55, p = .90$. The model was not significant, $\chi^2(3) = 6.05, p = .11$, and therefore, respondent gender ($p = 0.17$), planner gender ($p = 0.07$), and the interaction of the two variables ($p = 0.49$) were not significant.

Table 4.24. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Perception of Financial Planner Competence by Gender (N = 777)*

Variables	B	SE	OR
Intercept 3	-1.07***	0.14	0.34
Intercept 2	0.68***	0.13	1.98
Respondent Gender (Female)	0.27	0.19	1.32
Planner Gender (Female)	0.34	0.18	1.40

Variables	B	SE	OR
Respondent Gender (Female) x Planner Gender (Female)	-0.18	0.27	0.83

Note: $R^2 = .01$ (Cox & Snell), $.01$ (Nagelkerke), c -statistic = $.54$.

* $p < .05$, ** $p < .01$, *** $p < .001$

Research Question 9: Race and Perception of Similarity to Financial Planner

A cumulative logistic regression model examined respondent race, planner race, and the interaction of both variables on the perception of respondents' similarity to their hypothetical financial planner. The proportional odds assumption was valid as assessed by the score test for proportional odds, $\chi^2(9) = 9.08, p = .43$. The model was significant, $\chi^2(3) = 32.33, p < .001$ as evidenced by results from the likelihood ratio test. Based on results from the Type 3 analysis of effects, overall, respondent race ($p < .001$) and the interaction of respondent race and planner race ($p = .003$) were significant. This means that there was a statistically significant difference in how Blacks and Whites rated planners based on the perception of similarity. In addition, there was a statistically significant interaction between respondent race and planner race that could not be accounted for when measuring these variables individually. Planner race alone was not statistically significant ($p = .20$). Results are shown in Table 4.25.

Table 4.25. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Perception of Similarity to Financial Planner by Race (N = 595)*

Variables	B	SE	OR
Intercept 5	-2.87***	0.19	0.05
Intercept 4	-1.22***	0.12	0.29

Variables	B	SE	OR
Intercept 3	0.06	0.11	1.06
Intercept 2	1.53***	0.13	4.63
Respondent Race (Black)	0.28	0.32	1.32
Planner Race (Black)	-0.37*	0.16	0.69
Respondent Race (Black) x Planner Race (Black)	1.27**	0.42	3.57

Note: $R^2 = .05$ (Cox & Snell), .06 (Nagelkerke), c-statistic = .58.

* $p < .05$, ** $p < .01$, *** $p < .001$

Overall, Black respondents gave higher ratings than Whites on the similarity scale, regardless of the planner's race. Black respondents had 2.50 times the odds of rating a planner in a higher ordered category than White respondents. Black respondents matched with Black planners had 2.47 times the odds of being in a higher ordered category for similarity when compared to a dyad in which the respondent was Black and the planner was White. When the planner was Black and the respondent was Black, this dyad had 4.71 times the odds of being in a higher ordered category for similarity than a dyad wherein the respondent was White and the planner was Black. When Black dyads (Black planner/Black respondent) were compared to White dyads (White planner/ White respondent), Black dyads had 3.26 times the odds of being in a higher ordered category for similarity. White respondent and Black planner dyads had 69% of the odds of being in a higher ordered category than White respondent and White planner dyads. Results are shown in Table 4.26.

Table 4.26. Results from Cumulative Logit Model, Differences of Least Squares Means:
Estimating the Perception of Similarity to Financial Planner by Race

Variables	B	SE	OR
Black Respondent vs. White Respondent	0.92***	0.21	2.50
Black Respondent x Black Planner vs. Black Respondent x White Planner	0.90*	0.39	2.47
Black Respondent x Black Planner vs. White Respondent x Black Planner	1.55***	0.27	4.71
Black Respondent x Black Planner vs. White Respondent x White Planner	1.18***	0.26	3.26
White Respondent x Black Planner vs. White Respondent x White Planner	-0.37*	0.16	0.69

* $p < .05$, ** $p < .01$, *** $p < .001$
 Only significant results are displayed. Full table can be found in Appendix C, Table A.6.

Chi-square tests on the interactions further showed that planner race was statistically significant when assessing level of similarity when the respondent was Black ($\chi^2(1) = 5.44, p = .02$) or White ($\chi^2(1) = 5.13, p = .02$). Chi-square tests on the respondent race and planner race interaction also showed that when the planner was Black, the respondent's race was statistically significant in assessing level of similarity ($\chi^2(1) = 32.81, p < .001$). When the planner was White, then the respondent's race was not statistically significant in assessing the respondent's level of perceived similarity to the financial planner ($\chi^2(1) = 0.74, p = .39$).

Research Question 10: Gender and Perception of Similarity to Financial Planner

The results of a cumulative logit model present the proportional odds assumption, which was met, $\chi^2(9) = 7.33, p = .60$. The model was significant, $\chi^2(3) = 11.82, p = .01$. Respondent gender ($p = 0.02$) and planner gender ($p = 0.01$) were significant, but the interaction of the two variables was not significant ($p = 0.61$). This indicates that there was a statistically significant difference in the rating female and male respondents gave on the similarity variable. Likewise, there was a statistically significant difference in the similarity ratings given to female and male planners. The results are summarized in Tables 4.27 and 4.28.

Table 4.27. *Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates: Estimating the Perception of Similarity to Financial Planner by Gender (N = 777)*

Variables	B	SE	OR
Intercept 5	-2.47***	0.17	0.08
Intercept 4	-0.91***	0.13	0.40
Intercept 3	0.25*	0.13	1.29
Intercept 2	1.63***	0.14	5.10
Respondent Race (Black)	-0.36*	0.18	0.70
Planner Race (Black)	0.26	0.18	1.30
Respondent Race (Black) x Planner Race (Black)	0.13	0.26	1.14

Note: $R^2 = .02$ (Cox & Snell), .02 (Nagelkerke), c-statistic = .55.
* $p < .05$, ** $p < .01$, *** $p < .001$

Female respondents gave lower ratings than males on the similarity variable. In other words, females perceived that they were less like the financial planner than males did. Female respondents had 74% of the odds of rating in a higher ordered category than male respondents. Female planners were more likely to be viewed as similar to respondents than male planners. Female planners had 1.39 times the odds of being rated in a higher category on the similarity variable than male planners.

*Table 4.28. Results from Cumulative Logit Model, Differences of Least Squares Means:
Perception of Similarity to A Financial Planner by Gender*

Comparison	B	SE	OR
Female Respondent vs. Male Respondent	-0.30*	0.13	0.74
Female Planner vs. Male Planner	0.33*	0.13	1.39

* $p < .05$, ** $p < .01$, *** $p < .001$

Summary

A table displaying a summary of results is presented in Table 4.29. The results are organized by research question. Statistical significance is indicated by either “yes” or “no.”

Table 4.29. *Summary of Results by Research Question*

Research Question	Respondent	Planner	Interaction (Respondent x Planner)
1) Race and Likelihood to Hire A Financial Planner	No	No	No
2) Gender and Likelihood to Hire A Financial Planner	Yes	Yes	No
3) Race and Likelihood to Take A Financial Planner's Advice	No	No	No
4) Gender and Likelihood to Take A Financial Planner's Advice	Yes	No	No
5) Race and Likelihood to Trust A Financial Planner	No	No	No
6) Gender and Likelihood to Trust A Financial Planner	Yes	Yes	No
7) Race and Perception of Financial Planner Competence	No	No	Yes
8) Gender and Perception of Financial Planner Competence	No	No	No
9) Race and Perception of Similarity to Financial Planner	Yes	No	Yes
10) Gender and Perception of Similarity to Financial Planner	Yes	Yes	No

Yes = significant, No = not significant

Chapter 5 – Discussion and Implications

Black and female financial planners have been greatly underrepresented in their profession (CFP Board, n.d.b; CFP Board, 2018a; Paikert, 2014; U.S. Census Bureau, 2010b). In recent years, the financial planning industry has become aware of this underrepresentation and has attempted to make a business case for diversity (CFP Board, 2018b). A common assertion and assumption has been that consumers want to work with financial planners who are similar to them (CFP Board, 2018b; Dagher, 2019; Eisenberg, 2018; Green, 2015), and, therefore, diversification is imperative to attract diverse clients, particularly as the racial demographics of the United States become less White (Colby & Ortman, 2015). Empirical evidence of consumers' racial preferences when hiring financial planners has not been documented in the literature. Gender preferences have been examined to a limited extent but with mixed results (Söderberg, 2013; Sommer, MacDonald, & Lim, 2018). The purpose of this research was to use the similarity-attraction paradigm and an experimental design to investigate a series of consumers' preferences and perceptions when hiring a financial planner based on perceived race and gender. A series of ordinal logistic models was conducted to investigate the impact of race and gender on consumer decision-making as it relates to hiring a financial planner. This research is the first to examine consumers' racial preferences in financial planning. In this regard, this study was largely exploratory.

This chapter proceeds in three parts: discussion of research findings, summary of implications, and limitations and suggestions for future research. Research findings are organized and analyzed by the five dependent variable themes: likelihood to hire a financial planner, likelihood to take advice from a financial planner, likelihood to trust a financial planner,

consumer perception of financial planner competence, and consumer perception of financial planning similarity. After these are analyzed, the summary of implications will be presented and the limitations and suggestions for future research will be discussed.

Discussion of Research Findings

Likelihood to Hire A Financial Planner

The likelihood to hire a financial planner was first investigated broadly, without regard to race or gender. This was done only as a prelude to the first research question. In this case, the inquiry was whether consumers preferred one of the four financial planners. It was determined that there was no statistical significance in the preference to hire any particular financial planner over another. Although there was no hypothesis associated with this finding, it still sheds light on consumers' preferences. Because there were more White respondents in the study than Black respondents, it may have not been surprising to find that, given the similarity-attraction paradigm, either Laurie or Hunter (White planners) was preferred. That finding might have been a prelude to discovering that consumers hold similarity-based racial preferences when hiring a planner, but no such finding was uncovered. As such, the conclusion that there was no statistical significance in the likelihood to hire a particular financial planner over the others sets the overtur for the findings when race and gender of the respondent were considered in the analysis.

The questions related to likelihood to hire, which were the main foci of this study, examined consumers' likelihood to hire a financial planner while taking the respondents' races and genders and the planners' races and genders into consideration.

Research Question One: Likelihood to Hire a Financial Planner by Race

The main research question was, “Do consumers have a higher likelihood to hire financial planners that share their same race than planners of a dissimilar race?” The accompanying hypotheses were:

H₁: Consumers’ likelihood to hire a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.

H_{1a}: Black consumers’ likelihood to hire Black financial planners will be higher than Black consumers’ likelihood to hire White financial planners.

H_{1b}: White consumers’ likelihood to hire White financial planners will be higher than White consumers’ likelihood to hire Black financial planners.

It was anticipated that both race of the consumer and race of the planner would influence consumers’ likelihood to hire. Given the similarity-attraction paradigm, Black consumers would be more likely to hire Black planners, while White consumers would be more likely to hire White planners. There was no support for these hypotheses. This finding means that there is no evidence to suggest that similarity in race is a motivating factor when hiring a financial planner. Prior research has shown some support for racial concordance preference, particularly in the sales and the medical fields (Arendt & Karadas, 2019; Martin, 2005; Reynolds et al., 2015). It is a positive finding that there was no significance in racial preference when hiring a financial planner. While these results are promising, as they relate to the conversation on diversity in financial planning, further research with a larger sample and more Black respondents is warranted since consumer racial preferences in financial planning had not been examined in the literature before this study. Descriptive results of mean ratings on the likelihood to hire a financial planner showed that Black respondents gave higher ratings to Black financial planners

than they did White financial planners. A future study with a larger representation of Black respondents may have different results.

Whether there was a statistically significant difference between a Black and a White consumer's likelihood to hire a planner, regardless of race, was tested. There was no evidence supporting that either race of consumers was more likely to hire a financial planner over the other. When running the model with covariates, controlling for certain household characteristics, still, there was no significant difference between Black and White consumers' hypothetical intentions to hire a financial planner. These findings appear to be in contrast to research conducted by Chang (2005), Elmerick, Montalto, and Fox (2002), Hanna (2011) and White and Heckman (2016), which found that Black consumers were more likely than other racial and ethnic groups to hire financial planners. The discrepancy between the current study and the previous studies could be due to the fact that the latter measured actual financial planner use by consumers while the current study measured hypothetical likelihood to hire a financial planner from consumers who have never used a financial planner. Undoubtedly, these are two different pools of consumers. Nevertheless, the discrepancy warrants further investigation.

When covariates were controlled for, marital status and the amount of investable assets were significant. Some previous research had found that those who are married were more likely to work with a financial planner than single individuals (Kim, Pak, Shin, & Hanna, 2018), but others have found that single female households were more likely than married households to work with a planner (Chang, 2005; Hanna, 2011). The findings regarding investable assets contradict what is already known about level of assets and financial planner use. The literature primarily supports the idea that those who have more assets are more likely to hire a financial planner (Chang, 2005). The current study found the opposite; those who were in the lowest four

investable asset categories were more likely to hire a financial planner than those in the highest investable asset category. The reason for this is unclear, but since the respondents in this study have never used a financial planner, it could be reasoned that those with higher assets are those who might have already decided not to work with a planner. In other words, these might be individuals who are investing on their own.

There were other covariates that had been found to be associated with financial planner use in previous studies but were not found to be significant when examining the role of race in this current model. Education, age, risk tolerance, and subjective financial knowledge were not significantly associated with the likelihood to hire a financial planner in the race model.

Research Question Two: Likelihood to Hire a Financial Planner by Gender

The main research question was, “Do consumers have a higher likelihood to hire financial planners that share their same gender than planners of a different gender?” The hypotheses were:

H₂ Consumers’ likelihood to hire a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.

H_{2a}: Female consumers’ likelihood to hire female financial planners will be higher than female consumers’ likelihood to hire male financial planners.

H_{2b}: Male consumers’ likelihood to hire male financial planners will be higher than male consumers’ likelihood to hire female financial planners.

It was expected that female respondents would be more likely to hire female planners and that male planners would be more likely to hire male planners. There was no significant interaction between planner gender and consumer gender. In other words, same gendered dyads did not show a preference for their own genders as hypothesized. This finding is similar to that found by

Sommer et al. (2018) who also used the similarity-attraction paradigm as a framework. In the current study, all respondents, regardless of gender, were more likely to hire female planners. This contrasts with Lascu et al. (1997) who found that only females preferred female planners.

Female respondents were more likely to hire financial planners than male respondents. This finding is widely supported in the literature (Balasubramnian & Brisker, 2016; Cheng et al., 2019; Finke et al., 2011; Hanna, 2011). In addition, in the current study, female planners were more likely to be hired than male planners. This is an important finding as it gives support to diversity efforts to hire female financial planners. While not many studies have examined differences between male and female planners, one study suggests that female financial planners are more patient and thus more client-oriented than male planners (Nofsinger & Varma, 2009).

When covariates were controlled for, the aforementioned results remained, and marital status, investable assets, and age were significant. Married respondents were more likely to work with a financial planner than single respondents. Those in the lower four investable asset categories were more likely to hire a financial planner when compared with those in the highest investable asset category. There was a slight decrease in the likelihood to hire a financial planner as individuals aged.

Interaction Effects between Race and Gender: Likelihood to Hire a Financial Planner

To understand if there was an interaction between race and gender of respondents and planners, multi-way interactions were run. The intersection of race and gender in research is commonly referred to as intersectionality (Crenshaw, 1990). One of the two-way analyses showed that when a respondent was a male, his race was statistically significant in his likelihood to hire. More specifically, Black males were more likely to hire planners than White males. There was no association between race and gender in hiring preferences among females. Another

two-way interaction indicated that when the respondent was White, gender was significant in the likelihood to hire a planner. White females were more likely to give a higher rating to White males. No such significance was found among Black respondents.

A three-way interaction, which included respondent gender, planner race, and planner gender, found that when the planner was a White male, respondent gender was significant. White male planners received higher scores to be hired when the respondent was a female rather than male.

One of the more interesting analyses of this study investigated whether there was a four-way interaction when including a respondent's race, respondent's gender, a planner's race, and a planner's gender. This interaction, had it been significant, would have revealed preferences based on both race and gender of the respondent and the planner in the likelihood to hire a financial planner, for example, a white male consumer preferring to work with a white male planner. This four-way interaction analysis was not significant.

Summary: Likelihood to Hire a Financial Planner

In summary, the similarity-attraction paradigm did not hold when examining both race and gender as it relates to the likelihood to hire a financial planner. The non-significant findings are positive signs in making a business case for diversity. Specifically, racially similar and gender-similar dyads did not have higher ratings in likelihood to hire. There were some interesting findings related to gender. Female planners were seemingly preferred over male planners. This finding adds more support to previous studies that have uncovered similar results. This finding bolsters the initiative to increase the number of female financial planners.

Research Question Three: Likelihood to Take Advice from a Financial Planner by Race

The main inquiry for the third question was, “Do consumers have a higher likelihood to take a financial planner’s advice in racially similar dyads than in racially dissimilar dyads?” The following hypotheses were investigated:

H₃ Consumers’ likelihood to take a financial planner’s advice will be higher in racially similar dyads than in racially dissimilar dyads.

H_{3a}: Black consumers will be more likely to take Black financial planners’ advice than White financial planners’ advice.

H_{3b}: White consumers will be more likely to take White financial planners’ advice than Black planners’ advice.

It was anticipated that Black consumers would give higher ratings on the likelihood to take advice scale to Black planners and that White consumers would give higher ratings to White planners. The hypotheses were not supported. Black and White respondents did not rate planners differently, and there was no evidence that Black planners and White planners were rated any differently when it came to consumers’ likelihood to take advice. While these findings do not support the hypotheses, it is a positive revelation. It indicates that clients may be equally likely to trust financial planners from all racial groups. This finding could mean that Black financial planners might find solace and confidence in knowing that their race is not a barrier to their clients’ likelihood to take financial advice. Given that this study was based on hypothetical advisors and planners, it is necessary that further attention is given to this variable in future studies.

Research Question Four: Likelihood to Take Advice from a Financial Planner by Gender

The fourth research question in this study asked, “Do consumers have a higher likelihood to take a financial planner’s advice in gender-similar dyads than in gender-dissimilar dyads?”

The following hypotheses were examined:

H₄ Consumers’ likelihood to take a financial planner’s advice will be higher in gender-similar dyads than in gender-dissimilar dyads.

H_{4a}: Female consumers will be more likely to take female financial planners’ advice than male financial planners’ advice.

H_{4b}: Male consumers will be more likely to take male financial planners’ advice than female planners’ advice.

It was hypothesized that females would give higher ratings to female planners and that males would give higher ratings to male planners on the likelihood to take advice variable. While this was not the case, the findings did highlight that females gave higher scores on the likelihood to take advice variable than males.

Summary: Likelihood to Take Advice from a Financial Planner

In summary, the hypotheses tested did not result in statistically significant findings. This is promising because it could be evidence that there is no significant bias based on race or gender when taking advice from a financial planner. Females were more likely to take advice than males. Again, it is warranted to further investigate the gender dynamic as it relates to consumer behavior and financial planners.

Research Question Five: Likelihood to Trust a Financial Planner by Race

Research question five asked, “Do consumers have a higher likelihood to trust financial planners in racially similar dyads than in racially dissimilar dyads?”

H₅ Consumers' likelihood to trust a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.

H_{5a}: Black consumers will be more likely to trust Black financial planners than White financial planners.

H_{5b}: White consumers will be more likely to trust White financial planners than Black financial planners.

The hypotheses posited that Black respondents would be more likely to take advice from Black planners and that White respondents would be more likely to take advice from White planners.

There was no statistical evidence that this was the case. There was no evidence that either race of respondents was more likely to trust planners than the other, but positive because there is a body of literature that suggests that Black consumers are less trusting than White consumers (Gordon, Street, Sharf, Kelly, & Soucek, 2006; Halbert et al., 2006; LaChance & Tang, 2012; Martin, Finke, & Gibson, 2014). In addition, there was no evidence that a planner's race was significant in the rating of trust he or she received. In other words, consumers did not rate Black and White planners differently on the trust measure. Again, this is a positive sign specifically for Black planners, who may not be sure of how their racial background impacts consumers' perception and sentiments of them. Trust is arguably one of the most important elements of a financial planning relationship (Lachance & Tang, 2012). Therefore, it is important to understand the role of race in accessing trust when working with a planner. Nevertheless, more research should be conducted in this area to understand more about trust and race in financial planning.

Research Question Six: Likelihood to Trust a Financial Planner by Gender

Research question six asked, “Do consumers have a higher likelihood to trust financial planners in gender-similar dyads than in gender-dissimilar dyads?” The following hypotheses were developed:

- H₆ Consumers’ likelihood to trust a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.
- H_{6a}: Female consumers will be more likely to trust female financial planners than male financial planners.
- H_{6b}: Male consumers will be more likely to trust male financial planners than female financial planners.

It was anticipated that females would be more likely to trust females and that males would be more likely to trust males, yet, there were no statistically significant findings to prove this. The results show that female respondents gave higher trust ratings than male consumers, and female planners received higher trust ratings than male planners. Like the findings with likelihood to hire and likelihood to take financial advice, females respondents gave higher ratings in trust, and female planners were perceived as more trustworthy, as indicated by higher ratings on the trust variable.

Summary: Likelihood to Trust a Financial Planner

In summary, there was no statistical evidence indicating that race or gender played a role in the likelihood to trust a financial planner. Black consumers are not more likely to trust Black planners, and White consumers are not more likely to trust White planners. Similarly, female consumers are not more likely to trust female planners, and male consumers are not more likely to trust male planners. There is evidence that consumers trust female planners more than male

planners and that female consumers are more trusting than male consumers. It is not clear why females are perceived as more trustworthy than male planners, but given that trust is one of the most important aspects of a financial planning relationship, this connection should be investigated further. This finding should serve as a huge boost to perspective and current female financial planners, as well as to the financial planning firms that are seeking to increase female representation.

Research Question Seven: Consumer Perception of Financial Planner Competence by Race

Research question seven asked, “Do consumers have a higher perception of financial planner competence in racially similar dyads than in racially dissimilar dyads?” The following hypotheses were developed:

H₇ Consumers’ perception of a financial planner’s competence level will be higher in racially similar dyads than in racially dissimilar dyads.

H_{7a}: Black consumers will perceive Black financial planners as more competent than White financial planners.

H_{7b}: White consumers will perceive White financial planners as more competent than Black financial planners.

Based on the similarity-attraction paradigm, it was hypothesized that Black consumers would perceive Black planners as more competent than White planners and that White consumers would perceive White planners as more competent than Black planners. Interestingly, the interaction of client race and respondent race was significant, but in the opposite direction than anticipated. White consumers were significantly more likely to give Black planners a higher competency rating than they did White planners. This finding is reminiscent of a study in which Black salespersons, when compared to White salespersons, were found to be more likeable, more

trustworthy, more attractive, and more experienced (Jones et al., 1998). In the current study, when comparing a Black dyad (Black consumer/Black planner) to a White consumer and Black planner dyad, there was a higher level of perceived planner competence in the latter dyad. While it is unclear why this was the case, racial expectations could have had an influence. For example, the hypothetical Black planners, as well as hypothetical White planners, were presented in a positive light professionally. They were very accomplished, having high levels of education and success. While these accolades are impressive for any professional, Black planners with such levels of success may have been viewed as extraordinary for their racial group, which could have skewed a White consumer's perception. Historically, slavery and racial discrimination in the United States has led to framing of Black individuals as being less intelligent and competent (Sinclair & Kunda, 1999); these stereotypes persist today, even in the 21st century (Fries-Britt & Griffin, 2007). As such, White consumers might perceive highly accomplished Black planners as overachievers. Regardless of the reason for White consumers' high rating of Black planners' competence, it is still an encouraging indication that White consumers do not exhibit bias in assessing Black planners' ability to do their job. Rather, they are likely to find Black planners with experience, the CFP® designation, a master's degree, and financial planning awards as competent. This finding, like the others in this study associated with race, gives potential support for inclusivity and racial diversity in financial planning.

Research Question Eight: Consumer Perception of Financial Planner Competence by

Gender

The question was, "Do consumers have a higher perception of financial planner competence in gender-similar dyads than in gender-dissimilar dyads?" The following hypotheses were tested:

H₈ Consumers' perception of a financial planner's competence level will be higher in gender-similar dyads than in gender-dissimilar dyads.

H_{8a}: Female consumers will perceive female financial planners as more competent than male financial planners.

H_{8b}: Male consumers will perceive male financial planners as more competent than female financial planners.

Female consumers were expected to find female planners more competent, and male consumers were expected to find male planners more competent. Those hypotheses were not supported.

There was no significant difference in how females and males perceived financial planner competence, and there was not a difference in how hypothetical female and male planners were perceived as it relates to their competence.

Summary: Consumer Perception of Financial Planner Competence

In summary, consumers had perceptions of competence based on race, but it was in the opposite direction than expected. White consumers perceived Black planners are more competent than White planners. It is not clear as to why this is the case, but the finding possibly warrants further investigation into White consumers' perceptions of Black planners. It would also be interesting to further investigate Black consumers' perception of Black planners' competence. When examining the effects of gender on the perception of planner competence, there were no significant findings. Females were not considered to be more or less competent than males. Since consumers in this study rated females higher on the likelihood to hire, trust, and take advice variables, it was surprising to find that females were not perceived more competent than males.

Research Question Nine: Consumer Perception of Similarity to Financial Planner by Race

The ninth question in this study asked, “Do consumers have a higher perception of similarity to a financial planner in racially similar dyads than in racially dissimilar dyads?” The following hypotheses were tested:

H₉ Consumers’ perception of similarity to a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.

H_{9a}: Black consumers will perceive Black financial planners as more similar to them than White financial planners.

H_{9b}: White consumers will perceive White financial planners as more similar to them than Black financial planners.

It was assumed that Black consumers would perceive Black financial planners as more similar to them than White planners and that White consumers would perceive White planners as more similar to them than Black planners. These assumptions were supported in the results.

Respondents were asked, “Given what you know so far, how similar would you say you are to this financial planner?” This question is ambiguous, as similarity was not defined. The question does not imply or ask anything about race. Respondents could have considered several characteristics to judge similarity such as age, education, gender, or occupational success. While the question asked nothing about race, respondents apparently defined similarity, wholly or partly, based on race. This finding is interesting because it shows that, while race was not significant in a consumer’s likelihood to hire a planner, take a planner’s advice, or trust a planner, consumers were aware of their racial identity and that of their financial planner. This finding indicates that consumers are not “color blind” to racial differences. Further research is warranted to understand more about the importance, if any, on racial similarity perceptions in

financial planning. Some previous industry-based surveys have found that while Black and Hispanic clients do not have racial preferences for their financial planner, they expect to see diversity among planners (Britton, 2014; Prudential, n.d.). This suggests that minority clients do not care so much about the race of their financial planner but rather the racial representation found in financial institutions.

Research Question Ten: Consumer Perception of Similarity to Financial Planner by Gender

The final research question was, “Do consumers have a higher perception of similarity to a financial planner in gender-similar dyads than in gender-dissimilar dyads?” The following hypotheses were tested:

H₁₀ Consumers’ perception of similarity to a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.

H_{10a}: Female consumers will perceive female financial planners as more similar to them than male financial planners.

H_{10b}: Male consumers will perceive male financial planners as more similar to them than female financial planners.

According to the hypotheses, female consumers were expected to perceive female planners as more similar to them than male planners. Likewise, male consumers were expected to perceive male planners as more similar to them than female planners. These hypotheses were not supported. Unlike with race, there was no significance in the perception of similarity between same-gendered respondents and planners. When examining which respondent gender would be more likely to find similarity with financial planners overall, males were more likely than females to perceive the planner as being similar to them. On the other hand, female planners

were viewed as more similar to their respondent than male planners were. Given this, it is possible that respondents did not necessarily consider gender when thinking of how similar they were to planners. Since the question that measured the similarity variable did not give respondents any direction on how to judge likeness, it is possible that respondents used other details in the hypothetical scenario to judge their similarity to the financial planners. This might explain how male respondents considered themselves more like female planners than male planners.

Summary: Consumer Perception of Similarity to Financial Planner

In summary, the consumers' perception of similarity to the financial planner was the only dependent variable in this study in which race was significant in the way anticipated by theory. Black consumers were more likely to see themselves as similar to Black planners while White consumers were more likely to see themselves as similar to White planners. This potentially shows that financial planning consumers are race-conscious, as they were not given a definition on how to compare themselves to the planner in the experiment. This finding suggests that it may be worthwhile to further investigate the implications of race-consciousness in the financial planning arena including how it might impact firm and employee representation in the financial planning office environment and in marketing literature. Consumers did not perceive similarity among gender lines. At the same time, female planners were viewed as more similar to both genders. Yet, male consumers gave higher scores on the similarity variable to financial planners when compared to female consumers.

Table 5.1. *Summary of Hypotheses*

Hypotheses	Supported	Not Supported
H ₁ : Consumers' likelihood to hire a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.	✓	
H _{1a} : Black consumers' likelihood to hire Black financial planners will be higher than Black consumers' likelihood to hire White financial planners.	✓	
H _{1b} : White consumers' likelihood to hire White financial planners will be higher than White consumers' likelihood to hire Black financial planners.	✓	
H ₂ : Consumers' likelihood to hire a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.	✓	
H _{2a} : Female consumers' likelihood to hire female financial planners will be higher than female consumers' likelihood to hire male financial planners.	✓	
H _{2b} : Male consumers' likelihood to hire male financial planners will be higher than male consumers' likelihood to hire female financial planners.	✓	
H ₃ : Consumers' likelihood to take a financial planner's advice will be higher in racially similar dyads than in racially dissimilar dyads.	✓	
H _{3a} : Black consumers will be more likely to take Black financial planners' advice than White financial planners' advice.	✓	
H _{3b} : White consumers will be more likely to take White financial planners' advice than Black planners' advice.	✓	

Hypotheses	Supported	Not Supported
H ₄ : Consumers' likelihood to take a financial planner's advice will be higher in gender-similar dyads than in gender-dissimilar dyads.	✓	
H _{4a} : Female consumers will be more likely to take female financial planners' advice than male financial planners' advice.	✓	
H _{4b} : Male consumers will be more likely to take male financial planners' advice than female planners' advice.	✓	
H ₅ : Consumers' likelihood to trust a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.	✓	
H _{5a} : Black consumers will be more likely to trust Black financial planners than White financial planners.	✓	
H _{5b} : White consumers will be more likely to trust White financial planners than Black financial planners.	✓	
H ₆ : Consumers' likelihood to trust a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.	✓	
H _{6a} : Female consumers will be more likely to trust female financial planners than male financial planners.	✓	
H _{6b} : Male consumers will be more likely to trust male financial planners than female financial planners.	✓	
H ₇ : Consumers' perception of a financial planner's competence level will be higher in racially similar dyads than in racially dissimilar dyads.	✓	

Hypotheses	Supported	Not Supported
H _{7a} : Black consumers will perceive Black financial planners as more competent than White financial planners.	✓	
H _{7b} : White consumers will perceive White financial planners as more competent than Black financial planners.	✓	
H ₈ : Consumers' perception of a financial planner's competence level will be higher in gender-similar dyads than in gender-dissimilar dyads.	✓	
H _{8a} : Female consumers will perceive female financial planners as more competent than male financial planners.	✓	
H _{8b} : Male consumers will perceive male financial planners as more competent than female financial planners.	✓	
H ₉ : Consumers' perception of similarity to a financial planner will be higher in racially similar dyads than in racially dissimilar dyads.	✓	
H _{9a} : Black consumers will perceive Black financial planners as more similar to them than White financial planners.	✓	
H _{9b} : White consumers will perceive White financial planners as more similar to them than Black financial planners.	✓	
H ₁₀ : Consumers' perception of similarity to a financial planner will be higher in gender-similar dyads than in gender-dissimilar dyads.	✓	
H _{10a} : Female consumers will perceive female financial planners as more similar to them than male financial planners.	✓	

Hypotheses	Supported	Not Supported
H _{10b} : Male consumers will perceive male financial planners as more similar to them than female financial planners.		✓

Implications

Based on the results of this study, there are some promising trends when examining consumers' preferences for and perceptions of financial planners. Consumers do not have particularly racially biased preferences when hiring financial planners. Consumers were found to be racially conscious of both themselves and their financial planners as evidenced by the similarity measure. When considering the intersection of race and gender, white consumers perceived Black planners as more competent than White planners. These findings are promising as companies search for support to diversify their financial planning workforce.

Consumers also were shown to have some specific preferences when it comes to gender. Namely, consumers seem more likely to take the advice of female planners, hire female planners, trust female planners, and see them as similar to themselves when compared to male planners. In addition, female consumers, when compared to male consumers, were more likely to take advice, trust, and hire the planners.

These findings can have important implications for several groups. These include financial planning firms and organizations, financial planners, financial planning academic programs, students, and researchers. In addition, financial planning service-oriented organizations such as the Financial Planning Association (FPA) and the CFP Board may be able to use the results of this study to support and perhaps expand their current diversity efforts such as the Women's Initiative at the CFP Board and the Diversity Scholarship at FPA.

Financial planning firms and their human resources departments could use the findings from this study to establish or further bolster their agendas to diversify their financial planning workforce. Some organizations may be leery of diversifying because they fear that their clientele may not desire it. This study shows that consumers who have never worked with a financial

planner are not racially biased, yet consumers are biased towards working with female planners.

CERTIFIED FINANCIAL PLANNER™ professionals are still 77% male (CFP Board, n.d.c.).

With the revelation that consumers prefer female planners, companies may find it valuable to focus on developing the female financial planning pipeline. There is some indication that attention should be focused on consumers with lower assets as the lower asset categories in this study were more likely than those in the highest asset category to hire financial planners. While consumers with lower assets have not been perceived as attractive clients traditionally, there may be growing room to accept clients with lower assets in the future as fee structures and firm options continue to evolve.

Financial planning academic programs can use the results from this study to inform their recruitment efforts as well as support female students who are interested in the financial planning major. These findings may help programs present a positive message to female students. These results show that consumers have reasons for wanting to work with females over males. While further research is needed to understand why this is the case, it seems that females entering the financial planning profession may have an advantage over males due to the higher ratings they received on several measures in this study. In addition, these findings may lend support to academic programs recruiting Black students, who are interested in financial planning but are weary of the lack of diversity and have a perception of consumer bias.

Current and future financial planners may find the results beneficial as well. These findings could help male planners see the benefit of adding female and racial minorities to their teams. In addition, female and Black planners may get a confidence boost in knowing that consumers are not biased, in general, against them.

Researchers can use this study to reexamine the questions investigated therein as well as launch new questions about race and gender as it relates to choosing to work with a financial planning professional. There is a lack of empirical evidence regarding race, gender, and financial planning preferences and consumers' perceptions. This study is only the beginning of understanding more about this topic.

Limitations and Suggestions for Future Research

This study examined the relationships among race, gender, and consumers' preferences and perceptions when engaging a financial planner. This research was largely exploratory, given that some of the questions posed had not been tested prior to this study. Some limitations were identified during the course of the study. In addition, there are several suggestions for future research.

Since the data that sought for the study did not exist, it was necessary to collect primary data. The MTurk platform provided an efficient and cost-effective way to find respondents and gather data online. However, it has its drawbacks. First, while MTurkers have been found to be more nationally representative than other typical convenience samples, a closer look reveals that MTurk's pool of respondents underrepresents the Black population in the United States and MTurk has challenges attracting Black respondents (Berinsky, Huber, & Linz, 2012; Huff & Tingley, 2015). Some research exploring the demographic make-up of MTurkers has found Black samples to be anywhere from 6.6% – 10% (Burnham, Le, & Piedmont, 2018; Hitlin, 2016; Levay, Freese, & Druckman, 2016; Michel, O'Neill, Hartman, & Lorys, 2017). As a result, it was challenging to recruit enough Black respondents, particularly Black females (n=61), into the study to produce an equal number of Blacks and Whites within a reasonable timeframe. The percentage of Black respondents in the full sample used in this study (22%) was higher than in

many other financial planning studies as well as the national percentage of Blacks in the United States, which is 13%. In a future replication of this study, it would be ideal to seek a research panel that has ready access to the number of Black respondents needed for a balanced sample. Another issue identified with having a lack of Black respondents available on MTurk was that the survey had to be left open for ten days to give ample time to attract Black participants who met the survey's qualifications. It has been suggested that surveys using MTurk should be open for only two days to minimize deception on the part of the respondent (Hunt & Scheetz, 2019). Since MTurkers make money when they complete surveys, they may be financially motivated to cheat. For example, there are forums available wherein MTurkers correspond to discuss surveys and strategies for getting past survey screeners. If successful, these types of deceptions can compromise the integrity of the data. Nevertheless, studies using MTurk sample have been found to provide reliable results in experimental research (Burhmester et al., 2011). Second, while it is assumed that the respondents taking the survey belonged to the racial and gender groups they selected, it cannot be certain as respondents self-identified. Some respondents might have found it advantageous to pose as a particular race or gender so that they could increase their chances of participating in the study, especially once certain quotas were met. This holds true for other self-reported demographic variables such as income and age.

One important limitation of this study was that 23% of all respondents did not correctly guess their planner's race. This resulted in the loss of 182 responses in all race analyses. The reduction was exacerbated by the fact that Blacks had a higher rate of guessing incorrectly when compared to Whites. This sample reduction was a clear limitation of the study. It is highly likely that one of the main reasons that respondents did not properly associate the correct race to the hypothetical financial planner is that conveying racial identification through names was not as

successful as suggested in the literature. Another explanation is that respondents who correctly guessed their planner's race might have been those who were more attentive while taking the survey. Future studies exploring racial preferences should consider using pictures or avatars to convey race so that racial identity is not ambiguous.

Based on the descriptive data, Black respondents had a lower rate of guessing names correctly when compared to Whites. While they were better at associating the correct racial identity with Black names than White names, it was somewhat surprising to find that Black males did not perceive the name Tremayne Washington (Black financial planner) as Black at a higher rate (a greater percentage of White females correctly guessed that Tremayne was Black than Black males did). It seems that Tremayne was the most problematic name in conveying racial identity. White respondents had high rates of correctly associating White identity with White names. Since there were fewer Black respondents in the sample than Whites, this could have led to a discrepancy in truly understanding the racial effect of guessing the racial identity of names. In a future study, it would be prudent to ensure relatively equal representation between Black and White respondents.

The measurements used for some variables in this study were possibly limiting. For example, five Likert-type response variables were used for the dependent variables. Respondents did not use the full scale. It is likely that the use of a singular, Likert-type question to operationalize these dependent variables played a role in the ANOVA assumptions being violated. To meet the cumulative logistic regression assumptions, all five of the response variables had to be collapsed. In the future, it would be advisable to develop an instrument with a score instead of a single response item on a 7-point scale. In this way, there might be more of a possibility to have normally distributed results.

A strong predictor in determining whether a consumer will engage a financial planner is net worth. This variable was not used in this study as it was assumed that MTurk respondents might not be able to articulate their net worth accurately. Future studies should incorporate net worth as it is likely more important than income in determining financial planner use. This study only examined consumers who were in at least the 60th percentile of income for the United States. Most of the respondents were in the lowest two income brackets allowed in the study. This indicates that the results of this research are somewhat most applicable to middle-income households rather than high-income households. It is suggested that future studies incorporate more high-income and high net worth respondents, which may more accurately reflect the demographics of current and prospective financial planning clients.

Only those who have never worked with a financial planner were included in this study to reduce any bias because of having previously worked with a planner. Nevertheless, the results found in this study cannot provide information about the behaviors of those who have engaged a financial planner. Therefore, future studies should also examine the preferences and perceptions of those who have worked with or currently work with financial planners.

This study solicited those who identified as only Black or White, gender binary, at least 25 years old, fluent in English, and a United States resident. As such, the findings are limited to those that fall into this group. There are many other consumers who fit into other diverse categories, and their perceptions and preferences have yet to be examined. For example, Latinx are the largest and one of the fastest growing minority ethnic groups in the United States, and any future studies should investigate their preferences as it is essential to understanding more about consumer demand in financial planning for a growing market segment.

There were two discrimination questions that the respondents were asked to answer in this study's survey. The questions were, "In your opinion, have you ever experienced discrimination based on your gender (race) when hiring a professional to provide a service?" These questions were only analyzed descriptively in this study. Initially, the researcher wanted to include them as covariates in the regression analyses based on previous research in the medical field that revealed that a history of discrimination can impact consumers' preferences for a service provider (Malat & Hamilton, 2006). Since the cumulative logistic regression assumptions did not hold when these variables were added, they were omitted. An effort should be made to understand the relationship between past discrimination and planner preference, particularly since, in this study, 37% of Black respondents reported experiencing racial discrimination when hiring a professional to provide a service in the past compared to just 10% of Whites. In addition, 25% of the females in this sample reported experiencing gender discrimination when hiring a professional to provide a service in the past. These descriptive-level findings and how they play a role in consumers' preferences certainly warrant more investigation.

Many of the personal characteristics of the hypothetical financial planners in this study were those that are often associated with successful professionals. All planners were experienced (e.g., financial planner for 15 years), were relatively middle-aged (e.g. 45 years old), had CFP® designations, held MBAs (master of business administration), completed 32 hours of continuing education every two years, were ethical, and had won an award for their financial planning work. These characteristics were given to the planners to make them seem equally attractive, as the focus of analysis, which was not explicitly stated to respondents, was race and gender. Future research could see if similar results found in this study would hold if the planners were less educated, were not award winners, were not as experienced, were younger or older than 45 years

old, and did not have CFP® designations. This study did not ask respondents whether they understood what a CFP® designation meant or how they defined financial planner. While the scenario accounted for inexperience with the CFP® designation by explaining the multi-step financial planning process, it might make sense to understand, for example, if there is a racial or gender difference in the knowledge or awareness of the CFP® designation.

The respondents in this study were highly educated with 79% holding at least a bachelor's degree. There is evidence that those who are highly educated tend to display less explicit bias in surveys, even though they may hold aversive racist attitudes (Kuppens & Spears, 2014). It is unclear how this implication impacts the current study, but it could be important that future studies attempt to obtain more responses from those who do not have bachelor's degrees.

The similarity-attraction paradigm did not support most of the hypotheses tested in this study. Perhaps, future studies might consider other explanations for consumers' racial and gender preferences when hiring a planner.

Qualitative research is warranted to help fill in the gaps as it relates to racial and gender preferences in financial planning as it can elicit deeper insights, particularly when interpreting quantitative results. Subtleties and complexities, which may be present when exploring sensitive concepts such as race and gender, are often better captured with qualitative methods. In addition, the information obtained from interviews or other qualitative methods can be richer and more compelling than quantitative results. While qualitative findings often have limitations in being generalizable to a larger population, information derived from this method can better help guide future quantitative studies.

It is important to consider current events which were occurring as this research was being conducted. During the week in which data collection began, there had only been 14 cases of

COVID-19 diagnosed and no deaths reported in the United States (Jernigan, 2020). At that time, COVID-19 was still largely not considered an American health problem and certainly not yet a pandemic. In this light, it is not thought that COVID-19 had any direct effect on the results of this study. However, future studies should consider any influence that this health pandemic might have on consumers' preferences and perceptions as it relates to working with financial planners and financial planning in general. Similarly, while all data for this study was collected months before George Floyd's death and the subsequent Black Lives Matter nationwide protests, it would be imperative to consider the possible impacts of this unprecedented movement for racial equity on consumers' preferences and perceptions of financial planners in future research.

Conclusion

The demand for financial planning is increasing, and the call to diversify the field has become vital. To date, no research had explored whether consumers prefer their own race when working with a financial planner. Previous research had explored gender preferences with mixed results. The results of this hypothetical study largely show that racial preference is not a significant factor that consumers apply when hiring a financial planner and it gives hope that financial planner diversity is welcomed. Consumers seem to prefer working with female financial planners, and this, too, is a positive indication that there is room to diversify the profession based on gender.

As this study has uncovered, race is less of a preference than previously thought. The financial planning industry should focus on a more positive justification for becoming more inclusive rather than leaning on the assumption that consumers want to work with those who look like them.

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Appendix A - Survey

Informed Consent Form

Q1

Thank you for agreeing to participate in this research about financial decisions and individual preferences when hiring a financial planner. The purpose of this research is to learn more about how people make financial decisions including hiring a financial planner as well as the perceptions people have about financial planners.

This survey will be given in an online format. At the beginning of the survey, some of the questions are screener questions. After these initial questions, you will be presented with a hypothetical financial situation in which you will read a brief biography of a financial planner as well as some financial advice from the planner. You will answer several questions regarding your perceptions of the financial planner and their advice. At the end of the survey, you will be asked some additional questions including demographical information. Please note: If you do not meet certain requirements, you will be screened out of the survey and will not be compensated. Additionally, quota requirements will be reinforced for this survey. If you fall into a group in which the quota has been met, you will receive a message stating so and will not be compensated. While there are no expected benefits to you from this research, it is hoped that your participation will inform us about individuals' perceptions of financial planners and how individuals make financial decisions. The survey will take approximately 10-15 minutes to complete. Those who successfully complete the survey will receive \$1.00.

Disclosure: This survey is a part of a research project. By taking this survey, you understand this project is research and that your participation is voluntary. We anticipate minimal risk and discomfort while engaging in this survey. If you decide to participate in this study, you may

withdraw your consent at any time and stop participating at any time without explanation, penalty, or loss of benefits, to which you may otherwise be entitled. However, if you do not successfully complete the survey and place the appropriate survey code (given at the end of the survey) into MTurk, you will not be compensated. At the beginning of the survey, there are some screener questions. There may be quality control checks built into the survey. If you do not meet all of our survey requirements, you will not be compensated. Given the nature of surveys that are administered online, the risk of a breach of confidentiality exists. However, every attempt will be made to keep all data confidential. Your MTurk worker ID may be collected to properly administer compensation. In addition, your MTurk worker ID may be removed from your responses and the associated information used in future research and/or distributed to other researchers for future research without any additional compensation to you or any additional informed consent required from you.

Should you have any questions, you may contact Miranda Reiter at mreiter@ksu.edu or Martin Seay at mseay@ksu.edu. If you have questions or wish to discuss any aspect of this research with an official of the university or the IRB, these contacts are Rick Scheidt, Chair, Committee on Research Involving Human Subjects, 203 Fairchild Hall, Kansas State University, Manhattan, KS 66506, (785) 532-3224; Cheryl Doerr, Associate Vice President for Research Compliance, 203 Fairchild Hall, Kansas State University, Manhattan, KS 66505, (785) 532-3224.

- AGREE - I have read the disclosure, agree to the terms, and AGREE to continue taking this survey. (1)
- DISAGREE - I have read the disclosure, do not agree to the terms, and I DO NOT AGREE to continue taking the survey. (2)

End of Block: Introduction to Survey and Disclosure

Start of Block: Block 1

- Q31 Timing
First Click (1)
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Q2 What is your current age?

(Dropdown option. Respondents choose ages between 18 and 100.)

Q3 What is your gender?

- Male (1)
 - Female (2)
-

Q4 Which racial/ethnic group best describes how you identify?

- Asian (1)
 - Black or African-American (2)
 - Native-American (3)
 - White (4)
 - Two or more races (5)
 - Other (6)
-

Q5 Do you identify as Hispanic, Latino/a, or Latinx?

No (1)

Yes (2)

Q6 My country of residence is:

Outside of the United States (1)

The United States (2)

Other (3)

Q7 I can read, speak, and write in English fluently.

No (1)

Yes (2)

Q8 Do you currently or have you ever used a financial planner or financial advisor?

No (1)

Yes (2)

Q35 Which category best describes your total annual household income?

- Less than \$63,180 (1)
- Between \$63,180 - \$79,542 (2)
- Between \$79,543 - \$100,162 (3)
- Between \$100,163 - \$130,000 (4)
- Between \$130,001 -\$184,292 (5)
- Between \$184,293 -\$248,728 (6)
- More than \$248,728 (7)

End of Block: Block 1

Start of Block: Introducing Hypothetical Situation

Q36 On the following page, you will see a hypothetical financial situation. Please read the scenario thoroughly and answer the questions, which follow.

End of Block: Introducing Hypothetical Situation

Start of Block: Hypothetical Situation

Q9 Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Tanisha Washington, CFP®

Age: 45 years old

Experience: Tanisha Washington has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Tanisha has no violations and has upheld the highest standards in her profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at her firm)

Tanisha's initial advice: Your financial planner, Tanisha Washington, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after she has discussed it with you and you have agreed.

Tanisha will also monitor your plan by reviewing it herself at least quarterly as well as meet with you annually. In addition to the financial plan, she tells you that she will recommend a solution for your money based on your personal risk tolerance. This could include a diversified

portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q10 Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Laurie Becker, CFP®

Age: 45 years old

Experience: Laurie Becker has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Laurie has no violations and has upheld the highest standards in her profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at her firm)

Laurie's initial advice: Your financial planner, Laurie Becker, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after she has discussed it with you and you have agreed.

Laurie will also monitor your plan by reviewing it herself at least quarterly as well as meet with you annually. In addition to the financial plan, she tells you that she will recommend a solution

for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q11 Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Tremayne Washington, CFP®

Age: 45 years old

Experience: Tremayne Washington has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Tremayne has no violations and has upheld the highest standards in his profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at his firm)

Tremayne's initial advice: Your financial planner, Tremayne Washington, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after he has discussed it with you and you have agreed.

Tremayne will also monitor your plan by reviewing it himself at least quarterly as well as meet with you annually. In addition to the financial plan, he tells you that he will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q12 Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Hunter Becker, CFP®

Age: 45 years old

Experience: Hunter Becker has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Hunter has no violations and has upheld the highest standards in his profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at his firm)

Hunter's initial advice: Your financial planner, Hunter Becker, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives,

develop a financial plan, present the plan, and implement that plan after he has discussed it with you and you have agreed.

Hunter will also monitor your plan by reviewing it himself at least quarterly as well as meet with you annually. In addition to the financial plan, he tells you that he will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Page Break

End of Block: Hypothetical Situation

Start of Block: Hypothetical Questions (5)

Q13 Please answer the following questions about the planner who you just read about.

Q17

Given what you know so far, how likely would you be to hire this financial planner?
(Rate on a scale of 1 to 7 where 1 is “not at all likely” and 7 is “very likely”.)

- 1- Not at all likely (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither likely or unlikely (4)
 - 5 (5)
 - 6 (6)
 - 7- Very likely (7)
-

Q34

Given what you know so far, how likely would you be to take this financial planner's advice?
(Rate on a scale of 1 to 7 where 1 is "not at all likely" and 7 is "very likely".)

- 1- Not at all likely (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither likely or unlikely (4)
 - 5 (5)
 - 6 (6)
 - 7- Very likely (7)
-

Q18

Given what you know so far, how likely would you be to trust this financial planner?
(Rate on a scale of 1 to 7 where 1 is "not at all likely" and 7 is "very likely".)

- 1- Not at all likely (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither likely or unlikely (4)
 - 5 (5)
 - 6 (6)
 - 7- Very likely (7)
-

Q20 Given what you know so far, how would you rate this financial planner's competence level?

(Rate on a scale of 1 to 7 where 1 is "very low" and 7 is "very high".)

- 1- Very low (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither low or high (4)
 - 5 (5)
 - 6 (6)
 - 7- Very high (7)
-

Q21 Given what you know so far, how similar would you say you are to this financial planner? (Rate on a scale of 1-7, with 1 being "extremely dissimilar", and 7 being "extremely similar".)

- 1- Very dissimilar (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither similar or dissimilar (4)
 - 5 (5)
 - 6 (6)
 - 7- Very similar (7)
-

Q33 Timing

First Click (1)

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End of Block: Hypothetical Questions (5)

Start of Block: Post – Scenario Questions

Q22 If you had to guess, which racial and/or ethnic group does the financial planner in the scenario that you just read belong to:

- Asian (1)
 - Black or African-American (2)
 - Hispanic, Latino/a, or Latinx (3)
 - Native-American (4)
 - White (5)
 - Other (6)
-

Q23 What is the highest level of education you have completed?

- Less than high school (1)
 - High school (2)
 - Some college (3)
 - Bachelor's degree (4)
 - Master's degree or higher (5)
-

Q24 What is your marital status?

- Currently married (1)
 - Divorced (2)
 - Widowed (3)
 - Separated (4)
 - Never married (5)
-

Q25 What is your employment status?

- Employed (1)
- Retired (2)
- Not employed (3)

Q26 Do you have a retirement plan?

- Yes (1)
- No (2)

Q27 On a scale from 1 to 7, where 1 means “very low” and 7 means “very high”, how would you assess your overall financial knowledge?

- 1- Very low (1)
 - 2 (2)
 - 3 (3)
 - 4 - Neither low or high (4)
 - 5 (5)
 - 6 (6)
 - 7 - Very high (7)
-

Q28 When thinking of your financial risks, how willing are you to take risks on a scale from 1 to 10, where 1 means “not at all willing” and 10 means “very willing”?

- 1 - Not at all willing (1)
- 2 (2)
- 3 (3)
- 4 (4)
- 5 (5)
- 6 (6)
- 7 (7)
- 8 (8)
- 9 (9)
- 10 - Very willing (10)

Q29 Please enter the amount of money you have in investable assets. This is money that is either already invested or that you could invest if you wanted to. You may include money that you have saved in investment accounts and/or retirement accounts (e.g., IRAs, 401k, 403(b), Thrift Savings Plan, etc.)

- Less than \$25,000 (1)
 - \$25,000 - \$49,999 (2)
 - \$50,000 - \$99,999 (3)
 - \$100,000 - \$250,000 (4)
 - More than \$250,000 (5)
-

Q30 In your opinion, have you ever experienced discrimination based on your gender when hiring a professional to provide a service?

- No (1)
 - Yes (2)
-

Q31 In your opinion, have you ever experienced discrimination based on your race when hiring a professional to provide a service?

- No (1)
 - Yes (2)
-

Q34 Timing

First Click (1)

Last Click (2)

Page Submit (3)

Click Count (4)

End of Block: Post – Scenario Questions

Start of Block: Random ID Block

Q34

Thank you for your responses.

Please take note of the 7-digit code below:

`${e://Field/Random%20ID}`

You will enter the code into MTurk to receive credit for taking this survey. After taking note of the code above, you must click the next button to submit your responses and receive credit for survey completion.

End of Block: Random ID Block

Appendix B - Codebook

Q2 What is your current age?

The value of age reflects an age from 25 to 100. For example, the value of age 25 is 25. For ages under 18, the value is 0. Those under 25 were screened out from the survey.

Q3 What is your gender?

Value	Label
1	Male
2	Female

Q4 Which racial/ethnic group best describes how you identify?

Value	Label
1	Asian
2	Black or African-American
3	Native-American
4	White
5	Two or more races
6	Other

Q5 Do you identify as Hispanic, Latino/a, or Latinx? (All but “No” screened out)

Value	Label
1	No
2	Yes

Q6 My country of residence is: (All but “The United States” screened out)

Value	Label
1	Outside of the U.S.
2	The United States
3	Other

Q7 I can read, speak, and write in English fluently. (All but “Yes” screened out)

Value	Label
1	No
2	Yes

Q8 Do you currently or have you ever used a financial planner or financial advisor? (All but “No” screened out)

Value	Label
1	No
2	Yes

Q35 Which category best describes your total annual household income? (Less than \$63,180 screened out)

Value	Label
1	Less than \$63,180
2	Between \$63,180 - \$79,542

3	Between \$79,543 - \$100,162
4	Between \$100,163 - \$130,000
5	Between \$130,001 - \$184,292
6	Between \$184,293 - \$248,728
7	More than \$248,728

Q9 Respondent was randomized into the “Tanisha Washington” scenario:

Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Tanisha Washington, CFP®

Age: 45 years old

Experience: Tanisha Washington has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Tanisha has no violations and has upheld the highest standards in her profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at her firm)

Tanisha’s initial advice:

Your financial planner, Tanisha Washington, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select

your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after she has discussed it with you and you have agreed.

Tanisha will also monitor your plan by reviewing it herself at least quarterly as well as meet with you annually. In addition to the financial plan, she tells you that she will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q10 Respondent was randomized into the “Laurie Becker” scenario:

Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Laurie Becker, CFP®

Age: 45 years old

Experience: Laurie Becker has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Laurie has no violations and has upheld the highest standards in her profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at her firm)

Laurie’s initial advice:

Your financial planner, Laurie Becker, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after she has discussed it with you and you have agreed.

Laurie will also monitor your plan by reviewing it herself at least quarterly as well as meet with you annually. In addition to the financial plan, she tells you that she will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q11 Respondent was randomized into the “Tremayne Washington” scenario:

Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Tremayne Washington, CFP®

Age: 45 years old

Experience: Tremayne Washington has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Tremayne has no violations and has upheld the highest standards in his profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at his firm)

Tremayne's initial advice:

Your financial planner, Tremayne Washington, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after he has discussed it with you and you have agreed.

Tremayne will also monitor your plan by reviewing it himself at least quarterly as well as meet with you annually. In addition to the financial plan, he tells you that he will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q12 Respondent was randomized into the “Hunter Becker” scenario:

Imagine that you have inherited \$250,000 from a life insurance policy of a family member. You have the opportunity to work with a financial planner at a well-known and reputable financial services company. Below are some details about the financial planner:

Name of Financial Planner: Hunter Becker, CFP®

Age: 45 years old

Experience: Hunter Becker has worked in financial services for 15 years and has advised hundreds of clients.

Education: Masters in Business Administration (MBA)

Continuing Education: Completes 32 hours every two years of continued education in financial planning.

Ethics: Hunter has no violations and has upheld the highest standards in his profession as a financial planner.

Awards: 2019 Financial Planner of the Year (award given annually at his firm)

Hunter's initial advice:

Your financial planner, Hunter Becker, seeks first to establish a relationship with you, gather information about your personal and financial situation, identify and help you select your goals, analyze your current course of action and any alternatives, develop a financial plan, present the plan, and implement that plan after he has discussed it with you and you have agreed.

Hunter will also monitor your plan by reviewing it himself at least quarterly as well as meet with you annually. In addition to the financial plan, he tells you that he will recommend a solution for your money based on your personal risk tolerance. This could include a diversified portfolio of stocks and bonds, a safe product such as a CD, a combination of these options, or something else, depending on your specific situation.

Q17 Given what you know so far, how likely would you be to hire this financial planner?

(Rate on a scale from 1 to 7 where 1 is “not at all likely” and 7 is “very likely “).

Value	Label
1	1 – Not at all likely
2	
3	
4	4 – Neither likely or unlikely
5	
6	

7

7 – Very likely

Q34 Given what you know so far, how likely would you be to take this financial planner's advice?

(Rate on a scale from 1 to 7 where 1 is “not at all likely” and 7 is “very likely ”).

Value

Label

1

1 – Not at all likely

2

2

3

3

4

4 – Neither likely or unlikely

5

5

6

6

7

7 – Very likely

Q18 Given what you know so far, how likely would you be to trust this financial planner?

(Rate on a scale of 1 to 7 where 1 is “not at all likely” and 7 is “very likely”).)

Value

Label

1

1 – Not at all likely

2

2

3

3

4

4 – Neither likely or unlikely

5

5

6

6

7

7 – Very likely

Q20 Given what you know so far, how would you rate this financial planner's competence level?

(Rate on a scale of 1 to 7 where 1 is “very low” and 7 is “very high”.)

Value	Label
1	1 – Very low
2	2
3	3
4	4 – Neither low or high
5	5
6	6
7	7 – Very high

Q21 Given what you know so far, how similar would you say you are to this financial planner?

(Rate on a scale of 1-7, with 1 being “extremely dissimilar”, and 7 being “extremely similar”.

Value	Label
1	1 – Very dissimilar
2	2
3	3
4	4 – Neither similar or dissimilar
5	5

6

7

6

7 – Very similar

Q22 If you had to guess, which racial and/or ethnic group does the financial planner in the scenario that you just read belong to:

Value

Label

1

Asian

2

Black or African-American

3

Hispanic, Latino/a, or Latinx

4

Native-American

5

White

6

Other

Q23 What is the highest level of education you have completed?

Value

Label

1

Less than high school

2

High school

3

Some college

4

Bachelor's degree

5

Master's degree or higher

Q24 What is your marital status?

Value

Label

1

Currently married

2	Divorced
3	Widowed
4	Separated
5	Never married

Q25 What is your employment status?

Value	Label
1	Employed
2	Retired
3	Not employed

Q26 Do you have a retirement plan?

Value	Label
1	Yes
2	No

Q27 On a scale from 1 to 7, where 1 means “very low” and 7 means “very high”, how would you assess your overall financial knowledge?

Value	Label
1	1 – Very low
2	2
3	3
4	4 – Neither low or high

5	5
6	6
7	7 – Very high

Q28 When thinking of your financial risks, how willing are you to take risks on a scale from 1 to 10, where 1 means “not at all willing” and 10 means “very willing”?

Value	Label
1	1 – Not at all willing
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10 – Very willing

Q29 Please enter the amount of money you have in investable assets. This is money that is either already invested or that you could invest if you wanted to. You may include money that you have saved in investment accounts and/or retirement accounts (e.g., IRAs, 401k, 403(b), Thrift Savings Plan, etc.)

Value	Label
-------	-------

1	Less than \$25,000
2	\$25,000 - \$49,999
3	\$50,000 - \$99,999
4	\$100,000 - \$250,000
5	More than \$250,000

Q30 In your opinion, have you ever experienced discrimination based on your gender when hiring a professional to provide a service?

Value	Label
1	No
2	Yes

Q31 In your opinion, have you ever experienced discrimination based on your race when hiring a professional to provide a service?

Value	Label
1	No
2	Yes

Appendix C – Additional Statistical Results

For the model shown in Table A.1, the covariates included were education, amount of investable assets, marital status, age, risk tolerance, and subjective financial knowledge. For this analysis and other analyses, the variables for marital status and education were collapsed. The marital status variable originally included five categories, currently married, divorced, widowed, separated, and never married. The cell sizes for divorced, widowed, and separated made up only 6% of the sample when combined and therefore, divorced and widowed were collapsed into the single category while separated was collapsed into the married category.

Table A.1. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:

Likelihood to Hire a Financial Planner by Race with Covariates (N = 595)

Variables	B	SE	OR
Intercept 5	-1.69**	0.59	0.18
Intercept 4	0.09	0.59	1.10
Intercept 3	1.53*	0.59	4.60
Intercept 2	2.33***	0.60	10.32
Respondent Race (Black)	0.02	0.34	1.03
Planner Race (Black)	0.17	0.17	1.20
Respondent Race (Black) x Planner Race (Black)	0.03	0.44	1.04
Marital (Married)	0.38*	0.17	1.46

Variables	B	SE	OR
Investable Assets (More than \$250,000)			
Less than \$25,000	0.84**	0.28	2.34
\$25,000 - \$49,999	1.28***	0.30	3.60
\$50,000 - \$99,999	0.92**	0.29	2.51
\$100,000 - \$250,000	0.48	0.29	1.61
Education (Master's degree or higher)			
High school	-0.05	0.38	0.95
Some college	-0.02	0.24	0.98
Bachelor's degree	-0.17	0.18	0.84
Age	-0.01	0.01	0.99
Risk	-0.03	0.04	0.97
Subjective Financial Knowledge	-0.03	0.08	0.97

Note: R² = .06 (Cox & Snell), .06 (Nagelkerke), c-statistic = .61.

*p < .05, **p < .01, ***p < .001

The odds of having a higher level of likelihood to hire a financial planner were 1.46 times higher for married respondents than for single respondents. As for assets, those with fewer assets were more likely to hire a financial planner than those with the most assets. The odds of having a higher level of likelihood to hire a financial planner were 2.34 times higher for respondents who had assets less than \$25,000 when compared to those who had assets over \$250,000. The odds of having a higher level of likelihood to hire a financial planner were 3.60 times higher for respondents who had assets between \$25,000 - \$49,999 when compared to those who had assets over

\$250,000. The odds of having a higher level of likelihood to hire a financial planner were 2.51 times higher for respondents who had assets between \$50,000 - \$99,999 when compared to those who had assets over \$250,000. The odds of having a higher level of likelihood to hire a financial planner were 1.61 times higher for respondents who had assets between \$100,000 - \$250,000 when compared to those who had assets over \$250,000.

*Table A.2. Results from Cumulative Logit Model, Analysis of Maximum Likelihood Estimates:
Likelihood to Hire a Financial Planner by Gender with Covariates (N = 777)*

Variables	B	SE	OR
Intercept 5	-2.89***	0.55	0.06
Intercept 4	-1.11*	0.54	0.33
Intercept 3	0.41	0.54	1.51
Intercept 2	1.21***	0.54	3.35
Respondent Gender (Female)	0.52	0.19	1.68
Planner Gender (Female)	0.28	0.18	1.32
Respondent Gender (Female) x Planner Gender (Female)	-0.00	0.26	1.00
Marital Status (Married)	0.36*	0.15	1.43
Investable Assets (More than \$250,000)			
Less than \$25,000	1.00***	0.26	2.72
\$25,000 - \$49,999	1.21***	0.27	3.34
\$50,000 - \$99,999	0.94***	0.25	2.56

Variables	B	SE	OR
\$100,000 - \$250,000	0.47	0.26	1.60
Education (Master's degree or higher)			
High school	0.09	0.34	1.09
Some college	-0.16	0.21	0.85
Bachelor's degree	-0.16	0.15	0.85
Age	-0.01*	0.01	0.99
Risk	0.02	0.04	1.02
Subjective Financial Knowledge	0.09	0.07	1.10

Note: $R^2 = .08$ (Cox & Snell), $.09$ (Nagelkerke), c -statistic = $.62$.

* $p < .05$, ** $p < .01$, *** $p < .001$

With the covariates accounted for, the overall odds of being in a higher ordered category for female respondents was 1.68 times the odds of being a higher ordered category for male respondents. The probability of a female selecting the highest rating on the scale for likelihood to hire a planner was 21% and 13% for males. The odds of being in a higher ordered category for female planners were 1.32 times the odds of being in a higher ordered category for male planners. The probability of female planners being ranked in the highest category was 19% and 15% for male planners.

As for the covariates, marital status ($p = .02$), age ($p = .04$), and assets in investment accounts ($p < .001$) were significant. The odds of having a higher level of likelihood to hire a financial planner were 1.43 times higher for married respondents than for single respondents. The odds ratio of .99 for age indicates that for each additional year in age, there is a decrease in

the odds of giving a higher likelihood to hire rating to a financial planner rating of 1%, given the other variables in the model are held constant.

The odds of having a higher level of likelihood to hire a financial planner were 2.72 times higher for respondents who had assets less than \$25,000 than for those who had assets over \$250,000. The odds of having a higher level of likelihood to hire a financial planner were 3.34 times higher respondents who had assets between \$25,000 - \$49,999 than those who had assets over \$250,000. The odds of having a higher level of likelihood to hire a financial planner were 2.57 times higher for respondents who had assets between \$50,000 - \$99,999 than for those who had assets over \$250,000. Although not significant, the odds of having a higher level of likelihood to hire a financial planner were 1.60 times higher for respondents who had assets between \$100,000 - \$250,000 than for those who had assets over \$250,000. In this model, those who had lower levels of assets gave higher ratings for likelihood to hire a financial planner.

*Table A.3. Results from Cumulative Logit Model, Differences of Least Squares Means:
Likelihood to Hire a Financial Planner by Race and Gender, Two-Way Interaction - Respondent
Race x Respondent Gender*

Interactions	B	SE	OR
Black Female Respondent vs. White Female	-0.30	0.31	0.74
Respondent			
Black Female Respondent vs. Black Male	-0.17	0.40	0.85
Respondent			
	0.51	0.31	1.66

Interactions	B	SE	OR
Black Female Respondent vs. White Male			
Respondent			
White Female Respondent vs. Black Male	0.13	0.30	1.14
Respondent			
White Female Respondent vs. White Male	0.81***	0.17	2.25
Respondent			
Black Male Respondent vs. White Male	0.68*	0.30	1.97
Respondent			

* $p < .05$, ** $p < .01$, *** $p < .001$

Table A.4. Results from Cumulative Logit Model, Differences of Least Squares Means:
*Likelihood to Hire A Financial Planner by Race and Gender, Three-Way Interaction - Respondent Gender * Planner Race x Planner Gender*

Interactions	B	SE	OR
Female Respondent x Black Female Planner vs.			
Female Respondent x Black Male Planner			
Female Respondent x Black Female Planner vs.	0.73	0.42	2.07
Female Respondent x White Female Planner			
Female Respondent x Black Female Planner vs.	0.25	0.41	1.28
Female Respondent x White Male Planner			
Female Respondent x Black Female Planner vs.	0.64	0.37	1.90
Male Respondent x Black Female Planner			

Interactions	B	SE	OR
Female Respondent x Black Female Planner vs.	0.75*	0.36	2.11
Male Respondent x Black Male Planner			
Female Respondent x Black Female Planner vs.	0.44	0.44	1.55
Male Respondent x White Female Planner			
Female Respondent x Black Female Planner vs.	1.22**	0.40	3.37
Male Respondent x White Male Planner			
Female Respondent x Black Male Planner vs.	-0.05	0.47	0.95
Female Respondent x White Female Planner			
Female Respondent x Black Male Planner vs.	-0.53	0.46	0.59
Female Respondent x White Male Planner			
Female Respondent x Black Male Planner vs. Male	-0.14	0.42	0.87
Respondent x Black Female Planner			
Female Respondent x Black Male Planner vs. Male	-0.03	0.41	0.97
Respondent x Black Male Planner			
Female Respondent x Black Male Planner vs. Male	-0.34	0.49	0.71
Respondent x White Female Planner			
Female Respondent x Black Male Planner vs. Male	-0.34	0.44	1.55
Respondent x White Male Planner			
Female Respondent x White Female Planner vs.	0.44	0.47	0.62
Female Respondent x White Male Planner			
Female Respondent x White Female Planner vs.	-0.48	0.43	0.92
Male Respondent x Black Female Planner			

Interactions	B	SE	OR
Female Respondent x White Female Planner vs.	-0.09	0.42	1.02
Male Respondent x Black Male Planner			
Female Respondent x White Female Planner vs.	0.02	0.49	0.75
Male Respondent x White Female Planner			
Female Respondent x White Female Planner vs.	-0.29	0.45	1.63
Male Respondent x White Male Planner			
Female Respondent x White Male Planner vs. Male	0.49	0.42	1.48
Respondent x Black Female Planner			
Female Respondent x White Male Planner vs. Male	0.39	0.41	1.64
Respondent x Black Male Planner			
Female Respondent x White Male Planner vs. Male	0.50	0.49	1.21
Respondent x White Female Planner			
Female Respondent x White Male Planner vs. Male	0.19*	0.45	2.63
Respondent x White Male Planner			
Male Respondent x Black Female Planner vs. Male	0.97	0.37	1.11
Respondent x Black Male Planner			
Male Respondent x Black Female Planner vs. Male	-0.20	0.45	0.82
Respondent x White Female Planner			
Male Respondent x Black Female Planner vs. Male	0.58	0.41	1.78
Respondent x White Male Planner			
Male Respondent x Black Male Planner vs. Male	-0.31	0.44	0.74
Respondent x White Female Planner			

Interactions	B	SE	OR
Male Respondent x Black Male Planner vs. Male	0.47	0.38	1.60
Respondent x White Male Planner			
Male Respondent x White Female Planner vs. Male	0.78	0.47	2.17
Respondent x White Male Planner			

* $p < .05$, ** $p < .01$, *** $p < .001$

Table A.5. Results from Cumulative Logit Model, Differences of Least Squares Means:

Perception of Financial Planner Competence by Race

Variables	B	SE	OR
Black Respondent x Black Planner vs. Black	-0.60	0.40	0.55
Respondent x White Planner			
Black Respondent x Black Planner vs. White	-0.81**	0.27	0.44
Respondent x Black Planner			
Black Respondent x Black Planner vs. White	-0.29	0.26	0.75
Respondent x White Planner			
Black Respondent x White Planner vs. White	-0.21	0.34	0.81
Respondent x Black Planner			
Black Respondent x White Planner vs. White	0.31	0.34	1.37
Respondent x White Planner			
White Respondent x Black Planner vs. White	0.52**	0.17	1.69
Respondent x White Planner			

* $p < .05$, ** $p < .01$, *** $p < .001$

Table A.6. *Results from Cumulative Logit Model, Differences of Least Squares Means:
Estimating the Perception of Similarity to Financial Planner by Race*

Dyads	B	SE	OR
Black Respondent x Black Planner vs. Black	0.90*	0.39	2.47
Respondent x White Planner			
Black Respondent x Black Planner vs. White	1.55***	0.27	4.71
Respondent x Black Planner			
Black Respondent x Black Planner vs. White	1.18***	0.26	3.26
Respondent x White Planner			
Black Respondent x White Planner vs. White	0.65	0.33	1.91
Respondent x Black Planner			
Black Respondent x White Planner vs. White	0.28	0.32	1.32
Respondent x White Planner			
White Respondent x Black Planner vs. White	-0.37*	0.16	0.69
Respondent x White Planner			

* $p < .05$, ** $p < .01$, *** $p < .001$