“Dashed hopes, bruised egos”:

Professional identity in investment banking in the context of the 2008 financial crisis.

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To Dad

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Abstract

The financial crisis of 2008 and the subsequent economic collapse has helped bring scholarly attention on a sociological dimension of financial markets (Mackenzie 2009, Stark 2009, Knorr Cetina and Preda 2012). Despite recent research advancements in this area, however, the understanding of how financial markets are organised and reproduced remains limited. In particular, there is very little about the individual actors in the markets, how they think and act, and how they make sense of social context or how their experience is within it.

This thesis contributes to addressing these questions by focusing on how investment bankers construct their professional identities and in particular, how did this process look like during the financial crisis of 2008. Three main areas are investigated: (i) what resources investment bankers draw on to construct their professional identities, (ii) what motivates them to do so, and (iii) how the process has been demonstrated through bankers' lived experiences of the crash.

To this end, the research integrates literature from the field of sociology of financial markets and identity. I argue that looking at professional identity construction through the lens of Honneth's (1995) theory of struggle for recognition allows for a better understanding of the political nature of the intersubjective relationships in markets, alongside some of the pathologies that may develop in the periods of enhanced uncertainty. Methodologically, I conceptualise identities as narratives, in particular drawing on Ricoeur's (1988) work on narrative identity.

The analysis rests on the investment bankers' accounts of their experiences of the crisis. By exploring how they have constructed their subjective understandings of reality and how they incorporated these into their professional identity narratives, the thesis advances the understanding of markets as political arenas of values, emotions and power games. I explore a number of frames the bankers used in order to position their identities within the workplace; including smartness, sacrifice, ambivalent status of money and temporality. I demonstrate that identity construction is inherently political and based on a fragile structure of systemic trust and interpersonal trust relationships. Threatened by the crisis, the bankers responded by creating liminal spaces in an attempt to re-align the identity narratives.

The findings bear theoretical implications. Firstly, I argue that trust is a missing component in the theory of recognition when it deals with social cooperation. Secondly, I argue that as recognition normatively regulates social interactions in markets, actors are first and foremost power maximisers. I show that influencing expectations becomes, therefore, a central task for actors in the markets, leading to the development of reified identities. As a result, the emergent liminal spaces are shown to be arenas of the inherent struggle for recognition.

Key words: sociology of financial markets, identity, recognition, crisis.

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Prologue

You could start to see some very serious things in the market in sort of early 2008 – said Gabriel – *If you have been around long enough, you knew there was something. And I remember having discussions back in… few years before that and people were saying that they always knew that it was a bubble that was going to burst. But nobody ever imagined that it would burst that badly. The repercussions of that. And as a bank employee at that time what you were reading about was how many losses there were in all these other banks. And you thought, Christ, when this is going to happen to us. And how much money are we losing? Ok, we have lost x billion this year, or this quarter… I only knew this because I was privy to this information. Whereas a lot of people in the bank weren't, it was just rumoured. Your average employee does not have an idea how much money was lost until it all comes out in public information. As a risk a manger you do get some information on that. And it affects you. You think, Christ, that's bad. How bad are we compared to the others? And you are thinking about your job, and how are people going to lose their jobs, and how do I explain this loss. Traders panicking, working until 3am, every day and weekends. Risk managers cancelling all holidays, trying to explain what is going on. People working throughout weekends to come up with plans to resolve the issue… It was horrendous. Yes, it was horrendous...* Philip couldn't agree more: *One of my jobs was actually going to Lehmans in the mornings and listen to their liquidity management meetings at 7.30 in the morning –* he explained – *It was clear that they were doing some things that were not in the UK's interest. And I was digging into that. But they were pretty open and helpful about what they were doing. But then… it was disbelief again… they really believed that they could manage their problems and that they were going to get through this. And having regulators it was a nuisance but they had to do it. So I think they were shocked as anyone when it hit and they failed.* Dave remembers the day of the collapse vividly - *I was working at a company based right next to Lehmans… And then when thing happened we were looking outside the building from 11th floor, looking at all these guys standing there outside… basically told to get out… there was a kerfuffle because some guy was trying to steal some chairs and… because he hadn't been paid… And all that type of thing. So just looking there and then you leave the office at night and pubs are full with people. There were 5000 people in there alone that just lost their jobs”*

Chapter One: Introduction

1.1 Research questions and thesis overview

This thesis investigates how investment bankers construct their professional identities and how this process has manifested itself through bankers' accounts of their lived experiences of the crash.. I look at the individual narratives of experiences of the crisis and its aftermath to explore not only how investment bankers construct identity narratives, but also why they do so in the way they do. I have initially become interested in this area of research during my Masters degree in Finance and Management. As I have chosen to combine these two disciplines, I had a chance to study both management psychology and quantitative finance. At that time I noted an absence of a subject in the models of financial behaviour and that the disciplines did not seem to use each other's advancements to their advantage. At the same time, in 2011, the financial crisis was still ongoing which brought further attention to the interpersonal relationships regulating behaviour in markets. For this reason, I decided that I wanted to learn more about the individuals in the markets, how they make decisions, what motivates them and about their first-hand experience of turbulent markets.

To address the research questions, the thesis draws on extant literature in the field of the sociology of financial markets and Honneth's (1995) theory of recognition. The research uses sociological approaches to look at financial markets and has been primarily concerned with the questions of embeddedness (White 1981, Granovetter 1985), the performativity of markets (Callon 1998, MacKenzie and Millo 2003, MacKenzie 2007) and the macro politics of markets (Fligstein 2001). The first research strand is based on the assumption that any economic action is inherently situated within a specific system of social relations which helps to sustain and reproduce markets by providing routines and habits that give markets relative stability. This perspective highlights the role of social relations in material structuring of economic behaviour. The performativity perspective directly builds on this by focusing on the ‘material sociology’ of market dynamics. According to Callon (1998), economics is performative in that its technologies and instruments, such as financial models, construct and shape markets rather than just describe them. Both the embeddedness and performativity perspectives also highlight the importance of networks of practices in the markets and the place of material artefacts within them, such as technology. However, Overdevest (2011) argues that while the performativity perspective has the capacity to deal with change, the research focus so far has been primarily on how stability is produced.

On the other hand, political-cultural approaches to markets, such as Fligstein’s (2001), start with the assumption that markets are characterised by inherent instability as a result of political tensions, competition and power relationships. Economic action and resource allocation is therefore a result of these struggles. Beckert (2009, 2013) further develops this perspective by showing that in markets, value is socially constructed and that the political games in the markets come from the need to coordinate expectations and understandings among market participants. For example, following this approach Abolafia (1996) describes power games in which traders engaged in an open outcry floor. Similarly to Abolafia’s (1996) study, there have been some attempts to look at individuals in markets, although the attempts have been few to date. Most notably, Zaloom (2006) looks at sensemaking in the futures [1] open outcry commodities market. Ho (2009) analysed her own experience of work on Wall Street coming in as a graduate into an investment bank. Finally Cook (2010) has focused on dress, age and parenthood as ways through which bankers performed their identities.

The financial collapse, apart from bringing economic damage to states, institutions, as well as the members of the public, highlighted a social dimension of the crisis where a new reality

[1] The glossary of technical terms and abbreviations is available in Appendix 1.

might be constructed. For individuals in markets this means that as financial crises cause a collapse in established collective and subjective understandings and expectations (Jacobs 2012: 338), a powerful gap will be created, where there will be space to find new meanings and structures of those meanings. Jacobs (2012:381) calls this state of detachment liminality, after Turner (1974), where the subject is temporally separated from existing structures that become fluid and ambiguous. Once these stabilise, the person can re-enter the new structure of classifications where their status is no longer contested. Economic life by default presupposes that there is some kind of interaction and correlation between economic actors: otherwise economy could not exist. Thus agency is necessary in the interplay of performances and roles that constitute and are being constituted by structure. These, in turn, are filtered through individual identities and thus, in its collective form, economic agency will be an aggregate of collective moral values, emotions and expectations (Preda 2005: 143).

Therefore, we cannot understand the financial system without understanding a key figure, the investment banker, who have historically placed themselves at its centre, "on which so many hopes and responsibilities are placed and which has to take so many risks" (Preda 2005: 147). We need to understand not only who investment bankers are, but also how financial markets generate legitimacy for specific groups of actors and how they influence back the legitimising structure, including how actions are legitimised socially and morally and how the investor as actor is legitimised among them (Preda 2005: 148). Therefore we need to look further than judging the effectiveness of investment; look for processes of social evaluation that are employed in certain social structures. "The field of investing is not isolated from the political, the technological, or the literary field; agency coming from these fields can produce significant changes in the material arrangements of investing activities or in their legitimacy" (Preda 2005:149). To understand professional identity narratives, we need to look not only at actions but also at a structure of supporting beliefs and understandings through which the actor, the investment banker, is constituted. This thesis, through an investigation of professional identities of investment bankers, contributes to the understanding of the economic agency from this perspective.

The leading research question guiding this thesis is therefore how individuals in financial markets, such as investment bankers, construct their professional identities and how the process has manifested itself through bankers' accounts of their lived experiences of the crash. To this end the thesis aims to provide an in-depth exploration of three key areas, that is, what resources do bankers draw on in constructing such identities, what drives their actions, and how the process looked like during the financial crisis.

I explore these areas by mobilising Honneth's (1995) theory of recognition and Mead's (1934) social psychology to demonstrate how the construction of professional identities in such a specific economic context is a highly political process where the individuals engage in a struggle, both internally and in their social setting. I also show that following the financial crisis of 2008, where investment bankers were caught in the eye of the storm, many struggled to keep the narrative going as they were forced to question many of their previous assumptions about how markets operate.

The perspective on identity I take in this thesis is that individual identity cannot be understood outside of the relation of the self to the other (Mead 1934) and, therefore, identities necessarily presuppose recognition (Honneth 1995). Such stance privileges narratives as a methodological approach, therefore, in order to explore how investment bankers respond to change and uncertainty, I draw upon Ricoeur's (1988) concept of narrative identity to analyse the individual accounts of lived experience of the crisis.

In doing so the thesis provides a better representation of the voice of bankers which has been largely absent from the organisational studies literature, apart from a few examples noted above. This thesis looks at individual stories of crisis to explore the formation of professional identities in investment banking, providing a way for a more contextualised understanding of financial markets structures and practices. Critically, by exploring not only how individual actors in markets constructed identities but also why they did so in a certain way and what was driving that, we arrive at a more nuanced understanding of this process.

The findings first look at a number of frames the bankers used to position their identities, including smartness, sacrifice, temporality as well as ambivalent status of money. The presence of narrative frames through which individuals can shape their activity in markets emerges as one of the conditions of the realisation of social freedom in the economic sphere by providing conditions for positive freedom (Honneth 2014:229–237).

Secondly, the empirical analysis reveals that because relational capital (Beckert 2009) is based on relationships of worth and power, the capacity to create 'value' in markets will therefore be partly based on political success. I show that the reliance on normative expectations about others and the reliance on the judgement about this contribute to the fragility of the construct that is professional identity, which pushes individuals to engage in a struggle for recognition (Honneth 1995).

The third finding of this study relates to the way investment bankers tried to deal with this inherent uncertainty, particularly following the financial crisis. I argue that permanent insecurity coupled with power struggles resulted in a situated awareness that produced temporary, fragile identities. The severity of the crisis and the changes that it brought to the fundamental assumptions investment bankers had about the market meant that they struggled with rebuilding a coherent narrative, and instead some remained locked in a liminal space where they reflexively negotiated the new selves.

Moreover, the findings bear some important theoretical implications. I show that the intermediary role of bankers becomes to maximise power rather than profit, as a basis on which value, both in monetary and social terms, is based. The thesis will show that this process consists of resolving multiple tensions, for example, about expectations, and therefore is based on a struggle for recognition. In this context, power is both a basis for and a fragile outcome of conflicts between actors in markets (Honneth 1991:156–7).

Additionally, I argue that trust is a missing component in the theory of recognition where it deals with social cooperation. Through linking trust to expectations in recognition, I show that recognition becomes an object of political and economic exchange, leading to reification of identities. For professional identities this means that individuals would be able to uphold their narratives only temporarily before they become contested again.

Finally, liminality resulting from a temporary positioning of the actors' identities and fragile interrelations among those identities can be interpreted as the mechanics by which individuals struggle for recognition, as the dynamic multiplicity of positions and as the struggle to resolve tensions between them in the pursuit of recognition. This is the very essence of Ricoeur's (1985) configuration of the narrative identities.

The remainder of this chapter is divided into three sections. The first section provides a brief overview of each of the thesis' chapters. After that I provide detailed context to my study by exploring the origins of the financial crisis and summarising some of the regulatory responses that followed. Lastly, I point out how that situation may have affected individual actors in the markets.

1.2 An introduction to the research context: perspectives on the financial crisis

In the UK, the financial sector constitutes a large portion of the national economy and labour market. Indeed, in 2014 alone the sector has contributed over 12% of all tax receipts (TheCityUK 2014). Globally, the size of various financial markets is astonishing. The Bank of England (2015) reports that the turnover in the Foreign Exchange (FX) markets alone reaches over $5 trillion a day. Additionally, there are over $100 trillion-worth of government and corporate bonds to be traded and the Over-The-Counter (OTC) market for derivatives reaches as much as $620 trillion in notional terms, to name just a few of the markets. Moreover, these numbers have a direct relationship with the lives of people in the society as they determine how much it costs to borrow money, cost of food and raw materials or energy. It is therefore imperative that one understands the individuals who operate in those markets and influence them with their everyday decisions, as they can have material consequences on the societies. It is also important as their individual experiences of work guide the ways in which bankers interpret crisis situations and respond to them. Similarly, their professional identities directly impact on how they act in the markets.

To provide the context for the thesis, the following sections will highlight two perspectives on the financial crisis: first, summarising of the systemic causes of the crash provides common political and economic interpretations; and second, beginning to question a purely mechanistic view of crises by introducing trust and confidence as additional factors. In this context, I show that some regulatory responses that followed can be interpreted as symbolic. In doing so I do not to provide a complete account of the events[2] in the examined period, but I describe the social and economic context of my research to enable the reader situate the analysis and the discussion.

[2] Such an account as well as analysis of the causes of the crisis falls outside of the scope of this thesis.

1.2.1 Stories of the crisis: systemic causes

The financial crisis, which started in 2007, has been one of the largest shocks to the financial markets in the past century. The magnitude of the crisis highlighted complex macroeconomic issues and unsustainable local practices, such as long-term public overspending and the over-reliance on derivative products that have produced a powerful mixture of state and personal indebtedness. In these fragile conditions, the bursting of the United States (US) housing bubble at the end of 2007 triggered an avalanche of micro and macro insolvencies that together have profoundly shaken the global financial system as well as the weakened national economies.

Common interpretations of the origins of the crisis can be traced to the period following the collapse of the Bretton Woods monetary system in 1973, when the US dollar continued its status as main currency. This was due partly to being historically tied to pricing oil as well as thanks to a new role of stabiliser of foreign exchange (FX) floating rates. Since now banks bear the responsibility for FX risks, financial institutions relied on capital mobility to offset incomplete settlements. This contributed to the development of short-term speculation and further increased demand for the dollar (Eatwell and Taylor 2000). The oversupply of liquidity caused low real interest rates that further grew consumer credit and collapsed household savings. At the same time the US chose to raise interest rates to offset overheating because it created a favourable arena for short-term foreign investment (Gao 2012). The excess overspending caused trade deficits, the weakening of the dollar and, in consequence, an inflow of foreign currency reserves (Gao 2012).

Despite the increasing inflation of the market, the US avoided reallocation of resources to deal with the deficits still being able to generate financing options through the flow of capital generated from dollar-based debts to foreign investors. The continuing seigniorage meant that the US government continued to finance costly policies, with defence and war budgets skyrocketing, while taxes continued to be cut. Further, the pressure from growing offshore finance put a pressure on deregulation, opening the way for the banks to take advantage of this situation by creating new financial products in order to better hedge new FX risks. The liquidity glut and favourably deregulated markets eventually helped to develop securities such as MBS (mortgage-backed securities) that are now understood to have been a direct trigger for bursting the speculative bubble in 2007 (Gao 2012). It was also helped by a sharp interest rate decrease used to offset the negative effects of the market decline, which one the consumer level fuelled mortgage borrowing and re-mortgaging of existing loans. The demand for cheap mortgages could be met because the de-regulated market allowed the banks to change mortgage financing from customer deposits to securities (International Labour Organisation 2009). These securities were created by “slicing” sub-prime mortgages and grouping them into MBS that were deemed investment-grade by the rating agencies and held off-balance-sheet through Structured Investment Vehicles (SIVs) (Fligstein and Goldstein 2010).

However, the subsequent raising of interest rates caused many of the sub-prime borrowers to default, and banks to register huge losses with the first cases of public bailouts, such as the Northern Rock (ILG 2009). However, the markets largely ignored the huge losses registered by UBS, Merrill Lynch and Citigroup that year, putting confidence in first government interventions that promised a quick return to a positive economic outlook projected by influential groups until then (BBC 2009). The confidence was further fuelled by the financial media that continued with predictions of a quick recovery, with the US Treasury Secretary famously reporting to the Wall Street Journal that “I do believe that the worst is likely to be behind us” (WSJ 2008). A few months later, however, the collapse of Lehman Brothers triggered an avalanche of further layoffs due to the liquidity contagion caused by wide-spread panic, with an estimated around 500,000 financial services jobs cut between 2008 and 2012 in

New York alone (Levine 2012), with similar amount estimated in London: although exact numbers remain unknown.

1.2.2 Stories of crisis: trust and confidence

However, financial crises are not new or rare phenomena. Reinhardt and Rogoff (2010) note that crises have arisen since the beginning of money although the rate of their occurrence has significantly increased in the past few decades, while the rate of recovery has been slowing down. Reinhardt and Rogoff (2010) argue that the reason financial crises still seem to be taking us by surprise despite their cyclical nature is that the crises happen as a collapse of a certain collective expectation about institutional and social contexts. That social expectation has been linked to institutional trust (Kramer 1999:575) and the “unexpected” collapse of Lehman Brothers reflects this phenomenon. Although its collapse, and in fact the difficulties experienced by other banks, could have been partially predicted by looking at economic indicators only, the bankruptcy was still considered a surprise because of a collective belief that the markets would soon return to their normal, positive state. Jacobs (2012:337) argues that financial crises strain the “metaphors that construct cognitive framing of economic life” because they invalidate the bases of collective social understanding of how reality is organised, disorienting “social time, space and identities that mediate economic action”. In this way, the crises are destructive not only at the level of economic value but also often entailing a cultural crisis that then requires powerful symbolic responses to it, such as more regulation.

Increasingly often, policy makers as well as investors are starting to consider the idea that psychology may influence the markets more than previously considered, and that the economic models based on the assumption of efficiency and rationality may be oversimplifying the complexity of the markets (Escamilla, 2009, Maule, 2009); with many turning to insights from behavioural finance to understand the role of emotions in investment activity (Ross 2009). In traditional economic thought, in line with Adam Smith's (1776) theory, free market capitalism will be the perfect self-stabilising mechanism where government intervention is not needed. This is because actors are believed to pursue economic opportunities that present the best maximised utility for all parties involved. Many challenged this theory, for example, John Maynard Keynes (1936) suggested that economic actors may not always act in their best interest and mutual economic benefit: instead, they may be governed by "animal spirits" which are an interplay of non-economic motives and psychological factors, "spontaneous urge to action" (Keynes 1936:149) rather than calculated opportunity (Shiller 2005). Despite sounding naturalistic, the animal spirits metaphor actually takes its name from Latin, where "animal" means "of the mind" or "animating" (Shiller 2005:3) and is referred to 'the concealed factors of utter doubt, precariousness, hope and fear' are too often hidden by hypotheses of a 'calculable future' (Keynes 1937:222). This idea is further discussed by Wilson and McCarthy (2012:156) who describe this idea as "states of disorder", a concept that puts an emphasis on the change in understanding the economic equilibrium. Instead of crises and breakdowns being considered deviations from an optimal state, continuous deviations are in fact the equilibrium itself that is dynamic and not static (see also Akerlof and Shiller 2009, Krugman 2012). Wilson and McCarthy (2012) further note that the neoclassical economic assumption, suggesting that actors are utility-maximising in a rational way, has very little to do with some phenomena we can observe in the markets. Job insecurity, insider trading, panic selling or dubious public investments are all good examples of its irrelevance.

However, if we remove this problematic assumption we then need to raise questions about how economic judgements are made and what influences them. This question has been partially addressed by Shiller (2005), whose "irrational exuberance" has become a name for a social phenomenon when markets are bid up to excessive levels that are not sustainable in a long term, without much other explanation than psychological factors (Shiller 2005:1). This particular form of overconfidence is the basis of speculative bubbles, amplifying the justifications people give for their economic actions in the form of success stories. However, despite the recognition that markets may be emotional current valuation models, investment strategies are still based on the old assumptions. Taffler and Tuckett (2007) argue that we need finance to adopt a new integrative view, where emotions are not just irrational processes present on the road to economic rationality but as an essential characteristic of markets. In this view they are joined by MacKenzie (2009) who argues that crises in this sense are more crises of cognitive structures rather than technological ones as there is a collapse of understanding of the processes through which financial knowledge is produced. In his study of Collateralised Debt Obligations (CDOs) and Asset-Backed Securities (ABS), which sat at the heart of problematic SIVs in 2008, he shows that through the collapse of understanding of how these products should be re-evaluated they have lost their original raison d'être (MacKenzie 2011:290). Reinhardt and Rogoff (2010) further note that this cognitive structure involves a story of 'this-time-is-different' sustained by media, governments and institutions arguing that they have learnt from mistakes of previous crises and a next one would, therefore, not happen again. This, according to Reinhardt and Rogoff (2010), seems to be one true cause of booms and busts. Technological and structural conditions in the markets may change over time, but both governments and investors will continue to delude themselves giving way to busts of both periodic euphoria and depression.

According to Stiglitz (2008), this tendency was one of the main causes of the 2008 financial crisis that he has described as a "catastrophic collapse in confidence", where trust needs to be understood beyond investor confidence in the product (Tonkiss 2009). But the debate over the importance of confidence and trust in the economy is not new. Already Bagehot ([1873]1922) noted that confidence and trust are essential to the nature of the banking system because if there is credit, it means that certain confidence and trust has been given. According to Swedberg (2012), it is because confidence is something pre-existing to action, and when we lack reliable information, we rely on signs that help form a form of a long-term expectation. Without knowledge of the future, our image relies on the understanding of the context as we know it in the present and, thus, our subjective reality, which is temporally situated and constitutes the basis of understanding of future risks (Pixley 2009).

Shiller (2005:53) relates this to investment decisions. He argues that the modern admiration for ‘winners’ and contempt for ‘losers’ encourages gambling on an unconscious level because it normalises risk, which is taken as a necessary condition for success. However, if Western banks tend to borrow short term and lend long term they are vulnerable to changes in confidence (Swedberg 2012) because pressure to make a correct decision may trigger a potential panic. Looking into more pessimistic scenarios, Merton (1938) talks about a “self-fulfilling prophecy” where banks become insolvent because they have been perceived to be so and people have acted on that belief by retrieving their deposits. This made the banks really insolvent, even though they were sound in the first place. Lack of trust in markets may, therefore, be even more dangerous than overconfidence. It is then particularly important to understand how financial actors, such as regulators or financial media, respond to this uncertainty, thus, giving us a fuller picture of competing subjectivities that individuals draw on when they construct their professional identities.

1.2.3 Performing crisis: symbolic regulation

The global financial crisis has highlighted the need to rethink the existing regulatory requirements and pushed regulatory bodies across Europe and the US to fundamentally restructure their policies. Kessler (2004:4) argues that financial regulation is a symbolic process because the notion of risk, against which it is set to protect, does not reflect any objective reality, but an expectation of it that is socially constructed. In this sense, regulatory responses answer to that understanding with the aim of reducing uncertainty about that risk. According to

Jacobs (2012:385), in the US, one such symbolic response was the introduction of TARP (Troubled Assets Relief Program) that has been a flagship project for the same Treasury Secretary who claimed that the storm had passed just few months earlier. The TARP program was part of the crisis ritual in the sense that it promised what was technically impossible to do, namely to remove toxic assets from portfolios. And yet, it continued to exist in such a form because it provided a symbolic promise of dealing with danger and restoring confidence. Whittle and Mueller (2012) argue that subsequent congressional hearings had a similar function, acting as a carefully scheduled performance of blaming and rejecting the blame where both parties' narratives were constructed to symbolically shift the responsibility elsewhere.

In the UK, on the other hand, in 2009 the Financial Services Authority produced a report, called the "Turner Review", inquiring into the causes of the financial crisis with the aim to provide a set of recommendations for the reform of banking (FSA 2009). The report contained recommendations for the changes to the capital liquidity requirements, with substantially more capital to be held for most risky investments. The report also called for a greater regulation of shadow banking institutions as their ambiguous status has posed significant systemic risks in the past (FSA 2009). The recommendations of the Turner Review have been partially answered by The Basel Committee of Banking Supervision (BCBS) of the Bank of International Settlements, which in 2010 has substantially revised the capital and liquidity requirements. The changes were approved by the G20 summit resulting in a framework, called Basel III, intended to set better safeguards to the economy and reinforce the stability of the financial system (KPMG 2011).

On an individual level, one of the most important changes are the provisions for bonus capping that are described in capital requirements directive (CRD) IV. The provisions were set to reduce the incentive to engage in high-risk investments that were previously rewarded by commission from gains. The new provisions state that the bonuses of people who are in risk-taking roles may not exceed 100% of their salary, affecting thousands of investment bankers, especially in high risk-taking environments.

Additionally, the UK the Independent Commission on Banking has produced a report (ICB 2011) that provided the basis for the Banking Reform Act 2013. The new legislation has been designed to provide more safeguards protecting the financial sector and the stability of the system through two major proposals (James 2013). First of all, the new bill acts on the ICB recommendation that the retail banking and investment banking must be separated to avoid contagion of risk to depositors. The separation would be obtained through 'ring-fencing' which means that the two operational cores (retail and wholesale) would be financially independent. The consumers would be further protected by a compensation scheme in case of bank insolvency. These chances are set to come into effect in 2019. Secondly, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), recently established through the separation of the FSA, were granted powers where they would be able to pressure the banks to avoid "any adverse effect on the continuity of the provision of core services" (Banking Reform Bill 2013). Moreover, the split of the FSA into two separate bodies can be also considered a symbolic response as the previous regulatory body was heavily criticised for not ensuring adequate regulatory protection against morally dubious practices. The abolishment of the old body provided a symbolic restoration of the tainted institutional trust, with the new authorities being granted more powers to exercise over their supervisees to mark the contrast with the past when those powers were not adequately used.

It remains to be seen, however, whether these new safeguards will help protect us from future crises. Some oppose government's intervention, arguing that they should not "rescue fools from their folly" (Wolf 2007). And in the middle of this, there are the investment bankers portrayed as "struggling with dashed hopes, bruised egos, fear, anxiety and mistrust" (Noer 2010). As new pressures develop in the markets due to financial innovation, Kenneth and Rogoff (2010) have shown that there are new risks for which this protection will come too late. However, if we want to understand the macroeconomic processes, we need to first understand how the individual investors make sense of the markets.

1.3 Thesis overview

After this introductory chapter, Chapter 2 reviews the key debates in the sociology of financial markets, discussing embeddedness, politics and performativity as important organising forces in the financial markets (MacKenzie 2004). Among other examples, I discuss social origins of mathematical models (MacKenzie and Millo 2003), including the relationship of investors to ‘market information’. I show that these studies are aimed at re-politicising markets by analysing them not as a-historical systems (De Goede 2005), but as social constructs that are culturally embedded and contestable. De Goede (2005) further suggests that financial markets also need to be re-socialised and repopulated, acknowledging that the technology, models or products are created by humans who follow their own agendas and are influenced by various individual and institutional actors in those markets such as deal counterparts or regulators. Thus, understanding their subjective interpretations of how markets are organised, as well as the complex relationships that influence those interpretations could help us better understand the structural organisation of markets. These subjective understandings “cannot, however, be separated from social, political and emotional contexts in which the individual is situated” (Wilson and McCarthy 2012: 166).

Chapter 3 reviews relevant literature on identity formation, in particular discussing the work of Mead (1934) and Goffman (1959). It shows how Honneth’s (1995) theory of recognition can supplement them to provide a theoretical lens to study professional identities. This is accomplished by showing that there are three key aspects of identity (performance, reflexivity and dissonance), which these theorists share, and which are particularly relevant to understanding how identities are formed. Chapter 4 builds on these foundations by discussing the professional identity literature within the field of organisational studies, focusing on the topics of expertise, authenticity and possible threats to professional identities. This chapter is followed by a discussion of the methodology used to develop the thesis, especially I discuss Ricoeur’s (1988) narrative identity as a methodological approach to data analysis and I give an overview of the research methods used and the design of the study.

Chapter 6 explores, through accounts of lived experience, the narrative frames of performance, smartness and market immediacy. I argue that expert professional identity was constructed as a political tool to influence other actors in the markets. I also show that understanding reality through material resources produces a mechanism of coordination to bridge the gap between the material (money) and immaterial (values, beliefs, politics). Professional worth was, therefore, tied to the movements in the market and the temporal dependence on the market in anticipation of outcomes resulted in time-bounded cognitive frames.

Chapter 7 discusses the significance of the relationships of trust, focusing on systemic trust and individual trust relationships. I discuss how systemic trust sustained the reliance on credit rating agencies and the ‘too big to fail’ narrative as well as provided cognitive framing and a socially constructed evaluative frame. The chapter also explores how investment bankers engaged in trust relationships with different actors in markets and how they have constructed an ethos on the basis of such relationships.

Building on the findings from Chapters 6 and 7, Chapter 8 demonstrates how investment bankers struggled to rebuild their identities following the market crash, pointing to various ways in which individuals responded to change. I show the liminal aspects of identity construction, where competing possible selves arise and compete for a space in the self-narrative. Finally, Chapter 9 summarises the findings and provides a discussion of their conceptual and theoretical implications. Firstly, I propose that trust is a missing component in the theory of recognition when it deals with social cooperation. I argue that as recognition normatively regulates social interactions in markets, actors are first and foremost power maximisers. I show that influencing expectations becomes, therefore, a central task for actors in the markets, leading to the development of reified identities. As a result, liminal spaces are shown to be arenas of the inherent struggle for recognition.

Chapter Two: Sociology of financial markets

2.1 Introduction

This chapter reviews the existing literature in the field of the sociology of financial markets, pointing to a variety of approaches that guide research in this area: from embeddedness, through performativity to cultural-political approaches. The review highlights that despite recent developments in the field, particularly following the economic crisis of 2008, there are still significant gaps in our understanding of how financial markets are socially organised and reproduced.

The financial crisis brought sociological scholarly attention back to the financial sector, which prompted a number of studies (e.g. MacKenzie 2009, Stark 2009, Beunza and Stark 2012, Knorr Cetina and Preda 2012) to explore some of the social aspects of financial markets, such as the politics of financial modelling (MacKenzie and Millo 2003) , or the construction of financial narratives (Whittle and Mueller 2012). Theoretically, the field is characterised by very fragmented discussions. Some attempts have been made to systematise the debates into lines of research (Preda 2007, Fligstein and Dauter 2007, Carruthers and Kim 2011), but they acknowledge the lack of a coherent theoretical approach that would be able to deal with very diverse issues in the sociology of markets, for example, one that champions innovation on the one hand and increases complexity and instability (Carruthers and Kim 2011) on the other. This chapter reviews discussions in the sociology of financial markets, including the performativity perspective and the cultural-political approaches, and show that the perceived differences in approaches come from a difference in questions they seek to answer rather than conflicting ontologies.

The chapter is structured as follows: firstly, I establish the fundamental differences in the basic assumptions between the sociological approach to financial markets and more traditional, economic approaches. I then briefly review existing attempts to systematise the main discussions within the field. Secondly, I join the criticism of Beckert (2010) and Fligstein and Dauter (2007) against segmentation of the field and I propose that the discussions should be considered not separately, but in terms of questions from which they seem to start: *how* are markets organised versus *why* they are organised in this way. In doing so I position this thesis as contributing primarily to the latter strand of literature, however, recognising that both cannot be separated and depend on each other. I then discuss some of the cross-cutting issues that both research strands share, such the role of trust and expectations. Lastly, I establish the need to study the identities of market actors in order to understand their behaviours and motivations behind how they engage in those markets.

2.2 Assumptions underlying sociological studies of finance

The body of literature commonly labelled the sociology of finance positions itself in contrast to the fields of neoclassical economics and behavioural finance, starting by questioning their fundamental assumptions (Tarim 2008). Neoclassical economic theory, through which markets have been traditionally understood, begins with the idea that individuals are profit maximisers according to their preferred utility, and that the decisions they make in economic activity are rational preferences between possible outcomes (Thompson 1997, Fligstein 2001). Moreover, the actors are considered to act independently and with full information (Williamson 1993). As a consequence, the field is predominantly interested in the efficiency of markets and resource allocation within them (Fligstein 2001). However, explaining decision-making in markets in this way assumes that (i) it is possible to extrapolate future information based on the past, (ii) that information relevant to the future is available to actors in the present, and (iii) that they would use that information efficiently: tenets that, it could be argued, can rarely correspond to actual behaviour. One of the most prominent critics of such assumptions was Keynes ([1936] 1973:152), who argued that economic decisions must necessarily be based on expectations because "existing knowledge does not provide a sufficient basis for a calculated mathematical expectation". Additionally, he suggested that investors would make those decisions based on emotions that guide their behaviour, which he captured in the concept of "animal spirits".

The field of behavioural finance starts from a similar assumption by proposing the existence of an irrational investor whose behaviours can lead to deviations from the optimal choice and hence to volatility in the markets (Shleifer 2000). Empirically, behavioural finance research has shown the existence of profitable arbitrage (Shleifer and Vishny 1997) and advocates a more sophisticated view of investors (Tarim 2008) by urging to investigate their beliefs and "sentiments" (Shleifer 2000) in order to understand the formation of demand. Behavioural finance does so by considering cognitive biases that may distort investors' decision making, such as overconfidence (Ritter 2003).

However, behavioural finance still shares the assumption of rationality and efficiency as optimal states and therefore the scope of investigation is still able to predict and understand inefficiencies as threats (Shleifer 2000). At the same time, the assumption is that since such deviations would be random, they would cancel each other out and are unlikely to distort fundamental values, suggesting an implied degree of efficiency in the markets (Fama 1970; also see Malkiel 2003).

Social approaches to finance differ from neoclassical economic and behavioural finance in that they rest on different ontological and epistemological assumptions. For example, they are not primarily interested in the success or failure of investing in terms of economic outcomes but instead aim to understand the activity itself and its socio-technical context, highlighting that they are irreducible to questions of resource allocation (Preda 2007). The fundamental difference lies in viewing market actors not in a vacuum, but as part of historically developed cultural systems. While economics explains decisions as based on present value of expected future returns (Abbott 2005: 406), sociological approaches to finance see them as emerging also historically. This, in turn, has direct consequence on viewing actors as motivated not only by economic self-interest, but other, social factors too. Similarly, markets then become not level playing fields but are dependent on power relations. For example, sociological studies of finance have empirically shown that functioning of the market and survival of firms within it depends largely on social relations between actors (Baker 1984, Abolafia 1996, Fligstein 2001), in turn privileging anthropological and sociological methodologies over quantitative ones to investigate processes and practices of exchange (Lilley and Papadopoulos 2014).

2.3 Social approaches to finance

The field labelled sociology of finance or Social Studies of Finance (SSF)[3] emerged in the 1990s following the development in the field of economic sociology (Knorr Cetina and Preda 2012). The main characteristic of the sociological approaches to markets is that they emphasise the relationality of the actors in the markets. In particular, Preda (2007) outlines three research agendas that have dominated this field. First of all, he distinguishes a social-structural approach that focuses on the issues of information processing and uncertainty reduction through a construction of structural networks, often associated with the work of Granovetter (1985) on 'embeddedness', which he conceptualises as an intertwinement between economic and social structures. Similarly, White (1981) conceptualises markets as self-reproducing structures of actors' roles that make up a network of fairly stable, interdependently constructed relationships.

[3] Throughout this thesis I will use these terms interchangeably

However, while the structural approach can be valuable as it provides tools for mapping actors in financial markets, Preda (2007) also suggests that this approach often leaves the questions of power unexplored, simplifying the sorting function of networks.

Secondly, Preda (2007) identifies another research approach that proposes viewing markets as outcomes of political struggle in which various actors in markets aim to establish and maintain relationships that reflect their material interests in exchange. This view, primarily influenced by Fligstein (2001) and Beckert (2009), recognises that individual actors have the ability to influence the cognitive frames of other actors through relationships of power and, as such, they produce arenas for ‘games’ through which actors establish what is legitimate. As such, this is a more individualistic view where the attention is on actors situated in wider cultural discourses (see also Abolafia 1996).

Additionally, Preda (2007) identifies a third approach which he sees as sitting at a crossroads between the previous two approaches, borrowing elements from both in order to investigate specific issues in (financial) markets. For example, Knorr-Cetina and Bruegger (2002) problematise the concepts on which finance and markets are built, such as the notion of price, arguing that they are in fact a product of social structures and interactions as well as technical and historical contexts.

However, despite this divide, Preda (2007:508) is also careful to suggest that these views “do not succeed each other but coexist”. He is joined in this view by Beckert (2010) who also identifies three issues that the sociological approaches to finance are interested in: social networks, institutions and cognitive frames—very similarly to Preda’s (2007) outline. The difference between the two reviews is that Beckert (2010) makes an even stronger case for not considering these approaches as separate, advocating unifying them into an integrated perspective based on interrelations, where studying cognitive framing allows not only seeing the actors as part of structure but also how the structures influence actors back.

In this chapter I join Beckert's (2010) and Preda's (2007) call and I review the literature in the field of sociology of markets not by dividing it into separate approaches, but showing that they can work together. I see the perceived difference between the approaches as stemming from the type of questions the approaches seems to be addressing: first of all, *how* are markets organised and secondly, *why* they are organised in this way. Beckert (2011) argues that in structural approaches the question of *how* actors make choices is answered by pointing to social macrostructures, such as networks, that provide norms and habits, which condition those choices (Callon 1998). Instead, the approaches aiming to answer *why* these decisions are made the way they focus on the micro-foundations of economic action (Barbalet 2010), such as uncertainty and indeterminacy of situations in which decisions are made. By doing so they highlight the need for actors to continuously interpret the social contexts in which they make decisions, meaning that they need not only form expectations about the object of the decision but also about other investors. (Beckert 2014). This thesis, as it answers questions about identities of market actors, is therefore be primarily situated among the latter research approaches, at the same time, however, recognising that both questions cannot be answered without referring to the one another. The following sections review the literature in more detail to show how existing studies have attempted to answer both questions.

2.4 *How* are markets organised

This section reviews the literature within sociology of financial markets that focuses on the first of the two questions, that is, *how* markets are organised. This strand of research has developed building on Granovetter's (1985) concept of embeddedness and is concerned with the ways in which economic agents interact and the role of calculative models and technologies they use. As such, it explores the construction of markets mainly through looking at the socio-technical interactions in economic contexts.

2.4.1 Structure, networks and embeddedness

The notion of “embeddedness” as an intertwinement between economic action and wider social structures was first used by Polanyi (1957) to describe markets beyond simple notions of economic exchange confined to the market space. Polanyi (1957) believed that studying the social organisation of markets was essential for understanding the economic systems of production, because the economy cannot be considered distinct from the rest of the society. However, Polanyi (1957) did not develop the concept in further detail. It was, however, picked up by White (1981) who extended the idea to integrate the notion of information. White (1981) argued that market actors’ decision making is dependent on signals that they send to each other and on a shared frame of interpretation or ‘discourse’. Because of the necessity for signals, actors in markets would form networks that in turn had the function of uncertainty processing and reduction (see also Beckert 1996 and Podolny 2001). However, Preda (2007) noted that such dependence on internal observation suggested that markets operated as quasi-closed systems, contrary to the initial principle behind the concept of embeddedness.

The concept was further developed by Granovetter (1985) who aimed at increasing its analytical precision. Granovetter’s (1985) main argument rested on the assumption that individual action is not atomised but dependent on specific systems of social relations. According to Granovetter (1985:487) economic action is inherently based on ‘concrete, ongoing systems of social relations’ pointing to the constitutive aspect of embeddedness. Social interactions are in this way understood to reproduce and sustain markets through routines and habits that characterise networks. For Granovetter (1985), such understanding of embeddedness avoided being both under- and over-socialised as it escaped both focus on atomistic individual actions and overdependence on societal ‘norms’. This system of close relationships, in turn, relied on or was mediated by trust—which Granovetter (1985) seems to understand primarily in terms of reputation. This is evident particularly in his rejection of Arrow’s (1974) argument that trust between actors has a source in a “generalised morality”, which Granovetter (1985) deemed ‘over-socialised’. At the same time, however, Granovetter (1985:498) suggested that long-term relationships are able to generate expectations about behaviour of other actors that goes beyond “authority arrangements” and that ensure that the networks are stable. This shows a paradox in Granovetter’s (1985) ideas as these expectations can be considered as a localised example of generalised morality that he rejects earlier in the article. While Granovetter’s (1985) network embeddedness offers a practical concept on analytical level, theoretically its nature is less clear. This, in fact, was Beckert’s (2007:9) main argument in the critique of the concept: “by not taking attributes of actors and institutional rules into account, network analysis fails to explain how the social structure of markets emerges and why networks are structured the way they are”.

However, despite the inconsistencies, Granovetter’s (1985) embeddedness provides a good contrast to neo-classical economic theories mentioned previously that viewed actors as atomised and supplied with perfect information. According to Zelizer (1983), such a view essentially collapses markets to one type of exchange only, an assumption that cannot stand when one begins to consider cultural meanings behind products and services that are being exchanged. This is further supported by Fligstein and Dauter (2007) who provide support to Granovetter’s (1985) argument that unstructured and random exchanges cannot be considered as markets, and it’s in the everyday relationships of trust, dependence and power than one may look for both informal and formal rules that shape and govern markets.

Empirically, one of the earliest analyses of networks in the financial industry was provided by Baker (1984) who through an ethnographic study of Wall Street traders examined the rolenetworked relationships played in affecting the volatility of prices on a stock exchange. Baker (1984) found that individual traders confronted with social pressures and uncertainties turn to professional networks in order to gather information that would be meaningful to them and therefore actionable. Baker's (1984) study was important because it provided an empirical account of opportunistic behaviour in the times when discourses of actor rationality were still dominant, challenging the unrealistic assumption.

The embeddedness perspective is important, because despite its shortcomings it highlights that social relations have important implications on the material structuring of economic behaviour. This consideration had inspired studies that were built on Granovetter's (1985) embeddedness to focus on the relational ties between technology and social structure providing a "material sociology" of market dynamics. What is known as the performativity perspective, that I now consider in more depth, (e.g. Callon 1998, MacKenzie and Millo 2003, Callon and Musiesa 2005) focuses on the social aspects of calculative technologies and their relationship to sensemaking.

2.4.2 Performativity

The concept of performativity builds on Granovetter's (1985) embeddedness and suggests that economic theory not only describes markets, but plays an active role in their constitution. Markets are seen as "embedded" in economics as well as constituted by networks of relationships, however, without limiting the role of the individual whose behaviour is moulded by cultural, political and social contexts (Tarim 2008). Following Callon's (1998) work, the performativity perspective has been often associated with actor-network theory that provided the ground for a material sociology of markets (Callon and Latour 1981). In this perspective, economic actors are seen as made-up by agencements (or assemblages), which can be understood as arrangements of people, objects, technical systems and practices. Actors are not seen to have a fixed nature, but depend on the particular arrangement that brings together a unique assemblage of meanings. Agencements can therefore be understood as particular contexts through which economics can be performative, as they constitute actors in the markets (MacKenzie 2007). Although this actor-network methodology has been recently less popular due to the criticisms of privileging an under-politicised view of the world (Wajcman 2000, MacKenzie 2009), the significance of networks remains an important theme in social studies of finance (Carruthers and Kim 2011, Beunza and Stark 2012).

The concept of performativity has its origins in the philosophy of language (Austin 1962) where utterances were considered performative in that they brought into existence what they described. For example, during marriage ceremonies the official, with the act of saying ”I thee wed”, effectively creates what was not there before—in this case, a marriage. Kavanagh et al. (2014) argue that because of this, performative statements are only valid within a system of practices and beliefs that is self-referential and by that sustains itself, e.g. money. A similar example could also be what Merton (1957) describes as a self-fulfilling prophecy, where a mutual expectation between market actors of a bank failing, resulted in a run on that bank. That run contributed to the institution actually failing, regardless of whether the initial worry was true or not. In both cases the utterance has a significant effect on the reality it describes.

More recently, Callon (1998) proposed to use the concept of performativity in relation to economics that is understood not as knowledge depicting what is already existing, but various practices, instruments and networks that contribute to its construction. For Callon (1998) financial markets, and economics more broadly, are performative in that their instruments and technologies (for example, financial modelling) do not only describe the world, but help shape it by providing ways of thinking and acting that become constitutive of these markets. According to Callon (1998:2), "economics…performs, shapes and formats the economy, rather than observing how it functions". His view is also reflected in MacKenzie’s work (see

MacKenzie 2007, 2009), which argues that the performativity of economics lies in its capability of agency, rather than just descriptive properties, a clear sign of Granovetter's (1985) legacy.

However, MacKenzie and Millo (2003) argue that the performativity of finance can be seen not only through networks but in the artefacts themselves, be it particular practices (for example, of calculation) or financial models such as the Black-Scholes option pricing model and benchmarks such as LIBOR. In short, models and instruments that seemingly aid in simply describing a particular phenomenon actually *produce* that phenomenon, and shape actions taken in relation to it. As an example MacKenzie and Millo (2003) empirically studied the Black-Scholes option pricing model showing how, despite criticism regarding extreme sensitivity to change in some of its parameters, it was adopted by traders at the Chicago Board Option Exchange (CBOE) to be later institutionalised through inclusion in numerous indices. Although there were reservations, it still became widely adopted, suggesting that models are not necessarily always the 'best possible description' of a state of affairs, but can be adopted for convenience or political reasons, and as a consequence contribute to producing the very phenomenon they are claimed to just describe. The Black-Scholes model was attractive because it simplified the process of pricing of complex derivatives and provided legitimacy to the practices of hedging, changing their perception from gambling to insurance practice (for a detailed overview, see MacKenzie and Millo 2003).

The Black-Scholes model was also linked, however, to the failure of Long Term Capital Management (LTCM), founded by the economists who also developed the model (de Goede 2001). De Goede's (2001) study showed that practices and conceptual frameworks in financial services are particularly worth studying as politically motivated because of the large material consequences attached to their failures (and successes). For example, similarly to the data mentioned in Chapter 1, LIBOR significantly influences trillions of dollars' worth of derivative contracts despite in large part the construction of its value depends on the subjective interpretation of economic data by analysts (MacKenzie 2009). Conceptual frameworks in this context not only influence everyday practices, but assume the status of facts (MacKenzie 2009:17). MacKenzie calls such strong performative agency a Barnesian performativity, after Barnes (1988), when a theory or model assumes a status such that they alter the processes they describe “so that they better correspond to the model” (MacKenzie 2006: 19). Both Black-Scholes model and Merton’s (1957) self-fulfilling prophecy can be examples of such performativity. In this context, Callon’s (1998) agencements are no longer only enabling arrangements but are transformed into conditions of possibility (MacKenzie 2009:57), in that they give agency in the markets a potentially political function. That in turn raises questions about how conceptual frameworks influence the development of agency and stability, a point that has been indicated as the main criticism of the perspective. For example, Muellerleile (2013) argues that the performativity perspective in practice looks at market agencements as disembedded and, as a consequence, not only leaves little room for the consideration of alternative exchanges but also does not address the issue of change.

Perhaps the most developed critique of the performativity approach can be found in Didier (2007) who argues that in the context of economics and calculative practices a more appropriate concept would be that of ‘expressing’. Didier (2007) draws on Deleuze (1968) to define expressing not as a mere act of portraying or reflecting but as an active bringing out of characteristics and function. The emphasis here is on re-definition and change: "Expressing takes place when various elements (at least two) are gathered in a particular way, and this particular relation evidences a new feature of the whole composed by that coming together"(Didier 2007:303). Although this is similar to the assemblage, the emphasis is put on the continuity of the arrangement and its evolutionary nature. For Didier (2007), this is crucial because expressing in this way is not so much creation of economic knowledge from nothing (MacKenzie et al 2007), but a concept that captures altering the economic reality through bringing various elements together to affect them further. Such views can be compared to MacKenzie's (2006) 'effective' performativity, as both views share the conceptualisation of performative/expressive statements not as true or false but successful or failed (Callon 2007).

In response to Didier (2007), however, Callon (2007) proposes a different way to bring back the emphasis on active aspects of performativity by proposing 'performation', understood as an action through which performativity is enacted. This action can be collective and multifaceted, when calculative mechanisms are actively used to perform practices of risk management. In this way, Callon (2007) suggests, activities and material artefacts co-perform financial markets, creating what he described in his earlier work as sociotechnical apparatuses (Callon and Muniesa 2003:205). This argument aims to highlight that contrary to Austin's (1962) original conception of performativity, it is not only the power of words that can enact and transform social contexts, but it is a political and cultural process whose defining characteristic is its materiality. As such, meanings are subjective, and the functioning of markets can potentially develop in a variety of different ways, highlighting the potential problem of legitimacy of actors and meanings.

In the sections above I have shown that while both the embeddedness perspective (Granovetter 1985) and performativity perspective (MacKenzie 2007) provides a useful analytical approach for considering actors and structures in financial markets, it is primarily concerned with answering question of how markets are organised and at times lacks theoretical robustness to deal with the questions of why this may be. In the sections below I examine approaches that I believe could complement these perspectives.

2.5 *Why* are markets organised the way they are

In this section I review the research strands in sociology of financial markets that emphasise that the relationships between actors in markets are dependent on power relations. Therefore in order to understand the social structures of markets, the interpretative frameworks that individuals use to interpret actions of other market participants must first be understood. Fligstein (2001:15) argues that those frameworks define social relationships and help actors make the relationships within them meaningful.

2.5.1 Political-cultural approach

The basis political-cultural approaches, such as Fligstein's (2001) work, is that markets are characterised by enduring political struggles rather than stable relationships. From this point of view networks are produced to overcome problems of competition and uncertainty, rather than precede them. For Fligstein (2001), resource allocation is one of the material outcomes of this struggle. The key idea is that social action takes place in fields or domains, a concept that Fligstein (2001) adapted from Bourdieu (1977), that contain actors who engage in power struggles in order to dominate this space. In order to do this, a local culture needs to be developed that defines social relations between the actors ('incumbents' and 'challengers') in that field that would support such an arrangement. From the point of view of the individual, such local cultures are important as they help define social relationships and help actors situate themselves within them (Fligstein 2001:15). They also co-produce interpretative frameworks that individuals use to interpret actions of 'others' and the relationships amongst them to make them more meaningful. According to Fligstein (2001), because of this the field necessarily becomes a game that through political action within the field struggles over control of meaning. That meaning, on the other hand, Fligstein (2001:69) defines as "a story about what the organization is and its location vis-à-vis its principal competitors. It is also an interpretative frame used to interpret and justify actions vis-à-vis others." To this extent Fligstein's (2001) cultural-political approach can be interpreted as a perspective where markets are constituted through exercising of its actors' identities and their struggle over power to influence each other.

This is important because it means that in Fligstein's (2001) view, actors in markets are no longer profit maximisers per se, but aim to produce what Fligstein (2001:18) calls "conceptions of control"—a dominant collective identity that shapes local markets. In this way conceptions of control serve as market coordinating and stabilising force and it is during the transformation of the conception of control that markets can be described as in crisis because of a lack of an overarching collective identity that would define the actors' mutual priorities.

An empirical example of this could be found in Abolafia's (1996) study where he provided a detailed description of actors and institutions in an open outcry futures market. He attempted to examine rituals of trading strategies, but what he found was, similarly to Baker (1984), an empirical example that traders not always acted with the interest of personal gain understood as their optimal preference. Instead, trading gave a backdrop to social games in which traders competed for authoritative hierarchy. Landing a successful trade was seen through the lens of a power display in the room. Abolafia's (1996) study has revealed some aspects of social dynamics on the trading floor, but more importantly it demonstrated social values of trustworthiness and status to have material effect on liquidity in transactions (Tarim 2008).

What is beginning to be seen, are some important similarities between perspectives that deal with the *how* and the *why* of organisation of markets. For example, comparing Fligstein's (2001) 'conceptions of control' with Arrow's (1974) 'generalised morality' that has been deployed politically in a way that would resemble the mechanism that Granovetter (1985) has described for trust. Additionally, both research strands share an assumption that culture, understood as shared meanings, identities and beliefs, play a crucial role in the constitution of markets and that the coordination between actors (such as suppliers, customers, governments) affects their market behaviour. The next section continues to review the political approaches by focusing on the problem of coordination.

2.5.2 The problem of coordination

According to Beckert (2009: 245), the multiplicity of interests and subjective meanings in the markets means that markets can be looked at from the point of view of the problem of coordination between actors beyond their immediate connections in the networks. In this way, markets become “demanding arenas” of social interaction that cannot function in social order unless potential problems of cooperation are resolved. By taking this perspective, Beckert (2009) bypasses individual and institutional pre-conditions to functioning of markets (Coase 1988) by bringing the attention to reciprocal expectations of the market participants, which he sees as the basis of embeddedness of markets. The aligning of such expectations allows for the exchange to take place because the market participants are able to assess whether their counterparts interests align with their own (see Klein 1997a). Beckert (2009) identifies three main problems that can become an obstacle to such agreement: the problems of value, competition and cooperation.

The problem of value derives directly from the questions of actor preferences, pointing to the demand side of markets (Fligstein 2001). The problem of value is seen as a problem of expectation in that it reflects a potential mismatch in assessment of value of the exchanged commodity. For Beckert (2009) the problem of value is a starting point for all coordination efforts on the part of market participants to constitute a common cognitive framework against which actual value could be judged: from standardization to social positioning in search for legitimation. The question of establishing an objective functional value of a commodity then becomes unnecessary, because the problem of value does not refer to agreement on the value of a good, but on the agreement about the expectation of its value among those who would want to buy it. A good example, according to Beckert (2009) is the contemporary art market where arguably the quality of the good is not of interest but the social recognition of its aesthetic value. That, in turn, leads to the emerging market struggle in which various market participants aim to assure particular value orders—an example of Fligstein's (2001) conceptions of control—that is directly connected to the problem of competition.

Competition, through this dynamic, is also seen as essential to reproducing the market structures and by that providing confidence to investors on the basis of a stable expectation about market conditions (White 1981). The problems of value and competition are in this case crucial to understanding the dynamics of markets. The problem of cooperation arises from the inherent uncertainty associated with these processes that is due to an incomplete knowledge of the intentions of the counterpart. According to Beckert (2009), these problems can only be avoided if market participants are able to form stable expectations about the future, and by extension, possible outcomes of their position. This argument is in fact similar to Durkheim's (1984) non-contractual aspects of the exchange that could not be observed solely by self-interests of the actors, because expectations would be based on power relations and the cultural embeddedness of the exchange itself (Fligstein 2001).

However, Beckert's (2009) view is partly contested by Gemici (2012) who argues that the problem of coordination cannot be put at the same level as the problem of social order, the latter referring to the systemic coordination of practices (such as networks) and the former to an ongoing production of social selfhood through interaction and the sustainability of dependence of various market actors on each other. According to Gemici (2012), the problem of coordination, while a useful concept, should not be applied to macrostructures of markets, but the formation of actions in specific contexts. While Gemici (2012) argues that his view is different from Beckert's (2009), which is based on the importance of expectations, I believe that Gemici (2012) proposes a similar solution with perhaps a disagreement over what 'expectation' is. Coordination, however, is understood by both of them as the enabler of patterning of relations, as actors exercise their market identities, engage in power relations and so on. That, in turn, proposes a robust theoretical foundation to Granovetter's (1985) practical analytical view. Having identified expectation as a key concept, the next section would look at some issues associated with it in more detail.

2.6 Between the *why* and the *how*: trust, expectations and moral markets

Fligstein and Dauter (2007) argue that structural and political approaches share a significant conceptual overlap and that the literature overemphasises on the extent to which the perspectives that I have so far reviewed are separate. In this section I revisit some of the important concepts that have surfaced in the reviews above, such as trust and expectations, and I discuss them in more detail.

2.6.1 Trust

One of the main arguments in Granovetter's (1985) discussion of embeddedness was that in the case of close personal ties that last over time among actors, they can develop relationships of trust, identifying it as a key characteristic of how are markets organised. Trust relationships were seen as a stabilising mechanism for the networks, because they reduced the perceived risk of purposeful malfeasance. Granovetter (1985) gives an example of diamond merchants who relied on trust relationships in order to protect themselves through monitoring community's behaviour in this way. However, trust in this way can be rather interpreted as a means of control and an outcome of reciprocity rather than increased network stability.

Fligstein and Dauter (2007), on the other hand, argue that trust is not about long-term relationships between actors, but suggest a more political perspective where trust is characterised by relationships of power and resource dependence. A middle ground between these views can be found in Uzzi's (1997) study where, similarly to Granovetter (1985), trust was seen as one of the primary features of embedded relationships. However, Uzzi (1997) found that trust was deployed in market relationships not only as a cognitive resource, but also drawing on a larger group morality—something that Granovetter (1985) dismissed. On the other hand, an important similarly between the findings is that of reciprocity based on calculation. In Uzzi's (1997) case, this was evident in the relationships of trust drawing on a system of favours, making trust the object of exchange itself rather than its mechanism.

A more complete characterisation and role of trust in economic settings such as financial markets is provided by Barbalet (2009) who proposes that in order to understand trust in markets, a clear distinction between trust and confidence must be established. For Barbalet (2009), under conditions of permanent uncertainty, such as one identified earlier as a characteristic of markets, in order to achieve any economic outcome, actors must resort to some form of trust as means to overcoming lack of evidence onto which to build a 'rational' expectation. Barbalet (2009) follows Beckert (2009) in putting expectation in another actor's behaviour at the heart of the definition of trust. This reflects Luhmann's (1979) definition as well, who characterises trust as a dependency of the trust giver on the trust taker and the hopeful willingness to accept that dependence. It is therefore an anticipation of a future outcome that constitutes a bridge between an unknowable future and what is knowable, in an anticipation of a future outcome. Relationships of trust are therefore, from the outset, defined as asymmetrical because they accept the possibility of defection, while, that power asymmetry can be understood also as a price for reduction of uncertainty (Barbalet 2009).

At the same time Barbalet (2009) adds that such a conceptualisation of trust must be necessarily divided between various forms of system trust (Luhmann 1979) and interactive trust between two counterparts. He argues that the former type is in fact a question of procedural legitimacy. As such, it can be connected directly to the questions of performativity of economic expertise, because system trust would be based on the beliefs about the adequacy and legitimacy of knowledge that are claimed through the promise of satisfying expert knowledge needs. Interpersonal trust, on the other hand, is characterised by a necessary relationship with action (Barbalet 2009:370) in that it necessarily provokes some sort of response that would otherwise not be possible: similarly to Uzzi's (1997) and Granovetter's (1985) findings.

Barbalet (2009) argues that such a characteristic is a result of an internal paradox of trust, as on the one hand it requires dependency and an asymmetrical relationship, and on the other provides a vehicle of reassurance and uncertainty reduction. Trust, therefore, must be understood as an expectation directed towards a particular other. This view is supported by MacKenzie (2009:101) who gives an example of traders who must trust their managers when ordered to abandon certain positions in that such a move is a necessary part of a wider logic of a trade and that any incurred losses will be only temporary. That is why relationships of trust are seen as necessary frames for economic action in the financial markets (Preda 2007) and as their outcome is, by definition, not knowable in the present, the relationships can be described in terms of trust. According to Fligstein (2001) it is the stable expectations produced in this way that have contributed to the expansion of financial markets, because market participants were able to produce stable evaluation frameworks through which they could assess practical credibility of persons, practices and technologies.

Providing for an uncertain future is a recurring motif in the way financial markets are organised. MacKenzie (2004) argues that in the past the organisation of financial markets around gentlemanly "Dictum pactum meum"—i.e. my word is my bond—provided an expectation of stability through mobilisation of morality and reputational risk. However, modern financial risk management has moved this from a cultural sphere towards a calculative one (de Goede 2004) and as such it has enabled to re-position the activity of gambling to a legitimate sphere of calculated speculation (Hardy 1923). Hardy's argument is important because it establishes speculators not as irresponsible people but professional risk bearers through defining them as 'responsible men [who] anticipate the wants of the market and take the risks on their own shoulders' (1923:4). De Goede (2004) argues that in this way risks have begun to be naturalised and legitimised, sustained by the discourse of calculation as a means to keep them under control and predictable—hence not really risks at all. Examples of this can be found for example in future contracts and other derivatives. Power (2004) argues that in this sense risk in finance should not be looked at as a result of potential dangers, but as a profitable cultural process of commercialisation of security.

2.6.2 Expectations, promises and uncertainty

However, uncertainty in markets can never be fully calculated for and therefore economic action necessarily involves some form of speculation (Lilley and Papadopoulos 2014). In this view Nelson and Katzenstein (2010) and Pryke and Allen (2000) both highlight the importance of expectations in the financial markets. They argue that this is because value is a subjective expectation of a future evaluation of the commodity by the other and therefore prices can be understood as derivatives of those expectations, gaining the qualities of far-sightedness and enhanced symbolism' (Simmel, 2004: 479). They are anchored therefore in socially constructed promises of future value, and thus dependent not only on material market movements, but also emergent narratives of profit and opportunity, such as the narrative around BRICs. Carruthers and Kim (2011) agree with this view, adding that promises lie at the heart of finance not only through the notions of value and price, but are also embedded in its material organisation.

According to Carruthers and Kim (2011), this is because much of financial practices derive from production, evaluation, distribution and enforcement of various contracts where one actor promises to pay an agreed sum to the other. Those promises can be complex, such as in the case of exotic derivatives, or simple in a form of a loan. Promises therefore need to be considered in terms of their economic significance, and according to Swedberg (2010), this is particularly true following the recent economic crisis where a lot of such promises were broken.

Because various market participants will be motivated to at least some degree to pursue their own interest, this was seen as a source of enduring uncertainty (see also Beckert 1996). Beckert (2009) argued that the formation of these expectations was dependent on various cultural, political and structural contexts. Hall (2006) suggests that this is true also in the case of trust in certain cognitive framings, as discussed earlier in this chapter. Hall (2006) argues that the relationship of financial analysts to corporate clients is mediated through such trust as they situate their narratives within the discourses of quantitative finance practices, making their calculations and interpretations of those appear objective and non-negotiable rather than revealing their subjective nature.

Another example of such framing is the case of a risk model called Value-at-Risk (VaR). The use of the model is widespread and it is also part of those regulatory tools used to assess a firm's exposure to various systemic risks. VaR model calculates a daily figure of potential aggregate losses that could be incurred on the trading book. It is based on assigning various probabilities to future events such as various types of market movements, price changes, and so on. Despite its numerous caveats - it has often been criticised for underestimating extreme events such as the possibility of crises (de Goede 2004) -VaR is still narratively constructed as a good risk measure and it remains at the heart of financial regulations. According to Booth (1999) this is due to a larger narrative of possibility to control risks in the financial markets:

'Today's risk managers are getting involved in risk quantification, whatever its source. . . . Behind this trend is the belief that if you can quantify a risk, you can hedge it'.

This bears strong similarities to the performative view of markets where MacKenzie et al (2007) point to a the ability of bankers to use financial models to re-narrate the uncertainty of the future in terms of risk and as much situate themselves as 'experts' that can manage those risks. Returning to the example I have discussed earlier on, thanks to employing the Black-Scholes formula, the fundamental uncertainty of the option derivative was transformed into not only a measurable risk, but also a risk that is also tradeable, and therefore potentially profitable (MacKenzie et al 2007). Such framing of the simple calculative device highlights a special relationship of financial models to the future in that they work to express it in the present. The scope, however, lays not so much in trying to predict the future, but in making it calculable and therefore controllable and potentially profitable.

According to Mutzel (2010), because the market participants' narratives would be communicated in the market, their stories act as signals to other actors about the intended future position, providing a stabilising effect on the social structure through the creation of reciprocal expectations—the condition that Beckert (2009) indicates as precondition to social order of markets. However, this is not unproblematic—the contradictory experiences or indeed the interpretation of each others' expectations opens the ways for possible social struggle in the markets. Beckert (2013) suggests that as a response market participants would engage in 'management of expectations' understood as political efforts to influence each others' expectations and how others perceive and interpret theirs, brings his view more in line with Fligstein (2001). Because of that, Beckert (2013) argues that such struggle is relevant both to questions of agency and macroeconomic development. This is important because it provides a direct connection between subjectivity and material organisation and behaviour of markets, bringing together the perspectives reviewed in this chapter.

Starting from an assumption of uncertainty and the powerful performative role of stories in shaping expectations, Beckert (2013) proposed an addition to his previous framework. Beckert (2013:219) proposes to consider economic decision making as intentionally anchored in 'fictions'[4] that for him are "the inhabitation in the mind of an imagined future state of the world and the beliefs in causal mechanisms leading to this future state". This is a fundamental observation because it uncovers that the present economic motivators of market participants are in fact, anchored in their self-referential image of the future and their activities and status in it. As such, this brings in to play important questions of identity, which Beckert (2013) does not explore in his framework.

The expectations conceptualised in this way would also be a source of creativity in the economy because they will motivate action that is aligned to the future imagined goals. This is also an important development because an emphasis on creativity not only anchors the expectations in action, accounting for the materiality of markets, but at the same time provides one possible way to solve the problem of cooperation. From this I can deduce that it is not the expectations that need to be fully aligned in order for the cooperation to take place, but it is enough that market participants share a common goal (for example, profit) that would help align their activities in the market.

At the limits of cognition, the actor must bridge the uncertainty by forming an expectation that they base on the systemic trust (Barbalet 2009) as a reassurance that the expectations could be potentially realised in the future. However, since the expectations are no longer bounded to rationality, they need not be secure, but can refer to mere possibilities (Beckert 2013). That is

[4] Beckert (2013,2014) does not equal fictions to fantasy and therefore the term is employed more in line with Fligstein's (2001) perspective rather than a psychoanalysis.

why they are susceptible to the influence of social context through collective beliefs, narratives and power relations. One example of this influence in financial markets is provided by Beunza and Stark (2012) who observed instances of many traders choosing to act in a similar way, creating a self-reinforcing circle where certain perceptions gain legitimacy in the eyes of the other. Beunza and Stark (2012) called this phenomenon dissonance, that they deemed as one that may lead to situations of overconfidence through creating an illusion of rationality (Pixley 2012:52).

In Beckert's (2013) view, the stories of potential profit opportunities that traders frequently exchange (Beunza and Stark 2012) would be examples of 'fictions' to which he refers as uncertainty reduction devices in decision making in uncertain contexts. This provides a link between cognition and the formation of expectations over time where the actors use their subjective interpretations of future events to evaluate present situation. In this sense Beckert's (2013) view is similar to Dewey's (1957) concept of 'ends-in-view' where the present thinking and acting is said to be influenced by expectation of the future. What is important is that contrary to expectations about uncertain future, the expectations based on fictions temporarily suspend the feeling of uncertainty because they seem plausible. That of course reveals a great fragility because "fictions in economic contexts is therefore vulnerable to contradictory experiences in the real world and at least potentially open to adaptation" (Beckert 2013:225), something that Fligstein (2001) identified as the object of the political struggle in the markets. In light of this, a question arises how individual actors in markets experience this struggle in practice and how does it affect their identities within the markets. Sayer (2000) suggests that a good entry point to consideration of individual identities in markets is moral aspects of the economy.

2.6.3 Moral markets

Building on other approaches discussed in this chapter, moral markets (Fourcade and Hiealy 2007) are seen as culturally embedded and the perspective seeks to uncover the mechanisms that realise those markets in practice, linking the *why* to the *how* of the organisation of markets. Fourcade and Hiealy (2007) warn against considering morality of markets solely in consideration of the good and the bad, but rather as a complex relationship between practices and sensemaking (see also Knorr Cetina and Bruegger 2002). Markets in this way are seen as "moral projects" because of the normative expectations they carry through the exercise of categorisation of behaviours, meanings and actors: whether these categories are economic or social. Fourcade and Hiealy's (2007) view is political because it highlights the possibility of moral commodification through construction of "categories of moral worth", perhaps narrowing down what Fligstein (2001) suggest as conceptions of control. To understand the dynamic and functioning of markets, it becomes necessary to examine the foundations on which market participants draw to establish moral categories of evaluation of markets, and consequently, the expectations about its functioning (Sayer 2000). One empirical example of this could be Langley's (2008) study that focused on problematising agency in the financial practices, drawing on discursive construction of an investor as a conscious and reflexive subject who negotiates his position in the markets. By doing this, Langley (2008) shows that the contemporary practices in financial markets are in fact exercises of identity, giving an example of the discourse of home-ownership as responsible investing.

In this sense the morality of markets can be understood as a coordinating social action that sets out the conditions in which markets and their actors can be legitimised. Moral considerations are then an essential part of economic organisation and activity, because *"man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his* *social claims, his social assets. He values material goods only in so far as they serve this end"* (Polanyi 2001:48).

2.7 Conclusion

In this chapter I have reviewed the key debates in the sociological approaches to finance (Granovetter 1985, Fligstein 2001 Beckert 2009, 2013) as well as notable empirical accounts (MacKenzie 2006, 2009, Beunza and Stark 2005, 2012, Hall 2006, Abolafia 1996). While this discussion is by no means exhaustive, I attempted to organise it in a way to show that while the literature has developed seemingly in two different directions, the perspectives in fact share a lot of similarities. Equally, although attention has been given to some of the fundamental issues such as trust and expectations in markets, the field still provides a fruitful domain of further inquiry.

In particular, Fligstein and Dauter (2007) point out that recent developments in the field have given more attention to cultural dynamics of markets as well as their technological contexts, some of which I have discussed throughout this chapter (MacKenzie and Millo 2003, MacKenzie 2006, 2009, MacKenzie et al 2007, Hall 2006). Moreover, the current economic crisis has brought even more attention onto an already growing sociological interest in finance (Carruthers and Kim 2011, Whittle and Mueller 2012).

It has been shown that any economic decision-making must be investigated in the context of social framing of the markets (Fiss and Kennedy 2007), which, as all of the above approaches suggest, has a direct consequence of the stability of market and institutions within them. The views presented in this chapter further highlighted uncertainty as a fundamental critical element that shapes dynamics of markets and their reproduction. It is also apparent that as actors within the markets struggle to reduce this uncertainty, expectations emerge at the forefront of economic activity (Beckert 2014). Economic action becomes therefore an exercise of individual and collective identities. However, while identity figures implicitly in all of the perspectives discussed, in performativity through subject-object relations and in moral markets through power and positioning in social relations, it is rarely discussed explicitly. Therefore, still very little is known about how these identities are constructed and maintained in the context of financial markets, let alone how this process unfolded during the recent economic crisis: questions that this thesis contributes to answering. In order to do this, the following chapters in this part of the thesis review organisation studies literature that have focused on the issues of professional identity as well as establish my theoretical and methodological approach.

Chapter Three: Identity and recognition

3.1 Introduction

This chapter moves forward from reviewing the literature on sociological approaches to financial markets to set out the theoretical conceptualisation of identity construction which I adopt in this thesis. I suggest Axel Honneth's (1995) theory of recognition as a moral political philosophy that I believe has the theoretical robustness needed to deal with the questions of identity in markets both on the individual actor level and as it renews the connection between the normative and political aspects of identity construction. In this chapter, I will begin the investigation of individual identity work in financial markets by setting out a theoretical discussion of the identity formation and dynamics,.

To do this, I will explore Honneth's (1995) theory of recognition and I will introduce Mead's (1934) work from the symbolic interactionist tradition. According to Overdevest (2011) these traditions are particularly suited to studying markets as they emphasize the construction of meaning to be a recursive social process of interplay between agency and structure. In particular, she highlights that its application can bridge "truth-value of language" (p.535) to practical material consequences through consideration of identity.

I begin the chapter with an overview of the symbolic interactionist tradition with particular attention on the works of Mead (1934) and Goffman (1959). I then follow with a detailed overview of Honneth's (1995) theory of recognition, with particular focus on identity formation. I argue that the perspectives read in conjunction offer a comprehensive ontology that is able to deal with the question of identity in financial markets both theoretically and in everyday practice. Further, I show that the above perspectives share views on some of the fundamental concepts that underpin them.

3.2 Identity formation and the dialogical self

I begin the discussion of the construction of identities with Hegel (1870), for whom problem of identity lies in the very idea of separation of subject and object: for Hegel, subject-object was a fusion of the two effectively acting back upon itself over time. In fact, the assumption of inseparability of subject and object is a foundation in understanding of the self in modern social psychology from works of Mead (1934). Hegel's influence on Mead (1934) is particularly visible in his understanding of selfhood as based on conscious involvement of individual in social activity that constitutes them. According to Hegel, people are not only participants and producers of culture (subject) but also products of it (object), an idea in turn influenced by Herder (1770) who viewed psychology of self in terms of *Volksgeist* and *Zeitsgeist,* membership in culture that evolves in time and thinking that exists only in terms of culture and language.

Language understood as a system of meaningful gestures and symbols, as developed by Herder (1770), was for Mead an essential condition for the development of self. According to Mead (1934:135) the self is not determined or given but developed through our experience of social process mediated through our reflection upon it. The genesis of self is based on two factors: first, the existence of a common language that provides the medium of meaningful communication through symbolic interaction and, secondly, the process of learning how to interact that one goes through during one's childhood, first imitating gestures and behaviours, then learning to recognize stimuli which require specific responses and, finally, initiating action.

The dialogue that emerges between taking up specific social roles and conscious reflection on them in order to produce adequate response forms the basis for Mead's (1934) concepts of "I" and “me” as essential components of the self. The idea of the dialogical self is also developed in the seminal works of William James (1890) who was a colleague of Mead’s at Harvard and his friend. James (1890) was the first to recognize that the self is constituted of several parts including multiple social selves which are called out according to different social situations, as well as a conscious ego identity, that is aware of self and whose self-consciousness is emotional. Similarly to James’s view, Mead (1934) puts an emphasis on the self-consciousness that is an experience of self. However, the important difference between the two views is that Mead’s understanding of consciousness is based on the self becoming an object to itself through taking a position of generalized other – a synthesized view of organized social process – and therefore experiencing itself indirectly through the lens of others (Mead 1934: 136-138). This self-consciousness is the “I” in the self and the “me” is the appearance of the self through various social roles. However, the two should not be thought of as a separate inner core and an outer expression: “I” is the reaction of self as reflected from reaction of the generalized other which is what discursive “me” is made of. Therefore, “the I of this moment is present in the me of next moment” (Mead 1934: 174), it is historical and present at the same time, it is the creator of “me”, but it is also created by it. This relationship can be understood as the essence of the social nature of identity because social process is inseparable from creation and re-creation of all parts of the self.

This point is further discussed by Beech (2008) who argues that there is no one ‘authentic’ version of the self, but the individual is seen as a reflecting self who continuously negotiates and renegotiates preferred versions of their identity in conversation with societal structures and discourses. In other words, identity formation is seen as a constant reflexive practice of negotiating own opinions, experiences and macro influences on perceptions of self. According to Beech (2008: 53) it is through this dialogue with self and context that we negotiate meanings that we attach to things, emphasizing a “dynamic multiplicity of positions” that can occur simultaneously in conversation, generating meaningfulness to our identities. According to Beech (2008) meaning-making occurs as tensions between these possibilities arise, forcing oneself to situate themselves between them through reflexivity. Identity in this way is seen as the “combination of the positions on the tensions” (Beech 2008:66). By extension, a change in the positioning and balance between these tensions will produce new meanings and contribute to changing identities. While the theorists agree on the dynamics of this process, it was another academic working in the symbolic interactionist tradition, and who was directly influenced by Mead (1934), to propose how the identities constructed in this way are then expressed in practice.

3.3 Identity expression

Goffman (1959) framed his propositions about the position of self in social process in terms of dramaturgical analogies. Similarly to Mead (1934), for Goffman (1959) the purpose of meaningful symbolic communication is to reach consensus regarding discursively constructed reality, or the ‘definition of the situation’: a context and expectations-dependent organization of social process. According to Goffman (1959: 34), the individual enters social context through creating for himself a “front”, a generalized social role to whose standards he must make an appearance. Taking up roles in the form of a “front” has several consequences.

First of all, all situations will be played out in terms of expectations about what is acceptable in a given situation and therefore the actor’s patterns of performance and audience’s reactions to it will be a function of previous socially learnt impressions and responses to them. This, in turn, means that playing out certain roles according to their expectations may become a tool in obtaining a specific objective, such as a desire to be seen in particular way or be granted a social status. Here, we can see some immediate similarities to Beckert’s (2009) discussion of the problem of coordination in markets, where the stability of social arrangements depended on the expectations regarding the role and agency of the other market participants.

Secondly, the roles are played out for “audience” which is a set of spectators, others involved in a given social situation. The concept of audience can be compared to Mead’s (1934) generalized other, however, Goffman seems to suggest that audience refers to a more specific group of people to whom the performance is directed, which in turn means that, although the audience speaks in a unified voice, the generalization will come not from the entirety of social process including persons and objects, but from a targeted group. This is because Goffman’s role-taking seems to require the physicality of the situation and therefore the self as actor does not have the possibility of seeing itself as object in the same way as described by Mead (1934). Instead, production of identity is linked to the correct realization of an appearance. The correctness of performance is an important social tool for upholding a given situation, to such an extent that consensus needs to be sought in order to sustain performance if a slip is made by the actor (Goffman 1959: 54). In fact, part of the *mystification* – dramatising - of the performance lies in pushing away true feelings at times in order to make room for consensus: it’s a contractual type of agreement where audience may “not see” a mistake in routine in order to maintain a common reality. However, this view poses some problems, notably that there are situations in which it is not possible to not-see and consequently not lose faith in projected reality: disagreements are to be dealt with by regularly checking by the audience on the validity of claims made using “ungovernable” parts of performance, although Goffman does not seem to specify what these may be.

Altogether, the process, defined as *dramatic realization*, is a cycle of “concealment, discovery, false revelation and rediscovery” (Goffman 1959: 20) and the main characteristic that follows is therefore the circumstantial nature of reality and its temporal fragility: what is, is only because all participants in the play have agreed that it is so. Although the general mechanics of staging performances above refer to "reality" defined as *situation*, the same rules can be applied to analyze self and identities from a dramaturgical perspective. According to Goffman, an individual's identity is a composition of a performer and a character. The category of performer can be compared to Mead's "I" where all action is learning part of the person and at the same time an initiator of appearances. In a way it is a frame for the picture which is character. Character, on the other hand, is a desired version of self, the image that one performs for the audience which then needs to be accepted by it and therefore is circumstantial and temporary. The ensemble of these characterial role identities is the self.

This is, however, where the fundamental difference lies between the dramaturgical approach and Mead's symbolic interactionism. According to the dramaturgical approach, self is a collection and dialogue between role identities (various roles as part of character) and it is not dependent on the performer. What follows is that emotions that he ascribes to the performer do not have influence over how role identities are formed and sustained, but are rather a consequence of a performance and the ultimate outcome is dependent on the audience. Goffman seems to suggest this is that case on numerous occasions (for example, embarrassment caused by not being able to sustain a flawless role during a performance (1959: 204)) although he never explores that one-way connection. Contrary to Mead's feedback loop between 'I' and 'me', the mechanism seems to have a form of memory where changed circumstances may only mean creating new role (newly defined situation) and adaptation of old role is rarely possible. Goffman's performer is necessarily subordinated to character while Mead's "me" and reflective "I" are subordinated to each other. The implication of this difference is the question of possibility of identity in the case where there is no immediate audience to interact with through making appearances. While Goffman's (1959) dramaturgical approach has difficulty dealing with this question, Mead's generalized other not only deals with the physicality of identity but also its temporality through emerging as an inherently historical process. Even though Goffman introduces a form of theatrical consciousness by distinguishing between roles which are acted out formally to a specific audience on stage, and roles which are acted out in the privacy of backstage which is defined as a ‘place’ where audience is not present other than partners in the act with whom one shares familiarity (team), the two are in fact the same mechanism of responding to a situation or creating one using either pre-existing set of responses and masks or expectations of these. The main two differences Goffman seems to be suggesting is the relaxation of standards expected while acting out a role and the degree of mystification. However, for Goffman (1959: 244-5) purpose and action lies in character, one performer only stores them away. Because we strive for positive confirmation in a role, we perform who we would like to be. If we believe that we are what we act, then even backstage we continue to act but this time the audience is ourselves. It is our own version of reality that’s does not need to be shared with any other audience but it is still part of character. This problem reflects the subject-object loop of Mead’s (1934) I-me relationship that again questions the lack of dialogue between Goffman’s performer and character.

3.4 Identity and recognition

Honneth’s (1995:97) work is underpinned by an assumption that agency in ethical societies requires formation of a ‘practical relation to self’. Honneth (1995) develops this aspect through the reading of Hegel’s early work with respect to recognition. Its basic premise is centred on the critique of instrumental and atomistic assumptions about agency (Sittlichkeit) and instead specifies recognition as a form of ethical life. In this sense, Honneth (1995) proposes recognition not as an institutional framework but a multi-layered social morality (Deranty and Renault 2007). This presupposes human agency as constituted by and constituting of relations with others, which is where Honneth (1995) draws heavily on Mead (1934). Honneth (1995) is inspired by Mead (1934) where he puts emphasis on the intersubjective and historical nature of the subject, which means that recognition becomes the pre-condition of normative life and through that, a condition of moral life.

Honneth (1995) identifies three main forms of recognition that one may experience through social interaction: love, rights and esteem, which correspond to experiences of legitimacy and worth of one's identity through self-confidence, self-respect and self-esteem. Among these forms of recognition, the most basic one is love, which Honneth (1995) discusses primarily in terms of intimate relationships of love and friendship, and in particular, the relationship between mother and child in the child's early stages of life. The formation of an emotional bond between the mother and the child is essential for the child to move away from the symbiotic relationship and become aware of its self and its own needs as well as the world around them. It is through this process that we first gain some form of self-confidence, becoming (in time) autonomous selves that have agentic ability to reflect and act according to their chosen purpose. Honneth (1995) puts an emphasis on the fact that this form of recognition requires physical presence of the other in order to culminate in "being oneself in another" (p.96), that is, being recognized as an autonomous self with its own interests and identity. This lies in contrast with other forms of recognition, which I discuss below, that only require an acknowledgement of a generalized other, whether real or imaginary. As such, love raises questions about independence and attachment and connects identities to the reality of lived experience. This is important because it lays the foundation of having trust in the continuity of one's experiences, without which we cannot turn to consider abstract ideal selves, which in turn is an essential component in the evolution of identities over time.

The second form of recognition, the granting of rights, builds on love in the way that the autonomous selves are reciprocally recognized as members of a community, with rights and moral obligations. What it means for identity is recognizing one's membership in certain categories as well as the recognition of the roles one assumes in various contexts. This form of recognition is a basis for self-respect, because it gives the right to form certain expectations regarding the reactions our performances will solicit in a particular social context, forming a basis for purposive action. Because legal recognition is solely awarded on the basis of belonging to a particular community (Honneth 1995:109), it raises questions about the politics of self-respect when rights and duties are unequally distributed. In an organizational context, this could be manifested through the politics of legitimacy and authority, and the authorization to represent the community in a certain way (for example, through the status of an expert). As a result, social recognition is vulnerable to changes in demand for certain identities and to consideration of their place in the wider society. However, Honneth (1995:111) points out that we need to necessarily separate self-respect from self-esteem, because in the former, one is recognized solely on a basis of membership to a category or a role as “an end in itself”, while social regard that brings about self-esteem is instead inherently tied to the notion of social worth, as measured according to subjective criteria of what we individually deem valuable.

This brings us to the last form of recognition that is social regard, with direct consequences for self-esteem. The difference between esteem and previous forms of recognition is that it is based on judging the value of one’s identity according to communally held values, placing the emphasis on individual achievements. The recognition is not unconditional, or granted upon satisfactory accomplishment of some requirement – instead, it depends on an evaluative frame of reference which is based on whether a particular achievement is deemed a significant contribution to the goals of the community. This can be problematic because since the evaluation frame is intersubjective, it is also open to different values and interests, giving way to the creation of hierarchical and horizontal competition (Honneth 1995:122). This means that individuals will be pushed to engage in political struggle, which further highlights the individualizing character of this form of recognition. Honneth (1995) further argues that this reflects a tendency in modern societies to turn away from esteem gained from contributing to society's goals (which Honneth calls 'honour'), to social prestige. Social status is granted according to a more elaborate evaluative frame, where the identity's worth is judged on a stratified scale of responsibility. One may gain honour through living one's life in a manner deemed appropriate for a particular group; however, status emerges from the combination of individual achievements and the worth of the group as a whole compared to other groups within the evaluative hierarchy (Honneth 1995:123). Such decoupling of respect and esteem will be particularly useful for the consideration of organisational contexts, in particular, in what ways people engage their identities in competitive environments and in elite professions.

Altogether, Honneth's (1995) framework deals with both particularity and universality of identities (Zurn 2005:92) on an individual level as well as in a social context. What it means is that he looks at the normative side of politics of identity through which he aims to understand the motivations behind social movements (see also Thompson and Yar 2011).

However, Pilapil (2012) warns that these components of self-realisation are of course hard to achieve in practice, and that people would inevitably experience various forms of misrecognition. Because the identities are informed by recognition, the result of it can motivate people to engage in a struggle for recognition (Honneth 1995:131), that is, actively managed efforts to restore the "injury to the positive understanding of themselves". Engaging in the struggle, he further explains, is essential because normative identity relies on constant affirmative feedback from the other. Misrecognition, then, carries a potential danger of bringing identity to a collapse. Here, Honneth (1995) distinguishes various forms of potential misrecognition, corresponding to lack of love, respect and esteem. Disruption to recognition through love, Honneth argues (1995:132) can be felt particularly "painful" because it signifies being defenceless in front of another subject, in that one is "at their mercy" to have one's understanding of reality legitimised. In terms of identity, we can immediately see the relevance of this form of misrecognition to changing contexts (for example, during organisational restructuring or economic crises) where an uncertainty about how identity will be situated in a "new" reality can result in the feeling of helplessness and confusion. Similarly, the second form of misrecognition is tied to the notion of self-respect and it is experienced through the denial of rights within a certain community. What it means is that one can experience a violation of what their expectation is about their place in the social context as well as the expectation about how the performance of their role will be received by the relevant audience. Lastly, Honneth (1995:138) argues that misrecognition can lead to both feelings of inferiority and low self-esteem, as it violates "moral norms" by which one's identity ideal has been developed. Honneth (1995:138) concludes that it is "in these emotional experiences what one comes to realise about oneself is that one's own person is constitutively dependent on the recognition of others". Through drawing on the concept of recognition and the consequences of its lack, Honneth (1995) constructs an approach that can be normative, psychological and social at the same time (see also Zurn 2005).

Additionally, for Honneth (2014), there needs to be discursive mechanisms in the society that support coordination that are necessary in order to achieve social and economic freedom. Such discourses, however, could become pathological and leading to misrecognition instead. According to Ferrara (2011:376) one way in which this could happen is if recognition loses its ontogenetic priority to cognition. For example, if one starts using people in an instrumental way, as commodities rather than human beings (Honneth 2005:94), they lose sight of the recognitional prerequisites of social practices such as economic life, leading to reification. This could equally be true of the attitude towards oneself – resulting in a feeling of inauthenticity. This instead would motivate agentic action as the individual tries to re-negotiate their identity. Recognition in this way can be seen as an antecedent to any communication (Ferrara 2011). I will explore this reflexive motivator in more detail later this chapter.

However, in order to provide a detailed understanding of individual identities, we must first consider the dynamics of their formation not only within the communities but also internally. Honneth (1995) does not engage in considering the detailed description of this process, but I would like to suggest that the solution to this is provided by the work of Mead (1934), with whom Honneth (1995) shares roots in Hegelian philosophy. As such the two theories share some fundamental assumptions and can be read in conjunction to provide a comprehensive ontology of identity.

3.5 Shared concepts: performance, reflexivity, dissonance

In the previous section I have identified Mead's (1934) social psychology as a useful approach to understanding mechanisms of identity formation for the purpose of this thesis in terms of subject formation and social bases of self. However, we have also seen that while Mead (1934) provides a detailed account of the dynamics of the identity process as a dialectical relationship between "I" and "me", he remains less clear about how this is achieved in practice. His view is complemented by Axel Honneth's (1995) theory of recognition, which provides a "practical relations-to-self" (Honneth 1995:79) approach while building on Mead's (1934) intersubjectivity. By introducing the concept of recognition, adapted from Hegel, Honneth develops a practical philosophy whereby he shows not only how the self is socially developed but also in what ways identities are situated within social contexts and how they are legitimized to oneself and in communities. In this way, Honneth (1995) translates subjectivity into agency (Caldwell 2007:784), a condition that, according to Caldwell (2007), is necessary for any moral or political action. That is also why I decided to use Honneth's (1995) theory in organizational contexts: it provides a practical framework that translates individual experiences of work and participation in a particular professional community to personal identities.

Since their arguments rest on the complex notions of performance, reflexivity and dissonance, and all three approaches outlined in this chapter seem to share a lot of similarities in how they deal with them, this section will explore these concepts in more detail and tease out some of the key implications of what these concepts mean and how they will be employed in this thesis.

3.5.1 Performance

In order to consider the process of manifestation of identity from a social interactionist perspective, we need to assume that it is being manifested through an ‘other’. As mentioned before, while the importance of others in the creation of our own sense of self has been discussed both in philosophy and psychology, both Goffman (1959) and Mead (1934) develop this idea more systematically through their introduction of the “audience” and the “generalised other”, respectively. Although both concepts emphasize that the manifestation of identity is meaningless if not addressing another, be it an individual or a collective, an important difference is the fact that Goffman’s (1959) audience seems to be conceptualised in terms of its physical presence in the social environment of the actor, while Mead’s generalised other can be abstract, allowing for the possibility of identity beyond its material manifestation through a dramaturgical performance, as we will discuss further in this chapter. Differences aside, we can see that identity is necessarily social as symbolic gestures of its manifestation, whether linguistic or not, do not carry meaning unless it is shared by another (Mead 1934:76).

According to Goffman (1959), expressions must in fact be controlled in such a way that they follow these socially constructed meanings, and therefore effectively become situated ‘impressions’ of prevalent discourses in community, suggesting an active ‘acting out’ of certain categories or roles. Goffman (1959) described the process of this *impression management* in detail using a dramaturgical analogy, in terms of “actors”, “audience”, “front”, and others as we have seen in the previous chapter. However, linguistic choices aside, what is important is the process of acquiring role identity which Goffman (1959) describes as developed through socialisation, and therefore involvement in a social milieu. Through the repetition of roles we build a resource pool of learned responses to given social cues that we can then draw upon in order to communicate intended impressions. Mead (1934) has described in more detail the process of initial role learning through comparison to a child's play whereby the child playing 'at' something is in fact repeating seen symbolic gestures organising them into their own set of positions. Because the positions are social, it follows that they carry an expectation of appearance, a set of standards required for the role to be recognised as a meaningful symbol of a category. Therefore, in order to sustain the shared meanings of a particular role, and more broadly, the "situation", the actor must display behaviours corresponding to that meaning. Goffman (1959:37) argues that "social fronts", as in not only the role acted out but also audiences reaction and immediate surroundings involved in the appearance of the role, become 'institutionalised' in the sense that the stability of meaning becomes dependent on stereotyped abstract expectations about that role. Because of that, fronts become pre-performative and the actor in fact merely chooses between them rather than creates his own. This raises important questions about the presumed primacy of structure over agency and points to a questions about Goffman's approach. The dramaturgical approach seems to suggest that the actor may retire momentarily from a performance at any point, into the backstage in order to correct his pattern and reflect. However, Goffman does not explain whether that means that the character has reflexive capacity (which elsewhere seems not to be the case, such as the case of choosing and not creating fronts) and if he does retire, what is the process of doing so. The question, however, can be partially answered using Honneth's (1995) insights about the difference between honour and prestige. In the complex evaluative framework of the worth of one's identity that he suggests in modern societies, an actor, to use Goffman's (1959) terminology, can be sure of the audiences' reactions to his performance (achieving recognition of honour) if he chooses to act within the stability of meaning that transcends from pre-performative fronts.

However, these may not be able to provide esteem, which will motivate the actor to engage in a struggle for recognition (searching for new fronts) that necessarily involves reflexivity (retiring into backstage).

Since backstage, relaxed “me” is another form of role-taking, we can then also assume that it is possible to hold more than one role at any one time. However, although Goffman (1959:38) clearly states that the person has multiple learned roles available as a resource at any time; he does not explore the possibility of performing two different roles at the same time. On the contrary – he suggests that roles are temporally and spatially dependent which would mean that acting out a role is physical and therefore there can be only one at a time. However, for Mead (1934) not all parts of the self are manifested through appearances of social roles. This can be explained going back to the possibility of the self to become an object to itself and therefore making an appearance only to itself. In fact, Mead (1934) goes as far as to suggest that there is no other possibility of self than through appearances, whether social or to the self through reflection of a generalized other, a view which is further supported by Honneth (1995) when he stresses the normative character of recognition. The fact that performance is the expression and appearance of identity, but not a condition for it to happen, is also linked to possibility of holding multiple identities at any one time and its consequences.

Because each of the identities will hold its own set of standards which in turn translate into meanings associated with that role identity, each prototype will be directly influencing an individual’s behaviour through social verification of a performed standard (Honneth 1995, see also Burke and Stets 2009). However, the process of simultaneous application of diverse standards will contribute to a changing definition of situation for all performed identities encouraging negotiation of feedback. This situation will hold both opportunities and threats to stability and continuity of role identities, an issue that we will consider further in this chapter.

3.5.2 Reflexivity

Now we have established that the appearance of identity can be understood in terms of performing particular context-specific social roles, whether conceptualised in terms of categories, functional roles or more abstract social organisations, another question regards the organisation of role-taking and agency. The concept of reflexivity provides a partial answer to the question of agency in terms of the possibility of conscious awareness of the self and its action and therefore the locus of control over the self (Cote and Levine 2002: 54). The concept of reflexivity has been debated in both psychology and sociology. In Eriksonian (1968) psychology, consciousness and reflexivity are explored in terms of deliberate autonomous control of ego identity over its behaviour and its environment through the mechanism of reason. As we have seen, the idea of agency in controlling one's projection of self is also present in the symbolic interactionist tradition, whereby the locus of reflexive action lies in the idea of impression management (Goffman 1959) and in the conscious subject-object self (Mead 1934).

Goffman (1959) creates the possibility of purposive causal relationships among the appearances, however, the source of identity, although socially negotiated, seems to lie within the individual and is a product of purposive learning and memory rather than abstract reflection over experiences over time. Cote and Levine (2002: 55) call this type of relationship a 'mirror' metaphor in that the identities constituting the self are a reflection of social process in which the individual is situated. This points to a difference between Goffman's and Mead's approaches: while for Goffman (1959) the 'sameness' lies in reflection of social activity, for Mead (1934) 'sameness' lies not only in reflection but also continuity in the evolution of meaning in the social process: the relationship between I and me is discourse, history and awareness. To understand this difference better, we may consider it terms of Cote and Levine's (2002: 116) first and second-order reflexivity where "first-order reflexivity" deals with producing appropriate appearances and conscious responses to direct experiences, while second-order reflexivity can be compared to Mead’s (1934) idea of the generalised other by means of which one can differentiate oneself, but not detach from subjective experience to produce an objective and agentic self-as-other. This is an important distinction, because only the second presupposes that identities can be more just reactive but also forward-looking and political. Honneth (1995), on the other hand, seems to be indirectly reconciling the two views. We could suggest that his idea of legal recognition could be compared to mirroring sameness with social contexts through active participation in the community’s life according to the expected norms. Equally, love and esteem are not dissimilar to Mead’s (1934) view, where he emphasises continuity and awareness (love) and then need for dialogue with the social context for the development of appropriate meanings for positive self-identity (esteem). In this way, purposive agency becomes dependent on individual subjectivity which is “the outcome of inter-subjectivity” and “neither a passive reflection of social structures or discourses of power/knowledge, nor an autonomous creation that transcends its external environment” (Hancock and Tyler, 2001: 580). What it means for reflexivity is that this active reflection depends on the continuity of socially situated experience, and therefore also on potential moral injuries (Hartz and Fassauer 2014) and struggle for recognition.

However, discussions around subjectivity, agency and reflexivity cannot go without considering the questions of autonomy. Honneth (2004) discusses this issue starting from the German Romantic tradition whereby freedom comes from the elaboration of a biographical sense of self through continuity of “irreplaceable qualities” (p.465), firstly recognised through relations of love and through those relations given confidence to be upheld over time. In this way, Honneth (2004:465) links autonomy to the issue of authenticity, through the emphasis on “qualitative individualism”.

Honneth (2004) draws on Simmel (1983) to argue that this is problematic, in that autonomy and authenticity tend to be considered in terms of freedom from some social ties; however, contemporary societies have turned individualisation also into greater conformism (p.466). Honneth (2004) explains this paradox using examples from organisational contexts whereby the institutionalisation of individualisation means putting an emphasis on individuals to have an biographically original identity that is however developed in such way that it can be summoned to help achieve organisational goals, while at the same demanding presentation of an 'authentic self'. For Honneth (2004:472) the tension between increasing autonomy versus increasing institutionalised version of legal recognition results in "the instrumentalizing of individuals' demands for self-realisation". This, in turn, results in a shift in some process of reflexivity as self-discovery, which is now stemming not from within but from without, putting individual identities in a particularly vulnerable position in case of misrecognition.

3.5.3 Dissonance

As mentioned before, the possibility of holding multiple identities, whether all are physically displayed at any one time or some are projected only onto the self (as suggested by Mead 1934), presupposes that because of the performative nature of identities, they will be directly or indirectly influencing each other's appearance by contributing to the redefinition of the context in which they are played out.

I would like to emphasise that despite the multiplicity of identities and the continuous dialogue between them (Beech 2008) suggesting identities in flux, the possibility of continuity does not need to be rejected. Change and consistency are not mutually exclusive if seen as temporal and evolutionary through the retrospective as well as prospective construction of narratives between past and future projected, provisional selves (Ashforth et al. 2008). Tracy and Threthewey (2005) point out that the realization of identity is, in this sense, shifted to a perpetually deferred self: that is fantasies of future projected selves. The 'real self'- 'fake self' dichotomy (Tracy and

Thretheway 2005) which would be based on dissonance or dis-identification becomes blurred to give way for a new type of dissonance as a perpetuating distancing by employing provisional selves in place of cognitively verified selves. In an organizational setting, this is not uncommon and may be manifested through continuous fantasizing about new and better jobs and positions yet not taking any measures to change one's current situation (Tracy and Threthewey 2005).

As a result, the presented self becomes ever more important, where 'presented' is understood in a symbolic interactionist sense of reflexively built performance dependent on a predicted future reaction and therefore modified according to that discursively built expectation (Mead 1934, see also Ibarra 1999). This creates a significant emotional pressure on individuals as not being able to fit into social expectation for their professional identity is seen as a problem of personal deficiency in relation to a required ideal (Tracy and Threthewey 2005: 177), obscuring the fact that the discursive ideal is also abstract, and therefore impossible to achieve. This situation is a perfect example of an entry point into Honneth's (1995) struggle for recognition: with self-esteem lost to feelings of inferiority one would experience if they cannot fulfil own expectations about criteria for recognition (Honneth 1995:138) the individual will engage in actively, politically managing ways in which the authenticity of "I" can be restored.

In extreme cases, we might be faced with complete dissociation of the self (Honneth 1995:138), producing in effect two lines of communication: performative, through "old" role display and repetition, and a "new" set of provisional selves to fantasize about and introduce with hope for becoming verified. These possible selves, since they are based on discursive prototypes, will then become the benchmarks for old and new role identities in terms of reflecting on feedback including from our own affective reactions (Ibarra 1999).

Consequently, in order to overcome an identity crisis the self needs to detach itself not from the community but from what it considers the generalised other, breaking the dialectical pattern. A re-interpretation of subjective claims then produces a new generalised other that the self will rely on to re-construct the identity: “By questioning intersubjectively accepted norms one eliminates the internal conversation partner to whom one had previously been able to justify one’s action. Thus, what comes to take the place of generalised other of the existing community is that of future society, in which one’s individual claims would, prospectively, be accepted” (Honneth 1995:83).

We can explain this proposition by returning to the notion of the self being simultaneously subject and object, where being object to itself requires emotional distancing by taking the role of the other. Being unable to see the self in this way is equal to losing a perceived unity or sameness between “me-s” and therefore the freedom in consciously changing the balance between different parts of the self. Hartz and Fassauer (2014) argue that in such instances these feelings provide an affective impulse to engage in a struggle for recognition, because they allow reflexive access to neglected or disrespected moral claims. In this case, Honneth (1995:73) suggests that an actor “is forced – under pressure from an action-problem that needs to be solved – to rework creatively his or her interpretation of the situation”. This means that in moments of crisis or change we are able to partly adjust our identities to the new situation thanks to reflexivity and its capability to re-define expectations and values attached to gaining recognition of the new claims. This is because reflexivity “functionally requires all participants to reflect, in the moments of crisis, upon their own reactive conduct”.

This propensity, combined with the evaluative nature of identities (Honneth 1995), places individuals under extra pressure when faced with further pressures from a changing environment. Non-verified (because provisional) identities will be vulnerable to negative evaluative feedbacks and create a state of psychological distress (Ethier and Deaux 1994). In organizational studies, some attempt has been made to address and adapt the concept of identity crises (Ethier and Deaux 1994, see also Thoits 2003), however, this still remains an underexplored issue. According to Smith and Deranty (2012) considering self-esteem (or lack of thereof) is particularly pressing for organisational contexts, because the recognition of merit feeds directly into professional identities.

The politics of misrecognition of work will then be translated into a struggle to contest external interpretations of various individual achievements. Conversely, the tensions between different interpretations of merit will also be tensions in understanding of different obligations, highlighting the importance of the concept of merit for cooperative relations at work and the institutionalisation of achievement through labour (Smith and Deranty 2012). Returning to Honneth (1995:165), we can reaffirm that recognition (for example, of merit) is an "indispensable condition" for personal (or, in this case professional specifically) integrity and cooperation.

3.6 Chapter summary

This chapter has explored the mechanism behind identity construction on the individual level through consolidation of approaches within Hegelian tradition: Honneth's (1995) theory of recognition and Mead's (1934) symbolic interactionism. I have also contrasted these approaches with Goffman's (1959) dramaturgical approach as I have outlined the affinities between these theories. The second part of the chapter discussed the theories together by discussing particular aspects of identity construction mechanics that they share in common. I have shown that while Mead's (1934) work clearly describes the internal process of identity construction, Honneth's (1995) theory of recognition brings the political dimension into the picture, being able therefore to explain wider social dynamics, also in financial markets, without sacrificing the attention on the individual and their sensemaking. The next chapter will continue to review identity literature by focusing specifically on professional identity in an organisational context and what might threaten it.

Chapter Four: Professional identity

4.1 Introduction

With the theoretical foundations set out in the previous chapter, we can now explore how identities are developed and maintained in professional contexts. I outline the concept of professionalism as one of the key concepts in the sociology of work (Evetts 2013), in particular situating it in the context of identity work (Beech 2008, 2011, Watson 2009) and recognition (Honneth 1995). Further on in this chapter I narrow my focus to professional identities in the context of finance and I outline some potential tensions that may arise as identities become threatened. In particular, I highlight the potentially precarious status of professional identities in financial markets following the recent financial crisis.

This chapter is structured in the following way: firstly, I begin by discussing identity work as a bridging concept operationalizing Honneth's (1995) recognition as a 'practical relation to self'. In this context I briefly discuss professionalism, expertise and belonging to organisational roles. Next, I revisit Honneth's (1995, 2014) theory of recognition where it deals specifically with the context of work, followed by a discussion of potential threats to professional identities and how the organisational literature approached identities in crisis.

4.2 Identity work

The previous chapter has discussed in detail the ontology of identity, touching both on micro and macro aspects of identity construction process through engaging with Mead's (1934) and Honneth's (1995) theories, respectively. In this section I will explore further the practical aspects of identity construction through employing the concept of identity work.

The concept is deeply rooted in the social interactionist tradition and as such has become a way in which organizational studies, with notable work by Alvesson and Willmott (2002), Sturdy et al. (2006) and Sveningsson and Alvesson (2003), has operationalized the philosophy. In particular, the concept of identity work rests on a premise that 'identity is not seen as a thing that we are, the property of an individual, but as something we do. It is a practical accomplishment, achieved and maintained through the detail of language use' (Widdicombe and Wooffitt, 1995: 133). As such, identity work can be interpreted as a concept that operationalises Honneth's (1995) recognition as a practical relation to self, which is a pre-requisite for agency in ethical society.

In Chapter 3 we have also seen that identity construction is a dialogical process, which is constitutive by linking individual agency, history and social context (see also Watson 2009). Identity work is in this context a process of negotiation through which individuals situate themselves in their work and social arenas through reflexivity. According to Beech (2008:51), such process is a hermeneutic 'route to meaning construction' as individuals aim to produce consistent and coherent notion of self by negotiating the place of multiple identities, which may be conflicting.

Thomas (2009: 169) argues that in engaging in identity work, 'an individual crafts a self-narrative by drawing on cultural resources as well as memories and desires to reproduce or transform their sense of self'. Such self-narrative can potentially consists of several fragmented selves, where preferred versions of self aren't clear, but rather depend on the context, making one perception of self not necessarily more true or fake than another (Tracy and Trethewey, 2005; Costas and Fleming, 2009). Such possible selves (Markus and Nurius 1986) may act both as ideal selves representing wished-for identities bearing most valued characteristics or indeed identity threats where they represent identity positions that we classify as "non-me" positions. Possible selves highlight the temporary nature of professional identities (Ibarra 2007) and their intrinsic orientation towards the future in the form of constant negotiation between what is and how we would like to be. Possible selves are elaborated through sense-making process where we incorporate a multiplicity of voices present within one subject (Beech 2008, Ibarra 2007), one not any more real than the other.

The shift from considering identity in terms of role-specific identities towards identity as future possibilities allows further highlighting of its emergent, socially constructed nature and raises questions about how individuals legitimate their professional identities. For example, Tracy and Tretheway (2005) argue that perceived authenticity does not need to come from appropriate display of conduct but from achieving a convincing collage of desired narratives into coherent story and therefore does not have to reflect actual practice – in fact, professional identity of the present can be based on future projections of ideal competence and embodied occupational rhetoric. However, this view is not unproblematic as the reliance of narrative on projected future reality means that in case of identity threats, such as systemic crises, the collapse of narrative is imminent causing a breakdown in (professional) identity, and with it, the validity of a (professional) life project. The next section will consider professional identities in more detail.

4.3 Professionalism and expertise

The concept of professionalism has been one of the key concepts in the sociology of work and organisations, and the way it has been approached in the literature has been very varied (Evetts 2013). For a long time professionalism and professionalization of work has been read as ways of organising people and their work, with particular emphasis on control and defining stable relationships between them – an approach perhaps similar to organising through networks described by Granovetter (1985), where the relationships of personal trust between market actors based on reputation were identified as means of control and stability inducing. As such, professions and professionalization have been associated with almost gentlemanly way of organising and regulating particular area of work and expertise through process that shares characteristics with institutionalisation (Faulconbridge and Muzio 2012).

One of the enduring problems in the professionalism literature suggested by Evetts (2013) is the problem of defining the difference between expert occupations and professions (Etzioni 1969). Evetts (2013), however, suggests that more recent studies abandon this division to consider them together as particular social forms (see also Olofsson 2009). As such, professional identity is often conceptualised as occupational identity, so belonging to a particular occupation or group of organisational roles. According to Kenny et al (2011), early studies into occupational identities were tied to relationships of class belonging and the adoption of desired class standards. In this sense occupational identities can be considered largely 'ideational' (Kenny et al 2011: 75) in a sense of material, physical alteration of performance to fit to particular social norm where adherence to rules marks a particular social status. This is particularly true for regulated occupations such as medics and lawyers where certification of the right to belong to a particular occupation marks the boundaries to identity claims.

On the other hand, identities that correspond with more ambiguous roles such as 'managers' are more difficult to claim (Sveningsson and Alvesson 2003, Watson 2008) because the narrative of managerial identity needs to be constructed on equally ambiguous claims to authority or leadership, for example, 'integrity' in the case of management consultants (Kitay and Wright 2007). In light of this, Evetts (2013) suggests that research shifted towards the process of professionalization, understood both as the pursuit of recognition of emerging occupations (for example, a blogger) as well as more broadly as active collective effort to develop occupational boundaries and by a claim to a professional identity. Here, researchers such as Boussard (2008) and Kitay and Writght (2007) identified occupational rhetoric as an important part of this identity construction process as it is the prototypical set of characteristics for a given profession that is socially recognised. In this sense it can be understood as the fabric of professional narrative through providing ‘bundles of imagery’ that are organised into meaningful rhetoric that regulates the occupation and sets invisible and fluid boundaries of belonging (Fine 1996:91).

Muzio et al (2011) claim that the difficulty of creating positive occupational identification in knowledge-based roles is due to the functional difficulty of regulating the fuzzy nature of ‘expertise’. At the same time, they also claim that knowledge-based professions often do not perceive themselves as occupations at all, understood as specific roles; sourcing their sense of professional belonging from other bases of work identity such as status and distinctive knowledge. In this sense, ‘expertise’ occupations - such as for example one based on knowledge work - distance themselves from the traditional normative and regulative functions of professionalism exercised top-down by management, towards a more individualistic understanding of personal professionalism within an organisational context (Muzio et al 2011, see also Fournier 1999).

One example of constructing identities in this way in the context of financial markets could be the discourse of calculability and objectivity in measurement. According to Preda (2009) and Knorr Cetina and Bruegger (2002) an increasing widespread availability of data resulted in a reduction in the arbitrage possibilities, pushing financial economics to become ever more highly mathematical (Knorr Cetina and Bruegger 2002). Hall (2006) suggests that being highly specialised, financial analysts began to form communities of practice (Wenger 1998) that effectively legitimised re-evaluation of the nature of financial modelling and analysis, becoming slowly of central importance to any financial activity in the contemporary markets. McCloskey (1986) argues that by constructing rhetoric of scientific rigour and expertise around the use of quantitative financial models, institutional actors created space in which these specialised techniques and information could bear a hefty price tag and performatively created the demand for corporate services. Callon and Muniesa (2005) argue that it is the emphasis on calculative frameworks that brought the attention to the importance of expert knowledge in the financial markets. Morgan (2008) also suggests that the process has been enhanced by growing pre-crisis deregulation, bringing an emphasis on self-governance of the financial experts.

Beunza et al (2006) follows this argument by proposing however that while calculative prices enabled certain practices to become legitimate, their function became also that of providing stability and predictability through the discourse created around the practices of forecasting. This effectively created a set of cognitive frames where market overflows were no longer accepted and therefore the practice of risk management was socially constructed. It has emerged through enacting processes of identification and control of risk of such overflows, that is, “fit them back into the frame” (Beunza et al 2006) of stability (see also Hall 2006). This can be likened to the performative power of the Black-Scholes model discussed in Chapter 1, whose power laid not in its descriptive veracity, but prescriptive force that legitimised an array of practices and reduced complexity of option pricing providing a sense of stability.

Following the same logic, on the identity level Hardy (1923) argued that speculators could be re-conceptualised as risk bearers because of the trust put in them that they possess a superior specialist knowledge that can accurately manage them: ‘Someone must assume the risks; the fact that the one who assumes them is a specialist may mean that he has superior facilities for judging the situation’ (1923: 73). With this statement, Hardy (1923) effectively illustrates the intertwinement of various social aspects of financial markets, from the construction of financial expertise, through calculability to the question of risk, to how it affects professional identity. More recent examples include, for example, the issues raised by Enron’s collapse in 2001, uncovering questionable social connections to US government mediated by a particular construction of risk and its calculation.

While these examples are specific to the context of financial markets, construction of professional identity is a larger organising logic (Beckert 2013) that can be linked to the reduction of uncertainty as actors form expectations about another (Mead 1934). For example, Kitay and Wright (2007) in their study of management consultants and their occupational rhetoric find that one of the narratives used to construct coherent identity narrative in the face of those ambiguities was the rhetoric of professionalism which lied on the premises of integrity and independence, stemming from claims to expertise in the particular area and autonomous exercise of competence. Such narrative provided a disciplinary mechanism through the logic of appropriate conduct (Fournier 1999, Costas and Fleming 2009, see also Llewellyn and Harrison 2006) which exercises tight control over performance and performative attachment offering social prestige and high self-esteem as a reward. As such, professionalism can be understood as one aspect of the logic organising markets whereby the control lies in the hands of the claimant to expertise rather than in the traditionally understood morality (Freidson 2001). However, the expertise does not remain in the vacuum and is always dependent on the cultural 'soul' (p.180) of the social structure. As such, Freidson's (2001) view can be likened to Fligstein's (2001) logic of organisation of markets where the political power to establish what constitutes morality lies in the hands of the group that has established a strong identity. However, as we establish work as demanding arena of struggle for recognition through political performance, we also have to consider what happens to professional identities when they are faced with threat.

However, before I discuss the issue of potential identity threats or crises, it is necessary to explore one more aspect highlighted by the questions of expertise and control, which is recognition of work.

4.4 Identity work and recognition

In his latest writings Honneth (2012, 2014) shows particular interest in markets and the economic process in general. He argues that because societies coordinate themselves through the process of economic exchanges (as dictated by needs and desires); they also form normative expectations about institutions and actors within markets. In order to understand the legitimacy of those markets, we need to appeal to social relationships (Honneth 2012), and in particular, to a normative self-understanding of market actors which as they contribute to essential parts of economic processes through constitution of intentionality of agency. As such, Honneth (2012) can be read in conjunction with identity work literature to advance the understanding of identity as ‘a way of being-in-relation-to-others’ (Cunliffe, 2001: 361). The key concept linking identity work with Honneth in this way is legitimation of identity, both as an outcome of, and the input to, the identity dialogue (Beech 2008:54).

recognition as a useful starting point to consider some of the questions outlined in Chapter 2.

Honneth (2014:381) sees work as central for emergence of moral economy. He, like Durkheim before him, emphasizes that markets are organised around the principle of legitimation, which means that markets will engage in a struggle for recognition that would be the realised legitimation. Honneth (2014) draws on Beckert (2009) to argue that moral considerations will allow forming confident expectations about the counterparts, aiding cooperation in markets. I propose therefore to start the consideration of identities of individual actors in financial markets from this point.

Honneth (1995) has shown a particular interest in work, work identities and the experiences of work for the practical application of social theory. Indeed, already Hegel (1870/1977) and Mead (1934) suggest that modern ethical life must necessarily involve democratic division of labour. From this perspective, for Honneth (2004) the most important aspect of work is the normative and critical potential of work experiences. The intuition is based on an empirical premise that contemporary work has become meaningless through the devolution of creativity, responsibility and autonomy. It is the basis of Honneth's (2014) two conditions which he outlines for the sphere of labour to be able to realise social freedom. Firstly, Honneth (2014:237) argues that a necessary component is the avoidance of work which is repetitive, without challenges and mechanical. Secondly, individuals must be free to shape their cooperative activity through "discursive mechanisms". The key idea is that work can only become a central site for self-realisation if it is achieved through intersubjective recognition. What follows is that individuals will need others in order to satisfy their own needs through work and equally others may need them for the same. Deranty (2009:106) argues that this has important consequences for the reciprocity of work, because it means that 'selfishness' can turn into the common good through this dependence, providing a basis for an organising logic of work.

According to Bohme (2000:2) in this way ethics can be considered constitutive of social life because it determines a logic that is "operative on a mass level". Furthermore, ethics understood separately from the questions of morality can be discussed in terms of "the customary", that is, the social norms of behavior with respect to membership of particular group, similarly to Honneth's (1995) solidarity. According to Bohme (2000) a reputation of a group member is dependent on their behavior that is expected to follow the customary and deviating dramatically from the customary will result in being denied recognition as group member. For that, answering questions about ethics in a certain social context is equivalent to committing to a certain identity (p.2). As such, the customary can be likened to regional ethics that are tied, for example, to specific professions, regulating behaviour not only within the group but also regulating the group's behavior on the outside. This means that professional identities become therefore arenas for moral claims. As recognition becomes a central outcome of identity work, we now need to consider some of the ways in which individuals engage with the process of construction of their identities.

4.5 Engaging with professional identities

Earlier in this chapter I have begun to discuss narratives as means through which individuals engage in (professional) identity construction. While I will discuss narratives in detail in the next chapter, Beech (2008) argues that identity work is not only about categorizing but a critical part of the process of how meaning becomes imbued in images and representations, both physical and abstract, of identity. As individuals draw on other narratives and discursive resources that are available to them, or even imposed on them (Watson 2009), their identities become meaningful to themselves and to others. Both Beech (2008) and Coupland et al (2013) suggest that to understand how identities are constructed socially, we must understand how the process is influenced in a way that regulates the self-meaning.

For example, Thomas and Linstead (2002) explored the process this negotiation of meaning by observing middle managers as they sought to construct position and status. What they found was that stability in a fractured setting was achieved by employing identity ‘anchors’ such as being an ‘expert’ and ‘being different’. Thomas and Linstead (2002) finding highlights that as individuals engage with symbolic characteristics of particular professional selves, they also negotiate wider ideological and discursive assumptions that sustain the meanings behind certain identities (McDowell 1997, Waring and Waring 2009). In the next sections I will explore some of such aspects in the context of finance, focusing on examples of class, gender and identity threats.

4.5.1 Class and gender in finance

In this section I explore one aspect of identity construction in relation to professional identities, in particular, how individuals engage in ‘identity work’ by creating or contesting what is considered appropriate physical representation. According to Waring and Waring (2009:345), very few studies explore how discourses around professionalism are embodied in individual practice by creating a ‘professional body’. In particular, Beech (2008) draws attention to engaging bodies in professional contexts as a form of normative control. These questions are particularly relevant for financial sector and have been explored most recently by Zaloom (2006), Ho (2009), Waring and Waring (2009) and Cook (2010).

While this thesis does not specifically pose questions about the gendered nature of identities in financial markets, it is important to note that since the inception of the financial sector, both discourses of class and gender have been fundamental in shaping the industry, as we know it today. While finance traditionally has been one of the professions reserved to for white, middle class men, Zaloom (2006) shows that 1980s saw a trend to employ ‘barrow boys’ which were mostly working class adolescents from poorer areas of London. Barrow boys hyper-masculinist culture has since become synonymous with trading and, despite the demise of the barrow boy, the rituals and norms associated with this culture have become intrinsically linked to the physical performances of certain identities in finance (Ho 2009), such as the hero money-making trader.

This theme is also clearly visible in storytelling techniques employed by bankers in studies of Whittle and Mueller (2012). Creating an elite professional identity in the quest for legitimacy and expertise was essential to gain recognition of own professional image, with expectation of high-life understood as a reward for performance (Maclean et al 2012). According to Bowler and Cooper (2012), the City of London and Wall Street in New York likewise were, and are still based on this idea of the individual hero performance of the money maker. According to Alvesson and Robertson (2006: 200), “instances of elitism rely less on explicit discourse and more on interpretations of self-understandings and symbolism to indicate elite status". This is important because it highlights the shift in the markets towards individualisation of recognition, and by that a shift in the organising morality of financial markets. Waring and Waring (2009) and Riach and Cutcher (2014) argue that in this context the City provides an active ground of relations of class and gender that favour some dispositions over others, such as the commitment to health and fitness as part of discourses of motivation, success and competitiveness.

Indeed, the performativity perspective discussed in Chapter 2 argues that embodiment is an important element of the organization of markets (MacKenzie 2009), not only in the context of networks but also as bodily practices are drawn on symbolically (Riach and Cutcher 2014:772). For example, McDowell (1997) and McDowell and Court (1994) refer to 'market virility' and toughness to show how men drew on masculine norms to construct or support a firm of 'moral desirability in the world of work' Becker (1970: 90). One of the ways in which this was done in practice is illustrated in Riach's and Cutcher's (2014:778) study of hedge funds where they have shown traders' particular devotedness to going to the gym, both as to fight the undesired aged image and to support what was framed as a professional requirement for alertness and observational skills.

The next section will consider another example of how individuals engage in identity work, focusing specifically on negotiating threatened identities.

4.5.2 Identity threats

As this thesis focuses specifically on the bankers' experiences of the financial crisis, the following section will explore some of the ways in which tensions in professional context could be managed through identity work. Petriglieri (2011) argues that research into identity threat is still not systematised (Sveningsson and Alvesson 2003, Ashforth et al 2008) and often it focuses on a cause-effect way of decreased morale, increased organisational turnover or performance related issues rather than in-depth exploration of identity formation mechanics under threat (Petriglieri 2011). Moreover, she emphasises that although there are possible positive outcomes of identity threats, most of threatening experiences turn into (seemingly) negative experiences at first through distortion of preferred image. Taking for an example the gendered aspect of identities, Petriglieri (2011) illustrates this point through perceived appraisal threat in mothers returning from maternity leave. The value and significance of experience as perceived by the others is fed back to individual and includes future projected appraisals: the new mothers showed tendency to anticipate negative responses regarding career commitment and promotion opportunities and acted in a way to anticipate these threats by, for example, not putting themselves forward for promotion. A similar response can be anticipated in terms of responding to crisis: in anticipation of harm the individual responds to negate the potential harm altogether (there is no crisis, business as usual).

However, Petiglieri (2011) reminds us that threatened identities are often used in organisations for positive outcomes such as Alcoholics Anonymous and weight loss groups, who use identity displacement to create space for the possible creation or adoption of new identities. The process of creating such newly adjusted identities can be described through Gioia and Chittipedi’s (1991) sense-making and sense-giving process (see also Weick 1995, Ibarra 1999 and Pratt 2000) which consists of redefining perceptions through reflexive process followed by the display of these newly reinterpreted conceptions. The process is sequential and reciprocal which highlights hidden assumptions of continuity and persistence even when both performance (display) and roles (conceptions) change. Moreover, the reciprocity of the process can be compared to the symbolic interactionist subject-object loop reduced to micro-context of a particular collective role identity during a strategic change context (Gioia and Chittipedi 1991) and highlights the social nature of sense making behind identity labels. In fact, Gioia et al. (2000) attempted to categorize possible identity change processes precisely in terms of labels. They claimed that identity change can occur in two ways: by changing meaning behind labels of identity to adjust to new definition of the situation or, to change these labels altogether. Because labels are conceptualized as collectively developed symbolic expressions, individuals will engage in 'alignment strategies' (Gioia et al. 2000) to form an adaptive relationship with external image of the organisation, corresponding to social psychological reflected appraisal from the other. These strategies, in turn will trigger further sense-making related to the newly defined context (Weick 1995).

The process however may result in a negative identity. Slay and Smith (2011) show that stigma affects the way professional identities will be developed as individuals will try to reconstruct them through redefining of the profession using a different set of values (for example, family values). The emphasis is on redefinition rather than adaptation: that includes avoiding stereotypes not to have to engage in disproving them, as we have seen in the example of mothers returning to work. In the context of finance, the economic crisis understood as a systemic crash although can offer 'new' professional identity meanings through reconsideration of the underlying assumptions; these may be stigmatised and therefore not desirable. Since the old meanings underpinning the sense of self are no longer viable, the choice remains between an undesirable identity and a meaning void (Petiglieri 2011). Ibarra (1999) and Pratt et al (2006) argue that the loss of meaning may be dealt with by refining identities through emphasis on importance of coherence of narrative rather than its accuracy. Such displacement temporally stabilises claims to identity, enabling 'becoming' through systemisation of meaning - this is linked to social construction of success through the impression management (Goffman 1959) underlying the self-presentation accounts that confirm and legitimate the desired story. A good illustration of this process is an example from Maclean et al (2012) of a businessman who returns to his poverty-ridden village to speak to children at his previous school about his career successes as a CEO. The legitimising experiences of building careers in organisations can also extend to re-affirm exclusive status. One way of attempting to preserve this air of elitism and thus claims to autonomy and expertise is the use of redundancies as a means of performative display of status (Maclean et al 2012). In banking, it is a common practice to be escorted by security out of the building right after being informed of being made redundant, with personal possessions being dispensed later similarly to ending prison sentence.

The questions that emerge therefore are how individuals respond to the threats to their identities in events beyond daily struggles such as crises or trauma of redundancy, and what coping strategies do they use, if any, to preserve the historical sense of professional self.

4.6 Professional identities in crisis

While many studies analyse changing organisational identities from the point of view of single disruptive event (for example, Weick 1993, Korica and Molloy 2010, Maitlis and Sonenshein 2010), we still know very little about impact of prolonged periods of systemic unsettlement, such as the economic crisis, on the way individuals construct their identities and respond to identity threats. According to Ethier and Deaux (1994) empirical research favours the exploration of short term changes in context and how individuals may respond to them in terms of their identities, while the effect of long term and profound changes remains underexplored, for example, in the situations where a person's beliefs about how the social setting works around them is no longer valid. The financial crisis has certainly become one such period because the "truths" about market on which people would base their behaviours and entire careers, while have collapsed in a very short period of time. The collapse exposed not only just how vulnerable the nature of their work was, but also the nature of the relationship between them and the companies they work for in the face of economic survival game.

For example, Brown (2005) explores a similar situation through a study of sensemaking during the collapse of Barings bank, in particular looking at the production of reports trying to re-establish the legitimacy of regulatory bodies to sustain the myth of omniscience and state control. The Barings bank case showed in clear light the potential arbitrary nature of an identity narrative as means of re-establishing threatened identity. More recently, Whittle and Mueller (2012) discuss storytelling around financial crisis and how the way the narrative are constructed reflect the way in which people attempted to re-organise their threatened professional identities. As legitimatised practices and expectations about what it means to be a banker changed, and with them the entire discursively constructed reference system on which they built their identities. To do this, Whittle and Mueller (2012) analysed public inquiry transcripts of senior executives being questioned about causes and wrongdoings leading up to financial crisis. Similarly a study by Maclean et al (2012) reveals two competing storylines: the failure was portrayed either as blameworthy or praiseworthy, yet success was always deserved. The executives attempted to protect their identities through the displacement of blame onto a definable yet still abstract group: 'executives' through the process of nominalisation – replacing certain words to avoid mentioning the culpable, 'glossing' (Abolafia 2010) to shift the narrative slightly to re-construct meaning. We can consider this situation a good example of the struggle to maintain the recognition of a particular identity, which in the case of Whittle and Mueller (2012), was also an example of an incumbent identity (Fligstein 2001). Protecting the dominant narrative was therefore not only a question of internal identity narrative protection but also the exercise of power.

The importance of constructing a positive narrative is particularly relevant to industries such as investment banking because the way the business is organised relies heavily on abstract concepts of trust, certainty and judgement (Brown 2005, Pixley 2012). The potential tensions come from colliding interpretations over the status of these identities: for example, in the case of rouge trader Nick Leeson the conflict over identity came from one party describing him as adept fraudster and the other as naïve trader (Brown 2005). Similarly to the examples above, the responsibility was discursively displaced onto '*people [who] haven't done their job properly'* (p.17), that is, onto an abstract other who could be blamed. However, Brown (2005) warns that accuracy is not the main point in narrative identity construction: it is not about constructing a coherent story of identity, but the consistency of self-conception, where memory can be used in a way to respond to own identity needs. That is also why the narrative construction around crisis based on risk contributes to reconstruction of a wider societal discourse of how finance is organised because the confirmation of either risks: of rouge traders (one event); or re-aligning that narrative to blame the system (crisis) produces a similar effect. This is because risk is communally pooled and therefore so is responsibility (Griffin 2013). Accepting responsibility does not pose risk to professional identity because it can be re-interpreted as solidarity against a systemic and unavoidable threat.

On individual level, one of the most notable studies is by Beunza and Stark (2005) as one of a very few that examines sense-making employed by individuals in financial markets in the times of a crisis, with a unique insight into a trading room just days after the 9/11 attacks. Beunza and Stark (2005) argued that financial crises as extreme events cannot be considered in the same way as uncertainty, because often the understandings about how the (working) world is organised and any existing stable frames of references (Fligstein and Dauter 2007) are wiped out. Their ethnographic research following such an extreme event revealed a variety of sense-making strategies and processes trying to find order among post-attack chaos. Beunza and Stark (2005) describe in detail day-by-day of attempts to re-establish identities in the new social and political setting while the business was ordered to function 'as usual'. In doing so, they show that identity re-building was not performed individually but collectively, providing a secure ground where the traders could anchor their new understandings. Although the study is unique not least because Beunza and Stark (2005) studied a unique period in time, their observations are in line with MacKenzie's (2009) finding that calculative devices, such as financial models, gained their legitimacies collectively through reliance on relationships. Both studies emphasize the importance of distributed cognition that is crucial to sustain organisational narratives, whether of identity (Beunza and Stark 2005) or technology (MacKenzie 2009).

Pointing to the collective distribution of cognition in times of crisis is important because it highlights its protective function against various degrees of perceived identity threat which may be mobilised to different extents. For example, in the study of the response of bankers to a crisis on the level of job engagement, Weaver (2009) finds that a high level of pride in belonging to the banking world and the strong personal value attributed to this identity partially immunised bankers to any sudden shift in public opinion during the 2008 crisis, remaining protective and defensive and using similar techniques of displacement of blame onto systemic failures as found in Whittle and Mueller (2012).

However, Petiglieri (2011) argues that in more extreme cases individuals are likely to engage in identity restructuring by foregoing current system of meanings used to create coherent a professional narrative. One of the ways in which this can be implemented is by changing importance of the bases on which professional identity is constructed to avoid threatened and devalued characteristics (as discussed previously on various examples), through to physical disengagement from undesired identity. This can be illustrated again by the Weaver's (2009) study: the identity displacement was particularly visible when compared lower and higher performing banks where the severity of identity response to loss of status and trauma of systemic shift was varied. While high performers with strong elite identities displayed only light concealment, lower performing groups were likely to display much more feeling of betrayal and dissociation from professional concept constructed before. I will argue that this shift can be noticed also within particular organisations where back office is likely to retain strong identity and front office staff professional identities are likely to be most affected. Naslund and Peter (2012) sum up these different ways of coping with identity displacement and necessity for adaptation using storytelling metaphor: if an old story no longer works so a new story must be constructed from the point of view of villains, heroes or bystanders. This technique is used by banking representatives who used natural disaster metaphor to talk about occurrence of the crisis.

Performing professional identity and dis-identification can be also compared to authenticity in the context of Goffman's (1959) 'backstage' (see also Costas and Fleming 2009, see also Tracy and Tretewey 2005). Performing desired identity and returning to 'true' me is a step forward from simply resisting change (Fleming 2005). This occurs in situations where the 'true' self as claimed by the resistant individual is no longer valid because meanings underpinning his understanding of the context have changed, leaving them with problematic, and therefore uncomfortable, set of beliefs about self. This situation can be translated into the context of economic crisis where the bankers' beliefs about the system in which they were operating collapsed in a short amount of time.

One of the ways in which individuals engage in attempts to repair identities through dis-identification is through taking up liminal positions (Beech 2011). Organization studies have further adapted the anthropological concept of liminality (Turner, 1967; van Gennep, 1960) to study the 'betwixt and between' of work (Garsten, 1999; Tempest and Starkey, 2004). Although to date the focus of these studies has been primarily on the insider-outsider tensions in organisations rather the identity-construction process, one of the most successful attempts to integrate the concept of liminality into the identity literature has been Beech's (2011) work who explores various aspects of identity work in the liminal stages such as experimentation with new identities and recognition.

To explore the concept of dis-identification further, Costas and Fleming (2009) revive a Marxist concept of self-alienation, yet without its original essentialist background. Since identification is performative, self-alienation becomes an experience of self-awareness in failure to fulfil imaginary-real me through dis-identification. That, on the other hand bears similarities with Honneth's (1995) moral injury sustained as a result of a self-misrecognition in the form of a denial of identity in the case of conflicting signals from the social context onto which it has been constructed.

In the context of recognition, Ferrara (2011) argues that alienation comes from any form of disregard towards the intrinsic worth of another person as a source of an autonomous meaning and action. Instead the person becomes reified as they are seen through the lens of commodity. This can be also a side effect pathology of professional context where the performatively constructed expertise form an important part of the professional identity, such as in the cases discussed earlier in this chapter. The actor is not recognised intersubjectively but though the lens of their technical expertise. Ferrara (2011:376) calls this type of reification technical fetishism, likely to be found in the context of financial markets, which for him is the basis of professional identity inauthenticity.

4.7 Lacuna

As we have begun to explore throughout the literature chapters, the issue of professional identity construction gains further significance as individuals are faced with uncertainties not only about their professional future, but also their understanding of the context of work in which they are situated. Although in recent years the research community has begun to pay more attention to the financial sector, the majority of studies are focused on collective sense making following specific events (Brown 2005, Whittle and Mueller 2012) and we know very little about how individuals construct their identities in investment banking (Cook 2010), particularly with regards to the recent economic crisis.

The issue is particularly important because, as we have seen in Chapter 2, in order to understand the political formation of financial markets, we need to turn to social relationships, and in particular, to the normative self-understanding of market participants as they are an essential part of economic processes through the constitution of a person's intentionality (Beckert 2009). This means that in order to understand how financial relationships are created and maintained we need to look at the individual market actors interpret the professional contexts around them, in this particular case, investment bankers. In the light of the current economic crisis this need is particularly pronounced as the stability of those social structures within which professional selves are situated appears threatened.

As a consequence, I believe that the crisis has had the potential to profoundly affect individuals working in financial services, changing the way they approach their jobs and integrate that understanding into their self-concept. The sudden way in which the crisis has unfolded caused a "collapse in collective sensemaking" (Colville and Pye 2010, see also Weick 1993:633-634), and even though the crisis was partly predictable, the arrival of a systemic crisis in September 2008 meant that social participants were confronted with sudden losses of meaning on a large scale. The crisis was always a possibility due to the cyclicality of economy (Reinhardt and Rogoff 2010), however, on the level of identity this was obscured by the fact that the narrative of collective professional identity has a tendency to displace uncomfortable elements of the narrative (such as making losses) in such way that they do not pose a threat to identity. In the context of financial services, this was partly based on the projected image of ideal expert selves and elite distinctiveness.

In this light, the issue of professional identity construction gains further significance as individuals are faced with uncertainties not only about their professional future, but also their understanding the social context of work in which they situate themselves when the basic assumption on which that knowledge is built are threatened. This process has been characterised by continuing difficulties to re-stabilise the collective social agreement over how financial services should be structured and what is the sector's function in the society. In this situation, the investment bankers have been caught in the eye of the storm and are faced with a difficult task of constructing positive professional identities and coherent narratives of professional continuity.

This thesis will therefore explore what resources individual investment bankers draw on to construct their professional identities and how these translate into financial practices and work relationships. Additionally, given that the way investment banking is organised both structurally and socially is changing rapidly, this research project looks at this process particularly in the context of the recent financial crisis by examining bankers' accounts of experiences of the crash. This project will aim to contribute to answering these important questions as well as contribute to answering Slay and Smith's (2011) research call to answer how financial crisis influences bankers their professional identity construction and its maintenance.

4.8 Chapter summary

The discussion of individual identities in professional contexts has further highlighted how identities can be deployed as coordinating and political, particularly in the context of financial markets. In this chapter I have briefly discussed professional identities in the context of identity work and recognition. In particular, we have also seen that in the contexts of crisis and identity threat individuals are facing particular challenges both from the inside and outside to form and sustain coherent and positive self-concepts. In extreme cases, the threat can lead to identity crisis where the individuals will engage in a struggle for recognition in order to attempt rebuilding their narratives of professional identity. Yet, despite some research in this area, very few researchers so far have studied the way investment bankers construct and negotiate their professional selves (Abolafia 1996, Cook 2010), a research gap that needs to be addressed. In the next chapter I will discuss my methodological approach to answering my research questions.

Chapter Five: Methodology

5.1 Introduction

Having presented my theoretical approach as well as literature review, the thesis now turns to the discussion of my methodological approach. In this chapter I outline a hermeneutically informed method as a complement to the symbolic interactionist framework and I introduce Ricoeur's (1988) concept of narrative identity as a methodological device to study identities which will allow me to explore participants' subjective understandings of how financial activities and relationships should be organised as well as their individual responses to threats to that professional structure. One of the important advantages of this methodology is that it shares the fundamental assumptions outlined in the previous chapter for symbolic interactionist framework as well as the theory of recognition (Mead 1934, Honneth 1995), adding to the strength and consistency of the framework for studying professional identities.

Additionally, I argue that frames (Fiss and Kennedy 2007) are a useful analytical tool in studying identities as they highlight not only what is being talked about but also in what way the interviewee wants it to come across. Consequently, some of the categories that I present in data analysis are based on such strategic framing.

The chapter is structured in the following way: firstly, I outline hermeneutic method in relation to symbolic interaction. I then discuss narrative identity formation, particularly with regards to storytelling and narrative frames. Next, I move onto the overview of research design where I outline my data collection analysis methods. The next section will begin the chapter by discussing how hermeneutic method can be fruitful in studying identities.

5.2 Symbolic interactionism and hermeneutics

According to Mead (1934), the self is located within communicative, reflexive action. As we have seen, this notion of agency is of particular significance as it allows for purposive and conscious impression management (Goffman 1959) as well as the conscious internalisation of feedback from others, real and imagined. The key idea encapsulated in Mead's (1934) theory was that people construct identities based on past experiences as reflexively reinterpreted and internalised to guide future actions. This imagined future is, in turn, idealised and that image is also incorporated into the present self-understanding (see also McAdams and McLean 2013). Because of this synthesis, temporality remains one of the central characteristics of identities (Ezzy 1998), as individuals negotiate the anticipated and organised repertoire of responses 'learnt' through embodied past experiences (performance) and imagined futures in the search for continuity.

However, while for both Mead (1934) and Honneth (1995), time is important in the development of consciousness, they do not discuss the issue of temporality of identity specifically. The issue has been picked up by Ricoeur (1988) who sees time as configured and not objective, experienced and given meaning through the interplay of *idem* and *ipse - sameness* and *selfhood.* In Ricoeur's (1988) view *idem* and *ipse* are not equal in the sense that sameness does not mean permanence of something over time, but continuous re-interpretation – or re-identification - of something as such. In this way continuity comes from permanence of meaning rather than uniqueness, and the continuity can also involve change as events and things are re-interpreted in the light of new insights. What it means in practice is that selfhood and identities are perpetuating but potentially discontinuous and fragmented, re-developed over time in interaction with lived experiences. This of course bears immediate similarities to Mead's (1934) "I" and "me" split, although Ricoeur's (1988) *idem* and *ipse* bear different functions to Mead's concepts – Ezzy (1998) suggests that the difference lies in the level of analysis as Ricoeur's selfhood refers to the totality of the reflexive organisation of experience, while "I" and "me" constitute that reflexive dialogue.

However, despite the difference in the analytical level, there are further similarities between the two perspectives: for example, in relation to identity construction, their approach to interpretation of, and accounting for events. Ricoeur (1988) argues that because of this purposive mind we tell of historical facts in a quasi-fictitious way in a sense that we assign a preferred meaning to a story by presenting it as humorous or tragic situation. That relationship between history and fiction comes from the need to give structure to present action in which the imagined future may become a reality. Mead (1929:241) shares his view by asserting that "the past which we construct from the standpoint of the new problem of today is based upon continuities which we discover in that which has arisen, and it serves us until the rising novelty of tomorrow necessitates a new history which interprets the new future" (also quoted in Ezzy 1998:243). What it means is that the past is continuously re-constructed for future purposes, and although it is subjective it is also very real in a sense that it brings material consequences through embodied action. The argument can be also read through concept of reflexivity discussed earlier in Chapter 3, as it plays a crucial role in this negotiation by providing the agentic means to make sense of experience, whether embodied or yet anticipated. As such, its function can be interpreted as a provider of multiple alternative interpretations of experience (Cunliffe and Coupland 2012), that are later negotiated to reach a coherent story that is our understanding of self. This story is continuously re-negotiated as new experiences emerge and because reflexivity is emotionally charged and therefore not necessarily 'rational'. As we have seen, this continuous negotiation and re-negotiation results in a dialogical nature of identity, with Mead's (1934) "I" and "me" subject-object relationship at its centre.

In this way both the theoretical approach (based on Mead 1934 and Honneth 1995) and the methodological approach (based on Ricoeur 1988) are hermeneutic as they both are concerned with the processes that translate into lived experiences (Ezzy 1998), and those processes are seen as a circle of configuration and re-figuration through reflexivity. Although Ricoeur (1988) is much more systematic in the way he describes the mechanism of the process, Mead (1929, 1934) discusses the same principles from the point of view of social structure and the dialogic nature of the self. However, while the two approaches share underlying assumptions about the social and emergent nature of identities, Ricoeur (1988) makes an important extension to his approach by proposing narrative identity as a *process* by which the agentic self creates role identities and organises them into a subjectively coherent whole. As such, narrative identity provides a practical analytical tool for the consideration of accounts of individual lived experiences.

5.3 Narrative identity construction

In order to negotiate fiction, history, and reflexivity Ricoeur (1991) draws on Aristotle's *muthos,* meaning emplotment, which is produced by an iterative process of fitting elements of story together until they produce a coherent text. From an identity construction point of view, emplotment is therefore a dynamic process that explains how seemingly unrelated role identities are brought together in an experience of time. However, although Mead (1934) provides a detailed description of the internal process through which the self-concept is constructed, he only briefly mentions how this totality of persisting and evolving multiple identities is carried through time "in the historical apparatus which extends memory" (Mead 1932: 17). This 'apparatus' becomes Ricoeurian (1988) *narrative identity* as a device and practice in which people engage to bridge the past and an imagined future to produce a coherent story of the self and one's life history through emplotment. Narrative is in that sense a representation of the internal process of the reflection on one's own experiences, perceptions and fantasies and the outcome of the struggle for recognition in the social contexts (Honneth 1995). Narrative identity therefore conceptualises the identity construction process as a reflection of how individuals make sense of the world in a reflexive manner as well as how they want others to understand them (Goffman 1959).

Kerby (1991) argues that this self-narration is in fact what makes the identity become reality in the sense that what makes up our understanding of ourselves is only as real as we believe it to be, how we subjectively make sense of our lived experiences and what we think others make of them in relation to us. This is driven by the need to provide plausible structure into which new experiences can be incorporated, that is, constantly re-legitimising the identity as it evolves within its social context (Maclean et al. 2013, Whittle and Mueller 2012). For Akerman and Ouelette (2012) the simultaneous exploration of lived experiences and dislocation from them in a progressive-regressive cycle is the authentic subjectivity as the resulting narrative brings to life relationships between the character, the plot and the purpose.

> Perhaps more pointedly, such an approach allows us to go beyond the reification and categorization of identity that occurs in some contemporary research on self and identity, and understand not only the creative process but also the narrative construction of self as inextricably tied to experiences of the past (Akerman and Ouellette 2012:398).

This means that resulting stories and the narrative in general are more than an emplotment of the events to give meanings but the character becomes the plot themselves, situating himself within social structure through taking various roles and assigning subjective meanings to his experiences. This view is shared by Cunliffe et al. (2004) who describe this process calling it 'narrative temporality'. Their concept, in my view, is similar to that of *narrative identity* as described by Ricoeur (1988) and discussed by Akerman and Ouelette (2012) because it highlights the same process of constructing narrative not in terms of plots, characters understood in poetic terms but in terms of situating experience in time and place (Cunliffe et al. 2004).

The argument is summed up by Ezzy (1998:245) who concludes that while ‘emplotment endows the experience of time with meaning’, narrative identity concept goes a step further by assigning roles to dialectic of character (Sonsino 2005: 173): from action and meanings to performing self through that action (See also Ricoeur 1992). Any investigation of identity must therefore look at the subjective sense-making and how it is manifested in the individual identity narrative. *Narrative identity* becomes, therefore, not an ontological but epistemological device that will help access identity dynamics manifested through the subjective organisation of perceived reality. The following section will explore how narratives have been engaged with in sociology and organisational studies literature.

5.4 Storytelling and narrative frames

Although the narrative paradigm has enjoyed a long tradition in the social sciences (Fisher 1985), the way in which the methodology has been used has varied significantly across different research traditions. According to Lawler (2000), we make sense of ourselves through telling stories not only to ourselves but also to others since how we narrate events helps us and others understand where do we belong in larger narratives in society (Czarniawka 2006: 1665). At the same time, macro discourses that make up social structures are interpreted in the light of micro autobiographical snapshots to construct stories (Gabriel 1998, Gabriel 2000, Boje 2001, McAdams 2001, McAdams and McLean 2013). This interplay between grand narratives and embodied experiences has been defined as storytelling (Rosile et al. 2013). Rosile et al. (2013) further argue that stories defined this way allow for studying both social structure as well as individuals within it because it does not discriminate marginalised voices over official narratives that we may find in organisational settings.

A number of researchers have attempted to classify stories into various typologies, such as ‘hero’ or epic narratives that narrate overcoming difficulty, tragedies or gripes (Gabriel 1998, Driver 2009). This approach draws a lot on what Rosile et al. (2013) call a ‘narrativist’ paradigm where language is used to uncover the structure and poetics of the story that are used to arrive at a desired emotional effect (Gabriel 2000). While this approach can bring to light strategies in which individual people or social groups engage to actively re-construct the past in order to achieve a desired effect, Boje and Durant (2006) warn against looking solely at retrospective sensemaking, and especially against the “obsession” (Jorgensen and Boje 2009:33) of finding linear sequences with beginning, middle and end. This is because the important characteristic of those stories are that they all include a central plot and conclusion which follow a subjective logic of causality or chronology that may not necessary correspond to reality (Boje 2001) but which bring together into coherent whole episodes and events which may be otherwise difficult to reconcile (for example: ‘I’m not like that, they made me do it’). Boje’s (2001) view is also consistent with a hermeneutic perspective where narratives do not necessarily describe what is historically real, but are re-constructions of facts through fabulation (Ricoeur, 1988) which means that they are subjective and politically framed to suit where the individual wants the narrative to go.

However, Holstein and Gubrium (2000:3) argue that stories, although subjective are nevertheless “disciplined” because we are only free to construct narratives (and identities) drawing from practices, circumstances and discourses available to us within certain social structures. Similarly, McAdams and McLean (2013) remind us that it is also important to consider not only how stories and broader narratives are constructed but also how they are shared within particular contexts that will be disciplined in the same way. Such narrative presentations are in fact part of performing the narrated identity. For Gubrium and Holstein (2009), stories are purposively staged and performed in the Goffmanesque manner of impression management (Goffman 1959) in the struggle for coherence. This view is often associated with Rosile et al.'s (2013) 'life history' paradigm where a contextual unfolding of the story is emphasized over coherence. In this sense, the stories are seen as emergent in that they are not complete before they are told (Gubrium and Holstein 2009) and they need to be performed in front of audiences in order to become meaningful (see also Gabriel 2000). This in turn is consistent with the concept of performance proposed earlier in Chapter 3, which was seen not only as an expressive mechanism of categorisation of meanings and roles, but also as an embodied representation of the individual (professional) identity within social structure and a tool for social negotiation of this identity in the reality of lived experience.

At the same time, despite differences in which narrative and storytelling has been used by different traditions within organisation studies, Rosile et al. (2013) argue that it is in fact possible to reconcile these two views. While they deem simply joining these two approaches epistemologically impossible (Rosile et al. 2013: 569), they suggest that the answer may lie in the use of Boje's (2001) concept of *antenarrative.* According to Rosile et al. (2013), the strength of this concept comes from the meaning of 'ante': meaning both 'before', that is, looking retrospectively, and 'bet' which is about prospective looking into the future. Retrospective sensemaking and trying to organise lived experiences into coherent stories is the antenarrative to a living story in a sense that it is engaged in with the purpose of preparing grounds to make sense of future events.

According to Boje et al (2014), antenarrative is an organising force of storytelling where the stories are difficult to plot, bringing together voices and pre-narrations that would be otherwise difficult to reconcile. Antenarrative can therefore be understood as a form of narrative framing (Goffman 1974) because it can be used to create specific meanings and support particular identities. Antenarrative is therefore a potentially fruitful perspective for the analysis of data in this thesis because it can deal with narratives and discourses which are fragmented, contested and not coherent. The next section will discuss the possibility of such framing in more detail.

According to Fiss and Kennedy (2007), frames are ways in which assumptions and meanings are expressed so that they help shape the interpretation of a situation. Contrary to sensemaking, they are oriented primarily at strategic processes (Fiss and Hirsch 2005), meaning that they will be an important tool in the political positioning of identities. As such, they can be understood as the 'value horizon' (Honneth 2014) of recognition as they constitute the boundaries of what is legitimate in particular social contexts.

Within markets, frames will help actors to understand the limits of the market and the nature of the exchange (Fiss and Kennedy 2007:2), helping clarify the roles of the counterparts in the economic relationships. For example, Beunza and Garud (2007) have shown the stabilising effect of frames on investors interpreting market information. Frames can therefore be understood as moral statements because they will provide boundaries to what should and should not be legitimate in the markets. As such, frames can be said to shape identities of market participants.

However, since framing is an evolutionary process (Callon 1998) which is never complete, there will always be relations which defy framing. This emphasizes the inherently political nature of frames and brings up a question of what happens when the narrative process is interrupted or modified in some way, and how narrative identities respond to this discontinuance. The next section will consider narratives in such situations.

5.5 Narratives of crisis and dissonance

Narrative research has also been widely used in the studies of crises and organisational changing (Weick 1993, Driver 2009, Robinson and Smith 2009, Boudes and Laroche 2009, Whittle and Mueller 2012) where the subjective stories gave insight into the processes of change, how and extreme situations are experienced and what meanings people attach to them. Narratives can also be a powerful (auto)psychotherapeutic tool (McAdams and McLean 2013) by providing a cognitive structure on which to construct identities where this structure is temporarily lacking (see also Cunliffe et al 2004). This is because the narrative identity can shift the present understanding of self onto future possible selves with the (ideal) supporting structure present in the imaginary. For example, Whittle and Mueller (2012) argue that stories representing failure or crisis will be constructed differently to positive ones to make sense of the problem that the individual is encountering (see also Weick 2001).

As we have seen in Chapter 4, people actively draw on a number of discursive resources aimed at subjectively re-writing negatively charged emotional states, such as blame displacement, to find a ‘logical’ explanation of an instance that does not match their overarching narrative identity. Whittle and Mueller (2012) further argue that narratives of crisis will often include an element of moral agency through responsibility positioning, whereby actors are carefully cast in the moral element of the story (Boudes and Laroche 2009).

McAdams and McLean (2013: 233) call these ‘redemption sequences’ that aim to assure emotional-psychological stability by transforming narrative from negatively emotionally charged to positive outcome (hero stories). In fact, Booker (2005) found that descriptions of personal transformation during adversity would be heavily storied with many metaphorical and other fantasizing elements present to play down the threat to the protagonist. This is supported by Robinson and Smith (2009:85) who discuss elements of narrative sense making following difficult or traumatic episodes thanks to which a 'narrative transformative crisis' is possible helping storytellers deal with experiences of tensions, trauma and loss (Driver, 2009). Individuals may choose to engage in a number of strategies aimed at preserving a coherent sense of self over time, from re-interpretation of the past to deferring the realisation of identity to the future through possible selves (Tracy and Threteway 2005), to engaging in linguistic strategies to emphasize or silence elements of personal story (Auburn 2005).

The issue is raised by Boudes and Laroche (2009) and Whittle and Mueller (2012) who both look at narrative as a tool in a sense making struggle during a quest to regain (professional) legitimacy following a deconstruction of collective sensemaking. Abolafia (2010) points to 'selective retention' as one of methods used to construct post-crisis narratives which can bring us closer to understanding breaking points/threats to self-identities. This issue links to Boje's (2001) antenarrative and the question of problematic interruption to the narrative process. Boje, Rosile and Gardner (2004) propose the concept of "story space" to describe a space where antenarratives can be non-linear and even conflicting, trying out new ways to tell the story ahead of reconciling it with other stories. This is a reflexive process that has "knowledge consequences" (p.4) with respect to narrative identity.

Since people are not separate from their experiences, but actively engage in making sense of them through emplotment of both a story and themselves (Ricoeur 1992), identities and stories are mutually constitutive. This means that an interruption to identity construction process results in 'the loss of the configuration of the narrative' (Ricoeur 1992: 149), and therefore a crisis in a fragile structure on which our self-understanding is based. That is also why I have identified as particularly important exploring how the recent economic crisis may have become a possible threat to the individual narratives of identity, and how local social contexts may have become arenas of struggle and crises of professional identity within investment banking.

5.6 Methods and research design

Having positioned my thesis theoretically both in terms of ontological and epistemological assumptions, the next sections of this chapter will focus on research design and the methods I employed. The methods were chosen to be able to best answer my research questions: how investment bankers construct their professional identities and how this process has been affected by the 2008 financial crisis. In the previous chapter I have set out the reasons why such research question is timely and I have established that I will look at the individual narratives of lived experience of the crisis and its aftermath to explore not only how investment bankers construct identity narratives, but also why they do so in the way they do. I begin the overview of my research design by discussing the selection of study participants.

5.6.1 Selection of participants

The participants were all based at the two biggest financial centres in the world: London and New York, and at the time of the interview were, or had been working for well-known globally present investment banks. The participants were chosen according to two criteria:

1. Having a minimum of ten years of experience in investment banking,
2. Occupying an roles in ‘front’, ‘middle’ or ‘back’ offices of investment activities, in order to assure that the participants have been active product control, risk management, trading support as well as senior management.

The first ensured they had been in the investment banking environment long enough to have been part of various stages of an economic cycle, such as booms and busts, and to be able to reflect on them. The second criterion was imposed to help focus the study on the roles that have been most affected during this financial crisis. Table 1 summarises the participant's background, age and roles they held.

Table1: Summary of participants' background

Name	Roles (Then, now)	Where in the firm	Age	Background
Daryl	Trader/Broker	Front office	Late 30s	Married, two children, trained lawyer. Daryl was a trader at RBS until 2011 when he got fired. At the time of the interview he worked for a broker, although I have come to know that later on he returned to trading.
Charlie	Risk Manager/ Regulator	Middle Office	Mid 30s	Married, no children, engineering background. Charlie spent few years at Goldman Sachs as a Risk Manager, followed by a move to regulation.
Tony	Senior Manager	Back Office	Mid 50s	Married. Having worked in Europe, US and Asia, at the time of the interview Toney was a senior manager in post trade support function at one of the global banks.
Sylvia	M&A / MD	Front Office	40s	Married, two children. Sylvia has graduated from one of the top universities in the US and worked for several years in M&A at Merrill Lynch and Citi in New York. At the time of the interview Sylvia began a move into venture capital.
Susan	Trader / Advisor to Board	Front Office	40s	Married, one child. Susan has PhD in Physics and worked for a number of years as a trader for a global bank. At the time of the interview Sylvia was a senior director and an advisor to the board.
Katie	Project Manager	Corporate	40s	Married, no children. Katie has spent 15 years at RBS, followed by a move to the regulator.
Raj	Trader / Director	Front Office	Early 50s	Married. Raj has spent several years as a trader and a fund manager. At the time of the interview he headed up a team at a global investment manager.
Dave	Project Manager	Back Office	Mid 40s	Married, two children. Dave has worked in a number of global banks delivering business transformation projects.
Philip	Trader /	Front Office	Early 60s	Married, children. Philip has been a

	MD			proprietary trader for a number of years before he moved to a regulator. After the crisis he moved back to the industry and at the time of the interview he was an MD at a US bank.
Pete	Client Relations	Front Office	Early 30s	Single. After graduating with a law degree, Pete worked for Bank of America, followed by a client relationships role in a US bank.
Julia	HR Director	Corporate	40s	Single, no children. Julia has worked in a variety of senior HR roles in Latin America, Europe, US and Asia. At the time of the interview she was in charge of a business transformation project.
Anna	Risk Manager / Regulator	Front Office	50s	Single, no children. Anna began her career as an accountant and moved to front office risk roles in a variety of firms, including ABN Amro. During the crisis Anna moved to regulation.
Gabriel	Risk Manager	Middle Office	Mid 40s	Single, no children. Gabriel has worked as a risk manager for 18 years. At the time of the interview he was a Senior Director of Risk in one of the global banks.
Dan	Trader	Front Office	30s	Single, no children. At the time of the interview, Dan worked as a trader for one of international investment managers.
Terry	Senior Manager	Back Office	50s	Terry has worked in a variety of trade support IT roles for over 20 years and at the time of the interview was a Head of Disposals at a global bank.
Sanjay	Senior Manager	Back Office		Sanjay was the first participants I interviewed. Throughout his career he held a variety of roles from front to back office, and at the time of the interview he was a Head of Business transformation project at a global bank
Neil	Risk Manager / Regulator	Middle Office	Mid 40s	Married, no children. Qualified lawyer, Neil has held a variety of quantitative roles at a large US investment manager. Shortly before the interview Neil moved to one of the regulators where he heads up a team of quants.

The initial connection with participating institutions was made through contacts in the Essex Business School Executive Fellow network, followed by ‘snowball’ sampling of other participants. Snowball sampling is a method allowing taking advantage of participants’ social and professional networks through a system of referrals used for recruitment of new participants. It was initially developed as a sampling method for populations deemed difficult to reach (Morgan 2008) and it is often used where the aim is to reach participants from a specific environment, rather than to obtain a representative population.

The issues of security have become an important obstacle to getting larger number of interviews. In the context of investment banking, even very experienced and well-regarded researchers such as MacKenzie (2007) report difficulties in obtaining access to financial insiders that perform front-line roles. In the process of data collection, I have spent a large amount of time negotiating access to new participants, most notably one meeting have involved a record 2 years of emails to set up, only to be cancelled last minute. Nevertheless, I have managed to interview many senior bankers and the interviews that I will analyse in the following chapters provide a rich qualitative insight into the professional identities in the investment banking world.

5.6.2 Data Collection

I chose in-depth interviewing as my data collection method as a way of accessing personal narratives of the participants' professional journeys and of how individuals make sense of their experiences of crisis. In line with both social constructivist and recognition theories in which I locate my research I do not view interviews as neutral means of sharing information, but I see them as sites through which individuals construct and express their identities. Following Grandy (2006) and Alvesson (2003), I study interviews as narrative sites for subject positioning.

To this end, I have constructed the interviews drawing on the oral history method that has been developed to uncover "the inner experience of individuals, how they interpret, understand and define the world around them" (Faraday and Plummer 1979:776). Oral history method derives from life history research where participants are asked in unstructured interviews to reflect on the totality of their life, however, it is much more specific in that in asks to reflect on particular autobiographical instances or periods of time (Bryman 2012). The method allows the interview to be organised thematically while still remaining largely unstructured where the interviewer does not ask specific questions, but may direct the conversation to areas of interest. Bryman (2012) argues that oral history research as a particular case of biographical methods have been gaining popularity within narrative methodologies as a method highlighting the importance of agency in storytelling and social life in general. Because of that, it is a tool that is capable of capturing not only the plot but also character of the story, which are inseparable in that the character does not emplot a story, but emplots himself through telling one (Akerman and Oulette 2012).

Haynes (2006) agrees with this view stressing that oral history interviewing is not about documenting events narrated by the participant, but the meanings that the narrator gives to his experiences, including feelings, emotions and connections between roles and stories. In her study of professional female accountants and their experience of motherhood, Hayes (2006) asked her participants to reflect on their identities, aspirations and professional experiences, obtaining rich and detailed personal accounts of individual experiences of organisational life mediated by a specific factor, in her case motherhood. In this way, the rigour of the method comes not from keeping to a carefully structured schedule but from letting the interviewees guide the researcher through the stories told.

5.6.3 Stages in the data collection process

The data collection process in this project was divided into two stages. First, in the summer of 2012 I conducted a pilot study of 5 interviews, followed by 14 second-stage in-depth interviews in 2013 and 2014.

Stage 1: Pilot interviews

I chose to conduct the pilot study at a relatively early stage of the project, starting with only two general categories of "professional identity" and "experiences of the crisis" as a guide. I allowed the participants to guide the interview and indirectly indicate which issues they thought were central to the problem of professional identity in investment banking and likewise the issues the financial crisis highlighted in this respect. This allowed me to uncover themes and issues that were important for the participants themselves, without limiting the interviews by pre-selecting topics myself at this explorative stage.

Stage 2: In-depth interviews

The second round of interviews focused more specifically on some of the themes that had come up in previous conversations, such as trust and the difficulty of looking into the future. I have opted for in-depth interviews to allow for maximum flexibility of approach, with the interview guide loosely organised around the key areas of questioning and with probing questions in each category. The interview schedule is available in Appendix 4. On many occasions, however, the interviews in practice looked more like in-depth interviews than semi-structured ones as some of the participants engaged in long monologues. I have chosen not to break those monologues, with the exception of asking some probing questions, as I saw those interviews as being able to provide rich insights into the reflexive identity construction.

All interviews lasted between 45 min and 2 hours and were recorded and then transcribed by the researcher. In general I found that the initial 15 minutes of the interview was rather formal where the participants would carefully choose their words and not forget to praise the company every now and again. This is common at the start of interviews, before a relation is established between the interviewer and interviewee (Tang 2002). However, as the interview progressed and it became clear that I would not report on the conversation to their companies, the participants did not hesitate to open up about their experiences, even traumatic ones, and their feelings. This was further accelerated when the participants understood that as the interviewer I was able to understand their experiences, stories and jargon due to my earlier education in the subject of Finance. In fact, several participants remarked at the end of the interview that they felt it was ‘a bit like a session with a psychiatrist’, ‘counselling’ or ‘therapy’ (see Rossetto 2014) which reassured me that I was trusted enough to be told about individual experiences and understandings beyond official discourses, engaging with individual meanings and emotional responses associated with them.

5.7 Analysis

Earlier in this chapter I have discussed the issue of subjectivity in the narratives and concluded that particularly in the study of identities, subjective accounts are what constitutes the ‘objectivity’ of the study. Moreover, interpretative and inductive research is rarely aimed at producing generalizable findings and indeed in the case of identity research it would be somewhat a paradox. Instead, the aim of the study is to explore as deeply as possible individual narratives, experiences, feelings, emotions, and understandings. The value of the study in this context is judged by how well was the research able to access meaning-making processes in which people engage to reflect different strategies and practices that are potentially available to them (Kelemen and Rumens 2008).

Moreover, Wells (2011) reminds us that narratives should be considered not only on their own but also in relation to questions that prompted them as well as the dynamics of the interview itself, because the researcher plays a role in shaping the interview narrative through prompting specific type of stories through questions and own reactions to them. This can also be an interesting characteristic in itself prompting a critical analysis of the narrative text, considering why certain narratives come up in connection to certain questions and why others will be silenced: the tellable versus the untellable (Gubrium and Holstein 2009).

I have begun the analysis by close reading of the narratives and research notes from the initial stage interviews in order to begin uncovering some of the commonalities and differences in the ways the participants responded to cues to steer the conversation towards the two general topics. I have done this by multiple reading of the texts in full and in parts, annotating the transcripts and listening to the interview recordings to get a better understanding of the tone and emotion in the participants' voices. From this analysis a detailed spreadsheet has been constructed where some patterns began to emerge uncovering themes that came out as crucial to the construction of the overall narratives.

I have specifically chosen not to use assistive software for this purpose because, as we have seen, the fragmented and contested nature of identities means meaning is expressed not only through what is explicitly said but also what is implied or not mentioned at all. According to Riessman (2008), rather than strictly content-wise or comparatively, narrative analysis seeks to uncover plots, meanings, and the unsaid. The why and how the stories come to life and how they evolve, how they affect the narrator and interplay with other stories within and outside of narrative. Emotions and self-perceptions are therefore not necessarily addressed explicitly, but are created by the narrator from disordered experiences (Riessman, 2001). In this view, the narrator's identity is performed through the way the stories are told and the narratives are thereby used by the narrator to cope with the fluid positioning that makes up identity construction process.

The points of commonality found has served me to re-consider interview schedule to focus on emerging themes more specifically to the end of being able to access a more in-depth processes of reflexivity and meaning making. Initial categories were derived from close reading of the transcripts from the second stage of the interviewing process and the supporting research notes. The analysis uncovered a number of issues that have often appeared in the interviews and these were further grouped into larger themes. At this stage I have employed further critical reading of the data to look for alternative interpretations and re-reading the transcripts with a new lens as themes emerged.

I have also employed regressive and progressive readings of the narratives (Akerman and Ouelette 2012:388) to uncover both performative elements of narration ('progressive reading') as well as object-relational tensions and conflicts ('regressive reading'). Through such technique I have discovered other themes within the data that were not visible through simple line-by-line reading, such as liminality of identity. I have then used the newly formed categories to organise the transcripts into coding sheets with sections for identity cues, themes, tensions and emerging questions and thoughts. Such coding further revealed shared interpretations, common struggles as well as some contrasts.

At this stage of the analysis I went back to the literature and the theoretical underpinnings of this thesis. The data was then re-read through the lens of the theoretical concepts of performance, reflexivity and dissonance discussed in this and the previous chapter, arriving at a set of interpretations of the participants' narratives that will shed some light on the dynamics of professional identity formation in the following chapters that are organised by the final analytical categories of key identity resources, trust and politics, and the identity crisis. For example, thanks to multiple readings I have been able to see some instances where a seemingly broken narrative was in fact a rich source of information about the way individuals sought to re-construct their identities using a variety of strategies. This is consistent with Cook (2010:99) who argues that the emphasis on reflexive practices can provide greater detail and layers of narrative in responses to trauma or uncertainty. The following chapters of this thesis provide data analysis and discussion, followed by a summary of conclusions and contributions.

5.8 Reflexivity and research ethics

As I have mentioned before, my chosen theoretical approach positions the researcher not as a neutral observer but a co-participant in research through directing and interpreting data from its collection through the analysis to final writing of results. This is evident particularly as I supplemented the interviews with my research diary where I have noted my observations about the places, the participants and the surroundings to capture the richness of the contexts in which interviews were conducted. The diary, however, could not be supplemented with any pictures or video recordings due to strict security regimes in and around financial buildings.

Additionally, my relationship with the research participants is equally important in the way the research is positioned. Just as my own reading of the interviews is not neutral, also my participants are positioning themselves in a certain way as they speak to me. Instead, they are involved in reflexive identity construction, presenting their views and experiences in a particular way, which not only tells about identity but expresses it at the same time. Through the interviews I am therefore exposed to 'interpretation of interpretation' (Alvesson and Skoldberg 2000: 6).

My personal background has been a very important factor in establishing a relationship of trust and building candid rapport with the participants. In particular, having a level of technical knowledge about finance helped with the interview flow, as participants were free to use jargon and tell the stories in their own words, without needing to stop and explain what they meant. I also felt that my insider-outsider status helped participants open up to me, often about very personal and difficult experiences. Being able to 'speak the same language' as participants seemed to reassure them that I would be able to understand them and appreciate what they went through, yet the fact that I was not affiliated with any of the firms also reassured them that I had no hidden commercial interest in trying to talk to them about such experiences.

Before I begun the interviews, I have obtained ethical approval from the University's Research Committee to comply with the procedure on research with human participants. Despite recruitment through official professional networks, all interviews had to be approved by the management of the participating companies because of a high degree of information security in financial institutions. Moreover, strict confidentiality and anonymity had to be assured throughout the process. I ensured this was honoured through implementation of some information sensitivity measures, such as storing recordings on secured server only, not using printed versions of the interviews in shared study spaces and anonymising interviews while they were transcribed, with a separate document containing personal information securely stored elsewhere. In fact, many participants have only agreed to be interviewed upon signing that their information would not be disclosed and were reluctant to recommend their colleagues and friends to consider taking part in my research.

5.9 Chapter summary

In this chapter I have provided an overview of the methodological approach that will be used in analysing my data empirically. I have introduced Ricoeur's (1988) concept of *narrative identity* as a complementary concept to the symbolic interactionist theoretical framework, where narrative construction "provides a subjective sense of self-continuity as it symbolically integrates the events of lived experiences in the plot of the story a person tells about his or her life" (Ezzy 1998:239). Building on this position I have described research design for this project, including in-depth oral history interviewing as a data collection method and strategies used for data analysis, including some reflections on the process of interviewing. The following chapters will present the research findings and discussion.

Chapter Six: Framing identity

6.1 Introduction

This chapter begins the data analysis by focusing on the key resources investment bankers draw on to construct a particular self-understanding through which they produce the narrative of the professional investment banker identity. The participants' accounts pointed to a number of frames that were mobilised to construct and support professional identities, such as opportunity, smartness and expertise, and building legitimacy through the relationship with money. As we have seen in Chapter 5, narrative frames are used as ways to "define, organize, and label experience" (Fiss and Kennedy 2007:8). Looking at identity through the lens of narrative frames can give a unique insight into the "principles of organization" (Goffman, 1974: 10) through which actors define the 'situation' by establishing boundaries of what should and should not be. This is because frames can be understood as epistemological devices through which we can learn about the underlying beliefs, assumptions and experiences that influence the way actors construct and position their identities in markets, and how they attribute meaning to the relationships and experiences.

The chapter is organised as follows: firstly, I demonstrate how the frames of smartness, expertise and sacrifice were important elements woven into the identity narratives of the participants, showing that they were employed to construct a particular image of a high-performing 'superstar'. I then discuss the reliance on a discourse of opportunity and the relationship to time which together result in a permanent displacement of identities into the future. Lastly, I will show that in the context of banking, money assumes the special function of a device through which individuals engage in the production of worth of their own identities.

6.2 Superstars

As indicated earlier, during my fieldwork, I interviewed investment bankers from a variety of backgrounds and in various roles. The stories they shared with me demonstrated many common themes, revealing homogeneity in their approach to work and understanding of social contexts that were performatively[5] summoned in order to construct a particular self-image. In particular, many participants' stories seemed to involve a particular understanding of what it took to be seen as a successful market player who was portrayed as a high-performing 'superstar'. This section of the chapter provides an insight into how such 'superstar' identity was constructed by focusing on three key elements often involved in such narratives: smartness, the position among peers and sacrifice.

6.2.1 Smartness

The participants' accounts revealed that one of the important terrains on which identity was built was the discourse of smartness (*nous*) and expertise (*techne*), both of which were often used interchangeably to highlight the ability to be 'street-smart' in the markets. In order to sustain the narrative of street-smart identity, the participants pointed to various ways in which they negotiated this demand by supplementing the discourse of smartness with that of sacrifice, which I will focus on later in this chapter.

We begin by looking at Tony's perspective, who at the time of the interview was a Chief Operating Officer of a business line in an international bank. Tony's interview was one of the more challenging ones from the point of view of the researcher. At the beginning, he was not keen to discuss his personal experiences and focused on providing me with factual and marketing-style statements. This changed only when I have intentionally steered the conversation towards how bankers were portrayed in the media at that time, reassuring Tony

[5] Throughout analysis chapters, 'performatively' is used primarily in the context of Goffman's (1959) 'performance' rather than Mackenzie's (2009) 'performativity', unless I state otherwise

that I too thought that not all representations were fair. This was intended to reassure Tony that I was not there to 'catch him out' on anything that he said but rather that I was genuinely interested in his side of the story. After this part of our conversation, Tony was much more keen to answer my questions and give me an insight into a culture which he though he needed to protect.

Tony explained that despite the perception that the industry attracts the 'best and brightest', it was not his 'top' education that turned out to be his most valuable resource. When asked about what he enjoyed about working in banking, he had no doubt it was the membership in a certain social group:

> *Global organization, global structure. And travel. And also working with so many smart people. The derivatives company I was working with, I worked with people who are now chief executives of financial banks. So that's where the smart guys go. So part of it is working with the intellectual horsepower*
>
> *(Tony)*

Tony's experience immediately suggests that in the context of investment banking, local definitions of worth and value are very much dependent on social perceptions and expectations. In Tony's example we can see this through the emphasis on the importance of 'smartness' of people and social status that is based on a proxy of connections. Tony produces an account through which he builds an identity based on membership of the top elite of banking. He does so by engaging a particular social category, 'people who are now chief executives', in order to build association with the 'intellectual horsepower' of the industry. In doing so he draws on the institutional authority of his connections in order to legitimise his own claim. He further confirms his right to do so by informing the reader of his own 'global' responsibilities. Finally, he normalises the claim by suggesting that this is where 'the smart guys go', creating a perception of an ability to navigate the social structure. Tony's description of what he thought were the key features of the investment banking identity was not, however, a neutral performance, but one that highlighted the fundamental masculine discourse that underpinned the features he spoke about. Strong bodies seemed to be an unspoken element of Tony's account as he reassured me that the 'intellectual horsepower' also took part in competitive sports, and how banking required physical resilience connected with working long hours and lots of travelling. As such, body imagery seemed to be a key part of Tony's understanding of professionalism in banking, deeply embedded in all aspects of the identity that Tony considered most important.

A similar situation can be found in another participant's interview, Sylvia, where she shares her view on how to become successful in the banking industry. Sylvia has spent many years working in mergers and acquisitions (M&A) in international banks before becoming a Managing Director at an investment management company.

> *What I think it is, is that people who are naturally more ambitious will put themselves out a little more than the other ones. So there is self-selection. (...) When I was the staffer, I used to tell people: guys make sure you do the best you can, but I don't think that people understand that. (...) so that is why when you think about it, when I interview people for jobs, I truly don't care what they have done. I don't care whether you studied history or math. It's all about mentality. And until you see that, people that build higher… it truly doesn't matter what you know and what you have studied, it's much more how ambitious are you. How much do you want to succeed kind of thing? And it becomes really obvious.*
>
> *(Sylvia)*

Sylvia's account suggests that there exists a collective understanding regarding who is allowed to make claims to a particular identity through a membership of a social category that is based on the traits described earlier by Tony. The membership of this category is self-regulated, which emphasizes the entitlement to rights based on the membership and function of correct role performance (Honneth 1995). However, according to Sylvia in the context of investment banking, this may not be enough. Her narrative suggests that self-regulation of this identity claim is based on competition and by consequence on performative engagement in the political game. Such social context provides grounds where individuals need to engage in impression management in order to navigate the socially legitimate and illegitimate. As such, this process will be necessarily performative where individuals will use various discursive resources to support their identity claims. For example, Sylvia frames such claims by referring to 'naturally' ambitious people who will be more likely to succeed and she emphasizes the importance of a confident 'mentality'. By doing so Sylvia draws a symbolic boundary of the social group and constructs exclusive status of the high performers. This is confirmed by Raj who links this to the questions of power. Raj works as a Head of Investment Risk in a well-known financial services firm. In his interview he puts a lot of emphasis on the reason why smartness is at premium:

> *The guys who were trading are smart. They are really really smart guys. The investment banks paid top dollar for the smartest characters. (…)… you want the top guy, the trader and a top brain, the quant, in your teams. The ones who didn't get the grade went into risk management. The ones who didn't make that grade went into the rest of financial services like regulators, consultants and so on. So you need to be with the best and brightest to keep up with the top guys who are as sharp as an axe. They run the thing in the first place. The rules regulators made were so backdated that they couldn't catch these guys.*
>
> *(Raj)*

Raj's insights suggest that in the context of investment banking 'smartness' does not only refer to the claim of superior intelligence, but signals an overall perception of indispensability and impressive skills or expertise that translate into a social hierarchy. Raj notes that while academic ability is somewhat important, he emphasizes a certain 'street-smart' that new joiners need in order to succeed in the investment banking environment. This is also evident in Sylvia's words where she emphasizes that it is 'all about mentality' and that without it, one will not be able to succeed. Because of this, the discourse of smartness supports the claim to recognition and worthiness, both in monetary terms ('top dollar') and esteem. The collective identity of financial expertise performs a legitimising function, strengthening the interpersonal and institutional networks of banking and as such it is "fundamentally connected not only to the criteria for becoming an investment banker but also to the very nature of what they do" (Ho

2009: 50). This empowers the bankers to enact the collective understandings of reality through the material resources available to them.

Additionally, Raj's narrative describes the social ladder of investment banking, with money-making front office functions at its top, followed by in-house middle office functions, and with regulators and consultants, that is, external control and business functions at the very bottom. This is in direct contrast with the formal infrastructure of markets where the regulators hold the most (legal) power. The reason for this discrepancy may lie in using the performative politics of smartness and 'intellectual horsepower' as a device to legitimise claims to authority in a similar way to Fligstein's (2001) conceptions of control. This is significant because it allows potential separation of power understood in social identity terms from structural power granted through legal rights. As such, the 'incumbents' (Fligstein 2001) will have influence over the collective discourses which, in turn, will affect the structural organisation of markets. Mobilising narratives of smartness in this way has profound consequences for how professional identities in investment banking are constructed as it provides collective discourses that carry promises of esteem, provided that the knowledge is applied in the 'correct' way. Sylvia confirms this elsewhere in her interview, where she notes that with good results and participation in lucrative deals comes status. However, achieving this is not straightforward:

> *If you are going to work this hard, you want to work on big deals. You don't want to just do this and nobody knows about it. (...) Oh my God, my deal is on the first page of Wall Street Journal. You know what I mean? You want to be… you want people to see that you have got deals and you want people to see you have created something. (...)So you do understand very fast that what gets valued is what the company makes money on. And that's what makes it. You get in and you are like, oh my God, do I want to work on a pitch, or do I want to work on a live deal which we are going to make $10 million on. So the reason it becomes so elitist is because otherwise you have joined this great big firm and nobody knows what you do. (...) I mean they would ask, so what do you do? Well, I have done $45 billion of M&A deals, what have you done? You know what I mean? So it's the volume of deals and the experience that you have… (...) …even though there isn't grading, it's a self-appropriating grading. (...) when you go interview for other jobs after two years you can either say I have worked on 20 deals or you say oh, I did charts. Right? So I think that is what makes it elitist. (...)… so you want to work on big deals, you*

> *want to have the experience and be able to talk to clients. And again, it's very self-appropriating*
>
> *(Sylvia)*

There are a number of things we can see in Sylvia's account. Firstly, she notes that the performative claim to identity, such as being with the 'smart guys' rather than 'doing charts', can only be validated if there is an audience for it; if people 'know about it'. This can be understood through a dramaturgical approach according to which the validity of the performance is not possible outside of the front, where it becomes meaningless (Goffman, 1959). Meaning-making occurred at the point of agreement between the actor and the other that the performance adhered to the collectively agreed standards, and any identity claims outside of this agreement were not possible. What it means is that further observation of the importance of understanding of 'what gets valued' becomes critical to the construction of the front and suggests continuous reflexive process of assessment of the front and re-adjustment of performance. What Sylvia signals as 'self-appropriating' then becomes a question of identity as a reflexive dialogue between 'I' and 'me' (Mead 1934) as one tries to respond to identity demands to maintain the desired place in a competitive environment. As described by Sylvia, the success of this will bear material consequences for the organiation of the work and the local division of labour, potentially affecting future career possibilities.

As such, Sylvia's account illustrates how in the context of investment banking individuals are often subject to intensive identity demands, where participating in a certain context requires an "extreme integration" (Kreiner et al. 2006:1034) of identity, which means that there are strong expectations placed on the individual bankers regarding their performance with regards to a certain characteristic—in this case, smartness as a combination of *nous* and *techne*. In this context 'self-appropriating' also means that it forces the individual to reflexively confront normative expectations placed upon them by the other (Beckert 2009) and that the resolution of this tension produces an identity claim that is situated within the wider social context. However, because of the intensity of identity demands, this process can be challenging. Anna’s account provides a good example of this in her story of how she transitioned from being an accountant to having a risk management function in a bank:

> *You sort of go ahead and do it, and there is a lot of trust put in you, but a lot of pressure as well. Whereas people elsewhere in accounting they just tick boxes, there is an invoice, you check things in a letter and tick. Suddenly you have to start thinking for yourself, you’ve got a very demanding trader on the phone* shouting I *don’t understand my risk, tell me my risk. So there is a big step change adding to the culture and pressure. (...) it was a useful experience because you learn from the nightmares like the Lehmans issue. You learn the most from these nightmares.*
>
> *(Anna)*

Anna’s story shows a contrast between pressure and ‘nightmares’ or crises and attempted justification of them by saying that you learn the most from them. For Anna this change is seen as a rite of passage that demonstrates to herself and the other (here the traders are the summoned other) that she is ready to claim the new identity. Self-discovery is accomplished by re-aligning her own expectations with the ones of the new identity reference groups by creating supporting narratives that would justify and support the demand for recognition. In her story, Anna reconciles a multiplicity of positions (Beech 2008), in this case the ‘accountant’ and the ‘risk manager’, by constructing a narrative that justifies emerging developments (I need to get through the nightmares to allow me to learn and transition from one role to another). As in the previous examples, smartness here is understood as the ability to ‘think for yourself’ and be able to find a way around a new situation by displaying a ‘certain mentality’ (to use Sylvia’s words), rather than just intelligence of knowledge. However, the interviews suggested that smartness on its own was not enough to succeed and that it had to be necessarily supplemented by a careful and active positioning of self against peers.

6.2.2 Positioning among others

This interviews indicated that there were a number of ways in which participants positioned themselves strategically among peers, by creating the perception of outperforming their group and by summoning a collective 'other' to support their individual achievements. For example, Sylvia's account of her time on an M&A team indicates that these efforts were intentional:

> *Can you make good judgement in a very short time frame that is not going to position anyone else badly? So judgement is very important. So when I was telling whether people can trust your judgement… (…) when you are with the client it's like do you do something… because a lot of it is like… it's a very exposed environment because of the timeframes. (…)It's like, how far are you going to go? Because as much as it is an outlier situation, you can't have too many outliers, it has to be in a narrow band, but it has to be on top of the band. Rather than out. So judgement is I think why people get into teams. Because can you make an executive decision which is good when no one else is involved and you are very young? And sometimes people do stupid shit. (…)And in that it is very similar to trading. It's all judgement. It's literally you… whether you are going to lose the money or not, it depends on your judgement and how greedy you are. Sooo… I do think judgement is very important. To be successful, but also to be at least viewed as being successful.*
>
> *(Sylvia)*

Sylvia's account shows that one of performative elements necessary to the practical accomplishment of identity formation was the perceived ability to make good judgements. When one makes a judgement it implies making a subjective interpretation of the situation and taking a position in relation to it—meaning that judgement is necessarily a moral exercise (Taylor and White 2001). Recognition comes with the ability to associate oneself with good judgement, or as Sylvia points out, with the ability to make executive decisions rather than doing 'stupid shit'. The moral component is evident through the perceived duty of solidarity to the community by not 'putting anyone in a bad light' which is crucial for identity construction process as Honneth (1995) points to solidarity as a necessary precondition of constructing a positive self. This is because solidarity carries an element of particularity, that is, an expectation of what is valued by a community. This expectation is the result of social struggles that lack the universality that characterises rights and respect (Honneth 1995) meaning that by proclaiming solidarity one assumes a particular identity position, which is more specific than only belonging to a community. Honneth (2014) further picks up this point in his later works where he points to 'democratic *Sittlichkeit*', that is, institutionalised values in norms of the society that make up the legal justice. What *Sittlichkeit* and solidarity share is that they both presuppose a political aspect of identity construction and performative instrumentality.

This is important for understanding Sylvia's narrative where she turns to observe that one needs to aim to perform better than others, but yet stay within a certain 'band'. This suggests that solidarity in this context is used instrumentally to some extent in order to protect an image of outperformer. Autonomy, in this context can be seen as ambiguous because only specific relationships will promote the self-confidence, self-respect and esteem that are necessary for a fully autonomous self (Meehan 2011). In Sylvia's narrative this boundary is represented by highlighting the need for forming 'a narrow band on top of another band' but making sure not to be 'out', something that according to Ebert (2010) amounts to 'pseudo-negotiation of non-negotiable'. Being able to position oneself within those 'bands' comes with a status in social hierarchy:

> *It's a culture where you… if you have the right people in the group to like you then you basically become the designated super star. All the good projects come to you, everyone thinks you are really smart. (…) you do need a culture like this. It's like in sports, the champion culture. (...) And the thing is, again, this whole superstar thing is… it works. (…) it's self-selection. You try not to associate yourself with people who would be under-performing so you are not viewed as under-performer. And that is how the superstar thing gets formed because when you enter, you quickly figure out who can understand what they do for a living, who can't, and then they start pulling these people on good projects. But again, sometimes it's not true, sometimes it could be that, you know, a minor thing would flag you. And then it's impossible because you never get onto good projects. So you will never become a superstar because you are not on the $9bn deal. Everybody knows you have not worked on it. But it is a culture… it's a deal culture, right? Whoever works on the biggest deals and the best teams that is how you get the super superstar. And the thing is they do rank you like this because they saw your reviews and they will be like ohh, you are a superstar.*
>
> *(Sylvia)*

Sylvia's experience shows that the superstar status in banking is precarious due to a continuous negotiation of provisional identifications that are required in order to construct and sustain that status socially. For example, one way to do this is by summoning a collective 'other' who participates in and supports the individual achievements. In Sylvia's narrative this is evident by frequent use of supporting actors, for example by saying 'everyone thinks that you are smart' or that 'they talk in meetings about you'.

Sylvia's example further suggests that 'superstars' acted as reference points and catalysts of expectations, providing a disciplinary framework for 'the rest'. Sylvia notes that this is supported by perceived 'objective' measures. For example, participation in a £9bn deal was a social confirmation that you were better than others. Fligstein (2001) and Honneth (1995) both suggest that dominant individuals have the capacity to control collective evaluative frameworks through influencing perception. Additionally, we can see an example of an instrumental use of status-related entitlement (to participate in the best deals) as a conscious attempt to secure legal recognition for the provisional identity through the narrative construction of entitlement as a set of universal rights in a given community. An example of this can be seen in Daryl's interview where he tells about his successful period:

> *I guess it's a personal thing. You make a lot of money for the bank so you know you're gonna be paid well, but you also know there is a lot of kind of... people kind of... people looking at you and thinking ohhh this guy is the next big thing, you get a bit of a reputation. And you get this entire workforce and distribution network working for you… it's glamorous I guess. Yeah. (…) Superstar status would make you oblivious to reality, that the structure was damaged*
>
> *(Daryl)*

Superstar status would make traders like Daryl oblivious to the inefficiencies built into the financial infrastructure because in the reflexive process their line of thinking would be further validated by the generalised other. Voices outside of this narrative would be silenced as they would threaten the position and value of one's identity within a certain social setting, such as not noticing that the structure was dysfunctional in that it encouraged risk taking.

Moreover, Daryl narratively positions himself in the ‘band on top of another band’ (to use Sylvia’s words) by suggesting that he, the star trader, has got a number of people working for him to support his trades. However, Honneth (2011:253) notes that having a prominent position and being noticed is not necessarily equal with recognition because of the necessary moral component of recognition, which means that the status must be with regards to what is collectively deemed as worthy. The process of positioning oneself with respect to the specific set of frames will therefore be a political process and a game of perceived association, evidence of which we have seen in various examples in this chapter. Recognition, then, will be dependent on the quality of the relationship with the other as it is unfolding, elaborating professional identities through this work.

6.2.3 Sacrifice

Another type of resource deployed to support the claim to superstar status was stories of sacrifice and hard work, which were performatively employed as a display of commitment to a community. Julia is a senior HR director in one of the biggest global banks who at the time of the interview was involved in the restructuring of her company, including downsizing the “headcount” by 20 percent. When describing her professional success, she was quick to attribute her getting to a very senior position to a number of sacrifices she deemed necessary:

> *I’ve got experience working throughout the whole of Europe, throughout the UK, throughout the US, throughout Asia, throughout the Middle East and a little bit in LATAM, in Brazil. So with working with different cultures come different demands. (…) My personal experience came about because of the long hours. Now I was working for an American organisation that was predominantly 5 hours behind UK time. I was based in the UK. I would be at work at 7 am in the morning and I would only technically work until about 7.30 pm at night, but then I was still expected to be on conference call till about 10.30-11pm. So it was the physical amount of work and the expectations during that time… My boss was setting up a new part of the business in Asia while I was left to run Europe. And I was involved in quite a lot of change programmes and running day-to-day department of HR. So the extensive hours were very difficult to maintain… maintain my health, quite frankly… and impossible to maintain any personal relationships.*
>
> *(Julia)*

Stories of sacrificing one's personal life in the name of professional fulfilment were very common throughout the interviews. It was something that the participants did not feel good about; yet still felt it was important enough to go through with. Extensive time availability was part of the identity demands placed on the individual and could be seen to derive not only from the nature of the job responsibilities, but in terms of expectations regarding total commitment to performing a certain role identity. Julia's narrative is constructed in a way that, despite admitting that the long working hours were not good for her health or her personal relationships, she does so with a sense of pride for achieving the desired identity (for example, by listing global locations in which she worked and was successful as in 'running' Europe). The demands placed on Julia highlight that financial markets are not neutral arenas with respect to gender, particularly as women like Julia felt the need to support their narratives of commitment to the job with re-affirmations that their personal life, and in particular having children, were not going to spoilt that. This is similar to Fisher's (2003:289) observation that the managerial-class women on Wall Street constructed themselves as 'anti-mothers', consciously presenting themselves as ruthless managers as the opposite of 'caring' personalities.

As such, Julia's account suggests that the commitment demands placed on her were not only a result of organisational pressure, but also a medium through which she was able to establish herself as a successful HR partner. Stark (2009) argues that such subjective interpretation can be understood in this sense as categorisation, as the individual situates themselves in the social structure they are confronted with. Opportunities are created as a reflexive process that answers the question 'What is this case for?' rather than 'case of' (Stark 2009:139). What it means is that in this situation Julia uses a negative demand to construct a position which is supportive of her preferred self-image as a banker whose commitment results in a global career and professional successes, rather than no personal life.

Additionally, interviews suggested that personal sacrifice in the name of commitment is perceived of as a small price to pay for the rewards that are available if you succeed. The example below comes from Charlie, a risk manager in his thirties. Similarly to examples above, Charlie too experiences high levels of stress and works long hours. However, he did not portray this as a problem:

> *At the end of the day it's a compromise. I might be working long and the stress levels might be high, but the work is exciting, I don't feel the day pass by…. One thing I look at the clock and it's 10am, next thing I know it's 6pm. So in a sense it's that balance. And for me it was the case of... I want to learn something quickly. That's actually why I didn't go into engineering because it would have taken me ages to learn and ages to be given anything nice to do. Whereas in one of my first roles in Goldman Sachs, actually, you have a lot of responsibility very early on. So yes, it's stressful, but you learn so much. And there are enjoyable elements, exciting elements that make it all worth it.*
>
> *(Charlie)*

In this example Charlie reworks the issue of long hours and busy days to turn it around positively in a way that silences the downsides of working in a stressful environment and shifts the attention to the instant reward available to him (having responsibility early on). This possibility is much more valuable to him than a stress-free life. Honneth (1995) suggests that the possibility of immediate gratification will be particularly important for identities that are fragile, such as the ones in competitive environments, because the absence of action can be threatening as it does not satisfy identity needs, emphasising the productive element of uncertainty. In these conditions, the 'intimacy' with the market (Haiven 2014) justifies precarious and sometimes demeaning work conditions while, at the same time, normalising them in the name of the reward for getting it right. One example of this was evident in Gabriel's interview. Gabriel is a senior risk director in one of the Swiss banks. At the time of his story he was working in product control on a trading desk:

> *I sat on a trading desk and we were… I did everything but trading. Traders were… we worked horrendous hours. The traders worked even longer. They were coming in at weekends, the head trader… every time he went on holiday they dragged him*

> *back. Two holidays in a year he tried to go away with his wife, but then the market moves and he was brought back. He was forced to take on positions that he didn't like from another bank that we took on. And then he was trying to manage it and in the end he didn't do that very well, he lost money, and then he was fired. And I thought the whole experience was quite horrendous. You get paid an awful lot of money but for an extremely high risk. You get thrown things that you can't do much about…*
>
> *(Gabriel)*

Gabriel's story raises two interesting points. Firstly, Gabriel points to the cost of opportunity of working on a successful trading desk: he talks about 'horrendous' hours and lack of personal life outside of work, requiring total identification and commitment to the role. At the same time, despite the commitment, Gabriel also portrays the trader as being at all times at the mercy of a fast-moving market, both personally and professionally—although for a reward. His narrative is a moral story where success is recognised as perilous, while being at the mercy of the market requires humility. His attempt to rationalise the poor treatment of his colleague in terms of risk and reward transformed the meaning of a demanding and even demeaning role to that of poor luck. Personal conflicts were similarly diminished, by representing small misdemeanours, like his colleague not being able to spend time with his wife, as a morally legitimate path of fulfilling professional responsibility.

This section has discussed one of the common identity positions that has surfaced through the interviews, that is, the 'superstar' status. I have shown that there were three frames in particular that participants used to set up claims to such identity: smartness, positioning against peers and the element of sacrifice.

6.3 Moving with markets: temporality and opportunity

One of the issues that has surfaced while looking at how individuals constructed high-performing 'superstar' identities was that participants felt there was always 'very little time' for anything (Sylvia) and that one had to be always ready for new opportunities (Tony). In this section I focus on time and opportunity in more detail, showing that temporality constituted a powerful frame which allowed the participants to position themselves as being able to outsmart the market but also revealed tensions between the urgency of fast-moving markets and the ability to form an expectation about the future.

I begin by returning to the issue of instant gratification in markets which highlighted the need to balance risk taking with control. One example where this was visible was when Raj compared markets to gambling:

> *I believe that financial markets are instant gratification markets. What this means is that you take a decision and you know whether you are right or wrong. Instantly. And… so depending on your horizon… people will hate me for saying this, but it's like a casino. It's like gambling. (...) You are managing a $1bn odd. That is leveraged up ten times. $10bn. Every tick that goes against you is going to wipe out a million and a bit from your book. It takes a very very level-headed man to maintain composed in that time. And if you are not into the Zen thing… which… I don't know how I did what I did… when I see things are going to pop; I literally just sit there with the head in my hands and wait for it to pop. And then I pick it up from there. So if you don't have that built up Zen thing, you are going to lose it. And my trader used to lose it. And I remember when the Greek crisis took off from June to December 2011…. He must have… I am surprised that he didn't have heart attack. He was so mental. He was completely losing it. I understand his psyche. He has seen his life flash before his eyes, right? And when the stakes are so high… if you are not Zen… you die. I was surprised he didn't have a cerebral attack.*
>
> *(Raj)*

There are two important aspects that we can see in Raj's account: firstly, the trader experiences a strong emotional response as the daily reality of trading does not live up to his romantic expectation that he has created for himself. The mismatch between this 'fiction' (Beckert 2013) and his experiences of it actually unfolding creates a roller-coaster of emotions as he tries to negotiate how he feels about that clash. On the other hand, Raj's response is different in order to maintain the illusion of control, which is important for his 'street-smart' identity. He lets go for a moment to let the situation 'pop' as this gives him the ability to pick up from the place that he knows and be in control again. According to Goffman (1967:185,) as control is momentarily surrendered at the moment between acting and discovering the results, the identity is extremely fragile as the actor "releases himself to the passing moment, wagering his future estate on what transpires precariously in the seconds to come". In Raj's narrative the emphasis on controlling the outcomes and self-regulation creates an impression of an identity of a responsible risk-taker instead of a reckless gambler.

Secondly, Raj himself reflexively tries to come to terms with his own responses ('I don't know how I did what I did') through attempting to understand how he 'should' feel about the events. This indicates an awareness that the social worth and the legitimacy of his identity claims depend on his ability to demonstrate that he can live up to the image he created for himself. In his narrative he signals this through the metaphor of 'life flashing before his eyes'. Moreover, Raj was not alone to notice this dependence. Daryl, a trader, also makes this reference:

> *I think it's a very black and white business. When you are making money and you are winning the game then you are great. And when you are not, you are not, right? I mean, I made way more money at RBS than I ever lost but that's all been kind of forgotten, you know what I mean? And it's like… So kind of enjoy it when you are doing well, and repent at leisure.*
>
> *(Daryl)*

Both Daryl's and Raj's accounts suggest that identities based on risk-taking and the awareness of the fragility of social status at the mercy of the next move of the market created a culture of expediency ('enjoy when doing well and repent at leisure') that favoured short-termism as means of maintaining the place in the 'game', and through that, legitimising the instant gratification. In this sense the participants were consciously narrating identities as temporary and dependent on being able to maintain a performance of the 'superstar'. This was possible because of the tendency in modern societies to grant social regard not on the basis of honour (understood as solidarity), but prestige, subjectively judged "worth" of one's contribution to community goals (Honneth 1995). Additionally, when talking about performance and achievement, Daryl projected a perceived sense of urgency (‘enjoy it while you can’) that seems to have been interwoven into the fabric of daily practices. Sylvia’s interview explains this connection in more detail:

> *So performance is very important because of the timeframes. You just literally don’t have the ability, if you have 24 hours or 12 hours, for the stuff to be wrong. And a lot of those 12 hours you have to work on your own, because people are travelling, they are all around the place, they call you, they put stuff together. And I think this is what it is. Performance is so important because you know that the people you work with know that they can get it done. (...) So that is what performance is, it’s basically don’t fuck it up, just GET. IT. DONE. It has to land on their chair and everything has to be right, and everything has to be thoughtful and clean. And again, it is a self-appropriating thing.*
>
> *(Sylvia)*

Sylvia’s account suggests that in the context of investment banking performance is conditional on very tight timeframes that can either help sustain the narrative of professional expertise or create an aura of negative perception, depending on their fulfilment. Such reliance on temporality displaces performance into the future as it is framed as an opportunity that can either be captured or lost. This is possible as time can be understood as subjectively configured and not objective (Ricoeur 1988), experienced and given meaning through experience and intentionality. This also suggests that identities of market actors can potentially be fragmented and continuously re-developed in interaction with lived experiences in such way that it supports the construction of a coherent narrative over time.

The struggle for recognition in this sense necessarily includes a temporal dimension as ‘emplotment endows the experience of time with meaning’ (Ezzy 1998:245), which is derived from performing the self through action. That is why Sylvia notes that the urgency of ‘getting things done’ can be ‘self-appropriating’ as it constrains the person to face intensive identity demands. She continues elsewhere:

> *The issue with investment banking is that you have very little time to do all the things. So some people can get organised and get it done, figure out how to get it done, and some people can't figure it out. And the issue is that if you have only something like 24 hours and then you have to go and present to the client, you need to have someone who you know will produce a good product… and that is what performance is. When you get new guys working for you, you figure out very fast who is willing and who can do it. You know what I mean? (…) So that is what performance is, whether you can think on your own and come up with the right thing to do. Because a lot of the things you are asked to do, there is no manual. It's not like somewhere it exists and you can go and look it up. It's like, you have to think about it, you know what I mean?*
>
> *(Sylvia)*

Sylvia highlights that there are a lot of situations where there is 'no manual' for things and one needs to be able to creatively come up with the answers and adapt to the requirements as they present themselves. New experiences require redefinition of the situation (Goffman 1959), for example when Sylvia suggests that for a lot of things one needs to be able to figure it out on their own, which can be achieved through situated practice (Lilley and Lightfoot 2006). In Sylvia's example, the key characteristic of this situatedness can be identified as temporality and as immediate responsiveness to new demands.

Therefore, the emphasis is on the fact that identities are not permanent over time but require continuous reinterpretation (Ricoeur 1988). Identity in investment banking can be seen, then, through the lens of innovation and opportunities where participants construct themselves as highly market responsive (Ho 2009). This is in line with Mead's (1929:241) view of mechanics of construction of reflexive selves "the past which we construct from the standpoint of the new problem of today is based upon continuities which we discover in that which has arisen, and it serves us until the rising novelty of tomorrow necessitates a new history which interprets the new future". In this context identities are therefore necessarily oriented towards the future in order to capture new opportunity, evolving not just simultaneously with the market but in anticipation of it. However, Tony's account below suggests that this dynamic has also been transposed to other spheres of working life in finance:

> *I get offered opportunities, the question is, what I would like to do. So you know… the guy that offered me that opportunity is now chief executive at Credit Suisse. We need somebody in Asia, are you interested? Or we need somebody in the UK, are you interested? So yes… you've got to take the opportunities. And actually you've got to do that yourself. Because he knew what I could deliver because I demonstrate by delivery. He says, I need someone like you over there, or over there. What do you fancy? You don't sit there waiting for them to come and go. We've got a programme for you, we will send you over here, over there, it doesn't work like this. You have got to go and take an opportunity.*
>
> *(Tony)*

While confirming Sylvia's accounts of the importance of opportunity, Tony further suggests that the discourse needs to be supported by action, by proving yourself to the other. In his narrative he constructs himself as somebody that 'demonstrates by delivery' in order to confirm that this opportunity would not be missed. This strategy can be understood as a performative expectation building achieved by creating an association between opportunity and success in the way he presents himself to others. The emphasis on opportunity requires actors to detach from the present and make decisions on the basis of an expectation about a future, emphasizing a temporal orientation of identity construction (Beckert 2014). McAdams and McLean (2013) argue that this idealised image (developed on the basis of the projection of the future) will also be incorporated into the present self-understanding as people construct provisional identities to guide future actions. In this example, we can see this when Tony prepares his identity for a new opportunity by implying that he is ready to take it up because he 'demonstrates by delivery'.

Beckert (2014) argues that the compulsion to search for opportunity in markets emerges from the problem of competition. This will be particularly true in the context of finance, where the sense of temporal dependence on the market is rooted in anticipation of its outcomes, which, in turn, are crucial for realising the 'superstar' identity. This displacement of identity into the future in order to be able to pre-capture opportunity becomes, therefore, a regulating mechanism by which actors in markets can maintain their future competitiveness (Beckert

2014). However, Ho (2009) argues that the same dynamic can lead to the reproduction of the same mistakes that lead to financial crises. Raj's experience supports this argument:

> *Yesterday's performance is nothing, today's performance, you always start from zero and when you end the day your performance dies. You live and die by your P&L. So… and people who are not cognisant of this fact… and also the markets have very short memory. So yesterday something has happened… and 7 days ago, you lose interest in what happened 7 days ago, it's behind. So even if it was a very bad incident, you forget. And if you are doing well, it's like an euphoria. When you are doing well, you're buoyant, you're upbeat, you're going like c'mon! And when you're doing badly, you basically don't know what to do. What is going on. So it's a tight rope you are walking on all the time.*
>
> *(Raj)*

In Raj's account it is evident that the social context of investment banking both produces and is produced by the self-understanding of the investment bankers that is largely dependent on the temporal fragility of the market and the opportunity that may be captured as a result of it. This is effectively producing a 'liquid' employee (Ho 2009: 252), that is, one whose flexibility allows them to stay with or ahead of the market, mirroring its liquidity. Daily practices of investment banking then become normative as front office staff conflate their personal identities with the moves of the market as they are informed by a particular understanding of time, privileging immediate future, that serves as a moral authority and a disciplining device. This, combined with pressure on performance and good judgement, leads to building provisional identities to fit into the market time cycles. In excerpt above, Raj shows this through the example of traders whose 'cycle' is daily, running with their P&L sheets. He suggests that their performance 'dies' at the end of the day and that every day is a new beginning where once again they have a chance to prove themselves—to build an identity based on success and performance. As such, time-bounded performance serves as a space for the trial of possible identities that are not yet fully elaborated where it is possible to actively manage, negotiate and revise the claims. This also serves the function of protecting the grander identity narrative because provisional selves as time-bounded can either be retained or discarded (see also Ibarra 1999, 2007).

Raj also suggests that the dependence on time means that you are ‘walking on a tight rope all the time’ and that can be a very emotional experience, from euphoria to a feeling of helplessness. This is similar to an example given by Zaloom (2006) in the context of commodities trading, who found that trading, as risk-taking, was always experienced in a very personal way and that it was critical to self-perception. Similarly, Stark (2009:153) concluded that such permanent insecurity led to the construction of a situated awareness, that is, a time-bounded cognitive frame based on the pursuit of opportunity and collectively defining the temporal worth of identities of market participants. In the context of temporality, traders were using time boundaries to actively construct the narratives of success and failure by being able to divide them into narrative blocks. Because of this, they could set the not-so-successful periods aside, without endangering their projected identity of successful players in the market. An example of this comes from Daryl who looks at it from the perspective of somebody who lost the job. His narrative summons sacrifice as an excuse for being a ‘not a nice person’ as he explains that the market movements become part of your own:

> *I probably had a couple of bad runs before, nothing quite as bad as that. And it just becomes… it’s so intense I guess… getting in at 7 am, leaving at 6 but then following markets overnight, the first thing you do when you wake up is check your Blackberry, see what’s going on. It just becomes very engulfing. I realised I wasn’t as nice person as I could have been. You kind of become… not obsessed but… it becomes part of your personality I guess. (…) The thing with trading is that it always starts January 1st, clean sheet, you start again. So you can have a go at it.*
>
> *(Daryl)*

In Daryl’s story the pursuit of the market is no longer portrayed as ‘self-appropriating’ but instead it is ‘engulfing’. Daryl uses the ‘getting lost in the game’ feeling as an excuse for having stopped to see the opportunities in the market quick enough. The intensity of the time-bounded race has obstructed his view of the bigger picture. Daryl dismisses one of the ‘bad’ years he has had during his time as a trader because of his bank's rule that on January 1st his account was wiped clean and he was allowed to play the game again with a chance of rebuilding his reputation and becoming the 'superstar'. By doing this, he uses the events to frame interpretations of the future in a more positive way (indication that he will be able to 'start again') and by this he creates space for new provisional identity claims. On the other hand, Dan's story presents a different narrative building block (Stark 2009) based on the temporal dimension of opportunity:

> *You need your drive to have that edge and that you're gonna do well, if you can explain something and get the money. Development ahead of the other people. And be able to make money off the back of it. And that goes hand in hand.(...) If you can understand what price of something is what it is, or what can be the driver behind this process then you can relate it to something that is driving this and be able to get in and out* [from a trade] *when you want to. And be ahead of other people reacting to your news .(...) ... yeah, there is that satisfaction.(...) I think I was trading mutual fund options and being able to basically proxy what's inside the funds better than other people meant that you could be tighter on your bid and ask, meaning that you were winning lots of days. And you were confident that you've hedged out the risk. So that was a longer project but you still get that satisfaction that you were right and that you can still make money longer term off these products.*
>
> *(Dan)*

Dan's narrative is constructed in such way that he constructs the market as a powerful force which, however, with the right skill, can be tamed and used to pursue individual goals (Zwick and Dholakia 2006). Dan's implicit claim to superior professional skills that will allow him to do that is made by capitalising on a story where he was able to quantitatively proxy a fund, meaning that he had a better chance of guessing its next move in the market. Cook (2010:106) argues that because of ever-present uncertainty, the meritocratic system required investment bankers to constantly defend their entitlement to reward on the basis of important contributions over others. The continuity of Dan's identity was secured on the basis of the continuity of being able to capture opportunity, which he signals through reassuring that despite the lack of immediate results, there was a possibility of making money in the future.

According to Holmes (2009:386), narratives such as Dan's will serve as "analytical bridges to the near future". For example, the 'anticipation of banking the money' brings a displacement of gratification from future outcomes to the present as Dan fantasises about his business' success. Such displacement is possible as Dan reflexively tries to align his identity narrative to the future desired identity. This example clearly shows the necessary internal dialogue that Dan needs to have with himself to achieve a narrative coherency of identity and by that he highlights the importance of agency in the process of becoming.

This section aimed at drawing out the fragile relationship between time and opportunity in markets as it impacts professional identities of the investment bankers. We have seen that the importance of temporality was emphasised because of the constant need to get ahead of other market participants in fast-moving markets. This created identities permanently anchored in expectations about the future as individuals anticipated responding to new opportunities and demands.

6.4 Ambivalent status of money and worth

As emerged through the examples presented in this chapter, one of the important resources through which investment bankers negotiated their identities was money, and in particular, their understanding of value and the relationship with money-making. The interviews have shown that the issue of material reward is intimately interwoven with questions of legitimacy, and particularly of fairness. This section explores this terrain by returning to Daryl who further describes his experiences as a trader:

> *I guess part of trading is that you are a salesman as well, right? You have a position or you have an idea that you want to push and market it. So you would… like with any business where you need to sell something and market it, you would go to talk to people, push your ideas right.*

Q: Pushing ideas right, what does it mean?

A: It's trying to argue where the value is. In the credit trading business it's all about trying to find… well not all, but a large part of it is trying to find relative value and why somebody should buy these bonds, or sell these bonds, which partly generates flow, but it's also an opportunity to market your positions. So for instance, you look at bonds and say you know what, I think it looks very cheap. So if I get an opportunity to get that I will be more aggressive then I might otherwise be. Because if I win these bonds then I need an argument to sell them on. That's gonna make me money, score some points basically.

(Daryl)

In this example Daryl describes one of his essential duties as "*pushing ideas right, showing where value is*", indicating that in this context it is enough to show that a certain idea has a perceived potential in the future in order to be able to claim an expert identity in the present. This is similar to the logic that the prices of commodity values reflect the expectation of their value to other buyers (MacKenzie 2011:1781) and similar to Costas and Fleming's (2009) findings who argue that present claims to professional identities can be based on future projections of expertise in an embodied occupational rhetoric. In these efforts, value is performatively constructed and linked to expectations about the actor himself, becoming an essential vehicle linking integrity and authenticity of identity with value. This is important because it shows that while enacting identities begins with performative acts, it is not until we are judged according to socially constructed understanding of worth, that is, when we make our projected selves vulnerable to others, that the authenticity of identities is socially confirmed. Consequently, exploiting and exploring opportunity will also be dependent on the performative construction of value, and because of that, it will be vulnerable to changing the collective perception. In this context, identity and financial capital are in close proximity.

Because of this, identity construction in markets is not only about chasing or attribution of value, but also about creating it through influencing the collective perception. For example, Sanjay identifies value creation as an important component of his professional banker identity. Sanjay was one of the first participants I interviewed for this project. He has been an investment banker for more than 25 years, and he moved through a variety of positions in front and back offices—from trading to change management to IT. He is now a senior manager responsible for strategy and transformation programmes in one of the biggest global banks. When prompted to think about what banking was to him, he did not hesitate to reply:

> *Banking as an industry is a place which deals with people who want to deposit the money. And on the other side it's dealing with people who want the money. Right? So if you are an intermediary and you strip everything down to its basic level… an intermediary is nothing but a person who creates some knowledge. I know where to get money. I know how to lend money. And if I do these things properly then I am a good bank. Northern Rock was good at taking money. It wasn't good at lending money. But as it turned out, it was bad at both. So it's a knowledge thing. We are not manufacturing anything. We don't manufacture money. We manufacture ideas. We manufacture products which are gifts of knowledge. Knowledge of markets, knowledge of interest rates, knowledge of… uhmm… macroeconomics. (…) If you want some money, this is how much it will cost. This is the difference, and here is our small cut. There you go.*
>
> *(Sanjay)*

There are two important aspects of Sanjay's account worthy elaborating on. Firstly, his narrative is highly performative (MacKenzie 2009) because rather than just describing the state of things, it co-creates. This is done by transforming 'virtual assets', that is, his expertise and positioning into material money in the markets, including his material reward for doing so. However, until the underlying assets are exchanged, the money or products are not actually material, in other words, they do not actually exist, but they are performatively created. For example, a derivative is meaningless unless it is considered together with the underlying asset. In a similar way, Pryke and Allen (2000) argued that derivatives are 'money's new imaginary' as they bet on price movements around the underlying products rather than the value of the product itself. Therefore, while in this case price will be seen as a reflection of value, it is employed only as imaginary or ideal money.

In light of this, we can turn to Sanjay's understanding of the fundamental role of a banker as an intermediary between two parties wanting to trade in a certain way. The capacity to create value is therefore derived from ‘relational capital’ (Portes and Sensenbrenner 1993), that is, a potential for the value-creating relationship between knowledge, interpersonal relationships and financial capital. As such, the worth of relational capital in an intermediary role depends on values (and not just value) on which the relationships with counterparts are based. Relational capital therefore includes a ‘cognitive dimension’ (Portes and Sensenbrenner 1993), which can be understood as a necessary shared evaluative framework and collective goals. An example of this could be assumptions and expectations about the counterpart that an analyst would take into account when constructing a price judgement. Relational capital becomes a mechanism of coordination (Beckert 2009) between the material and the immaterial in the markets. However, this mechanism will be precarious as it will depend on interpersonal relationships of power, politics and understanding of worth, and because of that it will necessarily involve a struggle for recognition (Honneth 1995), which I will explore in the next chapter.

However, the situation became more complicated in the functions where capital was not as easily attributed to individuals as it was in sales or trading roles. The example below comes from Charlie who, based on a risk role, struggled with the lack of material dimension to the results of his work:

> *My personal view is that at the end of the day it’s interesting. The markets are interesting. Intellectually it’s challenging but also not tangible in the sense. It’s not something that you can really… For example, when you are a farmer, you produce. You produce, I don’t know, oranges… rice… it’s a lot where you get your satisfaction from. When you are in finance, like many people such as myself say, it’s all numbers at the end of the day. Something that you cannot really… it’s very important to be able to… and the feeling is across the industry… you don’t produce anything, right? So that is the point. If someone produces a table you can say, there you go, I did it well. The table is fantastic. And I think that is why finance is good for like 10, 20 years. It’s a good career because it’s interesting enough to keep you engaged. But what you tend to find is that I think for a lot of people it is not enough on its own. (…) Maybe traders a not a good example. Look at the top traders, when they become superstars, they go and start a hedge fund. They start their own thing. They are not going to stick around working for a big corporation. But this is a personal view. It’s the need to do something more tangible, that’s the main thing.*
>
> *(Charlie)*

In Charlie's narrative it is evident that the relational capital concept is much more complex and political in the situation where the connection between the material and the immaterial cannot be easily described and have clear monetary value assigned. This impossibility to quantify was something that Charlie struggled with. Elsewhere in his interview, he referred to dealing with 'more money than physically exists in the world' and 'making something out of nothing everyday'. In the light of the earlier analysis in this chapter, we can see that the reason for this tension could be that in a time-bounded performance in the markets, the satisfaction and validation of identity comes from the constant anticipation of the future, realised through banking the reward from a captured opportunity. Instead, Charlie's role as a risk manager meant that his work was oriented at doing everything for the risk not to crystallise, that is, for the particular version of the 'future' not to happen. As such, contrary to many other participants he constructed his identity not as a risk taker but as a risk avoider, whose fruits of labour are present when they are materially absent, that is, when no losses have been incurred. This created an identity tension in the context where professional identities were based on monetary culture. According to Simmel and Frisby (2011) the crisis of identity stems from powerlessness against the facticity of money, the facticity of what exists. Charlie experienced a desire to do something tangible to satisfy the tension between the projected 'me' and subject 'I' (Mead 1934).

For this reason, when exploring the process of the social construction of value, we must also acknowledge local social contexts in which they gain particular significance (Beckert 2009:254). Philip's narrative below illustrates this by providing an insight into how he understood and justified the value of his profits from trading:

> *Moving to trading was a very fascinating job to do and as you know, in those days it was a very highly paid job in the industry as well and you had a potential. One of the things that drive you is the fact that your job is to make money, profit. And you are paid a percentage of your profit. So you really feel like a small business and many prop traders regard themselves almost as mercenaries. They go to a bank,*

> *they make a trade and they take a cut of what they make, and it's a very nice arrangement.*
>
> *(Philip)*

Philip's story suggests that in order to retain control over the resources on which identities of investment bankers were built, traders would construct an insider-outsider identity in the form of a positioning as a small-business-within-large-business. By doing so, they could preserve the fundamental quality that they perceived important in defining their professional identities, that is, the ability to influence markets or interact with them based on particular assumptions. An entrepreneurial identity enabled them to retain the agentic ability to create value on the basis of innovative combinations of ideas and knowledge. For this reason, compensation was felt to be a central component of this identity, since a pay-for-performance (Ho 2009) arrangement served as a material confirmation of the collective recognition. Entrepreneurial narratives were used to leverage relational capital while safeguarding a coherent and meaningful concept of themselves through a narrative positioning in the material value creation chain.

This is important because faced with systemic changes, identities based on a strong sense of agency in a particular social setting will be threatened. For example, Sylvia was left disillusioned about her superstar status after the financial crisis when talks began to emerge with regards to limiting bankers' pay. Her account shows another way in which individuals draw on a wider social narrative when talking about self:

> *People on Wall Street, they kind of work for someone else, but they work a lot for themselves. And what the crash has shown is that no, you all work for someone else. And people were like no, no, no, I want to work for myself. I want to control what I create for myself. And that is what pushed people off. Because a lot of people we thinking, you know what? I can provide for myself elsewhere where I have control in place of providing more. And that is really what happened. They wanted that part that they didn't do for themselves last time.*
>
> *(Sylvia)*

In this account we can see that the threat to Sylvia's and her colleagues' identity come from the fact that the crisis exposed that they were not, in fact, indispensable and the superstar status was only a reflection of a local social hierarchy, while the locus of control lies elsewhere. As such it displaced a key resource on which claims to value were based (see also Cook 2010). Sylvia positions this part of identity outside of the main narrative, not as a perceived 'real' self (Tracy and Tretheway 2005). However, by accepting it temporarily she is able to dialogically reconcile multiple narratives into one coherent one. For example, speaking as a member of a collective, she positioned her 'failed' identity against a new entrepreneurial one to create a narrative transition to new opportunities.

Sylvia's story shows an example of opportunity evaluation through modification of risk perceptions and uncertainty (Foo 2011). She shifts her narrative from being at the mercy of someone else's decisions to having control over her fate as she tried to remediate identity tension of not having an opportunity to deliver the superstar performance. Defining oneself in terms of non-me positions also seems to be creative, because when one identity is destroyed, the struggle helps to produce a new one through engaging in a dialectical relationship with the self as well as the social context—here represented by an abstract 'someone else', which, nevertheless, has control over the appropriation of worth. Similar resources were also drawn in Philip's interview, where he argued why bankers should be paid as they do:

> *Well, you know, a lot of people would say… well first of all, you get paid a percentage of profit. Is that reasonable? Most people work for a wage. But you could argue any entrepreneur; any owner of a business takes a slice of a profit in one way or another. And if you see yourself as a little profit centre, then it is perfectly reasonable to take a share of your profits. And if banks think of traders that can make them about 10 million quid a year, then it makes perfect sense to pay them a million of it, and they are still 9 million up. And they are doing it… they cost nothing. A bit of capital nowadays, but they cost nothing, really. So why would a bank not want to do lots of that? Clearly there is a risk that if a trader is making ten million in one year, he might lose 100 million the next year. So they couldn't manage that risk. But I think it makes sense for traders to regard themselves as little entrepreneurs, because they earn their own money and they are responsible for their own P&L. But they are seen as evil because it looks like they are either front-running clients or try to take advantage of people in some way to make a profit.*
>
> *(Philip)*

There are two main points we can highlight in Philip's narrative. First of all, his account confirms earlier findings from the chapter, showing a carefully constructed story of individual merit and indispensability, which are claimed through discourse of material value creation and superior skills required to do that. Like Sanjay earlier on, he does so by performatively constructing himself as an entrepreneurial intermediary who can marry relational capital with material outcomes, taking a due 'slice' on the way.

Similarly to Cook's (2010:124) findings, money in this context can be seen as a sense-making device as Philip ties the understanding of his personal worth to commercial worth. The displacement of an identity position into the future allows for agency, but the incompatibility with the simultaneous non-me position (trader losing 100 million) jeopardises the move. However, he dismisses the risk of losing money by displacing the responsibility on an abstract other ('they' couldn't manage it). This example, then, can be read as a manifestation of an internal identity dialogue as Philip negotiates multiplicity of stances to position himself in the desired way.

However, Smith (2009:57) criticises the idea that the principle of achievement should be enough to secure esteem recognition (Honneth 1995) in an individualised society because achievement in a materiality/productivity paradigm can only be recognised through a constrained range of performative claims, limiting ways in which claims to entitlement (for example, traders are responsible for their book P&L so they deserve reward for doing well) can be made. Instead, he argues, autonomy becomes a 'curse of responsibility' in that if not met, it brings failure of recognition—similarly to the pressure on good judgement that we have seen earlier in this chapter. For Smith (2009), it becomes a question of either esteem or misrecognition, because in an entrepreneurial individualised social setting there will not be an appropriate social structure to embed 'respect' in (see also Yeoman 2014). The next chapter shifts the attention to the politics of such confined systems as spaces of struggle to sustain identities.

6.5 Chapter summary

This chapter has explored some of the important frames on which investment bankers draw to construct and negotiate their professional identities. I have begun by exploring how individuals constructed images of a successful market player through a 'superstar' identity and I have shown that they have done this primarily by using frames of smartness and sacrifice as well as by positioning themselves against peers in a way that they would be seen as outperformers in their group. Individual identities were shown to be strongly rooted in the outcomes of collective sensemaking through the social struggle for recognition, where a sense of self and its capacity for agency was derived from the relationship with a social hierarchy of merit, constructed through either the 'superstar' position or the 'entrepreneurial' identity. I have also shown that professional identities in banking were additionally bounded by a particular, localised understanding of time. Being able to stay with a constantly moving market, and be ahead of its participants in catching another opportunity, forced identities to be permanently displaced into the future, thus, creating a basis for short-term thinking. Lastly, we have also seen that materiality (and its lack) was one of the spaces where identity tensions were particularly visible. Participants negotiated their worth in the community based on a monetary culture of calculation, value and expectation, pointing to the moral dimension of the markets.

For Honneth (2014:229-237), one of the conditions of the realisation of social freedom in the economic sphere is the presence of discursive mechanisms through which individuals can shape their cooperative activity. Among them, he particularly pointed to the humanisation of labour through the avoidance of work that is merely mechanical, repetitive and devoid of challenges. This chapter has identified some of such ‘discursive mechanisms’, for example, constructing their identities around the frames of opportunity, value and time. However, our understanding of professional investment banker identities on the basis of these elements alone would be one-sided. As many examples began to indicate, constructing such identities depended on interpersonal relationships of power, politics and expectation. The next chapter will explore these elements in more detail, focusing on systemic and interpersonal relationships of trust. I will show that they are arenas of intense political games and that coordination in markets requires an element of trust and appreciation of power relationships.

Chapter Seven: Trust and politics

7.1 Introduction

In this chapter, I examine another aspect of identity construction, focusing on relationships of trust and how these influence the construction of identities in financial markets. As shown in Chapter 2, while trust resembles confidence in its practical manifestation, it also implies acceptance of uncertainty and, by that, vulnerability to others' judgement, agendas and values (Earle 2009). As such trust often serves the role both of an economic and a social resource (for example, through building confidence and reducing uncertainty), which makes it a critical concept linking social structures with economic activity (Tonkiss 2009). For instance, while our current understanding of markets is based on an assumption of agreement on the price of a commodity needed for an exchange (Beckert 2005), there is a limited understanding as to why individuals enter into economic relationships where information is necessarily asymmetric. I show that struggle for recognition (Honneth 1995) lies at the normative foundation of political action by defining claims to validity.

This chapter explores the significance of trust in financial markets, focusing on two aspects: (i) systemic trust and (ii) trust relationships between individual market actors. In doing so, this chapter is aimed primarily at answering the second research question posed, focusing on what drives individuals to construct identities in a certain way. I demonstrate various ways in which financial markets are embedded in complex trust structures (Bulamacioglu 2009) and I explore the reasons why this might be. I show that both systemic trust and individual trust relationships are significant building blocks of professional identities in the context of investment banking. According to Beckert (2005), exploring the dynamic of trust is a necessary element in the understanding of how performative self-representations create and are created by markets, contributing to subjective understandings of the working contexts around us.

This chapter is structured in the following way: firstly, I focus on how systemic trust is constructed in financial markets by looking at the role of credit rating agencies before the economic crisis; as well as how the 'too big to fail myth' is embedded in everyday narratives of market participants. Secondly, I explore interpersonal trust relationships at work, followed by discussing particular examples of relations of power and control as they influenced how the participants constructed their professional identities.

7.2 Systemic trust

I begin by exploring relationships of trust in finance and how they affect individual market participants by focusing on the participants' relationship to the market. In the first two subsections I point out assumption that the participants made about its functioning, such as the role of credit ratings, and I show that the participants related to the market in a way that it seems to have become an actor in its own right, capable of acting back on them. The last subsection turns its attention to what happens when such trust is threatened.

7.2.1 Credit rating agencies and 'too big to fail'

One of the issues that surfaced during the interviews was how the financial markets, through their organisation, have conditioned some of the practices of the individuals within them. As shown in Chapter 2, Simmel (1990:179) argued that because of the inherent uncertainty in the markets, their functioning could only be ensured thanks to some stabilisation device in a form of a "supra-theoretical belief" or "social-psychological quasi-religious faith". The interviews suggested that such function of was provided, for example, by credit ratings, which underpin traded securities. Credit Rating Agency (CRA) ratings have played an important role in the global allocation of capital and the subsequent collapse of the system as they provided a reference system for investment decisions. This is problematic because it means that subjective understanding of risk and worth was transformed into fundamental principles on which individuals and institutions have formed their understanding of financial risk. In the interviews, this issue was brought-up by Susan:

> *It's just how the industry works. If you sell a bond, it needs a rating. And in those days you would go to Standard & Poor's or Moody's, possibly Fitch. Fitch are bigger now than they were. But you couldn't sell a bond without that rating. And in those days there were only two big ones, Fitch being third. They have been around for God knows how many years and it's how the market operates. Where you have bonds, you have ratings.*
>
> *Q: So people would take it as it is without questioning it?*
>
> *A: Nearly all of them. Some of the more sophisticated investors buying high-yield bonds and other complicated bits would actually analyse them themselves. But AAA, people would just buy them. Like insurance companies, fund managers…*
>
> *(Susan)*

Susan's account highlights a number of interesting points. By admitting matter-of-factly that it was a matter of how the industry worked, she points to given 'truths' that individual bankers draw on to make sense of their work contexts. According to Sinclair (2005:17), ratings contribute to creating knowledge that "reflects particular ways of thinking and reject other ways", exercising epistemic control over the actors in financial markets. Shiller (2005) argues that is can be dangerous in that systemic trust built in this way can transform into a false perception of confidence because individual judgements will be supported by authorities, which themselves are socially produced by this logic. As indicated in Chapter 1, this conformity was identified as one of the triggers of the crisis (Reinhardt and Rogoff 2010) as people did not question some of the fundamental assumptions about the organisations of markets (such as use of ratings), some of which turned out to be flawed.

As a consequence of this self-referential circle of collective 'sensemaking', CRAs have developed a type of epistemic authority (Bulamacioglou 2009, Haas 1992), whose legitimacy remains unquestioned until an event significant enough occurs to re-evaluate the basis of such systemic trust. An important question then becomes on what bases is this social legitimacy granted. If the pressure on objectivity and technicality in markets (Granovetter 1985), combined with the emphasis on rationality conveyed by economic theories and models is examined, then it is shown that in fact systemic trust becomes trust in the competence of the system itself (Tansley and Newell 2007). Institutions such as CRAs become a manifestation of technical robustness whose epistemic authority derives from the perception of specialised knowledge that is necessary in order to make correct investment decisions (Bulamacioglou 2009). In this way, rating agencies have become that "knowledge creating" agent by fulfilling a role of credit certifiers to create a sense of safety. According to Carruthers (2013), for this reason CRAs further sustained a perceived stability of the system and its institutions. However, the mechanism can be problematic. Elsewhere in her interview, Susan explains this further:

> *People take collateral when they do certain types of trades. And before the crisis the corporates didn't use to normally put up collateral. Financial institutions, banks or funds do. But they will be increasingly asked to. Or you would be able to build them in as features of deals, meaning that you don't get so much of counterparty risk. But before the crisis certain firms… there was this sort of tacit understanding that if it was an AAA firm, then you didn't need to take collateral. And look what happened to AIG. It' something called too big to fail myth. Now everybody takes collateral for everybody else. (…) if there is a loss make sure there is a collateral against it to make sure you reduce the exposure.*
>
> *(Susan)*

In this example Susan's account places a significant emphasis on the role of tacit understanding, that credit ratings were an accurate vehicle of assessing an asset's potential for future worth allowing them to play a significant role in investment decisions. However, while her narrative seemingly suggests this was based on an assumption that counterparty risk was not significant thanks to a reassurance that firms would not be allowed to fail in any case (as it was indeed the case with AIG); later it becomes evident that the trust was based on individual relationships between trade counterparts.

This tacit understanding, produced and legitimised by the CRAs' status of epistemic authority, created expectations about the counterpart from the point of view of a collective other. At the same time, the message was reinforced by the belief that national governments would step in to inject capital into firms that are in trouble to avoid failings. The mechanics of this socially constructed arrangement were only exposed when the legitimacy of the authoritative identity of the CRAs was questioned collectively by the market, post crisis, showing that while CRAs may have had a legitimising function the objects of that function were local trust relationships between the counterparts. That is why the exposed subjective knowledge bases and epistemic fallibility of the CRAs resulted in pushing investors to require collateral from 'everybody' as a guarantee rather than only switching to rely on alternative credit assessments. Pete provides a more detailed story that highlights the extent to which this trust had consequences in the practical handling of the investment position:

> *They were just hiring like crazy, trying to cope with the demand of it all. And I think everyone felt that it was just never going to stop. (…) So when it did start to happen, nobody had any idea of what was eventually going to happen. I remember that in a lot of our reporting, you would have obviously the CDOs, and they had certain tests within them. And one of them was obviously that you had all these mortgage assets and you had then rated by Moody's and S&P. And if they were downgraded by them from, say, AAA to AA, you would take what is called a haircut. Basically saying we are going to take off 10% value of this when we do different tests. And everyone was so confident that nothing like this was ever gonna happen, they haven't actually modelled out these haircut items in the different tests. And likewise, people would get all these deal documents… and they would never even look at that section or the item. What would happen if all these assets weren't paid, what would be the impact? They would just be like, ok. (...) they were literally turning business away because they couldn't cope with it. So obviously, they thought it was just going to keep going up and up and up.*
>
> *(Pete)*

In this example Pete admits that during the final months of the boom the market indicators were continuously rising and new business was continuing to flow in. Similarly, to Shiller's (2005) findings, this contributed to the investors' overconfidence on both end of the trade, further fuelling the cycle. The answer as to why early warning signs might have been missed comes from the existence of certain epistemic authorities in the markets (such as the CRAs) that would remove any existing doubts by providing a perception of an objective assessment of the market. This means that judgements concerning the importance of haircuts on a derivative or black swan scenarios was not due to an isolated, blind belief that the system was going to work, but a reflexively informed perception that was guided by the dialogical relationship with a generalised other: in this case, CRAs. In other words, good ratings acting as credit certifiers were taken for granted meaning that there was no perceived necessity to look at haircut modelling.

Additionally, Pete's story suggests that large volumes of business coming in were further validating a collective superstar identity resulting in elements that did not fit into that narrative, such as haircuts, being silenced, as they did not support the discourse of opportunity. However, the trust in CRAs and their ratings was only a manifestation of trust in an even more significant organising principle: that is, what is known as the "too big to fail" myth. Just as in the case of credit ratings, this assumption only surfaced after the collapse of Lehman Brothers in September 2008:

> *I think there was a lot of disbelief that Lehmans went under. Because everyone thought that there was no way that the Fed and the US government would let them go under. That they would support them. And if you read all of the historical accounts of what happened that weekend, there was a lot of reasons why they tried to get Barclays to buy. So they were trying to save it (...) they had a history of making… in the UK as well… of making the banks buy the failing bank. Like Bank of America bought Merrill Lynch for $1 or whatever it was. So there was a history of no banks going under because they were forced by the government or the regulator to take over the failing bank and absorb the losses through in the banking sector. So we didn't believe it would go under. So even though we had these CDSs on the Friday… I was saying to the trader, why don't you close them down, what might happen, you know… and he was like no, it will be fine. So on a Friday before*

> *it all happened people didn't think that there was this…(...) Before that, people believed that the industry would save itself. So we didn't think that it would happen.*
>
> *(Anna)*

Anna's narrative indicates that the perception of infallibility of the system was, to her, historically grounded, and therefore credible because in the past sovereign states would always step in. This of course is incorrect, as evidenced by the collapse of The Northern Rock only a year before, in September 2007. Events like this, however, were collectively silenced since they did not fit the grand narrative of systemic trust that has sustained the operational organisation of the financial markets for decades. Instead, stories like the one of the bailed-out AIG sustained the perception that large institutions would not be allowed to fail, further legitimising the case for excessive risk appetites ("no, it will be fine"). Similarly, in the case of credit rating agencies, 'too big to fail' gained an epistemic authority, as it became the reference point affecting understandings of uncertainty and risk. Instead of taking the position of intermediary like the CRAs, however, 'too big to fail' has become the generalised 'other' in the sense that it is equated to a socially constructed evaluative frame against which risk decisions were reflexively legitimised.

Moreover, what Anna's account seems to suggest, although indirectly, is that it is not the loyalty of the regulators or governments that was expected to save the system from collapsing, but that the disappointment came from the fact that the system was not able to "save itself". In this sense the market failed to perform the expert position it occupied and make the 'right' decisions through a collective voice of financial expertise it relied on to justify its place in the society. As such, failing to "save itself" resulted not just in operational failures and losing money, but in failing to legitimise a certain collective identity. The market here can be understood as reified as through hypostatisation Anna assigns human capability to an abstract concept in order to create a perception of stability and predictability.

Additionally, to preserve her own expert identity, in this narrative Anna creates a position for herself that is distanced from the trust in the system and the 'too big to fail' by noting that she was able to question the suitability of CDSs before anyone else. As seen in the above, in Anna's story "the system" was given an ontological status and became an actor in its own right, a mediating institution with agentic capabilities and epistemic authority.

7.2.2 Market as actor

The examples above suggested that as actors relied on credit rating agencies and stories such as 'too big to fail' to understand their professional context, at the same time they also seemed to assign a form of 'subjectivity' to the market (Hirsto 2011) by constructing it as if it were an autonomous actor. This is particularly evident in Raj's interview:

> *In that period of time, you bought anything. That went up in value. In 2005 you'd buy oil futures at $45 a barrel and it was hitting $130, $140… you bought anything. And I went through a phase where you were making 20% annualised return no problem. (...)… because it was a market just going 45 degrees, what happened was that these managers used to leverage up, leverage up. So an average leverage of 10-12 times is not a big deal. So imagine you are in the market which gives you 4%, leveraged 10 times is 40%. And what you are investing in has just gone through. And at that time people began… lost track of what was the downside. So you came to a point where… and I was one of these animals… the paranoid people who said credit spreads are too low, you cannot sell these CDOs or these bundled loans, which is comprising of some crap instruments, and you are telling me… it cannot happen. It doesn't make sense. It's happening, I know, credits spreads at 11bps[6]… or less, 7 bps, and I'm looking at it and… this is wrong. But hey, if the market says it's right… it's right.*
>
> *(Raj)*

In this example Raj explains that following the period of financial boom, as the crisis was getting closer, there were signs that indicated an economic bubble, such as credit spreads that were perceived too tight to be sustainable. However, he indicated that there was a tension between what these indicators were signalling and the fact that the market was still going up: it did not make sense. Importantly, in this situation the investors' action such as Raj's (or the

[6] Basis points – see glossary

trader in Anna's example) did not follow the conclusions they drew from their analyses but instead placed their trust in the market, a powerful actor that not only seemed to have an ontological presence but also had epistemic authority: "when a market says it's right it's right". According to Zaloom (2006:139) a certain discipline that is required is only a reflection of the fact that he market is the ultimate authority and therefore its movements become the collective understanding of the 'truth'.

The market can be therefore understood to exert a moral authority in that it is a disciplining device and a voice of a collective other that judges the worthiness of those in the community. In this way, systemic trust is effectively a form of dependence on the market for recognition of professional identities. In practice this relationship would be similar to one described by Beunza and Stark (2012:2) who had examined interactions between traders in quantitative roles. They noticed that actors seemed to be using "reflexive modelling" that is, they would enter a dialogue with the generalised 'other' as a process of accessing "distributed cognition" and in so doing legitimise their own estimates. However, the authors also concluded that this led to "resonance" of "dissonance" (p.3), that is, for example when many people overlook the same thing. According to Beunza and Stark (2012) this happens because of a disrupted reflexive process that leads to overconfidence. In Raj's example such 'resonance' happens precisely because of reflexivity as actors search for recognition of their identities in the market, creating a self-reinforcing context. A sense of confidence generated in this way provides an illusion of rationality (Pixley 2012:52).

Additionally, similarly to Anna, after the market collapse Raj positions himself outside of this relationship to preserve his professional identity by clearly signalling to the researcher that while he used to be "one of those animals", it was no longer the case as now he knew better. At this stage of his interview Raj was rather emotional; trying to negotiate the change in relationship with the market was not easy to him. In fact, emotional responses when it came to describing this change also emerged in other interviews. For example, Philip compared his coming to terms with this to the sinking Titanic:

> *We were talking about issues, problems with Lehmans and everywhere else, and I think initially I probably myself wasn't fully aware… I wasn't fully appreciating the implications of what was happening. To me there were some problems, firms had difficulties funding positions and there were toxic positions in firms' books. And I was thinking, God, this is exciting! There is a lot going on here! And it was my boss,* [name omitted], *at that time, who said that actually it is extremely serious. And you started thinking about it and realise that actually we are on a verge of a crisis here, and of course the crisis did come. And the thing is that at first you don't really… It's probably a little like being on a Titanic, people don't realise, and you are still arranging the deck chairs and the band is playing. And you don't realise, actually, we are sinking! This is serious! And I think there was certainly a little bit of that for me.*
>
> *(Philip)*

Philip confessing to holding on to the trust in the system and comparing it to the sinking Titanic shows that one important part of systemic trust is in fact emotional commitment to sustaining a certain collective narrative. This commitment comes from the fact that members of the epistemic community want to hold onto a narrative that is collectively legitimised and that over time becomes the foundation of collective identities, guaranteeing the first level of recognition. Provisional identities, that is, those not fully rooted in a larger collective narrative, are vulnerable to negative evaluative feedback, which creates psychological distress (Ethier and Deaux 1994). This mechanism has a potential to threaten both subject and object sides of the identity dialogue (the 'I' and the 'me'), because as seen, taking the role of the 'other' requires some level of emotional distancing (Mead 1934) in order to be able to consciously juggle between subject and object positions. According to Mead (1934), emotional distress removes the objectivity in knowing oneself and therefore one loses reference points of self-concept.

In this context, silencing of certain narratives and 'the denial of self-involvement' (Opotow and Weiss 2000) such as in Philip's story point that denial is being socially organised, and is an extension of the same mechanic of distributed cognition (Beunza and Stark 2012) that allows systemic trust to form. Breaking away from this denial therefore requires unlearning (Norgaard 2006), that is, being reflexively confronted with and accepting the vulnerability of one's own identity. In order for this to happen, the self needs to let go of pre-narrative assumptions and understandings (Ricoeur 1991) that were drawn on to construct the identity narrative and open oneself to innovative forms of understanding. However, Mallett and Wapshott (2011) note that gaps or contradictions in pre-figurative knowledge can cause problems, particularly in conflict-driven identity work. What this means is that identity narratives would, out of necessity, be constructed through struggle (Honneth 1995) as individuals negotiate the place of their identities in an ever-changing social context. The evidence of these tensions can be found also in Charlie's story, who at the time that the crisis struck was working for one of the firms that appeared in many headlines:

> *The tensions were that you'd be monitoring the news and checking the indicators such as credit spreads, stock prices etc… but beyond that you knew it was beyond your control anyway. You know what you know but then you can't control what the market makes of it (...) Thinking about it I think some of it may be cultural in the sense. I found that in my firm a lot of people put the belief in the firm… belief because it was one of the top two firms… so it's not that the belief was totally misplaced or… I guess in times like this you put faith in something that you know. And we have already spoken that the market is beyond your control. There's nothing you can do about it anyway. And it's not that it was just a blind belief that it would be fine but I guess that's what people wanted to believe. So maybe it was half and half: what we wanted to believe and there was that belief because of what you knew about the firm. But look, I don't want to make it sound like there was no uncertainty… there certainly was loads.*
>
> *(Charlie)*

In this example it is shown that Charlie struggles between his trust in the system and the worrying signs that he saw on the news. The context highlighted the fact that after a certain point things were out of his control and he had to put his faith in what the 'market makes of it'. Charlie's narrative tells us that it is not only that 'too big to fail' was a matter of trust in stability and authority of the system and its institutions, but equally in the validity of social recognition that has sustained this perception. This is important because it begins to question the basic assumptions about the purpose and organisation of the community, and the validity of the opinion of the generalised other. To overcome this tension, Charlie indicates that some of the trust was placed in a more local context of his organisation where he felt he could better assess what was going to happen next, regaining some perception of control.

This process is identity construction through struggle as one makes decisions whether to assign trust or not. According to Luhmann (1979:24) by making the decision to put trust into the market or in an interpersonal context one agrees to enter the relationship of dependence because "one who hopes simply has confidence despite uncertainty. Trust reflects contingency. Hope ignores contingency". One example where this is evident is presented elsewhere in Charlie's interview as he confirms that it was not as easy to put trust in the system in the time of heightened uncertainty in the market:

> *At the time investment banks were under a lot of strain. And for investment banks like RBS and Goldman, there was a lot of press as well, so it was all out in the public. In a way they were in a real danger of being taken over and so on. But there was definitely a feeling that it's not gonna happen. Even though at the same time there was a possibility. Because if you look at the stock market… things were telling you were in trouble. That contrast, the market as a whole what was going on (...) and then you look internally (...) and you think, my firm is actually going strong, it's different from what the market is saying. So there was that tension as well. Between people that believed in the firm and what was going on in the market*
>
> *(Charlie)*

While earlier it was shown that the market was constructed as an independent actor and a moral authority, in the moment of intense uncertainty Charlie looked for epistemic reference points more locally where he felt he had more control over the situation. Despite the difference in moral to epistemic authority (the 'should be' versus 'is') in this moment the market becomes both at the same time thanks to systemic trust. However, tension arises if the individual encounters a clashing story from a different epistemic authority (different understanding of what 'is'). This is evident in Charlie's story where it is shown that this produced a tension between two voices of powerful epistemic authorities: the moral voice of the market and the voice of local organisational context that was perceived less uncertain. As a result, neither could be implicitly trusted as it had been before.

An explanation for this can be found in Goffman (1969:69) who argued that the instability of interpretation can result in "demoralising oscillation" between excessive suspicion that the other cannot be trusted and unconditional trust. That instability results in an inability to find reference points at which to anchor identity, that is to build the first level of recognition. Goffman (1969) further claims that this may lead to the loss of agency, which would in turn hinder social cooperation. To overcome this, actors must accept their vulnerability to the evolving situation and put faith in that the trust-taker will not exploit them.

7.2.3 Systemic mistrust

This section further focus on the point that surfaced in the above example, that is, that clashing or contradictory voices in the market undermined the authority of the market and resulted in an inability to find reference points for construction of identity. For example this is visible in Daryl's narrative:

> *Well I guess when I first started trading, psychologically I had this mindset (...)… the credit spreads were tight so basically… they perform… they appreciate… you'd be making money by going long. (...) So psychologically I couldn't really favour the idea of it really going wider[7] of whatever. (...) and there was a couple of days I think in 2007 when the credit really started to blow out, and it was a bit like oh wow. And there was a lot of panic because everyone… not everyone but quite a lot of people have become quite complacent with risk, and even internally within the bank, a lot of guys were very long. And all of a sudden unable to exit the positions they had on, subsequently obviously losing money on the back of it.*
>
> *(Daryl)*

In Daryl's account, the 'mindset' sustaining the systemic trust narratives was enabled by the social setting in which responsibility is individualised through the recognition evaluation framework based on merit (Honneth 1995). Since social evaluation of merit was dependent on

[7] Credit spreads widening

(successfully) going long or short, the option of the market going wide was silenced as it was incongruent with the rest of the collective narrative. When the market did eventually go wide in a short period of time, the traders struggled to make sense of what it meant for them, as the booming market conditions had long sustained their superstar identities. Narratively, to overcome this problem Daryl positions himself and his peers as victims of a system ('they were unable to exit positions' despite the fact that they wanted to do so) who were betrayed by the market (Ezzy 2000).

The negotiation of positions in the moments of extreme uncertainty was also noted by Beckert (2005). He argues that actors must define themselves in relation to the system at the point where their interaction with the system takes place to establish that dependence in terms of trust giver and trust taker. A perceived betrayal by the trust taker (the market) would affect capacity for agency, as suggested by Goffman (1969) because it would directly affect the underlying assumptions about the roles of actors within markets and the status of the market as an actor itself. An additional example of this can be found in Pete's interview of continuing demand for the services offered by the industry:

> *The confidence was given from the fact that they were growing exponentially and even turning business away because they couldn't cope with it. Now you look at every deal twice: why are they doing it, is it going to be the same.*
>
> *(Pete)*

In Pete's eyes, the huge demand for his firm's services was a sign of recognition from the industry, which, coupled with the trust in the systemic stability, gave the impression of infallibility and that success would continue. Turning people away seemed acceptable, because there would be more business guaranteed to come in the future. On the other hand, after the collapse each deal would not only be welcomed, but looked at suspiciously in the first place. This is because of the changing reference framework forced people to re-define their expectations about doing business, including others' perception about themselves as experts in demand. Honneth (1995:73) argues that an individual needs "under pressure from an action-problem that needs to be solved – to rework creatively his or her interpretation of the situation". What this means is that the same reflexive mechanism that had sustained the system then enabled the change of mindset after the collapse. Susan mentions a comparable situation in the case of credit ratings:

> *People don't trust ratings anymore, they look at spread, who on their part tend to overstate risk (...) There is credit risk and there is onboarding, so if anything comes up you can trust them to do that. Beyond that, deals are collateralised; they never used to be as much but following the crisis and the demise of Lehman Brothers. I think people realised that if the firm is AAA like AIG, it may not always be so. So there is a lot more mechanisms in place to protect against financial loss or operational risk that are in place now but weren't in place before the crisis or they weren't strongly enforced. So that's one thing. But when you are doing a big deal there is always some time before you document, where there will be a bit of meetings, even before there were customer checks properly. You get a bit of time where you have to wait for the documents to be able to actually legally do business with them. And you always consider that time as a may or may not happen.*
>
> *(Susan)*

Susan's story shows that similarly to 'too big to fail', after the collapse the CRAs and their ratings have been denied status of the generalised 'other', that is, the reference point for sensemaking. By eliminating the "internal conversation partner to whom one had previously been able to justify one's action" (Honneth 1995:83), investment bankers set-up a new barrier, protecting their identities from a threat. Switching from a heavy reliance on external ratings to various internal measurements and assessments (such as taking collateral and robust onboarding) indicates not only the need to regain the control over one's financial investments, but the need to engage in the struggle for recognition when their identities become threatened. In order to be able to regain control, the existing generalised 'other' must be removed to allow for a new one to take its place. The new generalised other would become the "future society, in which one's individual claims would, prospectively, be accepted" (Honneth 1995:83).

As another symptom of this, Susan notes another change, this time on the level of personal relationship between the counterparties. While before investment banking was well-known for its ‘my word is my bond’ culture (see Cook 2010), after the crisis this tacit understanding was removed, suggesting a fundamental shift in how trust is developed in the context of financial trade.

So far this chapter has explored different forms in which systemic trust is constructed in financial markets and what happens when it is broken. It was shown that credit rating agencies have become ‘knowledge creating’ agents Carruthers (2013), helping sustain a perceived stability through their epistemic authority. Similarly, the ‘too big to fail’ narrative became the reference point affecting understandings of uncertainty and risk. The following section explores the dynamics of trust in personal relationships further and how that might have changed following the crisis.

7.3 Trust relationships

Trust relationships are essential for economic action they are anchored in a series of assumptions about the counterpart’s authenticity (Preda 2005). However, as uncertainty can never be eradicated from relationships, individuals generally create, out of necessity an expectation about the ‘other’. Forming such expectation is therefore a moment of social categorisation (Luhmann 1988), making it an essential part of identity formation. This section looks closer at interpersonal trust relationships in how they helped individuals to form this expectation.

Following the financial crisis many internal firm systems and controls were changed in efforts to improve risk monitoring. In practice this meant that people needed to start working with those functions that they would not previously have engaged with, such as credit teams (Risk) or client on-boarding (Compliance). The changing nature of those social connections required establishing new levels of trust and expectations about each other. Examples of the difficulty of forming such trust relationships can be found in Susan's interview:

> *I've been running big teams of people. People that work for me, some of them are in different countries, I need to trust them that they do what they are supposed to be doing and to deliver on time and not screw it up. Because basically I can get fired if because someone makes mistakes in Asia or the US. So there is trust in your staff that they are doing what they are supposed to be doing. (…) If you are doing a long structured deal there is trust, if you are working with a counterpart or a fund manager that they won't pull out. Almost before you document there is an implicit understanding that we are going to do the deal or do a deal together.*
>
> *(Susan)*

On the first reading Susan's quote may suggest a simple managerial responsibility. However, it is also shown that her words in fact point to complexity of her work arrangement and the various dependencies. Susan touches on two different levels of trust relationships. First of all, by saying that she needs to trust her staff and that they are "doing what they are supposed to be doing" Susan places an emphasis on the demand for solidarity in the context; where she is accountable for her staffs' behaviour, but cannot have full control over what is happening as she is based in a different country. According to Earle (2009) trust arises in such relationships because they involve an essential component that distinguishes trust from confidence, which is agreeing to enter relationships where they relinquish control over some performances that are important for sustaining their expert identities.

An expectation about reciprocity in such relationship becomes then a question of authenticity of the counterpart's identity as an expert and member of community in whose interest it is to contribute to the same goals. As such, the relationships of trust are oriented towards the future as they involve expectations about actions of 'others' and through that engage the generalised other in the search for validation. However, that creates a paradox because, as previously established, this can contribute to a false feeling of confidence through mimicking rationality while in fact it is also based on imperfect and contingent perception (Shiller 2005). That is why, despite uncertainty cannot be eliminated fully, individuals are still willing to enter vulnerable trust relationships. To reduce this inherent uncertainty, Luhmann (1988) suggests that individuals would seek to strengthen familiarity as means of reducing asymmetry in the relationship. An example of this is provided by Charlie who, as a risk manager needed to build relationship with traders whose risks he was overseeing:

> *Despite the perception that traders are adrenaline junkies, they like familiarity too. So you keep in contact every day and it doesn't take long actually… after a couple of months you speak on a daily basis, you make those judgement calls and they can see why. I am using traders as an example but that applies to many stakeholders if you like. You need to see through their eyes. The way you get their respect is that one, they know that you know what you are talking about, and two, that you are suitably knowledgeable about what they do. Cos otherwise you are never going to meet.*
>
> *(Charlie)*

In this example what Charlie highlights is familiarity-based trust, rooted in the perception of expertise, as an enabler of cooperation in the markets: "otherwise you are never going to meet". This is because at the limits of cognition, the actor must bridge the uncertainty by forming an expectation, which they would base on the systemic trust (Barbalet 2009) as a reassurance that the expectations can be potentially realised in the future. That is why they would be susceptible to the influence of social context through collective beliefs, narratives and power relations. Familiarity in this context helps to stabilise this asymmetric relation by asserting expectations about identities.

According to Luhmann (1988:99), "familiarity, confidence and trust are different modes of asserting expectations – different types, as it were, of self-assurance" because despite the fact that one can be confident about their counterpart, the uncertainty can never be eradicated from a relationship of trust. Luhmann (1988) argues that the difference here depends on perception and attribution and as such it resonates with Borup's et al. (2006) concept of 'generative expectations'. This means that familiarity is fundamentally 'generative' in that it provides structure and legitimation, giving definition to roles and clarifying expectations, opportunities and risks. Being "suitably knowledgeable about what they do" it is not only about having enough knowledge to do the job but in this context becomes a recognition of a certain identity position that establishes both counterparts as members of the same community through respect.

That familiarity would enable the transformation of the relationships of trust into a different self-relation, that is, risk. Risk is considered possible only in the presence of agency and by that shifts the unfamiliar into what is knowable, and therefore potentially controllable. In other words, trust makes agency possible in the framework based on risk, enabling relationships such as Charlie's to function in an uncertain environment. In this context trust in the process becomes therefore trust in a particular person executing it: in Charlie's case trust in the effectiveness of risk oversight is the traders' trust in Charlie himself and their mutual recognition. Another example of this can be found in Dan's experience:

> *There is an element of competency but I would say more that they are not representing your ideas as their own or just badmouthing you and then taking credit for your work or whatever. So I think it's about fair representation going through and whether it has been slightly adapted to suit their needs when it goes higher up. (…) On the trading desk we didn't talk to clients, we had sales people to talk to them. And there is that trust that they are trying to make money for the bank and trying to make money for you as opposed to trying to build up client base and then go off somewhere else with a whole load of clients. But typically you can judge that pretty quickly. And if that were the case then you would give them worse prices and give less of your time to their needs and then you did for someone else that was more aligned with your interest.*
>
> *(Dan)*

Dan's experience shows that the various trust relationships he needs to reply on at work, such as talking to the client only via a sales person, rely on a strictly defined set of expectations about the relationship with the other and about the legitimacy of their claims to professional identity (making money for the bank rather than just building up a book). At an individual level, these expectations are a set of generative expectations (Borup et al. 2006), which influence the way bankers think and act. The expectations are generative in that they provide a socially legitimised definition to individual role identities and provide an evaluative framework against which the social worth of those identities is judged. The emphasis on expectation further points to the displacement of realisation of identities to the future, which is, however, dependent on self-context relationship in the present. That, in turn further confirms a reflexive nature of identities.

In Dan's case, the expectation here is one of solidarity, suggesting respect (Honneth 1995) as a pre-condition to being able to build an expectation about another. This form of recognition is granted here not only in relation to membership to a community, but, in a the context of personal trust relationships, as a positioning in social hierarchy with respect to the trust giver. The trust is that the counterpart has the same common interest as oneself, which helps to resolve the problem of competition (Burt 1993). However, there is an inherent uncertainty in this because in the case of power asymmetry, trust in the more powerful actors is an act of recognition by respecting the social-legal dimension of the community.

Similarly, relationship asymmetry in the system incentivises the formation of alliances in order to help individuals form expectations of each other. Such alliances, through establishing some form of solidarity, are important for identity because they become an act of social categorisation. This expectation is a "purchase price of a future that would otherwise not be achieved" (Barbalet 2009:369) as it enables agentic action through trust. Sylvia provides an example of such alliances:

> *Betrayal is unimaginable. And you don't trust anybody else by default. You are either in the inner circle and everybody trust themselves or…. You just don't trust anybody else. It's about trusting that you are good enough.*

(Sylvia)

Sylvia's emphasis on 'inner circle' is consistent with Burt (1993) who argues that trust relationships will be favoured with people with similar social attributes, for example, those considered 'superstars' (in this context shown by 'being good enough'). Their similarity would imitate Luhmann's (1988) familiarity in that it would make it easier to form an expectation through the application of local morality. As discussed in the previous chapter, in a social structure such as investment banking the margin between success and failure is slim in tight timeframes and with limited opportunities. Therefore, trust is about negotiating this competitive environment in which identities can survive. Resolving the problem of competition therefore lies in the effort to negotiate relationships with other actors (Burt 1993) and being able to form expectations about one another.

However, Susan's account differs from Sylvia's and Dan's narratives in that she recognises that after crisis the dynamics of competition and alliance building has changed:

> *I think they just worry about being blamed for some risk management accidents. So people would say no, it's not my responsibility, go speak to so and so. People are so worried about their jobs that they don't want to sort out a problem. In case somebody blames them. In the past you would just get on with it. While now it's like, oh, what if it's my fault, what if I get fired, what if I don't get promoted. So that's my opinion of what is happening. And I mean that more in the middle office in the risk management context which I have seen in the past few years. People are more suspicious of each other perhaps.*

(Susan)

Contrary to previous examples, Susan's experience from the period after the crisis suggests that the growing expectation of negative consequences of failure, instead of bringing more uncertainty, had reduced it through better defining expectations with respect to the assignment of blame or responsibility for action. In this context the attribution of power lies in the moment of choice whether to trust or not in fear of negative consequences. However, this decision is not made in a neutral manner but more in the form of an accusation, which then has to be justified or denied (Connolly 1974): in Susan's example for instance, when people would rather not tackle a problem because they feel they would be blamed for it.

Burt (1993:107) argues that this situation suggests that the line between trust and mistrust is in fact more blurred than it might seem. In the context of personal relationships both trust and mistrust share a similar function of complexity reduction. Mistrust does so through negative expectations. Additionally, according to Luhmann (1979:91) some degree of mistrust in social relationships can have a positive effect in that it can potentially force innovation and cooperation "because it keeps us alert (…) not to fall back into the customary pedestrian ways of relying on one another". In this sense both trust and mistrust can be seen as foundations of the of social freedom (Honneth 2014) in that they enable cooperation from the point of view that success of the other is the precondition of our own success. For example, in the context of work individuals struggle for recognition and define their esteem by trying to outdo each other in what is perceived that should be done. Mistrust arises where there would be disagreements over interpretations of norms surrounding this. Sylvia's view on who to trust illustrates this point:

> *I think a lot of it is performance. That's the most important thing. And your trust is very important. Because you need to trust the people that you work with… so that's what I was trying to tell you, you don't compete internally. When you are working on a deal, there is no competition. Everybody is trying to do their best. Because that goes to the client and that is how you are going to get judged. (...)So that is why this whole elitist thing comes from who is on your team. Do the people in your team have enough experience so they don't do something stupid? Or say something stupid. Because, you know, the people that work on the team have constant interaction with the client. (...) So I think the most important thing is when teams on the deal form and they you go and do the next deal together because you know that from this team all the people are smart enough, willing enough, ambitious enough to do all those things for the client. (...) And that is how people select their team members. How hard are you going to work? How smart are you, are you going to say stupid shit? How likeable are you? And how amendable are you to do the impossible.*
>
> *(Sylvia)*

In the presence of a persistent simultaneous trust and distrust built into the system, individuals adapt their performances to speculatively signal their competence. This strategy is visible in Sylvia's account where she clearly situates herself within the elite team by distancing herself from behaviour that could threaten the team's interest. According to Beckert (2005), by signalling competence the individual places himself between their counterpart and uncertainty, creating an impression of control over particular situation. This gives off an impression of optimal protection of chances for the counterpart, mimicking authenticity. Such narrative strategy can be linked to what Tracy and Tretheway (2005) describe as active efforts to produce a convincing collage of narratives, which ensures coherence of the story and therefore authenticity of the desired self. The displacement of realisation of identity into the future ensures that this narrative does not need to reflect practice: it is enough that is convincing.

As signalled throughout this section, power and dependency are crucial elements in this dynamic. The next section examines the role of power and control in the construction of identity in more detail as necessary components of trust since it is based on the assumption of vulnerability to the actions of the other. In particular I further explore the relationships of trust, moving on to uncover some of the underlying political currents which may affect them.

7.4 Power asymmetries and control

According to Honneth (1991), intersubjective relations are based on a particular balance of power between groups, meaning that relationships are always asymmetrical. Therefore, influencing expectations on which such relationships are based is a central task of struggle for recognition. This section builds on the analysis of trust to focus more closely on the aspect of power and control. I begin by returning to Raj who explains how the manipulation of product complexity can be one mechanism of influencing the relationship between him and his counterparts:

> *As you make things more complex… like with Gauss theory. Gauss theory is a very simple process. A very simple process of doing something over and over again which gives rise to massive complexity. That is what happened. (...) But in physics we know how to control for it. Because there are certain laws and it doesn't allow you to do certain things. In finance, you don't have that. You can do whatever you want. If you dream up a team, you can make it. So then you sell it off to this investor who doesn't understand it and you are telling him that I'm gonna give you a price today. And he just takes it. They become price takers.*
>
> *(Raj)*

Raj's story shows that in the financial markets the way intermediaries often exercised power over investors is through increasing the complexity of the products, making them harder to understand even by sophisticated institutional investors. The coordination of such elements results in "control projects" (White 1992) that are manifested through a struggle about who will control the how markets are set up and organised, and how situations will be responded to. According to Raj, one such common control project is the coordinated acceptance of the complexity of the infrastructures and products in the market creating a relationship of dependence and trust of the price takers towards the industry as a collective and the individual counterparts that the price is fair. The economic exchange can take place when that asymmetry is resolved and subjects can recognise each other as pursuing mutual interest in the trade. This resolution will be, however, temporary but can be achieved by trust. This is visible in Daryl's account of his time as a trader:

> *Well I guess the whole ethos of what I do was always based on once you are done, you're done, you can't back out of a decision, you know? That's it.(...) It's done when the trader says it's done basically. So typically there would be some negotiation… for example trust could be when somebody comes to you with an off-market position so something that you typically as a market maker you wouldn't normally take all…. (...) 'look, if I show you all these bonds I wanna make sure that… I wanna know that you are not gonna go and show someone else these'. Cos once the information leaks out, then that can work against you, against your favour.*
>
> *(Daryl)*

Daryl's suggestion that the deal is considered done „*when the trader says it's done*" and "*when it's done, it's done, you can't back out*" indicates that there exists a socially agreed and upheld ethos which provides a collective sense making device used in daily functioning at work. At the first glance the narrative seems rather simple and unproblematic. Ethos in the context of financial markets seems to be based on the principle of solidarity and respect that is the basic right of members of a particular community, for example when Daryl expects the trader not to share information about some bonds he has shown them. His trust is the enabler of the exchange that flattens information asymmetries between them. However, this is rarely simple—in the case of off-market position Daryl by doing this exposes himself to being potentially harmed by trader's actions by revealing information he knows. This shows that the flattening of information asymmetries, while facilitates cooperation in the markets, does not assume the power asymmetries will be also eliminated. In the below example Raj, who was faced with such a situation was forced, eventually, to give in to the competing interpretation and change:

> *It is also something to do with a person whose money you are managing. (...) So if you are running money for BT, pension scheme, their horizon is 3-5 years. So in-between, what happens, they don't really bother about, they are not really fussed about. So there, they would rather take a consolidated pragmatic approach and say if you make me 8% a year I'm very very happy. On the other side you have an investor or a hedge fund who is saying: you will make me money. And he's got three other people who he has invested with and he's saying, he's there in the bull market and making 40% whereas I'm sitting here cognisant of the market and making 10%. So what happens? My money is going to flow. So there's a lot of peer pressure going on in market which is forcing you to get into that bracket."*
>
> *(Raj)*

Raj's situation somewhat resembles one from his story presented earlier in this chapter whereby he becomes a price taker as a result of a competition for clients' money. He must adapt under the pressure, which is the result of a political attribution of competence (making 40%), despite that his economic objectives differ from the ones of his counterpart. Connolly (1974) argues that in this case power lies not in the ability to form an expectation about their counterpart's next move, but in an attribution of responsibility for limiting conditions under which 'others' can exercise their identity. In this sense trust and control are mutually dependent and cannot exist in separation from each other (Mollering 2005), as in the situation whereby actors are vulnerable to each other, that is, can be affected both positively and negatively, individuals would struggle to construct a positive expectation about the other. The actors would however be empowered to establish that expectation through a number of strategies. Below, Raj's story suggests that the way control can be exercised in exchange relationships is not only by creating deliberate information asymmetry but also through reflexive attribution of calculated probability:

> *Taking risk for the hell of taking risk is no fun. Some people like playing poker. I don't like playing poker, I like to play blackjack. The reason being that poker is not a position probability game. In poker I can be beaten by the person who has more money. Simply. (...) However, in blackjack, you can actually beat the bank if you are smart enough. (…) I love gambling, but I will never play poker and I will never play roulette. Because I don't have a chance. I cannot better my chances. It's out of my control. So I don't want to play the game. So that is always my thought about investing. I always need to better my chance of winning. There is always a chance that I will lose. But as long as it pays off 51%, I'm good.*
>
> *(Raj)*

What Raj suggests here is that he would take part in the game where he feels that he can influence its course of action thanks to the confidence in his superior skill, whether there is good chance of winning or not. By doing this Raj re-shifts the balance of power towards himself, creating an impression that he is not a risk avoider, but rather a calculated risk taker. What Raj does through attributing what he perceives as calculated probability, whether is accurate or not, is that he is effectively claiming a certain expert identity and becomes not a profit maximiser, as economic theories would suggest, but a power maximiser. The reason why he is doing this is that in order to ensure the survival of the firm in uncertain market conditions organisations and individuals will be interested in creating stable and reproducible social contexts. Giddens (1990) argues that this requires resolving certain critical problems with regards to the coherency of their interpretation, which provides a basis for making decisions.

However, since a complete elimination of uncertainty can never be achieved, those decisions are based on trust. In this example it is Raj who is the 'price taker' as an investor in the market and therefore what allows him to enter a situation where he is vulnerable to another is the positive expectation that the economic exchange can fulfil both parties' needs – here illustrated by the anticipation of "51%" chance.

The politics of trust and control on both sides of the economic exchange, price taker and price giver, are therefore necessarily an ethical-moral exercises where the counterparts not only temporarily find a balance of relation that allows for the exchange to take place, but they also position that relationship within the wider narrative of individual professional identity. Worth in such exchange would be dependent of the place of social hierarchy of trust, which in turn is built on structure of power dependencies. Because of this the exchange in the markets would be fragile and subject to changing individual motivations and agendas. An example can be found in Philip's account of changing traders' money-making possibilities, revealing a complex and ambiguous situation:

> *You're the master of your fate. (...) I mean it's not that you control the market but it's nice to know that whatever profit you make, you have a share of that. That's a big drive. It feels like a business and it's your own profit. And you can decide at the same time. You're not gonna take any risks, it's not worth it, you manage your own risks. But when we move to structures, which are bound to happen, your pay is more limited and your bonus is a percentage of salary. You are not the owner of your profits anymore, it just doesn't matter. It becomes a job to make profit but it's not money in your pocket. And that is a very different motivator. And I'm not saying they are wrong, (...) the greed was probably unhealthy (...). But it just isn't the same driver for people like myself in those days, it has all changed now.*
>
> *(Philip)*

In Philip's case his self-understanding is closely tied to entrepreneurial identity where he sees money he makes as recognition for successfully being able to live up to this image ('being a business'). However, it is not only about the financial reward, but also about the way in which he is able to make the money through being able to control the investment. The shift from 'master of my fate' to 'not owning my profit' is important not only because the trader would earn less money, but also because for Philip it removes the possibility of constructing professional identity using the same resources as before, that is, his experienced position shifts from being an 'entrepreneur' to an 'employee'.

According to Swedberg (1993:99) imperfect competition in the markets is a matter of freedom to be entrepreneurial. Control is therefore not absolute, but must be negotiated, regardless of the actors' previous status, and indeed the relationships of dependence between any two actors could go both way simultaneously (see also Taylor 1994). Philip makes an attempt to rationalise the development in his situation ('the greed was probably unhealthy') but this does not resolve the conflict of meaning satisfactorily. Pfadenhauer (2006) and Muzio et al (2011), argue that one consequence of reflexive modernisation is reflexive emancipation, which means that individuals are empowered to actively negotiate alternative understandings of reality, rather than just accept them. One aspect of this is that the individual is less willing to subordinate their demands to those of others. This results in a mechanism by which challengers can destabilise incumbents through actively influencing conceptions of control (Fligstein 2001). According to Pfadenhauer (2006), pluralisation of simultaneous competing understandings of reality and their own place within it necessarily leads to tensions over how society should be organised. The remaining examples in this section will indicate where the participants in my study have faced such tensions.

According to Muzio et al (2011), the emphasis on the personal dimension of the trust relationship places greater demand on the articulation of individual responsibility. This is evident in Daryl's example of losing money for himself and the team:

> *I mean that was very similar to when I was losing money because you are kind of in a… I guess you feel a little bit of guilt… in the sense that you know, you are part of the team. And effectively your team's bonus pool is affected by… when you make money, chances are you're gonna be paid more, when you are losing money, they*

> *will get paid less. So there's a bit of that. And I think it's a bit of hopelessness as well because you know you got to just write it out basically. And ultimately decisions on what happens and kind of out of your hands. So if senior managers want to sell or cut your positions, they will. And there's nothing you can do about it really. (...) So I guess you feel a little bit of a failure really.*
>
> *(Daryl)*

For Daryl, not being able to stay in control of what constitutes a key resource for the definition of his and team peers' identity (money) feels not only like a failure of his personal competence as a trader, but also like a betrayal of the team. The fact that one team member's loss can affect the bonus pool for the whole team can be read not only in monetary terms, but also as a threat of destabilisation of the incumbent status (Fligstein 2001) of a star team. In this example losing money is therefore tied to a failure to live up to a certain identity which is shared through a relationship of dependence.

It can also be shown that in order to minimise the damage Daryl resorts to a narrative strategy of blame displacement where he suggests that there is nothing he could do as the loss was driven by wrong decisions of the management. This is an example of power constructed through communication by attributing responsibility and influence to various actors (for example, 'senior managers'). According to Luhmann (1990:163), even the act of doing so is also a moment in which identity and power are exercised because Daryl is forced to communicate in a certain way. Here, he opts to attribute hierarchical superiority to somebody else in order to at least defend his respect for the norms of the community, protecting therefore his dignity (Honneth 1995). Power thus lies in definition of the boundaries of the attributed behaviour, that is, in exercising identities.

In this sense power can be seen as a driver as well as a 'fragile and open-ended outcome' of conflicts between actors in markets (Honneth 1991:156-7) in the form of a temporary positioning among identities and the dependencies between them through struggle. Location of responsibility is therefore an ethical dimension of this claim. However, pressures like this can also be experienced from within organisations. Here Gabriel explains that the institutional set-up of how promotions process was organised resulted in social tensions:

> *So if I wanted to become a director I'd need to go and get myself six managing director sponsors. Which brings up an interesting point. If you are a risk manager and you are independent, then you want to impose a limit or to stop a trader from doing business. But you are relying on these guys to sponsor you at the end of the year for your MD promotion. Conflict of interest or what? In a big way. I have noticed that. My boss last year… I was upsetting a couple of the senior trading guys and sales people because I said the wrong thing. I was suggesting that they were doing prop trading for example. Well and they weren't even doing prop trading, it was just a phase, but they didn't even like my mention of it. It was like a dirty word. And they didn't like it. They have complained to him that I was talking about this. And that was a black mark on me because I'd upset his sponsors. Even though I should be completely independent.*
>
> *(Gabriel)*

In this example, Gabriel attempts to narratively position himself with respect to a challenge to his professional identity that he has encountered, giving us insight into the dynamics of dialogical identity construction as it happens. The process of sponsorship for promotion threatened what Gabriel saw as one of the key elements of his professional identity as a risk manager, that is, independence. Positioning himself at a difference with what is required is a refusal of what he sees as second-class identity (Taylor 1994). For Gabriel, the integrity element of his self-understanding is inseparable from his preferred identity of a risk manager. To counteract the threat to that element, he constructs his narrative in the way that it highlights authenticity of his identity, communicating its superiority to both the researcher and the generalised other. According to Deranty and Renault (2007), the motivation for doing so is not a desire to express a moral principle but it is political desire to respond to an experience of perceived injustice and misrecognition. The need for control over perceptions extends also into the future. Susan's account below shows that the instances of potential misrecognition are proactively identified and performatively managed:

> *You have to fight for the money from the bonus pool for your team anyway. I think there is an element almost of doing not too many things. There is a cost constraint*

> *as people are asked to do more and more. So you will do all the things that you are supposed to be doing but you will not be getting involved in others. Because instead you will be fighting your corner for money, fighting your corner to be seen as a team that does well, fighting your corner for not overstepping but not underperforming either.*
>
> *(Susan)*

Susan's narrative reveals her reflexive dialogue with regards to expectations about others whose decisions that would directly impact upon her and her team. Susan attempts to control sources of uncertainty by negotiating potential outcomes of her actions while simultaneously engaging in strategic political positioning amongst other teams in competition for bonus pool money. According to Beckert (2005:13) the contingency of action would give raise to the problem of trust because she must negotiate between the demands of different actors (other teams, management who decide on bonuses) to reach a position where she can performatively attempt to persuade the trust giver about the sincerity of her intention to cooperate and the same time positioning herself as superior to other teams. White (1992) argues that the resolution of this tension happens at the point of stability, which allows attributing meanings. Control is therefore necessarily gained through reflexivity, as actors must continuously re-assess the impact of their identities in the changing conditions.

Honneth (1995:123) argues that in contemporary society the basis on which esteem recognition is granted has shifted from honour understood as living according to the rules set by the society, to prestige, which values individual achievement in contributing to the worth of the group. This means that actors in markets may be more inclined to form strategic alliances in the attempt resolve political tensions. The below passage comes from Dan's interview at the point where he tells a story of how a fight for survival during the merger of his and another bank resulted in an elaborate political game:

> *The feeling was that teams were going to be picked. More than individuals. (...) when we were competing on the same client, it's the race to the bottom. So there was that kind of conversations, and they were competitive. (...) So there was a*

> *secret arms race kind of thing to find out what they were doing. (…) So if you have an understanding in an area which is making a lot of money, and the other team don't, then that gives you a massive advantage. (...) we won because we had a stream of business on life settlements, life settlement products which they had no knowledge of. (…) It was a permanent game of war ownership and trying to outspeak the other one. And be the louder talker. And if not then sending these passive-aggressive emails to them to show that you are the one who understood it better. (…) quite a few months after the merger their trading team came to do just a bit of a forced meet-and-greet. So they came to our offices and we sat them through and then we were telling them what we were working on. This is already after trying to find out what they have been working on. And when they were asking questions we would be very keen to make sure that we knew all the answers and have some bravado over how to explain it.*
>
> *(Dan)*

There are two important observations that can be made from Dan's account. Firstly, the cohesion in the team aligned by a common interest to beat the other team was enabled by cooperation, which was rooted in a trust of solidarity mentioned earlier in this chapter. This common agreement was necessary in order to play effective politics as it reduced complexity in the situation by 'locking in' the interpretation of one aspect of it (i.e. the relationship between the team members). According to Luhmann (1979:20), in attempt to control uncertainty the actor "binds his future-in-the-present to his present-in-the-future", which means that the individuals in the team are offered a chance to work together as if the strategic goal has been already achieved, that is, borrow a collective identity from the future.

Secondly, this pre-arrangement is necessary as it will constitute a space for a backstage commentary (Goffman 1959) during a performance of competence and superiority as a strategy for self-representation. Dan's carefully coordinated forms of humiliation and exclusion by deliberate misrecognition amount to injustice that worthy of remedial political intervention (Honneth 1991), which he is able to anticipate through anchoring the team's identity in the future. As such, the example shows not only that identity and politics are inseparable (Deranty and Renault 2007:105), but also that identity would be both a pre-condition and an outcome of political action in the society and how it happens in practice.

7.5 Chapter summary

In this chapter I have analysed the various means by which investment bankers negotiate the resources they use to build their professional identities, focusing on trust and politics. While the significance of trust in economic relations has been widely acknowledged, often it has been portrayed as a simple and unproblematic process (Beckert 2005). This chapter aimed to go beyond simple affirmations that trust is important by exploring reasons why people trust at all in specific contexts, for example, by showing that institutions such as credit rating agencies have gained status of epistemic authorities. Looking at various narratives it was shown that in fact particular ways of trusting both at macro and micro level represent only one “plausible way of organising interpretations among countless other ways” (Mollering 2001:412). This is because trust has been identified as inseparable from relationships of control, meaning that they need to exist in a “reflexive relationship to each other” (Mollering 2005:291) as a pre-requisite to forming expectations about the other.

Moreover, I have shown that normative expectations about others and the reliance on the judgement about this contributes to the fragility of the construct that is professional identity, which pushes individuals to engage in struggle for recognition (Honneth 1995) in order to maintain a coherence and continuity in their identity narratives. To do this, individuals construct subjective sets of expectations that have a normative character and which aim at performatively enacting desired futures. However, as indicated, this often proved problematic when faced with a collapse of system of reference which was collectively constructed from those narratives.

Altogether, individuality has emerged to be the key to the problems of cooperation and competition (Beckert 2009) in that they depend on the identities of the counterparts in the exchange and the extent to which each can influence that relationship. As highlighted, control is negotiated and not absolute and would be dependent on the entrepreneurial motivators present in the social arena, that is, the possibilities for the actors to define themselves (Burt 1993:100) through influencing the expectations others have about them.

The next chapter explores in greater detail, what happens when the assumptions of the basis of which expectations had been formed collapse. This is done by analysing more closely the narratives of change to work experience of the investment bankers after the financial crisis. The following chapter also considers how individuals attempted to adapt and change their professional identities, both successfully and unsuccessfully.

Chapter Eight: Crisis and recovery

8.1 Introduction

The previous chapter explored some of the resources that investment bankers drew on in order to construct their professional identities in the context of investment banking. I have identified that the ambiguous relationship with money, the frames of opportunity and sacrifice were important narrative building blocks. These frames have rested on an elaborate structure of systemic and interpersonal trust and power relationships. I have identified this as a fragile structure in which the individual needs to negotiate the place and shape of their identities in a constant struggle for recognition.

This chapter builds on these findings to analyse a unique period for investment banking, that is the economic crash of 2008 and its aftermath. The crash has profoundly shaken the industries, forcing a wave of new regulation and structural transformation as governments and banks alike looked for root causes of the financial meltdown and ways to mend the broken system. This chapter therefore primarily aims at exploring the third research question, that is, how the economic crisis affected the way in which people construct their professional identities by creating additional strain on their fragile narratives of professional selves.

To do this I look closer at the personal accounts of the crash and the period that followed it. I show that the configuration process of the identity narratives, that is, the process by which one comes to reshape their experiences to ‘draw a meaningful story from a diversity of events or incidents’ (Ricoeur, 1984: 65), was severely disrupted by changing fundamental assumptions and shifted dynamics of social relationships. I also show that because of this some participants struggled to rebuild identity narratives and I explore some of the ways in which they have tried to do so.

This chapter is structured as follows; firstly, I return to the dynamics of social relationships to show how power asymmetries have shifted following the crash. Secondly, I discuss changing assumptions about the functioning of the markets and changing expectations both about the market and other actors within the markets. Lastly, I show various ways in which individuals tried to come to terms with the change and how they narratively responded in the effort to re-construct their professional identities by constructing liminal spaces parallel to the main identity narrative.

8.2. Asymmetrical relationships: power shifts

In the previous chapter we have seen that trust and control are inseparable (Mollering 2005) since trust involves temporarily making oneself vulnerable to the actions of the other. Consequently, as collateral to building trust relationships in markets, the participants engaged in a variety of strategies to remain in control of the relationship. One way to do this was by maintaining an information asymmetry in the economic relationships, for example, Raj suggested that the ever-increasing product complexity helped him stay in control over investors who necessarily had to trust him as an intermediary that he was acting in their interest. However, in the period immediately following the market crash, Raj found himself in an opposite situation where the terms of the trade were now dictated by the investors:

> *Every time you sell something you need collateral. So how am I going to get my collateral? Nobody knew. On a personal level we were sitting there thinking what the hell is going on. The first thing you do is call up your broker, your trading desk. He's not picking up his phone. He disappeared. The traders just took the phones off the hook, which they cannot do. They always have to make bid and offer. They just took the phones off the hook. The biggest problem is that if you sell something to somebody, is he going to be able to pay me for it? Even for a guy like BT our collateral levels just expanded through the roof. So we were saying I don't want to pay you that collateral because I'm BT, I cannot go anywhere. And they would say sorry boss, this is not the deal we are doing today. You put up more collateral or we are not doing the deal. And for us it can be very difficult to trade in these realities.*

(Raj)

Raj's story suggests that one way in which the financial crisis affected individual actors in the markets was by exposing taken-for-granted assumptions about its functioning. In this example, one such assumption is that the market makers can always quote a price of a tradeable asset meaning that they provide liquidity in markets. This assumption collapsed when brokers simply took phones off the hook, exposing the vulnerability of the financial infrastructure and highlighting how dependent it was on the intermediary status of the market makers.

Secondly, contrary to what we have seen before in the case of product complexity, now it was the investors who held the power to set the conditions of the trade. For example, despite the low credit default risk on a large institution such as BT, the investors still required unusually large collateral. From the institutional perspective, the problem with this is that collaterals can be costly to put up because they lock the capital away. However, what it also shows is a significant change in the dynamics of trust relationships, which underpin financing—in this case a credit transaction. According to Carruthers and Stinchcombe (1999) credit relations depend on expectations, that is, for the agreement to take place, the creditors must form an expectation that they will be repaid the money they are owed. What this means is that market relationships, such as one we see in Raj's story, are anchored in the recognition of the counterpart's present claim to legitimacy as well as the forward-looking assumption that the other will continue to respect the norms set out by the community in the future. This suggests that in financial markets, where many types of transactions are in some way dependent on credit, recognition must necessarily involve an element of trust in order to enable cooperative relationships. In this example, this is evident since, despite the existing relationship with the investor, Raj was unable to make a deal as the forward-looking expectation of his credibility was questioned. Elsewhere in Raj's interview we can see further evidence of investors holding more power to dictate the terms of the relationship:

> *There were no buyers on the book and in the market; everybody was in the mood to sell. And those who were buying were very picky buyers; they were saying ok I want to look through our books… because they could. In any other times, nobody would say that, if you make me an offer and I don't like it I will go somewhere else. So that was the first reaction of the market. When Lehmans went under, the market then realised that Bear* [Stearns] *was nothing. This was even bigger. And in that point of time if you look at stock markets, look at major indices like FTSE, Dow Jones… those stock trading… they stopped trading, the volumes were… there were no volumes in the market. Normally in the USD swap market you can trade 200k, 500k, I'll give you one no problem, like that. In that kind of market we could not move anything. We were stuck. We were sitting there and putting in bids, putting in bids, putting in bids, nothing coming in from the other side. We couldn't do anything. So that was the reaction. (...) It wasn't a meltdown of risk or anything. The risk numbers were showing fine.*
>
> *(Raj)*

What we see in this part of Raj's interview is a radical shift of power between the investor and the institution. As a result, despite the fact that the transaction type was still exactly the same, the transaction was now socially defined not as 'investor seeking investment' but as 'BT seeking financing'. This interpretation was supported by an appropriate performance to match the new definition of the situation (looking through the accounting books). The example also suggests that such a shift was the result of a larger problem, that is, the collapse of systemic trust in the market and some of its mechanisms, which translated into low liquidity and, consequently, low availability of funding. The fact that market actors become reluctant to buy and lend from each other also indicates an invalidated authority of the 'voice' of the market which is evidenced by Raj's disbelief over trading volumes despite 'the risk numbers were showing fine'.

A similar case was analysed by Carruthers and Stitchcombe (1999:353), who saw a liquidity crisis as a 'crisis in the sociology of knowledge' as market participants could no longer rely on prices they saw and stopped transacting. However, to look at the root causes of such epistemological crisis we must first understand the authority of the 'voice' of the market that they ceased to respect. Raj's words suggest that the lack of response from 'the other side' was a moment when the market was robbed of a collectively constructed voice it had through actors agreeing on the moral principles of participation in that market. By providing a medium through which such a voice was projected and in conversation with each of its ‘component’ actors, the market effectively acquired subject-like properties where it was not only capable of acting back at the participants, but also recognising them in their capacities and roles (see also Lilley and Lightfoot 2006).

However, this relationship is necessarily reified as the market is not human and, therefore, it cannot have intersubjective relations. In Raj’s example, the collapse of expectation about the other in the market has highlighted the nature of the relationship, as the market was not able to act on its own when robbed of the actions of its participants. Honneth (1995:83) suggests that the breakdown of the relationship of recognition means that the actor will have to rebuild a new ‘other’, that is, redefine the situation on new terms where his claims can be prospectively recognised. According to Stark (2009:188), such a process is difficult, because while the individual searches for new reference points—new ‘others’—they receive multiple ‘cognitive orders’, which can be overlapping or even contradictory in contrast to one channel of ‘cognitive order’ coming from the epistemic authority. In this context, struggle for recognition is a moral struggle over what should be. Fligstein (2001) suggests that such tension will be creative and can result in new structures as the struggle changes relationships between the incumbents and the challengers.

Another example of such change can be seen in Anna’s interview where she tells us about the changing relationship with the regulators. In Chapter 6 we learnt from Raj that before the crisis the regulators occupied the lowest levels of the social hierarchy of ‘smartness’ in the markets, alongside management consultants. In this example, Anna’s narrative below paints a different picture when referring to the post-crisis period:

> *I think there is a lot of responsibility now, which is forced on people, to really think about what are they doing and it is properly controlled. Where they have just gone*

> *after the deals before… how can we make money, let's think about interesting ways of doing things. Whereas now they have to think, ok I can make money there but have I got enough capital, am I measuring it correctly, is this the right counterparty, do they have the right experience, am I misselling, am I giving them something that they will come back and bite me. The regulators, do I need to tell them about this. So there is a lot more red tape, worry and responsibility associated with it. Which is less fun if you are just trying to make money.*
>
> *(Anna)*

In this example Anna refers directly to the various regulatory requirements, which in the period after the crisis began to be enforced in a much stricter way. Anna felt that tougher controls over business, particularly around misselling and client due diligence, felt at odds with what she perceived her professional goal to be—which was to make money for herself and the firm. The shift of power in the regulatory relationship can be attributed here to control based on access to negative sanctions (Luhmann 1990 [1981]:157).

The example also shows a tension between moral and epistemic authority, that is, a tension between what 'is' (set by the regulators) and what 'should be' (in Anna's opinion). The power shift resulted in a direct threat to Anna's identity since she identified creative ways of making money as an important aspect of her professional identity, similarly to the frame of money making and catching opportunity. The heightened attention of the regulator to enforce controls and penalise for misconduct prevented Anna from attributing social value to this particular aspect of her identity.

To protect identity against such threat, Anna uses sarcasm ('come back and bite me') to distance herself from this situation while she constructs a preferred image of herself in the conversation with the researcher. The narrative distancing can be interpreted as a backstage commentary (Goffman 1959) that allows Anna to express her frustration at the asymmetrical power relationship and construct a positive self-image. In a way Anna is therefore using misrecognition of herself as a political tool to safeguard her professional identity. She does so by using narrative to position herself outside of the relationship of dependence with the regulator in an effort to maintain biographical continuity through attempting to resolve the tension outside of the interaction (see also Cook 2010:162). A similar situation can be found in Sylvia's account of the changed relationship dynamics between her and her clients:

> *It does affect you on the daily basis, because you work so hard and there is constant stuff about… even in front of the clients. Like, even though the clients want to hire you and they need you, they will think ooooh these overpaid idiots. Because you know this whole pay thing got sooo exaggerated in the media that it becomes really hard to work with your clients. Before they knew you were overpaid, or what is perceived as overpaid… but now they really think that you are overpaid. And even though you work for them… I think the issue that happens is that it's just your clients get the bad vibe on Wall Street. Even though you are advising them on M&A and it has nothing to do with the mortgages. (…) They all think you are swindlers… and you're like, dude, I'm just giving you strategic advice. You don't think about McKinsey being the swindler even though they do exactly the same thing. So that is a very bad vibe.(…) You used to be a superstar and the next day you are the swindler, even though you are doing exactly the same thing for them! So, I don't want to do that shit! I'm not going to do it.*
>
> *(Sylvia)*

Sylvia's story shows that the crisis in the relationship with long-standing clients came from a loss of trust in professional expertise which translated into the loss of recognition and superstar status which she felt was unjustified. Similarly to Raj's situation above, the loss of trust here is closely connected to a crisis of expectation about the counterpart. However, the difference between the two situations is that in the case of Raj, misrecognition was based on the inability to form an expectation about his creditworthiness, that is, an individual characteristic. Sylvia, on the other hand, attributes her changed relationship with the clients to stigma formed around Wall Street advisory and remuneration.

The tension in Sylvia's identity construction process comes, therefore, from a conflict over authenticity attribution. Such conflict poses a threat of de-stabilisation of the self-concept through the disruption of dialogue between 'I' and 'me' as Sylvia's own perception of herself does not match others' interpretation of her performance. In this moment, the 'I' and 'me' are temporarily incompatible, which triggers reflexivity, visible through Sylvia's commentary in which she builds resistance to such interpretation. The capacity to resist unwanted subject positions through reflexivity is triggered by the perceived misrecognition, which motivates individuals to engage in the struggle over legitimacy. Stanley (2012:33) argues that individuals will be motivated to enter such struggle because stigma is personal, touching directly upon their perceived value, rather than referring to any specific task (‘dude, I’m *just* giving advice’).

The struggle will aim at repairing internal self-dislocation (Fraser 2000) by contesting the dominant stigmatised image of the collective identity. In practice this means that individuals will reject such images by producing a narrative that specifies the non-me position, such as the one in Sylvia’s example, so that they can proceed to reconstructing a positive identity resulting in recognition, an undistorted relation to oneself. Here Sylvia signals this by saying ‘I don’t want to do that shit’. Indeed, later in her interview, we learn that indeed she decided to leave M&A advisory permanently.

8.3 Changing assumptions

Changing the nature of the relationships between various actors in the markets is only one way in which the crisis affected professional identities of investment bankers. In this section, I look further into how the resources on which participants drew to construct identities before the crisis changed after the crash, in particular looking at some basic assumptions that would have been previously made. I begin by returning to one of the identity frames explored earlier on:

> *I remember being called in… I had a call on Lehman Brothers on Sunday saying you gotta come in extra early like 5 am, instead of coming in at 7 am or whatever… and I think I was very… not to say blasé, but I just kind of got on with it really. And at that point* [his bank] *was all over Sky News and that sort of thing… and there were things happening and it just seemed oh, it’s all gonna end. But then it didn’t. It went belly up. And the atmosphere on the floor was always like beeehh I need to see the Sky News, see the headlines going on, they were almost knowing quicker what was going on than you are, kind of thing.*

(Daryl)

Daryl's account of the day of Lehman's collapse shows a change in two fundamental assumptions on which his understanding of his place and role in the market was based. Firstly, he recalls being 'blasé' about news of the oncoming trouble with one of the largest players in the market. His assumption that this would not cause long-term disruption was rooted in systemic trust, similarly to Anna's belief earlier on that the system 'would save itself'. Instead, the market robbed of its capacity to 'act' through the collective voice of its participants was no longer able to respond to mounting pressures.

Additionally, the fact that the traders now had to resort to watching mainstream news channel to access newest information was directly at odds with the professional identity narratives of Daryl and other participants, like Dan, built around the ability to predict or understand the moves the market ahead of their peers. The frame of opportunity was fundamental to being able to build such narrative and 'winning' in this race was key to their understanding of what it means to be a good market player. Daryl tried to counter the loss by shifting the researcher's attention to the element of 'sacrifice' in this situation, such as getting calls on Sunday and being called in to work at 5am. However, this was only a temporary solution in trying to narratively respond to the unavailability of two key assumptions that resulted in the perceived loss of control and temporal inability to define the situation.

This inability was also evident in Raj's interview where he also recalls the day markets crashed, although from a different standpoint:

> *For me that day I was in the market and the first thing when something like this happens is that you go to the nearest news table to find out what's going on. And the first reaction of everybody was head-holding… oh shit! That was the reaction, oh shit. Why has this happened, what is going on. Nobody knew what to do. Nobody faced a funding crisis before. That your books have market value but you cannot sell anything to get money. Nobody is taking it off your books. The market must be buyers and seller, if there's only sellers it's not gonna work. So no matter how valuable your things, at that time the market determines that its value is zero.*

> *It is zero, and there is nothing that you can do about it. So whether you mark to model, do this, do that, jump around, nothing is going to happen. It is priced at zero. It's valueless. So that's what happened. (...)When you are suddenly faced with nothing on the other end, that is a complete unknown, which you don't know how to handle.*
>
> *(Raj)*

Where Raj mentions 'marking to model' and 'do this, do that' he alludes to the fact that various valuation methods can produce different result for the same asset. The models are therefore performative in that they co-produce knowledge, something that was explored by researchers such as Mackenzie and Millo (2003). However, what we can see here that is not explored by Mackenzie and Millo (2003) is that this capacity cannot be taken for granted and it is contingent upon systemic trust, highlighting the precariousness of such social arrangements.

The example also shows the changing relationship between the individual and the market. Raj and his colleagues felt betrayed as the market determined that the value of their assets was zero, despite that in their view the assets had market value. In telling this story, Raj refers to the market as if it were a powerful actor with an authority to define the situation and he presents the mismatched understanding of the value of the assets as if it were misrecognition of his own value. This position, while it emphasises temporality of identity, is in direct contrast to Ho's (2009:293) finding, where her study participants seemed to accept that they were 'marked to market' (where value is subject to market fluctuations) in justifying downsizing.

Altogether, we can see that already the first day of the crash was characterised by a rejection of regulating social norms, such as the valuation methods as well as fragmentation of identities through inability to position oneself against a changed other, like the market. Durkheim (1897/1984) called such state anomie, that is, a social context providing very little moral guidance to the individuals. Anomie here does not mean, however, normlessness, but derangement—a disturbance of taken-for-granted assumptions and dynamics of relationships.

However, it is not only the assumptions about the market or other individuals that were threatened during the crash. In this case, Gabriel's account of the period immediately following it shows that some changes felt very personal:

> *And you have seen a lot more and you realise that… my friend at this bank… he did not get a job again… my other friend at another bank… he didn't get another job either. I have some friends who are still out of work. They will probably never work in the industry again. So you get to see more and more examples of it. And the period between mid-way this year and 2008… this was like a desert in terms of jobs. So it's in the forefront of your mind: how am I going to keep my job, am I working enough hours, how am I going to make sure I don't screw up, I've got to make sure I play politics a bit better. My job is not safe in risk management. You think it's a safe career but no, people actually do get fired. Before being made redundant in risk management was unheard of (...) but for me it's also about your respectability, the respect people have for you. And establishing yourself at a certain level professionally, what you have achieved. And reputation. It's about reputation. And you don't want to lose that.*
>
> *(Gabriel)*

Gabriel was one of the participants who, through his interviews, provided me with the most detailed account of the period following the crash. The narrative above suggests that one of the biggest impacts for Gabriel was that his job in risk management was no longer assumed to be as safe as it has been for a long time. This threat pushed Gabriel to reflexively take stock of his current situation. According to Mollering (2001) the moment of suspension is necessary in order to regain normative superiority, which he sees as regaining control over the reference system so that one's own identity can be seen as valuable (see also Pfadenhauer 2006). Gabriel does this through reaffirmation of his commitment to working hard (sacrifice) and playing politics 'right' in the attempt to refocus attention on the traits that are socially valued aspects of professional identities in his sector.

Honneth (2006) argues that individuals faced with a threat to identity necessarily undergo negative moral experiences as they are temporarily denied positive identification (in Gabriel's case, the perceived threat to reputation). The erosion of self-confidence and esteem push them to engage in the struggle for recognition with the goal to turn uncertainty into opportunity to reposition the self. The moment of suspension and anomie in this sense can allow individuals to realign fragmented and rewrite conflicted identities as they may provide a liminal space where new identity positions can be worked out. The next part of Gabriel's interview shows this process well:

> *Some of the things I've seen were absolutely disgraceful. Absolutely disgraceful. And that was in any bank in my career. Horrendous mistakes. Blatantly mis-selling, blatantly abusing power. Everything you can think of, it's been done. (...) all it takes is one bad guy. And one bad guy and his business can lose a billion dollars. Puff. Because of bad mistakes or bad judgements. And few little traders can see these banks losing $2 billion here and $3 billion there, just because of some rouge trader. The whole professional outfit that is so well run and has so many professional people in it… and then you get two guys and they just wipe it out. You had that with JP Morgan. One small division had lost $2.7 billion dollars. Otherwise JP Morgan was regarded as THE most respectable out there. But it's wiped out forever now. Forever. Just that. That's it. So are people right to judge? Yeah, they are probably right.*
>
> *(Gabriel)*

In this part of the narrative, Gabriel explicitly refers to the publicly stigmatised aspect of the banker identity in order to deal with the threat it poses to his overall self-image. We can see that Gabriel attempts to deal with the spoilt aspect of his identity by narratively displacing blame for 'disgraceful' behaviours elsewhere. However, he does so in a different way than the one suggested by Whittle and Mueller (2011), who found denial of agency and defeasibility to be two common narrative strategies to achieve this. Instead, Gabriel attempts to safeguard both collective and his own identity by ascribing agency to an abstract 'rouge trader'. This way he can avoid denying collective responsibility while at the same time protecting his own reputation.

This difference in narrative treatment of stigma is important because shame is more problematic than embarrassment or guilt (Harrington 2012:84) as it is an individuator. The individual can therefore appropriate stigma to certain attributes without endangering the whole self (see also Stanley 2012) by framing misrecognition in terms of spoilt identity attributes. Harrington

(2012) argues that this can only happen if the individual takes an active role in managing such a situation rather than passive retrospection, that is, through struggle.

Additionally, Gabriel also attempts to deal with the asymmetry in the power relationship with the 'public' as he explains how public might understand the situation and 'agrees' with them. In doing so he carefully manages his position in the stigmatised community by clearly defining moral "boundaries of purity and impurity" and between "legitimate and illegitimate actors" (Gendron and Spira 2010: 295). Engaging in such struggle is essential to safeguarding individual traits rather than collective ones, which is motivated by the importance of individual achievement in the quest for recognition of esteem.

That is also why not much further in the interview Gabriel goes back to the issue of reputation and he is quick to point out his own achievements:

> *You've built up a reputation… I'm quite proud of what I have done. I've got 18 years of experience in risk management… I've worked myself up from a contractor to a senior director and I'm quite happy with that. And I like it. But if you get fired tomorrow, you lose everything. (…) So you are not just losing a job, you are losing an identity, a career... so it's quite important. (…) Your job is everything. Means everything. Because you've got the admiration of your employees, camaraderie of your peers, respect from your bosses, established trust. And when you lose that, that's a lot, that's like a whole… a lot goes away. I'm not so bad but I know for a lot of people it's everything. They live for their job.*
>
> *(Gabriel)*

In describing the uncertainty to the researcher, Gabriel begins by bringing attention to pride and self-confidence around the perceived achievements and his experience, making sure that the researcher notes particular traits that are in his view worthy of professional esteem. This is followed by moving on to perceived threat of exclusion from the ability to claim professional identity, which in this example is based on membership in a particular professional community. Gabriel believes that losing a job would feel like losing 'everything' and he explicitly refers to losing his sense of identity.

However, the reliance of identity primarily on one important source of recognition can be problematic. For example, Markell (2003) suggests that the demand for esteem, which can only be satisfied through a relationship of recognition with a particular other (in this case, professional peers), may lead to reification of certain collective identities. In the same vein, Seglow (2009) suggests that such situation can lead to harmful social competition. These interpretations, however, rest on the assumption that struggle for recognition is a battle for positive recognition of collective identities, which according to Mendonça (2011), oversimplifies Honneth's (1995) work. Instead, Honneth (1995:29–130) argues that self-realisation is not only tied to valuing any particular group identities (basis for respect) but also to particular traits or attributes. In the case of esteem then the struggle for recognition is more than a struggle for positive identity in being also a struggle for achievement (see also Honneth 2003). That is why Gabriel feels particularly strongly about belonging to a particular professional community as it is one where his achievements can be meaningful.

However, the threats to assumptions, such as the relationship to market, expectations about the other as well as the stability of the professional context were only part of the picture that began to emerge from the participants' interviews. The next section will continue to look at expectations, however, this time focusing on the relationship between the individuals and their professional environment as an abstract other, rather than directed towards specific others, such as clients or even the market.

8.4 Breach of expectations

As we have seen earlier in the thesis, expectations are an important part of the forward-looking aspect of the narratives of identity as they mobilise understanding of opportunity, risk and trust. Because of this, we have identified expectations to be 'generative' (Borup et al. 2006) as they provided structure and guidance to future actions in the form of pre-figurative knowledge (Ricoeur 1985). In the period following the crisis, however, and in particular during the first wave of layoffs shortly after the collapse of Lehman Brothers, the expectations participants had in relation to their work and recognition of it were disturbed.

The first example of this comes from Dave who started his career in accountancy and later moved to investment banking guided by an expectation of meritocracy that he felt he lacked in his previous job. His expectations were generally met until 2009, when his bank started mass lay-offs (amounting to around 50,000 in the period up to 2013):

> *I think the human reaction is "thank God it's not my area" but then a few months later it came to our area and people were laid off in our Hong Kong office and we had to take 10% pay cut. And I felt like…. You know, thank God I haven't been laid off but after a 10% rate cut last year I was like… not happy with that. Not happy with that at all. Because in fact when I came here I had discount and I was promised increase, which I obviously didn't get. And not only I didn't get an increase, I got a decrease. So for me personally, I was… and still am… let's not take it up on a monthly basis and you'll hear me saying, I'm like "it's ridiculous, I've got all these good reviews, when it came to project end of year". No shame in here.*
>
> *(Dave)*

Dave's story clearly shows that despite initial relief, the disappointment and anger came from a violation of the psychological contract that promised a reward system based on merit. Dave indicates that there's "no shame" in his quality of work as evidenced by "all these good reviews", despite which he was forced to accept a pay cut. This was in stark opposition to how he understood the organization of the system, making him declare this was a "ridiculous" situation.

Brockmeier and Carbaugh (2001) argue that situations like this, that is, perceived breaches of psychological contract, show an illusory nature of trust, which balances on individual reflexivity and interpretation. Dave demonstrates this reflexivity by attempting to maintain the impression of commercial worth of his professional identity and by emphasising achievement.

By doing this he positions himself outside of the threatening situation as he clearly distinguishes between his 'true' self and a 'non-me' position. In this case, however, defining the undesired identity as a non-me position is different to the rejection of a spoilt identity (Goffman 1963) because perceived misrecognition here is felt on the level of rights and justice, rather than as misrecognition by denial of achievement.

This shows that narratives of identity are not only mirrors of subjective reality, but are actively co-constructing it. For these reasons when the individual is faced with contradicting interpretations, they will be forced to re-evaluate their own understandings:

> *And these redundancies happened and obviously… essentially they were being paid off for not really doing anything and they had got quite large amounts of money. And then when it got to bonus time and you got zero… you were thinking hold on! I was working my ass off the whole time, whole year, and I haven't got any bonus, any pay rise, anything. And then suddenly they are getting 40, 50 grand or whatever as a payoff. And they haven't done anything. And a lot of them got into jobs quite soon after… so it almost felt as if they were rewarded for being bad. And that was on the personal level. From a higher level it probably wasn't that way. So you always had that resentment in that. What was the point of doing all this hard work, when if I was sitting there doing nothing, they would have pushed me out and I would have gotten a large payoff? So yes, you did have that resentment.*
>
> *(Pete)*

Pete's experience of redundancy rounds at his firm is a good illustration of a breached expectation that is rooted in conflicting interpretations of merit and reward. The narrative is organised around a particular understanding of professional 'good' and 'bad' which is based on key frames of sacrifice and performance. Large payoffs for departing staff were interpreted as violations of justice since they were perceived to contradict those basic assumptions. The example further shows that such experience triggered reflexivity as Pete tried to justify his own situation.

Moreover, incompatible interpretations of merit and reward are also tensions in how different actors understand their roles and obligations in the community (Smith and Deranty 2012).

When we attribute those roles to various actors, we are also making attributions about our own identities at the same time as that understanding defines the relationships between actors. The discrepancies in the expectations about those roles will therefore translate to tensions in relation to self (see also Stark 2009). A similar situation is described in Anna's story, where she declared to feel "*being cheated by the system*" which she illustrated by giving an example of a situation where colleagues being made redundant would receive substantial payouts, while those who stayed needed to accept pay cuts and suspended bonuses, which she felt was *"almost like being punished for doing well*".

The discrepancies in the expectations against reality will therefore motivate struggle for recognition as individuals will aim to build a positive relation to self-based on a self-understanding as "subjects possessing abilities and talents that are valuable to society" (Honneth 2003:142). Earlier sections of this chapter have already shown that such understanding is crucial for the functioning of cooperative relations and Raj's account highlighted what happens if that expectation is removed. Therefore, for individuals such as Pete and Anna, the inability to rely on the expectations about social roles and the value of their place in the community means that they will be unable to make claims to certain professional identities as they require "the approval of all other members of society, since their collective will controls one's own action as an internalized norm" (Honneth 1995:82). Misrecognition of the 'me' will, therefore, force the 'I' to struggle for new forms of recognition by reflexively re-evaluating one's performance. An insight into this process can be found in Charlie's account:

> *Why am I working this hard? All the stress levels you get. (...) People like me anyways: if you are lucky, you like the job, it can be enjoyable. But if you are unlucky then you dread going to work. There are ten different things that you would rather do. (...) . And I think that the difference is now people asked: am I really passionate about this? But actually if what you are passionate about is making tables then people will question why am I not doing that. So that's the questioning. People asking why am I doing this.*
>
> *(Charlie)*

Charlie's account of the layoffs was very similar to that of Pete and Anna. In this excerpt from his interview we can see that the tension in the interpretation of the value of his identity in the community pushes him to re-evaluate the value of his professional identity to himself. Charlie struggles to develop a positive relation to self, as achievement seems to not be enough to support the claim to esteem. One explanation for this comes from Smith (2009:57) who suggested that the principle of achievement may not be enough to claim esteem recognition, because in an individualised society it is limited to achievements that are material and productive. Interestingly, at this point Charlie refers back to 'making tables' when he is reflexive, something that we have seen he drew on to deal with the tension between the material and the immaterial (lack of material losses as a positive indicator) in judging his performance as a risk manager.

Overall, in the moment of extreme uncertainty, the capacity to create value was perceived as even more important basis for claims to esteem, which for Charlie brought out the tension even more and pushed him to reconsider whether his commitment was valued. Charlie's struggle required him to take action to deal with these discrepancies and his call to answer 'why am I doing this' and 'why am I not doing that' can be interpreted as an invitation to consider various possible selves that may arise and compete for their space in a self-narrative that can prospectively be recognised. As such, looking at identity through the lens of liminality can provide rich insights into the process where dialogue between such competing 'voices' may occur. The next section of the chapter will look into that more closely.

The chapter so far highlighted some of the areas in which, following the financial crisis, individuals were faced with invalidated assumptions about how their social context was organised. We saw that often these assumptions were taken-for-granted, such as the stability of some of the relationships of power in the markets or various expectations about the roles of others in relation to oneself. We also saw that these discrepancies triggered reflexivity and motivated individuals to take action in fighting perceived misrecognition. The next sections of this chapter look closer at this action and how successful investment bankers were in this struggle.

8.5 The unresolved: antenarrative and liminality

This section of the chapter moves on from the analysis of some of the fundamental changes affecting market relationships and expectations and begins to look at ways in which individuals attempted to cope with change. The section will show that while the responses varied, it was not an easy process for any of the participants with some really struggling to make sense of the events and rebuild their positive relation to professional selves. We begin by revisiting Anna's interview where she presents us a snapshot of what happened to some of her work friends after the crisis:

> *Again, my friends in hedge funds are doing quite well, but it is still difficult to raise money. So there is a lot more pressure that you are making money for yourself and you don't have the regulation. So I think there has been a lot of moves into shadow banking. A lot of people going to hedge funds. Gaining control, earning money. Because you can still rip people off and not charge them 2 percent. So a lot of my friends are moving into hedge funds as well.*
>
> *(Anna)*

Anna's account differs to the ones we have seen in this chapter so far in that rather than directing researcher's attention to various negative factors affecting her work, she constructs a more positive narrative. This is in contrast with the earlier part of her interview where she reported feeling betrayed and unappreciated (for example, because of pay-offs). This suggests that Anna is using denial as a coping mechanism over the situation and prospects.

Harrington (2012:94) argues that in such case, denial is perceived by the person in question as adaptation. They construct an alternative narrative in which things go back to 'normal', for example, vowing to move into shadow banking. The argument resonates with Weick's (1995:1) work on sensemaking who argues that the ability to cope is tested to extreme when individuals are encountered with what they believed was implausible—in Anna's case, not being rewarded for achievement and not being able to make high returns—'in essence people think to themselves, it can't be, therefore, it isn't.'

However, our analysis has previously indicated that with more conflicts of interpretation and incoming signals, individuals are pushed to engage in a struggle to resolve the tensions. In Anna's case, the attempt to resolve the mismatch by denial is a process of reconciliation between what to her seems 'fake' and what seems 'real'. Muhr et al. (2015) argue that identity is temporarily free of such dichotomy as it blends both lived and prospective narratives.

The space Anna creates for her professional self is liminal in that it provides an opportunity to create an alternative narrative in which Anna is free to continue with a particular self-image. This liminal space can, therefore, be interpreted as negative freedom (Deranty and Renault 2007:106), because it allows her to be temporarily outside of a particular identity narrative, i.e. the 'absolute negativity' becomes a ground for self-realisation in that it provides freedom to be something different, and with that, a possibility for positive freedom in engaging in that identity. However, we must not confuse liminality with simply 'opting out' of customary social structures. Turner (1974) highlights the external locus of control as one of the important aspects of liminality and the individual may not have choice but to re-construct their identity narrative in a different way if they are to protect their preferred self-image.

The tension in trying to manage what and how much has changed can also be seen in Sanjay's interview:

> *No, from one perspective nothing has changed. It's the same analytical piece, it's the same interesting people, same travel, people are smart. Although, the*

> *difference is at that time I used to think I knew everything, now I know I know nothing: so that perhaps might be the difference.*
>
> *(Sanjay)*

This example illustrates contradictory elements that have run throughout Sanjay's interview. Despite claiming that 'nothing has changed', Sanjay admits here that he is no longer able to form an expectation about the future and that he is no longer sure about anything. This was also supported by a number of examples, similar to the ones we have seen given by other participants such as Raj or Pete. Sanjay's situation can be interpreted as a breakdown of the ability to use antenarrative to set the ground for making sense of future events. Although Saylors et al. (2014) argue that antenarrative should be an organising force that helps plot narratives where this may be difficult, what we see here and other examples in this chapter the opposite: these were no longer valid.

According to Durkheim (2006:213–4) as long as the new temporary social equilibrium is not reached, there will be 'lack of regulation' meaning that values and value of things will be unknown. What it means for Sanjay as well as Anna is that the lines between what is possible and not will be blurred, and with that, 'what is just and what is unjust, legitimate claims and hopes and those which as immoderate'. Similarly to Fligstein (2001), Durkheim (2006) further argues that such disturbance is profound enough to change the dynamics of relationships of power and the distribution of labour in the markets.

However, Wilson and McCarthy (2012:160) claim that such a situation is a result of simply the inherent instability of the markets and their organisation. I disagree with this interpretation as Sanjay's and others' examples in this chapter so far show that, rather than just heightened uncertainty, the financial crisis resulted in a removal of basic assumptions on which the prospective component of the narrative could be built. This resulted in participants such as Sanjay and Anna to be effectively 'stuck' in the antenarrative.

As Charlie's and Anna's examples have suggested, in an attempt to find alternative ways of building positive self-image, some participants began creating alternative liminal spaces where they could experiment with new pieces of the narrative. The following examples show this process in more detail by returning to Daryl and his story of being laid off during the crisis:

> *You know, I've gone from a very large, internationally diversified investment bank where I was a market maker, you know, trading or having very large risk positions into a much smaller institution which… to be honest I think kinda struggles with its identity outside of the US. And we're… at the moment I kind of feel like it's only like a little side project. (…) I think the role I had before, I'd love…. I would go back and do the job I had again. But I think realistically it's unlikely that it's going to happen for me now. What I have moved onto now is more like broking really. So we are trying to develop a business where you give me some balance sheets so I can take some risks. But it's very much work in progress and so it's just… a completely different role to what I was doing before in some ways. (...) But at the same time it doesn't really satisfy me in a kind of professional level or fulfils me in a kind of… there are other things that I'd rather be doing. I guess there is still a hope in me that it might pick up at some point and I can be successful.*
>
> *(Daryl)*

In this part of the interview we can see that Daryl struggles to adapt to the new situation he finds himself in, in particular with regard to the shift from being in a position of control and a superstar as a market maker, to a role where he is dependent on clients' money and preferences. Firstly, by positioning his new undesired identity as a 'side project', he gives himself space to negotiate his future self. This suggests that rather than just being a phase, liminality of identity exists in a form of space parallel to the professional identity narrative. This works as a form of safe space in which an individual can play with and reflect over possible selves—for example, when Daryl wonders about the possibility of going back to the earlier role. It is a reflexive space in which various temporary and fragmented identities can be negotiated in a dialogical way before they can form a coherent whole with the retrospective parts of the narrative. The liminal aspect of narrative identity construction can, therefore, be a creative space where various possible selves may arise and compete for their space in the self-narrative (Ibarra 2007).

According to Thompson and Hoggett (2011) the inherent ambivalence of such situation is closely tied with the conflicted relationship between the subject and its object, that is, in the dialogue between the 'I' and the 'me'. They propose that it is in this ambivalence that the obstacles to recognition can be crystallised. In this way liminality becomes an experience of a 'holding' environment (Ibarra, 2003), which can be interpreted as a space of negotiation between conflicting incompatible interpretations and possible selves. However, Boje (2001:3) suggests that 'more sensemaking keeps displacing closure', meaning that the struggle will be continuous and any resolution only temporary. Indeed, for Honneth (2014), in an ethical society what drives agency is precisely those conditions of possibility brought in conflict with the dominating interpretations, or, as we see in the case of the investment bankers during the crisis, a temporary lack of them.

Secondly, Daryl confesses that the new job does not provide him with the satisfaction he expects from work and that he hopes he can 'still be successful'. Such framing indicates that Daryl associates the notion of success with a particular professional image. However, the fact that he brings up power, control and, elsewhere, the desire to go back to the 'game' suggest that it is less about what he does, and more about how he does it and the chance to employ the key frames to position the identity socially.

Overall, Daryl's narrative is constructed in a way that it highlights the struggle of finding a positive 'genuine me' in the new set-up, which he presents as temporary. Within that, we can identify a narrative line which is dedicated to the non-me position he experiences as well as separate space where he constructs a preferred identity which he presents to the researcher as his 'true' self. The negative component of the narratives of identities in crisis has in fact been prominent in many of the participants' interview. One other example of this unresolved tension can be found in Sylvia's account where she describes her own transition:

> *I think there is no expectation. Everybody is trying to figure out a gentle way to transition to something else. If you have done it for a number of years and you can afford it financially, you don't want to do it. I think most of people will go into a less regulated area like private equity, go build companies, go do hedge funds. But don't stay in this thing that the government is going to regulate your pay and you are going to get constantly scrutinised. So that's the expectation. Everyone before was like oh I want to be a superstar! I want to be on the executive board of Barclays and blah blah blah. And now everybody is like, oh my God, I absolutely don't want to associate myself with any of the big banks. So that is what I did, I went to a small one. You can kind of dictate your future versus someone else trying to constantly dictate what is happening, you know what I mean?*
>
> *(Sylvia)*

On the first reading, Sylvia's story offers a resolution to her experience of misrecognition as she changes her job to go to a smaller bank. However, if we look closer at this example and read it together with the rest of her story, we can see that it is not as straightforward as it seems. What we see here is that Sylvia aims to set the ground for her transformation by establishing negative freedom ('no expectation'), that is, the freedom to be something different than she is. Stark (2009) suggests the uncertainty about what is and will be valuable in the community will give the individuals an opportunity to be creative as they try to understand their position in it. In this argument he is joined by Marcelo (2011:117) who offers an interpretation of Ricoeur's private notes on Honneth's book, suggesting that he placed particular emphasis on mobilising negativity as active resistance against 'de la méprise au mépris', that is, misreading (of one's identity) leading to disregard. In this sense, liminality is a "Nay to all positive structural assertions, but as in some sense the source of them all, and, more than that, as a realm of pure possibility whence novel configurations of ideas and relations may arise" (Turner 1967:97). The creative aspect of liminality lies therefore in regaining control over the possibility to be something else, which, however, does not guarantee the conditions to be able to engage in the new identity.

In fact, already Simmel ([1900]1990) notes that gaining freedom from something does not equal freedom to do something, which he illustrates with an example of a peasant. Although the peasant was free, he did not have liberty to do anything. In Sylvia's example we can see this through her attempt to gain that liberty through changing jobs. However, her new role in the 'small bank' was senior enough that she would have been subject to many of the constraints and regulations she wanted to escape from in the first place. In this sense her freedom was purely negative, that is, she was free to rebuild her identity in a different way, but she struggled to do so without new supporting frames.

Sylvia's example shows that the creative aspect of liminality is therefore tied to the notion of temporal experimentation of new attachments that follows attempted dis-identification from the previous identity (Fiol 2002) with the focus remaining on the dialogue between the new and the old and between various alternatives. This dialogue is possible because the liminal is unbound from the customary, turning uncertainty into a creative opportunity (Sturdy et al. 2006). This is a complex process where the possible selves are sensitive to potential inconsistencies between them and between what the social context communicates about them (Markus and Nurius 1986), resulting in a potential 'period of acute identity conflict' (Ibarra 2007: 23).

This section has illustrated some of the way in which individuals engaged in a struggle against misrecognition following the removal of some of the assumption they have previously relied on to build positive professional identities. Some attempted to cope by denial (Anna), others attempted constructing new narrative lines (Sylvia). What they had in common is that they have used negative freedom (Honneth 2014) to construct liminal spaces, which allowed them to experiment with new identities and alternative narrative lines. However, they were temporarily unable to move on from antenarrative sensemaking into constructing the prospective component of the narrative in order to be able to adopt the possible selves (positive freedom). The inability to do so was grounded in the unavailability of new resources on which they could rely on to support the key frames by which they understood their professional identities. The next section continues looking at attempts to reconstruct identities after the crash, this time focusing on some of the more successful attempts.

8.6 Realignment of narrative

In this section I return to the participants whose stories we have seen in this chapter, however, this time focusing on alternative, more positive sides to their narratives. We start by going back to Daryl's attempt to cope with being laid off and we look closer at some of the narrative strategies he employed to resolve some tensions we have identified in his narrative throughout the analysis chapters. My rapport with Daryl as I interviewed him was one of the most interesting ones. Alongside Charlie, I have recruited Daryl through a common acquaintance. From the beginning, Daryl was very open about both his work and personal life, despite particularly challenging experiences in both areas. Daryl made it clear that he saw his participation in the interview as a personal favour to that acquaintance, although contrary to my expectations, this meant that Daryl was particularly open and offered me plenty of time, rather than only doing a minimum. As the interview progressed, it became clear that Daryl appreciated the possibility to open to someone about both spheres of his life as the same time, offering me a unique insight into his experience at the time of the difficult time between 2010 and 2012.

> *I came back and the colleagues who've been covering it have added risk, and at that point I really had a choice to cut it all or run with it. And I think at the time I made a choice to run with it. And I guess we also had these conflicting mixed messages from the management, in the sense that we're supposed to be open for business with clients and making liquidity and markets, and at the same time cut the risk. And ultimately it was my fault, I got too long and gone too much risk. (…) I kind of lost money in the positions and that was the time when a lot of senior managers made a decision to hold the cap, cut the bottom of the market. Which is kind of what always happens. So you kind of crystallise your losses there and that was it. (...) But I think from a personal perspective I look back and it actually works out quite well. I was a bit of an asshole at home. And it's given me a lot of opportunities in the sense that it has paid me very well over that period and kind of put me on a… it's not probably the greatest career trajectory now but it's still paid quite well and that in itself will probably allow me to go and try up other things if I want to.*

(Daryl)

In the first part of this example, Daryl focuses his efforts on performatively displacing blame elsewhere (colleagues who added risk, mixed messages from management) in order to create a moment of “suspension” (Simmel 1992:393). According to Mollering (2001), suspension provides a space for a performative creation of temporary stability, as uncertainty or the misrecognised is bracketed to create a moment of epistemic stability. Keeping the misfortunes to one side allows Daryl to focus on future possibilities instead, temporarily ensuring continuity of identity. This moment is in this way both performative and reflexive because Daryl actively constructs stability in the narrative by instrumental performance—for example, where he concludes that this is what ‘always’ happens and, therefore, nothing that he wouldn’t have been prepared for already.

On the other hand, the second part of this example is in direct contrast to what we have seen in the earlier section of this chapter. Here, rather than showing the disappointment that the new broking job cannot provide him with the satisfaction of being the star market maker, Daryl re-aligns the narrative by providing reasons to himself and the researcher why the new situation is a positive turn for him. The reasons that he provides to justify the new setting then become the new antenarrative, that is, the pre-figurative knowledge that was missing in order to align the old with the new. Similarly, thanks to re-establishing sense of control by confirming the ability to ‘try new things’, Daryl is able to move on from the liminal holding space. Luhmann (1979:79) argues that the ability to re-align the narrative in this way is rooted in the Hegelian notion of *Aufhebung*, that is, revocation and raising which is the dialogical process of simultaneous preserving and revoking, through which a new ‘canvas’ is produced onto which new claims can be made. A similar attempt to re-align the narrative in this way can be seen in Pete’s interview:

> *But yeah, the culture was that they thought they were just imperious and it was never gonna stop. So obviously when it did… and it did come crashing down, nobody really knew how to deal with it. So nobody had modelled the tests correctly and nobody actually checked in the documents what happened if these events had happened. So when it did, it was like a mild panic. Actually, I say mild panic but it was more mass panic all around. This happened, what do I do. No one knew. So you'd have extra-long hours (...) lots of calls with lawyers, trying to find out what do they think you should do. (…) And then it obviously did go very fast. You had one or two deals that had defaulted and weren't being paid; you need to have an inclination as to what to do. And that process was almost being created, ok, this is what we are going to do. X, Y, Z and it will be ok. (...) going through that has obviously given me a lot of knowledge that might have been wasted if I weren't doing what I am doing. So yes, that is probably one thing that I have picked up on it. Whether I want or not, I have that knowledge of certain things now…*
>
> *(Pete)*

Pete's account of the period following the crash is in some ways similar to Raj's story that we have seen at the beginning of this chapter, where nobody knew what to do when faced with extreme market conditions. However, the difference is that here Pete actively constructs a narrative around those days, in which he and his colleagues are able to use the turbulence in a productive way, rather than being at the mercy of the market (see also Ezzy 2000). In this example, the crisis is portrayed as an event (Ricoeur 1992) or a transitional moment of instability that causes fracture in the customary (Bohme 2000). Ricoeur (1992) argues that in these moments the identities are challenged and the repair and reconstitution of their coherence must be dealt with through narrative.

Pete was able to engage in such reparative narration as he took the opportunity to engage the entrepreneurial 'street-smart' frame by showing how thanks to 'creating processes' they were confident that 'it will be ok'. In this way, the crisis was narratively turned into a challenge rather than an obstacle. Stark (2009:162) argues that innovation is therefore about responsiveness and reconfiguration of the pre-figurative knowledge so that it supports the present claims to recognition—for example, when Daryl appears to be thankful the 'knowledge of certain things' that he wouldn't have otherwise had. The example also highlights earlier findings that identities are always partly imagined through the availability of multiple alternative selves. Daryl managed to construct an alternative, positive ending to a disruptive event, allowing not only a realignment of his professional identity to the new situation, but also reconfirmed his claim to esteem by demonstrating collective achievement.

Another example of a situation where a participant was able to reposition themselves after the crisis can be found in Charlie's interview. As we have seen in Chapter 5, Charlie's situation as a risk manager was different from some of the other participants, like Sylvia or Pete, because his success was visible when it was materially absent (lack of losses). This meant that during the crisis, his perspective was also different:

> *In a way you learn the most and it's most exciting when things kind of go bad. (…) I think with risk managers in particular, sometimes you only see the value of what you are doing in distress, you know? So perhaps it was exciting in a wrong way. And it was stressful at the same time (...) in 2007 I think when a lot of hedge funds were going down. And because I was managing credit risk there was a lot of situations where you had to manage that situation of your counterparty going down. And I guess what I'm trying to say is that you spend quite a few years planning for what can happen… and then that thing actually happens… and then you're like, wow, everything that you've been doing all these years, it actually means something. So it's exciting from this perspective. Otherwise it just would be, 'in theory, this is what we do. So I'm not saying I wanted it to happen, but the fact that it happened meant that I could actually practice a lot of things.*
>
> *(Charlie)*

Contrary to many of the stories we have seen so far, the crisis seems to have reinforced Charlie's identity as a risk manager as it offered resolution to some of the tensions he was experiencing before. The shift came since during the crisis he was able to move from preventing losses to managing crystallised risks, moving, therefore, from managing the 'immaterial to 'material', making it easier to employ frames such as value creation to his professional identity. This provides an opportunity for realisation of identity as it is moved from the ideal and the preferred to lived.

For Charlie, the crash provided a chance to connect the pre-figurative element of his identity narrative with the prospective component (Ricoeur 1985) which resulted in a perceived coherence and completeness of identity, but also emphasised the precariousness of the future-oriented nature of identities of risk managers in wholesale banking. In this sense, paradoxically the market turbulence allowed Charlie to move from negative to positive freedom (Honneth 2014), that is, to be able to actively take up the preferred identity and through that build a positive relation to self.

In this section of the chapter we have explored some ways in which the investment bankers were able to use the ambiguity resulting from the disturbed social norms and relations to reconstruct their professional identities after the crash. The reflexive re-alignment was rooted in the "entrepreneurial activity of recombination" (Stark 2009:xiv) allowing the participants to employ again the key frames through which they constructed their professional selves but in a different way.

8.7 Chapter summary

This chapter highlighted the importance of looking at the lived experience of financial crisis as it was understood by the participants themselves in order to understand how the process of professional identity construction unfolded during that time. The narratives have shown how the crisis was made sense of and how the bankers struggled to rebuild a positive self-relation after the crash. We have seen that one of the reasons for this was that the financial crisis resulted in removal of opportunities to profit from favourable market conditions, causing not only a structural shake-up by affecting liquidities at institutional level, but also invalidating some of the fundamental assumptions on which professional identities in investment banking have been built.

For example, the narratives have shown that the crisis has affected the relationships between the participants in the markets, resulting in power shifts between them and in some cases inability to form an expectation about the other. The participants were also confronted with their own invalidated expectations about reward and merit and the conflicting interpretations about their roles. The experience of misrecognition and conflict pushed the individuals to struggle for recognition in order to restore a positive relation to self.

The participants used a range of different narrative strategies, such as blame displacement or constructing their subject position outside of the problematic area, in the attempt to realign their identity narratives. They have done so by using negative freedom (Honneth 2014) to construct a liminal space in parallel to their identity narrative where they could experiment with new possible selves, some more and some less successfully. This negotiation process can be interpreted as the mechanics by which individuals struggled for recognition. Stark (2009:6) suggests that during a moment of extreme uncertainty "about what might constitute a resource under changed conditions, contending frameworks of value can themselves be a valuable organisational resource". Indeed, the dynamic multiplicity of positions and the struggle to resolve tensions between them in the pursuit of recognition is the very essence of Ricoeur's (1985) configuration of the narrative identities. The following chapter will summarise the findings presented in the analysis chapters and will provide a discussion of some of their implications.

Chapter Nine: Discussion

9.1 Introduction

This chapter draws the thesis to a close by summarising the research findings as well as providing a discussion of the key implications of those findings, both for the theory of recognition and for one of the fundamental assumptions of economic theories: profit maximisation. The chapter also considers potential areas for future research.

The thesis investigated the professional identities of individual actors in financial markets, particularly in the context of the 2008 crisis. The research focused on three main areas: what resources do individuals draw on in constructing their professional identities, what is driving this, and how the process has manifested itself through bankers' accounts of their lived experiences of the crash. In answering those questions, the research brought together the literatures on sociology of financial markets and identity and drew on Honneth's (1995) theory of recognition to understand of the political nature of the intersubjective relationships in markets and how they are affected in the periods of enhanced uncertainty.

The analysis of interviews highlighted areas of striking consistency in which investment bankers used narrative frames of superstar identity, money and temporality, despite different organisational roles that they held. This suggested that in constructing professional identities, it was less important for the individuals what the organisational role was, but whether it could be described using certain characteristics that were perceived to merit esteem recognition. Additionally, the analysis has shown that identity construction process is inherently political and based on a fragile structure of systemic trust and interpersonal trust relationships. Lastly I have shown that the crisis has invalidated some of the most fundamental assumptions individuals based their identities on before the crash, pushing them to create liminal spaces in the attempt re-align the identity narratives.

The analysis findings contribute to existing literature in sociology of financial markets by refocusing attention on individual actors in the markets, how they think and act, and how do they make sense of the social context around them and their experience within it. Moreover, the thesis also contributes to advancing the theoretical discussions on recognition as the findings bear some important implications for the assumption of profit maximisation, trust in recognition and liminality of identity, which I discuss in detail in this chapter.

The chapter is structured in the following way: I begin by reminding the reader about the research questions posed and the way I have approached answering them. I then summarise the analysis findings before moving on to their implications. Firstly, I discuss the trust as a missing component in the theory of recognition when it deals with social cooperation. I then show that as recognition normatively regulates markets, individual actors will be power maximisers, rather than profit maximisers. I argue that this, coupled with the emphasis on expectation, lead to the development of reified identities. Lastly, I discuss liminal spaces as arenas of struggle for recognition.

9.2 Summary of research findings

As discussed in Chapter 2, recent sociological approaches to studying financial markets (Knorr Cetina and Preda 2005, Knorr Cetina and Preda 2012, Pixley 2012) aim to take a step forward from traditional behavioural studies of finance which, despite contesting the assumption of rationality, still aim at explaining phenomena in financial markets mathematically (for a review see Subrahmanyam 2007). As we have seen, social studies of finance focus on how emotions, relationships and (social) structures provide rich contexts to the numbers describing transactions, prices and value, for example (Knorr Cetina and Preda 2005).

In particular, the performativity approach (Mackenzie and Millo 2003, MacKenzie 2007, 2009) emerged as a dominant perspective in this field of literature, focusing primarily on material sociology of markets which they see a structure produced through people, objects, technical systems and practices. However, while we have seen that some of the bases on which financial relationships, and indeed value, are created are highly subjective, we still lack understanding of markets as they emerge "at the boundary between the economic sphere of markets and the moral sphere" (Shiller-Merkens 2013:iii). For example, an important part of the relationship between financial actors, be it individual, group or institutional ones, is the notion of promise, such as in the form of a contract or a transaction (Carruthers and Kim 2011) and therefore the dynamics of managed expectations and trust are characterised by inherent uncertainty.

Additionally, what has been missing was a detailed consideration of the individual actors, whose behaviour and decision making in the financial markets affect how larger social structures that support financial system architectures are translated into everyday practices and experiences of work. In particular, although various studies have analysed diverse forms of sense making in the context of markets (Beunza and Stark 2012, Beckert 2013) and others have focused on specific groups who use them (Beunza and Garud 2007, Cook 2010), there is a notable lack of studies that provide rich qualitative insights into the working identities of financial markets participants. As we have seen, since economics and economic acts are co-produced not only by information but also by values and collective representations (Preda 2005), it is necessary to understand the process of how social selves in an economic setting are produced through experiences of that context, in this case investment banking.

To address this, the thesis has focused on answering three questions: first, what resources the investment bankers draw on to construct their professional identities; second, what drives them to do this in the way they do; and third, how this process unfolded during the recent economic crisis. In order to address these research questions the thesis has mobilised Mead's (1934) social constructivist approach and Honneth's (1995) theory of recognition. For Honneth (1995), the moral aspect of identities concerns the interpretation of dominant social norms which needs to be resolved through conflict and therefore necessarily can only be achieved through struggle. Van den Brink and Owen (2007:6) argue that because of this, struggle is not only about making others accept what is already true for ourselves, but is constitutive of identities through concern with "self-interest in being responsive to the needs of others". The thesis therefore sees identity as emerging intersubjectively through struggle for recognition. Such stance privileges narratives as a methodological approach and therefore I drew upon Ricoeur's (1988) concept of narrative identity to analyse the narratives of individual experience of the crisis.

By taking such perspective I was able to not only to draw out some of the important frames individuals used to construct their identities but also to explore some of the fundamental assumptions they made when doing so as well as what motivated that. I began to investigate the research questions by examining the key discursive resources investment bankers used to narratively construct their identities and how they were deployed in specific contexts. I have identified narrative frames of smartness and sacrifice as important resources that support the construction of 'superstar' identity in investment banking and I pointed to the intensity of the identity demands in this environment. We have seen that this translated into a game of reputation and associations, exposing identities constructed in this way as fragile and precarious. I also showed that understanding reality trough material resources had a function of bridging the gap between the material (money) and immaterial (beliefs and politics).

Secondly, I have shown that professional identity was constructed as political tool to influence other actors in the markets. I have explored how different aspects of trust structures help define individual professional identities and their place within market relationships. Trust relationships have been shown to have a formative aspect of such socially defined identities because it will be through interaction and situated experiences that those identities will be brought to life.

Lastly, I have shown that financial crisis became a crisis of trust, precisely because it involved a breakdown of a fundamental channel through which the infrastructure of contracts, cooperation and valuation was organized (Tonkiss 2009).

There are a number of important implications for the theory of recognition that could be derived from these findings. I show that as the investment bankers exercise their role of intermediaries in markets, contrary to one of the fundamental assumptions in economics, they do so as power maximisers, rather than profit maximisers. This is because the in the financial markets worth is not only constituted by the fundamental value of an asset but by the ability to influence the perception of its value in the particular social contexts. However, while for the investment bankers this can be very empowering, I show that individualisation of responsibility can led instead to the commodification of self. I argue that because of this the market dynamics can also develop into a disciplining device that anchors professional identities in the future as actors chase opportunities in the market. Such contexts produce reified, that is, misrecognised selves (Honneth 1995). The third implication of the analysis regards liminal spaces as sites of struggle for recognition. I argue that with the reflexive emancipation individuals will be less willing to change their demands as the social context evolves, ultimately leading to reproduction of reified contexts. The following sections of this chapter discuss these implications in more detail.

9.3 Coordination and recognition

As we have seen in Chapter 3, Honneth (1991, 2014) sets up recognition as normatively regulating all social interactions, meaning that recognition intervenes constitutively in economic contexts. For Honneth (2014) such normative regulation regards primarily two aspects of economic action: coordination and execution.

Theory of recognition is interested in the first of the aspects to the extent that interactions between actors enable cooperation between them under the constraint of institutionalized mechanisms that frame economic action. Starting from the premise of intersubjectivity, recognition presupposes an "irreducibly cultural dimension" (Deranty 2009:423) to markets, meaning that the interactions will be symbolic. In this view, purely strategic and independent individual action, as assumed by neo-classical economic theories, is not possible and instead it is dependent on balances of power between actors and groups of actors. As such, recognition concretises the asymmetry of relationships in the markets and emphasizes the normative role of conflicts. Deranty and Renault (2007:101) argue that it is in the normative capacity of the political action that what is legitimate or not within a given community is established. Ethical life, and consequently identities, is therefore dependent on the possibility of establishing a positive relation to the self during this process. The second aspect of normative regulation of markets is execution or "accomplishment of action" (Deranty 2009:423), which is the market activity that happens as a result of successful coordination.

Therefore, to understand the dynamic and organisation of markets, it becomes necessary to examine the resources on which market participants rely as moral categories of evaluation of markets, and consequently, the expectations about its functioning (Sayer 2000).

This thesis primarily contributes to a better understanding of the first aspect of the normative regulation of markets by drawing out some of the implications that surfaced in the course of my research, pointing to some of the remaining challenges in the theory of recognition. In particular, I focus on the need to better draw out the role of trust in the theory of recognition and I show that individuals in markets are power maximisers rather than profit maximisers. Lastly, I argue that liminal spaces are arenas of the inherent struggle for recognition The following subsections will discuss these in detail.

I begin by proposing trust as a missing component in the theory of recognition where it deals with social cooperation. Honneth's (1995, 2014) critics often focus on questioning the tripartite understanding of recognition in terms of love, respect, and esteem (van den Brink and Owen 2010:22) arguing either for more or less forms of recognition as they point out any blind spots with respect to the operation of power. I refrain from doing so and instead I show that need for trust is a cross-cutting aspect of recognition that is a fundamental aspect of how it normatively regulates markets.

9.3.1 Need for trust

Capitalism as an economic system organises activity of the actors within it toward an open future which represents both potentially unlimited possibilities for actors and potential threats to their status (Luhmann 1976:141). This openness can be simultaneously experienced as a source of opportunities as well as perceived as a loss of control. Throughout the analysis chapters we have seen that this was particularly pronounced in financial markets as participants used the discourse of opportunity and temporality to frame their identities.

The analysis has also shown that through the displacement of realisation of identity into the future, the moment of recognition is partially based on the promise of future performance, effectively borrowing legitimacy from what is only perceived possible and by that situating the narrative of present identity in a favourable context. In this case, misrecognition experienced in the forms of disrespect or denigration of one's achievements can be understood as the result of violated expectations about future recognition (Zurn 2015). The link between identity and cooperative relations can be therefore conceptualized in terms of expectation.

This is because one of the fundamental characteristic of the political nature of markets is that they are not only about control projects (White 1992), that is, about convincing other about what is already true to ourselves, but about relationships that foster trust through being accepted and recognized. Honneth (1995:257) argues that this is an essential ingredient of self-worth because the individual must be able to express themselves without fear of being rejected. The political aspect of it concerns therefore the evaluative system by which the community decides what kind of actors can be trusted with particular things (Fraser 2000:109), because it has the potential to result in "epistemic injustice" by distorting the credibility of identities. Misrecognition of one's capacity to do something can be therefore interpreted as the lack of trust in one's ability to do a certain job. If we couple such misrecognition with the importance of the expectation about the future for the realisation of identities in financial markets, the result is not only some degree of moral injury but potentially a fundamental distortion of one's relation to oneself by denying the possibility of being free to be oneself. Therefore, we could argue that trust has potentially much wider function in recognition than found in the relations of solidarity and respect.

However, both in Honneth's (1995, 2014) work as well as the work his supporters and critics (Zurn 2015) trust does not figure as subject of debate. Trust emerges only two contexts: firstly, in the context of love to the extent that this form of recognition provides a degree of trust in one's physical and mental capacities that is the foundation for self-confidence. Secondly, trust emerges in the context of rights as trusting that they are not going to be violated, providing foundation of ontological security (Zurn 2015). However, in both cases trust is only discussed from an 'inward' perspective, that is, trusting oneself, and, to a degree, 'trusting others', while 'being trusted by others' is not explored.

This leads us to an unresolved tension in the concept of recognition. Honneth (2014) writes that the coordination “can only succeed if the subjects involved antecedently recognize each other not only legally as parties to a contract, but also morally or ethically as members of a cooperative community.” Honneth’s (2014) emphasis is here that recognition must be antecedent to cooperation. This is based on existing sources of recognition such as membership in a community, or achievement. However, Luhmann (1979:79) argues that the basis for trust that is needed for forward-looking action cannot lay in the “cognitive capacity but in a type of system-internal ‘suspension’”. This means that in order to move from recognition to cooperation we also must add also the possibility of achievement, which will be the promise that the counterpart will be acting in our interest as well as their own in the economic action. Trust will therefore enable cooperation by borrowing legitimacy from the future, enabling markets to reproduce. This, however, will be different to ‘completion’ as the basis for social freedom (Jutten 2015).

For Honneth (2014), freedom in the markets is the ability to enter economic relationships that respect individual preferences and that are based on some mutually agreed terms. Jutten (2015) argues that market can be a sphere of social freedom when individual actors can “complete each other” through action, meaning that actors must satisfy each others’ desires to be able to satisfy their own. The recognition of mutual dependency will be a form of freedom through the virtue of having recognised that the market provides a possibility to realise everyone’s goals. This requires moral consent of the participants for coordination of that dependency and therefore can provide a forward-looking perception of stability that allows engaging in political action. Honneth (2014:241) suggests that one way in which such coordination is manifested in finance is through meeting of heterogeneous opinions that become references of value.

At the same time, Jutten (2015:199) suggests that while mutual dependency is needed to turn negative freedom to social freedom, he admits that markets will rarely provide conditions in which social freedom could be achieved. Instead, actors complete each other "in a weak sense" that they use each other to achieve their own aims. However, what is needed for social freedom to be realised is the possibility to achieve aims without deliberation, that is, with recognition coming before any instrumental interest.

However, this does not mean that recognition in markets is not at all possible unless achieved through social freedom. If we substitute Jutten's (2015) 'completion in a weak sense' with the notion of trust, we could argue that it allows mutual recognition to the extent that it enables cooperation. To this end, trust allows for mutual recognition as a reciprocal "experience of seeing ourselves confirmed" (Honneth 2014:44) in the desires of others as a condition for fulfilling one's own aims. This means that to enable cooperation, actors only need to recognise that they can potentially complete each other rather than actually do so. Indeed, for Honneth (2014) social freedom is an implicit promise of market institutions through which the market gains its legitimacy. Such promise allows the market to be reproduced, despite social pathologies.

Recognition is therefore possible in the moment of trust, because as actors see the possibility of realising "their own aims in the other" (Honneth 2014:45) reflexive freedom becomes intersubjective freedom. Therefore, while financial markets cannot, under most circumstances, provide social freedom, recognition can be realised through the possibility of pragmatic cooperation, which is sufficient to lead to "execution".

However, the analysis has also shown that relationships of trust in financial markets, because they are based on positive expectation, will be vulnerable to power struggles. Trust cannot therefore be treated as the 'solution' to the problem of cooperation, but as a temporary stabilisation mechanism that enables realisation of recognition in specific contexts. Need for trust can therefore be proposed as a missing component that enables not only individual agency but also cooperation on the basis of expectation. Thus, trust will contribute to normative reconstruction of markets as it provides the possibility of realising social values (Honneth 2014) through stabilisation of their implementation.

The politics of trust and dependence are therefore ethical-moral exercises where the market participants only temporarily find a balance in their relation that allows for the exchange to take place. This balance positions their relationship within the wider narrative of individual professional identity.

This is also why, when the financial crisis invalidated some of the fundamental assumptions on which individuals built expectations about others in the markets, we have seen not only disruptions in the mechanisms of the market, but also withdrawal of legitimacy of some of its participants. Honneth (2014:191) and Jutten (2015) both suggest that this is because market was no longer understood as being able to provide social freedom. It could be argued that the crisis of identities of the market participants was rooted partially in the perceived lack of possibility for their needs to be satisfied in the market, leading to experiences of alienation and anomie among them. This latter point additionally highlights the importance of politics of expectations. Their divergence prompts to consider their link to power asymmetries and authority that define them. The next section will discuss this in more detail.

9.3.2 From profit maximisers to power maximisers

Throughout this thesis we have established that markets are not norm-free mechanisms that are guided by instrumental economic exchanges, but instead they “remain embedded in this frame of pre-market norms of competition on the market and the norms of the lifeworld” (Honneth 2014:190). Jutten (2015) argues that as a result, some of the fundamental principles on which markets rely, such as determination of prices through supply and demand, are in conflict with preconditions of social freedom. Deranty (2009:418) argues that questioning the logic of economic processes is essential for critique of markets if one is to avoid “the type of externalist critical standpoint that Critical Theory by definition rejects”. Indeed, if decisions are based on expectations and have distributive consequences, then, in light of what we have established in the previous section, influencing expectations of other actors becomes a central task of economic activity.

The analysis chapters have shown that trust can be considered inseparable from control, meaning that they need to exist in a “reflexive relationship to each other” (Mollering 2005:291). This duality is based on the fact that in the situation where actors are mutually vulnerable, individuals will struggle to construct a positive expectation about the other. The actors will, however, be empowered to influence how it is established through a number of strategies: for example, Chapter 7 indicated that one of the ways in which investment bankers exercised control in relationships was by creating deliberate information asymmetry.

The issue of influencing expectations can be interpreted as one of the fundamental drivers of activity in the markets in that the outcome will determine whether the market actors will be willing to enter particular economics exchanges or not. As such, expectations have a normative character and will aim to enact desired futures through influencing the perception of actors’ identities. Power conflicts between actors in markets therefore results in a temporary positioning of the identities and a temporary definition of the interrelations among them. As such, the conflict can be understood along normative lines (Deranty and Renault 2007) where the interests of the individuals are moral identity-claims.

Altogether, individuality has emerged to be the key to the problems of cooperation and competition (Beckert 2009) in that it will depend on the identities of the counterparts in the exchange and the extent to which each can influence the relationship. Market actors will therefore necessarily be power maximisers, with profit maximisation emerging as the epiphenomenon of the struggle in an economic context. Because relational capital (Beckert 2009) is based on relationships of worth and power between the counterparts, the capacity to create value will therefore be partly based on such ability to maximise influence.

Additionally, Beckert (2013) argues that as economic decisions are based on expectations, the ability to influence those expectations becomes a means in the competitive struggle that aims at defining the "present future," that is, how the present image of the future looks like. This exposes inherently reified nature of markets. Achieving this definition therefore requires resolving any issues in coherency of interpretation. However, since a complete elimination of uncertainty can never be achieved, those decisions will be based on trust. According to Ferrara (2011:373) this situation leads to the economic actor beginning to take an "observer-like stance" to all areas of social interaction, effectively objectivising it. Reification, in this sense, is not a "categorical mistake" but a result of ceasing to act like a first-person partner in social interaction and acting in a detached, self-interested way. The goal of self-realisation through social interaction is in this way turned into compulsions and expectations are turned into demands (Honneth 2004).

However, while the process can be empowering for the individual, it can also act as a disciplining device through anchoring identities in the future. Individualisation of responsibility Muzio et al (2011:817) therefore leads to commodification of self, as tendency towards greater individualism pushes actors to understand professional identities as "professional projects". Recognition here can be seen as losing ontogenetic priority to cognition (Ferrara 2011).

As a result, politics of recognition is characterised by "central important misrecognitions of its own" (Markell 2003:10) as failures to recognise one's own ontological conditions. This means that the realisation of self can only be temporary. For professional identities this means that individuals will never be able to reach satisfaction of esteem recognition, unless temporarily, because markets would have institutionalised the “imaginative element in choice” (McBride and Seglow 2009:389), limiting therefore the opportunities market participants seek in the first place.

We can argue that economic context make this situation particularly pronounced because of the emphasis on achievement. Struggle is therefore a process of reciprocal understanding in which individuals “learn to understand themselves as subjects possessing abilities and talents that are valuable to society” (Honneth 2003:142), thus enabling cooperation. Conversely, the tensions between different interpretations of merit will also be tensions in understanding of different obligations, highlighting the importance of the struggle for cooperative relations at work (Smith and Deranty 2012). The next section discusses the practical aspect of this struggle.

9.3.3 Struggle and liminality

One of the important aspects of individuality with respect to recognition is that it enables freedom to be someone specific, rather than just being (Lilley and Papadopoulous 2014), as long as the tension between the subject and the object can be resolved. The analysis chapters have indicated that this tension was at the essence of the financial crisis as individuals struggled to redefine their identities after the crash. The tension was particularly pronounced as individuals were forced to define themselves in terms of non-me positions, bringing the subject-object conflict to the fore. Pfadenhauer (2006) argues that this is enabled by reflexive emancipation, meaning that actors are empowered to enter the struggle to negotiate alternative identities rather than just accept them. Thus, freedom here can be understood as both negative freedom, that is, freedom not to be someone, as well as positive freedom when actors are free to engage in the preferred identities (Deranty and Renault 2007).

One consequence of this is that actors may be less willing to subordinate to others as tensions arise over interpretations of the social context. This is problematic because in the moments of extreme uncertainty, Stark (2009:6) argues that “what might constitute a resource under changed conditions, contending frameworks of value can themselves be a valuable organisational resource”. The multiplicity of positions and the struggle to resolve tensions between them should be the key element of Ricoeur’s (1985) configuration of the narrative identities. However, as individuals, as power maximisers, are less willing to subordinate to demands of others, struggle for recognition becomes a struggle for the possibility to articulate something already pre-existing.

This negotiation process can be interpreted as the mechanics by which individuals struggled for recognition. The positive result of the struggle in the form of actualisation establishes the practices of recognition through which the actors can identify with their own values. Recognition then “transforms potentiality into actuality” (van den Brink and Own 2010:103) by facilitating actors’ identification with their own capabilities. Here, the gap between the actual and the potential is the split between expression of identity and ethical knowledge.

Therefore, rather than just being a phase, liminality of identity seems also to exist in a form of space parallel to everyday identity, which works as a form of safe space in which an individual can play with and reflect over possible selves. The liminal space then becomes a space of reflexivity in which various identity narratives are negotiated in a dialogical way. In this way, the struggle is permanent and is in hand with permanent reconciliation (Markell 2003).

Struggle for recognition can manifest itself through liminality because struggle does not need imply disrespect but it can also regard qualities that one perceives to have, but is not recognised in the same way as others that they perceive possess that quality (Honneth 2007:364). Identities therefore can be said to acquire meaning through contingencies, because when we are forced to position ourselves with respect to identities of others, we make claims about our own identity.

However, for a meaningful transformation to take place, "the external, social reality must be able to be conceived as being free of all heteronomy and compulsion" (Honneth 2014:44). What it means is that in the economic context where the emphasis is on influencing expectations, such 'social reality' will not be free and therefore the struggle will ultimately be reproducing reified relationships. This, in turn, will trigger more struggle as the subject is faced with more misrecognition.

In the end, what individuals in the markets seem to be faced with is a permanent problem in the relationship to self, as markets cannot provide space in which their identities can be (freely) realised. Therefore, the consequence of reified markets is an insatiability which pushes individuals to engage in more struggle as spiral of reflexivity (Lilley and Lightfoot 2006).

9.4 Areas for further research

The limitations of my thesis suggest a number of possible avenues of future research. This research has focused on the construction of professional identities within a specific economic context, that is, financial markets. In particular, I have focused on investment bankers as a group that has been particularly affected by the financial crisis. Further research in this area could expand the participants sample beyond investment banking and conduct similar enquiry, for example, on central bankers or in specific areas within banking such as M&A. Additionally, since the material has been collected the economy has begun to grow again after the crisis. It would thus be interesting to enlarge upon the question to investigate whether the professional identity narratives of individuals in markets would have been different today.

Alternatively, scholars could approach the same research question but from perspective of risk (Beck 1992), which has been beyond the scope of this thesis. Such approach could give interesting insights with regards to risk taking as well as risk making, which I am planning to explore as a next research project.

Lastly, another area for further investigation concerns an emerging field of critical finance, which is not acknowledged in this thesis. In particular, research in this area has been dominated by the use of the psychoanalytical research methodologies (Hoedemaekers 2010, De Cock et al 2011) which could provide a fruitful perspective on misrecognition.

9.5 Chapter summary

This concluding chapter provided a summary overview of the thesis, including research questions and the key findings. The chapter has also outlined the contribution of this thesis to understanding professional identities in the context of investment banking by discussing the theoretical implications of the research findings on the application of Honneth's (1995) theory of recognition. In particular, I have argued that trust can be considered as a missing component from the debates on recognition, in particular where the theory deals with cooperation of actors in markets. I have also shown that individual actors in markets could be understood as power maximisers, rather than profit maximisers, and I have discussed liminality where it can be a site of the struggle for recognition. Lastly, several directions for future research have been suggested.

Appendix One

Glossary

ABS	Asset Backed Securities is a general term describing financial paper backed by a loan, lease or receivables against assets other than real estate and mortgages.
Arbitrage	Arbitrage refers to the opportunity of achieving profits with minimal risk by exploiting the price differential between two similar/same assets.
Back Office	The back office or so called “operations” is in charge of completing the administrative tasks associated with trades such as accounting, IT, settlement of trades, regulatory reporting and compliance.
Basis point (bps)	A basis point, or bp, is a common unit of measure in finance. 1% change = 100 basis points, and 0.01% = 1 basis point.
BIS	The Bank for International Settlements is an international organization of central banks and prudential supervisors which "fosters international monetary and financial cooperation and serves as a bank for central banks".
Black Swan	A black swan is an event that comes as a surprise, has a major effect, and is often inappropriately rationalized after the fact with the benefit of hindsight.
Bretton Woods	In the 1970s the Bretton Woods conference led to the creation of the introduction of an adjustable pegged foreign exchange rate system. Following this agreement, currencies were pegged to gold and the IMF was given the authority to intervene when an imbalance of payments arose.
BRICs	BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa.
Broker	A broker is a financial market intermediary who has a license to buy and sell securities for clients for a fee. While his role in the market is to bring buyers and sellers together the broker can also act as a buyer an seller and take a position. A market maker, takes a position or view in the market by providing a buy and a sell price and often willing to bank on the price differentials in assets

CDO	A collateralized debt obligation (CDO) is a more complex type of ABS which is backed by mortgages, non-mortgage assets or a mixture.
CDS	A credit default swap (CDS) is a simple financial agreement allowing the buyer to protect himself against the default event of a debtor.
Collateral	Something pledged as security for repayment of a loan, to be forfeited in the event of a default.
Common equity Tier 1 requirements	In the context of CRD IV (a European Directive), a measure of capital that is predominantly common equity as defined by the Capital Requirements Regulation.
Counterparty credit risk	The bilateral risk that the counterparty will not live up to its contractual obligations in a derivative transaction.
Derivatives	A financial product having a value determined from an underlying variable asset (i.e. stocks, bonds).
Efficiency	Market efficiency (Fama 1970) suggest that at any given time the price of the product reflects all available information, meaning that nobody can profit from the arbitrage
Exotic derivatives	Exotic Derivatives usually refers to more complex derivative contracts.
FCA/FSA/PRA	Financial Services Authority, a regulatory body. In April 2013 the FSA has split into Prudential Regulation Authority which is now part of Bank of England and is responsible for capital, and Financial Conduct Authority which regulates customer protection and market integrity matters.
Floating rates	A floating interest rate refers to any type of debt instrument where the interest rate depends on market movements.
Front office	All trading and client facing wholesale activities of the firm – this includes all the revenue generating functions of a Bank including Sales, trading, advisory etc.
Fundamentals	A range of financial and economic indicators that are used by analysts to estimate the profitability of an investment
Future	A futures contract is a contract between two parties to buy or sell an asset for a price agreed upon today with delivery and payment occurring at a future point, the delivery date.
Foreign Exchange (FX)	'Forex - FX' The market in which currencies are traded.
Haircut	A haircut is the difference between the market value of an asset used as loan collateral and the amount of the loan.

	This reflects the lender's perceived market risk.
Hedging	'Hedge' Making an investment to reduce the risk of adverse price movements in an asset.
Going long	Buying a security with the expectation that the asset will rise in value. Opposite of going ‘short’
LIBOR	LIBOR is the benchmark rate that banks charge each other for short-term loans.
Liquidity	The degree to which an asset or security can be bought or sold in the market without affecting the asset's price.
Market making	Quoting both buy and sell price at the same time with an objective to profit from the spread. Such activity ‘makes markets’ because it provides liquidity
Market risk	Market risk is the risk that the value of an investment will decrease due to moves in market factors.
Mark to market	Practice of valuing assets daily using the most recent real observable price.
Mark to Model	The practice of valuation of determining the value of trades based on a model rather than real prices. This practice is generally common for illiquid derivative transactions where a price is not commonly observed, on a daily basis, in the market. Following the crisis banks must take a certain degree of precautions with this practice by taking appropriate reserves.
MBS	A type of asset-backed security that is secured by a mortgage or collection of mortgages
Obligation	A contract underlying a security
(Client) onboarding	The process of establishing relationship with the client, including due diligence
Option	A type of derivative contract which gives the buyers the right but not obligation to fulfil the underlying obligation.
OTC	Over-the counter contracts are derivatives transactions that are not cleared through an exchange or via a Central Counterparty
P&L	Profit and Loss attribution sheet which is aggregated daily, effectively measuring how much money did they trader make net that day
Quant	A computer specialist with a degree in a quantitative science, employed by a financial house.
Real economy	In economics ‘real’ means that it is adjusted for inflation –

	as opposed to 'nominal'
Repurchase agreement (repo)	Repurchase agreement - a contract in which the vendor of a security agrees to repurchase it from the buyer at an agreed price.
Securitization	Securitization is the process of taking an illiquid asset, or group of assets transforming them into a tradable security.
Seigniorage	The profit made by a government by issuing currency by computing the difference between the face value of coins and their production costs.
Shorting/Going short	Selling an asset that you don't have with an expectation that the price will fall, so you can buy it from elsewhere at a lower price later on before you need to fulfil the first contract.
Special Purpose Vehicles	A legal entity created to fulfil narrow, specific or temporary objectives – usually used for securitisation purposes
Type 2 Error	In statistical hypothesis testing, a type I error is the incorrect rejection of a true null hypothesis (a "false positive" – failing to see that a factor is missing), while a type II error is the failure to reject a false null hypothesis (a "false negative" – failing to spot a present factor).
Volatility	A measure of variation of prices over time derived from past prices of the index or commodity

Appendix Two

Invitation to participate in research

My name is Magdalena Twardowska and I am a PhD student at the Essex Business School, University of Essex. My doctoral project explores how change, especially recent crisis, has affected those who work in the financial industry. As part of the project I am talking to investment banking professionals to hear their views on their experience of the crisis, what is happening in the industry and I would like to invite you for an informal chat.

About my research

In this study I am exploring how professional identities of investment bankers are affected by change. I am exploring how investment bankers perceive themselves in relation to their work, and in particular, I am interested in talking to people how the current economic crisis affected them and their colleagues. I would like to explore how is it to work in the financial industry now compared to few years ago and what is it like to undergo important changes in the sector and organisation. I will talk with a number of experts in the industry to find out whether their working lives changed in any way and if so, had did that affect them.

Your participation

You will be asked to participate in an informal interview expected to last about an hour on average. The interview will take place at a location of the research participant's choice. All interviews will be recorded with a digital voice recorder and transcribed by the researcher.

A complete anonymity will be assured throughout the research process and an ethical approval has been granted from the university Research Committee. At no point in the interview you will be asked to provide information that may be deemed sensitive or confidential.

Transferability

While the primary aim of the study is academic, we hope our findings will be useful to aid smooth and successful transition period thanks to better understanding how processes of change affect professional identities and decision making process of individuals. The study also aims to contribute to a more complete understanding of financial markets from behavioural/sociological perspective.

Appendix Three

Participant consent form

CONSENT TO PARTICIPATE IN RESEARCH

Researcher: Magdalena Twardowska, PhD student in Management, Essex Business School, University of Essex

Supervision: Professor Phil Hancock, Dr Marjana Johansson

1. *About the study*

In this study I am exploring how professional identities of investment bankers are affected by change. I am exploring how investment bankers perceive themselves in relation to their work, and in particular, I am interested in talking to people how the current economic crisis affected them and their colleagues. I would like to explore how is it to work in the financial industry now compared to few years ago and what is it like to undergo important changes in the sector and organisation. I will talk with a number of experts in the industry to find out whether their working lives changed in any way and if so, had did that affect them.

2. *Participant's involvement in the study*

The participant will be asked to participate in an informal interview expected to last about an hour on average. The interview will take place at a location of the research participant's choice. All interviews will be recorded with a digital voice recorder and transcribed by the researcher.

The participant can withdraw from the study at any time and whatever reason.

3. *Research dissemination and anonymity*

All information in this study will be anonymised, with all names of organizations and people changed. All data will be stored securely and will only be available to the researcher and her supervisors.

Data obtained through the interview will be primarily used for the doctoral research. However, it may also be published in a variety of forms (i.e. conferences, peer reviewed journals, articles etc)

I have read and I understand the information provided above. I have been given an opportunity to ask questions and all of my questions have been answered to my satisfaction.

By signing this form, I willingly agree to participate in research it describes and I acknowledge that I may withdraw at any point without any consequences.

Name: ___________________________________

Signature: ________________________________

Date: ____________________________________

Additional information:

If you wish to contact the researcher about any matter relating to this research, please email mjtwar@essex.ac.uk

If you wish to make a complaint on ethical grounds at any point of this research you can contact Research and Enterprise Office, University of Essex.

Appendix Four

Interview schedule

Introductions etc – participant invited to talk a bit about himself, his career trajectory, what he does and so on.

Pre-crisis ‘stability’:

- What made this period (pre-2008) so stable?
- What does stability mean for you?

Ask about culture of investment banking specifically as different from other bankers

Winning and elite:

- What is performance to you?
- Where do you think this elite/winning mind set comes from?
- What does it mean you are winning? Against whom is the competition?
- What happens if you fall behind?
- What do you do if you don’t perform?
- How are you judged whether you perform or not?

Trust and judgement:

- How important is trust (clients/colleagues/business partners) in what you do?
- What happens when that trust is breached or when it can’t be taken for granted?
- Do people trust their counterparts? Does it change anything if they don’t?
- What is the role of judgement in what you do? -> confidence in judgement after crisis

Story of the crisis in their eyes:

- first impressions in 2008,
- what did people make of that,
- what you made of that, how you they feel,
- what did they think/feel/do when they realised the uncertainty was going to stay for a while?
- What sort of behaviours/feelings or change in how people related with others or approach their job did people display during that period?/ why?
- What did they try not to display? What did they think/feel/fear?
- How about you?

Expectations and uncertainty:

- what you sign up for versus what you get: getting a “reality check”-> how did you think it would be like versus what it is

- What are the things that changed/mattered most for investment bankers during the period of uncertainty? And for you?

Dealing with threats:

- Coming to terms with it
- Feeling of threat that has been mentioned before (for example through perceived victimisation): what do you make of that? Have you ever experienced situations where you felt your status/identity of an investment banking professional was undermined?
- Have you ever contemplated re-considering your career altogether?
- How do you think people try to deal with those uncertainties? Examples.

The future (vision):

- Re-establishing yourself after period of uncertainty
- Changing career and professional closure
- Looking towards future: what do you see?

What would be one major impact of crisis on people in investment banking? (beyond reduced personal funds).

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