

Narratives and Performance

- The Case of Stock-broking

Jesper Blomberg
Stockholm School of Economics

SSE/EFI Working Papers series in Business Administration No. 2001:2.

Abstract

The performance of individual stockbrokers differs. This paper aims at explaining these differences, or at least at making some sense of them. In a study of fourteen stockbrokers, the high performing brokers described their working life in a systematically different way, compared to the low performing brokers. The high and low performing brokers gave fundamentally different accounts of what, from an outsider's viewpoint, seemed to be very similar work and working conditions.

The brokers' different accounts are interpreted and reconstructed into two opposing narratives of stockbrokers' world of working. In an ideal typical sense these two narratives explain, or at least make sense of, the stockbrokers' different levels of performance.

Why study stock-broking

The service sector is employing a larger and larger share of the workforce in the industrial countries. Service production might be one of few areas in which both productivity and the number of employees can increase (Grönroos 1992; Gummesson 1993). At the same time, the service sector faces new challenges. New markets, a more flexible and knowledgeable workforce, new technology, and globalization increase demands on both competence and management skills.

Stock-broking is a service business that has faced great changes during the last decade. National stockbrokerage firms face increasing international competition, and technological development (such as electronic trading) puts pressure on margins (Brown, 1996; Knight & Tinker, 1997). The internationalization is expected to continue, and the legal framework is changing as the brokerage firms' monopoly on trading disappears (Brown, 1996; Abolafia, 1996). More and more private investors become actively involved in trade, and, at the same time, the large institutional investors increase their demands on analysis and on reduced commissions (Knight, 1997).

Stockbrokers' work is to a diminishing degree organized around material and physical flows, and has developed into a work constituted by abstract flows of quantitative information through different kinds of information technology media (Abolafia, 1996; Knight & Morgan, 1995). Thus, the stock-brokerage firms can be seen as forerunners compared to many other organizations. To study them might be

a good way to increase the knowledge about how the work places of the future will look in other parts of the service sector.

However, there is not much organizational research on stockbrokerage firms or on people within them. Even though the financial markets and its actors often are blamed for economic crises and downturns, and even though there are many myths and stories about stock-broking, and even though more and more people are employed in related jobs, there is a lack of systematic knowledge about the everyday activities within stock-broking. This lack of research mirrors the economists' lack of discussion of the financial market as such. Douglass C. North puts it this way: "it is a peculiar fact that the literature on economics... contains so little discussion of the central institution that underlie neo-classical economics - the market" (Smelser and Swedberg, 1994: 257). Smith's metaphor "the invisible hand" still seems to be in power.

Stockbrokers' performance

Traditional finance theory (Brealey and Myers, 1991; Dornbusch and Fisher, 1994) builds on assumptions about an existing perfect market. Regardless of this tradition's inability to explain "anomalies" as excess returns on investments or radical market changes, the traditional finance theory is of little importance here. In the here reported study the aim is to study *the people* behind the aggregated data used by finance theorists, without assumptions about perfect markets, perfect information or rational actors.

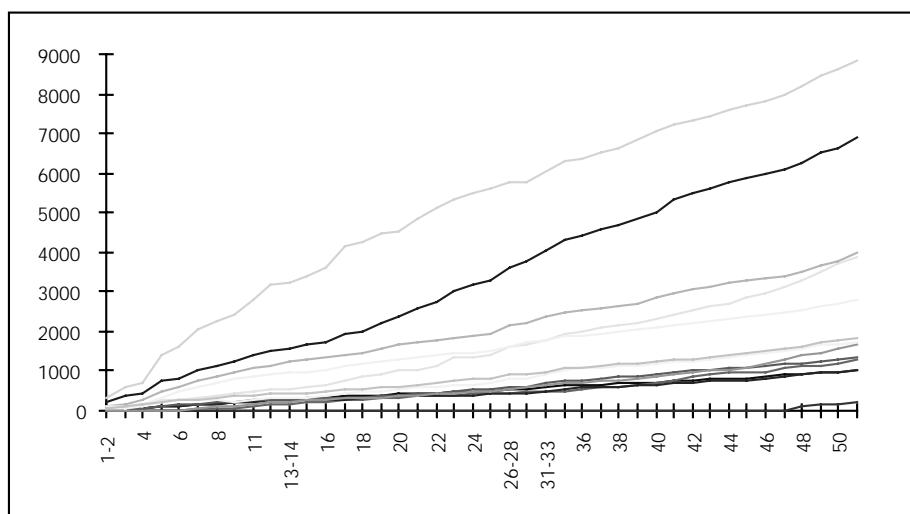
Existing studies of actors in the financial sector either do not focus performance measures at all or focus on how empirical behavior deviates from models of perfect markets and rational decision models. In an *anthropological* approach (i.e. Reddy, 1984; Abolafia, 1981, 1996) the focus is on describing and understanding the development of historical or existing "market cultures". Usually performance measures are not in focus or of an aggregated/collective character such as "market crisis" or "speculative bubble" (Abolafia, 1996). In a *sociological* approach (i.e. DiMaggio 1978, Swedberg 1994) the focus is on constructing a structural market theory that is able to handle more empirical variation than the formal economic models. Both the anthropological and the sociological approaches differ from the approach presented here in that they do not interest themselves in differences between individual human beings, neither when discussing "culture" nor performance. The focus here is very much more on a micro level compared to the anthropological and sociological focus on collectives and macro structures.

The *behavioral finance* approach (Thaler, 1993; Olsen, 1998; Scott, Stumpp & Xu, 1999) tries to explain market anomalies by applying models of decision making, borrowed from individual psychology, on different kind of market behavior. Even if the explanatory models focus micro levels (individual person's decision-making), the empirical studies usually consist of aggregated statistics. Propositions concerning market behavior are deduced from the psychological models and tested on aggregated market data.

In the here reported study a *business* approach to performance is taken. Instead of using some kind of market behavior measure as benchmark (for

instance comparing individual brokers' market judgments with actual market behavior) the aim is to explain differences in courtage revenues of fourteen stockbrokers working at the same stock-brokerage firm. Such an explanation should be of high relevance for any stock-broking firm, as well as for related businesses. The approach applied here can be said to be *organizational*. Instead of testing models psychological models on market data, the stockbrokers' own accounts of what they do, complemented with direct observation of what they do, is the main empirical material in the analysis.

One way to illustrate the rather major differences between the brokers' revenues is to focus their accumulated courtage over a year. The picture that emerges shows pretty clearly that the brokers' performance differs and that it does so in a consistent way over the year in focus.



Graph 1: Fourteen stockbrokers' accumulated individual courtage (x: week, Y: courtage)

Graph 1 shows that the top-performing broker out-performs the worst performing broker with more than eight times. The graph also shows that the top three brokers' yearly courtage revenues amounts to almost seven times more than the bottom three (the rather late in the year employed broker excluded in both cases). One might wonder why?

Are the top-performing brokers more competent? Do they have different skills? Are they working harder? Do they have a longer or a different history of learning? Or, could it be something else? The main purpose in this paper is to construct a plausible answer to the question of why some brokers out-perform others. The answer will be searched for in stories told by the brokers themselves, describing their work with their own words. Do the brokers different performances have any relation to some kind of differences in their descriptions of their work? And if so, how can this relation be interpreted? Are there any hidden messages in the narratives told by the brokers? Messages that can help us to make sense of the brokers' different performance?

Narratives, theory and performance

Explaining differences in performance has been of high interest within organizational science since at least scientific management. Scientific management, the human relation school and the contingency tradition, to mention a few influential approaches, were all trying to construct theoretical accounts explaining some sort of organizational performance.

The contemporary “narrative approaches” to organizational analysis (Czarniawska-Joerges, 1993; Sköldbberg, 1994; Czarniawska, 1997), are less concerned with constructing theory, as well as with explaining performance. Like many other (old and contemporary) constructionist approaches, the interest lies in detecting or constructing meaningful accounts that facilitates understanding of, and sometimes critical reflection upon, organizational life (e. g. Burell and Morgan 1979; Alvesson 1993). What constitutes these meaningful accounts, and what they are good for, is not always explicitly stated in the literature on narratives and organizing, but some answers can be found. Fiol (1990: 378) argues that “narrative semiotics” is a efficient mean of “uncovering underlying meanings that would otherwise remain imperceptible”. Czarniawska-Joerges (1993: 8) states that “narrative fiction can play an important role in the development of imagination for action”. Sköldbberg (1994: 222) argues that “As a ‘story about stories,’ its value depends mainly on whether it will be successful in opening up a new way of seeing things, thus improving the understanding of ...[organizational life]”.

One important aspect of the narrative approach is not only a disinterest in theory, but also a somewhat critical or ambivalent attitude towards theoretical accounts and theoretical explanations. According to Brunner (1986, 1990) the relation between narrative and theoretical (“logo-scientific/paradigmatic”) knowledge is antinomious. Regarding explanation as something related to theory, and understanding as something related to meaningful narratives, explanation becomes hard to combine with a narrative approach.¹ Czarniawska on the other hand, emphasizes that

...even a fleeting glance at the organizational narratives reveals that the explanation and interpretations appear side by side, confusing and replacing one another, sometimes by design and sometimes by default.”
(Czarniawska-Joerges 1993: 10)

In this paper the later position is taken. The differences between the “narrative” and the “scientific” is viewed as a difference in what rhetorical devices are used in a text, in this one by me, the author. The purpose here is to construct different narratives of a specific sphere of working and organizational life; stock-broking in a stock-brokerage firm trading on the Stockholm Stock Exchange. These

¹ The deviation of science in an “explanatory” natural science and an “interpretive” cultural science is often blamed on Dilthey, in organizational studies we usually put the blame on Burell & Morgan (1979). I also think Silverman’s critique of the Anglo-American organizational theory during the 1960:ies (Silverman, 1970) has increased the gulf between the two “paradigms”.

accounts can be viewed as both narratives, expressing otherwise “imperceptible underlying meanings”, that once expressed can enhance our understanding of stock-broking life as such, and as theoretical accounts, to some extent explaining stockbrokers’ performance. To call accounts both “narrative” and “theoretical” might annoy proponents from both camps (literature theory/critique and interpretative social science on the one hand and natural science and positivistic social science on the other). But, as hopefully will be shown, narrative knowledge can have just as powerful explanatory value as any formal theory. From the position taken here, there is no contradiction between constructing meaningful narratives and explaining.

“A narrative is ordinary understood as a sequential account of events, usually chronological, whereby sequentiality indicates some kind of causality (Schutz’s “because of” and “in order to” reside side by side; Schutz, 1973), and action - accounted for in terms of intentions, deeds and consequences - is commonly given a central place.” (Czarniawska-Joerges 1993: 5)

The study

The here reported results derive from a study of fourteen stockbrokers that worked at the same stock-brokerage firm in Stockholm, trading on the Stockholm Stock Exchange.² They were all working next to each other around the same trading-table. They participated in the same morning-meetings, listened to the same analysts. They all had the same type of router-monitors and were all informed by the same on-line news subscriptions. They were also dealing with the same type of clients (wealthy private investors).

All brokers were interviewed in the same room next to the trading-room during one and a one a half hour, immediately preceding the opening of the exchange. The interviews were conducted during two month when the Stockholm Stock Exchange was characterized as strong and stable. The interviews followed a “phenomenographic” approach (Merton, 1981, 1986; Dall’Alba & Hasselgren, 1996). They were highly unstructured and geared at producing an as rich, detailed and concrete description of the interviewees’ world of working as possible. All interviews were transcribed before the interpretative work started. This work was also inspired by a “phenomenographic” approach (see below).

The stockbrokers stories of their working life

An initial attempt to find some kind of pattern in the stockbrokers’ descriptions of their work resulted in the extraction of four distinct types of stories or “dramas” (Sköldbberg 1994: 220) from the empirical material. These dramas can be said to express a discursive level of meanings in the brokers’ stories. Later in the

² The Stockholm Stock Exchange is the leading market place for Swedish and to some extent Scandianivan securities. Its dominant activity is the trading of equities through its electronic trading system SAX, to which members have access. Both users and companies that are listed or quoted on the exchange pay fees. The users’ fees are based on value and number of executed trades, and the listed companies’ fees are based on market values).

analysis these dramas will be problematized and finally result in the construction of two opposing narratives, hopefully expressing deeper meaning-structures in the brokers' description of their work. A minimalist description of the four dramas would be as follows:

The romantic drama of complexity

My work is really demanding, both mentally and physically speaking. Everyday is unique and has its own challenges. There is all the background information about all the happenings in, and related to, the business world. I have to follow the TV-news from early morning, read the papers on my way to work, and then listen carefully to the analysts and colleagues, all before the exchange opens. At the same time I have to check the news on the router. All this information has to be taken in and processed before the exchange opens. But this is just the beginning. At nine o'clock the real work begins. The first one or two hours are usually even more intense than the rest of the day. But any time during the day something can happen and change everything. You are making decisions all the time. Whom to call, what to recommend, how to react. All at the same time you have to follow the exchange's movements on the router, scan the news, recommend different transactions to different clients as well as listen to your clients' information. Being able to do this efficiently is what makes you a good stockbroker. I love my work. It is very challenging, and I learn a lot every day.

The tragedy of boredom

My work is really simple. I can't really understand why it is so well paid. If you know how to talk your clients, and after a couple of years that isn't very hard, all you have to do is to give the impression that you know something they don't. The work runs by itself. Each day is more or less the same. You sit in front of your router, you listen to the "noise" in the trading room, and you talk to your clients over the phone. What to say is evident from what your colleagues are doing, and they are doing the same as you are. You don't need any specific information or to be able to do any advanced type of analysis. It is like selling vacuum cleaners or any other simple product. If it weren't for the money, I would never keep this job. But as for now, I can't afford to do anything else.

The comedy of competition

It is like playing an interactive combat-game with your friends on your computer. When I get news on my router I immediately evaluate it, not the news in itself but how my competitors might be reacting to it. Sometimes it is a five-second news; sometimes it is a 15-second. By that I mean that it is possible to make some money on it in the next five or 15 seconds, after that it's too late - the others are giving or have given the same recommendation to the same type of clients as I have. I have a pretty good picture of which brokers I am playing against. There are not that many brokers at that many stock-brokerage firms dealing with the same types of stocks and the same types of clients as I am. A good stockbroker is the one who is the best competitor in the game. If I am faster in judging how

my competitors will react on a specific item of news, and in getting clients to do business, then I am the best. It's a fun game.

The tale of industrial wisdom

To me stock-broking is about understanding the world, and making something out of that understanding. It's pretty easy to get stuck in the short-term noise, to only try to make money on the latest news or trend. I'm conservative, maybe too conservative, but I want to understand what is going on out there in the industrial life. I have always been interested in analyzing companies; I have my favorite branches and my favorite companies. I could never recommend a customer to sell or buy only on short-term noise. Working as a stockbroker gives you a chance to improve your understanding of companies and of life itself.

The four stories should not to be viewed as the essence, or an attempt to approximate the essence, of individual stockbrokers' conception of their work. There is more or less expression of all four stories in each stockbroker's description of his work (they were all male). Each description was more or less inconsistent, more or less full of contradictions and paradoxes. The four stories should be viewed as ideal types (Weber 1983:4-9, 15, 16; Schutz, 1962:38-42, 1964:17, 18, 81-83) rather than approximations. They have been constructed with the aim of maximizing the differences between them as well as maximizing the consistency within them.

However, to be able to explain, or at least make sense of each stockbroker's performance, measured in their accumulated courtage revenue, we have to investigate each stockbroker's description and its relation to the four stories. We know that the four types of stories are extracted from the descriptions, but we don't know how much, or in what extent, my typified four description resembles each broker's description. To be able to determine to what extent each broker's description relates to each of the four stories, a phenomenographic approach (Merton, 1981, 1986; Sandberg, 1994: 52-90; Dall'Alba & Hasselgren, 1996) was applied.

The phenomenographic essence of stock-broking

The relation between my four typified stories and the stories told by the fourteen brokers could be investigated on a more "shallow" level, or on the level of *discourse*. It could also be investigated on a more "deep" level of meaning, or on the level of *thought figure* (Asplund, 1979; 1991). The investigation here aims at grasping the relation on the level of *thought figure* rather than on the level of discourse. There are many interpretative approaches and many different interpretative devices that focus on detecting underlying meanings in texts. One of them is the phenomenographic approach (Merton, 1981, 1986; Sandberg, 1994: 52-90; Dall'Alba & Hasselgren, 1996).

The phenomenographic approach to interpreting texts has similarities with both traditional content analysis and with semiotic analysis, but also some important differences. Compared to content analysis (Krippendorff, 1980; McCormack, 1982) the phenomenographic approach relies less on counting

words, sentences or any other sub-unit of a text, and relies more on intuitive interpretations and different types of (phenomenological) reflections upon, and logical investigations of, these interpretations. The choice of phenomenography over content analysis is motivated by the fact that counting words does not necessary say very much about the underlying meanings of those words (Fiol, 1990: 378). To get beneath the discourse level of meaning, the phenomenographic approach is preferred.

Compared to semiotic analyses (Eco, 1979; Fiol, 1990) the phenomenographic approach does not offer an as formalized method as semiotics. Instead it can be said to be more inductive, or attempting to be as faithful, or sensitive, as possible to the interwees' own conceptions of the studied phenomena (Merton 1986; Sandberg, 1994: 64). The more formalized semiotic analysis produces a rather specific structure of a text's underlying meaning which does not necessary inform us about the relation between each stockbrokers' description and the here constructed four stories. In this explorative study it is important to give the empirical material a chance to influence the results. Thus, in this study, the less formalized, but more inductive approach of phenomenography seems to be more appropriate than semiotics.

The interpretative device used here does not need to be very precise, only to enable a rough evaluation of the extent to which each of the fourteen stockbrokers' descriptions relates to the four earlier constructed dramas of stock-broking. My experience of phenomenography is that it lacks precision, which, in this study, is an acceptable drawback.

The phenomenographic interpretations of the transcribed interviews resulted in that the fourteen transcripts could be clustered as illustrated by the following table:

Broker	The drama of complexity	The tragedy of boredom	The comedy of competition	The tale of industrial wisdom	Accum. courtage
a	3	1	3	5	8816 (1)
b	3	1	5	5	6885 (2)
c	4	1	4	3	3871 (3)
d	3	2	1	5	2793 (4)
e	1	5	2	2	2002 (5)
f	1	4	2	4	2002 ³ (5)
g	4	2	3	3	1849 (7)
h	3	3	2	3	1737 (8)
i	5	1	4	2	1693 (9)
j	2	1	3	5	1358 (10)
k	1	4	1	5	1270 (11)
l	3	1	2	5	1027 (12)
m	2	2	3	3	1013 (13)
n	5	1	3	1	198 (14)

Table 1: A rough (phenomenographic) interpretation of the resemblance between the individual brokers' descriptions and the four typified stories, on a scale from 1 (almost none) to 5 (very close).

³ The two brokers that share the fifth place also share customer accounts. This means that there is no way for them or for anyone else to differentiate their accumulated courtage. Here they are treated the same way as the are by the stock-brokerage firm. Their total courtage are split in two similar parts ($4004/2=2002$).

Using numbers to express meaning constructed in interpretative analysis might annoy the constructionist purist. Needless to say, these numbers should only be regarded as hints or rough interpretations. They will not be treated as adequate “statistical information” or as “social facts” (Durkheim, [1895] 1991: 103-110; Bourdieu, 1984: 54, 1992: 258-9, 507, not 8). Treating the numbers as what they are - rhetorical devices that sometimes efficiently express meaningful accounts - should calm the purist’s critique. An important role these numbers can fill is to fuel the forthcoming analysis.

Even though the empirical material is much too small to fulfill positivistic demands on material appropriate for statistical analysis, a quick look at the numbers in table 1 invites to some preliminary interpretations. First one is struck by the relative similarity between the top and bottom of the list. But we can also easily detect that the top-performing brokers’ stories have higher total resemblance with the four dramas than the lowest performing brokers (the top three have totals of 12, 14 and 12 while the bottom three have 11, 10 and 1). It is possible to detect many more correlations between courtage and the fourteen stories’ relations to the four dramas, and this with rather simple statistical methods. But these correlations cannot be described as strong. Other quantitative data, as the broker’s age and number of years working as broker, correlate more strongly with the accumulated courtage (these numbers are not included in table 1). And, in my opinion, such results are of limited interest in themselves. They do not fulfill the constructionist’s demands of interesting interpretation. Instead of “uncovering underlying meanings that would otherwise remain imperceptible” (Fiol, 1990:378), this kind of correlations state the obvious, or almost obvious. It is not very ground breaking news that expertise develops with time (Anderson, 1985). It is not very ground breaking news that persons with complex and differentiated cognitive structures can cope better with many tasks than persons with simple and undifferentiated structures (Zajonc, 1960; Björkegren, 1989). If one likes, the figures in table 1 can be interpreted as supporting these well-known results from cognitive psychology. The results seem to be valid also for stockbrokers. Here, these kinds of interpretations will be left to their own destiny. We will only use them as a starting point for “uncovering underlying meanings”. Instead of being quasi-positivists, treating bad statistics on a too small sample as good research, we will continue the interpretative work according to another strategy. We will look at individual cases and try to construct interpretations on a level below statistical data and below discourse.

Comparing individual cases

Both the figures regarding courtage and “the tale of industrial wisdom” in table 1 can be interpreted as indications of learning and increased expertise. The longer you have been working as a broker, the more industrial wisdom you have accumulated and the more courtage you earn. But the same does not seem to be true for the other three dramas.

The first, second and third best performing brokers out-perform the rest with quite a distance. Compared to the fourth, fifth and sixth performing broker, these differences in performance cannot be explained by the number of years they have worked as brokers (or by their age). The top six brokers are, with one exception, old “veteran brokers” with many years in the trade. The exception, the relatively less experienced broker, also happens to be the very best performing broker of them all. Therefore the

distance between the best and the rest, and between the one, two and three best and the rest of the six “veteran brokers”, are of special interest. Can we find any hidden messages in their stories that make sense of the differences in performance?

Focusing the six best-performing brokers in table 1, we can see that the top two, and to some extent also the top three brokers’ stories differ from the fourth to sixth ranked brokers. The fourth to sixth ranked brokers seems to express “the tragedy of boredom” much more than the top three. The expressions of “the comedy of competition” and “the drama of complexity” mirror this relation. The top three brokers seem to conceive their work as more of a fun computer game, and the top four brokers as a more complex activity, than the rest of the six “veterans”. Why do some of the six veteran brokers’ stories express boredom and maybe even alienation, while others’ stories express challenging tasks and fun games? This seems to be a key issue to understand why some brokers out-perform others.

It is not surprising that the inexperienced broker conceives his⁴ work as challenging, complex and interesting. And it is not very surprising that, with time, the inexperienced broker gains experience. But the new experience, and here the empirical material indicates two possible developments, seems to make the work either (1) less complex, less interesting, and more boring, or (2) more relaxed, still challenging, and more of a fun game. In the first of the suggested developments, the broker finally ends up as alienated, earning good money on his industrial wisdom, but he do not become a top-performer because of the tragedy of boredom. The other development implies that the broker does gain experience and industrial wisdom, but instead of finding his work less and less interesting, the broker find new challenges and complexities in the game against other brokers. Finding, creating and recreating these new dimensions of stock-broking makes them top-performers.

Work and interaction

If we could better understand these two different ways of conceiving a stockbroker’s work, and *the origin and development* of these two conceptions, we would also be able to make better sense of the brokers’ differences in performance. One way of reaching such an understanding is to make use of established theories of human work and interaction. Another way is to take a closer look into the stockbrokers’ stories. We will go both ways, starting with the latter. One of the more bored brokers (broker “e” in table 1) told me the following.

“On thing that actually was interesting in my work was when we had major problems in the firm. We were in serious crisis during and after the market collapsed in 1987, everything was at stake. We had no routines and no safety controls, and a lot of key persons left. We had to start from the beginning. The ones that were left had to build a new company. That was interesting, that was real fun.”

⁴ To denote a specific type of worker a “he” feels awkward. Usually I make a point out of using “she” instead of “he” (regarding gender and equality). But since all the brokers in my study are men, it would feel even more awkward to transform them into a “she”, or to rewrite them into a “he or she”, implying a gender-structure that do not exist (compare with Abolafia, 1996: 195, note 6)

The quote is interesting. One can interpret the story, as an expression of that work was more fun ten years ago. Before the broker was experienced enough to conceive his work as boring. But the broker's story tells us more. What he describes as an interesting part of his work is not his work as a stockbroker. It is not even his everyday work as a stockbroker ten years ago. What he describes is something that differs from his current and past everyday work. He tells us that building a firm was, and maybe still is "real fun". Probably he was rather inexperienced as a company-builder back then. The same thing - inexperience - that made him appreciate the work as a broker the first one or two years, makes him long back to the aftermath of the crisis 1987. Is it that simple, we need variation and new tasks to be motivated at work? Well, a good bulk of research informs us that this could be the case (Hertzberg, 1966; Ouchi, 1981; Fullan, Miles & Taylor 1981). This explanation is one of the core results within the "human relation school". There we can also find another result explaining the broker's nostalgia of building companies - participative management. The broker describes himself as a builder of a stock-brokerage firm. He describes himself as a manager not as managed by someone else. This can be interpreted as an example of participative management which, according to many studies (for a review see Katsell and Yankelovich, 1974), is found to improve both motivation and productivity.

But the results from the human relation school have been criticized and questioned in almost every possible direction (Perrow, 1986). And regardless of these explanations and their critiques, the human relation school does not help us to explain why some of the veteran brokers are bored while others are not. Most of them experienced the crisis in 1987, and all of them work under similar objective conditions. Still, they conceive their work as very different. The bored broker continues:

"We are still a little group within our group here. We have experiences that glue us together. I don't have any real use for this in my work, but we are still a little group." (Broker "e" in table1)

What the bored broker describes as interesting work is not only something different than his everyday work as a broker, it is not only something that happened many years ago, it is not only something he is relatively inexperienced at, it is not only something that has to do with formal authority, it is also a story of *social* interaction. It is a story about *people*, today old *friends*, accomplishing something *together*, and it is a story about work where you do not have any use of this friendship, of these people or of working together. The broker's story seems to imply a conflict between social interaction and motivation on the one hand and work and boredom on the other. Is it a lack of social interaction at work that creates the tragedy of boredom? And if so why aren't every broker bored?

A closer reading of the top two or three performing brokers' descriptions of their work shows that these brokers conceive their work as highly social. In the drama "the comedy of competition", this is rather easy to detect. Here, stock-broking, is nothing you do in solitude, or in an anonymous noise, it is an interactive game, played with or against your friends. Yes, it is a challenge to beat your friends in this game, but it is also challenging to stand a working day in solitude. The important difference is *the existence or non-existence of a social dimension integrated as a necessary part of the*

stockbrokers' work. Even if the interaction is not face-to face, the top performing brokers believe they have good knowledge of who they are playing with:

"I have a pretty good picture of who I am playing against... Different stock-brokerage firms have slightly different focus, and there aren't that many stockbrokers at that many stock-brokerage firms dealing with the same types of stocks and the same types of clients as I am. (Broker "b" in table 1)

The stockbrokers' work and their social interaction are of special interest because of earlier investigations of *work* and *interaction*. Some of these investigations treat work and interaction the same way as the brokers' do in my interpretation, that is; work and interaction are treated as being in conflict with each other.

The relation between work and interaction has been investigated by, among others, Hegel, Marx and Habermas. *Interaction*, to young Hegel (in the so-called Jena lectures 1803-1806, discussed in Habermas, 1984:181-208), is the result of dialectic processes taken place through the media of language, the media of work, and the media of love and conflict. But even if work is one of three media for interaction, *work* is also medium through which the subject and spirit can free themselves from the immediate dictates of nature. With the development of instruments the subject becomes free from nature, but the instruments also discipline the subject's instincts, animalistic drives and pleasures. *Interaction*, in Habermas reading of Hegel, develops a "mutual acknowledging consciousness", necessary for communicational unity. In communicational unity subjects play games with or against each other (Habermas 1984:190-192). *Work*, on the other hand, develops a "cunning consciousness" necessary for transforming nature to instruments and objectifying subject to objects. In work, subjects play games, not with or against other subjects but against objectified subjects. In work, subjects become objects and the play becomes control.

Habermas own scheme of communicative and instrumental action (Habermas, 1988: 149-203, 303-370) has been interpreted in many different ways. For the purpose here, understanding stockbrokers different performances, one of the interpretations suggested by McCarthy (1988:16-40) is useful: Habermas "instrumental action", renamed by McCarthy (1988:26) to "purposive-rational action", designates activity similar to Hegel's "work". Habermas "communicative action", by McCarthy (1988) renamed "social interaction", designates activity similar to Hegel's "interaction". According to McCarthy, "purposive-rational action" (instrumental action or work) is;

"...governed by technical rules and decision maxims that imply conditional predictions, as well as preference rules and decision maxims that imply conditional imperatives; it is directed to the attainment of goals through the evaluation of alternative choices and the organization of appropriate means; it is sanctioned by success or failure in reality."
(McCarthy 1988: 26)

While "social interaction" (communicative action or interaction) is:

“...governed by consensual norms that define reciprocal expectations; it is grounded in the intersubjectivity of mutual understanding and secured by the general recognition of obligations; it is sanctioned conventionally. (Ibid.)

Both types of actions should be regarded as analytical types. In real life, purposive-rational/instrumental action/work is always embedded in norms, and social interaction/communicative action always implies reflexive actors accomplishing mutual understanding. McCarthy (1988:27) suggests that we can see the two types as *aspects* of the same activity. In our case we might see it as Hegel does; as two types of consciousness that develop together with the birth of the self and the spirit, or translated to fit the case of stock-broking, two conceptions that develop when stockbrokers gain experience. But, applied on our stockbrokers' work, the two analytical types can help us more.

Following young Hegel's line of thinking (Habermas 1984: 181-208), the inexperienced broker (Hegel's "empty subject") first learns symbols and language to be able to cope with the both social and technical work of stock-broking. With the help of language the young stockbroker can conceive what his colleagues are doing and thereby learn to improve performance. This is a prerequisite for both the cunning/instrumental and the communicative/social conception of stock-broking to develop.

If, and here we deduce from the analytical type of instrumental action, the stockbroker foremost is striving after measurable success, that is to improve his performance in terms of courtage revenues, he will have a tendency to develop an objectified instrumental conception of work. If, and here we deduce from the analytical type of communicative action, the stockbroker foremost is striving for appreciation from his colleagues, he will have a tendency to develop a socialized interactionist conception of work.

Initially, the instrumental conception might work just fine. It reduces the complexities and uncertainties that working as a stockbroker initially is felt to involve. It might even result in a faster development of high-performance than a socialized interactionist conception of stock-broking. But, following Hegel's description of the once "empty" then "working" subject, the instrumental reduction of uncertainties also affects the broker himself. The instrumental conception implies an objectification not only of artifacts but also of other people, including customers, colleagues and others. The experience gained and the initially improved performance therefore transform the work from being conceived as learning from colleges (interacting with language) to work performed in solitude. With time the solitude makes the work boring and demotivating, and performance stops to improve. The broker does what he must and dreams about times gone when he and his friends worked and interacted at the same time, when they were "building a company".

The socialized interactionist conception of stock-broking also reduces uncertainties that the stock-broker initially experiences. But it does not objectify artifacts and people. Instead it socializes the relatively abstract work of stock-broking. Instead of reading figures and anonymous news on the router, the social stockbroker develops social images of colleagues, competitors, and others. The work becomes less uncertain,

and therefore more relaxing than initially, but also more social. It becomes “a challenging game”. Playing the game motivates the social stockbroker to continue to improve his performance. Even though was performance never conceived as the most important aspect of work, in time, the interactional broker will outperform the instrumental.

The tale of industrial wisdom

So far in the analysis, I have been drawing extensively on Hegel and Habermas as well as three of the four earlier constructed dramas (“the drama of complexity”, “the tragedy of boredom”, and “the comedy of competition”). But the fourth story, “the tale of industrial wisdom”, has only been mentioned briefly. One reason for having waited to include this drama in the analysis is because it correlates neither with performance, nor with the dramas “the tragedy of boredom” or “the tale of industrial wisdom” (see table 1). That is, a broker that tells a story that resembles the tale of industrial wisdom could both be interpreted as a highly bored and lonely broker or as a highly playful and social broker. He could be both a high or relatively low performing veteran broker. If one likes, one can find a correlation between “the tale of industrial wisdom” and the number of years the brokers have been working as a broker *or* with *related business*. However one then has to define what is and what is not a “related industry”. I cannot see how this could be done in a somewhat rigorous way. Instead, one is tempted to define “related industry” to fit the analysis, without an explicit strategy or criteria for why a specific business should be regarded as more related than another. But instead of falling into that quasi-positivistic trap, we can dig deeper into the tale of industrial wisdom itself. What are the brokers saying about industrial wisdom, given the interpretation of the other dramas? From our conclusions so far, is it possible to distinguish between different types of industrial wisdom?

The question is obviously rhetorical. If one look close enough, it is of course possible to distinguish between different types of industrial wisdom. And the expressed differences can also, rather easily, be clustered into two categories. The following quotes are excellent illustrations of these two categories:

“Over the years you learn the tricks of the trade. You get more comfortable with certain industries and certain stocks. You learn how to read these movements on the router. You learn how to talk about them to your customers. The work becomes... it becomes so much more comfortable once you know this. You gradually start to rely on your ‘Fingerspitzgefühl’...” (Broker “f” in table 1)

“When you try to figure out what will happen you actually put yourself in a specific company’s management team’s shoes... Or you try to see the company or companies from a customer’s perspective. How do I, as a customer, react on... let us take a recent example, a change of a managing director? How will that change affect Volvo? Should I buy or sell? Over the years you learn to do this with less and less effort.” (Broker “a” in table 1)

Both these quotes can be interpreted as expressions of learning “industrial wisdom”. But given our conclusions so far, it is not hard to distinguish them from each other. The analysis above makes it possible to distinguish between objectified instrumental industrial wisdom from socialized interactionist industrial wisdom. The first quote tells us that the important industrial wisdom is “reading movements on the router” and “how to talk to the customers”. When you gain experience, this becomes a part of your intuitive feeling – your wisdom. But the router is an “instrument” in Hegel’s terminology (Habermas 1984). This instrument, together with the objectification of companies to numbers on the router, is a part of the creation of the “cunning” (Hegel) or “instrumental” (Habermas) conception of stock-broking. This is also expressed in the formulation “talk *to*” and not “talk *with*” the customer. An instrumental conception seems to have a tendency, as we earlier concluded, to make the broker isolated, bored and maybe even alienated.

The other quote tells us about the importance of learning to take the perspective of other people and to personalize companies into their management teams. According to Hegel (Habermas, 1984), this ability is only possible given a communicative unity or a world spirit. And according to our earlier conclusions this is an expression of a social and playful conception of stock-broking. With time this interactional conception seems to influence brokers to perform better than brokers conceiving their work as instrumental.

Two opposing narratives

The analysis has resulted in the construction of two opposing narratives: The narrative of the objectified instrumental stockbroker, and the narrative of the socialized interactional stockbroker.

In developing these narratives, a processual account of their birth has been constructed. The inexperienced broker becomes an experienced broker that describes his work as either foremost instrumental or foremost interactional, but in the here forwarded interpretation, not both. On a discursive level, on the level of the brokers’ descriptions and the four constructed stories, there are many inconsistencies and contradictions. One and the same broker expresses alienation and fascination, both complexity and simplicity, and so on. But on a deeper level of meaning, constructed here, on the level of thought figure, the majority of the broker’s descriptions can be categorized as either expressing an instrumental or an interactional narrative.

These results are most certainly a consequence of the chosen interpretative devices (inspired by phenomenography, and by Hegel’s and Habermas’ view on work and social interaction). They are probably a consequence of the chosen empirical material (fourteen stockbrokers at a stock-brokerage firm trading at the Stockholm Stock Exchange). But the results are also a consequence of the interest behind the study, namely the interest in trying to explain differences in individual stockbrokers’ performance. To be able to explain the differences between individuals stockbrokers’ performance, it follows that one has to be able to distinguish differences between the individual stockbrokers also concerning the explanatory factor, in this case the two opposing narratives. If one wants to regard the here constructed narratives as explaining performance, it follows that they are opposing. They do not necessary have to be regarded as mutual exclusive, but as two extreme poles on a scale. On this scale, high

performance correlates with high degree of interactionality expressed in the brokers' descriptions. Likewise, low performance correlates with expressed instrumentality.

It is possible to disagree with the hard categorization of the brokers' stories into the two narratives implied above, and still appreciate the narratives as informative (regarding them as *aspects* of the same phenomenon instead of two extremes). In this case the inductive aspects of the construction of the two narratives are given less importance, and the deductive and goal-oriented aspects are given priority. In my opinion the two readings do not contradict each other. They are an expression of how much one believes in the possibility to evaluate the quality of the link between second-order constructions and the empirical material these constructions partly originate from. From a more postmodern position all such claims are nonsense, from a less "flat ontology" the claims are valid and a question of rigor. Regardless of this difficult and maybe indeterminable question, one can always find some comforting notes in the world of theory. Habermas states that "a subject that are treated as an object of instrumental action in this way retains a capacity for communicative relations, that is, remains as a potential partner or rival in interaction" (McCarthy: 1988: 29). This implies that any action can be interpreted both as (1) either instrumental or interactional, depending on what aspect one focus, and as (2) a question of degree (as has been done in this analysis so far).

Constructing top-performing brokers

If we believe in Habermas statement of that objectification never can be total, and that there always is a potential capacity for communicative relations (McCarthy: 1988:29). Then the here suggested results should be of high pragmatic interest for the bored and not top-performing brokers, as well as for their employers. The statement implies that no matter how bad the situation is regarding a broker's motivation and performance, there is always a way back, or forward, to become less instrumental and more interactional at work. How this is achieved is a question outside the scope of this paper, but the question raises another question, more in line with the analysis here. The answer to the question of how to change a broker's conception of work depends on what view one has on how that conception was created in the first place.

The earlier use of Hegel indicates that the creation of a instrumental or interactional conception of work is a question of long historical processes, applied on an individual broker, at least since his early childhood. Drawing on Habermas one gets the same impression. It is major historical processes that have made our society increasingly instrumental (Habermas, 1988:233-280). One individual broker's life seems short in that context. Abolafia's anthropological studies of market makers point in the same direction. Abolafia (1996:9) explains the stockbrokers' culture as different from other types of market makers' as a consequence of that:

"They have responded to different historically determined pressures since their founding in three different centuries: eighteenth (stock), nineteenth (futures), and twentieth (over-the-counter bonds)."

Hegel's main interest was not to make an account of how stockbrokers become instrumental or interactional, his interest was to develop a philosophy of the spirit. Also Habermas' focus can be said to be grander than the focus here. Abolafia on the other hand has conducted research on actual stockbrokers doing their job on the New York Stock Exchange. But regardless of his empirical focus, Abolafia's anthropological interest and his anthropological version of social constructionism seems to hinder him from seeing differences between individual brokers, as well as giving the reproduction of "culture" a more in time and space locally situated account. Both the here reported results (stockbrokers working next to each other seems to be able to, during less than a decade, develop different conceptions of work) and the theoretical statement by Habermas (objectification can never be total) implies a more micro-oriented version of constructionism.

Alternatives to the historical and anthropological accounts could be constructed. The in time and space locally reproduced formal and informal organization of the brokers could be one explanation the differences between the brokers. The here studied fourteen brokers all have very similar formal working conditions, but there are differences. They do have an observable but informal division of labors (the high-performing brokers talk more during the morning meetings) and their physical location and conduct around the trading table differs. Whom an inexperienced broker is placed next to might have a major impact on how he will develop as a broker.

Another strategy in constructing a micro-oriented account of the brokers' opposing narratives is to invert the logic of explanation, or rather to view the development of narratives and levels of performance as a dialectic process. Then the brokers' different performances explain their different narratives, just as much as the other way around. A successful broker does not have to repair his failure by distancing himself from his work by objectification, as the less successful broker tends to do. When the less successful broker escapes his work and thus becomes alienated, the successful broker makes his work his life, his life-world.

Differences in observable conduct will be analyzed in another context. Here they fill the function of suggesting alternatives to the more historical account of why brokers think and behave as they do. The same can be said about the different ways one can direct explanatory power between analytical entities. One might end this elaboration with one last observation. The top-performing broker (broker "a" in table 1) was raised in a small-company-family in "Småland", an area in Sweden that are commonly known for its entrepreneurial and Calvinistic mentality. The most bored broker (broker "e" in table 1) was raised in a wealthy family living in "Östermalm", the most exclusive and aristocratic part of Stockholm City.

Narratives and performance

In the research presented in this paper, I have made use of statistics and of unstructured interviews. I have reflected upon my own intuitive induction. I have discussed other persons' thinking and conceptions, and I have made use of theories of some age, all this in a package of "stories", "dramas" and "narratives". The choice of these linguistic expressions could be seen as an opportunistic compliance to the rhetoric in vogue in organizational analysis the last decade or to the linguistic turn in social science the last

decades. I have not made use of linguistic theory, semiotic or discourse-analysis, I have only borrowed some popular phrases.

To me the use of “narratives” fills another function than a mere cosmetic one. It directs the reader’s attention towards the mediating use of language. It is a way of expressing an interactionist ontology, and the importance of language in any interaction. The quantitative performance measures in figure 1 and table 1, are examples of language expressing something about the brokers’ actions. The four typical stories express something about the brokers’ discourses. The two opposing narratives hopefully express something about the brokers’ different underlying conceptions of work. My use of “narratives” is not compliance to the linguistic turn, treating language as a self-sustained system; it is to the contrary an appreciation of the ongoing mediating processes between language, referent and subject. On this point, I fully agree with Latour (1993:64), when he argues that:

“...it is hard to imagine for long that we are a text that is writing itself, a discourse that is speaking all by itself, a play of signifiers without signifieds. It is hard to reduce the entire cosmos to a grand narrative, the physics of subatomic particles to a text, subway systems to rhetorical devices, all social structures to discourse. The Empire of Signs lasted no longer than Alexander’s, and like Alexander’s it was carved up and parcelled out to its generals...”

Analysis to me is just that - carving up. But one has to keep in memory, also Latour, that the result of carving never is, never could be, and *never should be* the same as the uncarved or pre-carved soil.

So what... the grander theme

So, the high performing stockbrokers are working in a social and meaningful life-world, while the low-performers work in the abstract world of objects and systems. This is neither well in line with the results from other studies of finance, nor with the grand theme of critical theory. Abolafia (1996) describes the culture on Wall Street as a version of the “...classic ‘trader mentality’, i.e. a risk-taking, hyper-rational, seat-of-the-pants cognitive style” (Abolafia, 1996: 115). This is very well in line with the description of finance in both traditional finance theory and in behavioral finance. According to Habermas (1988), “risk-taking” and “hyper-rationality” are aspects of instrumental, not communicative, action.

Neither Abolafia’s anthropological descriptions of culture within finance, nor the description of financial activity in the traditional finance or behavioral finance theory, mention anything about an opposing element to the “risk-taking, hyper rational cognitive style”. There is nothing mentioned about interactional playfulness, and nothing mentioned about actors personalizing abstract information.

Knight (1997) argues that recent scandals and crisis, and the following regulation of financial services, have radically changed the public profile of finance. Instead of limiting the financial sectors influence on everyday life, the scandals and regulations have made the public more attentive to financial matters.

“Instead of being peripheral to the everyday concerns of consumers, the financial services are beginning to occupy a more central place in their lives.” (Knights, 1997: 2)

If Abolafia's (1996) description of financial actors being instrumental is correct. And if Knight's (1997) account of that financial reasoning is becoming more common in the everyday life. Financial research could be interpreted as supporting Habermas' grand theme of how the life-world is gradually transformed into a world of systems. Habermas' theme is analogous with the so-called mass-society theorists, arguing that people in general...

“...lose their identities, social boundaries break down, and individuals face the world in relative isolation, as a part of a mass public...” (DiMaggio, 1977: 436)

The here presented results undermine both Abolafia's and financial theorists' descriptions of financial activity and the historical theme of Habermas and “mass-society theorists”. If some actors within finance, and successful actors in specific, are better described as working in a social life-world than in an instrumental world of systems, one can speculate in that there always might be forces within instrumental worlds of systems that will give birth to new life-worlds.

Even though generalizing the result of a study of 14 stockbrokers, conducted in one year, to historical processes in modern society, might be regarded as somewhat daring, this speculation also finds support in Giddens' (199x) view on how modernity affects social relations in a dialectic way. According to Giddens, increased distance between persons who used to work together gives birth to new social relations.

Thus we might end this paper with optimism. One should be able to be successful within finance without a “cunning consciousness”. And maybe our society can continue to be rationalized without our life-worlds being transformed into instrumental objectified systems. Or to paraphrase Weber: regardless of who will live in the cage in the future, we do not know if this cage will be made out of iron or out of love.

REFERENCES

- Abolafia, M. Y. (1996). *Making Markets - Opportunism and Restraint on Wall Street*. Cambridge, MA: Harvard University Press.
- Abolafia, M. Y. and Kilduff, M. (1988). “Enacting Market Crisis: The Social Construction of a Speculative Bubble”. *Administrative Science Quarterly*, **33**, 177-93.
- Anderson, J. R. (1985). *Cognitive Psychology and its Implications*. NewYork: W. H. Freeman.
- Asplund, J. (1979). *Teorier om framtiden*. Stockholm: Liber.
- Asplund, J. (1991). *Essä om Gemeinschaft och Gesellschaft*. Göteborg: Korpen.

- Björkegren, D. (1989). *Hur Organisationer lär*. Lund: Studentlitteratur.
- Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge: Cambridge University Press.
- Bourdieu, P. (1984). *Distinction – A Social Critique of the Judgement of Taste*. London: Routledge.
- Brealey, R. A. and Stewart, C. M. (1991). *Principels of Corporate Finance*. Singapore: McGraw-Hill Book Co.
- Brown, D. P. (1996). "Why Do We Need Stock Brokers?". *Financial Analysts Journal*. March/April, 21-30.
- Copeland, T., Koller, T. & Murrin, J. (1990). *Valuation - Measuring and Managing the Value of Companies*. Chichester: John Wiley & Sons.
- Dall'Alba, G. & Hasselgren, B. (Eds), (1996). *Reflections on Phenomenography – Towards a Methodology?* Göteborg: Göteborg Studies in Educational Sciences 109.
- DiMaggio, P. (1978). "Market Structure, The Creative Process, and Popular Culture: Toward an Organizational Reinterpretation of Mass-Culture Theory". *Journal of Popular Culture*, **11**, 436-52.
- Durkheim, É. ([1895] 1991). Sociologins metodregler. In: *Tre klassiska texter*. Göteborg: Korpen.
- Eco, U. (1979). *The Role of the Reader: Explorations in the Semiotics of Texts*. Indianapolis: Indiana University Press.
- Marlin, F., C. (1990); Narrative Semiotics: Theory, Procedure and Illustration. In Huff, A. S. (Ed.), *Mapping Strategic Thought*. Chichester: John Wiley and Sons.
- Giddens, A. (1991). *Modernity and Self-Identity*. Cambridge: Polity Press.
- Habermas, J. (1988). *Kommunikativt handlande – Texter om språk, rationalitet och samhälle*. Göteborg: Diados.
- Habermas, J. (1984). *Den rationella övertygelsen – en antologi om legitimitet, kris och politik*. Akademiellitteratur.
- Hackman, R. J. and Oldham, G. R. (1975). Motivation Through the design of Work. *Organizational Behavior and Human Performance*. **16**, 250-279.
- Katzell, R., A. and Yankelovich, D. (1975). *Work, Productivity, and Job Satisfaction*. New York: Psychological Corporation.
- Knights, D. (1997). "An Industry in Transition: Regulation, Restructuring and Renewal". In Knights, D. and Tinker, T. (Eds), *Financial Institutions and Social Transformations - International Studies of a Sector*. London: Macmillan.
- Knights, D. and Morgan G. (1995). "Strategic Management, Financial Services and Information Technology". *Journal of Management Studies*, **32**, 2, 205-31-
- Knights, D. and Tinker, T. (Eds), (1997). *Financial Institutions and Social Transformations - International Studies of a Sector*. London: Macmillan
- Krippendorff, K. (1980). *Content Analysis: An Introduction to its Methodology*. Beverly Hills, CA: Sage.
- Latour, B. (1993). *We Have Never Been Modern*. London: Harvester Wheatsheaf.
- McCarthy, T. (1988). *The Critical Theory of Jürgen Habermas*. Cambridge, MA: The MIT Press.

- Marton, F. (1981). "Phenomenography: Describing Conceptions of the World Around Us". *Instructional Science*, **10**, 177-200.
- Marton, F. (1986). "Phenomenography: A Research Approach to Investigating Different Understandings of Reality". *Journal of Thought*, **21**, 28-49.
- Olsen, R. A. (1998). Behavioral Finance and Its Implications for Stock-Price Volatility. *Financial Analysts Journal*, March/April, 10-18.
- Ouchi, W. G. (1981). *Theory Z*. Reading, MA: Addison-Wesley.
- Perrow, C. (1986). *Complex Organizations - A Critical Essay*. New York: MacGraw-Hill.
- Reddy, W. (1984). *The Rise of Market Culture: The Textile Trade and French Society 1750-1900*. Cambridge: Cambridge University Press.
- Reed, M. I. (1997). "In Praise of Duality and Dualism: Rethinking Agency and Structure in Organizational Analysis". *Organization Studies*, **18**, 1, 21-42.
- Sandberg, J. (1994). *Human Competence at Work: An Interpretative Approach*. Göteborg: BAS.
- Scott, J., Stump, M. and Xu, P. (1999), "Behavioral Bias, Valuation, and Active Management". *Financial Analysts Journal*, July/August, 49-57.
- Schutz, A. (1962). *Collected Papers I. The Problem of Social Reality*. The Hague: Martinus Nijhoff.
- Schutz, A. (1964). *Collected Papers II. Studies in Social Theory*. The Hague: Martinus Nijhoff.
- Sköldberg, K. (1994). "Tales of Change. Public Administration Reform and Narrative Mode". *Organization Science*, **5**, 2, 219-238.
- Smelser, N. J. and Swedberg R. (Eds), (1994). *The Handbook of Economic Sociology*. New Jersey: Princeton University Press.
- Thaler, R. H. (Ed), (1993); *Advances in Behavioral Finance*. New York: Sage.
- Weber, M. ([1920-1] 1976). *The Protestant Ethic and the Spirit of Capitalism*. New York: Charles Scribner's Sons.
- Weber, M. ([1924] 1983). *Ekonomi och Samhälle – Förståelsesociologins grunder*. Lund: Argos.
- Weber, R. P, (1990). *Basic Content Analysis*. Newbury Park, CA: Sage.
- Zajonc, R. (1960). The Process of Cognitive Tuning in Communications. *Journal of Abnormal and Social Psychology*. **61**, 159-167