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Brave new world? The global financial crisis' impact on Scandinavian banking's sales rhetoric and practices

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ABSTRACT

The paper explores how the global financial crisis wrought changes in the financial industry, even far from the crisis' epicentre, in sales orientation, rhetoric and practices. We draw on accounts from managers and employees gleaned from a strategic sample of Scandinavian financial institutions. Framing our analysis on the concept of environmental jolts, we identified a shift in accounts in relation to sales as the context changed: from blame games, through the nurturing of conceptual plurivocality, culminating in embellishment. Initially bankers blamed external actors and factors. When they had to confront customer's complaints about mis-selling and critiques from regulatory authorities, a new discourse on "right selling" and changes in sales practices emerged, but the pressure to sell continued. Financial advisors and union representatives were critical to the development and the rhetoric involved. Revolutionary changes were few and far between in a context of piecemeal changes to rebuild image and trust.

1. Introduction

There are many diverse scientific accounts on the global financial crises (GFC) (e.g. Knights & McCabe, 2014; Knights & Tullberg, 2011; McDonald & Robinson, 2009; Roubini & Mihm, 2010; Stiglitz, 2009; Whittle & Mueller, 2011). None have focused on it as a longitudinal process with everyday effects played out discursively. We investigate the crisis through accounts of changing financial cultures and conditions in Norway (Berge, Forseth & Håpnes, 2009; Engelstad, 2013; Forseth, Røyrvik & Clegg, 2013; The Financial Supervisory Authority of Norway, 2013, 2014).

Traditionally, banks proud to be considered trustworthy lent money to customers after careful consideration of risks and the possibility of losses on a case-by-case basis based on local knowledge (Courpasson, 2006). Global deregulation, digital technology and increasing financialization changed the old world of finance (Reinhardt & Rogoff, 2009; Zúniga-Vicente, De la Fuente-Sabaté, Suárez-González, 2005). Local knowledge was increasingly displaced by technical competence with computer programmes, aggressive selling tactics and a more meritocratic ethos (McDonald & Robinson, 2009; McDowell, 1997). The 'financialization' of the global economy (Clegg, Carter, Kornberger, & Schweitzer, 2011; Epstein, 2005; Røyrvik, 2011) saw the key markets of London and New York, the City and Wall Street (Ho, 2009) become centres of the newly liberalized system of global flows of capital (Alexander, Dhumale & Eatwell, 2005; Arrighi, 1994; Duménil & Levy, 2004; Foster & Magdoff, 2009; Harvey, 2005; Krugman 2007; Schinasi, 2005). Credit derivatives were introduced, allowing risks to be turned into financial products that could be sold as shares or bonds (Ouroussoff, 2010; Tett, 2010). The structured finance investment vehicles provided financial institutions with opportunities to write swaps or options that provided them with regular payments in exchange for taking another's risk of default. With these changing conditions, front-line staff shifted from being tellers to sellers (Forseth, 2001; Regini et al., 2000; see also Korczynski & Ott, 2005). Bank rates did not yield much return and complex new products with higher proposed yield were developed. Initially marketed to corporate clients as 'low risk', later they were sold to ordinary retail customers (Forseth, Røyrvik & Clegg, 2013).

The Global Financial Crisis (GFC) of 2008 jolted the finance industry (see for instance Perrow, 2010; Stiglitz, 2009). The term 'jolt', comes from Meyer (1982), who coined the term environmental jolts to capture the nature of unexpected, unplanned and uncertainty-inducing events. He defined these jolts as "transient perturbations whose occurrences are difficult to foresee and

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whose impact on organizations are disruptive and potentially inimical" (p. 515). The term was used "to distinguish external events from disparate interpretations within organizations such as opportunities, threats, crises, or catastrophes". Meyer underscored jolts as constituted by events whose reception is always ambiguous. In a case study of strategic managers in hospitals, Meyer concluded that jolts acquire their meanings from embedded ideologies that determined whether jolts were perceived as dilemmas, opportunities, or aberrations.

In our case, in the tradition of attending to the everyday cultures of finance (see, for instance, Ho, 2009; Whittle & Mueller, 2011), we analyse longitudinal and ethnographic data to ask: (1) How did financial enterprises frame sales rhetoric and practices before the GFC? (2) How did financial enterprises respond to the critiques that arose after the GFC? (3) What attempts did financial enterprises make to rebuild image and trust in the wake of these post GFC critiques? After describing our data sources and methods, we will present the empirical section covering the trajectory of sales rhetoric and practices before, during and after the GFC.

2. Material and methods

2.1. Case study

When the global financial crisis occurred, we were conducting a study on sales cultures in finance. The turmoil made some processes related to sales more visible but several negotiations about research collaboration came to an abrupt halt. Seemingly in limbo, in 2008, one author was invited to give a talk at a seminar on Human Resources organized by the Norwegian Employers' Association for Financial Services. Network contacts from the seminar and our previous research in finance helped us construct a sample of six Nordic players. We were also able to draw on empirical data from previous projects undertaken before the crisis, allowing us to chart early phases in the development of a sales orientation in banking and insurance.

2.2. Context

For this paper we mostly draw on data from four banks. Two of them come from a large Nordic financial service group with an emphasis on retail banking, offering a full range of financial services in several European countries. Its market position made it vulnerable to the crisis and it suffered greater economic losses than comparable regional institutions, making it an exemplary case (Flyvberg, Landman, & Schram, 2012). In addition, data from two savings banks in a Norwegian alliance less exposed to the economic effects of the global crisis, is included. To strengthen validity, we selected supplementary complementary cases: another major Nordic financial services group, one Norwegian financial services group, and one Norwegian and one Nordic insurance company. Due to reasons of anonymity, the names and further details of the cases are not provided—a prerequisite for gathering data.

2.3. Sample and data gathering

We followed an iterative process moving between empirical data, interpretations and theoretical frameworks (Alvesson & Deetz, 2000; Eisenhardt & Graebner, 2007). The data gathering included various techniques and proceeded through a series of iterative steps (see tables in Appendix A).

During 1996–2000 (Forseth, 2001) we collected data from customer advisors and customer representatives on the introduction and cultivation of sales orientation, and interviewed a strategic sample of managers in a Norwegian savings bank (Case2, Bank C, Table A1). Data material on sales and customer interaction were further developed and analysed in 2003–2005. In 2006–2007, we conducted a comparative case study in three customer centres in Norway in a Nordic insurance company exploring the dilemmas and ambivalences in sales (Table A2).

The data covering the situation post crisis was collected between 2008 and 2014 in a strategic sample of financial institutions operating in Norway and Denmark (hence Scandinavian in the title of the paper). The sample was selected from those managers responsible for strategic or operational issues related to sales. We gathered narrative data from other managers at meetings and in-house seminars. We also made appointments with shop stewards (previously financial advisors), who play a key role within the Nordic model of industrial relations. We saw these informants discuss the impact of the crisis in various public fora, in which they were challenged to make public sense of the unfolding events in terms of their implications for employees/union members, which provided us with rich descriptions from different angles. Financial advisors were selected to cover differences in age, gender, seniority and branch/geographical location. In 2009 we collected data from union participants in a seminar on customer-orientation.

Interviews were framed by prior documentary and web site analysis. The interviews proceeded as a dialogue (Kvale, 1996) centred on narratives of unfolding events (Czarniawska, 1997).[1] The majority of the interviews lasted for ninety minutes. Each interview concluded with the subject filling in a simple quantitative mapping survey on sales practices. We also conducted non-participant observations; took photographs (used as data in presentations to the firm) during guided tours by our hosts, as well as engaging in informal discussions. Thus, we had ample data on the various phases of sales pre- and post crisis from the different perspectives of managers and employees (Forseth, Røyrvik, & Clegg, 2013).

In order to get viewpoints from a macro level, we interviewed four members of the Board of the Finance Sector Union of Norway, a director of the Norwegian Financial Services Employers' Association and an advisor to the Financial Supervisory Authority in Norway. We reviewed extensive documentation generated in relation to financial sales, including strategy documents, memos, performance reports, institutional self-presentations, annual reports and union members' magazines. The data also comprised public reports and clippings from business papers on sales of financial instruments, and cases launched by small savers/consumer bodies in the courts. We accessed naturally occurring data by presenting and discussing results on sales rhetoric and practices in focus groups, four workshops and seminars of managers, employees and union members in the case banks (2007–2009, 2013), as well as a meeting at the Finance Sector Union of Norway. These were useful in validating and revising the accounts that we were forming. Through these exchanges we elaborated our interpretations and overall perspective. On this basis we exposed our ideas to further commentary at international conferences and gained valuable feedback (Forseth, Røyrvik & Clegg, 2013; Forseth, Clegg & Røyrvik, 2014). In total, we collected a considerable amount of data, collected over several years in an intensive process.

2.4. Data analysis

The process of data analysis and interpretation proceeded iteratively (Alvesson & Kärreman, 2011). Adhering to the founding

[1] A detailed description of data sources and interviewees are presented in the appendix.