Financial Services and Social Structures: A Comparative Analysis

THE UNIVERSITY
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Javier Hernandez

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Declaration

I hereby declare that the content of this thesis was fully composed by Javier Hernandez, except where specific references are made to other sources. This content has not being used or submitted to any other examination or professional certification.

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Abstract

Although there is an increasing interest in social sciences amongst policy makers in financial services and investment organisations, not enough is known about the way financial organisations and activities interact with their social environments. In particular, there is a need for more research into the way financial activities are integrated into broader social structures. This thesis will report on a comparative study analysing the practices of financial organisations and their employees in two very different social environments: the UK and Chile. From 38 in-depth interviews with financial practitioners in London, Edinburgh and Santiago de Chile about their job trajectories and experiences, it was possible to analyse the practices of financial organisations in the UK and Chile, with an emphasis on the way they interact with global financial trends and local distributions of power and resources. A sociological account of organisational processes such as recruitment, socialisation, staff allocation, promotion and organisation of work within firms in these countries allowed for description and analysis of the way firms' practices are related to their social (structural, symbolic and institutional) contexts. The research shows that Chile's position in the global financial market and local distribution of resources encourage more traditional organisational practices, especially in terms of recruitment, socialisation, staff allocation and promotion, as well as activities

performed and the way services are provided. In the UK, on the other hand, all of the above-mentioned processes are more technical, formally designed and competitive.

Key words

Sociology of finance, investment firms, organisations, social stratification, comparative research, recruitment, job trajectories

Introduction

Financial institutions and activities have become central elements of contemporary societies and their economies. As societies become more driven by specialised organisations, human life is relying more on financial activities. Fligstein (1987), for example, showed that since the 50s, economic activities in the US have been increasingly controlled by financial criteria, and the central positions of organisations have been taken over by people of the finance divisions. At the same time, as Krippner (2005:119) pointed out regarding the US, accumulation and profit generation in the current economy originate increasingly through financial channels. She used the concept of "financialisation" of the economy to describe the major role played by financial and investment activities in the current form of capitalism. The phenomenon of financialisation, however, is not only observed in the US; it is an important characteristic of the global economy and affects the local economies of countries in different ways (Epstein 2005).

The process of "colonisation" (Habermas 1985) by financial activities and criteria of different levels of human, social and economic activities is also related to changes in the broad economy and its role in contemporary societies, and also to changes in financial and investment activities and institutions themselves. The recent contexts of economic specialisation and deregulation, dramatic changes in the technical and cultural uses/possibilities of money and technological developments in the field of communications and information management/processing created a specific environment for important processes of change in terms of financial products, modes and platforms of exchange, valuation and processing of assets, organisational structures and mechanisms and diversification and specialisation of teams and roles in an increasingly important and global industry (Castells 1996; Davis 2012; Sassen 2012). At the same time, financial activities have become more autonomous and specialised, and organisations have grown and diversified their activities. The financial crisis of 2007 enabled the observation that people's lives are more and more dependent on the financial system and the way financial institutions and practitioners act and manage resources and assets.

The mentioned crisis increased the public's interest in financial activities, along with that of other institutional fields that desired a better understanding of the logics, dynamics, practices and complexity of financial markets and organisations. My own experience researching financial activities and organisations could be described, at the beginning, as approaching something completely unknown and difficult to understand, where practices were abstract and practitioners used a very specific and obscure terminology. I could understand that financial activities were difficult to observe and grasp for outsiders, and that one of the reasons the 2007 financial crisis surprised and confused even institutions which deal with the issue on a regular basis was a lack of knowledge related to the topic, especially a sort of knowledge different from that of practitioners. There is a need for further understanding of financial practices and organisations in order to allow us an insight that goes beyond translation of financial terminology into sociological or social science terminology.

Sociology of finance and social studies of finance (which relate to other disciplines such as anthropology, political science, social geography and science and technology studies) have been producing this type of knowledge and observing financial phenomena from a social point of view from a much earlier point than the crisis; research and analysis has been produced relating to practices in the field (Abolafia 1997; Ho 2009; Stark and Beunza 2009; Zaloom 2006), different products and markets (Arnoldi 2006; MacKenzie 2007; Montazemi, Siam, and Esfahanipour 2008; Stark and Beunza 2009), the role of knowledge and technology (Knorr Cetina and Brugger 2002; MacKenzie and Millo 2009; MacKenzie 2007; Montazemi et al. 2008; Preda 2013; Stark and Beunza 2009), the role of norms, regulation and regulatory bodies (Davis and Marquis 2005; Davis 2012; Nee and Opper 2009; Power 2005), the specific tasks of different positions in financial activities (Arnoldi 2006; Baker 1984; Godechot 2001; Ho 2009; Montazemi et al. 2008; Power 2005; Stark and

Beunza 2009; Zaloom 2006; Zuckerman 2004), institutional and political dimensions (Abolafia 2005; Davis 2012; Fligstein and Shin 2007; Holzer 2006; Lounsbury 2002; Nee and Opper 2009; Power 2005) and the role played by social ties and structures in the way financial activities are performed (Arnoldi 2006; Baker 1984; Beunza and Stark 2012; Montazemi et al. 2008; Uzzi 1999). In this sense, there is a body of knowledge which allows the observation of financial markets, practices and organisations from a different point of view, contributing to an alternative understanding of financial phenomena from that offered by economics, financial theory and practitioners.

The impact of the financial crisis and the subsequent events related to high bonuses and compensation, news about salaries and earnings and specific cases of malfeasance and fraud captivated the interest of authorities, media and the general public. People were trying to make sense of what happened and what they were seeing every day in the news. While some experts and politicians used the concept of greed to explain both the fraud and financial failure, the media were more interested in what they portrayed as a moral crisis in Wall Street and other financial centres: problems with drugs, prostitution, luxury expenses, adrenaline-driven behaviour and other elements that kept the public interested in the topic. However, not enough was reported about the people working in these organisations: how they got there, how they were selected and how they reached positions which allowed them to make high-profile decisions. Neither was there much discussion of the way decisions are made and distributed within a financial firm, or the way practices in the field of finance are embedded within the broader dynamics of society.

Nonetheless, scholars in the area of social studies of finance provided several interesting points of view regarding the crisis and the social dynamics involved, identifying some interesting elements regarding the roles played by knowledge and technological/conceptual tools (Esposito 2011; Kessler 2009; MacKenzie and Millo 2009; MacKenzie 2009a, 2009b), norms, ideologies and the structures of incentives within firms (Fligstein 2009; Swedberg 2010), institutional settings and decisions (Abolafia 2010) and collaborative networks of people working in different teams and firms (Beunza and Stark 2012). All of these elements contribute to understanding, from an academic point of view, the different dimensions of financial practices involved in both the crisis and the everyday work of firms in the industry.

It seems necessary to observe financial activities in the context of organisational procedures, which define and structure both the people who make the decisions and the way they are made. Abolafia (1997) and Michel and Wortham (2009) have observed the organisational processes that socialise and integrate new members of investment banks, Ho (2009) observed the way people become engaged in financial organisations and Stark and Beunza (2009) described job routines in terms of business, value pursuit and creation. However, as can be observed, for example, in the index of the Handbook of Sociology of Finance (Preda and Knorr Cetina 2012), there are few references (4) to investment banks or asset management firms, which suggests that sociological knowledge of investment and finance organisations is still incipient.

Consequently, there is a need for further knowledge of the way financial organisations design, manage and perform their practices and interact with the broader structures of society. There is also space for investigation into investment and asset management organisations and the way they manage their human resources. Making a connection with other fields of sociology such as organisational sociology, sociology of occupations (in particular that focusing on elite professionals, such as the work of Rivera (2012)) and sociology of stratification would help us to understand how financial organisations can be part of broader social dynamics. Social studies of finance would benefit from a closer focus on organisational and institutional dynamics, as well as their excellent advances in terms of roles, products, knowledge, technology and markets.

Furthermore, some studies in the area of financial activities have focused on products, positions and procedures only in the context of a particular social setting, normally a centre of world financial activity such as New York, Chicago or London. As such, there is still a lack of knowledge of the way financial activities and procedures can vary among organisations located in different zones of the world financial system, or among societies with different productive structures and distribution of social valuable resources. The idea of a dominant and global convergence in financial activities is in part supported by the lack of comparative research that include organisations and markets located in the periphery of the global economy (Guillen 2001).

The research of Zaloom (2006) is one exception to the focus on single settings; the study compared practices in two different financial centres, Chicago and London, obtaining interesting results. Further knowledge of the way financial activities are constituted by specific social, economic and institutional settings would help us to understand the interplay of financial practices and broader social structures and dynamics. Comparative studies are useful for observing the way practices develop in different social contexts, so this study is relevant both to the understanding of how economic and financial activities are framed by social structures and dynamics (Bourdieu 2005; Vidal and Peck 2012), and also, to the understanding on how local distribution of power play a role in the cross-national diversity observable in an age of global economy.

The aim of this research is to contribute to the current knowledge of the field of social research of financial activities regarding the two areas presented above: examining financial services and practices in the context of organisational procedures (especially those related to recruitment, induction and promotion of members of staff) and comparing the way the practices of financial services and investment companies are performed in the two very different social settings of the UK and Chile. It is also an attempt to analyse practices in the financial services industry from a holistic point of view, not focusing on a particular type of role, position, product or market but instead constructing a broad picture of the ways different aspects of the industry are inter-related. Therefore this research aims to contribute to a further understanding of how financial activities are framed and constituted by the particular social settings on which they take part.

Overview

In the following pages, I will present the results of a piece of research which was aimed at analysing the way financial activities interact with broader social structures, or more specifically the way financial practices and organisations are integrated into the broader social structures of the countries and/or societies in which they are based. For this purpose, a qualitative design was employed. 38 semi-structured interviews with practitioners from different types of financial services firms and teams in London, Edinburgh and Santiago de Chile were conducted and analysed in order to examine the job trajectories of the interviewees as well as glean information about their experiences and observations within the industry and the particular firms with which they were familiar. Details of the methods employed, the research questions and design will be provided in Chapter 2, along with a discussion of the strengths and weaknesses of the methodological decisions made.

As sociology of finance and social studies of finance are relatively new fields, there is neither a clear body of knowledge to which new researchers in the area should necessarily refer and discuss, nor yet any controversies which new research could help to solve (Carruthers 2011). Both fields are still at the stage where scholars are exploring certain areas relating to financial activities, such as roles, hierarchies, social ties, technology, knowledge, products and markets, and gathering knowledge about these areas. As such, the literature review presents the state of the art social research into financial activities and organisations, covering different aspects of organisational procedures at the time of recruiting, selecting, including and promoting members of staff in financial firms, and other elements related to the organisation of work and the constitution of financial activities by social structures (Vidal and Peck 2012). The current social science knowledge of financial activities, the different aspects related to their organisational and institutional structures and different insights into the specific processes and social mechanisms observed in this research will be detailed in Chapter 1. In addition, there will be a description of the gaps that this research is attempting to fill, which relate to the relationship of financial practices and organisations with different social structures.

Chapter 3 is the first substantive chapter, presenting the results of the data collection and analysis. It focuses on the way financial organisations recruit their people, i.e. the way they attract applicants, select them at different stages and hire them. The processes will be described for both new members of the industry (graduates) and those with experience in the field. There is also an emphasis on the way financial organisations include and allocate their new members and the way these new members learn not only the knowledge required to perform their new tasks, but also about the culture and dynamics of their new firms and the industry in general. Throughout the chapter, it is observed that all processes indicated are of a more formal and technical character in the UK, whereas in Chile there is still a prevalence of traditional modes of recruitment, even though the work is getting more technical and requires people to be better prepared. This situation is relevant because it allows understanding how financial organisations interact with their social environment, and also because it shows how the people who make decisions get to their positions in two different social settings.

Chapter 4 explores the way that labour is divided and work organised in the industry and within firms. There is a strong emphasis on the specificities of certain types of positions, the skills associated with them and the way they are displayed. In particular, the chapter builds on the problem of person selection/allocation with an analysis of how different positions require different tasks and skills. The division of hard or technical skills and soft skills (which in many cases are social or related to social interactions) also relates to the way financial activities take part and are constituted by social settings and the way different positions in the field demand different degrees of social connectivity, communicative skills and cultural capital. In both the UK and Chile, certain markets and positions privilege people from specific social backgrounds connected to other types of companies. However, in Chile it seems that social background is still relevant to positions requiring more technical skills. This is relevant since it suggests how financial activities are framed by organisational structures, which are also constituted by social dynamics.

Networks formed by social ties, institutional arrangements and symbolic are the three main approaches used by sociology when researching financial activities (Preda 2007a).

Chapter 5 explores the interaction of financial activities and networks, institutions and symbols. There is an important role played both by dyadic social ties or sporadic collaborations/interactions and by groups and broader networks of interactions originating either in financial activities (such as previous business or having been team mates) or in other social situations (such as attending specific schools). Networks, groups and communities present practitioners with opportunities and constrains for business and access to exclusive collaborations, so they frame specific markets within social contexts. Institutional aspects such as norms, governance models and regulating bodies also structure the different activities of practitioners, teams and firms, as also do political dimensions of firms such as struggles, conflicts of interest and interplay of formal and informal norms. Chapter 5 also explores the way that finance is related to symbolic elements such as expectations, status, values and knowledge, from the points of view of financial practitioners and the way they interact with each other. In this sense, Chapter 5 focuses on different aspects of sociality and culture in financial markets and activities, the way these aspects are related to the interaction of financial organisations and activities with broader social structures and especially the way resources and high positions are distributed in a particular society. Chapter 5 concludes that financial activities in Chile are based on a sense of community or group, which originated in the historical development of a highly exclusive and dense elite which controls most valued positions in society. Although in the UK there are also exclusive groups which still dominates some markets and positions, it seems to have changed dramatically since the "Big Bang" of the British financial industry (dated to the market liberalisation reforms of October 1986); as such, status, expectations and trust seems now to be based more on technical skills and past performances and interactions than social background, in contrast to Chile, which is relevant to understand the social construction of financial activities in two social settings.

The final chapter presents the research conclusions, along with some discussion of the way the information presented in previous chapters answers the research questions (how do mechanisms of recruitment, hiring, induction, promotion and organisation financial services firms contribute to financial firms' reproduction and integration into broader social structures in the UK and Chile?) and fills gaps in the related literature. The way that organisational procedures are performed relates to the integration of firms into the specific social structures of a particular society. Processes and situations described in the previous chapters include: differences in the formality and technicality of recruitment, induction and promotion in the UK and Chile; differences in the complexity of knowledge and creation and exchange of complex products and systems in the two settings studied; and the role played by exclusive groups and internal and external symbolic dynamics related to status, values and trust in firms in both countries. The way that firms interact with specific patterns of distribution of resources, a specific education system and a specific set of norms and institutions frames the way they define their human resources procedures and marketing strategies and divide their labour. However, the position of specific markets and firms within those markets in the global financial system is also important. British financial organisations work at one of the centres of the system, so they do not only deal with the complexity and dynamics of British society, they are also coupled with the complexity, diversity and competition inherent in a centre of global activity. In Chile, where institutions are located on the periphery of the system, their dynamics are more oriented towards local patterns. The way institutions and social structures are set in both countries frame different environments to which organisations based on both locations need to adapt, so they develop procedures and practices accordingly. As it will be described in the following chapters, recruitment, induction, staff allocation, and organisation of work processes and procedures differ in the UK and in Chile. These differences are not trivial, they show how economic activities are part of complex social dynamics which can be observed in particular relational, institutional and cultural patterns.

In sum, the comparative approach adopted for this research allowed me to observe some elements that had not yet been systematised in the existing literature. In particular, it was possible to observe the way firms in this industry adapt to the specific social settings in which they take part, in particular in terms of whom they hire and how they include/exclude them within their hierarchies. As such, it was very useful to study financial activities and firms in two countries that are different in terms of legal traditions, ethnic diversity and economic development, for example. Another contribution of this piece of research relates to the position of the two social settings studied within the global system of finance. The settings presented very different processes of coupling and integration into global markets and international economic and political dynamics, which also plays a role in the way that organisations act and carry out their internal procedures in terms of the dynamism of their markets, the diversity of their clients, etc. Unfortunately, the methods employed and the data collected do not allow exploring how different organisational procedures in the context of different social settings are related to positive or negative economic outcomes of financial work or to specific patterns of organisational behaviour in financial markets. However, it allowed to observe how people who make financial decisions are selected, socialised and organised in two different social settings.

Another contribution results from the focus on different types of positions, products and financial organisations. Most of the research currently available does focus on specific products or positions, but does not address the organisational dimension related to procedures, take into account the different positions, markets and products within the phenomena of financial activities and practices, or compare different countries. As such, this piece of research is an attempt to contribute to the current knowledge in the field of the sociology of finance, offer a point of view which compares different social settings and analyse the organisational dimension of financial activities.

Chapter 1

Literature Review

The financial system is based on a number of activities and institutions that handle capital and the pursuit of profit from credit, monetary products and the exchange of assets (Knorr Cetina and Preda 2005). In this sense, while financial activities are actually very old, and they are part of the origins of international trading and capitalism (Braudel 2002; Slater and Tonkiss 2001), it can be observed that in recent times financial activities have become more important in terms of their participation in the overall economy and profit-making (Epstein 2005) and have also experienced processes of autonomisation, specialisation and increase in complexity (Strulik 2006). However, financial activities still rely on complex social dynamics, mechanisms and constructions, so they are not only affected by social relationships and dynamics but also socially shaped, as it will be developed through this chapter.

Both at a global level and at different local levels, financial institutions, organisations and practices are integrated into broader structures and social fields. Increasing levels of autonomy and complexity for financial and investment activities and organisations, in the context of societies that are also increasingly complex (Luhmann 2011; Willke 2006), create new challenges in terms of both coordination and cultural and symbolic legitimacy. The fact that people trust specific firms with their capital and that institutions accept the autonomy of financial organisations raises the question about symbolic and legitimating mechanisms that allow the financial industry to recruit workers and convince people and organisations to trust them with their assets. In this sense, this research is based on the question of how social integration is possible, specifically in the case of financial and investment organisations, in the context of the broader economy and social structures. The fact that financial activities and organisations actually exist and work in current societies should not be taken for granted, as it must be observed which mechanisms are related to coordination, reproduction and social legitimation of this particular industry. In this sense, financial activities are structured by elements related to ties/networks, norms/institutions and culture/cognition.

Although financial activities have covered different regions of the world for a number of centuries, the global integration and synchronisation of financial practices and markets observable today is unique, especially after the collapse of the Bretton Woods agreement (Sassen 2012). However, the increasingly global condition of finance does not mean that financial activities, institutions and practices are the same all over the world. Financial institutions and organisations act within particular institutional and structural contexts in different cities and countries (Davis 2012). In this sense, global financial and investment dynamics are embodied and framed by particular institutions and organisations that interact within the context of specific political cultures, historical developments, struggles and interests.

Asymmetries in the way that financial activities are organised worldwide and the way products and profits circulate can be understood as taking a centre/periphery form (Stichweh 2012; Zarycki 2007). In this sense, although financial activities are interconnected, global and based in diverse decision centres, there are a number of large financial centres which concentrate not only business fluxes (Kaminsky and Reinhart 2004:1) but also decision-making (Thrift 1994) such as New York, Chicago, Frankfurt, Tokyo and London. These financial centres attract also commercial partners and highly skilled migration (Thrift 1994) and they are based on highly dynamic markets. Countries on the periphery of the system, such as Chile, are integrated but in a different position, and present different dynamics depending on their own historical processes and the role they play in the world economy.

Sociology of finance is becoming a topical field in contemporary sociology, attracting an increasing quantity of research and scholars. Within the last 30 years, much research has been carried out on financial products, specific markets, development of knowledge and technical devices in the field, the role of regulatory institutions and other state-oriented organisations, the role played by spatial and urban dispositions and the role of specific financial positions, organisational dynamics and other topics (Preda 2007; Carruthers 2012). It can be argued that, at this moment in time, part of the literature of sociology of finance focuses on the exchange and diffusion of resources and contacts through networks. There is also some important literature on the institutional and political elements of financial markets. Similarly, there is some broad and interesting literature about the role played by cultural and cognitive elements in financial markets (Preda 2007a, 2009b). However, as Carruthers (2011) explained, the current development of the sociological approach to financial activities takes the form of a "mosaic"; there are several contributions and phenomena studied, but no systematic approaches to the phenomenon as a whole yet. Therefore, more knowledge of how networks, institutions and culture interact in financial markets and activities is needed. The different approaches mentioned previously focus on particular dimensions; but sociology of finance could be more closely connected with the classical questions and issues of sociology, such as the problems of social integration and coordination, power and culture, conflict and struggles and organisational theory. At the same time, scholars in sociology of finance have also focused their efforts on claiming their jurisdiction in fields traditionally considered exclusive to scholars and practitioners in finance, mathematics and economics. However, sociology of finance and economic sociology in general would benefit from a stronger link to social theory and in particular to the understanding of economic phenomena as constituted by social interactions, institutions, frames and structures (Vidal and Peck 2012).

To a certain extent, it can be argued that sociology of finance originated from three different sources. The first is new economic sociology, which approaches financial institutions and practices as one of the main elements of current economies, as part of its programme of studying economic activities as social phenomena. Economic sociologists focus mostly on the role played by networks, norms and struggles in financial markets and organisations (Fligstein and Shin 2007; Fligstein 1996; Granovetter 2005; Keister 2002; Podolny 2005; Preda 2007a; Uzzi 1999). The second source is social studies of finance, an interdisciplinary field originated mostly from questions about social construction, structuration, legitimation and consequences of financial knowledge, expertise and technical devices (Beunza and Garud 2007; Callon and Muniesa 2005; Callon 1998, n.d.; Knorr Cetina and Brugger 2002; MacKenzie and Millo 2009; MacKenzie 2006; Stark and Beunza 2009). A third source relates to scholars interested in neo-institutionalism and/or political economy. They also focus on financial markets and organisations, but mostly from the point of view of their institutional architectures and the role played by different actors in the industry (Cassimon, Demetriades, and Van Campenhout 2010; Guillen 2001; Mayntz 2012; Nee and Opper 2009). In this sense, all these different approaches call for attention to the social nature of economic phenomena and provide different insights to observe the behaviour of financial organisations, practitioners and activities.

This chapter provides a sociological understanding of financial activities and organisations. It begins with a discussion about the matter from the broader point of view of economic sociology and social studies of finance. Then, a more specific discussion about the three aspects related to the substantial chapters (social integration of financial activities, social organisation of financial activities and sociality and culture of financial activities) is provided. Finally, there is a brief discussion about contextual differences for economic activities in the UK and Chile.

New Economic Sociology and the embeddedness framework

New economic sociology has been developed, to a great extent, around the concept of embeddedness, first proposed by Polanyi but recently developed by Granovetter (Portes 2010). According to Granovetter, embeddedness is related to how economic actions: *"are embedded in concrete, ongoing systems of social relations."* (Granovetter 1985:487). For example, one of Granovetter's arguments involves pre-contractual conditions of economic transactions (Lie 1997, 349), specifically the problem of trust, which makes exchange possible. For Granovetter, trust is the result of social ties based on previous interactions, thus economic action is embedded in a complex web of ties which are not necessarily grounded in economic exchange or relations. For example, he indicated the importance of non-commercial spaces of social interaction in which future economic partners can get to know each other and develop trust (Granovetter 1985).

The first definition of embeddedness proposed by Granovetter (1985) suggests connections between economic activities or organisations and non-economic ones. The concept of embeddedness refers to immersion of economic activities in broader social action and social life. This definition has been developed further, mostly in the context of network analysis (Uzzi and Gillespie 2002). Some other scholars, such as Zukin and DiMaggio (1990) developed this idea and proposed a broader concept of embeddedness, in which economic action takes place in different kinds of social context: cognitive, cultural, structural and political remaining as a central concept in economic sociology (Beckert 2007; Portes 2010).

However, there are a number of criticisms of the notion of embeddedness and its role in the sociological understanding of economic phenomena. One group of criticisms is related to the claimed low explanatory power of the concept in explaining economic structures and the way they work. Beckert (2007, 2009) and Portes (2010) argued that despite the concept of embeddedness having been useful to set a research programme and stake out an active role for sociologists in the study of economic matters, it does not provide a clear analytical framework for studying economic activities and roles. The concept of embeddedness may well work as a justified assumption for economic sociology, but analytical work should use sounder tools like the study of coordination mechanisms (Beckert 2009) or the role played by institutions, social capital and social class in economic activities (Portes 2010).

Another, and probably more substantial group of criticisms is related to the use of the concept of embeddedness, since it re-enacts a divide of economy and society (Gemici 2008; Krippner 2001; Vidal and Peck 2012). Those authors propose that new economic sociology would increase its contribution to social knowledge if it went beyond the concept of embeddedness and focused on how economic phenomena are socially constituted, especially in terms of power and institutions. Gemici (2008) proposed that the concept of embeddedness inherits ambiguities in the original works of Polanyi and it does not provide a coherent theoretical framework for a sociological approach to economic phenomena. Krippner (2001) argued that an economic sociology based on a network approach and the concept of embeddedness replicates the divide of economy and society, disregarding political, institutional and cultural elements which are constitutive of markets. Vidal and Peck agreed with Krippner´s point of view and proposed that a sociological approach to economic phenomena should understand how markets are "constituted through temporally and spatially variable cultural logics, social norms, regulative forms, (organisational) power relations and valorisation pressures, habits and dispositions" (Vidal and Peck 2012:608). In the view of all these scholars, the problem with embeddedness is not only that it does not work as an explanatory or analytical concept, but also that it prevents economic sociology from observing the constitutive social elements in economic life (Gemici 2008; Krippner 2001; Vidal and Peck 2012). As it will be developed, the results of my research are consistent with this view.

Indeed, research done in the tradition of the concept of embeddedness need not to be discarded, but can actually ne strengthened by being conceptualised within the framework of the economy as socially constituted. As an example related to the field of finance and investment, the classic study by Baker is useful. Baker (1984) showed that financial markets such as the Chicago Board Options Exchange are also formed or structured by social interactions and ties. In his account, two problems for traders emerge every day in the pits: opportunism (traders try to take advantage of peers) and bounded rationality (rational behaviour limited by the difficulty of processing information due to segmentation and noise in the pits) (1984:778–779). In order to mitigate these difficulties, they form smaller groups where traders can be trusted and information about the market can be more easily processed. Baker found that among larger crowds it is possible to identify several small groups or cliques, social structures which frame markets and affect the outcomes of financial exchange. Financial markets are not anonymous, but framed by social structures of ties. This is not only observable on the trading floors, which are declining (MacKenzie 2004); it also happens with electronic, over the counter (OTC) or dealers' transaction trades, which are very frequent at the present time (Arnoldi 2006). As Montazemi et al. (2008) showed, even though new electronic platforms for transactions seem superior in terms of formal, operational and informational efficiency, most of the largest transactions in fixed income markets do not use this channel. To explain this, they proposed that networks with particular providers and formal and informal commercial partners are still a crucial source of information at the time of making decisions and trading. Arnoldi (2006), observing derivatives markets, also underlined the limits to the expansion of computerised trading, concluding that it is due to the persistence of the cognitive and informational importance of personal contacts and interactions (MacKenzie 2004). In sum, when studies are grounded in the social network analysis background, they provide evidence on how financial activities are bounded, mediated, framed and enabled by social interactions, ties and structures.

Beyond the network approach, one of the most interesting contributions to economic sociology is what has been called the political-cultural approach. Although it has not been applied to financial practices and institutions as often as the more network analysis-based embeddedness approach, it offers interesting insights into the interest-driven struggles observable between and within organisations. Based on the ideas of Pierre Bourdieu and developed most notably by Neil Fligstein, the political-cultural approach uses the "Markets as Politics" metaphor to emphasise the importance of the role of power in the construction and development of markets. Power (state intervention or regulation, the influence of the largest companies, barriers or strategies to exclude potential participants from the market and so on) determines the behaviour of the market and how it works, so this approach focuses on the institutional and organisational elements of the market (Preda 2007a). In addition, as Fligstein (2001) pointed out, the political-cultural approach is grounded in the concept of the economic field developed by Bourdieu (2005). This approach involves an understanding of markets, and economic agents, as the result of struggles between companies and within the firms themselves. Thus, the market is a structure determined by the relative strength, weight and power of participants. The "winners" of the struggle not only gain the best positions; they also legitimate themselves by setting out a discourse. As such, this approach is referred to as cultural, because it stresses the importance of the ideological side of struggles and social practices. Contrary to neoclassical economics, Bourdieu described economic actors as not rational but instead guided by the *habitus* of the economic field, and that the market outcome is not efficiency but struggles. The force and resources of an economic actor partly stem from his social ability to gain influence in other fields, like the state and culture. This perspective understands economic and financial activities as social constructions.

Regarding financial institutions, Fligstein (among others) has proposed that a particular ideology, as a result of interest struggles within organisations and between groups in society, became the "shareholder value" paradigm in firms' management and thus played a significant role in driving companies towards the behaviour that ended in the 2007 crisis (Fligstein 2009). Various studies, though they may start from different perspectives, all emphasise the role of institutions and power in financial activities. For example, Lounsbury (2002) showed that financial practitioners' decisions are based to some extent on the institutionally framed monopolisation of knowledge and practices related to their profession and the pursuit of individual and collective higher status. Clark and Thrift (2005) showed how bureaucracies and internal modes of control in financial corporations have been redefined and play a significant role in the behaviour of agents. Similarly, Power (2005) observed the importance of risk management models and the way they define modes of control in financial organisations. Abolafia (2005) observed how specific decisions made within institutions, and based on internal distribution of power and mobilisation of discourses and ideas, affect and frame financial markets.

Financial activities as social constructions

Consequently, economic sociology in general and sociology of finance would benefit from an understanding of economic activities as social constructions (Vidal and Peck 2012). The concept of social construction relates to Berger and Luckmann's (1966) ideas about the social construction of all institutions and forms of social behaviour and experience. According to those authors, complex and specific phenomena, such as politics and the economy, should be understood as enabled and reproduced by knowledge grounded in social interaction and processes of institutionalisation, legitimation and internalisation of patterns, norms and typification of human experience. In this sense, the economy and financial practices are the results of processes of creation and reproduction of institutions and social patterns, processes which are related to the problems of power and conflict. In a similar vein, Bourdieu (2005) proposed that a realistic conceptualisation of economic reason is:

> “an encounter between dispositions that are socially constituted (in relation to a field) and the structures, themselves socially constituted, of that field” (76)

Accordingly, Bourdieu's principles for an economic anthropology propose approaching economic phenomena in terms of the social structures, institutions and discourses involved.

As indicated above, social studies of finance are another source of systematic reflection, research and examination of financial activities and institutions, from a perspective based on different social sciences, such as sociology, anthropology, science and technology studies and political science (De Goede 2005). At first, social studies of finance focused more on construction and the role played by knowledge and technical devices in the field; more recently, they have developed both theoretical and empirical bodies of knowledge regarding financial practices at many different levels, financial products and the roles involved in the industry. From different perspectives, scholars in this field approach financial activities as socially mediated and constructed, although also often emphasizing the role played by the material dimension of that sort of experience. Just as Granovetter’s work is seminal to new economic sociology, Michel Callon’s work is highly relevant to social studies of finance (MacKenzie, Muniesa, and Siu 2007). Callon’s ideas about the way markets are formed by calculative agencies framed around economic and financial devices and sociotechnical arrangements such as formulas and models (Callon 1998) were crucial to the development of a path of research focused on device formation and diffusion and technical developments in financial markets and activities. The concept of performativity, proposed by Callon, indicates that the understanding and calculation derived from the theoretical and methodological tools of economics not only describe what happens in markets but also structure them. Economic life is framed and enacted by calculative devices and agents. According to Callon, economic phenomena are embedded not only in society but also in economic theories or economics (Callon 1998:23). In addition, he later developed this idea further, focusing on the specific sociotechnical arrangements that allow perfomation, i.e. giving agency to the different devices that frame economic action (Callon 2007). This branch of research has been very prolific, and other scholars have studied such things as the role played by options valuation models (MacKenzie and Millo 2009; MacKenzie 2007) and the role of analysis tools (Preda 2007b) and exchange platforms (Knorr Cetina and Brugger 2002).

Callon's contribution is also interesting because it observes economic and financial phenomena as structured by social devices, but not discarding the importance of the specificities of economic action in the context of human experience. In this sense, financial and investment institutions and practices are becoming more self-oriented, complex, obscure and difficult for outsiders and other fields of society to handle.

Although this process has apparently been reversed by public and political intervention in banks and other financial organisations and new regulatory measures for financial markets, it is not yet clear whether these changes have genuinely affected the internal practices of banks or are just a momentary reaction to the crisis (Samman 2011).

According to Carruthers (2011), financial activities should be understood as promises. Financial activities, and to a certain extent all economic activities, are oriented towards the future, in the sense that decisions are made in the present in order to make profits later. Financial activities, and the work of financial and investment firms, are based on payments in order to receive deferred payments at a future date (Willke 2006). As the future is always uncertain, despite all the tools developed to deal with it, economic activity always involves uncertainty. Financial firms (and any organisation) are based on and oriented towards decision-making, using a present conception of the future. Expertise in the field, which is the main claim or source of legitimation for specific jurisdiction over financial and investment activities by financial practitioners and organisations (as with most occupations, (Abbott 1988)), relates to the development of conceptual and practical tools and strategies for dealing with future and the uncertainty inherent to the industry . However, expectations or promises rely on socially constructed dynamics. Financial exchanges and services rely on networks and ties, especially in terms of trust-building, cooperation and exchange. They also rely on institutions, notably in terms of contracts, regulation, norms and supervision, and interact with cultural elements such as social expectations and values. Finally, financial exchanges and services have dramatically changed due to the recent development of knowledge and technology in the field, which are also social products. Financial autonomy develops within social dynamics and is structured by these elements.

An important branch of social studies of finance relates to ethnography of financial institutions, understanding both the internal patterns of financial organisations and the experiences of their actors. Four studies deserve special mention. The research of Abolafia (1998) into a trading floor in Wall Street highlighted the role played by the organisational dynamics of socialisation and interaction in individuals' learning in the industry and cases of financial malfeasance. Stark and Beunza (2009) studied an investment bank in New York, but they focused on financial work, especially the use of organisational, technical and technological dynamics to evaluate and find business opportunities. Ho (2009), based on her own experience of applying to and working in an investment bank in Wall Street, observed all the processes related to recruiting, induction, organisation of work and even staff reduction in financial organisations. Finally, Zaloom (2006) observed, also based on her own first-hand access to financial organisations, how technical changes in methods for analysing opportunities and exchanging and trading assets have changed the financial services industry at different levels.

As the whole point of financial activities and practices is to make decisions in order to profit in the uncertain future (Esposito 2011), knowledge (especially in the form of tools for projecting past and present data onto future expectations) is a central element of financial activities and work. As MacKenzie (MacKenzie 2006) and Preda (2009b) have shown in different ways, this sort of knowledge is becoming more explicit and technically grounded (Zaloom 2006) and relate to processes of specialisation and diversification in the industry and within firms. Financial occupations are intensive in terms of knowledge-based operations, such as calculation (Kalthoff 2006; Vollmer 2006).

Institutions and organisations have to adapt to their specific environments (Rosenzweig and Singh 1991). The theory of convergence proposes that as economic institutions and practices, specifically finance and investment, become more global, regional/local differences become less important, with the global industry converging via similar organisational, institutional and business models (Guillen 2001). There is a tendency to standardise organisational practices in different countries and cities, especially in terms of management, products and control systems; however, organisations, institutions and practices still adapt to the specific and diverse social situations observed in different countries (Davis and Marquis 2005). Therefore, although the industry is global, the analysis of regional differences observed in different social settings is still relevant and necessary (Guillen 2001). From the point of view of a socially constructed economy, local institutions based on local arrangements and balances of power and interest play a role in the way particular organisations behave in specific social environments (Vidal and Peck 2012). In this sense, for example, political economists and new institutionalist scholars have studied the roles played by: national and multinational regulatory bodies (Mayntz 2012); law and regulation in financial market performance (Nee and Opper 2009); and corporate governance and modes of exchange and cooperation between firms in particular industries (Davis and Marquis 2005). The recent crisis has motivated changes in regulation and an increasing academic interest in the models and systems of external regulation and internal control of financial activities, both at a national and international level (Mayntz 2012), so institutions frame economic and financial activities.

In this vein, the concept of varieties of capitalism proposed by Hall and Soskice (2001) is interesting since it allows us to observe different ways of development in capitalism, especially in terms of institutional paths and environments for economic and political activities. In addition, the varieties of capitalism approach pays attention to the specific financial systems as a constitutive element of current capitalist models and economies.

However, as Vidal and Peck (2012) proposed, the varieties of capitalism approach considers the role of institutions in a rather mechanical and static sense. They propose the concept of variegated capitalism instead, as a way to observe different economic realities in relation to the specific social dynamics by which they are structured. The term variegated capitalism involves understanding world capitalism as the result of global and local processes of development which are interrelated in terms of time and space (Peck and Theodore 2007). This conception allows understanding uneven development as a consequence of specific institutional realities at a local level in the context of an international economy organised in terms of this diversity (Peck and Theodore 2007; Vidal and Peck 2012). This notion, for example, allows understanding how financial institutions and organisations behave differently in the centre and the periphery of world financial system.

Nonetheless, there has not been enough research into the way financial organisations interact with broader social structures and dynamics. For example, although Karen Ho (2009) studied recruitment and integration processes in the financial services industry, describing and analysing the patterns of selection and integration of new members of Wall Street banks and the organisational dynamics they face, she only placed them in a local context; for example, when describing how the elite-based argument dominant in Wall Street is not only used as a selection criteria but also as a legitimatory discourse for the whole industry. However, she does not propose a connection of these findings and the specific social structures and dynamics in the US and the role played by Wall Street in the US and global economy. With Zaloom (2006), meanwhile, although she situated processes of recruiting and integration in the political and social transformations of London and Chicago, she did not explore this relationship in depth. Michel and Wortham (2009) observed differences in the way two different banks approached their business and their internal organisational structures and procedures, but did not connect those differences with broader social structures. In these three cases, as with other pieces of research, the focus is on the products, roles, industry or organisations themselves; enlightening current knowledge about financial practices, but future more work on the interaction of financial institutions with their social environment is needed. In particular, comparative cross-national research may help scholars to look at these topics from a broader point of view and focus both on financial practices and their social environment.

In sum, financial activities are structured, or socially constituted, in terms of:

Interactions/ties/network- related elements: There is a body of literature that emphasizes the role of ties and interaction in markets, decisions and practices (Baker 1984; Granovetter 1985; Montazemi et al. 2008; Uzzi 1999; White 1981). Although the criticisms of the role of the concept of embeddedness in economic sociology also highlight the problems of a network-based sociological approach to the economic phenomena (Krippner 2001), the way people interact and create ties is an important element on how the economy is organised and performed. According to Martin (2009), interactions when repeated, or recursive, may form social relationships that may crystallise in social structures that bring regularity to social experience and, for example, frame modes of exchange. Following White (2008:26) ties emerging from interactions through common stories between people shape human experience, interaction and social exchange. For example, Baker (1984), observed that traders and market makers use their ties and previous interactions to exchange assets and solve uncertainty in the market, shaping the market in this way. Social interactions structured in ties and networks play a significant role in different financial activities and positions in firms, and also in terms of structures of business opportunities. However, this perspective differs from purely formal social network analysis in the sense of that the role and power of the particular people involved in the relationships and the content of such ties are important and should be taken into account (Martin 2009:11). Furthermore, ties and networks are not only important in terms of inputs and outputs of financial decisions or opportunities in the financial and job markets, but also important in terms of the social distribution of resources (Portes 2010) that is observed in particular social stratification systems and structures. In this sense, the control that particular groups and communities, and their inclusion/exclusion mechanisms, hold over certain resources and opportunities also structures the way economic agents and products are designed and exchanged.

Norms/regulation/institutional- related elements: The political dimension of economic activities is a constitutive part of them, enabling them in the case of contracts and other forms of social coordination grounded institutionally (Davis 2012; Lie 1997). According to Portes (2010:55), institutions "*comprise the set of rules, written and informal, governing relationships among role occupants in organisations*". As proposed originally by Durkheim, one of the main aims of economic sociology is related to the study of economic institutions, such as modes of production, exchange and consumption, and the way they are socially defined (Smelser and Swedberg 2005:10). In this sense, norms, laws and regulation related to finance also structure the way financial activities are performed and markets work. In addition, the political environment of financial activities has always created opportunities and restraints for business and economic decisions. For example, the way a certain country manages its welfare and health systems affects the way financial firms design and trade their products. In sum, all these elements are directly related to the social distribution of power and influence, and the way conflicts of interests are solved. Historical relations of power are also a constitutive element of finance, and the way in which conflicts of interest are solved in institutional and power arrangements is crucial to understanding how markets and firms work (Fligstein 2001).

Symbols/ culture/ cognitive-related elements: Norbert Elias argued that symbolic reality is a social structuring aspect on its own (1989). In this sense, culture consists of socially constructed symbols which help to organise and frame human experience and social activities (Fuchs 2001). Accordingly, financial firms interact and are constituted by cultural realities in different levels. In a first level firms interact with cultural elements in terms of behaviours and groups that are perceived positively or negatively (Portes 2010). This is related to status, in organisational and individual terms (Podolny 2005). In a second level, organisations find themselves working within patterns of behaviour, based in formal and informal decisions, which have been sedimented and can be called organisational cultures. Finally, different roles and activities are related to specific forms of knowledge which frame the way agents and organisation behave in a specific market (Fligstein 2001). In particular, it is interesting how roles are linked to scripts related to use of knowledge (Abolafia 1998) and how specific forms of knowledge structure the way agents and markets behave (Callon 1998; MacKenzie 2006).

These elements are divided here only for analytical reasons, since in social life they are interconnected: institutions are related to culture (Fligstein 2001), power is related to ties and groups (Portes 2010). All these elements combine in social mechanisms, understood as social patterns which bring regularity to social interaction (Elster 2007), structuring economic and financial experience.

Recruitment and Integration in Financial Organisations

Organisations, particularly financial and investment firms, are the main units or agents in financial activities. It is also firms that take part in particular social settings and dynamics. Organisations adapt, or try to adapt, to the different situations perceived in their particular environments and the markets in which they take part (Powell 2001; Rosenzweig and Singh 1991; Stark 2000).

The integration of the industry means both legitimacy and inter-temporal reproduction. Organisations have to continue and adapt to the new circumstances of the market (Fabac 2010; Powell 2001). In this sense, recruitment is a very important element of continuity and reproduction for firms as it allows temporal continuity of companies beyond the working life of their current members. As Ho (2009) showed, financial services is an industry that constantly recruits and therefore renovates their staff. Recruitment brings people to the industry with the profile firms are seeking in a particular social setting; Ho (2009) and Michel and Wortham (2009) observed that in Wall Street they looked for ambitious elite university graduates willing to work long hours for the economic and symbolic rewards of their positions. The recruitment process brings people to the industry and firms select their people. This is the point at which firms display their inclusion/exclusion mechanisms.

The ethnographies of Ho (2009) and Zaloom (2006), which included the processes of their own recruitment to investment banks in Wall Street and the City of London respectively, are two of the most comprehensive accounts of recruitment in investment organisations from a social science perspective. Both described how investment firms, in particular the largest ones in those two financial centres, look after elite university students (soon to be graduates) as part of a yearly process, regularly bringing a new generation to the companies. After the firms visit campus, they use different recruitment methods, most notably assessment centres, in order to find the best fitting candidates. They have competitive and technical selection processes. Thompson (1997) describes how the City of London, after the Big Bang of financial activities in 1986, started recruiting people from universities and a wider range of backgrounds, changing the pattern of the more clique-oriented industry observable previously. Michel and Wortham (2009) also observed how investment banking has adopted selective and technical recruitment processes aimed at highly skilled graduates, which tend to be similar regardless of the different approaches of firms.

However, sociological works on finance have not paid much attention to the organisational dynamics involved in financial services and the different practices of the industry. For example, the Oxford Handbook of Sociology of Finance (2012) covers many topics such as financial concepts, products, positions and historical and cultural trends, but according to its index, there are very few references (just four) to investment banks (Preda and Knorr Cetina 2012). Asset management firms are similarly treated. In this sense, besides the studies of Ho (2009) and Zaloom (2006) most sociological literature on recruitment is grounded more in organisational sociology and sociology of professions. Regarding organisational research, it is interesting to highlight the work done by Michel and Wortham (2009), examining, among other topics, the recruitment processes of two investment banks in Wall Street, converging in the description of how they target and attract top students of elite universities. Regarding sociology of professions, it is relevant to observe the body of literature on elite professions or professionals, which covers law firms, consultants and investment professionals as industries aiming at highly skilled intellectual workers. However, sociological accounts of recruitment and hiring are still incomplete (Rivera 2012:1000). For example, there is little information about why recruitment follows different patterns in different social settings, or a sociological account of how and when recruitment becomes more technical-based.

There are some exceptions which do refer to the social composition of financial organisations. Beaverstock (1996) showed that in the City of London, there is a high value placed on an expatriate highly skilled labour force; managers are aware that varied teams may contribute positively to their interaction with international clients and markets. From a gender perspective, there is evidence that inclusion of women in highly specialised firms such as those in the financial industry does not work the same way at different levels of organisations, and so women tend to be allocated to clerical positions (McDowel and Court 1994), although it seems that the industry, especially in the City of London, has changed in this respect in the last 20 years. The tendency reported by Thrift (1994) is for an increasing role of women in front office positions, especially those based on social interaction.

From the point of view of senior recruitment and inter-firm mobility, Godechot (2010) showed how previous collaborative relationships, such as having been team mates, is one of the key factors when hiring a new member or offering someone a job. According to Godechot, collaborative ties are essential for progression and mobility of members of the industry with some experience in the field. These situations are related both to social interactions and the construction of trust and to the way organisations work and define their strategies.

Regarding to individuals' performance in the specific environment of firms, cultural and social capital are two elements that appear in the literature as key to increasing the value of a particular applicant from the point of view of a particular firm (Rivera 2012), in addition to the technical abilities or people credentials (Ho 2009; Rivera 2011). The position of the financial services industry in a particular setting and the valuation of their prospective applicants may result in varying ideas and constructions about the "capability" of an applicant. In addition, I follow Bourdieu´s definition (1986:47) of cultural capital as the set of dispositions, practices, habits and tastes learnt during different processes of socialisation, which are codified as signals, and serve as the representation of agents in society and, to some extent, represent membership of certain groups and social classes. These signals are at the core of inclusion/exclusion mechanisms and are directly related to status[1] (Lamont and Lareau 1988). Depending on the setting, cultural capital can be important for doing business or working with others, especially in positions requiring constant interaction with potential customers or dealers, as sharing a cultural background is a source of initial trust (Rivera 2012). This is of course also related to the specific product or type of customer involved and the social distribution of

1 This notion of Bourdieu´s cultural capital follows the interpretation of Lamont and Lareau (1988), which do not emphasise "high culture" elements, but the practices and signals of dominant social groups and the way they allow excluding others.

valuable resources and positions. Cultural capital appears in several stages of firms' recruitment (Lamont and Lareau 1988; Rivera 2012).

Social capital could be understood as *"the ability to gain access to resources by virtue of membership in networks or larger social structures"* (Portes 2010:27). Accordingly, different applicants may enjoy diverse existing ties within the industry, or with other firms and institutions, and have very different networking opportunities depending on the people they know and their access to groups and social circles. Kadushin (1995) showed that among the French financial elite, many members attended the same high schools and universities, so there are groups and cliques formed by pre-existing ties. Godechot (2008, 2010) showed that human capital is also a source of social capital for firms, and if someone leaves a firm, this person will take her or his business to the new firm. Therefore, although recruitment has become more technical in most industries (Millward 2003), firms may still seek people out not for their skills and knowledge alone, but also because of the business they bring with them. However, this is not necessarily based on elite recruitment, as Zaloom (2006) pointed out; for example, some managers based in Chicago wanted deliberately diverse staff when they started their business in London.

The tradition of studies initiated by Pierre Bourdieu in the fields of economic institutions and education calls for a closer look at recruitment processes. Bourdieu and Passeron (1990) emphasised the importance of social background and cultural capital in apparently technical and neutral assessment techniques. Language tests, and other sorts of standardised and technical assessment, normally neglect the social dynamics underlying them and the way they are framed by the point of view of certain groups. The authors also indicated the role played by selective organisations, in this case universities, in the further opportunities of people selected or dismissed; educational institutions, therefore, are not just a mere stage in the life cycle, but also filter people's opportunities.

Following recruitment, integration and inclusion, new members are also required to participate in socialisation mechanisms (Katz and Kahn 1978; Michel and Wortham 2009). They are allocated to specific teams and activities in order to get them into a role and onto a career track, and are required to learn the different practical and symbolic elements of their position and the industry (Abolafia 1997; Michel and Wortham 2009). Integration of new members comprises processes of socialisation and allocation. As Berger and Luckmann (1966) stated, socialisation is:

> "The comprehensive and consistent induction of an individual into the objective world of a society or a sector" (150).

Socialisation is the process of reproduction of a set of knowledge which is to a certain extent naturalised and presented as objective; in this case, it is related to the nature of financial work and the dimensions of its involvement with products, skills, procedures and ethics (Abolafia 1997; Ho 2009). Secondly, socialisation as proposed by Berger and Luckmann (1966) takes every new individual or generation as a new challenge to the current set of knowledge, thus it is dynamic. In this sense, following Bourdieu's statements about economic organisations, struggles are always present in internal dynamics and the way these struggles are displayed structures the way in which a particular organisation works (Bourdieu 2005). Socialisation processes do not solve or avoid internal struggles, and struggles may also appear in socialisation processes themselves. Thirdly, the style and contents of socialisation processes vary depending on the culture and approach of firms, so even when individuals selected by two different companies may be similar, their participation in different processes produces different individual profiles. Organisational processes contribute to the shaping of views and approaches followed by individuals (Michel and Wortham 2009).

Socialisation processes in the investment industry have been researched by Abolafia (1998), Ho (2009), Zaloom (2006) and Michel and Wortham (2009), with emphasis on the role played by events, courses, teams, and team members, and the lessons and examples of practices observed by new members on the part of senior and successful members of the organisation. According to Abolafia (1997), for example, during these formal and informal processes of mentoring and induction, traders learn not only how to perform their tasks but also about ethical standards and career expectations. As recruitment is a regular part of yearly activities in financial firms, they may have, as shown by Ho (2009) and Zaloom (2006), formal, systematic and centralised processes of induction. However, most core socialisation processes also take place in new members' teams; there, they learn how to perform their job, deal with risk, team mates, other sorts of firms and technical devices and even develop what is considered to be "the right personality" for the job (Michel and Wortham 2009).

However, there are other institutions that also play a role in socialising new members. As Hall and Appleyard (2009) showed, the emerging phenomena of for-profit business education institutions has resulted in new methods of socialisation for members of investment companies; these institutions work closely with firms in order to provide tailored programmes that cover practical and theoretical knowledge as well as what are known as "soft skills", which in many cases are social abilities needed to succeed in the field of finance and investment.

Teams are crucial in allocating new members to specific roles. Zaloom (2006) and Ho (2009) both showed that some induction programmes, most notably trainee and graduate programmes, require that members work in different teams for short periods of time; however, they are eventually assigned to a particular team in order to perform a specific role. The increasing size and complexity of markets and products stimulates processes of specialisation in terms of firms, teams and roles (Garicano and Hubbard 2007). In this sense, organisations respond to increasing external complexity and uncertainty with internal complexity in terms of roles and specialisation (Fabac 2010). Financial firms are increasingly organised into independent teams that interact but are autonomous, and in many cases their functions and practices are unrelated. This model of organisation has been described as heterarchic (Stark 2009) and is related to the diffusion and autonomy of decision-making, centred in specialised roles and teams. Work is increasingly organised on teams focused on tasks and projects (Powell 2001). Tett (2009) even suggested that one of the problems that has led to the recent financial crisis was the fragmentation of banks' activities in teams that work as silos. Although some scholars have argued that the bureaucratic form of organisation is in decline and being replaced by network and heterarchical forms (Beunza and Stark 2012; Castells 1996). In a way that classical characteristics of organisations described by Weber (1958a) would be no longer accurate for contemporary firms, it can be observed that the bureaucratic forms and functions described by Weber - particularly hierarchical decisions, control, standardisation and career promotions based on merit - still remain in this new context of organisational fluidity (Clark and Thrift 2005; Walton 2005). This configures a complex scenario which is interesting to observe, because, more recent organisational models are spreading through the industry at a global level (Powell 2001). Greater flexibility runs parallel to a process of improvement of technical tools to control and assess individual and collective performances (Power 2005).

Working in Finance

When we talk about the financial services industry we talk about a number of organisations which work in the field of financial activities. Organisations observe themselves and their competitors as part of that field and the institutional environment also regulates those firms as part of a field (Davis 2005). In this sense and as indicated above, the behaviour of the financial industry is on the one hand the result of the behaviour of the various firms which recognise themselves as part of it. On the other hand, organisational structure, strategy and culture frame the way individual positions, roles and actors behave in the industry, so organisations are a key aspect of financial life.

Financial firms are complex organisations; people perform a wide range of jobs, including positions that are not actually related to finance or investment. It is also a very diverse industry, so in addition to large firms, there are small, specialised and niche-oriented companies. This diversity makes it difficult to observe, and it demands closer insights. However, one of the common elements in industry positions and roles involves dealing with uncertainty, increasingly complex data, information and knowledge (Thrift 1994). As discussed above, the transit from more tacit forms of knowledge, such as that which dominated the City of London in the 19th century (Thompson 1997), to more formalised, stylised, explicit and technical forms of knowledge and observation of market phenomena (Preda 2007b) has contributed to the social legitimation of the field and also to the delimitation of a specific jurisdiction for financial occupations in terms of asset management, exchange and investment (Langenohl 2009; Maeße 2011; Preda 2009a). For example, as indicated by MacKenzie (2006), developments in the field of option price valuation created the conditions for the acceptance and expansion of certain derivative markets

At an organisational level, the work done by Stark and Beunza (Beunza and Stark 2012; Stark and Beunza 2009) is relevant. They studied the everyday processes of valuation and the interplay between technological devices, technical knowledge and intuition in the process of valuation and decision-making. Stark and Beunza observed how teams interact in the context of complex organisations. This heterarchical organization is based in the coordination and collaboration among different actors from different areas and fields of knowledge in the trading room, trying to find and check business opportunities as soon as possible. The authors refer to the organization of the work as an a cognitive ecology : "*organizational form of distribute intelligence in which units are laterally accountable according to diverse principles of evaluation*" (2009:19). There have only been a few studies that have actually described how financial activities are performed on a regular basis and how roles in the industry comprise a mix of activities and forms of expertise. Michel and Wortham (2009) provide an account of how different organisational cultures and strategies deal differently with the main problems of financial work.

Specific forms of knowledge are related to certain positions and roles. As indicated above, the diversity of products, positions and markets, along with increasing specialisation within firms and teams (Powell 2001), has led to the emergence of new and specialised roles comprising specific functions and sets of knowledge and skills in the context of different expert communities (Maeße 2011). These different types of roles depend on the level of technical knowledge and skills needed, the degree of contact and interaction with clients and/or other companies and members of the public, the degree of autonomy and responsibility of the position within the organisational structure, the type of market and products with which the role-holder deals and their position in processes of exchange (front, middle and back offices). Roles can change with career progression, and there is a hierarchical dimension to role-learning and performance (Katz and Kahn 1978; Michel and Wortham 2009). In the concept of "role" there are two crucial elements: position and expectations (Biddle 1986). Roles always relate to other roles, and their functions are set by shared expectations about certain positions and the responsibilities of their incumbents.

As Ho (2009) pointed out, one of the main divisions in most investment companies is the distinction of front, middle and back office. According to Ho, front office is, in most cases, the group of teams and practitioners that actually generate profits for the company in terms of sales, trading, broking and related functions such as analyst and corporate finance work. Middle office is another group of departments and professionals, who either enable transactions or perform control and supervision activities. In back office, it is possible to find different types of positions, such clerical and administrative dealing with practical issues of transactions (contracts, payments etc.) and functions related to the organisational dimension of investment banks, such as advertisement and human resources. According to Ho (2009) and Michel and Wortham (2009), in the financial industry in the US, status distribution strongly correlates to front, middle and back office positions. These differences in terms of status are also related to the way firms refer to the processes through which members are selected (recruitment for front office, hiring for back office) and the way people integrate to the firms (Michel and Wortham 2009).

Although sociological and social science studies of finance have primarily focused on trading activities (Carruthers 2011), there have still been a number of studies approaching the specificities and diversity of positions and role types. In addition to studies focusing on trading activities and the knowledge, practical dimensions and foundations of such positions (Knorr Cetina and Brugger 2002; Lepinay 2007; MacKenzie 2007; Montazemi et al. 2008; Stark and Beunza 2009), there are also studies of analysts (Beunza and Garud 2007; Preda 2007b; Zuckerman 2004), risk management (Power 2005; Schraten 2011), sales departments and back office positions, which aid an understanding of the specificities of different sorts of roles. There are also various studies on the diversity of products and the social elements surrounding everyday work routines. However, there is still some space for research in many areas (Carruthers 2011), in particular the way that different roles and positions are embodied, adopted and performed within different social settings and the way differences relate to diverse social environments, which is something this research aims to contribute.

The diversity of roles and markets in finance is also related to a diversity of occupations and professional tracks within the industry. To a certain extent, most professions (e.g. legal, medical) involve processes of specialisation. Financial work comprises different roles and occupations in the context of the system of professions (Abbott 1988). It is interesting that firms are the primary recruitment, education and socialisation agents in the context of these specific occupations (Michel and Wortham 2009; Winroth 2003). As shown by Abolafia (1997) and Mackenzie (2004), new members learn by observing the way others, especially successful members of their teams, behave and make decisions under different circumstances; teams are the most important unities for learning about the culture of organisations and the specific tasks and skills needed to perform jobs.

As indicated above, financial work relates to the future, so uncertainty is one of its crucial aspects. To a certain extent, financial activities deal mostly with expectations (Esposito 2011; Kessler 2009; Langenohl 2010; Preda 2009b; Swedberg 2010) and most of the tools and devices used in the industry relate to the creation, interpretation and suspension of expectations. For example, Kalthof (2006) showed how numerical production and interpretation provide a particular image of the world that practitioners use to create expectations, even though these expectations are not directly related to what the numbers "say". Zaloom (2006) also stated that numerical realities are interpreted by practitioners in a way that allows them to create expectations, helping them to deal with the inherent uncertainty of their profession, even though these expectations are not necessarily fulfilled in the end. Numbers are also used for control-oriented activities (Vollmer 2006).

As Baker (1984) and Arnoldi (2006) indicated, uncertainty also leads to interaction, as practitioners share information producing cognitive and epistemic environments (Beunza and Stark 2012; Winroth 2003). Networks and structures are formed by inter-organisational or interpersonal ties and positions (Burt 2007; Gulati and Gargiulo 1999), which are characterised by having been achieved after recursive interactions. Those interactions result in a common story which allows every new interaction to start from a particular set of expectations, codes and experiences (White 2008). This seems valid for interactions of practitioners and customers, interactions between people from different firms and also intra-firm interactions.

Trust is an expectation or belief which emerges from interaction and allows people (and organisations through people) to enter into collaborative relationships (Bacharach and Gambetta 2001:148). Membership of groups, shown implicitly through cultural capital and explicitly through social connections and third party references, are also a source of trust on different levels (Rivera 2012; Uzzi and Gillespie 2002). When valuable resources are exchanged, ties require a greater degree of trust (Yong Joo Chua, Ingram, and Morris

2008) because of the greater exposure and vulnerability. In terms of inter-organisational relations embodied in interpersonal ties, trust not only involves personal reliability but also quality, competence and seriousness. This was illustrated by Karen Ho (2009); she described an ideology, popular in Wall Street, of Harvard or Princeton graduates as the best (most smart and hardworking) people possible. As Rivera (2012) also indicated, trust relates to background similarities between the parties in the relationship. With regards to the City of London, Thrift (1994:348) proposed that the trust needed for exchange and collaboration is no longer based on social background in the same measure it used to be since formation of relationships is becoming more important.

Another interesting topic relating to financial activities is rationality and coordination within teams and firms. As Zaloom (2006) showed, traders and other financial practitioners are economic people in the sense that they pursue profits, behave strategically, look for self-interested positions and promote an individualistic discourse; at the same time, their behaviour is not necessarily rational. There is a lot of intuition and emotions involved in their jobs (Hassoun 2005; Lo, Repin, and Steenbarger 2005), and their relationship with technical devices and institutionally-designed incentives does not always work as it should from the point of view of management design and financial theory.

However, in terms of organisation and development of financial work, social sciences have studied the development of different products, services and roles and the development of specialised bodies of knowledge accordingly; there is not enough information available about how these elements behave depending on the size and structures of firms, or their location in different countries or institutional environments.

Sociality and Culture in Finance

As indicated above, ties, institutions and cultural patterns are crucial to the integration of financial services firms into their social environments, as with firms in any industry. In addition, it has been said that social structures and institutions not only influence financial services, but also frame and enable them.

Ties involving an organisation may exist at an organisational or interpersonal level. Organisational ties usually take the form of arm's length relationships, based on contracts and formal modes of cooperation (Uzzi and Gillespie 2002). Such relationships can be observed in the form of joint ventures or formal collaboration agreements. In other cases, ties between companies may be based on ties between people. In these instances, the companies embody their relationship in interpersonal ties. Although this phenomenon has been researched quite well for in the case of firms' highest levels, especially board interlocks (Davis, Yoo, and Baker 2003), there has not been much research in terms of regular business decision-making levels, which form structures that frame financial activities. Interpersonal ties may be pre-existing (i.e. former high school classmates or college flatmates) or developed as part of recent interactions. As indicated above, in some industries previous connections (also referred to as previous social capital) are one of the most important elements taken into account when hiring employees (Dokko and Rosenkopf 2010). Members' social capital adds to the overall capital of firms. As Ho (2009) indicated, social capital is also important for promotion to the higher positions in firms. However, networks based on pre-existing ties become insufficient for connecting firms to the rest of the market, since there may be structural holes (Burt 2007:15–16) that deprive firms of certain valuable resources or contacts, so to certain extent more complex societies tend to base exchange in networks originated in endemic interactions, such as internal networking events or during business.

In relation to the above, there is a body of literature about the role of small groups and elite patterns in the field of finance. Although Thompson (1997) and Thrift (1994) have shown that large financial centres such as the City of London have transformed from a small group-based industry to a large industry based on university graduates and expertise, it is clear that a role is still played by inner circles or elites. For example, Kadushin (1995) showed the structures of friendships in the French financial elite and the way they relate to pre-existing ties and non-financial institutions. Both Ho (2009) and Michel and Wortham (2009) have indicated that investment banking in New York is associated with exclusive spaces and social groups, and firms act as gatekeepers to those spaces.

Another interesting discussion about the organisational elements of financial services and the investment industry relates to formality and informality. Institutions, understood as "*webs of interrelated norms that govern social relationships*" (Nee and Ingram 1998:19), form a meeting point for formal and informal behaviour. Not only do formal rules become institutionalised, but also informal rules and the interplay of formal and informal norms. Duality of formal and informal modes of cooperation is an important characteristic of organisations and is related to the processes of internal and external integration of firms. During socialisation processes, new members are exposed to both formal and informal codes and may learn to discern interaction specific to the culture of their teams and firms (Michel and Wortham 2009). Certain policies adopted at a formal level may also stimulate informal patterns of behaviour within teams and firms, especially as norms and decisions have to be interpreted at different hierarchical levels.

The juxtaposition of formal and informal norms within different tasks and levels of firms can produce heterogeneity and create specific hidden routines for organisational design and policies. Formality involves specificity and abstraction (Stinchcombe 2001:18–41).

Institutional dynamics, both formal and informal, are related to internal or external struggles and tensions. One of the interesting elements of economic sociology's contributions to the study of financial activities is the highlighting of the role of power, both internally and externally (Abolafia 1998; Fligstein 2001). For example, it is interesting to observe the display of interest-driven conflicts within firms and the way formal and informal norms relate to internal control and external regulation. In this sense Zielinski and Wetzel (2010) observe how large banks also display their power in order to affect regulation, the institutional environment of financial activities and the competitive environment in order to pursue their own interest, or the interest of their own dominant groups, resembling Bourdieu's (2005) ideas about market as based on interest-driven struggles. However, as the same authors indicate, sociology of finance's take on power relations is not as developed as it is in other topics (Zieliński and Wetzel 2010).

In symbolic terms, status is one of the most valuable resources in social life and always relates to the asymmetric distribution of social valuation. Status is understood as high esteem or prestige as proposed by Podolny (2005), not necessarily as closed groups as proposed by Weber (1958b). Both organisations and individuals pursue status (Michel and Wortham 2009), and economic action is always involved with it (Preda 2009b). Status may also be associated with the group practices of pursuing control and increasing their status (Preda 2009b; White 2008), or (for those who already have it) maintaining and reproducing their status. In order to do this, discourses and ideologies are mobilised to justify the group's position in society (Maeße 2011) and reproduce the structures and mechanisms of inclusion/exclusion.

As the finance industry is oriented towards the future (Carruthers 2011; Esposito 2011) and involves uncertainty at different levels of experience (Knight 1957; Michel and Wortham 2009), it is closely related to expectations formation and interpretation. As such, the importance of status can be explained by the role played by expectations. Firms try to create positive expectations and reputations for dealing with prospective employees, potential commercial partners or clients and the general public (Michel and Wortham 2009; Podolny 2005). At a micro level, practitioners constantly have to construct and interpret expectations in order to make decisions, so their ability to do so is important for success in their jobs (Ebeling 1990; Langenohl 2010; Michel and Wortham 2009).

Researching in the UK and Chile

As indicated above, the main focus of this piece of research is the relationship between financial organisations and practices and the social environments in which they are embedded. In accordance, I selected people working in certain London, Edinburgh and Santiago organisations in order to investigate how they relate to the structures, institutional arrangements and social distribution of valuable resources found in their environments. However, it is important to understand the main differences between the two countries studied.

From a first approach observation, it is important to analyse the economic differences between both countries, in particular about economic development. Although the concept of development is criticised nowadays, especially in social sciences in the tradition of postcolonialism (Prakash 1994), research grounded in the area of economic development provides elements useful for understanding differences between the UK and Chile. One of the elements that appeared problematic from the point of view of this research is how to compare two countries with different degrees of development and roles in the global economy as the UK and Chile. The UK has often been held up as a benchmark in terms of development, based on its degree of industrialisation, the living standard of its population, its literacy and educational attainment rates, health coverage indicators, the importance of the third sector to its economy and other elements. The UK is considered a developed country, one of the first to achieve this label, and continues to be one of the wealthiest countries in the world. According to the Human Development Index (2012), the UK is on the 26th position of countries in the world (UNDP 2013:147). Chile, on the other hand, is often labelled as a developing country, despite its privileged access to natural resources and commodities. The economy is actually still heavily based on natural resources exports (minerals, fruit, wood etc.). Although schooling and health access rates are high, their quality is inequal and fragmented. In the same Human Development Index Chile is on position 40th (UNDP 2013:147). In addition, it is interesting to note that institutional design since the dictatorship has made Chile one of the purest examples of neo-liberal economies in the world, even after the reforms of more than 20 years of democratic government (Solimano 2012). In this sense, during the last two decades Chile have changed in terms of institutional and economic development, experiencing still important challenges in terms of democracy and inequality (Castells 2005).

As discussed above, one of the elements that structure economic life is social interaction, and how that interaction itself becomes structured in ties, networks, distribution and fluxes of resources, and finally, in a social stratification system. According to Grusky

(2000, 3), a stratification system is composed of institutional processes that make certain resources valuable, the rules and mechanisms of allocation of these resources across different positions and roles in society and the mobility mechanisms that match people and positions. The combination of a liberal market economy and a social welfare system makes British society an interesting case in terms of development and eventual opportunities for social mobility (Schneider and Soskice 2009). However, there is still inequality and structures and mechanisms, such as elite schools, that allow certain groups to remain exclusive, maintain their status and segregate others from their positions. There are also groups that find it difficult to get onto the academic paths which may allow them to find good jobs, as shown by Zimdars et al. (2009), although in the case of art. Chilean society, meanwhile, has a very elitist structure (Torche 2005). Since independence (1818), economic, political and cultural central activities have been concentrated within a small group of families, often related to the former Spanish order (Zeitlin and Radcliff 1988). These groups formed a "small society" that did not interact much with other societal groups and imitated British and French institutions and costumes (Vicuña 2001). However, the emergence of new wealthy groups, mostly European and later Arabian immigrants, meant that the Chilean elite had to integrate with them, mostly through marriage (Nazer 2013). The acceleration of the Chilean economy, together with the increase in population and supply of university degrees, has raised a professional class not grounded in the traditional elite families (Aguilar 2011;

Ossandon 2013). Although these people may perform important functions, earn high incomes and have access to desirable resources, they may find it difficult to break into the core positions and inner circles of organisations. It can be said that they are on the immediate periphery of the elite and that the elite retains its mechanisms of openness/closure and inclusion/exclusion, often based on shared identity (PNUD 2004; Thumala 2007) in a country whose hierarchically structured economy is still largely based in family-owned business groups (Ossandon 2013; Schneider 2008). As Nuñez and Gutierrez (2004) showed, a surname related to the Basque–Castellan aristocracy or of non-Spanish European origin, correlates to higher income and better positions for graduates of the business school of one of the most important universities in Chile (and Latin America), along with having attended an elite high school. The Chilean economy is not only based importantly in elite-based family business groups, but that the corporate elite is also very tight and coordinated (Salvaj 2013). In terms of Mizruchi (1992), the Chilean corporate elite works in a very unified way to defend its political interests (Salvaj 2013), based in its members' shared background (Thumala 2007).

Another difference, both related to institutions and culture, has to do with political cultures, as elements which allow understanding the different forms and roles that institutions present in specific societies as a result of its history, the institutional design and the meaning individuals and institutions share about them (Whitefield and Evans

1999). In this regard it is possible to highlight the classic distinction between common law political cultures such as the UK, which tend to be portrayed as bottom-up societies, and civil law or republican political cultures, where structures are more top-down and decisions are often made by more centralised agencies (Garcia-Villegas 2006; Merryman and Perez-Perdomo 2007). In the UK, financial and other economic activities were developed in an environment of self-regulation, although this has recently changed (Moran 2001; Thrift 1994) . In the UK it is possible to find a robust culture of voluntary associations and participation (Hall 1999) Chile's institutions and political culture, on the other hand, are modelled after those of continental Europe, most notably France and Spain; as such, Chilean political decisions are often made centrally, by agencies linked to the state. Solutions to coordination problems often relate to laws and the bodies that enforce these laws. Participation in intermediate associations is uncommon (Valenzuela and Cousiño 2000). These differences are not only important in terms of the cultural and institutional environments of firms, but also in the way a specific political culture leads to different forms of regulation which structure financial products, decisions and markets.

Finally, the differences between financial markets in the two countries should be taken into account. When comparing financial services industries in the UK and Chile, it can be seen that one of the main differences relates to size and the levels of complexity observable in the markets. London is one of the main global financial centres, with its stock exchange listing companies from all over the world. Edinburgh is much smaller, but is still one of the largest financial centres in Europe. British financial organisations are at the centre of global financial activities (Kaminsky and Reinhart 2004). Although Santiago's financial markets are quite developed and vibrant, they are much smaller, fewer transactions are carried out and the actors involved are very few compared to London. According to the World Federation of Exchanges (http://www.world-exchanges.org 2012), in June 2011, the London Stock Exchange market capitalisation (the share prices multiplied by the number of shares) was U$3,749.5 billion, while it was U$335 billion in the Bolsa de Comercio de Santiago de Chile. When it comes to the number of companies listed in these stock markets, the London Stock Exchange has 2,914 companies, while the Bolsa de Comercio de Santiago only has 266[2]. However, as indicated above, differences do not only relate to size and numbers but also to the role that UK-based and Chile-based financial organisations play in the global financial system. UK financial markets, similarly to other centres of financial activities, are not only interesting because of the size of their organisations, number of businesses and financial agents, but also because of their dynamism, creation and use of expertise, innovation, attraction of foreign commercial partners and highly skilled labour force (Thrift 1994).

[2] As Edinburgh does not have a formal stock exchange is left apart in this comparison.

In sum, historical and current conditions for finance-based business are very different in both countries. This research aims to analyse and compare how mechanisms of recruitment, hiring, induction, promotion and organisation of work on the part of the core workers in financial services firms contribute to financial firms' reproduction and integration into broader social structures in the UK and Chile, as a mean to contribute to the current knowledge about how financial activities are structured by broader social structures and particular social settings. The key topics about the literature review are discussed further in the substantial findings chapters (Chapters 3, 4 and 5) but first a discussion on the research methods is provided in the following chapter.

Chapter 2

Methods

As with other studies in the field of sociology of finance, this piece of research focuses solely on investment-related activities in order to limit its scope. Therefore, it does not cover areas such as personal banking and lending, the customer-oriented side of insurance industry or other activities that are part of the world of finance. The research is based on core workers (people who work in activities related directly to finance and investment) in investment banks, the investment divisions of commercial banks, investment management companies, the investment and resources allocation departments of pension funds and insurance companies, investment consultancy firms, family offices, private banking and brokerage agencies.

From an ontological/ epistemological point of view, this research adopts a constructivist position from which the observer/researcher creates reality, starting from the point of view of the observations and experiences of other observers (here, observers are related directly to the phenomena studied). The active role of the researcher, as well as his subjectivity, point of view and blind spots for observation are acknowledged as a constitutive part of all processes and stages of research (Von Foerster 1984; Von Glasersfeld 1984) .

The unit of analysis is normally the job trajectory, social background and perception of individuals working in the types of company previously mentioned, although the analysis also focuses on teams and organisations and the way that work and practices are organised and performed within them. As indicated above, the researcher creates a narrative, starting from observations and experiences provided by participants of the field under study.

Aims and Questions

As indicated, this piece of research aimed at observing the way financial activities interact with broader social structures. Although the role played by networks, institutions and symbolic frameworks in financial activities has been studied previously (Carruthers 2011; Preda 2007a), the current literature focuses only on specific social contexts, such as Wall Street (Abolafia 1997; Ho 2009; Michel and Wortham 2009), Chicago (Baker 1984; MacKenzie 2006; Zaloom 2006), Paris (Godechot 2001) and London (Pardo-Guerra 2010; Zaloom 2006). Furthermore, it could be said that social science accounts of financial activities and organisations have focused mainly on the world's main financial markets; there is not enough information about how financial activities are performed and organised in the developing world or the way both realities relate. In addition, there is a lack of accounts of how organisational aspects such as recruitment, staff allocation and induction interact with the different dimensions of financial activities and the social contexts in which financial organisations take part.

As such, the present study had two main aims. The first is to describe how financial activities and organisations interact with social structures and institutions through the processes of recruitment, induction, staff allocation and everyday work. The second aim is to compare how organisational and financial practices are designed and performed in two very different social contexts: the UK (specifically firms located in London and Edinburgh) and Chile (specifically Santiago). In this sense, this research observed social coordination mechanisms in financial organisations, with a particular focus on inclusion/exclusion mechanisms and social mobility dynamics within the organisations in two different social settings.

Accordingly, the main research question is:

How do mechanisms (formal and informal) of recruitment, hiring, induction, promotion and organisation of work on the part of the core workers in financial services firms contribute to financial firms' reproduction and integration into broader social structures in the UK and Chile?

Of course, as indicated earlier, financial organisations, practices and roles are quite diverse. Therefore, this research focused on the investment-related activities of a specific type of firms (such as investment banks, asset managements, pension funds and insurance firms, brokerage and private houses firms, family offices and investment-oriented consulting agencies) in order to observe how the integration of their employees is related to their interaction with the economic and social settings in which they are embedded. The expectation was that some differences would be found between the UK and Chile in the way these processes work, and that these differences may be related to broader differences in social stratification systems, institutional traditions, specific distributions of resources and power and the way that firms and markets are structured in different historical and social settings.

Comparative social research allows social scientists a broader perspective of the phenomena under study. It also allows us to consider unforeseen variables and to control situations with which it would be otherwise impossible to deal. As indicated in the previous chapter, the sociology of finance has made many advances in researching financial corporations and socialisation (Ho 2009), interaction with regulation and regulators (Abolafia 1997, 2005), financial working routines (Lepinay 2007; Stark and Beunza 2009), use of knowledge (MacKenzie 2007) and devices (Preda 2007b) in the financial services industry. However, most studies currently available have focused solely on one company, one market or one institutional environment. One exception is Zaloom (2006) who studied companies in both Chicago and London. Comparative studies may contribute to a better understanding of how these dynamics within financial corporations interact with the broader social contexts in which they are embedded, in particular institutional environments, cultural and cognitive settings and structural patterns. In other words, the way that individuals, teams and firms act in the UK and Chile provides an understanding of how different social settings play a role in the way that financial activities are performed and organised and also how organisations read and adapt to their situations. This is particularly interesting in the case of two countries whose markets and organisations are integrated in very different position to the world system of finance. Although the tradition of comparative social research is often grounded in historical processes (Ragin 1987), the principles of comparison are still useful in more transversal research. Besides, the historical development of financial activities in the UK and Chile is also an important topic of this research, especially as financial activities have gone through many changes during the working lives of some of the interviewees (during the last 30 years).

Consequently, the specific research questions are as follows:

How are recruitment, induction and staff allocation processes in financial firms related to the social structures and dynamics with which they interact in the particular social contexts of the UK and Chile?

How do recruitment, induction and staff allocation processes in financial firms contribute to their social integration and reproduction in the particular social contexts of the UK and Chile?

How is financial work organised into specific practices, routines, tasks and roles and how is it related to the social environment in which work is performed in the UK and Chile?

What is the role played by social ties, institutional elements and norms and symbolic and cognitive aspects in financial practices, and how do these practices interact with the particular social environments in the UK and Chile?

The answers to Questions 1 and 2 will be developed in Chapter 3. Question 3 will be covered in Chapter 4, Question 4 in Chapter 5. The methodological approach is qualitative. As this piece of research focuses on mechanisms, procedures and practices, a qualitatively-based approach seemed more appropriate as it allows the researcher to observe and describe processes and interactions that are more difficult to capture with quantitative methods. As Babbie proposed (2001:276), phenomena such as practices, roles and organisational dynamics are more appropriately studied via qualitative designs.

Interviews

The main method used to answer the research questions was a set of 41 in-depth and semi-structured interviews; the interviewees were mostly people who currently work, or have worked, in financial organisations in Edinburgh, London and Santiago de Chile. The majority of interviews were carried out during 2011 and early 2012, with the rest conducted later. Interviews in Edinburgh took place while I was living there, interviews in London were conducted during short trips while living in Edinburgh and interviews in Santiago were conducted during a five-month fieldwork period in Chile. All interviews were face to face. Some interviews were conducted in English (12) and the rest in Spanish. Some were conducted in interviewees' offices or the meeting rooms of their companies, some took place in cafes, some in bars and some at interviewees' homes. In all cases interviews were recorded with a digital voice recorder, with the explicit permission of interviewees.

Interviews were conducted according to an interview guide which covered topics such as the social background of the interviewees, the recruitment processes through which they entered the industry, their job trajectories and the elements related to their progression in the field, their career motivations, the way they organised their work, how different teams and organisations relate and interact and some issues related to their values and the way they deal with financial elements like risk and specific tools. Although some discursive and ideological matters were included and later analysed, the main focus was the experience of interviewees according to their own job trajectories and the organisational dynamics and practices that they had observed in the industry, in the context of the particular social settings in which they had worked. Using the categories proposed by King and Horrocks (2010:37), most of the questions in the interview guide related to behaviour/experience, although opinion/values and demographical questions were also included. The guide was also used in a flexible way though, in order to preserve flexibility as one of the advantages of qualitative research (King and Horrocks 2010:35), and the interviews were semi-structured, i.e. "*a conversation in which the interviewer establishes a general direction for the conversation and pursues specific topics raised by the respondent. Ideally, the respondent does most of the talking*" (Babbie 2001:292). Consequently, as new topics and elements emerged during the initial interviews, some were added to the interview guide for the subsequent interviews. Normally, the interview guide included 16 questions, and conversations lasted between 30 and 50 minutes.

The downsides of using semi-structured in-depth interviews as the main research method will be discussed below. However, it is important to acknowledge the advantages of this sort of method for the specific problems considered in this study. Compared with ethnography, for example, interviews would provide a more general picture of the situation of several organisations in both social settings, since it is possible to interview a wide range of people working in different organisations, roles and hierarchic positions. In addition, it solves some of the difficulties with gaining access at a corporate level, which would in most cases be necessary in order to perform ethnographic studies of private companies. Interviews allow the researcher to contact practitioners of the field directly; as indicated above, interviewees provide good information about how things work and how social processes and interactions are displayed. The systematic first-hand observation provided by ethnography might be more effective, but due to the practical reasons already mentioned, such a study would be more difficult to conduct, since there are just a few cases of studies which have gained direct access to financial institutions.

Sample

As previously indicated, one of the main advantages of interviews is the opportunity to gather information from a wide range of people working in different organisations, markets and positions. As such, diversity was the main criteria for interviewee selection (King and Horrocks 2010:29). Therefore, I interviewed all the relevant people I was able to reach out were prepared to speak to me. In this sense, I employed a snowball and mouth-to-mouth strategy of sampling, trying to reach as many people as possible. As I am an outsider to the world of finance and investment, and also because this was my first research experience in the field, it was difficult to start contacting people. In addition, the level of access was different in the two social settings studied. In the UK I did not have many means of access to my target population, especially in London. In that case I was able to contact some interviewees through friends of (mostly UK) friends, and also through friends in Chile who knew people working in London. For this reason, some UK interviewees were South Americans working in Edinburgh or London firms. Other interviewees included recently-hired graduates from the University of Edinburgh (contacted through the Edinburgh University Trading and Investment Club, which helped me in different stages of my research) and British core investment workers with significant experience in the field. In Chile, meanwhile, I had more contacts than originally expected, and met people from many firms and at all different levels of corporations.

In any case, the final sample was quite diverse and allowed the observation of different types of organisations and roles. 41 interviews took place; nine were conducted with people working in Edinburgh-based offices at the time of interview, 10 in London and 22 in Santiago de Chile. Within this group, 37 interviews were conducted with people directly related to core functions in the financial and investment services industry, one with a head-hunter in London, one with the head of the outplacement office of a business school in Santiago, one with a consultant in Santiago and one with a non-core worker in an investment company in Edinburgh. From the group of 37 core-workers in finance, 9 of them worked in managerial positions (two of them in London), 14 in senior positions and 14 in junior or graduate positions (six of them were involved in graduate programmes or were just about to start them). In terms of gender, there were only nine female interviewees. Of the 41 interviews, 14 were conducted with foreign workers, 13 of these in the UK (four of whom were nationals of EU countries). The interviewees worked in a wide range of organisations, including investment banks, commercial banks, asset management firms, brokerage houses, family offices, consultancy firms and M&A-related companies. The size of firms also varied. There was a diversity of roles performed by interviewees in terms of front/middle/back office and types of positions (traders, brokers, analysts, risk managers, legal aspects, corporate finance, etc.). It is also interesting to note that four interviewees had worked in financial organisations both the UK and Chile (two interviewed in Santiago, one in Edinburgh and one in London); they were able to provide a comparative point of view which was very helpful for making sense of the data provided by other interviewees.

Analysis

Interviews were recorded digitally and later fully transcribed in their original language; the aim was for the most faithful transcription possible. Although many of the interviews were conducted in noisy places such as cafes and bars, there were very few sections that were difficult to transcribe. In addition, the fact that I carried out both the interviews and the transcriptions helped me to put the transcriptions in context, as I remembered and had taken notes about interviewees' use of body language to highlight elements or to show irony about specific topics. This was taken into account at the time of analysis.

After interviews were transcribed into text files, they were revised in order to make sure that they were correct. They were then coded using NVIVO. Excerpts from the interviews were assigned to a number of themes that were later analysed. According to King and Horrocks (2010:150), themes may be understood as:

> "recurrent and distinctive features of participants' accounts, characterising particular perceptions and/or experiences, which the researcher sees as relevant to the research question".

Accordingly, thematic analysis was used; it was first based on the themes or topics from the interview guide, which had mostly been taken from the literature review. However, new themes emerged during the interviews, and also as they were transcribed and coded. NVIVO 9 was used to code, organise and manage interview data but not to analyse them.

The main themes related to the interviewees' social background, opinions and motivations about their jobs and careers, the processes they used in order to apply for jobs and enter the industry, their experiences of socialisation within companies and the different moments when they changed positions, teams and companies. Another group of themes related to the different roles performed by interviewees and the skills and knowledge related to those positions, along with the different discourses and ideologies involved in the way they carried out their jobs. A final group of themes related to different levels of inter and intra-company interaction and its role in financial work's integration into broader social structures and practices. For interviewees working in senior positions, especially managerial, both interview questions and theme analysis also focused on the above topics from the point of view of the company and its management. With non-core worker interviewees, there were also specific themes related to their approach to the field, such as the head-hunter's take on the industry or the way the head of the outplacement office of a business school coordinates the relationship between the school and industry firms.

The thematic analysis comprised three stages, as suggested by King and Horrocks (2010:153). The first stage involved a descriptive kind of coding, whereby interviews were read through and their different aspects assigned to specific themes. As mentioned above, these themes were dynamic and ever-changing as more interviews were conducted and coded. The second stage was interpretative coding, whereby codes were related, grouped and connected to research questions. Finally, the third stage was the identification of overarching themes: interpretative themes were connected to research questions and provided the basis for each of the following three empirical chapters.

Themes were often analysed using a double reading. In the first reading, I would look for commonalities and differences in terms of positions, types of companies and years of experience between different interviewees. The second reading would focus on commonalities and differences between data provided by interviewees based in the UK and those based in Chile. In addition, there were special elements provided by the contrast of individual experiences with the point of view of management; for example, job interviews were understood one way by informants who had to go through them and another way by informants who actually interviewed applicants and made decisions. Similarly, new perceptions were provided by external observers such as head-hunters, outplacement office professionals and consultants. The insights provided by interviewees who had actually worked in both the UK and Chile were also important, since they provided several explicit and implicit elements of comparison.

As indicated above, the interview data flagged up commonalities and differences between experiences, observations, opinions and discourses at different levels of position, degrees of experience, types of organisation, types of market and products and finally the way that the industry behaves in the two different countries. In this sense, what is presented in the following chapters is the result of processes of generalisation derived from the particular cases interviewed. This raises a discussion originated by Max Weber (2011) in terms of the methods of social science and how generalisation implies a subjective effort of creation of reality. In this study, for example, when processes of recruitment are described, a common pattern is presented along with some exceptions, but full diversity of reality is never fully described.

One important element taken into account, which deserves some discussion, is the challenge for the researcher raised by the different levels of information and discourse present in interviews. Informants in the field may be approached from three different perspectives, and it is important to be aware of which of these perspectives is involved in every excerpt. The interviewees had experienced different practices of financial organisations themselves and so were able to narrate and describe them from a first-person perspective. They had also experienced the different levels and mechanisms of socialisation, so they were carriers of the different discourses and ideologies existing in the industry. Finally, as insiders, they were also privileged observers of the inner workings of their organisations and other organisations in the industry. In this sense, description and narratives of actual experiences, such as the procedures they went through when applying to their current company, were quite straightforward, unless there was something the interviewee might be ashamed of, such as knowing that they got the job because of an influential relative, or just because the interviewee does not remember how events exactly happen, as may be the case of someone being asked for their job interviews of 10 years earlier. Answers and themes related to more complex situations, such as opinions or motives, require a more critical and deep reading. As suggested by Mills (1940), individuals may frame their motives according to what they see as socially acceptable. For example, when asked about their motivations for pursuing a career in finance, very few interviewees stated that high incomes were important. Accordingly, it is important to be aware of the different perspectives of an interviewee when considering whether answers may be related to specific motivations, and to check information against other excerpts from the interview, perspectives provided by other informants and even other sources. Although discursive and ideological dimensions were considered, discursive analysis as proposed by Van Dijk (2010) among others was not performed as such.

Of course, every methodology has a list of strengths and weaknesses (Babbie 2001:110). It is important that the researcher is fully aware of the limitations and blind spots of the chosen methodology. Lack of awareness of this situation may lead to incomplete analysis or biased conclusions (Blaikie 2000:1–2). Researchers should be very careful when making decisions, in order to mitigate potential problems. Research decisions have consequences, especially 1in terms of the type of data collected and its validity. A brief discussion of these topics follows below.

Although interviews provide advantages in terms of access and diversity of the sample, there are also a number of weaknesses related to the use of interviews as the main source of information for this kind of study. The first, touched on above, affects most interview-based research; it involves the credibility of testimony and opinions, problems with socially acceptable answers (for example, denying that there were criteria for selecting people such as excluding people from certain universities) and problems related to social dynamics of which the insider is not aware (for example, omitting the importance of cultural capital in job interviews). There are also difficulties in terms of the way memory works, and so accounts of (for example) recruiting processes may not be exactly as actually happened some years earlier. As such, some of the elements related to practices in financial organisations may be better perceived using participant observation and first-hand data collection techniques (as did by Ho (2009), Zaloom (2006) or Michel and Wortham (2009)), although it is unlikely to gain access as mentioned above. For this reason, participant observation was also conducted when possible, for example attending events organised by financial firms to attract students from Edinburgh University to their internships and graduate schemes. I attended two such meetings in hotels in the city centre of Edinburgh, and also assisted on a number of other occasions when they visited campus to attend the weekly meetings of the Edinburgh University Trading and Investment Club (EUTIC) and promote their different programmes. I was a member of the group myself, so I was able to spend two years observing the way companies interact with such clubs through meetings, email alerts and invitations and even events created and published on Facebook. All of this participant observation provided interesting insights into the way current members of the industry interact with prospective members. Access to further stages of recruitment and induction processes, for example assessment centres or graduate courses, would have definitely enriched the results of my research, but this was unfortunately not possible.

In terms of reliability, the results obtained are consistent with the existing literature, the results of different interviews are consistent and interview results are also consistent with the results of different techniques such as participant observation. In this sense, the main criterion for reliability in qualitative research, consistency (Neuman 2006:196), is fulfilled. In terms of validity, each interview was analysed in order to check the quality and credibility of information. Interview guides also contained questions designed to double-check responses, especially for more critical topics and questions that could be answered in a socially desirable way, such as selection criteria, motivations to work in the field and relationship with team mates and other teams. The use of interviewees in different positions (managers, headhunters, outplacement officers) provided a means to contrast and/or validate the information provided by interviewees.

Another element that requires discussion is the reach of the sample. Although in qualitative research the representativeness of a sample is mostly related to diversity (the principle of saturation is also important), it is still difficult to assess whether the sample selected reflects the diversity observable in the field or is constrained by the limited access of the researcher. For instance, because the financial services industry in the UK is very large, employing more than 250,000 people in London alone, it cannot be exactly ascertained how the 18 job trajectories observed fit into the broader picture. However, qualitative research does not necessarily intends to fully represent the object or population studied, but rather to understand and analyse the processes and procedures and also understand the perspective, experience and motives of actors (Maxwell 2008:221). In addition, it did not seem possible to construct a random sample either in the UK or Chile because of the lack of a sampling frame. Some quantitative work was done, but it was left apart at the end because of this problem.

Another problem related to sampling is the people interviewed. When elements such as mechanisms of inclusion/exclusion are studied, it makes sense to study not only successful practitioners, that is to say the ones included by firms, but also the ones who fail or who self-exclude from selection because they expect to fail. A survey was sent out to members of financial clubs with the aim of comparing the situation of those who attain internships with those who do not, but the response rate was very low so it was not included in the analysis.

Finally, it is possible to argue that this sort of research lacks some data or information about organisational performance at the time of comparison. In this sense, the data collected does not allow to ascertain if the recruitment and organisational procedures adopted by firms in Chile lead to different outcomes, results and organisational behaviours from the ones observable in the UK. Although there are secondary data about financial performance in both countries, there are not enough elements to link those data and the findings of this research. On the other hand, assessing the performance of these organisations would involve a completely new research design from the one presented here, so it can perhaps become a future research project.

Ethics

People working in finance are often considered elite professionals (Rivera 2012) and earn high salaries. As such, there is no reason to consider that they are in a vulnerable position or that the researcher may have an advantage or be in a position of power, despite the fact that the interviewer always sets the agenda of the interview and has the power of editing afterwards. In this sense, ethical dimensions did not appear particularly problematic or critical.

In order to ensure both ethical standards and the participation of interviewees, the most important principle was anonymity. The names of interviewees and the companies for which they work are not recorded in any document. Names of companies, whether the company at which the interviewee was currently working or their previous workplace, were changed to names of football teams and were not included in the final document.

Interviewees were normally contacted by email, and they were informed of ethical elements in the first email and again at the beginning of the interview. They also received a brief description of the research and the promise that their information would be used for academic purposes only. Both elements were also repeated at the beginning of each interview, usually when I started recording, and their consent to the explained conditions was recorded. As such, written consent forms did not appear necessary, as oral consent was recorded for all interviews. Interviewees always allowed me to record the interviews.

Chapter 3

Recruitment and Integration in Financial Companies

As indicated in Chapter 1, the double process of the increasing complexity and autonomy of financial organisations and activities that have taken place during the last 30 or 40 years does not mean that they have become independent from society. It actually relies on structural, institutional and cultural mechanisms that enable financial transactions and business every day. While social studies of finance and sociology of finance have highlighted both the social conditions and structures of financial activities and their social embeddedness, there has not been enough attention paid to the concrete mechanisms that allow, enable and reproduce these situations. In this sense, financial activities are socially constructed (Bourdieu 2005; Vidal and Peck 2012) since they are enabled, constrained, shaped and reproduced by several social mechanisms and dynamics related to networks and ties, institutions and culture.

Financial activities are normally performed by organisations, in particular financial firms. Although some decisions may appear as individual-driven, they are framed by organisational strategies, structures and cultures. In this sense, organisations are integrated to specific social settings and the way those settings are structured in terms of ties, rules, cultural patterns and cognitive models. Although, some elements of financial practices and organisations are shared by companies in different corners of the world (theory of convergence), for example with a process of professionalization of the workforce in the field, they still vary in terms of the specific structures they to which they need to adapt and integrate in different countries or social settings. The comparison of the UK and Chile is relevant since it allows observing two different settings in the sense of the role they play in the world financial system and the way their internal societies work.

The concept of integration has different meanings in sociology. In the context of this research it is related to the relationship of a whole and its parts (Holzner 1967). As such, social integration is crucial to three aspects: how firms reproduce themselves in temporal terms (as they integrate individuals and keep operations beyond the working life of current members), how organisations in the industry become involved in processes and mechanisms of coordination with organisations and institutions in other social fields (as firms are part of interdependent systems of exchanges, decisions and interactions), and how it is continuously legitimated in social contexts (as financial activities are symbolically integrated into societies). Firms, and financial practices, reproduce themselves in terms of the inclusion and socialisation of new members, so the workforce is reproduced at an organisational and institutional level; these processes may lead to changes in the practices themselves, but still allow them to continue functioning. The industry is also reproduced institutionally in terms of how firms follow certain patterns, govern themselves and relate to other types of organisations (Campbell 2009).

In terms of organisational ecology (Hannan and Freeman 1989), recruitment is one process by which the financial industry, in the form of its diverse firms, interacts with its environment. In this sense, recruitment and socialisation processes are not only interesting for human resources research, but also for sociology. Recruitment processes and later socialisation processes are excellent for observing how firms relate to their environment, and also for examining the sociality of financial practices and activities. The way that firms attract, select and allocate their new members relates to their interplay with the social environments in which they take part. In addition, the question about how certain people and no other get to work in financial firms helps to understand the way firms work and behave. In this chapter, I will describe how these processes of recruitment, selection and allocation work in the context of the different realities of financial services and investment firms in the UK and Chile.

Recruitment

As indicated above, recruitment of members is a key aspect of the integration of financial organisations into broader society and broader social structures. Links between organisations are normally embodied by links between people (Granovetter 1985; Gulati and Gargiulo 1999). At the same time, these links require social interaction in order to emerge, reproduce and be enforced (Martin 2009). Therefore, recruitment is both a space for interaction between firms and other sorts of social structures in terms of particular social ties and positions of brokerage, and a moment of openness/closure of firms to different social groups and dynamics. It is crucial for firms´ reproduction since they acquire the human capital they need in order to continue working. In recruitment processes, it is possible to observe the mechanisms and patterns of inclusion/exclusion within the firms and also the way they interplay with the economic and social structures to which they are related. For example, both in the UK and Chile, financial firms have experienced processes of professionalisation, so most of core positions are filled with people holding university degrees, which progressively leaves out a number of people. Through this chapter, several elements of inclusion and exclusion in the processes studied will be presented.

During interaction and adaptation processes, organisations develop coupling mechanisms, through which they reduce (or try to reduce) complexity in both their market and societal environments. To a certain extent, this relationship is embodied in a number of mechanisms (i.e. regular practices, procedures, networks and interactions with side organisations, etc.) that allow companies to integrate with their social environments. Therefore, firms develop their processes of recruitment, socialisation and promotion in terms of the specific mechanisms they use to perform those activities.

As indicated in the previous chapter, uncertainty is the basis of economic activity (Beckert 2009; Knight 1957), as it is always oriented towards the future. This is important in the case of recruitment, since the most notable problem firms face, in addition to knowing what they are seeking, is knowing whether the applicant is (or has) what they are seeking. This problem is similar to buying or selling assets; they have to select someone in the present in order to achieve results in the future. Companies may either embrace more technically-oriented processes of recruitment or retain traditional ones. According to Millward (2003:23–24), selection processes are nowadays often oriented towards the "selection validation approach", which aims to predict the performance of prospective employees based on a number of outcomes defined as indicators; this allows recruiters to deal with the problem of uncertainty and make decisions accordingly, under the assumption that the procedure will lead to the expected outcomes.

The concept of recruitment refers here to the processes of attracting prospective employees, the stages of their application to the firms, the assessment and selection of candidates and the way they are hired and allocated to specific programmes or teams. In this sense, the notion or word "recruitment" has been useful, since practitioners understand it straightforwardly. However, this concept or notion does not imply that prospective employees are passive or just waiting to be selected. It is a two-way agency relationship, as prospective employees also select the firms to which they apply in the context of their expectations of careers and lifestyles. They also make predictions about their own chances of getting jobs by evaluating specific firms, framing their decisions accordingly. In addition, as will be developed later in this chapter, prospective members of firms are often committed to their own goals of getting what they consider to be a good job and a good career. This may mean, for example, that they strive to improve their CVs in order to stand out in their recruitment processes, even at a very young age. They often need to learn how to use websites or look for suitable job opportunities. In other cases, they may be able to mobilise their social capital in order to increase their opportunities of getting an interview or even a position. In this sense, although the concept of recruitment seemingly focuses on the firms and the way they include/exclude future members, prospective members also have agency as they make decisions and act in different ways while pursuing their entry into the job market and, in this case, the financial services industry. However, as it will be developed below, the active role and the specific actions that applicants take in order to pursue a career in finance are different in the UK and Chile.

Accordingly, recruitment is a two-way decision-making process, as it involves actions and selection by both the firm and the applicants. However, recruitment processes also rely on institutions and roles which catalyse, enable and frame the inputs and outputs of different stages and levels of decision-making. As will be developed further on, from the point of view of the firms, internal and external institutions and roles are also constitutive elements of the different stages of their recruitment processes. The methods of recruitment may also interest scholars of sociology of knowledge, since the literature about recruitment in management studies claims scientific status and the knowledge related to this field has emerged from the interplay of academic institutions, hiring firms and consultancy companies, as shown by textbooks such as Millward's (2003). From the point of view of applicants, institutions and roles play an important part in their expectations and interaction with their prospective employees. In this sense, social institutions frame and shape the way economic agents make decisions.

One interesting additional aspect in the case of the financial services industry is that companies normally recruit new people as part of their yearly processes, although this is more common in the UK than in Chile. Recruitment processes are therefore important to the business cycles of firms, and so they often consider human resources their main asset and the main reason why people or other firms may do business with them. As Karen Ho (2009) indicates, they claim to have the best people possible working for them. In the case of certain banks, as indicated by Michel and Wortham (2009) base their business on the particular names ("superstars") which will be involved in the projects. For example, JP Morgan, one of the largest investment banks worldwide, displays this statement in a prominent position on its website:

> "Our people are our greatest asset – we say it often and with good reason. It is only with the determination and dedication of our people that we can serve our clients, generate long-term value for our shareholders and contribute to the broader public."

Furthermore, when people join financial services firms, they are taught by the firms how to perform their jobs, and then normally remain in the industry. In both the UK and Chile, once people have joined the industry they normally circulate between banks and other financial companies, thus staying in the field. In this sense, it is a specific working niche. Therefore, three elements – the fact that financial companies rely on their human resources, the fact that the training for the occupation is done by the firms themselves, and the fact that people stay in the field – make recruitment processes, most notably at a graduate level, a constitutive aspect of financial services activities.

Getting a Job in Finance

Recruitment processes vary largely in terms of the kind of positions involved and the kind of firms recruiting. However, recruitment is based on a socially constructed image of a good applicant. The specific body of knowledge related to human resources and successful recruitment methods is, like any other kind of knowledge, strongly related to the social setting in which the knowledge is produced (Collins 1983), particularly in this case, the interested members of the industry and the social groups who control it (Maeße 2011). However, these images are also constructed around the dominant discourses in a given society, the self-image of particular groups and political correctness. As such, two of the main challenges in my research were to make sense of the diversity of recruitment processes in the context of diverse firms, roles and environments, and to look for underlying patterns or constructions observable in the industry. As it will be developed through this chapter, the analysis of interviews in London, Edinburgh and Santiago de Chile allowed me to state that recruitment processes are different in the UK and Chile, but there is also some diversity within both countries. That diversity is not only explained by organisational dynamics, but also by institutional arrangements and relations and the way resources and power are distributed in different social settings.

The most common way to start a career in financial services is to join a financial firm after completing a university undergraduate degree. In both countries under study, my interviewees worked in firms that mostly hire college and university graduates for their core positions. This was apparently not the case for either the UK (Thompson 1997) or Chile 30 years ago, but now it is standard, which suggests a process of professionalisation. In addition, interviewees described that the most common point for new people to join the core business of financial firms is at the lower levels of teams, that is to say, at the level of the recently graduated youngest members. As such, this study has a strong focus on recruitment at this level since it provides the people who will develop careers within the industry. It seems that recently graduated people make up a large proportion of the staff at such firms, and perform a large amount of the activities that banks and asset management firms deliver for their internal and external clients (Ho 2009; Zaloom 2006).

As indicated by most of my interviewees, in particular the three who were involved with the recruitment processes of their teams, financial firms in the UK aim to hire those who they see as the best people available. Of course, there are several differences between firms in terms of their size, specific products and weight in the market. However, the most prominent firms normally identify a selection of universities and try to attract their graduates. According to one specific interviewee, who held a managerial position at an important multinational bank in London, the most preferred universities in the UK include Cambridge, Oxford, UCL, Imperial College, LSE, Edinburgh, Warwick and St Andrews, although London-based firms may also hire some people from elite universities in the rest of Europe, North America and Asia. The decision to focus on a limited number of universities is described by practitioners as the result of trial and error and organisational learning processes in terms of recruitment and hiring:

> "Well, I think as so much as we take applications from anybody, who applies from any university. However, the firm has identified, through the hiring process of many, many years, that certain universities have a higher success of completion in term of hiring, perhaps have a very strong track record of academic excellence, suited to our business, and therefore it makes sense for us to focus our resources on targeting people from those universities as opposed to try to target everyone from every university." (Interviewee working as the head of a team in a large bank in London and with experience of recruiting new staff)

However, the amount of people working in financial services in the UK is much higher than the amount of graduates of the universities aforementioned, so companies also hire people from other universities. Of course, higher status companies seek graduates from higher status universities, and other companies often target a larger base of graduates.

In this sense, large financial firms go further than announcing internship or job opportunities; they take action to attract people from the universities they appreciate most. The largest banks or asset management firms organise events on campus or nearby in order to attract prospective employees. At these events, they present the company and promote both their graduate programmes and their different internship opportunities, which are often part of recruitment processes. Occasionally, the events may also take place at the bank's offices. I attended some of these events in Edinburgh, held both by local companies and by companies based in London. Two of them took place at very nice hotels in the city centre and included a stage of registration, speeches and presentation, followed by a drinks reception which and the opportunity for talking to the recruiters. Prominent members of staff were involved, such as heads of teams, and put on a number of presentations in order to convince the students to apply to their various programmes for internships or graduate jobs. The presentations and speeches as well as the venues and catering, often emphasised the lifestyle related to pursuing a career in finance, with current members of firms inviting students to be part of it. In the events in Edinburgh, the recruiters were often Edinburgh University alumni or Scottish people, trying to create a sensation of proximity for people attending. The events normally happen at the beginning of the academic year, i.e. September-October, and serve to "kick off" the summer internship application process. I was a member of the Facebook groups for the investment and trading clubs of London-based universities, such as Imperial College and LSE, and so I received invitations for such events more often than I did as a member of the University of Edinburgh club.

One interesting element of the firms' visits to campus is that financial companies do not necessarily try to target business, economics, maths, informatics or engineering students. They also encourage people from very different backgrounds, such as sciences, humanities and law, to be part of the application processes. This situation seems to relate both to the diversity of positions available in the industry (since interpersonal skills may be more relevant than numeric ones in particular positions, as it is going to be developed on next chapter) and also to the role played by firms themselves in the process of knowledge and skill acquisition for prospective or new members in the industry, as it will be described below. During the events in which I took part in Edinburgh, recruiters spent some time emphasising that people from humanities were not only allowed to apply but also encouraged and that the firm would provide training accordingly.

These events focus on institutions that play an important role in the recruitment processes of companies in investment and finance. Investment banks and investment management firms sponsor and contribute to finance-oriented student societies such as investment clubs. This relates to the British culture of student societies formation (which may be related to the robust culture of participation in the UK as described by Hall (1999)) and normally allows banks to reach the particular portion of the student population that is interested in finance and investment. Investment societies or clubs also discuss financial activities, concepts and news, and school their members in the basics and principles of investment. According to an interviewee involved in building relationships with these clubs, their members are interesting targets for banks.

> "I think investment clubs are a great idea, I think they demonstrate an interest in the financial markets. I think that is something that I neglected to mention as a positive differentiator when it comes to recruiting people, because I think they are a sort of a rich feeding ground in terms of banks and other financial organisations looking for hire. We would certainly connect with investment clubs and we sponsor investment clubs in selected universities and other banks do it as well and we wouldn't do it if we don't see a benefit." (Interviewee working as the head of a team in a large bank in London and with experience of recruiting new staff)

This relationship normally comprises contributions to the funds that clubs actually invest, talks by members of the bank and other activities such as trading contests, networking activities or trips. For example, at Edinburgh University Trading and Investment Club, of which I have been part during my time in Edinburgh, senior members of the club present talks about specific valuation methods, specific products, economic matters regarding countries or regions and various matters related to investment and finance. Active members organise themselves into sectors (healthcare, property, etc.), where they manage and analyse some stocks, get to know about specific industries and make some real investment decisions. Several banks and other investment firms have visited the regular meetings in order to promote their internship and recruitment programmes; they also present new insights into their business, and these discussions often progress into the pub. On some occasions, meetings even take place in hotels, when they are sponsored by financial firms in order to promote their own activities. In addition clubs provide a space for sociability, as members can get to know each other and become friends, and committee members can make contact with people involved in the industries they are pursuing. In this sense, from the point of view of future candidates for financial firms, these clubs are both an active step towards a career and a group where they can share interests, learn and make friends. Following this theme, Edinburgh University Trading and Investment Club's motto is "*an investment in your future*", referring to the role it may play in pursuing an eventual career in finance.

These two elements, events on campus and collaboration with finance-oriented student initiatives, are not trivial for banks and other major financial services companies. Recruiting new people is an important part of the annual activity of firms, and high-profile members become involved in the process from the very beginning, as indicated for example by one of my interviewees who held a high managerial position in an international bank, and it appears to be also the case in the US as described by Michel and Wortham (2009). Banks in the UK hire new staff on a yearly basis, according to their own systems of promotion; new positions do not necessarily depend on people leaving or old positions becoming vacant.

Universities in the UK, particularly the universities mentioned above, often have career offices which provide vocational help and job hunting and application advice to their students. Although it seems that financial firms focus on members of investment clubs, economics-oriented societies, business schools, etc., they also advertise their events, internships and career opportunities through these more general career offices.

In order to reach a large base of applicants, firms also publish their job and internship opportunities on their websites (so that people interested in pursuing a career in finance can find out about opportunities irrespective of their university) and on other specialised websites, like e-financialcareers.co.uk; many of my interviewees knew of this site, and three of them actually used it when job hunting.

Therefore, the first stage of recruitment involves attracting prospective new members of firms. Firms focus on a small number of universities but do not exclude participation by people who study somewhere else. Core business people are assigned to act as "captain" of the recruitment of members in a particular university, often the university of which they are an alumnus (as was the case with one interviewee), and are thus responsible for the organisation of events, presence in campus and relationship with the different intervening institutions. Institutions such as investment clubs and other student societies, career offices and advice centres and intermediary companies like e-financialcareers play a role not only in mediating the relationship between firms and students/prospective workers and organising different events and activities which allow for their interaction, but also in framing decisions and expectations on both sides of the relationship.

In Chile, the situation is different. While banks, most notably commercial banks, and other financial organisations do take part in job fairs organised by universities or other entities (such as newspapers, job search websites, etc.), they are normally seeking people to work in their commercial and administrative departments, as I could see for myself in a large job fair in the current financial district of Santiago. However, many banks, in particular the larger ones, have general recruitment processes and so people could just as easily end up in the trading room as in the HR department or managing a bank branch. This kind of recruitment happens only in small number of large commercial banks that have sections or departments of investment. Although it is an entry for several people to the industry of finance, it is an exception to the way financial firms work. Most financial firms in Chile do not have the same approach to university campuses as firms in the UK.

Firms' counterparts in universities are usually professionals of the outplacement offices in specific schools, and there are not prominent student-based entities as the investment clubs and societies in the UK.

Banks and other investment firms in Chile also set out to hire mostly when positions become available, and not necessarily every year. The positions are normally advertised through two channels: personal contacts and the career offices of certain schools in specific universities (and their exclusive websites), as indicated by interviewees involved in recruitment in the following quotes:

> "So we used to contact every year… we hire, generally, one person per year, to join our team, more or less. So, what we used to do is to contact all the recruitment offices of different universities, the business and engineering schools of certain universities only. The two linked to Universidad Catolica, Universidad de Chile and Universidad Adolfo Ibanez. Those were, more or less, the ones we used to contact. And we asked them to send people interested in finance to us, ideally good students."[3] (Interviewee working in the Chilean branch of a large international bank, who had taken part in recruitment processes for his team)

> "I mean, 500 people work in this company, maybe a little more than that, and in the end we hire for all kinds of positions. So, of course, if you ask me how we hire graduates, of course

[3] Original Spanish: "*Entonces, contactábamos todos los años a… nosotros contratamos, en general, acá una persona por año, para entrar a trabajar, mas o menos. Entonces lo que hacíamos era contactar a las oficinas de reclutamiento de las distintas universidades, de las de ingenierías comercial e ingeniería civil, de algunas universidades solamente. La dos ligadas a la Universidad Católica, Universidad de Chile y a la Universidad Adolfo Ibáñez. Esas eran las tres más o menos que contactábamos. Y les pedíamos que nos mandaran gente que estuvieran interesada en finanzas y que ojala sean buenos alumnos, etc.*"

> it is done through the webpages of the universities. And generally, yes, we work with Católica, Adolfo Ibáñez, Universidad de Chile...also de los Andes, sometimes."[4] (Interviewee working as the head of a team in a Chilean investment bank in Santiago)

Most of the time, investment firms pursue people from only six schools: the business[5] and engineering schools of the Universidad de Chile, Pontificia Universidad Católica de Chile and Universidad Adolfo Ibáñez. They are usually willing to hire people from no more than four other schools, normally the engineering and business schools of Universidad de los Andes[6] and Universidad del Desarrollo[7]. Adverts on the job market webpage of one of these few schools are the most common way to enter the world of finance in Chile. As such, all of these schools have their own outplacement offices, different from the ones of the university, which offer students vocational assistance and help them to succeed in job searching and applications. However, the main service they provide is exclusive access to internal job advertisement webpages, on which companies

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4 Original Spanish; "*Es que, bueno, en esta compañía trabajan 500 personas, un poquito más que eso, y en el fondo se contratan todo tipo de cargos. Entonces claro, si tú me dices como se contrata un recién egresado, por supuesto que se hace a través de las páginas web de las universidades. Y en general, si, trabajamos… o sea Católica, Adolfo Ibáñez, Universidad de Chile… de los Andes también a veces*."

5 In Chile, business degrees are actually called Commercial Engineering (Ingeniería Comercial), and within the programme students choose between Economics and Business Administration.

6 University linked to Opus Dei, which is a branch of the Catholic Church, very popular among the Chilean elite (Thumala 2007)

7 Universidad del Desarrollo is an interesting case. It is quite new to Santiago, founded in the late 90s, when the owners of the university in Concepcion (who were linked to the economic authorities and experts of Pinochet's regime) purchased Universidad las Condes, a private university located in exclusive city neighbourhoods, and created the campus in Santiago. When I finished high school in 1999 (and thus had to make choices about universities), this university was considered very poor, but within 10 years it became a real option for the portion of the elite who could not make it into the most traditional universities.

often need to pay a fee to publish their job announcements, as the administrator of one of these offices told me in an interview. Personal contacts are also important, but mostly at a personal level (family and friendship ties) as the prospective members do not necessarily have previous experience or interactions in the field.

In sum, at the point of first professional entrance to the industry (excluding internships), in both countries it can be observed that firms target students from specific universities. However, in the UK, firms make an effort to reach broader audiences and prospective employees, such as announcing opportunities through non-exclusive websites and reaching students from different academic backgrounds. Another difference relates to the role played by student-based institutions in the UK; in Chile, this mediation is instead carried out mostly by specific and professionally-based offices within the schools most commonly selected by the firms of the industry.

Firms recruit people for different positions and hierarchic levels, and graduate recruiting is different from senior recruiting. When people are already members of financial firms, whether in the UK or Chile, they learn about positions and opportunities through other channels, usually not public, and normally move from one company to another while already holding a position. Of course, as interviewees (especially in London) remarked, when financial cycles are bad, staffs are reduced and it is normal to find people looking for a job, which seems to be the case during the recent crisis. However, the most common *modus operandi* in the industry apparently is to continue looking for jobs while already holding a position, looking for a better income or a higher rank. In this sense, while in Chile the head-hunter industry is growing and becoming more important in the field of finance, it is far more important in the UK, probably because of the size of the market and the number of people who work there. As will be observed in detail in the following chapters, the size and complexity of financial markets in the UK, especially in London, produce a number of dispersed communities which constitute a good niche for specialised brokerage or intermediate agents such as head-hunters. At the same time, these firms are able to collect and aggregate data about different actors within the industry, as they specialise in such tasks, as described by a head hunter in the following quote.

> "So the easiest way is, for example, if we are looking for an ultra-high net worth portfolio manager for (name of bank), our biggest client, in London, we have to first find out who in the other banks do exactly that. Of course, there are a lot of private banks in London, but within, there sometimes won't necessarily be a split between ultra-high net worth portfolio managers and the just high net worth. So, you have to basically do a lot of research, speak to a lot of people at different banks, find out how are the teams structured, if there is a dedicated ultra-high net worth team, then we find out who they are. We find out as much information as we can before calling them. Just to see who is the most relevant person at that time. You know who is for example the head, who always moves, so you have to find out who number two is, and who the other people underneath them are. And then just call them, and being very open and frontal and say 'listen, I am a head-hunter and I am working for client bla bla bla...', and then introduce them to the company." (Interviewee working for a head-hunter agency in London)

In Chile, personal contacts are still more important for learning about new positions and opportunities, especially for people who interact with each other as part of their job (e.g. traders and brokers). However, this is also very important in the UK, especially as one climbs higher up the corporate ladder. According to an interviewee who works as a head of team, networks and references are extremely relevant for senior recruitment, as described in his quote.

> "Let's see, in investment banking is a little bit like… at a certain level it is a little bit like the army. When you are just starting on your first day, when you are what is called an analyst, and later on when you do your Masters, when you are what they call an associate, these are the only two windows where you will see formal processes. Completely formal, with interviews with a bunch of people. Once you have been through these processes, the way to hire is through contacts. And there is also a lot of hiring through head-hunters. Because you need to hire someone, but you don't have time to see to it yourself, so head-hunters start looking for people."[8] (Interviewee working as the head of a team in a large bank in London)

In addition, financial work provides contacts that members may use for their personal careers. For example, brokers not only act as intermediaries for financial products; they

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[8] Original Spanish: "*A ver, en banca de inversión es un poquito como, a cierto nivel es un poquito como el ejército. Cuando recién empiezas de día cero, cuando eres lo que llaman analista, y después cuando haces tu maestría, cuando eres lo que llaman un associate, esas son las únicas dos ventanas que vas a ver donde hay procesos formales. Completamente formales, con entrevistas a un montón de personas. Una vez que ya has pasado por esos procesos, como se contrata es a través de contactos. Y hay mucha contratación también a través de head hunters. Porque necesitas contratar a alguien pero no tienes tiempo para estar viendo, y los head hunters comienzan a buscar a gente.*"

are also able to circulate information about job positions within the industry, due to their own particular position of talking to different firms, as suggested by the following quote.

> "Look, in the end, your network means that, for example, if you have enough trust from your client, he will tell you 'hey, you know I am not happy in this job, can you ask if there are any offers that would suit me around?'"[9] (Interviewee who works as a broker in Santiago)

As indicated, the size of the market and the number of people working in each country is relevant mostly in terms of social complexity. In small circles, people tend to know each other and it is easy to know who is doing what and how. In Chile, it is also important that most people in the industry come from a limited number of schools, and they tend to be part of similar groups and backgrounds, so information and contacts flow with no necessity for intermediaries or brokers in sociological terms; head-hunters seem to perform a more significant role in more complex environments, as indicated by interviewees in the UK.

Once prospective members know about the opportunities available, they need to apply to recruitment processes. Obviously, this also varies widely depending on the firms, their

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[9] Original Spanish: "*Mira, al final tu red se traduce en que, por ejemplo, si tu tenis la confianza suficiente del cliente en ti, el cliente te va a decir "oye, sabis que no estoy contento en mi trabajo hueon, pregunta si es que hay alguna oferta por ahí que me pudiera servir*".

size and the particular activities they perform. However, medium-sized and large financial corporations in the UK tend to use formalised, standardised and technically-constructed recruitment and application processes, especially for recently graduated people hoping to start a career in finance.

Application processes for medium-sized and large firms in the UK (not only in the financial industry), follow recent patterns: prospective employees start by completing an online form, to which they usually need to attach a number of documents such as cover or intention letters and a CV. These processes are designed to receive a large number of applications in a standard way and to allow firms to deal with applications in digital format in order to filter and process them at a future point. According to Millward (2003), "recruitment science" as part of human resources toolkits has evolved towards standardisation of applicants, who are often measured, quantitatively or qualitatively, according to a defined set of criteria or outputs. The sending of this form is often shortly followed by skill tests such as maths (numerical test) and language (English test), which operate as a main filter for reducing the number of applicants for the next stage. Of course, this sort of method relies to a certain extent on technical and technological platforms. According to interviewees, the online form comprises a number of activities performed one after the other, sometimes over a period of one hour and with no opportunity to stop or continue at a different time

These application processes and methods appear to be designed to filter a large number of applicants and find the "best" prospective graduates. The development of the techniques has resulted from the interplay of academic institutions, consultancy firms and industries, but the particular way by which a single firm recruits and selects people is often a decision made by the management and validated or changed based on previous experience. According to three interviewees in the UK, certain banks and investment firms have 2,000 or 3,000 applicants for no more than 40 positions. However, applicants do not necessarily apply to all possible companies, as they know that application "tailoring" may be necessary, especially in the case of cover letters and CVs. In this sense, applicants know - through their own previous experience, the experience of other people and the talks they have attended in different places - that these processes are very difficult and competitive and that it takes a lot of effort to pass this first filter, as the following quote suggests:

> "I think that all the difficult thing is to get to the first round, to get actually to an interview, because there are so many applicants. For example, for (name of investment management firm for which he now works), they said there were 600 applicants for two people that got hired. So, I don't think they go through 600 applications, also because the applications were very long, it took me three or four days to complete. This is for (name of investment management firm for which he now works), for (name of fund management firm), I know there were 1200 applicants for eight positions. So, I think, I don't know because all the companies to which I got to the interviews, at the end I managed to go till end. So I think that is probably the initial curriculum or the initial application that you really need to write something that really stands out, because if you just write a normal CV or a normal application they probably would say 'Oh, it is just one of many'. So you just have to get

> through and then go to the interviews. So it depends on the companies, every company wants different kinds of people. Some people really want team players, some people really want strong candidates. Depends, I think I managed to understand what the company wanted, and I did a lot of research about the companies, especially for (name of fund management firm), because I really wanted to work there, I really knew everything about them." (Interviewee working in an investment management firm based in Edinburgh)

People interested in pursuing a career in finance make efforts to build a CV that stands out from other applicants, and these topics are often discussed in investment club meetings or between people interested in the field. This relates to what was proposed above: the notion of recruitment does not mean that applicants are passive individuals who just fill out forms and wait for the firms to call them. There may be some who do this, but apparently the people who succeed on getting the jobs tend to be the types who make efforts to build what is seen as a good CV, developing certain notions or ideas about prospective careers at earlier stages of their studies in order to have something to show (internships, volunteering etc.) at the time of applying, and also researching companies' profiles in order to tailor and prepare their applications.

Consequently, the recruitment processes of major firms in the UK tend to use recruitment methods aimed at reaching a large number of applicants, attracting highly skilled prospective employees and selecting them according to their merits and their "hard" and "soft" skills. As Zaloom (2006) shows, this was not necessarily the case during the 80s, when the industry did not always targeted highly skilled employees for all core positions. To a certain extent, this is the result of both increasing dynamism in the industry and a more technical profile due to the decline of trading pits and the expertise practitioners needed in that exchange system. In addition, these methods, which are not exclusive to this industry, are also grounded in academic and technical knowledge about optimising recruitment, talent detection and management (Millward 2003).

Internship applications are almost as competitive as job applications. Prospective applicants know that getting into the finance and investment industry is extremely difficult and competitive and in order to improve their chances they need to do as many high-profile internships as they can. Banks and other financial firms offer internship opportunities at various stages: gap year internships before university and summer and spring internships during holidays every year during university studies. In many cases, final year internships are actually a sort of recruitment process; a number of interns are hired at the end of their time with the company, just before starting their last year in university, and are signed up to start graduate programmes just after graduation. There are banks that hire most of their graduate members through this method. In this sense, internships are a key aspect of recruitment processes in the UK, especially for firms targeting graduates. Banks and other financial companies focus their efforts on managing and selecting large amounts of applications at the various stages of their internship opportunities, as they can observe the applicants performing real tasks in a real work environment. People in firms appreciate and get involved in them, as shown in the following quote:

> "And you know there is a whole debate of whether internships are a good thing or not. I actually think that they are quite good 'cause I think... yes, that's a lot of time for a lot of people within the organisation, but I also think that you get quite a lot from it." (Interviewee working in a senior position in a large firm in Edinburgh)

It is also remarkable that, when banks host student events or visit students' investment societies, speakers not only present the company but also provide some tips about how to increase chances at the time of applying. In this sense, people from selected universities are not only in a better position because they studied at better-known universities, but also because they may have exclusive access to information on the recruitment opportunities and how to tailor their applications for particular firms.

The above-described situation is normally the case for front and middle offices, such as traders (who normally start as analysts), analysts, high profile sales professionals, control professionals and in some cases accountants and IT professionals. Banks follow standard and well-designed processes when recruiting and integrating such staff, as part of normal activities and the reproduction of the firm's business. Other members of financial companies, such as most back office positions, go through different processes which are sometimes very similar to any other kind of business. Michel and Wortham (2009) show that in the case of Wall Street banks there are also important differences in the way they recruit and promote their front and middle office staff and the way they do with back office, both in terms of the processes themselves (methods of selection and involvement of prominent people in the firm) and the way they value new individuals (members in the case of front office positions, hires or employees in the case of back office).

In the case of smaller firms, often focused on more specific products and services, the role played by recruitment agencies[10] is more relevant. While some of these agencies also take part in some stages of the larger firms' processes (e.g. CV selection or phone interviews), their role is much more important in companies that are not large enough to carry out this activity in-house, and also for positions not included in the main recruitment processes for medium-sized and large firms. In these cases, applicants normally apply through websites like the previously-mentioned e-financialcareers or directly through the agency's premises, visiting a number of agencies in order to reach the market in which they are interested. Recruitment agencies are paid according to their success in finding and proposing candidates, who may eventually be hired. Some agencies do not

[10] Employment agencies which are hired by companies in order to find prospective applicants for their positions, and they are rewarded if the hiring company select a new employer proposed by the agency.

specialise in financial careers, although they do have people who work mostly with jobs in this field.

As mentioned above, in Chile things happen on a much smaller scale. Financial and investment positions are sometimes recruited through general processes by the largest commercial banks, probably taking advantage of the staff of HR departments in those large firms. These positions are widely advertised and receive applications from a large number of prospective employees who may end up in finance-oriented positions. In other cases, people just may go straight to the interview stage if they are in some way connected to members of the company. However, as indicated by interviewees, in most cases people apply through the website of their school's career service, normally the school of business or the school of engineering at Universidad Católica, Universidad de Chile or Universidad Adolfo Ibanez, and wait until they hear back from their prospective employers. In several cases, financial firms only advertise their positions on those websites and some other schools, so they are an exclusive source of job opportunities. Therefore, with the exception of large commercial banks, financial firms in Chile normally advertise their positions and contact their prospective employees via exclusive channels, which contributes reproducing a homogeneous workforce for the case of core positions. At that stage applicants are normally just asked for a CV. In this sense, it seems that prospective members of financial firms in Chile are not as active as they do in the UK.

It is interesting that multinational banks, such as some banks headquartered in Europe or the US, recruit people in an informal manner for their operations in Chile, contrasting with their procedures in other locations. Although this has changed recently and recruitment processes are becoming more similar to those in Europe and the US, as little as five years ago multinational banks were recruiting graduates and new employees through members' personal contacts and recommendations.

> "M: So this guy had been a university classmate of someone who was working here in (name of multinational bank), so the person from (name of multinational bank) asked this guy if he knew someone who liked finance, with a good academic record, and they contacted me through this guy. And that is the way I got to.... I don't know, they interviewed me and I got the job.
>
> J: Speaking of your job, have you ever participated in recruitment processes for people in your team?
>
> M: Yes, a lot, every year since I got here.
>
> J: And how is it done?
>
> M: Since the year after I got here... I think I was the last one who got here by networks, or because I knew someone or someone knew me. From that year on, we started a more exhaustive selection."[11] (Excerpt from interview with M, who works in the corporate

[11] Original Spanish: "*M: Y este gallo había sido compañero de universidad de una persona que estaba trabajando acá en (nombre banco), entonces la persona de (nombre banco) le pregunto a este gallo si conocía gente que le gustaban las finanzas, que le haya ido bien, y me contactaron a través de este gallo. Y así fue como llegue a… No sé, me entrevistaron y de ahí quede.*
J: En tu trabajo te ha tocado participar de algún proceso de reclutamiento, de gente del equipo?

finance division of the Latin American branch of a large multinational bank, based in Santiago)

For people who work already in the industry, recruitment is different. These professionals are normally invited to take part in processes which consist of formal or informal interviews, and if they are successful, they may then go through some more formal or standard procedures such as psychometric or psychological tests. People are often contacted directly as part of interaction with people from different firms, or through agencies, mostly by head-hunters. Relationships with former team mates, especially former bosses, are also very important, as it also described by Godechot (2010) for the case of Paris. Although personal contacts and direct interactions for experienced workers recruitment are important both in the UK and Chile, head-hunter and intermediation agencies also play a prominent role for financial firms in the UK at the time of finding a new member.

M: Si, bastante. Todos los años desde que entre.
J: Y como se hace eso, digamos?
M: A partir del año siguiente en que entre… yo creo que yo fui el ultimo que quede así como mas tipo redes, o porque conocía a alguien o el me conocía a mi. De ahí en adelante, lo que empezamos a hacer fue una selección un poco más exhaustiva."

Selection Processes

There are also interesting differences between the UK and Chile once applicants are already taking part in the recruitment process. In terms of graduate recruitment, in the UK companies normally prepare different stages at which they filter the applicants for the jobs. Applications for jobs and summer internships normally start around September or October, when firms visit campuses and a number of cities in the UK. At that point, students begin processes that may take months. Sometimes, they do not hear anything for a number of weeks, and then suddenly receive emails or phone calls to let them know the forthcoming steps of the process, as expressed in the following quote:

> "And then if you pass to the following stage you get an online test to do, and if you are successful with that then they will contact for an interview, but it can take a very long time. You may feel that you were dropped or something, they can either email you, or it can be the other way around, they send you an email saying 'in July' or something, or maybe 'you were successful' when you applied the previous September and you are already working somewhere else." (Interviewee who works as an analyst for a large multinational bank in London)

In some cases, after completing online applications, including online tests, selected candidates have to pass through one more "remote" procedure, which could be telephone interviews and/or more online stages (such as further numerical tests, essays or questions about knowledge of markets and investment). This is a new filter, following the harder filter of the online applications (where cover letters, academic track records, and online tests seem to leave hundreds and in some cases thousands of applicants behind) and leaving no more than 100 on track. The specific tests and components of application are decided by the management of firms and departments involved. Even when processes in different banks are described by interviewees as generally similar, there is variation in terms of the specific procedures they use.

Of course, carefully reading thousands of applications takes time and effort, so recruiters use some shortcuts in order to make a first selection of "capable" candidates, which normally relate to their universities, grades, activities (sports, societies, volunteering), previous experiences in financial companies (mostly internships and their profile, i.e. the companies that selected them previously) and the use of specific key words on their covering letters. For prospective workers, according to retrospective views of current financial firm employees, the most difficult part is reaching the face to face interviews stage, as shown by a previous quotation. The following quotes illustrate how recruiters use shorcuts and cognitive patterns to reduce complexity at the time of evaluating candidates.

> "And I think the key to get it is to say the words they are expecting to hear. If you go into the website it is pretty much clear what are kind of the passwords for them, and I think that

is how... I'm not sure how they interview, but I think they have like a marking, and they tick, literally, when you say initiative, leadership, challenge or whatever, and if you score a good amount, I think you'll get it." (Interviewee who works as an analyst for a large multinational bank in London)

"Clearly there are some pointers that I guess people would look for, and it's really: have the applicants applied themselves in a successful manner? Clearly, kind of one of the strongest ways to do that is looking at relevant working experience before a graduate position. So, if the candidate has had previous internships with comparable firms in a comparable role, that clearly demonstrates an understanding and application within the candidate feel they apply themselves. That would be definitively something I would look for." (Interviewee who works as the head of a team in a large multinational bank in London and is involved in recruitment and selection processes)

"More of what I do is: How interested is this person into finance?, you know, go and say 'What would you like to report on?', What would you be interested about a company?..." (Interviewee working in a senior position in a large firm in Edinburgh and is involved in recruitment and selection processes)

In medium-sized and large firms in the UK, the most interesting aspect of recruitment processes, both for internships and jobs, is the assessment centre. Despite the high costs and the fact that their results are not necessarily better predictors than other techniques (Millward 2003:61), all my interviewees in the UK who were selected to start graduate programmes and most who did internships in financial firms were selected through assessment centres. They seem to be standard in the investment and financial services industry in the UK. These centres were first used by the army and then developed for the public sector and various industries (Millward 2003:49; Woodruffe 1993:5–7); they normally consist of one or two days in the offices of the company or in an hotel where candidates have to perform a number of activities (or components, as they are called in human resources management literature) aimed at assessing their specific skills and abilities in terms of the positions to which they are applying. This method of recruitment is quite prominent in certain industries in the UK and other industrialised economies (Woodruffe 2000), especially in the case of graduate recruitment.

Assessment centres are sophisticated and demanding methods testing, in action, an often large number of applicants, under the premise of avoiding dismissing potential competent employees (Woodruffe 2000:15). They involve a combination of “hard” and “soft” skills-based activities, using a number of components specifically selected according to the set of competencies defined by firms. In this sense, candidates may be involved in confirmatory exercises (such as additional numerical and language tests), written exercises (some of my interviewees had to prepare a financial report using data from a particular company), one-to-one exercises (such as role play and hypothetical scenarios) and group exercises (normally involving negotiation and collective problem-solving). They may also include one or several interviews (either one-to-one or group-based), self-assessment, peer assessment and psychometric tests (Woodruffe 2000:115–155). According to my interviewees, formal presentations are also a common practice in the industry. Most activities glean new information about applicants, despite some confirmatory components. For example, two of my interviewees were given a company balance book or a business prospect and had to give a presentation about it when they went through assessment centres. Others were given some information about companies and had to design a portfolio with other applicants. Some cases also included multiple individual and group interviews with different members of staff. The standard technique of assessment centres demands that at least three members of staff, often in managerial positions, have to participate in the role of assessors, observing the behaviour of applicants and writing down their thoughts on a standard form (Woodruffe 2000:169–172). During these activities, recruiters in the field of investment and finance look for indicators of potential ability to work under pressure, pay attention and keep up performance throughout a long day of work, follow directions at short notice, get along with other people, show initiative, and combine ambition with teamwork skills.

In theory (Woodruffe 2000:13) and also from the perception of interviewees, assessment centres use fair processes where people can show their skills. However, from a sociological perspective, they are not neutral activities. Interviews and communication-related components of assessment centres, along with telephone interviews and even covering letters, are points at which the elements of cultural capital, such as accent and language usage, self-presentation, codes of dressing and ability to relate to people (Lamont and Lareau 1988), may play a role. They are to some extent simulation mechanisms, reducing the risk of hiring people who do not adjust to the profile defined by the company (Rivera 2012). As indicated by a previous quotation, one of the main elements that heads of teams (who participate in some stages of the assessments) look for in prospective candidates is that they "present themselves in a successful way". Communicative skills are also often mentioned as a crucial factor. Assessment centres have developed during a time when business schools and firms from different industries have been more aware of the importance of social and "soft" skills (Woodruffe 2000:15). Both of these elements – self-presentation and language and communication skills – are related to cultural capital and embedded in the web of meanings dominant in a particular social context (Zamudio and Lichter 2008). Communicative skills and self-presentation are judged from the point of view of the people involved in those activities, according to their social background, and as Rivera (2012) indicates, current firm members will decide based on their own background and their own affective reactions who would "fit" and integrate well into the teams. HR literature has also flagged up potential biases in the assessments performed by recruiters (Woodruffe 2000:245). As the following quote suggests, fitting could be formulated as the ability to get along with current members of team in their workplace.

> "The simple test is 'How interested would you be in having this person sit next to you at work?'". I almost only use that as a framework to think about it. Obviously you read CV's and all those kinds of things, but I ultimately say 'are you going to be able to work with these people?'". (Interviewee working in a senior position in a large firm in Edinburgh and is involved in recruitment and selection processes)

As assessment centres are highly competitive and demand certain skills and knowledge, including exercises closely related to financial work, it seems unlikely that someone who does not know about finance may succeed. In this sense, although firms look for people from very different backgrounds in terms of subject studied at university, they do need to know the basics of maths and finance. For example, some of my interviewees studied politics or philosophy at university, but knew about methods of valuation through their involvement in investment clubs during their entire time as students.

As indicated above, many new employees of medium-sized and large financial services firms in the UK enter their companies through graduate programmes, which are normally designed on the assumption that new members do not yet know about the specific tools and tasks of their job. However, these companies try to hire people with the abilities and ambition to learn their job quickly and effectively, and to integrate satisfactorily into teams and organisational cultures. Assessment centres are a sophisticated way of building and relying on formal procedures in order to try to reduce uncertainty about how prospective employees will act once they are hired. As indicated above, many of these procedures are performed not for graduate programmes but for internships, at the end of which the most successful interns are offered graduate positions if they are in their final year of university. This allows an even more effective assessment of prospective firm employees, as employers can test their performance in different teams and when performing various real tasks. Through this way firms and their managers try to ascertain the most important factor: will the selected recruits work as expected? Trust in the procedure, and its technical and/or academic background, allows companies to counter uncertainty (Millward 2003; Woodruffe 2000). In this sense, organising assessments at these centres and all the other elements of the candidate selection process are among the main tasks of the HR departments of firms, especially the larger ones. Although some of these elements may be carried out by external firms such as consultancy or recruitment companies, most of the processes are performed in-house.

Part of the aim of internships is to renew and reproduce the company's staff. Although interns are often asked to work on projects that are relevant to the activities of their teams, according to interviewees, interns´ activities are normally prepared in order to assess the way they work, integrate and act in their daily duties and as part of teams. Normally a six-week internship consists of three weeks in one team and three weeks in another team. During each period interns are asked to develop a project, which could be a piece of research, database or something similar; they are also required to take part in meetings and other daily team activities. At the end of each period, they present the results of their projects to their teams or managers. With internships that take place the summer before the final year of university (third year in England, fourth year in Scotland), the process typically ends with an evaluation in which bosses and members of the interns' teams share their impressions about them, deciding whether they should be hired. If they are successful, applicants are hired to start their new jobs just after graduation, which normally takes place in June or July, as it was the case of the interviewee who provided the following quote.

> "And after your second rotation, literally in your last day of internship you went to see like the manager person and they told whether you got it or not, and you have to pack everything before you come in, so you don't come back basically, because or you are too upset, so for you not go and throw everything, or you are too happy, so you go for a drink or something stupid like that. Yeah, but it sounded scary but it was actually fine. I mean they are like 'Yeah, I'm pleased to let you know that you got the job'. And then you have the contract and you have to sign it quite quickly. I think it was really... before that they had like a round table where they discussed you, and I think it depends on the division." (Interviewee who works as an analyst for a large multinational bank in London)

With smaller firms, and also with non-core positions at large or medium-sized firms, selection processes are simpler and more traditional. After people apply they are normally called for interviews, and in cases of progression, the interviews may involve more important people. Even when prospective employees may apply through agencies or directly on the company´s website, they go through a multistage process, as described in the following quote. It is interesting to note that also in this kind of firms and positions there are elements of "soft skills" involved.

My interview was in a few stages. There were the first initial stage, where I met the hiring manager and a member of the team. First I was contacted and I answered some questions and then I have this first step, where I met the hiring manager and a member of the team, which was a quite informal and distended exchange of ideas mainly regarding my experience, what I can, what I cannot do, the exposures I had in my previous job, my experience with products, my experience with Excel, what do I like, what I don't like, the typical interview, but more technical more about what I actually could do if I'm hired. And then, afterwards, my application went to a Gallup, Gallup interview[12], so it was an interview of an hour and a half, many questions not entirely related to the job, actually they are not related to the job at all, it is more about your personality, your character, how would you perform, what do you want to achieve, some of the questions were really quite odd, some questions I don't remember but, 'do your friends come to you for advice?', stuff like these. It's more on your character, your behaviour instead of how you will perform in your job." (Excerpt from interview with M, working as a quantitative analyst at an asset management firm in Edinburgh)

In Chile, the process is quite different. Internships are normally a compulsory part of a degree in business, economics or engineering, so most people in university do two; however, they do not necessarily lead to job positions, although they may do if the company is planning to hire somebody while the intern is there. Interns perform different tasks, many of them related directly to the actual needs of the company. For example:

"So, also for internships they go to the universities, they go to the employment fairs, they meet the students, they bring their CVs and then they tell me 'G, I interviewed this student and I feel he would suit your area'. And actually, this has just happened and I already have my intern ready. Through the university fair. It has also been the case that I had an intern who stayed in the firm. I mean, it is an extra way of recruiting, I mean, there are people who

12 Gallup interview is a telephonic interview developed and performed by Gallup, which normally last 30-60 minutes and aims at assessing a prospective candidate. (http://www.gallup.com/careers/108193/telephone-interview.aspx)

> come for internships and stay, if we are hiring. At the moment, for example, we are not hiring."[13] (Interviewee who works as the head of a team in a Chilean investment bank in Santiago).

The intern mentioned in the previous quote most likely performed a number of tasks, but was not hired after completion of internship. The reason that most Chilean firms take on interns is because they provide cheaper but still competent labour, especially when holiday cover is required. However, an internship in a financial company is relevant for people's CVs if they want to pursue a career in finance, and also allows people to make initial contacts in the industry. Furthermore, internships in financial firms are in high demand, as they are comparatively well-paid and prestigious; as such, it is not easy to get an internship position and so personal contacts are often useful, especially as these processes are particularly informal. This is the case with internships in several areas in Chile, not just finance, especially as they are a compulsory part of many university degrees. Even I had to do two compulsory internships in order to achieve my degree in sociology.

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[13] Original Spanish: "*Entonces también para las practicas van a la universidad, van a las ferias, ven a los alumnos, traen los curriculums y después me dicen '(nombre de la entrevistada), entreviste a este alumno en práctica y siento que es para tu área'. Y de hecho, acaba de pasar y ya tengo mi alumna en práctica lista. A través de la feria de la Universidad. Y también ha pasado que tuve un alumno en práctica que se quedo trabajando. O sea, esa también es una forma de reclutamiento, o sea hay gente que viene a hacer su práctica y después se queda, en la medida en que estemos contratando, hoy día por ejemplo no estamos contratando*."

In terms of career pursuit, as indicated above, the financial services industry in the UK attracts people from a very early age, and people know they need to start doing internships early in order to increase their chances of getting further internships and eventually receiving a job offer afterwards. Two of my interviewees, for example, took a gap year after finishing high school in order to take part in an internship programme in City of London firms, continued doing internships every summer in major investment corporations in London and now they work well-known organisations. The following quote narrates the experience of someone doing a gap year internship after high school and how it is related to a career´-oriented decision at a very young age:

> "I never wanted to do a gap year, to take a gap year, just because in Russia there is no such thing like a gap year or a gap year internship. I remember when I told my family everyone was against it, because you don't do such thing in Russia, but I knew here, you know, from my career advisors and from some other people, that the earlier you got an internship in a bank, the easier is for you to get a full-time job. And it's just the job sounded kind of perfect for me because it was about emerging markets and I come from Russia, you had to know maths and economics and I just thought, you know 'why not?'. And I applied and I got it." (Interviewee who works as an analyst for a large multinational bank in London)

Another informant told me (not during an interview) that although she was studying subjects more related to humanities, she started doing internships in large financial firms from first year onwards as she know it was necessary to pursue a career in the field, which she achieved as she is now working for a major company in London.

In Chile, on the other hand, people normally only become conscious of the specific career paths they would like to follow once they are approaching the end of their degrees. There are people who have more affinity with the field, especially those who like maths and would like to be analysts or those who like stocks and trading and become involved with other front office positions. For example, some interviewees found a financial career attractive because it mixes a strong mathematical background with more social elements:

> "As a science itself it is attractive to me, because I would say that it is like more… even though it has several hard science elements, there are also plenty of things with no explanation, kind of, for using one way to say it, like, I don't know, behavioural finance. It's like there are many things that also, at least I, I try to catch the numbers, but I would say that there are many things that are more diffuse, and probably combining that with more subjective things, etc., you can have better opinions of the things, better visions."[14] (Interviewee who works as the head of the research team of a brokerage house in Santiago).

While others like it because of the heavy use of strong mathematical elements:

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14 Original Spanish: "*Como ciencia en sí me parece atractiva, porque diría yo que finalmente es como un poco más… si bien tiene hartas cosas duras, hay hartas cosas como más inexplicables, por decirlo así, como no sé, como esto, behavioral finance, como que hay hartas cosas como que también, como que hay harto que probablemente yo, al menos lo que hago, yo trato de agarrar mucho los números pero yo diría que allá hay como una serie de cosas que es como más difusa , y que probablemente que con una combinación de cosas como, no se po, mas subjetivas, etc, tu podís tener como mejores opiniones de las cosas, podís tener mejores visiones.*"

> "And I started getting involved in the world of finance, which is much more 'hard' than the other branches of business studies. So I said to myself, 'finance is my thing', and I decided to apply..."[15] (Interviewee working as a credit analyst at a multinational insurance firm)

In addition, two interviewees told me that they were already interested in stocks while in university and used to invest their money in them. Another two interviewees told me that they used to participate in portfolio simulation contests. However, in most cases, my interviewees applied to financial positions when looking for their first job, also applying for jobs in large firms related to mining, airlines, consultancy, etc. Thus, most of the interviewees in Chile did not originally have a particular interest in finance, and they ended up in the industry because they found the companies prestigious, and they offered career development, it seemed interesting and/or they liked the economic payback of the job.

Selection processes in Chile tend to involve interviews with prospective bosses and members of the team. However, the human resources department, especially in medium-sized and large firms, are also involved with filtering candidates and their CVs. As such,

[15] Original Spanish: "*Y me empecé a meter en el mundo de finanzas que también es mucho más duro que las otras líneas de comercial. Entonces me dije: 'ya, en verdad finanzas es lo mío' y decidí, bueno cuando salí de la universidad*."

getting to interviews is the most difficult part, because human resources normally leave most candidates apart. The filtering role of human resources departments and professionals is observed in the following quotes:

> "There is someone responsible for that, she is (name), the staff selection executive. She advertises the positions, she receives the CVs, she filters, she interviews and later on, when she has her candidates filtered, she tells me 'G, I have all these candidates.'"[16] (Interviewee working as the head of a team in a Chilean investment bank in Santiago)

> "I became friends with one of the recruiters after a long time working at that company, and she used to tell me that the amount of CVs she received was so high, that in the end she only looked at those from people from *la* (University) Católica and *la* (University) Chile, and there were still a lot, because there are four large departments. So, without contacts, it is very unlikely that they will even see your CV if you studied at a different university."[17] (Interviewee working as an analyst in the Chilean branch of a large multinational bank in Santiago)

Although three of my interviewees in Chile told me they attended assessment centres when they were looking for their first jobs, these assessment centres were used by different sorts of large international firms such as airlines or consumer goods manufacturing. It seems that although the assessment centre model of recruitment is

[16] Original Spanish: "*hay un persona dedicada a eso, está la (nombre), la ejecutiva de selección de personal. Ella hace las publicaciones, después le llegan los curriculum, ella filtra, entrevista y después cuando tiene sus candidatos filtrados me dice '(nombre entrevistada), tengo todos estos candidatos'.*"

[17] Original Spanish: "*Yo me hice amigo de una reclutadora después de mucho tiempo que llevaba trabajando, y me contaba que le llegaban tantos curriculums que al final veía los de la Católica y la Chile, y eran muchos igual porque igual son 4 carreras y las facultades son grandes. Como que sin contactos es poco probable que vean tu curriculum si vienes de otra universidad.*"

becoming global and is already being used in Chile, the financial industry has not yet adopted it. Instead, they normally hire through specific processes when positions become available, and although these processes may take a few months, they normally depend on the urgency of filling the position available and rarely take as long as processes in the UK. In this sense, although firms look for better skilled members and there are some recruitment methods and procedures, they work in a very different way, as processes are not as technically-based as in the UK and there are not guided by the patterns that exist even in other industries in Chile. As indicated above, processes of selection in financial services in Chile normally consist of a progression of interviews and a number of psychological and psychometric filters as indicated in the quote below:

> "And it is a formal process, a formal process which goes through psychological interviews, formal interviews, interviews with me, with my boss if necessary, with the management. It's a whole process, and it has a formality established."[18] (Interviewee who works as the head of the risk management department at a large bank in Santiago)

The specific profile of successful applicants in the UK will vary from firm to firm, but generally speaking it usually relates to high grades from a "good" university, experience in different activities, interest in finance and investment, an ambitious and

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[18] Original Spanish: "*Y es un proceso formal, es un proceso formal que pasa por entrevistas psicológicas, pasa por entrevistas de rigor, entrevistas mías, de mi jefe si es necesario, o de la jefatura. Todo un proceso, y tiene una formalidad establecida*."

entrepreneurial personality and good interpersonal and communicative skills. However, as mentioned above, applicants understand the necessity of tailoring their CVs because they are aware that companies and different teams within firms look for slightly different profiles of employees. Cultural capital may also be an important element in the semantics of leadership, communicative skills, self-presentation, team player conditions and other similar concepts, although the field of financial services in the UK is diverse in terms of backgrounds and social codes (Thrift 1994) , as for example, accents are diverse in the City of London, Canary Wharf and Edinburgh, since British nationals have different accents and the industry also employs people from a wide range of other countries, according to all interviewees in the UK sample.

Firms also may look for different characteristics for different positions. Typically, in more frontline positions, especially in M&A and sell side, cultural capital is more important and is still related to classic British elite standards, while more technical positions, such as analysts, are more diverse and are actually quite difficult to find among British people, according to my interviewees. The following quote, for example, shows the importance of cultural capital in private banking:

> "But then you get places like private bankers, for example. Private bankers are quite known for all being, not exactly the politest people, but they all come from very posh schools and they all have that kind of background. They didn't necessarily go to university but they still

have, they went to very expensive schools basically. So you can see trends." (Interviewee working for a headhunting agency in London)

Companies are also very careful about separating people who show a genuine interest in the field (not just in the industry's salaries) from people who are looking for a job in more industries. Previous experience in finance, participation in finance-oriented activities (such as investment clubs or competitions) and knowledge about the companies to which they are applying are elements that are argued to differentiate a good candidate and allow recruiters to identify people who will eventually adapt to the very particular conditions of the industry. It is interesting that despite firms look for ambitious people and people who fit with the model of *homo economicus* (Zaloom 2006), they try to avoid the ones who only look for economic outcomes, as expressed in the following quotes:

"If they aren't really interested in a career in finance, then we probably wouldn't see an application anyway. I think, generally speaking, people are mostly prepared these days, but occasionally you would get the odd situation where people are not prepared, and is that lack of preparation really is a strong indicator that the person would not be a good hire. If they don't know anything about the company, if they don't know anything about banking or finance, if they have a poor quality application in so much it has so many spelling mistakes, grammatical errors, anything of that sort of nature would be an indicator that the candidate probably wouldn't be suitable." (Interviewee working as the head of a team at a large multinational bank in London and who is involved in recruitment processes)

"J: What are, in your opinion, the main differences between successful and unsuccessful applicants to this kind of job?

> S: I guess it's showing a genuine interest in what we do and willingness to learn, and convincing evidence of being a team player and being able to communicate as well is important." (Interviewee working as an equity analyst in a large British investment bank in London)

For several core positions, some types of personalities are avoided, such as people who normally wait for instructions or people who cannot work as hard as the industry expects. This situation is related to the discourses in the industry, as Zaloom (2006) and Abolafia (Abolafia 1997)show; people are expected to be entrepreneurial and self-sufficient, even in apparently calmer positions such as analysts or middle office.

Processes in the UK are normally standardised and regular channels are the most common way to get into the industry at the first stage of graduate recruitment. However, there is some use for personal contacts and interactions parallel to formal and online channels, especially through networks based on previous internships or other kinds of pre-existing ties. Other interactions, such as conversations during bank staff's visits to campuses, also provide exclusive opportunities for people.

> "The advantage I had was that the investment club at Edinburgh University used to invite (name of the bank he works in) to give a talk every year, so they always did give a talk and the same person used to come in, and afterwards he hosted drinks. When he was hosting drinks he got many people asking him very impolite questions like 'How do I get into the City?', While when I was talking to him I was asking him what he thought of company x, y

and z, because I was interested in, and he, I believe, was always impressed that I was actually interested in companies and valuation and not in a 'career in the City', in inverted commas. And I think that gave a big advantage in the application form because certainly one of the weaknesses of the City is that [it] attracts people looking for high incomes and very career-focused." (Interviewee working as an equity analyst in a large British investment bank in London).

Nonetheless, it can be said that following the period known as the "Big Bang" of the London Stock Exchange and the British financial services industry in general (which is normally dated to 27th October 1986, although the process of change occurred throughout the whole decade), the industry decidedly changed its ways of attracting, recruiting and selecting people; it went from a process based very much on personal contacts, where people had to be part of certain circles and from certain backgrounds (Thompson 1997), to processes based on standardised procedures and oriented towards finding a diverse range of competent workers, normally college graduates from different backgrounds. However, while banks do encourage people from different disciplines to apply for their jobs, recruiters still tend to select people from business, economics, engineering, accounting, informatics or other numeric-oriented backgrounds, according to two of the three interviewees involved in these procedures. The following quote suggests that firms progressively target numeric oriented backgrounds in the UK, but not as clear as it happens in Chile.

> "I think it is changing, it is changing. I mean, in Chile it is impossible if you did not study business or engineering. In Europe, it used to be as you said [that people from different academic backgrounds work in the industry], but is changing more and more. I tell you, we used to interview people from every background, but during the six years I was in Europe [London] it was really changing. Previously, for example, studying Latin or Greek at Oxford was considered the most difficult subject. It did not matter that you studied Greek or Latin, they were headhunting you for any position afterwards, because it meant that... it is like having studied at ENA in France. You went to ENA, and all French presidents studied there. It is a big difference [between the UK and Chile], but it is becoming smaller. And actually when we recruited, because I did recruitment for (name of multinational bank she used to work in while in London), we used to go and interview historians, we interviewed... but in the end we generally used to choose people from finance or business."[19] (Interviewee with experience in financial banks in Chile and London, who had also carried out recruitment in a large multinational bank in London)

At the same time, as Zaloom (2006) describes, in the mid-90s the industry started to hire college and university graduates almost exclusively. This is interesting, as it shows how social stratification still plays a role in British financial firms. Zaloom describes the 80s as a time when people from different social backgrounds were able to attain a career in core positions of the industry. However, when firms started hiring mostly university degree holders, the pool was reduced, since in the UK not everyone actually attends university (Croxford and Raffe 2013). Furthermore, investment-related firms tend to focus on a small number of universities which are difficult to enter. In this sense, although

[19] Original Spanish: "*Está cambiando, está cambiando. O sea, en Chile si, imposible si no estudiaste Comercial o Civil. En Europa era así, está cambiando cada vez mas. Y te digo que entrevistábamos de todos, pero a lo largo de los 6 años que estuve en Europa en verdad estaba cambiando. Antes, por ejemplo, el hecho que hayas estudiado Griego o Latín en Oxford, era supuestamente la carrera más difícil que había. Daba lo mismo que hayas estudiado Griego y Latín, después te buscaban para cualquier cargo, porque implicaba que… es como haber ido al ENA en Francia. Fuiste al ENA y todos los presidentes de Francia son del ENA. Eso es una gran diferencia pero cada día es menor. Y si bien cuando, porque yo hice recruitment para Barcelona inclusive, íbamos y entrevistábamos historiadores, entrevistábamos… al final generalmente nos quedábamos con alguien de finanzas o de comercial*."

recruitment in the UK is standardised and apparently based on individual merit, university degrees completion seems like a filter which may leave several people behind.

In Chile, there has also been a change towards more skill-based recruitment, but it is still very gradual. According to interviewees (especially those in managerial positions and those who have been in the industry for a long time), there has been a change since the early 90s: nowadays, members of the industry are normally university degree holders, though the processes are still largely based on personal contacts and the people selected normally come from a homogeneous background and from certain schools within no more than five universities. Nonetheless, before the early 90s, people working in financial positions did not need a university degree and were usually hired from two sources: employees of banks that showed special skills with numbers and finance and people from well-connected families (who sometimes failed on achieving a university degree). For example, one of my interviewees started working in a bank branch in the early 80s; from there, he moved to the most basic trading room of the bank, and now works in the trading room of a larger bank (his original bank merged with another bank) in a more specific position, working with a more specific type of product.

Other interviewees shared cases of people from wealthy and traditionally well-connected families who did not succeed in any of their attempts to get a university degree (which was expected of someone from their background), so they started working in finance. It is very clear in the following quote:

> "In 1990[20] meritocracy was scarce. It was a bit like…too many contacts, too many friends, or people whose surname was Prieto, and this person was the black sheep of the Prieto family, for example. And the Prieto family owned a brokerage firm and they were friends with the owners of the firm. So, the kid arrived and he made it to a trading room."[21] (Interviewee who used to be the head of the trading room of a large bank and first entered the industry during the 80s)

Nowadays, in order to join the much more competitive and demanding industry, even people from these exclusive groups require good academic records and have to prove that they are competent enough. The technical standards have increased. As indicated in the following quote:

> "I mean, if you compare the team during the 80s and the team of 2011 in the same company, it has probably grown 10 times in size and also in technical skills[22]." (Interviewee who works as an analyst in a large bank in Santiago)

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[20] The year that Chile recovered democracy.

[21] Original Spanish: "*El año 90 no había mucha meritocracia dentro de las mesas de dinero. Era un poco… mucho contacto, mucho amigote que llego, o que era de apellido Prieto, y era la oveja descarriada de la familia Prieto, por decirte cualquier nombre. Porque los Prieto eran dueños de dos corredoras y eran muy amigos de los dueños… Llego el muchacho y llego a una mesa de dinero*."

[22] Original Spanish: "*O sea, si tu comparai el equipo de los 80 versus el del 2011 en la misma empresa, probablemente*

Although the largest commercial banks in Chile use some standardised processes and advertise their employment opportunities widely, people from certain backgrounds face many difficulties in getting into the last stages for core positions. Human resources departments often dismiss applicants from most of the country's universities. As indicated by a previous quotation, even people from the preferred universities find it difficult to progress if they do not have someone to recommend them or make their CV more visible. The following quote shows the importance of contacts and third party recommendations to get into the industry.

> "Actually, my boss told me once that he received recommendations for four people, and he said 'no, I should have at least one democratic, free candidate, an outsider, who has...', so he selected from a number of people who applied through the university website, and chose me rather than the ones who had been recommended to him, because he felt kind of obligated to hire recommended people, so he preferred not to do it. But in general, this works through recommendation."[23] (Interviewee who works as a trader in a bank in Santiago)

At the same time, people from HR and some managerial positions filter out some of the best-prepared graduates, for example people from the engineering school at the

ha crecido 10 veces en tamaño de personas y en capacidades técnicas también."

[23] Original Spanish: "*De hecho, mi jefe me conto esa vez que a él le habían recomendado 4 personas, y él dijo 'no, yo al menos voy a tener un candidato que sea más democrático, más libre, que venga de afuera, que tenga…', y el selecciono, de varios que postularon por la bolsa, me selecciono a mi versus unos que les habían recomendado, pero él se sentía un poco como comprometido con alguien que viniera recomendado, así que prefirió no. Pero en general, son todos recomendados*."

Universidad de Chile, due to their "lack of soft skills", which are normally related to disadvantages at the time of dealing with people from the very homogeneous upper class. The following quote show the case of a manager who became frustrated because of the filtering role of the human resources department when it came to selection of staff for his own team.

> "And one of the reasons I am telling you why I quit that bank was the problem of classism in staff selection. Several people... I knew about highly qualified people, who used to live in areas of the city that were not the most affluent, and they were never selected. I never got their CVs, they never got through HR. And they were not selected, for the most part, because they did not live in the neighbourhoods 'they should have', they did not attend the high schools 'they should have'. Aristocracy always overcomes meritocracy in this country, now and then."[24] (Interviewee who used to be the head of the trading room of a large bank and entered the industry during the 80s)

Meanwhile, more people from Universidad Adolfo Ibáñez, Universidad Los Andes and even Universidad del Desarrollo and Finis Terrae are hired, apparently because of their background, their personal contacts and their familiarity with the members and behaviour of the country's elite. Expensive universities located in the wealthiest

[24] Original Spanish: "*Y uno de los problemas te digo por los que yo me fui del banco era el problema del clasismo que hubo en la selección. Que mucha gente… yo supe de gente de gran calificación, que vivían en zonas tal vez que no eran top, y nunca fueron seleccionados. Nunca llegaron los curriculum a mí, nunca me llegaron. Y no eran seleccionados a lo mejor porque no vivían en los barrios que correspondían y no estudiaron en los colegios que correspondían. La aristocracia siempre, y hoy día tanto como antes, supera a la meritocracia en este país*."

neighbourhoods are becoming more and more prominent, as indicated in the following quote:

> "Nowadays, *la* [University] Católica is already, as it is located in San Joaquin[25], it is even considered beneath them now to study at la Católica, by these sorts of people. But I stopped there, and I did not want to hire people from those universities [recent private ones]. And it was not that big at that time - even when I created the team at (name of the bank) in 2000-2001, the share of Universidad del Desarrollo, Los Andes and Adolfo Ibanez was not that big."[26] (Interviewee who worked in top positions in two investment banks and was involved in founding one of them)

There are some differences observable between markets, roles and companies. It is often said by interviewees that investment banks are highly elite-dominated, while, for example AFPs (pension funds) are easier to access for people of non-elite background, as they perform a very technical task and they need a large base of core workers. Therefore, there are some organisations that are more open than others. On the contrary, interviewees often declared that in the highest positions in most firms people tend to share a similar elite background. This also seems to happen in the UK.

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[25] A mostly working-class neighbourhood located in the south of Santiago where the largest campus (and the schools of business and engineering) of the Universidad Catolica is located.

[26] Original Spanish: "*Ahora la Católica ya es, como queda en San Joaquín, ya se considera medio picante para este mundo estudiar en la Católica. Pero yo como que llegue hasta ahí, y no quise contratar gente de esas universidades. Y no era tanto todavía, porque incluso el año 2000- 2001, cuando forme el equipo en (nombre banco), todavía no era tan grande esta cosa, la entrada de la del Desarrollo, de la Los Andes, de la Adolfo Ibáñez.*"

Besides coming mostly from four universities, all of them in Santiago, most of the core employees in financial services in Chile are male (in contrast to more gender-egalitarian British industry) and attended a small number of private high schools. Image 1 shows the example of IM Trust, an investment bank based in Santiago. This picture is just an example and, since the rest of investment banks in Chile have very similar pictures in their corporate website. All the top executives of the firm are men. This picture was taken from their official website. As it also happens in the UK, women are often hired at the entry level, but is more difficult to find them in higher positions, as indicated by a female interviewee in the following quote.

Image 1: Board and Management of IM TRUST

> "I think that in Chile, more than abroad, being a woman has an effect. I don't know why, but when I look at the amount of women in finance, they are really scarce."[27] (Female interviewee working in a top-level position in Santiago after working for several years in a large multinational bank in London)

In both the UK and Chile, there are two main opportunities to get into the industry. The first is, as described above, on graduation from university. Recent graduates who start their careers in finance mostly remain in the industry. The second opportunity comes either after acquiring a Masters, normally an MBA or MSc in Finance, or after achieving seniority in a related industry. These two windows are also the main point where the specific university and degree obtained is really taken into account. At later career stages, performance, years of experience and references are more important. Nonetheless, these are considered the two main windows for joining the finance industry, although it can be more flexible in Chile if people have the right connections. However, there are a number of related industries dealing with similar products and services (large currency exchange agencies, commodities such as oil, real estate management and retail industry) so skills acquired in those industries may be valued in finance. For example, one interviewee used to work as an oil trader and got into the financial industry in his 30s.

[27] Original Spanish: "*Yo creo que en Chile, más que afuera, te afecta ser mujer. No sé por qué, pero si veo la cantidad de mujeres en finanzas realmente son pocas*."

Table 1: Summary of comparison on getting a job in finance in the UK and Chile		
	UK	Chile
Advertising of job opportunities	Different widely accessible channels	Exclusive channels
Types of processes	Technically oriented multistage selection process	Interviews with a small number of candidates
Role of internship	Used as a stage of recruitment processes	Compulsory for completing a degree and not necessarily conducting to a position
Output of recruitment processes	Varied and multinational environment	Similar social background in all the industry
Role of applicant	Very active and based on an early sense of career	They become interested when completing degrees and as part of several options.
Institutions involved	Recruitment agencies, investment clubs and societies, head hunters	Engineering and business schools outplacement offices

As Table 1 shows, there is a main difference in terms of the way financial firms recruit their new employees in the UK and Chile. While in the UK processes are designed to attract a large number of applicants and select them using technically oriented methods, in Chile firms in the industry still follow traditional methods and exclusive channels to attract applicants, even when employees now are more prepared and they are university degree holders. Applicants in the UK are more aware of their interests and prospective careers and the competitiveness of their recruitment processes. The result of these differences is that while in the UK the financial industry is quite diverse in terms of background and nationalities, in Chile it is very homogeneous.

Internal Integration

The way that people are allocated and integrated into their teams and the broader company, and eventually into the industry, is also an interesting process, with remarkable differences between the UK and Chile.

In terms of socialisation, as indicated above, when it comes to hiring new core positions, graduate programmes are the most common method used by medium-sized and large firms in the UK. These programmes allow new employees to learn about the culture and philosophy of the company, the ideal profile of an employee of a financial firm, the organisational structure and promotion mechanisms and the prospective paths of their careers. They also learn about different tasks and teams, getting a wider picture of their business and internal division of labour. Banks prepare special events for this; with foreign-based banks or firms, new members of the company often travel to the headquarters abroad to learn more about the company and experience their home environment. Furthermore, as with assessment centres and internships, new members become familiar with different role models during this process, people who have succeeded in the industry and whose ethic, work and personality standards are deemed worthy of imitation by new members. This will be developed in further detail in Chapter 5.

Another important element of socialisation is the way people learn about both their immediate job and their long-term career. As indicated above, graduate programmes are designed to teach new employees what they need to know about their jobs, even if their university studies did not directly relate to business, finance or maths. Companies provide some courses for graduates in order to train them in the basics of their jobs. Some are very technical and specific. These courses are complementary to mentoring by teams, which is often described as the most effective and important source of learning, as senior members of the team teach graduates how to do their job *in situ*.

At the same time, graduates have to prepare for a number of exams in order to achieve certifications demanded by British industry standards before they can perform certain functions in financial services. Graduates are expected to complete CFA (Chart Financial Analyst) and other certifications specific to their positions, for example Investment

Management Certificate (IMC), so firms often provide the means for their members to sit and pass these exams while they do their graduate programs and work at their teams. De Franco and Zhou (2009) showed how CFA represents a case of credentialism, where the holder signals an amount of knowledge and skills, which also affects their teams and firms. CFA plays an increasing role in progression up the corporate ladder. Thus, an independent body, the CFA Institute, not only provides the certification and credentials that allow practitioners to progress to different levels of the industry, but also defines the theoretical and practical elements crucial for financial practice. Institutions such as for-profit education agencies, who provide training for the exams and are also involved when they are hired by financial firms to train their new members (Hall and Appleyard 2009). These certifications are often described as more difficult than any university exam, so practitioners probably learn a great deal during the process, as shown by De Franco and Zhou (2009). The three levels of CFA take several years, normally no less than three, so it is valued similarly to a university degree, and the success rate for the first level rarely surpasses the 40% of applicants per year[28].

In other positions, such as back office ones and even in some cases middle office positions, new employees do not normally receive as much detailed attention as those in

[28] www.cfainstitute.org

graduate programmes. If positions are filled on a regular basis, new members may have the chance to attend some induction courses and activities. If someone is hired to fill a particular position that becomes available, her or his integration could be more problematic as sometimes there are no formal procedures of induction and they depend on the available time of their team mates. This is usually also the case of with smaller companies, although in central positions people from a team do make an effort to optimise the integration of new members.

In contrast, graduate programmes are not very common in Chile, except for multinational companies and some of the largest banks. However, in cases where they are used, it is normally to try out the employee in different roles and teams. Typical methods of integration are often described as “sink or swim”; people start performing their job immediately, with some guidance and help from co-workers and managers. Therefore, although integration is more informal and people start working in their roles from the very beginning, their trainee status allows them to take on responsibilities gradually and receive help and supervision from team members and managers. It is important to note that university degrees normally take five or six years, so graduates are slightly older than in the UK. In addition, they have followed a more specific and intensive programme at university, so it is expected that they will be more prepared to carry out their jobs from the outset. In addition, as financial firms in Chile normally only recruit people who have studied business, economics and engineering at a very limited number of universities, they expect new members to be trained in advanced mathematics, valuation methods, management and other skills considered useful. Employers seem to trust the contents provided by universities, as indicated in the following quote.

> "So, it does not mean very much. I think it's because it is easier here. You know, if someone studied the same thing as me, and, in general she or he had the same lecturers that I had, and she or he did well on that course, in the end it is quite easy to assess this person, to standardise him or her."[29] (Interviewee who works in the Latin American branch of a large investment bank in Santiago and has carried out recruitment)

People who are already working in the industry are normally expected to know how to do the job, which is the reason they were hired in the first place. Companies tend to trust the socialisation processes of other companies and combine this trust with CVs and information regarding work experience. One of the reasons that companies almost exclusively hire people already in the industry is that they are properly trained in what is perceived as a very specific sort of knowledge, terminology and set of practices.

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[29] Original Spanish: "*Entonces no me dice mucho. Yo creo que es porque acá es más fácil. Cachai que si es que llega una persona que estudio lo mismo que estudie yo y, cachai, y en general tuvo el mismo profesor que tuve yo, y le fue bien en ese ramo, al final es súper fácil de medir a esa persona, o sea de estandarizarla.*"

Training people at a more senior level does not seem feasible to the industry, as it is the opinion expressed on the following quote.

> "J: So, when you hire someone more senior, does this person always come from this area of risk? Or can they come from a different area and convert?
>
> S: It is always someone from financial risk. No, that sort of conversion does not exist, it is so difficult. It would be too difficult for someone with no experience in financial risk to land a high position in the area. No."[30] (Excerpt from interview with S, who works as the head of risk management at a bank in Santiago)

> "At that stage (senior recruitment) it is quite easy to tell if they can do the job, because they've done the job. Basically we find people who have done the job for the past five years." (Interviewee working at a headhunting agency in London)

Roles and staff allocation

Organisations in the financial industry are composed of different teams performing very diverse functions. Furthermore, not every company works with the same sort of products and services, and so they may specialise in very different things. All of this diversity

[30] Original Spanish: "*J: Y entonces tu cuando contratas a alguien con mas seniority, siempre proviene del área de riesgo financiero? O puede ser de otra área que se reconvierta.*
S: Siempre alguien de riesgo financiero. No, esa conversión no existe, es muy difícil. Es muy difícil que alguien que no haya tenido experiencia pueda tomar una jefatura en riesgo financiero. No."

requires different types of people, both in terms of their background and their personality and character. Different positions require different sets of skills from their applicants.

Traders have to act and make decisions quickly, think logically but not overthink, work under pressure and overcome failures and losses. They also need to develop specific social and communication skills in order to deal with other traders. Analysts, on the other hand, work within a different timeframe; they have to analyse assets and arrive at conclusions and recommendations at a different pace. Their skills relate more to research, use of statistical software, logical reasoning and communication and presentation skills in order to convince others of their own analysis and ideas. There are also important differences depending on whether the role involves dealing with customers, other organisations, specific systems or particular teams or products. Employers try to allocate people to positions that best fit their personalities and skills.

> "You can't be so 'analyst' in the trading room, otherwise you won't be able to make any decisions."[31] (Interviewee who works as a trader in a bank in Santiago)

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31 Original Spanish: "*Pero no hay que ser tan analista para estar en la mesa, si no no podís tomar ninguna decisión po.*"

In the UK, graduates often start their jobs as analysts in order to learn the tools of the industry and the different products in which they will specialise. In large and medium-sized firms, career paths are normally standardised; two years are spent as a graduate and one more as an analyst. During this time, graduates integrate and become part of their teams. As they progress in their training, they are given more responsibility and autonomy, evaluated carefully and informed about their performance on a regular basis. Firms develop control and monitoring systems that allow them to follow the results of new employees closely and give them periodic feedback, which is similar to other types of performance evaluation such as performance appraisal (Millward 2003:175).

Teams are the main source of role-learning. Within teams, graduates are supervised and given tasks and feedback, and learn from the more senior members both formally and informally, as also shown by Abolafia (1997) for Wall Street. The high level of specialisation of the industry in the UK also means that teams specialised training for new members. While graduates lean some mathematical concepts and procedures, economic methods and accountancy tools during their university studies and as part of graduate programmes, interviewees normally declare that they learnt the specific tasks and tools of their positions from their teams, dealing with the particular products and activities of the team or desk with which they are involved, and performing tasks, as indicated in the following quote.

> "And I suppose that an important amount of the training was pretty much work-based as well, so it was actually doing that you also learnt. It was an iterative training where we had to start using the application, feel comfortable with the application and then start getting some phone calls from the users and set actually troubleshoots." (Interviewee working as an analyst in IT in a firm based in Edinburgh)

This learning depends on a very specific terminology, set of tools and way of dealing with particular people, as well as the timeframe and constraints of the products involved; these different details start employees on the road to specialisation in the context of a highly specialised industry.

In Chile, learning processes for new members are also focused on the specific teams which they will join. However, large and medium-sized firms request that new members take a number of specific courses offered by universities, which seems also a form of credentialism. In addition, people in the industry know that certifications such as CFA are useful, and normally companies support and fund employees in pursuing them. As members acquire experience, they are given greater responsibilities. However, as integration processes are normally more informal than in the UK, supervision and feedback process are less structured, depending on the specific teams in which people work. Socialisation also includes elements of framing or shaping of financial activities and performance according to the decisions and styles of firms, as indicated in the following quote.

> "And generally speaking, they like having junior people, because they programme them with the type of risk model adopted by each bank or company, so this is an area where they like shaping new people rather than integrating people with a different perspective."[32] (Interviewee with experience in Chilean branches of large multinational firms, now working in an asset management firm in Edinburgh)

Two interviewees told me that the most common means of entry to the financial services industry in Chile, especially in banks, is through credit or risk analyst positions because firms normally need to hire a large number of young people and also because these positions teach new members about different aspects of the business and the policies of the company. This situation seems to be most common with business students.

Smaller or niche companies use more informal methods of employee allocation and role-learning in both the UK and Chile, although their roles also may require high specialisation. As some positions are already highly specialised, new hires in these positions have to learn their role by themselves due to being the only team member with

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32 Original Spanish: "*Y generalmente les gusta tener gente junior porque los mentalizan con el tipo de modelo de riesgo que cada banco tiene o que cada empresa tiene, entonces es un area en que le gusta moldear a la gente mas que entren con una perspectiva distinta*."

that specialisation, and so no formal or prepared induction process is available, as described above. It is possible to find high degrees of specialisation in small niche-oriented firms; these firms may play a very specific role in the industry, for example brokering highly complex or exclusive products for institutional investors or wealthy clients.

The specific skills, terminologies and familiarity with systems, products and customers that new employees develop in their particular role as part of their teams are crucial to their future career and integration into the investment and finance industry. As shown above, joining financial firms after the two main windows at which people can enter the industry, is difficult since firms seek people with experience in the field, specifically experience of performing certain functions in a highly specialised industry. While the industry, in terms of teams and their specific functions, is much more specialised in the UK than in Chile, in both cases it can be seen that the industry retains members who are already trained in highly specialised functions, and that firms themselves carry out this training when members first join the industry and during work routines.

As Table 2 shows, processes of socialisation and internal integration in financial firms in Chile are also more informal when compared to firms in the UK, where graduate programmes play a significant role allocating staff and training. Firms in the UK play a larger role in terms of the transmission of the knowledge new members will need in their roles. Those processes are formally designed as part of a training programme, while in Chile adaptation and induction are more integrated into the normal routines of work. In addition, in the UK credentials such as the CFA play a significant and enabling role, while in Chile firms normally send their employees back to university to attend some specialised lectures.

Table 2: Summary of comparison on Internal integration in financial firms in the UK and Chile

	UK	Chile
Staff allocation	Often through graduate programmes	New members go straight to the teams for which they were hired.
Induction	Graduate programmes	Informal processes
Sources of knowledge	New employees learn most of the tools of their jobs in the firm	New employees are expected to know about their jobs from university
Credentials	Shortlist of universities, CFA and certifications	University degrees and short courses in universities
Role of teams	Teams are crucial to learn their work, but graduate programmes offer a central-based induction	Employees go straight to their teams as the main unit of socialisation

Career Development

As indicated above, most people, and especially in the UK, who join the financial services industry do so because they are pursuing a career in the field. To aid them in this pursuit, successful applicants have often done previous internships with firms, mapped the industry out, studied the profiles of different firms and tailored their CVs to the expectations of the industry in general and the firms to which they applied in particular. The process of tailoring a CV may require some research, as indicated in the following quote:

> "I: Well, the only thing I had was the Internet, so just going to the corporate website and trying to find out, read as much as possible, looked at all the funds that they managed. I just googled trying to find any blog or anything of people talking about of (name of firm). Unfortunately, I didn't know anybody who worked for (name of firm), probably that would have been helpful, but in the end it wasn't necessary because I got the job anyway. But I think many times it is very important to know somebody who works there and can really tell you exactly what they do. There are many things, one of the questions that they always ask you in the interviews is 'Why do you want to work for us?' And sometimes it's quite difficult to be original and explain exactly why you want to work for them, so if you have somebody who works for the company it's much, much better. But basically, again, I just researched, researched through internet. That was the only thing that I had.
>
> J: And what do you think you have to answer to that question?
>
> I: Mmm. For each company, I remember, I prepared a lot of answers because I was expecting some questions. For each I had some answers ready. And for 'why I want to work for them', is, for example, for investment management companies, the main thing is the investment philosophy. So I said, 'first of all, because I really like your investment philosophy'. But then, if you don't explain what their investment philosophy is, they will ask you 'so, what's our investment philosophy?', so you have to know of course, you have

to be prepared on that." (Excerpt from interview with I, who works for an asset management firm in Edinburgh)

It is possible, in this sense, to see elements of career pursuing and development very early on in people's lives, as with the above-mentioned interviewee who took a gap year to do an internship at a bank just after finishing high school, or others who joined investment clubs during their first year of university and did internships every summer while studying. In the UK, future careers are taken into account early on in order to follow the right path towards a good position on the corporate ladder. The industry in general, and firms in particular, have been successful in creating high expectations of their positions, mostly in terms of high incomes, quick progressions, dynamic and interesting jobs and lifestyles. According to the results of the Guardian Target Jobs survey of students and graduates, five financial and investment institutions are amongst the top 50 targeted jobs in the UK (Goldman Sachs, JP Morgan, HSBC Global Banking and Markets, Barclays Capital and Morgan Stanley) as are five further finance and accountancy-related companies (PwC, Ernst and Young, Accenture, KPMG and McKinsey & Company).[33]

In large and medium-sized firms in the UK, career paths seem standardised. As previously indicated, new members start off as analysts for a number of years, normally

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33 http://targetjobs.co.uk/uk300 (09/06/13)

three, then become associates (this step sometimes includes postgraduate studies, normally at a Masters level, such as MBA or MSc in Finance), where they develop specialisation in specific products, functions and tasks. Following this, they may become vice-presidents, then directors, then managing directors or executive directors. If they are particularly successful they can reach top positions such as CEO or CFO. The road to a managing director position takes around 12 years of performing extremely well within the organisation, and employees are aware of this from the beginning.

However, employees are also aware that the road is not straightforward and the competition for high positions is fierce. The financial services industry is not only competitive between firms, but also within firms and teams. According to interviewees, it is easy to be promoted to an associate position, but continued progression becomes more and more difficult as there are fewer positions available. Firms normally expect their members to progress within the timeframe of their position. If they stay in a particular position longer than expected, that may mean that the employee will be eventually fired. The following quote offers a description of a standard career path in the industry and the eventuality of not progressing.

> "It is quite clear that… it is quite structured that you spend four years as an analyst, three or four years, three or four years as an associate, and if in the fourth year they tell you 'no,

> you are not progressing', it's quite a clear signal that they are not sacking you, I mean, it's like 'I am not sacking you, but you are on your way out of here.'"[34] (Interviewee who worked for several years at a large multinational bank in London and now works in Santiago)

Progression, or intra-firm mobility, is closely linked to evaluation. As indicated above, companies develop different systems to measure and track the performance of employees throughout their careers. Group evaluations to assess the "soft skills" of employees are also used. While companies do increase employees' autonomy and self-responsibility, they also create more sophisticated systems of control in order to rank and evaluate the performance of their members (Millward 2003). Increase in flexibility and autonomy seems to be tempered by increase in control and monitoring (Power 2005). This is also related to the variable income in the industry, since bonuses and compensations are normally linked to performance.

Accordingly, employees are aware that they are observed in different ways by various people in a very competitive environment. As most interviewees declared, they know that they have to work very hard in order to progress and achieve recognition and status. As advanced positions are very scarce, one way of progressing is to move to another

[34] Original Spanish: "*Es súper claro que si después de… está bastante normado que son 4 años de analista, 3 a 4, 3 a 4 de associate, y cuando al cuarto año te dicen 'no, no subes', la señal es súper clara de que te están echando, o sea, 'no te estoy echando ahora pero vas camino para afuera'*."

company, being inter-firm progression a common pattern in the industry. Godechot indicates that is actually a mechanism of which members of firm are aware and they use for their benefit (Godechot 2008) . In any case, teams in financial firms are very competitive internally and force people to work long hours. Pressure, competition and stress leads to a perception that this sort of job can be done by people while they are relatively young, but after that, if they don't progress to top positions, they should either retire, start their own business (taking advantage of experience and contacts gained in the industry) or move to other industries as part of financial departments. For example, even when in Chile the working times and daily tasks of the industry are less demanding than in the UK, one of the female interviewees told me that although she really liked her job as an analyst, she was planning to move to financial activities in a productive company as she perceived her job as non-compatible with her goal of getting married and becoming a mother.

Even in London, where the financial market is large, people consider it a small world. Although the industry is massive (excluding accountants and lawyers, there were around 250,000 financial workers in 2012, and 350,000 before the crisis[35]), there are several sub-worlds based on particular products, tasks, and niches, so it is not difficult for insiders to

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35 http://www.guardian.co.uk/business/2012/nov/06/city-jobs-slump-low (10/05/2013)

find out what is happening at other companies or who could be a good replacement for someone who just left. However, in the UK, the main mechanism for inter-firm mobility seems to be intermediary organisations, specifically recruiters and head-hunters. The latter are particularly important, because companies often prefer not to contact people at other companies directly, in order to avoid causing problems for prospective or current members. Head-hunters contact and approach people, sometimes without mentioning the company for whom they are working, in order to learn about their intentions, goals and expectations. If there is a job opportunity, the selected worker may have to pass a number of tests in order to meet people in the company. Head-hunters also map out the different industries and their sub-areas, maintaining a database of people working in different positions, so that they know who to approach when they receive a request from a firm. People in the industry also send their CVs to headhunting firms independently, in the hope that their name might come up when companies need to hire someone in their area of expertise. As it is a dynamic industry, members of firms may attend many interviews and meetings and receive a number of job offers, but not necessarily accept the job every time. The prominent role of head hunters in the job market of the industry in the UK is explained by one interviewee in the following quote.

> "So I mean, at the end of the day I think 80 to 90% at a senior level is done through a head-hunter or a recruitment agent. A lot of it also is done through connections, through personal connections." (Interviewee working as a head-hunter in London)

In Chile, there are a number of differences. First, progression is not normally as standardised as it is in the UK. Only a few companies, mostly multinational, show a clear path to the higher positions. Timeframes are also less defined, so people do not know when to expect a promotion, and the risk of being fired for not being promoted is lesser than in the UK. Secondly, because companies are fewer, smaller, less complex and less specialised in Chile, progression within a firm is more difficult and unlikely. People may stay in the same position for a long time, although in many cases they receive increases in their bonuses or wages. The following quote shows that in Chile trading rooms, for example, have lesser levels, so progression is not easy or straightforward.

> "And they [managers] are just one level higher, so it is very... not much that people can do to jump in the smaller trading rooms, because here you have managers and traders. There are trading rooms where you can find intermediate positions. I don't know, you need to stay longer, or for the trading room to grow. But it is not like in other industries, like commercial areas where you can find the boss of whatever who progresses to the manager of whatever to the vice-president, and you have like 19,000 positions on top of you. In trading rooms there are only two or three, just two or three levels, so it is more difficult."[36]
> (Interviewee working as a trader in Santiago)

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[36] Original Spanish: "*Y están un nivel más arriba, entonces es muy… ese salto no lo hace mucha gente en las mesas más chicas, porque acá hay gerentes y operadores. Hay unas meses que hay jefes. No sé, hay que estar más tiempo, o que la mesa crezca. Pero no es como las otras instituciones, que en las áreas comerciales uno tiene… pasa a ser jefe de no sé qué, jefe administrador de no sé qué, subgerente, subgerente de esto, gerente de esta área y tenis 19000 cargos para arriba. En las mesas de dinero hay dos o tres no más, dos o tres niveles, nada más. Entonces es más difícil.*"

Instead, there is a more informal system of progression based heavily on inter-firm mobility. According to one key interviewee, inter-company mobility paths often involve starting a career in a pension fund (AFP[37]), which is described as a good place to learn the basics of the job but is not very well-paid, and then moving to a bank, family office or other firm. However, as banks are still one of the main recruiters in the industry, in terms of numbers and especially for trading and analyst positions (mostly credit analyst positions, as indicated above), many people spend their careers in banks from the start, but move from one to another. A third difference is that in Chile, the role played by intermediary companies such as recruiters and head-hunters is less important than in the UK. Although it is a growing phenomenon, and such companies are increasing in number, size and importance, most contacts for new placements are still made directly or through informal intermediaries, such as brokers or contacts. The market is much smaller and so people know each other, are normally connected and generally know who works where. Finally, evaluation systems are usually less formal in Chile. Internal competition does not seem as fierce as in the UK.

[37] AFPs (Pension Funds Managers) relates to a small number of companies related to the private security system in Chile. They receive a percentage of the monthly salary of most formal worker in the country to be managed in one of their funds. Because of that they have a large purchase power and are considered key actors in Chilean financial markets.

At any rate, progression based on inter-firm mobility is normally the case in the financial services industry, with very little crossover with other sorts of business. At the same time, as will be developed in the following chapters, people tend to remain within the broad categories of sell/buy side and front/middle/back office, even though some do aspire to the most rewarded positions in terms of income and status, as it is also shown by Michel and Wortham (2009) in the case of Wall Street and the following quote.

> "Maybe, what I was telling you before, that there is this famous division of sell side and buy side, maybe I'm going to... to manage money and not be a broker, maybe..."[38] (Interviewee working as a broker in Santiago)

Mobility in smaller firms is also interesting. While they usually have fewer resources, they may be better places to learn about different tasks and positions, as one person often has to perform different roles and tasks. Furthermore, some people from large banks migrate to small firms because they feel their job is more visible and eventually more rewarded, as was the case of the interviewee who provided the following quote.

> "So I wanted to get into a smaller company where I could put the same kind, the same effort levels, but, you know, my efforts are rewarded, and also, I can actually feel as it is more tangible and, where I can see the impact of the hard work and my time can be more

38 Original Spanish: "*Tal vez, lo que te decía, que está este famoso sell side- buy side, tal vez de repente irme a ser mas… a administrar plata y no estar de bróker, podría ser…*"

recognised. So that's why I wanted to move." (Interviewee working as an M&A broker in London, after doing his graduate programme at a large investment bank)

However, while these firms are good places to learn, they are normally difficult companies in which to progress; after a few salary or bonds increases, employees have to move to other companies in order to continue progressing, which may be more difficult given that smaller companies may be outwith the radar of larger firms and head-hunters. Evaluation processes may be more informal as well, as they do not necessarily have clear patterns of progression.

Postgraduate credentials seem to be valued, but so too are years of experience in the field. However, at least in Chile, two of my interviewees (along with a number of other people's LinkedIn profiles I observed while building the database) held high positions in their organisations even though they did not share the specific social background of most practitioners in the field. They perceived (based on their own trajectories) that their postgraduate studies such as MBA or MSc Finance, whether achieved at home or abroad, helped them to permeate the closed circles of finance, especially considering that the proportion of the Chilean population with postgraduate degrees is still low. In the UK, it seems that postgraduate studies still play a role in career development and standardised progression paths, but are not compulsory, and their importance can be discussed, as does the headhunter who offers the following quote.

> "And when you enter to your career, you know you have many many options to either go out and do a Masters, go out and do an MBA. And I personally don't think it matters if you do or you don't, because at the end of the day when it comes to a senior level they are only looking for experience." (Interviewee working as a head-hunter in London)

In this sense, they are still relevant as a credential, but their importance depends on other factors; university degrees are also competing with other certifications such as the ones provided by for-profit educational firms (Hall and Appleyard 2009) or even the CFA. However, it is interesting that during the early 80s it was possible to pursue a career in finance without completing higher education, both in the UK and Chile, and now having postgraduate studies is becoming more common.

Table 3: Summary of comparison on career development in financial firms		
	UK	Chile
Type of progression	There are clear and formal stages and times for progression.	There are not clear stages or times of progression
Evaluation	It is quite structured and employees know about the procedures and outputs	Only a few companies have clear evaluation methods acknowledged by their employees
Role of institutions	Headhunters play a significant role for inter-firm progression	Headhunters are not as crucial as contacts
Role of contacts	Crucial for inter-firm progression, but together with intermediary agents	Crucial for inter-firm progression
Role of credentials	CFA and/or masters degrees are important to progress at certain stages	Masters are one of few credentials that allow people from non-elite backgrounds to get into prominent positions

Table 3 shows that, progression (as it happens with recruitment and integration) is also more structured and formalised in firms in the UK than in Chile. It is not only that career paths are more standardised but also that performance evaluation methods and systems are also more technically oriented and linked to progression. As market is larger and more complex in the UK, intermediary agents such as head-hunters play a more important role than in Chile, where progression is highly mediated by personal contacts.

However, in both countries it seems that at the top positions of the firms, people tend to belong to similar social backgrounds and circles, despite the differences at the entry level.

Job Market and Social Structures

The job market, or more specifically the recruitment, integration and promotion mechanisms of firms in the financial services and investment industry, are different in the UK and Chile. While in the UK said mechanisms have evolved towards formalised, explicit and technically oriented procedures, in Chile they still follow tacit, traditional and informal patterns. These differences relate to historical patterns, different positions in the global system of finance, differences in size, the complexity of markets and firms themselves and the social structure and institutions with which they are dealing. The way in which organisations work and the ways economic and financial practices are performed are socially constituted (Bourdieu 2005; Vidal and Peck 2012), in terms of the role of interactions and access to resources, the way conflicts have been displayed and solved and the way behaviours have been culturally legitimated and reproduced. The comparison of two countries allows observing that organisational and economic practices are structured by different relational, institutional and cultural elements in two different social settings, which are the result of their own historical developments, the internal and external conflicts of interest and balance of power and the role played by the financial services industry in the national economy.

Accordingly, given that financial institutions in both countries have adopted a pattern of professionalisation and select mostly university graduates for their core positions, it is interesting to examine how organisational practices are related to different models of academic institutions and the role they play in society. Universities in the UK are amongst the most prestigious in the world; they provide a general education, where students learn about various subjects and develop skills such as autonomy, critical thinking and communication. Undergraduate studies and programmes challenge students and provide them with a broad set of knowledge rather than prepare them for a specific task in the job market. According to Clark's (1983:49–51) insights into higher educational traditions, British universities follow their own tradition of higher education, different from the single tier programmes of Continental Europe´s universities. In Chile, most universities are modelled after continental European universities, so they are very much based on the concept of profession, offering single tier programmes that provide a very specific and intensive education, usually for five or six years. This could be one of the reasons why investment firms recruit people from economics, business and engineering almost exclusively; it is presumed that they already have the knowledge to work in the industry. As such, firms in Chile do not seem to require graduate programmes, since employers seem to trust in the teaching provided by the small number of universities from which they usually hire (as most managers studied the same subjects in the same universities) and trainees are prepared for the specific procedures of the job in more informal induction programmes, often within teams. As Clark (1983:51) also proposes, more specific higher educational systems tend to show a stronger connection between degrees and prospective job niches. This is also related to the different role of internships in both countries.

In the UK, companies hire people with good academic records from certain universities because they are seen as the "best" people available, but not necessarily the most knowledgeable in their specific field. This seems to be changing as financial work becomes more technically-oriented; however, graduates with degrees in Humanities are still often hired, mostly because of their social background and skills and academic records. In this sense, graduate programmes in finance and other industries constitute complementary specialisation after university studies, aimed at providing the tools and skills necessary to a particular occupation. This is complemented by a number of certifications, where specific institutions (normally not universities) signal whether someone is ready to work in a certain position.

However, it may be proposed that these differences do not relate only to university models but also to the complexity of firms and tasks. In this sense, as financial work is more complex and specific in the UK, being on the centre of the world financial system, it is not surprising that people in the industry need to prepare harder for their jobs. Comparative interviews with people who have worked in both countries, however, indicate that at the very early stages of careers, UK jobs do not necessarily require more knowledge or skills. It seems that this difference is more based on the particular historical developments of educational systems in both countries and the way financial organisations have learn to deal with those developments. In this sense, this difference is a spot to observe how different decisions in the field of education in the case of two diverse social settings help structure the way economic institutions organise their work and their talent.

In both countries, however, higher education system works as a filter in the case of this and other industries. The different decisions in terms of admission, grading and graduation not only structure the educational system itself, but also the professional job market and contribute shaping organisations. For example, companies not only trust the contents learnt by students of a number of universities, but also the very fact that someone achieved a position in one of those institutions, and the social signals and opportunities related to that fact. In addition, the importance of certain universities will vary in terms of the role of those universities in a certain social setting. In both UK and Chile is it possible to observe a stratified higher educational system where there are elite universities. Particular industries may look after elite universities´ students not only based on their merits, but also in the cultural and social value of that credential.

Another interesting element is social structure, or the relationship of recruitment and promotion mechanisms with social stratification systems. The UK, has a multicultural population in the fields of finance and investment (Thrift 1994). This is due to the composition of British society, its mechanisms for attracting and integrating highly skilled migrants and the global client base with which the industry in London and Edinburgh deal as part of the centre of global financial markets. Central position in world financial markets also explains the high competition and complexity in the field, and the pressure on companies to recruit the best people available. In this sense, British financial institutions trend towards a more technically-oriented selection of new members, who are expected to develop technical skills in a short period of time. While this situation apparently provides equal opportunities for potential employees, social background and specifically cultural capital still play an important role in a particular applicant's chances of getting a job in the industry (Lamont and Lareau 1988). Increasing preferences for university degree holders, which exclude a large portion of society, and "soft skills" assessment during recruitment processes still skew selection in favour of people with a specific sort of education. British companies are open to a wide range of people, especially highly skilled migrants who often studied at their home universities but fit with the preferred employee profile, i.e. communication skills or a good individual presentation in competitive environments such as the City.

In Chile, on the other hand, most of the industry comes from a very similar background: a small number of private high schools, a handful of neighbourhoods, and three or four universities. This situation may also be observed in the top levels of other main industries in the country; this is because the society has traditionally been concentrated in the elite (Torche 2005), an elite which is very resistant to change and successful in adapting to new scenarios (UNPD). People are recruited mostly through exclusive channels and contacts, and social and cultural capital seem to play a central role. This situation is consistent with most industries in the country, which present similar patterns; people from the same background are also prominent. It seems like traditional structures and class arrangements adapt to changing conditions, especially in terms of marketisation and monetarisation (Cousiño and Valenzuela 1994). In this sense, while financial companies have made important changes in terms of complexity, structures and services, the way they recruit and organise people is still based on traditional patterns, with some new innovations based on academic credentials. Firms usually only hire from six to eight specific university departments; this is not based on academic level alone, but also because the exclusive access and outcomes of those departments. This situation often happens in other industries in Chile, as it is related to the way firms integrate with broader social structures.

The internal (firms and their new members) and external (firms and the broader structures of society) mechanisms of integration are conveyed by recruitment procedures, both in the UK and Chile. Recruitment methods are important to internal integration; they provide teams with people who share certain personal characteristics, goals, expectations and sets of values. Furthermore, whether based on cultural, social or human capital, the selection of particular employee profiles may allow firms to integrate and adapt to broader structures and other fields of society, as well as the complex market of which they are part. Different historical trends, developments and social environments may lead firms to seek different integration solutions, especially as it is uncertain how recently-hired people will perform their jobs. In the UK, the complexity of the market since the 80s as a centre of global finance, seems to have challenged the old methods of recruiting, leading to a very technically-oriented procedure in an effort to adapt to the high complexity of the market and of financial activity itself; in Chile, meanwhile, as a peripheral market mostly oriented to local activities, managers tend to hire people from a specific social background, in order to achieve internal consistency, maintain a highly homogenised industry and integrate with other areas of society, which are also dominated by people from this particular social background.

One may propose that differences observed are explained solely by differences in development of financial industries and the overall economy in both countries, and that a certain point, Chilean organisations will look very similar to how the UK-based firms look nowadays. However, this situation does not seem linear, and as indicated above, differences are also related to the way power and resources are distributed and displayed in both countries, along with the role played by local financial industry in the global system of finance and the internal economy. In this sense, distribution of power and resources along with institutional arrangements seem to structure the way economic organisations behave in two different social settings, along with different historical and institutional developments.

In sum, differences in terms of recruitment, integration and promotion of staff in both countries allow observing that firms´ economic and organisational practices are shaped differently by different social and institutional environments. In this sense, economic action is constituted by social structures and institutions, which vary in different settings due to their own histories. In this sense, this variety of both centre/ periphery and the interaction of firms with local phenomena and traditions contribute to the understanding of the world financial system as an element of variegated capitalism (Peck and Theodore 2007), as both global and uneven structures and local and internal processes define the way economic institutions work worldwide. This also allow understanding that, even when there are several elements of convergence in the way financial firms work in different countries, there are also elements related to the internal developments.

Chapter 4

Working in Finance

Trading activities are often the financial roles which attract more attention, from both media and the sociology of finance (Carruthers 2011). However, investment companies are complex organisations, and the financial services industry is diverse and highly differentiated, both between and within firms. Trading positions are interconnected to a large number of positions, departments, systems and relations. The investment and financial services industry also produces a wide range of products and a highly specialised division of labour, which in turn generate diverse types of companies dedicated to very specific products, along with large banks that perform very different functions and provide a wide variety of services. In addition, because of the business itself, companies switch positions and take the role of both buyers and sellers, suppliers and customers (Aspers 2007), which adds complexity to the market and inter-firm relationships.

The aim of the present chapter is to describe and understand how the social integration of financial services is reproduced every day by different roles within the firms, and how those roles are framed by broader social structures, taking the wide variety of firms and positions in the UK and Chile into account. As such, the first part of this chapter will describe and analyse the division of labour of financial work, paying attention to these different roles and the way they interact with hierarchies, markets and products in the field. The second part of the chapter will deal with the organisational and institutional frameworks in which financial work take part, followed by some discussion.

As indicated in the previous chapters, organisational processes are socially constituted (Vidal and Peck 2012) and this means that the way organisational decisions are made is largely based on the way distribution of resources, power relations and institutional arrangements are set (Bourdieu 2005) in the specific social context of which organisations take part. However, those decisions are not only related to organisational procedures as described in the previous chapter, but also to the core business of financial and investment activities. Financial and investment decisions -along with all the roles, procedures and systems to support and facilitate those decisions- are constrained, enabled and framed by social and institutional dynamics and arrangements.

In my experience, one of the main challenges for the external observer is to deal with the diversity of products, positions and companies and the relationships between them. As the field is highly specialised, every position and product deals with a very specific terminology, set of tools and knowledge. This high diversity challenges the researcher in terms of understanding and making sense of the variety related to types of organisations (banks, investment funds, pension funds, brokerage and M&A houses, consultancy firms etc.), products (the wide range of financial products, such as shares or equities, mutual funds, indexes or commodities, ETFs, derivatives, fixed income, credit-based products, property-based products, etc.) and positions within these organisations, related to the different products with which they deal. Thus, working in finance may mean several different things in terms of firms, areas and positions, which have in common dealing directly or indirectly with capital, investment and looking for profits from credit, monetary products and exchange of assets (Knorr Cetina and Preda 2005). However, the wide diversity of financial work also calls for the development of comprehensive accounts and approaches in order to understand the complexity of financial activities and their role in society.

The integration of financial activities into broader society and the reproduction of their practices are not only undertaken during recruitment and induction processes, but also during everyday work, which means, during normal working routines and practices, embodiment of roles, decision making and performance of tasks at different levels of organisations (Berger and Luckmann 1966:168–169). In this sense, financial activities and organisations are integrated to society and socially constructed, largely through the opportunities and constrains provided by the specific people that have become part of firms, but also through particular practices and organisational mechanisms which structure and are structured during working routines and practices. In this vein, practices related to specialisation contribute to legitimating the monopoly of financial companies (Langenohl 2009; Maeße 2011; Winroth 2003) in the field of investment and also to building bridges with other businesses and institutions, creating and reproducing mechanisms of coordination that integrate industry into broader structures. However, the monopoly of certain functions or sets of knowledge is commonly allowed at an institutional level and legitimated by other sectors of society (Abbott 1988), so all those processes are performed in the context of specific social structures of distribution of resources, interests and power (Bourdieu 2005). Complex organisations also need complex integration devices or mechanisms in order to maintain internal integration (Lawrence and Lorsch 1967) As indicated in previous chapters, the fact that financial or other types of institutions exist, continue to work, attain social legitimacy and coordinate with other fields and groups of society should not be taken for granted (Luhmann 2011). Instead, it is important to question the particular mechanisms that allow this to happen (Beckert 2009; Portes 2010) which are based on relational, institutional and cultural dynamics.

Positions, Products and Skills

As shown in Chapter 3, once an applicant joins an investment or financial services firm, they may follow different paths in terms of career. While in the UK, graduate programmes first provide a general formation for employees then later fully integrate them into teams according to the needs of the company and the skills and characteristics of the new employee, in Chile it is normally a more straightforward path to the positions and trajectories that employees will follow. As indicated above, although these paths are not rigidly set, and people can move from one type of role to another, increasing specialisation of the industry and within the industry makes it more difficult to move to a very different area of work and product, unless achieved via specific career windows (i.e. after doing an MBA or Msc in Finance) or as part of the creation of new teams or new products. According to interviewees, in more competitive environments like the UK, there are already a large number of potential people with the specific expertise to fill a position, so it is very unlikely that someone with a different expertise or background will be brought in to do that particular job. In this sense, once an employee starts to accumulate knowledge and experience in a particular job in the context of a highly specialised industry, it seems that it is more difficult to change to a different type of role. In the case of Chile, however, the industry is more dynamic since it is in an expansive stage, which means that new products are created or adopted, new teams emerge and new positions are designed and assigned.

As Smith (2012), Marx (1969) and Durkheim (2012) indicated, division of labour is a main feature of modern economic activities and also leads to processes of specialisation. Financial services firms are highly specialised in terms of teams and individual roles, and the industry as a whole presents a high degree of specialisation in terms of what firms do, the kind of clients on which they focus and the products with which they work. As such, studying financial activities also means studying a complex division of labour embodied in the interdependency of several specialised roles, teams and departments. Levels of complexity, however, are not the same in all social contexts, and more complex environments tend to present a more specialised division of labour (Charlton and Andras 2003; Powell 1990). At the level of individual work, specialisation is also related to knowledge, so roles are linked to particular (and increasingly limited) sets of knowledge and tools to deal with information. As indicated in the previous chapter, the process of integration of a specific employee into a new firm, and finally into the industry, is based on her or his learning of the knowledge required for the role she or he will play in the broader division of labour, along with the cultural and symbolic elements of the firm and the industry.

Division of labour not only structures work and production, but also the knowledge and skills needed for roles and the way that different positions and roles interact. In this sense, integration is also performed through division of labour, the same way it happens in everyday life. In Durkheim's account, social division of labour is a form of social integration (or "solidarity" in his terms) based on specialisation and interdependency (Durkheim 2012). Specialisation is related to increasing knowledge about certain topics, but also increasing ignorance about others (Ungar 2003). Industry´s integration is performed via the processes of interaction, exchange and knowledge acquisition and transfer that happen every day in financial firms. At the same time, in several countries, the broader division of labour has resulted in the emergence and consolidation of a particular kind of firm that specialises in topics related to finance and investment, meaning that jurisdiction and monopoly over such things are held by investment firms, although this should not be taken for granted.

Different positions not only deal with particular sorts of explicit knowledge, terminologies and specific systems and operational procedures. They also need specific skills, which in some cases can be learnt formally; in other cases they are learnt informally or tacitly, and are sometimes inherent to the characteristics or personality of individuals, which of course depend on their previous social experiences and background. In this sense, some roles and positions are based on analysis and research, some are based more on decision-making, while others are grounded in negotiation and interpersonal skills. While all skills related to these profiles may be learnt either formally or informally (Howells 1996), there are some personal affinities that may make the processes easier or harder. In the case of internships and graduate programmes in the UK, and also certain general processes in the largest banks in Chile, an important aim is actually to identify the specific skills and affinities of the applicants or new employees and match them with particular career paths in the context of specialised teams, and also decide on the specific sort of training that this new person may require. While human resources departments may play a role at the beginning of a career, the particular team in which the new employee is placed is the unit most important to the development of careers, skills and expectations.

Different degrees of specialisation also structure different career paths and different opportunities to move from one type of position to another. In Chile, for example, although products are becoming more sophisticated and specific, departments are still divided by fixed and variable incomes (equities) and by sell side and buy side sections. According to interviewees, specific functions are performed within these teams, but it is still possible to change between these large areas. At the same time, the sophistication of

Chilean financial markets is a new phenomenon, so allocation of skills and people is more dynamic since it is a changing field. In the UK, specialisation is more developed and seems to play a greater role in terms of the dependency of job trajectories. On the following pages, different positions and their skills will be examined.

a. Traders

The investment industry is mostly related to assets and stock exchange, and it is normally traders who perform this work, selling and buying assets. However, trading positions may vary depending on the kind of product traded, which is also related to the differentiation and sophistication of products and specialisation of roles and positions. Generally speaking, trading positions were described by interviewees as very demanding, with the main challenges related to strict time constraints, high levels of pressure from the organisation and their teams, competitive dynamics and exposure to significant losses and frustration. The interviewees indicated that they do not have much time to think over their decisions or space to make mistakes, but at the same time need to be able to overcome losses and stick to their policies and parameters. The following quote suggests that trading positions involve personality and character related skills to deal with pressure:

> "To be a trader, a good trader, in my opinion, you have to be... I mean, you can't shake... I mean, in the end you have to... once you enter the pitch you have to get rid of your nerves a bit. The job is stressful because you manage loads of money, so failure is really expensive[39]." (Interviewee working as a trader and financial engineer in a large bank in Santiago)

Also, depending on the kind of product and service involved, traders require a wide set of social skills in order to deal with other organisations and share information and opinions with colleagues and brokers in order to attain a feel of the market (Arnoldi 2006). As one interviewee working in a bank in Chile told me, *"you have to be a nice guy, otherwise no one will take your calls"*[40]. For that reason, team managers look for very specific skills in their traders, which are not necessarily as technical as they are often described. While trading relies heavily on mathematics and technical tools, trading activities may happen in a very short timeframe, where it is important to make a decision instead of analysing. Therefore, traders need to be competent at maths and understand the behaviour of the indicators and formulas used, which may be highly complex. Even so, managers seem to look for more personality-related skills, such as autonomy, ability to get over losses, ability to make decisions under high levels of pressure, ability to work in teams, personal ambition, responsibility or self-discipline (in terms of sticking to rules

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[39] Original Spanish: "*pa ser trader… un buen trader, según yo, tiene que tener… puta no te tiene que temblar… o sea, en el fondo tenis que tener… una vez que entrai a la cancha tenis que dejar los nervios un poco. La pega igual es estresante porque manejai muchas lucas, entonces la equivocación cuesta mucha plata*".

[40] Original Spanish: "*Tenis que ser simpático, sino nadie te va a contestar el teléfono*"

and procedures) and negotiation and commercial skills for dealing with potential buyers and sellers. Self-presentation is are also important, as one interviewee working in large banks in London and who took part in several recruitment processes on behalf of recruiters point out:

> "You can get someone who is competent, you can get another person who is very smart, someone who is very knowledgeable, but the ingredient that makes it all come together when working in investment banking is being self-confident and ambitious enough to climb the corporate ladder".[41] (Interviewee working as the head of a team in a large bank in London)

As indicated in the previous chapter, the assessment centres used for recruitmen in financial firms in the UK include a number of activities that may require elements of personality and other "soft skills" (group interviews, role games, presentations). In Chile, meanwhile, traders are often recruited directly, so managers and human resources departments need to identify these skills during recruitment processes, particularly during interviews. This can be an additional argument or explanation for using personal recommendations in recruitment processes (along with the social circle, which seems to be very important in the case of most front office positions), as recruitment processes in

[41] Original Spanish: *"Pero no solamente eso, o sea tu puedes agarrar una persona que es capaz, puedes agarrar a otra persona que es inteligente, una persona que tiene muchos conocimientos, pero el ingrediente que hace que todo eso se junte para poder trabajar en banca de inversión es tener confianza en ti mismo y tener la ambición de poder trabajar muy fuerte para poder subir dentro de la estructura corporativa".*

Chile lack of *in situ* tests. In the UK, these abilities seem to be tested early and gradually built up as more structured graduate schemes become available to recruits, which according to interviewees also include training related to "soft skills".

Traders are often monitored by managers, but they are quite autonomous in their decision-making, as long as they follow the topics and frames discussed in their daily meetings. According to interviewees, a normal workday starts with a team meeting where financial news and reports are discussed and a strategy defined accordingly, to be followed for the rest of the day. Next, traders get on with exchange activities, most of the time on their own but in some cases working in teams. However, daily routines vary depending on the product exchanged and if the trader is based in a buy side or sell side position. For example, some trading positions are based on electronic exchanges, while others are based on telephone trading and require more social interaction (and therefore greater social skills). It is also different depending on the organisation in which the traders work, in terms of size, products and position in the market. Some trading teams or desks within investment banks focus more on short-term exchanges, looking for very immediate profits, while other areas such as pension funds tend to prioritise longer-term investments.

Traders appear to like their work, not only for monetary reasons (their incomes and bonuses are often higher than those received by others in the industry) but also because of the nature of their job. It may seem odd that just two interviewees mentioned money as one of their main reasons to work in the industry, but they seem to appreciate that the results of their work can be seen in the very short term. Some traders claim that they need to do things all the time and focus on different tasks, so they would not be happy writing a report for a whole week. Three of the traders interviewed compared their jobs favourably with those of analysts, claiming that it would be boring to prepare reports and presentations all the time. The dynamism of the job seems attractive to the specific kind of personality apparently shared by traders, which is often described as hyperactive or adrenaline-driven. They also seem to like being tested, and testing themselves "against the market" on a regular basis, even though they know that these dynamics are a source of pressure and stress. The sense of comparison with "the market" and the emotions related to the trading jobs are expressed in the following quotes.

> "And I think there is also an element of competition, because it's very difficult to outperform the market." (Interviewee working in a large investment firm in Edinburgh)

> "So (this job) creates many opportunities for you… many… and the adrenaline of the job itself. I mean, it is fun, it is full of adrenaline".[42] (Interviewee with experience in trading rooms in Santiago and New York)

[42] Original Spanish: *"Entonces, te abre muchas posibilidades… muchas… y la adrenalina misma de la pega… o sea,*

Since the decline of trading pits (Knorr Cetina and Preda 2005; MacKenzie 2004), trading activities normally happen in trading rooms where a given number of traders, depending on the size of the company, have a desk with a computer and a set of screens that allow them to see the data required to make their decisions and a telephone to exchange information and assets. Depending on the size of the company and its teams, different teams may coexist in a single trading room. In addition, heads of teams also work in the trading room and may be contacted with questions. In this sense, although teams have a hierarchical structure, it is not clearly visible while they are together performing transactions in the same trading room.

Trading and investment decision-making positions also depend on the kind of team in which people work. Some trades are conducted using assets and capital and make profits for the company itself, such as investing the bank's assets, while others are conducted with particular products or funds on behalf of external clients. Sometimes these two activities are physically separated in terms of workspace and may be the responsibility of different divisions within the company. For example, the bank's trading teams often work on different floors or buildings from the trading teams for mutual funds and other

es entretenido, es adrenalínico."

financial services which invest money on behalf of clients. Furthermore, different trading activities involve different types of risk measures, skills and regulation. They also involve different clients, with whom interaction is carried out in varied ways, with traders having either active or discretionary roles or attributions depending on the sort of product or service in which they are based. Managerial positions also vary in terms of for whom the investment portfolio works, having different relationships with subaltern positions and others such as analysts (Svetlova 2010). In addition, although traders normally seem to be very skilled and knowledgeable in maths, they often claim that their job is learnt at work, within teams, and not in the university. The following quote shows the low valuation of a trader regarding the knowledge acquired at university:

> "There are like three or four (university lecturers) who are good specialists, but the rest, you learn more at work... well, you also need a complement, but the knowledge gained at work is more important, what your boss teach you, for example, many things that universities still don't teach well"[43]. (Interviewee working as a trader in a bank in Santiago)

Fund and desk managers oversee the composition and performance of investment portfolios (especially in the case of mid-term and long-term products and services) and the performance and decisions of their team members, while also making investment

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[43] Original Spanish: "*Hay 3-4 que son muy especialistas, pero los demás, es más lo que se aprende en la pega que… bueno hay que ir complementando también, pero es más el conocimiento en la pega, que te enseña tu jefe por ejemplo, muchas cosas que en las universidades todavía no enseñan bien.*"

decisions within a larger timeframe, using information and advice provided by analysts and making sense of the activities and results of other traders according to specific investment strategies and risk exposure methods and policies. Fund managers' tasks involve fund-related products, which mean that portfolios normally combine, and sometimes diversify, different assets in order to meet particular profit and risk exposure goals offered to individual or institutional clients. As with other financial occupations, they work with expectations in order to define their portfolios and make decisions about transactions (Svetlova 2010). There are also differences depending on the type of client and the type of portfolio they manage, so some products or services are associated with a fixed strategy or portfolio composition, while others are more discretionally-based. Skills needed in both cases vary, as do the rewards related to those different services. Portfolio managers who deal directly with clients, both individual and institutional, not only need to take care of business decisions in the way they manage the assets of their clients, but also to seek out new clients and enforce ties with their existing ones, as expressed in the following quote.

> "The tie is quite direct. I speak every day to some of them (clients). For example, I arrived… I was just having lunch with one of my clients, get it? I don't know, I make comments by mail, about markets, what to expect… we speak periodically."[44] (Interviewee working as a portfolio manager in a bank in Santiago)

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[44] Original Spanish: "*El vínculo es súper directo. Con algunos hablo todos los días. Ponte tú, ahora llegue, ahora estaba almorzando con un cliente, cachai. Qué se yo, le voy comentando por mail, como están los mercados, que es lo que se espera. Hablamos en forma periódica*".

b. Brokers and market makers

Brokers and market makers rely on social ties and positions and bring liquidity to the market. Their job is usually related to finding prices for particular assets. A few decades ago, in both the UK and Chile, such positions were often held by people who had not attended college, as informed by interviews and Zaloom (2006), but as financial products became more complex, they are now usually recruited from universities. However, most interviewees working in this sort of position, including engineers, stated quite frankly that their job seldom requires the mathematical knowledge they acquired at university, as indicated in the following quote.

> "C: (About knowledge) I have learnt everything at work, I mean, nothing, nothing, nothing at university. I mean, addition and subtraction, but…
>
> J: What kind of…
>
> C: There are other kinds of skills that you need to develop to work in this sort of job. At least in my case, they are highly commercial tasks, that is to say, identify the client, get to know him, make him trust you… that the guy prefers you. There are… you are not the only broker in the market, it is full of them. The job means basically to go and win the client, for him to work with you, for him to do business with you."[45] (Extract from interview with C, who works as a broker in Santiago)

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[45] Original Spanish: "*C: Todo lo he aprendido en el trabajo, o sea, en la universidad nada, nada, nada… o sea, sumar y restar, pero…*
J: Que tipo de…

Commercial abilities, which means negotiation and sales skills, are seen, by both the practitioners and managers interviewed, as the most important; they place a special emphasis on trust-building, tie creation and reciprocity. Brokerage activities not only comprise deals, but also a number of actions aimed to create, maintain and enforce their ties with customers, such as calling them, sending them emails and reports, having lunch with them, and so on; among my interviewees, this process was described both by brokers and those who deal with them (i.e. traders). Brokerage departments and companies also organise events in order to build reciprocity ties with traders. This sort of event is actually very important for the creation of communities in the field, since it provides an opportunity for members of different companies to gather, in particular those involved with specific products, sectors or positions. Again, this sort of position requires specific skills, which in this case tend to be more tacitly learnt and often related to the personality of the applicants. While commercial skills may be learnt, companies look for people who are already credible, have good communicative abilities, and, most importantly, are good at dealing with other people. Cultural capital (Bourdieu 1986; Lamont and Lareau 1988) is particularly important in this sort of position, where

C: Son otras las habilidades que uno tiene que ir desarrollando pa trabajar en este tipo de pegas. Por lo menos en mi caso, son pegas sumamente comerciales, vale decir, reconocer al cliente, conocerlo, engrupírtelo… que el hueon te prefiera. Si hay… tú no eres el único intermediador que anda en el mercado, está lleno. Es una pega que es, básicamente, tenis que ir y ganarte al cliente, pa que opere contigo, pa que haga negocios contigo."

incumbents need to deal with customers and be able to adapt to their sense of humour, their tastes, their favourite restaurants and so on, as indicated in the following quote.

> "I mean, it is not nice at all to say this, but it is difficult for someone who does not come from a certain background, I mean, from a school different from the most… not necessarily the most posh, but from the most traditional – to get a career like this. Because there are things that come with education, I don't know, from family education, you know, knowing about restaurants, venues, I don't know. In the end, you can end up talking about anything with clients." [46] (Interviewee who works as a broker in Santiago)

Credibility is also related to the way people talk and express themselves (Rivera 2012), and in homogeneous circles it may be related to particular jargons and accents, which seems to be more important in Chile but may also play a part in certain circles and products in the UK. Furthermore, brokers and market makers develop ties with customers, who may be specific people working in institutional investors. Brokers know that they are supposed to make as many deals as they can, since their performance will be evaluated in terms of the amount of business they do and the money the company makes as a result of that business. Therefore, social capital is an important asset to the job, and when a broker moves from one company to another it is often related to their

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[46] Original Spanish: *"O sea, es súper feo decirlo, pero es difícil que alguien que no viene de un cierto circulo, o sea, no se po, de un colegio que no sea de los más… no, no sé si de los más pomposos, pero los más tradicionales, es difícil que entre a una carrera como esta. Porque hay cosas que vienen como de la educación, no se po, de la educación de la familia, cachai, saber de restoranes, o de lugares, no se po. Al final uno termina hablando de cualquier cosa con los clientes."*

portfolio of clients or their contacts in particular companies and industries. Those contacts may also have originated either doing business or outside the commercial sphere, as it is described in the following quote.

> "J: Where do your connections come from?
>
> D: Just, I think a lot just growing up, I mean, I have always been surrounded in circles of quite successful people, so ... You know, a lot from university, a lot through sports. I play rugby, and that brings me quite a lot of connections, especially when I came down to London, the network you get, because I came from a Scottish environment, so that helps me. Most of the guys that play there either work in the City or have their own business." (Extract from interview with D, property and M&A Broker working in London)

In Chile, according to interviewees, brokers and market makers are increasingly recruited from elite universities, most notably Universidad Adolfo Ibanez and Universidad Los Andes; this is probably related to their original backgrounds and the contacts they may have made at university. As indicated in the previous chapter, companies may privilege people not from the best universities, but from those which are attended by most of the offspring of the ruling elite[47]. Firms seem to choose graduates with contacts and also with cultural affinities with the rest of the firm and most of the executives from other firms (Bourdieu 1986; Lamont and Lareau 1988; Rivera 2012), which tends to be very homogeneous (Ossandon 2013). Universidad de Chile graduates,

[47] Universidad Adolfo Ibanez is a private university located in Santiago and Viña del Mar, with some of the highest fees in the country. Universidad Los Andes is also a private university which belongs to the Opus Dei order, has also very expensive fees and is located in one of the most exclusive neighbourhoods in Santiago.

for example, despite attending one of the two best, most traditional and prestigious universities in the country (and one of the best in Latin America[48]), do not seem to be as successful in attaining this type of positions in high profile financial firms as Adolfo Ibanez graduates, as reported by several interviewees as the one who provided the following quote.

> "I would say that recently Adolfo Ibanez (University) has been validated a lot in this industry, I would say that mostly because of contacts, of being part of social circles, because, honestly, in the academic field... I know some capable people from that university, but I have had bad experiences with people who are not... I don't know if they fit".[49] (Interviewee working as the head of the research team of a brokerage company in Santiago)

c. Analysts

So far, positions directly related to exchange and decision-making have been discussed. Analysts present a different profile. As indicated in the last chapter, most careers for core positions in the UK in medium-sized and large investment and financial services firms start with analyst positions, in order to let the new employees learn about the industry

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[48] According, among others, to QS Top Universities (where it is on the 5th position) http://www.topuniversities.com/university-rankings/latin-american-university-rankings/2013

[49] Original Spanish: "*Y yo diría que ahora en la industria este último tiempo se ha validado un poco la Adolfo Ibáñez, yo diría más por un tema un poco de contactos, el tema más de círculos, porque la verdad es que el tema, como académico… también conozco gente que es buena de ahí, pero también he tenido hartas experiencias de gente que no… no sé si calzan tanto con el perfil.*"

and its particular areas of business while showing off their own skills and pursuing the professional qualifications needed to perform other eventual jobs. This means that some analysts in the UK are in these positions on a temporary basis and may have a profile more oriented to other kinds of positions. This could be due to graduate programmes, where new members start as analysts as a way to learn about the business and the tools used, even though they may become (for example) traders afterwards and they work in trading-oriented teams or desks. In Chile, analysts are commonly hired directly, and it seems difficult for them to move to other positions in the more commercial side of the industry, such as trading positions, unless they attain managerial positions in these areas.

Analyst jobs may also be quite different when people are allocated to investment-based teams, such as equities and fixed incomes teams, as such jobs are orientated to analyse companies or assets and support the decision-making processes of traders, portfolio managers and investment managers. On the other hand, if analysts are allocated to research units or teams, they may perform different tasks, not only analysing companies but also industries, countries and economic trends. Research teams provide input for other teams to take into account at the time of defining strategies or making decisions and also publish reports aimed at increasing the reputation and reliability of the firm, to be shared with customers in order to enforce ties and commercial relations. In this sense, work by analysts is not only used as input for decision-making or to enforce models and devices; it also adds symbolic value to the company, and particular analysts bring their reputation to the firm. As Beunza and Garud (2007) shows, certain analysts are treated as experts in their particular fields, as they may be able to forecast or predict what is going to happen with a specific currency, commodity or industry in the short, mid or long term. This situation is observed and interpreted in the industry.

Candidates allocated as analysts require different skills and characteristics from traders or brokers. According to interviewees, hirers of analysts look for more enquiring personalities, skilled with research, critical thinking and taking care with particular procedures such as valuation and qualitative and quantitative forecast and recommendations. As such, recruiters and managers look mostly for people with a good academic record, apparently as a proxy of research skills, as in this case technical and theoretical skills seem most important. Although analysts, especially those who are members of investment teams or desks, have meetings with company managers in order to learn about the business and evaluate their firms accordingly, social skills are less important than research abilities, knowledge of Excel and specific and advanced mathematical skills. However, communicative skills are relevant, as other members of the team have to be convinced about their results and recommendations; this is also the case with research departments who need to write their reports and papers in a convincing and clear manner. In this sense, communicative skills are significant in analyst positions, but persuasive in a way closer to academia than commercial activities. For example, in the opinion of the interviewee who provided the following quote, communicative skills are the most important for his position, along with numerical and analytical ones:

> "J: What are, according to your opinion, the main skills that someone needs in this job?
>
> N: The ability to communicate strongly, I would emphasise, it's probably the most important, and obviously to have a numerical ability and a strongly analytical mind." (Dialogue with interviewee soon to start his job as an analyst in a large firm in Edinburgh after his internship at the same firm)

A normal workday for analysts also starts with meetings and discussions about news and new data, but in many cases they are the ones presenting these points of view. The work of analysts normally involves large amounts of reading, heavy use of statistical packages and producing presentations and documents. They produce mostly reports and presentations, applying different mathematical and financial models of valuation and forecasting depending on the products, sectors or areas they are covering. Their work also involves several committee meetings when they present arguments about buying, keeping or selling assets, according to their specific sectors or areas of expertise.

The everyday work of analysts seems similar in the UK and in Chile. Of course, as the industries they cover are different in terms of size, their products are different and sometimes the teams are larger, and specific tasks may be more or less complex and specialised, but in general it seems as though the role of analysts and the tools they use are similar. This contrasts to some extent with the case of traders or brokers; although they are involved in the same industry and use similar tools and strategies, the differences between the UK and Chilean markets, the products with which they work and the social structures of the industry make their everyday jobs different in some ways.

There are also professionals who think about business and trading from a more technical and abstract point of view, for example, developing and structuring new products and the mathematical models to manage them. This may be the case with financial engineers or quant analysts, among other similar positions. While they work closely with traders and other core members of the business, they perform more technical tasks and are required to be highly skilled and knowledgeable, observing products and business from a more abstract and technical point of view. They are in many cases postgraduate degree holders in apparently non-related disciplines such as physics and electrical engineering. As described by people who work with them, this sort of position also requires a certain degree of coordination with other teams and clients, especially those looking for a specific and customised financial service. However, the profile of this particular kind of position is clearly technical, and so the incumbents are selected and promoted mostly for their technical - most notably mathematical - knowledge, their experience in a particular market and their skills in integrating this knowledge into business. The importance and amount of this specific type of professional depends on the degree of sophistication and dynamism of the products exchanged and provided in particular markets and the size and specialisation of organisations. As such, although these professionals are sometimes found in Chilean firms, most notably in the largest banks, both their importance and their degrees of specialisation and expertise are more prominent and developed in UK firms, both in London and Edinburgh, where firms are fully integrated to the core of world financial markets. Because of the technical skills related to this type of position, it seems it has stronger connection with academic knowledge.

Analysts, quants and financial engineers are expected to deal and cope with complexity and uncertainty, through different frameworks depending on particular culture and structure of banks (Michel and Wortham 2009). They are supposed to provide information for decision-makers and also to create products and systems that allow traders and fund managers to enforce and secure their decisions, thus allowing firms to deal more efficiently with the external situations of the markets. However, information analysed and provided by analysts creates more complexity in terms of data available for both the companies and the market (Staheli 2003). In cases of divergence (Stark 2009;

Zuckerman 2004) in particular, analysts create new situations of complexity for markets and their actors. In this sense, analysts working in the development of new products and systems do not necessarily make decisions more secure; indeed, in some cases they bring more complexity to the market in terms of dynamism and uncertainty and the work performed by decision-makers, analysts and other actors within the firms.

Both traders and analysts share a culture of hard work, which is more prominent in the UK and especially London, because of the competitiveness of the markets and within teams. Just as described in Ho's study of Wall Street (2009), financial firms in the UK require long working times for both traders and analysts, most notably at the beginning of their career, although it seems to be more the case of London than other cities like Edinburgh. Consequently about financial jobs in London:

> "They are jobs extremely in high demand, lots of money involved. Routines of infinite rhythms of work. If you are not willing to work 20 hours per day, believe me that there are 10,000 people who are."[50] (Interviewee with experience as an analyst in a US bank in Santiago, as a trader and risk manager in a large bank in the City of London, and managerial positions in a medium-sized financial firm in Santiago)

50 Original Spanish: "*Son pegas extremadamente demandadas, mucha plata de por medio. Costumbre de ritmos de trabajos infinitos. Si tú no estás dispuesto a trabajar 20 horas, créeme que hay 10000 que si están.*

In Chile, although both traders and analysts work hard (which is one reason why prospective employees often favour other industries, as two interviewees in managerial positions claimed), their working times are not much longer than other jobs with similar incomes. This sort of job is even perceived by practitioners as one that allows them to enjoy their free time and weekends, which does not seem the case in the UK. However, these jobs and careers are still perceived as hard work, with the more irregular working times viewed as not compatible with, for example, motherhood, as indicated by a female interviewee in the following quote:

> "For a woman, working in the field of finance is really hard, I mean, because of the working hours, because you stay late in the office. And if you want, for example, you aim to have a family, be a mother and all that stuff, it is hard. It is hard because you have to give up many things. Therefore, I am just at the point when I have to decide where I go with my career and my personal life."[51] (Interviewee working as a fixed income analyst in a large insurance company in Santiago)

[51] Original Spanish: "*Para una mujer es super rudo trabajar en el mundo de las finanzas, o sea, por los tiempos, por lo tarde que te quedai. Y si quería, por ejemplo, te proyectai haciendo familia, siendo mama y todo eso, es difícil. Es difícil porque tenis que sacrificar muchas cosas. Entonces estoy justo en el minuto en que puedo decidir hacia donde quiero crecer mi carrera profesional y mi vida personal*."

d. Middle Office

As firms are complex organisations and financial products are also highly complex, trading and other activities require a large amount of support. Banks and other investment related companies often divide their staff and tasks into front, middle and back office. While front office comprises trading and customer-related activities and positions, back office normally relates to the activities needed to make transactions happen and the company work. Back office positions involve paperwork and systems-related activities, human resources management and tasks related to the practical elements involved in trading and firm management. According to interviewees, the middle office plays a double role. In some cases it is a stage for transactions to progress from front to back office and vice versa, for example calculating the costs and profits of specific transactions, defining sources of funding for certain deals or customising technological solutions for specific products, services and control procedures. The other function is more interesting: middle offices are in charge of control systems and departments. They normally monitor transactions, the way they are performed and the overall balance of the firm and departments.

Middle office positions are also in high demand, although they do not seem to have the same level of status as front office positions like traders. Recruitment processes for middle office positions normally follow the same patterns as front office positions: assessment centres and head hunting in the UK, and interviews through contacts or specific channels in particular universities in Chile. However, these processes are usually independent from or parallel to recruitment processes for front line positions; according to interviewees in managerial positions involved in these areas they receive a large number of applicants, and in the UK, professionals are also recruited through highly competitive assessment centres. Companies also invest a lot in their training, as it happens with front office positions. However, it seems that in many cases people apply for these kinds of positions in order to get a foot in the industry with the expectation of moving into front line positions later on, which apparently does not happen often because of the progressive demand for specialisation and experience in higher positions. That is the case, for example, of the interviewee who provided the following quote:

> "My goal is to become a leader of this firm, within the next 10 years I would say. I want to develop, I want to learn more about the financial industry, I want to, hopefully, get promotion within the next three years. Learn as much as I can in this company, built up my own entrepreneur skills, grow as a person and hopefully be successful in my daily duties." (Interviewee who works as an analyst in the IT department of a large asset management firm in Edinburgh)

Nonetheless, when professionals get into this kind of team they seem to value their positions positively, since they are perceived as well rewarded but not as stressful as those in the front office. The size and role of middle offices depend heavily on the size of the firms and the nature and complexity of products exchanged and provided, as well as on regulation and the institutional and technological environment in which the company is taking part. Decisions made by the head of firms, ideological and cultural elements and the way internal or external conflicts and problems have been solved or developed also play a role, as it is going to be developed later.

One good example of middle office positions are risk management departments or teams. People in these positions often have a technical profile, although when they are hired they usually come from similar backgrounds to front office professionals. As indicated by interviewees, risk management teams also look for specialisation and production of expertise in their members, so they normally remain in the area. They tend to recruit new university graduates, and teach them their job in a focalised way. These new members of the organisation normally start as analysts, but specifically oriented to risk, and are required to study transactions and the behaviour of specific desks and teams. They produce reports and analysis of past, ongoing and forthcoming transactions and the performance of front office teams and members according to the specific risk parameters and policies adopted by the firm. If people are needed for more senior positions, they look for recruits with previous experience in managing risk. They need to accumulate experience and expertise in particular risk parameters and their metrics, and also in computational tools. However, as middle office teams, risk management groups also play a role on inter-team committees and need to know the specific terminologies, duties and orientations of other teams, and eventually mediate between them. In the particular area of risk management, they need to work regularly with risk rating companies according to current regulation and best practices of the industry; as such, interacting and coordinating with external agencies is part of the job. In occasions they also need to meet clients. Of course, people in different hierarchic positions interact with different teams and positions within the rest of the organisation, and their promotion to decision-making levels depends on their career progression. The following quote shows an example of progression in a risk management team, and the way people progressively gain experience in the area.

> "Here, you can arrive as an analyst and end up as a manager, gaining all that experience. And you can gain it in the bank, in the branches. You can gain it because today you may not deal with risk rating firms, but tomorrow you will. Today you are not working with the trading room, tomorrow you will be. Today you are not part of the committee meetings, tomorrow you will be. So, all that enrichment is like a ring at the end, it gives people plenty of space. You can easily spend six years trying to understand that."[52] (Interviewee who works as the head of the risk management team in a large bank in Santiago)

[52] Original Spanish: "*Acá, tu puedes llegar como analista y terminar convertido en un gerente, y ganar esa experiencia. Y la puedes ganar en el banco, en las filiales. La puedes ganar porque hoy día no te relacionas con clasificadoras y mañana si, hoy día no te relacionas con auditores y mañana si, hoy día no estas con la mesa, mañana si estas con la mesa, hoy día no vas a los comités, mañana si vas a los comités. Entonces, todo ese enriquecimiento, que es como un anillo al final, le da a la gente mucho espacio po. Te podís entretener fácil 6 años pa llegar a entender esta cuestión.*"

Risk management is one of the ways in which the financial industry deals with time and future. Through the concept of risk, firms and overseeing institutions face the fact that the future is uncertain and decisions comprise both factors of error and unforeseen situations. Although different companies and groups may have different policies and attitudes towards risk, their measures and tools are more oriented towards suspending uncertainty and forming a current image of the future (Esposito 2011; Schraten 2011) and, accordingly, a set of behaviours. Other elements of risk are related to control, and the way firms (and the industry in general) take cautions and actions in order to limit their own exposure.

IT departments or teams normally hold a more vague position between middle and back office. However, various sections and positions within IT departments are involved in the design of products and services and play an active role enabling particular types of trade or exchange, or customising services for particular clients. IT departments are also becoming more integrated with control functions, and manage systems that play important roles at every level and in most transactions, structuring and supporting the decision-making of traders, fund and portfolio managers. The profile of this kind of position is similar to other middle office positions: they have very technical and specialised skills and also require other kinds, especially social skills, as they progress through their careers, start interacting with other members and teams within the organisation and make more decisions within their teams. Of course, their particular job will depend on the technological strategy and systems adopted by a specific firm. Accountants are in a similar situation; while in some cases they work together with traders or risk management teams, there are usually also independent accountancy teams within the firm, which are in charge of maintaining the balance of the teams and calculating the profits and losses of particular transactions and periods of time. While accountants in the UK have normally studied accountancy at university, some investment firms also provide them with the experience required to attain their certification, which they need if they are to pursue a further career in accountancy. Both IT workers and accountants are often recruited through very competitive processes, but are more focused on the technical skills they will need for their job, and actually they often hire IT graduates and accountants respectively. The integration is also more focused and specific than with front office positions, although they are also inducted into the culture of both the organisation and the industry.

e. Back Office

Most back office positions work on a more organisational and practical level, and in many cases their tasks are no different from those performed by people working in similar positions in other industries, although tailored to the particular requirements of finance. For example, a business graduate may find work in the HR department of a bank, involved with the particular recruitment and promotion systems of the industry, but their situation, in terms of salary or skills, will be similar to that of their HR colleagues in other industries. With HR professionals in particular, it seems that the rotation of people between the financial services industry and other industries is more frequent in this area of work, probably because the specialisation in this case relates more to recruitment processes, career promotion and human capital management than the specific business of their firms. This also seems the case with public relations and advertising departments.

In addition, people can attain back office positions by different sorts of recruitment processes, in many cases even sub-contracting, and their promotion and career paths are different from and parallel to those designed for the core workers of these firms. This is the case with many positions, such as lawyers in charge of contracts, certain kinds of agents dealing with specific relationships with other companies, and a wide range of positions, such as secretaries, security, cleaning, receptionists and other clerical roles. During my interviews, for example, I heard the case of someone who started out cleaning toilets and ended up working in customer service in the same large Edinburgh firm. There was also the case of a lawyer with an MSc who is sub-contracted although he performs a job crucial for his bank in London. As such, back office positions comprise different types of roles, which have very diverse levels of status both within the group and when compared to the core positions of the company. Some, however, involve activities which are crucial not only in terms of enabling transactions, but also in terms of strategy and organisational performance. Back office positions also play a significant role in terms of integrating firms into their social environments and contributing to selection and induction processes in the case of new employees, social legitimacy of the industry through PR professionals and campaigns, institutional and political regulations through legal departments, etc.

Back office positions may play an important role in organisational terms. In Chile, interviewees told me that heads of human resource departments, for example, normally belong to the richest groups of society, the ones firms want to reach as employees and also as customers, and they structure their teams and make decisions according to this background.

"HR areas, if you figure it out, in the HR area and in other financial areas, there is always a specific profile of HR manager. It is something that I worry about. They all know each other, they are all related. The financial system is a...how may I say it?...it is a very classist area. It is very difficult for a new person, with no surname, with no neighbourhood to get in. He (or she) has to be extremely capable to get in".[53] (Interviewee who owns a brokerage agency after having worked in a managerial position in the trading division of a large bank in Santiago)

f. Sales Professionals

Sales departments are an important and also interesting part of business of financial services and investment firms. Sales practitioners perform different activities and present different characteristics depending on whether they deal with institutional or retail clients, and the products with which they work. According to the heads of a marketing department in one large bank, although firms expect salespeople to understand the products they are selling and make some effort to ensure this, salespeople´s main skills should be mostly commercial, with the ability to attract new customers to the firm and sell more products and services to existing customers. As indicated above, investment activities relate to social and cultural capital, and a lot of what people in investment firms do in a regular basis is related to ties, trust-building and finding more business opportunities and sources of information. Traders, market makers and brokers deal with

[53] Original Spanish: "*En el área de recursos humanos, y si tú te das cuenta, en el área de recursos humanos y en otras áreas financieras, siempre hay un perfil de gerente de recursos humanos determinado. Es algo preocupante. Son todos conocidos, son todos relacionados. El sistema financiero es un… es un… como se dice? Resabio, no? Es un área de clasismo muy grande. Cuesta que una persona nueva, sin apellido, sin barrio llegue. Tiene que ser muy meritorio para poder llegar*."

social interaction in different ways, but sales departments are one of the main actors connecting firms to their markets. Depending on the kind of firms in which they work and the kind of products they sell, they may be the first contact between the firm and prospective clients, and they may also provide regular services to the customers of firms. In some cases, for example, salespeople need to chase proactively after prospective clients and try to arrange as many meetings as possible. Sales departments also define different profiles in order to reach and deal with different kinds of people, looking for specific skills and assets in all cases. For example, as I was told by some interviewees, for products oriented to high worth retail investment, recruiters tend to look for young and physically attractive people[54]. When dealing with institutional clients, these assets may be complemented by some technical knowledge, although in many cases the technical background is provided by analysts who also join in meetings with prospective clients. Salespeople are rewarded according to the business they are able to produce, so their incentives are designed to encourage them to close as many deals as possible. Their personal contacts are also very important, in order to know to whom they should talk and how to do it. In Chile, it seems that large firms tend to seek out well-connected women for this kind of position, mainly because of their access to meetings with major business people in the country, which apparently happen in very diverse circumstances, such as Sunday barbeques or parents' meetings in certain schools. Sales professionals are

[54] In male-dominated environments, like business in Chile, they are normally young and attractive women, according to interviewees.

expected to belong to specific social circles, being familiar and natural with their social codes (Bourdieu 1986; Rivera 2012) and also being able to be persuasive in terms of closing deals. According to two former high-up executives of two very important investment banks in Santiago, the profile of the salespeople they were looking for was mostly:

> "High class family women, many of them divorced so they need to work. They have good connections based on friendship and family. Some of them are also really charming so they are able to get meetings that we could never get"[55]. (Interviewee who worked in managerial positions in two large investment banks)

In this sense, financial businesses take part within structures of kinship, reciprocity and relationships, not only in terms of the people who work in the industry but also with other types of firms or even individual clients. People involved in sales often emphasise the randomness of business opportunities and actual business they are currently managing, including meeting people while walking their dogs or meeting people at parties and other sorts of social gatherings. As the following quote indicates, social skills of sales people are crucial.

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[55] Original Spanish: "*Mujeres pitucas, muchas de ellas divorciadas así que necesitan trabajar. Tenían unos contactos increíbles entre amigos y familiares. Algunas de ellas eran bien buenasmozas así que conseguían reuniones que nosotros nunca podríamos*".

"JC: No, these are just my clients. I have obtained my clients, and I have also received some clients because some other people leave and they are available and you take them. There are also clients I get because someone gave a reference of me. Do you get it? Those are more or less the ways of getting clients.

J: And how does it work? Do you meet them?

JC: It is mouth to mouth! It is about meeting people and getting to know if they are interested in investing, and then you start calling them and trying to persuade them..."[56] (Extract from interview with JC, who works in the sales department of a large asset management firm in Chile)

Although the skills and abilities above described work both for the UK and Chile, as in Chile the wealthy and executive groups tend to be more homogeneous, the sales force seems to be also more similar in terms of background, social codes and even appearance.

g. *Corporate Finance*

So far, the discussion has been focused on the capital markets side of financial activities. Corporate finance is another specific niche in the industry that deserves particular attention. It is one of the main areas in investment banking and one of the most important sources of business and profits. Professionals in these areas are recruited through

[56] Original Spanish: JC: "No, estos solo son clientes míos. Yo he captado mis clientes, y también me han llegado clientes porque de repente se va gente y quedan ahí disponibles y uno los toma. Y también algunos que llegan por referidos, te fijai? Esas son más o menos las maneras de reclutar a un cliente.
J: ¿Y cómo funciona esa captación de clientes que has hecho tú? ¿Te reúnes…?
JC: Es boca a boca po! De conocer gente y saber de repente que persona se interesa en este tema, o que tiene planes y empezai a llamar y a vender la pomada."

demanding and competitive processes. However, while in large and medium-sized firms in the UK, people enter these areas through graduate programmes (and eventually analysts move to corporate finance teams), in Chile they are normally recruited directly to these teams and functions; the recruitment processes have only recently become more sophisticated. For example, one interviewee, who works in the corporate finance team of the Latin American branch (based in Santiago) of a large multinational bank, got into the business due to an accidental role of one of his university lecturers, who was asked to suggest a name for a new position in a bank, contrasting with the procedures that the same bank has in London and other large financial centres.

To a certain extent, centrality of financial activities seem to have created a whole market for corporate finance firms, including private equity houses and other sorts of companies specialising in this area, which also shape corporate culture and governance in the UK. However, professionals in the field of corporate finance require a mix of technical, social and commercial skills. Although they normally start as analysts and then become involved in the more commercial side of the business, this sort of role does always combine, to some extent, the analyst profile and the more commercial elements of traders and brokers. According to interviewees, while the largest companies rely on analysts' technical background in order to succeed in the different pitches made for each project (investment consultancy, selling or buying shares, merging, acquisitions, project funding etc.), smaller firms bet with a more social approach, trying to meet the people in the companies and ultimately attain a better position from which to make pitches. Work in this area relates to designing proposals, competing for different projects and of course carrying out the work if their proposal is successful. Connections are very useful, and this area has been described by interviewees in both the UK and Chile as mainly dominated by higher class or elite members, as they are able to contact more high executives and company owners. The following quote provides an example of a procedure employed by a small corporate finance firm and how they focus on relationships and trust building in order to close deals.

> "So, something I realised is really important at the time of generating transactions is relationships. For example, we are competing with other boutiques right now for a transaction. So it is crucial not just getting to know them the day of the pitch and seeing if they like us or not. You have to call them in advance and tell them 'hey, we are learning more about your company, we would like to have a prior meeting with you.' So in that way you create ties beforehand." [57] (Interviewee working in an M&A company in London)

It is also a very specific niche; people claim to know most of the people who work in the area, but not what happens in capital markets areas of their own firms. This sector is highly regulated in order to avoid insider trading, so corporate finance teams do not

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[57] Original Spanish: "*Entonces un aspecto muy importante que me he dado cuenta a la hora de originar transacciones acá son las relaciones. Entonces por ejemplo, ahorita estamos compitiendo con otros boutiques también, en una transacción. Y algo clave es que no es solamente llegar ese día, conocerlos, y si les gustamos les gustamos acá o no. Es antes de ese día llamarlos y decirles 'oye, estamos aprendiendo de tu compañía. Quisiéramos tener una previa reunión, para conocer más, para poder prepararnos mejor.' Entonces estableces un contacto desde el comienzo*. "

normally interact with other teams within their firms.[58]It is also, in the UK, a case of a niche which is apparently still dominated by a British-elite based background, most notably in positions intensive in terms of social interaction. It also seems that it is more locally based than capital markets, although their client base is also global.

Table 4: Summary of comparison of financial work in the UK and Chile

	UK	Chile
Specialisation of roles	Roles highly specialised	Increasing specialisation, but less specialised than in the UK
Complexity of products	Highly complex products	Few complex products
Time	Financial work has a very fast pace (especially in London)	Pace of work is not as fast as in the UK
Technical roles and careers	Highly linked to technical skills	Still linked to social background

From a general point of view, and based on the experience of interviewees, it is possible to observe a number interesting differences between financial work is performed in the UK and Chile. Regardless of the type of market or the type of firm on which a particular

[58] There are systems of control called Chinese walls, set up to avoid communication between members of specific departments. One of the interviewees, who worked in a corporate finance department, told me that he cannot wish a member of the trading team a happy birthday using their corporate emails, since the system is set up to block any interaction between those departments.

team works, it seems that generally speaking roles are more specialised in the UK than in Chile. This is closely related to how different products are designed and roles are linked to those products and their markets. In this sense, in the UK is also possible to observe more complex and sophisticated products, and even when some complex products are not exchanged anymore after the crisis, they are still more complex in the UK than in Chile. In addition, people in the UK, most notably in London, often mention that their work happens in a very short time frame, while in Chile people are aware that they may have a job that requires a fastest reaction than other industries, but is not as fast as it seems in the UK. Finally, one interesting element is related to how technical roles are related to technical skills; in the UK technical roles such as analysts and middle office positions are filled with people with skills in that area, compared to other positions where social background and social skills are more important. In Chile, social background seems important in most of positions, which is possible to observe in a very homogenous industry. In this sense, some positions (such as trading, analysis, IT and risk management) are more related to technical skills, often related to calculation and numeric decision making, what is called in management literature as "hard skills". Other positions (such as brokerage, market making, sales) are more focused on social skills such as communication, negotiation and self-presentation in what is known as "soft skills" (Zamudio and Lichter 2008). What seems interesting is that both types of skills are important in most financial positions in both the UK and Chile. However, it seems that in Chile soft skills are highly related to being part of the elite and being able to relate and communicate with members of those groups, while in the UK it seems it is more important to be actually good at communicating and negotiating.

Organisational Structures

Although financial activities are often depicted as individually-based decisions and exchanges, work performed by individuals takes place within a particular organisational structure, strategy, culture and collective action, structured through internal and external division of labour. The way a particular financial practitioner performs her or his job will depend to a great extent on organisational design and strategy, and the formal and informal patterns and dynamics within the organisation where work is performed (Davis 2005). Internal interactions and chains of decisions and actions impact the way new decisions are made and structure their incomes and outcomes (Rodriguez and Opazo 2007). Contemporary organisations, as the main element structuring the current social division of labour, help to understand how different actors carrying out economic and financial activities actually behave. In this sense, as sociology has strong tools and foundations in organisational analysis, the sociology of finance will benefit from observing the organisational nature of financial activities, although this does not yet seem to have been carried out systematically. However, there are some interesting works on the topic, such as those by Stark and Beunza (2009), Michel and Wortham (2009), Zaloom (2006), Abolafia (1997) and Ho (2009).

Organisational designs vary depending on the size of firms and the products with which they work. However, there are certain patterns related to the emergence and spread of recent organisational models and literature and academic developments in the field of management (Davis 2005; Powell 2001). In this sense, although it seems it is not well studied yet, companies not only adapt to their organisational environment but also to knowledge about guidelines and standards to design and perform their processes (Ramos 2013). In addition, each firm define their organisational strategies due to decisions of their boards and management, and also in the context of internal dynamics (Fligstein 1996).

As indicated above, the basic structure on which financial services and investment industry work is organised is the formation of teams, or desks as they call them. All the roles previously described - traders, analysts, people working on structuring products, risk managers, IT professionals, accountants, certain back office positions, etc. - are organised into teams focusing on specific products, transactions or functions, adopting the form of project-based structures (Powell 2001). These teams also provide the basic structure via which new members of firms finally learn to perform their jobs, become specialised and experience most of their socialisation processes, according to most interviewees. Teams are also important to eventual career progressions and expertise creation within firms and the industry in a broader sense. Older members of teams act as inspiration, on which new members base their expectations and learn what it takes to get to that point (Abolafia 1997; Michel and Wortham 2009). The following quote shows a case of someone who experienced the most of his socialisation process within his team.

> "Well, so obviously at the beginning, I would say the first six months, there was a lot of work put into mentoring by my boss. It was learning a bit of the everyday use of some systems with which we manage lots of information. In general, services industries, and specifically financial ones, use lots of data storage systems for prices, stocks, values etc. And it requires special dedication to learn how to use them right. And besides that, mentoring is needed to understand how the organisation works, how trading managers interact with analysts, with the dealers who carry out the orders, or the customer service departments."[59]
> (Interviewee working as a quant analyst in a large firm based in Edinburgh)

Teams show a combination of cooperative and competitive work. They also combine individual tasks and incentives with collective ones. According to most interviewees, they are required to be team players, but at the same time, as indicated in Chapter 3, the

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[59] Original Spanish: "*Bueno, obviamente, al principio, yo diría que los primeros 6 meses hubo un trabajo de mentoring fuerte de mi jefe. Aprender un poquito el diario uso de algunos sistemas con los cuales manejamos mucha información. Por lo general la industria de servicios, específicamente financieros, usa muchísimos sistemas de almacenamiento de precios, acciones, valorizaciones, etc, y eso, digamos, tiene, tiene, requiere una dedicación especial para aprender cómo usarlos bien. Y aparte de eso, un mentoring para entender cómo funciona la organización también, como interactúan desde los jefes de mesa a los analistas, a los dealers que ejecutan las órdenes, a la gente que está encargada en el departamento de clientes.*"

incentives and the promotion and career development mechanisms, along with the culture of the industry itself, create a very competitive environment, which is understood at an individual level. Competitiveness seems to be grounded not only in the aggressive, dynamic and quantifiable characteristics of the markets in which financial practitioners are embedded, but also in theoretical and ideological insights about how competition increases efficiency and creativity. The following quote, for example, shows a case of someone who experienced competitiveness and team dynamics as something that sometimes goes beyond team work and merit-based promotion.

> "In the end, to start getting a career here, it is really competitive, you need to work 24 hours. And in the end I am not sure if the methods for measuring results are the best. I am not sure if they are fully based on merit. I think they are more based on procedures, on office politics. The office politics are disgusting"[60] (Interviewee who works as a financial engineer in a medium-sized firm in London)

However, teams are also spaces for interaction, where members not only share views about products and strategies, but also about non-professional topics. Interviewees declare that they have created and enforced ties many times within their teams, and those ties remain even when people change to different teams or companies, as it is also described by Godechot (2010). Morning and mid-day meetings, seem to be the main focal

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[60] Original Spanish: "Al *final del día para empezar a tener una carrera acá es muy competitivo, tenis que trabajar 24 horas. Y al final las formas de medición de tus resultados no sé si son las mejores, no sé si son tan meritocráticos. Yo creo que son bastante de trámites, muy de politiquerío, el politiquerío interno dentro de las empresas es asqueroso*."

point where individual and collective tasks and strategies are aligned, along with control and incentive methods that will be described below.

Broader interactions within firms take the form of inter-team interaction, and meetings and relationships are set up between different teams, normally from different areas, on a regular basis. Although some of these relationships are set up as part of broader or larger areas of which teams are part (e.g. the trading room or the equities desk), in many cases they gather together people working in different areas with the common ground of a particular product, type of client, economic sector or specific kind of transaction. These meetings are crucial to the integration of different teams that work independently and observe business and firm activities from their own terminology and their own point of view. In this sense, most interviewees declared that within organisations there are teams that are completely unrelated and they only meet up with members of specific teams on particular occasions. However, people working in certain positions, especially managers, need to meet people from other teams in committees, formal and informal meetings on a regular basis. As will be shown below, these different perspectives and interests represent a coordination challenge within organisations. The role played by middle office professionals may also be important in linking different perspectives on a specific product or procedure, for example, although they also have their own perspectives and interests that play a role in their interactions.

The size and complexity of firms affect the degree of specialisation and development of teams. As firms grow, normally they become more specialised, and specialisation is often embodied in new teams focused on a particular area, product or portion of the business. According to interviewees, small firms (which may also work with a smaller range of products or services) often have fewer teams, and teams may carry out different tasks. In contrast, large investment banks in London are extremely complex and specialised organisations, as the following quote describes.

> "London is totally... my floor, the fifth floor of my building contained, I don't know, 500 people, and it was completely divided by roles. In Chile, when I used to work in banks several years ago, it was generic, I mean, you could work both in commercial and risk related tasks. I know it has changed already, but you covered a wide range of things"[61].

In Chile, during the last 20 years, organisational structures in banks and investment-related firms have changed dramatically, with much more specialisation and a redefinition of the way teams are designed. While in the late 80s, trading floors were divided into local currency and foreign currency desks, they are now much more complex and there are many different teams on the trading floor, which focus on diverse

[61] Original Spanish: "*Londres, totalmente esta… mi piso, el quinto piso de mi edificio eran, que se yo, 500 personas, y estaba súper delimitado por cargos. En Chile, cuando yo trabajaba en bancos pero hartos años atrás, era genérico, o sea, comercial a riesgo. Yo sé que eso ha cambiado, pero era mucho más amplio lo que uno cubría.*"

areas of the business, especially in the largest companies. This sort of firm has grown significantly in recent decades (with the emergence of new local investment banks and the arrival of several multinational banks (Wormald and Brieba 2006)) and the complexity of the products exchanged or offered has also increased. The change experienced, for example, by trading rooms towards increasing specialisation and complexity is well described by the following quote, of someone who experienced all the process within the industry.

> "Well, at that time (the 80s) trading rooms weren't very big, There were trading rooms of four people, and the ones which were the largest, at that time big banks, mostly American banks, probably had 15 people, maybe 12 people. Nowadays you can find trading rooms of 80 people, I mean (name of bank) may have 80-90 people. Here we have more than 40. So you can see what I was explaining to you, how the field is professionalising, and how tasks are becoming more specific and how this whole thing is growing".[62] (Interviewee who has worked in the trading rooms of banks in Santiago since 1986)

There is a mutual evolution of specialisation of teams and specialisation of products and services. As indicated, division of labour in financial firms is highly specialised, with large degrees of interdependence, as in other contemporary complex organisations (Ilgen et al. 2005). This situation not only affects trading floors and front office positions, but

[62] Original Spanish: "*Bueno, en ese tiempo (los 80s) las mesas no eran muy grandes. Existían mesas donde habían 4 personas, y otras que las que más tenían deben haber tenido, en ese tiempo bancos grandes, sobre todo bancos gringos, , deben haber tenido unas 15 personas más o menos, 12 personas. Y hoy en día tu llegai a encontrar mesas de dinero donde hay 80 personas, o sea, (nombre banco) debe tener 80-90 personas. Aquí somos cuarentitantos. Así que ahí tu puedes ir viendo lo que te estaba explicando, de cómo se va profesionalizando el tema, como se va especificando cada una de las tareas cierto y se va, obviamente agrandando esta cuestión…*"

also demands more specialisation in middle and back office positions, which in many cases enable transactions and business. For example, the following quote shows that new products demand a whole set of training, support and knowledge management at different levels of firms.

> "At the end, if you want to get into the options market, you need to train the dealers – that's us – so that they understand the products well. OK, first point checked, we understand the products. But secondly, they need to be understood by the people behind the scenes, people in the back office, clerks, they are the ones who hold the positions at the end. So, if I do an option and they don't understand it in the back, no one can account for that, no one can track it, no one can calculate it, calculate the profits or losses, the compensations. So it is very difficult. You need to train many people, you need much more complicated systems to track..."[63] (Interviewee working in the trading room of a bank in Santiago)

International development of management theories and practices, both in academia and in firms themselves, have also created a demand for more complex and specialised firms, creating international benchmarks used to compare and design structures in different countries (DiMaggio 2001). Interviewees in Chile were normally aware, for example, about how similar firms work in the United States and compared their own situation to what they knew about "international standards". This is the case, for example, of with

[63] Original Spanish: "*En el fondo, porque para entrar al mercado de opciones, primero hay que tener bien capacitado a los operadores, que somos nosotros, que entiendan bien los productos. Ok, punto 1, que lo entendemos, lo entendemos. Pero segundo, tienen que entenderlos los que están atrás, que son el área de back office, los administrativos, que son el fondo los que llevan las posiciones. Entonces, si yo hago una opción y no la entienden atrás, nadie la puede contabilizar, nadie la puede llevar, nadie la puede calcular, calcular las utilidades, las pérdidas, nadie calcula las compensaciones. Entonces es muy complicado. Y hay que capacitar a mucha gente, tenis que tener sistemas mucho más complicados para poder llevar ese tipo de…*"

an important investment bank in Chile who hired a multinational consultancy firm to help them to modify their organisational structure in order to fit with the international standards, as narrated by one interviewee who led the organisational changes proposed by the external consultants, although some aspects such as recruitment remained very similar after the intervention. Trends towards more flexible and autonomic (but at the same time more interactive) structures have also been followed by firms in Chile, which are apparently trying to incorporate "state of the art" procedures, even though their products may not be as sophisticated as the products in countries from which these ideas and standards originate.

Another interesting element is related to types of organisations or firms. Family offices[64] are examples of forms of organisations that show more affinities in specific social and economic contexts. According to Fernandez-Moya and Castro-Balaguer (2011) are a very common organisational form in the United States (3116 in 2005) but less common in Europe (575 in 2005). In the case of Chile, they seem to fit well with the way valuable resources, and particularly wealth, are distributed within the country, as it is believed that there are more than 50 family offices working in Chile[65]. The fact that there is a small number of families who own most of the business in many industries (Ossandon 2013)

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[64] Organisations oriented to manage the assets of wealthy families.
[65] http://www.gestion.cl/394/patrimonio.php

seems to have contributed to the emergence of several firms of this kind, which are actually considered by many interviewees as key actors in the market, because of their purchasing power. In this sense, the structure of the markets, their products and their relationship with the broader structure of social stratification all contribute to the emergence and development of different sort of firms in different social environments (Davis 2005).

As indicated, organisations in the field tend to structure their operations through highly autonomous and specialised teams, based on flexible and combinatory interactions oriented to tasks or projects and more complex and sophisticated ways of management, converging with what Stark and Beunza (2009) proposed. Work in financial firms is not normally sequential, as still happens in industrial activities, though the latter have also moved significantly towards more flexible structures and processes (Piore and Sabel 1984). In financial firms, processes are parallel and simultaneous, although there are sequential procedures and roles whose outcomes are inputs for others.

As suggested in the previous chapter, there is in most large firms in the UK a clear career path which describes and reflects a hierarchical structure. However, the role of hierarchies in financial firms is more complex and deserves a closer look than those in other sorts of organisations. On one hand, hierarchic relations are described as more loose and cooperative than in other industries. For example, on the trading room, managers share desks with their team members rather than sitting in their own office as normally happens in other industries; they also perform transactions and can be approached on a regular basis, as indicated by a member of a trading room in the following quote.

> "My boss is responsible for the positions of the bank and the brokerage agency. And he works just like me every day. In the end, the tasks are not that different. Sometimes managers trade just like the other traders".[66] (Interviewee working in the trading room of a bank in Santiago)

Managers are, to a certain extent, part of the team and interact with most other team members. They are supposed to be accessible and able to solve everyday situations with the rest of the group. However, the figure of the head of the team is important, given that teams are more autonomous, so in the end the power relationships and importance of the immediate managerial position to career development may be higher. As new employees base their early career within a particular team, the management of this team, which is highly autonomous, can play an important role in the professional future of

[66] Original Spanish: "*Mi jefe está a cargo de las posiciones del banco y de la corredora de bolsa. Y el opera igual que yo todos los días. En el fondo, las funciones no son muy distintas. Los gerentes a veces están operando igual que los operadores*."

employees, whether during internships, graduate positions or first years as full members of teams; this is despite many companies' mechanisms to ensure that decisions are not based on one person's opinion, for example participatory, crossed and horizontal evaluation processes. The role of the hierarchical relations and office politics, understood as conflicts and tactics displayed in the workplace, in the prospective careers of members of teams in apparently horizontal-based firms is expressed in the following quote.

> "I mean, if you know it right, and English people also have a way of working, which is quite formal, I mean, you know the correct way to approach your work colleagues, how to speak to them, how to communicate your ideas. Work is also much more consensual, I mean, there is not a dictator-boss as it happens in Chile, probably. Therefore, if you don't understand how financial English or Londoner idiosyncrasy works, about how firms work, it is difficult to have a career.[67]" (Interviewee working as a financial engineer in a medium-sized firm in London)

In this sense, the more polycentric, specialised, autonomous and flexible structures described as heterarchic (Stark 2009) do not mean necessarily overcoming bureaucratic mechanisms and hierarchic relationships of power and control. In addition, the tension between competitiveness and teamwork is also oriented towards the observations of the head of team and the decisions he or she may make as a result. Thus, both in terms of the

[67] Original Spanish: "*O sea, si sabes bien, y los ingleses tienen una forma de trabajar también, que es muy formal, o sea, que sabis bien como acercarse a los compañeros de trabajo, como hablarles, como comunicarles tus ideas. Mucho más consensuado el trabajo también, o sea no existe un jefe dictador como en Chile, probablemente. Por lo tanto si no entiendes bien cómo funciona la idiosincrasia inglesa o londinense financiera de cómo funcionan las empresas es difícil hacer carrera.*"

prospective careers of members of firms and the decisions made by them in their regular working routines, hierarchical relations play a significant role. The first quote to follow emphasises how employees are aware of the role of bosses and their evaluation for their prospective careers. The second quote relates to the role of hierarchical guidelines in decision making.

> "It is really structured, highly regulated, highly designed in terms of what are the next steps. Every year, when you go to talk to your boss, a good portion of the conversation is about 'where is your career going'..."[68] (Interviewee who has worked in trading rooms and middle offices in banks in London and Santiago)

> "More than being risk oriented, I would say that the thing is to have a personality important enough to defend your ideas. The thing about risk is quite relative, since it depends on the frames given by your boss[69]"(Interviewee who works as a financial engineer in a large bank in Santiago)

One of the elements that enforce hierarchic figures is the use of new ways of control and performance indicators at a group and individual level, with detailed data provided by different systems normally supported by middle office teams. In this sense, while employees apparently have high degrees of autonomy, their decisions may also be studied in detail, compared and ranked. Interviewees, in addition, normally know how

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[68] Original Spanish: "*Esta híper estructurado, híper normado, híper regulado, híper pensado como son los siguientes pasos. Uno cada año cuando se sienta a hablar con el jefe, una buena parte de la conversación se habla 'si, tu carrera va…'*".

[69] Original Spanish: *"Más que ser orientado al riesgo, yo diría que lo importante es que tengai la personalidad suficiente para defender tus ideas. La cosa del riesgo es bien relativa, porque todo depende del margen que te da tu jefe"*.

their work is evaluated and are aware that their decisions are taken into account not only when it comes to their monthly and yearly payments, which normally include a variable portion in the form of bonuses or a compensation scheme, but also when deciding whether they will be promoted or not, and even whether they are fired. Furthermore, the automation of trading platforms and recent ways of processing, registering and analysing data allow the availability of instant information about employees' performance. Greater degrees of autonomy are balanced by more sophisticated systems of monitoring.

Different roles and positions deal with different products and tasks, involving diverse methods of control and timeframes. The main distinctions of front/middle/back office and sell side/buy side could be complemented by distinctions between temporality of products, closeness to transactions, closeness to product design decision-making and the degree of technical skills needed to perform the job. Formal positions like trader, analyst, broker, risk analyst, salesperson or IT designer present important differences depending on the team to which the professionals belong and the specific products or tasks with which they are dealing. As indicated above, from the point of view of teams, financial activities are very different from each other and different products represent different realities for the people dealing with them. The following two quotes illustrate how specialisation involves both further knowledge about some topics and ignorance about others, and also how specialisation involves the construction of sub worlds or communities inside the industry.

> "But that is not the market I am involved in. I mean, I understand it a little bit, but I am not very into it".[70] (Interviewee working as a broker in a boutique brokerage firm in Santiago)

> "I think is a very clichéd business that I work in. I wouldn't say that's necessarily the case of all sub-sections of the financial community, but certainly I speak to my equivalent numbers in many other firms in a regular basis and we work well together." (Interviewee working as the head of a trading team in a large bank in London)

For example, several financial services firms use the main distinction of equities teams and fixed income desks or teams. However, within those groups there are several teams who organise their work around their particular products and their specific set of knowledge, expertise and terminology, so for example equity teams may be divided by sectors or regions, or in terms of the kind of product involved (i.e. whether it is stocks, bonds or some sort of related derivative). Increasingly specialised structures within are related to complexity in terms of products, financial services, technical knowledge and market dynamism. At the same time, specialisation requires new ways of integrating teams at a symbolic and practical level (Lawrence and Lorsch 1967) and thus increases the complexity of middle and back office tasks and positions, as indicated above. Firms

[70] Original Spanish: "*Pero ahí no es el mercado en que estoy metido yo, o sea, lo entiendo un poco pero no estoy metido.*"

have to coordinate and put together teams who work autonomously and observe their tasks from the point of view of different cognitive frameworks and interests, even though their activities are often closely related (Winroth 2003).

Organisational conflict is related to above described and is one of the most interesting dimensions of organisational life. Using the framework provided by Bourdieu (2005), organisations, specifically companies, constitute a field of struggle. Within financial firms, it is possible to find at least three types of common struggle, which to a certain extent lead to specific internal institutional arrangements. These types of conflict are: conflicts within teams, inter-team conflicts and conflicts between different areas. In the case of conflicts within teams, the main factor seems to be individual interests, although conflict is not always evident and it is more often observed as tensions. As indicated above, the highly competitive environment observable in industry teams creates a space of potential conflict, in which colleagues can be seen as friends but also as possible obstacles to career progression. This situation depends on the culture of the organisation and how incentives are designed, as it is this which promotes more or less competitive dynamics, but generally teams, more so in the UK than in Chile, have to deal with this duality. On the one hand, a team can provide a good working environment in which people meet each other, in many cases go to the pub together and may even end up as friends; on the other hand, team members know that their colleagues are also competing for better evaluations and eventual promotions which not all of them can attain. As shown in a previous quotation, teams result in particular politics in which different members use strategies in order to achieve their goals, which normally involve progressing up the corporate ladder. Team members know they have to do this, since everyone else is.

Hierarchical relationships are also a source of conflict based on different interests, which in this case are asymmetrical. The autonomy of teams, as indicated above, increases the importance of heads of teams (sometimes rather than the management of the company) to daily duties and the potential progression of employees' careers, as apparently head of teams work closer to their staff than in other industries. This closeness, however, define a specific form of hierarchical relation, but conflict still remain, as shown in the following quote.

> "Here [London], I think that the hierarchical structure of the firm has been used to, I am not sure if take advantage is the right expression, but I have heard many stories about bosses taking the works of their best employees to show them to their own bosses, without quoting or acknowledging them at all, I mean, using the name of their team, or even their own name.[71]" (Interviewee who works as a financial engineer in a medium sized firm in London)

71 Original Spanish: "*Acá yo creo que como que la estructura jerárquica de la empresa se usa mucho para un poco, no sé si abusar, pero yo he escuchado mucho cuento del jefe que agarra el trabajo de su mejor empleado y eso se lo presenta a su jefe sin dar nombre ni nada, o sea, a nombre como de su área o de el mismo, cachai*."

There are also tensions and struggles between teams, especially those who deal with related products or activities but from different perspectives. According to interviewees, these tensions do not necessarily end up as actual struggles, but are normally expressed via disparaging comments about other areas or considering that meeting people from other groups is a waste of time, as one can read in expressions like the ones in the following quote, which finds the work by research team a waste of time for the work of the interviewee.

> "[About research teams] The results of research may happen after six months or in two weeks, but during that time period I may have already spent my whole budget for the year and I am done, maybe within one month.".[72] (Interviewee working as a trader in a bank in Santiago)

While inter-team activities do not always present problems – interviewees declare to work well in most cases and that there are good relations between people from different groups - in cases where there are competing or incompatible interests, the situation may take different directions. It could be also the case that the business of one team requires input from another team, so the work depends on the coordination of both, and any delay

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[72] Original Spanish: "*Se le puede dar la visión de estudio en 6 meses como dos semanas, pero a mí, entre 2 semanas y 6 meses yo ya me jugué el presupuesto del año y ya estoy listo, quizás en un mes*."

in the actions or outputs of one may affect the results and activities of the other (i.e. placing orders for stocks, and taking longer by the buying team, missing the targeted price). Some firms have institutionalised this sort of exchange with committee meetings at a managerial level. However, these coordination mechanisms do not always seem to work at lower levels of the company, as the people responsible for executing the decisions are rarely part of the committees. This is also the case with inter-area struggles. For example, in many firms tensions are evident between the core areas, mostly those dedicated to investment, and control areas like such as compliance and risk management areas. From the point of view of core or business-oriented areas, control groups limit their freedom and space for action, constraining their opportunities to make business and profits. From the point of view of control areas, core areas can be seen as not paying attention to external regulations or the specific control systems adopted by the organisation. In this sense, it is possible to observe task conflict (regarding goals or views), process conflict (regarding stages or dimensions of tasks) and relationship conflicts (regarding inter-personal dynamics) (Greer, Caruso, and Jehn 2011) within teams and firms in the financial and investment industry in both countries. The way these potential or actual conflicts are solved or institutionalised within a particular firm is important to the firm's performance, culture and everyday work.

Financial organisations are part of dynamic markets which have changed globally. This situation is also observable from the point of view of property of organisations and the way it affects strategies and everyday work routines of banks and other financial firms. In particular, the phenomena of mergers and acquisitions of financial institutions is relevant both to understand the internal work of teams, the job trajectories of members and also the overall structure of a given market. For example, in the case of Chile there have been a double process of market concentration, as several banks have merged, and a process of increasing participation of international banks in the property of formerly local organisations (Wormald and Brieba 2006). Interviewees, both in the UK and Chile, narrated how their job trajectories have been framed by broader processes of economic change, in a way that affect the profile of their activities, their membership to teams, the tools of their job, etc.

Table 5: Summary of comparison on organisational elements in finance in the UK and Chile

	UK	Chile
Specialisation of teams	Highly specialised, with several sub teams	Increasing specialisation, but still far from the one observed in the UK
Competitiveness within teams	Highly competitive between team members	Not competitive between team members
Tensions	Competitive climate leads to higher tensions within and between teams	Less tensions described

Generally speaking, beyond the diversity of financial organisations and positions in both the UK and Chile, there are some different trends in both countries. As indicated above, based on the interviews it is possible to state that higher complexity of firms products and markets in the UK is related to increasing specialisation within teams. While in Chile, teams are still normally divided in big sections related to products or markets (i.e. national fixed income, foreign equities), in the UK there are several sub teams which perform very specific functions. Division of labour seems more specialised and complex in the UK.

In terms of the internal dynamics of organisations, in the UK interviewees have experienced a very competitive environment. They do not only feel pressures in terms of time for performing their jobs, as indicated above, but also compare themselves to their colleagues. In Chile, it seems that the climate is less competitive. This is also related, to some extent, to a larger amount of tensions both within teams and inter teams in the UK experienced by interviewees. In Chile, interviewees did not considered their workplace involved many tensions.

Everyday work, financial organisations and society

Integration of financial institutions into broader social structures and their external and internal reproduction are not only performed by bringing new people into firms, socialising them and using and creating links between those people and other fields of society, but also day by day through the everyday practices of the industry, learning and performance of roles and the mechanisms emerging from the interaction within teams and between firms and their social environments (Berger and Luckmann 1966). The way a particular firm works and organises its teams and their different positions and tasks relates to a set of relations between these firms, their products and markets and the broader economy and broader social structures and institutions.

Although in general many of the functions in the financial services industry has to do with uncertainty and dealing with and interpreting expectations (Carruthers 2011; Esposito 2011), everyday work in financial firms is diverse, interconnected and complex, since different positions grasp the problems of uncertainty and expectations from different points of view. Organisations have developed interesting processes of specialisation, creation of autonomous teams and ways of coupling different teams and units. Division of work and construction of teams and roles is dynamic and have changed dramatically (Powell 2001). As indicated above, there are several different roles organised by different sorts of products, services and tasks and structured into different teams. Financial firms are usually complex organisations that need to combine many different functions and activities, experiencing the challenges and problems of any complex organisation, in the context of the particularity of financial markets and their specific temporality and technical demands.

One of the main differences between the UK and Chile is the degree of specialisation and sophistication of products and services, roles, positions and teams, in the context of a global era of important changes in the field and its products and services. Although according to interviewees Chile has also changed dramatically in the last 20 years in terms of products, firms are still much smaller than in the UK, and products are also less sophisticated, despite an increasing amount of people capable of dealing with more complex assets. Apparently, firms in Chile rarely see the necessity of further sophistication of their products and structures as they already have a good position in the internal market. For example, according to interviewees, complex products require a larger client base in order to make them profitable. In a context where the economy is based primarily on commodities exports and domestic services, only a few kinds of financial instruments are needed for productive firms, and so creating derivatives for a few companies may be too expensive for investment banks. This is interesting; financial firms in Chile are able to exchange complex and sophisticated products, but they normally do not do so. Chilean financial markets, mostly oriented to local investors and related to an economy largely based on commodities and natural resources do not seem oriented to complexity, sophistication and innovation as it happens in the UK. Furthermore, is the elite who rule this and other industries in Chile the one who does not seem to desire major changes and new risks through innovation. Peripheral position of Chilean-based firms allow them to adopt this sort of strategies, while in the UK, complexity and dynamism of markets which are in the centre of the global financial system encourage greater degrees of innovation and specialisation, although the recent crisis have reverted some of these processes. Chilean elite works in many aspects like a sort of community, and this also happens in financial services, as suggested by the following quote:

> "So at that level there is some degree of... I wouldn't say collusion since they don't agree prices or that kind of stuff...but I would say that there is a thing about...that all see that...I don't know how to say it...about benefiting themselves. I think there is more loyalty between the managers of the different banks than between the managers and the bank customers".[73] (Interviewee who worked as a manager in two important banks in Santiago)

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[73] Original Spanish: "*Y en esos niveles igual hay cierto grado de… no colusión, porque no hay acuerdos por precios ni nada, pero… pero yo diría que hay una cosa de… cachar todos que… no se en realidad como se puede manifestar… como de beneficiarse todos. Yo creo que hay más lealtad entre los gerentes de los distintos bancos, que entre los gerentes del banco con sus propios clientes*."

In this sense, firms in both countries interact within different social settings and institutional frameworks, and they need to adapt to different situations, answer to different demands and opportunities within society, in the context of diverse businesses environments and economic landscapes. In this sense, the way firms behave and the industry works in both countries are constituted (Vidal and Peck 2012) by different social patterns of access to resources, distribution of power, different relationships with local and global organisations and industries, and different ways on which institutions regulate industries in the UK and Chile. Financial work, in terms of everyday routines, design of products and performance of roles, is constituted and structured by different social settings, in terms of relationships, institutions and culture.

The financial services industry has changed dramatically and globally since the 70s, and the UK and Chile are no exception. The way that both financial environments and markets have experienced those changes, which emerge from technical developments, broader economic processes and new technological possibilities, varies depending on the social structures in which financial activities take part and also their position in the global system of finance, in particular in terms of centre/periphery. In this sense, both markets have evolved towards more professional-based work, employing university graduates and utilising more technically-oriented systems and work routines. In the UK, however, this process includes more complex products, competition and performance and skill-based career development, while in Chile it seems there is still a space for more traditionally-based structures in terms of personal contacts, homogeneous cultural capital and less competitive environments based on some sort of community feeling, allowed by its position in the periphery of the global system of finance. Thus, this comparative study allows observing that within global trends, finance and other economic activities are structured by the different social settings in which firms and economic actors take part. Despite the global adoption of similar organisational models (Powell 2001) and financial practices (Sassen 2012), which allows observing some elements of global convergence, there are still differences based on local dynamics, especially in terms of how resources and power are distributed within a particular society. In this sense, variegated capitalism (Peck and Theodore 2007) is based on convergence of some global patterns in the context of an interconnected economy, but with local industries structured by specific social patterns which may diverge globally.

Chapter 5

Sociality and culture in investment and finance

Chapter 3 discussed how different firms recruit and allocate their members, that is to say, how the industry selects and organises its elements. Chapter 4 described how work and practices are organised and how this situation relates to specific roles and skills expected from members of the industry in the context of increasingly complex and specialised organisations and teams. Both chapters described the internal and external dynamics and mechanisms regarding the industry and the relations between firms and their elements and environments in both the UK and Chile. Chapter 5 will go a step further in order to describe and analyse how mechanisms are involved in the problem of social integration and reproduction of financial and investment companies.

Mechanisms are social patterns which bring regularity to social interaction (Elster 2007). In the cases of mechanisms in financial activities, they emerge from the interplay of different elements of social experience. First, there are organisational and individual strategies performed in order to pursue different social interests. Secondly, there are formal and informal norms which emerge as institutional responses to particular struggles or challenges. There are also regularities, which emerge from internal dynamics, and particular decisions which structure future practices and decisions in terms of path dependence (Granovetter and Swedberg 2001); these also act as mechanisms bringing regularity to social interactions. All of these interact, of course, with the broader economic set of opportunities and power relations, that is to say, the market and the broader social structures in which take part. In this sense, when it comes to teams and firms, integration mechanisms may present both generalities and specificities depending on all these micro and macro factors and their interplay. Accordingly, different firms may use, for example, different recruitment processes according to their internal dynamics, the results of their previous strategies and decisions and the way that they read what is going on in their market and broader society.

Markets and economic activities are socially constructed (Vidal and Peck 2012). Financial services are structured by contacts, social codes and hermeneutics of signals and expectations about the future. Furthermore, financial services are a part of contemporary societies and economies; they play an increasingly important role in the way economic activities are organised and structured and the way societies distribute their valuable resources (Epstein 2005), but at the same time they depend on the way the public and other institutions of society look at them and trust in financial firms to accept or pursue professional careers in these areas, hire their services and purchase their products (Preda 2009b). In this sense, financial activities are not only shaped and enabled by cultural and social dynamics; they are also integrated and connected into society in cultural, structural and institutional terms.

Social integration and reproduction of industries or organisations should not be taken for granted (Beckert 2009; Luhmann 2011). It is important to consider the mechanisms and structures that make integration, legitimation and reproduction possible (Beckert 2009). In this sense, in order to adapt to their social context in terms of legitimation, firms pursue recognition and coordination (Preda 2009b) . Mechanisms, understood as social patterns which bring regularity to interaction and structures (Hedstrom and Swedberg 1998) , emerge as part of firms´ adaptation processes in the context of particular historical paths, interest conflicts and contingent interactions and decisions; they also structure the way that firms and industries will carry out their own business in the context of their particular market and the social and institutional framework on which it is based.

Integration and reproduction of firms imply processes and mechanisms of coordination and legitimation at three different levels: internal integration, which means integration of members and teams; market integration, i.e. coordination at the level of the different firms working in a particular market, and also in the context of a global market; and the third level of integration, the way that financial firms couple and coordinate with broader structures and institutional frameworks on the societal level. These three different levels of integration comprise mechanisms that work in the three different dimensions of social experience that economic sociology has identified as structuring economic action and life: social networking and ties, norms and institutions and symbolic and cultural reality (Preda 2007a).

At the level of ties and networks, individuals are crucial. While there are inter-organisational ties and relationships, they are normally embodied in interpersonal ones (Godechot 2010; Gulati and Gargiulo 1999). In this sense, internal integration of individuals is not only relevant because they are the ones who perform the work and keep organisations running (regardless of the increasing role played by machines and electronic devices in transactions, analysis and control (Montazemi et al. 2008)), but also because they are the ones who build ties and relationships with the rest of the market, with the customers and with organisations based in other fields of society. As social network analysis scholars have proposed, the role played by specific ties depends on the broader structure into which they are inserted and the particular access to resources that the structure provides to specific nodes and their connected ones (Burt 2007; Burt et al. 2002). In this sense, different social configurations and distributions of resources, like those in the UK and Chile, lead to different networking and adaptation strategies by firms working in both countries.

Institutional mechanisms also play an important role in social coordination. Institutions not only promote and enforce the norms that bring stability to social expectations and behaviour, but also contribute to structuring interests, aligning positions and strategies and dealing with conflicts (Fligstein 1996; Mohr and White 2008). Institutional mechanism play a role in the social integration and reproduction of financial services and the investment industry, through internal norms and control and external regulation (Abolafia 2010). Thus, different institutional mechanism may emerge from decisions within particular firms, interplay of firms within particular markets and the social contexts in which firms are working (Davis 2012).

Symbolic integration is also important. Individuals learn specific discourses, expectations and status systems that bring coordination, stability, motivation and attraction to the work in firms and the industry (Abolafia 1997; Ho 2009). Symbolic integration needs to be negotiated and recognised by markets and the broader society in order to provide legitimation for these companies among their potential customers, regulators and other related people and organisations (Preda 2005). Again, symbolic integration mechanisms will vary depending on the particular culture and discourses of a firm, market or broader society.

Socialisation and financial organisations

As discussed in Chapter 3, regardless of the different academic systems in the UK and in Chile, in both cases people working in finance learn the concrete tools of their jobs in firms, and most notably within the specific teams to which they are allocated, in the context of highly specialised tasks and modes of expertise. Socialisation processes include and integrate individuals to the rules and knowledge about their particular job (Abolafia 1998), but also the discourses related to their positions and their part in society, the ideologies about how firms and investment people should behave and the and ethical standards of the industry and their firms (Abolafia 1998; Michel and Wortham 2009). Of course, every new process of socialisation, with the entry of a new generation of members, may affect the way in which firms and teams behave and how particular tasks are performed. The concept of reproduction (understood as the processes which allow institutions and organisations to keep working) also allows for dynamism in the particular practices and structures adopted at the level of teams and firms.

As described by Abolafia (1998), inductees learn a number of scripts that then are taken for granted once they get used to their everyday work. They learn the technical tools of their jobs while they gradually become accustomed to the specific values, discourses and ideologies of their firm and also the industry (Abolafia 1998). Therefore, it is possible to propose that socialisation works at three different levels: at the level of values, ideologies and discourses related to financial practitioners´ positions in society (such as shareholder value creation (Fligstein and Shin 2007) and entrepreneurial activities (Abolafia 1998)), at the level of the expectations and scripts about their job trajectories and professional selves, and at the level of the knowledge an toolkit they need to perform their tasks. The latter will be discussed in a subsequent section.

New members of firms gain knowledge of criteria for evaluating their own actions and those of other people, even though these criteria may lead to malfeasance. In socialisation processes they learn about the culture of teams, firms and the industry (Michel and Wortham 2009). They also learn, formally and informally, a set of values needed to make decisions and observe and evaluate their own performance. In this sense, this notion of values as part of symbolic reality does not presuppose that values are positive or that they frame or provide meaning or goals of action, but rather that they provide a background which "*fine tune[s] the regulation of action within established ways of life*" (Swidler 1986:282). For example, the next quotation presents a sample of discourse that the interviewee probably learnt in his workplace in order to legitimate his job and see the role it plays in society; they learn a particular type of phrasing or narrative about their own positions in which the downsides are ignored in order to allow him to evaluate his activities positively.

> "My principal goal is to create value for the investors whose money we are looking after. So we look after a huge variety of investors but large portions of them are charities, pension funds, people that cannot afford losses and need that money when they retire, so what I am interested in is creating value for them and making sure I invest that money in the correct way. That is what wakes me up in the morning." (Interviewee working as an equity analyst in a large investment bank in London)

Within their workplaces and teams, new employees learn not only about the job they will perform but also the culture of the firm and the industry and legitimation of the different modes of doing things which dominate in their specific fields. For example, when asked about the risk management policies of firms in the UK, soon-to-be employees of these firms (who had already been hired but had yet to start their jobs) declared themselves sceptical about the foundations and different aspects of the models and systems used, considering them naïve and simplistic; this was probably motivated by the recent crisis and a more academic approach learnt at university, as it is clear in the following quotes.

> "I do not like at all the way industry deals with risk. So in the 1970s, 1980s, a number of economists at the University of Chicago. Well, it started in 60s really, but they tried to quantify economics, and in doing that... they managed to quantify a number of aspects of economics. And there are some quite big flaws in the way they quantify things. So they look at markets as following a random walk process and they look at markets as if they follow a normal distribution, which they don't." (Interviewee soon to start his job in a large firm based in Edinburgh after a successful internship in the same company)

> "But I think most people in finance don't understand risk, and a lot of times, the risk, by professionals... they use standard deviation, it's in investment, ehhh, I don't know anybody of all the books that I have read, there's no fund manager that, let's say, think the stock is risky because there is high standard deviation." (Interviewee working in an investment consultancy firm based in Edinburgh).

However, the more experienced workers did not seem that critical of risk management systems, even those who were actually working in the industry during the 2007 financial crisis (and probably previous ones). When asked generally about risk, they told me about the models they use and how control systems and their participation in transactions have improved, but did not say much about the downsides of risk management models and systems, in contrast to the new members. It seems that models and systems are not only a part of everyday life for analysts, traders and risk managers, but also a solid base backing their decisions, allowing them to cope with uncertainty and supporting their own expertise. To question them would, to a certain extent, be questioning their own trajectories and prospective careers.

During socialisation processes, new workers learn different formulas, such as risk policies or positive discourses described above, which help them to do their jobs. For example, interviewees working in trading positions often remarked that at some point, due to their training and the everyday routines, they had forgotten about the magnitude of the amount of money with which they deal. Any consideration about what people or governments could do with that amount of money is seen as detrimental to their performance. Therefore, as part of their learning about their new roles and the discourses values and discourses related to them, they learn to forget to some extent both the consequences and the magnitude of their decisions in order to be able to perform them in the way required by their firms.

Distance, in terms of knowledge and expertise, between members of the industry and the regular public is seen from the point of view of these newly socialised employees as a source of legitimation of their position and their decisions. The following two quotes describe how practitioners observe their customers as less knowledgeable or prepared to make decisions in finance.

> "As an investment consultant your clients are usually people who are not very knowledgeable about investments, so you have to explain very complicated things in a very simple manner." (Interviewee working as an investment manager in a large firm based in Edinburgh)

> "So here you go and say, 'hey, why don't you invest your money with me, I am a professional'...'no, the thing is that I have my money with my wife's cousin', 'no, my niece manages my money'. So, there is a huge ignorance about the topic and a thing related to relationships".[74] (Interviewee who was CEO of two investment banks in Santiago)

[74] Original Spanish: "*O sea, aquí tu vai y decis 'oye, por que no invertís conmigo, yo soy un profesional…', 'no lo que pasa es que tengo la plata con una prima de mi señora', 'no, lo que pasa es que tengo la plata con una sobrina'. O sea, hay un cuento de cercanía y relaciones, y hay un cuento de desconocimiento gigante sobre el tema*."

This distance is also internalised as a temporal one: employees seem to distance themselves from the opinions they held before getting into the industry, which enforces their sense of distance regarding the general public and the positions and decisions they have learnt and performed within teams. For example, in the following quote the interviewee distances himself from his knowledge and opinions during his student years.

> "At university, I did not understand what financial services were about." (Interviewee working in a senior position in a large firm based in Edinburgh)

Even though some people maintain critical opinions about certain aspects of their jobs, their role in society and the foundations of the particular procedures they perform, they often balance these ideas with discourses proposing not only the validity of the industry, its practices and its methods, but also their necessity. These discourses also seem to help develop commitment to the company and its business. In this sense, they often explain their positions with phrases that acknowledge elements of current criticism, but at the same time validate their position as experts and their role in society. For example, the following quotes illustrate this kind of thinking:

> "There are, of course, big problems in... they have to, the stock market has to be regulated, for investors, people who give out the money, have to be protected in some way. So, I guess there have been times in which this has not functioned properly, and especially in places like derivatives markets. I mean, I think derivatives are also vital, the basis of derivatives are absolutely helpful for society, there are people who just don't want the risk, so they sell the risk, and that's something absolutely normal." (Interviewee working as an investment consultant in Edinburgh)

> "I accept that lots of people have been hurt, damaged, they've lost lot and lots of money, but you (people outside the business) can't be an expert on everything and the question is who can people really trust?". (Interviewee working in a senior position in a large firm in Edinburgh)

In terms of expectations, job trajectories and criteria of judgement, new employees learn scripts for their jobs through mentorship by specialised people or their team colleagues. Formal and informal mentorship works on a basis of direction and feedback on the part of the mentor, and imitation and adaptation on the part of the apprentice. Those processes allow new members to become familiar not only with the concepts, procedures and systems used within the team, but also with job trajectories which they can mirror. The processes of learning include not only the particular ideologies, values and discourses that exist in their teams, as indicated in the previous paragraph, but also the particular lifestyles they may acquire once they have progressed in the industry and the particular personality elements they should develop in order to fit with the profile of successful members of the team. The following two quotes narrate how interviewees remember their initial interactions with more experienced members of their teams, and how they appreciated their experiences, examples and how they learnt from them from the beginning.

> "We had session with lots of senior investors about how do they invest. It was simply as having lunch or a two hour session with people about how do they invest. So we learn from lots of senior people from around the firm". (Interviewee working as an investment manager in a large firm based in Edinburgh)

> "Afterwards, it has been very important to see what is more related to experience, what have other people done, my bosses who know much more than I, what other companies do, what others do."[75] (Interviewee working in corporate finance for Latin America in the Santiago offices of an international bank)

Processes of socialisation integrate workers and firms into the industry, also allowing their temporal reproduction. Therefore, different activities and stages of socialisation allow inter-generational reproduction of the codes of the industry, with changes depending on the new processes themselves, the way new employees participate in them and the particular momentum that leads to their integration into the firm. As indicated previously, selection processes involve looking for particular profiles of employees, based on the particular skills and characteristics that management considered that are required for each position, within the context of the particular situation of the city and the country in which new employees will work. Accordingly, one may suppose some

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[75] Original Spanish: "*Después, lo que ha sido muy importante es ver la parte más de experiencia, o sea que es lo que han ido haciendo otras personas, mis jefes que saben mucho más, que es lo que hacen otras compañías, que es lo que hacen otros*."

degree of consistency between the different employees selected by the firm (the idea of fit discussed in Chapter 3). However, internal integration is something more complicated than merely selecting the "right people". The way in which new employees learn about their potential career paths and how to conduct themselves towards the firm, other teams and other team mates, in the context of a highly specialised division of labour both within and between teams, is a key aspect of the performance of a company, even though sometimes (most commonly in the case of Chile) firms and their heads do not seem to be aware of how these elements form part of socialisation and integration practices. As the following quote indicates, firms in the industry in Chile do not seem reflexive about these processes and they perform more informal processes.

> "It depends. Obviously, as I said, if you compare the companies I worked in, I think it is more because of the weight. In (name of bank) they taught you to do your job, I didn't do it, but they used to send you to New York for six months for you to get reset. It is quite structured, they cared about training. Here [Chile], I believe that unless it is a big multinational bank, the way they teach you to do your job is more informal, I would say".[76]
> (Interviewee with experience as a trader in investment banks in London and Santiago)

[76] Original Spanish: "*Depende, obviamente como digo, si comparas las empresas en que estuve, yo creo que es más por el peso.* (Name of bank) *te ensenaba a hacer tu trabajo, yo no lo hice, pero te mandaba 6 meses a Nueva York a que te resetearan. Es súper estructurado, había preocupación por capacitación. Acá, yo creo que a menos que sea una multinacional es un poco más informal el tema de cómo te ensenan a hacer tu trabajo y como funciona, diría yo*."

As indicated in Chapter 3, in the UK most of processes of recruiting and inclusion of new members are more formal, so socialisation often take the form of graduate programmes, which are formally designed in order to integrate new members and socialise them in the culture of the organisation and the different areas of knowledge they need in their new jobs. Accordingly, the following quote describes a typical experience as a graduate trainee.

> "Yes, so basically the way a graduate scheme works is ... you basically have three years and a main feature of that is that you rotate around three investment teams. At the same time you are expected to pass level 1 of the CFA. That is the main threshold; the firms expect that as long as you pass level 1, that's a basic. And then, through the first three years you have so many training and interactive sessions with all sorts of people from around the firm. That's the kind of programme most people go through. Normally we hire right at the bottom, we don't have many people who joined after ten years". (Interviewee working in a senior position in a large firm in Edinburgh)

Team-based activities integrate members into smaller units where they can get to know each other and start taking part in group dynamics under the supervision of the head of the team and within the context of the institutional arrangements through which firms provide incentives for everyday performance such as promotion and career development for members. In the case of the UK, as said, graduate programmes play an important role in socialisation processes for new members, especially in terms of courses, firm-based activities, potential trips to headquarters and team rotation. The following quote shows how one interviewee who worked in the IT department of an asset manager office in

Edinburgh experienced a trip to the headquarters of his firm in New York City, describing the activities involved but most importantly, suggesting of how the activities seduced and impressed the participants and teach them a broad range of aspects of their jobs, even concerning their personal lives.

> "To start there we had 10 days of induction in New York, so we went to the US because the company is New York based, the headquarters, and we had to meet up with all the graduates from the 2010 class, and those graduates were about to work in different offices through all the world: Asia, Europe, the US, and I would say that we were, maybe, 130 persons or something around this number. So everyone was basically in New York, and that was fantastic, we stayed in a good hotel, very prestigious I would say, right there in Manhattan. We went through different training days, to meet up with leaders of the firm, who gave us speeches about their experiences with the firm, about their background. We had some classes to learn about what would be the prospects for starting the job from day 1, on how should we behave, and we had classes about, like, how to develop your personal brand, because as a person we give a reflection on how we act, people perceive us in different ways, so it is very important to have a professional behaviour through all your career, inside the firm or outside the walls , because people will judge us, so we learnt about all those skills, we learnt about how we should behave if we have some tension in the team or in the group where we work, so we should speak to our manager. So they gave us basically some tips. And also they gave us also a background about what's this company is all about, the history, how the company was built up."

As discussed, socialisation processes are also related to the culture of firms. Induction processes often aim to introduce new members to the main philosophy, strategy and principles of the company. For example, in the context of investment banks, there are particular banks which follow a more aggressive policy, while other banks are more conservative. Some banks present a more risky profile; others try to build a reputation of parsimony. Some interviewees described the banks they worked in as privileging a more collaborative environment within the firm, while others felt that their banks' processes were designed in order to encourage teams and individuals to compete. While every bank attempts to build a reputation based on their organisational strengths, research teams and performance results, they may (explicitly or implicitly) adopt different profiles based on their particular emphases on their valuation processes, decision-making and the image they want to project to the market and the rest of society. All these characteristics need to be understood and adopted by the teams within the banks and the teams' individual members. For example, as part of the Edinburgh University Trading and Investment Club (EUTIC), I attended a talk given by representatives from a large Canadian bank who were trying to attract Edinburgh graduates to the recruitment process for their UK branch; they remarked that during the crisis their bank was in a reasonable position due to the investment profile of Canadian banks, which are apparently more conservative and cautious than their US neighbours. In this sense, banks and other financial institutions also brand themselves in terms of organisational approaches and their outcomes, and new employees are expected to work accordingly.

Consequently, induction processes also include activities (trips to the headquarters abroad, talks with high executives or social events such as parties, drinks or nights out) orientated to spread and enforce the philosophy and principles of the company. However, formal principles based on actual decisions, often made by founders of the company or their current heads, are not necessarily always followed at every level of the company. Deviant behaviour does exist, and it can easily be reproduced and enforced by informal socialisation processes, especially in the case of teams. Interviewees seemed conscious that the pursuit of profits and internal competition could eventually lead to deviant behaviour. It was quite difficult to glean much information about this topic from the interviews, since it is the kind of topic that interviewees do not like to talk about or they are not entirely aware of (Mills 1940), as discussed in Chapter 2. On the contrary, they often emphasised the mechanisms that enforce ethical behaviour. However, this kind of phenomena can be observed in recent cases of financial malfeasance. One good example is the case of Abodoli and UBS. In November 2012 this trader was sentenced to seven years in prison for fraud after he lost 1.4 billion from "*three years of secretive, off-the-books trades, which he managed to conceal from bosses*".[77] However, it was not judged only to be the fault of that particular trader; UBS was also fined almost £30,000,000 for having "*failed to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems, and failed to conduct its business from the London Branch with due skill, care and diligence*." (FSA statement, reported by the BBC (2012)).[78] However, Abodoli's defence alleged that his behaviour was a consequence of the approach adopted by the bank and the particular teams and managers with whom he used to interact. The defence presented proof of dialogues, from which it could be seen that "*the culture and practice of the bank you were both working for was that risk limits didn't matter as long as you*

[77] http://www.guardian.co.uk/uk/2012/nov/20/ubs-trader-kweku-adoboli-jailed-fraud (04/05/2013)
[78] http://www.bbc.co.uk/news/business-20492017 (04/05/2013)

were making money" (Telegraph 2012). Although this was denied by the management of the firm, it has been accepted that the "*very nature of the bank became more aggressive in 2011*".[79] Some colleagues knew about Abodoli's trading activities,[80] and he claimed that he did everything for the good of the bank and his colleagues (BBC 2012). He confessed: "*I'm devastated. But in the end, the reason I'm most sad is because these losses weren't the result of dishonesty or fraudulent behaviour. It was the result of a group of traders who were asked to do too much, with too little resource, in a market that was too volatile*" (Guardian 2012). While internal group dynamics combined with particular ideologies and organisational strategies do not always lead specific traders like Abodoli to make extreme decisions, they may affect the rest of the organisation in a way that is not necessarily illegal but does mean that the formal regulations of the firm are not properly observed. In addition, Abodoli´s case should not be understood only in an individual basis; it emerges from an institutional and organisational environment.

Ethical standards are also included in some professional certifications, as they are, for example, part of the CFA curriculum. However, this is one of the situations in which formal and informal discourses and practices may collide, and behaviour that is deviant

[79] http://www.telegraph.co.uk/finance/financial-crime/9555785/Risk-didnt-matter-at-UBS-as-long-as-you-made-money-Adoboli-lawyer-tells-court.html# (04/05/2013)
[80] http://www.telegraph.co.uk/finance/financial-crime/9566548/Kweku-Adobolis-colleagues-knew-of-his-illicit-trades.html (04/05/2013)

from the point of view of formal and official standards may be a part of socialisation processes as well as functional to the interests of the firm and the integration of members into the internal dynamics of teams, firms and the industry. As illustrated above by the example of the Abodoli's case, particular organisational frameworks and strategies may help specific ideologies to emerge. In that case, it seems that the traders - both Abodoli and the others who were aware of his behaviour - believed that profit hunting was the only goal of the company and its employees, and so that belief affected the way they valuated their own and others' behaviour. In this sense, internal dynamics promote and enforce different kinds of behaviour, especially through competition, incentives and the pursuit of status, so for example, when a team adopt aggressive strategies or profiles, normally due to a decision by their heads but sometimes also via meetings, individual values clash with unwillingness to stand out in group dynamics and team decisions. The following quote is interesting since it remarks that individual behaviour is explained in a large extent by organisational dynamics, in this case hierarchical decisions, rather than personal values.

> "More than taking a lot of risks, I would say that the thing is to have a personality important enough to defend your ideas. The thing about risk is quite relative, since it depends on the boundaries set out by your boss. If there is a guy... 'hey, I like taking big risks', but they give them... 'you know you can lose up to one million pesos [approx £1200]', I can be the guy who takes the most risks in the world, but I can't do anything at all with that amount. On the other hand, I may be more conservative, but if the guy above tells me 'hey man, you have to put everything in', it really doesn't matter if you don't like taking risks, you have to put it all in. So, it's more than whether you like taking risks or not, it depends on the

situation you're in".[81] (Interviewee working as a trader and financial engineer in a large bank in Santiago)

Although is in the context of frames and approaches for dealing with uncertainty, clients and teams, Michel and Wortham's (2009) work showed how individual positions are framed during socialisation processes, which may also apply to situations as the above described. They proposed that even when financial companies recruit very similar graduates, they behave quite differently after socialisation processes within a particular firm, since, for example, some banks aim to control uncertainty, so the members behave in a more conservative way, and other banks try to amplify uncertainty and their members behave in a more risky way.

When comparing socialisation processes in both countries, they seem similar in terms of the role played by teams, where new employees learn how to perform their regular jobs and how to project themselves in the firm and the industry. However, in the UK socialisation processes are often carefully designed and formally instituted, while in

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81 Original Spanish: "*Más que arriesgado, tener una personalidad suficientemente importante para defender tus ideas. Lo del riesgo es súper relativo, porque depende de la manga que te de tu empleador. Si el hueon… "puta, yo soy más arriesgado que la mierda", pero me dan pa jugar" ya, sabís que podís perder un millón de pesos Puta, puedo ser el hueon más arriesgado del mundo, pero con esa huea no puedo hacer nada. En cambio, ya, puedo no ser muy arriesgado pero el hueon de arriba me dice "oye hueon, sabís que meterle con todo", importa un pico si no erís arriesgado, tenis que meterle. Entonces más que arriesgado, puta, no sé, esa huea te la dan los marcos donde te movís.*"

Chile they are more tacitly and informally performed, as it also discussed in Chapter 3. In a different aspect, as in the UK new employees are socialised to perform in a very demanding and competitive environment, and within teams new employees are also inserted in very competitive dynamics, some particular individuals may feel pressures to behave in a deviant way in order to perform better, which does not seem the case of Chile, although there are also cases of malfeasance. This does not mean that there is not informal socialisation in financial firms in the UK, but it is not as preeminent as it happens in firms in Chile.

Symbolic aspects related to financial jobs: knowledge and expectations

During socialisation processes new members of firms also learn the toolkits they need for their jobs. As discussed in Chapter 3, there are considerable differences between firms in the UK and Chile. For instance, the duration, design and content of induction activities are much less prominent in Chile, where members of firms often complain about being sent "*straight to the lions*"; it seems this is also the case with smaller firms in the UK.

Financial activities and occupations, probably as with any occupation, use a mixture of explicit and tacit knowledge (Collins 2010). In this sense, formal induction processes such as graduate courses or training sessions in hotels are quite useful for teaching formal and explicit knowledge, but not necessarily tacit knowledge if they do not include mentorship and other sorts of everyday learning-related processes. Barnes (1981) focused in particular on the processes that constitute the learning experience, one of which is ostension. Barnes argued that every learning process through which knowledge is shared between an initiated and a neophyte involves ostension, which means showing the neophyte what they have to learn and how. Normally this is to do with learning what to call the phenomena shown. The second process is generalisation, through which a neophyte is able to move beyond the particular case. This is what allows a neophyte to apply concepts and, to some extent, live in the same world as the rest of the community. As part of social activities (and taking into account that practitioners themselves admit there are several social aspects to their jobs), members need to develop commercial and other social skills. Valuation formulas, Excel Charting, graph reading, etc. can be to some extent taught through seminars, lectures and books, but aspects related to social interaction, communication and hermeneutics require more experiential ways of learning. Although these types of skills are objects of research and learning in business schools, it seems that tasks such as successfully calling a trader in another company and convincing them to accept a particular deal are learnt in a more effective way observing how more experienced colleagues do it and practising with some monitoring and feedback. To a certain extent, recruitment and allocation processes try to identify weather a particular prospective employee has what it takes to develop not only the "hard skills"(i.e. technical and conceptual), but also the "soft skills"(i.e. communicative or social), which in many cases are considered to make the difference in a particular position. In this sense, part of the progression of certain positions has to do with the acquisition of certain skills that are learnt thorough work experience or more generally in social life. The following two quotes emphasize the importance of experience and soft skills in two very technical financial positions.

> "They [new employees, university graduates] know it, but in theory. In practice there are different things, so regardless of you already knowing what volatility is, for example, it is the experience that tells you that volatility is 20 and you say 'hey, but with the foreign scenery, which is quite rare at the moment, there is a lot of uncertainty, so I think that volatility is going up'. So you look for an instrument that lets you buy more volatility. Because you know, or assume, that."[82] (Interviewee who has worked as a trader at a large bank in Santiago since 1986)

> "At the end that is what counts, to be able to communicate, communicate well with clients, to be able to develop ties with investors, with the companies you are funding. The technical side is less necessary now."[83] (Interviewee working as a head of team in a large bank in London)

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[82] Original Spanish: "*Lo saben, pero en teoría. La práctica es donde hay cosas diferentes, que independiente de que tu sepas lo que es volatilidad, por ejemplo, que es la practica la que te dice que si estai viendo que la volatilidad esta en 20, y tu decis "oye, pero dado el escenario externo, que esta un poco enrarecido, que hay mucha incertidumbre, yo creo que la volatilidad va a subir po, va a haber mas volatilidad". Entonces buscai un instrumento por el cual tu te quedis largo en volatilidad. O sea, en el fondo largo es comprado, te quedai comprado en volatilidad, porque tu sabes, presumes*"

[83] Original Spanish: "*A las finales eso es lo que… y de ahí es poder comunicar, comunicarte bien con los clientes, poder desarrollar relaciones con los inversionistas, relaciones con las empresas que estas financiando. El lado técnico ya es menos necesario.*"

Interviewees working in Chile remarked that some particular universities prepare their graduates in a way so that they develop soft skills better than those studying at the most prestigious ones. For instance, graduates from Universidad Católica and Universidad de Chile, as well as people working in the employment offices of the Business School at one of those universities, told me that they feel that Adolfo Ibañez[84] graduates have some advantages in the market for positions that require commercial skills. Along with the particular curriculum of business and engineering schools in that university, the social and cultural capital they gain from their social background and experiences at the university play a role on the job market valuation of their students, so graduates from Adolfo Ibanez are perceived to be well-trained in self-branding, entrepreneurial and communicative business skills, while graduates from Universidad de Chile and Universidad Católica seem more valued in technical and research-related positions.

In the UK, several aspects of the formal knowledge required for certain positions form part of the different certifications that employees are required to achieve in order to

[84] As indicated before, Adolfo Ibáñez University is a university located in Santiago and Viña del Mar, which has a strong tradition in Business (it started as a Business School) but is also known for being one of the most expensive and exclusive universities in the country. The campus in Santiago in often named the list of "cota 1000" universities, which refer to universities located 1000 metres above sea level in the most exclusive areas of the city, attracting students from the wealthiest families in the country.

remain and progress in their positions. Firms usually provide their members with resources and time to prepare for these examinations; they rely on these processes as part of the training of new employees, especially in medium and large firms. In the early stages of their job, depending on their tasks and positions, employees are expected to prepare for and pass exams, which is taken into account when promoting staff. Achieving credentials (De Franco and Zhou 2009) and certifications such as CFA and tailored courses seem to be increasingly valued by firms, instead of MBAs, for example (Hall and Appleyard 2009) . In Chile, this sort of certification is less in demand; such qualifications are seen as good practices and good individual assets, but they do not seem to play the same role at an organisational level as they do in the UK. Instead, firms seem to still trust mostly in universities and business schools, either for postgraduate degrees or short courses

Information, as a way of dealing with uncertainty and expectations, is one of the elements related to knowledge in the field; it is produced and spread within different teams and areas of firms. Firms develop a number of systems to make information available and easily readable (Preda 2009b). There are teams and certain positions that focus on information and data production. There are also teams that process data according to models (designed by either the same team or a different team) and others that design and produce material and technological platforms in order to integrate data production and analysis into exchange and trading activities. Data and interpretation of information allow practitioners to create expectations about an uncertain future (Ebeling 1990) and what the rest of the market may do (Beunza and Stark 2012). The particular decisions made regarding any of these aspects structure the way traders, analysts and brokers understand their position and what is happening with their products and within the market, so the role of models and data analysis is not neutral. Companies also change within the framework of technological development (Barley 1986). The following quote describes how organisational processes are expected to change or emerge when technological changes are made.

> "Actually, the person I have now in systems has been focusing on designing various tools oriented towards controlling our positions, to know what we have here, what the executives have, etc. Basically, he did a database to perform all sorts of tests, limits and controls, but it is quite recent. I mean, there is a relationship with risk and control but it is related to a company which grew a lot very quickly, so it has been designing more rigorous systems of control recently". (Interviewee working as a head of department in an investment bank in Santiago)[85]

In addition, individual team members try to differentiate themselves from their own team mates, people in other teams and other firms. In order to do this, they often look for

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[85] Original Spanish: "*De hecho la persona que yo tengo hoy día en sistemas ha estado dedicada a diseñar varias herramientas como orientadas al control de las posiciones, a saber qué es lo que tenemos aquí, que es lo que tienen los ejecutivos, etc. En el fondo hizo una súper base de datos para poder hacer todo tipo de test, de límites y controles, pero es bien reciente. O sea, hay una relación con el riesgo y el control, pero está alineado a una compañía que creció mucho y muy rápido, y por lo tanto esta recién diseñando controles más rigurosos*."

complementary views and other sources of information that may help them to frame data (Arnoldi 2006) and improve their knowledge of particular situations in the market such as business opportunities. One strategy is to share opinions with people working in other companies, especially those who have access to the inner dealings of companies, for example brokerage firms. Although companies usually respect regulation, their employees often give hints to their friends and contacts in the industry about things that are happening or are about to happen in the market. This sort of exchange is often part of chains of reciprocity. Exchange of information in different firms situation may create some degree of convergence in the strategies and behaviour of different firms and also explain some of the trends in the market as it has been also described for the case of New York based banks (Beunza and Stark 2012). It seems that this sort of situation happens often in Chile because of the dense connectivity of the industry and the importance of specific actors in the market (i.e. pension funds, family offices), although it does also happen in the UK. The following quote shows how exchange of information may happen in a daily basis.

> "S: Yes, a lot of other contacts. So, stock brokers call me, probably get 15 calls a day from stock brokers, I probably pick up five of them, so I know people in most other companies in the City.
>
> J: They call you to get your feeling...?
>
> S: To give me advice. Because we are a big house and manage a lot of money,(name of bank) is keen to have assets clients, so they ring me and talk to me about companies that they know I am interested in, and the ones I respect, I engage and discuss areas of interest."

(Extract from my interview with S, who works as an equity analyst in a large bank in London)

As discussed above, a great extent of financial work implies dealing with and interpreting expectations, in this case related to assets, products and markets. In addition, financial models used for interpretation of data also frame behaviour and decisions of practitioners, as proposed by the concept of performativity (Callon 1998; MacKenzie 2006). An important portion of what practitioners learn during their socialisation and careers is related to management and interpretation of expectations within the market. However, there are also expectations related to social interaction, about how practitioners see each other. In this sense, expectations are a crucial aspect of social coordination and play an important role on the industry, both in asset management and at an internal level in terms of individuals and their interaction (Katz and Kahn 1978; Preda 2009b). Expectations frame individual behaviour in the short, mid and long term, providing employees with a narrative where they can position themselves and others at these three temporalities. They emerge from formal and informal processes within teams and during working routines, as new and continuing employees learn about the specific tools they will use to do their job, what is expected in their roles and positions, and also about their prospective careers, by observing and interacting with their bosses and team colleagues.

Expectations relate to the legitimacy of the industry. Financial operations require social legitimation, that broader society consider financial activities as adequate and legitimate (Preda 2009a:56), and that is related to what people expect from financial firms and the way they work. People working in firms observe that there are other institutions and organisations involved in the social expectations of financial activities, such as media. People learn about what happens in the financial services and investment world through specialised and non-specialised press, internet resources, TV news and channels, and also through cultural products such as books, films, etc. However, it is mostly the specialised press that allows firms to reach the specific audience they are pursuing, such as prospective workers (who normally need to become familiar with this sort of press in order to perform well in job and internship interviews), firms involved in different industries, other financial-related companies and the market. Interviewees know that expectations – related to firm and overall industry performances, roles in the economy and the goings-on of investment firms and people that work there – are crucial. Expectations, in this sense, not only allow the symbolic legitimacy of industry and its different firms, but also facilitate the mechanisms of coordination and coupling for this sort of work and other fields of society. However, certain behaviours of firms and their employees may generate expectations that make social coordination more difficult and eventually create new coordination challenges. At the time I conducted my interviews (2011- 2012), the media coverage of the crisis was on the minds of the interviewees, who gave some interesting and apparently paradoxical insights. Interviewees cared about what the public says about financial activities as their activities require trust from public and investors and status is one of the main assets of firms. As Preda (2009a) suggests, public image of financial activities may affect them in terms of regulation and relationships with institutions and investors. For example, the following quote shows how a practitioner understand the media coverage of the crisis as politically driven and the negative image of the financial system in the public opinion as a result of that.

> "I think, perhaps is unfortunately today, financial firms have a poor reputation in the eyes of the public. I think a lot of that has been miscommunicated for political and other purposes and I think the banking industry is very much on a bad foot, but I would hope that over time people can see the benefits and the positive attributes that banks actually have in the community and I think there is a hard work to do to get back to that point, but I think we will." (Interviewee working as the head of a trading team in a large banking multinational in London)

It seems, therefore, that people working in finance understand that their relationship with the public in terms of expectations is mediated (Jesus-Barbero 1987) by the way different sorts of media portray the job of financial practitioners, how difficult and technically oriented it is, the way they behave, their ethical standards and their lifestyle. All these elements affect status, both status of the firms and status of the industry, which are relevant for them both to work. Status, understood in terms of prestige and high valuation (Podolny 2005), pursued by both organisations and people in the industry; it is observed as one of the main assets of firms, teams and individual workers. From the point of view of individuals, status relates not only to a well-valued lifestyle, often portrayed as having high income and access to many exclusive goods, services and social environments, but also to social valuation, which is something practitioners pursue. Michel and Wortham (2009) showed that working in one of the large investment banks of Wall Street was associated to high status. In the UK, financial and investment positions and professions appear to be more valued than in Chile, where the interviewees who worked in managerial positions complained about difficulties in attracting the "best people" to the industry, since many people were increasingly looking for more flexible jobs where they could travel or work fewer hours. In the UK, although working times in the industry are longer and the competitive atmosphere pushes employees to work even more hours, most notably in London, this situation seems to be one reason for the high value placed on such a career, and so the industry is one of the more demanded niches among graduates, as seen in Chapter 3; independently of the current public criticism of the role played by financial firms during the crisis, people working in the industry appear to be highly esteemed. Congruently with what is proposed by Podolny (2005), status in the industry seems related to relationships and interaction with high status people. The following quote shows an example on how people perceive jobs in finance as dealing with high status activities and people, compared to other well respected occupations such as engineering.

> "As an engineer you start right at the bottom and you work your way up. Whereas in finance you feel that you are in a very privileged position, where you get lots of access to lots of important people and companies, from the start." (Interviewee working in a senior position in a large firm in Edinburgh)

However, the following quote describes how in Chile, status of financial jobs compared to other industries is not a high as it is in the UK.

> "Therefore, you used to choose the best of the best universities. But as the process, as the time passed, people's interests...the other areas (industries) realised they weren't getting what they wanted, so they had to create new conditions to change applicants' minds... to make them see them in a different way. So at that time, trading rooms were not the only choice, there was... you could find some interesting things in marketing, some interesting projects, interesting incomes. So trading rooms were not the only choice anymore. Other areas started competing with trading rooms to get these 'brains'."[86] (Interviewee who used to work as the head of the trading room of a large bank in Santiago)

Individual reputation is also important. Traders and other front office positions are highly interested in building a good professional reputation amongst clients, peers and competitors. In addition to the status and reputation of firms, my interviewees were aware that their own reputation is important in order to progress. In order to build a

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86 Original Spanish: "*Entonces, tu elegias lo mejor de las mejores universidades, de las mejores carreras. Pero como el proceso, a medida que paso el tiempo, los intereses de la gente…las otras areas se vieron enfrentadas a que no tenían lo que querían, las otras areas tuvieron que empezar a generar ciertas condiciones para que generara entre los postulantes una… como que el espectro aumentara. Ya no era solamente la mesa de dinero, era… en marketing habían cosas interesantes, habían proyectos interesantes, habían rentas interesantes, por lo tanto las mesas de dinero no eran lo único. Las otras areas empezaron a competir con las mesas de dinero para llevarse estos supuestamente cerebros.*"

good reputation, they declared, it is not only necessary to be efficient, competent and smart, but also to develop social skills in order to convince and be liked by others. In smaller markets, where actors are fewer and networks dense, rumours and stories about people are easier to spread. However, in more complex markets, as tends to be the case in the UK, the specific niches structured around particular products and services also have their communication circuits (as will be described below), so people may know each other and share information not only about products and companies, but also about practitioners. Similarly to job opportunities, information about what others are doing circulates within small niches with the help of brokers, who mediate between people working in different teams and firms. In this sense, people working in the industry, even in the City of London, know that people are building a reputation, as "*in any organisation someone who is not competent enough does not last more than one year. You end up going out. Because people will find out that you are not competent*", I was informed by someone who runs a trading team in a large bank in London.[87] The following quote shows how practitioners are aware that their actions and attitudes are easy to be addressed by others in the field and doing so building a reputation.

87 Original Spanish: "*En cualquier organización alguien que no es competente no dura, no dura más de un año. Termina saliendo así. Porque la gente se va a enterar que no eres competente*."

"This is a small market. I mean, the brokers, I don't know there are like three or four brokers, and you know them all. No, it is small, the market is small. I mean, if you want to be famous it is easy, whether it is because you screwed it up, because you are not nice or because you are an idiot (laughs). It is easy to be known.".[88] (Interviewee working as a trader and financial engineer in a large bank in Santiago)

At a very basic level, for example, one of my first contacts in the field of finance and investment was when two good friends of mine did their (compulsory in Chilean degrees) internships, which they undertook in the trading rooms of banks. I was very surprised to learn that many deals are performed on an oral and non-contractual basis before they progress to the back office, which was confirmed by interviewees. The interesting side of this is that they may make a deal that they regret later on, and eventually they have the chance to back out from, for example, an order related to selling which would bring losses. However, when dealers give their word, they normally keep it, as to do otherwise would build a bad reputation for themselves and for their firms, losing potential commercial partners. In this sense, such information spreads very fast, especially within specific circles or niches. This can be seen as a first level or ground of reputation, as it is a requisite to keep working in the industry and not gain a bad name. But on levels above that, there are technical and social elements that contribute to people in the industry building a reputation, for example, being trustworthy, being a good

[88] Original Spanish: "*El mercado es chico. Puta, los brokers también, no se, hay 3-4 broker que también los conocis a todos. No, es chico, el mercado es chico. Puta, si te queris hacer famoso, es fácil, ya sea porque te mandaste una caga, porque eris un hueon desagradable o porque eris un saco de hueas (rie). Es fácil hacerte conocido.*"

professional, being one of the best, etc. In the case of graduates, expectations and reputation are based on credentials (university, certifications); in the case of senior positions, judgment is based on previous experiences and personal references, whether choosing people to work with or hire. The following quote points out how making a good impression on others is crucial in order to progress in the industry.

> "I've been asked all the time 'we need people, do you know someone we could hire?' So I start thinking about friends of mine that I know are good and I introduce them. It is like that process, it is what they call networking. It is quite important, quite important. And the more senior you get, the more important it gets. Because what counts when you have some years of experience is that people who have worked with you acknowledge that you do a good job and are able to recommend you. I would not hire anyone senior without asking someone who knows this person".[89] (Interviewee working as a head of a trading team for a large bank in London)

Although the notion of reputation as a coordination between commercial partners or industry and institutions may be conducive to innocent functionalism, workers in the industry are apparently aware that in the mid and long term their best interests are aligned with building a good reputation, and this situation to a certain extent contributes to internal coordination and integration in the case of firms and facilitates inter-firm

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89 Original Spanish: "*A mí a cada rato me preguntan "necesitamos gente, conoces a alguien que podríamos contratar?". Entonces comienzo a pensar en amigos míos que yo se que son buenos y los pongo en contacto. Es un poquito como ese proceso. Lo que llaman networking es súper importante, súper importante. Y mientras más senior eres, mas importa. Porque lo que importa cuando tienes ciertos años de carrera es que gente con las que hayas trabajado tu reconozcan que haces un buen trabajo y que estén dispuestos a recomendarte. Y yo no contrataría a nadie senior sin que primero hablase con gente que lo conozca*."

coordination. Elements related to reputation are included in formal and informal socialisation processes and they are also related to the sense of being in a career track that interviewees communicated. As people who succeed to get into the industry are often those who were aware of their goals pursuing a career in the field, they are still aware about prospective steps once they are in the industry, most notably in the UK, as it was indicated. As indicated in a previous quotation, socialisation processes emphasise that they are building a reputation all the time, and that their reputation is related to the firm's.

Table 6: Summary of comparison on symbolic elements in financial firms in the UK and Chile

	UK	Chile
Knowledge	Highly linked to credentials (such as CFA) and in house processes of knowledge acquisition.	For positions involving social interaction, knowledge is complemented with worker´s social and cultural capital.
Information	More sophisticated systems of analysis and management of data	Systems are recently becoming more sophisticated
Status	Financial positions are one of the jobs with highest status	Financial positions are in high demand, but not necessarily more than other industries

As it is possible to observe in Table 6 it is possible to observe certain differences between the financial services industries in the UK and Chile. Despite there are several similarities in the context of global system where practices and knowledge are shared, one interesting difference is related to the weight of academically-based credentialism in the UK, in many cases assisted by for-profit and specialised educational organisations. In Chile, universities and social and cultural capital are more important than certifications. At the same time, as products and procedures are more complex and sophisticated in the UK, so are the system of management and analysis of data and information. In Chile they are becoming more complex and sophisticated just recently.

In terms of status, in the UK both the firms and the positions in finance are in high social esteem. Although the crisis have eroded some of the firms´ image, working in the field is still highly rewarded in symbolic terms. In Chile, working in finance is also highly rewarded in symbolic terms, but not necessarily more than in other industries such as health, airlines, mining and consumer goods. Actually, some employers complain about good prospective employees selecting other industries because of their flexible working times and other benefits.

Inter-firm networks and integration of the industry

As indicated above, the concept of integration as understood in this piece of research not only comprises the selection and inclusion of new employees by the different firms, but also the coordination and symbolic and financial exchange between different firms in particular markets. Although financial agents are often pictured as atomised, they are actually highly interconnected (Carruthers 2011).

Different firms are connected through individual ties (Gulati and Gargiulo 1999); these may be formally created, for example in the case of the sales executive of a company and her or his counterpart in the client firm (Uzzi 1999), but also informally created or maintained (Hongseok, Myung-Ho, and Labianca 2004). Several interviewees, both in the UK and Chile, highlighted the importance of individual ties such as former co-workers or people with whom they used to do business with no formal contract of cooperation, but instead a relationship based on recursive interactions and trust. Although in the industry networking and "soft skills" are promoted and trained, ties often emerge spontaneously through the common experience of working or doing business together, or through previous experiences, for example in university, as it is the case of the interviewee who provided the following quote.

> "I mean, if I have to think about the friendships I have here in London, I made many of those friendships because I went to this very international university where many people ended up here in London, so I know a group of people from there, or they are people I have worked with for many years. I have very good friends who are people I have worked with."[90] (Interviewee working as the head of a trading team in a large bank in London)

Ties, such as friendships, provide different resources for workers and the firm, depending on the kind of tie and the roles of the people involved. There are complementary or reciprocal ties; for example, on the buy and sell side, this specific kind of tie more often provides business opportunities and a certain reliability of operations. It also provides job opportunities as illustrated in the next quote.

> "The thing is that I worked in banks for eight years before. And I was these people's customer, and also their friend. So I left the bank I was working in, and I arrived here because of friendships."[91] (Interviewee working in a brokerage house after working as a trader in two large banks in Santiago)

There are also ties between equals, for example former team co-workers, which is a very common situation in an industry with high levels of inter-firm mobility. In this sort of case, both sides of the tie perform similar activities or tasks, so the benefits of the ties at

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[90] Original Spanish: "*O sea, si me pongo a pensar las amistades que tengo aquí en Londres, un montón de esas amistades han sido generadas porque estuve en esa universidad muy internacional donde mucha gente termino aquí en Londres, y ya conozco un grupo de gente de ahí, o ha sido gente con la que he trabajado, muchos años. Tengo muy buenos amigos con gente que he trabajado con ellos.*"

[91] Original Spanish: "*lo que pasa es que yo trabaje 8 años antes en bancos. Y yo era cliente de esta gente, y amigo también. Entonces salí del banco donde estaba y llegue por amistad, digamos*."

an individual level are based more on job or career opportunities, specific information and complementary opinions about what is going on in the market. In this sense, as it is illustrated in the next previous quote, interviewees stated that they used to call or receive calls from people they already knew in the industry on a regular basis, whether it was to offer a particular product or business opportunity in the case of complementary or reciprocal ties, or just to share reports and views about particular events with peers in other firms.

> "What I do is talk to friends that I have worked with, friends of mine who are at (Name of investment bank), in (name of investment bank), brokerage houses where I have worked before, friends of mine from here who left or... I don't know,(Name of Bank)- I have many friends there. I talk to them every day, commenting about their thoughts, or if they released a report ask them to send it to me. That's it"[92] (Interviewee working as a portfolio manager in a bank in Santiago)

On the other hand, companies also develop networking events for specific types of professionals or niches within the industry. Banks, investment funds and brokerage agencies organise trips, seminars, conferences, parties or cultural events in order to get to know their customers and also create some degree of loyalty and reciprocity.

> "C: For example, we invited our clients, we did a seminar this year at Huilo-Huilo.
>
> J: Where?

[92] Original Spanish: "*Lo que yo hago es hablar con amigos míos que yo he trabajado, amigos mios que están en (nombre banco) en (nombre banco), en corredoras donde antes yo he trabajado, amigos mios de aca que se fueron a, que se yo, (nombre banco)- ahí tengo varios amigos que se fueron para alla- con ellos hablo todos los días comentando que opinan, o si sacaron algún informe que me lo manden. Eso*."

C: In Huilo-Huilo (national park in the south of Chile), we invited them all. 30 clients to the south.

J: What kind of clients?

C: The clients, the best clients.

J: But, I don't know, people from the trading rooms?

C: Yes, we invited the traders. The guy on the other side of the phone."[93] (Extract from an interview with C, who was working in a brokerage house in Santiago)

As a result, companies build ties with specific people in the industry; individual members of the industry also get to know each other, especially those who work in particular niches, positions or products. This situation explains to a certain extent why workers refer to the industry, and especially to their own niches in the industry, as small worlds where everybody knows each other. Familiar faces are common, both at this sort of event and in activities more related to the business itself. Therefore, ties in the industry allow for exchange of views and information about markets, job opportunities for career progression and job improvement, and exchange of useful advice on practical dimensions of work, such as references about suppliers. These ties affect and structure not only individual performances in specific positions within a company, but also the

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93 Original Spanish: "*C: Nosotros por ejemplo, invitamos a nuestros clientes, hicimos un seminario este año en Huilo-Huilo.*
J: Donde?
C: En Huilo-Huilo, los invitamos a todos. A 30 clientes al sur.
J: Y clientes de que tipo?
C: Los clientes… los mejores clientes.
J: Pero, no sé, gente de las mesas?
C: Si, se invitaba al operador. Al que tenis del otro lado, al que te atiende el teléfono."

way that companies coordinate with each other and, in the mid and long term, the way that specific markets and products develop and behave. The following quote shows, for example, the role played by conferences in the creation and enforcing of ties, and also in the exchange of information between people in different firms.

> "Many times I see them [people in similar positions in other companies] at conferences. However, as I am not actually investing, and I am, let's say, one step behind that, there are no problems with talking to people from this area, from institutions that compete with us. In the end, it is always useful for us to talk about the different models of risk available on the market."[94] (Interviewee who works as a quant analyst in a large firm in Edinburgh)

Godechot (2010) describes that ties between people, formed mostly after having shared teams and workplaces create a sort of informal firm different from the formal ones. In this sense, collaboration of people in different firms create transversal exchanges and relationships that may play a role both in market performance and business opportunities for specific members of networks.

In addition, there are several situations in which firms formally establish ties with other companies. At different levels of an organisation (though mostly at the higher levels)

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[94] Original Spanish: "*muchas veces me topo con ellos en las conferencias. Ahora, tal vez, digamos, como yo no soy, o sea, no invierto plata propiamente tal sino estoy, digamos, un paso más atrás, no hay tanto resquemor en conversar con personas de acá, de instituciones que son la competencia. Si a la larga básicamente nosotros siempre, para nosotros es siempre útil conversar sobre los distintos modelos de riesgo que hay en el mercado.*"

there are specific and decided efforts in order to coordinate activities in which competitor firms may be interested. For example, joint activities are often organised in order to lobby for or against certain new regulations or legal reforms. This sort of coordination may have different degrees of formality and institutionalisation, for example trade bodies or less formalised collaboration entities and relationships. The following quotes describes some of this corporative work by one involved person.

> "I mean, we are all members of relevant trade bodies which act in the benefits of all financial firms that enter into that type of financial activity. I sit on boards, where is different trade bodies that allows us to exchange ideas, work together for the benefit of the industry, so I think that's a very positive and beneficial thing that this industry does for collectively work for a good purpose." (Interviewee working as the head of a sales team in a large multinational bank in London)

Of course, in these cases, the top members of the firms play a crucial role. However, collaboration activities need some coordination at different levels of the firms, especially from those directly involved in the policies discussed.

Although pre-existing ties play a significant role in the UK industry, especially in the case of people who attended elite and boarding schools and also a small number of universities, it seems that this sort of situation is more prominent in Chile. As indicated above, Chilean firms tend to select people from a very specific and reduced background, so it is very likely that people not only have links with each other within the firms, but also with other sorts of organisations. These ties are formed within families, through attending the same school or a related school (there are several situations where people from similar schools can get to know each other, such as sports competitions, religious movements and school parties), through going to the same holiday destination, or through being classmates in the very small number of university departments from which industry firms recruit their employees. Some interviewees in Chile told me that because many of their friends from university work in the industry, they are often invited to flat parties where they can get to know other people in the industry, as is the case of the interviewee who provided the following quote.

> "So at the end you know everybody in one way or another. And also because when you go out (to a party), your friends work in this (industry) and you get to know more guys who work in this. So at the end there is like a community of people working in finance."[95] (Interviewee working as an analyst in a research team at a large multinational insurance company in Santiago)

Integration of the industry appears less problematic in this context, since when a firm hires someone, they also bring that person's entire network into their team. When people

[95] Original Spanish: "*Entonces tu siempre los terminai conociendo de una u otra manera. O también, porque cuando carreteai, tus amigos trabajan en eso y conocís mas hueones que trabajan en eso. Entonces se forma una especie de una comunidad de hueones que trabajan en finanzas*."

in common are taken into account (i.e. friends of friends) it seems that it is easy to reach someone who works in a similar position in almost any firm in the industry.

The above-described situation does not mean that UK industry is not influenced by ties originating in other areas or that social background does not matter. Because I was part of the Investment Club at Edinburgh University and so am a Facebook contact of other club members, I can see that some former members are still socialising together in London in a regular basis even though they work for different firms and even 2 years after graduation; these ties may eventually help incumbents to glean information about products, people or job opportunities. This is an additional outcome of the British culture of student societies, which bring together people with similar interests; these people may become friends and stay in touch afterwards while they develop their interests, in this case, professional careers related to the field of investment and finance. As far as I am concerned, there is nothing similar in Chile besides religious and political movements, sports or charitable work[96]. I was also informed about several other circumstances in the UK where personal networks originated, for example rugby leagues or boarding schools, especially in the case of specific markets or niches like Corporate Finance or M&A. In addition, at the level of MBA, which is often needed to progress from analyst to associate

[96] I did my undergraduate studies at the Pontificia Universidad Católica, and I never saw something similar either to investment clubs or the culture of associability observable, for example, at the University of Edinburgh.

positions, there are a smaller number of universities from which companies, most notably the major ones in London, recruit people. As discussed in Chapter 3 in the case of graduates, there are a small number of MBA programmes in the UK and the rest of Europe that people from these large London firms visit in order to recruit graduates. According to interviewees involved in recruiting and hiring, London Business School, INSEAD (France), IE Business School (Spain), HEC (France), ESADE (Spain) and IMD (Switzerland) are the most renowned business and finance postgraduate programmes in Europe, and companies coordinate with their outplacement offices in order to attract prospective employees. MBA and MSc Finance programmes in business schools at top universities in the UK, such as Oxford, Warwick, LSE and Imperial College, are also highly considered. On the other hand, I was told by an Edinburgh University MBA graduate that the outplacement offices of her business schools need to work harder to get people into the City of London or Canary Wharf, and their graduates interested in financial careers often find better opportunities in Edinburgh-based firms. As such, MBA graduates from no more than 12 business schools represent the pool of potential employees for these major firms at an associate level; this is similar to the situation in Chile, where people working in finance normally studied at one of just nine schools, and apparently people who graduate from those programmes are very well-connected. These connections may grant them job opportunities, references for prospective new employees and access to informal information. However, in Chile, it appears that previously formed ties and social background are more important, not only in terms of networks but also a shared background or *habitus,* in the context of the industry, although postgraduate education is important, especially when it was achieved abroad.

Communities and groups

Communication between people working in different firms, in addition to the increasing degree of specialisation at the organisational symbolic and product-related levels, generate a number of "small worlds" (Martin 2009) within the industry. People tend to know the rest of "the market", as they mostly interact with people who work in the same niche, that is to say, in a similar or reciprocal position, with similar products in similar kinds of firms. This happens because they have worked together previously, done business together, normally attended the same events and gone after the same business opportunities. Even in London, where the number of people working in financial services is massive (excluding accountants and lawyers, there were around 250,000 people in 2012, and 350,000 people before the crisis[97]), the market is described by interviewees as small, although they are also aware that they do not know what happens in other areas, sometimes even in their own firms. The increasing autonomy and specialisation of teams

[97] http://www.guardian.co.uk/business/2012/nov/06/city-jobs-slump-low (10/05/2013)

contributes to the creation of specific circuits of people, who rotate within particular niches. As illustrated by previous quotations, it was common for my interviewees to know a number of people involved in the particular products and markets in which they were embedded, and they interacted with them regularly. In this sense, although workers in London, and Santiago consider financial services to be a large industry, they think that their particular niche is small.

However, in order to constitute communities, these networks need to share more than just contacts. Most interviewees declared that they had experienced a collaborative environment within their niches, even when the business dynamics highly competitive. They tended to share information, views and reports, and would greet each other in a friendly way if they happened to be at the same event, even if they were performing the same roles at competing firms. Interviewees were thus aware, in most cases, that although they and their contacts were currently working at competitive firms, this may not last forever (i.e. they had worked together before or may work together in the future), and so communication and collaboration may be beneficial for the mutual and individual interest of the people involved. In addition, it seems that during exchanges of information and other symbolic assets, they knew that their actions would affect future interactions, so there is also a strong sense of reciprocity in order to preserve trust and future collaboration, even though there is always the chance of deception.

This situation contributes to the creation of specific circuits of information, both formal and informal, that may lead different practitioners to share views and make decisions accordingly. In this way, market behaviour not only reacts to publicly known information but also to exclusive and informally exchanged data circulating between particular people and among practitioner communities (Winroth 2003).

As indicated above, in Chile, communities in the financial services are often embedded in a system of other groups, such as alumni from a small number of high schools and universities, religious movements (normally part of the Catholic Church), and people going to the same holiday destinations or the same clubs, nightclubs and parties. Of course, this may also happen in the UK, mostly among British nationals and more commonly people from the Greater London Area, but their identity elements do not seem as defined as the ones observable in Chile. As Thumala (2007) and PNUD (2004) indicate, the Chilean elite is highly integrated into social, geographic and symbolic elements, and it seems that the financial services industry plays a role in this, even though it has changed dramatically over the last 20 years. The following quote illustrates how there is, despite competition, a sense of community in the industry.

> "It is hard to explain, but the sensation when you meet someone from a competing firm is like brotherhood, not warfare".[98] (Interviewee who worked in managerial positions in two large banks in Santiago)

However, this sense of community is dynamic and has been changing as society and the industry changes. One example relates to a common story involving one main local investment bank. Normally, the local financial press reports on operations expected in the market, and that was indeed the case a few years ago when an agreement made by an investment bank about buying a shares package the next day in *Bolsa de Comercio* de Santiago was announced. The situation was expected to proceed as normal, since at that time there was a tacit agreement among the financial elite (owners and CEOs of firms) about not intervening in auctions when other banks announced their interest. However, one bank made the surprising decision to take part in the auction, leaving no time for the originally interested bank to react to their offer, so it got the shares in the end. This situation was seen by other investment companies as a violation of the codes of conduct tacitly shared by the financial community. The bank argued that they were taking advantage of good business opportunities and that in other countries it was perfectly normal to do what they did. The result of this event was that the sense of community in the market changed in some way, and this kind of situation became normal. The bank in question, and its members, were fully integrated into the community; as such, the

[98] Original Spanish: "*Es difícil decir, pero la sensación que uno tiene cuando se junta con la competencia es más como de hermandad, no como de guerra.*"

community changed, but still had mechanisms and social spaces of interaction to keep it in line. A more business-driven decision triggered a process through which competency increased and firms learnt that they needed to be prepared for it. In the language of Aoki (2007:12–13), this could be observed as a process of transition from a more and ties-based industry towards a more market-based and competition-oriented one. However, the sense of community and being between equals seems to have prevailed, as the following quote suggests.

> "It is like, my view would be that things are moving, but anyway they arrange everything to benefit everybody"[99] (Interviewee who worked in managerial positions in two large banks in Santiago)

Regulation and Institutions

Comparative studies are helpful for observing and highlighting institutional differences in diverse social contexts, in this case the institutional environment in which financial services and investment firms exist and their work and activities take place. Institutions enable and/or constrain the behaviour of firms and their members (Nee and Ingram 1998). At an organisational level, firms observe in institutions a set of warranties,

[99] Original Spanish: "*Como que mi view seria que se puso un poco más movida la cosa, pero que de todas maneras se las arreglan para beneficiarse todos*."

prohibitions and opportunities for their performance (Portes 2010). In the specific case of financial activities (although it is also the case with other industries) institutional behaviour and decisions heavily affect the markets in which firms take part (Abolafia 2005), so they pay close attention to what is going on in particular institutions (finance ministries, central banks, local government, lawmakers etc.).

Although financial activities are usually described as deregulated, the case is that work in the industry is often subject to specific regulations and regulatory bodies. Regulation may emerge from specific challenges in a particular market, but the specific elements of regulation will depend on the particular social arrangements within a market, the power and interests of the different agents involved and the political culture in which the markets are embedded. For example, in the case of the UK, professional certifications such as CFA are needed for various positions, which normally involves sitting exams. Although it is more an extended practice than a law-enforced regulation, this has not yet happened in Chile, and so people do not need any formal certification to enter these firms or perform a particular job[100]. In this sense, as explained by people working in managerial positions in financial firms, financial firms in Chile tend to trust the university credentials

[100] At the time of the writing of this thesis there was a discussion about the Superintendence of Banks to require CFA for certain positions in the industry, which probably will happen in the near future.

of their prospective employees, in many cases because the managers of such firms studied in the same schools.

Regulation is a complex situation, and regulatory systems normally involve self-regulation in the form of internal control systems and departments, which vary from firm to firm, and external regulation performed by specific bodies, which vary from country to country. However, although regulation emerges from particular social situations triggered by coordination and control challenges to the organisations involved (Mohr and White 2008), it does not necessarily solve the problems it was intended to solve, is not necessarily efficient and can be seen as the result of struggles between different sectors, institutions and groups all pursuing their own interests.

In the UK, the Financial Services Authority (FSA) was the main regulatory body at the time this research was performed[101]. It was a private entity enforced by law (2000 n.d.), funded by the firms regulated and ruled by a board of executive and non-executive members. It was supposed to observe the behaviour of firms, especially in terms of risk management and potential signs of financial fraud and crime; apparently it has been

[101] The FSA was abolished on April 2013 and most of their functions were taken over by two new bodies: The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The Bank of England took over the tasks related to financial markets infrastructures.

more successful at dealing with crime and fraud than risk, at least until the crisis. After a long period during which financial activities were mostly self-regulated, problems in the field of finance during the 90s, and a positive environment for regulation in the British politics (Moran 2001), encouraged different sectors of society to demand new institutional frameworks for the industry. Thus, in the UK, the institutional design of formal regulation took the form of an independent body enforced by law, cooperating with the Bank of England, working and acting as a public agency, although it was a more independent and private oriented solution. This is related to the more bottom-up framework of institutions observed often in common law based countries. The main emphasis of this regulatory body, after the 2007 crisis, was proposing, spreading and monitoring risk management and control systems, in relation to global industry standards as stated by the various Basel meetings and their participants. However, everything has changed very recently and the new regulatory system embraced by the Bank of England and new regulatory bodies may alter some of the elements described.

In the case of Chile, systematic regulation emerged after the debt financial crisis of 1982, when most local banks were close to bailout and had to be rescued by the state. The regulatory mechanism selected was state agencies, or superintendence, which oversee firms and their work. There are two organisations aimed at monitoring and regulating organisations in the field of financial services: the Superintendence of Banks and

Financial Institutions and the Superintendence of Values and Insurance[102]. They were created by law and were originally part of the Ministry of Finance; their heads are appointed by the President of Chile, although they have become more autonomous structures recently, as part of a broader process of state reform. With the sophistication of financial products and services, their functions have also evolved to cover the promotion and diffusion of good practices in the field of risk management and control. In this case, it is possible to observe an institutional mechanism that emerged as the result of a top-down perspective, which is normally the case in Latin American countries (Valenzuela and Cousiño 2000). The following quote shows how these institutions influence the adoption of knowledge and policies in the industry, in this case, risk and control measures.

> "Because everyone knows that the Superintendence of Banks in Chile is really strict and has the best standards. So they talk to you, who are leading the market risk department of (Name of bank) or (Name of Bank) or any of those. And they tell you, 'Hey, I came to measure your market risk, which means your investment in stocks divided by your profits in the last 200 days', for example, and you tell them 'No, we are not doing that anymore', 'Aren't you?', 'No, we are now doing an index which is a value of the last four days multiplied for this, and this, and this', 'Ah, excellent, so why don't you teach me how to do it?', 'Okay', 'Great, thanks'. So then the regulator goes to control (Name of bank) and asks 'How do you measure your market risk?', 'With the 200 days', 'No, get up to date'. So in the end they are putting together the best of the market and asking everyone to follow it. And they are very demanding, they are terrible, the Superintendence of Banks."[103] (Interviewee who was CEO in two investment banks in Santiago)

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[102] Superintendencia de Bancos e Instituciones Financieras and Superintendencia de Valores y Seguros in Spanish.

[103] Original Spanish: "*Porque todo el mundo sabe que en Chile la Superintendencia de Bancos es muy dura y tiene los mejores estándares… y lo hace de la siguiente manera, la Superintendencia de Bancos, por si acaso, va y habla*

In the cases of both the UK and Chile, regulations need to be interpreted and adopted by every firm. Internal dynamics and struggles, observed at the level of teams or between teams and areas, configure a specific environment on in which norms are interpreted and internalised. Furthermore, as indicated above, the adoption of regulation and the creation of internal agencies to deal with them also affect internal dynamics, causing struggles or affecting internal arrangements and power relations, such as the relationship of a risk management department with other teams within a particular company. This seems to be the case with the new regulatory trends that emerged after the 2007 crisis, calling for a more active and empowered role for risk management departments, affecting the internal balances of power in different firms. Regulation, formal and informal, may also create distance between teams; for example, the adoption of Chinese Walls policy between trading rooms and corporate finance teams is due to firms considering it dangerous for people from these teams to exchange emails, since they may exchange confidential information. Financial firm´s practices are structured and constituted by their particular institutional environment (Bourdieu 2005; Vidal and Peck

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contigo que tu estai a cargo del riesgo de mercado en el Arsenal o el Chelsea, en cualquiera. Entonces te dice 'Ok, yo te vengo a medir tu riesgo de mercado, y por lo tanto ver cuales son tus posiciones de papeles medido por las utilidades de los últimos 200 días', entonces tu me dices 'no po, nosotros ya no lo hacemos así ya po', 'ah no?', 'no, no, no, nosotros lo hacemos con un índice que genera un múltiplo de los últimos cuatro días multiplicado por esto, esto y esto', 'ah perfecto, y por que no me ensenái como se hace?… ah perfecto esto, ok, fantástico'. Después voy a controlar al Corinthians y les digo 'y como medis el riesgo de mercado?', 'bueno, con los 200 días…', 'no po, ponte al día'. Entonces en el fondo ellos van agarrando lo mejor del mercado y se lo van exigiendo a todos. Y sumamente exigentes, son terribles, la Superintendencia de Bancos."

2012). However, regulatory systems are always interpreted from the point of view of organisations, so it is also possible that a particular company (or teams and individuals within companies) may develop strategies to avoid, bypass or ignore regulation, which may lead to very different outputs from those intended by the creators of norms (Abolafia 1997; Granovetter 1985).

Institutions also perform symbolic functions, creating, redefining and reproducing the knowledge, expectations and values of the financial services and investment world. Symbolic elements of the industry are institutionalised. For example, in the case of knowledge creation and reproduction, there is an interplay between academic institutions (mostly universities) and firms in the industry and consultants. Sometimes, knowledge required for specific positions or products originates in the academic sector and is redefined or consolidated on the practical field, i.e. by firms. The everyday work of firms, and the expertise of their staff, also allows them to create or develop new knowledge to be used during stages of analysis, trading, risk management or IT solutions. The institutional role played by firms in providing knowledge for their prospective employees also varies. In the UK, graduate schemes and team inductions are designed to teach new employees the skills and knowledge they need in order to integrate into the firms, the industry and their teams and to perform their jobs. At the same time, some companies specialising in knowledge training and diffusion have emerged and work closely with financial firms in the different induction processes (Hall and Appleyard 2009). In Chile, meanwhile, although most interviewees claimed that they learnt what to do for their jobs while already working in the industry, their training is more focused, based on a different coupling of industry and university, as stated in the previous chapter. This situation seems framed by the different traditions of higher education in the UK and Chile.

Social integration and mechanisms

Firms not only rely on the internal integration of people and coordination with other firms; they are also integrated into broader society's relational, symbolic and institutional structures. Organisations in the field are thus inserted into complex environments, to which they need to adapt in order to reproduce their operations and decisions, legitimate their actions and relate to the enabling and constraining elements of external institutions.

According to Elster (2007), mechanisms are:

> "Frequently occurring and easily recognizable causal patterns that are triggered under generally unknown conditions or with indeterminate consequences" (36).

Mechanisms explain and/or describe *how* social outcomes are produced and reproduced (Mayntz 2003). In many cases, mechanisms allow coordination between different agents, or institutions. Coordination mechanisms link financial activities and different aspects of social life; at the same time, they set the boundaries between different aspects of financial business linked and social structures and institutions. Mechanisms that link and integrate financial industry organisations into social stratification, academic and educational systems, regulatory bodies, labour markets and ideological background are grounded in the ways finance, organisations and institutions have mutually evolved in different social environments. They are, from the point of view of firms, structures of opportunities and constrains for their actions and decisions.

In terms of networks, as indicated before, some firms hire people according to who they know or who they might potentially know, although this situation is seen more often in Chile than in the UK. In Chile, people are often hired according to their social background, as in many cases it is assumed that they have connections in other industries or other fields in the financial world, and can thus build commercial and coordination relationships not only with people in the industry and the field of finance, but also with different types of firms and institutions. Social ties are the way that firms build networks and collaboration links, with specific emphasis on the many varied circumstances of the different niches and products of the industry. Mechanisms emerging in order to connect people in companies with people in other fields in society will vary, depending not only on the historical and structural situations of the different environments of the firms involved, the position of firms in the world financial system (centre/periphery) but also on the firms themselves and the particularities of the way they interact with broader structures, markets and institutions. These mechanisms may involve recruitment mechanisms such as those described in Chapter 3 or other networking circumstances. While in Chile inter-firm and inter-field linking seem more related to recruitment mechanisms, that is to say recruiting people from a specific background similar to the background of people in the main positions in firms of in other industries or related institutions in the context of an industry oriented to local clients and services, in the UK networking appears to be more related to activities in which people take part when they are already working in the industry; however, there are some specific niches where pre-existing (i.e. formed in exclusive social spaces) ties are also prominent. The following quote suggests that in the UK commercial circles are much more expanded than in Chile, so they do not look for the same degrees of homogeneity at time of recruiting.

> "It doesn't happen very often, unless you are English, that's why I tell you that. I think there are differences if they are recruiting an English person and if they have... I mean, there are small circles, but obviously they are much more expanded (than in Chile)"[104] (Interviewee

[104] Original Spanish: "*No pasa mucho, a no ser que seai inglés, por eso te digo. Yo creo que pueden haber diferencias también si es que están reclutando un inglés, y si tienen… o sea, igual hay circulillos pero obviamente están mucho más expandidos*."

who worked in financial firms in Santiago and was working in a medium-sized financial firm in London)

As such, the industry is also connected in the UK, although it is probably not as densely connected as the Chilean industry because of its size, number of actors and its position at the centre of the global financial system. However, it seems that these connections originate more often in the workplace, inter-firm interactions and exchanges and many other events (such as seminars or conferences) and social spaces (even pubs close to banking areas like the City of London or Canary Wharf). Where some pre-existing ties are observed, it seems that they are most often related to university activities. As has been explained in the case of job opportunities and personal references, because social networks are not as densely connected as in Chile, the role played by people in brokerage positions (Burt 2007) is much more important; these are actually financial brokers in many cases, but may also be other intermediaries who connect different firms and enable a flow of communication.

As stated earlier, social ties originate in different ways, but if they are not maintained and enforced they do not play as much of a role in inter-firm relationships, the industry and the market. Pre-existing ties, such as family ties or friendships, have their own dynamics, and ties can be actualised according to the codes of family and friendship. For example, a person may need a favour from her or his uncle and so call him even though they have not spoken for two years, because family ties are to a certain extent stronger than other ties (Granovetter 1983). Other ties, such as those that emerge from commercial transactions, need other specific actions to remain active. This is the reason why some traders, market makers and brokers call their customers or other people in different firms every day or two; it is in order to keep these relationships alive. They also know, for example, that commercial calls should be preceded by social chats or technical information provision. The following quote illustrates an example of a typical phone call a broker makes in order to maintain relationships with clients and the way they prepare those phone calls.

> "The guys from the brokerage houses, the classic guy who is good at making jokes, that's the kind of guy who works well there. For example, the guys from distribution who work in the trading room - distribution is an area which provides services to the clients. There are guys who have spreadsheet files with, I don't know, the guy from ChileFruta... his name is Juan Perez (equivalent of John Smith), his wife is Roxana, he has three children, everything on the spreadsheet. His son got sick yesterday. Ask about Union Espanola (football team of Chilean top division). They know everything about his life, I mean, they have everything they need to ask in order. The guy has to be an artist and say: 'So how is your wife? How are you doing? Hey and Union...?' They need to know that Union won 2-0, it is... (laughs) ?"[105] (Interviewee working as a trader and financial engineer in a large bank in Santiago)

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[105] Original Spanish: "*los hueones de corredoras, el típico hueon bueno pa la talla, ese es el hueon que pega ahí. Por ejemplo, los hueones de distribución que trabajan en la mesa… distribución es un area que presta servicio a los clientes. Hay hueones que tienen planillas con, ya puta no sé, el hueon de Chilefruta, el hueon se llama Juan Pérez, su señora se llama Roxana, pta, tiene tres hijos- todo en planilla, su hijo se enfermó ayer. Preguntar por Unión Española, el hueon, los hueones le saben toda la vida, o sea, tienen ordenado de que huea preguntar.. el hueon tiene que ser un artista y conversar "oye, tu señora como esta, y como te ha ido, oye y la Unión"… saber que la Unión ganó 2-0, es una huea, jjajaja,?*

In this sense, most interviewees indicated that human and social factors are crucial to their business and individual performance. Social activities are daily or regular tasks for many members of the industry, and interviewees showed awareness of this, not only when talking about themselves, but also about others. As shown above, they knew that business was much easier if they had good relations and especially trust with the person with whom they were dealing. They also knew that other people in the industry discuss particular aspects of personal reputation, including whether someone is nice or likeable, which may affect the integration of particular members of firms into communities and market niches. Above this level, negotiation skills are of course important, but not only in a commercial sense. Some interviewees highlighted that in many positions it is important to persuade the other person on the phone to do what they want them to do, but at the same time preserve their tie and mutual trust. As the following quote indicates, communicational elements and persuasive skills are extremely relevant during a transaction.

> "And I think that personality is really important. I mean, you need a strong character, you can't be shy, because it has a lot to do with speaking loudly, even getting angry, you know? Things like that which help you a bit to make the other person do what you want her or him to do, I mean, what you need, but within 30 seconds, one minute"[106]. (Interviewee with experience as a trader and broker in Santiago and New York)

[106] Original Spanish: "*Y la personalidad yo creo que influye mucho. O sea, tenis que tener carácter, no podís ser una persona muy callada, porque es de mucho hablar fuerte, de repente hasta enojarse, cachai, cosas así que te ayudan*

At a symbolic level, every industry needs some discourse and knowledge delimitation division of labour in order to help legitimate the role of this sort of organisation within society (Preda 2009a), but finance also need to deal with the abstract characteristics of their products, services and outcomes (Willke 2006). Symbolic integration is related both to social recognition and legitimation of the activities involved in financial services and investment. As indicated above, this situation is increasingly related to knowledge differentials, as the industry seems to monopolise a highly specialised and complex set of knowledge which is (and needs to remain) obscure to the rest of society (Maeße 2011). Curiously, when asked about this, most of the interviewees, even those working in highly technical positions, considered that the specific knowledge they use in their jobs is not as complex as people often believe, and that it would be perfectly manageable for anyone who has studied any subject with a hard mathematical background, as indicated in the following quote.

> "In any case, even when this stuff looks very difficult, looks very impressive, after... once the guys are there they get to learn... they are not that... in the end, those guys can tell you that 'the level of sophistication is really something...', but in the end, this sort of stuff is not the NASA stuff it seems to be".[107] (Interviewee working as a trader and financial engineer in a large bank in Santiago)

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un poquito a que la otra persona haga exactamente lo que tu querís hacer, o sea, lo que necesitai, pero en 30 segundos, o en un minuto."

[107] Original Spanish: "*En todo caso, puta, si bien las hueas parecen muy peludas, parecen rimbombantes, después… una vez que los hueones están metidos ahí se aprenden mas menos… no son tan… al final, si bien los hueones te pueden contar el cuento 'de que el grado de sofisticacion es una huea..', no es tan de la NASA la huea como parece*."

As indicated in chapters 3 and 4, the industry, especially the firms, have a monopoly on the training and specific knowledge required for the occupations of finance, whereas this does not seem the case with (for example) lawyers or medical professionals (who are required to be familiar with clinical practice, but such knowledge and training is not monopolised by clinics or hospitals) (Abbott 1988; Winroth 2003). Although for-profit educational firms in the field of finance have emerged and developed, they do not seem to compete with firms in terms of socialising individuals, but rather work together with them, providing customised services and training programmes (Hall 2012). In general, the distance created between firms and the public (such as retail investors or pension fund users, including professionals that might learn the tools used in the field, such as engineers) contributes to the preservation of the industry's place in the context of social institutions, even though it has been publicly and heavily criticised during the recent crisis.

Companies, involve themselves in a number of activities in order to position themselves positively in terms of their relationship with their social environment. In this sense, PR, marketing and advertising departments not only play a commercial role in the way they contact and deal with actual and potential clients, but also create an image of the firms at the public end of the industry, so they could be relevant areas in strategic terms, even when they are not the core business of organisations. For example, the websites of British investment banks underline concepts like expertise, experience, performance and reliability. They encourage the idea that given their technical tools, the knowledge and skills of their professionals and the cumulative experience of the company, they are able to see profit where others cannot. They also emphasise elements such as the culture of hard work, as well as their high precision and ability to attract many clients and manage large amounts of money. In sum, advertisement in the industry enforces the idea that when it comes to managing assets and making profits from capital, no one can do better than specialised firms.

Both concrete and imagined differentials of knowledge and other kinds of cultural and significant features like advertisement and PR activities contribute to the integration of the industry into the symbolic dynamics of society in a way that allows its corporate members not only to exist and reproduce themselves, but also to attract capital from all sort of investors and maintain a monopoly on managing capital and assets.

In terms of institutions, it is still important to highlight how formal and informal norms relate to coordination challenges in terms of the relationship between this industry and other fields of society. Coordination mechanisms in this area are often related to regulation, which in many cases relate to specifically and institutionally designed bodies which perform monitoring of the activities in the field. and the tension of regulating bodies to perform their functions and firms to preserve their spaces (Zieliński and Wetzel 2010). Although I just interviewed two people dealing with matters of broader institutional coordination or different social structures, they did emphasised their perceptions about two main elements. First, regulatory bodies in the UK and Chile are increasingly acquiring the human, institutional and technical resources to deal with their tasks, so they are also becoming more complex. Second, regulatory activities are perceived as constant monitoring by regulating bodies, in a way that is considered as part of the immediate environment of financial activities and decisions. In both cases, the specific form adopted by regulatory systems in a particular country, in this case the UK and Chile, create opportunities for specific practices of both monitoring and also adaptation strategies taken by firms and actors in the industry. In this sense, the formal attributions regulatory bodies have in the UK and Chile need to be understood together with the social environment of financial activity, which structures the way practitioners perceive how to behave in the field. According to interviewees, in Chile regulatory bodies are often perceived as very demanding, so practitioners feel more pressure to stick to the norms.

Social dimensions of financial activities

In this chapter, some integration mechanisms, both internal and external, have been described and explained. These mechanisms have also been categorised into network and tie-based, cultural/symbolic and institutional. However, in social reality, both distinctions (internal/external and networks/symbols/institutions) play more of an analytical role than a practical one. In fact, integration mechanisms often seem to comprise interaction between internal and external dynamics, and also between interactional and relational, and symbolic and institutional, levels of social experience. Economic activities are socially constituted (Vidal and Peck 2012) by structural, institutional and cultural elements.

Integration mechanisms work at different levels of social experience; in the case of financial services, they seem to work at the level of teams (including individuals), organisations, the market in which a particular firm and team take part, the industry as a whole and broader society. In this sense, as illustrated above, every day practices and social relations interplay, integrating financial activities internally and externally. It is possible to observe this in recruitment processes, allocation of individuals, socialisation and transference of knowledge, promotion and the different tasks performed by teams and firms. However, these interactions are framed by the context in which teams and firms interact, in terms of the way groups and communities are set up and how different resources, opportunities and social connections are distributed and shaped. As described through this chapter, the way markets and practices are structured varies in both countries studied, in terms on how structural (related to ties and networks), normative (related to norms and institutions) and cultural elements interact in both social settings.

As shown above, the financial services industry relates to social dynamics in many different senses: their practitioners require and are trained in particular social skills, social tie formation and development is an important task in most financial positions, there are collective uses and constructions of knowledge and technical expertise, and of course they are also enabled and framed by organisational and general norms and regulation. This highlights the importance of the pre-contractual elements of economic exchange.

One of the main mechanisms of adaptation to markets, both at an individual and collective level, is through social networks and social capital. Social ties provide business opportunities, provide access to information, provide trustable interactions and future exchanges of different kinds. Due to methodological limitations, most of studies related to inter-firms ties in financial markets or other sorts of markets are based on ties between high executives and board interlocks (Ossandon 2013). However, it seems that mid-level ties, between people who make everyday life decisions, or those who provide inputs for decisions, are crucial. As observed by Montazemi et al. (2008) and Arnoldi (2006) interactions with connected people are normal activities of financial work. As observed in this chapter, those interactions are valued both by individuals and organisations, and contribute to the internal and external integration of the industry. In addition, those ties also form groups or communities which may frame the way financial firms and markets behave. Mechanisms oriented to pre-existing ties (i.e. family ties or friendship from high school) or to emergent ties (i.e. former team mates or business partners) will be more or less prominent depending in the frameworks or decisions of firms, but also in the structural environments within which they take part, especially in terms of social distribution and access to valuable resources.

Some of the differences observed between the UK and Chile relate to the levels of complexity in which financial firms are embedded (in terms of the market and the number and size of companies competing), their position in the centre or the periphery of the global system, and also in broader social aspects such as the size of the country, the social stratification patterns, the composition of the broader economy, the institutional context, among other elements. In this sense, financial work is constituted by social structures and patterns (Bourdieu 2005; Vidal and Peck 2012) and their complexity, and so the integration mechanisms such as recruiting procedures, tie creation and so on vary depending on the levels of complexity and the way that complexity itself is organised or displayed in a particular social setting. A less complex social environment, like the Chilean one, inhibits more complex financial services and products, as with most derivatives. In addition, large and wealthy groups do not need to risk their money in complex instruments when they have more secure products to invest in the context of a less dynamic market. In addition, using the distinction of centre/periphery, UK based organisations are in the centre of financial system, so they are fully embedded into the dynamics of global markets. Clients are global, competition is global. Firms need to be integrated to these global dynamics. Chilean markets seem to be in the periphery of the global system and oriented to local business and resources, although their recent growth. Firms need to adapt to local patterns and structures, which are related to the tight elite concentrated economy already described. It is interesting to note, though, that in the markets which are more locally oriented in the UK, such as property or M&A, there seems to be also a high prevalence of elite based recruitment and exclusive tie-based economy. In this sense, economic activities are driven by their own logics, but structured by their social settings. In the case of capital markets, London-based firms work at a local level, so they relate both to the London environment and the global distribution of power and resources, which from the point of view of firms seems dispersed so diversity is well valued. In the case of property markets, more locally-based, firms interact with local structures of power and distribution of resources, so those markets seem more similar to what is observed in Chile.

The liberal reforms that took place in Chile during the 70s and the 80s transformed Chile into a market society. However, it did not respond to the market transformation described by Slater and Tonkiss (2001) in the case of Europe, where market developing changed and eroded the traditional order. In the case of Chile, it seems that most of the traditional structures adapted to the intensive market reform, and financial activities are thus related to these processes. Family companies are still strong, and even though they may be open to the stock market, they are still controlled by the families (Schneider 2008). A small number of families control, through their family offices, a large number of companies in different industries. Property is also shaped by these patterns, so the financial services industry is constituted in this sort of scenario, structuring but also being structured. In this sense, it is not only a matter of development which may allow thinking that within a number of years financial markets in Chile will look similar to those in the UK. Chilean financial organisations and relations are constituted by distribution of power and the strategies adopted by groups in order to maintain their positions, granted by the current institutional regimes. Therefore, one of the contributions of a comparative approach is to observe how financial and economic practices are constituted by different social structures in diverse settings, so they provide evidence on the social constitution of economy. At the same time, they allow observe that even when financial markets are integrated worldwide and organisational and managerial practices are spread worldwide, local dynamics play a significant role in the way firms behave in particular markets. Although there are elements of global convergence in managements, practices and governance, there is also divergence or diversity explained to a great extent by local dynamics, structures and distribution of power.

Chapter 6

Conclusions

Although financial activities have recently attracted more attention than usual from authorities, media and social sciences, the way that financial organisations work and organise their practices and activities still requires more systematic exploration on the part of social scientists. Some excellent research has been done in terms of opening the black box of financial activities up to social sciences, focusing on the way specific roles and occupations interact with specific products and markets (Arnoldi 2006; Beunza and Stark 2012; Knorr Cetina and Brugger 2002; Lounsbury 2002; MacKenzie 2006; Power 2005; Preda 2005; Stark and Beunza 2009; Stinchcombe 2001; Svetlova 2012; Zaloom 2006). There has also been some very good research into the role played by social ties, institutions and regulation (Clark and Thrift 2005; Davis and Marquis 2005; Mayntz 2012; Nee and Opper 2009; Power 2005; Strulik 2006). However, there are still some elements to be uncovered with regards to the internal dynamics of financial organisations and the way that investment and finance organisations and practices are constituted by social structures and wider dynamics.

Accordingly, most studies in the field have focused on specific activities performed by a particular team or organisation, the way a particular product is developed and commercialised, the impact of different sets of norms and regulatory bodies on the way firms behave, the role played by emotions and social context in decision-making (Lo et al. 2005) and other elements. There are only a few studies that have approached financial activities with a focus on organisational elements and in particular the way activities are reproduced in terms of integrating and allocating new people to tasks, teams and hierarchies (Abolafia 1997; Ho 2009; Michel and Wortham 2009; Stark and Beunza 2009; Zaloom 2006). There is not enough knowledge of how the performance and design of activities and positions relates to the broader social structures of the societies in which organisations take part. Finally, most accounts of the organisation of financial activities by particular institutions focus on the main or central world financial markets (Abolafia 1997; Ho 2009; Michel and Wortham 2009; Stark and Beunza 2009; Zaloom 2006). As such, there is still more to discover about organisation of financial activities in developing countries located on the periphery of the global financial system, and how this may be convergent or divergent from markets in developed countries.

The chapters presented above are the result of a comparative research design aimed at observing the way financial activities are reproduced and organised in two different social settings: the UK and Chile. 41 interviews with practitioners in London, Edinburgh and Santiago the Chile were the main data collection method used. This type of design, along with the diversity of sources in terms of types of organisations and roles and positions of interviewees, allowed me to analyse how differences observed at the level of recruitment and selection of people, organisation of work and internal structures and the way specific products and markets are developed and regulated are related to the different social patterns, institutional traditions and social stratification systems observable in the UK and Chile in a way that economic and financial activities are constructed by different social settings and environments in both countries.

Differences in organisational procedures adopted by firms in different local contexts, in this case two countries, flag up the discussion about the role of the concept of embeddedness in economic sociology. As it will be described through this chapter, firms and economic agents are not just embedded in social contexts, they are constructed by the way institutions, structures and culture are set in a given social context. Therefore, a social construction of the economy approach is not only better connected with social theory (Vidal and Peck 2012), but also provide a better framework to analyse economic phenomena from a sociological point of view (Gemici 2008). At the same time, this situation allow stating that even when financial activities are connected worldwide and there are elements of organisational and operational convergence, local institutions and distribution of power and resources observable in two different countries also bring diversity to the financial system.

In sum, this chapter aims at providing a systematic analysis and comparison of the organisational procedures and mechanisms adopted by financial firms in the UK and Chile, with a special focus on the way firms integrate themselves into broader social structures through their human resources management policies and the way they organise and design their work and products. Next sections relate to the way people get to work in financial activities in both countries and how they are integrated to their firms, they learn the knowledge they will use, and the way they progress in their careers in the field. Then, an analysis of the division of labour in financial firms in both countries is offered. Afterwards an analysis on the role played by ties, norms and culture in the field is provided. The chapter ends with a discussion on the theoretical matters flagged up by the findings of this research, with a particular focus on the topic of convergence and divergence in the world financial system.

Recruitment, Selection and Integration

It is important to take into account the people who actually work in financial organisations, as well as the way they (and not others) attain their positions and careers in the context of the social environment of firms; in the end, they are the ones who make the investment decisions. It is also important because financial and investment organisations appeal to the skills and qualifications of their employees to promote and validate their services and decisions, as shown in Chapter 3. Furthermore, in most cases formal and informal ties between organisations rely on ties and relations of trust between people (Gulati and Gargiulo 1999) and, as shown previously, these ties may originate outside specific activities, as formulated by Granovetter (1985). It is also important to note that most people working in financial activities follow a career path in this sort of firm right from the start and remain in the field, as described in Chapter 3.

The modes and procedures for recruitment and selection of staff show a wide variation when the two countries under study are compared. It is interesting to note that these processes used to be similar 40 years ago, even though the sophistication, volume, dynamism, importance of financial markets and specially their role in the international financial exchanges were very different in the two countries. In the UK, especially

London as described by Thompson (1997), financial workers were often selected based on their social background, the specific social groups they belonged to or even family tradition. This is called gentlemanly capitalism, as a form of exchange based on shared codes and background. At the same time, as Preda (2007b) and MacKenzie (2006) have shown, financial activities were not originally seen as a technical field; the skills demanded related more to intuition, character, attitude and membership of economically successful groups. Although financial markets were notoriously less developed in Chile, financial activities, which in many cases were originally modelled on British systems due to immigration from the UK during the 19th century (Salazar 2003; Wormald and Brieba 2006), were highly linked to an elite-based economy and to flourishing economic groups consisting of a small number of families.

Nonetheless, financial activities have changed dramatically in both countries and on a global scale in the last 40 years (Carruthers 2011; Strulik 2006; Willke 2006). Activities in finance have become more complex and roles in the industry more specialised and technical (MacKenzie and Millo 2009; Thrift 1994) and technology (which also changes steadily) is playing an increasing role. Financial activities are more connected globally (Cassimon et al. 2010; Sassen 2012; Willke 2006) and their weight and importance in global and national economies have also increased (Epstein 2005; Krippner 2005). In this sense, recent changes on global and local scales have changed organisational practices in financial and investment-oriented firms in both the UK and Chile, although there are considerable differences.

Recruitment and selection procedures in the UK have become more technical; highly skilled university graduates are now hired, contrasting with 40 years ago when employees did not necessarily have a higher education degree (Thompson 1997; Zaloom 2006). Recruitment processes are also technical in terms of procedures and the members of firms involved. These procedures are designed to reach, attract and assess large numbers of people from a limited number of universities, as shown in Chapter 3. In the process of recruiting what firms perceive as “the best candidates”, in order to fill a number of positions that are increasingly technical (as products are also becoming more technical), firms compete with other firms in order to attract their targeted applicants; this has also been shown by Michel and Wortham (2009) in the context of Wall Street. Applicants then go through highly competitive, technically designed and often standardised multistage processes in order to be assessed and eventually selected. These processes include internships, where applicants are tested out in their eventual roles and workplaces. In this sense, recruitment mechanisms at the very early stages of financial and investment careers in the UK are oriented towards selecting and testing highly skilled people with different degrees of “hard” and “soft” skills depending on the position to be filled. In this sense, firms in the UK have responded to recent changes in financial activities, practices and institutions by adopting complex recruitment systems, which are believed both by practitioners and human resources specialists and scholars (Woodruffe 2000) to be efficient and fair methods for selecting the “best” candidates from a large group of applicants. In addition, the role played by UK financial markets at the centre of the global financial system stimulates an increasing valuation of internal organisational diversity, as explained by interviewees and also described by Zaloom (2006); this appeals to the wide range of clients and markets covered, although not all markets or hierarchical levels.

In Chile, financial organisations have also changed steadily, especially in the context of the economic growth experienced in the last two decades, the arrival of new international players and Chile’s increasing role as an emerging, prominent market in the growing Latin American area (Wormald and Brieba 2006). Financial actors are perceiving that activities and tasks are becoming more complex in terms of competition and products. As such, firms in the field can no longer afford to select unskilled members of the elite (as was the case in the 80s, according to the interviewees who experienced that period). However, these changes are not yet conducive to more technical and standardised recruitment processes, in contrast to the UK and even some other industries in Chile such as retail, consumer goods and mining. On the contrary, recruitment processes have changed in a way that still allows companies to recruit members from elite circles, although these new members are selected from a very small number of selective business and engineering schools, which ensures that they at least have minimum capabilities. Positions in the field of finance and investment are not usually announced on widely accessible channels such as job search websites, as happens in the UK; instead, they are advertised on the outplacement platforms of the aforementioned business and engineering schools or through the personal contacts of current members, even at the earliest stages of careers.

Consequently, models of recruitment differ in both countries, which is apparently explained by the different social settings from which financial practices and activities are part. Two interesting concepts help in analysing these differences. One is based on the idea of centre/periphery (Kaminsky and Reinhart 2004; Ocampo 2001; Stichweh 2012; Zarycki 2007) and the way global integration still presents asymmetries in terms of the integration of particular markets and economies into global systems. British financial institutions are at the core of global activity; not only do they host some of the largest capital and asset markets in the world, but they also attract investors, firms and highly skilled labour force from different parts of the globe (Thrift 1994), and this increases with capital and labour mobility opportunities in the context of the European Union. In this sense, assuming that the global integration of financial markets takes a centre/periphery shape, markets in the UK (most notably but not exclusively London) are at the centre of this global form. Thompson (1997), for example, showed how the period known as the "Big Bang" (deregulation of financial activities during October 1986) of London-based financial activities transformed the social settings of the industry, both in the way people interacted with and belonged to their firms and in the way business was done. A position at the global centre of contemporary financial activities implies the participation of numerous and global actors, high degrees of competition, and access to an international pool of highly skilled potential firm members (Ryan and Mulholland 2013). As shown in Chapter 3, firm managers feel a pressure to ensure they are hiring "the best" available people. In addition, they understand that hiring people from a wide range of backgrounds may help them to deal with the diversity of global clients and products. Diverse backgrounds are seen by London firms as an asset in terms of knowledge of different industries and regions of the world, in terms of language and cultural patterns and also in terms of contacts and opportunities worldwide, especially when talking about highly skilled expatriate labour (Beaverstock 1996). Consequently, British firms often hire people from areas such as Eastern Europe, Latin America, the Middle East, India and China as these regions emerge as important economic actors, presenting new opportunities for financial business, products and services from both the sell and buy side.

In Chile, as with most emerging economies of its size, financial activities are located on the periphery of the global system of finance. Although they have been growing steadily over the last 20 years and are an attractive market for global investors,[108] they are still locally oriented. The main actors remain local companies or international companies that have bought or merged with existing local companies. People working in the industry are mostly nationals, although there is a limited highly skilled migration. Chilean financial activities are integrated into the global system of finance in the category of emerging markets and economies, and firms in world financial centres have teams or desks that specialise in these markets, so the distinction of centre/periphery is actually made by the firms as they seek opportunities in peripheral markets. From the point of view of Chilean economic actors, their position on the periphery of the global financial system allows lower degrees of competition, as most actors are local and, as shown in previous chapters, highly connected in terms of social ties. At the same time, this peripheral position may relate to the role played by local patterns and local groups of power in Chilean society, as monopolistic groups are beneficiated by the *status quo*; this is consistent with the political-cultural approach to new economic sociology[109] (Fligstein 1996).

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108 As can be observed in the Emerging Markets areas of firms and webpages such as http://www.stock-trkr.co.uk/chile-underrated-emerging-market (06/08/13) and http://emergingmarkets.ey.com/worldmap/chile/ (06/08/13). Risk rating agencies have qualified Chile with high scores since t (currently A+ and AA from Fitch and Aa3 from S&Phttp://countryeconomy.com/ratings/chile), which has allowed an increase in foreign investment.

109 Research in the vein of varieties of capitalism propose that Chile's concentrated markets do not obey to

An additional and complementary approach relates to social stratification patterns in distribution of resources and mobility. The central positions of financial institutions in both London and Edinburgh in global financial markets contribute to a certain degree of diversity of social background, in particular in terms of nationalities, as shown in Chapter 3. Positions in UK financial organisations are not limited to members of the British elite, and people from diverse backgrounds such as Western and Eastern Europe, Asia, India and Africa are also included and selected – for instance, some of my interviewees are of Eastern European or Asian origin. The background of these interviewees (and other people from different countries) is not related to the British elite, although it may be related to the elites of their home countries, as is apparently the case of with many foreigners who do undergraduate studies in the UK.[110] In this sense, cities such as London and Edinburgh are multicultural, so there is no single social background or group that concentrates most of the resources (Thrift 1994) as happens in Chile (Ossandon 2013; PNUD 2004; Solimano 2012). At the same time, the position of UK firms in the context of global finance decouples them to a certain extent from the specific internal logics and

its condition as an emergent market or developing economy, but they are related to a particular model or variety of capitalist development observed also other countries in Latin America: hierarchical market economies (Schneider 2008).

110 The international student population in the UK is growing; emerging countries such as China, India and Malaysia send thousands of students to British universities every year. Although some of them receive scholarships, the fees and costs of living allow to assume that most of those who are sponsored by their families are of upper class background (Madge, Raghuram, and Noxolo 2009).

social patterns of local societies, allowing the participation of different types of people and attracting potential candidates from varied backgrounds and countries. This does not mean that financial firms and activities are decoupled from social structures; they are still constituted by structures and dynamics globally observed.

In Chile, people who work in the industry belong to upper class families and usually to the small groups considered the elite (PNUD 2004); these groups are based for the most part in certain neighbourhoods in Santiago, the capital city, and are also associated with specific high schools, surnames and families. However, according to interviewees, the industry hires few foreign people and people from social backgrounds outside this elite. Interestingly, one interviewee remarked that when there is an employee from a different background in a relevant role, everyone else refers to the person as a "hardworking guy", highlighting that the person does not fit into the firm in the same way as the rest. This is consistent with previous research on classism and meritocracy in Chile, for example Nuñez and Gutierrez (2004), who showed how the controlled effect of someone having a Basque-Castellan or non-Spanish European surname, or having attended an elite high school, explains differences in salaries and positions in various industries. In financial activities, despite its position as a top industry, HR management does not utilise the up-to-date processes of recruitment and selection used by other top industries such as consumer goods, airlines and mining. Instead, as shown in Chapter 3, financial firms in

Chile use methods of recruitment that differ from what is often considered best practice, especially for graduates or others who are joining the industry for the first time.

The UK industry, especially in the case of large and medium-sized firms, is similar to Wall Street as described by Ho (2009). Firms visit specific universities, attempting to attract applicants to their highly competitive recruitment processes. Once applicants are interested in following a career in the field of finance, they need to work hard in order to construct good applications. The processes described by Ho (2009) regarding Wall Street are analogous to those observed in the UK, which makes sense as they are both centres of global financial activity. In the UK, as evidenced by two of my interviewees, efforts to join the financial services industry may start at an early age, for example spending gap years in the City of London after finishing high school, so there is a strong sense of career.

The Chilean industry, meanwhile, does not seem to follow patterns of existing knowledge about recruitment and selection or match the descriptions by Ho (2009), Zaloom (2006) and Michel and Wortham (2009) of the procedures followed by organisations in large financial centres. They do not select employees through competitive procedures but instead through interviews and psychological tests. In these processes, personal contacts and membership of groups or social circles can increase the chance that a candidate will progress to the next stage and eventually get the job. In other words, some of the procedures that are seen as standard in the central locations of the international financial activities are not necessarily followed by firms located on the periphery, so there is some divergence and diversity worldwide.

Consequently, firms in the UK and Chile exist in different social settings. In the UK, finance-oriented firms must integrate not only with a diverse and multicultural society, but also with international and highly competitive markets; this was remarked upon by interviewees working in managerial positions. Chilean firms, meanwhile, are integrated into markets locally-oriented and dominated by a small elite, which also dominates all sectors of the economy and the majority of the highest positions in society (Nazer 2013; Salvaj 2013; Solimano 2012; Zeitlin and Radcliff 1988). Although finance and investment activities are often portrayed as very technical and abstract, a large portion of company business actually relates to human ties and human interaction. As shown by several scholars (Arnoldi 2006; Baker 1984; MacKenzie 2004; Montazemi et al. 2008) trading activities are mediated, enabled and framed by social ties, but they are not the only activities in the business. Financial and investment-oriented organisations provide consultancy for other firms, fund public and private projects, participate in purchasing, selling and merging activities, manage wealthy people's assets, intermediate business and exchanges for third parties and perform a wide range of services that often originate in relations of trust and formal and informal interactions, as shown in Chapter 5. Organisations need to adapt to their specific environments and people working in financial organisations play a significant role in the organisations' social integration. This may explain, for example, why a large multinational bank with several years of experience in the Chilean market only changed their recruitment processes five years ago, apparently due to guidelines sent from their headquarters, and why these processes are still very different from those of the London branch of the same bank.

However, this does not mean that cultural capital does not play a role in recruitment and selection processes in the UK. There are specific areas or markets (such as corporate finance, M&A and private banking) that are still apparently dominated by a British upper class background, as described in Chapters 3 and 5. In this sense, positions requiring interaction with and proximity to executives from other firms are related to specific upper class social backgrounds. At the same time, it seems more prevalent in markets that are more local-oriented such as M&A or property. Cultural capital also works in a more silent way, underlying processes of recruitment through filters applied by the universities targeted by firms in the UK (Zimdars et al. 2009). Furthermore, standard tests (Bourdieu and Passeron 1990), face to face interviews and their evaluation (Rivera 2012) are highly influenced by cultural capital.[111] In Chile, cultural capital also works in the ways described, but focuses strongly on the *habitus* of a very specific group, especially in terms of membership of certain cliques.[112]

The way a firm recruits and selects its members will affect the way financial work is organised and performed day by day. As such, further exploration may be necessary in order to observe whether recruitment methods (for example the way staff are recruited in Chile compared to the UK) affect firms' performance in terms of efficiency and profits. Although it may appear clear in theory that performance and efficiency will increase if the most capable people available are hired (Huselid 1995), it is also possible that, from the point of view of firms themselves, the way that Chilean firms recruit their staff could be a more efficient way to integrate with the structure of markets and social distribution of resources. For firms and economic groups, efficiency in profit pursuit may relate more to concentration than competition (Burt et al. 2002; Granovetter 2005) when markets themselves are concentrated. Unfortunately, the methods employed for this research are

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[111] Research in the field of headhunting proposes that fit with an organisation is the main attribute sought (Coverdill and Finlay 1998)

[112] In this sense, cultural capital is understood mostly as manners, fashion, tastes, accent, vocabulary, related to certain groups and not necessarily linked to high culture. In this sense, this research follows the interpretation proposed by Lamont and Lareau (1988). In this regard, it would be interesting to study two more groups in order to examine the role played by cultural capital further – people who have been rejected by recruitment processes and people who have self-excluded from them due to an expectation that they would not fit in the industry.

not adequate to relate methods of selection and recruitment and performance of firms within their particular environments. Further research in that direction is needed.

Integration into the Firm

The previously described elements are mostly based on recruitment and selection processes for people starting their careers in financial services and investment, normally graduates and people who have just achieved postgraduate degrees relating to business or finance. Once people are selected, there are two important processes they have to follow: allocation to certain roles and positions and induction into the different dimensions of knowledge relevant to the firm, the industry and their team. In this regard, the contrast between formalised processes in the UK and informal processes in Chile is also observable. As shown in Chapter 3, medium-sized and large firms in the UK normally integrate new members through formal processes of induction, and socialise them most notably through graduate schemes. These graduate programmes include both formal training and experience of different teams and products in order to make the graduate aware of the different dimensions of the company and their own particular affinities and skills. Graduate schemes also work as allocation processes, as both the firm and the inductee themselves observe how they fit into different teams, products and markets. It is important to note that firms in the UK perform recruitment, selection, induction and allocation activities on a yearly basis, although numbers depend economic situation of the firm at the time of recruitment. High-profile members of firms are involved in these processes as part of their responsibilities. Again, the situation observed in the UK is similar to that described by Zaloom (2006), and also to the observations of Ho (2009) and Michel and Wortham (2009) in Wall Street.

In Chile, the processes of induction and allocation are less formalised. Graduate programmes are not common in the industry and people interviewed often described their own experiences as going straight into work. Of course, they usually received basic orientation and mentoring from their bosses and team mates, depending on the time that these people could afford to spend on such duties. In terms of allocation (with the exception of the largest commercial banks, which recruit people for financial and investment areas as part of more general recruitment processes), they normally recruit and hire people as they need, not as a regular practice. In this sense, the process of allocation is straightforward, since people are allocated to the positions firms have hired them to fill. This situation differs not only from practices in the UK and other centres of financial activities, but also in terms of HR practices adopted by other industries in Chile, such as mining and consumer goods, which use graduate programmes. Large commercial banks are in this sense exceptional, since they do use formal processes, but as part as their general recruitment activities.

There are two important elements to this difference. First, financial organisations in the UK have become more specialised, and different departments of firms (including human resources and organisational development in the largest firms) look for new ways of optimising processes and tasks, around the limitations, blind spots and difficulties of management and organisational knowledge. In Chile, organisations in the field have also become more complex and specialised (Rodriguez and Opazo 2007); and recruitment processes have become more demanding. However, it seems that human resources and management departments in the financial industry are not as developed as the core areas of financial organisations, with the exception of those in large commercial banks. Some investment banks have only recently studied their own organisational processes, often hiring global consultancy firms; interviewees described HR departments as small teams and stated that their procedures were focused on recruitment (mostly CV filtering and interviews), evaluation and administrative topics (contracts, salaries, holidays, etc.).

Secondly, firms interact with different academic systems or models of higher education. In the UK, firms select people from different academic backgrounds in terms of subjects and schools and then provide courses, training sessions and activities during two years in order to prepare them for their specific tasks, although the trainees normally have skills, knowledge and interest in the field of finance as described in Chapters 3 and 5. Chilean firms do not always perform formal induction processes, but they do almost exclusively hire people from business and industrial engineering schools (where degrees take five or six years to complete), from a limited number of schools, which warrants a certain level of selectiveness; most people share a similar social background (Espinoza and Gonzalez 2011) and similar knowledge learnt during their university studies. In this sense, according to interviewees in Chile, new members are expected to know the foundations and basic knowledge underlying their future tasks already; as such, they only need to learn the specific elements of their jobs, which they can usually do in a week or two spent working with their team mates and being supervised by their bosses. In addition, they are normally sent to specific courses and classes at the same three universities from which most people are recruited.

Following a Career; Ties and the Job Market

At this stage, it is important to differentiate graduate recruitment and selection (usually neophytes who enter companies as graduates or just after finishing postgraduate studies) and senior recruitment, especially at higher levels.

While firms in the UK and Chile use different procedures for testing their new graduate employees (standardised tests and assessment centres in the UK; references, contacts, interviews and exclusive access in Chile), they do not follow the same methods when filling advanced positions. For instance, positions at higher levels are filled only when they become available or when new departments, teams or products are created. Firms normally look for people who are currently performing a similar role in a different firm, and it is quite normal to offer jobs to people who are not currently looking for a new job, such as elite non-searcher professionals (McDonald 2005). In this regard, personal experience and contacts can play a major role, especially when positions are more important in a particular firm. A previous positive working experience or personal recommendation from someone trusted is always taken into account when making a recruitment decision at this level, as stated by interviewees both in the UK and Chile and also shown in the literature (Godechot 2010). However, uncertainty is still a problem, as the fact that someone has previously performed well does not warranty that she or he will perform similarly in a new team and firm.

One difference between the UK and Chile in this regard relates to the importance of intermediary organisations to recruitment at the higher levels of financial firms. Although in both countries people prefer personal references, in the UK these intermediary organisations and professionals (such as head-hunters) play an important role in filling positions. This is because the size and number of financial organisations in the UK make it difficult to identify all the potential and competent candidates for a position that has become available. Head-hunters are constantly mapping the industry and the people who hold certain positions; they usually specialise in specific products, markets or positions and in most cases interact with the professionals with whom they work. Of course, these third party organisations are not neutral; they reproduce the patterns of the industry, as they consider that fit is the main attribute a candidate should present (Coverdill and Finlay 1998). In Chile, although the industry of headhunting is growing and playing an increasing role, interviewees considered that the market was small enough for employers to be aware of most of the potential candidates when a position becomes available.

Progression in the field normally takes two forms, internal or external. Internal progression may be framed by a defined logic of career development; this seems to be the case in most large firms and medium-sized financial firms in the UK, where times and modes of progression are well-defined until a certain level, as it also happens in Wall Street (Michel and Wortham 2009). At the highest levels of the firm, it is more usual for someone to progress when their superior leaves a position. In Chile, most investment and financial firms have less formalised career development paths, and internal progression normally happens when positions become available or new departments or sections are created. Interviewees in Chile often said that they did not know much about the progression mechanisms of their firms or how long they would stay in their current position.

The second major mechanism of progression is external progression or inter-firm mobility. As discussed, if positions become available and firm managers believe that internal candidates are not adequate for the role, they normally seek out candidates who are already performing similar tasks in other firms, whether through head-hunters or contacts. Members seem to believe that moving to a different firm may help them to progress quicker than following internal tracks and procedures, so they actually utilise some strategies to enhance their chances of moving to new firms, such as sending their CVs to head-hunters, having informal lunches and meetings with potential employers and maintaining good relations with people in other firms, including financial intermediaries like brokers (who also broke job opportunities). In addition, the mechanisms of inter-firm mobility are well known in the industry, so firm managers are aware that at some stage they will have to compete with other firms to keep their best people; this may enhance the pay and bonuses of their members, who are aware of these sort of mechanisms of progression and eventually use them (Godechot 2008).

In sum, processes of progression and promotion tend to be more formalised in the UK than in Chile, although in the UK informal relations and interactions also play a large role. The role played by specialised intermediary firms is also more important in the UK, and internal processes of progression are more competitive. These three elements are related to the size of the market and the density of social ties and cliques, and also to the dynamism of markets and the way they interact with global and/or local structures.

As expressed previously, it seems that in both cases, the UK and Chile, social background becomes more homogeneous higher in the organisational hierarchy; however, in the UK (not so much in Chile) there does seems to be an openness to people from different social backgrounds, as indicated above. However, as industry members progress, links to other members, membership of certain groups and access to specific clients or circles become more important, as also shown by Ho (2009) regarding Wall Street. In the UK there seems to be more opportunity for progression regardless of social background, but it becomes less common in the top levels of the industry. There is a similar issue with gender in both the UK and Chile. Women are often selected for graduate programmes or entry jobs in the industry, but they are seen less often in higher positions. Although this situation in the UK (London in particular) seems to be changing from the persistence of the "boys' club" of banks in the City of London described by McDowel and Court (1994), it still appears inequal. According to interviewees, while the number of women in top positions is increasing in the UK, in Chile they are still a rarity, as was shown in Chapter 3.

Division of Labour, Skills, Knowledge and Social Structures

Division of labour and the way financial and investment-related work is organised within firms is another important element to take into account when analysing the way financial activities and firms are integrated in broader social structures. Financial activities comprise a number of socially-oriented tasks that require social skills and resources (Beaverstock 1996) . The way in which financial activities are organised in a particular social setting also relates to the particular arrangements of firms and institutions and the way that individuals and groups access valuable resources.

As described and discussed in Chapter 4, current financial activities are based on division of labour and specialisation. Financial work is divided into different roles, offices, products and markets. As organisations and products become more complex, positions and routines become more specialised (Stark 2000). Teams, as fundamental unities of work, perform specialised tasks in the context of the firm and also have some degrees of internal role specialisation. In this sense, experience of financial activities and work varies depending on the position of the employee and the set of routines they perform on a regular basis. The experience will be different not only in terms of the pressure they feel and the way their own interests interact or contrast with the interests of their colleagues and other departments/teams in the firm, but also in terms of the knowledge they use and the skills they need. They are normally considerably autonomous and do not seem to interact with most of other teams on a daily basis, resembling Tett (2009) about teams and divisions of firms working as separate silos.

Social dynamics (such as pressure and control, interests, and use and acquisition of knowledge and skills) are important elements of the internal structures of teams and firms, and also of the way firms approach and integrate with their markets and the broader structures of distribution of resources. In this sense, struggles and competition not only occur between firms but also within them, since there are also contesting interests (Bourdieu 2005). Skills and knowledge are developed and acquired via social processes of formal and informal, tacit and explicit learning; these abilities often relate to social dynamics, and the most successful practitioners will be those skilled in social hermeneutics (Ebeling 1990), communication and strategic social behaviour. A large portion of what business and management literature calls "soft skills" is actually related to social abilities and resources, self-presentation, signalling, communication, interpretation and negotiation, as shown in Chapters 4 and 5. While some positions or roles demand mainly technical skills and knowledge and others are based on "soft" or commercial skills, most positions in finance combine both. Although more competitive markets like those in the UK seem to pressure for hiring technically-skilled members, there is still a notable presence of positions based on social or "soft skills", and technical positions also include a social dimension, for example when analysts compare opinions with their contacts in other companies or when traders develop relationships with different actors in the industry in order to improve their chances of doing business together. In this sense, the social dimension of financial work is important both in the UK and Chile, although in the latter it is linked more to pre-existing ties such as mutual friends, actual friends or even relatives. As such, social skills may be replaced with relevant and strong ties, links and access to resources. However, specific markets, products and niches in the UK are also highly influenced by social ties originating in shared social backgrounds such as having attended the same school, lived in the same neighbourhood or been part of certain exclusive clubs or circles, as described in Chapters 3 and 5.

Returning to Rivera's statement about the lack of sociological knowledge about the social dynamics and patterns underlying job interviews and staff selection (Rivera 2012), there is also a gap in the sociological understanding of how the interplay of social skills and cultural capital is an important element in evaluation of prospective candidates as well as an asset for employees and companies in elite industries. Although this research did not involve access to job interviews or work routines, interviewees did describe social skills and social background as the basis for concepts such as "soft skills" and "self-presentation", which seem more and more valued in this industry, both in the UK and Chile.

Work climate in the industry was described as a culture of competition where people, even before being hired, become accustomed to comparison and having their results measured, knowing that as they progress, higher positions are becoming scarce. There are emerging and cultural properties that create an environment for competition, as well as institutional designs that may encourage it. However, there are also organisational and institutional elements that encourage team cooperation and work, and emerging properties such as ties and friendship development that contribute to a more collaborative environment and group effectiveness (Hongseok et al. 2004). In this sense, financial work oscillates between high competition and team collaboration, and members of firms apparently define their actions and decisions according to their strategic views and perspectives, as well as other social motives such as reciprocity and affection. Different firms approach this problem in different ways (Michel and Wortham 2009). It is often remarked that financial firms in the UK, most notably in London, have a highly competitive culture and highly competitive internal dynamics, forcing practitioners to work long hours; this is apparently not yet the case in Chile, although members of the financial services industry may work longer hours than professionals in other areas. In the case of Edinburgh, it is also often described as different from London in the sense that financial activities have less demanding working times.

Status is one of the resources pursued by members of the industry (Preda 2009b). The concept of status is not proposed here in a Weberian sense (Weber 1958b) but more a Podolnyan one; the concept, similarly to prestige, is not understood as a closed group but as a hierarchical property of things and people that is expressed through signals (Podolny 2005:35–38). Both firms and individuals pursue status, and it is one of the most important sources of capital both outwith and within the industry (Podolny 2005:52).

Status is also related to expectations, from the point of view of individuals who want a career as well as those deciding with whom they should do business. The value of status is extremely important both in the UK and in Chile, but the status of the industry and field is apparently higher in the UK. It also seems that the source of status within the industry in the UK is more linked to the industry itself and its activities, while in Chile it appears to be combined with other elements such as surnames, educational degrees and other more exogenous sources. In both cases, however, there are a strong value of signals institutionalised through credentials, while in the UK and USA they seem related to their universities and certifications such as CFA (De Franco and Zhou 2009; Rivera 2011), in the case of Chile there is a strong value of the high school attended (Aguilar 2011).

In sum, the way financial work is performed by and within financial firms also relates to the way firms are integrated into broader structures in society. These particular relations are based on the selection and integration of people by firms, as well as the formal and informal design, organisation and performance of work itself. The diversity of roles, positions and tasks in the industry makes it difficult to generalise, but the type of product/market involved, interactions with clients or commercial partners, the use of technical and technological tools, position in terms of front/middle/back office etc. tends to define different skill sets, career tracks, interests and points of view. In this sense, roles, hierarchies and routines, as well as the way products and services are designed in terms of business opportunities are framed and constituted by social patterns and structures.

In addition, different ways of integration into the global system of finance in terms of centre/periphery, as well as different patterns of local competition between firms, result in varying complexities of financial products and services and specialisation of roles; the industry is more complex and specialised in the UK than in Chile. Although the recent crisis has reversed some trends towards higher degrees of complexity, there is still a wide range of technically demanding products exchanged in the UK. In Chile, it is often said that the market is not large enough to trade products such as options, and also that banks and their clients do not feel it necessary to do so, even though the technical knowledge is already available in firms.

The social structures of the economy also define the roles of specific types of organisation within particular markets. For example, the social security and pension system adopted at an institutional level will be crucial in the behaviour of a financial system, as pension funds are relevant actors. Furthermore, in the context of an economy based in business groups, normally owned and run by families, it is not strange to find an increasing role of family offices, which are often described as a main actor in the Chilean financial landscape, in terms of their purchase power, which does not happen in the UK. This is related to what Schneider (2008) observes for developed Latin American countries, which are described as hierarchical market economies (HME), based in asymmetries, segmentation and some degrees of concentration of resources, highlighting the role of business groups.

Ties, Institutions and Symbolic Frameworks

Financial activities are constituted by the way they interact with external and broader social structures. In this sense, the way specific tie-based social structures are displayed, institutional arrangements are constructed and enforced and knowledge, expectations and cultural patterns are learnt and experienced influences the design and performance of financial work and the definition of practitioners' strategies and behaviour.

It has been said that social ties are not only an intervening factor in the way financial activities work (Arnoldi 2006; Baker 1984; MacKenzie 2004; Montazemi et al. 2008), but also a constitutive aspect of several tasks and services involved in the field (Beaverstock 1996). The role played by social ties is not limited, for example, to the interaction of buy and sell sides from different firms (Uzzi 1999), informal information exchange between people working in different teams and firms (Beunza and Stark 2012) or particular contacts of specific executives in companies hiring investment banking services. Interviewees also referred to cliques or structures of ties, which form groups and specific communities and play a role in the overall behaviour of financial institutions and actors. Financial services and the investment industry are not only organised into teams within firms, but also into small worlds that allow a combination of competition and collaboration, diffusion of information and resources and circulation of job opportunities and potential businesses. Godechot (2010) refers to this as the formation of informal, parallel or transversal firms compared to the formal or nominal firms such as banks. Interviewees normally mentioned their collaborative relationships with former colleagues or people they had met during their job trajectories, as described in Chapter 5. As the industry is becoming very specialised, this situation creates a sense of proximity with their peers in a different company that they may not feel regarding an unrelated member of their own firm. Even in the large financial markets of the City of London, people tend to know who works in similar positions to theirs in comparable companies. According to interviewees, there is a sense of knowing everybody in the field, although there is still space for intermediary or brokerage ties, as explained for the case of head-hunters in Chapter 3.

Group and clique structures in the field are related to more general exclusive elite circles. Elite cliques are important to most economies in the world, and their links with financial activities are not only common but also crucial for their role in the social structure (Kadushin 1995). Financial elite groups define, in part, the way financial organisations interact with other sectors of the economy and other sorts of institutions, depending on the degree of control of resources these groups have in their particular society. In addition, the shape of these groups, their links and their interests are taken into account by the management of firms when defining marketing and product design strategies and organisational procedures. Furthermore, the degree of homogeneity and the identity of these groups affects the way firms integrate and allocate people in terms of social background. In Chile, the highly top-concentrated distribution of resources (Torche 2005) and local orientation of financial markets and organisations (due to their location on the periphery of the global system) allow dominant groups to retain more traditional mechanisms of inclusion/exclusion. From a symbolic point of view, these financial groups are related to broader elite groups that tend to be tight and homogeneous and show a strong sense of identity (Thumala 2007). It appears that, as described by Ho (2009) and Michel and Wortham (2009) regarding Wall Street, societies with potential ascendant and descendant social mobility allow investment banking and financial services careers to bring people into the elite, as it relates to high-profile business, high social status and a particular lifestyle. In Chile, people in the industry normally come from an elite background, so it offers confirmation or enforcement of said property. Interviewees in the UK described a similar situation to the one mentioned by the above named scholars for the case of Wall Street.

Although global institutions such as norms and regulatory bodies have emerged in the field of finance (Holzer 2006), organisations are still framed by the political and institutional settings of the countries, states and cities in which they are based (Davis 2012). Institutional environment structures markets, creates restrictions and opportunities for business, and frame the way financial companies organise their work, select people and interact with other firms and sectors of society, so financial activities are constructed by institutions and power relations. These particular institutional settings are one explanation for the persisting relevance of local structures in the era of global finance. Political cultures and systems are also relevant to the way institutions work and their interaction with organisations. Using the classic distinction of Roman/civil law and common law, it is possible to observe differences in regulatory bodies, norms and the way they perform tasks related to control. In the UK, which is based on common law culture, regulation used to utilise a mix of private and public norms and bodies, that apparently was unable to control financial activities in the sense the same bodies (Financial Services Authority) intended, especially in the case of risk management. In Chile, where systems are based on Roman law, interviewees were clear about the role played by state-based (top-down) regulatory bodies, which periodically monitor the way firms manage their procedures. This is a result of 1982's debt crisis, when these regulatory entities were redefined (Corbo 1985).

However, institutional and organisational patterns can also divert from formal norms and regulatory designs, as can be observed in the several cases of malfeasance known after the crisis, such as the Abodoli and UBS case[113] presented in the previous chapter. The dynamics of high competition, previously described in terms of the centres of the world financial system, seem to encourage forms of behaviour that formal regulation has been set up to prevent. These dynamics are in many cases institutionalised and may collide with more formal sources of regulation. Economic regulation is not only performed by legal and political institutions, but also enabled by the agents of the field and their specific and relative strength (Arts 2004). In cases of market concentration, specific agents are usually able to perform regulatory activities based on their own interests, in a more effective way than agents in more competitive markets (Fligstein 2005). As such, it seems that neither competition nor concentration prevent malfeasance or misconduct; people may eventually find a way around it, as described by Granovetter (1985).

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[113] As explained in Chapter 5, Abodoli, as a trader at UBS, made off-the-books transactions for three years.

The ideological component of the political-cultural approach also highlights the importance of discourses in terms of legitimation of internal positions and the overall position of firms in the industry (Fligstein 1996; Lounsbury 2002). Dominant discourses, as shown in Chapter 5, are the result of organisational procedures and internal dynamics in terms of identifying and resolving conflicts and utilising socialisation processes (Michel and Wortham 2009). Unfortunately, interviews are not an appropriate method for observing everyday dynamics as it is possible to do with ethnography, for example. Although qualitative analysis performed was not discourse analysis, in the Van Dijk (2010) fashion, it was possible to observe elements of positions and interests of different teams and hierarchical levels of firms, and the way practitioners understand themselves compared to regular people. It was also possible to explore the complexity of discourses that consciously and unconsciously support classism or at least preference towards people with a particular social background, such as “soft skills” or “would I be comfortable taking this person to a meeting with a client?”. In this sense, although classism and discrimination are becoming politically incorrect both in the UK and Chile, it seems that there are still subtle and redefined discourses which support discriminatory behaviour, which is more notorious in Chile than the UK.

In terms of symbolic elements, expectations are crucial to the legitimacy of financial organisations (Suchman 1995) and the way they attract, retain and encourage their members. Expectations are also important to practitioners' evaluations of their careers, their behaviour and other people's actions and decisions. Expectations work on an external level in terms of social images of the field of finance and its roles, but are also framed internally during the various stages of socialisation (Abolafia 1997). As indicated, expectations not only relate to legitimation, status distribution and script-learning within the industry; because financial activities are oriented towards the future, expectation signalling and interpretation are also crucial to the work itself, in any position.

Values, as different elements of judgment of behaviour and decisions, and not necessarily in a positive or functional sense (Swidler 1986), are related to expectations and modelled and enforced by formal and informal processes and organisational dynamics. These, of course, are related to other value sources for individuals who work in the firms, which are also involved on the cultural background shared by different groups. In this sense, different patterns internal and external to the firms and the industry, along with the interplay of different sources of expectation, values and discourses, define different cultural settings for the practice of finance. The UK and Chile present some differences in this regard, which are probably based on the differences in culture in the two countries as well as the differences in internal logic such as competition, cooperation, specialisation etc. As social settings (such as the City of London) change in a way that cultural similarities cannot be taken for granted anymore at the time of trusting others (Thompson 1997; Thrift 1994), trust becomes more grounded in reputation and past experiences than in shared codes and social background.

In terms of knowledge (besides the more formal induction of knowledge in the UK already discussed), higher degrees of competition and specialisation encourage the use of more advanced, specific and complex types of knowledge. As indicated above, the higher degrees of competition in world financial centres (such as the UK) encourage innovation and more complex products, which in turn require more technical and specialised knowledge. In addition, higher competition, as described to a certain extent by Stark and Beunza (2009), also encourages the development of more tools, technical and conceptual, in order to be the first to identify business opportunities.

One of the concepts that may help analyse the patterns previously described is complexity, which, as proposed by Luhmann, is based on elements and possible relations (Luhmann 1998); a market consisting of ten actors would be more complex than a market which consists of two actors, in the sense that companies would have more actual and potential relations in terms of competition, coordination, exchange or collaboration.

Organisations try to deal with the levels of complexity they observe in their environment, normally adding more complexity themselves (Luhmann 1997, 8-16 i.e. specialisation). They also try to reduce complexity and uncertainty, attempting to set some degree of control over the context in which they find themselves (White 2008), which can lead to very different strategies depending on the complexity of the environment and of the organisations themselves. These practices, arrangements and interactions crystallise coordination mechanisms that integrate financial activities into broader social fields and structures. The financial organisations under study present different coordination mechanisms, as they partake in different markets, in terms of complexity. A dynamic market at the centre of the global financial system, such as the UK, seems to encourage competition and technical processes at all levels of an organisation. However, locally dominated and concentrated markets appear instead to enforce patterns of informal linking and traditional recruitment. The degree of complexity of tools and products and the pressure for innovation also seems to relate to this topic. In this sense, differences observable in both countries studied are not only related to difference in terms of development that will be left behind after some years of development in Chile. On the contrary, these difference seem related to the way in which resources and power are distributed in both countries and how groups integrate and display their strategies in order to change or maintain the current situation. In other words, financial activities and firms are constructed (Bourdieu 2005; Vidal and Peck 2012) by the institutional, relational and cultural landscape they find.

Global Changes, Local Cases and Convergence

One of the difficulties of studying financial services from a comparative perspective relates to the fact that firms, products and practices have changed dramatically all over the world during the last few decades (Strulik 2006). There have been important transformations in the way this and other industries recruit people, organise tasks and interact with knowledge and technology, among other phenomena. World dynamism in the industry makes it difficult to determine whether observable trends emerge from local dynamics or are related to global changes. In this sense, every change observed in markets integrated into the global system of finance is related and/or interacts to some extent with tendencies observed worldwide.

One of the ideas developed in order to understand global changes and connections in finance and other economic areas is the theory of convergence (Meyer and Hannan 1979), which proposes that the global condition of the economy and financial system will lead to worldwide similarities in institutional and organisational settings and practices.

Although this approach focuses more on issues of regulation and corporate governance (Lutz 2004), it also involves different elements of organisational structures and performance. In this sense, global institutions of governance, credit rating agencies (which are basically the same all over the world), knowledge created or diffused by academic bodies and global consultancy firms, available technology and guidelines set by banks produce a diffusion of international standards and benchmarks that organisations in the system apparently need to observe. However, there are a number of organisational and institutional differences that support the idea of persistence of local dynamics, where financial practices and organisations interact with structural, institutional and cultural settings. The previous chapters have mentioned moderate theories of convergence, such as that proposed by Davis and Marquis (2005), which considers the prevalence of national political and institutional patterns. As Guillen (2001) indicates, global dynamics not only allow but to a certain extent enable diversity in local styles and tendencies. The concept of variegated capitalism also proposes that cross national differences are explained by the logics of global capitalism (Peck and Theodore 2007). Comparing Chile to the UK, for example, allows the observation that recruitment and induction processes are not the same in different corners of the global financial system, regardless of what academic and consultancy agents consider good practice in the field (Huselid 1995). The way that organisations and markets behave seems to be related to particular coordination mechanisms and the distribution of valuable symbolic and financial resources within a particular society; in Chile this relates to the concentration of resources in a small elite. As indicated above, those differences are not only related to diversity in terms of development, but most importantly to the way groups and economic agents display their strategies. In terms of Mizruchi (1992), Chilean elite is tight and efficient in terms of pursuing and maintaining its interests (Nazer 2013; Salvaj 2013), so it does not seem likely to see changes in the way financial industry works if there are not structural changes in Chilean society, especially in terms of social distribution of power and resources, and despite academic and consultancy suggestions. Therefore, based on the results of this research, it seems that only a moderate version of the theory of convergence is adequate since there are still differences explained to a great extant by local dynamics in financial activities.

Germani (1962) proposed that traditional social structures enjoy a “sacred” status and high degrees of porosity in Latin American countries, which allow structures to adapt to the multiple changes related to the integration of local Latin American economies into world capitalism dynamics. It is possible to use this framework to observe that the radical free market reforms introduced in the late 70s made Chile one of the most neo-liberal economies in the world (Solimano 2012). The transition to a radical open market society was not conducive to an equally radical transformation of the traditional order, as described by Slater and Tonkiss (2001) regarding Europe (Nazer 2013; Ossandon 2013).

The existence of the elite is based on traditional structures that can be traced back to before independence (1818), and so they adapted to the changes and preserved their position (Nazer 2013; PNUD 2004). One of these changes relates to financial activities and the increasing role they play in the creation and distribution of wealth, in terms of both profit generated by financial activities and access to capital for other industries (Ossandon 2013; Zeitlin and Radcliff 1988). To a certain extent, the Chilean elite has maintained elements of community (Aoki 2007; Tonnies 2002) despite the different political processes of construction and democratisation of state, cultural and political divide in the elite, adoption of an open economy, expansion of education and liberalisation (Aguilar 2011; PNUD 2004). The tension of community-driven and market-oriented elements can be observed in recent trends in the industry. The example of the intervention in auctions by an unexpected bank, presented in the previous chapter, shows how a business-driven decision triggered a process by which competency undermined tacit norms. In the terms of Aoki (2007:12–13), this could be a sign of the industry's transition from community and ties-based to more market and competition-oriented, but without losing its sense of community, as shown in Chapter 5. In the UK, things were radically shaken up by the "Big Bang" of financial activities in the mid-80s (Thompson 1997) and ties and codes are now based more on interaction than shared norms or backgrounds (Thrift 1994).

Previous analysis call for attention about two different approaches to study further the relationship of financial activities and their social environment in the terms studied here. One of them would be to analyse the case of traditional societies which host markets which are in the core of global financial activities (as it seems to be the case with Dubai or Singapore, and increasingly Brazil). In addition, for the Chilean case, this study has focused on the role of elite-based mechanisms for the integration of financial services into the social landscape of the country, but this perspective would be enriched with an analysis of the role of financial activities for family-driven business groups and the elite in general. In this sense, mechanisms observed are also related to the way dominant groups maintain their positions, and controlling access to capital may be an important element of that sort of tactics.

This research has explored some of the mechanisms through which financial activities are constituted by social structures (Bourdieu 2005; Vidal and Peck 2012), and in this sense, observing how economic activities are shaped by social dynamics, as proposed by economic sociology (Portes 2010). For instance, the way firms recruit and induct their staff relates to the firms' integration with the specific context of social distribution of resources, higher education models, regulation system and systems of status and expectations. This study has identified some specific mechanisms related to organisational practices that contribute to the integration and inclusion of financial organisations and activities within broader social structures, and should not be taken for granted. The comparison between the UK and Chile allow stating that different financial organisations and social structures are constituted and coordinated by different mechanisms in the two different social settings. While in the UK financial firms utilise open and technical recruitment processes, formal procedures of socialisation and formal and technical procedures of promotion and allocation, in Chile most processes are informal and based on more traditional and interactional patterns. In this sense, the notion of social construction or social constitution of the economy provides a solid ground for economic sociology (Gemici 2008; Vidal and Peck 2012), since, for example, allows understanding the differences in the two countries studied as related to differences in the way economic activities are framed by specific institutional, cultural and relational structures and patterns.

In terms of social studies of finance, it is interesting to observe that a focus on organisational procedures and practices, such as that of Stark and Beunza (2009), helps us to understand how elements related to knowledge and technology usage and learning, the consequences of use of knowledge and expectations, the social construction of tasks, positions and roles and the occupational elements of the life cycle of practitioners are embodied in organisational practices and procedures and reproduced/negotiated/challenged/enforced at different moments of organisational performance and individual careers. This is the case, for example, with the self-image of practitioners themselves, in terms of the tasks they perform and the knowledge they require. Although social studies of finance have already identified that practitioners do not consider their tasks highly complex or difficult (“it is not rocket science”), contrasting with the image they project to broader society, it is interesting to note that they are very open to admit it to a social science interviewer.

In sum, this comparative study allowed observing not only a number of social dimensions of financial activities, organisations and work, but also how these elements are related to institutional settings, social distribution of power and resources and the relation of global/local dynamics. Accordingly, the differences described are the result of the development of each firm within the particular social and institutional context in which they take part and their position in the world economic system in terms of centre/periphery. The contribution of this comparison is that differences in organisations in both countries are the result of different historical developments, roles in the world economic systems and power and institutional settings in both countries. In this sense, this comparative research allow analysing how economic action is framed and constituted by social structures and dynamics observable in different local settings. On the other hand, it allows understanding mechanisms through which elite professions are sorted and reproduced in two societies, which is an important topic related to inequality in contemporary societies (Piketty 2014), and how those mechanisms also vary in two different countries.

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