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Unveiling the heart of darkness: A socio-analysis of corrosive cultures in the investment banking industry

(conducted together with Andrea Derler)

Abstract

Undoubtedly, the influence of organizational culture on individuals as well as groups seems to be pervasive (cf. Alvesson 2013, Schein 2004). Yet the processes of its influence, in particular the impact on individual and collective identities and the role of specific characteristics of organizational culture in shaping individual (mis-)behaviour are not fully explored (Campbell & Göritz 2014). Against this backdrop we argue, that in order to understand the mutual influencing processes between culture and individuals and their respective identities, we have to “combine subject and object” (Collinson 2003, 528). Accordingly, we see organizational culture and individual identity as tightly interwoven and caught in a mutual interdependence as “*who we are is reflected in what we are doing and how others interpret who we are and what we are doing.*” (Hatch & Schultz, 1997, 5).

Hence, in our contribution we explore the interrelation between individual and social identities in line with Hitlin, who describes personal identity as being “*subject to social patterning through the concept of values*” (Hitlin 2003, 121). Applying a socio-analytic perspective on organizational cultures (cf. Bain 2003, Beumer 2001), we explore some of the feedback loops between environment and individual behaviour that partly lead to cases of ethical and financial misconduct. Based on four comprehensive insider-reports (Anderson 2008, Freedman 2009, Ishikawa 2009, Suzana S. 2009) we analyse some of the most prevalent collective values in the British investment banking industry and identify social and economic dynamics that encourage misdemeanour. Further, we look at complex systems research to study the transformation of economic principles and the development of destructive dynamics.

We finally conclude that there is a need for closer investigation of organizational cultures as influencing factor on individual behaviour and an acknowledgement of destructive elements as inherent to the nature of the economic reality. Considering the persistent repercussions of the global financial and economic crisis and the critical role of the investment banking industry in it, our analysis might also help to shed light on some blind spots in the divisive discussion of the dysfunctional dynamics of financial capitalism and inspire the development of management theory in terms of its cultural turn.

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